

Study Report

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Knowing enough to ask

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Preface

This is part of a series of reports prepared as part of the BRANZ research programme entitled 'Eliminating quality issues'. This programme of work aims to utilise existing knowledge and design new solutions to eliminate common quality issues in the construction industry.

This report investigates how we can help educate consumers to enable improvements in quality by exploring research and decision-making processes of first-time residential build clients.

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Abstract

This report examines the types of research newbuild clients research do before and during their build alongside how they interact with their builder during this process. A qualitative social research methodology was undertaken for this report. Semi-structured interviews with newbuild clients were undertaken to understand the entire house-building process from the perspective of the client. Special attention was placed on the ways clients gathered and used information throughout the entire build process. The research found that the information newbuild clients gathered was usually centred on determining the reputation of their builder as it was difficult to research beyond this point by themselves. Clients were aware of the knowledge deficit between themselves and their builder so tailored their research around identifying the reputation of that builder to ensure the quality of their new home. Clients who had access to impartial expertise felt more comfortable in their negotiations with their builder. Clients who lacked access to these resources found it difficult to remedy any concerns that they themselves identified unless their chosen builder validated their concerns. The report outlines several ways to potentially improve the flow of information to newbuild clients and ensure that they can access the information they need to ensure a good-quality build.

Keywords

Newbuild, consumers, client and builder communication, decision making, consumer research, residential, research practices, client satisfaction.



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Executive summary

This report examines the type of research newbuild clients research do before and during their build and how they interact with their builder during this process.

The research draws attention to the ways newbuild clients go about researching before and during a build:

- Research for clients centred on determining the reputation of their builder. Viewing show homes and asking for referrals from friends were the types of information most used during this process.
- Clients were often constrained in their choice of a builder because of the unique requirements of their build, the type of land they had purchased and the current commitments of the residential construction industry.
- Clients who wanted to research beyond the reputation of their builder often had difficulties in doing so. Clients who successfully researched beyond the reputation of their builder were enabled by their social connections who had ties to the construction industry or had the expert knowledge themselves to feel comfortable enough to discuss performance-related specifications with their chosen builder.

Alongside these findings, this research also provides unique insights into how clients behave during the build process:

- Clients who had issues in communicating with their builder, would often find other ways to gather information about the progress of the build (visiting the site after hours, talking to subcontractors, asking experienced professionals to look on their behalf).
- Clients who identified a defect themselves felt compelled to become more involved in the build process in order to safeguard their investment.
- Clients who became more involved with their build (by choice or by feeling forced) felt uncertain in this role as they tried to balance ensuring the best outcome for their build while not wanting to appear as picky or needy.

What these findings tell us is that ensuring a good-quality build is not just about identifying the types of knowledge clients are missing. What is equally as important is ensuring that clients can easily access the knowledge they need to ensure a good-quality build. If we are to ensure that newbuild residential clients have the knowledge and confidence that their house will be built to a good quality, future research and action is required:

- Improve existing information outlining the rights and responsibilities of a client so their expectations of the build are properly set before a contract is signed.
- Improve existing channels of communication during the build process – specifically, the channel of communication between the client and their key contact on site.
- Expansion of groups such as Eco Design Advisors or the formation of new expert sources that can provide clients with impartial, expert advice throughout the build process.
- This research is heavily client-centric in its approach. Further research is needed on how builders negotiate and communicate with their clients.



1. Introduction

New Zealand is currently in the middle of a residential housing crisis. The resulting rush to build new homes has placed immense pressure on the construction industry to produce more homes in a short timeframe. The rate at which houses are being constructed risks reducing the overall quality of newbuild homes. Previous booms in New Zealand indicate that increased demand is typically followed by a drop in quality (Prefab, 2014).

Key to raising the quality of newbuilds is to better understand and manage common issues that are occurring within the construction industry. Recent research has identified that clients play a significant role (both negatively and positively) in the quality and project outcomes (time, cost) of newbuilds. Clients exert a strong influence during the design and planning phases of the building process and are often the cause of later changes to projects (Ibbs & Allen, 1995; Love & Edwards, 2004).

