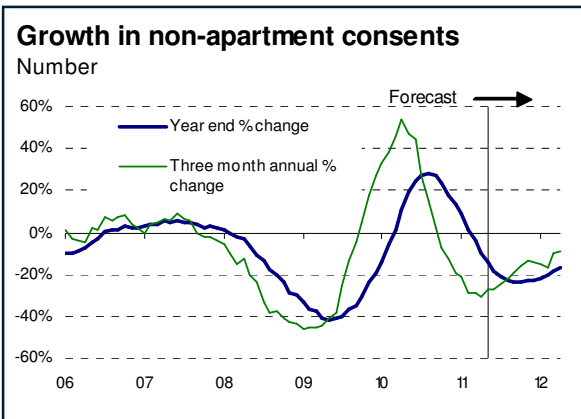




Forecast of non-apartment dwelling consent numbers

	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12
Monthly forecast	1,026	959	965	1,016	962	968	1,152	676	655	811	964	789
Annual running total	12,860	12,503	12,198	12,021	11,781	11,650	11,558	11,325	11,203	11,130	11,047	10,943
Annual % change	-23%	-27%	-24%	-15%	-20%	-12%	-7%	-26%	-16%	-8%	-8%	-12%
Year end % change	-14%	-19%	-21%	-23%	-24%	-23%	-23%	-23%	-22%	-20%	-19%	-17%
<i>Latest detailed forecasts (March 2011)</i>												
Three month total		3,112			3,432			3,567			3,514	
Year ended total		12,737			12,504			12,819			13,625	



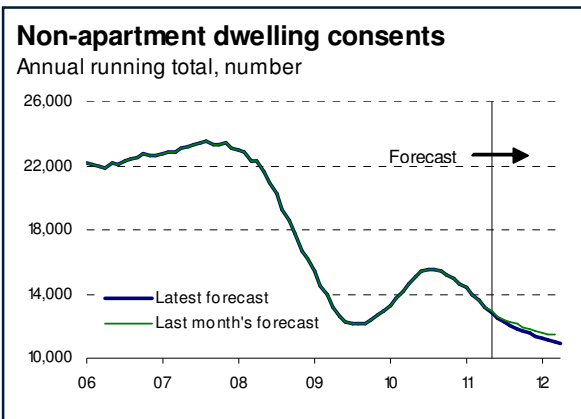
Residential building remains low

Our early estimate from What's On indicates that there were 1,026 non-apartment dwelling consents in May, roughly in line with the April result once it is adjusted for seasonal differences. Overall, consents remain at a low level – and are expected to stay historically low during the next year.

The consent model had anticipated a slightly stronger May result, and has now revised its consent number forecast in the year to March 2012 down by 300 dwellings to 11,000.

Although we agree that weak house prices, low levels of net migration, and a soft labour market will hold down building activity, we do not expect annual activity to remain this low – with over 13,500 consents in the March 2012 year.

Rebuilding in Canterbury and improving household confidence, two factors that our model does not take into account, will be the main drivers of the pick up in building activity from 2012.



Consent estimate for the latest month is provided courtesy of [Whats On Report](#).

The model forecasts the number of non-apartment dwelling consents over a 12-month horizon. The inputs to the model include our forecasts of mortgage interest rates, net migration and the Tobin's q ratio. The results produced by this model aim to show how the latest data is likely to alter our outlook for residential building activity. Please consult our detailed building forecast (released three times per year) for definitive forecast numbers and explanation. The model's average forecast error is +/- 5.5%, or about 100 building consents per month. A thorough explanation of the model and its forecasting ability can be found at www.infometrics.co.nz/article.asp?id=2572.