



Property Council  
New Zealand

# New Zealand 2021 Property Industry Impact



**URBAN**  
ECONOMICS

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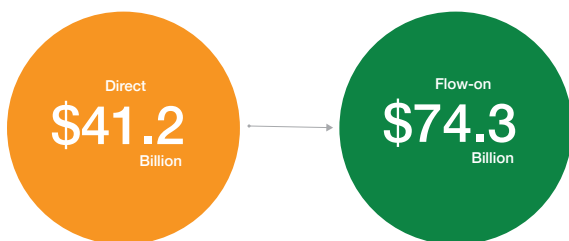
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# Key Points

## Economic Contribution

The property industry had a 'direct impact' of **\$41.2 billion** on the national economy in 2019.

It also had 'flow-on impacts' of **\$74.3 billion** from increased supplier activity and employee spending.



## Value of New Zealand's Property Stock



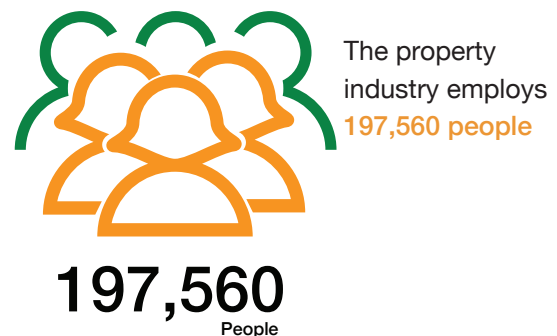
New Zealand's stock of residential property is valued at **\$1,305 billion**

The stock of commercial property is valued at **\$243 billion**

## Share of Local and National Economy

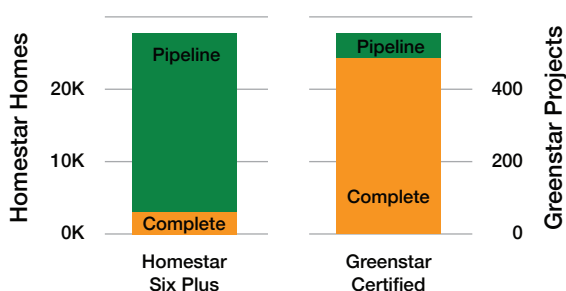
The property industry is **the largest industry** in the nation and makes up **15% of economic activity**.

## Income and Employment



The average income of those employed in the property industry is **\$69,500 p.a.**

## Energy Use Reduction in the Property Industry



Homestar six plus homes use **30% less** energy than regular homes.

Greenstar commercial buildings use **6 – 50% less** energy than regular commercial buildings.

# Executive Summary

- The property industry is the largest industry in New Zealand, accounting for 15% of total GDP.
- The New Zealand property industry has a direct economic impact of \$41.2 billion to GDP.
- The New Zealand property industry has an indirect economic impact of \$31.8 billion to GDP.
- The New Zealand property industry has an induced economic impact of \$42.5 billion to GDP.
- The combined value of Kiwisaver schemes in New Zealand is \$74.8 billion, with \$3.3 billion invested in property.
- The property industry is currently New Zealand's fourth largest employer, accounting for 9% of total employment.
- Construction services is the largest sub-sector of the property industry in New Zealand with 48% of all employment (95,830 employees).
- The average earnings in the property industry are \$69,500 per annum. This is higher than the average of \$61,700 across all industries.
- The 15-24 age bracket makes up 17% of total jobs in the property industry with average earnings of \$45,400 per person.
- The national property industry is predominantly made up of men (76%). This is much higher than the split across all industries which have 51% males and 49% females.
- Listed property companies account for 30% of the NZX, with a total market capitalisation of \$53 billion.<sup>1</sup>
- The retirement village sector provided the highest cumulative total return over the past 10 years at 839% or 24.7% per annum.
- New Zealand's total carbon footprint in 2019 was 62.1 megatons of CO<sub>2</sub>, 20% or 13.0 megatons of which is attributable to the built environment.
- New Zealand has a higher proportion of non-financial assets in residential property than Australia, Canada, and the United States.

<sup>1</sup>As of April 1st 2021.

# Economic Contribution

Urban Economics has used a multiplier analysis to examine the economic contribution of the property industry to the Auckland economy.

Based on Urban Economics' multiplier analysis, a \$1.00 contribution by the property industry to national GDP results in an additional \$1.80 of flow-on economic impacts.

Figure 1: Total Economic Contribution of the Property Industry (2019)

