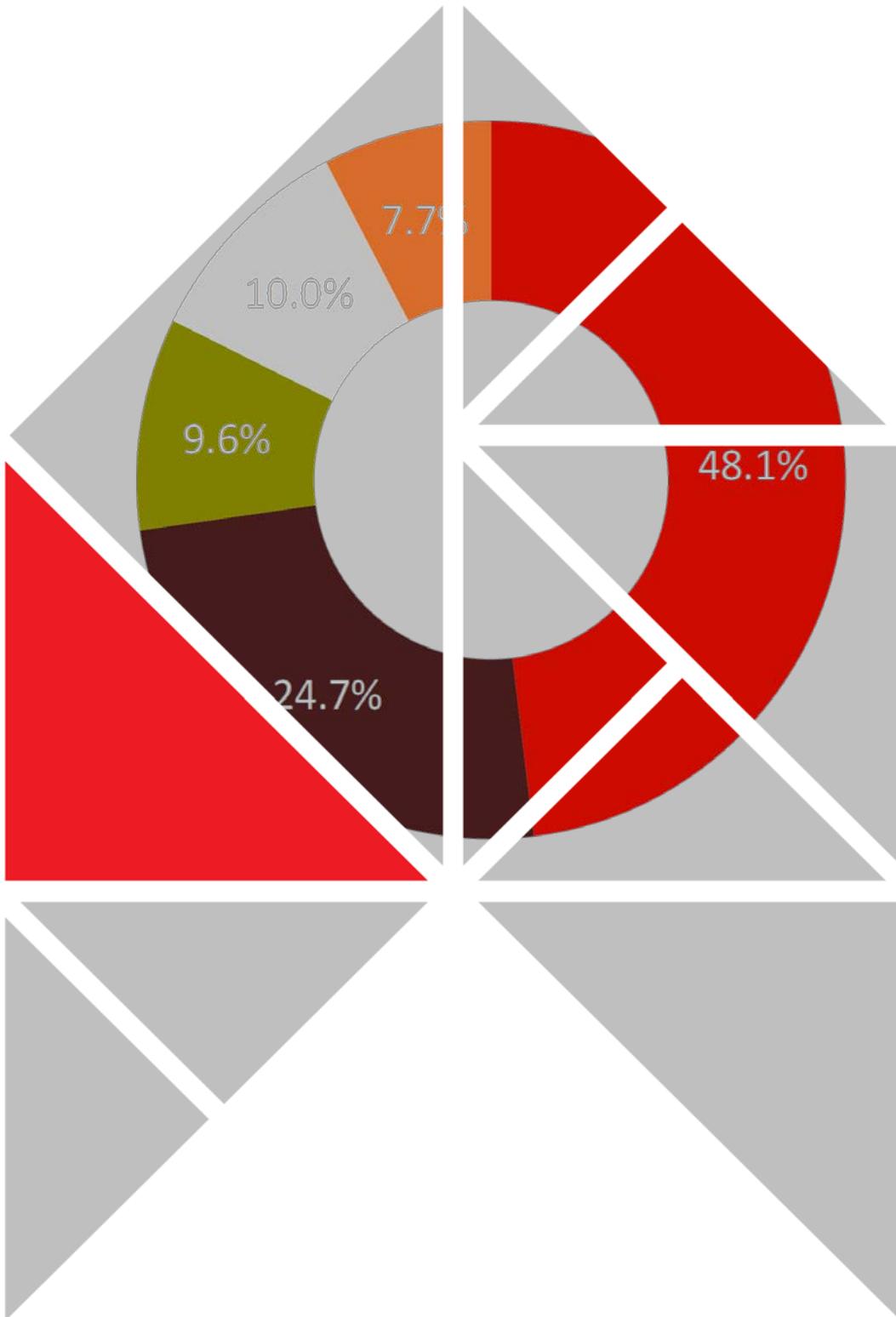


New House Owners' Satisfaction Survey

Matthew Curtis





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Preface

This is the sixth in a series of reports on the New House Owners' Satisfaction Survey. The data that makes up this report was obtained through surveying new house owners on the performance of their builder. The purpose of the survey is to add a quality measure to other work on building industry performance.

This report is intended for several audiences, including designers, new house builders and those looking to build a new home. It will also be useful to government in evaluating some of the challenges and opportunities facing the residential construction industry.

Acknowledgements

The Building Research Levy funded this work.

The author would like to acknowledge Georgia Ronalds and Riaan Labuschagne for their contribution to this project.

The project would not be possible without those new house owners who took the time to fill in our survey form. We would like to thank all of those people who filled in the survey form and returned it to BRANZ.

New House Owners' Satisfaction Survey 2016

BRANZ Study Report SR374

Author

Matthew Curtis

Reference

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Abstract

This report presents the results of the sixth annual New House Owners' Satisfaction Survey. The survey looks at how new house owners rate their builder and how satisfied they are with the builder's performance.

The survey covers a sample of New Zealand's housing consents. It excludes spec builds (a house built without a specific committed buyer) and houses built by family members.

Results show that the industry is continuing to improve. Average scores were up by 0.9% nationally. Owners are rating their builder highly on their ability to deliver a quality home with a good standard of finish. However, there remains room for improvement in the service provided after handover, particularly around the fixing of defects.

Overall, 82% of respondents reported having to call back their builder to fix defects after first occupancy. Most respondents were not surprised by the number of defects in their new home, indicating that builders are doing well to communicate the challenges of building a new home to their clients.

Keywords

New houses, builder performance, franchises, independent builders, defects, designers, input into house design, builder, contract, dispute costs, call-backs, satisfaction.

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1. Executive summary

The main findings of this report are as follows:

- The new-build housing industry is continuing to improve their performance against new house owners' expectations. Satisfaction scores have improved by 0.9% on average over last year's survey.
- Owners were happiest with the overall quality of their home, the standard of finish and the value for money. This shows that the industry is still performing well at delivering houses that the client is happy with.
- Over 35% of respondents chose their builder due to the quality of the show home. Most respondents stated that an important feature in choosing their builder was their quality/reputation. However, 40% of respondents opted for a builder that offered a fixed price.
- Most respondents had a written contract with their builder. However, 7% of those respondents who used an independent builder did not have a written contract.
- About 13% of respondents had a dispute with their builder over the final cost. Disputes were slightly more common for those without a written contract or for those who selected their builder due to fixed price certainty or the lowest price.
- The call-back rate has fallen to 82% in this survey. The most frequently called back trades were the painter and the plumber.

2. Introduction

The BRANZ New House Owners' Satisfaction Survey has been running annually since 2011. The survey was developed in response to a lack of measures of quality of output from the industry. It allows us to monitor trends in the quality of output for the new residential building industry.

The New House Owners' Satisfaction Survey aims to find out from the owner of the new house how they thought their builder performed and how they perceived the quality of their completed house. The survey also monitors the proportion of owners that had to call back their builder, how likely the owner is to recommend their builder and the important features in choosing their builder.

New owners are informed in the letter accompanying the survey form how we define the term 'builder' for this survey. For the purpose of the survey and results presented within this report, the term 'builder' refers to all people involved in the build process. This includes (but is not limited to) any office staff within the building company, the project manager and any subcontractors. This allows us to survey owners about the whole build process, from their dealings with their builder during the buying process to the fixing of defects after first occupancy.

3. Methodology

The methodology for the BRANZ New House Owners' Satisfaction Survey has remained largely the same over the 6 years that the survey has been running. This allows us to compare results across the survey, benchmark performance and comment on changes over time. It is a short postal survey to the owner identified in consent information. An incentive (either a Lotto ticket/book voucher or chance to win an exterior house wash voucher) is offered for the return of each survey form.

A sample of 4,600 new house owners was identified from consents taken out between April 2015 and March 2016. This period was selected to largely represent houses that were completed in the 2016 calendar year, assuming that a house typically takes 9–10 months from consent to completion. The sample focuses on detached housing, although some multi-unit dwellings were included.

Consents were removed where the builder was spec building (a house built without a specific committed buyer), where the builder and owner shared a last name and where the builder was also listed as an owner.

The survey sample consisted of the following territorial authorities:

Auckland	Christchurch	Dunedin	Franklin
Far North	Gisborne	Hutt City	Hamilton
Invercargill	Kapiti	Manukau	Marlborough
Napier	New Plymouth	North Shore	Porirua
Palmerston North	Queenstown	Rodney	Southland
Tauranga	Thames-Coromandel	Tasman	Waikato
Waipa	Wellington	Western Bay of Plenty	Whangarei
Waitakere			

BRANZ received 703 returned and completed surveys (a 15% response rate), which have been used for the analysis represented in this report. A large number of surveys were unable to be delivered due to the house still being incomplete, a change in street name and/or number or the build not progressing past the consent stage. The actual response rate from those surveys that were able to be delivered is likely to be much higher.

4. Results

This section presents the results of the BRANZ New House Owners' Satisfaction Survey 2016.

There are typically several questions in the survey that allow us to get an idea of the composition of the respondents and how that changes over time:

- Did the respondent use a franchise or independent builder?
- Has the respondent built previously?
- Did the respondent purchase a house only or a house and land package?

All of these aspects have been shown in previous surveys to have an influence on the satisfaction levels and likelihood of recommending the builder.

How many respondents used franchise builders?

About 62% of respondents used franchise builders this year. This was up by 10 percentage points from last year's survey. Franchise-built homes made up about 53% of our survey sample, suggesting there is a slight bias in our results toward franchise builders.

The most commonly used franchise builders in this survey were G J Gardner Homes, Golden Homes, Signature Homes and Stonewood Homes.

