

2025 Sentiment

New Zealand Infrastructure and Buildings Survey



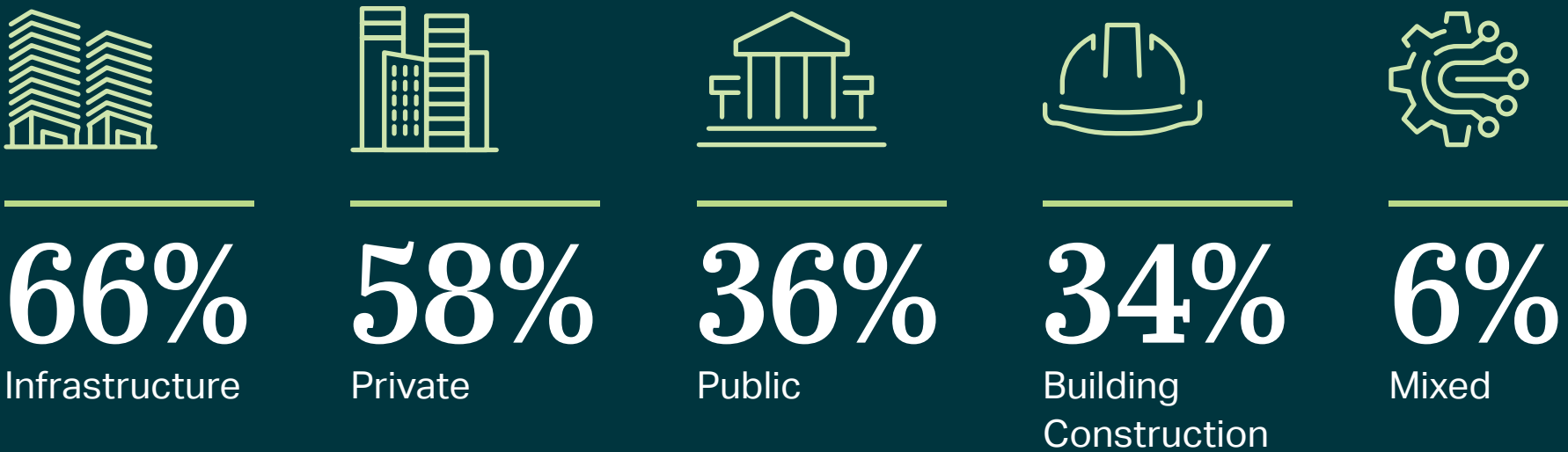
The Sentiment in brief

A picture of what's really happening on the ground, from the people building our future.

New Zealand's government agencies, contractors, consultants and private sector developers are cautiously hopeful. We've climbed out of the 2024 slump, but we're not kidding ourselves, there are some serious gaps between what we want to build and what we can actually deliver.

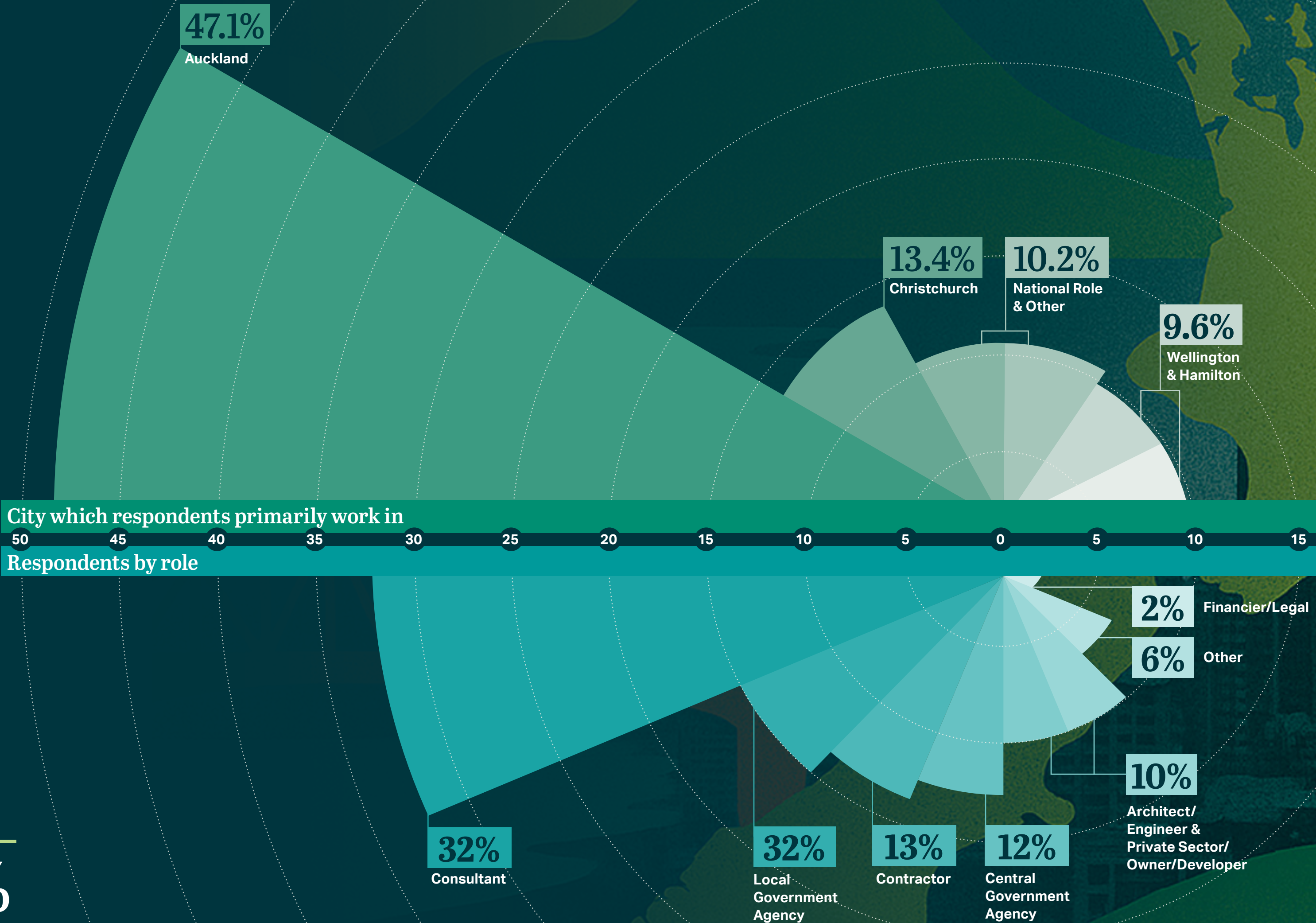
The people doing this work every day see green shoots of recovery. Investment fear is easing. Fewer projects are getting canned. But here's what keeps us up at night: we can't find enough skilled people, we're still arguing about who pays for what, and every three years the political goalposts move. Now in our 14th year of asking the same questions, we know what the real issues are. And more importantly, we know what it takes to fix them.

Respondents by role



City which respondents primarily work in

Respondents by role



The 2025 results at a glance

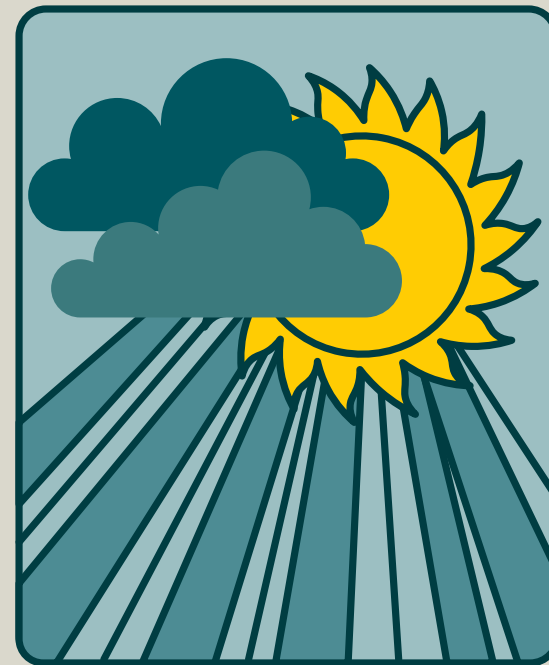
Five market Sentiments emerging



Cautious Recovery

Infrastructure investment expectations stabilising

- Pessimism halved — fewer than **10%** expect spending decline
- 2024 appears to be the sector's low point
- Disconnect workload expectations between investment and delivery
- **Regional variation:** Auckland/Wellington leading, others more modest



Selective Optimism

Building construction showing mixed signals

- Healthcare and education driving confidence
- Industrial buildings solid, residential struggling
- Tourism at record lows
- **Geographic splits:** Lower North Island improving, Waikato/Bay of Plenty reversing



Reality Check

Financing confidence at historic lows

- Only **20%** have confidence in government financing mechanisms
- **50%** lack confidence in alternative funding (PPPs, equity investments) and progress post the investment summit
- **Skills shortages** now the most cited risk



Technology Embrace

Digital transformation accelerating across building construction

- **60%** increasing investment in digital tools
- Digital tools/AI and BIM delivering most value
- Over the next 10 years, it's thought that digital infrastructure (BIM, digital twins, AR/VR, smart buildings)



Climate Reality

Concern vs. Action

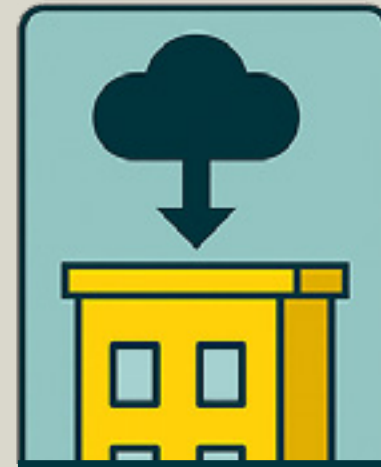
- **80%** are extremely, very or moderately concerned the impact of climate change and extreme weather events on infrastructure resilience.
- Natural disaster preparedness tops investment planning priorities
- **But:** Low-carbon transition least prioritised in planning

Investment expectations



Infrastructure spending steadies — optimism grows

Infrastructure investment expectations remain steady compared to 2024, with reduced pessimism signalling increased confidence that the sector is entering a recovery phase after the early-2020s downturn.



Building sector outlook flat — recovery lags

The building construction sector presents a more mixed picture. While some respondents anticipate increased spending and workload in sectors such as healthcare, the overall sentiment remains subdued compared to previous years with traditional clients like the Kāinga Ora reducing spending considerably.



Local government flagged as key investor

99% of respondents identified investing in infrastructure to support growth as either a high or medium priority for local government authorities.

This reflects strong sentiment toward local government investment as a critical driver for addressing New Zealand's infrastructure needs.



Ageing assets top spending priorities

90% of respondents identified strong investment in maintaining and repairing ageing assets as a high priority for local government authorities.

Regional snapshots

Auckland & Northland

Roads surge,
housing confidence crashes

Infrastructure

▲ **82%** from 78%

Roads confidence up —

Northwest Rapid Transit,
Northland Corridor, Mill Road
driving optimism

Buildings

▲ **54%**

Healthcare strong

▼ **11%** from 30%

Residential crashed when
private demand collapsed
and the public sector also
pulled back on projects, slow
down on immigration and
cost of building

Waikato & Bay of Plenty

Confidence collapses,
healthcare bucks trend

Infrastructure

▼ **Modest decline,**
rail challenges continue

Buildings

▲ **53%** from 23%

Complete reversal —

from highest to lowest
confidence, healthcare
exception

Lower North Island

Roads rebound,
public sector cuts bite

Infrastructure

▲ **76%** from 59%

Biggest improvement

— roads jumped (Melling
Interchange, SH1 Wellington
Improvement Otāki to Levin
projects)

Buildings

▲ **47%** from 10%

Healthcare surged,
education rising,
but public sector cuts
impacting other areas like
office and retail

Canterbury

Hospitals boost outlook,
energy dips

Infrastructure

▼ **51%** from 66%

Steady with water
and road improvements,
energy dropped

Buildings

▲ Industrial, education,
healthcare
strengthening
with major health
facility upgrades

South Island

(excluding Canterbury)

Aviation and energy slump,
tourism delays drag

Infrastructure

▼ **Marked decline,**
aviation worst hit,
energy delays Three
Waters down and
potable water down

Buildings

▲ Tourism and leisure
down due to project
delays (Queenstown
Convention Centre) and
the affordability of travel

Sector deep dives



Transport

Delivery momentum with warnings


Wins	Te Ahu a Turanga opened, and projects like Te Wai Takamori o Te Awa Kairangi, Ōtaki to Levin, Level Crossing Removal underway
Investment	\$22 billion GPS framework, \$6.8 billion Budget 2025 addition that includes \$836 million for transport
Reform	Road pricing coming, incl. congestion charges, electronic user charging replacing petrol tax
Warning	Civil Contractors NZ cautions pipeline could become “pipe dreams” without addressing workforce/delivery gaps



Water

“Local water done well” reality

Progress	Several water Council-Controlled Organisation (CCO) partnerships formed
Challenge	Ageing infrastructure replacement remains #1 priority
Funding	Constraints second biggest issue, political uncertainty third
Solution focus	Joint CCOs, shared expertise, economies of scale



Energy

Renewable dreams vs. Grid reality

Priority	76% want increased renewable capacity
Problem	Nearly 50% think current infrastructure inadequate for future growth
Action	Auckland Business Chamber’s Energy Action Plan — 10 measures including single regulator, strategic reserves
Gap	Ambition exceeds grid infrastructure capacity

The four things slowing progress

1

Skills exodus

-  Talent migrating to Australia and overseas (better pay, bigger projects)
-  Experienced professionals retiring faster than replacement training
-  Skills shortages now most frequently cited risk




2

Funding reality gap

-  Only **14%** confident in government mechanisms
-  **60%** lack faith in alternative funding options
-  Ambitions exceed available financing




3

Political ping-pong

-  Priorities shift every three years with new governments
-  Long-term planning killed by short-term political cycles
-  Industry desperate for bipartisan consistency

4

Regulatory maze

-  **69%** say consenting framework ineffective
-  Complex, lengthy approval processes
-  Regional inconsistencies complicate planning

What's needed

New Zealand's infrastructure and buildings sector knows what needs doing and how to do it. Success depends on political consistency, funding certainty, and addressing the talent crisis before it derails recovery momentum.

What's working

- Technology adoption is accelerating
- Infrastructure investment increasing after 2024 low
- Regional projects delivering real results (transport especially)
- Local water partnerships forming across neighbouring councils

What's not

- Skills shortages reaching crisis levels
- Funding mechanisms failing to inspire confidence
- Political cycles disrupting long-term planning
- Climate concern not translating to investment action

What's needed

- Bipartisan infrastructure commitments beyond election cycles
- Funding mechanisms that deliver long-term value
- Talent retention strategies before brain drain becomes critical
- Climate resilience embedded in all planning, not treated as optional

Contents



Insight boxes highlight
the key takeaways from
charts and data.