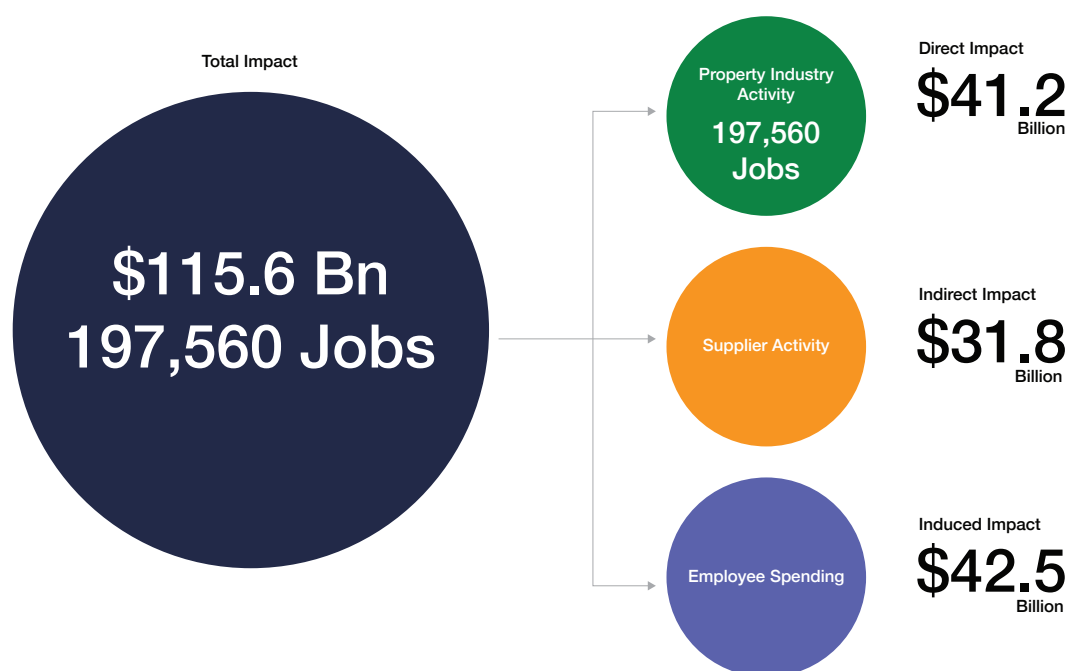
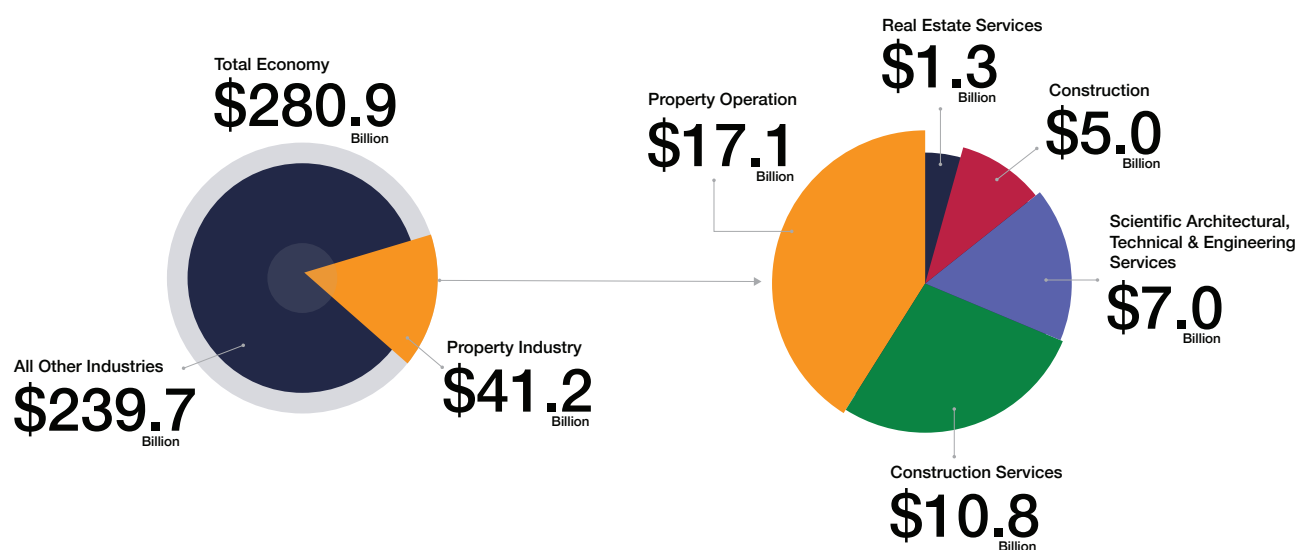


Figure 2: Property Industry Economic Contribution (2019 \$ Bn)<sup>2</sup>



<sup>2</sup>An explanation of the property industry sub-sectors is included in Appendix 1.

# Economic Contribution

The property industry is the largest industry in New Zealand and has a direct contribution to GDP of \$41.2 billion or 15% of total GDP.

**Table 1: Direct Contribution of the Property Industry to GDP (2009 - 2019)**

Industry	2009		2019		Change	
	\$Billion	%	\$Billion	%	\$Billion	%
<b>Property Industry</b>	<b>\$21.6</b>	<b>12%</b>	<b>\$41.2</b>	<b>15%</b>	<b>\$19.6</b>	<b>19%</b>
Manufacturing	\$23.5	13%	\$30.7	11%	\$7.1	7%
Owner-Occupied Property Operation	\$12.9	7%	\$21.8	8%	\$8.9	8%
Health Care and Social Assistance	\$11.3	6%	\$18.3	7%	\$7.0	7%
Financial and Insurance Services	\$9.1	5%	\$17.4	6%	\$8.3	8%
Professional Services	\$10.6	6%	\$17.4	6%	\$6.8	6%
Agriculture, Forestry and Fishing	\$9.5	5%	\$17.3	6%	\$7.8	7%
Wholesale Trade	\$9.5	5%	\$14.9	5%	\$5.4	5%
Retail Trade	\$8.2	5%	\$13.8	5%	\$5.6	5%
Transport, Postal and Warehousing	\$7.4	4%	\$13.4	5%	\$6.0	6%
Education and Training	\$8.7	5%	\$13.1	5%	\$4.4	4%
Public Administration and Safety	\$8.4	5%	\$12.1	4%	\$3.7	4%
Electricity, Gas, Water, and Waste Services	\$5.9	3%	\$8.6	3%	\$2.7	3%
I.T and Telecommunications	\$5.7	3%	\$7.1	3%	\$1.4	1%
Accommodation and Food Services	\$3.5	2%	\$6.8	2%	\$3.3	3%
Administrative and Support Services	\$3.8	2%	\$6.1	2%	\$2.3	2%
Other Services	\$3.7	2%	\$5.7	2%	\$2.0	2%
Heavy and Civil Engineering Construction	\$2.9	2%	\$4.7	2%	\$1.8	2%
Arts and Recreation Services	\$2.7	2%	\$4.0	1%	\$1.2	1%
Rental and Hiring Services	\$2.4	1%	\$3.6	1%	\$1.2	1%
Mining	\$4.2	2%	\$2.9	1%	-\$1.3	-1%
<b>Total</b>	<b>\$175.4</b>	<b>100%</b>	<b>\$280.9</b>	<b>100%</b>	<b>\$105.5</b>	<b>100%</b>

Source: Statistics NZ, Urban Economics

# Income & Employment

The property industry is currently New Zealand's fourth largest employer. 197,560<sup>3</sup> people were directly employed in the property industry in the year ending March 2019, which is 9% of all employees.<sup>4</sup> In other words, one in 11 people are employed in the property industry. Over the 2009 - 2019 period the number of people employed in the property industry grew by 58% (73,090 employees). This is the largest growth rate across all sectors analysed.