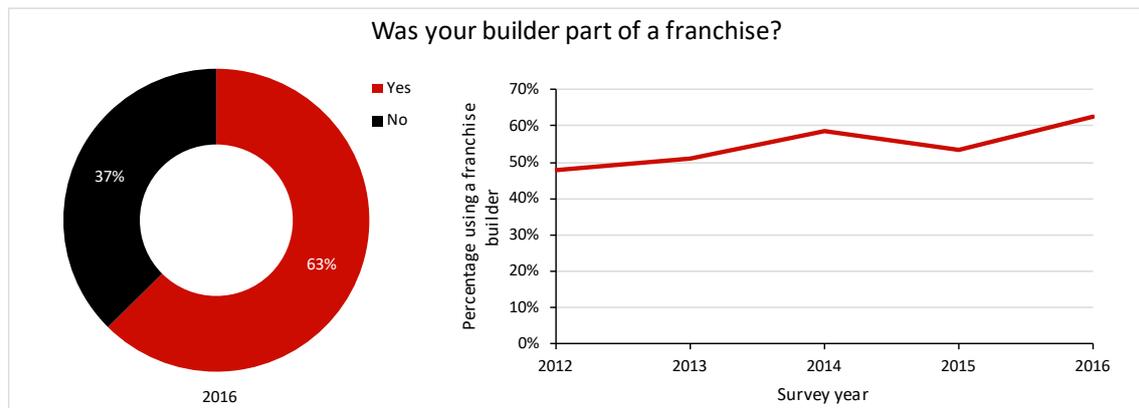


Figure 1. Percentage using a franchise builder.

How many respondents had built previously?

The majority of respondents were first-time builders in this survey. This was a slight increase in the percentage of owners that had built previously from the last survey.

The percentage of respondents that had built previously has remained relatively steady throughout the survey, ranging between 46% and 53%.

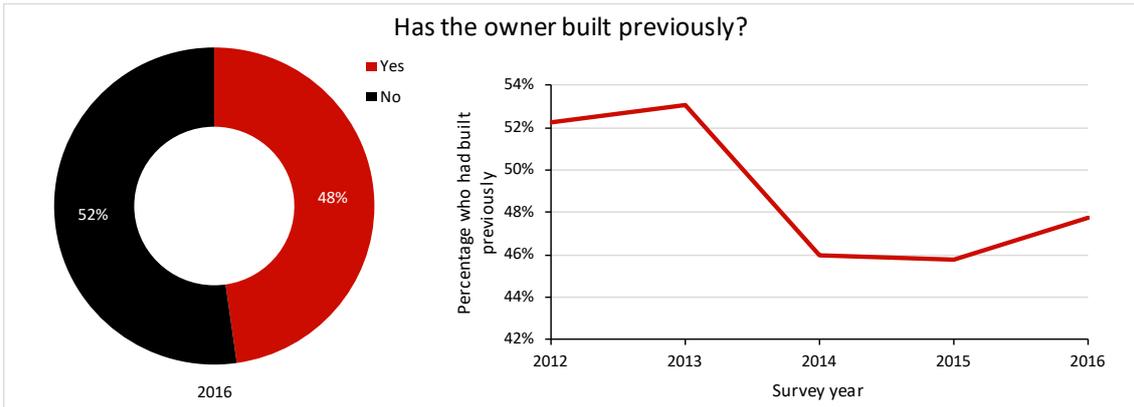


Figure 2. Percentage that had built previously.

Those respondents that chose a house and land package are generally less happy with the performance of their builder than those who bought a house only. House and land packages have become more prevalent in our survey sample over the last 2 years. Just under one-fifth of respondents chose a house and land package in this year's survey.

It is worth noting that the house and land package group only contains those who were involved in the new build from the consent stage. Those clients who chose a house and land package after the consent was issued are not part of our survey sample.

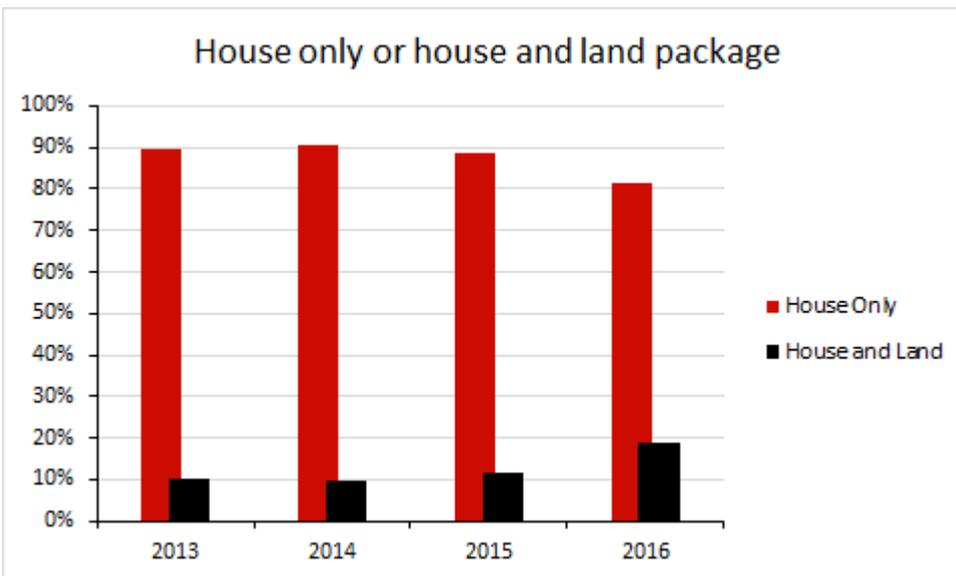


Figure 3. House package.

Did the owner have a written contract with their builder?

Two new questions were added to the survey in 2016. The first asked whether the owner had a written contract with their builder. Since 2015, having a written contract with your builder has been a requirement for all work that will cost more than \$30,000.¹

Overall, 96% of respondents reported having a written contract with their builder. Those who used an independent builder were more likely to forego a written contract

¹ www.building.govt.nz/projects-and-consents/why-contracts-are-valuable

than those who used a franchise builder. Only 93% of respondents that used an independent builder had a written contract compared to 98% of franchise builders.

Value of the build

The second new question asked for the value of the build. Very few respondents spent less than \$250,000 on their build. These houses tended to be smaller, with many falling into the 100–120 m² range. They tended to be built by owners that were building for the first time, and only one respondent stated that they bought a house and land package (the rest chose a house only).

The majority of respondents that bought a house and land package spent \$400,001–\$600,000 on their new build. Those houses that were part of a house and land package were slightly larger (averaging 216 m²) than their house-only counterparts (averaging 210 m²).

Table 1. New-build value.

New-build value	Number of responses	Percentage
\$250,000 and under	45	6%
\$250,001–\$400,000	284	41%
\$400,001–\$600,000	269	39%
\$600,001 and over	99	14%

4.1 Overall satisfaction

The average satisfaction scores have improved slightly over the last couple of years. The majority of respondents did rate their builder very highly, with 67% of respondents rating their builder on average between 4 (fairly satisfied/good) and 5 (very satisfied/good). Just 13% of respondents rated scored their builder on average less than 3. This was an improvement of 3 percentage points from the previous survey.

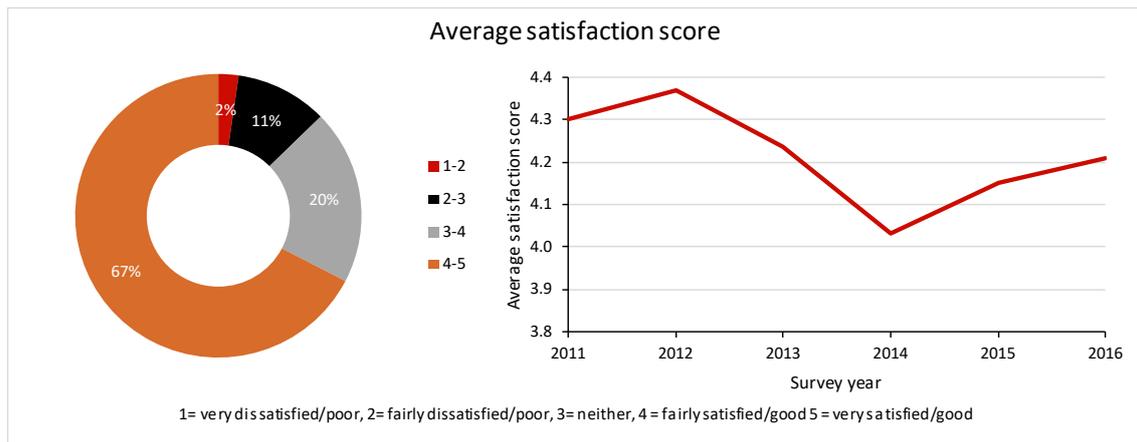


Figure 4. Average satisfaction score.

New house owners were happiest with:

- the overall quality of their home
- the standard of finish of their new home
- the value for money of their home.

They were least happy with:

- the fixing of defects after first occupancy
- their builder in relation to completing their home in time
- the service provided by their builder after they moved in.

These results are similar to previous surveys, showing that the industry is still performing well in general. The industry is continuing to deliver a house that the client is happy with. Just 3.6% of respondents were dissatisfied with the overall quality of their home, and 5.3% were dissatisfied with the standard of finish.

However, the industry is still not doing enough to follow up after handover. The three criteria where clients were least happy can all be attributed to how busy the industry is currently. The challenge for the industry is to improve their follow-up after handover as their workloads increase.