This research sought to illuminate the current gap identified in the literature by ascertaining the level of knowledge newbuild clients in New Zealand possessed when beginning their house-building journey. It also explored how that base level of knowledge is built upon as clients progress deeper into the house-building process.

1.1 Purpose

As part of the BRANZ *Eliminating quality issues* (EQI) programme,¹ several small pieces of work touch on the quality of newbuilds. However, none have focused on the information-gathering practices of newbuild residential clients and their potential impact on quality issues.

This research focused on identifying potential knowledge gaps for newbuild clients by analysing the various approaches they took in relation to types of information they used and accessed during the building process.

The aims of this project were to provide:

- evidence to inform future research on client/builder relationships
- advice to industry and potential newbuild clients on the types of information clients possess or lack, which can impact the overall quality and process of the build.

¹ This programme is aimed at supporting the industry to eliminate quality issues throughout the building and construction process by identifying the most common problems and the possible solutions to them. More importantly, it looks at why the industry is not making necessary changes and explores ways in which it could be encouraged to do so.



2. Methodology

This section outlines the methodology used to undertake the research for this study report.

2.1 Scope

The research question that largely informed our thinking with this project was: How do we educate consumers to enable an improvement in quality?

As such, our research sample was primarily focused on consumers/clients who had recently completed the house-building process. We chose to focus on first-time residential build clients because earlier research at BRANZ had identified a knowledge gap between newbuild clients and repeat clients (Curtis, 2016). In our interviews, we also included a small proportion of clients who had built previously to identify any differences from their less knowledgeable counterparts.

2.2 Approach

2.2.1 Literature review

The first stage of this research was to conduct a review to contextualise our research amongst the literature available on newbuild clients' knowledge and the impact on quality. The literature review identified that clients must have an impact on quality as they are ultimately a judge of the product upon handover. However, their understanding of quality is not total, and their ability to impact quality is heavily slanted towards the design stage rather than the whole construction process. What the literature did not identify, and which solidifies the need of this research, is what level of knowledge clients possessed before going into the build. In addition, how did this level of knowledge impact their decision-making processes throughout the entirety of the build?

2.2.2 Interviews

As mentioned above, the overall objective of this piece of research was to understand the types of knowledge clients access and then use when choosing to build. We could then identify any potential gaps that might improve the relationship between builders and their clients, resulting in a better-quality build upon completion from the client's perspective.

After completing the literature review, we decided to use a semi-structured interview-based approach as our main method of gathering data. We already had extensive quantitative data on the levels of satisfaction clients express upon the completion of their new home through BRANZ's New House Owners' Satisfaction Survey (Brunsdon & Magan, 2018). This survey also provided data on call-backs for the various trades involved in the house-building process where clients had identified issues that needed to be remedied. While the survey provided good data on the trends of client satisfaction within the newbuild residential space, this study aimed to go beyond the numbers.

We wanted to collect people's experiences of this house-building journey to understand the why, the how and the context of what shapes the trends measured in previous surveys. We needed a more extensive walkthrough of the entire house-building process and the information-gathering practices that occurred throughout that process.



This started at the very beginning stages before clients even chose a builder right up to the 1-year cut-off for contacting builders to remedy any defects.

We sent 500 interview invitations to new-house owners in Wellington, Auckland, Tauranga and Queenstown. These areas were chosen based on having the highest number of consented dwellings in the past 12 months. Potential interviewees were sourced from publicly available consent data held by each regional district council in the 2017 and 2018 calendar years.

Our initial recruitment plan was to recruit evenly from both 2017 and 2018 calendar years to source a mixture of owners whose build was ongoing and those who had already completed. The aim was to explore client knowledge and their interaction with the build phase as it happened rather than rely on hindsight. Unfortunately, the consent records didn't provide the owners' current contact details, so we had no way to contact them at their current address while waiting for the completion of their new home. Therefore, we refocused on contacting those who were more likely to have completed their build (the 2017 sample), so that their address was valid and our invitation might reach them.

