2026

NEW ZEALAND'S
BUILDING CONSTRUCTION SECTOR

Shamubeel Eaqub, CFA
Rosie Collins
Nihal Sohanpal
July 2026

新西兰华人建筑业协会
NEW ZEALAND CHINESE
BUILDING INDUSTRY ASSOCIATION

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This independent report was researched and written by economists Shamubeel Eaqub, Rosie Collins and Nihal Sohanpal.

The New Zealand Chinese Building Industry Association (NZCBIA) is a non-profit professional organisation. The Association represents a wide range of businesses and professionals in the building industry in New Zealand including the Kiwi business and professionals that have close working relationship with the New Zealand Chinese building industry.

FOR FURTHER INFORMATION ON NZCBIA

Visit: **www.nzcbia.org.nz**
Email: **info@nzcbia.org.nz**

CITATION & LICENCE

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CONTACT

All contact regarding this report can be made via:
Email: **info@multimarketing.co.nz**
Website:

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FOREWORD

MINISTER CHRIS PENK

Hon Chris Penk

Minister of Defence
Minister for Building and Construction
Minister for Veterans
Minister Responsible for the GCSB and NZSIS
Minister for Space
Associate Minister for Emergency Management and Recovery

For the past three years the New Zealand Chinese Building Industry Association report has delivered insight into the building and construction industry, and its findings will be relevant for many across the sector and beyond. I find great value in attending the Association's events and it's a pleasure to both contribute this foreword and be at the report's launch. Information is critical not only for good business decision-making but also for effective policymaking, and so I congratulate and thank the Association for its efforts and contribution.

A comprehensive understanding of the circumstances we currently find ourselves in is crucial to shaping a positive future. As the report illustrates, there are challenges, and the Government will continue working through these alongside the sector to enable a successful, profitable, and resilient industry.

It is a sector key to the economy, employment, and community well-being. The Government is committed to supporting the delivery of more affordable homes and a stronger economy by making it easier, faster, and cheaper for Kiwis to build. We've been setting sensible and fair rules and regulation, cutting unworkable red tape, and improving access to a variety of building material – so we can keep building the infrastructure and homes we need.

The findings in this report will help inform and guide the discussions to be had in continuing that work.

– HON CHRIS PENK

Minister for Building and Construction of New Zealand

FOREWORD
FRANK XU

新西兰华人建筑业协会
NEW ZEALAND CHINESE
BUILDING INDUSTRY ASSOCIATION

It is my pleasure to introduce the New Zealand Chinese Building Industry Association (NZCBIA) Construction Sector Report 2026, the third edition of what has become an important independent contribution to New Zealand's construction industry.

Since the publication of our inaugural report in 2024, this annual report has continued to evolve. It has become more than a publication, it is now a platform for informed discussion, bringing together industry, government and policymakers to better understand the opportunities and challenges facing one of New Zealand's most important sectors. Throughout this journey, our commitment has remained unchanged: to provide an independent, evidence-based report that informs discussion, encourages collaboration and supports better decision-making across the construction industry.

On behalf of NZCBIA, I would like to sincerely thank Hon. Chris Penk, Minister for Building and Construction, for once again supporting the launch of this report and for his continued engagement with our Association over the past three years. We greatly value the opportunity to contribute to the national conversation on the future of New Zealand's construction sector.

I would also like to express my sincere appreciation to Shamubeel Eaqub, and his team, whose independent research and thoughtful analysis continue to provide valuable insights into the economic, structural and policy issues affecting our industry. His ability to interpret complex economic trends in a practical, and accessible way and develop original data, has become one of the defining strengths of this report.

My thanks also go to our principal partners BCITO who have been with us from the start, and Mitre 10, whose support has helped make this report possible. Their commitment to supporting builders, developing skills and strengthening the capability of New Zealand's construction sector aligns closely with the objectives of this report. I also acknowledge the contribution of our wider sponsors, members and industry stakeholders who continue to support NZCBIA's research, advocacy and industry engagement.

This year's report presents a challenging and realistic assessment of the industry's current position. Construction remains one of New Zealand's largest economic sectors, generating approximately $92 billion in annual revenue (although well down from 2024's report at

$99.4 billion) with around $64 billion, almost 70 percent, flowing through its extensive supplier network. The sector directly employs almost 300,000 New Zealanders, while supporting a further 250,000 jobs across engineering, manufacturing, professional services and related industries, demonstrating its vital contribution to the national economy.

At the same time, the report makes it clear that the industry's greatest challenge is no longer simply the economic cycle. It is our ability to develop, retain and support the skilled workforce that will be required as activity returns. Nearly 75,000 workers left the construction sector during the year to May 2026, while around 95 percent of recruitment simply replaced those who had exited the industry. Apprenticeship completion rates have also fallen from approximately 58 percent to 43 percent, highlighting the importance of continued investment in training and workforce development, even during quieter market conditions.

The report also introduces an important new discussion around policy coordination. It identifies 98 separate policy instruments administered across seven government agencies and 13 policy areas, demonstrating the increasingly complex regulatory environment in which construction businesses operate. Rather than simply advocating for less regulation, the report encourages more coordinated, consistent and predictable policymaking that gives businesses the confidence and clarity to invest, employ and plan for the future.

Despite the challenges identified, this report remains optimistic about the future. While global events have delayed New Zealand's economic recovery, they have not changed its long-term fundamentals. Demand for housing, infrastructure and construction capability remains significant, and as confidence returns, our industry will once again play a central role in New Zealand's economic growth and prosperity. The businesses that continue investing in people, productivity, innovation and capability today will be the ones best positioned to succeed tomorrow.

NZCBIA was established to strengthen New Zealand's building and construction sector by fostering collaboration, encouraging innovation and building stronger connections between industry participants. Over the past three years, this report has become an important extension of that mission. Together with our international expo event, excellence awards, trade missions, policy engagement and professional development initiatives, it reflects our commitment to supporting a resilient, productive and future-focused construction industry.

I trust this report provides valuable insights for industry leaders, businesses, policymakers and government agencies alike. More importantly, I hope it contributes to the constructive conversations and collaborative action that will help shape the future of New Zealand's construction sector.

– Frank Xu

President, New Zealand Chinese Building Industry Association (NZCBIA)

EXECUTIVE SUMMARY
JASON HUNGERFORD

BCITO is pleased to support this report for a second year, continuing our shared commitment to strengthening New Zealand's construction sector and the people who power it.

This year's findings provide a timely reminder that while economic cycles come and go, the need for a skilled and capable workforce remains constant. Construction is a cornerstone of New Zealand's economy, employing hundreds of thousands of people and supporting many more across related industries. The sector's long-term success depends on its ability to attract, train and retain talented people.

A key message from this year's report is that success in the years ahead will depend not only on the volume of work available, but on the capability of the workforce delivering it. While economic conditions remain challenging, New Zealand's long-term demand for housing, infrastructure and skilled tradespeople remains significant.

The construction sector has long faced challenges in attracting, training and retaining skilled workers. Falling apprenticeship participation and rising dropout rates present a real risk to future industry capacity. Yet these challenges also present an opportunity. Businesses that continue to invest in apprentices, structured training and leadership development during quieter periods will be better placed to thrive when demand returns.

BCITO sees this across the country. Employers who view apprenticeships as a long-term investment rather than a short-term cost are building stronger businesses and creating lasting career pathways for New Zealanders. Apprenticeships resulting in an accredited qualification remain one of the most effective ways to grow capability, improve productivity and strengthen the resilience of our workforce.

There is every reason to be optimistic about the future of construction. The opportunity ahead is significant, but the sector must be prepared to seize it.

BCITO remains focused on supporting employers, apprentices and the wider industry to develop the skills, leadership and professionalism needed to build a stronger construction sector and a stronger New Zealand.

– Jason Hungerford

Chief Executive Officer, BCITO

EXECUTIVE SUMMARY
Mark Moffitt

Mitre 10 Trade congratulates the authors and the New Zealand Chinese Builders Industry Association on producing this 2026 edition of the NZCBIA Construction Sector Report.

This report provides an important and timely assessment of the challenges and opportunities facing New Zealand's construction sector.

While many of the issues highlighted are longstanding, the report also points to clear opportunities to strengthen the sector's future performance. Productivity remains stubbornly low, workforce capability is under pressure, and regulatory complexity continues to create costs and delays. Yet the report demonstrates that targeted action on skills, retention, productivity and policy coordination can make a meaningful difference.

It identifies clear opportunities and focus areas: investing in training and retaining apprentices and getting them into productive work sooner; levelling up and streamlining regulation; cross-party agreement on infrastructure spending to smooth out cyclical peaks and troughs.

At the report's foundation is a call for sector-wide collaboration across industry, government and insurers to address these challenges. Harnessing the collective experience and expertise of all involved parties will be critical to building a more productive, efficient and sustainable sector. The report demonstrates through robust analysis and evidence that the health the construction industry is fundamental to the country's economic and social wellbeing.

As New Zealand's most trusted home improvement brand, Mitre 10 is a long-standing partner to the building industry. Mitre 10 Trade combines the strength of a nationwide store network with deep local connections, with 87 locations and expanding distribution capability.

We are committed to supporting builders through changing market conditions and investing in capability to support long-term industry growth. This includes helping customers improve productivity through innovation, strong supply partner relationships, and effective sustainability solutions. We continue to bring fit-for-purpose building materials and products to market that offer greater choice, confidence and on-site efficiency for our trade customers.

Alongside BCITO, Mitre 10 Trade is also proud to partner with the NZCB Apprentice Challenge, a programme that celebrates emerging talent showcases practical skills, and helps develop the future leaders of New Zealand's building industry.

We are proud to support the NZCBIA Construction Sector Report and the conversations it enables. By bringing together data, evidence and industry experience, it provides a valuable foundation for better decision-making and a stronger future for New Zealand construction.

– Mark Moffitt

Head of Trade, Mitre 10 New Zealand

EXECUTIVE SUMMARY
ANDREW MOORE

CMP Construction Perspectives on the NZ Construction Market

The New Zealand construction sector has faced unprecedented volatility over the past five years. Driven by pandemic-related disruptions, a subsequent construction boom, shifts in Government, tighter bank funding rules, and international geopolitical conflicts impacting fuel and material costs, confidence in the industry has plummeted.

While certain construction sectors are currently in recession, isolated pockets of growth remain. The Auckland market, in particular, is experiencing an acutely quiet period. It is perceived to be the tightest and most competitive it has been in 30 years. This downturn has altered the labour landscape significantly; resources and subcontractors are increasingly transitioning from the struggling residential market into commercial construction. Consequently, market competitiveness has escalated, with contractors adjusting rates to offset rising material and fuel expenses.

Despite this broader softening, specific commercial sectors, most notably hotels and student accommodation – continue to perform well. Furthermore, Queenstown operates as a distinct exception to national trends, with both residential and commercial construction markets remaining robust and booming.

Looking ahead, escalation and inflation remain primary concerns for all stakeholders. The industry remains highly mindful of these risks, alongside a broader apprehension that the current surplus in skilled labour could quickly pivot into severe resource shortages once market conditions recover. CMP Construction understands the complexities of these shifting dynamics.

The NZCBIA Construction Sector Report 2026 highlights a volatile New Zealand industry experiencing its lowest activity levels since 2019, driven by cyclical pressures and a collapsing five-year qualification completion rate of 43%. For CMP Construction NZ Ltd, this validates a turbulent market, marked by intense competition in Auckland, a labour shift from residential to commercial sectors.

– ANDREW MOORE

Commercial Manager, CMP Construction NZ Ltd

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INTRODUCTION

The New Zealand construction sector is large and economically significant. It contributes substantially to the economy, supports many jobs and builds the structures that house and move our people and businesses.

It is also highly cyclical. While 2026 started positively, the war with Iran dented confidence. Nevertheless, the medium-term outlook is underpinned by structural shortfalls in housing and infrastructure in many parts of the country. The missing ingredient now is the right risk environment.

Outside the economic cycle, there are structural opportunities for the sector to improve productivity, which will mean better financial performance as well as a better built environment. Our last two reports remain relevant for those interested in productivity tools, which address broad strategies for policy makers and firms and specific strategies for firms of different sizes.

This year, we have focused on two key areas.

First, firms need to be ‘business ready’ to make the most of apprentices and available training resources. There is ample evidence that training pays off for the learner through better employment and income opportunities. The evidence for business is less clear. Our analysis and international evidence suggest that it is not a question of whether training pays off for businesses but how businesses can make it pay. There are two key strategies – get trainees into chargeable work as soon as they are capable and retain these trained workers to get the benefit of the investment made.

Second, the construction sector is going through energetic policy reform. The sector is exposed to around 98 rules and regulations administered by seven responsible agencies. Even with impending policy changes and a new regulator in the Ministry for Cities, Environment, Regions and Transport (MCERT), there is no clear mechanism for coordination or strong industry representation. Policy-system fragmentation is a key risk to the sector. A more formal industry role in monitoring and feedback would help improve policy making, both in substance and by improving the speed, consistency and coherence of policy through political cycles. Not all policy is good, and some good policies implemented too quickly can be harmful.

The long-awaited recovery has been delayed by international events in 2026, but the ingredients for a cyclical recovery are still in place. Construction firms need to be ready to invest in themselves and their people, as well as the policy system, to ensure long-term success.

A SNAPSHOT IN NUMBERS

$92b

SECTOR REVENUE IN 2026

$64b

PAID TO SUPPLIERS

300,000

DIRECTLY EMPLOYED

75,000

CHANGED JOBS IN LAST 12 MONTHS

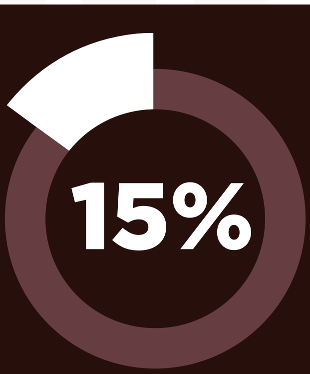
98 POLICIES

\+

13 POLICY AREAS

\+

7 AGENCIES IN CONSTRUCTION



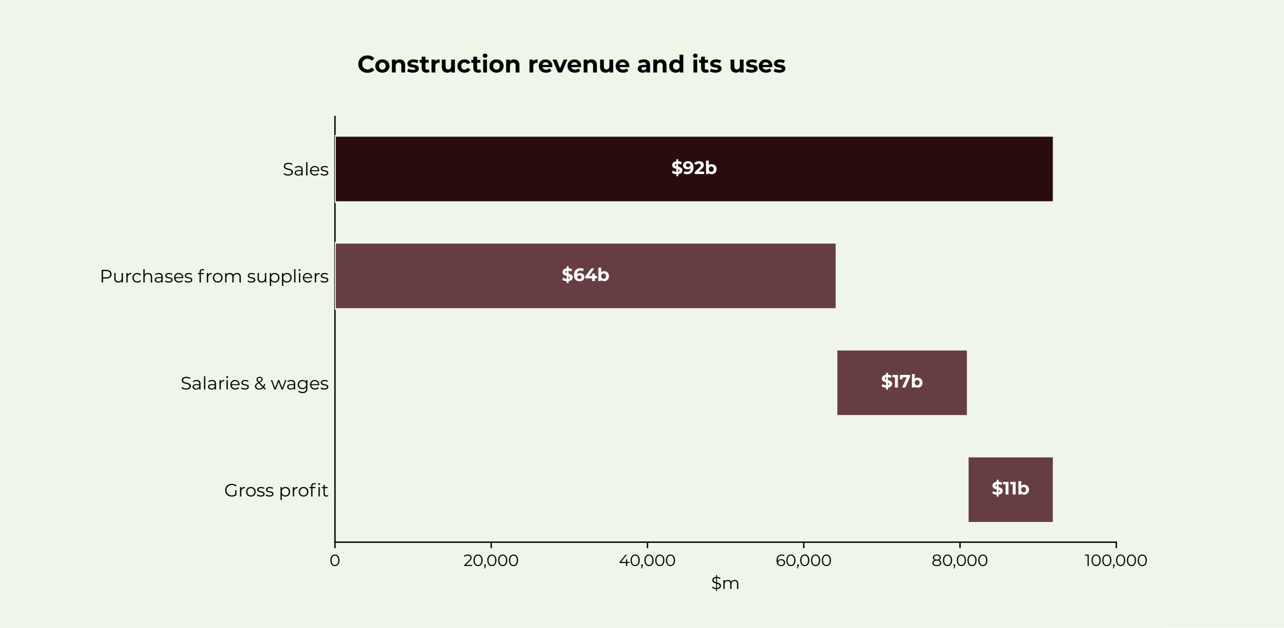
ACTIVITY FALL SINCE 2024

1

SECTOR SIZE AND CONTEXT

The New Zealand construction sector is large, with $92 billion of revenue in 2026 (Figure 1). It is also highly networked, relying on a wide range of suppliers from materials and labour to subcontractors. The sector employs people directly, creates returns for its owners and is over-represented in self-employed, small and medium businesses. In that sense, it is unusually entrepreneurial.

