



Property Council
New Zealand

New Zealand

Property Industry Impact Report 2024

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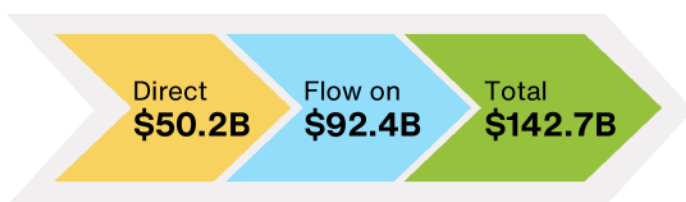
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Key Points

Economic Contribution

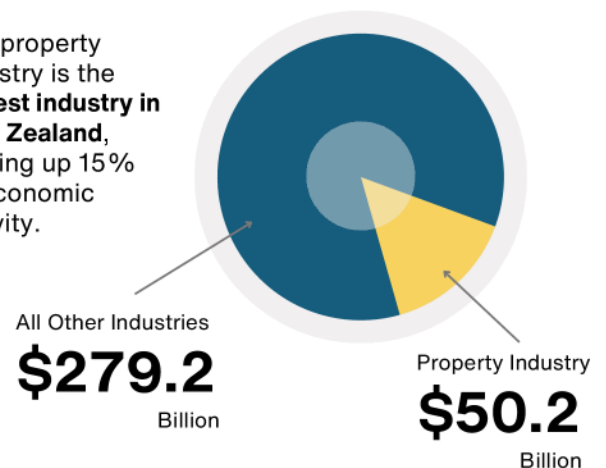
The property industry had a 'direct impact' of **\$50.2 billion** on the national economy in 2022.

It also had 'flow-on impacts' of **\$92.4 billion** from increased supplier activity and employee spending, with a total impact of **\$142.7 billion**.



Share of Local and National Economy

The property industry is the **largest industry in New Zealand**, making up 15% of economic activity.



Value of New Zealand's Property Stock

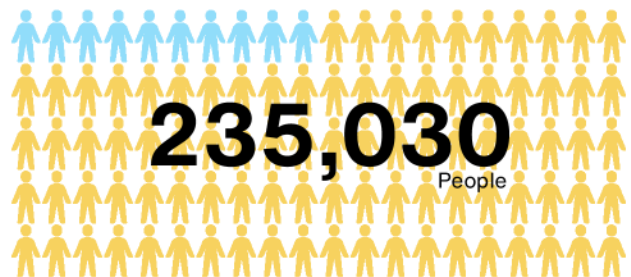


New Zealand's stock of **residential property** is valued at **\$1,902 billion**.

The stock of **commercial property** is valued at **\$350 billion**.

Income & Employment

The property industry employs **235,030 people**, which is **10% of all employees**.



The average income of those employed in the property industry is **\$79,200**.



Energy Use Reduction in the Property Industry



350+

Green Star Certified buildings completed



8,000+

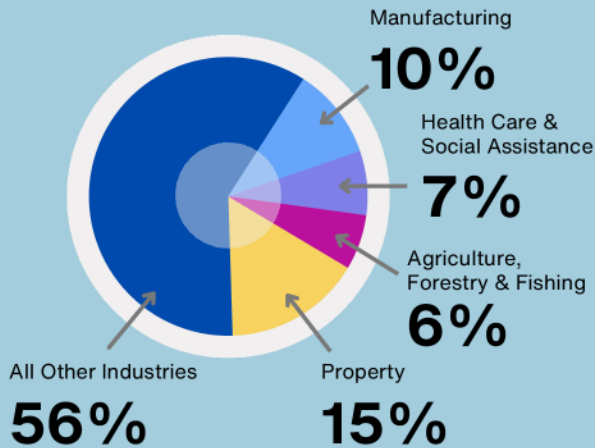
Homestar Six-Plus homes completed

Homestar Six-Plus homes use **30% less** energy than regular homes.

Green Star 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 combined value of KiwiSaver schemes in New Zealand is \$108.7 billion, with \$3.6 billion invested in property.



The property industry is New Zealand's second-largest employer, accounting for 10% of total employment.



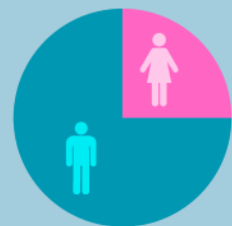
Construction services is the largest sub-sector of the property industry in New Zealand with **48%** of all employment (112,030 employees).

The average earnings in the property industry are **\$79,200** per annum. This is higher than the average of \$73,800 across all industries.

The 15-24 age bracket makes up **17%** of total jobs in the property industry with average earnings of **\$52,700** per person.



The New Zealand property industry is **predominantly made up of men at 75%**. This is much higher than the split across all industries with 51% males and 49% females.



New Zealand's total carbon footprint in 2021 was 65.5 megatons of CO₂, **12.0 megatons (20%)** of which is attributable to the Built Environment.



Listed property companies account for **20% of the NZX**, with a total market capitalisation of **\$32.0 billion**.

The **Residential and Retirement Village sector** provided the highest cumulative total return over the past 12 years at **259%**.

New Zealand has a **higher proportion of non-financial assets in residential property** than Australia, Canada, the United States and the United Kingdom.