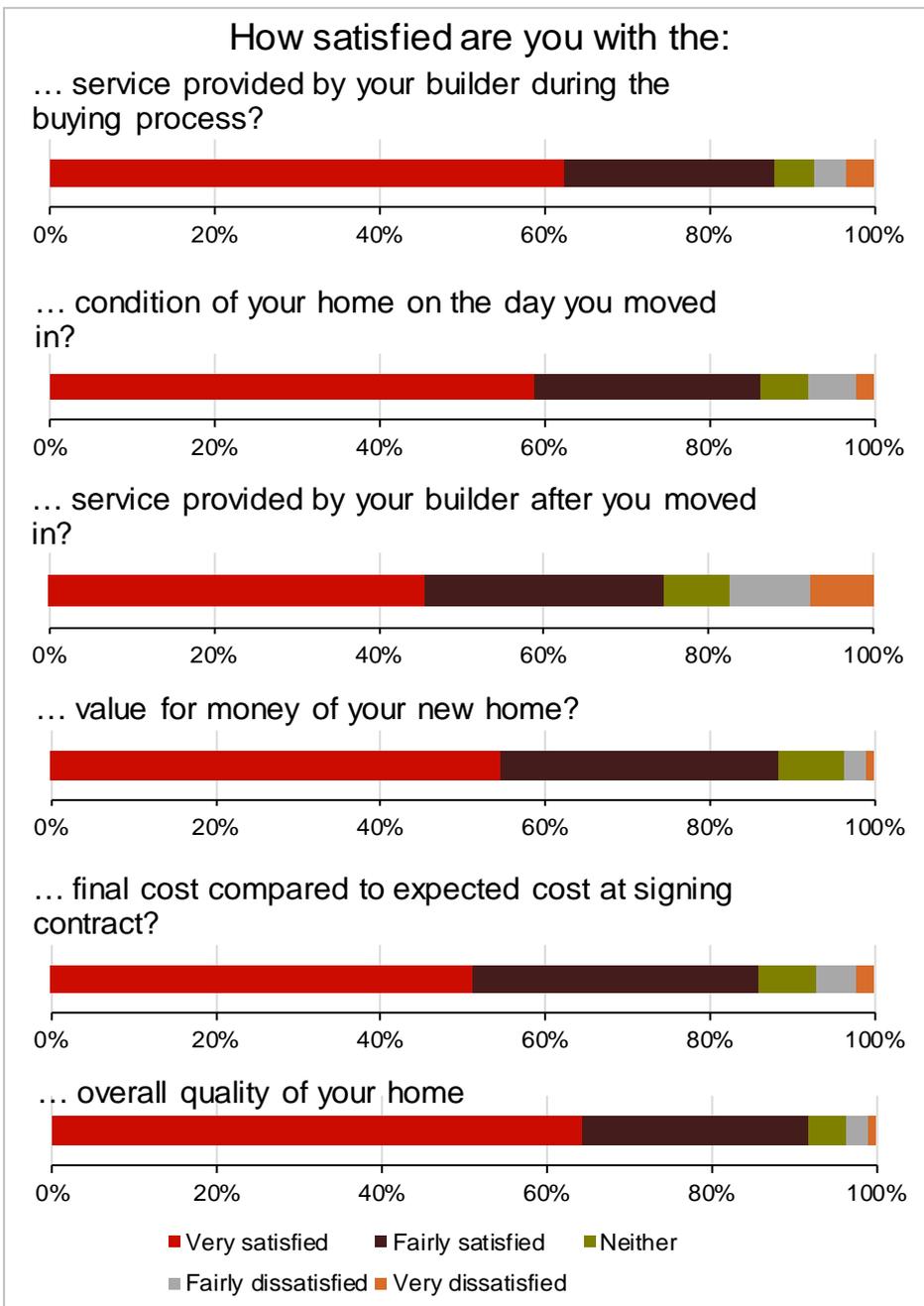


Figure 5. Satisfaction levels.

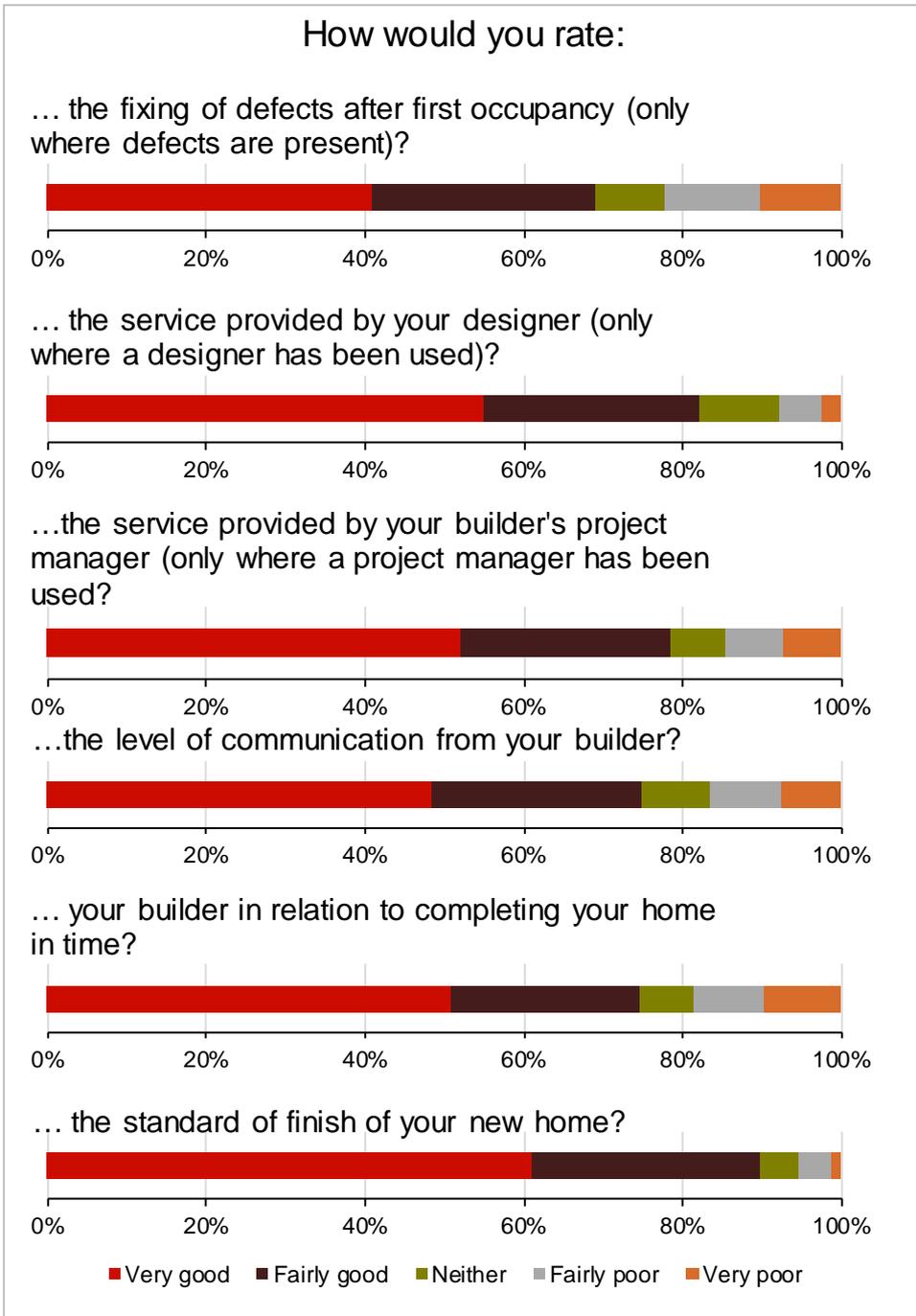


Figure 6. Ratings.

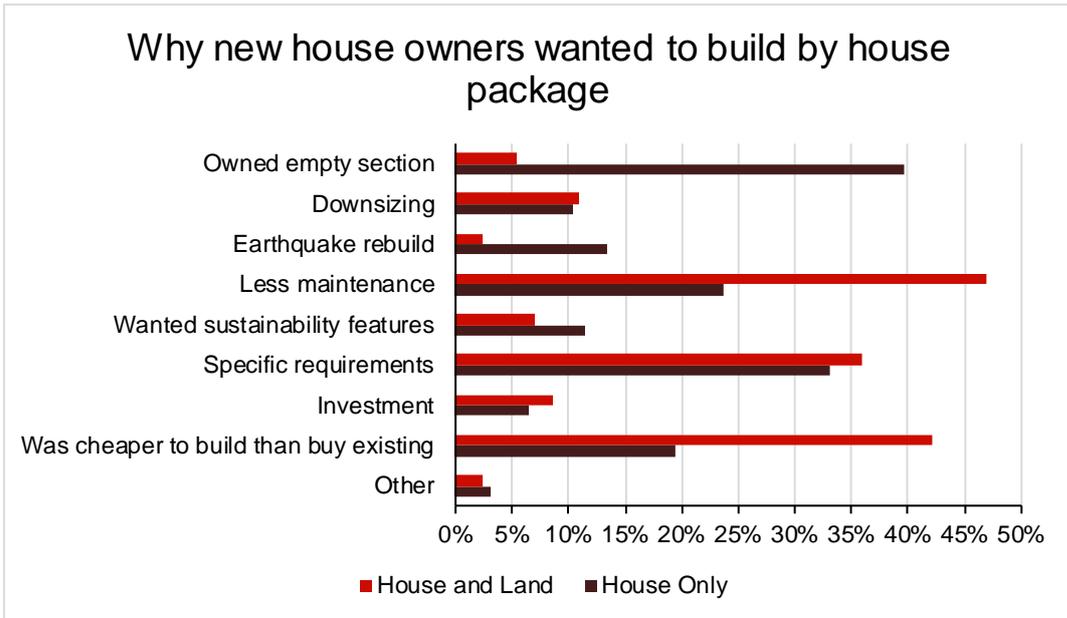
4.2 Why respondents chose to build rather than buy an existing house

The most common reasons for respondents choosing to build rather than buy an existing house were:

- they owned an empty section
- new houses require less maintenance
- they had specific requirements that were not catered to by the existing stock
- it was felt to be cheaper to build rather than buy an existing house.