Figure 1: 70% of the construction sector's $92 billion in revenue goes to suppliers

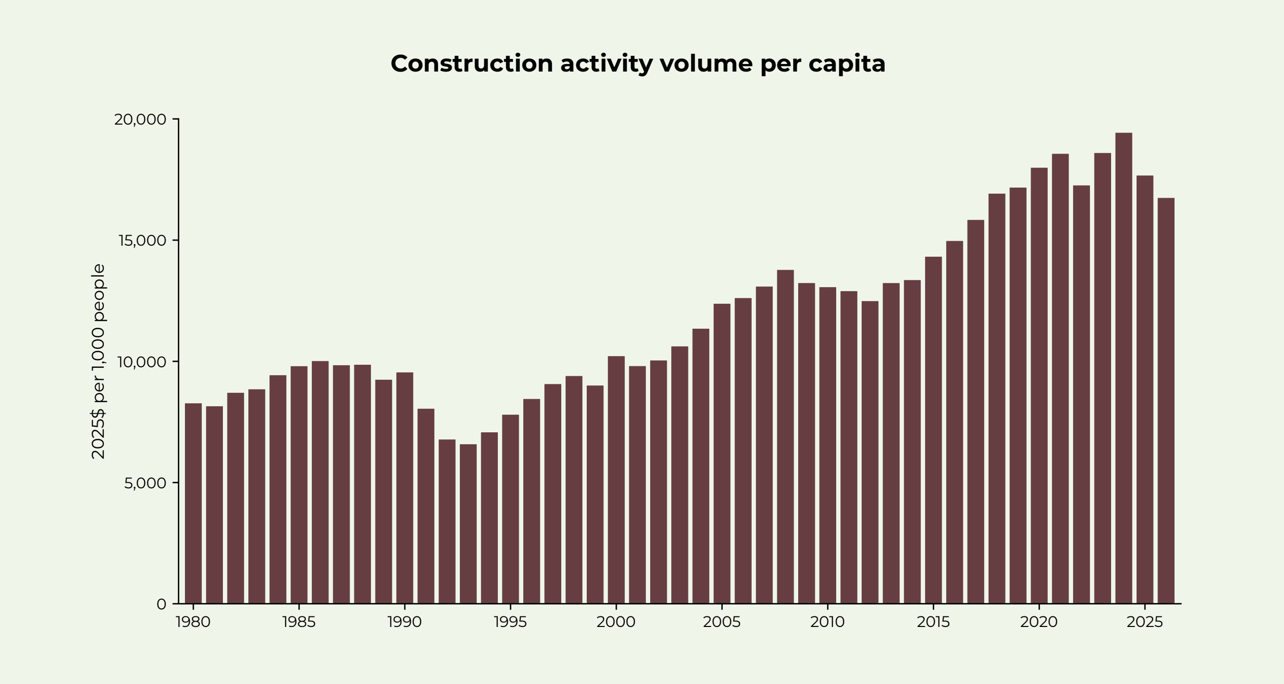


Source: Stats NZ

The economic recession has affected the construction sector over the last 3 years. Revenue has fallen from a peak of $99 billion in 2024 to $92 billion. Adjusted for inflation and population, the cycle is clear (Figure 2), real activity has fallen by nearly 15% from the peak compared to a 10% peak-to-trough fall during the Global Financial Crisis (GFC) in 2008–2023. The current cycle has been a shorter and sharper shock than the GFC.

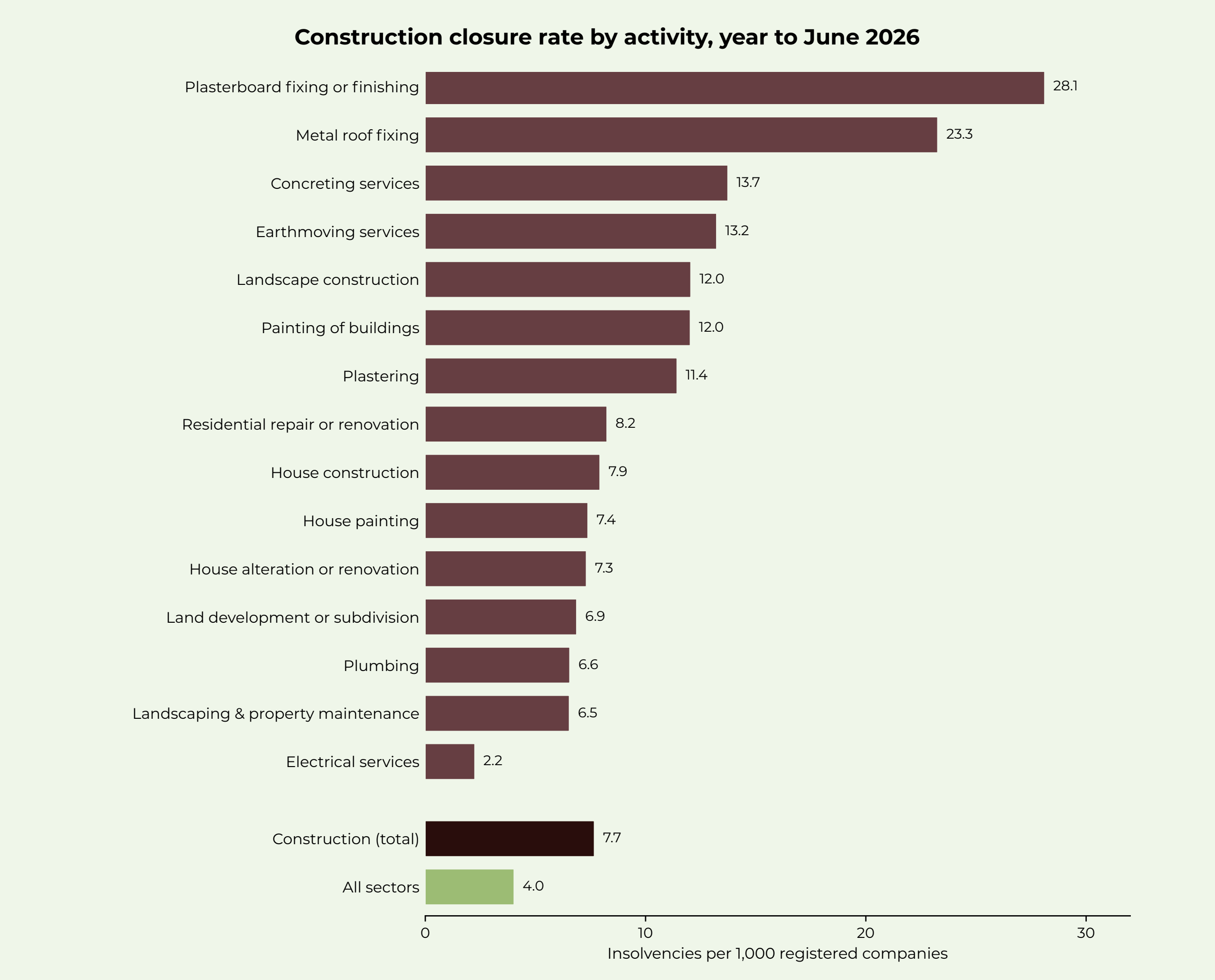
This downturn has put pressure on margins and increased business closures (Figure 3), particularly in finishing and subdivision-related subtrades. The high rate of construction business closures, running at nearly twice the economy-wide rate, is routinely reported in the news. The other side of the story, business births, is less visible. The total number of construction enterprises increased over the past year and appears to be in much better shape than during the GFC cycle (Figure 4).

Figure 2: Activity has contracted sharply in recent years



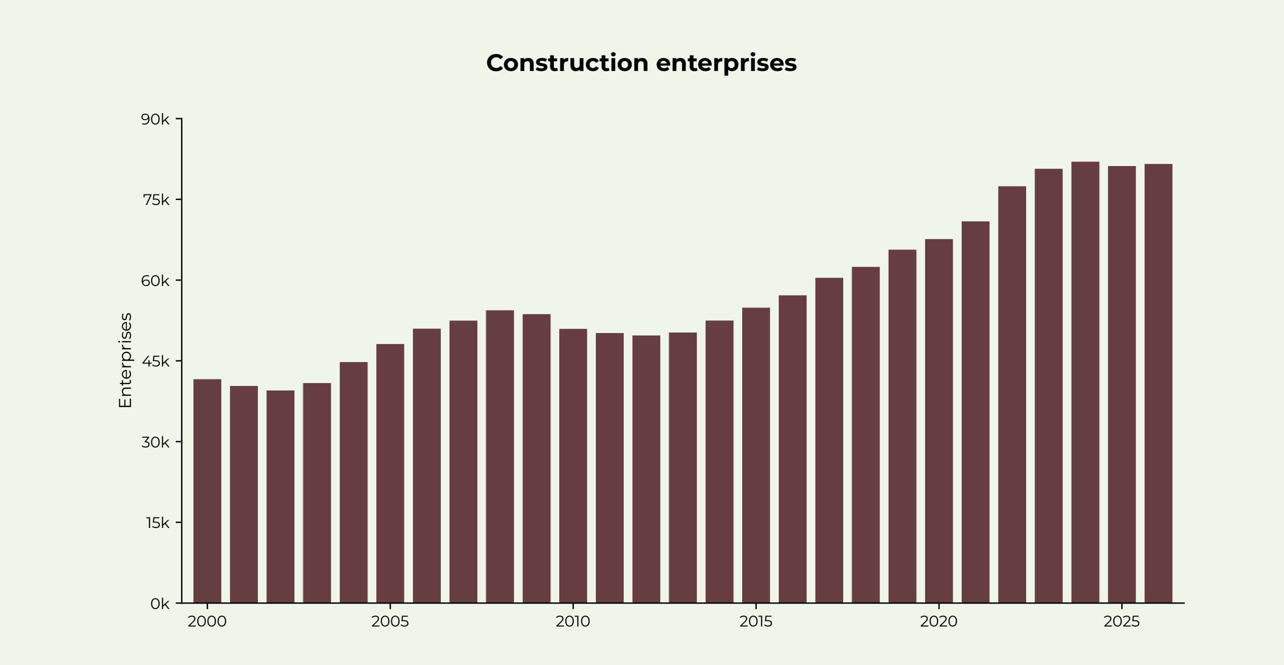
Source: Stats NZ

Figure 3: The downturn has affected some construction subtrades hard



Source: NZ Companies Office

Figure 4: Construction enterprise count is holding up better than company closures would suggest

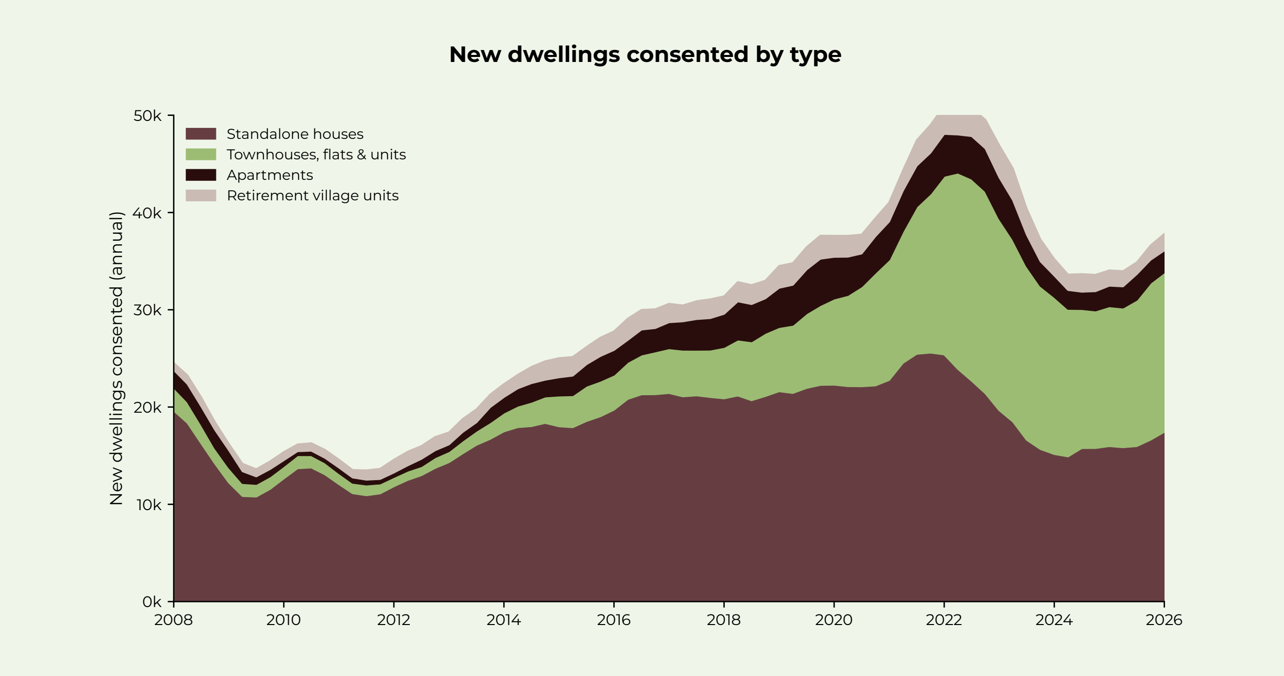


Source: Stats NZ

Optimism is warranted in some leading indicators. Residential building consents have trended higher since the beginning of 2025, led largely by medium-density housing (Figure 5), and regionally concentrated in Canterbury and Otago (mainly Queenstown-Lakes and surrounds, Figure 6). The increase in consents is consistent with a ready supply of subdivisions over the past 4 years, meaning there is ample land capacity for this building activity to take place (Figure 7).

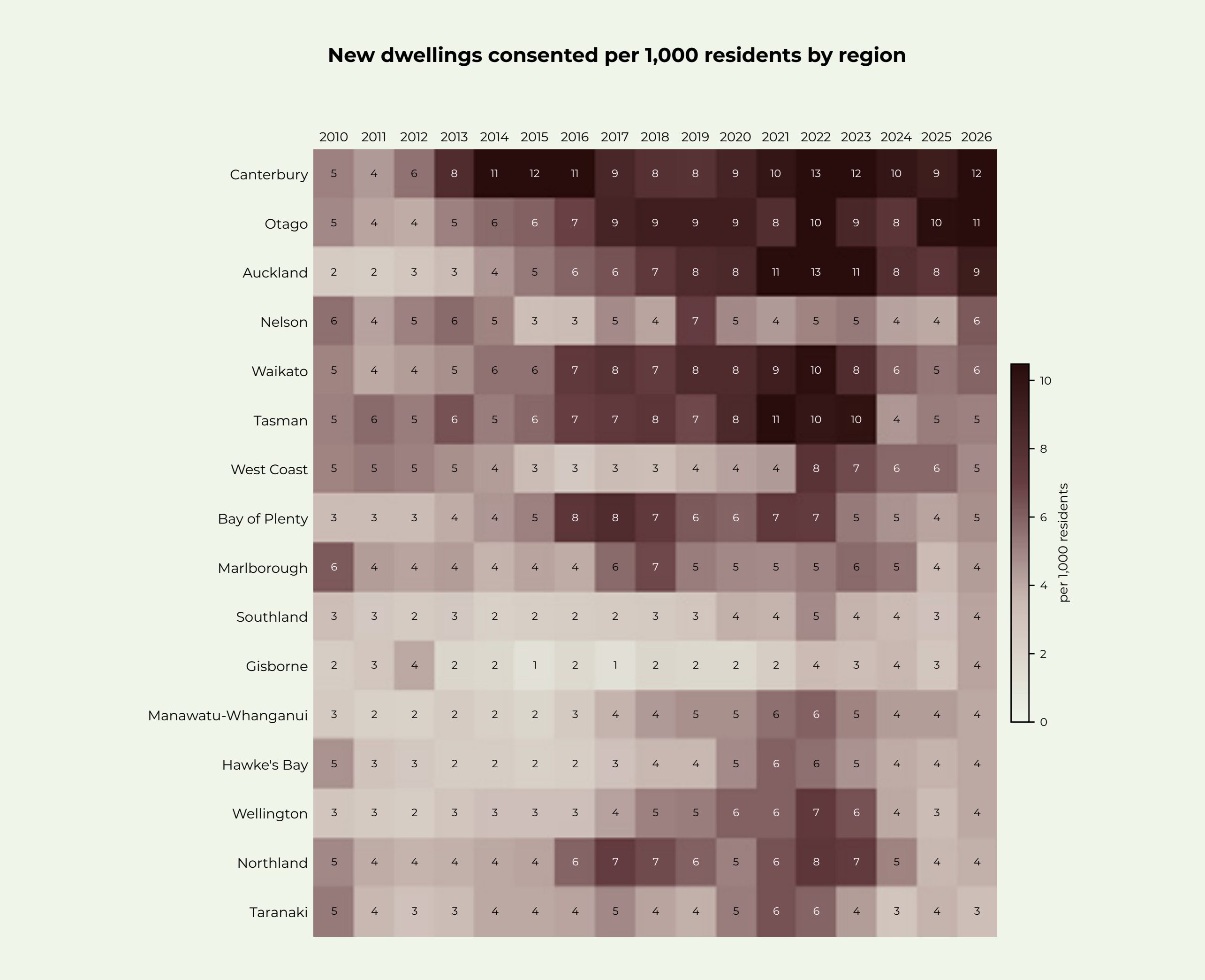
The residential construction sector is experiencing a cyclical recovery, supported by faster population growth, pent-up demand and gradually improving development economics. The non-residential sector is not yet seeing the same positives (Figure 8).