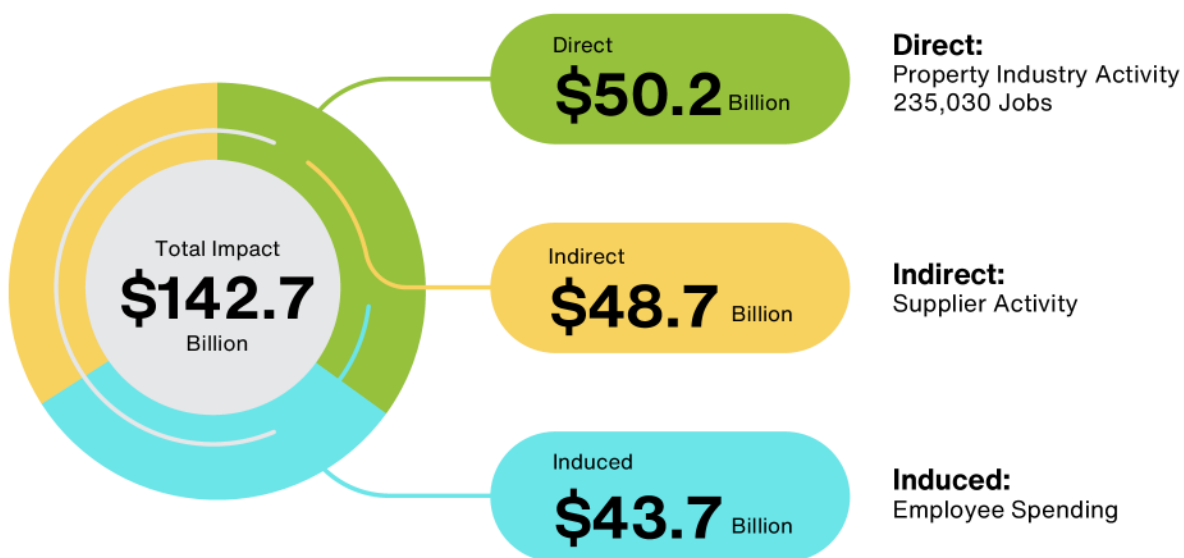


Economic Contribution

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

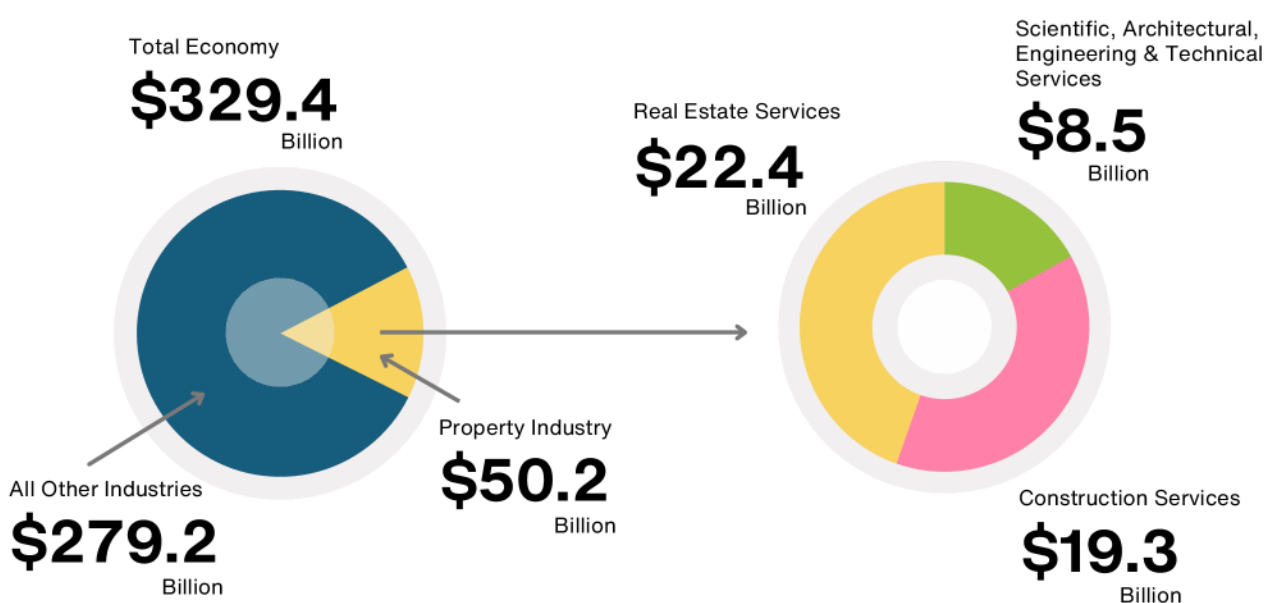
Based on Urban Economics' multiplier analysis, a \$1.00 contribution by the property industry to national GDP results in an additional \$1.93 of flow-on impacts.

Figure 1: Total Economic Contribution of the Property Industry (2022)



Source: Statistics NZ, Urban Economics

Figure 2: Property Industry Economic Contribution (2022 \$ Bn)



Source: Statistics NZ

Economic Contribution

The property industry is the largest industry in New Zealand and has a direct contribution to GDP of \$50.2 billion or 15% of the total GDP.

Figure 3: Direct Contribution of the Property Industry to GDP (2012 – 2022)

| Industry | 2012 | | 2022 | | Change | |
|--|----------------|-------------|----------------|-------------|----------------|-------------|
| | \$Billion | % | \$Billion | % | \$Billion | % |
| Property Industry | \$24.8 | 13% | \$50.2 | 15% | \$25.4 | 19% |
| Manufacturing | \$23.3 | 12% | \$31.6 | 10% | \$8.3 | 6% |
| Owner-Occupied Property Operation | \$14.3 | 7% | \$27.2 | 8% | \$12.9 | 10% |
| Health Care and Social Assistance | \$12.7 | 6% | \$23.7 | 7% | \$11.0 | 8% |
| Financial and Insurance Services | \$10.6 | 5% | \$20.3 | 6% | \$9.6 | 7% |
| Professional Services | \$11.2 | 6% | \$22.9 | 7% | \$11.7 | 9% |
| Agriculture, Forestry and Fishing | \$13.4 | 7% | \$20.7 | 6% | \$7.3 | 5% |
| Wholesale Trade | \$10.5 | 5% | \$19.0 | 6% | \$8.5 | 6% |
| Retail Trade | \$8.9 | 5% | \$17.0 | 5% | \$8.1 | 6% |
| Transport, Postal and Warehousing | \$9.3 | 5% | \$13.1 | 4% | \$3.8 | 3% |
| Education and Training | \$10.0 | 5% | \$15.5 | 5% | \$5.5 | 4% |
| Public, Administration and Safety | \$9.0 | 5% | \$15.2 | 5% | \$6.1 | 5% |
| Electricity, Gas, Water and Waste Services | \$6.6 | 3% | \$9.7 | 3% | \$3.1 | 2% |
| Information Media and Telecommunications | \$6.1 | 2% | \$7.7 | 2% | \$1.6 | 1% |
| Accommodation and Food Services | \$3.9 | 2% | \$6.6 | 2% | \$2.7 | 2% |
| Administrative and Support Services | \$4.2 | 2% | \$6.7 | 2% | \$2.5 | 2% |
| Other Services | \$3.9 | 2% | \$6.8 | 2% | \$2.9 | 2% |
| Heavy and Civil Engineering Construction | \$3.0 | 2% | \$5.2 | 2% | \$2.2 | 2% |
| Arts and Recreation Services | \$2.9 | 1% | \$4.1 | 1% | \$1.2 | 1% |
| Rental and Hiring Services | \$2.4 | 1% | \$3.8 | 1% | \$1.4 | 1% |
| Mining | \$4.0 | 2% | \$2.5 | 1% | -\$1.6 | -1% |
| Total | \$195.2 | 100% | \$329.4 | 100% | \$134.2 | 100% |