Those owners that chose a house and land package were most likely to state they wanted to build because it would mean less maintenance or that it was cheaper to build than buy an existing property. Owners that chose a house only reported owning an empty section as the main reason they wanted to build.

Where the owner wanted sustainability features, they were more likely to buy a house only rather than a house and land package.



Note: Percentages add up to more than 100% as respondents were able to select more than one option.

Figure 7. Why respondents wanted to build.

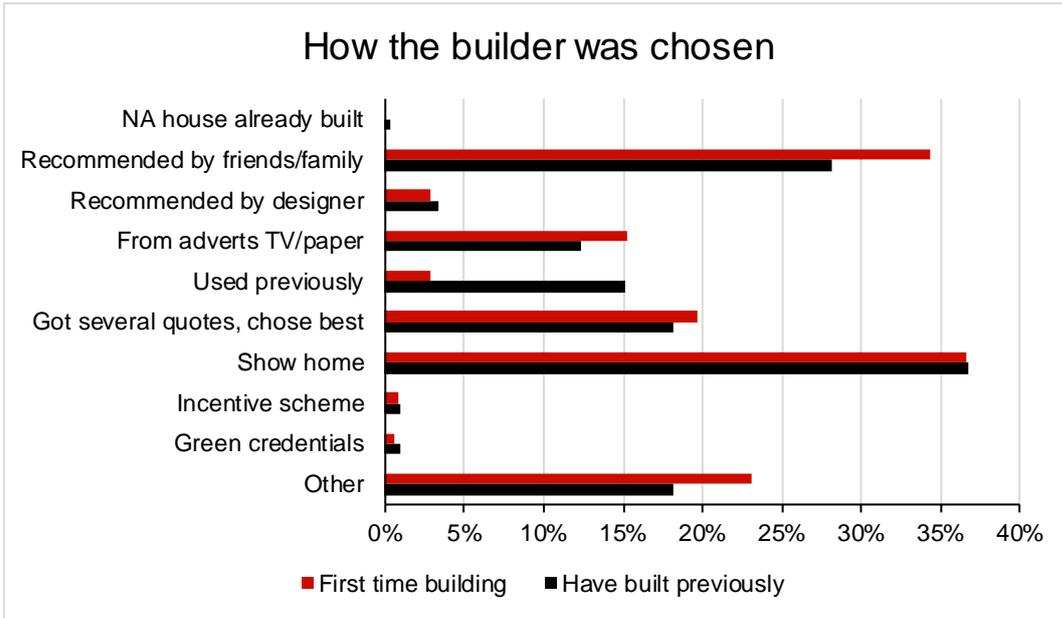
4.3 How builders were chosen

The most common method for choosing a builder was by viewing show homes. Over 35% of respondents stated that they chose their builder due to the quality of the show home. There was little difference in the proportion of owners that selected this option between whether or not they had built previously.

Recommendations from friends and/or family was the second most common reason for choosing a builder. Those who were building for the first time were more likely to rely on a recommendation than those who had built previously.

Just under one-fifth of respondents stated that they got several quotes before choosing their builder and chose the best.

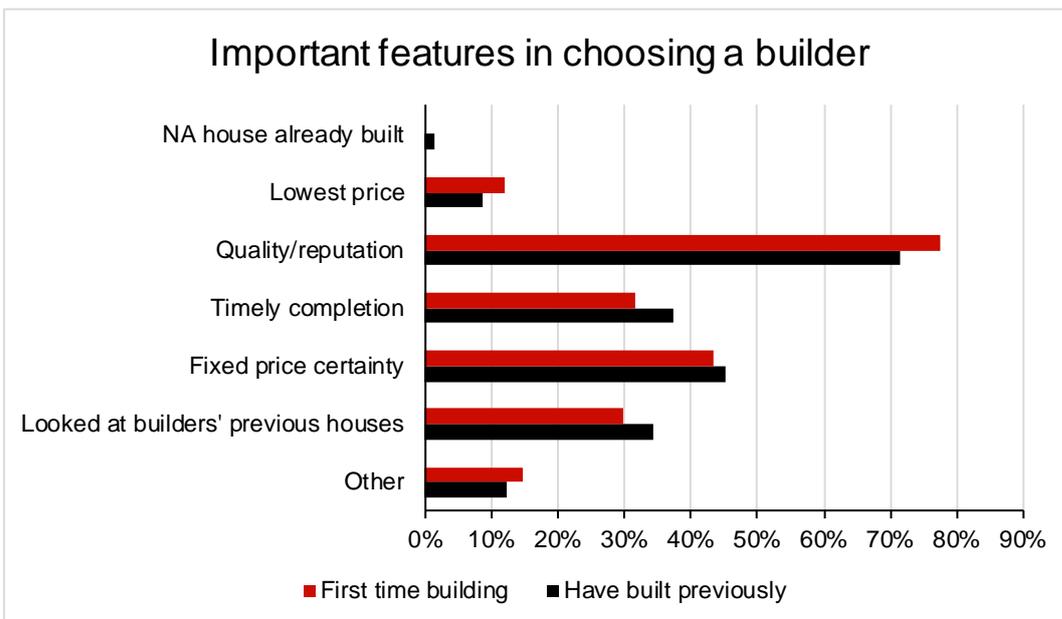
The 'Other' category is largely made up of owners that were building due to the Canterbury rebuild and had little choice of which builder to use.



Note: Percentages add up to more than 100% as respondents were able to select more than one option.

Figure 8. How the builder was chosen.

The majority of respondents stated that the quality/reputation of their builder was the most important feature in choosing their builder. Fixed price certainty was the next most commonly selected feature, with over 40% of respondents opting for a builder that offered a fixed price. Just one-tenth of respondents stated that their builder offering the lowest price was an important feature.



Note: Percentages add up to more than 100% as respondents were able to select more than one option.

Figure 9. Important features in choosing builder.

4.4 How new house owners would speak about their house builder

The majority of respondents to this year's survey would speak positively about their builder. About 73% of respondents would recommend their builder, the majority of which would do so without being asked. Just under 18% of respondents would speak critically about their builder.

As with the average satisfaction scores shown in Figure 4, the proportion of respondents that would recommend their builder has continued to increase in 2016.

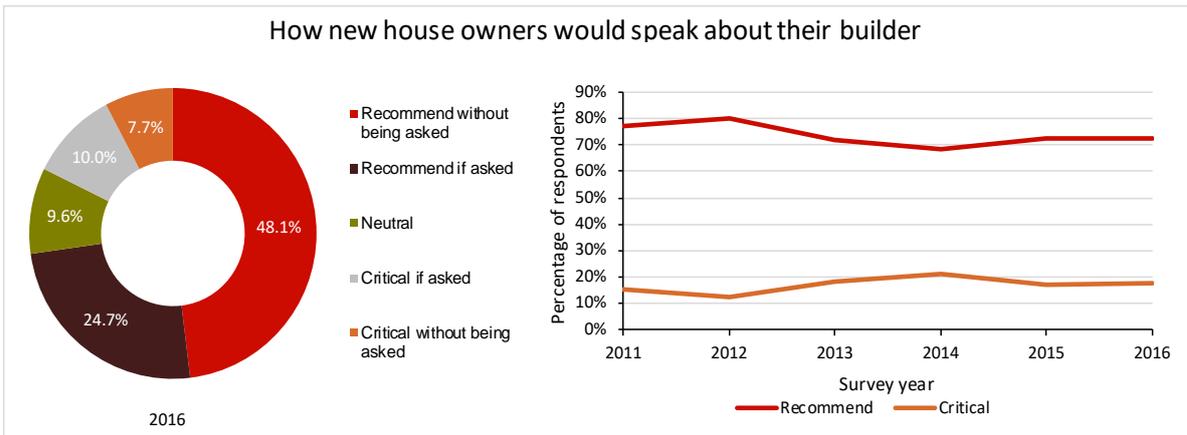


Figure 10. How respondents would speak about their builder.

4.5 Disputes over final cost

About 13% of respondents had a dispute with their builder over the final cost. This was down from 15% in 2015 and 17% in 2016. These disputes tended to focus on:

- charges for variations
- penalties for not meeting completion dates
- items going beyond the prime cost (PC) sum
- incorrect materials/products used
- additional charges for items that were not originally quoted for.

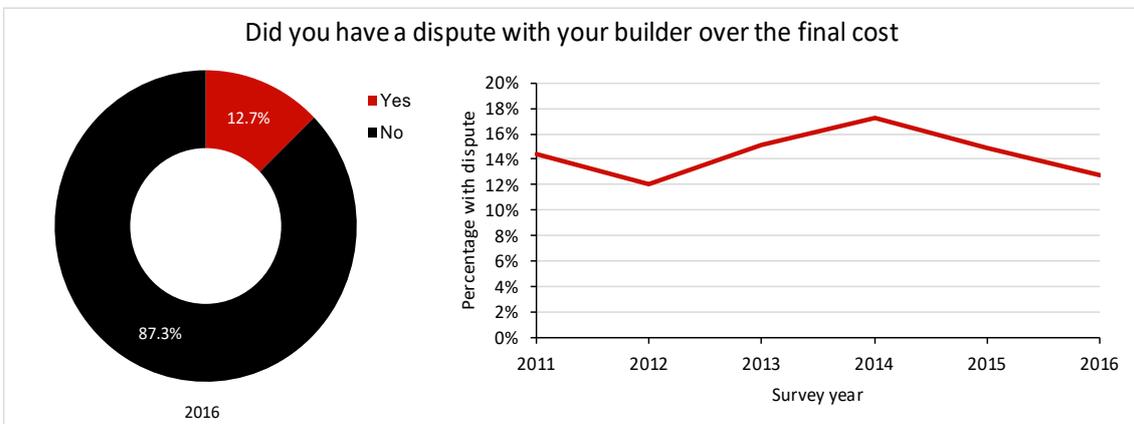


Figure 11. Disputes over final cost.