Survey results summary



The 2025 survey captures a nuanced picture of the sector - a cautiously optimistic outlook in the infrastructure sector tempered by ongoing challenges in financing, project delivery, and climate resilience. In contrast, the buildings market remains pessimistic about workload and investment levels, with sentiment across the regions at the lowest level.

Responses from a geographically diverse group, with Auckland representing 47%, reflect perspectives from government agencies, contractors, consultants and private sector developers. Infrastructure remains the dominant market focus, accounting for 66% of activity, underscoring its central role in shaping New Zealand's economic and social future.

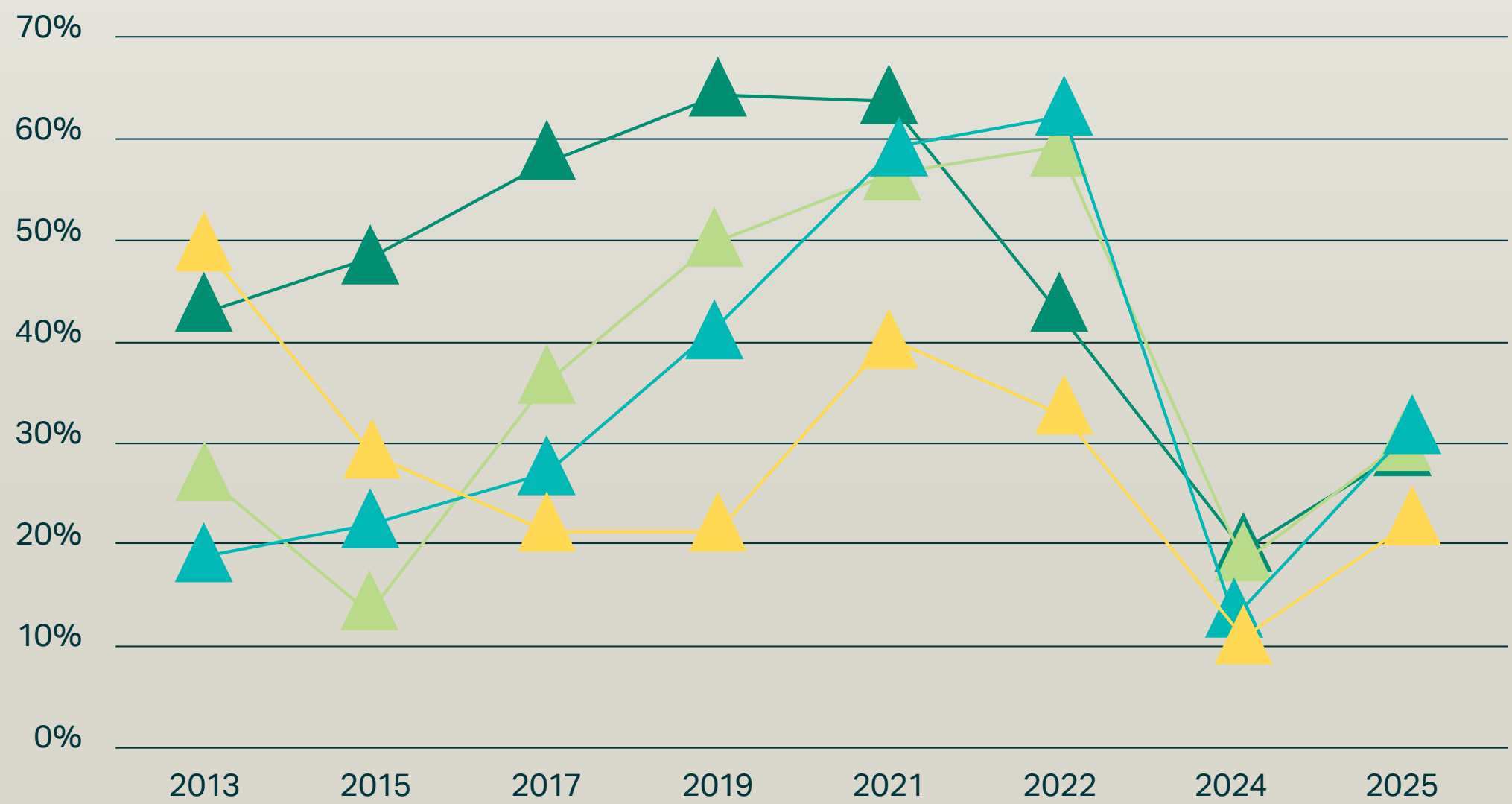


Infrastructure:
2024 slump has bottomed out; workloads are lifting in Auckland and Wellington.

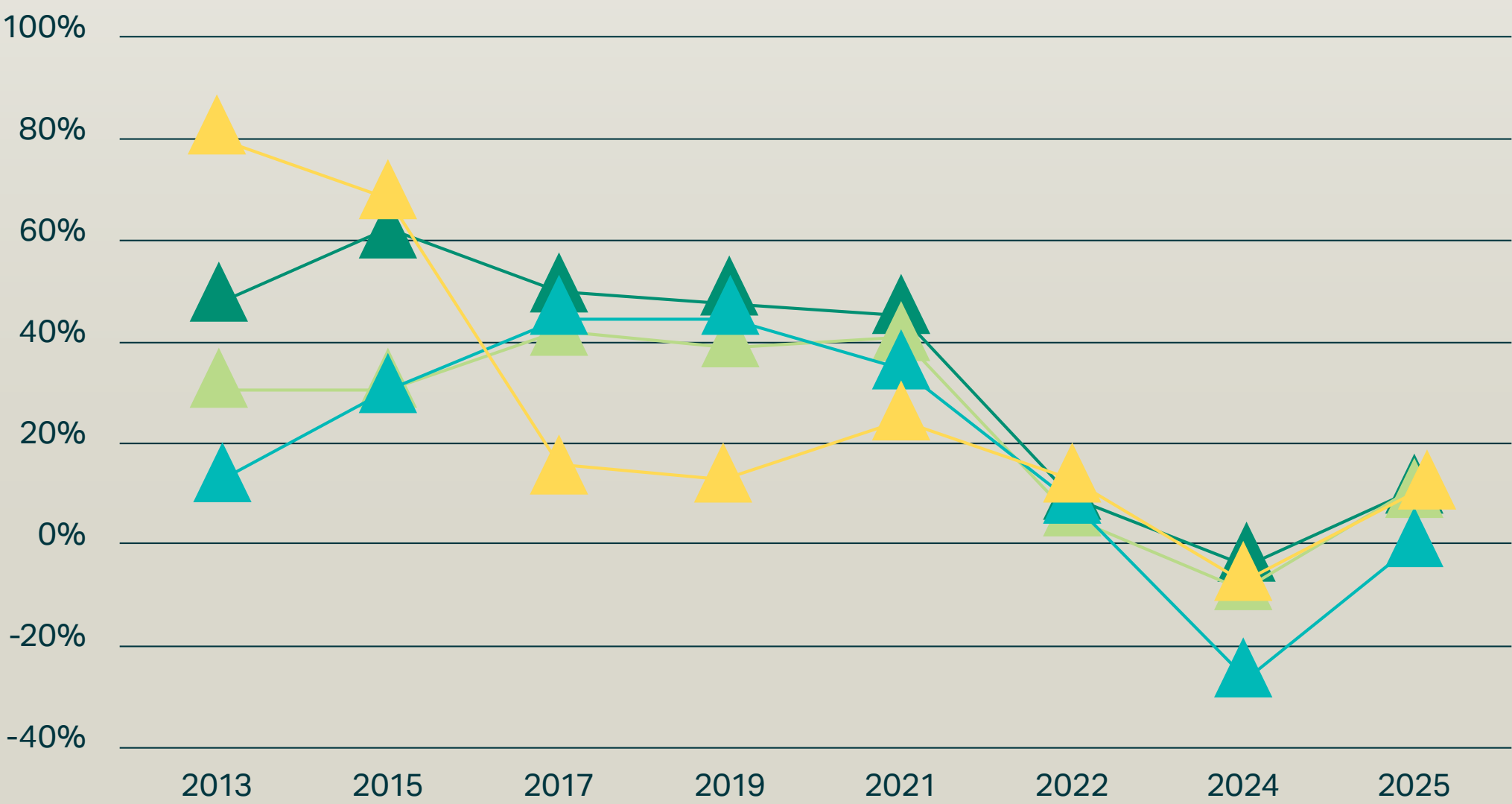


Buildings:
Confidence is stagnant, most sectors shrinking. A construction boom isn't on the horizon.

Infrastructure - workload over next 3 years



Buildings - workload over next 12 months



▲ Auckland ▲ Hamilton ▲ Wellington ▲ Christchurch

Infrastructure market: A slow climb

Investment and delivery expectations

Expectations for infrastructure investment have remained relatively stable compared to 2024. Notably, pessimism has halved, with fewer than 10% of respondents anticipating a decrease in spending. This suggests a growing belief that the sector may be entering a recovery phase following the downturn of the early 2020s. It is worth noting that this improvement comes off an all-time low base.

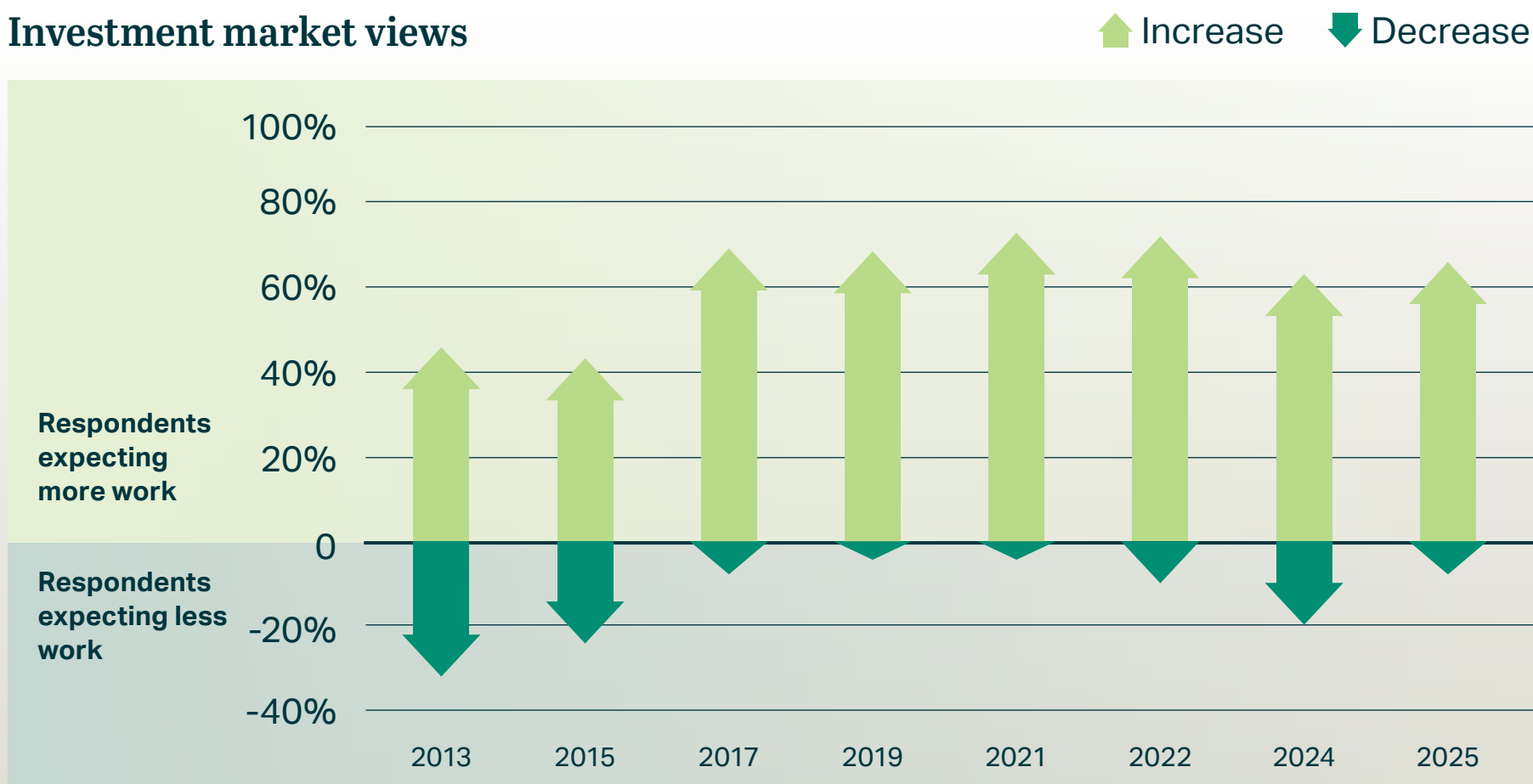
Delivery sentiment has strengthened, with a modest rise in respondents expecting increased workloads, pointing to cautious optimism. However, confidence is emerging from an all-time low base and remains below the highs of the previous industry boom. Regionally, Auckland and Wellington are leading expectations for workload growth over the next three years, while Christchurch and Hamilton anticipate more moderate gains.

However, delays in infrastructure development continue to be driven by political changes and funding uncertainty—two interlinked issues that respondents identified as the most significant barriers to progress. Inefficient procurement processes and a lack of a clear vision also rank highly, underscoring the need for strategic reform and long-term planning.