The only criteria for choosing participants were that:

- they lived in one of the four regions mentioned above
- they used a franchise or independent builder
- the builder was not also the owner of the building.

The reason for choosing a franchise builder was to simulate the normative house-building experience in New Zealand as they produce the highest volume of buildings in New Zealand. We also invited some clients whose builders were not part of a franchise to see what difference, if any, the type of builder had on the client experience of constructing a home.

Of the 500 people contacted, 35 responded, with 30 agreeing to conduct an interview either over the phone or in person. The interviews followed a semi-structured approach (see Appendix A for interview questionnaire), with interviews ranging from 20 minutes to over 1 hour. The questionnaire was developed keeping the EQI parameters in mind, with specific questions exploring information-gathering practices and issues for newbuild clients in relation to functionality, durability and performance. This focused on the various aspects of the build that clients impact through two distinct stage-gates: before the build and during the build.

We analysed our data using a thematic analysis approach (Braun & Clarke, 2006). Two researchers blind coded the first five interviews, before comparing these and refining them down to 16 codes. The codes used were primarily framed around the types of knowledge accessed by clients during the various stages of the build process alongside the common issues that occurred during the build. The aim was to highlight whether those clients who had access to more knowledge of the build were able to avoid issues and to identify knowledge gaps that could be targeted for future use.



3. Literature review

Previous literature has already addressed client influence at a surface level, outlining the impact on build quality that clients have on the specific building they have commissioned. However, less is understood about the level of knowledge that clients have entering a newbuild and the specific impacts that client competence has on delivered quality. Building clients are aware of a need for information, but many have difficulty identifying what information they need or which questions to ask (Levander, Engström, Sardén & Stehn, 2011). This literature review sketched out the current landscape of research on building clients and their link to building quality. It first investigated the perception of quality in the New Zealand context before identifying the current role, responsibility and types of knowledge clients have.

3.1 Quality in New Zealand homes

Page and Gordon (2017) identified three tiers of building quality:

- Basic quality – a defectless building that complies with the Building Code.
- Enhanced quality – a building fit for use now and in the future with considerations around sustainability and long-term functionality.
- High quality – a loosely defined building quality that goes 'beyond good'.

At its most simple, quality means a building that conforms to the specifications set out in regulations, industry standards and contracts (Page & Gordon, 2017). Beyond this, quality is shaped by three key parameters: functionality, durability and performance (Helm, 2018). There is a degree of difference between what consumers and builders consider quality and what aspects are prioritised. There is also a clear indication that consumers aspire to have quality homes – in particular, better-performing and better-functioning homes. However, they often lack the knowledge to achieve these goals (New Zealand Business Council for Sustainable Development, 2008).

Leishman, Aspinall, Munro and Warren (2004) noted that the common perception of the house-building industry as inefficient tends to indicate it is not aware of or responsive to consumers' needs and preferences. Sommerville (2007) suggested that the lack of attention to quality in the past has allowed defects to become an inevitable and accepted occurrence within the construction industry. Brunsdon and Magan (2018) found that overall satisfaction with builders had decreased from 67% in 2016 to 62% in 2017. This potentially suggests that the standard of service and quality outcomes within the New Zealand building industry are decreasing. Page (2015) found an average of 2.2 compliance defects in a study examining how well New Zealand houses currently under construction were meeting compliance standards.

Within the New Zealand industry, being 'client-focused' is a key phrase building contractors use when advocating for the quality of their company and buildings over their competitors (Page & Gordon, 2017). It is clear that the client sits at the forefront of the building industry, particularly as they are the buyer of the product. However, it is unclear the extent to which the presentation of companies as being award-winning or client-focused impacts client decision making or expectations around quality. It is also unclear whether these terms give clients a false sense of assurance regarding the future quality of their build. Given the industry relies on clients, there is an implicit argument that builders and building companies need to focus on the quality of their products to attract and retain buyers (Sommerville, 2007).