Disputes over the final cost were slightly more common for those builds without a written contract (16%) than those with a written contract (12%). In addition, disputes over final cost were more common for those who selected their builder for fixed price certainty or the lowest price than for other reasons.

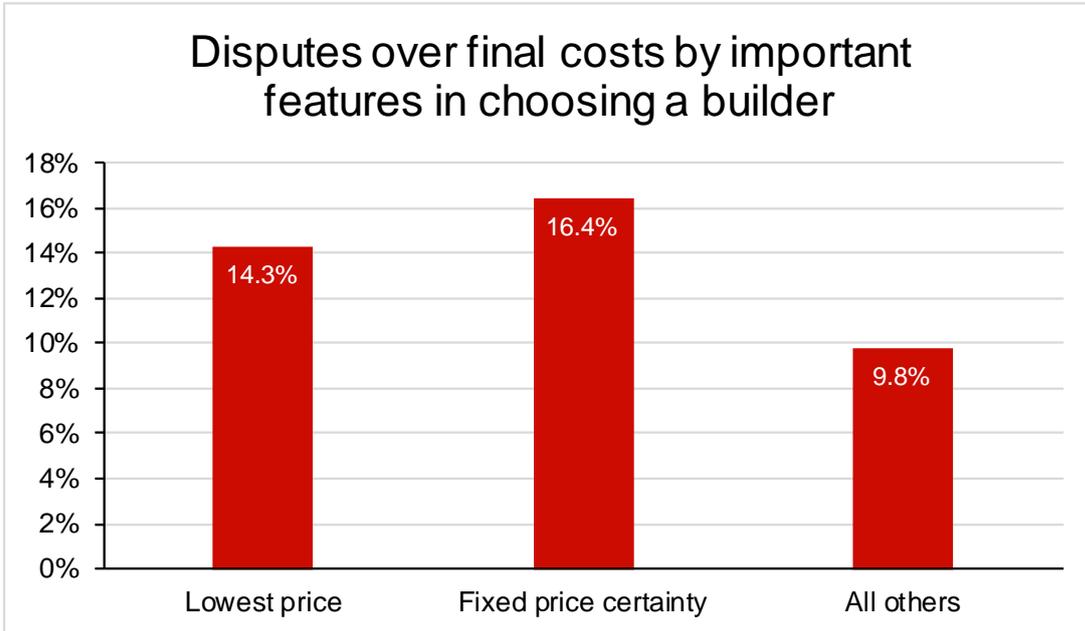


Figure 12. Disputes by important features in choosing builder.

Disputes over the final cost were also more common for lower-value builds. Just under 16% of respondents whose build value was less than \$250,000 had a dispute with their builder over final cost. However, less than 10% of respondents whose build value was over \$600,000 had a dispute with their builder.

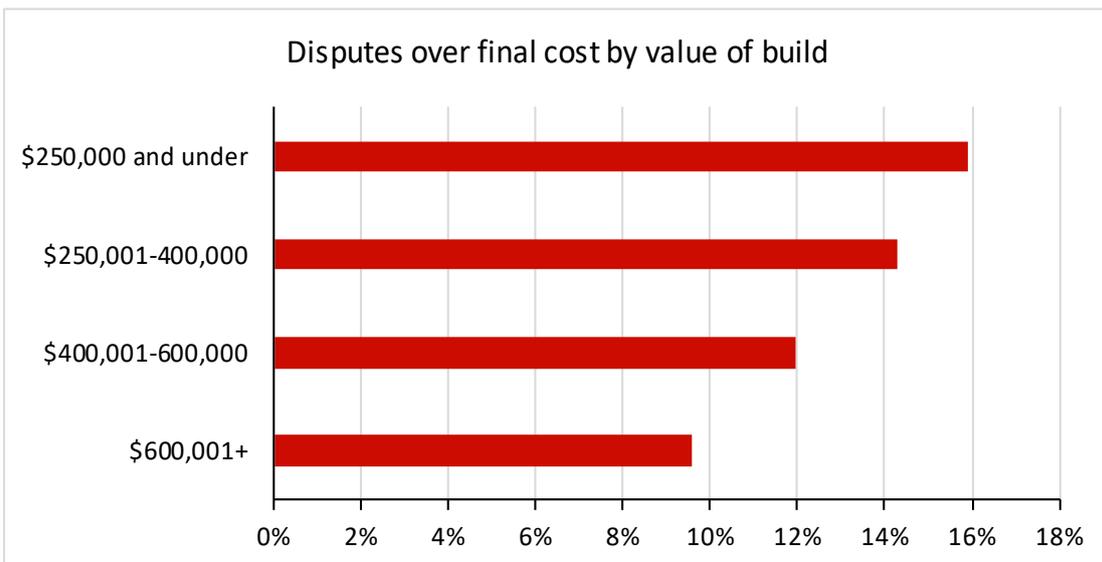


Figure 13. Disputes over final cost by value of build.

4.6 Call-backs

There has been a slight reduction in the proportion of respondents that had to call back their builder in 2016. This continued the downward trend since 2014, where 87% of respondents reported calling back their builder to repair defects. This has since fallen to 82% in the latest survey, which is still well above the low of 68% in 2012.

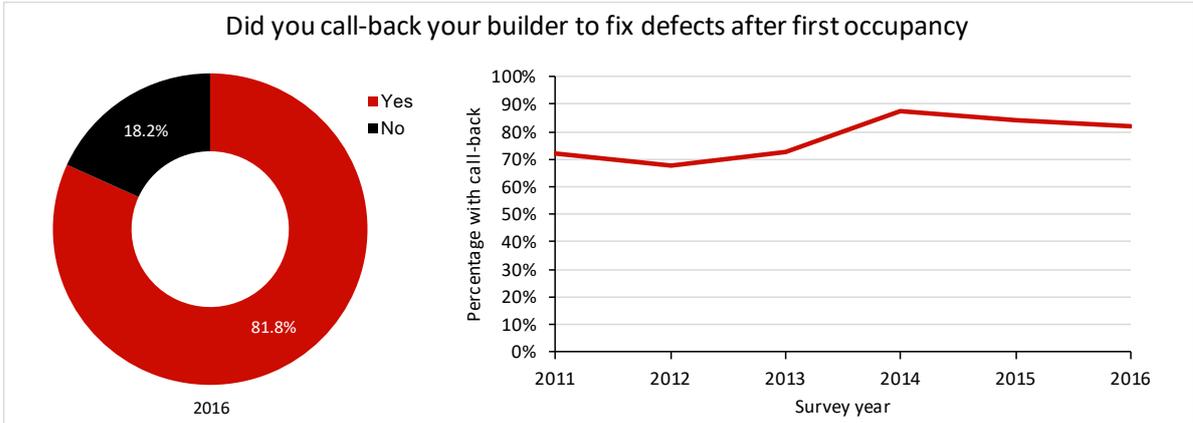


Figure 14. Call-backs.

Call-backs were slightly more frequent in the Auckland region than the rest of New Zealand. The proportion of respondents from the Auckland region that had to call back their builder was up by 3.2 percentage points from 2015, whereas the Canterbury region decreased by 5.7 percentage points.

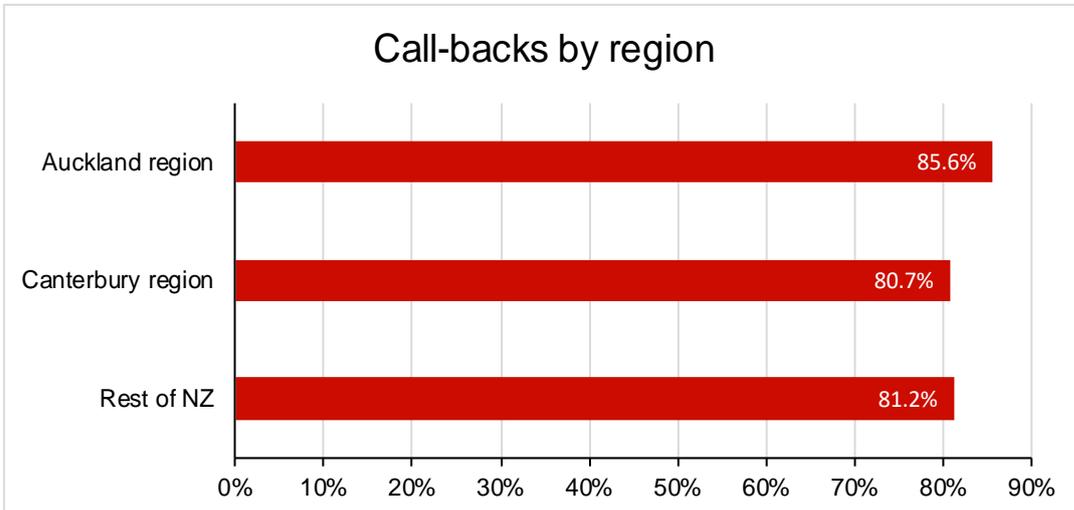


Figure 15. Call-backs by region.

