

HOW NZ'S PREFAB INDUSTRY CAN DELIVER KIWIBUILD

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2018

Who answered the survey?

36 companies related to offsite construction in New Zealand.

54% of the companies are manufacturers.

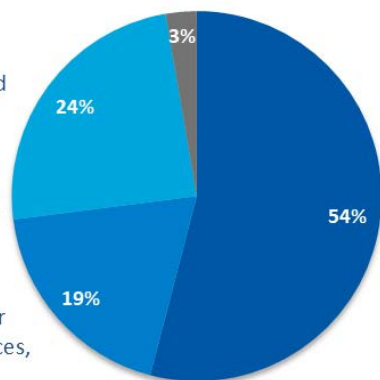
More than half the companies have less than 20 employees and 88% have less than 100 employees.

Companies from all over New Zealand were included.

The data was collected online between December 2017 and January 2018.

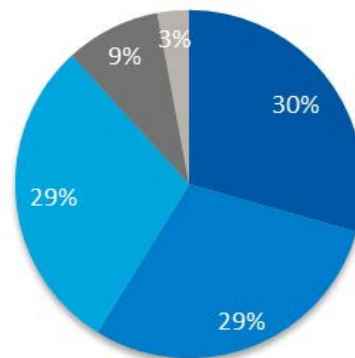
SURVEYED COMPANIES BY MAIN ACTIVITY

- Manufacturer or Constructor of prefabricated components, panels, or complete houses.
- Others that do not directly use prefabricated components / panels / pods etc.
- Others that use or plan to use prefabricated components / panels / pods etc.
- Construction company / Builder / Contractor that uses, or plans to use, prefabricated pieces, but does not produce them for sale.



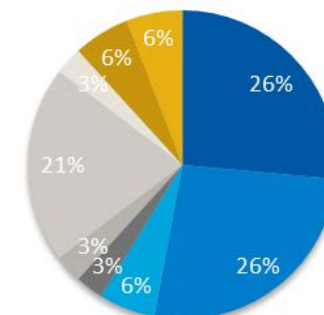
SIZE OF SURVEYED COMPANIES BY EMPLOYEES

- 0-5 employees
- 6-20 employees
- 21-100 employees
- more than 100 employees
- N/A



SURVEYED COMPANIES BY LOCATION

- Auckland
- Christchurch
- Hamilton
- Napier-Hastings
- Rotorua
- Wellington
- Whangarei
- Tauranga
- Other

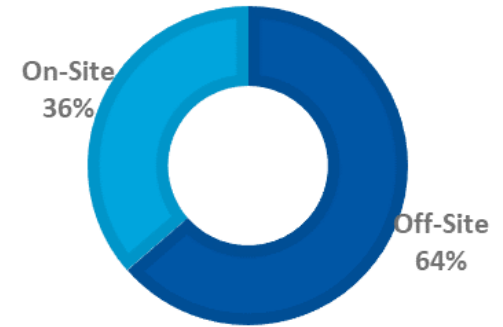


PREFAB MARKET SIZE: SOURCE OF INCOME

Currently

• On average 64% of the income comes from offsite construction.

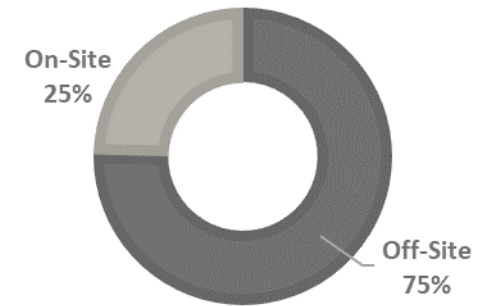
CURRENT SOURCE OF INCOME



Forecast next 3 years

• The offsite construction will increase, representing on average of 75% of their income.

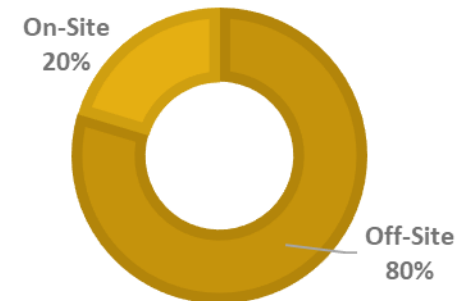
FORECAST SOURCE OF INCOME - NEXT 3 YEARS