3.2 The role of clients in the building process

Page and Gordon (2017) noted that, while compliance is the responsibility of the construction team, beyond this, the client has ultimate influence over the quality of the build. Newbuild clients, particularly those building for the first time, often have limited or no knowledge of the construction industry and may make uninformed choices relating to their build (Allison & Parker, 2014). This lack of experience can make it difficult for clients to be explicit about their requirements for the project (Love & Edwards, 2004). Poor planning and unrealistic time pressures by clients can also significantly impact the quality of newbuilds (Shirkavand, Lohne & Lædre, 2016). Clients tend to have a clearer understanding of the outcomes they desire rather than the process leading to those outcomes. This often means builders and designers determine how to best meet these expectations (Allison & Parker, 2014). Page and Gordon (2017) emphasised the importance of the designer in assisting the client to make good informed decisions, particularly when there are trade-offs between time, cost and quality.

Compared to later stages of the construction process, clients appear to have more influence over the early design phase (Sommerville, 2007). The need for rework is often the result of issues with design and documentation such as changes, errors or omissions (Love, Li & Mandal, 1999; Love & Li, 2000). This was a common finding, with the design phase being a major contributor to defects and subsequent need for rework (Sommerville, 2007). Client-related design changes are a significant cause of quality issues later in the construction process and create a ripple effect that is often not noticed until the project is nearing completion. This can have a significant impact on the end stage of construction (Ibbs & Allen, 1995; Love & Edwards, 2004).

Joseph and Hammarland (1999) followed seven building projects with the aim of identifying the underlying causes of the defects identified (n=2,879). On average, 32% of the defect costs, which accounted for 2.3–9.4% of total production costs, were attributed to design and client-related issues in the early phases of construction. Poor decision making by clients and time and cost pressures were identified as key causes of defects, especially where there was insufficient time and funding to produce quality design and construction outcomes.

Chinyio, Olomolaiye and Corbett (1998) found that functionality, timely completion and value for money were the most frequently cited needs by clients. Trade-offs regarding time, cost and quality can have negative impacts on final quality of the home, particularly where time and cost are prioritised at the expense of quality (Albert & Tam, 2000). Tilley and McFallan (2000) found that client pressure for early completion of projects had significant impacts on the design and construction process. Within this study, designers and contractors indicated they believed clients lacked a clear understanding of the relationship between project costs and quality design and documentation. Tilley and Barton (1997) found issues in the early stage of development have significant impacts on the efficiency of the construction process. This leads to an increase in the number of delays and variations required, ironically increasing project time and cost.

Love and Edwards (2004) identified a market-driven approach in consumer trade-offs, with clients' focus being on the lowest cost for the highest reward. This concept of false economy influences clients when making tough decisions around additional costs. Clients tend to focus on the present context rather than considering the full life cycle of the building and potentially their own long-term occupancy. Decision making that only focuses on the immediate concerns may heighten costs in the long term – for example,



through retrofitting or high energy costs (Page & Gordon, 2017). Nam and Mads (2014) found some clients do not see the benefit of detailed planning, although this is likely not purposeful and stems more from ignorance than disinterest. Clients are typically more concerned with seeing visible progress and results, as these are perceived to be quantifiable measures of success.

While poor decision making by clients can have negative repercussions on outcomes, it is important to note that a lack of client involvement can also negatively impact newbuilds. Forcada, Macarulla, Gangoells and Casals (2016) suggested that a lack of client participation during construction or at handover creates a quality gap between contractors and clients. Similarly, Kometa, Olomolaiye and Harris (1995) argued that outcomes would be improved if clients took on a more active role in the construction process. This suggests that greater client involvement could have a positive impact with regards to achieving quality builds.

3.3 Where do clients get their information?

A series of reports from a Norwegian building research programme found a general lack of client competence particularly around commercial understanding and project management (Nam & Mads, 2014). This had significant impacts on successful outcomes of building projects. It has been established that client knowledge is important in obtaining quality outcomes. Therefore, it is crucial to understand the level of knowledge clients have going into a build to best address any deficits. New Zealand-based research has suggested that the education of housing clients is a key priority with regards to both productivity and efficiency within the industry (Productivity Partnership, 2013). However, little has been done to proactively engage with clients to determine what they do and do not know going into a newbuild.