The most frequently called back trades were the painter and the plumber. Both of these trades were called back by nearly half of respondents. The electrician was also frequently called back, with about 38% of respondents having to do so.

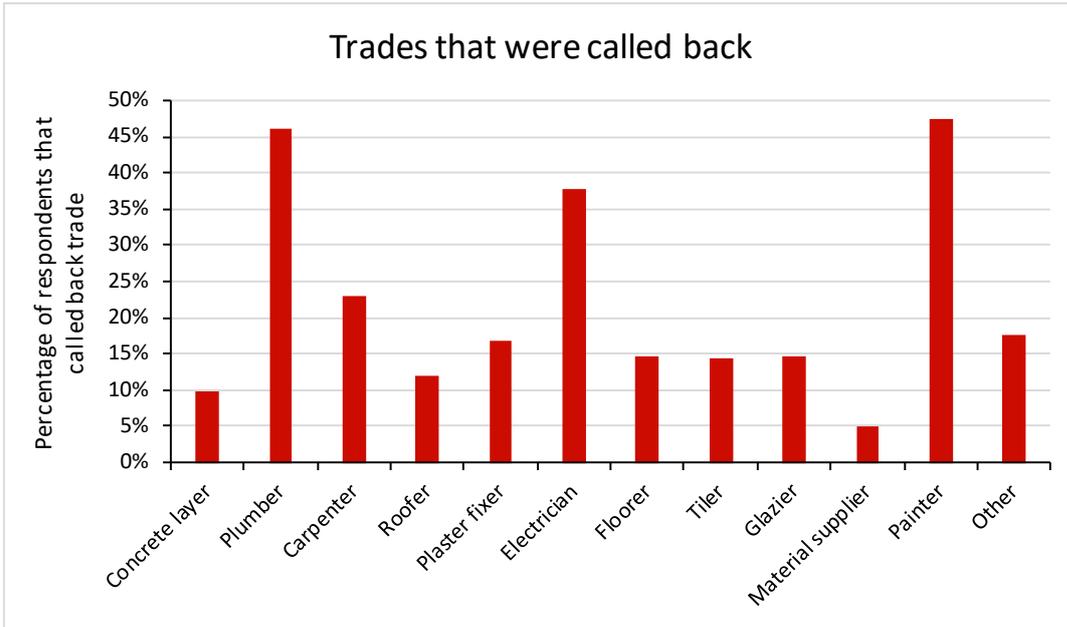


Figure 16. Trades that were called back.

The majority of owners were not surprised by the number of defects that occurred in their new build. One-fifth of respondents stated that they had fewer defects than expected, and a further 36% stated that the number of defects was as expected. Just 10% of respondents stated that they expected no defects. The final one-third of respondents stated that they had more defects than expected.

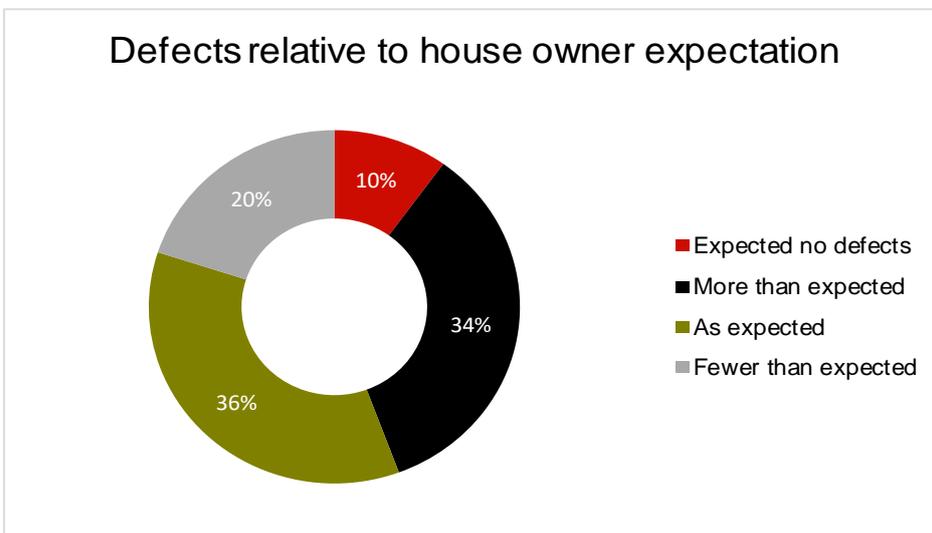


Figure 17. Defects relative to expectations.

4.7 Comparison by whether or not the owner had built previously

Those who had built previously scored their builder higher on nearly every measure. However, those who were building for the first time scored their builder higher on completing the home in time and the same on both the value for money and the fixing of defects after first occupancy. Those who had built previously scored their builder

much higher on the level of communication from their builder and the service provided by their builder after moving in.

Overall, those who had built previously were happier with their build than those who were building for the first time.

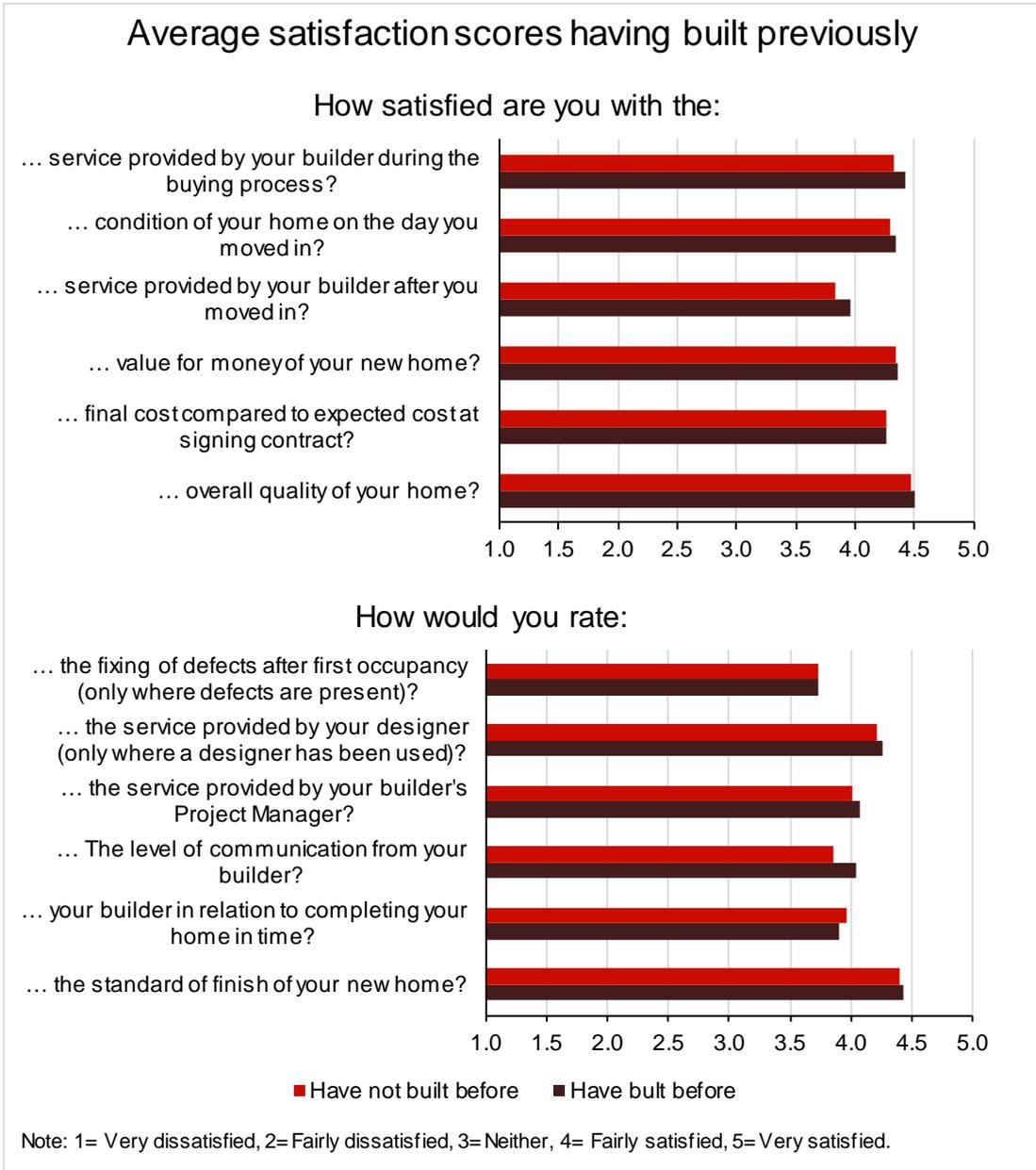


Figure 18. Average satisfaction scores by having built previously.

4.8 Comparison between franchise and independent builders

Independent builders outscored franchise builders across every measure in this year's survey. The difference was particularly prevalent in the measures of:

- service provided by the builder after moving in
- level of communication from the builder

- service provided by the project manager
- fixing of defects after first occupancy.

