### OFFICES AROUND THE WORLD

#### AFRICA
- Botswana
  - Gaborone
- Mauritius
  - Saint Pierre
- Mozambique
  - Maputo
- South Africa
  - Cape Town
  - Johannesburg
  - Pretoria

#### AMERICAS
- Caribbean
  - Barbados
  - Cayman Islands
  - St. Lucia
- North America
  - Austin
  - Boston
  - Calgary
  - Chicago
  - Denver
  - Guam
  - Hilo
  - Honolulu
  - Las Vegas
  - Los Angeles
  - Maui
  - New York
  - Orlando
  - Phoenix
  - Portland
  - San Francisco
  - Seattle
  - Toronto
  - Tucson
  - Waikoloa
  - Washington DC

#### EUROPE
- United Kingdom
  - Birmingham
  - Bristol
  - Cumbria
  - Leeds
  - London
  - Manchester
  - Sheffield
  - Thames Valley
  - Warrington/Birchwood
  - Welwyn Garden City
- RLB | Euro Alliance
  - Austria
  - Belgium
  - Czech Republic
  - Finland
  - Germany
  - Hungary
  - Ireland
  - Italy
  - Luxemburg
  - Netherlands
  - Norway
  - Poland
  - Portugal
  - Russia
  - Spain
  - Sweden
  - Turkey

#### OCEANIA
- Australia
  - Adelaide
  - Brisbane
  - Cairns
  - Canberra
  - Coffs Harbour
  - Darwin
  - Gold Coast
  - Melbourne
  - Newcastle
  - Perth
  - Sunshine Coast
  - Sydney
  - Townsville
- New Zealand
  - Auckland
  - Christchurch
  - Hamilton
  - Palmerston North
  - Queenstown
  - Tauranga
  - Wellington

#### ASIA
- North Asia
  - Beijing
  - Chengdu
  - Chongqing
  - Dalian
  - Guangzhou
  - Guiyang
  - Haikou
  - Hangzhou
  - Hong Kong
  - Jeju
  - Macau
  - Nanjing
  - Nanning
  - Qingdao
  - Seoul
  - Shanghai
  - Shenyang
  - Shenzhen
  - Tianjin
  - Wuhan
  - Wuxi
  - Xiamen
  - Xian
  - Zhuhai
- South Asia
  - Bacolod
  - Bohol
  - Cagayan de Oro
  - Cebu
  - Davao
  - Ho Chi Minh City
  - Iloilo
  - Jakarta
  - Kuala Lumpur
  - Laguna
  - Metro Manila
  - Singapore
  - Yangon

Cover: Christchurch Hospital Waipapa, Christchurch

Disclaimer: While the information in this publication is believed to be correct at the time of publishing, no responsibility is accepted for its accuracy. Persons desiring to utilise any information appearing in the publication should verify its applicability to their specific circumstances. Cost information in this publication is indicative and for general guidance only and is based on rates as June 2021. National statistics are derived from the Statistics New Zealand.
Economic activity picked up in the first quarter of 2021 after a lull in December 2020, led by strong construction demand. The New Zealand economy has proven to be more resilient than expected a year ago when uncertainty over how the COVID-19 pandemic would play out reduced confidence. The unprecedented amount of stimulus from the Government and the Reserve Bank has boosted demand, particularly in construction.

Businesses feeling more confident about hiring and investment
Business confidence continues to improve in New Zealand as uncertainty over further community outbreaks lessens. This is despite other major economies grappling with continued outbreaks, which has meant border restrictions remain largely in place. This improved confidence has seen businesses feeling more positive about hiring and investment.

Capacity pressures becoming more apparent
There are increasing signs of capacity constraints in the New Zealand economy. In the construction sector, these constraints largely stem from labour shortages and the difficulty of firms in sourcing building materials given COVID-related supply chain disruptions. The shortage of skilled labour is particularly acute, as border restrictions limit the ability of firms to bring in workers with specialised skills from overseas.

