



Risk reframed

A clearer, targeted seismic regime reshapes obligations for building owners nationwide.

The Building (Earthquake-prone Buildings) Amendment Act 2026, which received Royal Assent on 24 September 2026, updates the Building Act 2004 and delivers a fundamental reset of New Zealand's seismic framework.

It reshapes how buildings are prioritised and how vulnerability is assessed, and it signals a new set of practical decisions owners, investors and occupiers must now prepare for.

Bayleys national director commercial and industrial, Ryan Johnson, says the reforms mark a decisive correction,

replacing the old uniform seismic rules with a more proportionate, risk-focused model and delivering a material economic shift, particularly for Auckland and Northland, which will exit the EPB system due to their low seismic hazard.

Johnson says the outgoing framework created uncertainty and slowed commercial activity, as long-running inconsistencies overstated risk and applied obligations unevenly.

"The industry is relieved to see a framework that feels practical, predictable and aligned with real-world risk."

GOVERNMENT POSITION

Minister for Building and Construction, Simon Watts says the changes made to the earthquake-prone building system are appropriately focused on risk to life, and he was pleased to see the legislation pass unanimously in Parliament. The reforms take a more proportionate approach to managing seismic risk while ensuring high-risk buildings continue to be identified and addressed.

"Under the old framework, expensive and often unrealistic remediation costs that were disproportionate to actual risk threatened to leave buildings derelict," he explains.

"The new system focuses on the building types and locations that present the greatest risk to people in an earthquake, ensuring effort is directed where it has the most impact. While earthquakes can still occur in low seismic hazard zones, the risk in those areas is significantly lower due to their distance from plate boundaries.

"The changes we have made will save communities about \$8.2 billion, and that money can instead be invested elsewhere."

The new regime is focused on identifying and addressing buildings with critical structural vulnerabilities, with the detailed methodology now being developed. In coming months, The Ministry of Business, Innovation and Employment (MBIE) will undertake targeted consultation on the EPB methodology, which gives effect to the legislation and guides councils and practitioners on how to apply the new system, identify earthquake-prone buildings, and determine the appropriate mitigation actions. Once the methodology is agreed and approved, MBIE will provide support and guidance to councils, building owners and occupiers on how to implement it.

"If a building is no longer designated earthquake-prone under the Building Act, no further action will be required and it will be removed from the EPB register, with councils advising owners of any change," says Minister Watts.



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SIMON WATTS
MINISTER FOR BUILDING
AND CONSTRUCTION

"The changes coming into effect may alter the requirements for some buildings, although many will remain subject to remediation under the new system.

"For buildings that remain in scope, some will only need to address specific risks such as façade hazards, while others may require targeted retrofit work where particular structural deficiencies are identified. Medium and high seismic zones will need the finalised methodology before fully reviewing their EPBs, with a transition period after commencement on 1 July 2027 allowing councils time to reidentify buildings and confirm any change in status."

The Minister's advice is that building owners should continue to comply with their existing obligations until the new system comes into effect on 1 July

2027 unless advised otherwise by their council, and seek professional advice if already planning or undertaking remediation work.

Minister Watts says early analysis suggested the wider market will respond in a measured way to the reformed regime, as tenants, lenders and insurers already consider a wide range of factors when assessing tenancy preferences, lending decisions and insurance risk.

"We do not expect the new system to affect the availability of insurance. Insurers and lenders do their own risk assessments rather than relying only on EPB status, and consider factors beyond life safety, such as building resilience, construction type, age and location and underlying soil types.

"We recognise that remediation can be a significant investment for some owners. However, the changes are intended to reduce the overall cost burden by ensuring requirements are better aligned with the level of risk posed by a building."

RISK RADAR

Craig Stevenson, director of building structures at Aurecon, says the Government's new earthquake-prone building legislation marks a meaningful shift in how seismic risk will be assessed and prioritised across New Zealand's built environment. While the reforms sharpen regulatory focus on the highest risk buildings, he cautions against assuming seismic concerns have diminished.

"There is a risk that the reforms are interpreted as meaning that concerns around the seismic performance of buildings have largely gone away, whereas the changes are principally about how EPBs are identified and which buildings and deficiencies are prioritised for remediation."



Seismic snapshot

- The Building (Earthquake-prone Buildings) Amendment Act 2026, taking effect on 1 July 2027, reshapes New Zealand's seismic framework with a proportionate, risk-based system.
- Regulation now targets higher-risk buildings in medium and high seismic zones, easing compliance for low-risk areas.
- Percentage NBS ratings are replaced with tiered remediation pathways, from no action to full retrofit, and councils' powers to identify new EPBs narrow to specific higher-risk buildings from 1976 onward.
- The Act also allows remediation extensions of up to 15 years, supported by a new EPB methodology.
- Auckland, Northland and the Chatham Islands leave the EPB system entirely, while coastal Otago and part of Stewart Island shift to medium-risk status with revised timelines.

For more detail about the new legislation go to: building.govt.nz



“It's important to note that while the risk-based approach directs attention to the highest-risk factors, it does not remove all seismic vulnerabilities.”

CRAIG STEVENSON
DIRECTOR BUILDING
STRUCTURES, AURECON

He notes that many buildings outside the new framework may still carry significant vulnerabilities, including life-safety, business continuity and investment risks. The targeted approach is understandable, he says, but it also means some structurally deficient buildings may fall outside scope and remain unaddressed.