Source: Statistics NZ, Urban Economics

Income & Employment

The property industry is currently New Zealand's second-largest employer. 235,030 people were directly employed in the property industry in the year ending 2022, which is 10% of all employees.¹ In other words, one in 10 people are employed in the property industry. Over the 2012 – 2022 period, the number of people employed in the property industry grew by 82% (105,580 employees). This is the largest growth rate across all sectors analysed.

Figure 4: Employment by Industry (2012 - 2022)

| Industry | 2012 | | 2022 | | Change | |
|--|------------------|-------------|------------------|-------------|----------------|-------------|
| | Employment | % | Employment | % | Employment | % |
| Health Care and Social Assistance | 202,300 | 11% | 255,550 | 11% | 53,250 | 26% |
| Property Industry | 129,450 | 7% | 235,030 | 10% | 105,580 | 82% |
| Manufacturing | 199,270 | 11% | 226,080 | 10% | 26,810 | 13% |
| Retail Trade | 182,530 | 10% | 218,070 | 10% | 35,540 | 19% |
| Education and Training | 169,930 | 9% | 194,630 | 8% | 24,700 | 15% |
| Accommodation and Food Services | 120,390 | 7% | 150,040 | 7% | 29,650 | 25% |
| Scientific and Professional Services | 117,110 | 6% | 156,880 | 7% | 39,770 | 34% |
| Public Administration and Safety | 99,210 | 5% | 144,340 | 6% | 45,130 | 45% |
| Wholesale Trade | 99,920 | 5% | 116,300 | 5% | 16,380 | 16% |
| Administrative and Support Services | 85,280 | 5% | 106,880 | 5% | 21,600 | 25% |
| Agriculture, Forestry and Fishing | 86,960 | 5% | 99,720 | 4% | 12,760 | 15% |
| Transport, Postal and Warehousing | 78,950 | 4% | 90,470 | 4% | 11,520 | 15% |
| Other Services | 63,710 | 4% | 82,800 | 4% | 19,090 | 30% |
| Financial and Insurance Services | 55,300 | 3% | 68,320 | 3% | 13,020 | 24% |
| Arts and Recreation Services | 33,610 | 2% | 39,680 | 2% | 6,070 | 18% |
| Heavy and Civil Engineering Construction | 27,970 | 2% | 38,470 | 2% | 10,500 | 38% |
| I.T and Telecommunications | 35,750 | 2% | 31,480 | 1% | -4,270 | -12% |
| Electricity, Gas, Water and Waste Services | 12,910 | 1% | 20,170 | 1% | 7,260 | 56% |
| Rental and Hiring Services | 10,950 | 1% | 13,150 | 1% | 2,200 | 20% |
| Mining | 6,310 | 0% | 5,650 | 0% | -660 | -10% |
| Total | 1,817,810 | 100% | 2,293,710 | 100% | 475,900 | 100% |

Source: Statistics NZ, Urban Economics

¹ Employment does not include contractors or other self-employed people.

Income & Employment

Figure 5 shows that the average earnings in the property industry per person are \$79,200 per annum, \$5,400 or 7% above the average across all industries of \$73,800. Within the property industry, the Architectural, Engineering and Technical Services sub-sector has the highest earnings, at \$98,300 per annum.

The property industry makes up 10% of New Zealand's total workforce. Construction Services is the largest sub-sector of the property industry with 112,030 employees or 48% of all employment. The second largest sub-sector is Architectural, Engineering and Technical Services with 48,820 employees (21%), followed by Residential Building Construction with 40,340 employees (17%).

Figure 5: Employment by Industry (2022)

| Sub-Sector | Average Earnings | Employment | Employment % |
|---|------------------|------------------|--------------|
| Residential Building Construction | \$70,500 | 40,340 | 17% |
| Non-Residential Building Construction | \$96,400 | 12,270 | 5% |
| Construction Services | \$71,900 | 112,030 | 48% |
| Property Operators & Real Estate Services | \$80,300 | 21,570 | 9% |
| Architectural, Engineering and Technical Services | \$98,300 | 48,820 | 21% |
| Sub-Total Property Industry | \$79,200 | 235,030 | 10% |
| Total All Industries | \$73,800 | 2,293,710 | 100% |

Source: Statistics NZ, Urban Economics

Figure 6 shows the 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 the average with 57% of employees aged under 40 compared to the average of 50%.

Figure 6: Earnings and Employment by Age (2022)

| Age | Property Industry | | | All Industries | | |
|--------------|-------------------|--------------------|----------------|------------------|--------------------|------------------|
| | Average Earnings | Percentage of Jobs | Number of Jobs | Average Earnings | Percentage of Jobs | Number of Jobs |
| 15-24 | \$52,700 | 17% | 39,460 | \$40,800 | 16% | 375,250 |
| 25-29 | \$70,000 | 14% | 32,370 | \$66,100 | 11% | 261,410 |
| 30-34 | \$80,000 | 14% | 33,760 | \$75,500 | 12% | 272,940 |
| 35-39 | \$87,000 | 12% | 29,100 | \$82,400 | 11% | 242,930 |
| 40-44 | \$91,400 | 10% | 24,240 | \$87,300 | 10% | 223,390 |
| 45-49 | \$94,400 | 9% | 21,050 | \$90,300 | 10% | 220,270 |
| 50-54 | \$94,100 | 8% | 19,460 | \$89,200 | 10% | 223,210 |
| 55-59 | \$91,100 | 7% | 15,650 | \$84,800 | 9% | 196,990 |
| 60 + | \$79,200 | 8% | 19,930 | \$72,200 | 12% | 277,320 |
| Total | \$79,200 | 100% | 235,030 | \$73,800 | 100% | 2,293,710 |

Source: Statistics NZ, Urban Economics

Gender

Figure 7 shows earnings and employment by gender. 25% of employees in the property industry are female compared with 49% across all industries. Earnings for females in the property industry are \$65,900, which is \$2,300 higher than the average for all industries.