Figure 5: Dwelling consents have improved in the last year, and the composition has moved towards medium density over the last decade



Source: Stats NZ

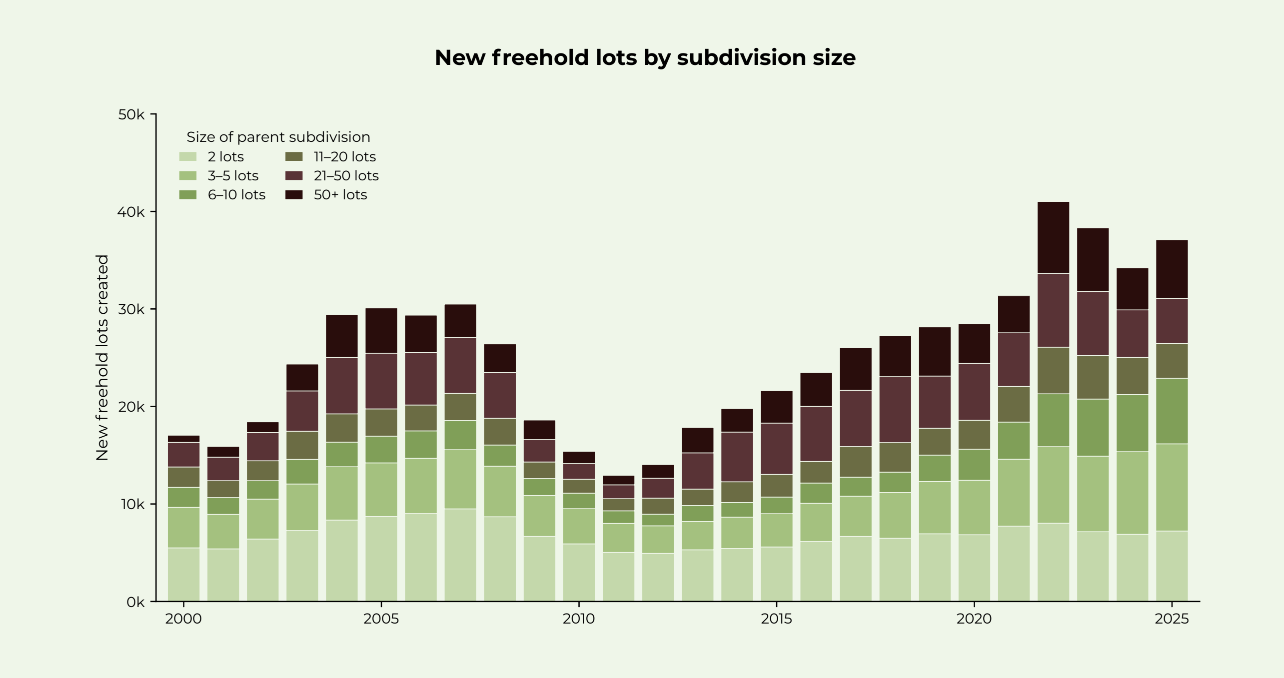
Figure 6: Otago, Canterbury and Auckland are leading the charge in housing supply



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Canterbury	5	4	6	8	11	12	11	9	8	8	9	10	13	12	10	9	12
Otago	5	4	4	5	6	6	7	9	9	9	9	8	10	9	8	10	11
Auckland	2	2	3	3	4	5	6	6	7	8	8	11	13	11	8	8	9
Nelson	6	4	5	6	5	3	3	5	4	7	5	4	5	5	4	4	6
Waikato	5	4	4	5	6	6	7	8	7	8	8	9	10	8	6	5	6
Tasman	5	6	5	6	5	6	7	7	8	7	8	11	10	10	4	5	5
West Coast	5	5	5	5	4	3	3	3	3	4	4	4	8	7	6	6	5
Bay of Plenty	3	3	3	4	4	5	8	8	7	6	6	7	7	5	5	4	5
Marlborough	6	4	4	4	4	4	4	6	7	5	5	5	5	6	5	4	4
Southland	3	3	2	3	2	2	2	2	3	3	4	4	5	4	4	3	4
Gisborne	2	3	4	2	2	1	2	1	2	2	2	2	4	3	4	3	4
Manawatu-Whanganui	3	2	2	2	2	2	3	4	4	5	5	6	6	5	4	4	4
Hawke's Bay	5	3	3	2	2	2	2	3	4	4	5	6	6	5	4	4	4
Wellington	3	3	2	3	3	3	3	4	5	5	6	6	7	6	4	3	4
Northland	5	4	4	4	4	4	6	7	7	6	5	6	8	7	5	4	4
Taranaki	5	4	3	3	4	4	4	5	4	4	5	6	6	4	3	4	3

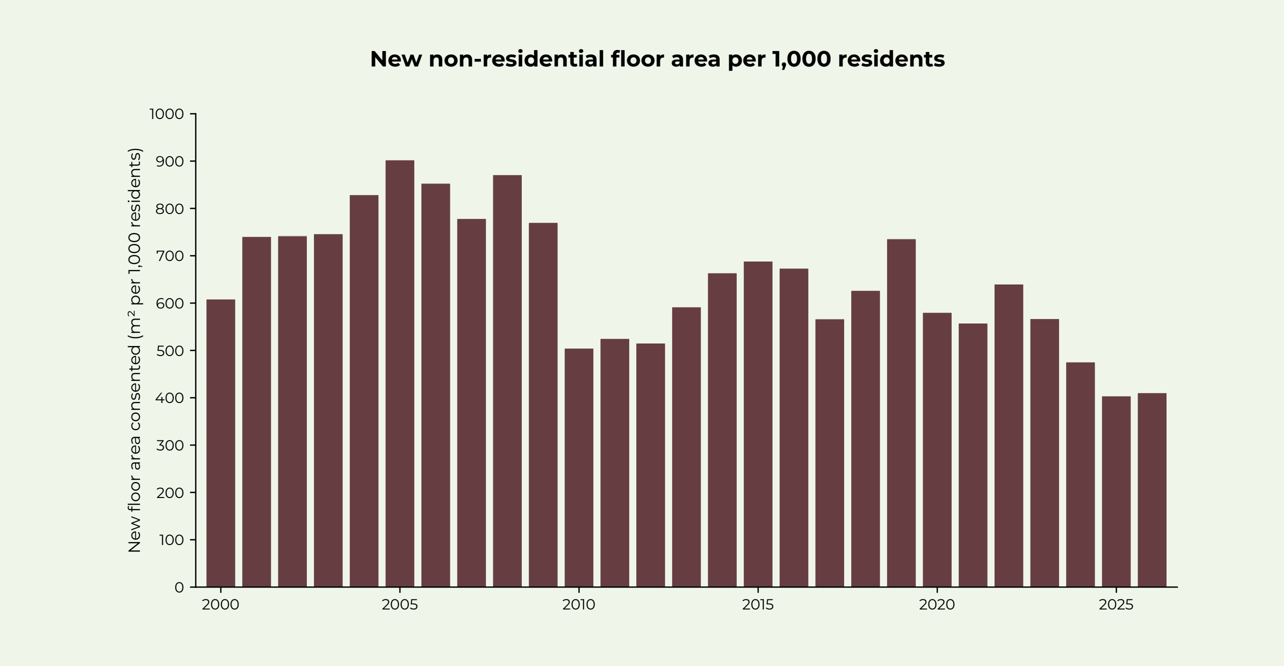
Source: Stats NZ

Figure 7: There has been a large volume of subdivisions in the last 4 years, meaning there is a large pipeline of development-ready land



Source: LINZ

Figure 8: Non-residential consents have not yet started recovering



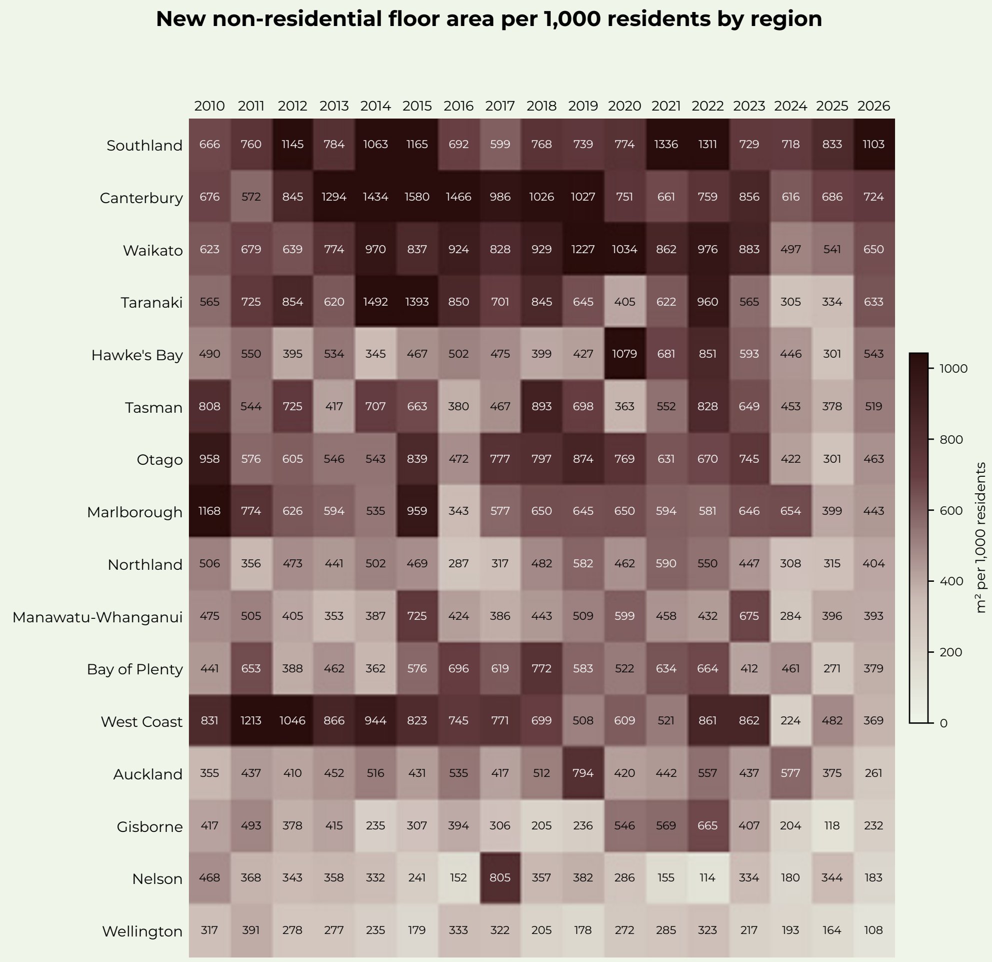
Source: Stats NZ

The non-residential sector tends to experience longer lags to the economic cycle because projects are often larger and more complex and take some time to deliver. However, there are bright spots here too, mainly in regions (Figure 9) and sectors (Figure 10) most exposed to farming, which is enjoying strong profitability due to favourable prices and growing conditions.

Similarly for the infrastructure sector, the previous year has been hit by stop-start activity on various projects, leading to reduced activity and also loss of specialist capacity in some professions. However, there is a strong pipeline of planned activity, although funding in future years is not yet secured (Figure 11). There is encouraging progress in developing cross-party support for a more stable infrastructure plan, which is still emerging and not yet fully in place.

The sector is a literal nation builder. With a well-known shortfall of housing and infrastructure, there is a clear need for sustained building activity in coming years. The timing of this is affected by cyclical factors, including confidence, interest rates, policy decisions and sector capacity and capability to do it in a productive and efficient way.

Figure 9: Provincial economies are recovering

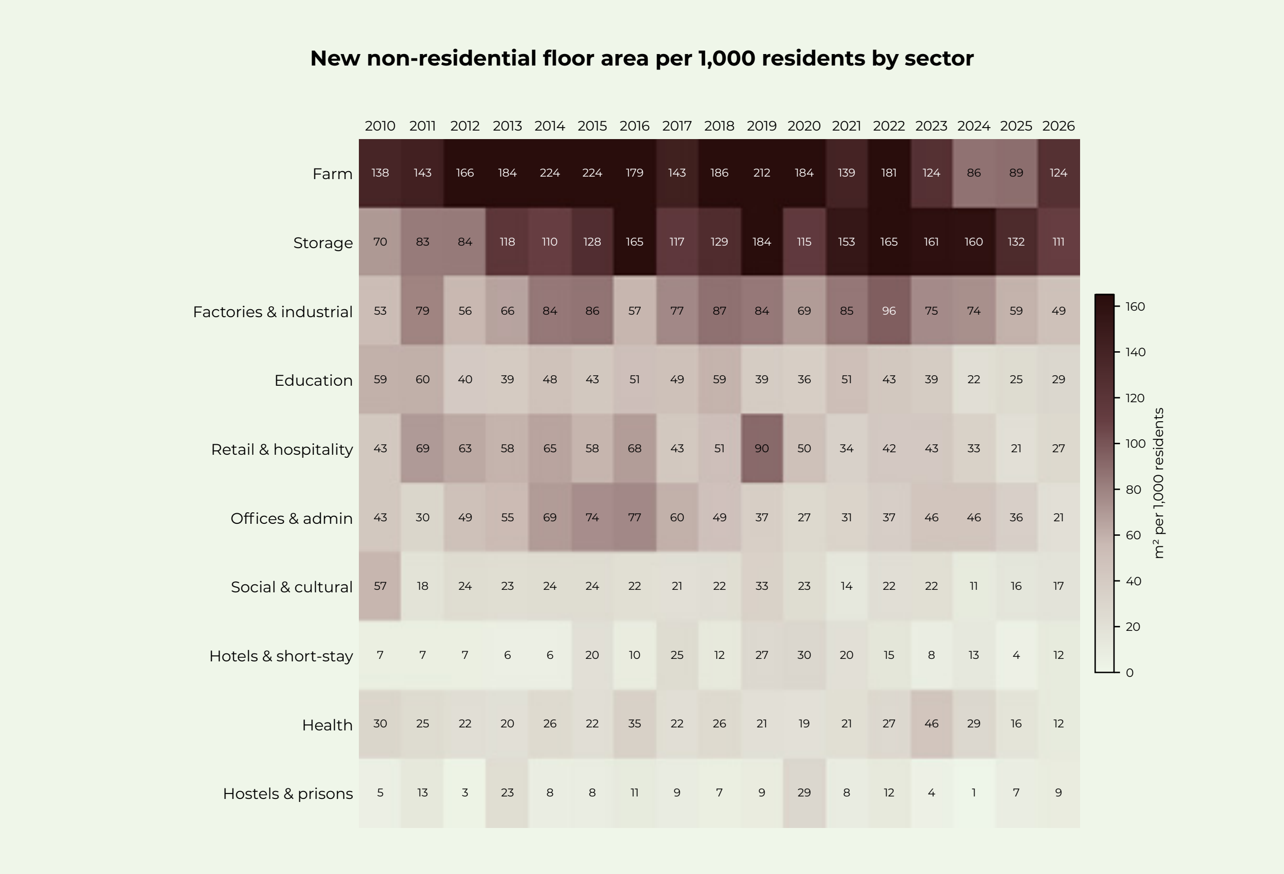


New non-residential floor area per 1,000 residents by region

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Southland	666	760	1145	784	1063	1165	692	599	768	739	774	1336	1311	729	718	833	1103
Canterbury	676	572	845	1294	1434	1580	1466	986	1026	1027	751	661	759	856	616	686	724
Waikato	623	679	639	774	970	837	924	828	929	1227	1034	862	976	883	497	541	650
Taranaki	565	725	854	620	1492	1393	850	701	845	645	405	622	960	565	305	334	633
Hawke's Bay	490	550	395	534	345	467	502	475	399	427	1079	681	851	593	446	301	543
Tasman	808	544	725	417	707	663	380	467	893	698	363	552	828	649	453	378	519
Otago	958	576	605	546	543	839	472	777	797	874	769	631	670	745	422	301	463
Marlborough	1168	774	626	594	535	959	343	577	650	645	650	594	581	646	654	399	443
Northland	506	356	473	441	502	469	287	317	482	582	462	590	550	447	308	315	404
Manawatu-Whanganui	475	505	405	353	387	725	424	386	443	509	599	458	432	675	284	396	393
Bay of Plenty	441	653	388	462	362	576	696	619	772	583	522	634	664	412	461	271	379
West Coast	831	1213	1046	866	944	823	745	771	699	508	609	521	861	862	224	482	369
Auckland	355	437	410	452	516	431	535	417	512	794	420	442	557	437	577	375	261
Gisborne	417	493	378	415	235	307	394	306	205	236	546	569	665	407	204	118	232
Nelson	468	368	343	358	332	241	152	805	357	382	286	155	114	334	180	344	183
Wellington	317	391	278	277	235	179	333	322	205	178	272	285	323	217	193	164	108

