Pacifecon

Building intelligence

Market Watch

May 2020

Pacifecon
Building intelligence

Table of Contents

Summary - New Zealand & Offshore

New Projects

Pacifecon reported **29,600** new projects at a value of **$102b** in the 12 months to the end of May.

In May, there were 2,345 new projects reported with a value of $6,004m, the majority by number were detached homes which had builds starting (or starting as soon as practical).

New projects to the Pipeline were 883 projects reported with a value of $5,086m.

In the Pipeline

At the end of May **15,376** projects were held in the pipeline at a value of **$256b**.

Projects starting

Pacifecon reported **25,575** projects as starting at a value of **$42b** in the 12 months to the end of May.

In May 1,975 projects started, with total value of $3,285m.

Cancellations

In May 33 projects were cancelled at a value of $166m.

Summary - The Regions this month by stage

See section: Notes regarding the data for regions covered by Lower Central NI, Upper SI, Lower SI & Offshore.

New Projects			Projects Progressing			Work Starting		
Region	Number	Value	Region	Number	Value	Region	Number	Value
NZ Wide	8	$ 10.7	NZ Wide	75	$ 791	NZ Wide	2	$ 0.3
Northland	82	$ 73	Northland	691	$ 6,299	Northland	82	$ 47
Auckland	691	$ 1,553	Auckland	3,925	$ 109,788	Auckland	608	$ 1,174
Waikato/BoP	386	$ 531	Waikato/BoP	2,451	$ 28,470	Waikato/BoP	380	$ 643
LCNI	354	$ 722	LCNI	1,131	$ 15,048	LCNI	231	$ 396
Wellington	186	$ 371	Wellington	818	$ 15,793	Wellington	163	$ 400
Upper SI	90	$ 159	Upper SI	792	$ 3,690	Upper SI	74	$ 48
Canterbury	299	$ 600	Canterbury	2,006	$ 18,674	Canterbury	277	$ 285
Lower SI	176	$ 1,219	Lower SI	1,761	$ 19,872	Lower SI	129	$ 105
Offshore	73	$ 765	Offshore	843	$ 32,157	Offshore	29	$ 187
Totals	**2,345**	**$ 6,004**	**Totals**	**14,493**	**$ 250,581**	**Totals**	**1,975**	**$ 3,285**

Value in $m **Source: Pacifecon**

Want to know more about construction opportunities throughout New Zealand & the Pacific Islands?

projects@pacifecon.co.nz

Overview – The Construction Industry – Covid-19

Construction projects affected so far.
At any time Pacifecon is reporting many thousands of planned construction projects.
Delays are affecting 360 projects to date.
Researchers are updating projects where specific projects will be delayed longer than the Alert Level-4 period.
We expect to see adjustments of construction start dates in the months to come, with some projects being accelerated to take the place of others which are delayed.

	Number of projects affected to 31 May
Planned/Tendering projects start date postponed	284
Planned/Tendering projects put on hold	22
Commenced projects will finish later than expected	51
Cancelled due to Covid-19	3

Newly reported in May
We saw 824 new pipeline projects in May total value $4,361m.
Compared to April: 57 (7%) more projects & $1,286m (-23%) less value.
Compared to May 19: 81 (11%) more projects & $1,286m (42%) more value.

We categorise these 824 projects into the following sectors:

1-31 May 2020	**Number of New Projects**	**Value of New projects ($m)**
Residential	184	$1,291
Commercial	127	$815
Education	76	$152
Health	15	$43
Industrial	24	$84
Mixed Use	9	$587
Sport	30	$91
Civil	357	$1,811
Heavy Industry/Energy	1	$16
Total	**824**	**$4,361**

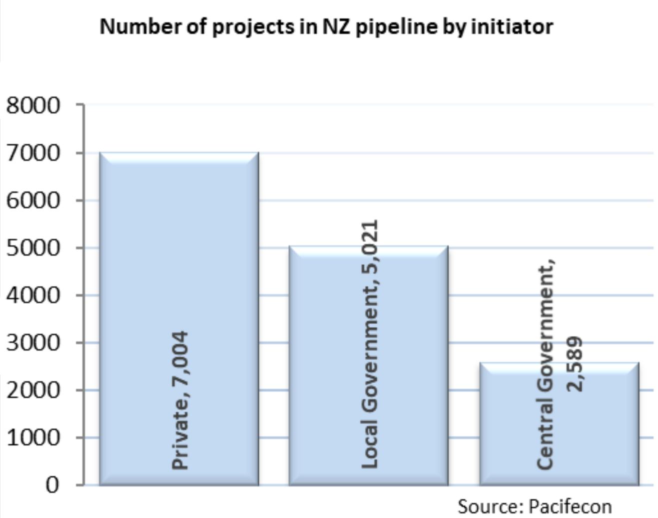
The size of the New Zealand planned construction work pipeline as at 31 May 2020

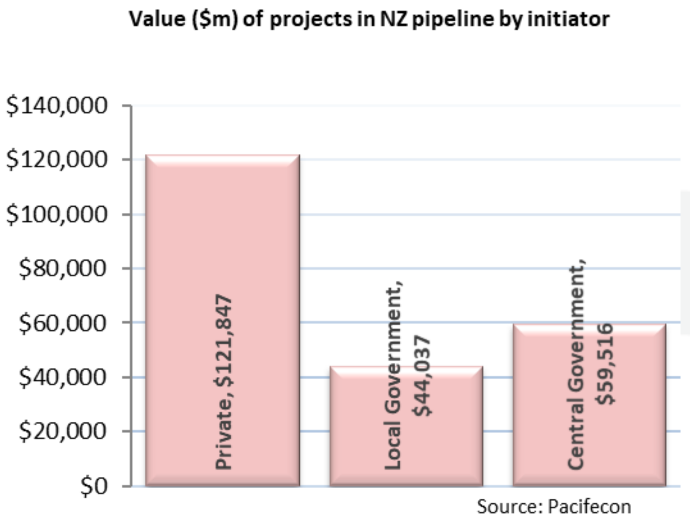
	Number of Projects	**Value of projects ($m)**
Residential	3,082	$73,689
Non-residential buildings	6,415	$78,645
Infrastructure	5,172	$72,970
Total	**14,669**	**$225,304**

Overview – The Private Sector – New Zealand

Over the next 3 months Market Watch will be looking at the New Zealand only (not Offshore) work initiated by: the PRIVATE, CENTRAL GOVERNMENT & LOCAL GOVERNMENT sectors.

At 31 May the New Zealand (excluding offshore) pipeline of construction work has 13,250 projects valued at $198b. The 3 sectors are sized as follows:

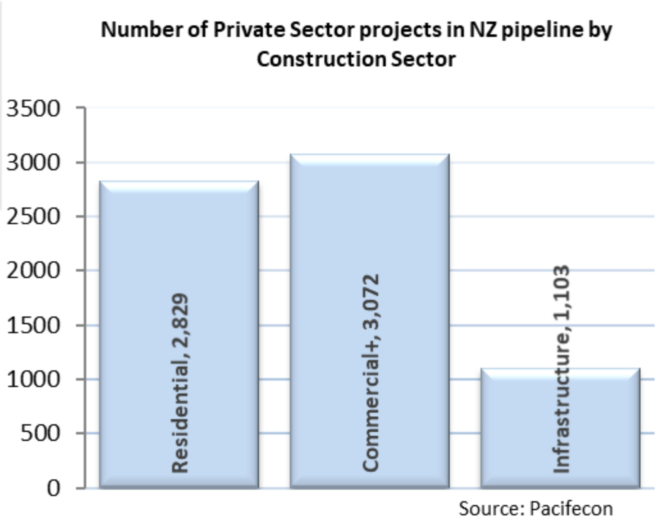


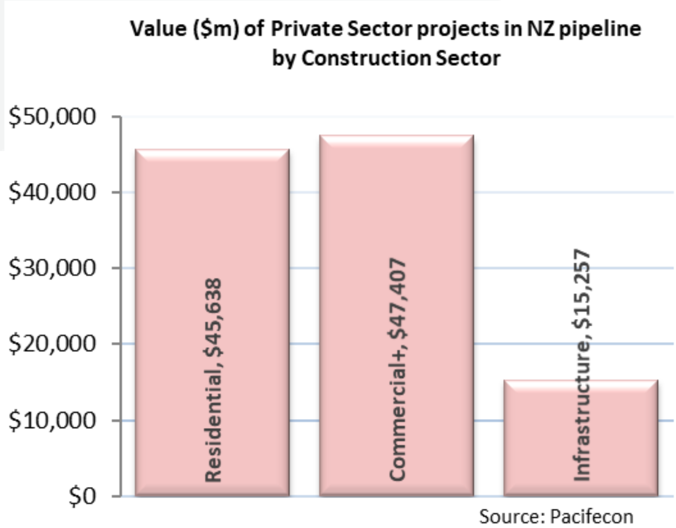


The New Zealand pipeline has 7,004 private sector projects valued at $122b. In the last year the number of planned private sector projects has grown by 5% & value by 13%.

