

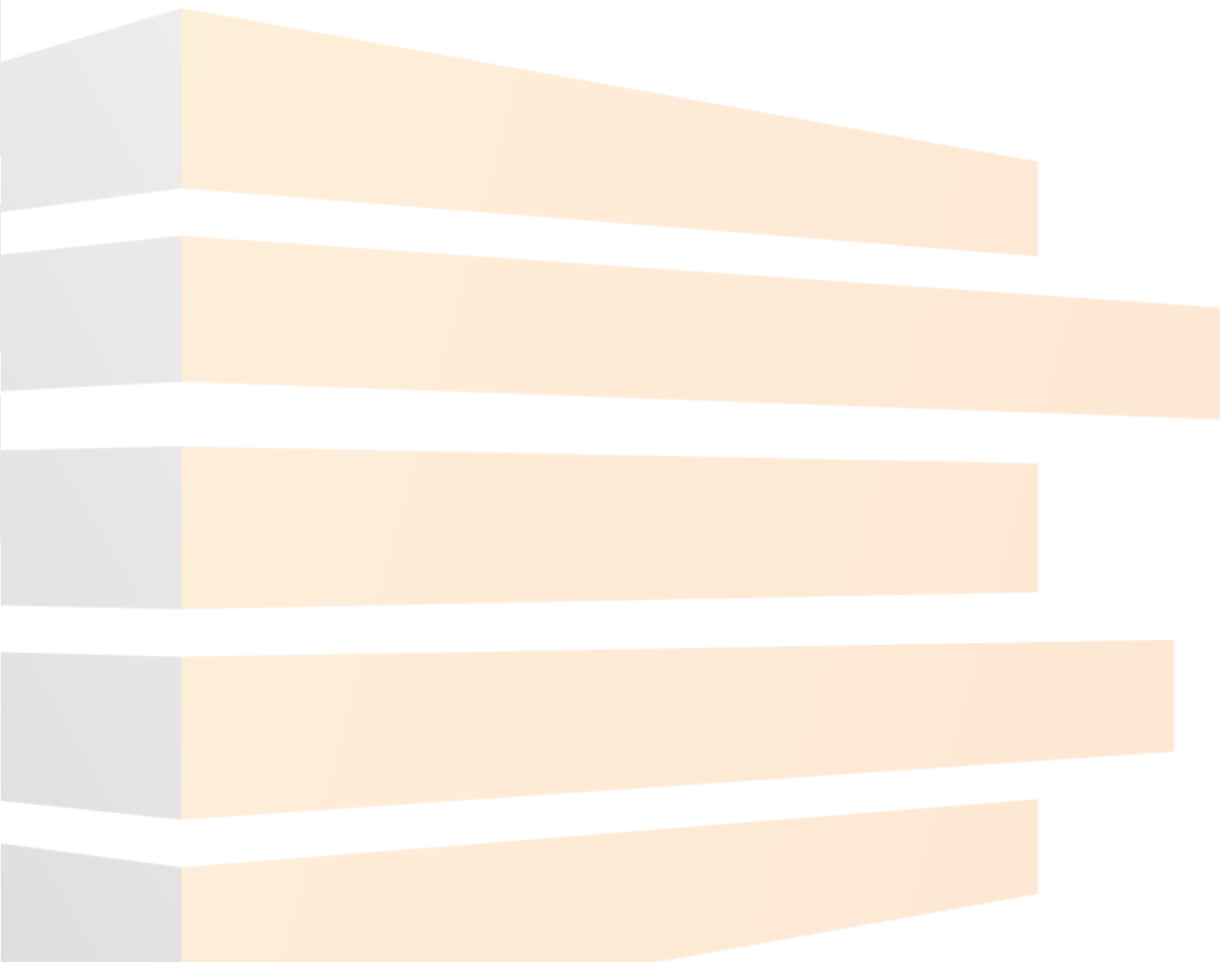


**Pacifecon**

Building intelligence

## Market Watch

April 2017



## Table of Contents

?	Summary.....	2
?	Overview – The Private Sector – New Zealand.....	3
?	New Projects to the Pipeline.....	5
?	In the Pipeline – Early Planning, In Planning, Tendering.....	6
?	Projects starting.....	8
?	Cancellations.....	10
?	Summary by Region.....	10
?	Featured project – 82 WYNDHAM STREET OFFICE UPGRADE .....	11
?	Notes regarding the Data.....	12

### » Summary

#### New Projects

Pacifecon reported **29,000** new projects at a value of **\$63b** in the 12 months to the end of April.

In April, there were 2,341 new projects reported with a value of \$5,862m.

New projects to the Pipeline were 750 projects reported with a value of \$4,914m.

#### In the Pipeline

At the end of April **10,856** projects were held in stages: Early Planning, In Planning or Tendering with a value of **\$137b**.

#### Projects starting

Pacifecon reported **26,000** projects as starting at a value of **\$36b** in the 12 months to the end of April

In April 2,058 projects started, with total value of \$3,184m.

#### Cancellations

In April 48 projects were cancelled at a value of \$85m.

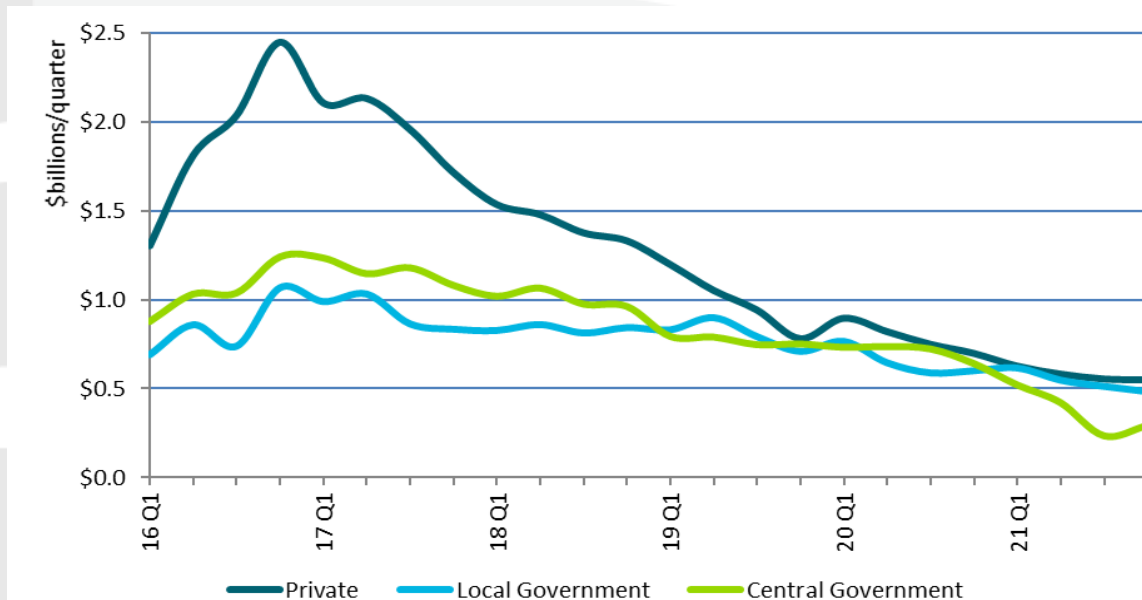
**Want to know more about construction opportunities nationwide? Phone 0508 722 433.**