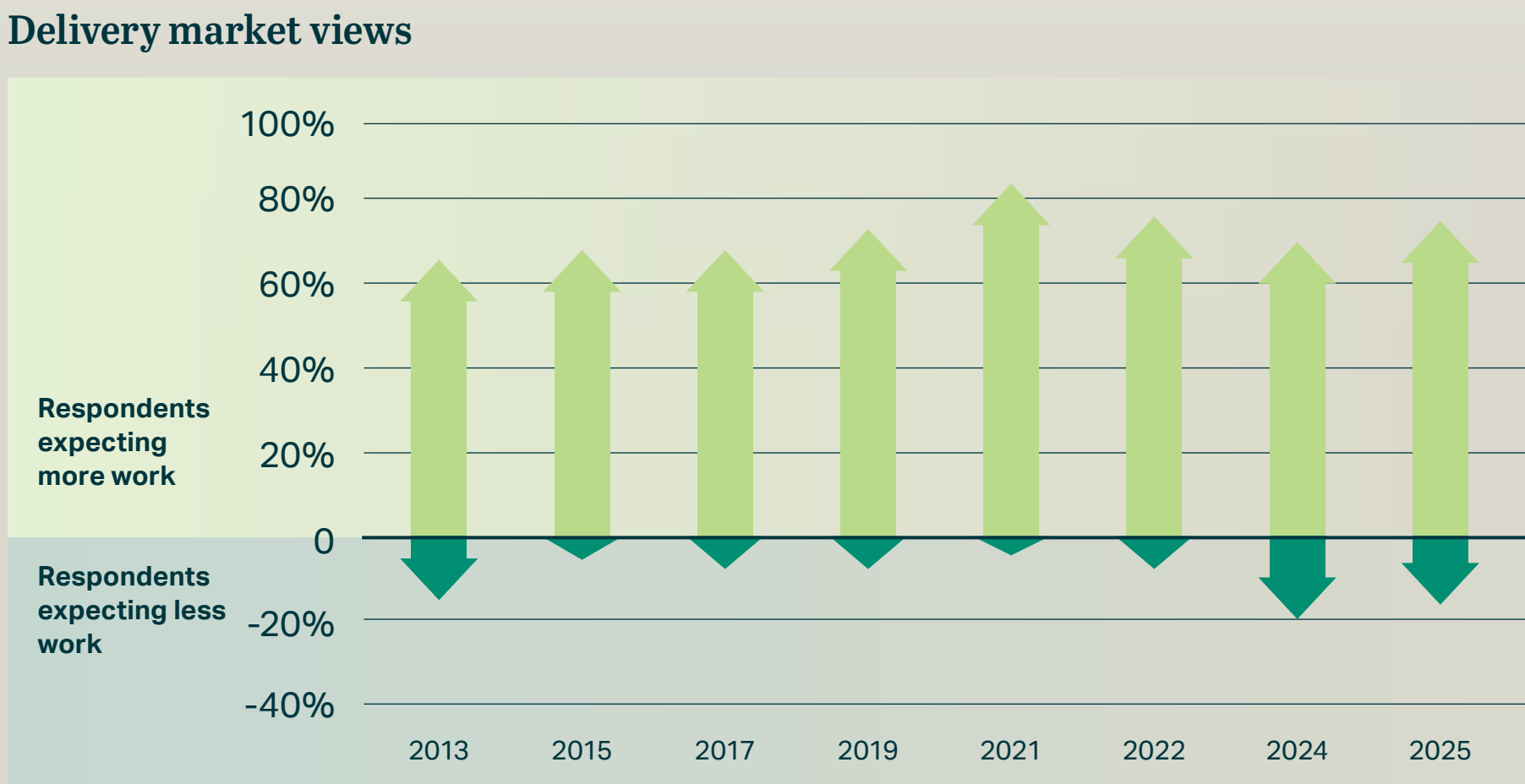
Investment outlook:
Spending is steady, and pessimism has halved since 2024 — clear signs the worst is over.

Delivery outlook:
More firms see workloads rising than falling, but confidence lags the last boom. Recovery is on, just not roaring.

Investment market views



Delivery market views



Where the infrastructure work is happening: by region and sector

The data indicates industry optimism is beginning to increase, and 2024 could be considered the industry's low point. However, it is important to note that industry optimism is still down substantially compared to the previous boom in the early 2020s.

Auckland & Northland: Strong and steady

In the upper North Island, the outlook across most sectors remains relatively strong, with only a slight dip in confidence, indicating stabilisation rather than continued growth. The most improved sector compared to 2024 is roads, rising from 78% to 82% in 2025. This uplift reflects several planned and ongoing projects aimed at improving transport efficiency and reducing congestion. Key drivers for optimism include investment in Roads of National Significance (RoNS) such as the Northland Corridor, Mill Road, and the Northwest Alternative Highway. Strong investment signals are also evident in Auckland's public transport network, with major projects like the Northwest Rapid Transit, including the completion of the City Rail Link and the Eastern Busway. However, the region has seen a contraction in the wastewater and energy sectors, tempering overall sentiment.

Waikato/ Bay of Plenty: Cautiously optimistic

The Waikato and Bay of Plenty regions have experienced a modest decline in expectations, possibly reflecting uncertainty around funding and delivery capacity. With resilience a key priority, efforts are focused on advancing strategic infrastructure projects to enhance connectivity and support economic growth. There has been a slight increase in optimism for stormwater, wastewater, and potable water, while sentiment toward rail and energy has declined. The road sector has remained steady, although questions remain over funding and delivery capacity for key components of RoNS, including Hamilton Southern Links and the Cambridge to Piarere upgrade. Rail continues to see declining optimism, reflecting KiwiRail's ongoing challenges that are constraining its ability expand its services and improve reliability.

Lower North Island: Green shoots emerging

The most notable improvement in sentiment is observed in the Lower North Island, reflecting renewed confidence in infrastructure delivery, likely driven by increased investment and project momentum. Despite this optimism, the energy sector and rail network continue to face significant challenges such as ageing infrastructure, funding constraints, and the urgent need to improve climate resilience. The roads sector shows the greatest improvement compared to 2024, with confidence rising from 59% to 76% in 2025. This optimism is potentially fuelled by key projects such as the Melling Interchange and Te Awa Kairangi Riverlink, Petone to Grenada and Cross Valley Link, as well as the proposed SH1 Wellington Improvements aimed to alleviate congestion and improve traffic flow in central Wellington.

Canterbury: Steady does it

Optimism in the region remains steady with a slight increase, reflecting a cautious but consistent outlook. The water sector—especially stormwater and potable water—has improved due to renewed investment, stricter regulations, climate resilience efforts, population growth, and progress on key projects. In contrast, optimism in the energy sector has dropped from 66% in 2024 to 51% in 2025, impacted by delays in renewable projects like Kōwhai Park Solar Farm and Mount Cass Wind Farm, tight economic conditions, and limited infrastructure funding. Similarly, the roads sector declined from 59% to 44%, as local councils and stakeholders have expressed concerns about whether recent record central government transport investments are sufficient to address the region's expanding infrastructure demands.

South Island excl. Canterbury: Nervous outlook

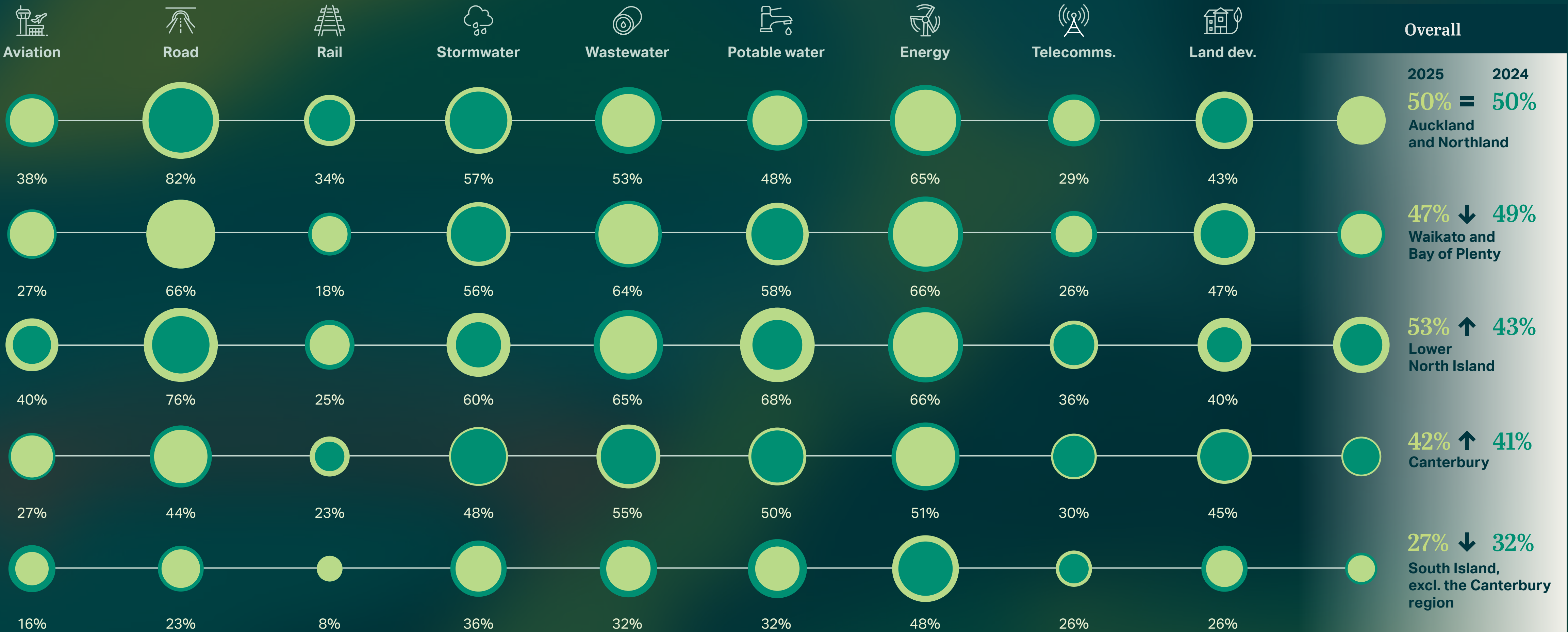
This region has seen a marked decline in confidence in infrastructure delivery outside Canterbury. Aviation recorded the steepest drop, reflecting ageing facilities, limited regional airport investment, reduced flight frequencies, and wider operational and economic pressures. The energy sector also fell, with sentiment dampened by delays to projects such as the Southland Wind Farm, gas shortages, and limited government support, all weighing on the South Island's energy outlook.



Recovery outlook:

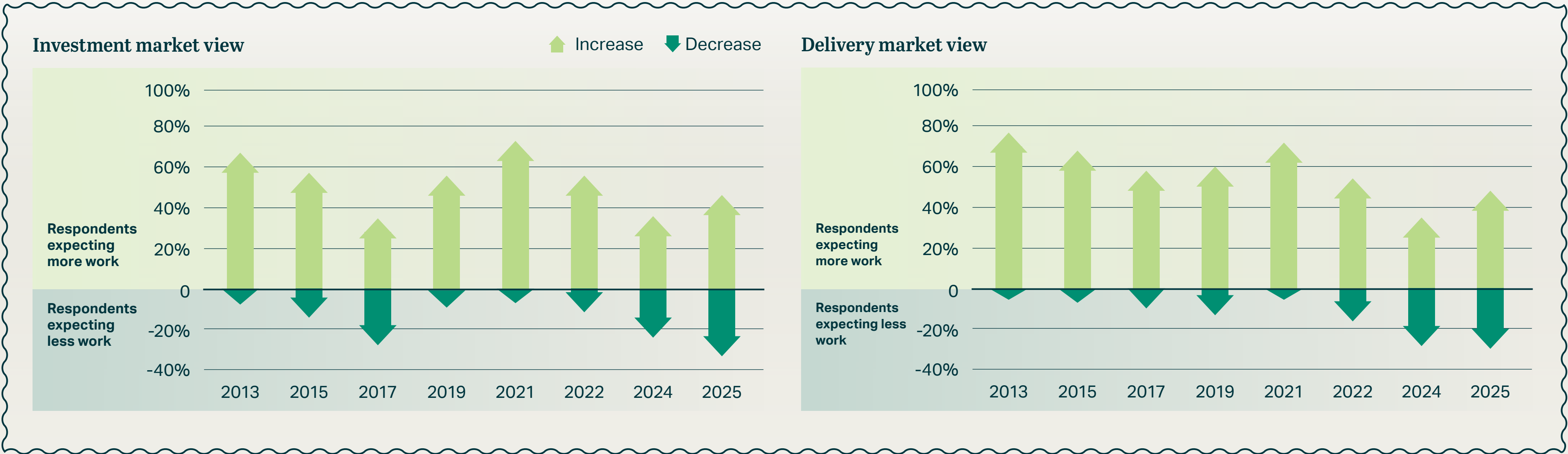
Growth is concentrated in a few regions and sectors, making funding, skills, and delivery risks uneven. For projects, location matters as much as sector.

2024 2025



Building construction market: A mixed bag

The building construction sector presents a more mixed picture. While some respondents anticipate increased spending and workload over the next 12 months, this comes off a very low base, underscoring how subdued market conditions remain compared to the early 2020s. Overall, the findings point to only a partial recovery and continued caution, with the proportion of respondents expecting decreased investment rising—particularly in Christchurch and Wellington, reflecting persistent challenges in public sector investment and project pipeline certainty.



Confidence outlook:

After years of optimism, confidence is slipping. Slower pipelines and tighter conditions put efficiency and risk management in focus.



Where the building and construction work is happening: by region and sector

There are pockets of optimism. Auckland and Hamilton show signs of recovery, with expectations for workload growth over the next three years trending upward. Healthcare, education, and industrial buildings are expected to lead growth, while retail and office sectors continue to face uncertainty.

Auckland & Northland: Healthcare up, housing tanks

Optimism in Auckland and Northland's building construction sector has softened, with residential experiencing the sharpest decline—from 30% in 2024 to 11% in 2025—driven in part by the pause and review of major Kāinga Ora housing projects amid cost pressures and fluctuating demand. In contrast, healthcare has recorded the strongest increase in confidence, rising from 38% to 54%, fuelled by significant operational and capital investment, including the redevelopment of Whangārei Hospital and major Auckland hospital infrastructure upgrades.

Waikato/Bay of Plenty: Mixed outlook

In 2024, the Waikato and Bay of Plenty region held the highest level of sentiment in the country, buoyed by strong housing demand, rapid population growth forecasts, and transformative infrastructure developments and large-scale residential and commercial expansions. This year, sentiment has reversed sharply, with the region now recording the lowest confidence nationally and steep declines across offices, retail, tourism and leisure, mixed-use, residential, and maintenance projects. The downturn reflects weaker economic activity, funding gaps, capacity constraints, insufficient project pipelines, and ongoing skill shortages. The exception is healthcare, where optimism has risen from 23% in 2024 to 53% in 2025, underpinned by major projects such as the new regional renal centre and the \$136 million Adult Acute Mental Health Facility at Waikato Hospital, alongside Budget 2025 funding for Tauranga's new 24/7 urgent care services and other developments across the region.

Key delivery challenges in the building sector mirror those in infrastructure: inadequate funding certainty, political instability, and cumbersome planning requirements. Skills shortages and shifting government priorities compound these issues, which have led to delays and cancellations of major projects, such as the Ministry of Justice Courts programme.

Lower North Island: Healthcare & education stay afloat

The outlook for the Lower North Island shows a slight increase in optimism, driven largely by significant gains in the education and healthcare sectors. Confidence in healthcare has surged from 10% in 2024 to 47% in 2025, while education optimism has risen from 3% to 25%, both buoyed by substantial capital investments announced in the 2025 Budget. In contrast, the office, tourism, leisure, and residential sectors face steep declines driven by economic pressures, labour shortages, and market challenges. Wellington's reliance on public-sector funding has made it vulnerable to fiscal cuts, including a 4.2% drop in public employment and NZ\$300 million slashed from contractor budgets, stalling many projects.

Canterbury: Slow but steady

The outlook for Canterbury's construction industry shows a modest increase in optimism over the past year. Confidence has strengthened notably in the industrial, education, and healthcare sectors, driven by significant capital investments. Major hospital upgrades and the development of new health facilities, including expanded mental health units, are underway as part of broader government health infrastructure commitments. In education, increased government funding supports the construction of new schools and expansions to accommodate growing student populations. Meanwhile, the industrial sector is experiencing robust growth fuelled by strong demand for logistics, warehousing, data centres and manufacturing facilities.