**Table 2: Employment by Industry (2009 – 2019)**

Industry	2009		2019		Change	
	Employment	%	Employment	%	Employment	%
Health Care and Social	192,630	10%	232,750	10%	40,120	21%
Manufacturing	206,830	11%	220,450	10%	13,620	7%
Retail Trade	183,880	10%	207,970	9%	24,090	13%
<b>Property Industry</b>	<b>125,840</b>	<b>7%</b>	<b>197,560</b>	<b>9%</b>	<b>71,720</b>	<b>58%</b>
Education and Training	167,330	9%	192,520	9%	25,190	15%
Accommodation and Food	116,180	6%	154,210	7%	38,030	33%
Scientific and Professional	114,070	6%	142,800	6%	28,730	25%
Public Administration and Safety	98,160	5%	129,130	6%	30,970	32%
Wholesale Trade	98,950	5%	111,700	5%	12,750	13%
Agriculture, Forestry and Fishing	84,660	5%	98,610	4%	13,950	16%
Administrative and Support	80,790	4%	108,080	5%	27,290	34%
Transport, Postal and Warehousing	78,550	4%	94,260	4%	15,710	20%
Other Services	63,020	3%	74,390	3%	11,370	18%
Financial & Insurance Services	51,410	3%	61,880	3%	10,470	20%
Arts and Recreation Services	34,560	2%	40,440	2%	5,880	17%
Heavy & Civil Engineering Construction	26,340	1%	36,610	2%	10,270	39%
I.T and Telecommunications	36,120	2%	31,490	1%	-4,630	-13%
Electricity, Gas, Water, & Waste Services	11,870	1%	17,330	1%	5,460	46%
Rental and Hiring Services	11,180	1%	13,590	1%	2,410	22%
Mining	5,360	0%	5,680	0%	320	6%
Other	63,020	3%	74,390	3%	11,370	18%
<b>Total</b>	<b>1,850,750</b>	<b>100%</b>	<b>2,245,840</b>	<b>100%</b>	<b>396,460</b>	<b>21%</b>

Source: Statistics NZ

<sup>3</sup>Property industry employment figures are calculated using an alternative definition to that used for the economic contribution. See Appendix 1 for a full explanation.

<sup>4</sup>Employment does not include contractors or other self-employed people.

# Income & Employment

Table 3 shows that the average earnings in the property industry per person are \$69,500 per annum, 13% above the average across all industries of \$61,700. Within the property industry the Architectural, Engineering and Technical Services sub-sector has the highest earnings, at \$86,300 per annum.

Construction Services is the largest sub-sector of the property industry with 95,830 employees or 48% of all employment. The second largest sub-sector is Architectural, Engineering and Technical Services with 41,150 employees (21%), followed by Residential Building Construction with 29,480 employees (15%).

**Table 3: Employment by Industry (2019)**

Sub-Sector	Average Earnings	Employment	Employment %
Residential Building Construction	\$60,500	29,480	15%
Commercial Building Construction	\$83,800	11,740	6%
Construction Services	\$63,800	95,830	49%
Property Operators	\$67,000	19,360	10%
Architectural, Engineering, & Technical Services	\$86,300	41,150	21%
Sub-Total Property Industry	\$69,500	197,560	9%
<b>Total All Industries</b>	<b>\$61,700</b>	<b>2,247,210</b>	<b>100%</b>

Source: Statistics NZ

Table 4 shows average earnings and employment by age. The property industry has higher average earnings across all age brackets than the New Zealand average. Earnings in the property industry peak at 45-49 years which is the same as all other industries. The property industry has a slightly younger workforce than average with 52% of employees aged under 40 compared to the average of 39%.

**Table 4: Earning and Employment by Age (2019)**

Age	Property Industry			All Industries		
	Average Earnings	Percentage of Jobs	Number of Jobs	Average Earnings	Percentage of Jobs	Number of Jobs
15-24	\$45,400	16%	32,560	\$34,800	16%	349,700
25-29	\$61,300	15%	29,030	\$55,600	13%	273,600
30-34	\$70,600	14%	27,090	\$64,600	11%	244,800
35-39	\$76,400	12%	22,730	\$71,200	10%	218,900
40-44	\$80,300	10%	19,730	\$75,600	10%	208,800
45-49	\$82,700	10%	19,310	\$77,600	10%	226,800
50-54	\$82,300	8%	16,650	\$76,200	10%	210,000
55-59	\$79,800	7%	13,750	\$73,000	9%	195,200
60+	\$70,100	8%	16,730	\$62,100	11%	248,400
<b>Total</b>	<b>\$69,500</b>	<b>100%</b>	<b>197,580</b>	<b>\$61,700</b>	<b>100%</b>	<b>2,176,200</b>

Source: Statistics NZ

# Gender

Table 5 shows earnings and employment by gender. 24% of employees in the property industry are female compared with 49% across all industries. Earnings for females in the property industry are \$55,200 which is \$1,500 higher than the average for all industries.

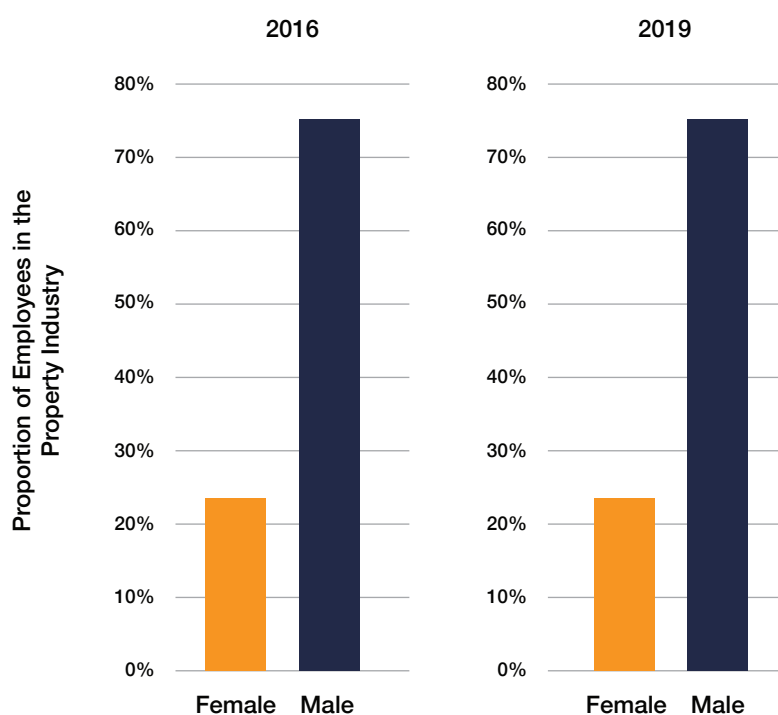
**Table 5: Earnings and Employment by Gender (2019)**