[projects@pacifecon.co.nz](mailto:projects@pacifecon.co.nz)

## » Overview – The Private Sector – New Zealand

The National Construction Pipeline 2016 noted, 'Projects initiated by local & central government increase their share of the total over time. Large public projects tend to have longer visibility & firmer start dates, due to the requirements for public consultation & notification'.

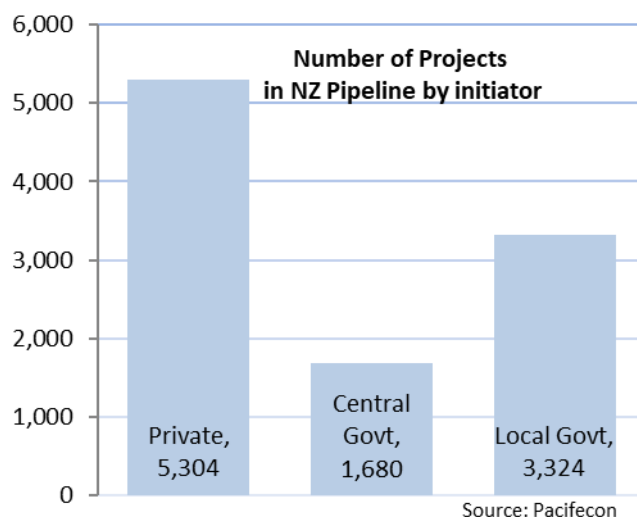
*Value of all known non-residential construction projects, by sector & start date*



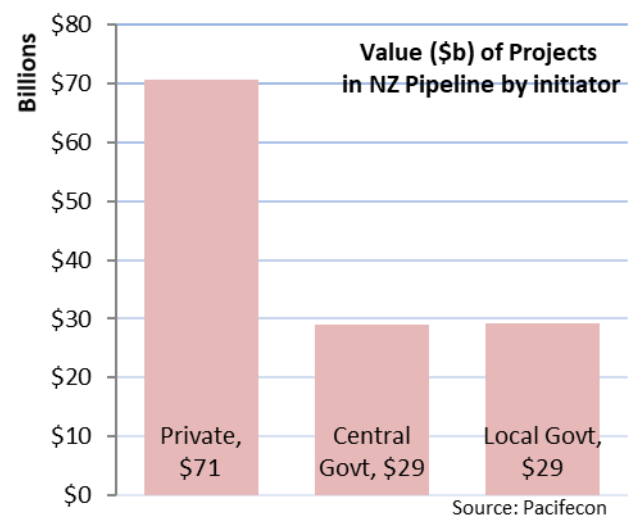
Source: Pacifecon

Over the next 3 months Market Watch will be looking at the NZ only (no Offshore) work initiated by: the PRIVATE sector, CENTRAL GOVERNMENT & LOCAL GOVERNMENT.

Currently the NZ pipeline has 10,300 projects valued at \$129b. At 30 April, these 3 sectors are sized as follows:



Source: Pacifecon



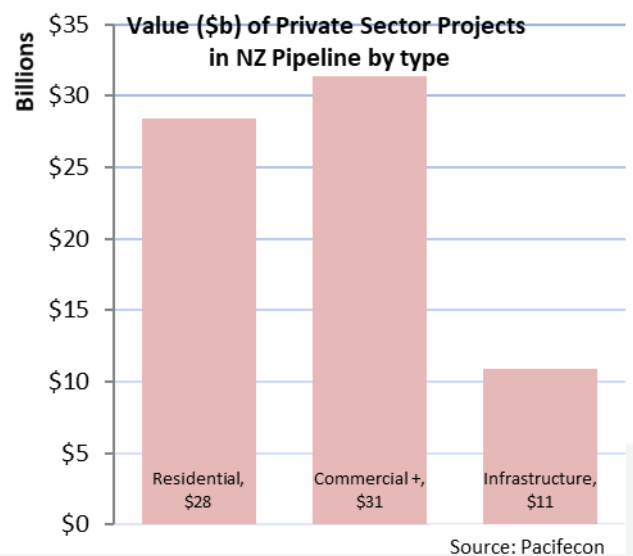
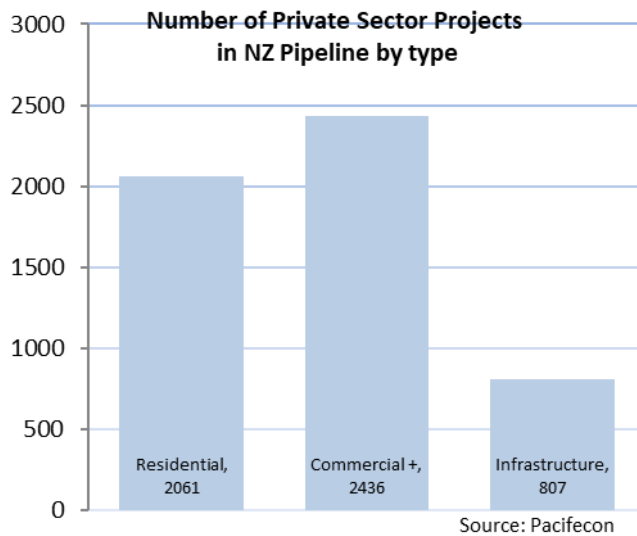
Source: Pacifecon

The NZ pipeline has 5,300 private sector projects valued at \$71b.