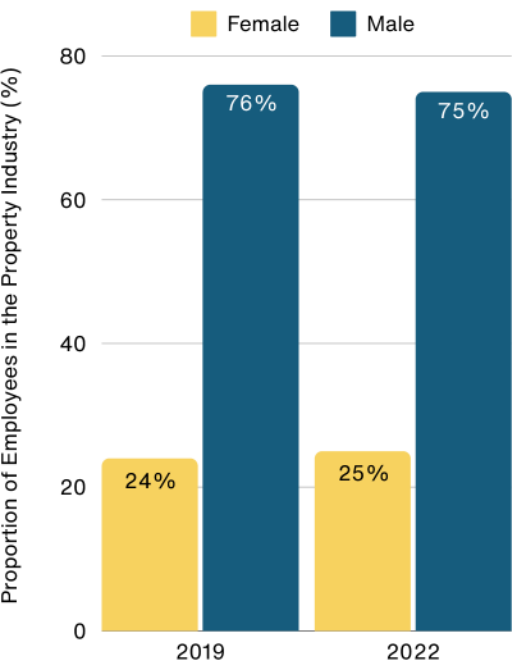
Figure 7: Earnings and Employment by Gender (2022)

| Gender | Property Industry | | | All Industries | | |
|--------|-------------------|--------------------|----------------|------------------|--------------------|----------------|
| | Average Earnings | Percentage of Jobs | Number of Jobs | Average Earnings | Percentage of Jobs | Number of Jobs |
| Female | \$65,900 | 25% | 57,670 | \$63,600 | 49% | 1,135,150 |
| Male | \$84,200 | 75% | 177,360 | \$85,900 | 51% | 1,158,560 |
| Total | \$79,200 | 100% | 235,030 | \$73,800 | 100% | 2,293,710 |

Source: Statistics NZ, Urban Economics

Figure 8 shows a snapshot of the Female-Male split in the property industry over the 2019 – 2022 period. The proportion of females in the industry has increased from 24% to 25% over this period.

Figure 8: Proportion of Property Industry Employment by Gender (2019 – 2022)



Source: Statistics NZ

National Fixed Assets

Figure 9 shows the value of residential and commercial buildings in New Zealand compared to other assets.¹

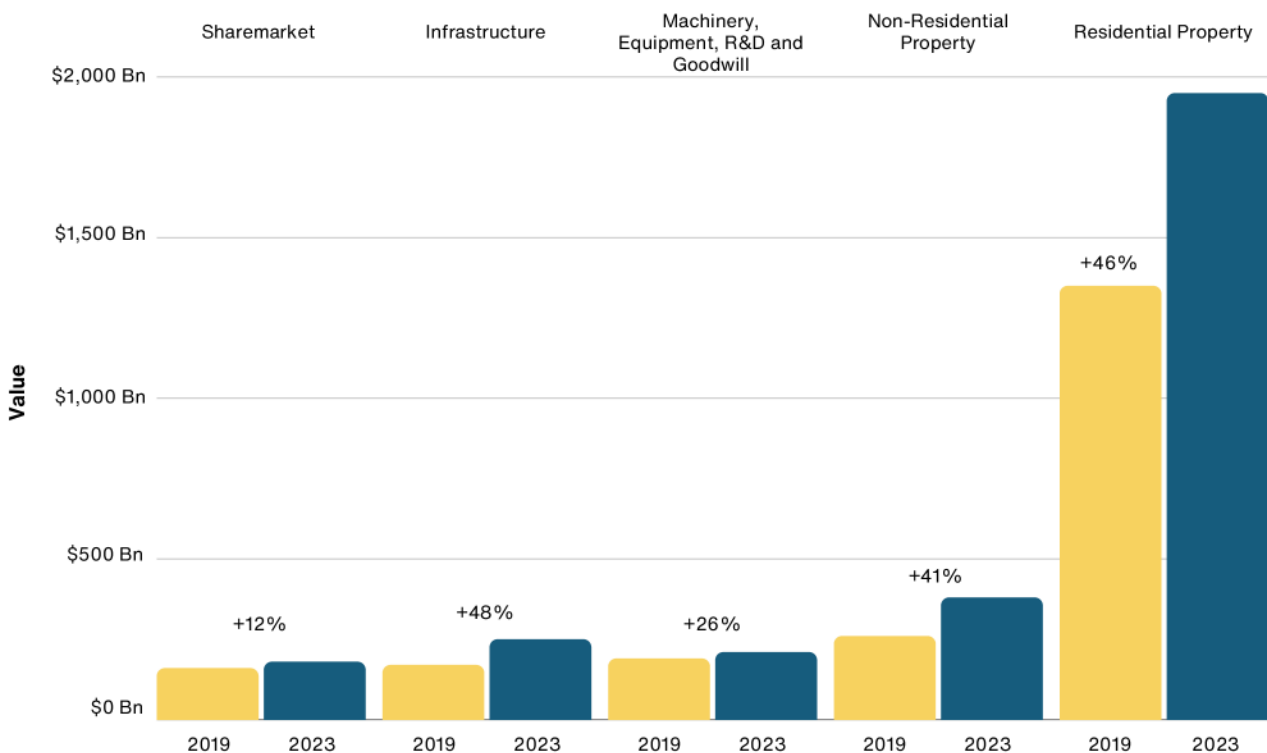
New Zealand's stock of residential property is worth approximately \$1,900 billion, more than ten times the value of shares and bonds on the NZ Stock Market (\$163 billion).²

Commercial property is currently worth approximately \$350 billion, about one-fifth of the value of residential property.

The combined value of residential and commercial property in New Zealand is approximately \$2,250 billion. This is an increase of approximately \$700 billion over the 2019 – 2023 period. This is a larger increase than any other asset class.

Figure 10 compares the proportion of non-financial assets held in different asset classes in the United States, Australia, Canada, and the United Kingdom. New Zealand has a larger proportion of non-financial assets held in residential property.