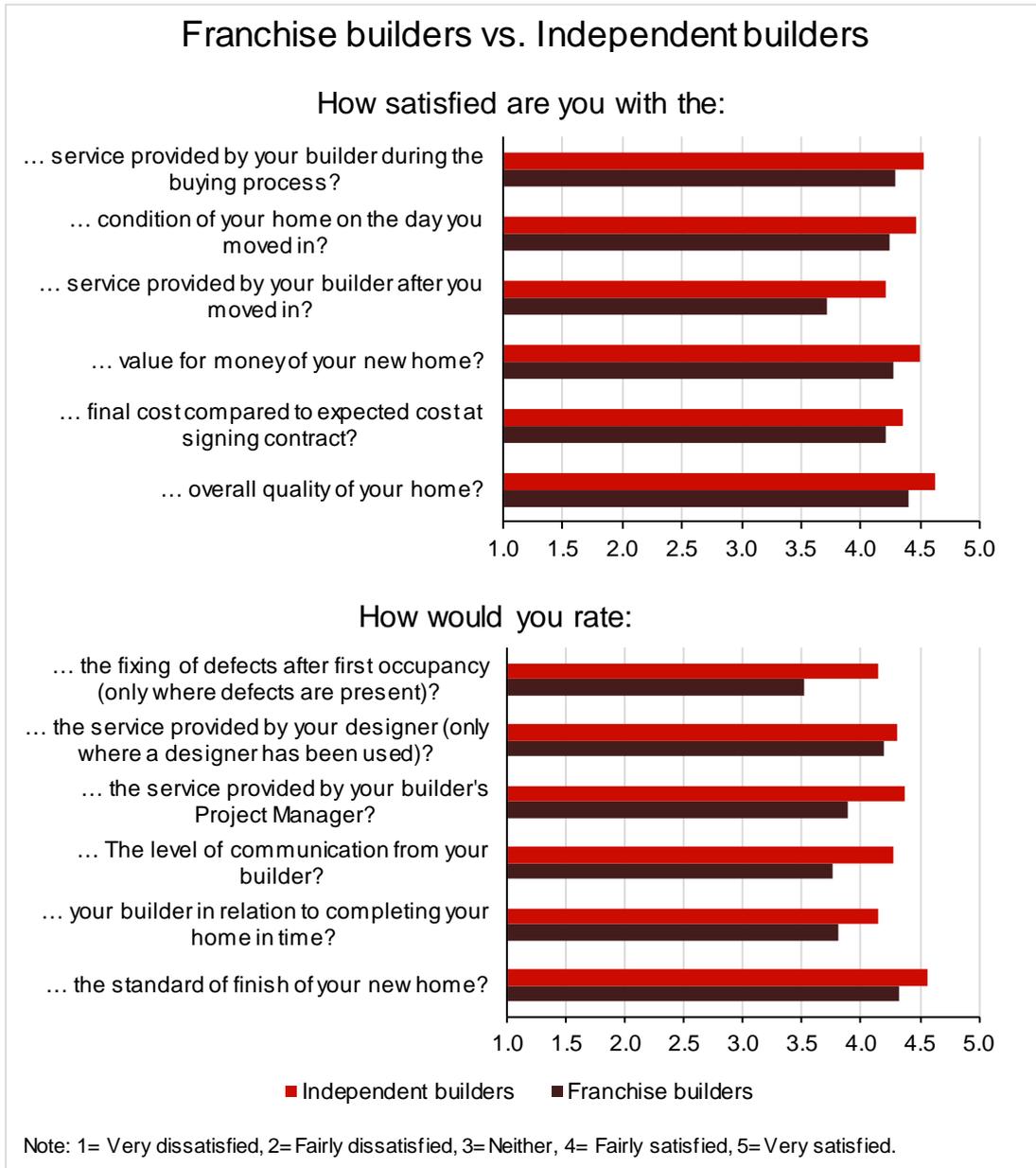


Figure 19. Average scores for franchise and independent builders.

4.9 Comparison by housing package

Previous surveys have found that those who chose a house only were generally happier with their new build than those who chose a house and land package. However, in this year's survey, those who chose a house and land package scored their builder slightly higher on average than those who chose a house only. The largest difference was on the final cost compared to the expected cost at signing of the contract, where those with a house and land package outscored those with a house only.

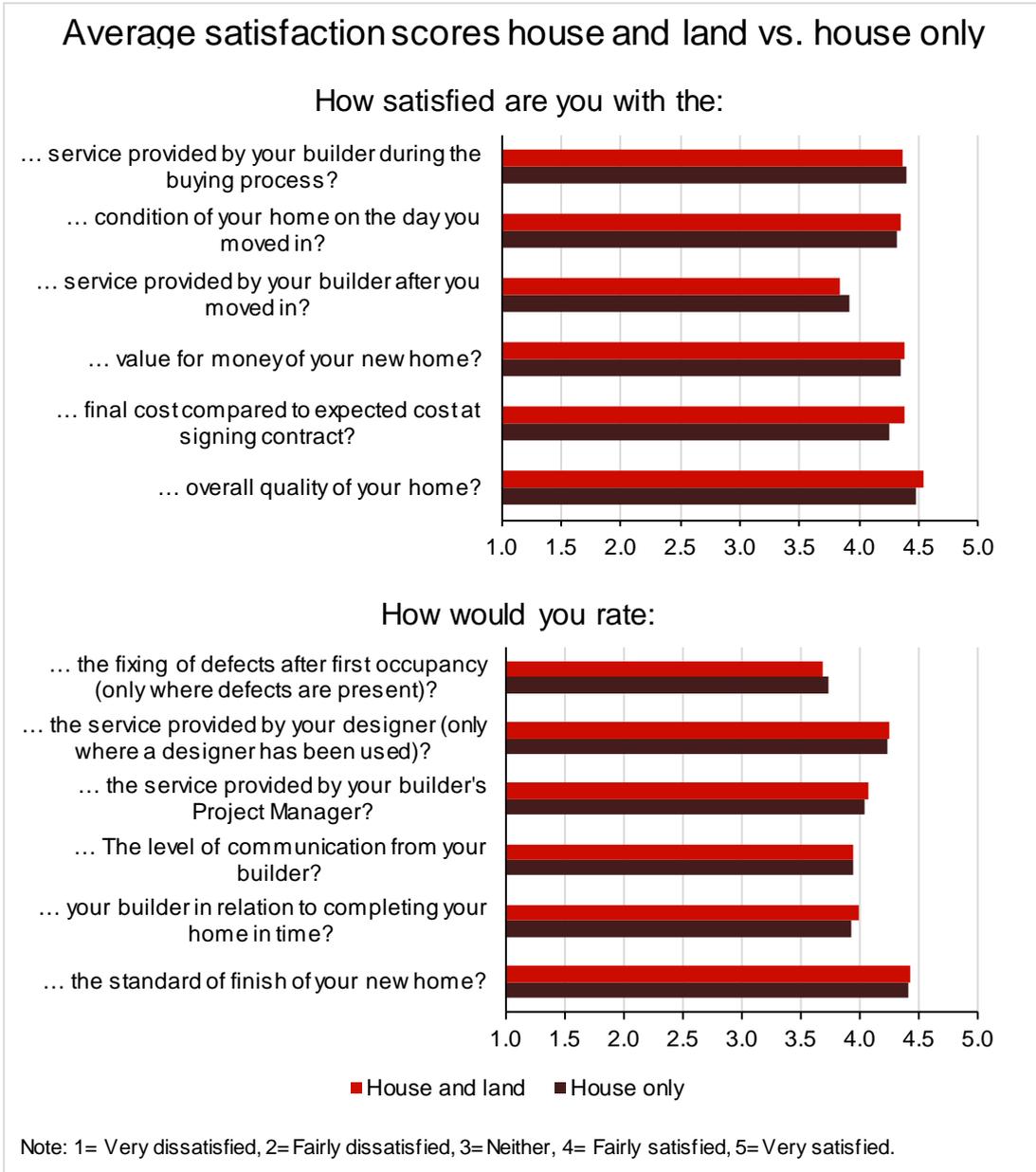


Figure 20. Average scores for house and land package versus house only.

4.10 Changes since 2014

Average scores continued their upward trend in this survey. Average scores were up by 1.4% over 2015 and 4.3% over 2014. The biggest improvements were in the value for money, condition of the house on move-in day and the service provided by the designer. However, the service provided by the builder after moving in did decrease slightly from the last survey.