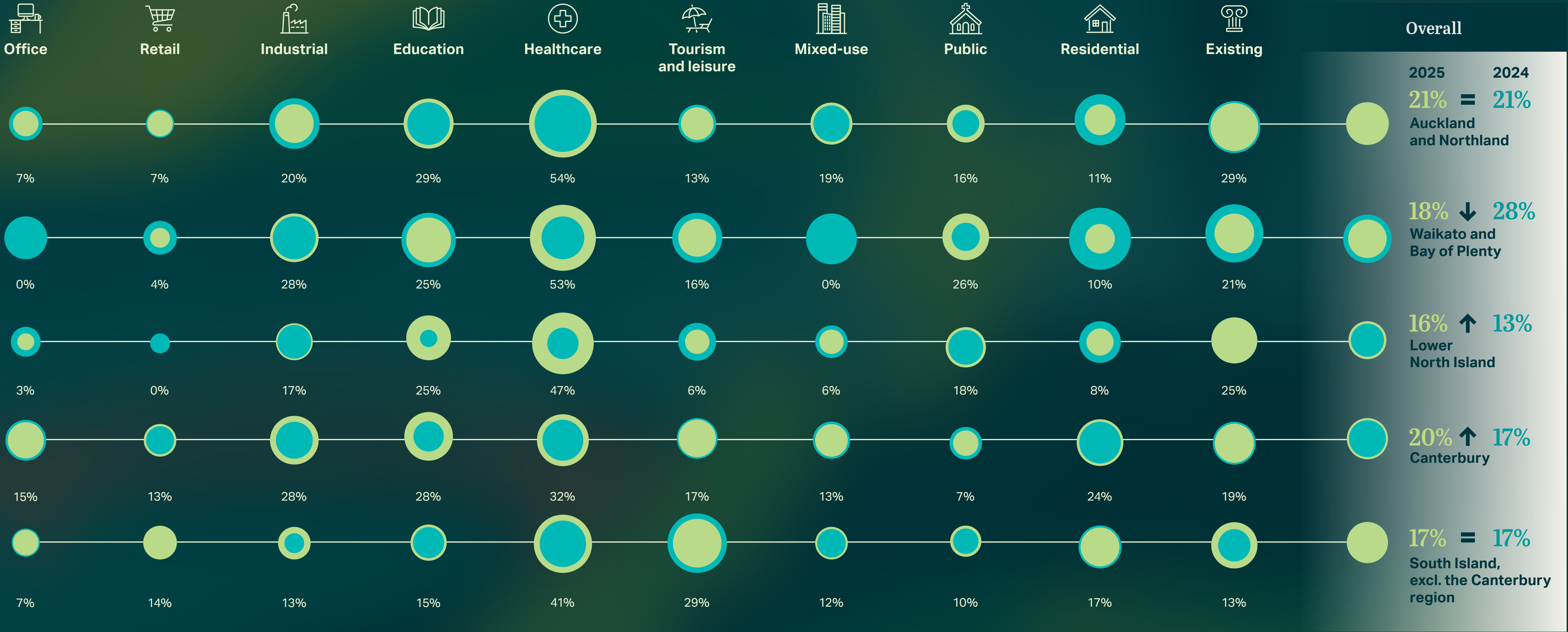
South Island excl. Canterbury: Tourism pain outweighs gains

Outside Canterbury, overall optimism has remained stable, with increased confidence in the healthcare and industrial sectors driven by ongoing capital investments and strong demand for infrastructure supporting regional growth. However, confidence in the tourism and leisure sector has declined due to funding constraints, workforce shortages, economic uncertainty, and delays to projects such as the Queenstown Convention Centre, Wanaka Lakefront redevelopment, and Southland coastal tourism developments linked to changing visitor patterns. Additionally, smaller regional councils face budget pressures that limit their capacity to support large-scale projects.



Building outlook:
Recovery is uneven — healthcare and education are lifting, while housing, retail, and offices slide. Future growth leans on public spending, not private investment.

2024 2025



Industry spotlights



Nationwide industry challenges

New Zealand’s infrastructure, construction, water and energy sectors, as well as local councils, are grappling with a range of ongoing challenges. These include a persistent shortage of skills and loss of talent, funding, along with governance and regulatory uncertainties, particularly in relation to government-funded projects.

Top industry challenges: skills, funding and regulations

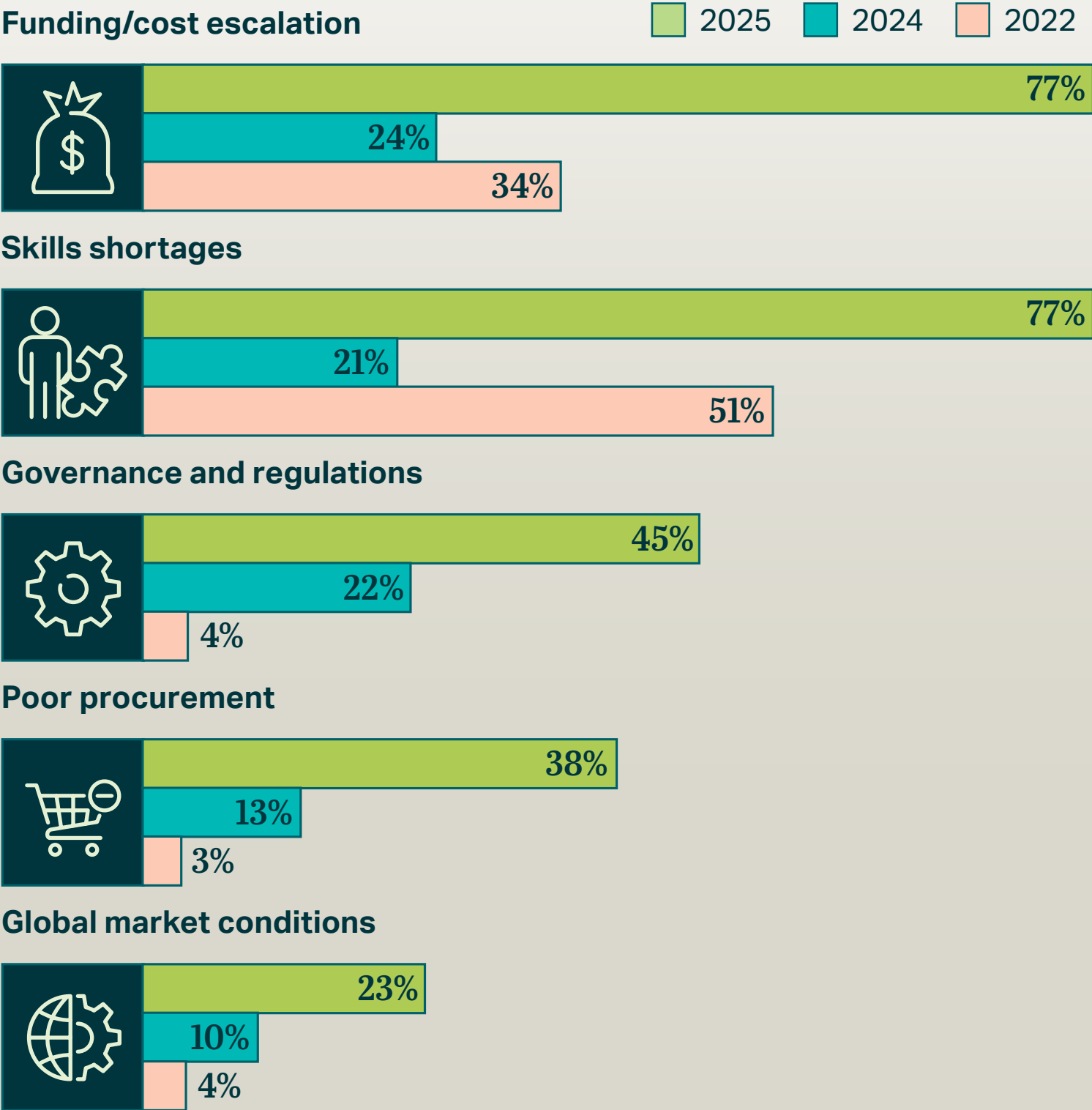
This year’s survey highlights persistent challenges around skills shortages and funding constraints within New Zealand’s infrastructure sector. Talent gaps have widened, making skills shortages the most frequently cited risk, with sentiment worsening compared to previous years. While optimism for infrastructure growth remains strong, more than two-thirds of respondents identified low confidence in financing and funding availability as a high risk, underscoring a growing gap between ambition and delivery capability that could create bottlenecks in project completion. Concerns over governance and regulatory issues closely follow, seen as significant risks that may further complicate project delivery and increase uncertainty.



Delivery barriers:

The real blockers aren’t ideas but skilled labour and funding. Until those are fixed, everything else is secondary.

Top industry challenges



Funding

Funding constraints represent one of the most significant risks to successful infrastructure delivery over the next three years. Key issues include uncertainty around long-term funding, which makes it difficult to commit to investment decisions in workforce and planning, competing priorities as limited public funds must be spread across multiple urgent needs, and increasing constraints on local councils' ability to raise revenue through rates and user charges. Additionally, infrastructure funding often involves multiple stakeholders, resulting in complex funding models that can delay agreement and decision-making.

Recognising the funding challenges highlighted by industry leaders, Hon Chris Bishop outlined several initiatives at the 2025 Building Nations Conference aimed at improving infrastructure funding and financing. These measures include replacing Development Contributions with a Development Levy system to better align costs with growth, enhancing the Infrastructure Funding and Financing Act to support

large-scale projects, and increasing the flexibility of targeted rates while broadening tools to support value capture. Supporting these reforms, the New Zealand Infrastructure Funding and Financing Corporation (NIFFCo) plays a vital role by providing expert advice and facilitating innovative financing solutions, helping local councils and stakeholders navigate complex funding arrangements to accelerate project delivery.

While much has been made of the role of private funding and finance, and significant investment has gone into establishing the NIFFCo, the market has yet to see proposals flowing through their process. This raises questions about whether the criteria for progressing projects are too difficult and highlights the importance of ensuring exemplars come through to demonstrate that the model works in practice. Without early successes, it will be difficult to build confidence that NIFFCo can deliver the innovative financing solutions it was designed to facilitate.

Skills shortages and talent loss

Skills shortages and loss of talent remain critical concerns. Despite strong growth prospects, industry leaders consistently cite workforce capacity as a key constraint threatening timely and efficient project delivery. Contributing factors include an ageing workforce with many experienced professionals nearing retirement, reducing the pool of senior talent. A significant challenge is the migration of skilled workers to Australia, attracted by higher salaries, more abundant job opportunities, and larger infrastructure markets, which exacerbates local shortages and complicates workforce planning. The sector also struggles to attract enough new graduates and apprentices, worsened by competition from other industries.

Governance and regulatory challenges

Industry leaders have raised significant concerns about governance and regulatory challenges, ranking them alongside skills shortages, talent loss, and funding constraints as major risks to the successful completion of infrastructure and building projects over the next three years.

2 of 3



respondents view New Zealand’s current consenting and regulatory framework as a barrier to timely and efficient major project delivery.

Two-thirds of respondents cited New Zealand’s current consenting and regulatory framework as ineffective in enabling the timely and efficient rollout of major projects. Key issues include complex and lengthy approval processes, inconsistent application of regulations across regions, making project planning and execution more difficult, and the ongoing impacts of government reforms, such as changes to the Resource Management Act and the introduction of fast-track consent processes.

Investment drivers

Respondents were evenly divided on their confidence in the government's ability to implement diverse financing options, such as equity investments, public-private partnerships, and build-operate-transfer models, over the next three years to support the delivery of critical infrastructure in New Zealand.

This split highlights ongoing industry caution and uncertainty about whether alternative financing promises can be realised. Achieving success in this area will be a complex undertaking, requiring careful planning, strong execution, and sustained collaboration between government and industry. It is important that there are some early wins in this space to provide confidence to the industry that the rhetoric matches the reality.

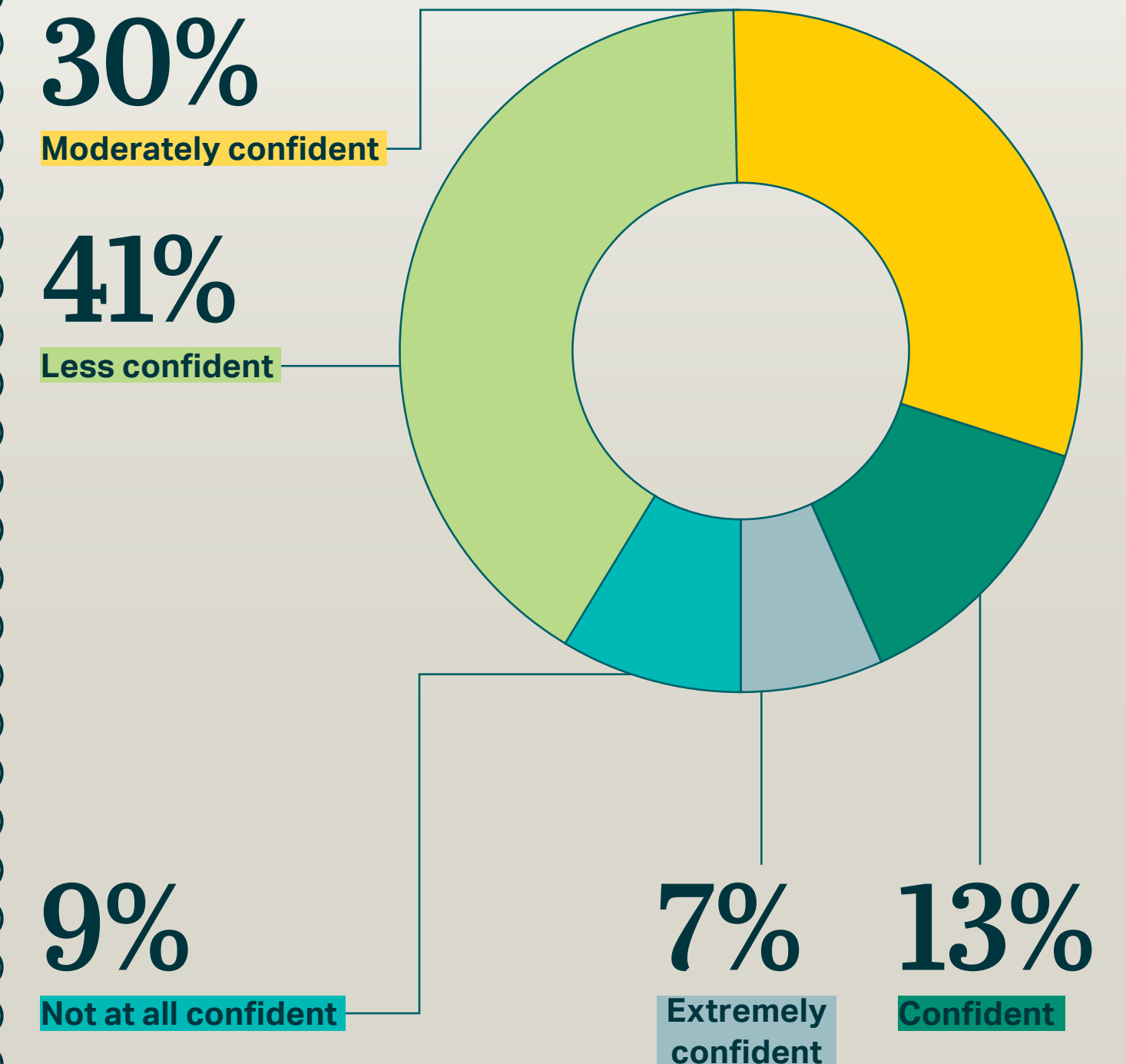
A big challenge for investment drivers in New Zealand stems from a lack of clear and consistent political agreement on critical projects, with priorities shifting every three years alongside changes in government and local leadership. Industry leaders stressed the need for bipartisan, long-term commitments that protect the infrastructure pipeline from political cycles, as well as stronger government vision and willingness to invest directly, using low-interest debt, rather than relying heavily on complex, higher-risk private financing models such as PPPs. Labour's commitment not to cancel contracted projects is a good start, but more bipartisan alignment is needed if we are to

avoid the costly cancellations that we have seen in recent times.