Figure 9: Value of New Zealand Assets (2019 - 2023)



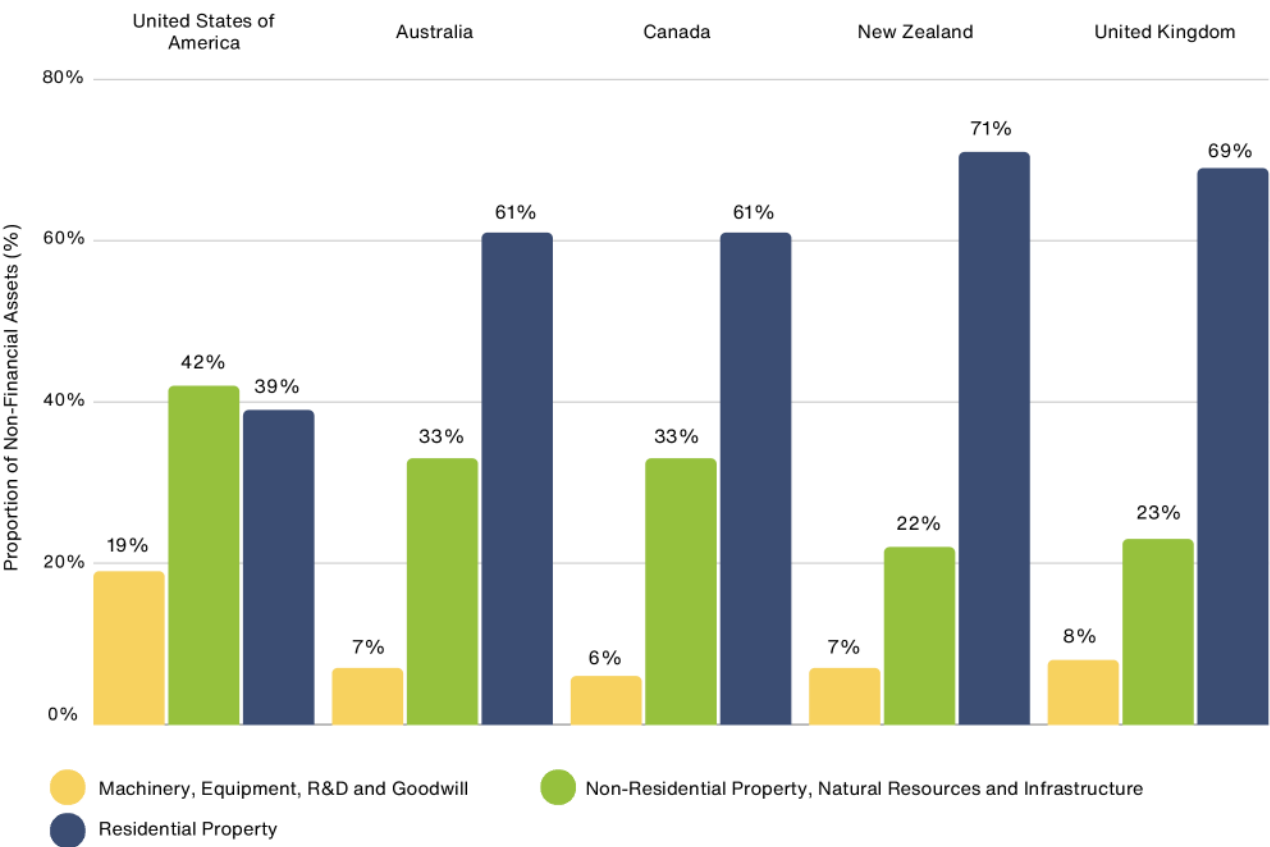
Source: Statistics NZ, Data Insight

¹ Value is taken from latest Council valuation data, dates differ for each Council.

² April 1st 2024

National Fixed Assets

Figure 10: Non-Financial Assets Comparison (2023)



Source: Statistics NZ, St Louis Federal Reserve, Australian Bureau of Statistics, Office for National Statistics

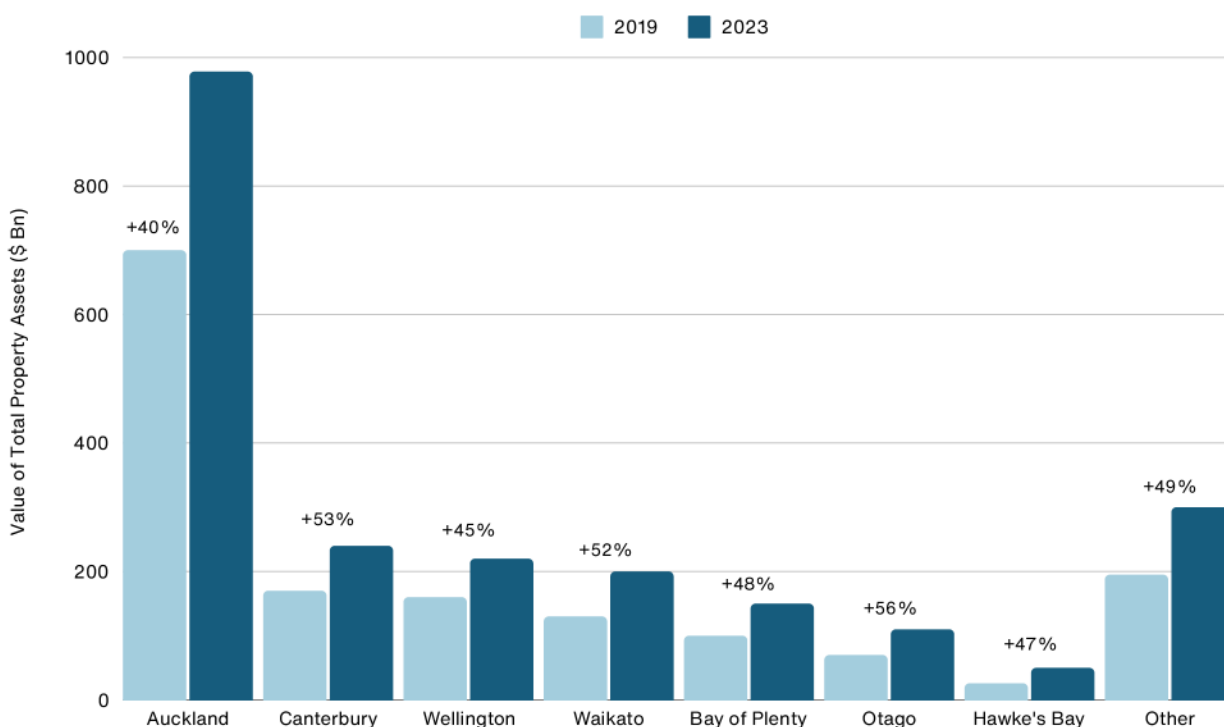
Property Assets by Region

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

In 2023, New Zealand's property stock was worth approximately \$2,250 billion, of which the Auckland property market accounted for 43% (\$978B). In the years between 2019 and 2023 the Auckland property market appreciated by 40%. Most other regions experienced a similar increase in value with Otago experiencing the greatest appreciation of 56%.