Gender	Property Industry			All Industries		
	Average Earnings	Percentage of Jobs	Number of Jobs	Average Earnings	Percentage of Jobs	Number of Jobs
Female	\$55,200	24%	46,730	\$53,300	49%	1,074,300
Male	\$74,600	76%	150,830	\$75,200	51%	1,101,900
<b>Total</b>	<b>\$69,500</b>	<b>100%</b>	<b>197,500</b>	<b>\$64,400</b>	<b>100%</b>	<b>2,176,200</b>

Source: Statistics NZ

Figure 3 shows a snapshot of the Female-Male split in the property industry over the 2016 – 2019 period. The proportion of females in the industry has remained constant from 2016 to 2019 at 24%.

**Figure 3: Proportion of Property Industry Employment by Gender (2016-2019)**



Source: Statistics NZ

# National Fixed Assets

Figure 4 shows the value of residential and commercial buildings in New Zealand compared to other assets.<sup>5</sup> In 2019, New Zealand's stock of residential property was worth approximately \$1,305 billion, nine times the value of shares and bonds on the NZ Stock Market (\$146 billion).

Commercial property is currently worth \$243 billion, about one-fifth of the value of residential property. The combined value of residential and commercial property in New Zealand is \$1,548 billion. This is an increase of \$561 billion over the 2016 – 2019 period. This is a larger increase both in nominal and proportional terms than any other asset class.

Figure 5 compares the proportion of non-financial assets held in different asset classes with the United States, Australia, Canada, and the United Kingdom. Only the United Kingdom had a larger proportion of non-financial assets held in residential property.

Figure 4: Value of New Zealand Assets (2016 - 2019)

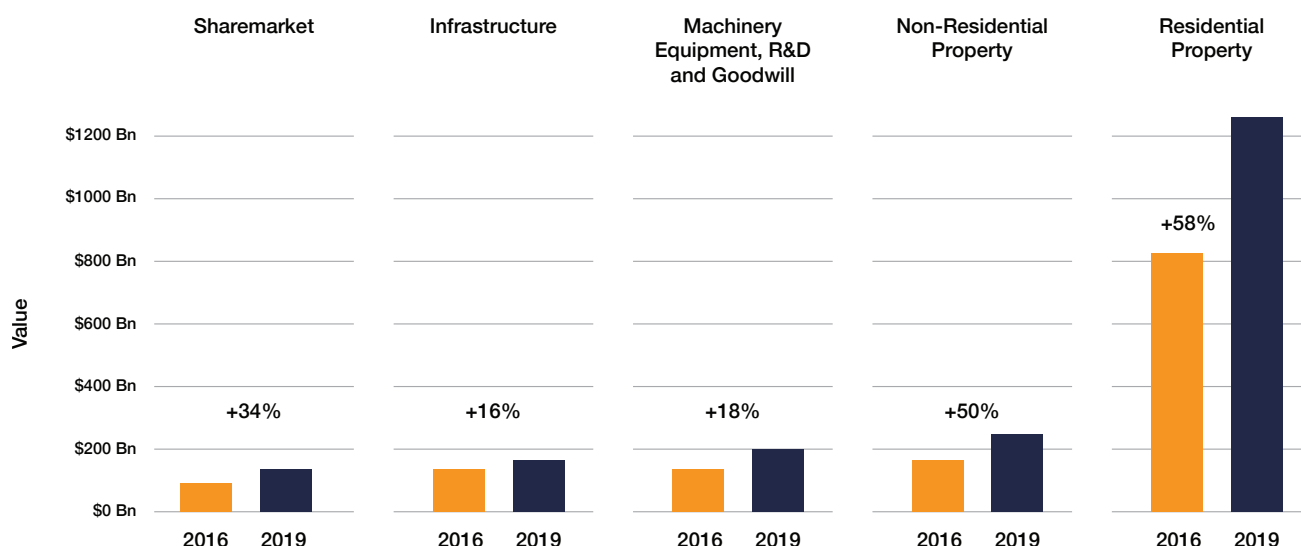
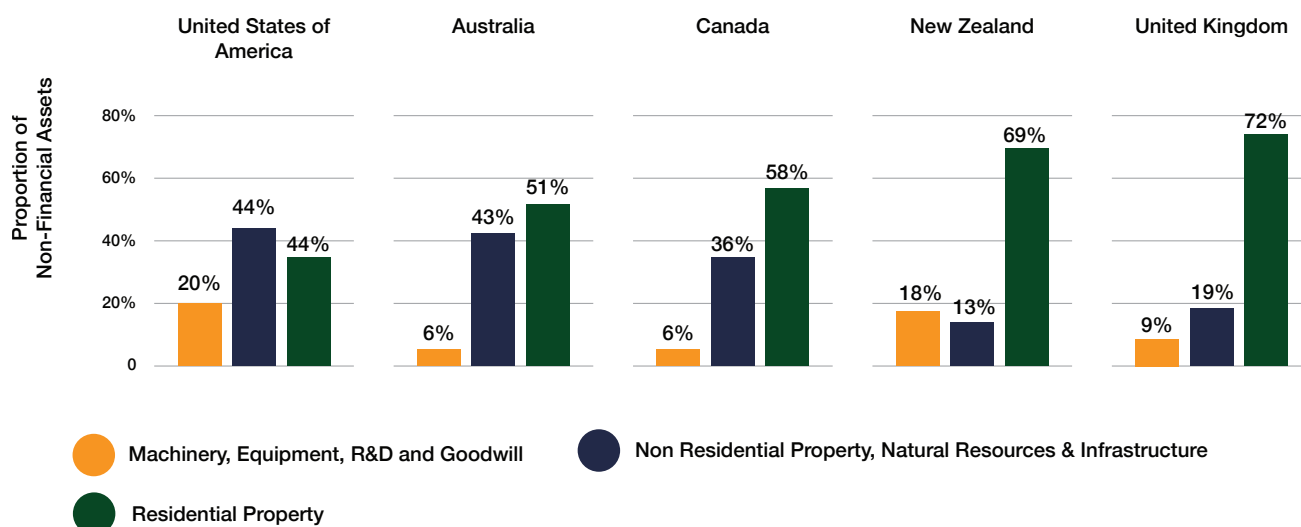