These capacity pressures, along with higher shipping costs and a surge in the price of building materials such as copper and iron ore, have driven a sharp increase in construction costs. Increased difficulty in sourcing building materials is also affecting the completion of construction projects.

Demand for housing robust despite new measures
Housing demand remained robust in recent months despite measures targeted at taking the heat out of the housing market including the extension of the bright-line test for capital gains tax and removal of interest deductibility for property investors. REINZ house sales data for May showed the housing market remained very tight, while house prices continued to lift.

Focus turns to timing of OCR increase
Intensifying cost pressures, including rising global commodity prices, are underpinning a lift in inflation in the New Zealand economy. As a result, focus has turned to when the Reserve Bank will start to tighten monetary policy, with the central bank’s projections indicating an OCR increase in the second half of 2022.

Future outlook
The property and construction sector’s longer-term outlook remains positive given the low interest rate environment is supporting demand. However, there are potential headwinds to activity stemming from supply constraints, which include:

- Supply chain disruptions affecting the ability of firms to source materials
- Border restrictions affecting the ability of firms to hire skilled overseas workers
- Construction cost escalation from these supply side constraints also has the potential to weigh on demand given some construction projects will no longer become feasible.
Construction growth has led the recovery in the New Zealand economy over the past year. Demand has rebounded strongly, as the economy responded to the unprecedented amount of stimulus implemented by the Government and the Reserve Bank in response to support activity during the COVID-19 outbreak. In particular, low interest rates have boosted demand for housing, with the surge in house prices encouraging new housing supply to come on board.

This growth in construction has been broad-based across the regions. Building Work Put in Place data showed a particularly strong lift in construction activity in the North Island over the March quarter. Population growth over the past decade has been concentrated in Auckland, and the effects of this on housing demand is spilling over to its neighbouring regions particularly Waikato.

Looking ahead, the outlook for construction remains very strong for the coming year, particularly for residential construction. Residential building consent issuance continues to edge up to new record highs, with building demand in Auckland especially strong.

The architects’ measure of activity in their own office in the NZIER Quarterly Survey of Business Opinion (QSBO) indicates a solid pipeline of construction across residential, commercial and Government sectors. Besides increasing the demand for housing, strong population growth over the past decade has also increased the demand for infrastructure including transport, water and utilities, with population growth outpacing the growth in infrastructure investment. To address the infrastructure shortfall and support the economic recovery, the Government in Budget 2021 has allocated infrastructure investment of $57.3 billion over the next five years. However, with capacity constraints in the construction sector becoming more apparent there is a risk of the capital investment programme being more protracted if construction work was to be delayed.

Commercial construction activity is also recovering, albeit at a slower pace than the rebound in residential construction. The sharp deterioration in business confidence during the height of the COVID-19 outbreak led businesses to hold off on investment. Banks also became much more cautious about lending to the corporate sector and for commercial property. With uncertainty about further community outbreaks and lockdowns lessening, businesses are now feeling more positive about investment. Banks’ appetite to lend for commercial property has also improved. These factors are supporting stronger demand for commercial construction.

Residential consent issuance shows a surge in demand for medium-density housing such as townhouses over the past year. The shortage of centrally located land, amidst strong housing demand, has sharpened the focus on multi-unit dwellings. Banks’ improved appetite for lending to the corporate sector and for commercial property is supporting a continued pick-up in the construction of high-density housing such as apartments. Although construction demand for standalone houses remains robust we expect a continued shift towards housing intensification over the coming years.

As part of the trend towards housing intensification, we also expect the ageing New Zealand population to support demand for retirement villages. The low interest rate environment, along with easier access to finance, should support demand for housing developments more broadly.
Capacity pressures are intensifying in the construction sector as construction demand continues to recover strongly. COVID-related supply chain disruptions are affecting the ability of firms to source building materials for construction, and shipping costs are rising. Labour shortages are also becoming more acute, particularly for skilled labour. Stats NZ March 2021 quarter labour market data shows growth in construction jobs leading the recovery in the labour market over the past year.