The average appreciation across all regions was 49% from 2019 to 2023.

Figure 11: Value of New Zealand Property Assets (2019 - 2023)



Source: Data Insight

¹ Value is taken from latest Council valuation data, dates differ for each Council.

² April 1st 2024

KiwiSaver Property Investment

There are 39 KiwiSaver Schemes in New Zealand with a combined value of \$108.7 billion invested as of May 2024. Across all fund types, there is \$3.6 billion or on average 3.3% invested in property. There are approximately 4.1 million KiwiSaver members, 2.4 million of them with property investments.

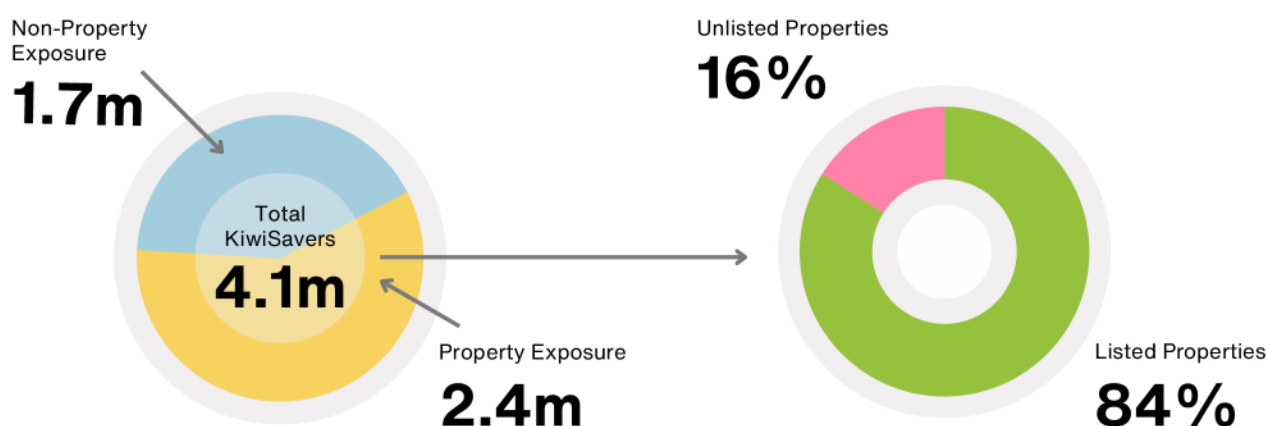
The percentage of each fund invested in property varies by fund type. This ranges from defensive funds which have an average of 0.0% invested in property, through to aggressive portfolios which have an average of 5.4% invested in property.

Figure 12: Risk Profile by Fund Type

| Fund Type | Property | Cash & Cash Equivalents | Equities | Fixed Interest | Other |
|----------------------|--------------|-------------------------|---------------|----------------|--------------|
| Defensive | 0.0% | 80.4% | 0.9% | 18.6% | 0.0% |
| Conservative | 1.9% | 16.4% | 19.5% | 60.7% | 1.5% |
| Balanced | 2.7% | 8.7% | 46.5% | 40.1% | 1.9% |
| Growth | 4.3% | 4.3% | 70.1% | 18.8% | 2.4% |
| Aggressive | 5.4% | 3.0% | 89.4% | 1.0% | 1.2% |
| Total | 3.3% | 10.8% | 52.9% | 31.1% | 1.9% |
| Total (\$ Bn) | \$3.6 | \$11.7 | \$57.5 | \$33.8 | \$2.1 |

Source: FMA, KiwiSaver Fund Providers, Sorted Smart Investor

Figure 13: KiwiSaver Property Exposure by Investment Method

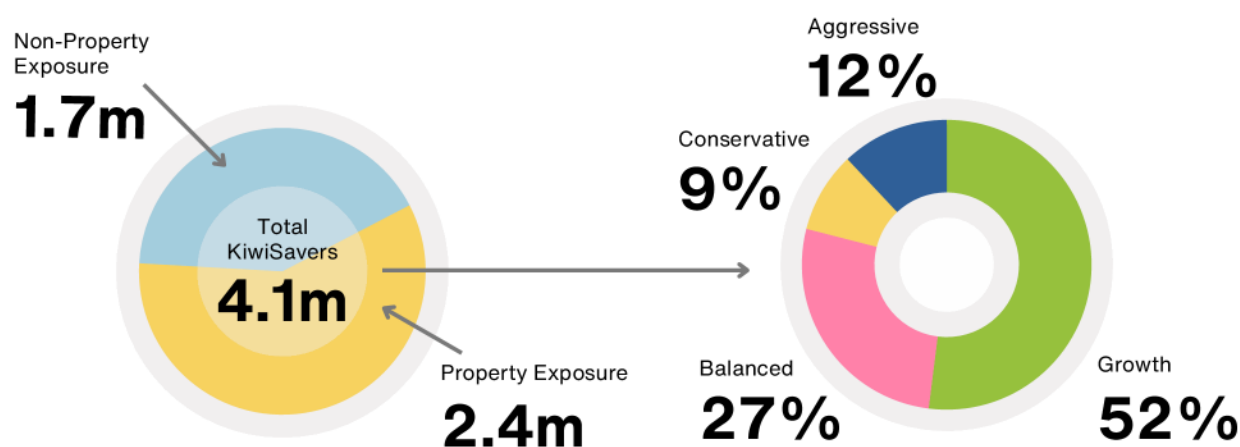


Source: FMA, KiwiSaver Fund Providers, Sorted Smart Investor

KiwiSaver Property Investment

Of the \$3.6 billion invested in property, 52% is held in growth funds, 27% in balanced funds, 9% in conservative funds and 12% 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 14: KiwiSaver Property Exposure by Fund Type



Source: FMA, KiwiSaver Fund Providers, Sorted Smart Investor

KiwiSaver Withdrawals for First Home Purchase

KiwiSaver is an important source of funds for first-home buyers. In the year to June 2023, there were 30,195 withdrawals from KiwiSaver totaling \$975 million for the purchase of a first home. This has increased from 12,715 withdrawals totaling \$159 million ten years ago in the year to June 2014. This increase is part of a broader trend where both the total value and number of KiwiSaver withdrawals for first-home buyers are increasing over time.

