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## **PACIFECON ANALYSIS OF TOP-END BUILDING & CONSTRUCTION ACTIVITY IN NEW ZEALAND DURING JUN-NOV 2011**

Despite news reports that building activity is the lowest for 10 years and other gloom and doom, it is important to understand these figures are based on historical data from the September quarter. Building Consents in October showed a slight increase and our research indicates an increase of work in the pipe line in the short to medium term over the same time last year, even it is only at modest levels.

Specifically our reports of ALL new projects – including government and infrastructure type developments have increased by 378 projects of all values for the last 9 weeks over the same period last year. These are equally split between short term (tendering/commencing) and medium term at planning stage.

The news also portrays the rebuild in Christchurch as being delayed till mid to late 2012. While this may indicate the situation with residential properties, contrary to this Pacifecon has reported approx 100 commercial rebuild projects either at tender or completion stage. It should also be noted that a significant number of commercial projects are being marketed as proposed new builds, particularly within the CBD red zone, in anticipation of the cordon on this area being removed by April 2012. This will create an immediate stimulus to the construction sectors involved.

A detailed analysis of projects over \$5.0 mill in individual value that were reported as new, at tender & commencing for New Zealand in between Jun & Nov 2011 showed 511 projects being reported. Analysed by ownership, 276 were privately funded and 235 lay in the public sector. Of the above total, there are 195 at the planning stage, 168 out to tender and 148 had reached the contract stage or are about to commence. Of these, 244 were located in Upper North Island (Taupo north), 102 in Lower North Island (below Taupo and including Gisborne) and 161 in South Island, plus 4 New Zealand wide.

The more noteworthy projects priced \$5 mill+ are highlighted below:

### **PLANNING NATION WIDE**

Z Energy Ltd has undertaken the rebranding and refurbishment of Z Energy Service Stations throughout New Zealand (approx. 200) to be completed by 3rd qtr 2012.

### **UPPER NORTH ISLAND**

80 new projects. Of these, 42 are government funded and 8 in the private sector.

#### **Private**

- Quail Ridge Country Club in Kerikeri has planned earthworks & civil works on stages 1, 2 & 3 of a residential village, with marketing for this to commence early 2012. Dev: Kerikeri Falls Investments Ltd.
- Te ia a Tutea Development: Planning is underway for a potential new geothermal power station to be constructed on the Taheke Field approx. 20 km northeast of Rotorua. Dev: Mighty River Power.
- Panasonic NZ Ltd: Construction of a new national head office & distribution centre at Highbrook Business Park, East Tamaki, Auckland, is being planned and scheduled for completion Feb 2013. Dev: Goodman Property Trust.

## Government

- The Auckland Waterfront Development Agency is completing a business case by Mar 2012 for a proposed Innovation Precinct at the Wynyard Quarter.

## LOWER NORTH ISLAND

Low numbers continue to plague the Lower North Island and Wellington area: only 17 government and 26 private sector – total 43. Earthquake strengthening has become more of a focus point and growth area.

### Private

- William Clayton Building: Earthquake strengthening, new build on and extension and refurbishment of the former William Clayton Building in Thorndon, Wellington. Dev: Balanced Investments Ltd.
- Ravensdown Awatoto: A new storage shed expected to be completed by end Jan 2012 in Napier for Ravensdown Fertiliser Co-operative Ltd. Builder: Herbert Construction Co Ltd.

### Government

- HBDHB Mental Health Unit: A new mental health unit has been in planning for approx. 10 years, but funds now available from sale of Napier Hospital site make possible the advancement of the project. The new unit may not be on the existing hospital grounds and is only expected to be completed by 2015. [\$20.0 mill].
- The Minister for Arts, Culture & Heritage has announced that development for Memorial Park, Wellington will be completed by 2015. Funding has been approved in 2013/14 FY and as part of this an Australian Memorial will be constructed. Dev: Government of Australia.

## SOUTH ISLAND

There were however, 68 projects at planning stage (39 private and 29 government).

### Private

- Aquaflow: In early planning for a new build of a biofuel refinery in the top of the South Island. Planning expected to take at least 12 months and building a further 2 years. Site has not been finalised. There are plans also to build refineries in Queensland and the United States. Overall ECC \$250 mill+ with finance being sought offshore. Dev: Aquaflow Bionomic Corporation and Energy Parks Australia Pty Ltd.
- 219-223 High Street Christchurch: Marketing underway for new commercial building on site of former Stranges Building demolished following the Canterbury earthquakes. Dev: KPI Rothschild Property Group Ltd and Arch: Sheppard & Rout Architects Ltd.
- Wigram Skies: A subdivision consent application has been lodged for Stage 2 of a large residential subdivision to comprise 200 residential lots, reserves, education and utility sites, town centre, etc. Dev: Ngai Tahu Property Ltd. [\$10+ mill]
- Tiwai Point Furnace: Work has commenced (and expected to be completed by Mar 2013) for the upgrade and rebuild of the carbon bake furnace No 4 at the aluminium smelter at Tiwai Point, near Invercargill. Early planning has also commenced for the upgrade (and work expected to start 2014) of the 2<sup>nd</sup> furnace. Dev: NZ Aluminium Smelters Ltd. [\$34.5 mill]

### Government

- Christchurch Light Rail: Proposal included in Christchurch draft City Plan document for passenger light rail network as part of the post earthquake development of the central city. Council has voted to support \$4.0 mill funding for a feasibility study into the proposed network and budget a further \$406.0 mill to build the first stage. Dev: Likely to be a joint venture between Christchurch City Council, ECAN, Selwyn and Waimakariri District Councils, NZTA, Kiwi Rail and the Central Government.