Forecast KiwiBuild

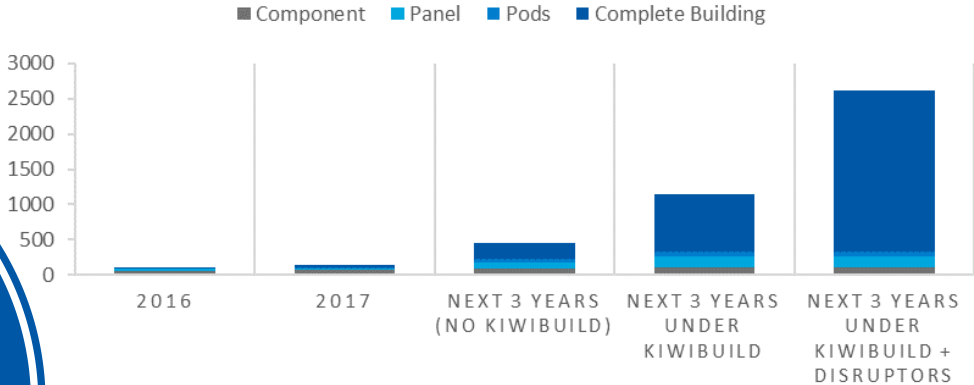
• With KiwiBuild extra demand offsite construction will increase to 80%.

FORECAST SOURCE OF INCOME - NEXT 3 YEARS WITH KIWIBUILD



PREFAB MARKET SIZE

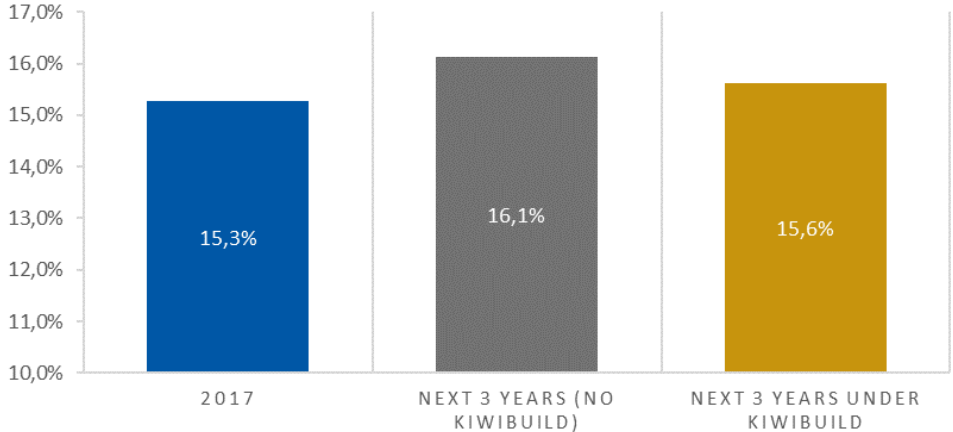
HISTORIC AND FORECAST ANNUAL REVENUE BY PREFABRICATED PIECE (\$M)



The manufacturers surveyed forecast a substantial rise in their offsite revenue (complete buildings and panels), due to KiwiBuild.

There are several large companies (Disruptors) that are not currently producing, but plan to manufacture complete buildings in the future.

OPERATING MARGIN AVERAGES

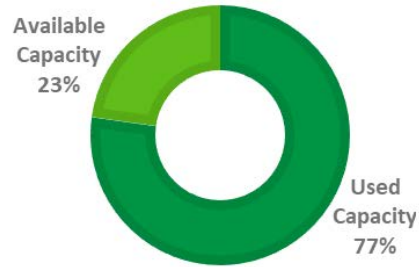


The current Operating Margin of manufacturers is on average 15%.

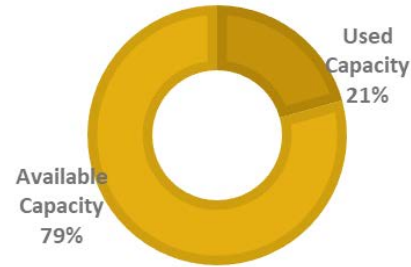
According to the survey some companies are willing to drop their margins up to 5% to deliver at scale.