Continued border restrictions mean that firms will likely continue to face labour shortages, with the potential for the New Zealand-Australia quarantine-free travel bubble to exacerbate these shortages as demand in the Australian mining sector picks up. A pick-up in job prospects in Australia will likely encourage New Zealand workers to head overseas.

These acute capacity pressures are driving up construction costs. Reflecting the stronger demand in residential investment, this area of construction cost escalation has been strongest. Nonetheless, the recent acceleration in the average value of non-residential consents per square metre points to non-residential cost escalation picking up as well. We expect that as a continued improvement in investment intentions drives non-residential construction demand this will underpin a further lift in cost escalation over the coming years. The surge in commodity prices is also underpinning a substantial increase in the cost of building materials. Strong construction demand this will underpin a further lift in cost escalation over the coming years. The surge in commodity prices is also underpinning a substantial increase in the cost of building materials. Strong construction demand this will underpin a further lift in cost escalation over the coming years.

ECONOMIC BACKDROP

The New Zealand economy continues to show resilience, with fiscal and monetary policy stimulus continuing to support a continued recovery in demand across a broad range of sectors. March quarter GDP indicated the New Zealand economy started 2021 on a strong note following a dip in activity in the previous quarter. The household sector is particularly strong, reflecting the effects of continued strength in the housing market and the improving labour market. Higher household incomes are supporting retail spending, with spending on durables particularly strong as households furnish their new homes with furniture and electronics.

Besides non-residential investment, higher business confidence also underpinned a strong recovery in spending on plant and machinery in the March quarter. We expect further growth in plant and machinery investment over the coming years, as acute labour shortages and rising labour costs encourage firms to invest in labour-saving technology.

Despite the positive developments in the New Zealand economy over the past year, there remains pockets of weakness in sectors affected by continued border restrictions. Spending on transport and hospitality in the areas exposed to international tourism are particularly affected, although the New Zealand-Australia travel bubble has helped to improve demand.

Beyond the continued unevenness of the recovery, capacity pressures are broadening beyond the construction sector. COVID-19 outbreaks around the world have led to supply chain disruptions for many businesses here in New Zealand. These disruptions have been experienced across the sectors and are hindering the recovery even as demand picks up. Besides building firms struggling to source materials for construction, retailers are facing difficulty in restocking shelves while manufacturers are also finding it more difficult to source inputs into its production. These pressures are driving an increase in costs across the sectors. The improvement in demand means that firms have found it easier to pass on the higher costs by raising prices, albeit not to the extent of the cost increases. Overall, this is leading to a pick-up in inflation pressures in the economy.

INTEREST AND EXCHANGE RATES

Rising inflation pressures have seen focus in the markets turn to when the Reserve Bank will begin to tighten monetary policy. An increase in inflation resulting solely from supply constraints does not warrant an increase in interest rates, given monetary policy tightening would constrain demand. However, with demand picking up in the New Zealand economy and signs that firms are now passing on higher costs by raising prices there is a risk of inflation expectations rising above the Reserve Bank’s inflation target of 1 to 3 percent.

The Reserve Bank in its May Monetary Policy Statement indicated that it would likely increase the OCR in the second half of 2022. Subsequent data releases, particularly with the latest release of March quarter GDP showing a strong lift in activity over the quarter, has increased speculation of an earlier increase in the OCR.

Attention in the US is also turning to when monetary policy tightening will commence. The latest Federal Open Market Committee (FOMC) meeting...
acknowledged the strengthening in economic activity and employment. Although the Federal Reserve held the policy rate at the zero to 0.25 percent range and reiterated it would continue asset purchases at a $120 billion monthly pace until “substantial further progress” was evident for employment and inflation, its projections show thirteen of the eighteen members in favour of at least one rate increase by the end of 2023, with eleven of them seeing a move in 2022 as appropriate.

While there has been an increase in interest rate expectations globally, developments in the US has generally dominated currency movements, with the New Zealand dollar depreciating against the US dollar as a result. We expect a further easing in the NZD/USD over the coming year, with the easing in the NZD crosses more modest reflecting the favourable New Zealand economic outlook relative to other major economies.