The diversity in the types of clients means there are various levels of competency and knowledge across building clients. Typically most newbuild clients have no experience of the industry and learn throughout the process (Allison & Parker, 2014). There are a number of resources available to current and prospective clients to guide them through the building process available from building industry organisations and some small building businesses. The recently implemented search engine Building CodeHub was also designed to make it easier for people to locate and understand rules for designing and constructing buildings (Salesa, 2017). There is no available data to determine how effective this has been, although a similar programme implemented in Norway received over 42,000 views between 2007 and 2009 (Nam & Mads, 2014). This may indicate there is demand for this type of information but it is difficult to correlate database use with a change in consumer knowledge or behaviour and overall outcomes.

It is unknown how effective these resources are in providing consumers with the information they need and whether this has a measurable impact on their skill level or quality outcomes for newbuilds. There is some scope for consumer information to be publicised more effectively and to be tailored to suit the needs of potential consumers within the industry. While there is a growing pool of resources for clients to utilise, there is also the implication that too much information could negatively impact decision making as it may overwhelm clients. There is a need for any tangible outcome of this research to ensure it is not simply adding more of the same information. Quality and clarity of the information needs to be increased, particularly where it may be subject to interpretation (Levander et al., 2011).



3.4 What is the building industry doing?

There is a clear need for those operating within the building industry to use consumer research to better understand the clients they are working with. The building industry is innately knowledge-based and can be quite resistant to rapid changes in process (Smith, Love & Wyatt, 2001). However, it has been suggested that quantifiable results from within the industry would only require relatively little investment over a period of 2–3 years (Productivity Partnership, 2013). Particularly for first-time newbuild housing clients, there are no obvious standards for them to compare their homes against when making decisions related to quality. Client expectations are often influenced by the quality of show homes. These are a clear visual indication of quality and create an idea of what the anticipated standard will be on completion (Auchterlounie, 2009). It is important for those operating within the building industry to ensure that clients understand the level of quality they are paying for. Curtis (2016) found that a number of clients were disappointed when the quality of their own build did not match the quality of the show home.

The discrepancies between what consumers and the construction industry consider quality suggests a need to clearly define consumer expectations and priorities to create new homes clients are satisfied with (Auchterlounie, 2009). Different perceptions of quality between builders and clients may result in higher levels of complaints after handover relating to defects that are not detected during final inspections (Forcada, Macarulla & Love, 2013). Research suggests clients are more concerned about issues relating to functionality and aesthetics as opposed to technical defects and are therefore more likely to identify these (Craig, 2007; Wardle & Duncan, 2017). Forcada et al. (2016) found that structural defects were typically resolved prior to handover as compliance to certain standards is a set requirement. However, aesthetic or functional defects often remained at handover and were only identified once the client was living in the home. This is consistent with findings from New Zealand that a high number of call-backs for defects were identified once the owners were occupying the home (Curtis, 2016). Perhaps if functional and aesthetic aspects were better understood by builders as a key priority for clients, this would lead to greater outcomes and higher levels of customer satisfaction.

3.5 What are the client's responsibilities?

Previous research in this area has clearly established that clients exert significant influence on the construction process both in terms of achieving quality outcomes and hindering them. It has been suggested that clients pose a risk to construction projects when they do not perform their responsibilities effectively, therefore it is crucial to clearly understand what the clients' responsibilities are. Kometa et al. (1995) identified four client needs that were deemed to be the most important for a successful construction process: building functionality, safety, completion time and overall building quality. It was suggested that, if both contractors and clients clearly understood these fundamental needs, that the likelihood of a successful outcome will increase.