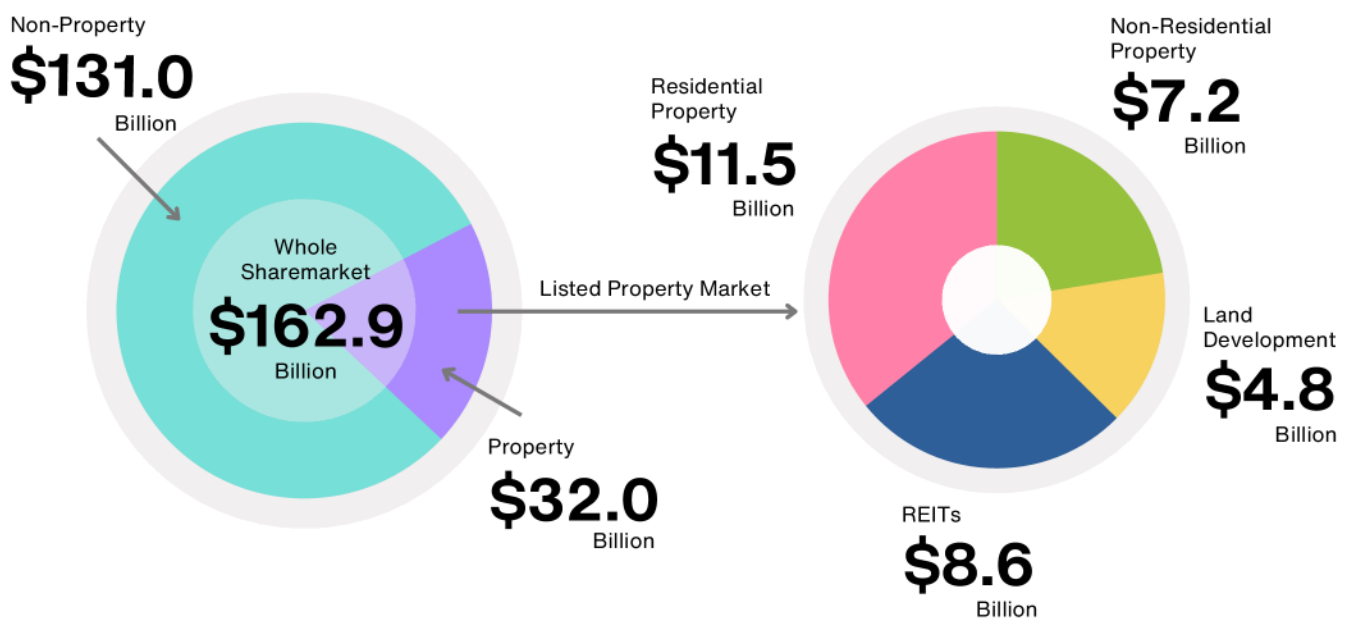
Listed Property Trends

The following figures show the value of listed property companies in New Zealand compared to the wider share market.

In 2023, the value of listed property companies was approximately \$32.0 billion, approximately 20% of the value of the whole NZ Stock Market (\$162.9 billion).

The largest group was Residential Property (this includes retirement villages) at \$11.5 billion, followed by Non-Residential Property groups at \$7.2 billion and Real Estate Investment Trusts (REITs) at \$8.6 billion.