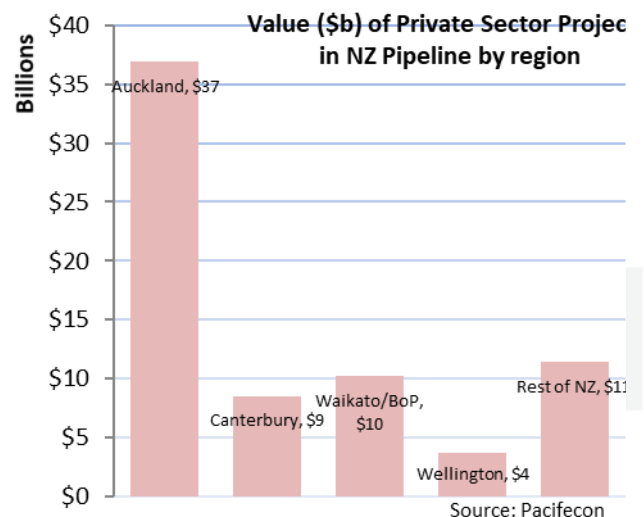
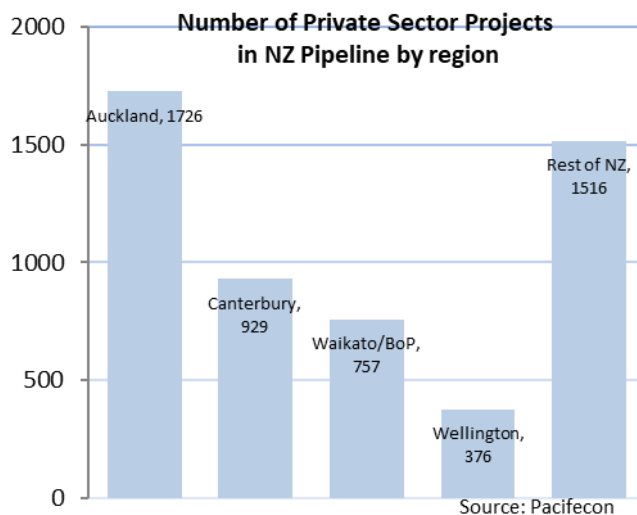
Some of the high \$\$ projects currently in the pipeline & likely to start in 2017:

- \$640m Shopping Mall in Auckland City, likely start mid-2017.
- \$600m Canterbury suburb, likely start late 2017.
- \$525m Auckland housing development, likely start late 2017.
- \$490m Waikato housing development, likely start late 2017.

What type of Private Sector work is waiting to happen?



And where?



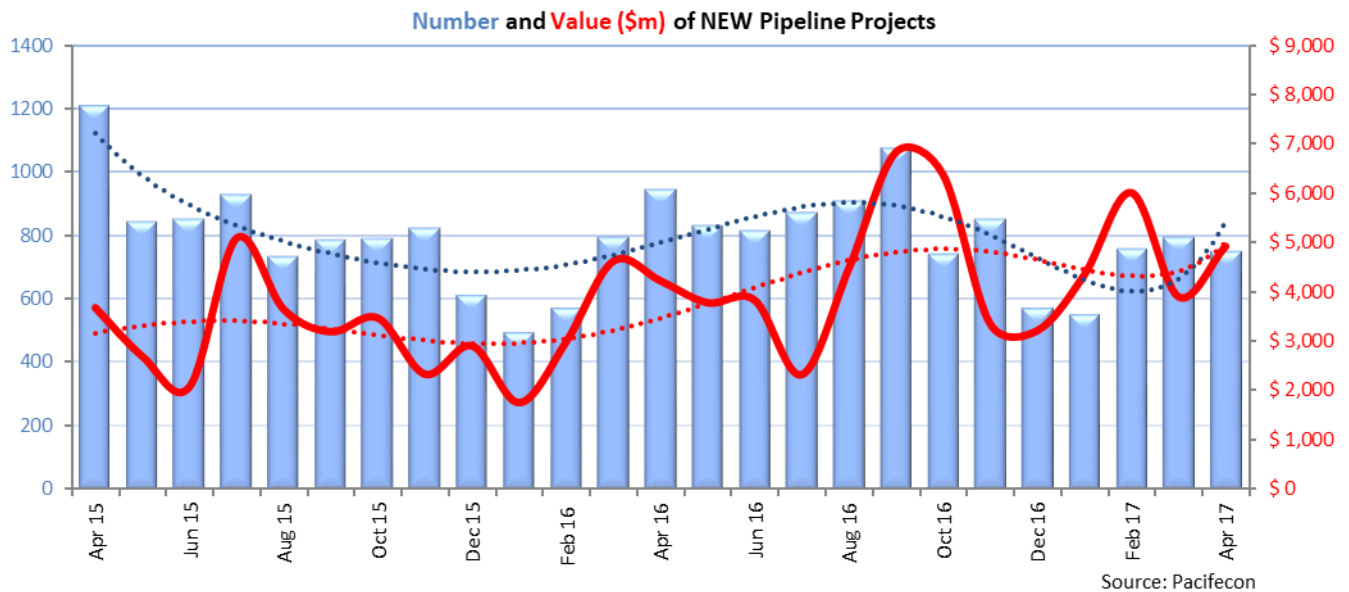
### Private Sector Trends

Market Watch expects to see:

- Continued growth in mixed use high-rise buildings: residential/retail/office particularly in Auckland.
- Continued growth in medium density housing: terraced/townhouses/low rise apartments.
- Growth in additions & alterations, improvements where homeowners can add value to their properties.
- Hot spots: Auckland (& influencing the rest of the North Island as far as Wellington); Queenstown Lakes District & the 'golden triangle' of Tauranga/Hamilton/Auckland.
- Industrial: more drying/storage facilities & accommodation for distribution: particularly Hamilton, Palmerston North & Canterbury.
- More offshore (especially Chinese) money coming in to the country, much of it being invested in residential & commercial property. There is still potential for joint investment for NZ/overseas.
- Tourism is booming: Auckland airport, hotels/motels, AirBnB are all booked up in peak season. Lots of tourist accommodation in the pipeline as well as facilities for visitors at all seasons.
- Financial caution by Private developers in the wake of bank credit changes.

See featured project: 82 Wyndham Street Office Upgrade.

## » New Projects to the Pipeline – New Zealand & Offshore



750 new pipeline projects in April, total value \$4,914m.

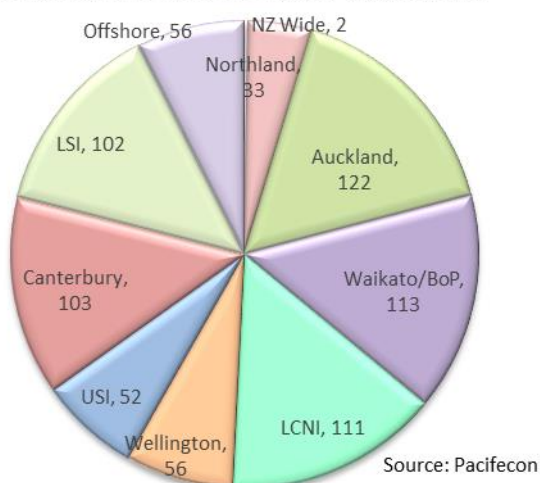
Compared to March: 45 (-6%) fewer projects & \$1,018m (+26%) more value.