Funding constraints at both central and local government levels, poor long-term planning, and inadequate prioritisation of limited capital mean many vital projects are delayed or abandoned. Additional risks include escalating costs, regulatory uncertainty, inconsistent consenting processes, loss of skills and delivery capacity, and limited confidence that site hazards, resource constraints, and quality risks, particularly with new market entrants, will be well managed.

Broader economic pressures, from global market volatility and political instability to New Zealand's small population and limited resilience, can and do impact investor confidence. Public sentiment remains wary of foreign ownership of assets and the long-term costs of financing models that ultimately draw on the same taxpayer base. Without coordinated action, a predictable pipeline, and funding certainty insulated from political change, the industry sees limited ability to deliver the scale of infrastructure New Zealand needs.

Confidence government will deliver diverse financing options in 3 years



Local authorities: it's a juggling act

Local government in New Zealand continues to undergo significant change, with 2025 bringing both triennial mayoral elections and ongoing reform of how councils operate.

The Future for Local Government review remains an important reference point, but current government priorities focus more narrowly on core services, such as water, transport, and essential infrastructure, alongside stronger fiscal discipline.

The proposed *Local Government (System Improvements)* Amendment Bill would refine the purpose of local government, improve transparency, and require annual benchmarking of council performance on key indicators such as debt levels, capital spending, and infrastructure delivery.

There have also been representation changes, with many councils holding Māori ward referendums following law changes that reintroduced community voting requirements. Funding constraints remain a pressing challenge, especially for local councils, and the government continues to promote tools like the *Infrastructure Funding and Financing Act* and the *Urban Development Act* to unlock investment and address historic underinvestment in critical services. Alongside this, long-term planning, resilient funding mechanisms, and coordinated

climate adaptation measures remain essential priorities for local authorities, with industry stakeholders calling for greater certainty and stability across political cycles.

Key priorities

We asked respondents to identify the areas local authorities should prioritise. The same concerns have been raised consistently over the years, and this year's results are no different. Maintaining and repairing ageing assets remains the top concern, with every respondent identifying it as critical. A further 98% stressed the importance of investing in infrastructure that supports growth. These results underscore persistent challenges – New Zealand's ageing infrastructure is under increasing strain, not only from decades of population growth but also from climate-

related impacts, shifting economic conditions, and intensifying urban development. With urban intensification accelerating and resilience now a core requirement, local governments need to focus on safeguarding and extending the life of existing assets while strategically delivering new infrastructure to meet future needs.



Strategy shift:
Councils to balance fiscal discipline with long-term planning to maintain services and deliver new infrastructure.

Areas local authorities should prioritise



Digital Transformation of tomorrow's infrastructure

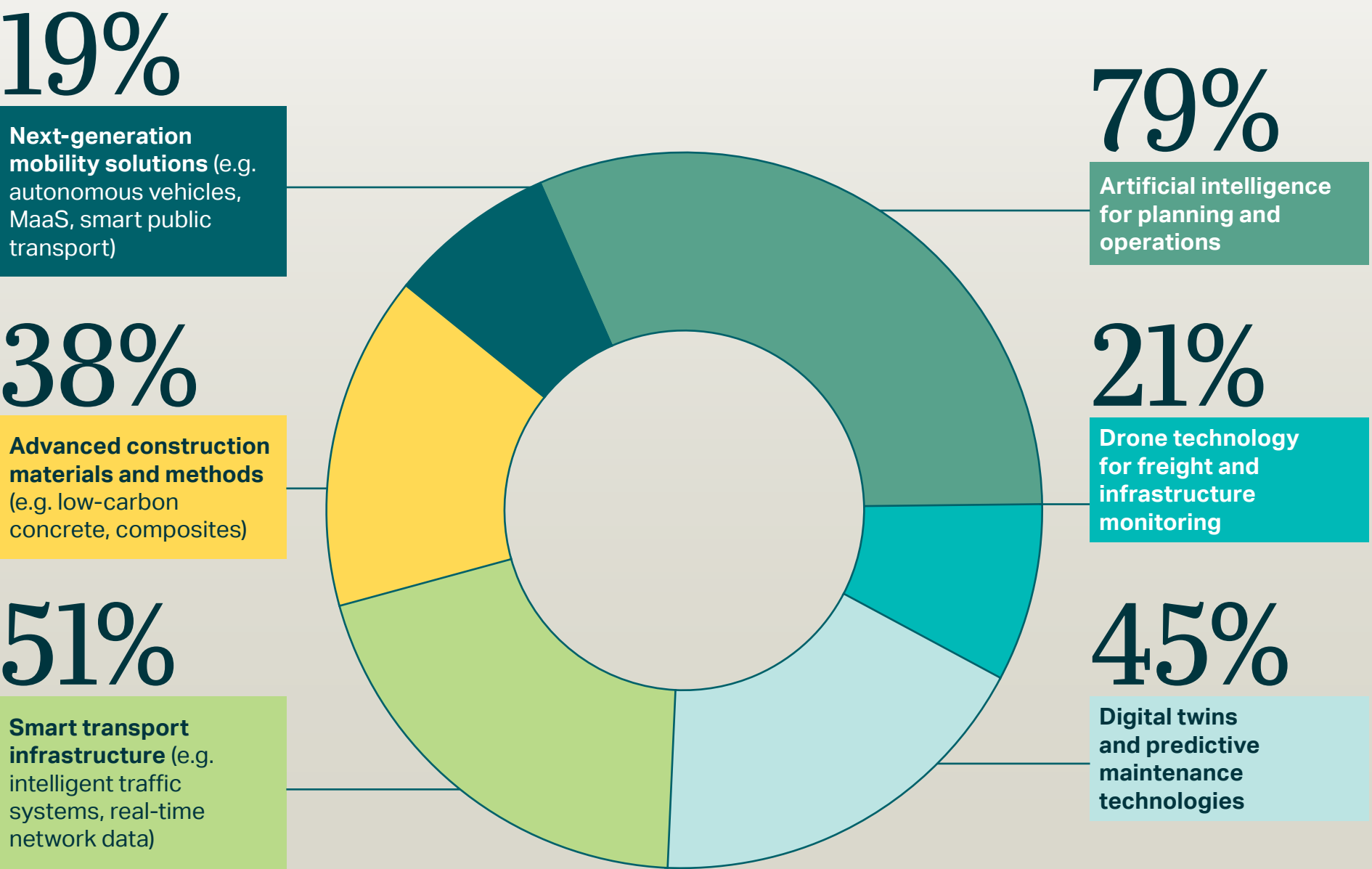
Digital technologies and AI are increasingly central to the way infrastructure and buildings are delivered worldwide.

Globally, AI is being applied to planning, predictive maintenance, and resource optimisation, while digital twins enable real-time modelling, performance monitoring, and risk assessment. Smart systems and integrated data platforms are improving safety, efficiency, and responsiveness across networks, while innovative construction methods supported by these tools are helping projects be completed faster, more sustainably, and with greater resilience to operational and climate-related risks. In New Zealand, the scale of investment and the pace of change have been slower than what we see on the ground in other countries.

Transport infrastructure: getting smarter

When asked which technologies are likely to have the biggest impact on transport infrastructure over the next 10 years, survey respondents highlighted AI for planning and operations as the most influential, with 79% indicating it will play a major role. Smart transport infrastructure, such as intelligent traffic systems and real-time network monitoring, also ranked highly, followed by digital twins, predictive maintenance technologies, and advanced construction materials, including low-carbon concrete and composites. Next-generation mobility solutions, such as autonomous vehicles and smart public transport, and drone technology for freight and infrastructure monitoring were less widely cited. These innovations are enabling safer, more efficient, and more responsive transport networks.

Technologies will have biggest impact over next 10 years



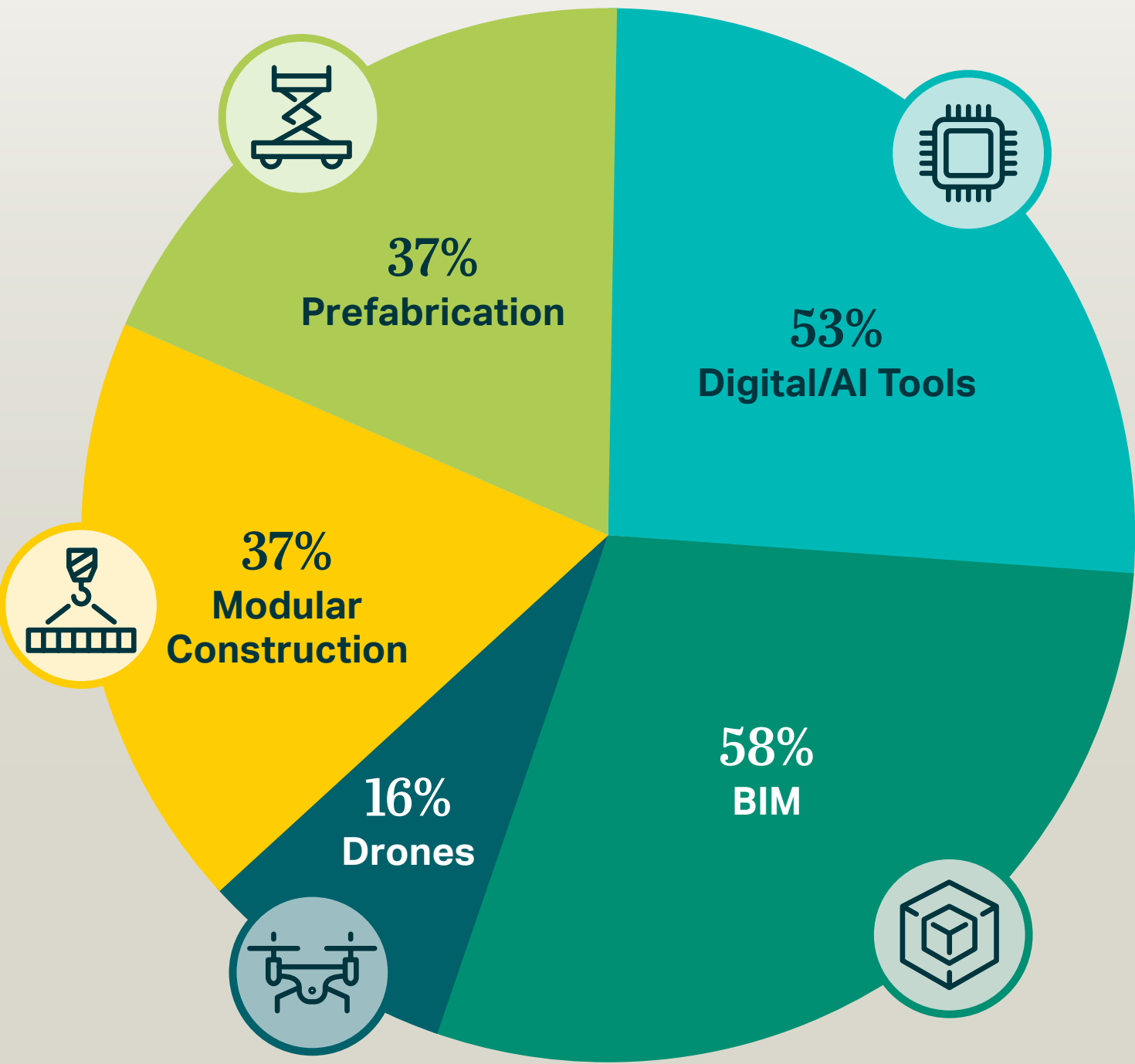
Digital Transformation of tomorrow's infrastructure

Building construction: digital efficiency

In building construction, digital and AI-enabled tools are reshaping how projects are designed, delivered, and managed. Building Information Modelling (BIM) is the most widely adopted technology, with 58% of respondents indicating its use, followed by digital tools and AI. Modular construction and prefabrication are becoming more common as methods to improve efficiency, reduce waste, and accelerate delivery. Drones are increasingly used for site surveys, inspections, and progress monitoring, while other digital innovations are being applied in niche areas.

Together, these technologies are enabling better collaboration across project teams, improving design accuracy, and delivering higher-performing, more sustainable buildings.

Technologies currently delivering the greatest value to projects



Digital outlook:

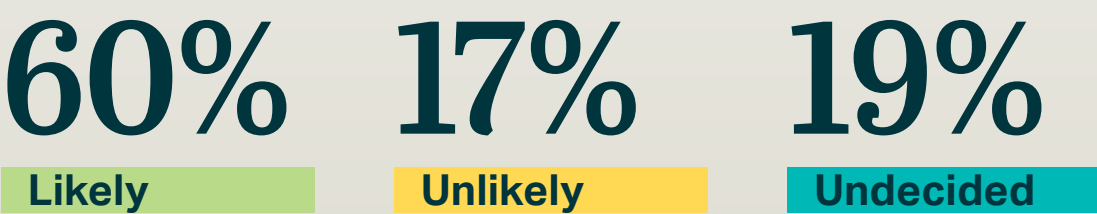
Infrastructure is shifting from pilots to scale. BIM and prefabrication deliver value, AI and digital twins lead the next wave. Transformation hinges on skills, integration, and focusing on proven gains over hype.