There are key areas clients could focus on to improve the likelihood of positive outcomes. One important area to address relates to the sustainability and functionality of newbuilds. Obtaining higher-quality builds in these areas requires trade-offs between cost and quality and requires the client to think about the life cycle of a home. Clients are often only focused on meeting current needs and therefore may not consider the value of future savings by adapting designs in the present (Page &



Gordon, 2017). There is scope for clients to set key performance requirements early in the planning process and to formalise these in contracts. Nam and Mads (2014) found that, while many clients desired high-quality builds, they did not formalise this through contracts or quality assurance systems. It would also be beneficial for clients to set up routine follow-ups to ensure that the level of quality expected is being delivered by the contractors.

The planning process lays the foundation for successful construction. Therefore, it is crucial to have a well-developed plan in order to achieve a quality outcome. One avenue is to encourage clients, particularly with little experience of building, to seek out expert advice as early as possible when looking to develop a new project (Nam & Mads, 2014). It is also crucial to develop and publicise resources that enable consumers to understand their needs and level of knowledge prior to approaching builders and designers (Productivity Partnership, 2013). The most effective way for buyers to ensure they are getting value (quality) for money is to ensure the build is properly planned. From the client's side, this includes extensive design and planning prior to construction and formal contracts to ensure that performance and functional expectations are met (Allison & Parker, 2014). In terms of quantifiable outcomes, it has been suggested that investment in client skill level focusing on effective design planning and management would contribute to the highest levels of time savings. This could potentially save 15 weeks over the course of the project (Productivity Partnership, 2013).

3.6 Conclusion

A review of the previous literature and research in this area indicates there is a clear gap for this research to fill. There is a paucity of research examining the impact of client knowledge on newbuilds, and similar studies have only touched on the surface of this topic. Previous research has shown that clients do have an often significant impact on building quality, particularly during the design and planning stages and in relation to later changes in the project. However, little has been done to better understand what clients actually know entering a build and how best to address any deficits. A number of resources are available to clients, but how much they are utilised and their impact on building outcomes is yet to be quantified, particularly in a New Zealand context. A lack of client knowledge or competence has been identified as a key factor in quality outcomes. However the existing research does not explore the issue of client knowledge beyond this level, indicating a clear need for research to adequately address the problem of client competence in newbuilds.



4. Interview results

Our literature review identified that clients do have an impact, especially during the planning and design stages. It also identified a lack of understanding of the information clients use and the level of knowledge they bring into the build. We did not know where clients researched, when they researched and how they leveraged their research/knowledge throughout the build process.

Each interview explored the entirety of the build for each client, including:

- when a client was first interested in building
- how they found and chose their builder
- how the build process went
- what they thought of the finished house once they had moved in.

This approach allowed us to unpack the specific context each client was operating in as they interacted with their build. The following sections are organised based on all of the clients' journeys through the build process. Clients' key decision points have been ordered chronologically as they occur during a build. It is not to say that all clients experience exactly the same build, and there will always be exceptions to the rule.

4.1 Choosing to build

Choosing to build was a very easy choice for many newbuild clients we interviewed. Building a home rather than buying was an easier cost-effective way to access a better-quality house. Clients were pessimistic about the quality of houses on the market. They saw the process of building a home as a way to guarantee a house that was cost-efficient and free of any latent defects that would impact their wellbeing.

Quality and price were at the forefront when making a choice to build. What was critical is that the new house was within their price bracket and was comparable to existing property on the market.

I guess we decided to build a home because we were looking around about sort of [the \$400,000–500,000] price bracket and nothing in that price bracket really suited us. It sort of made more sense financially to build than it was to buy at the time with the housing market being the way it was. (Michael, Wellington)

A bit of it was how much it was costing to buy a used house, and there's always that kind of thing working underneath. You don't know quite what's been done to it, what state it's really in, even though you get everyone to look over it. For the same money, you can build a brand-spanking new one knowing it's all up to Code, everything's sweet, everything has got a minimum of a 5-year guarantee on it if anything goes wrong. (Gavin, Auckland)

Clients were surprised and enthused by the idea that purchasing a new home was within their reach for what they saw as a relatively reasonable upfront rate. Building their own home was also seen as a safeguard for clients with guarantees in case of any potential issues. There was also a low perception of the current housing market and quality of housing (relative to what they could afford), seen as full of systemic issues or requiring too much work to reach a liveable standard.