Compared to April 16: 196 (-21%) fewer projects & \$698m (+17%) more value.

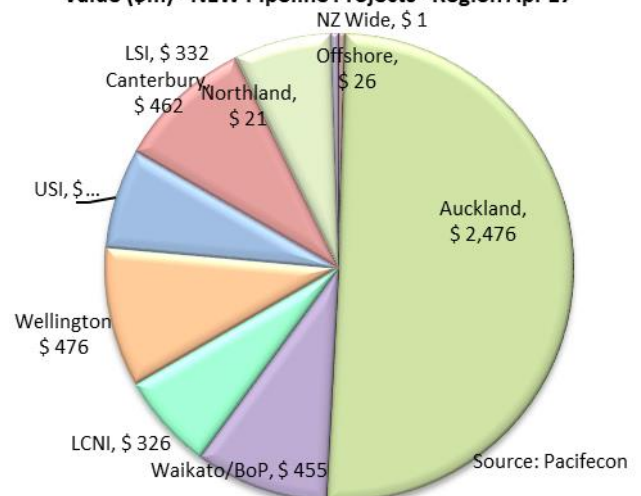
Some of the high \$\$ projects entering the pipeline in April were:

- \$1b New town centre in South Auckland, to be staged over 20 years.
- \$252m River related civil works, Wellington.
- \$160m Residential Subdivision, South Auckland.
- \$138m Housing Development, Auckland city.
- \$130m University development, North Shore Auckland.
- \$100m Music hub, Wellington.

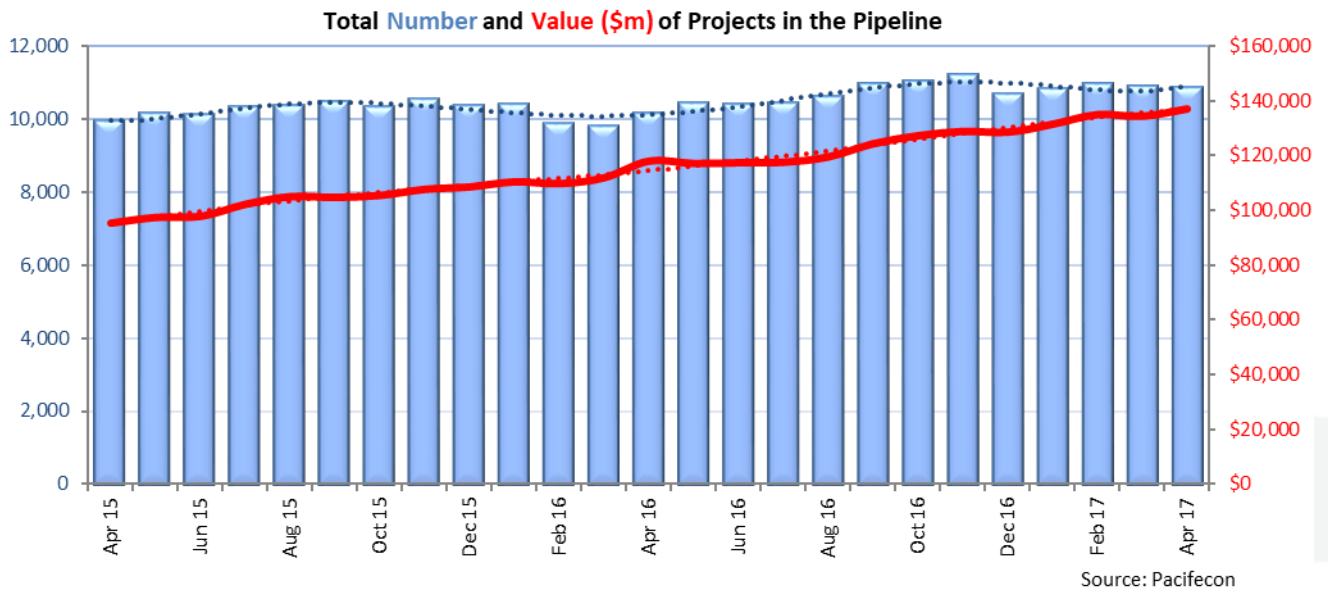
**Number of NEW Pipeline Projects - Region Apr 17**