PREFAB INDUSTRY CAPACITY

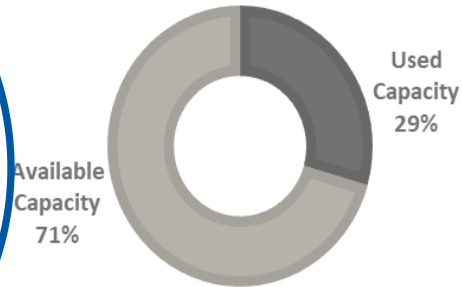
COMPONENTS CAPACITY



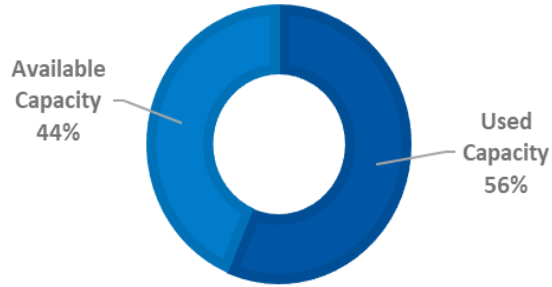
PANELS CAPACITY



PODS CAPACITY



COMPLETE BUILDINGS CAPACITY

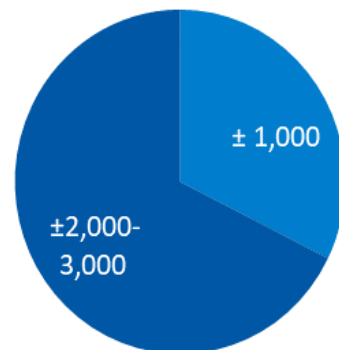


The production of components and complete buildings represents more than 50% of the total installed capacity.

In the case of panels and pods there is more available capacity.

SURVEY RESULTS SCALED

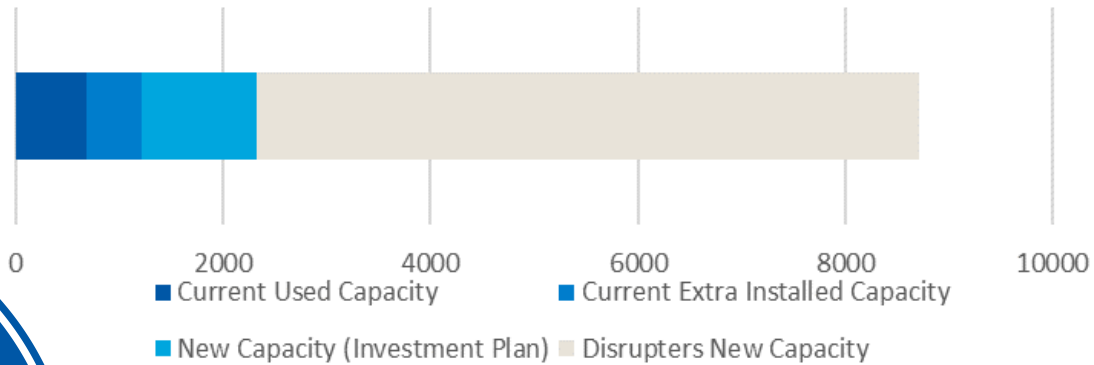
■ Survey Results ■ Statistic Scaling



The current installed Capacity estimated of NZ Complete Building Manufacturers is between 3,000 and 4,000 houses per year.

PREFAB INDUSTRY CAPACITY

FUTURE COMPLETE BUILDING CAPACITY
(Homes per year as surveyed in 2020)

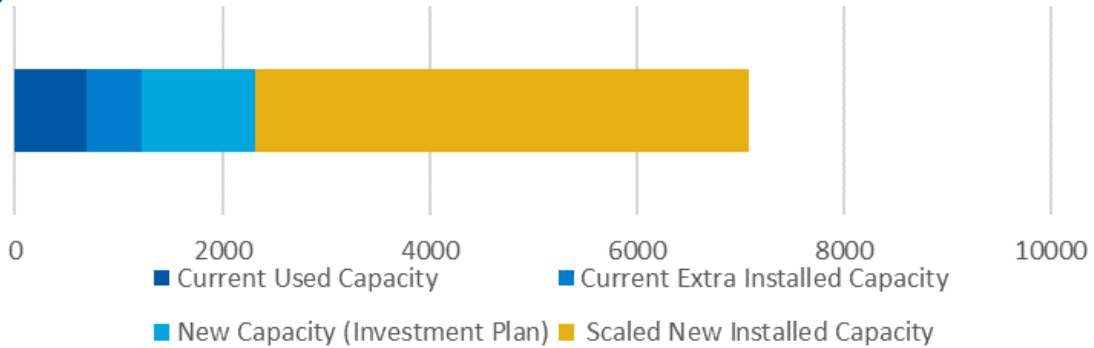


Surveyed companies investment plans suggest the capacity in 2020 will reach 2,300 houses per year. (8 companies)

New market participants (disruptors) are forecast to produce 6,400 houses in 2020.

Total future installed capacity of 8,700 houses per year.

FUTURE COMPLETE BUILDING CAPACITY SCALED
(Homes per year scaled as surveyed in 2020)



Without disruptors and scaling the survey results a total of 7,000 homes could be delivered each year from 2020.

If the wider Prefab industry capacity scales up at 90% (as survey recipients have indicated they will do) over the next three years.



DISCLAIMER

- Data was collected through a survey to PrefabNZ members. Responses were taken in good faith. Due process has been followed, but the researchers did not endeavour to validate or otherwise corroborate the responses. PrefabNZ makes no guarantee of the accuracy or completeness of the responses, and does not accept any liability for any errors.