The highest value privately funded projects likely to start in 2020 remain: Residential developments: subdivisions, retirement villages (new & expanded), terraced homes are also growing in popularity – particularly in Auckland; University facilities & accommodation; Mixed-Use developments: residential/commercial – almost every new apartment building has retail on the lower floors; Industrial spaces & warehousing.

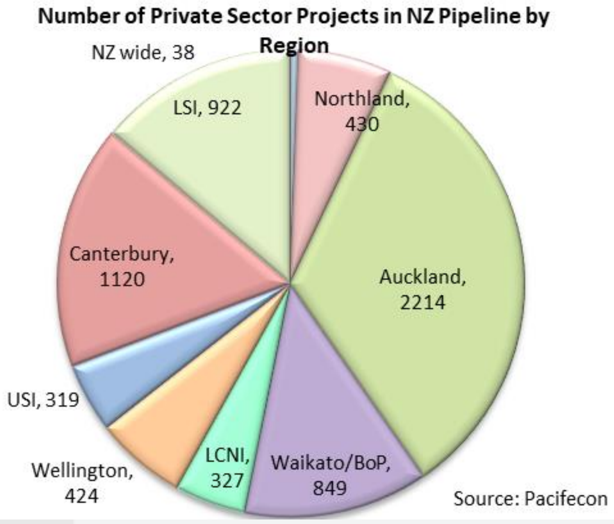
What are the proportions of the different types of Private Sector work planned across the country?

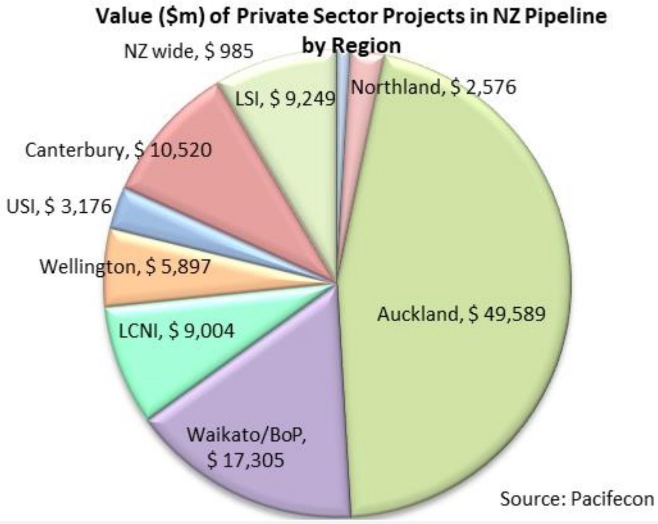




Key:
Residential: all types of residential buildings: detached, townhouses, apartments, retirement.
Commercial +: Commercial, Education, Health, Industrial, Multi-category, Sport.
Infrastructure: Civil & Heavy Industry/Energy

And where is it planned for?





The Private Sector – what are our researchers hearing right now?

Some developers are pushing ahead, and some are being cautious. Some are just going to see what happens in the next 6 months/year before they decide, but more than we expected are still progressing their projects.

There are a lot of apartment buildings planned (new and refurbished), with marketing happening sooner, before resource consent lodgement. If sales are successful, projects are going ahead, others will be slower but not dead.

Those with staged subdivisions have slowed the process & are watching the market, i.e. not progressing to the next stage until the earlier stages are complete.

Office & other commercial developments are more questionable. A developer in Kapiti has put on hold several commercial units, partially because they are no longer certain of the demand for office/retail space but also due to not being able to get rent out of current leases (cash flow issues).

Developers, architects & consultants are continuing to work on their projects whilst keeping an eye on the market; projects may be pushed out in timing in the future, but this is an unknown right now. Most projects are NOT considered to be on hold & there are projects still forging ahead.

Titles for subdivisions are taking longer to come out of councils, pushing out the timing of houses to be built.

For Group Home Builders, we won't know the impact on the construction of residential builds until 4-5 months' time when the scheduled work (prior to Covid19) has completed.

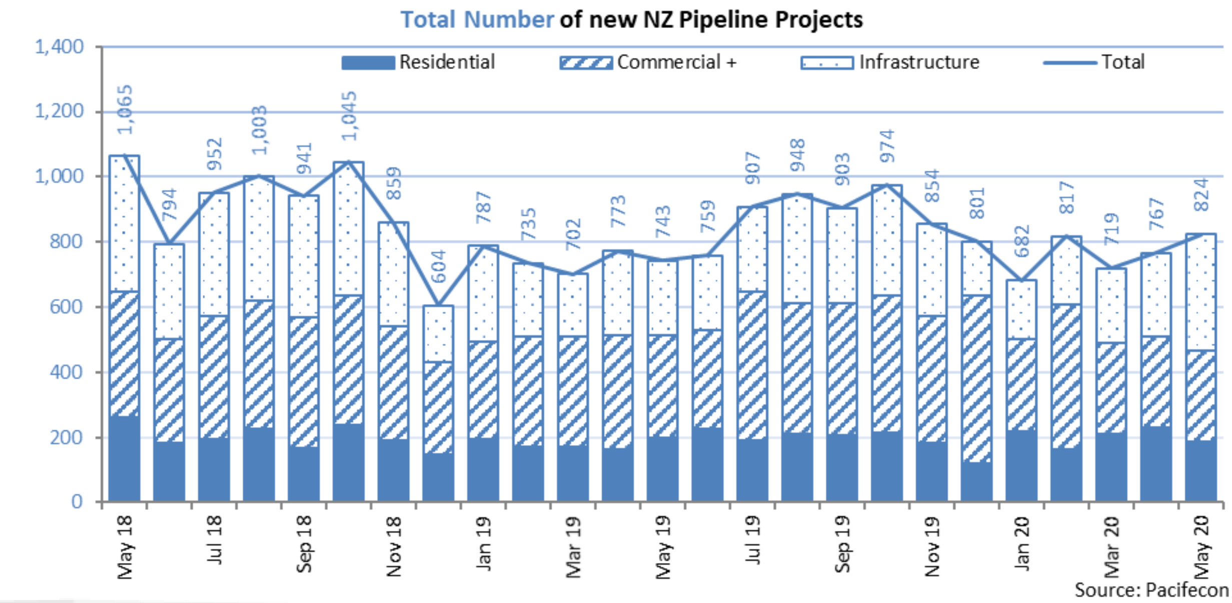
The Government's scrapping of requirements for low risk building consents is good news, this will allow builds complying to building rules to be completed faster & at lower cost. The move will also allow councils to focus on higher-risk building work and larger projects, supporting the construction industry in its COVID-19 recovery