Source: Stats NZ

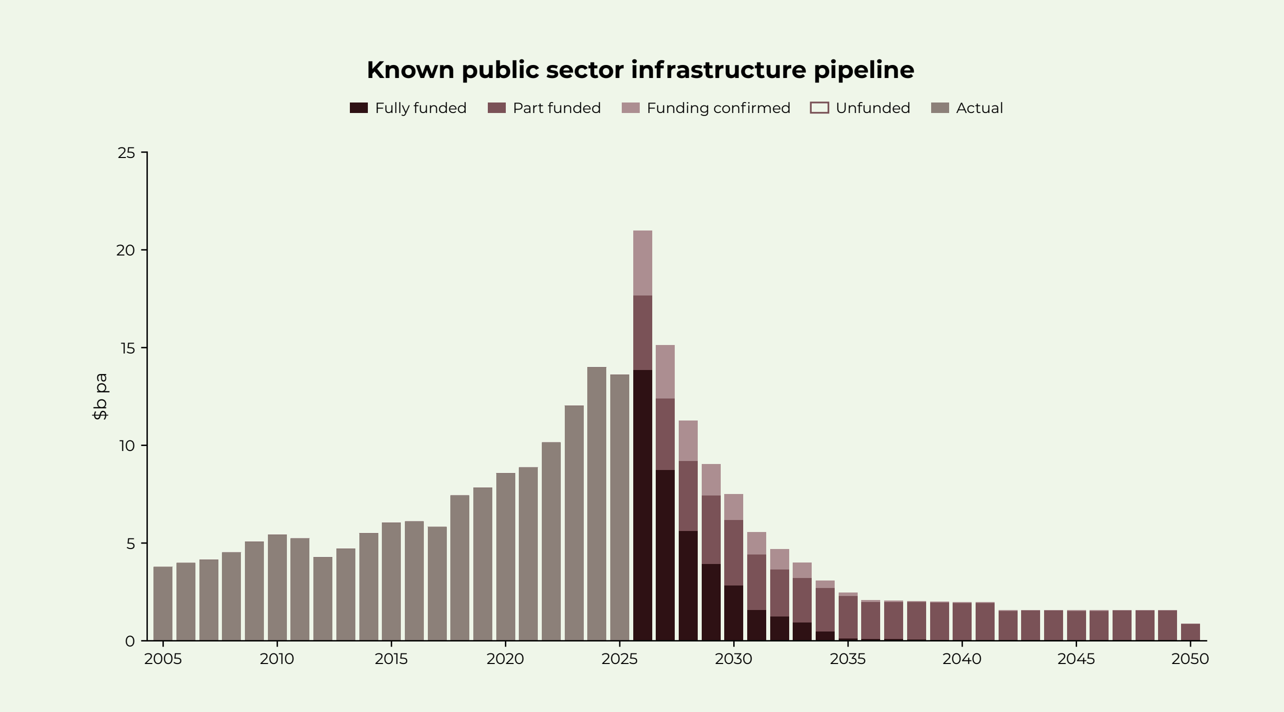
Figure 10: Farming and storage are recovering



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Farm	138	143	166	184	224	224	179	143	186	212	184	139	181	124	86	89	124
Storage	70	83	84	118	110	128	165	117	129	184	115	153	165	161	160	132	111
Factories & industrial	53	79	56	66	84	86	57	77	87	84	69	85	96	75	74	59	49
Education	59	60	40	39	48	43	51	49	59	39	36	51	43	39	22	25	29
Retail & hospitality	43	69	63	58	65	58	68	43	51	90	50	34	42	43	33	21	27
Offices & admin	43	30	49	55	69	74	77	60	49	37	27	31	37	46	46	36	21
Social & cultural	57	18	24	23	24	24	22	21	22	33	23	14	22	22	11	16	17
Hotels & short-stay	7	7	7	6	6	20	10	25	12	27	30	20	15	8	13	4	12
Health	30	25	22	20	26	22	35	22	26	21	19	21	27	46	29	16	12
Hostels & prisons	5	13	3	23	8	8	11	9	7	9	29	8	12	4	1	7	9

Source: Stats NZ

Figure 11: There is a large pipeline of planned infrastructure works, but it is not yet funded beyond the immediate future



Source: Te Waihanga | New Zealand Infrastructure Commission

2

PEOPLE IN THE CONSTRUCTION SECTOR

The construction sector employs nearly 300,000 people directly. This is down from a peak of 310,000 people in 2023. The slowdown in the economy and the construction sector has led to job losses. However, the extent of job losses has been moderate compared to past cycles (Figure 12).

The sector also supports a wide range of industries and another 250,000 jobs.

Around 100,000 of these jobs are in industries that are highly reliant on construction such as architecture, engineering, fabricated metals manufacturing, wood products, electronic and electrical equipment, and quarrying. Their fortunes are closely linked to the construction sector. Less reliant industries such as legal, accounting and banking also benefit from construction but have a more diversified mix of customers.

Figure 12: Construction employment has fallen in the last 2 years due to a cyclical slowdown in construction activity

Source: Stats NZ

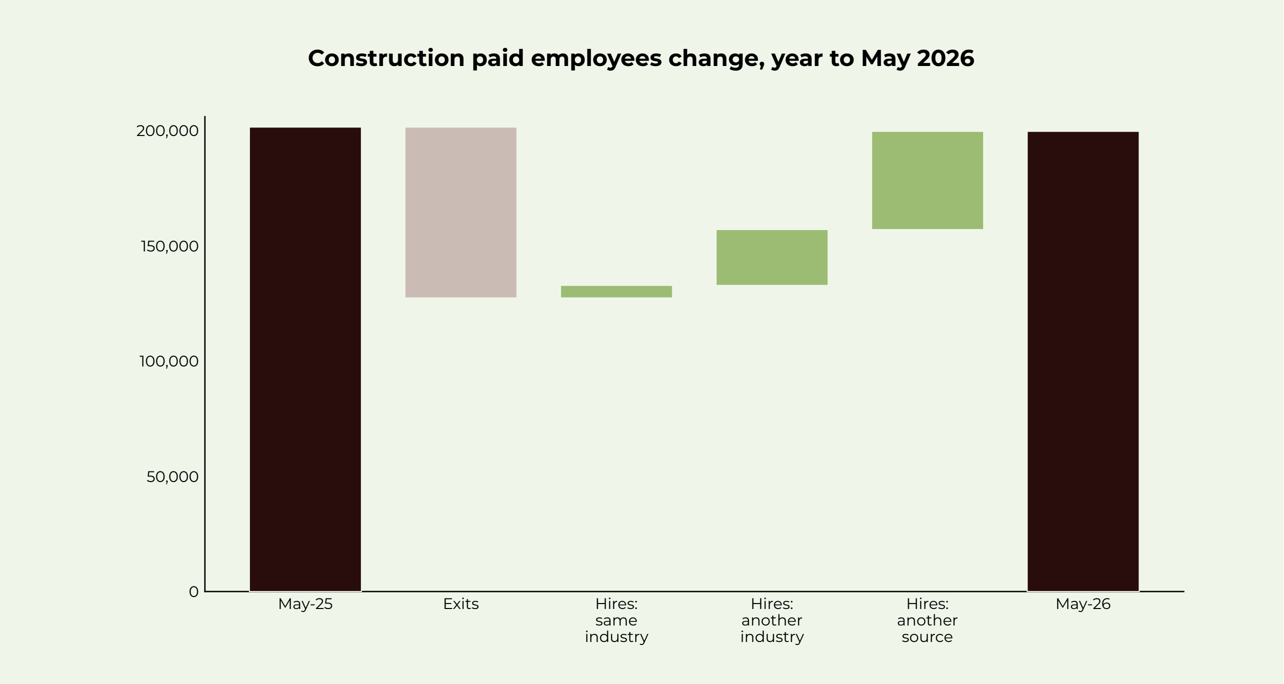
While overall jobs have eased in recent years, this has not meant reduced demand for recruitment. This is because labour turnover is very high in the sector and most recruitment is to replace exits.

Retention rates are very low in the construction sector, and improving them could be one of the most important business strategies available. Nearly 80% of employees have left for another job, often in another industry, within 2 years. Those who start a new job are very likely to come from another industry. This very high rate of turnover means that training is a critical part of recruitment, including training the trainers. A more holistic approach to upskilling, from technical to managerial skills, is a critical success factor internationally.

Figure 13 shows the movement of paid employees over the year to May 2026. Over the last year, nearly 75,000 workers left, both voluntarily and involuntarily. The ending level of employment was much the same, meaning those exits were filled again. This recruitment is time-consuming, both at the point of hiring and in terms of training and integration into the organisation's systems, processes and culture. Retention remains a key issue for the sector to prioritise.

In an industry with significant 'new' entrants, training is a critical need. However, the benefits of training aren't well quantified.

Figure 13: Hiring in the construction industry is dominated by the need to fill exits rather than the economic cycle



Source: Stats NZ

GETTING THE MOST OUT OF TRAINING

With campaigning in the 2026 General Election well underway, policies are on the table looking to boost apprenticeships and trades training. There is finally a broad political consensus that trade and vocational training is better suited to many people and can create good long-term outcomes for students and businesses.

The literature and evidence on the benefits of trades training to students is strong. There is a clear lift in incomes, especially for trades that have a strong qualification ladder and licensing requirements.

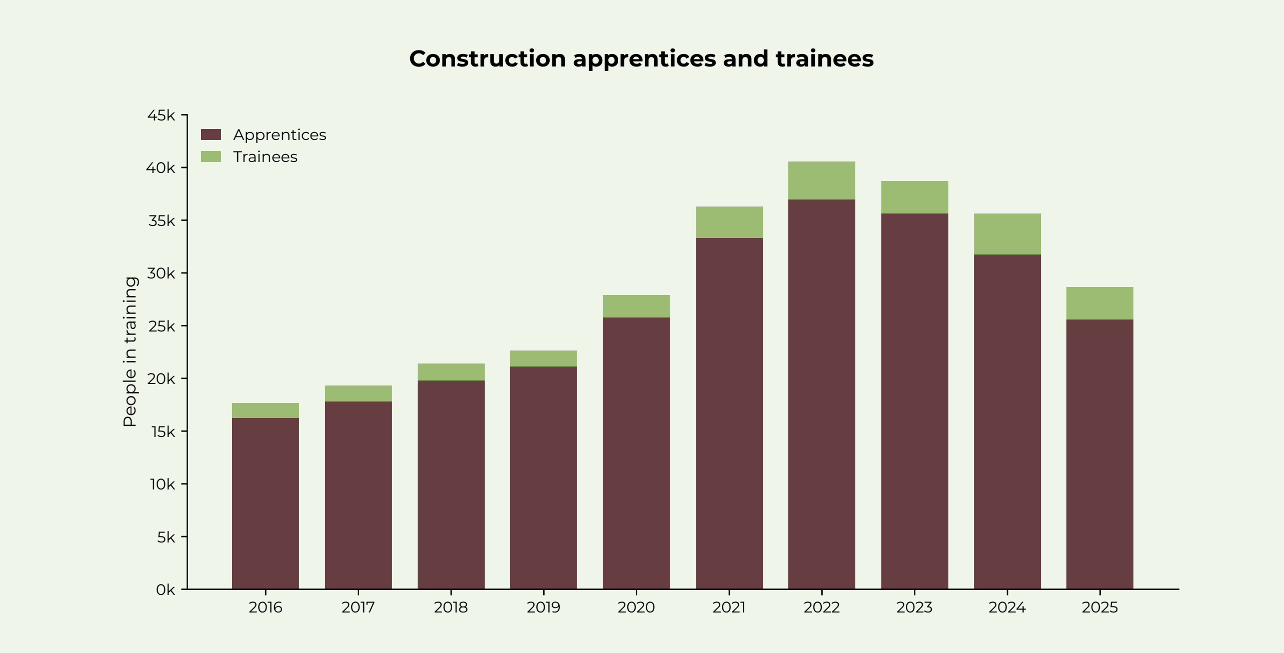
However, the evidence on the impact on businesses is less clear. The data is patchy and the link is not always obvious. International evidence suggests the better question is not whether training people benefits the business but what businesses can do to capture those long-term shared benefits.

Trainee numbers down

The sector's biggest constraint when the recovery comes will be trained people. But the pipeline of future trained workers has fallen alongside the economy as well as from unusually high rates in 2021–2023, when fees-free training and COVID-related border closures increased the need for locally trained workers. Worse, those who start are less likely to complete their qualification – 5 year completion rates have dropped from around 58% for the 2019 intake to around 43% today and dropout rates have risen for the cohorts who began between 2020 and 2022.

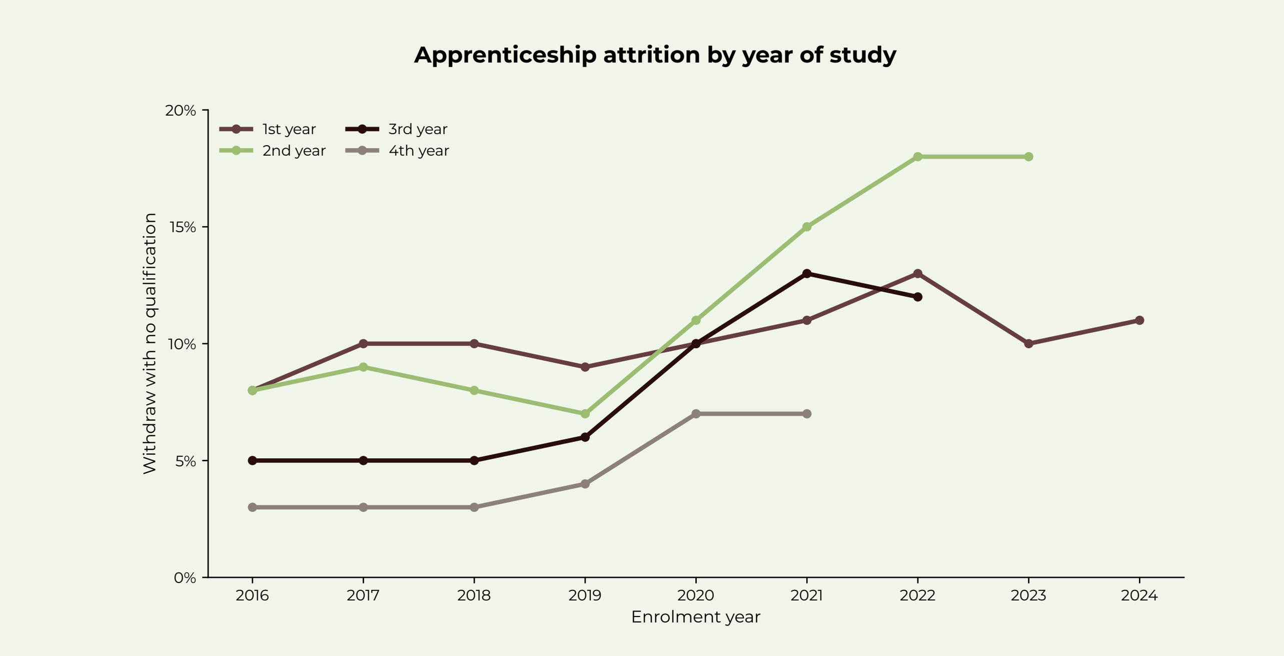
We now have a smaller base of workers, with many lost to Australia. The training pipeline has shrunk (Figure 14), and rising dropout rates mean labour shortages are likely to be significant when the recovery arrives (Figure 15).