Figure 5: Non-Financial Assets Comparison (2019)



<sup>5</sup>Value is taken from latest Council valuation data, dates differ for each Council.

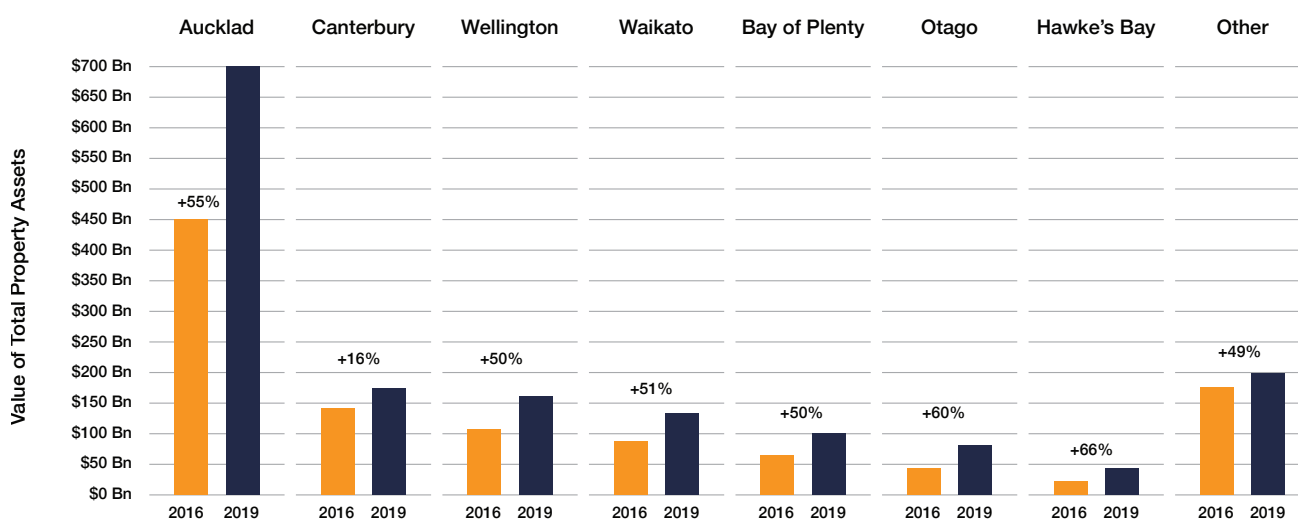
# Property Assets by Region

The following figure shows the total value of property by region.

In 2019, New Zealand's property stock was worth approximately \$1,548 billion, of which the Auckland property market accounted for 45% (\$698B). In the years between 2016 and 2019 the Auckland property market appreciated by 55%. Most other regions experienced a similar increase in value with Hawke's Bay experiencing the greatest increase of 66% and Canterbury experiencing the smallest increase at 16%.

The average appreciation across all regions was 49% from 2016 to 2019.

Figure 6: Value of New Zealand Property Assets (2016 - 2019)



# Kiwisaver Property Investment

There are 29 Kiwisaver schemes in New Zealand with a combined value of \$74.8 billion invested as at September 2020. Across all fund types there is \$3.3 billion or on average of 4.4% invested in property. There are approximately 2.97 million Kiwisaver members, 1.8 million of them with investment in property.

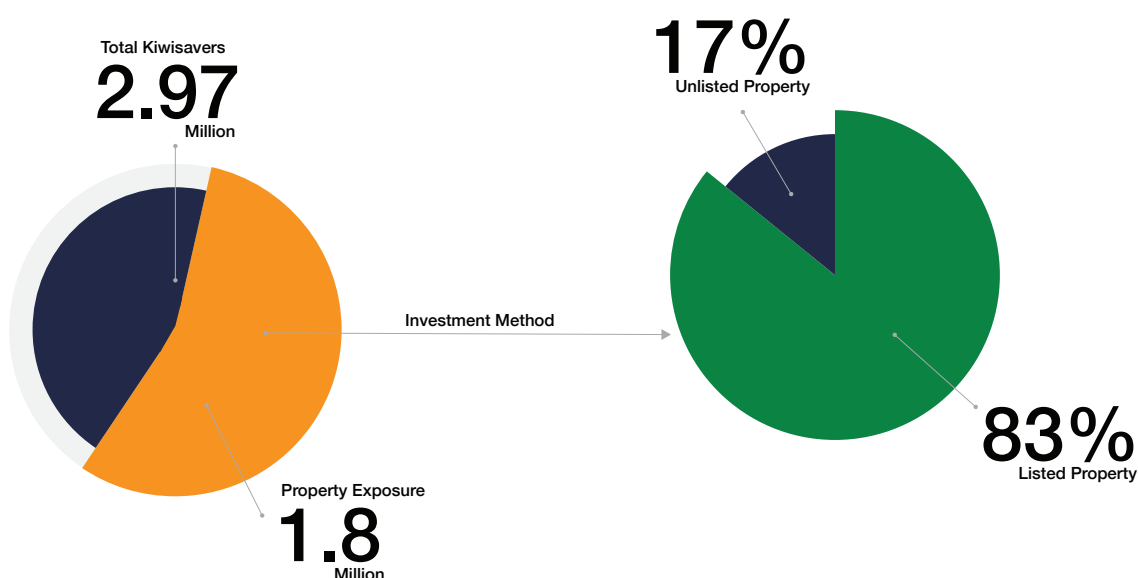
The percentage of each fund invested in property varies by fund type. This ranges from defensive funds which have on average 0.0% invested in property, through to aggressive portfolios which have on average 7.9% invested in property.