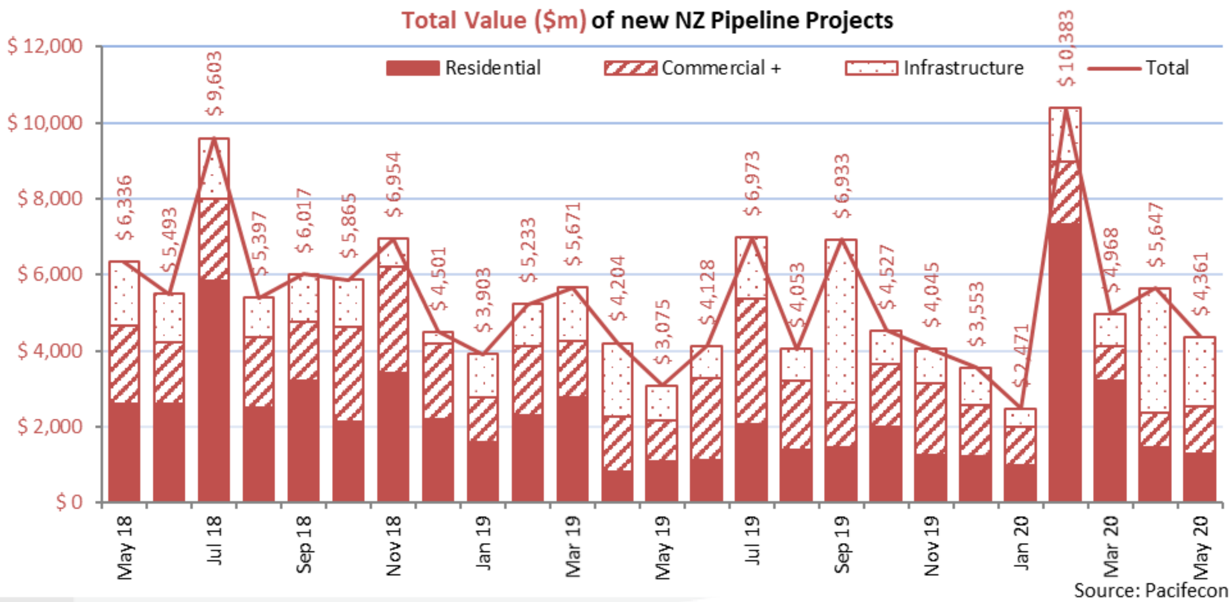
We are still reporting new warehouse/office/apartment/detached home projects. It all depends on the finances. If they had it in place before lockdown, they are full steam ahead. If not, then they are hesitating.

Nobody is saying things look dire… yet. Everyone seems quite positive.

See page 17 for more details on featured project U1436 HOLIDAY INN EXPRESS QUEENSTOWN.

New Zealand - New Projects to the Pipeline (stages: Early Planning, In Planning, Tendering)



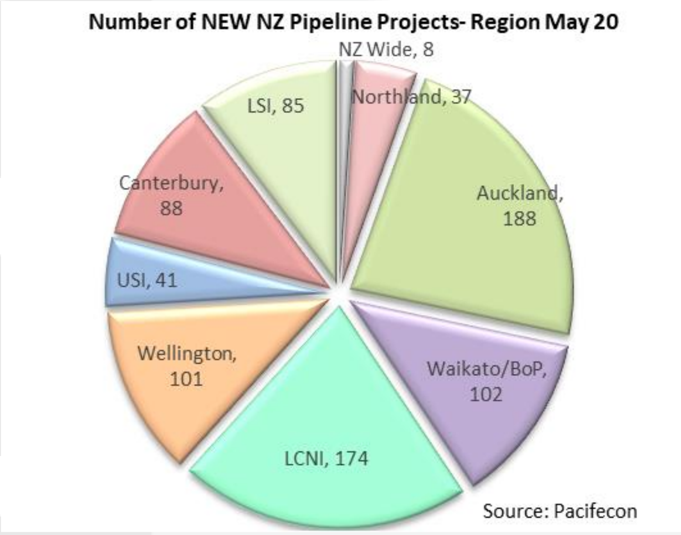


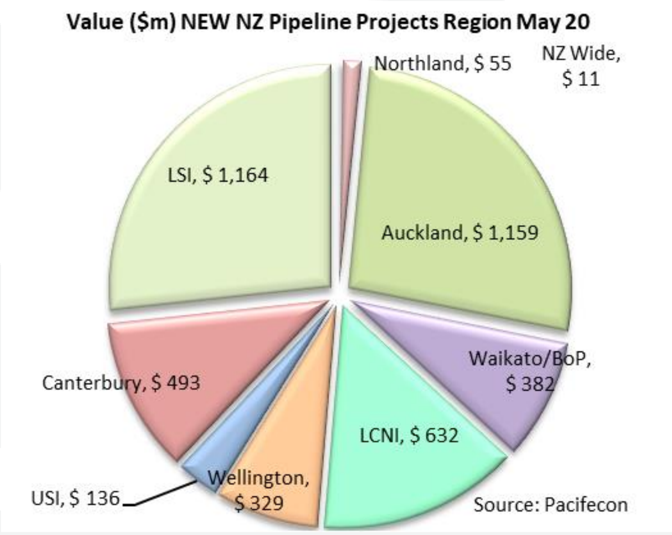
824 new pipeline projects in May total value $4,361m.
Compared to April: 57 (7%) more projects & $1,286m (-23%) less value.
Compared to May 19: 81 (11%) more projects & $1,286m (42%) more value.

The spike at February 2020 was due to AE6056-AE6067 $6b Auckland, 10,000 homes as a part of a wider redevelopment on a brownfield site.

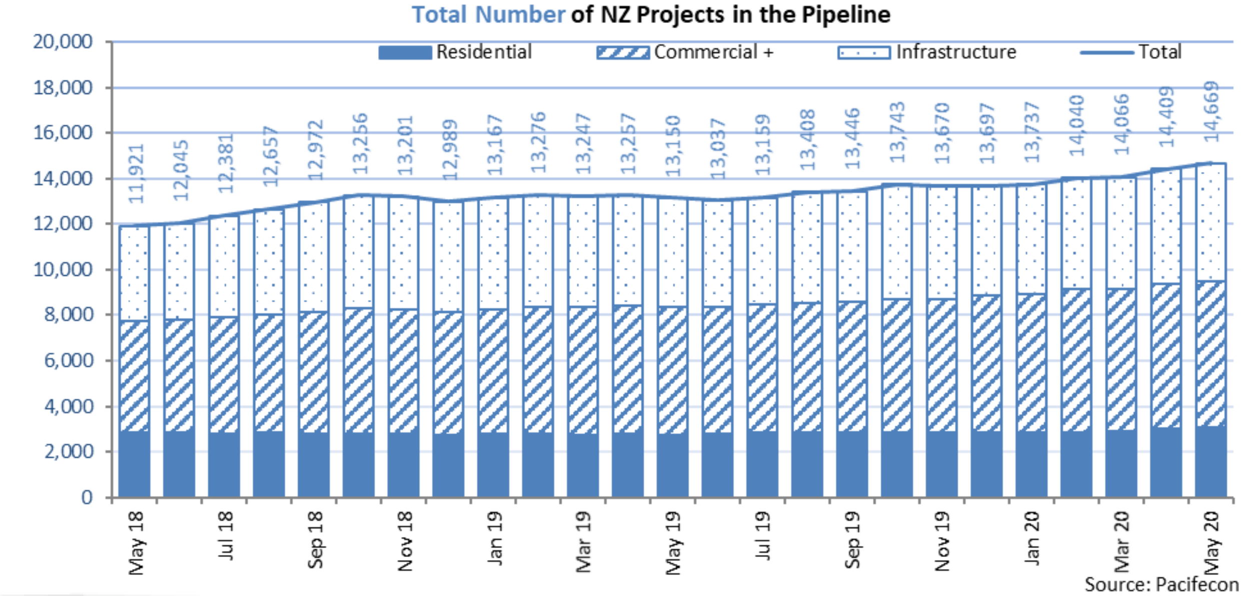
Some of the high value projects entering the pipeline in May were:

- AF4035 $455m Otago, approx 600 homes on a greenfield site.
- AF4039 $250m Otago, staged retirement village, 162 units plus associated facilities on a greenfield site
- AF4965 $200m Auckland, 2 x 20MW data centres.
- AF2982 $140m Auckland, approx 230 new homes on a greenfield site.
- AF3220 $100m Taranaki, planning to decommission Tui Oil Field after liquidation of owning company.