**Value (\$m) - NEW Pipeline Projects - Region Apr 17**

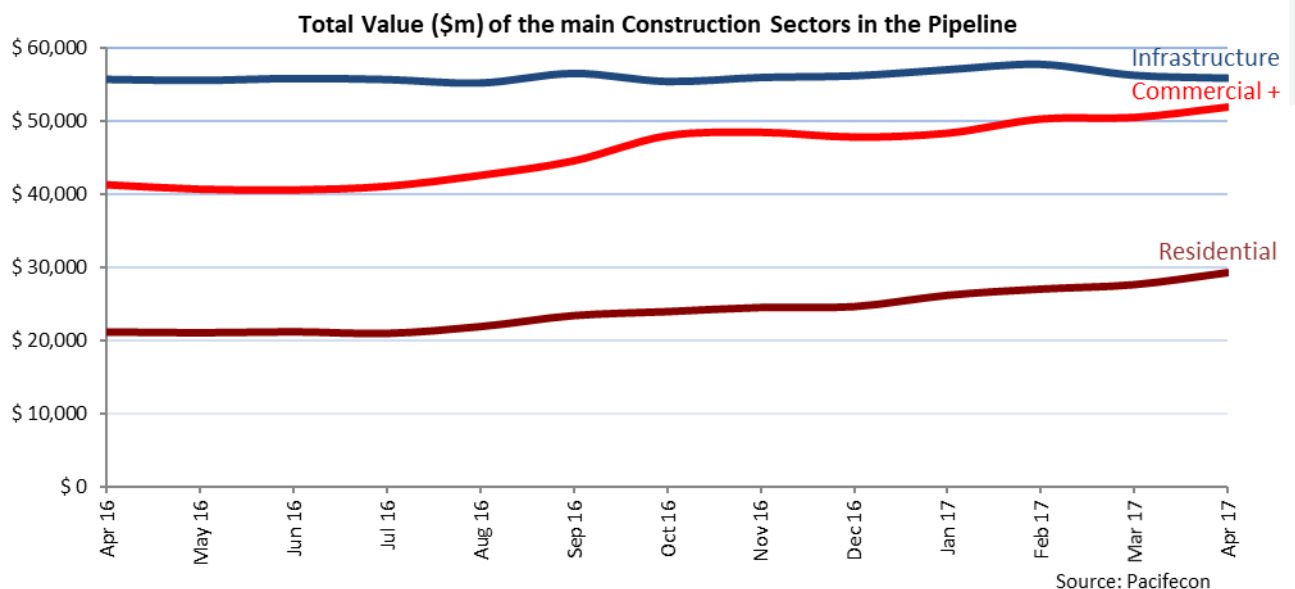


## » In the Pipeline – Early Planning, In Planning, Tendering – New Zealand & Offshore



10,856 projects in the pipeline at the end of April, total value \$137b.  
 Compared to March: 2 (0%) fewer projects & \$2,682m (2%) more value.  
 Compared to April 16: 705 (7%) more projects & \$19,045m (16%) more value.

The effect of Kaikoura civil repair work leaving the pipeline & starting can be seen in the dip in the Infrastructure line on the chart below at March 17.

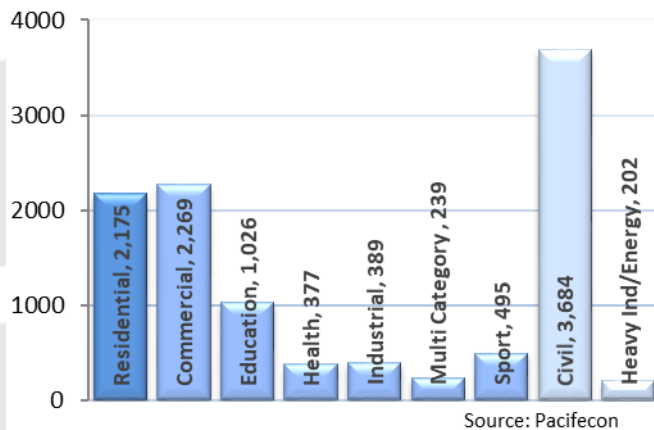
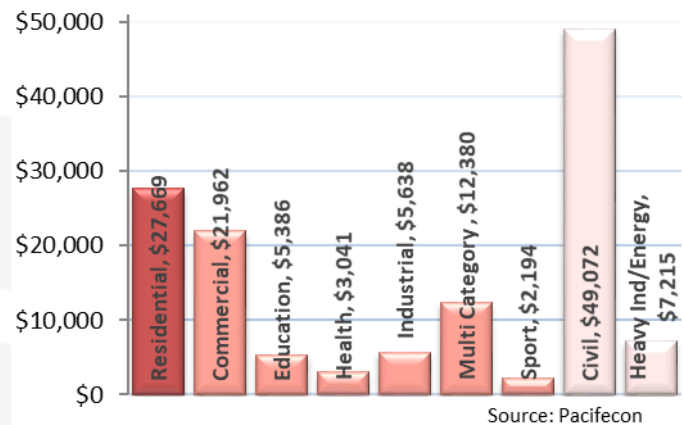


### Key:

Residential: all types of residential buildings

Commercial +: Commercial, Education, Health, Industrial, Multi-category, Sport, all types of non-residential buildings.

Infrastructure: Civil & Heavy Industry/Energy

**Number of all Pipeline Projects by Sector Apr 17**

**Value (\$m) - all Pipeline Projects by Sector Apr 17**


The number & value of the Civil work in the pipeline stands out in the graphs above. Some of these are:

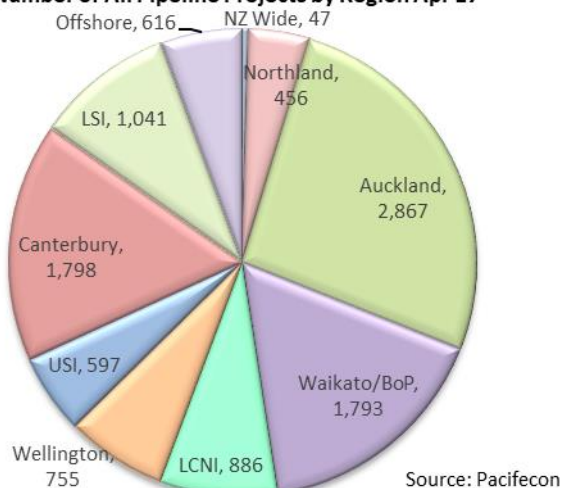
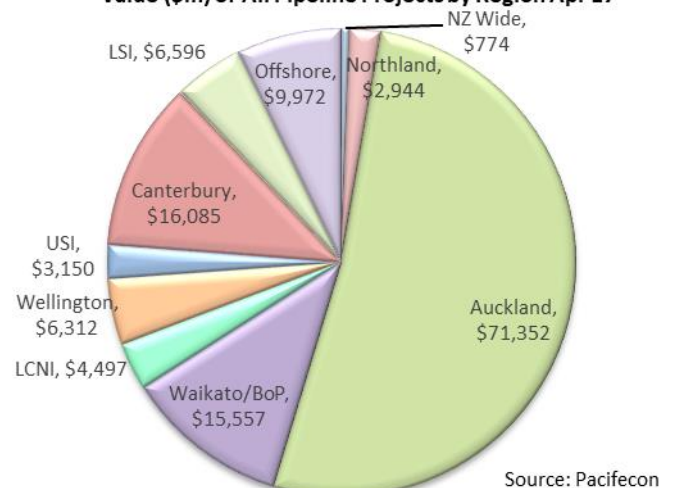
- \$6b Waitemata Harbour Crossing, Auckland.
- \$2.8b Auckland Transport Road renewals over several years.
- \$2.5b East West Link, Auckland.
- \$2.1b Auckland Light Rail Transit.
- \$2b PNG Hydroelectric Plant & Dam.
- \$1.4b City Rail Link, Auckland.

Many of the large projects making up the Civil total are for Auckland & transport.

On 28 April Economic Development & Transport Minister Simon Bridges released a Government commissioned report that assesses the economic impact of the 2016 Kaikoura earthquake, which has mainly resulted in civil work required. "Increased freight transport costs and impacts on businesses from infrastructure damage and transport disruptions are the two key contributing factors," Mr Bridges said.