“Much of the practical impact will depend on the forthcoming EPB methodology, which is still under development and will define how deficiencies are identified, how risks are prioritised and how consistently assessments are applied across different building types.”

Stevenson says removing percentage NBS from legislation is unlikely to eliminate its commercial influence, as it is still likely to shape insurance, finance, investment and retrofit decisions.

“The percentage NBS system has been useful as a common language,

but it has often reduced complex seismic behaviour to a single number.

“This could leave engineers operating in a dual system and create ongoing confusion across the industry, as even if a building is no longer captured by the EPB framework, lenders, insurers and prospective purchasers may still scrutinise its percentage NBS rating or any identified vulnerabilities.

“It's important to note that while the risk-based approach directs attention to the highest-risk factors, it does not remove all seismic vulnerabilities. A building may comply with targeted remediation requirements and still retain other vulnerabilities that affect its seismic performance.”

Stevenson expects engineering assessments to evolve as the legislation shifts focus toward building types with the greatest collapse-related life-safety risks and introduces remediation pathways targeted to the most critical deficiencies.



“Rather than undertaking broad assessments primarily intended to determine a percentage NBS rating, engineers may spend more effort analysing how a building is likely to behave in a seismic event.

“Attention will shift toward collapse mechanisms, critical vulnerabilities, the scope of remediation required, and which deficiencies matter most under the targeted retrofit framework.”

LEGAL LENS

Justin March, head of real estate at legal firm DLA Piper, says removing percentage NBS thresholds will not immediately change contracts or market behaviour.

“The regime shift is positive, but it's easy to assume leasing, financing and insurance will suddenly become simpler. In reality, the same fundamental considerations remain.”

He notes the statutory framework may change, but commercial drivers do not. The legislative reset means seismic compliance effectively drops away for example an Auckland building, yet for building assets still within scope, in medium or high risk zones, familiar questions of risk, value and regulatory obligation will continue to shape decisions.

“Where leases are tightly drafted around the old percentage ratings, owners and occupiers will face more immediate negotiation. Broader lease provisions may endure, but market practice will evolve, and a new generation of leases will emerge as parties adjust to the revised regime, as seen in previous legislative regime changes.”

March explains that the Health and Safety at Work Act 2015 remains a constant. “Where a building owner or occupier complies with requirements under the Building Act 2004 to manage a health and safety risk, the HSWA will not impose additional or higher requirements in relation to that same risk.”



“The practical responses from industry participants will determine how quickly the new legal framework translates into changed commercial practice.”

JUSTIN MARCH
HEAD OF REAL ESTATE, DLA PIPER

This codifies WorkSafe's existing approach. Owners must still manage hazards, protect workers and others, and take immediate action in an emergency, including evacuation.

Owners who strengthened buildings under the old regime should not expect compensation, March says, as there is no regulatory pathway to recover costs for seismic work already completed.

“That then leaves the contractual pathway such as leases.”

Most owners will not recover capex except in rare lease-specific cases such as older leases with improvements rent based on compliance. However, seismic upgrades often improve value and marketability, with uplift reflected in rent over time. March calls it a cost of doing business that typically enhances long-term value.

With the new legislation taking effect next July, owners should use the transition period to assess exposure and to strategise.

“Owners should proactively assess whether their building is likely to be within scope and plan ahead and understand what the new regime means for them,” March advises.

“The EPB regime provides generous timeframes for identification, evaluation, and remediation, but owners already in the statutory process for an EPB Notice should treat matters as more immediate and review transition provisions and all available options under them, and possible extensions.

“The market will take time to settle and the practical responses from industry participants will determine how quickly the new legal framework translates into changed commercial practice.”

INDUSTRY VOICE

Property Council New Zealand is welcoming the passage of the legislation, with chief executive



Leonie Freeman saying members have long believed the old earthquake-prone building rules needed to change as certainty and proportionality were missing.

“This new regime is a significant shift. Rather than taking a broad-brush approach, it focuses on the buildings that pose the greatest risk, rather than a one-size-fits-all approach.

“Removing percentage-based NBS ratings is one of the most meaningful improvements, as attaching a single percentage to a building has created real uncertainty and unintended impacts across the market.”

Members are still working through the practical implications, and while it is too soon to judge how the changes will affect commercial property portfolios, Freeman says early sentiment is positive and there is genuine support for the legislation. She stresses that how the new system is applied will determine its impact and cautions against recreating old problems.

“Implementation will make or break this reform. Councils need clear guidance and the right support so the framework is applied consistently across the country and building owners can have confidence in how the requirements will work.

“It's important another rating tool doesn't emerge to measure buildings outside the scheme.”

Looking ahead, Freeman says the Property Council will advocate for a methodology that's clear, practical, and proportionate, and gives building owners and investors the certainty they need to make informed decisions.

“We'll keep working with our members, councils, and government to monitor implementation, support consistent application across the country, and make sure building owners have reliable information.”



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LEONIE FREEMAN
CHIEF EXECUTIVE, PROPERTY COUNCIL

Key questions for commercial building owners

Before the Building (Earthquake-prone Buildings) Amendment Act 2026 takes effect on 1 July 2027, commercial owners should understand their building's risk profile and seek clear advice. Key questions include:

- Will my building remain on the EPB register?
- What are the lending, valuation and insurance implications?
- Should planned upgrades proceed or pause?
- How should I communicate risk to tenants, given low risk is not no risk?
- What happens if I own a higher-risk building in Auckland or Northland that may be removed from the register?
- How will the transition timeline affect compliance and remediation deadlines?