



Q1 2019: New Zealand Construction and Infrastructure Survey

Conditions on North and South Islands differ dramatically

Respondents to the RICS-PCNZ Construction and Infrastructure Survey indicated that although activity in the sector increased during the first quarter, it did so at a slightly slower pace than in the previous quarter. As shown in Chart 1, total workloads increased modestly during Q1, though in net balance terms at a markedly slower rate than in Q4.

The slowdown was seen across all market segments on the North Island. Contributors reported a slight slowdown in the growth of public works, public residential and infrastructure workloads. Meanwhile, workloads on private commercial, private industrial and private residential projects were said to have levelled out during the first quarter after respondents reported a fairly robust pace of growth in Q4.

Similarly, respondents on the North Island reported a slowdown in new business enquiries

and new workloads. The picture on the South Island was more mixed, as respondents reported little change in headline workloads though the pipeline for new business was said to have contracted marginally.

The factors survey participants identified as constraints on activity are indicative of the different conditions on the North and South Island. On the South Island, the two main restraints identified were financial constraints and a lack of demand, each identified as a drag by 73% of respondents. No other single factor was identified by more than 50% of respondents. Meanwhile, only a third of North Island respondents identified a lack of demand as a constraint, while more than 80% identified the cost of materials (86%), labour shortages (83%), regulation (83%) and skills shortages (82%). A majority also identified financial constraints (67%), competition (61%) and shortages of materials.

Chart 1: Workloads

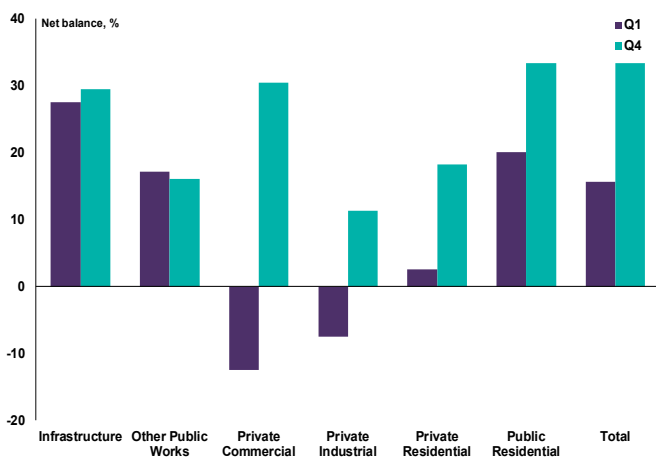
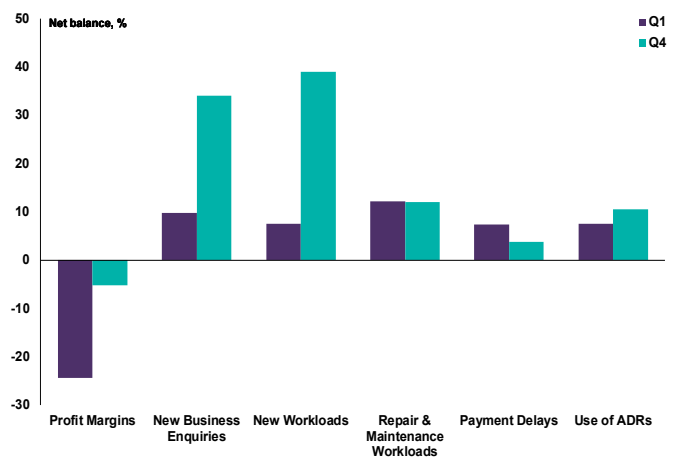


Chart 2: Enquiries & Workloads



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Chart 3: Factors Holding Back Activity