**Table 6: Risk Profile by Fund Type**

Fund Type	Property	Cash & Cash Equivalents	Equities	Fixed Interest	Other
Defensive	0.0%	88.5%	0.0%	11.2%	0.0%
Conservative	2.4%	20.6%	20.5%	55.5%	1.0%
Balanced	4.1%	9.9%	45.6%	37.7%	2.6%
Growth	6.4%	6.1%	70.3%	15.4%	2.8%
Aggressive	7.9%	3.6%	86.1%	1.4%	1.0%
Total	4.4%	14.5%	47.1%	31.9%	2.1%
Total (\$bn)	\$3.3	\$10.8	\$35.2	\$23.9	\$1.6

Source: FMA, Kiwisaver Fund Providers

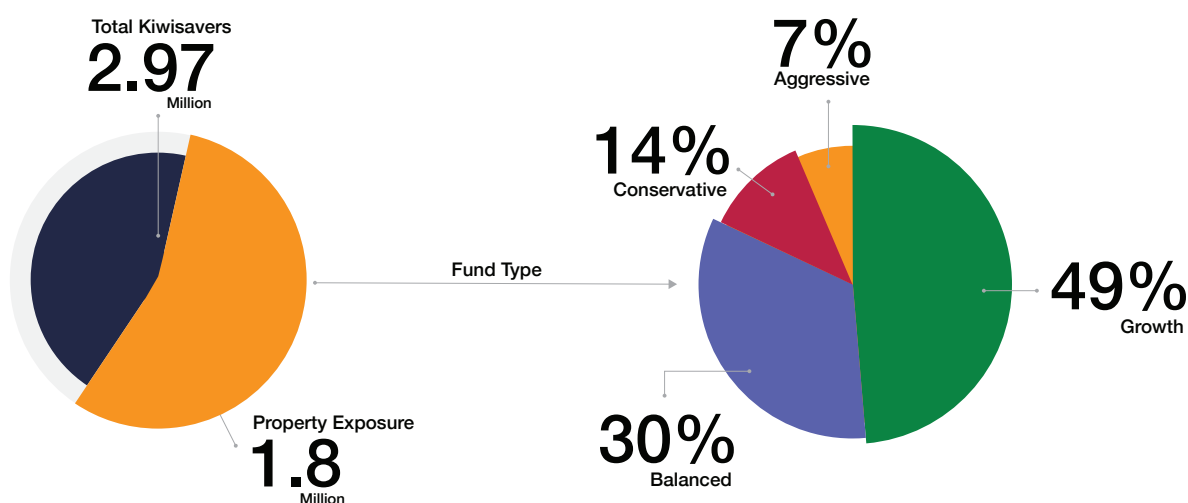
**Figure 7: Kiwisaver Property Exposure by Investment Method**



## Kiwisaver Property Investment

Of the \$3.3 billion invested in property, 49% is held in growth funds, 29% in balanced funds, 14% in conservative funds and 7% in aggressive funds. While the average aggressive fund has the highest proportion of assets under management invested in property, the relative unpopularity of aggressive funds means that the total value of property assets held in these funds is lower than in conservative, balanced or growth funds.

Figure 8: Kiwisaver Property Exposure by Fund Type



## Kiwisaver Withdrawals for First Home Purchase

Kiwisaver is an important source of funds for first home buyers. In the year to June 2020, there were 41,819 withdrawals from Kiwisaver totalling \$1,144 million for the purchase of a first home.<sup>6</sup> This has increased from 40,145 withdrawals totalling \$987 million in the year to June 2019. This increase is part of a broader trend where both the total value and number of Kiwisaver withdrawals for first home buyers is increasing over time.

<sup>6</sup>Kiwisaver Annual Statistics, [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz).

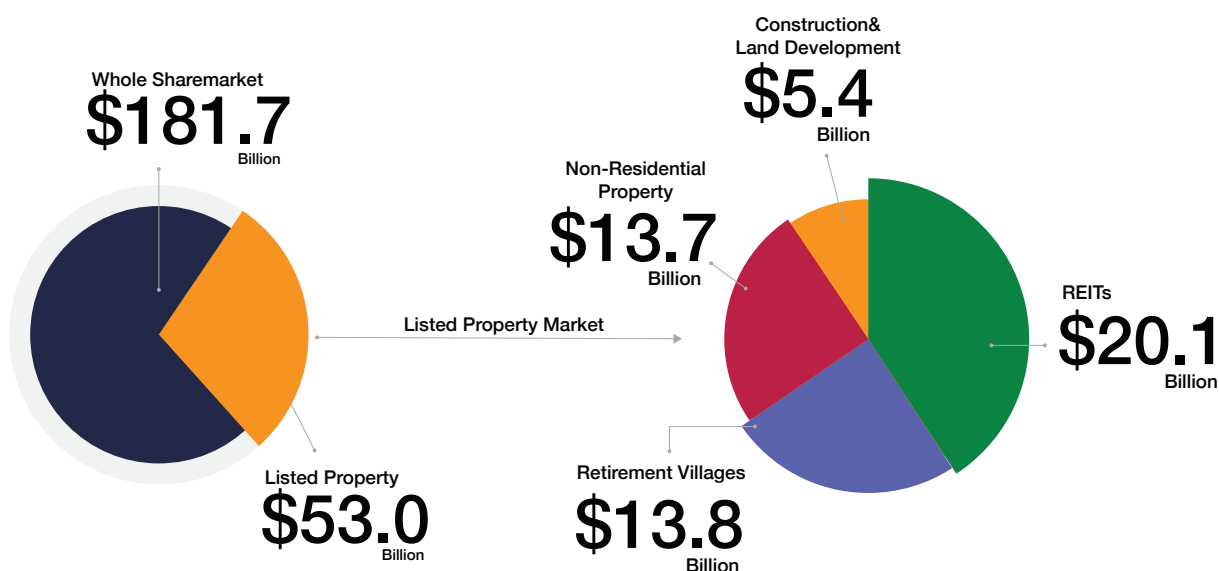
# Listed Property Trends

The following figures show the value of listed property companies in New Zealand compared to the wider share market.<sup>2</sup>

In 2021, the value of listed property companies was approximately \$53.0 billion, 30% of the value of the whole NZ Stock Market (\$181.7 billion).