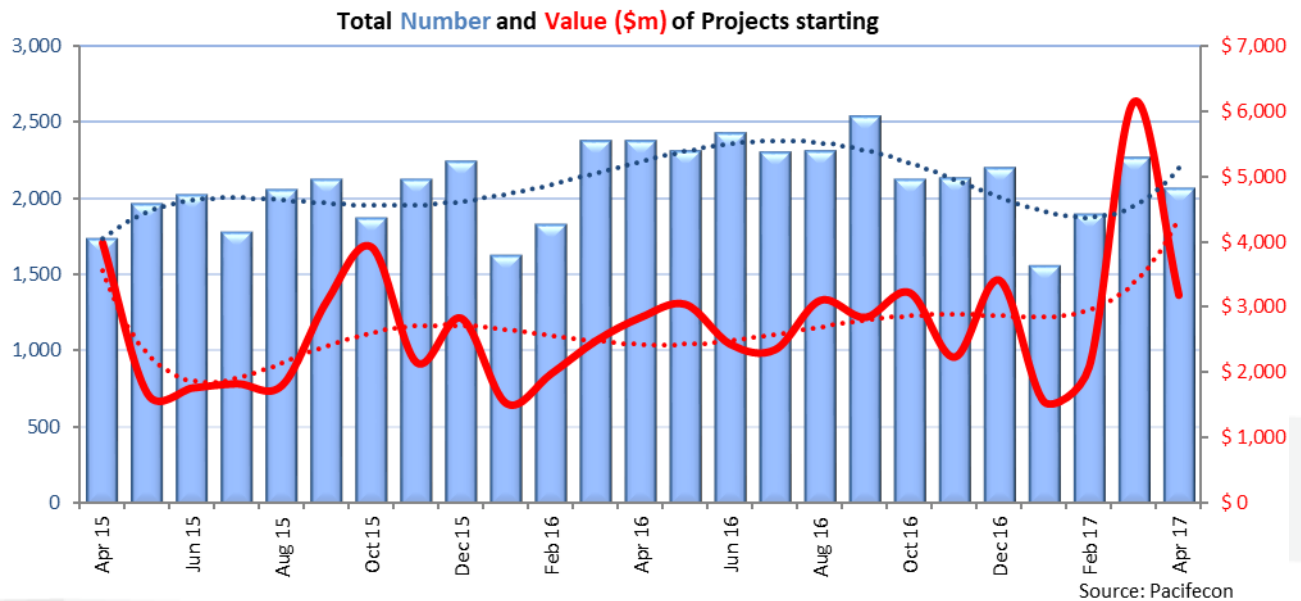
The government response to date has included:

- Getting work underway to fully reinstate the State Highway 1 coastal route
- Upgrading the alternate State Highway route between Picton and Christchurch
- A range of business support packages, and support for the tourism industry and the primary sector
- A grant to help with the restoration of Kaikoura Harbour
- Temporary accommodation and housing support for residents, including farmers.

**Number of All Pipeline Projects by Region Apr 17**

**Value (\$m) of All Pipeline Projects by Region Apr 17**


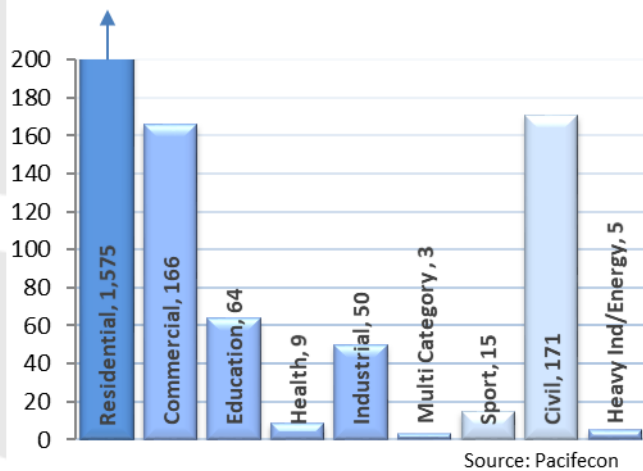


## » Projects starting – New Zealand & Offshore

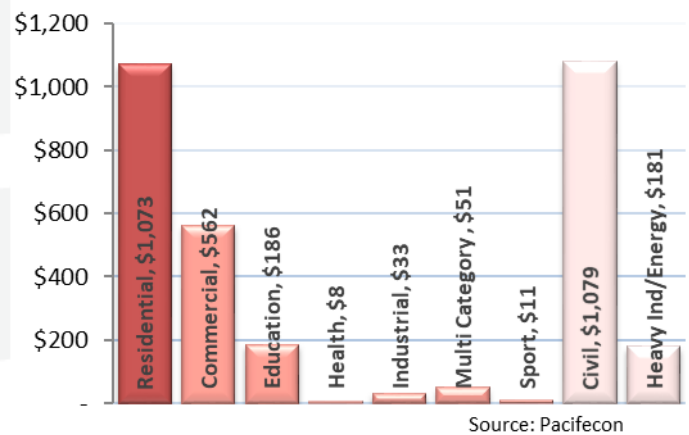


2,058 projects starting in April, with total value \$3,184m.  
 Compared to March: 198 (-9%) fewer projects & \$2,959m (+48%) less value.  
 Compared to April 16: 307 (-13%) fewer projects & \$341m (+12%) more value.

**Number of Projects starting by Sector Apr 17**



**Value(\$m) of Projects starting by Sector Apr 17**



High value projects reported as starting in April were:

- \$330m Peka Peka to Otaki Expressway SH 1, Wellington.
- \$239m Central Plains Water Ltd - Stage 2 of irrigation scheme, Canterbury.
- \$200m Mt Eden prison, Auckland.
- \$140m Oil/Gas exploration, Taranaki.
- \$120m Baypark to Bayfair road link project, Bay of Plenty.



**Auckland** had 501 projects starting, valued at \$759m.

- 419 projects (84%) at a value of \$371m (49%) were residential.
- 53 projects (11%) at a value of \$314m (41%) were commercial+ (includes all types of non-residential buildings).
- 29 projects (6%) at a value of \$74m (10%) were infrastructure (civil projects only for Auckland).

**Canterbury** had 388 projects starting, valued at \$719m.

- 313 projects (81%) at a value of \$168m (23%) were residential.
- 54 projects (14%) at a value of \$173m (24%) were commercial+ (includes all types of non-residential buildings).
- 21 projects (5%) at a value of \$378m (53%) were infrastructure.