Figure 14: Declining entries into education will mean labour shortages as the recovery takes hold



Source: Education Counts

Figure 15: Apprentices are dropping out at higher rates



Source: Education Counts

TRAINING PAYS THE WORKER

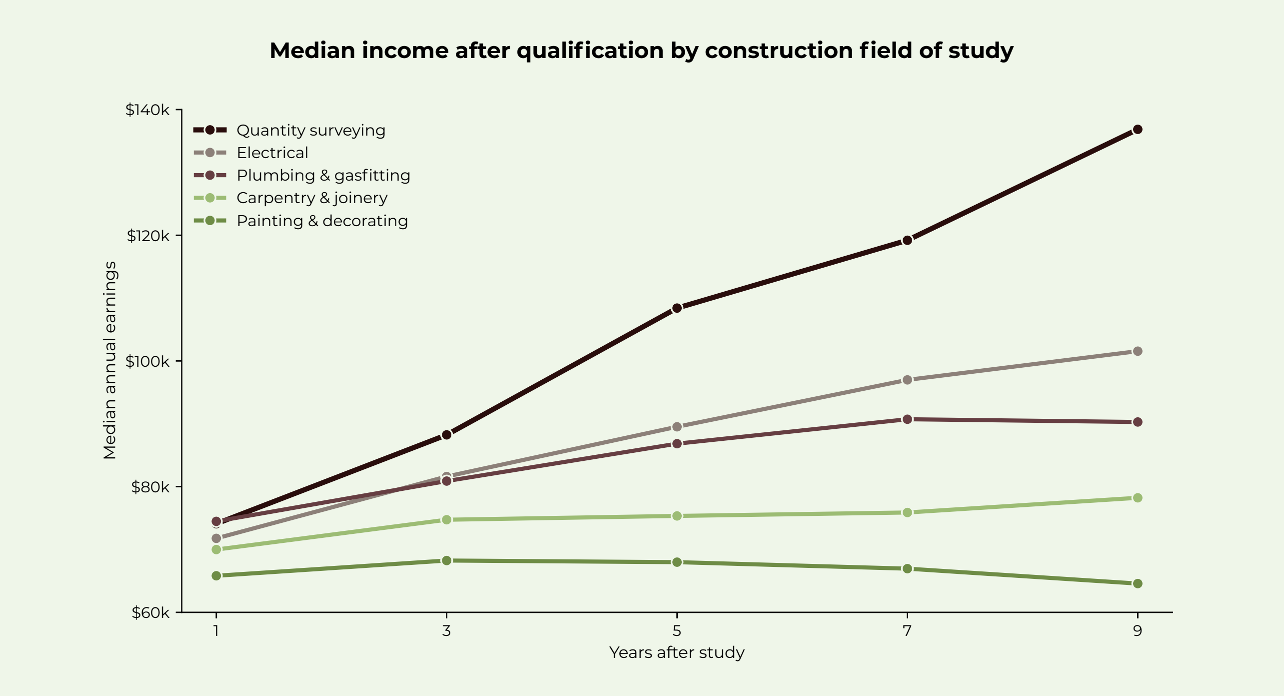
For trainees, the return on a trades qualification is real, and it grows with the level. Completing an industry-training qualification raises earnings growth by 3% at Level 2, 5% at Level 3 and 7% at Level 4. But this gain is only realised when the training is completed.

Within this, the licensed trades stand out (Figure 16). Electricians start at around $84,000 and approach $100,000 by their 9th year after qualifying. Plumbers run from around $79,000 to $94,000. Carpenters start at around $73,000 and progress gradually.

These figures do not account for potential pathways into business ownership. While that route is not for every worker, it is a significant pathway for many in the industry.

Apprenticeships also give a head start that degrees do not. Trade apprentices earn throughout training and avoid student debt, and at age 28, they hold a large cumulative-earnings lead over graduates.

Figure 16: Apprenticeships pay best early, degrees overtake later



Source: Education Counts, Tertiary Education Commission

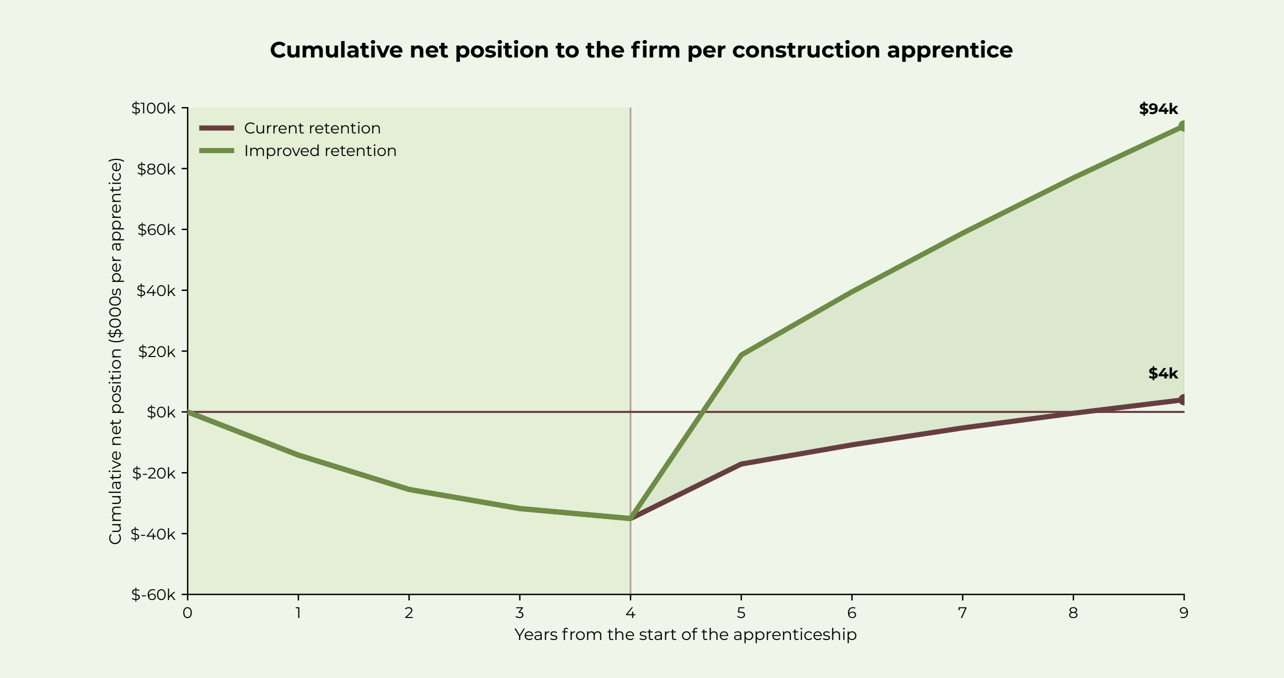
RETENTION IS THE CRITICAL BUSINESS LEVER

For firms, the maths is harder. An apprentice is an investment with a long payback. In the early years, apprentices cost more than they produce. Their pay sits above their output, and they require supervision and mentoring from skilled staff.

The international evidence describes a J-curve. Firms carry a net cost during training, then recoup it through higher productivity, saved recruitment and the output of a skilled worker they have kept.

We modelled this for a New Zealand carpentry apprentice. Figure 17 is illustrative but consistent with the data we can observe and the local literature. On a conservative firm-accounting basis, the investment runs to around $35,000 by the end of training.

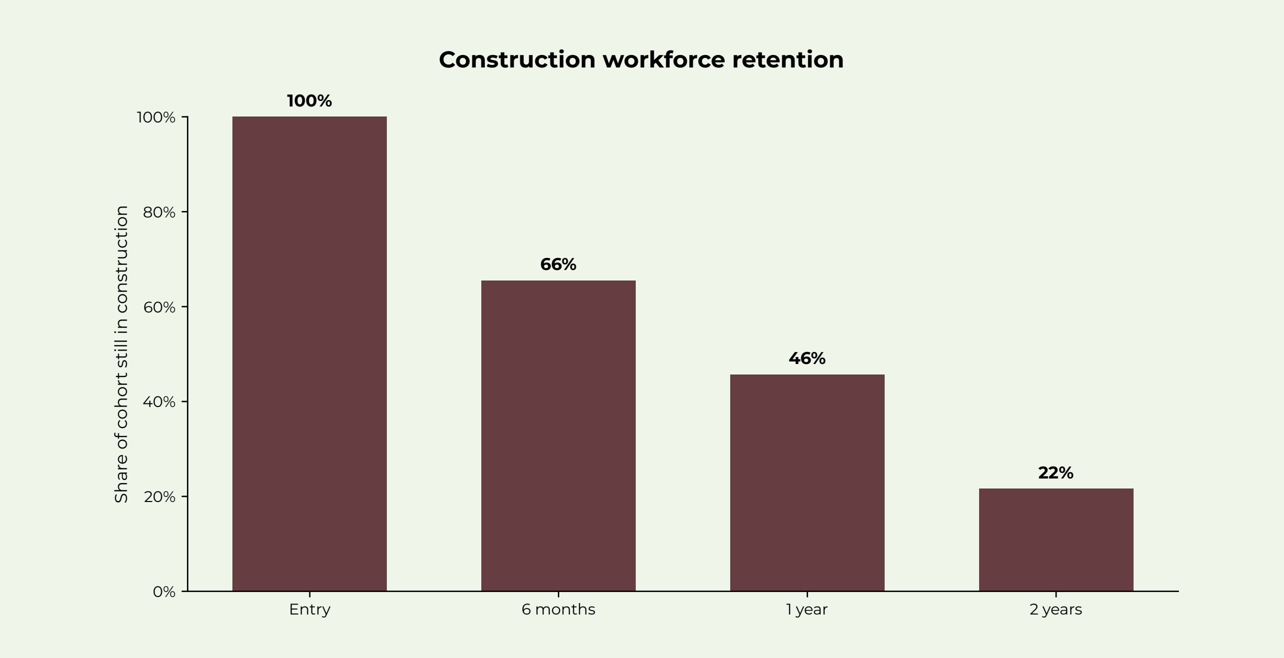
Figure 17: Cumulative net position to the firm per apprentice, by retention



Source: Modelled estimates from Education Counts, Scarlatti/ConCOVE-BCITO

Payback depends almost entirely on retention. If firms keep workers and improve everyday training practice, the position turns clearly positive within a few years. If they lose workers at the rate the sector currently does, the investment barely breaks even. This is a critical issue for construction, where employee retention falls sharply within 1–2 years (Figure 18).

Figure 18: Most new entrants are gone within 2 years



Source: ConCOVE

LESSONS FROM OVERSEAS

Countries where apprenticeships provide strong returns to employers get there because those systems have been carefully built over the years. Switzerland's firms typically find apprenticeships profitable by the time training ends. Two levers explain most of it. Swiss apprentices spend around 83% of their workplace time on productive tasks compared to around 57% in Germany. Their pay relative to a skilled wage is also lower. German firms, which pay more and deploy apprentices less productively, run a net cost during training and rely on retention afterwards to pay it back.

Both levers are within the control of New Zealand firms. Put apprentices on real, chargeable work as soon as they are ready rather than parking them on low-value tasks. Build a deliberate ramp so they become useful faster. Keep apprentice pay disciplined against the skilled wage. Make retention offers to those worth keeping. None of this requires policy change. It is the difference between treating training as a running cost and treating it as an investment that delivers returns.

Policy can help at the margins. Better data would let firms see the return clearly. New Zealand has no high-quality study of the net cost and benefit of training to the employer.

The core of this is in the sector's hands. The firms that treat apprentices as productive early and that hold on to the people they train will have the skilled crews ready when the work returns.

3

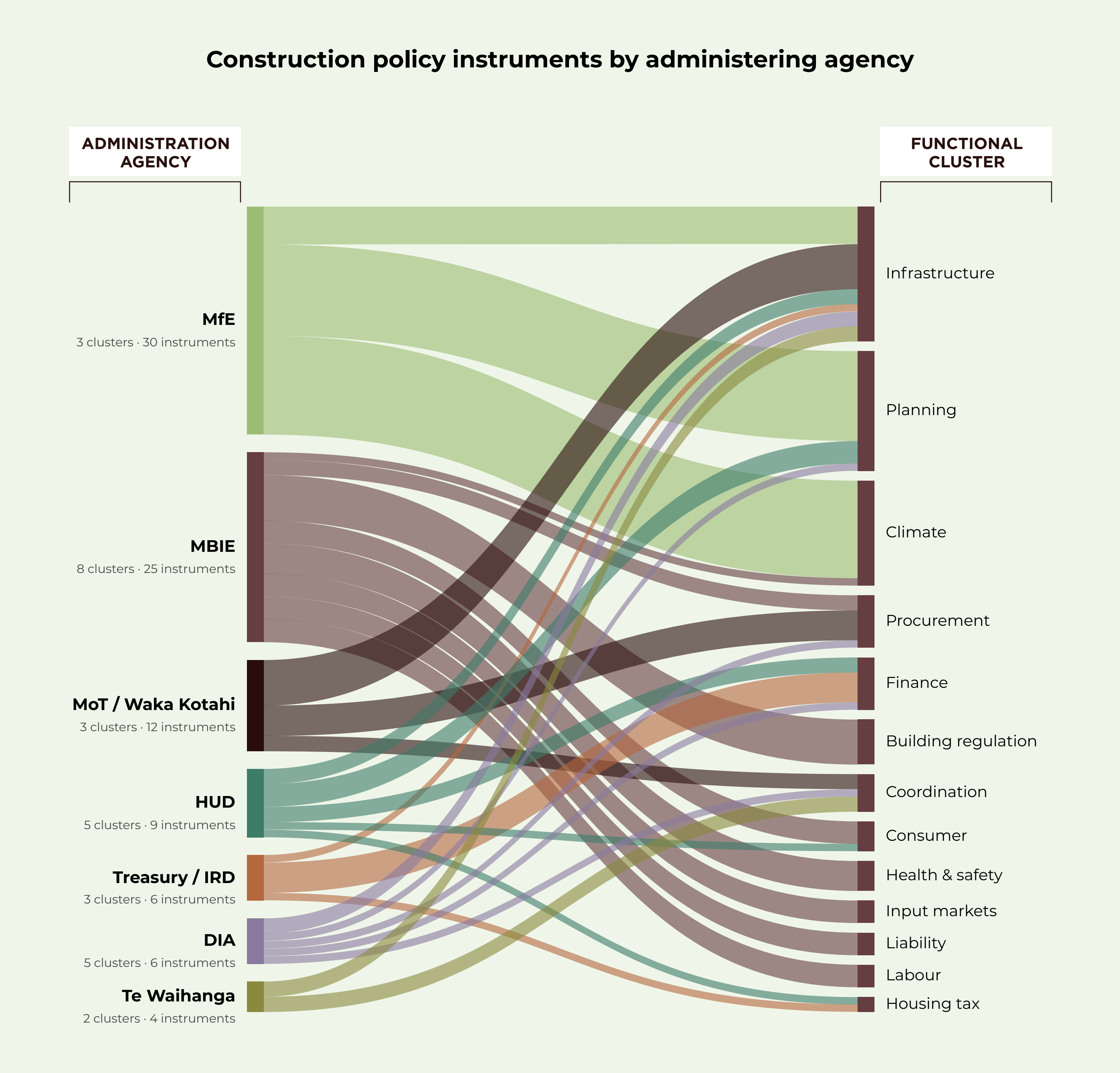
POLICY CERTAINTY AND THE ROLE OF BUSINESS

Last year, this report argued that productivity is the central challenge for the sector and identified strategies businesses can use to address it. Productivity also depends on the rules firms build under and on whether those rules hold together. This year, we looked at the policy system the construction sector operates within and asked do the policies affecting the sector add up to something coherent, and who reconciles them when they do not?