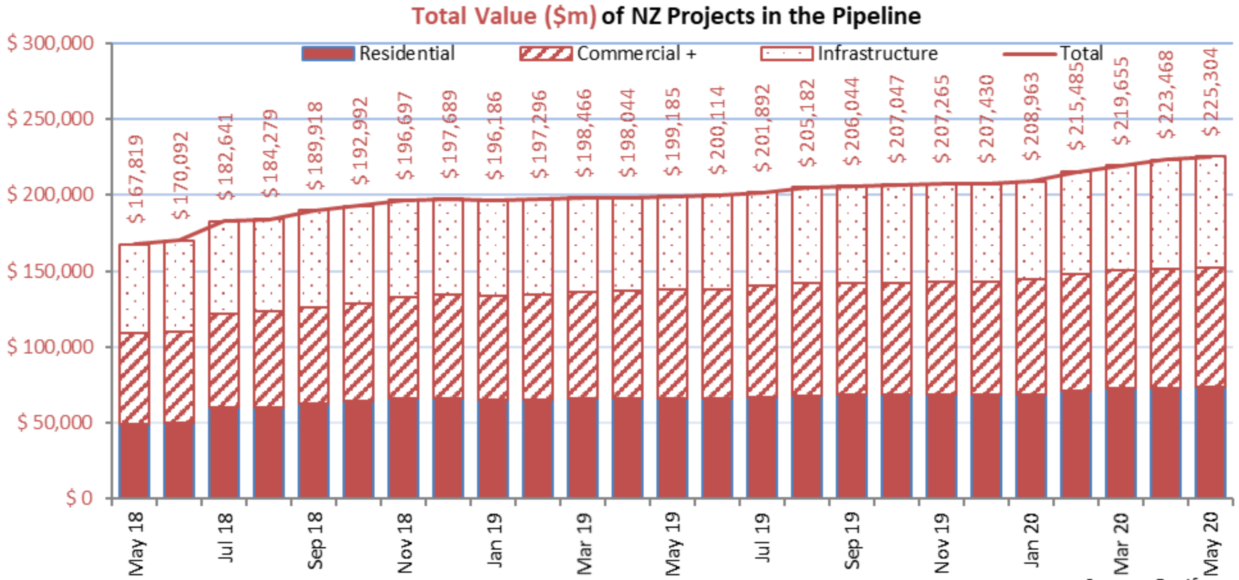




New Zealand - In the Pipeline (stages: Early Planning, In Planning, Tendering)

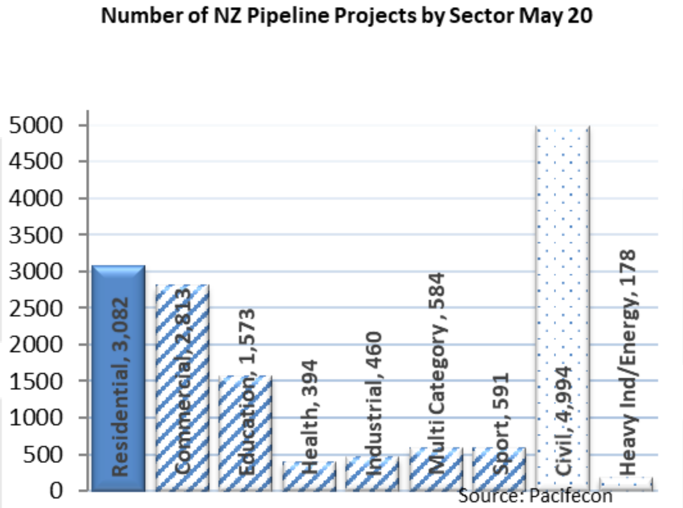


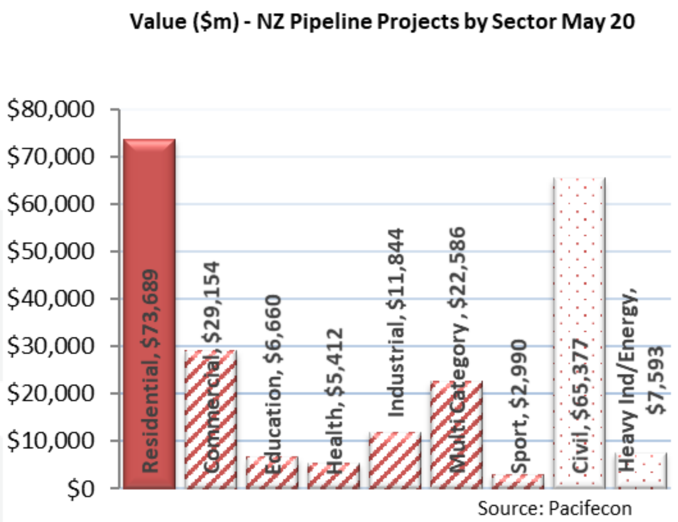
Source: Pacifecon



Source: Pacifecon

14,669 projects in the pipeline at the end of May, total value $225b.
Compared to April: 260 (2%) more projects & $1,836m (1%) more value.
Compared to May 19: 1,519 (12%) more projects & $26,119m (13%) more value.





From Statistics NZ:

In the year ended April 2020, the actual number of new dwellings consented was 37,180, up 8% from the April 2019 year.

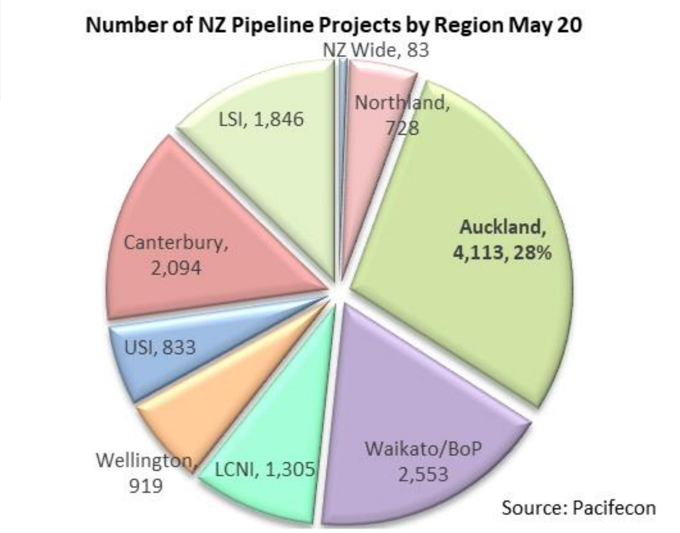
In April 2020, 2,168 new dwellings were consented, comprising:

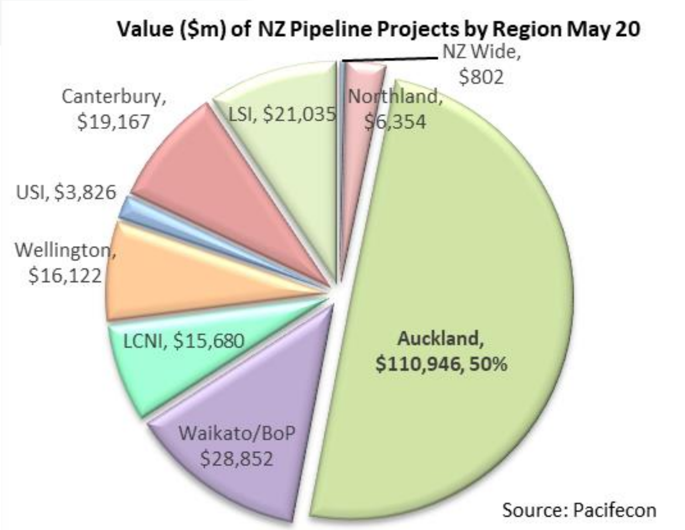
1,358 stand-alone houses
590 townhouses, flats, and units
136 apartments
84 retirement village units

In the April 2020 year, the non-residential building types with the highest values were:

- *shops, restaurants, and bars – $921 million (down 20%)*
- *education buildings – $899 million (down 21%)*
- *offices, administration, and public transport buildings – $895 million (down 5.6%).*

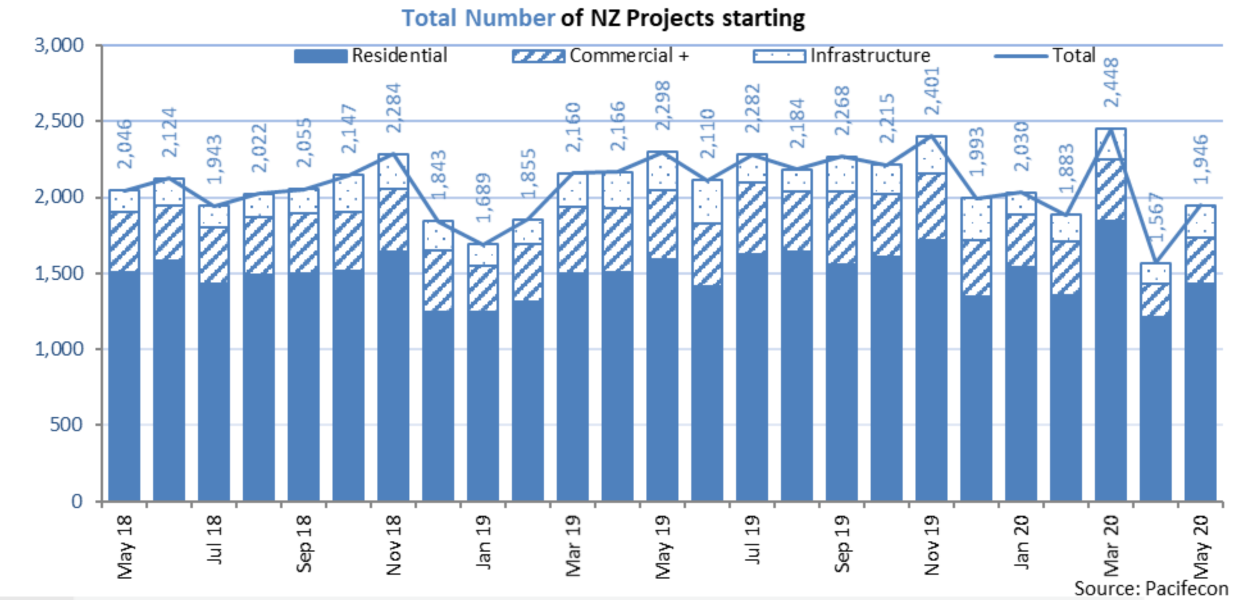
Projects in the pipeline by region are shown in the graphs below.

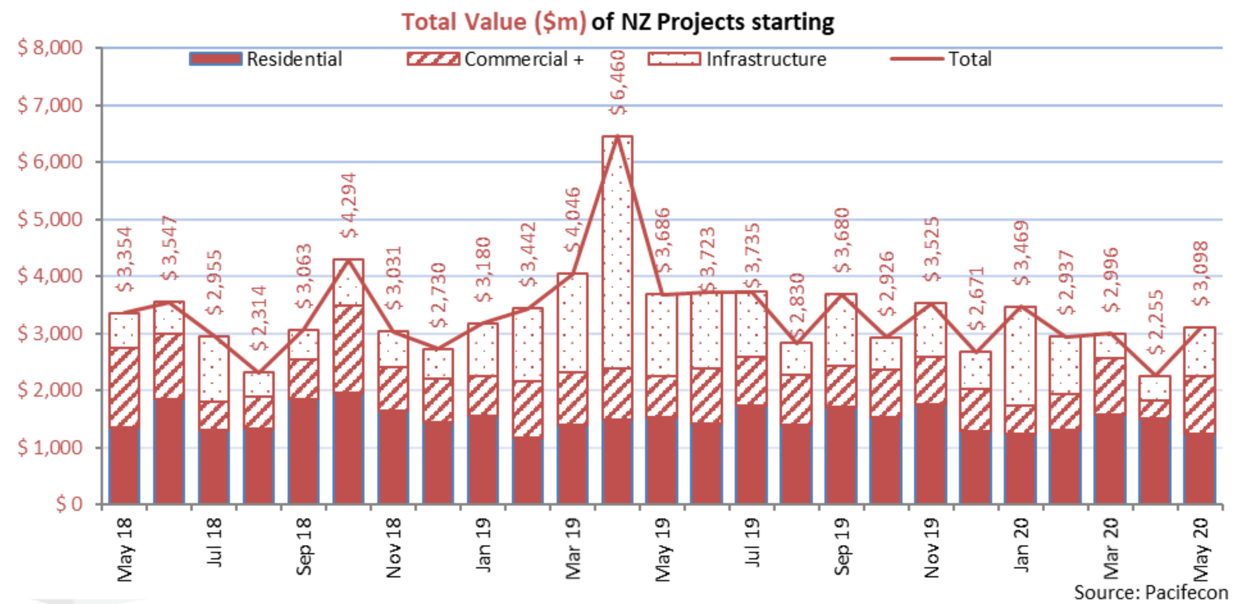




New Zealand - Projects starting

Please note - Projects starting, projects that are under contract & likely to start within the next 0-9 months; projects at stage Commencing.

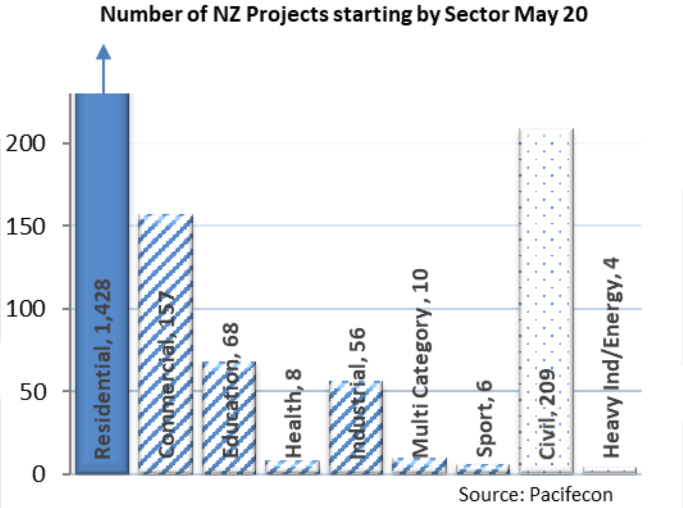


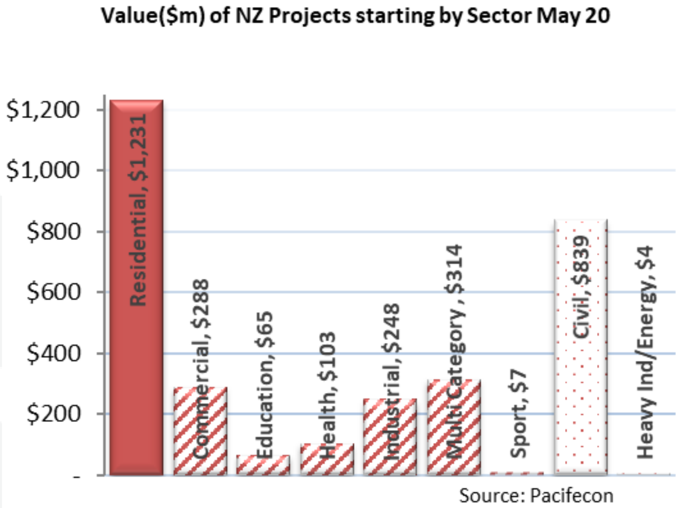


1,946 projects starting in May, with total value $3,098m.
Compared to April: 379 (24%) more projects & $843m (37%) more value.
Compared to May 19: 352 (-15%) fewer projects & $588m (-16%) less value.

