LAND VALUES
Land prices have escalated by more than 50% over the past 10 years, while building materials prices have increased at around the same rate as inflation.
Local building materials companies are absorbing increases in raw material costs to compete with importers.
Subcontracted trade charge rates increased by ~40% between 2013 and 2018.

PRICE INDICES, DECEMBER 2009 TO JUNE 2018

HOUSING DEVELOPMENT COSTS
Land and infrastructure is the most significant cost in residential development (32% for a standalone house in Auckland). Building materials contribute around 20%, and GST, government taxes and charges around 16%, these are the top three costs.

NZ VS AUSTRALIA
Housing construction costs are similar and in some cases cheaper between NZ and Australia. This is due to cheaper building materials and labour in NZ.
However, in reality Australia builds simpler houses, has greater economies of scale, cheaper transport, and lower GST. New Zealand houses are, by design, more expensive to build.

WHAT ARE THE COSTS IN RESIDENTIAL HOUSING DEVELOPMENTS?

AN INDEPENDENT ANALYSIS

BUILDING MATERIALS
The cost of any one building material has a limited impact on the overall cost of building a house.
Timber is the single largest building material cost.

FLETCHER BUILDING’S SHARE
Fletcher Building’s maximum potential contribution to the cost of housing is 6%-11%.
This is because Fletcher Building does not manufacture many of the materials that go into building a house, eg: timber.

FLETCHER BUILDING’S MAXIMUM POTENTIAL SHARE IN RESIDENTIAL HOUSING DEVELOPMENT THROUGH BUILDING MATERIALS.

6%-11%
8%-13%

*building materials, labour, builders’ margin, construction contingency and preliminaries.