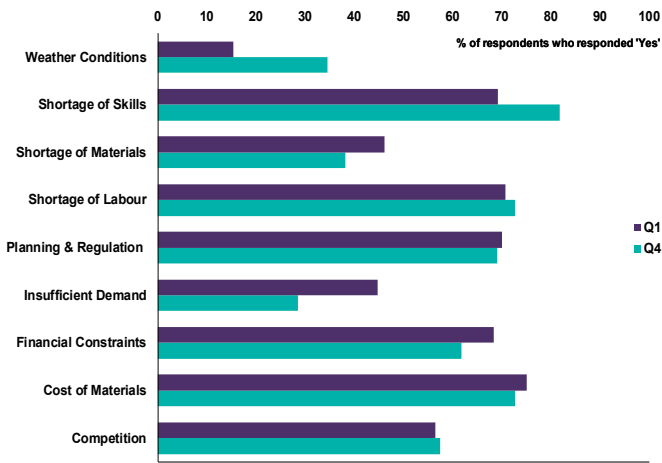


Chart 4: 12-month Expectations

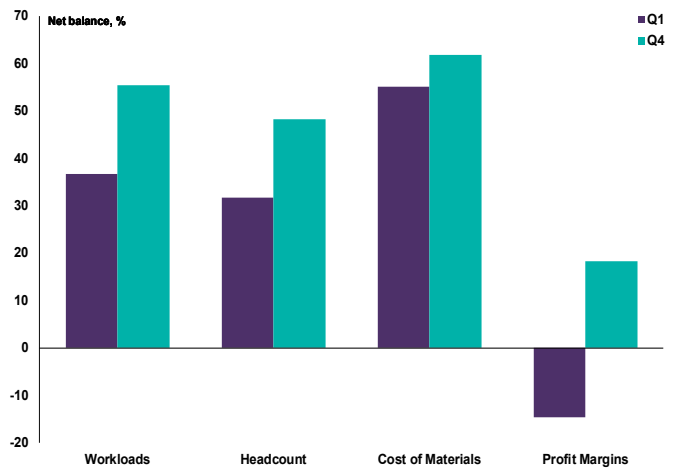


Chart 5: Skills Shortages

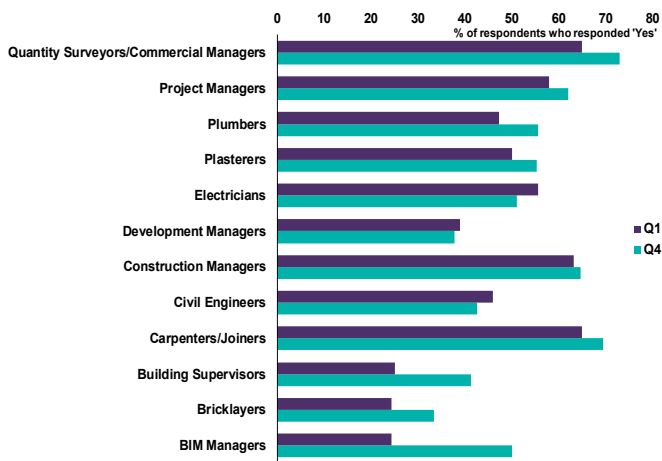


Chart 6: Expectations for Credit Conditions

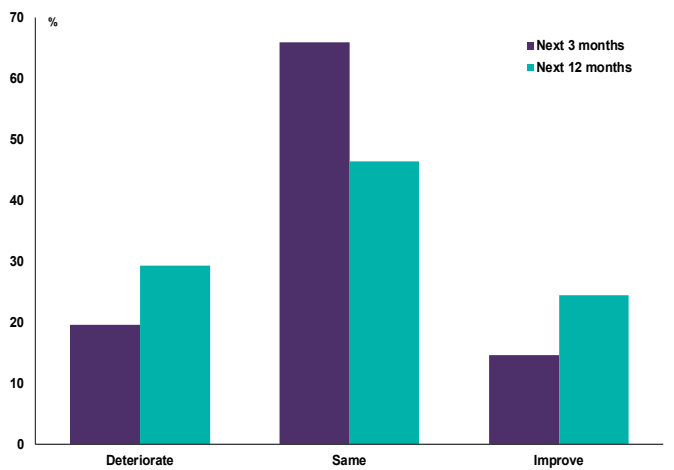


Chart 7: Infrastructure Workloads

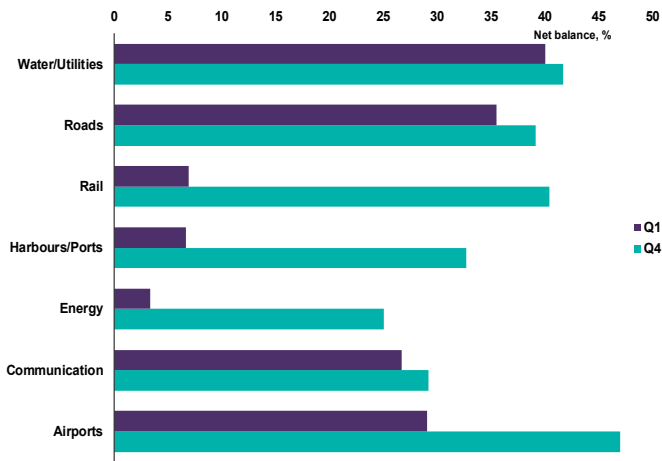
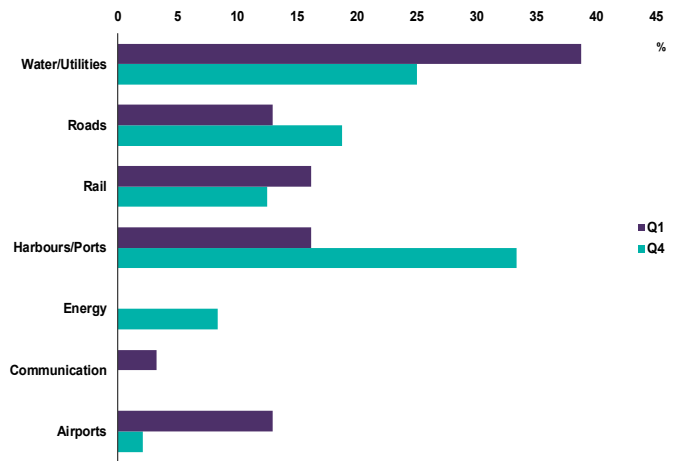


Chart 8: Infrastructure Expectations



Information

Construction and Infrastructure Survey

RICS' Asia-Pacific and Middle East Construction and Infrastructure Survey is a quarterly guide to the trends in the construction and infrastructure markets. The report is available from the RICS website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

Methodology

Survey questionnaires were sent out on 25 March 2019 with responses received until 23 April 2019. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 774 company responses were received globally. Responses in New Zealand were collected in conjunction with the Property Council of New Zealand.

Net balance = Proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline.

Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact: economics@rics.org

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