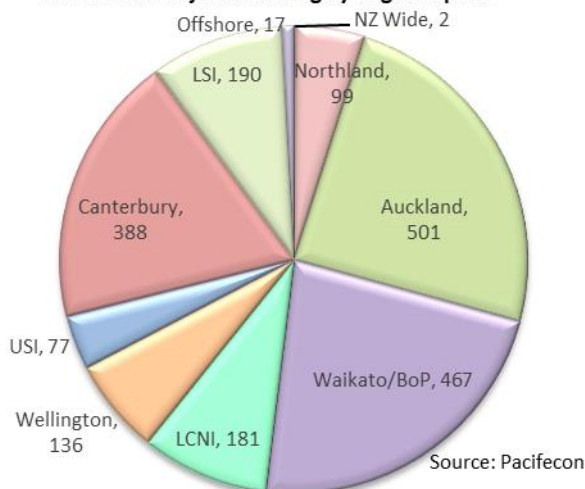
**Waikato:** had 278 projects starting at \$158m

- Residential was 219 projects at \$107m.
- Commercial+ (includes all types of non-residential buildings) was 38 projects at \$32m.
- Infrastructure was 21 projects at \$19m.

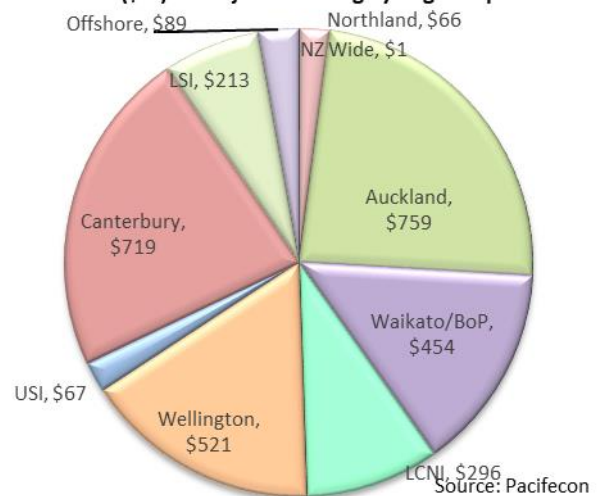
**Bay of Plenty:** had 189 projects at \$296m.

- Residential was 149 projects at \$100m.
- Commercial+ (includes all types of non-residential buildings) was 26 projects at \$62m.
- Infrastructure was 14 projects at \$134m.

**Number of Projects starting by Region Apr 17**



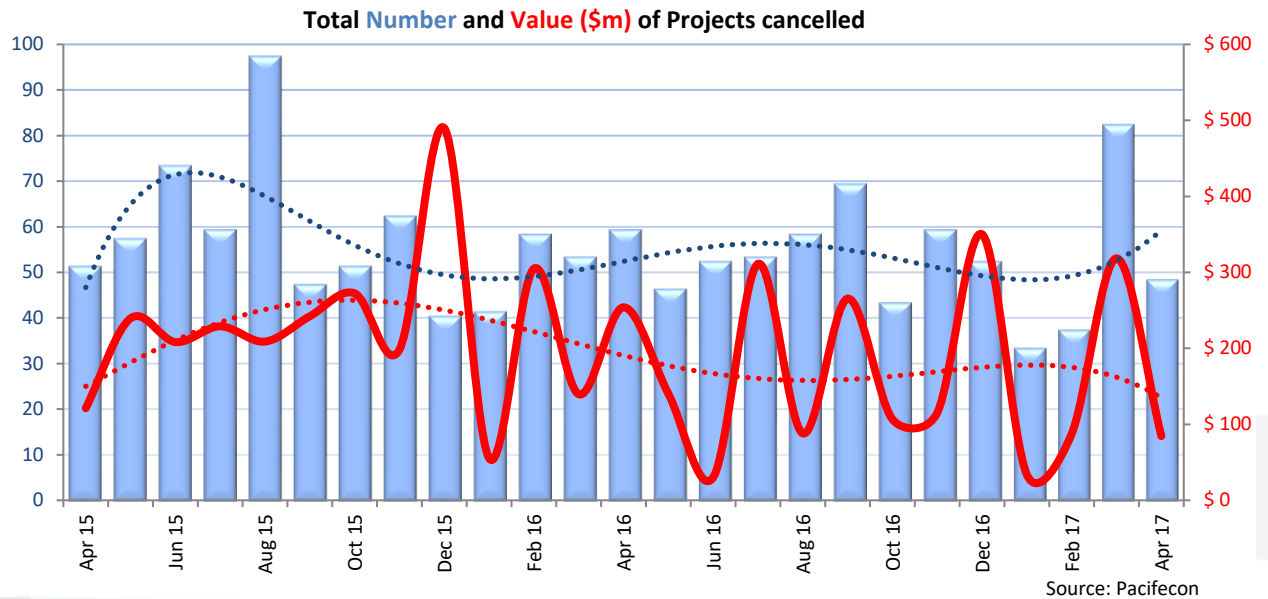
**Value(\$m) of Projects starting by Region Apr 17**



Auckland Council's 'consenting made easy' impacts upon resource consents, building consents, and licensing & compliance. With their online transformation & Service Centres reducing in number from 6 to 3. We hope it will all start to speed up the process. Scheduled this year: more online application forms & more online tools.

The government has also announced that the Budget (25 May) will include an additional \$2bn allowance for new capital spending. This is the third increase in the capital spending allowance in the last year (there was an even larger increase of \$5.4bn at the Half-Year Update last December), & reflects the fact that a rapidly growing population requires more spending in areas such as infrastructure. We expect there will also be announcements relating to tourism as well as the cities with the greatest population growth.

## » Cancellations – New Zealand & Offshore



48 cancellations in April, total value \$85m.

Compared to March: 34 (-41%) fewer projects & \$234m (-73%) less value.

Compared to April 16: 11 (-19%) fewer projects & \$170m (-67%) less value.

As predicted, considerably fewer cancellation in April. Although very erratic the trend line shows decreasing \$value of cancellations.

The highest value projects which will no longer proceed:

- \$35m SkyCity hotel additions, Hamilton is unlikely to proceed.
- All other projects \$10m or less.

## » Summary by Region

See page 11 for regions covered by Lower Central NI, Upper SI, Lower SI & Offshore.