[Building] meant we could actually afford to get into the market and get a new house as opposed to a really crappy house that needs a lot of work. A lot of the



houses ... that we were seeing had mould, lots of mould, water damage, old carpets, really dated ... a lot of them were like the structure of the house was good, like it had good bones but poor insulation ... the houses that we were seeing were houses we wouldn't want to raise our son in because we couldn't be sure it was going to be safe for him. (Greg, Wellington)

You've got a new home and we wouldn't have the, I guess, the systemic issues that we had with our current house and what we were looking to avoid in the future for our next house... you get a brand-new house, you get a worry-free house, in theory. At least you know what you're getting kind of thing, and it's all up to sort of more contemporary building standards. (Samantha, Queenstown)

Clients were averse to take a chance on a house that might need renovating when they could build their own home not be surprised by any unforeseen issues they had not identified. Choosing to build was informed by a dissatisfaction with the current market and belief that New Zealand houses are not to the quality you would hope for when making a significant investment. Building a home was seen to remove a lot of the pre-existing tensions clients were faced with in existing houses on the market.

It became clear that clients were making performance-based judgements on the types of homes they would like to move into rather than being strictly focused on the aesthetic aspects of their new home. A key performance-related aspect that influenced the decision to build was insulation and a warm home for themselves and their children.

Basically, there's a lot of homes out there which are pathetic! They don't make best use of the sun and they're not warm homes, full stop. (Jenny, Auckland)

I thought, yeah, I'd love to build another house because ... while I like character, I do like everything new, warm and cosy. (John, Wellington)

We decided to build a home because we want a better place for our children, and insulation – both the wall and ceiling, a good insulation – because when we bought our first house, it's a very old house, it was built 1940s, and then we decided it's better to sell our old house and build a new one for the children. So that's the main reason why we want to build our own house. (Mike, Wellington)

The choice to build was informed by the legacy of the cold homes clients lived in as they grew up in New Zealand. In their research to purchase a home, they identified that they couldn't afford an existing house that could provide the quality of life they hoped to achieve. In choosing to build, clients believed they had created the opportunity to purchase a home free of the issues that had plagued earlier houses they had owned or lived in. It is important to recognise how our current poor housing stock has influenced the decision to build and achieve the types of features and performance metrics newbuild clients are defining as important.

4.2 Choosing a builder

After having made the decision to build, the next step on a client's journey was perhaps the most important task – choosing who would oversee their build. This was probably the most research-intensive area of the process for many clients (see section 4.3.1). When it came to choosing the builder who would work on their home, factors included show home quality, the builder's reputation and how malleable the builder



was in negotiations with clients. For some, having a known brand with a proven reputation and a show home that enabled them to envision their future home were crucial.

[The building company] were fairly prominent in the building industry, you know they advertise on TV... and the plan that we sort of chose, all of it, the show home would fit on the section that they had, you know and available, so we sort of chose that as the basis for our design. (Ryan, Auckland)

The response above is representative of those newbuild clients who were building for the first time. The show home acted as the client's reference point in terms of the outcome they might expect in relation to the final quality of their home. Prior reputation was about establishing the legitimacy and good credentials of the builder and their work. This was often supported by personal anecdotes from friends, lending extra weight to choosing a certain builder. Joseph, a new homeowner from Auckland, went through a similar process as Ryan above but instead of a show home inspected a friend's home instead.

We narrowed it down to [building company] some people that we knew had built with... We looked at their house ... They gave us tips on what to do and what not to do, but you know their experiences ... probably carried a lot of weight for us in trying to decide who to go with versus an unknown name of an unknown origin that looked good on the outside but we just weren't sure ... so it's always difficult. (Joseph, Auckland)

In the above example, the friend's recommendation spoke to the builder's legitimacy, and their house was the physical representation of quality. For all the clients we spoke with, these two aspects were the most crucial to consider when choosing to build.