High value projects reported as starting in May were:

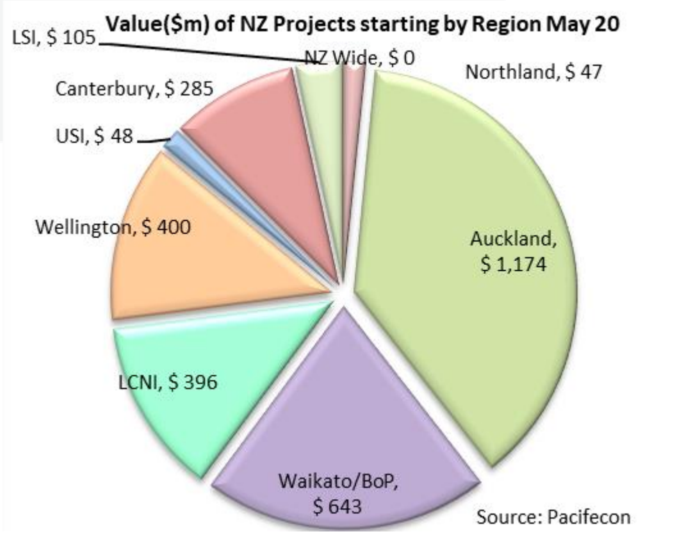
- X1722 $156m Bay of Plenty, wastewater & treatment plants.
- R2211 $110m Wellington, 152 terraced homes on a brownfield site.
- L9538 $100m Waikato, dairy processing plant, Phase 1 of wastewater treatment plant upgrade was commissioned Dec 2019 & Phase 2 Feb 2020.
- X4204 $100m Napier, work commenced Nov 2019 for construction of villas as part of new retirement village.



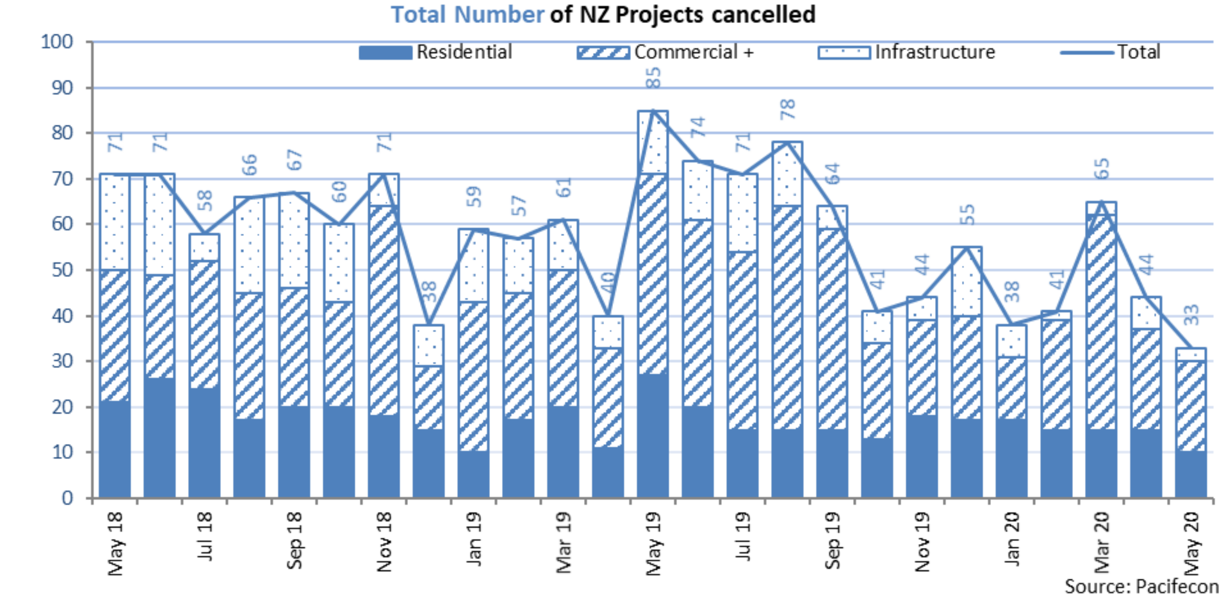


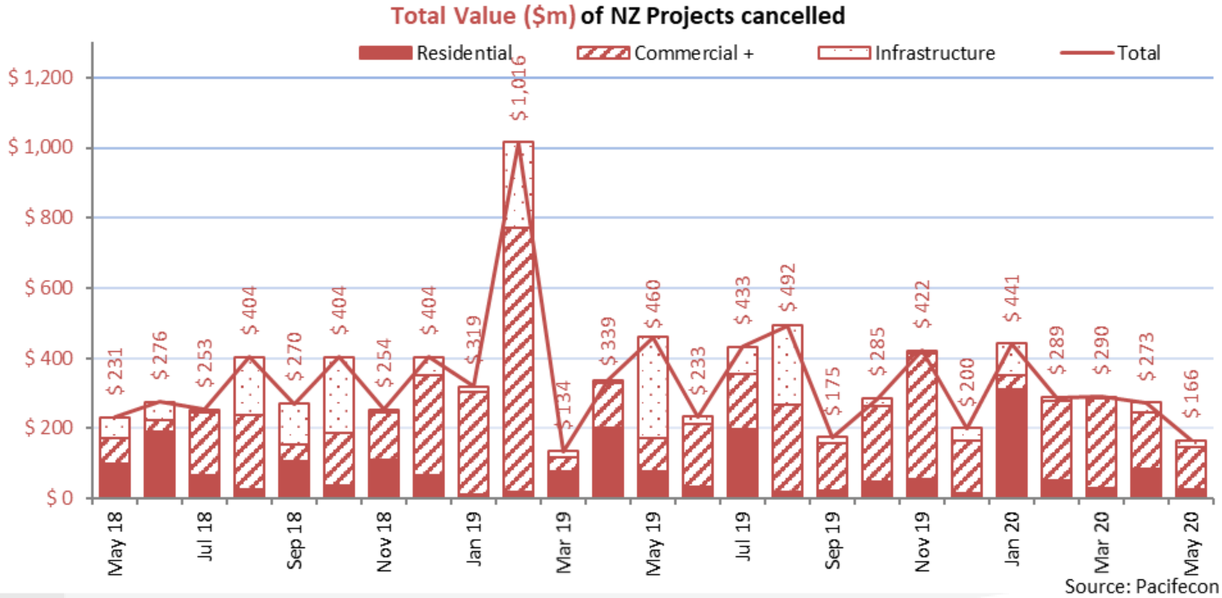
	Residential		Commercial +		Infrastructure		Total	
Region	Number	Value	Number	Value	Number	Value	Number	Value
Auckland	489 (80%)	$522m (44%)	80 (13%)	$288m (25%)	39 (6%)	$364m (31%)	608	$1,174m
Canterbury	216 (78%)	$148m (52%)	40 (14%)	$87m (30%)	21 (8%)	$50m (18%)	277	$285m
Waikato	157 (71%)	$99m (30%)	36 (16%)	$201m (61%)	27 (12%)	$32m (10%)	220	$333m
Bay of Plenty	115 (72%)	$84m (27%)	23 (14%)	$29m (9%)	22 (14%)	$198m (64%)	160	$310m

Projects starting by region are shown in the charts below.



New Zealand - Cancellations





33 cancellations in May, total value $166m.
Compared to April: 11 (-25%) fewer projects & $107m (-39%) less value.
Compared to May 19: 52 (-61%) fewer projects & $294m (-64%) less value.

The highest value projects, which will no longer proceed:

- AA7718 $50m Bay of Plenty, nature reserve/eco-village, resource consent declined, not appealing.
- P7282 $20m Canterbury, existing retirement village cancelled redevelopment plans, sale in progress.