**BUILDING INVESTMENT**
Consent issuance points to a solid pipeline of both residential and non-residential construction. Banks’ appetite to lend for commercial property has improved, and with investment intentions picking up demand for private sector non-residential construction is recovering.

**BUILDING CONSENTS**
Non-residential consent issuance is strengthening from the lows seen over the lockdown periods, reflecting the effects of higher business confidence. Nonetheless, weak non-residential consent issuance seen over the past year will likely weigh on non-residential construction activity over the coming year, with activity expected to recover from 2022.

**Building consents by sector**
Consent issuance across the sectors reflect the unevenness of the recovery in the New Zealand economy. Growth in non-residential consent issuance has been led by increased demand for education, industrial and healthcare buildings. The Government’s focus on infrastructure investment as part of supporting the post-COVID recovery is driving this growing demand. Meanwhile, supply chain disruptions and increased shipping costs has increased the focus on inventory management. This is underpinning demand for industrial and storage buildings. Although demand for farm buildings is only slightly higher on year-ago levels, we expect demand to pick up as improved farmgate returns encourages on-farm investment.

Demand for new office space is recovering after some weakness in recent years. There are opposing forces driving office space demand. While the lockdowns implemented last year to control the COVID-19 outbreaks has increased working from home even as restrictions were lifted, the increase in white collar jobs as the New Zealand economy improves should increase demand for office space.

Border restrictions reduced tourism activity, which negatively affected demand for new accommodation and retail outlets. The acceleration in online shopping as a result of lockdown restrictions will also likely weigh on demand for bricks and mortars shops over the coming years, despite the rebound in household spending.

**Building consents by region**
Growth in non-consent issuance was strong across many regions over the past year. Bay of Plenty, Auckland and Southland faced the strongest increase in demand. In the Bay of Plenty, the increase was particularly large for industrial buildings, with demand for health, education and social buildings also robust.

Meanwhile, growth in Auckland non-residential consent issuance was driven by broad-based strength in demand across education, industrial and storage buildings, as well as accommodation – despite the decline in demand for accommodation in many of the other regions.

Also going against the nationwide trend was the increase in demand in retail outlets in Southland, with this sector being the key driver of growth in non-residential consent issuance in the region over the past year. Stronger farmgate returns on higher global dairy prices is underpinning a recovery in confidence in the region, which is flowing through to retail spending.

Looking ahead, strong global demand for New Zealand commodity exports should drive increased non-residential investment in rural regions such as Southland and Waikato over the coming year. In contrast, non-residential investment in regions particularly exposed to international tourism such as Otago will likely remain weak until there is a broad-based relaxation of border restrictions.
**FIGURE 1**
Construction growth broad-based across the regions
Quarterly values, s.a.

**FIGURE 2**
Strong pipeline of residential construction
Annual number of consents

Source: Stats NZ
**FIGURE 3**
Banks feeling more positive about lending for commercial property
Index, change over past six months

**CREDIT AVAILABILITY**
(OBSERVED CHANGE OVER PAST 6 MONTHS)

Source: RBNZ

**FIGURE 4**
Very strong demand for medium density housing
Annual number of consents

RESIDENTIAL CONSENTS BY TYPE

Source: Stats NZ
FIGURE 5
Supply constraints drive up cost pressures

NON-RESIDENTIAL CONSENTS & COST

Source: Stats NZ

ANNUAL (SQUARE METRES, MILLIONS)

$ PER SQUARE METRE

TOTAL NON-RESIDENTIAL BUILDING FLOOR AREA (LHS)  AVERAGE $ VALUE PER SQUARE METRE
FIGURE 6
Education and industrial buildings lead growth in non-residential construction demand
Change over year to April 2021

TABLE 1
Non-residential building consents by region and sector
$\text{m}$ of consents for the year ending December 2020; red colour shading for decline in consents from previous year