The largest group was Real Estate Investment Trusts (REITs) at \$20.1 Billion, followed by Retirement Village Operators at \$13.8 Billion and Other Non-Residential Property Groups at \$13.7 Billion.

**Figure 9: Listed Property Market Capitalisation (1st April, 2021)**



<sup>2</sup>Value is taken from latest Council valuation data, dates differ for each Council.

# Listed Property Trends

Figure 10: Total Cumulative Return (April 1, 2011 – April 1, 2021)

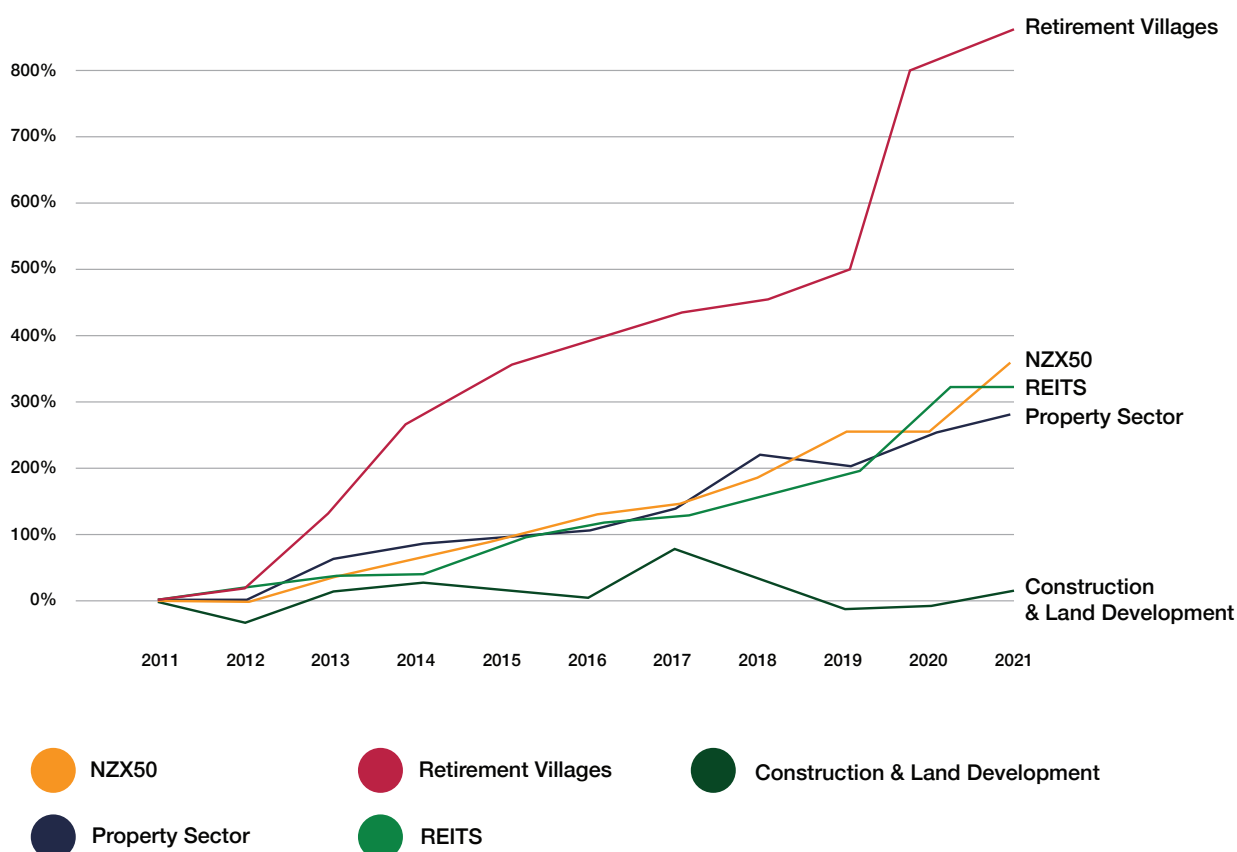


Table 7 displays the total cumulative return over the past 10 years on each of the listed property sub-sectors and the market as a whole. This displays the return that would have been achieved if \$1 had been invested in each subsector in 2011 and all dividends reinvested. The retirement village sector provided the highest cumulative total return at 839% or 24.7% per annum.

Table 7: Average Return per annum (April 1, 2011 – April 1, 2021)