Digital Transformation of tomorrow's infrastructure

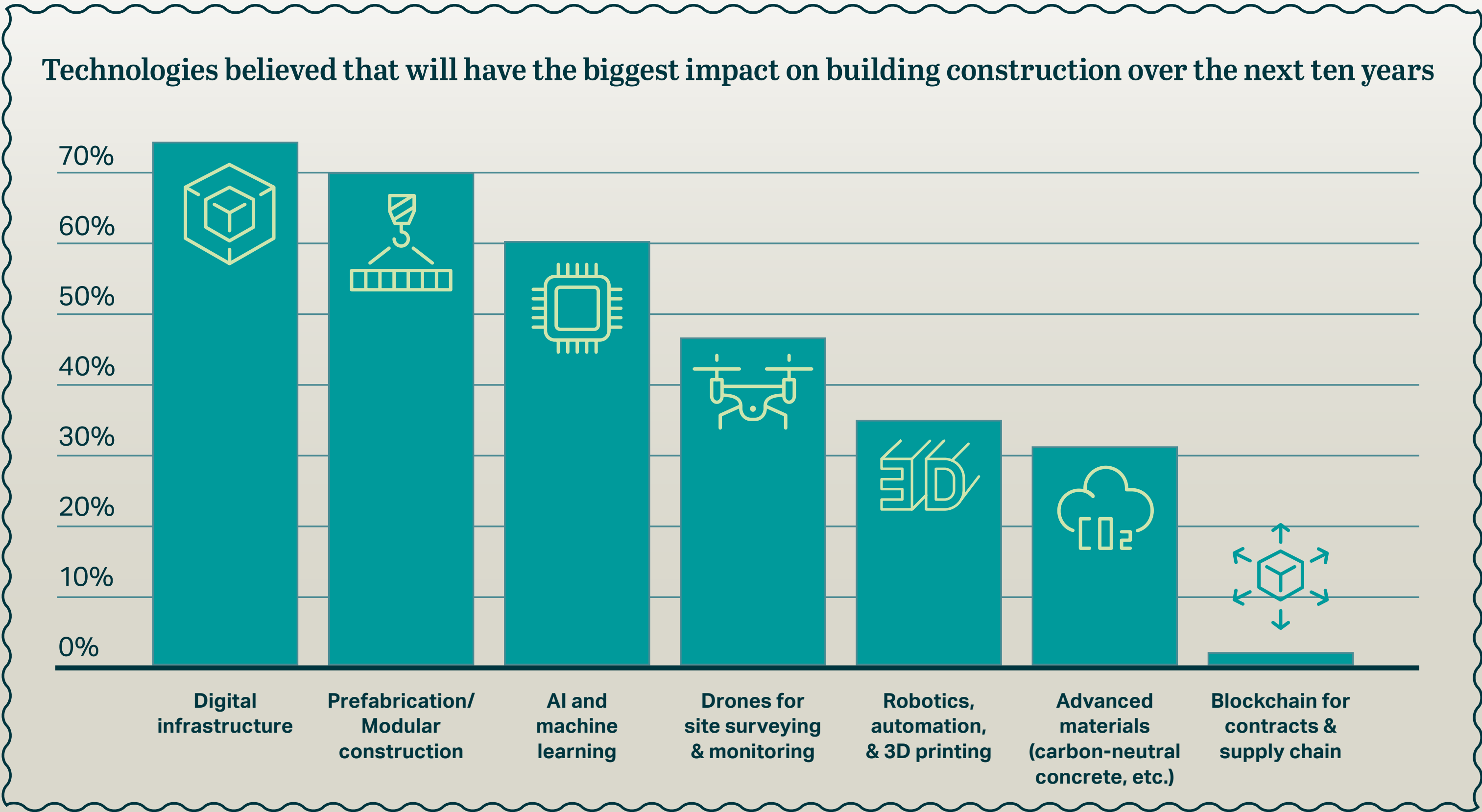
Investment outlook

When asked about likely future investment in these technologies, two thirds of respondents said they were likely to invest. This signals strong confidence in the potential of digital and AI solutions to enhance project delivery and operational performance across both infrastructure and building construction.



The road ahead

The survey results demonstrate that digital technologies and AI are set to transform the delivery and management of transport infrastructure and buildings over the next decade, driving greater efficiency, resilience, and sustainability. As adoption expands, decision-makers will need to prioritise investment, workforce training, and integration strategies to fully realise the benefits for New Zealand's infrastructure and construction sectors.



Sustainability and resilience

As an industry that has consistently demonstrated resilience in the face of natural disasters and operational challenges, New Zealand's infrastructure sector continues to confront evolving pressures. The severe weather events of recent years, including Cyclone Gabrielle and ongoing flooding, have reinforced the critical need for infrastructure that can withstand the escalating impacts of climate change.

In response, the sector is continuing to place greater emphasis on integrating environmental, social, and governance (ESG) principles to deliver long-term, resilient, and sustainable solutions. However, this sits against the backdrop of a government that has scaled back on some environmental commitments. Budget 2025 does provide significant investments in key projects, including health, education, and roads and rail networks, designed to enhance resilience to extreme weather events while supporting broader sustainability objectives. While these measures mark progress, further targeted investment will be needed to fully strengthen infrastructure and meet New Zealand's long-term climate adaptation goals.

Investment planning for sustainability and resilience

Over the years, natural disaster resilience continues to rank as the highest priority in investment planning for the buildings and infrastructure sector. This emphasis is mirrored in recent governmental action through its *National Resilience Plan*, the Government allocated NZ\$6 billion in Budget 2023 to support rebuilding stronger infrastructure after Cyclone Gabrielle and Auckland floods—and has begun delivering future-proof upgrades to roads, rail, telecommunications, and electricity networks.

By contrast, transitioning to a low-carbon economy remains the least prioritised area. The majority of respondents continue to report low levels of consideration, and relatively few consider this a high priority, highlighting an ongoing disconnect between New Zealand's long-term climate ambitions and the current focus of industry investment planning. Although the Government released its second *Emissions Reduction Plan (2026–2030)* in December 2024, with new sections addressing building-sector and construction-related initiatives, concrete alignment with infrastructure investment in this area remains limited.

Resilience to technical failure has remained relatively steady over time, although 2025 saw a decline in the number of respondents rating it as important. This may signal a gradual shift away from technical risk preparedness in the funding landscape. However, incidents such as the power pylon collapse in Northland last year that caused widespread outages, and the aviation fuel pipeline disruption that created major supply challenges, highlight the ongoing vulnerability of critical infrastructure to technical failure and the need to maintain investment in resilience.

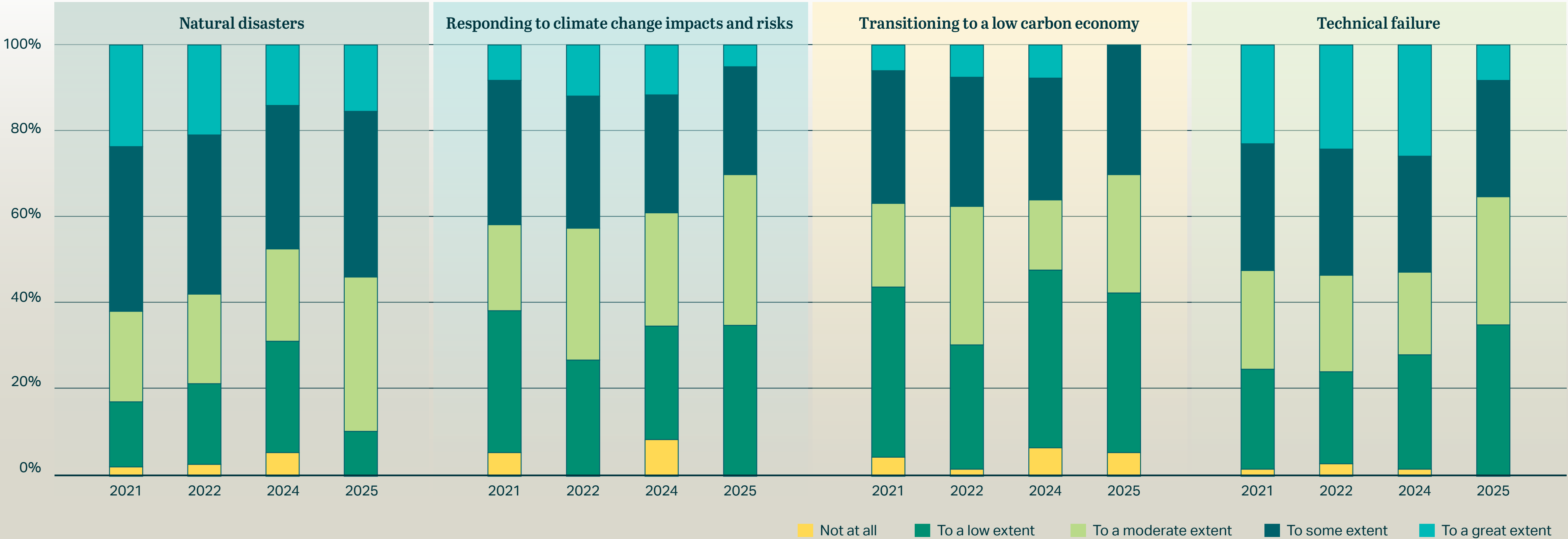
Consideration of climate-change adaptation has been less consistent, fluctuating across survey years, with a marked drop in strong consideration in 2025 compared with earlier results in the

2020s. Still, the Government has taken steps to embed adaptation into infrastructure policy frameworks. Its *National Adaptation Plan*, as revised in early 2025, includes actions to update the *Building Code* with forward-looking climate data, issue guidance for public buildings, and develop methodologies for climate-risk assessments. Further, the plan outlines goals to integrate nature-based solutions into transport infrastructure, improve adaptive decision-making frameworks, and modernise emergency management duties for lifeline utilities.

Moreover, a recently published *30-year draft National Infrastructure Plan* underscores the Government's intent to enhance disaster preparedness across sectors such as hospitals, energy, and transport. It also calls for sustainable funding mechanisms, streamlined approvals, and better project readiness assessments.

Overall, respondents are indicating that investment planning continues to place greater weight on immediate risks, like natural disasters and technical failures, while longer-term systemic challenges, such as climate change adaptation and decarbonisation, receive less consistent attention. The Government has taken commendable steps toward resilience through substantial funding and strategic planning materials, but alignment remains uneven, especially on the low-carbon transition front.

Extent sustainability and resilience is considered in planning of buildings and infrastructure



Resilience outlook:

Resilience dominates infrastructure investment, but long-term climate adaptation remains under-prioritised — with transitioning to a low-carbon economy the least prioritised area.



Sustainability and resilience

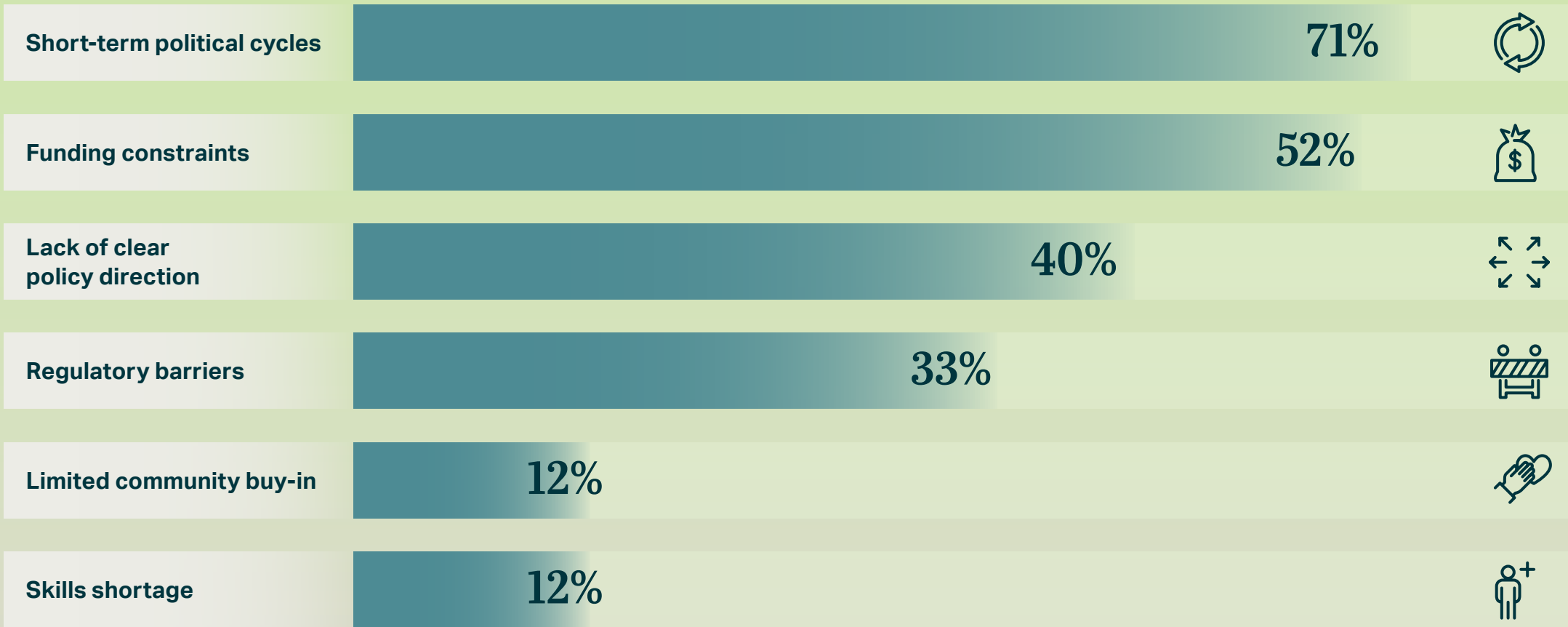
Barriers to sustainable infrastructure delivery

Sustainability and resilience are central to national infrastructure policy, investment and planning frameworks. However, when asked what is considered to be the biggest barrier to delivering sustainable infrastructure, respondents point to short-term political cycles as the largest barrier, followed by funding constraints, lack of clear policy and regulatory barriers. This reflects feedback received by the New Zealand Infrastructure Commission (Te Waihanga) during the development of the National Infrastructure Plan, where stakeholders emphasised the need to reduce the influence of short-term political cycles and move beyond ad-hoc fixes, focusing instead on building a resilient, inclusive, and future-ready infrastructure system.

The challenges of responding to climate risks

When asked about the most significant factors shaping New Zealand’s infrastructure future, respondents identified funding dynamics as the most pressing factor, noting delays in decision-making, slow allocation of resources, and the significant cost of retrofitting ageing assets, particularly in dense urban areas and low-lying coastal zones. Strategic infrastructure planning was the next priority, with calls for a clearer long-term vision, nationally consistent resilience priorities, and better coordination between central and local government. Other important considerations included improving the regulatory framework to fast-track climate adaptation projects, overcoming political hesitancy to invest in preventative measures, and balancing cost management with the need for robust, future-ready designs. Respondents stressed that infrastructure must be able to withstand extreme weather, sea level rise, and flooding, and that resilience should be embedded in all projects, whether upgrading stormwater networks, relocating critical assets, or selecting transport routes that can operate safely during and after severe events.

Biggest barrier to sustainable infrastructure delivery



Sustainability barriers:
The hurdles aren’t technical but systemic — political cycles, funding limits, and policy gaps slow progress and hinder long-term resilience.

Transport

Since the release of the 2024 Government Policy Statement (GPS) on Land Transport, New Zealand’s transport sector has accelerated with significant advancements in public transport, road pricing reform, and infrastructure delivery—reinforcing priorities around connectivity, resilience, and demand management.