<table>
<thead>
<tr>
<th>REGION</th>
<th>HOSTELS, PRISONS ETC</th>
<th>ACCOMODATION</th>
<th>HEALTH</th>
<th>EDUCATION</th>
<th>SOCIAL, CULTURAL, RELIGIOUS</th>
<th>RETAIL</th>
<th>OFFICE</th>
<th>STORAGE</th>
<th>INDUSTRIAL</th>
<th>FARM</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTHLAND</td>
<td>0.0</td>
<td>4.9</td>
<td>20.4</td>
<td>80.9</td>
<td>26.9</td>
<td>32.7</td>
<td>28.6</td>
<td>16.7</td>
<td>19.2</td>
<td>18.0</td>
</tr>
<tr>
<td>AUCKLAND</td>
<td>61.7</td>
<td>378.8</td>
<td>191.6</td>
<td>499.4</td>
<td>124.7</td>
<td>269.4</td>
<td>392.1</td>
<td>505.2</td>
<td>275.1</td>
<td>25.3</td>
</tr>
<tr>
<td>WAIKATO</td>
<td>176.9</td>
<td>9.3</td>
<td>21.7</td>
<td>145.6</td>
<td>28.6</td>
<td>51.7</td>
<td>64.3</td>
<td>88.9</td>
<td>78.8</td>
<td>92.1</td>
</tr>
<tr>
<td>BAY OF PLENTY</td>
<td>0.3</td>
<td>14.3</td>
<td>46.2</td>
<td>74.2</td>
<td>49.9</td>
<td>60.7</td>
<td>20.0</td>
<td>51.5</td>
<td>223.9</td>
<td>10.8</td>
</tr>
<tr>
<td>GISBORNE</td>
<td>1.8</td>
<td>0.4</td>
<td>3.2</td>
<td>16.4</td>
<td>13.5</td>
<td>3.0</td>
<td>4.0</td>
<td>2.5</td>
<td>15.4</td>
<td>3.2</td>
</tr>
<tr>
<td>HAWKE’S BAY</td>
<td>3.0</td>
<td>8.5</td>
<td>77.3</td>
<td>41.6</td>
<td>14.8</td>
<td>34.9</td>
<td>29.2</td>
<td>35.5</td>
<td>54.1</td>
<td>17.4</td>
</tr>
<tr>
<td>TARANAKI</td>
<td>1.0</td>
<td>0.2</td>
<td>78.6</td>
<td>18.7</td>
<td>4.6</td>
<td>5.7</td>
<td>7.3</td>
<td>8.7</td>
<td>16.3</td>
<td>12.7</td>
</tr>
<tr>
<td>MANAWATU-WANGANUI</td>
<td>1.1</td>
<td>1.9</td>
<td>8.5</td>
<td>55.6</td>
<td>31.0</td>
<td>18.1</td>
<td>26.1</td>
<td>91.9</td>
<td>49.1</td>
<td>15.7</td>
</tr>
<tr>
<td>WELLINGTON</td>
<td>2.5</td>
<td>19.5</td>
<td>46.7</td>
<td>122.0</td>
<td>118.7</td>
<td>52.3</td>
<td>279.3</td>
<td>36.4</td>
<td>71.8</td>
<td>10.0</td>
</tr>
<tr>
<td>NELSON</td>
<td>0.3</td>
<td>0.4</td>
<td>6.9</td>
<td>4.9</td>
<td>3.7</td>
<td>3.0</td>
<td>3.9</td>
<td>12.5</td>
<td>6.5</td>
<td>0.1</td>
</tr>
<tr>
<td>TASMAN</td>
<td>0.1</td>
<td>0.9</td>
<td>4.6</td>
<td>9.5</td>
<td>10.3</td>
<td>20.0</td>
<td>1.2</td>
<td>5.8</td>
<td>7.8</td>
<td>3.1</td>
</tr>
<tr>
<td>MARLBOROUGH</td>
<td>0.3</td>
<td>0.1</td>
<td>0.5</td>
<td>7.9</td>
<td>23.1</td>
<td>4.1</td>
<td>0.4</td>
<td>4.1</td>
<td>28.6</td>
<td>4.1</td>
</tr>
<tr>
<td>WEST COAST</td>
<td>0.0</td>
<td>0.1</td>
<td>13.3</td>
<td>11.7</td>
<td>0.9</td>
<td>5.8</td>
<td>2.1</td>
<td>1.0</td>
<td>1.7</td>
<td>3.1</td>
</tr>
<tr>
<td>CANTERBURY</td>
<td>34.7</td>
<td>34.6</td>
<td>155.8</td>
<td>236.3</td>
<td>128.1</td>
<td>61.7</td>
<td>69.0</td>
<td>123.0</td>
<td>88.0</td>
<td>32.5</td>
</tr>
<tr>
<td>Otago</td>
<td>17.6</td>
<td>22.3</td>
<td>44.0</td>
<td>104.5</td>
<td>9.8</td>
<td>26.6</td>
<td>40.4</td>
<td>19.4</td>
<td>52.3</td>
<td>21.9</td>
</tr>
<tr>
<td>SOUTHLAND</td>
<td>0.8</td>
<td>24.9</td>
<td>1.4</td>
<td>27.2</td>
<td>9.1</td>
<td>69.0</td>
<td>28.6</td>
<td>43.6</td>
<td>19.8</td>
<td>20.8</td>
</tr>
</tbody>
</table>