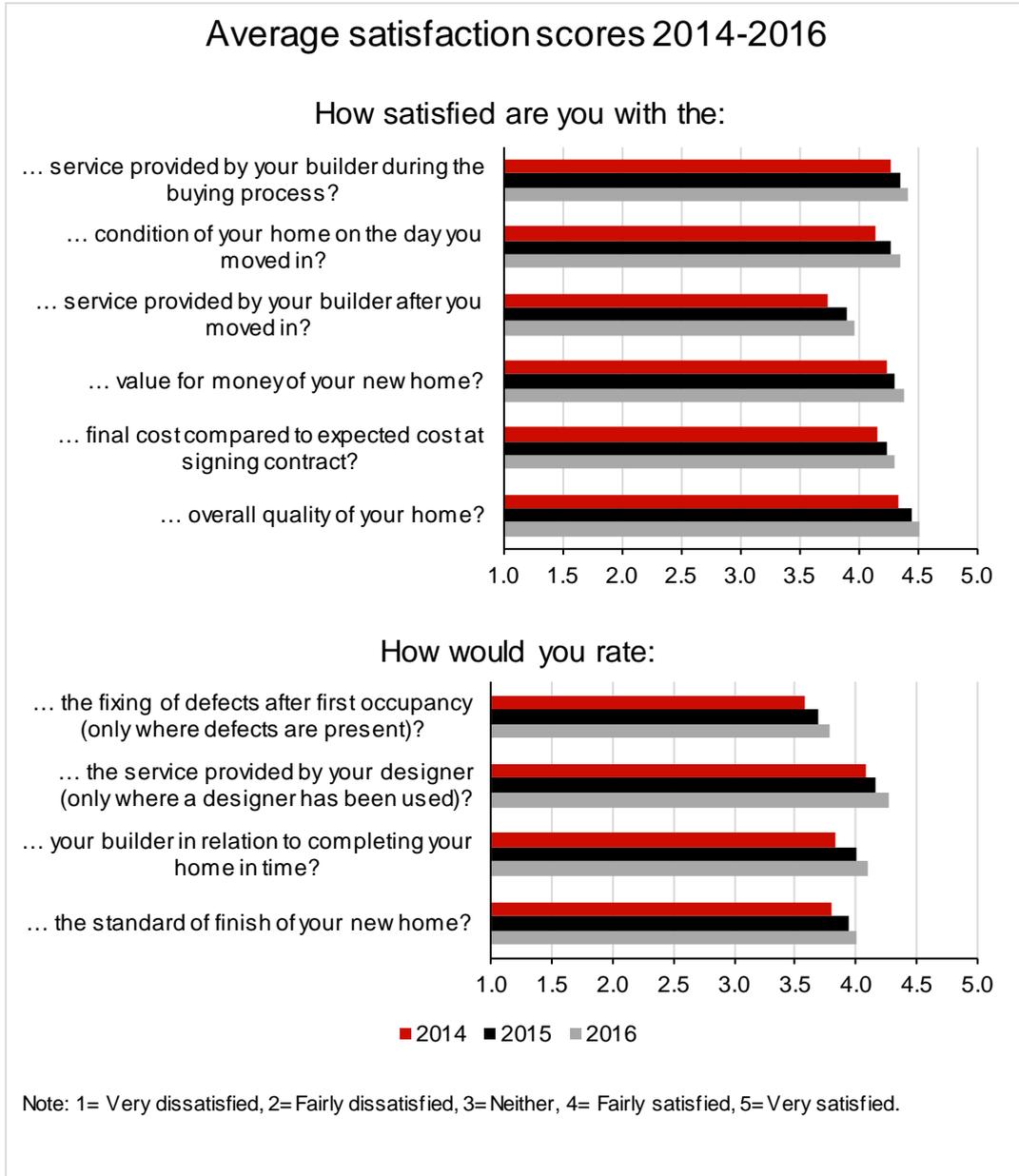


Figure 21. Average scores 2014–2016.

5. Conclusion

The new-build housing industry is continuing to show improvement in delivering homes of good quality and providing the service that their clients expect. Scores increased by 0.9% on average in this survey, adding to the 3% increase in scores from the 2015 survey. Disputes over final cost were down by 2 percentage points, and the call-back rate also declined by 2 percentage points.

The survey picked up that there is some new-build housing work that is taking place without a contract. This is typically being undertaken by independent builders. However, having a written contract is now a legal requirement, and not having a written contract increased the chances of a dispute with the builder over the final cost in this survey.

Clients still cite that their builder's quality/reputation is the most important feature in choosing their builder. The clients seem to judge this based on the quality of the show home or recommendations from their friends and/or family. Builders need to be aware of the importance of their show home. It not only provides a chance for the builder to showcase their work, but it also sets expectations for the client. It is therefore important for the builder to communicate with the client about where differences may occur and reasons for the difference.

Appendix A

Regional response numbers

Response rates were consistent across the regions. Northland has the highest response rate, with 12% of surveys returned, although the Northland region had a relatively small share of new builds. Christchurch had the lowest response rate of 7%.

Table 2. Responses by region.

Region	Number of responses	Response rate
Northland	48	12%
Auckland	109	9%
Central North Island	255	11%
Wellington	39	11%
Christchurch	136	7%
Rest of South Island	106	10%
	Total: 693	Average: 9%

Sustainability features

A further question not reported in the main results was around what features were incorporated into the house. This data is an input into BRANZ work around measuring our sustainability progress.²

The most commonly incorporated feature was higher than Code insulation, with 30% of respondents stating that their house included additional insulation. Rainwater tanks were installed in 22% of new homes, although this is helped by it being a council requirement in some areas.

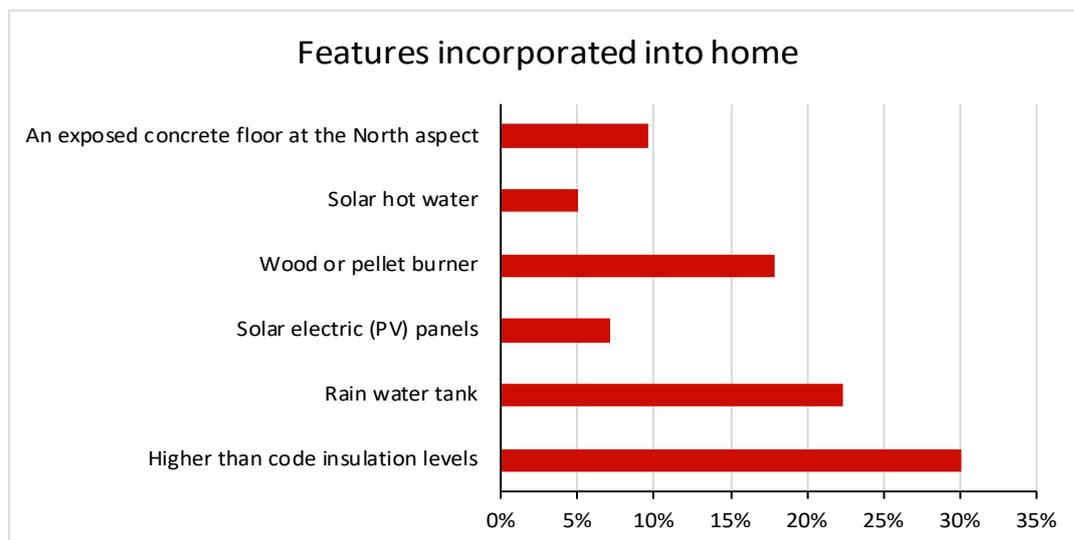


Figure 222. Features incorporated into home.

² See Jaques, R. (2015). *Measuring our sustainability progress: Benchmarking New Zealand's new detached residential housing stock*. BRANZ Study Report SR342. Judgeford, New Zealand: BRANZ Ltd.

Survey form

NEW HOUSE OWNERS' SATISFACTION SURVEY
 All responses are added together and no individual is identified in reports produced by BRANZ.

1. Was your builder part of a franchise? Yes / No If YES, which franchise? _____

2. Was your house a house and land package or house only? House and land / House only (circle one)

3. Have you built a house before? Yes / No If YES, how many? _____

4. Satisfaction: How satisfied are you with the:

	Very Satisfied	Fairly satisfied	Neither	Fairly dissatisfied	Very dissatisfied
Service provided by your builder during the buying process?	<input type="checkbox"/>				
Condition of your home on the day you moved in?	<input type="checkbox"/>				
Service provided by your builder after you moved in?	<input type="checkbox"/>				
Value for money of your new home?	<input type="checkbox"/>				
Final cost compared to expected cost at signing contract?	<input type="checkbox"/>				
Overall quality of your home?	<input type="checkbox"/>				

5. Rating: How would you rate:

	Very good	Fairly good	Neither	Fairly poor	Very poor
The fixing of defects after first occupancy? <input type="checkbox"/> no defects	<input type="checkbox"/>				
The service provided by your designer? <input type="checkbox"/> no designer	<input type="checkbox"/>				
The service provided by your Project Manager? <input type="checkbox"/> no PM	<input type="checkbox"/>				
The level of communication from your builder?	<input type="checkbox"/>				
Your builder in relation to completing your home in time?	<input type="checkbox"/>				
The standard of finish of your new home?	<input type="checkbox"/>				

6. If you selected a one-off design, why did you not select a standard design?

Did not look at standard designs Slope of section not suitable Shape of section not suitable
 Maximising sun/views Sustainability features Drew own plans
 Builder did not offer standard plans Specific preference not catered to by standard designs _____
(specify)

7. Why did you want to build rather than buy an existing house?

Was cheaper to build than buy existing Investment Specific requirements not catered to by existing houses
 Less maintenance Wanted sustainability features Earthquake rebuild Downsizing
 Owned empty section

8. How did you choose the builder? (please tick all that apply)

Not applicable	Recommended	Recommended	From adverts	Used	Got several quotes, chose	Show	Incentive	Green	Other
House already built	by friends/family	by designer	on TV/paper	previously	best (how many quotes?)	home	Scheme	Credentials	(state)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

9. What features were important in choosing a builder? (please tick all that apply)

Not applicable	Lowest	Quality/	Timely	Fixed Price	Looked at builders	Other
House already built	Price	Reputation	Completion	Certainty	previous houses	(state)
<input type="checkbox"/>						

10. Were there any disputes with the builder over final costs? Yes / No (circle one)
 If yes, what was the dispute about? _____

11. Did you have a written contract with your building contractor? Yes / No (circle one)

12. What was the value of your build? (please tick one)

Under \$250,000 \$250,001-\$400,000 \$400,001-\$600,000 \$600,001+

13. Were any of these features incorporated into your house? (please tick all that apply)

Higher than code insulation levels Rain water tank Solar electric (PV) panels
 Wood or pellet burner Solar hot water An exposed concrete floor at the North aspect

14. Did you call back the builder to repair defects after first occupancy? Yes / No (Circle one)
 If Yes which trades needed to be called back? Concrete layer Plumber Carpenter Roofer
 Plasterboard fixer/plasterer Electrician Floorer Tiler Glazier
 Material supplier Painter Other (specify) _____

Was the number of defects: Expected no defects More than expected As expected Less than expected

15. Which of these comes closest to describing how you would speak about your housebuilder?

Recommend without	Recommend	Neutral	Critical	Critical
being asked	if asked		if asked	being asked
<input type="checkbox"/>				

16. Do you have any general comments on the overall performance of your builder?

Thank you. Please fold this form and freepost it in the return envelope Jul-16