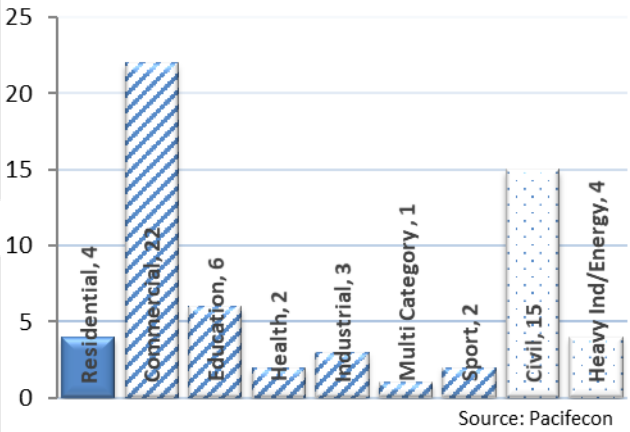
All other projects $17m or less.

The spike in value of cancellations at February 2019 was due to the cancellation of:

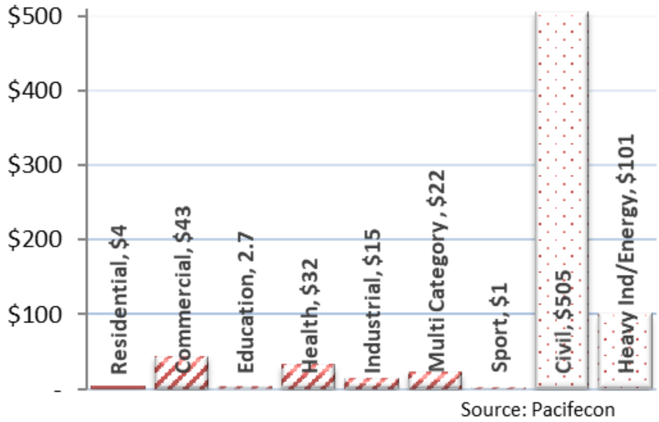
- T0926 $300m, Auckland, subdivision cancelled after Environment Court declined consent.
- D1140 $229m, Canterbury, community irrigation scheme cancelled as not enough interest secured. Z3089 Amuri Irrigation purchased the resource consent from Hurunui, a smaller version is moving forward.
- P2524 $170m, Canterbury, stage 1 of Lincoln Hub at Lincoln University not proceeding.

Offshore - New Projects to the Pipeline (stages: Early Planning, In Planning, Tendering)

Number of New Offshore Pipeline Projects by Sector May 20



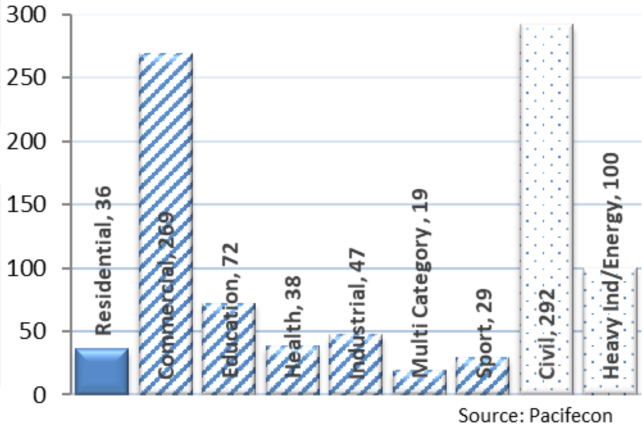
Value($m) of New Offshore Pipeline Projects by Sector May 20



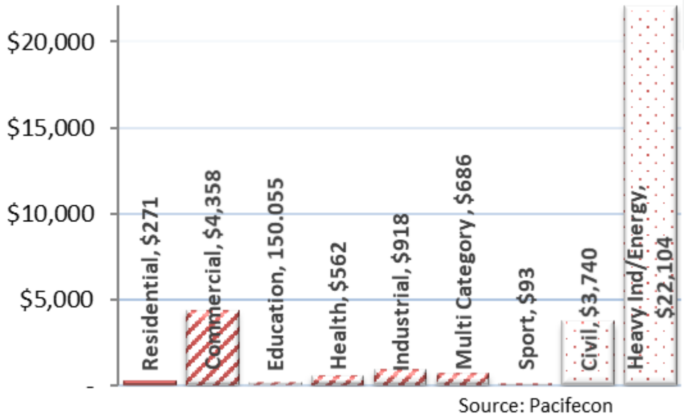
59 new pipeline projects in May total value $725m.
Compared to April: 17 (41%) more projects & $597m (467%) more value.
Compared to May 19: 3 (-5%) fewer projects & $568m (361%) more value.

Offshore - In the Pipeline (stages: Early Planning, In Planning, Tendering)

Number of Offshore Pipeline Projects by Sector May 20

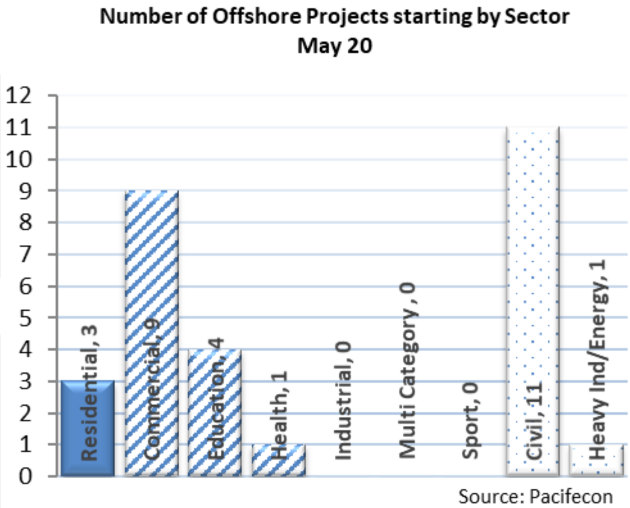


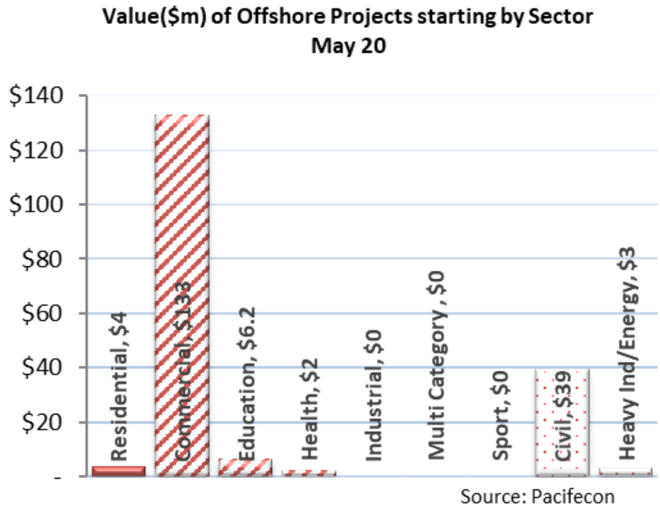
Value($m) of Offshore Pipeline Projects by Sector May 20



902 projects in the pipeline at the end of May, total value $32.9b.
Compared to April: 40 (5%) more projects & $255m (-1%) less value.
Compared to May 19: 82 (10%) more projects & $23,845m (264%) more value.

Offshore - Projects starting





29 projects starting in May, with total value $187m.
Compared to April: 5 (21%) more projects & $387m (-68%) less value.
Compared to May 19: 6 (-17%) fewer projects & $48m (-20%) less value.

High value projects reported as starting in May were:

- Z6674 $100m Nauru, port development.
- AD0168 $22m Fiji, police station.

Offshore - Cancellations

There were 0 cancellations in the Offshore region in May.