### New Projects

Region	Total Volume	Total Value
NZ Wide	2	\$ 1
Northland	75	\$ 39
Auckland	528	\$ 2,684
Waikato/BoP	518	\$ 649
Lower Central NI	253	\$ 570
Wellington	160	\$ 524
Upper SI	105	\$ 362
Canterbury	409	\$ 594
Lower SI	235	\$ 412
Offshore	56	\$ 26
<b>Totals</b>	<b>2,341</b>	<b>\$ 5,862</b>

Value in \$ Millions

### Projects Progressing

Region	Total Volume	Total Value
NZ Wide	45	\$ 774
Northland	423	\$ 2,924
Auckland	2,745	\$ 68,875
Waikato/BoP	1,680	\$ 15,102
LCNI	775	\$ 4,171
Wellington	699	\$ 5,835
Upper SI	545	\$ 2,812
Canterbury	1,695	\$ 15,623
Lower SI	939	\$ 6,264
Offshore	560	\$ 9,945
<b>Totals</b>	<b>10,106</b>	<b>\$ 132,325</b>

### Work starting

Region	Total Volume	Total Value
NZ Wide	2	\$ 1
Northland	99	\$ 66
Auckland	501	\$ 759
Waikato/BoP	467	\$ 454
Lower Central NI	181	\$ 296
Wellington	136	\$ 521
Upper SI	77	\$ 67
Canterbury	388	\$ 719
Lower SI	190	\$ 213
Offshore	17	\$ 89
<b>Totals</b>	<b>2,058</b>	<b>\$ 3,184</b>

Source: Pacifecon

## » Featured project – 82 WYNDHAM STREET OFFICE UPGRADE

### OFFICE UPGRADE

### 82 WYNDHAM STREET OFFICE UPGRADE

<b>Stage:</b>	Commencing	<b>Update:</b>	3
<b>Est. Start Date:</b>	Mar 2017	<b>Project ID:</b>	W0090
<b>Our Estimate:</b>	\$9,000,000	<b>Date:</b>	07/04/2017
<b>Location:</b>	82 Wyndham Street Auckland CBD		
<b>Description:</b>	<p><b><i>Work commenced late Mar 2017</i></b> for refurbishment of a 6199 SM building vacated by IBM. Project to be completed by mid-2018. <b><i>2657 SM ground &amp; first floor leased to Panuku Development Auckland, top floor tenancy renewed by Boffa Miskell. Marketing for the 2nd floor tenancy continues.</i></b></p> <p>Spec: Refurbishment of base services bringing the building up to 4 green star built &amp; energy efficiency rating. Ground floor of 1078 SM, 1st floor area of 1575 SM &amp; 2nd floor area of 1579 SM will be upgraded. New foyer, lift boxes, new toilets &amp; bathroom facilities with new end of trip shower facilities &amp; bike racks for cycling commuters. New outdoor landscaped plaza. Automatic blind componentry in a smart lighting system, special solar conservation film to windows which acts like 6mm thick double glazing, a Variable Refrigerant Flow (VRF) air conditioning system with heat recovery, latest water saving &amp; conservation services. 1500 SM floor plates &amp; 3.3m ceiling stud height. 3 floors of offices with basement parking</p>		
<b>Developer:</b>	<a href="#">Argosy Property Ltd (was Argosy Property No 1 Ltd)</a> (Saatyesh Bhana) PO Box 90214, Victoria Street West, Auckland, 1142, Contact Info: 0800 653 653, Phone: 09 304 3400, Fax: 09 302 0996		
<b>Project Manager:</b>	<a href="#">RCP (Resource Co-ordination Partnership Ltd) [AKL]</a> () PO Box 6696, Wellesley Street, Auckland, 1141, Phone: 09 379 9250, Fax: 09 379 9129, Email: <a href="mailto:rcp@rcp.co.nz">rcp@rcp.co.nz</a>		
<b>Architect:</b>	<a href="#">Ignite Architects Ltd [AKL]</a> () PO Box 91381, Victoria Street West, Auckland, 1142, Phone: 09 356 4791, Email: <a href="mailto:office@ignitearchitects.com">office@ignitearchitects.com</a>		
<b>Builder:</b>	<a href="#">Aspec Construction Ltd [AKL]</a> () PO Box 108004, Symonds Street, Auckland, 1150, Phone: 09 309 3612, Fax: 09 309 3549, Email: <a href="mailto:auckoffice@aspecconstruction.co.nz">auckoffice@aspecconstruction.co.nz</a>		

Want to know more on projects like this and others in the pipeline? Phone 0508 722 433.

[projects@pacifecon.co.nz](mailto:projects@pacifecon.co.nz)

## » Notes regarding the Data

This report is based on projects known to Pacifecon & other publicly available information. All projects are continually reviewed & updated, changes to \$value of projects within the pipeline are reflected in the figures.

Trend lines are shown as dotted lines; they are included to demonstrate the general direction the sector or region appears to be heading.

For graphs including past \$\$, all \$\$ are in \$ of the day, no adjustments have been made for inflation.

Pacifecon's Residential Sector includes Multiple Dwellings: Apartments, Houses, Retirement Villages, Residential Accommodation, Housing Developments etc. In general, we do not report Building Consents with minor alterations or new dwellings less than \$200,000.

In the Pipeline: projects at any of the following stages: Early Planning, In Planning, Tendering.

Projects starting: projects that are under contract & likely to start within the next 0-6 months; projects at stage Commencing.

Projects cancelled: our policy of trying to identify projects at the earliest possible stage may mean plans do not always proceed as expected.

With the recent release of local government Ten-Year Plans, Pacifecon has introduced a new stage: 'Capital Intentions' to cover these more general statements of proposed forward capital expenditure. These \$amounts are not included in our pipeline of forward work - they are more strategic than specific construction work but they will be on our research radar & will be reported once projects are approved by councils.

NZ-wide consists of work which is National in nature, there may be work in all regions.

Lower Central North Island (LCNI) includes Gisborne/Hawkes Bay, Taranaki, Manawatu/Wanganui & Wairarapa.

Upper South Island (USI) includes Nelson/Marlborough & West Coast.

Lower South Island (LSI) includes Otago & Southland.

Offshore includes work in the Pacific Islands (Fiji, Tonga, Samoa, Cook Islands) & Other (Papua New Guinea, Solomon Island, Timor & Micronesia).

Australian project coverage: In 2012 Pacifecon expanded their coverage to include Australia through a Strategic Alliance with Cordell Information. Contact us now on [projects@pacifecon.co.nz](mailto:projects@pacifecon.co.nz) or call us on 09 445 0345 to discuss Australian project information.

All reasonable care has been taken in gathering, compiling & furnishing the information specified herein, but Pacifecon (NZ) Ltd. will not be responsible for errors, omissions, inaccuracies or lateness or liable for any claims, actions or suits arising directly or indirectly there from.

This report is subject to copyright & is not to be reproduced in part or in whole without acknowledgement of source. Pacifecon (NZ) Ltd.

**Want to know more about construction opportunities nationwide? Phone 0508 722 433.**

[projects@pacifecon.co.nz](mailto:projects@pacifecon.co.nz)