Source: Statistics NZ, NZIER
The Capital Goods Price Index for Non-Residential Buildings (CGPI-NRB) (the Index) is an official measure of cost movements in the sector. The Index excludes GST. We use the Index as an indicator of cost escalation.

The Index is a national average across all building types. We therefore advise caution in applying the increase in the CGPI-NRB as an indicator of cost escalation for specific projects.

The Rider Levett Bucknall Fourth Quarter 2020 Oceania Report provides local regional comment and tender price relativity between the main New Zealand and Australian centres. This publication is available at www.rlb.com or on request from any Rider Levett Bucknall office.

Non-residential construction cost escalation remains modest for the year to March 2021, despite capacity pressures becoming more evident in the construction sector. So far, these capacity pressures are having more of an impact on residential construction cost escalation.

Nonetheless, the NZIER QSBO highlights the increased cost pressures facing building sector firms arising from supply chain disruptions and labour shortages. Building construction firms report the shortage of skilled labour at its most acute since the history of the survey, while a record proportion of building materials firms reported stock levels being too low. We expect these constraints, along with strengthening non-residential construction demand, will drive an increase in non-residential construction cost escalation over the coming years. We forecast annual non-residential construction cost inflation to accelerate to a peak of 5.6 percent by March 2022 as firms pass on rising costs in the face of strong construction demand.

FIGURE 7
Non-residential building cost escalation
CGPI-NRB index, annual % change

Source: Statistics NZ, NZIER forecasts
### TABLE 2
Non-residential building cost index