The choice is not regulation versus deregulation. It is coherent, stable regulation versus the fragmented, reversing patchwork we have now.

We built a register of every instrument that materially affects construction firms (Figure 19) and found 98 – Acts, regulations, building codes, national policy statements and economic settings such as tax and prudential rules. These sit across 13 functional clusters and seven agencies. MBIE alone touches eight of the 13 clusters. From 1 July 2026, the new MCERT consolidates several demand-side agencies but does not absorb building regulation, occupational licensing or Te Waihanga. No single agency owns the outcome, and no standing process reconciles the parts.

Figure 19: A fragmented system: seven agencies, thirteen clusters, 98 instruments



The breadth is real for firms on the ground. One recent Auckland project had to navigate Plan Change 120, Plan Change 78, the Unitary Plan and earlier rules at the same time. It was legally risky enough that it had to be lodged by King’s Counsel. As one senior architect put it to us:

> *“I don’t mind disruption, but from a government, I would expect we’re going here and these are the steps ... Common sense can’t come in anywhere. If you don’t have the right paperwork, it doesn’t comply. So I think the industry’s gone a little bit mad.”*

THE EXPENSE IS IN THE GAPS BETWEEN THE RULES

It is tempting to read all of this as a case for less regulation. If the system is this tangled, surely the answer is to cut it back. That instinct is understandable and in places it is right, but it mistakes the problem.

There are three different things people mean when they talk about regulation. One is how much of it there is. Another is whether the rules fit together. The third is how often they change. Our productivity problem sits in the second and the third, not only the first. Firms are not sunk by the number of rules so much as by rules pulling in opposite directions and by the ground moving under them every electoral cycle. Cutting rules at random does nothing about the gaps between the rules that remain. It can make the churn worse.

We have run the deregulation experiment already. The 1991 Building Act stripped back oversight, moved to performance-based rules and let the industry certify much of its own work. It was light-touch regulation of exactly the kind now being called for. It gave us the leaky building crisis, a repair bill running into the billions and subsequent fear that still adds cost and time to every consent today. Absence of regulation is not a neutral state. It is a choice with its own price, and we are still paying it.

So the real choice is about the quality of regulation. Can we make it coherent, predictable and accountable for the whole? That is harder to build than a bonfire of rules. It is also the only version that lifts productivity.

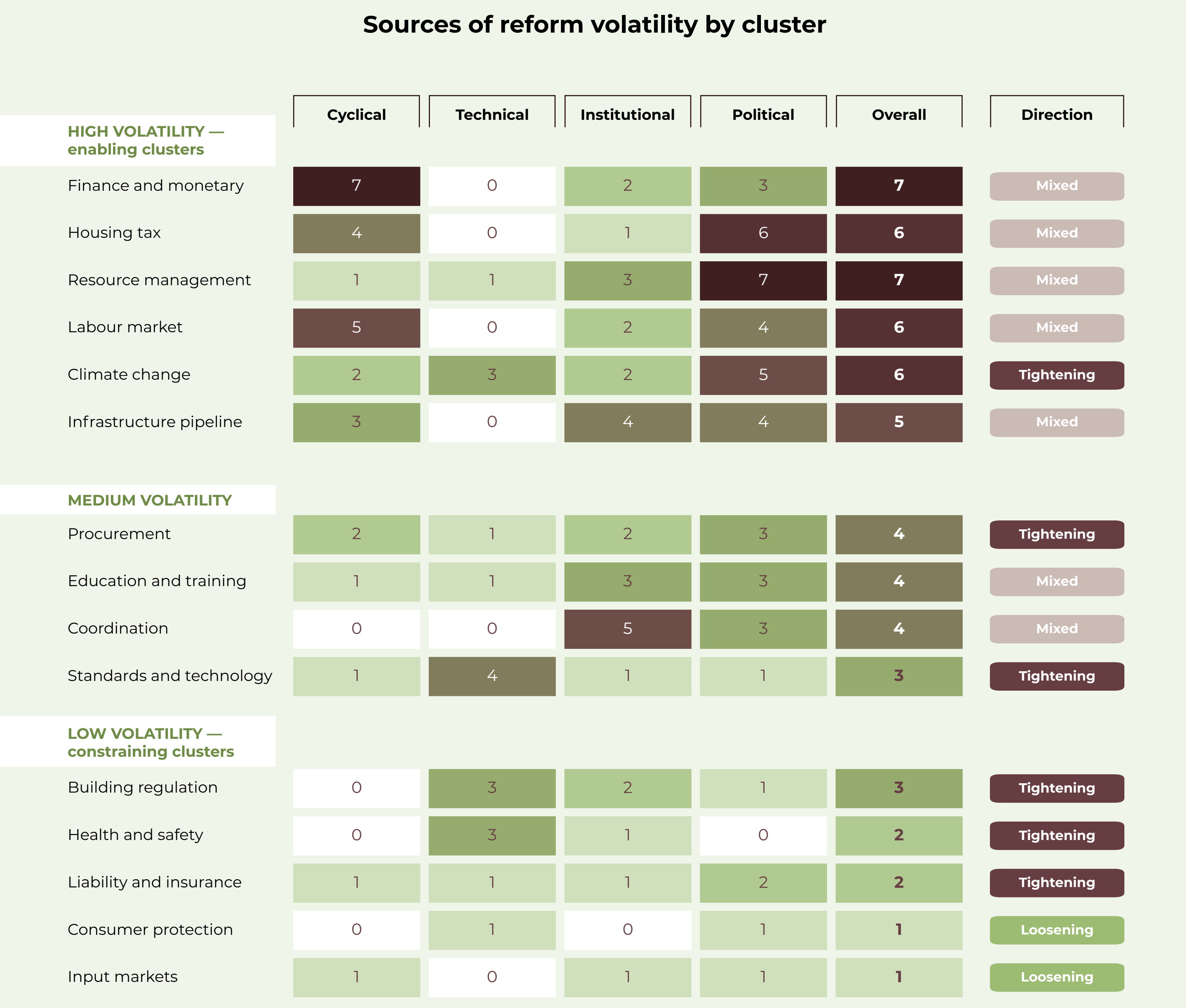
Volatility sits where the system sets demand

We rated each cluster by how much it changed between 2017 and 2025 and what drove that change (Figure 20). The clusters that allocate resources and set demand are the most volatile. Finance, housing tax and resource management top the list. The clusters that constrain firms, such as building regulation, health and safety, and liability, have been broadly stable, although some, including health and safety, are now undergoing significant change.

Some of that volatility firms can plan around. Interest rates and credit conditions move with the cycle. The damaging kind is political. Housing tax, resource management and labour rules all scored high, and the change was driven by election-cycle reversal. The bright-line test moved from 10 years to 2 years within a single cycle. Interest deductibility was removed and then restored. The Medium Density Residential Standards were introduced and then rolled back.

Each reversal affects firms that have already hired, trained and committed capital. This means that policy volatility has a significant impact on how businesses make decisions for the long term, which affects long-term workforce planning, training and investment in new capital and technology. These are all critical aspects of improving productivity.

Figure 20: Reform volatility concentrates where the system sets demand, 2017–2025



Sources of reform volatility by cluster

	Cyclical	Technical	Institutional	Political	Overall	Direction
HIGH VOLATILITY — enabling clusters						
Finance and monetary	7	0	2	3	**7**	Mixed
Housing tax	4	0	1	6	**6**	Mixed
Resource management	1	1	3	7	**7**	Mixed
Labour market	5	0	2	4	**6**	Mixed
Climate change	2	3	2	5	**6**	Tightening
Infrastructure pipeline	3	0	4	4	**5**	Mixed
MEDIUM VOLATILITY						
Procurement	2	1	2	3	**4**	Tightening
Education and training	1	1	3	3	**4**	Mixed
Coordination	0	0	5	3	**4**	Mixed
Standards and technology	1	4	1	1	**3**	Tightening
LOW VOLATILITY — constraining clusters						
Building regulation	0	3	2	1	**3**	Tightening
Health and safety	0	3	1	0	**2**	Tightening
Liability and insurance	1	1	1	2	**2**	Tightening
Consumer protection	0	1	0	1	**1**	Loosening
Input markets	1	0	1	1	**1**	Loosening

BUSINESS AT THE TABLE?

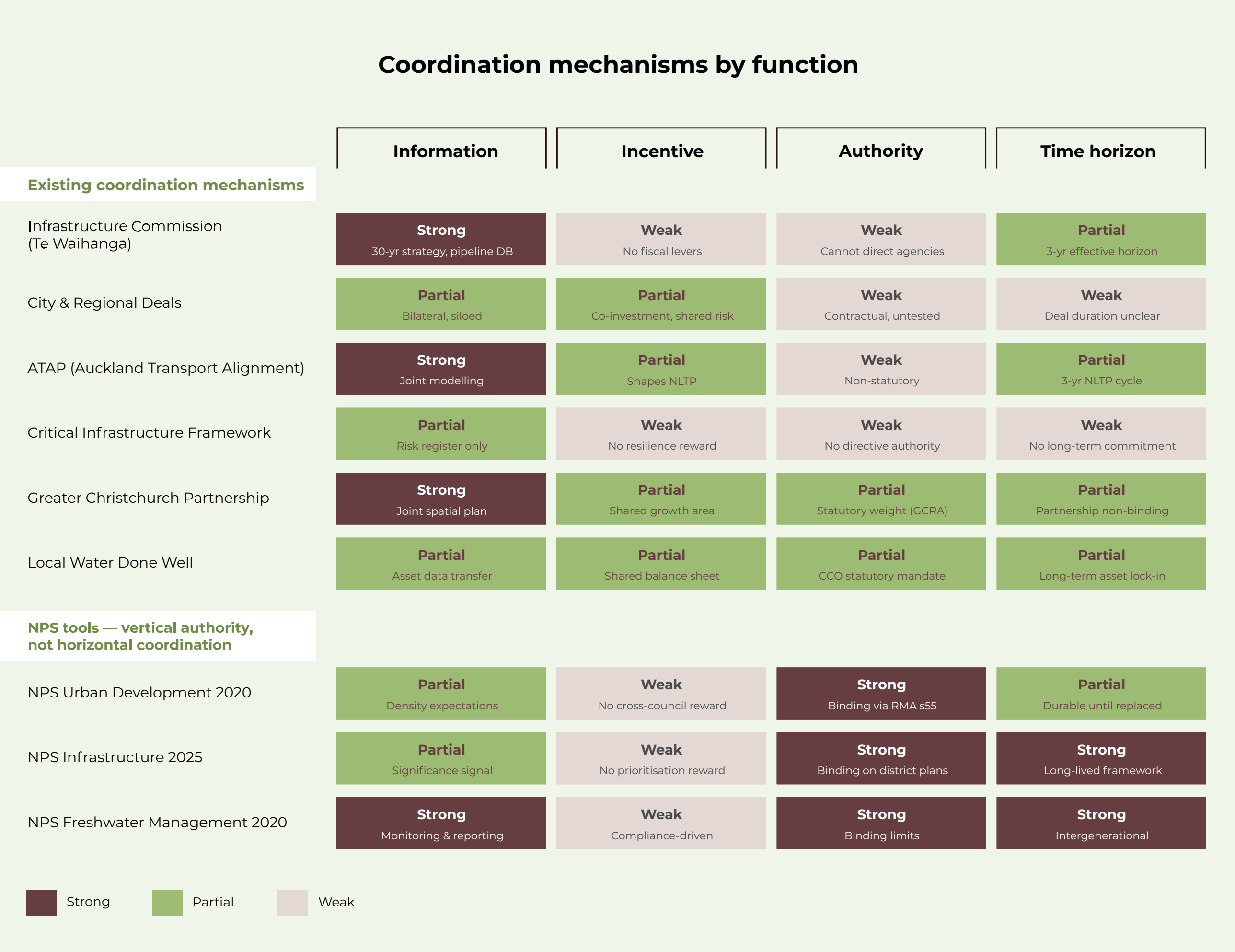
There is no standing mechanism to oversee the system the sector experiences. We found 10 coordination mechanisms and rated them on the four things any coordination needs: shared information, aligned incentives, authority to direct and a credible time horizon (Figure 21). Most share information, which is a strong base. However, very few align incentives. Almost none have the authority to make agencies deliver or to settle differences between them. This is the critical missing piece in any system that aims to keep improving: it needs a credible feedback loop.

The exceptions are national policy statements (NPSs), which councils must give effect to under the Resource Management Act. That authority runs vertically, from central government down to councils inside the planning system.

An NPS can require a council to zone for density. It cannot align the infrastructure funding, the labour pipeline or the procurement settings needed to actually build it. The horizontal, cross-cluster coordination is the part that is missing.

That leaves industry bodies as the main coordinators firms can rely on. The Construction Sector Accord is the closest thing to a coordinating body inside government but scores weak on authority and time horizon. Industry has filled the gap because no one else has. It cannot bind a Cabinet.

Figure 21: Few coordination mechanisms bind, and only vertically



Coordination mechanisms by function

	Information	Incentive	Authority	Time horizon
Existing coordination mechanisms				
Infrastructure Commission (Te Waihanga)	**Strong** 30-yr strategy, pipeline DB	**Weak** No fiscal levers	**Weak** Cannot direct agencies	**Partial** 3-yr effective horizon
City & Regional Deals	**Partial** Bilateral, siloed	**Partial** Co-investment, shared risk	**Weak** Contractual, untested	**Weak** Deal duration unclear
ATAP (Auckland Transport Alignment)	**Strong** Joint modelling	**Partial** Shapes NLTP	**Weak** Non-statutory	**Partial** 3-yr NLTP cycle
Critical Infrastructure Framework	**Partial** Risk register only	**Weak** No resilience reward	**Weak** No directive authority	**Weak** No long-term commitment
Greater Christchurch Partnership	**Strong** Joint spatial plan	**Partial** Shared growth area	**Partial** Statutory weight (GCRA)	**Partial** Partnership non-binding
Local Water Done Well	**Partial** Asset data transfer	**Partial** Shared balance sheet	**Partial** CCO statutory mandate	**Partial** Long-term asset lock-in
NPS tools — vertical authority, not horizontal coordination				
NPS Urban Development 2020	**Partial** Density expectations	**Weak** No cross-council reward	**Strong** Binding via RMA s55	**Partial** Durable until replaced
NPS Infrastructure 2025	**Partial** Significance signal	**Weak** No prioritisation reward	**Strong** Binding on district plans	**Strong** Long-lived framework
NPS Freshwater Management 2020	**Strong** Monitoring & reporting	**Weak** Compliance-driven	**Strong** Binding limits	**Strong** Intergenerational

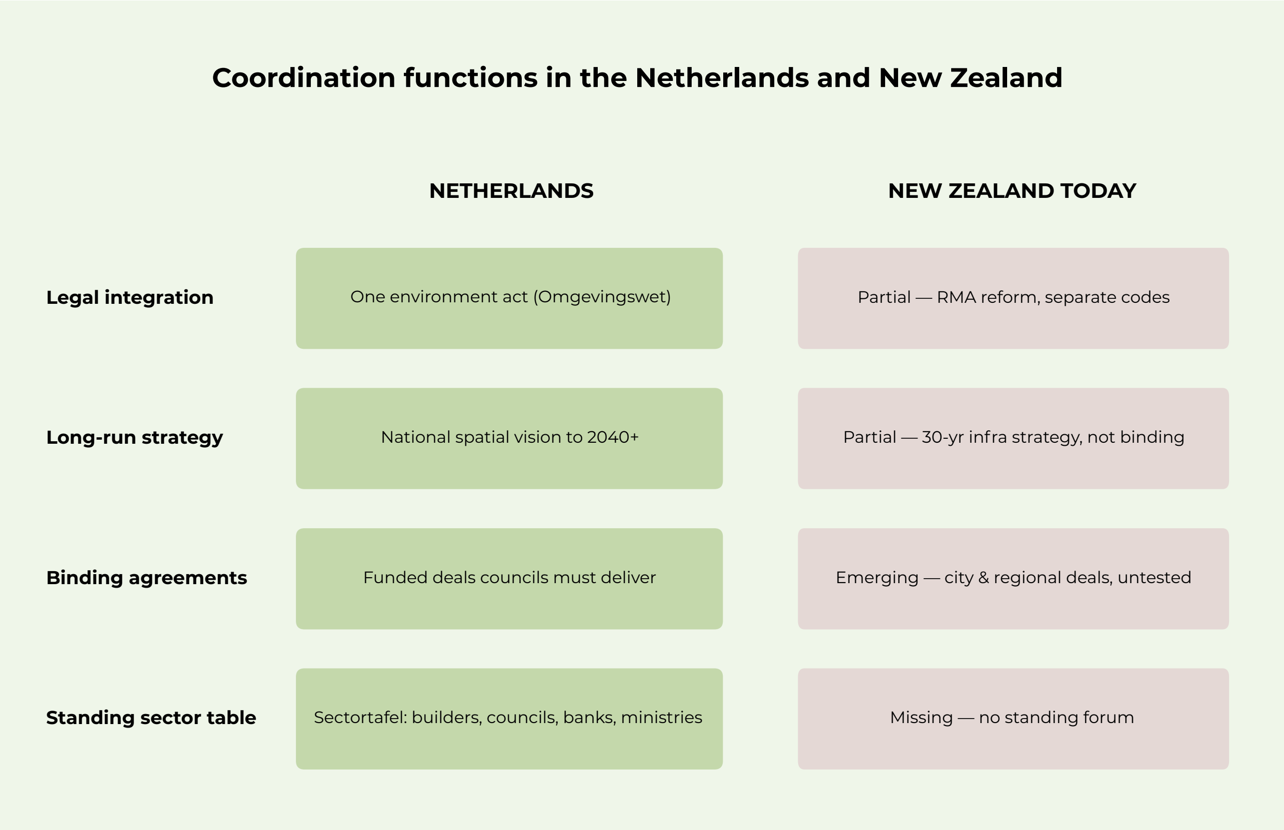
🟥 Strong 🟩 Partial ⬜ Weak

A WAY FORWARD

We know the shape of the problem, 13 clusters, seven agencies, 98 instruments and no one accountable for the whole. There is no single grand reform that sweeps it away. What works is a set of connected changes that put coordination back into a system that has lost it. A few are structural and will need a cross-party deal to hold. Others cost almost nothing and need only a decision to be open about where the system pulls against itself. What follows is what each part of the system can do, starting with the cheapest.