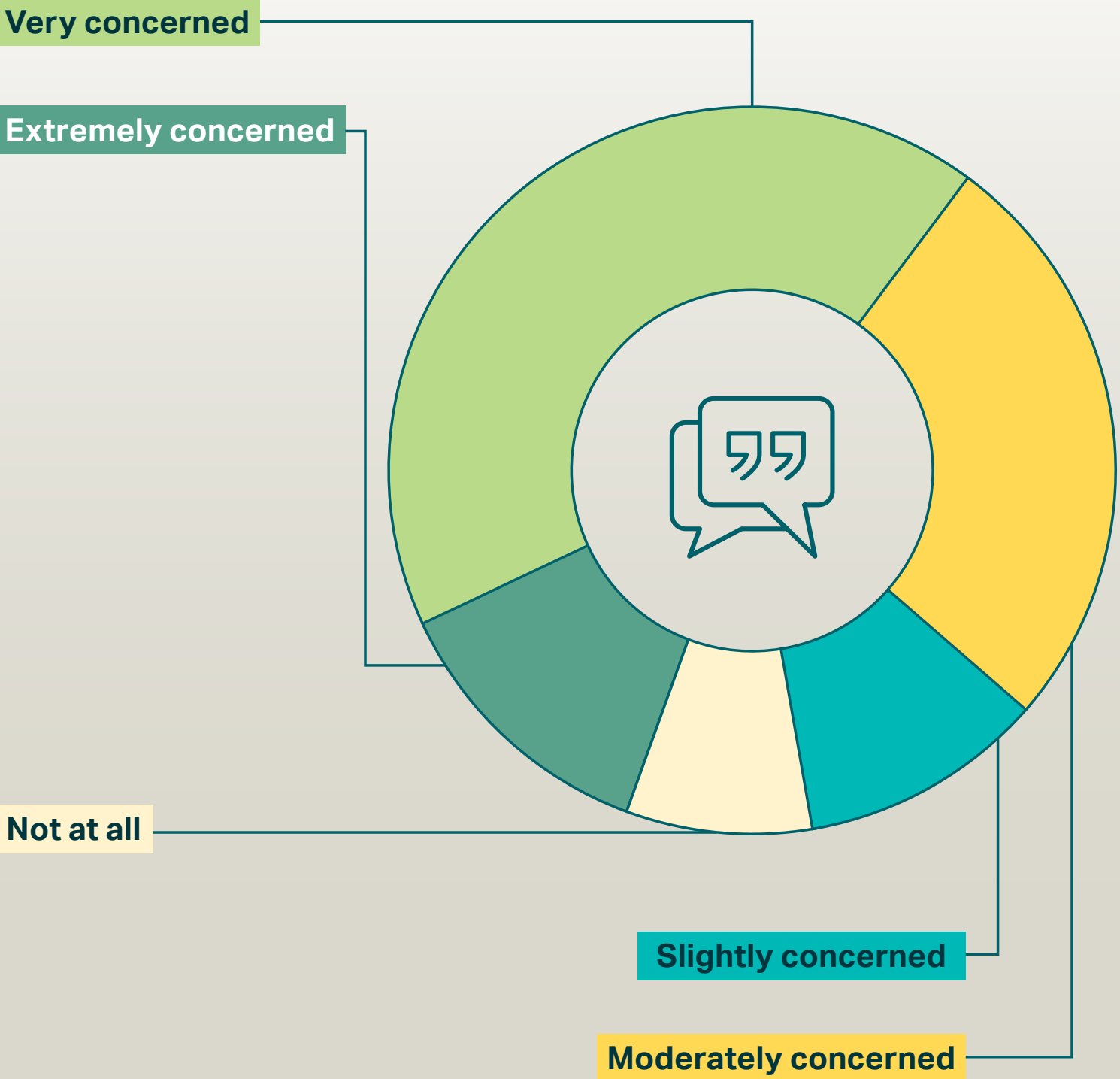
The \$22 billion GPS framework has already delivered major milestones, including the opening of Te Ahu a Turanga – Manawatū Tararua Highway, the start of procurement for the Northland Corridor, and the electrification of Auckland’s rail network to Pukekohe.

Public transport is being modernised through the rollout of NZTA’s Motu Move national ticketing system. Pilot services began in Christchurch in December 2024 and will expand regionally, with nationwide access expected by 2026.

Policy reforms are also reshaping how New Zealand pays for and manages its roads. The Land Transport Management (Time-of-Use Charging) Amendment Bill is progressing through Parliament, enabling congestion pricing in major cities to reduce peak-hour traffic. In parallel, the government has confirmed plans to phase out petrol tax in favour of a nationwide electronic Road User Charging system, applying distance- and weight-based fees to better reflect actual road use.

Complementing these initiatives, Budget 2025 allocated an additional \$6.8 billion to infrastructure, including \$836 million for transport, supporting rail improvements, repairs to weather-damaged roads, and enhancements to regional air and maritime safety, with \$6 billion of construction expected to commence by the end of 2025.

While there is genuine optimism around the infrastructure pipeline, industry leaders caution that delays between project announcements and physical delivery—particularly in local government work—could slow momentum. Civil Contractors NZ warns these risks could turn the pipeline into “pipe dreams” if workforce shortages and delivery bottlenecks are not addressed.



Transport

Adapting infrastructure to a changing climate

We asked respondents how concerned they are about the impact of climate change and extreme weather events on the resilience of infrastructure. 80% of respondents indicated they were moderately to extremely concerned about the impact climate change is having on infrastructure. Respondents highlighted vulnerabilities across transport networks, particularly single-mode roads and rail lines that could isolate regions during extreme events. Key concerns included flood-prone areas, ageing stormwater and drainage systems, coastal infrastructure at risk from sea level rise, and insufficient maintenance of critical assets.

Infrastructure resilience prioritised

Respondents also provided clear guidance on priorities for action, including upgrading flood protection and drainage systems, retrofitting and strengthening existing infrastructure, expanding and protecting rail and road networks, improving alternative transport routes, and embedding resilience into planning and investment decisions. Many stressed the need for long-term, consistent funding, coordinated national resilience planning, and transparent regional priorities to ensure infrastructure can withstand future climate and weather extremes while supporting sustainable transport and community recovery.



Transport outlook:
Climate risks are reshaping priorities. Core infrastructure is strengthening, but weak recovery planning leaves the system exposed.

Priorities for transport infrastructure



Water: Local water done well

The water sector in New Zealand has seen tangible progress in implementing *Local Water Done Well (LWDW)*, the Government’s policy for improving water service management through a locally led model. Since our last survey in 2024, legislation has advanced with the introduction of the final Local Government (Water Services) Bill, establishing the regulatory framework for economic oversight, consumer protections, and streamlined consenting processes.

Across the country, councils have been moving from planning into action. Several have committed to joint council-controlled organisations (CCOs), including the Wellington region’s Metro Water and the IAWAI Flowing Waters CCO, while others are consulting on delivery models or exploring smaller-scale collaborations. Financing pathways have also been strengthened, with the Local Government Funding Agency expanding borrowing options to support both CCOs and councils retaining in-house delivery.

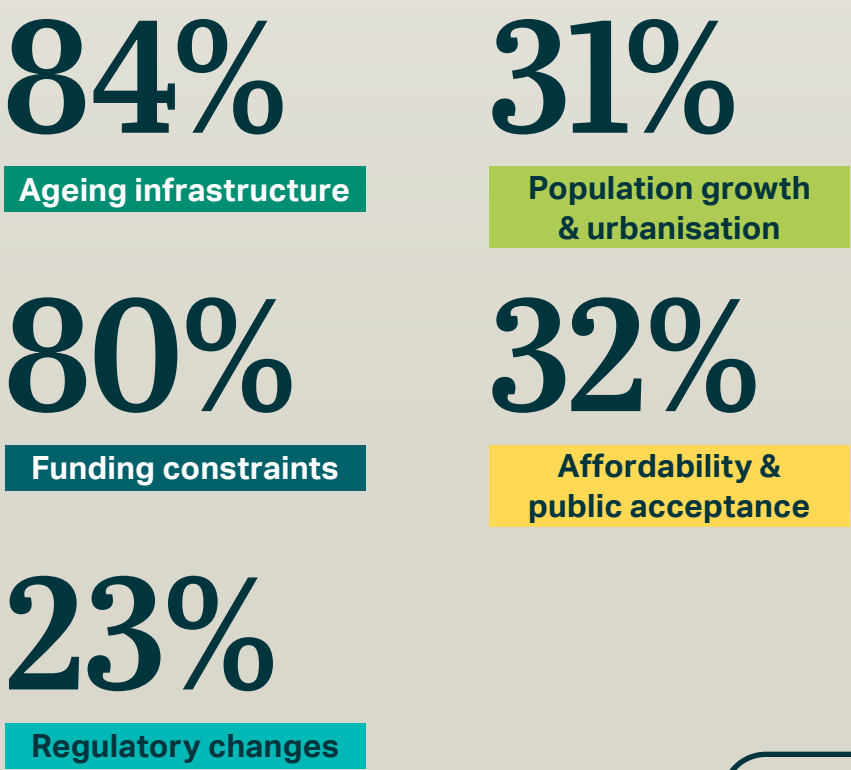
The focus remains on enabling local control, ensuring financial sustainability, and building resilient infrastructure. As LWDW takes shape, it is fostering greater collaboration between neighbouring councils, strengthening local governance, and laying the foundations for sustainable, future-proofed water infrastructure that reflects the needs of individual communities.

Water investment over the next decade

Respondents were again asked to identify the most significant investment needs for three waters infrastructure over the next decade, and replacing ageing infrastructure continues to be ranked as the highest priority. Over the past 12 months, sector discussions have sharpened around the escalating cost of deferred renewals, with many councils reporting that critical assets, such as water mains, wastewater treatment plants, and stormwater networks, are not only reaching the end of their designed lifespans but in some cases are failing more frequently.

This challenge is compounded by increased compliance requirements under the updated *Drinking Water Quality Assurance Rules* and heightened environmental expectations from the *National Policy Statement for Freshwater Management*, which older systems often cannot meet without substantial upgrades. The *Local Water Done Well* policy is beginning to influence how these challenges are addressed, with new joint council-controlled organisations prioritising asset condition assessments and renewal planning to improve resilience, alongside Watercare securing financing under the Watercare Charter arrangements to fund critical infrastructure investment.

Challenges/risks to achieving financially sustainable water services delivery in the long-term



Water risks:
Ageing infrastructure is the biggest threat, well ahead of affordability and regulation.

Funding and finance constraints were cited as the next highest priority, with respondents noting that raising and allocating sufficient capital is increasingly difficult under current local government financial settings. Limited revenue streams, competing infrastructure demands, and rising construction costs are all creating barriers to delivering necessary upgrades at a rapid pace.

Half of the respondents highlighted uncertainty in government policy direction, changing regulatory frameworks, and protracted decision-making processes, which slow the delivery of essential water infrastructure projects prior to the formation of new CCOs or similar arrangements. This uncertainty can delay investment commitments, increase project costs, and undermine long-term planning efforts.

Operational inefficiencies, high maintenance costs, and unplanned service disruptions remain pressing issues. Without sustained investment in renewals and upgrades, and a funding model that enables these to be delivered, the gap between current system performance and the levels of service expected by communities will continue to widen. Ensuring that infrastructure keeps pace with both current demand and projected growth remains essential for the sustainability of New Zealand's water services.

Network capacity (68%) and regulation (55%) outweigh flooding and resource limits.

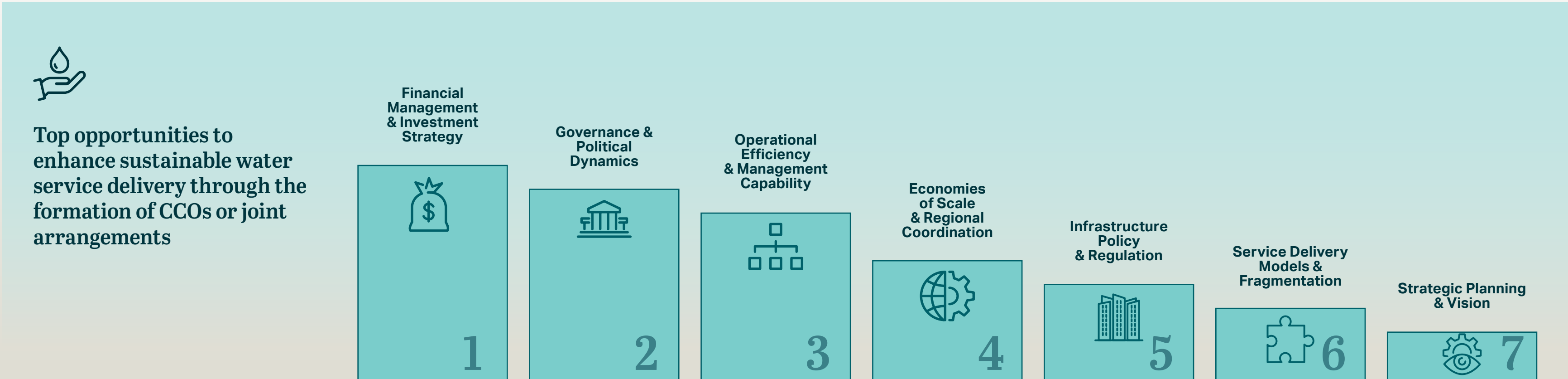


Barrier	Percentage
Capacity constraints in local water, wastewater, or stormwater networks	68%
Complex or inconsistent regulatory and compliance standards	55%
Limited coordination with local councils or water service providers	39%
Insufficient internal or supporting resources leading to programme and cost uncertainty	35%
Site vulnerability to flooding or overland flow paths	35%
Increasing stormwater management and on-site detention requirements	29%
Delays in connecting to existing three waters infrastructure	23%
Other	9%

Water: Local water done well

Harnessing CCOs and partnerships to drive sustainable water services

Respondents were asked what they believe are the top opportunities to enhance sustainable water service delivery. Many emphasised that sustainable water service delivery hinges on a financially viable model, backed by bipartisan political support and a long-term, well-funded vision. While some see potential in CCOs, many believe efficiencies are better achieved through joint arrangements, integrated procurement planning, and regional consolidation to create economies of scale and shared expertise. Suggestions included clearer goals and KPIs, improved procurement models, expanded funding for smaller rate bases, and national strategies such as volumetric water charging and mandatory rainwater capture for new builds. Several called for removing water services from direct political control, with some favouring a national body or commercial entity to lead delivery.



Energy: big dreams but reality is slow

New Zealand’s commitment to decarbonising energy remains strong, with the government reaffirming its net-zero 2050 target and progressing policies to expand renewable generation and supporting infrastructure.