<table>
<thead>
<tr>
<th>YEAR</th>
<th>QUARTER</th>
<th>INDEX</th>
<th>QUARTERLY % CHANGE</th>
<th>ANNUAL % CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>MARCH</td>
<td>1519</td>
<td>0.8</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td>JUNE</td>
<td>1533</td>
<td>0.9</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>SEPTEMBER</td>
<td>1553</td>
<td>1.3</td>
<td>3.7</td>
</tr>
<tr>
<td></td>
<td>DECEMBER</td>
<td>1591</td>
<td>2.4</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>MARCH</td>
<td>1601</td>
<td>0.6</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td>JUNE</td>
<td>1618</td>
<td>1.1</td>
<td>5.5</td>
</tr>
<tr>
<td></td>
<td>SEPTEMBER</td>
<td>1635</td>
<td>1.1</td>
<td>5.3</td>
</tr>
<tr>
<td></td>
<td>DECEMBER</td>
<td>1656</td>
<td>1.3</td>
<td>4.1</td>
</tr>
<tr>
<td>2018</td>
<td>MARCH</td>
<td>1670</td>
<td>0.8</td>
<td>4.3</td>
</tr>
<tr>
<td></td>
<td>JUNE</td>
<td>1689</td>
<td>1.1</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>SEPTEMBER</td>
<td>1711</td>
<td>1.3</td>
<td>4.6</td>
</tr>
<tr>
<td></td>
<td>DECEMBER</td>
<td>1731</td>
<td>1.2</td>
<td>4.5</td>
</tr>
<tr>
<td></td>
<td>MARCH</td>
<td>1747</td>
<td>0.9</td>
<td>4.6</td>
</tr>
<tr>
<td>2019</td>
<td>JUNE</td>
<td>1762</td>
<td>0.9</td>
<td>4.3</td>
</tr>
<tr>
<td></td>
<td>SEPTEMBER</td>
<td>1799</td>
<td>2.1</td>
<td>5.1</td>
</tr>
<tr>
<td></td>
<td>DECEMBER</td>
<td>1825</td>
<td>1.4</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td>MARCH</td>
<td>1838</td>
<td>0.7</td>
<td>5.2</td>
</tr>
<tr>
<td>2020</td>
<td>JUNE</td>
<td>1841</td>
<td>0.2</td>
<td>4.5</td>
</tr>
<tr>
<td></td>
<td>SEPTEMBER</td>
<td>1843</td>
<td>0.1</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td>DECEMBER</td>
<td>1860</td>
<td>0.9</td>
<td>1.9</td>
</tr>
<tr>
<td></td>
<td>MARCH</td>
<td>1867</td>
<td>0.4</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>JUNE</td>
<td>1892</td>
<td>1.4</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>SEPTEMBER</td>
<td>1924</td>
<td>1.6</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>DECEMBER</td>
<td>1951</td>
<td>1.4</td>
<td>4.9</td>
</tr>
<tr>
<td></td>
<td>MARCH</td>
<td>1972</td>
<td>1.1</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>JUNE</td>
<td>1990</td>
<td>0.9</td>
<td>5.1</td>
</tr>
<tr>
<td></td>
<td>SEPTEMBER</td>
<td>2007</td>
<td>0.9</td>
<td>4.3</td>
</tr>
<tr>
<td></td>
<td>DECEMBER</td>
<td>2023</td>
<td>0.8</td>
<td>3.7</td>
</tr>
<tr>
<td></td>
<td>MARCH</td>
<td>2040</td>
<td>0.8</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>JUNE</td>
<td>2058</td>
<td>0.8</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td>SEPTEMBER</td>
<td>2075</td>
<td>0.9</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td>DECEMBER</td>
<td>2094</td>
<td>0.9</td>
<td>3.5</td>
</tr>
<tr>
<td>2023</td>
<td>MARCH</td>
<td>2112</td>
<td>0.9</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>JUNE</td>
<td>2130</td>
<td>0.9</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>SEPTEMBER</td>
<td>2147</td>
<td>0.8</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>DECEMBER</td>
<td>2165</td>
<td>0.8</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td>MARCH</td>
<td>2182</td>
<td>0.8</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>JUNE</td>
<td>2199</td>
<td>0.8</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>SEPTEMBER</td>
<td>2216</td>
<td>0.8</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>DECEMBER</td>
<td>2233</td>
<td>0.8</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Notes: The current and forecast CGPI-NRB is a national average, which does not differentiate between regions or building types. We therefore advise caution in applying the increase in the CGPI-NRB as a measure of cost escalation for specific building projects.

Source: Statistics NZ, NZIER forecasts
For further information please contact Grant Watkins +64 4 384 9198 or your nearest Rider Levett Bucknall office.

New Zealand

Auckland +64 9 309 1074
Christchurch +64 3 354 6873
Dunedin +64 3 409 0325
Hamilton +64 7 839 1306
Palmerston North +64 6 357 0326
Queenstown +64 3 409 0325
Tauranga +64 7 579 5873
Wellington +64 4 384 9198