Other countries reconcile this better. The Netherlands runs one environment Act, a long-run spatial strategy, binding agreements that councils must deliver and a standing sector table where builders, councils, banks and ministries sit together (Figure 22). New Zealand has partial versions of each, but they do not connect.

Figure 22: We don't have to follow the Netherlands, but it can inspire us



Coordination functions in the Netherlands and New Zealand

	NETHERLANDS	NEW ZEALAND TODAY
Legal integration	One environment act (Omgevingswet)	Partial — RMA reform, separate codes
Long-run strategy	National spatial vision to 2040+	Partial — 30-yr infra strategy, not binding
Binding agreements	Funded deals councils must deliver	Emerging — city & regional deals, untested
Standing sector table	Sectortafel: builders, councils, banks, ministries	Missing — no standing forum

Start by making the incoherence visible

The quickest win asks for no new law and no new agency. Have one body such as the Ministry for Regulation or Treasury publish a short system coherence report each year. It would identify where the rules work against each other, including the ones we already know about, tax against prudential settings, density against freshwater and immigration against settled and trained crews, and track what is being done to resolve them.

Ask each regulator to keep a public register of the conflicts its own instruments create with its neighbours. The Netherlands does a version of this inside one environment Act. We can get most of the benefit by being transparent, and transparency is what creates the pressure to act. Right now, the fragmentation is not anybody's responsibility.

Give authority within political limits

Te Waihanga could be given directive authority within envelopes both major parties sign up to. City and regional deals could be put on a statutory footing so they outlast the government that struck them.

There is a familiar model for this closer to home than Australia. We already run one part of the economy on a counter-cyclical mandate. The Reserve Bank has a clear job, the independence to do it and a lever it can pull without asking permission each time. It leans against the economy when it runs hot and supports it when it slows. We insulated that job from the electoral cycle on purpose because we decided monetary stability was too important to relitigate every 3 years.

Construction demand deserves the same treatment. Government is the sector's largest and most reliable client, through schools, hospitals, roads and social housing. Today, that spending amplifies the cycle. It supersizes booms, when the sector is already stretched and prices are high, and it dries up in downturns, when firms are shedding the very people we spent years training. A construction stabiliser would do the opposite.

Give a body such as Te Waihanga a mandate to bring public work forward when private activity falls, within a funding envelope both major parties have signed, and the timing runs in our favour. We would build when capacity is idle and cheap and ease off when it is scarce.

This does not require more spending overall. The same money, spent with the grain of the cycle rather than against it, would do it. The lever is different from the Reserve Bank's, and the constraints are real: public investment carries debt and trade-offs the official cash rate does not, and you cannot conjure a trained workforce back overnight. But a downturn is exactly when that workforce is there and looking for work. That is the moment to use it.

Government is also the sector's biggest customer, and it buys as if it were not. Public procurement could carry weight for the things we say we want – demonstrated productivity, trained apprentices, a real safety record and for timing that leans against the cycle rather than with it. We set the terms for tens of billions of dollars of building each year. We could use them.

Fix the liability system properly

The most concrete place to start is liability reform, and it is already in progress. The shift from joint-and-several liability to proportionate liability is much needed. Under the current rules, councils are the last party left standing when something goes wrong, so they inspect defensively and gold-plate to protect themselves. Sharing liability in proportion to fault takes some of that fear out of the system.

The reform only pays off if it is built out properly, and we have gaps. Proportionate liability means each party carries its own share. That is only meaningful if each party can insure that share, and New Zealand does not yet have an affordable market for building defect and professional indemnity cover nor a mandatory warranty scheme for new homes. Without that backstop, a homeowner left to recover a proportionate share from a builder who has since gone under is left with very little. Our own data shows how often builders do go under. So the insurance piece cannot be left to sort out later. It is the thing that makes the reform safe to land, and it should be sequenced alongside the change, drawing on schemes that already work overseas such as the United Kingdom's building warranties.

There is a second gap. If relieving councils of liability pushes more compliance work to private certifiers, we should remember that private certification is close to what we had when the leaky building crisis happened. Competition among certifiers only improves things if the certifiers themselves are accredited, liable and insured for their work. Otherwise we rebuild the same problem with a different logo on it. None of this argues for delay. It argues for building the reform out once and building it well, with insurers, industry and government designing the transition together rather than the sector having it done to it.

Industry has to fix its own fragmentation

It is fair to ask government to coordinate itself, because the industry speaks with a dozen voices. The strongest thing the sector could do is agree on the handful of policy incoherences it all cares about most and put them to government as one submission rather than 12.

For example, NZCBIA is well placed to convene a standing table where builders, suppliers, councils, banks and ministries sit in the same room on a regular basis, the way the Dutch run their sector.

This report is a reason to find a way to do this in New Zealand. It is not about simply adding bureaucracy. Rather, it is about creating a standing arrangement for accountability and feedback that is proven to work.

For firms, the implication differs by size.

Small firms have the least ability to absorb fragmentation and the most to gain from a coordinated system yet the least resource to engage. They are better served acting together through industry bodies than alone.

Medium firms are caught in the middle: too big to wind up and re-register in a downturn, too small to ride out a systemic shock. That position gives them both the motivation and the credibility to push for coordination, and both large and small firms benefit when they do.

Large firms already have a strong voice and should continue to use it. But it needs to be lifted from advocating for less regulation to advocating for better regulation. The big ask is for accountability and feedback-loop mechanisms. These two are better aligned to the reality of public policy, which is evergreen, rather than ‘one and done’.

None of this is easy. Each piece needs a kind of cross-party discipline and patience the current system lacks. But the window is more open than it has been in years. The Ministry for Regulation’s review is live, city and regional deals have momentum and liability reform is already moving. Business has a part to play, and it starts by changing the ask. For years, the industry has argued for less regulation. That is now under way. The most valuable thing to argue for now is better regulation and the accountability and feedback loops that make it stick. Public policy is never finished. The sooner we build a system that expects to keep learning, the sooner we stop repeating this cycle.

4

ECONOMIC CONTEXT AND FORECASTS

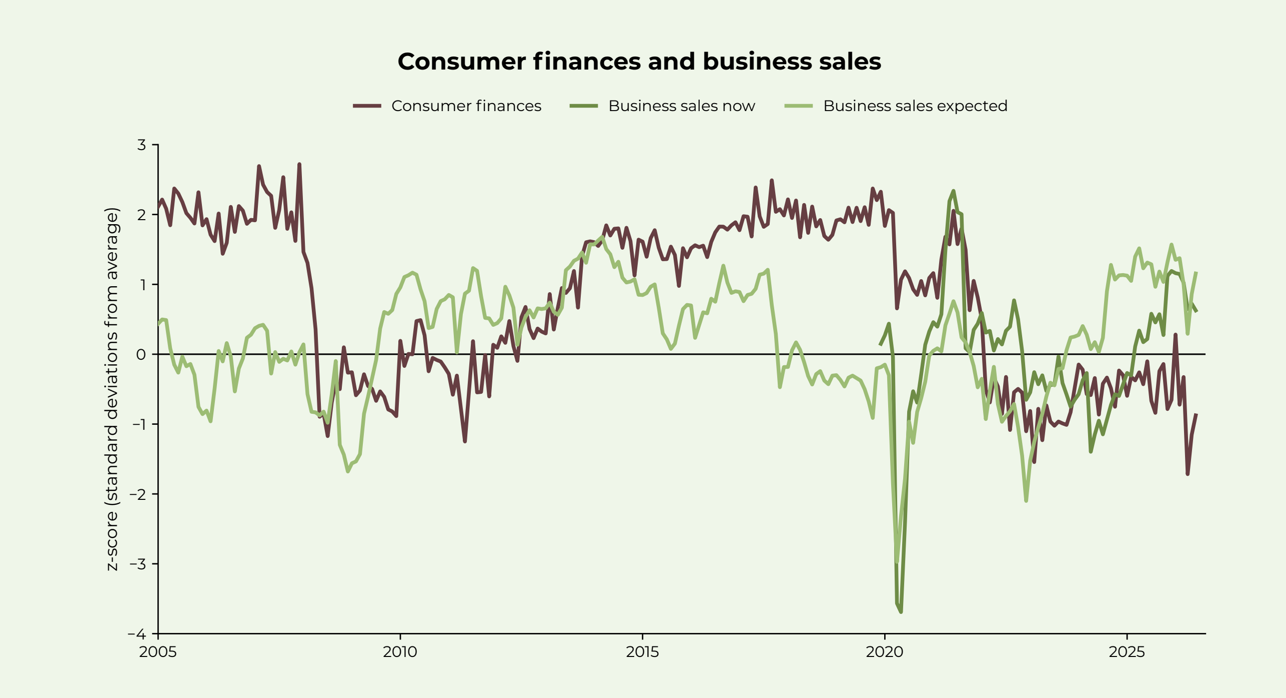
The New Zealand economy started 2026 positively, but the war with Iran led to a spike in oil prices and risk aversion, putting the recovery on hold. This recession is comparable to the GFC, but the recovery appears likely to take longer.

The impact on the construction sector has been direct and swift. The most immediate effect is a loss of confidence, which delays or postpones decisions. Despite a strong recovery in building consents, which show confirmed demand, completions have lagged, meaning not all projects have been realised. The longer-term effect is through the cost of fuel, especially diesel, and fossil-fuel-related products such as paint, carpet, PVC pipes and bitumen. So far, cost increases across the sector have been modest.

As at mid-2026, there is a truce in the Middle East. If sustained, it would remove one impediment to economic recovery. Business and consumer optimism is running at two speeds (Figure 23). Business is feeling generally optimistic, but consumers are still hurting from the high cost of living, a tough job market and modest wage increases.

The economy is similarly moving at two speeds: parts of it are already recovering, led by exports, while the domestic economy, consumption and investment remain under pressure.

Figure 23: Business optimism is holding and should recover if the Middle East conflict dissipates



Consumer finances and business sales

Source: ANZ Bank, Roy Morgan

The big export strength is in the farming sector. New Zealand's key commodity prices have been exceptionally strong in recent years. This, combined with growing conditions, means exports, farming incomes, hiring and investment are all lifting. This is giving the rural economy a boost, evident in job ads increasing outside major metropolitan centres.

The other support has been tourism, which is also an export. It has recovered strongly since borders reopened after COVID. While international visitor numbers have not yet bounced back to pre-COVID levels, the momentum has lifted tourism operations across the country.

A partial offset has been domestic tourism, which reflects the wider story of New Zealand households under pressure. Job losses in recent years have stabilised, but wages have not kept up with the increase in the cost of living, reducing discretionary spending. This has weighed on consumer confidence, affecting both retail spending and household investment.

The impact on discretionary spending and investment has been outsized because recent price increases have been concentrated in necessities or costs that cannot be easily avoided such as rates, food, electricity and insurance. Falling mortgage rates have provided some relief, but this has taken time to flow through because many borrowers were on fixed-rate mortgages.

Businesses have also been careful in hiring and investment decisions because their consumers have been cautious with their finances under pressure. While business profitability is still under pressure, there has been gradual improvement over the past year towards more 'normal' levels. This should help reduce business closures, which have been elevated in recent years.

Normalisation of profit margins might be behind the recent gradual improvement in hiring. Job ads remain low compared to recent years, but there is significant competition for the few vacancies available. This means businesses that find themselves in good business conditions are picking up skilled and talented workers, which should help them gain market share as the economic recovery gathers pace.

Investments by both households and businesses have generally been subdued, but over the last year, they have stabilised rather than fallen. This means the economic cycle, while not yet in recovery, is now on a stable foundation, waiting for a catalyst. The catalysts often come from external sources, such as the boon to exports, or from interest rates and government spending. The export catalyst is already in play, but the other sources are less certain.

Government spending direction is always uncertain in an election year. That means a future government's spending and investment decisions are uncertain. This period in the lead-up to the election is unlikely to receive a major boost from government spending and investment.

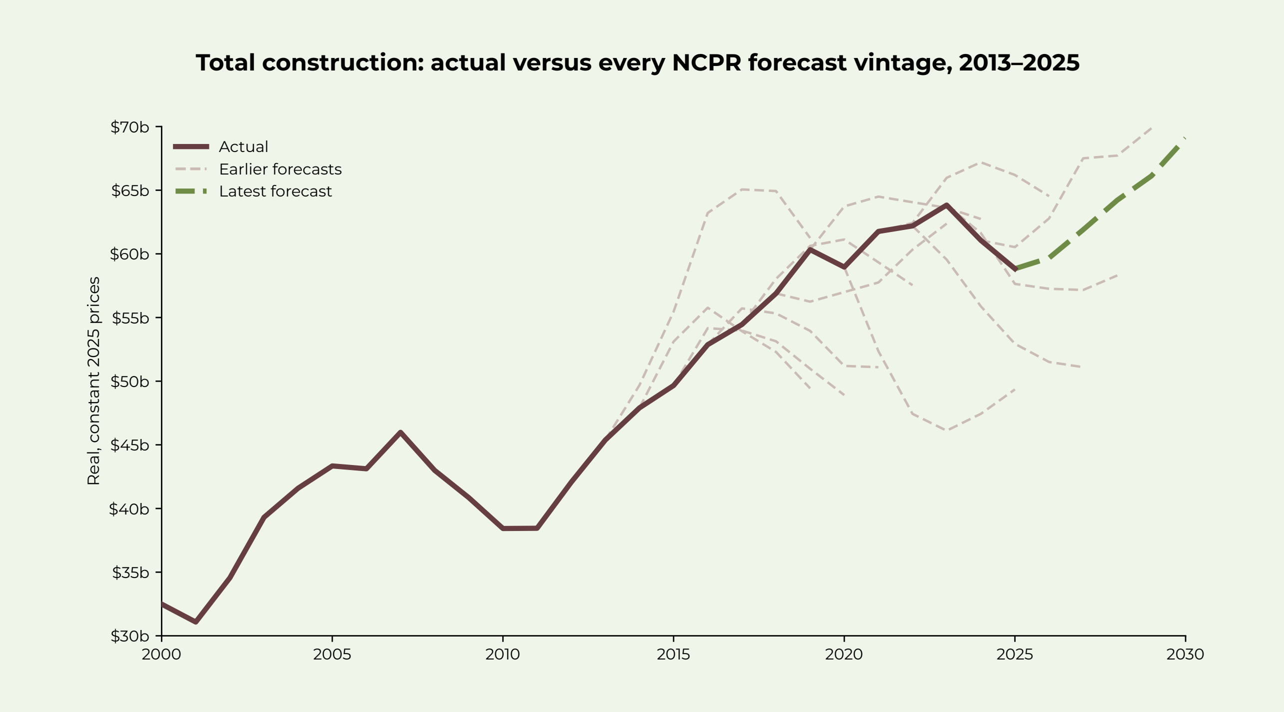
The Reserve Bank is a critical moderator of the economic cycle. It engineered this recession to get inflation under control. When it lowered interest rates, the benefit took time to flow through but was beginning to work. There is now a growing risk the Reserve Bank may raise interest rates again, moderately, to rein in inflation before it gets away. The future is always unknown, but there is a real risk that any increase in interest rates at this fragile stage of the economic cycle may do more harm than good. This, alongside banks' willingness to lend, will be a key indicator to watch. The cost and availability of capital are critical early in an economic recovery.