Figure 15: Listed Property Market Capitalisation

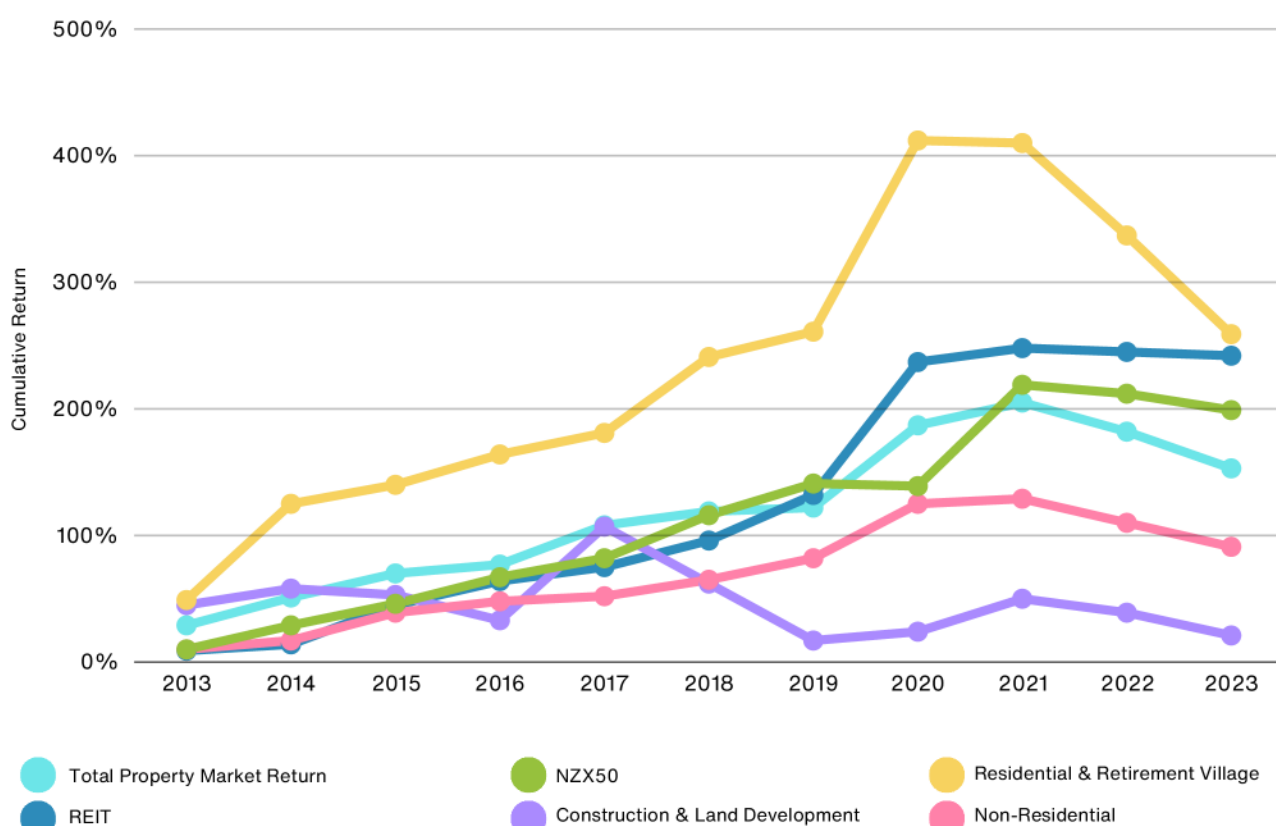


Source: NZX, S&P, TradingView.com, Sharesies, Urban Economics

Listed Property Trends

Figure 16 displays the total cumulative return over the past 12 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 2012 and all dividends reinvested. The Residential and Retirement Village sector provided the highest cumulative total return at 259%.

Figure 16: Total Cumulative Return (2012 - 2023)



Source: NZX, S&P, TradingView.com, Sharesies, Urban Economics

Figure 17: Average Return per Annum (2013-2023)

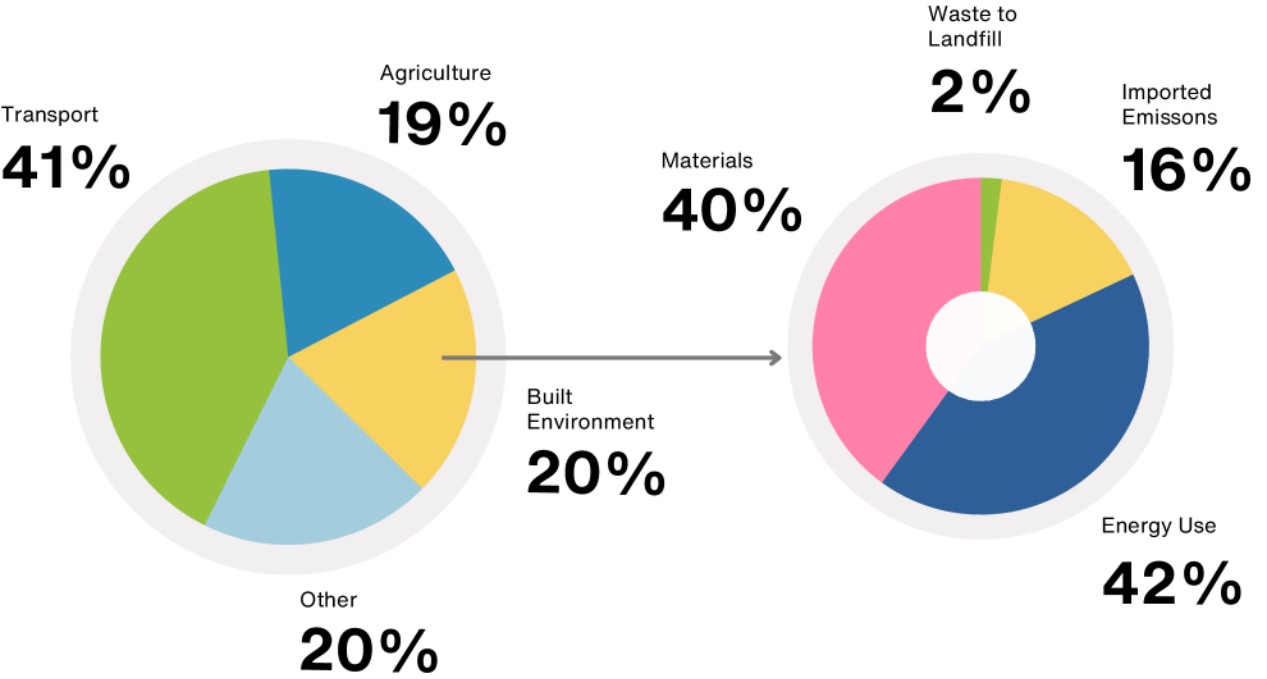
| Return per Annum | REIT | Construction & Land Development | Residential & Retirement Village | Non-Residential | Total Property Market Return | NZX50 |
|---------------------|------------|---------------------------------|----------------------------------|-----------------|------------------------------|------------|
| Dividend Yield | 2% | 2% | 2% | 4% | 3% | 4% |
| Share Price Yield | 11% | 3% | 12% | 2% | 7% | 7% |
| Total Return | 13% | 5% | 14% | 6% | 10% | 11% |

Source: NZX, S&P, TradingView.com, Sharesies, Urban Economics

Carbon Footprint

The following figure displays New Zealand’s carbon footprint in 2021. 20%, or 12 megatons (mt) is attributable to the built environment. The full adoption of Homestar six or higher for residential dwellings, and Green Star 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 May 2024, more than 350 Green Star and 8,000 Homestar rated buildings were present in New Zealand.

Figure 18: Total Carbon Footprint, New Zealand 2021



Source: Ministry for the Environment, Thinkstep, Urban Economics

Figure 19: Green Star Certified and Homestar Six-Plus Buildings

| Status | Green Star Certified | Homestar Six-Plus |
|----------|----------------------|-------------------|
| Complete | 350+* | 8,000+* |

*Conservative estimate, therefore a slightly larger number of completions expected.
Source: New Zealand Green Building Council

Appendices

Definition of Economic Contribution

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

| Sub-Sector | Explanation |
|--|---|
| Residential Building Construction | Residential dwelling construction. |
| Commercial Building Construction | Commercial building construction includes 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 of 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 to the National Gross Domestic Product (GDP).¹

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

¹ For the purposes of this report GDP is measured in 'basic prices' which is price minus taxes but including subsidies.

Appendices

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.

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 the impact of a “stimulus” to an industry, for example from a new policy or project. Due to 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 were used. The 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 were 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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