Featured project – HOLIDAY INN EXPRESS QUEENSTOWN

HOTEL	**HOLIDAY INN EXPRESS QUEENSTOWN**

Stage:	Commencing	**Update:**	15
Est. Start Date:	Jun 2018	**Project ID:**	U1436
Our Estimate:	$60,000,000	**Date:**	16/04/2020
Location:	11, 13 & 17 Stanley Street, 21 & 25 Sydney Street & Melbourne Street Queenstown		

Description:

- Work commenced mid 2018 for a new four star hotel.
- (RM170260) Resource Consent granted with conditions.
- (RM181915) Resource Consent granted Jan 2019 to incorporate additional space in the hotel in order to accommodate mechanical services.
- Also proposed to delete several windows for structural engineering reasons and to modify the fenestration on side walls of the Great Room (plus shifting one of the Great Room chimneys).
- (Queenstown BC180393) Building Consent issued May 2018 for foundation, floor slab & all underground services.
- (Queenstown BC180788) Building Consent issued Jul 2018 for construction of main structure including concrete & steel elements ($12.5mill).
- (Queenstown BC180802) Building Consent issued Oct 2018 for construction of all building elements other than structural steel & concrete.
- (Queenstown BC180943) Building Consent issued Dec 2018 for additional component of exterior envelope to previously approved cladding.
- Works include internal framing & fitout, external framing & cladding ($24.5mill). (Queenstown BC190104) Building Consent issued 30 Mar 2019 for structural foundations, piling work and suspended pavement for service lane to the eastern boundary ($400K).
- To be located on Stanley Street site.
- The site was previously occupied by Bungi Backpackers.

Spec:

- Brownfield.
- New build.
- 5 storey hotel over two wings with 277 rooms, 44 carparking spaces, fitness centre, laundry facilities, function room, staff accommodation.
- Level 2: 29 guest rooms, Level 3: 74 rooms, Level 4: 80 rooms, Level 5: 25 rooms.
- Lot 1 DP 6038, DP 7355, Section 4, Section 9, Part Section 5 & Part Section 8 Block XXXVI.

Developer:	**Intercontinental Hotels Group** Level 14, 120 Albert Street, Auckland, 1010, Phone: 0800 154 181
Developer:	**Pro-Invest Group** Suite 9.01, Level 1, 20 Hunter Street, Sydney, NSW, Australia, 2000, Phone: +61 2 9237 6900, Email: **info@proinvestgroup.com**
Project Manager:	**Nevis Rise Consulting** Frankton, Queenstown, 9371, Phone: 03 442 7059
Project Manager:	**Tactical Group** Level 15, 124 Walker Street, North Sydney, NSW, Australia, 2060, Phone: +61 2 8907 0700, Email: **info@tacticalgroup.com.au**
Project Manager:	**Tactical Group** Level 15, 124 Walker Street, North Sydney, NSW, Australia, 2060, Phone: +61 2 8907 0700, Email: **info@tacticalgroup.com.au**
Resource Management:	**Inovo Projects Ltd [CHC]** PO Box 7069, Sydenham, Christchurch, 8240, Phone: 03 377 3290, Email: **admin@inovoprojects.co.nz**

Architect:	**McAuliffe Stevens Ltd (was 2 Architecture Studio Ltd) [QTN]** PO Box 461, Queenstown, 9348, Phone: 03 409 2004, Email: **preston@mcauliffestevens.co.nz**
Architect (Landscape):	**Land Landscape Architects Ltd** PO Box 1356, Queenstown, 9348, Phone: 03 450 2130, Email: **office@landla.co.nz**
Designer (Interior & Fitout):	**Joseph Pang Design Consultants (Pty) Ltd** Level 1, Suite 102, 107 Walker Street, North Sydney, NSW, Australia, 2060, Phone: 612 9904 4911, Email: **joseph@jpdc.com.au**
Consulting Engineers:	**Geosolve Ltd [QTN]** PO Box 1780, Queenstown, 9348, Phone: 03 451 0172, Email: **admin@geosolve.co.nz**
Engineer (Building services):	**Cosgroves Ltd [CHC]** PO Box 842, Christchurch, 8140, Phone: 03 377 8600, Email: **admin@cosgroves.com**
Engineer (Civil):	**Holmes Consulting [QTN]** (Infrastructure Report) PO Box 1266, Queenstown, 9348, Phone: 03 441 3055, Email: **brendac@holmesgroup.com**
Engineer (Mechanical):	**Cosgroves Ltd [CHC]** PO Box 842, Christchurch, 8140, Phone: 03 377 8600, Email: **admin@cosgroves.com**
Engineer (Structural):	**Lewis Bradford [QTN]** PO Box 571, Queenstown, 9348, Phone: 03 442 9667, Email: **info@lewisbradford.com**
Engineer (Traffic):	**Traffic Design Group Ltd (TDG) [CHC]** PO Box 256, Christchurch, 8140, Phone: 03 348 3215, Email: **julie.ballantyne@tdg.co.nz**
Consultant:	**Southern Pacific Archaeological Research (SPAR)** PO Box 56, Dunedin, 9054, Phone: 03 479 8739, Email: **spar@otago.ac.nz**
Resource Management:	**Southern Planning Group Ltd** PO Box 1081, Queenstown, 9348, Phone: 03 409 0140 Email: **scott@southernplanning.co.nz**
Consultant:	**Aurum Survey Consultants Ltd** (Ground Assessment) PO Box 2493, Wakatipu, Queenstown, 9349, Phone: 03 442 3466, Email: **admin@ascl.co.nz**
Builder:	**Kobe Construction Ltd** (Builder (Labour only), Roof Diaphragm) 8 Cullen Avenue, RD 5, Rangiora, 7475, Email: **sharon@kobecon.co.nz**
Builder:	**Naylor Love Ltd [QTN]** PO Box 171, Queenstown, 9348, Phone: 03 442 2889, Email: **enquiries.qn@naylorlove.co.nz**
Contractor:	**Smith Crane & Construction Ltd [CHC]** 484 Johns Road, Harewood, Christchurch, 8051, Phone: 03 359 7759, Email: **info@smithcranes.co.nz**
Subcontractor:	**Brazier Scaffolding Ltd [QTN]** PO Box 2310, Wakatipu, Queenstown, 9349, Phone: 03 441 4047
Subcontractor:	**Complete Reinforcing Ltd** 67 Vickerys Road, Wigram, Christchurch, 8042, Phone: 03 943 6354
Subcontractor:	**HireKING (Central Lakes Branch)** 21 McNulty Road, Cromwell, 9310, Phone: 0800 30 30 20, Email: **lakesdistrict@hireking.co.nz**
Subcontractor:	**Smith Crane & Construction Ltd [CHC]** 484 Johns Road, Harewood, Christchurch, 8051, Phone: 03 359 7759, Email: **info@smithcranes.co.nz**
Subcontractor (Concrete):	**Markham Global** 43 Niven Street, Onekawa, Napier, 4110, Phone: 06 842 2248, Email: **sales@markhamglobal.com**
Subcontractor (Concrete):	**McIntosh Precast Ltd** PO Box 464, Ashburton, 7740, Phone: 03 307 8557, Email: **tesh@mcintoshgroup.co.nz**
Subcontractor (Data & Communications):	**ACL Communications Ltd [Queenstown]** Unit 16, 185 Glenda Drive, Frankton, Queenstown, 9300
Subcontractor (Siteworks):	**Faulks Investments Ltd [QTN]** 15 Glenda Drive, Frankton, Queenstown, 9371
Subcontractor (Structural Steel):	**John Jones Steel Ltd** 18 Sir James Wattie Drive, Hornby South, Christchurch, 8042, Phone: 03 366 8679

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.

Residential: Apartments/Townhouses/Terraces/Units, Detached/Stand-alone Houses, Retirement Villages
Commercial+: Non-residential buildings: Commercial, Education, Health, Industrial, Multi-category, Sport.
Infrastructure: Civil & Heavy Industry/Energy.

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 0-9 months; projects at stage Commencing.

Our experience is residential projects generally take 9-12 months to build, longer if run out of money or build is added to substantially. Group Home Builders may be faster 6-9 months.

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 release of local government Ten-Year Plans, Pacifecon 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: there may be work in all regions.
Lower Central North Island (LCNI): Gisborne/Hawkes Bay, Taranaki, Manawatu/Wanganui & Wairarapa.
Upper South Island (USI): Nelson/Marlborough & West Coast.
Lower South Island (LSI): Otago & Southland.
Offshore: Pacific Islands (Fiji, Tonga, Samoa, Cook Islands etc) & Other (Papua New Guinea, Dili, Timor-Leste).

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 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.

Want to know more about construction opportunities nationwide? projects@pacifecon.co.nz