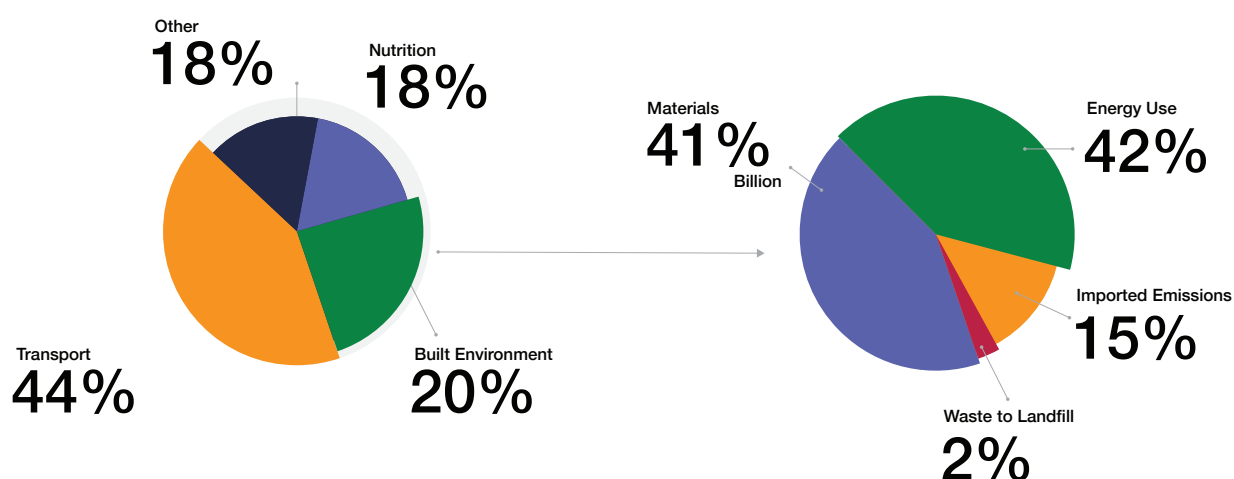
Return per Annum	REIT	Construction & Land Dev.	Retirement Village	Total Property	NZX50
Dividend Yield	5%	3%	2%	3%	5%
Share Price Yield	8%	-1%	23%	9%	9%
<b>Total Return</b>	<b>13%</b>	<b>2%</b>	<b>25%</b>	<b>12%</b>	<b>14%</b>

Source : NZX, S&P, Urban Economics

# Carbon Footprint

The following figure displays New Zealand's carbon footprint in 2019. 20%, or 13 megatons (mt) is attributable to the built environment. The full adoption of Homestar six or higher for residential dwellings, and Greenstar certification for commercial buildings would decrease total emissions attributable to the built environment by 2% and the energy use proportion of built environment emissions by 6%. As at April 2020, 399 Greenstar and 2,677 Homestar rated buildings were present in New Zealand with 50 and 25,000 respectively in the pipeline.

**Figure 11: Total Carbon Footprint, New Zealand 2019**



**Table 8: Greenstar Certified and Homestar Six Plus Buildings**

Status	Greenstar Certified	Homestar Six Plus
Complete	399	2,677
Pipeline	50	25,000
<b>Total</b>	<b>449</b>	<b>27,677</b>

# Appendices

## Definition for Economic Contribution

The property industry has been defined to include the following sub-sectors for the analysis economic contribution to GDP (Sections 2 & 3.1):

Sub-Sector	Explanation
Residential Building Construction	Residential dwelling construction.
Commercial Building Construction	Commercial building construction including retail, office, industrial and other commercial buildings.
Construction Services	Other activities relating to construction, including for example plumbing, electrical, tiling, glazing, roofing and bricklaying services.
Residential Property Operation	Renting or leasing of residential property.
Commercial Property Operation	Renting or leasing of commercial property
Real Estate Services	Purchase, sale, valuation and management of real estate.
Scientific, Architectural, Engineering	Architectural, surveying, engineering, scientific testing and Technical Services and other design services.

The Scientific, Architectural, Engineering and Technical Services sub-sector includes a small number of activities which are not related to the property industry. Therefore, including this sub-sector in the definition of the property industry slightly overestimates the size of the industry.

## Definition for Employment and Income in the Property industry

The definition of the property industry for employment and income figures (Sections 3.2 and 5) is the same as the above however it excludes the Scientific sub-sector. This is because employment and income data are available for a more detailed breakdown of industry sub-sectors.

## Multiplier Analysis

This analysis first examines the 'direct impact' of the industry's various sub-sectors (outlined in Appendix 1) to the Auckland Regional Gross Domestic Product (GDP).<sup>8</sup>

The operation of the property industry also has a wider economic impact through two types of 'flow-on impacts'. The first type are 'indirect impacts' which result from the property industry purchasing goods and services from other industries (e.g. building materials suppliers). The second type are 'induced impacts' which result from employees of the property industry and supplier industries spending their wages or salaries on goods and services.

The key assumptions and limitations of Input-Output Multiplier Analysis are as follows:

### No Supply Side Constraints.

- Extra output can be produced in one industry without taking resources away from other industries.

<sup>8</sup>For the purposes of this report GDP is measured in 'basic prices' which is price minus taxes but including subsidies.

**Fixed Input Structure**

- Each industry has only one production process which uses one mix of inputs to produce each unit of output.

**Constant Returns to Scale**

- The same quantity of inputs is needed per unit of output, regardless of the level of production. I.e. if output increases by 10% input requirements will also increase by 10%.

**Fixed Output Production**

- All products of an industry are identical or are made in fixed proportions to each other.

**Absence of Budget Constraints**

- Household and government consumption is not subject to budget constraints.

Despite these assumptions, Input-Output Multiplier Analysis provides a solid basis for examining the direct impact of an industry and the inter-relationships of industries (indicated by the flow-on effects). This analysis differs from an economic impact assessment, which considers an impact of a “stimulus” to an industry, for example from a new policy or project. Due the limiting assumptions outlined above, in particular the lack of supply-side constraints, Multiplier Analysis may overestimate the economic impact of “stimulus”.

**Non-Financial Assets Comparison**

Data was sourced from agencies responsible for publishing National Accounts in each jurisdiction. The value of land for property valuation purposes was used when available in the National Accounts. When it wasn't, estimates of property valuation available from commercial sources was used. Sources used are listed below.

- Statistics New Zealand & Council Valuation Data (New Zealand)
- St Louis Federal Reserve & Zillow (United States)
- Australian Bureau of Statistics & Corelogic (Australia)
- Office for National Statistics & Savills (United Kingdom)
- Statistics Canada (Canada)

**Sharemarket Returns**

Annual returns for the various companies identified as being in the property sector was calculated based on annual share price movements, total dividends per annum as reported in the annual reports and the weighted average number of shares outstanding for each calendar year. Only companies currently listed on the NZX were included in this calculation. For the NZX50, the total return index for the NZX50 published by Standard and Poors was used.



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