## **TENDERS**

### **UPPER NORTH ISLAND**

87 of which 34 private projects are at tender and 53 publicly funded:

- Colin Dale Park: To be developed as venue for motor sports & leisure activities at Wiri/Manukau, Auckland. Expressions of Interest for the provision of earthworks & drainage/civil construction works have closed with a shortlist expected to be identified by 12 Dec 2011 and work to start Oct 2012. Dev: Auckland Council.
- John Andrew Ford are demolishing their existing showroom and doing a new build. Both Aspec Construction Ltd [AKL] and Savory Construction Ltd are tendering on this.
- Rotorua Police Station: Stage 2 redevelopment will have the shortlist confirmed & advised by 13 Dec 2011. Selected tenders open in Feb and the contract will be awarded 28 Mar 2012, with work to start in April 2012 and completion by Sept 2013 [\$11.0-\$13.5 mill].

### **LOWER NORTH ISLAND**

20 in total, of which 11 are privately funded and 18 public:

- Lambton House: Selected tenders close early Dec 2011 for an integrated fitout of 12 floors. Structural strengthening of the office building is planned at Lambton Quay, Wellington. Dev: Robt. Jones Holding Ltd [WLG].
- Whitireia Community Polytechnic: Contract likely to be awarded early/mid Dec 2011 with work scheduled to start early 2012, for a 2 level concrete and steel building for the Faculty of Health, simulation suites, laboratories, administration centre, hybrid conference facilities & general teaching spaces. Proj Man: Gaze Commercial Ltd [WLG].

### **SOUTH ISLAND**

52 in total, of which 32 are privately funded and 20 government.

Some of the projects of note in the last 6 months were:

- The Picton Sewage Outfall upgrade, Selwyn Aquatic Centre, and upgrade at the Timaru wastewater treatment plant, an internal upgrade of the Union Building in Dunedin, the construction of a new hydro power station between Lake Pukaki & the Pukaki Ohau Canal (for which shortlisted parties are to issue Request for Proposals 12 Dec 2011 and the tendering process scheduled for Apr to Sep 2012) and a Request for Proposals closing on 18 Jan 2012 for Christchurch roads maintenance contracts.

## **COMMENCEMENTS**

### **UPPER NORTH ISLAND**

77 projects in total, of which 41 are private and 36 public.

Projects of note are:

- Private projects range from retirement village, office, school, supermarket, telecommunication networks, workshops and offices, commercial complexes, apartments, retail, railway rolling stock, mines, wind farm, warehouses and townhouses. Public projects related to hospitals, community facilities, water treatment, bridges, urban development and an events centre.

### **LOWER NORTH ISLAND**

30 projects in total, of which 21 are private and 9 public. Of note are:

- Cableprice: Work has started on the construction of new Wellington branch office and workshop facilities with a new head office and national parts and distribution warehouse also planned. Builder: Ultra Projects Ltd.
- SH2 Papatawa Realignment has had the contract awarded for the remaining work to complete the road realignment. This will commence 12 Dec 2011 with completion expected Jun 2012.
- Countdown at Kelvin Grove expected to be completed early Jun 2012.

- Other projects range from reservoir, data centre, pulp plant, retail & offices, shopping mall, hospital.

### **SOUTH ISLAND**

41 projects commencing, of which 31 were private and 10 public. Of note are:

- Work commenced Dec 2011 for a rebuild of the Supervalu Edgware Supermarket in St Albans, Christchurch. Builder: Hanham & Philp Contractors Ltd.
- A large residential subdivision at Halswell Junction Road Halswell, Christchurch has had CERA approval granted and work has commenced on the first 5 stages. Dev and Contr: Fulton Hogan Ltd [Canterbury].
- Reddale Mining Project at Reefton has work scheduled to start late 2011 for coal mining. Dev: Solid Energy NZ Ltd [South] [\$30.0 mill].
- Other projects included several earthquake damaged properties being rebuilt, warehouses, offices, storage, wastewater, hotels, roads, cool stores, aluminium smelters, university, retail, retirement, gold mining, wind farm, heritage centre & art gallery, stadium and supermarkets.

**When comparing the 6 months Dec 10 – May 11 with June – Nov 11 for all new projects there was a 1.3% increase in numbers. It is of interest to note that the midterm pipe line numbers which *include projects at early planning* contributed more to this increase than the short term projects at tender /commencing stage over the same period.**

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