Despite lingering headwinds, economic forecasts from the Reserve Bank, Treasury and a range of New Zealand economists suggest the worst of the recession is over. They expect household spending and tourism to improve over the next 3 years, with strong growth in 2026 and 2027. Forecasts vary widely, reflecting the significant uncertainty noted above.

CONSTRUCTION FORECASTS

For construction businesses, the economic recovery, when it comes, is likely to be powerful. However, forecasts should be treated with caution. The future is unknown, and any forecast is likely to be wrong in direction, magnitude or duration. To illustrate, we have plotted total construction activity against forecasts in every National Construction Pipeline Report since 2013 (Figure 24). It shows forecasts are very rarely correct.

Figure 24: National Construction Pipeline forecasts are rarely correct



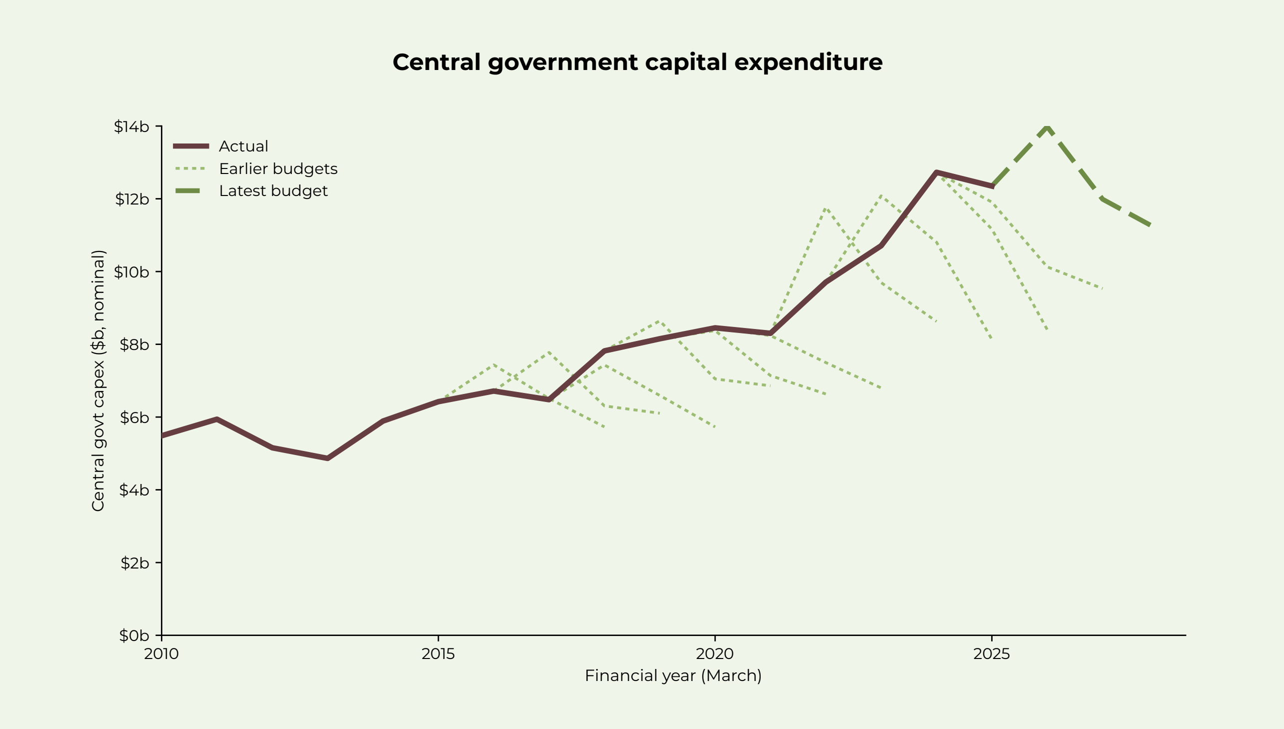
Source: Stats NZ, MBIE

The sources and direction of forecast errors are not always the same. Private-sector construction work is genuinely uncertain, but public-sector work should, in theory, be more stable. Budgets are often set earlier, maintenance work should be known and programmed and procurement processes should support a consistent pipeline of work. There is a real cost to stopping, because lost capacity, capability and market relationships can take many years to rebuild.

As Figure 25 and Figure 26 show, local government capital expenditure tends to overshoot plans, and central government expenditure undershoots. There are different drivers for these as well. For local government, it is often because infrastructure investment is made as a package of land development and the new capital is vested in them rather than work genuinely commissioned by them. Central government capital expenditure appears habitually over-optimistic in terms of how quickly projects can be implemented. By convention, outer years do not have allocated capital funding. The work does get done, but later than initially planned.

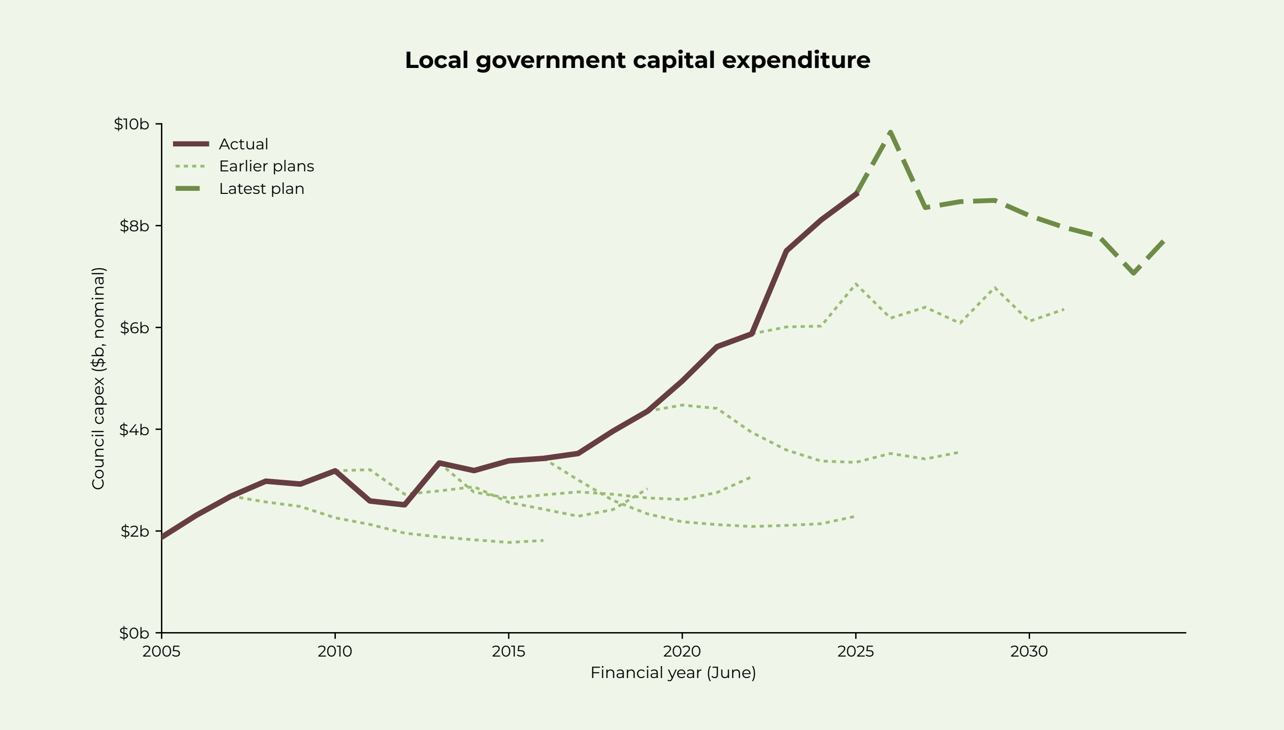
This forecast uncertainty does not make forecasting useless. It does mean the range around any single number is wide, and a business that bets the firm on one forecast is exposed. Size your commitments to a range and keep the capability to scale either way. Unfortunately, that means having a plan A, B and C.

Figure 25: Central government capital expenditure is usually slower than planned



Source: Stats NZ, NZ Treasury

Figure 26: Local government forecasts under-count for developer-led investments



Source: Stats NZ, DIA and council LTPs

CONCLUSION

Across 3 years of these reports, we have identified themes across labour, productivity, health and safety, capability and policy. Here, we set out what they mean for running a business and where priorities differ by firm size. When the recovery comes, there will still be work to do in our businesses, our sector and our policy settings.

PEOPLE ARE THE BINDING CONSTRAINT

The sector's hardest problem is people, and it loses them faster than almost any other industry. About 95% of hiring goes to replacing someone who has left, and only about 6% of workers are still in the same job after 5 years. Training pays, both for the worker and for the firm, but a firm only sees that return if the worker stays. It pays to treat training and retention together rather than as two separate problems:

- Put apprentices onto real, chargeable work early and build a deliberate path so they become useful sooner.
- Recognise prior learning and transferable skills, which makes training faster and cheaper.
- Make a retention offer to the people you want to keep before someone else does. Build pathways and promote from within.
- Train at every level, including leadership and management.

PRODUCTIVITY GAINS ARE WON FIRM BY FIRM

Construction productivity is about where it was 40 years ago. That is an industry-wide problem, but the gains come one firm at a time, and the right approach depends on size.

Smaller firms do well on speed and on making good use of what they already have. Mid-sized firms gain most from sharing knowledge and multi-skilling their people. Larger firms gain from sustained investment in systems, standardisation and digital tools.

Quality management pays at any size. Innovation does not need to be radical to count – it needs to be consistent and to fit how the business actually works.

HEALTH AND SAFETY IS PART OF PRODUCTIVITY

Construction runs at about twice the all-industry injury rate, and it does so at every firm size. The largest firms have the highest rate, which is unusual. Time lost to injury is lost capacity. Most of the risk sits in the small residential trades, where most firms are. Done properly, safety supports efficiency, lowers costs and improves retention, so it belongs alongside the productivity work rather than off to one side.

- Smaller firms: draw on shared health and safety capability through industry bodies.
- Larger firms: govern health and safety at board level and carry it down the supply chain.
- All firms: build critical-risk management as a real capability rather than treating it as paperwork.

HOLD YOUR CAPABILITY THROUGH THE DOWNTURN

The sector is cyclical, and it has been in a downturn. The underlying case remains strong. New Zealand has underbuilt homes and infrastructure for decades, and the upswing, when it comes, will be large. Labour will be the constraint, as it always is. A firm that holds on to its trained people and keeps investing while it is quiet will have crews ready when the work returns.

NO FIRM CAN OUT-RUN A FRAGMENTED SYSTEM ON ITS OWN

Construction firms operate under 98 policy instruments spread across seven agencies, with little to reconcile them. The churn is expensive and is unlikely to disappear. It requires coordination, and having business at the table can ensure practical, on-the-ground identification of problems and solutions is in the mix.

Small firms in particular are better off acting through industry bodies. Mid-sized firms have the standing to lead that push. Large firms already have a strong position at the table – by bringing the wider sector voice with them, including the firms intricately linked into their supply chains, they can help deliver better sector outcomes.

Figure 27: Where to put your effort, by firm size

So what for businesses

Where to put your effort, by firm size, drawn from three years of NZCBIA sector reports

	SMALL FIRMS sole trader to ~20 staff	**MEDIUM FIRMS** ~20 to 100 staff	**LARGE FIRMS** 100+ staff
People & training	Structured on-job training; recognise prior learning; keep your best with pathways	Multi-skilling; deploy apprentices on billable work early; make retention offers	Train all levels incl. leadership; internal academies; strategic workforce planning
Productivity	Lean methods; fast decisions; efficient use of what you have	Knowledge-sharing; align project work to business goals	Sustained R&D; standardisation and prefab; digital tools and BIM
Health & safety	Use shared H&S capability through industry bodies; most risk sits here	Build proper H&S systems now	Board-level governance; supply-chain flow-down; 500+ band the worst
Through the cycle	Protect the key trained people you will need in the upswing	Hold capability; invest in tooling while it is quiet	Invest counter-cyclically while inputs are cheap
The policy system	Act through industry bodies; you cannot out-run fragmentation alone	You have the credibility to lead the push for coordination	Plan for the next reform wave; engage on liability reform now

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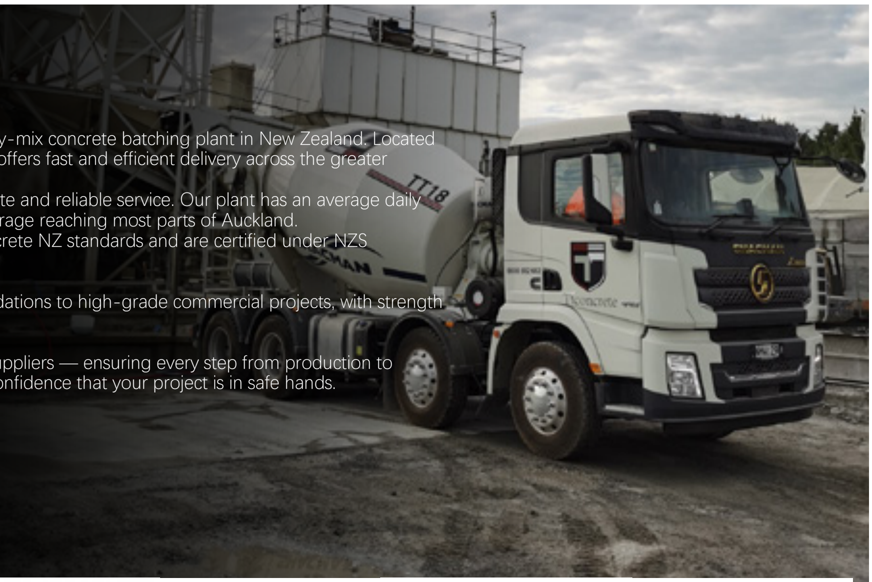
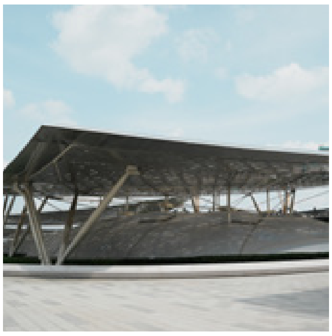
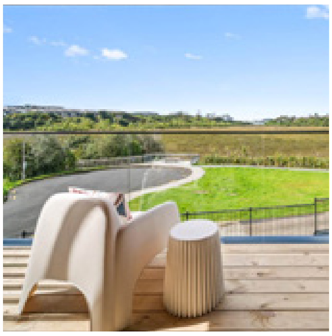
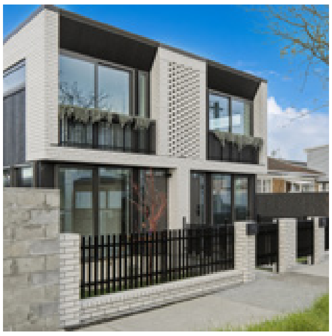
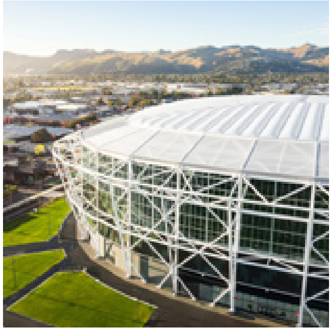


FEATURED PROJECTS









EMAIL info@nzcbia.org.nz

PHONE +64 9 215 8618

OFFICE 153 Captain Springs Road,
Onehunga, Auckland 1061,
New Zealand

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