Energy generation development

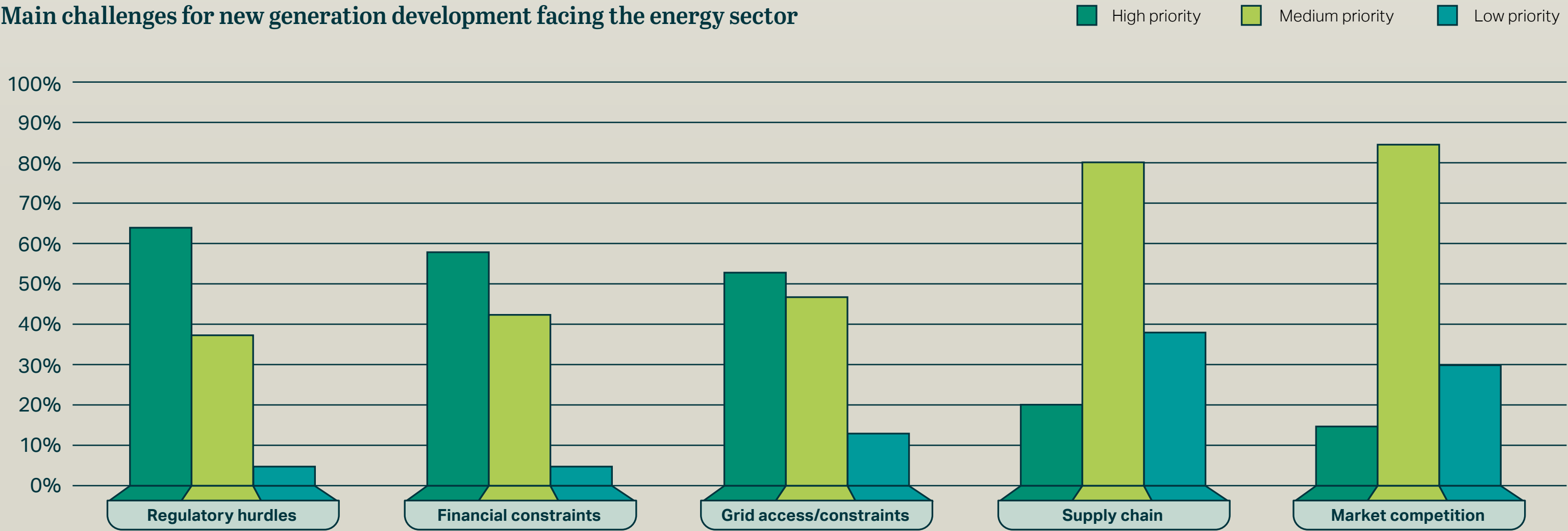
To meet the 2050 climate targets, significant investment in renewables, grid modernisation, energy storage, and the electrification of transport and industry will be required. Developing a skilled workforce and maintaining clear, consistent policy settings will also be needed to attract private investment.

Respondents identified regulatory hurdles and financial constraints as the most significant challenges to new energy generation development in New Zealand, reflecting the early-stage nature of projects in the pipeline. Developers are primarily focused on securing regulatory approvals, obtaining grid connections and access, and arranging financing, while grid access and infrastructure limitations were also highlighted as major concerns. These priorities underscore the deteriorating condition of much of the country’s existing infrastructure, the pressure from population growth over the past decade, and recent setbacks such as the rejection of the Southland Wind Farm consent application, despite its suitability as a site.



Energy outlook:
Regulatory, financial, and grid limits are top challenges (50–60%), while supply chain (80%+) and competition (85%+) are only medium priorities.

Main challenges for new generation development facing the energy sector

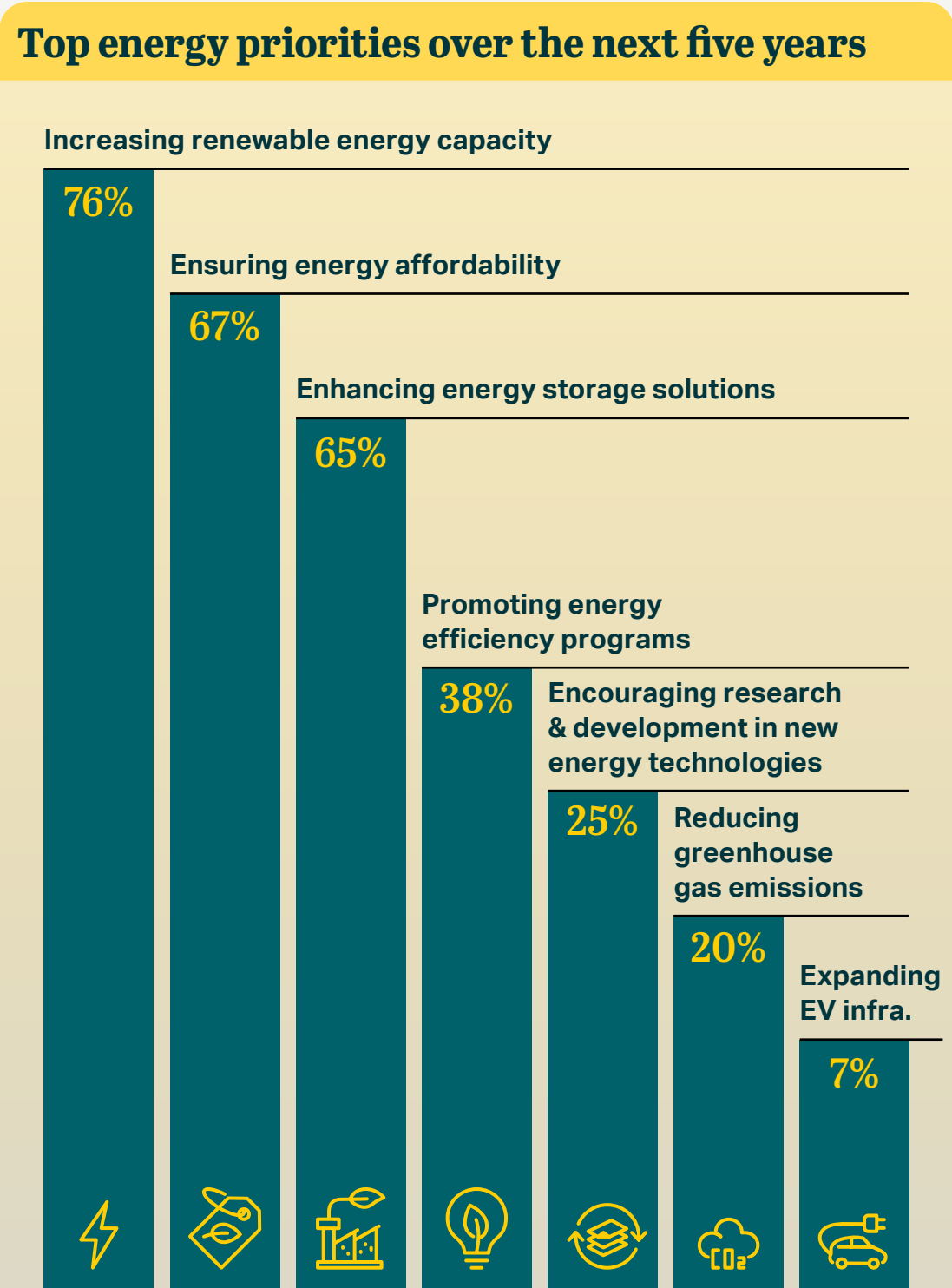


Energy: big dreams but reality is slow

Priorities over the next five years

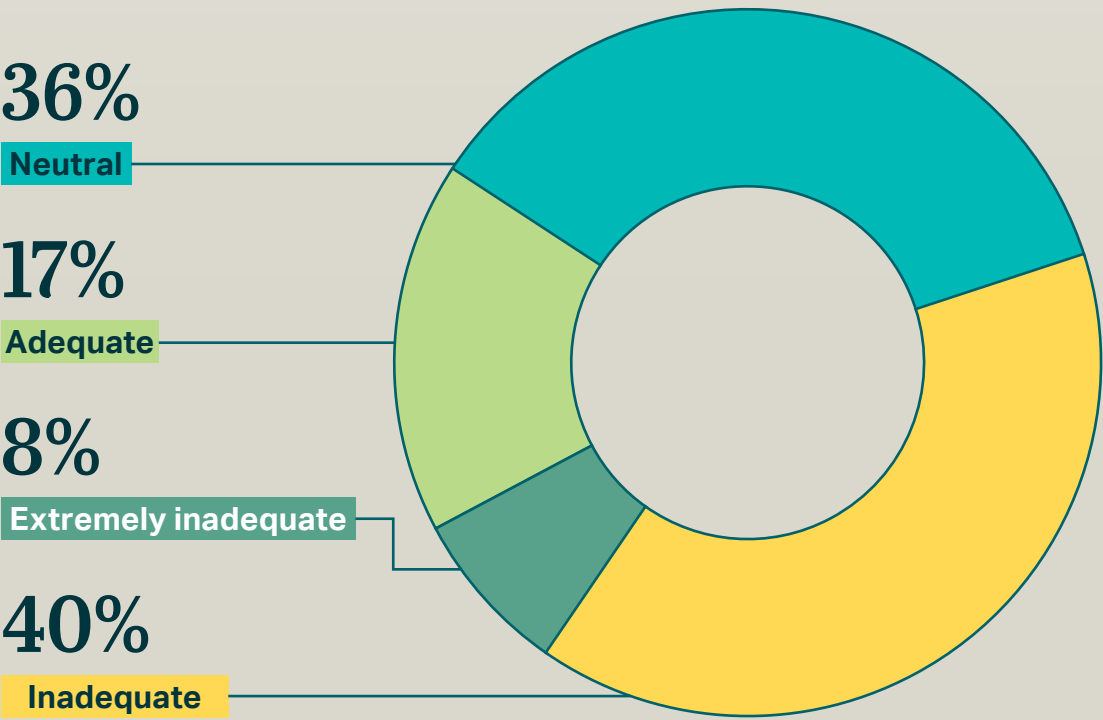
Respondents were asked to rank New Zealand’s top energy priorities for the next five years. 76% of respondents identified increasing renewable energy capacity as the top priority. Ensuring energy affordability and enhancing energy storage solutions followed closely, reflecting the need to support greater renewable integration into the grid. Other priorities included promoting energy efficiency programmes, encouraging research and development in new energy technologies, and reducing greenhouse gas emissions. Expanding electric vehicle infrastructure was a lower priority.

This aligns with the need to maintain a secure and reliable energy supply, ensuring that when renewable sources such as wind and hydro are limited, there are systems in place to meet demand. The strong link between increasing renewable energy capacity and enhancing energy storage reflects national priorities to address supply variability and build resilience in the grid. Promoting energy efficiency and ensuring affordability remain central to policy discussions, particularly affordability, which is a consistent focus for the business and household community as operational costs rise. The results suggest a gap between the government’s longer-term sustainability objectives and the more immediate cost concerns of businesses.



The infrastructure gap

Respondents were asked to assess the adequacy of New Zealand’s current infrastructure to support the growth of renewable energy projects. Nearly half of respondents viewed New Zealand’s current infrastructure as inadequate, while only around one in six considered it adequate, and a third remained neutral. This highlights significant concern about the capacity of existing infrastructure to keep pace with the country’s renewable energy ambitions. This points to a need for targeted investment in grid upgrades, along with improvements to transmission and distribution systems, to ensure the network can effectively integrate increasing levels of renewable generation such as wind and solar.



Industry-led reform agenda

In parallel with government efforts, the Auckland Business Chamber, in partnership with the Northern Infrastructure Forum, has developed and launched the Energy Action Plan to address structural challenges in the energy sector and position energy as a driver of economic growth. Backed by a coalition of industry leaders, independent generators, retailers, network companies, and major users, the plan outlines ten practical measures, including the creation of a single energy regulator, the maintenance of strategic reserves for dry periods, a long-term national energy strategy, reform of the gentailer model, streamlined distribution rules, and independent performance reviews. It also promotes demand response, long-term contracting, and support for geothermal development. Launched in early 2025, the plan aims to stabilise prices, improve reliability, increase competition, and strengthen New Zealand’s ability to meet its renewable energy ambitions. Its next steps involve a 12-month campaign to engage government decision-makers, monitor progress, and hold policymakers accountable for implementation.

Industry focus tilts to capacity and affordability, leaving emissions and EVs lower on the agenda.

The big blockers



The four things slowing everyone down

The infrastructure, building and construction, water and energy markets, and local councils are all grappling with similar challenges: money, people, and red tape choking progress. While we're seeing green shoots of recovery, these fundamental challenges keep turning promising projects into painful delays.

Funding remains the biggest headache. Long-term uncertainty, competing priorities, and local councils squeezed for revenue create a perfect storm of delays. When infrastructure funding involves multiple stakeholders, complex funding models can stall decision-making for months. Hon Chris Bishop recognised these challenges at the 2025 Building

Nations Conference, outlining reforms like replacing Development Contributions with a Development Levy system and enhancing the *Infrastructure Funding and Financing Act*. The New Zealand Infrastructure Funding and Financing Corporation is helping navigate these complex arrangements, but the fundamental problem remains: our ambitions exceed our wallet.

Meanwhile, our best people keep leaving for Australia and beyond—better pay, bigger projects, more opportunities. The experienced professionals who built this industry are retiring faster than we can train replacements. Two-thirds of respondents say our consenting and regulatory framework is broken, with complex approval processes and inconsistent regional rules making project planning feel like regulatory roulette.

The people doing this work know what needs fixing. The question is whether we'll address these core issues before they turn today's cautious optimism into tomorrow's crisis.

1. People are leaving faster than we can replace them

Our best people are heading to Australia and overseas. Better pay, bigger projects, more opportunities. Simple as that. Meanwhile, the experienced folks who built this industry are retiring, and we're not training replacements fast enough.

Skills shortages are now the most frequently cited risk. You can't build infrastructure or buildings without people who know how to build them.

2. Money talks are getting complicated

Everyone wants world-class infrastructure and buildings. Nobody wants to pay world-class prices. Only 14% of people trust government funding promises. Nearly 60% have lost faith in alternative funding ideas like public-private partnerships.

3. Politics keeps changing the rules

Every three years, new people arrive with new priorities. What was urgent becomes optional. What was optional becomes urgent. Long-term planning and short-term political cycles mix about as well as oil and water.

4. Red tape is strangling progress

Two-thirds of the industry says our approval processes are broken. We have complex rules that change by region, and we spend months waiting for decisions that should take weeks.

We don't want to cut corners on safety or quality. We just want clear rules that stay the same long enough to follow them.

What's needed

We're not in crisis mode, but we're not cruising either. The infrastructure market shows steadier recovery than the more volatile building construction sector. Different regions face different challenges, but the core issues remain consistent: people, funding, politics, and red tape.

The opportunity is real. Companies that can navigate skills shortages, embrace new technology, and survive funding challenges will thrive. The warning is equally real: the gap between what we promise and what we can deliver is growing.

The people building New Zealand's future are realistic about challenges while staying optimistic about solutions. They know what needs doing and how to do it.

New Zealand's infrastructure future isn't written yet. But it will be built by the people doing this work every day, the engineers designing resilient systems, the project managers keeping complex builds on track, the skilled workers turning plans into reality.

They're ready to build our future. We just need to give them the tools, the people, and the consistency to build the future New Zealand needs.

About AECOM

AECOM is the global infrastructure leader, committed to delivering a better world. As a trusted professional services firm powered by deep technical abilities, we solve our clients' complex challenges in water, environment, energy, transportation and buildings. Our teams partner with public- and private-sector clients to create innovative, sustainable and resilient solutions throughout the project lifecycle — from advisory, planning, design and engineering to program and construction management. AECOM is a Fortune 500 firm that had revenue of \$16.1 billion in fiscal year 2024. Learn more at [aecom.com](https://www.aecom.com).



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