Clients we interviewed were acutely aware of 'buyers beware' and the relative volatility of the market. Many clients asked friends and family who had experience with the industry to help them make an informed choice. One newbuild owner described how his personal connections helped inform his decision in purchasing land and choosing a builder.

My wife has a friend ... who you know, not what you know – who her dad is a real estate agent, in particular looks at sections in the bay, and he knew that this was coming up. And he knew we were looking. And he said, look, this stuff's coming up, if you want it you've got to take it now though. So we went and had a look and went and had a look with my brother-in-law who's a [developer], he buys land and does builds every now and then. (Gavin, Auckland)

Social connections with the building industry become a crucial source of expert knowledge for those beginning the journey to build and provided clients with some level of reassurance before choosing their builder.

For several clients, there was a clear distinction between the builder they chose and the rest of the market, which centred around how that builder communicated with them during the initial negotiations. It was the builder who kept the client's vision in the forefront of their mind and was willing to work with them to achieve that specific vision.



Because he asked us, 'What do you want to create? What's your vision?' Not like if you go to a group building, they say, 'Well, here are the plans and we can change it here and there, and these are the appliances, these are the materials we use, and if you want to do more ... (Michael, Auckland)

I think in the end ... it did come down to the sales team being very responsive and saying, 'It's possible, let's just put our heads together and make it work', not rather just, 'Oh, these are our ideas, you need to see how it works'. (Jenny, Tauranga)

The key aspect of these interactions was the sense of a partnership being formed that gave the client an equal voice in the decision-making processes. What is interesting here is how blurred the lines are for clients between being led by their builder and having enough agency to influence the build process themselves. This is a tension we revisit later in the report, but it brings up a crucial question around the importance of client involvement and the difficulty building companies face in negotiating the involvement of clients throughout the build process.

4.2.1 Market influences

Another aspect of choosing a builder was the current level of competitiveness in the market. Daniel, a home owner from Auckland, did not have much choice around who was going to build their home because the sections they were interested in were often already associated with a building company.

It was quite a peak competitive time, but you might see a property but you might not like the builder, and that was very much a case of well tough ... because it comes with, you know that property is with this builder and that's it and that was the builder's option. So, that whole system actually made it very difficult for us because we might not like the builder, or you know the person who's got first dibs on it but we do like that particular section. (Daniel, Auckland)

Some clients we interviewed did not have the luxury of choosing their builder unless they were willing to compromise on the choice of a site. Of course, it did not mean they had to choose a parcel of land or builder if they had a problem with either, but fear of missing out altogether introduced additional pressure. Some clients felt the overall squeeze of the housing market and felt the need to decide sooner rather than later because of the fear of missing out.

We got into the stage where the market took off and we simply needed to get back in the market, so that is how we ended up [building], and we decided that ... if we could secure the section and put whatever we could put on there just to get back into the market at that stage. So it wasn't definitely going to be our house that we were going to stay in when we built ... We just needed to get back in the market. (Alice, Wellington)

Really for us it was the only way we could get into the market. So we were looking at purchasing houses locally, and the price we would pay was just excessive for the houses that they were. It required a lot of work. (Matthew, Wellington)

Getting into the market before missing out and being priced out of a chosen region was a huge influence on a client's decision-making processes. This market pressure



would also manifest in clients' dealings with building companies and real estate agencies. One client described the discomfort in declining a section offered to them by a real estate agent because they thought this would limit their chances of finding land in the future.

We kind of toyed with it and we tried to make a site. We went in the next day so that well we're going to have ... to show them that we're not being fussy because we'll fall off the list. You know, they'll move onto the next person and then we go to the back again. (Daniel, Auckland)

There was a lot of pressure for clients to start the process, and they were not always able to pick and choose what the market had to offer. The current state of the industry in the middle of a housing crisis necessitated compromise by some clients, and it became an important aspect of who they chose to build with.

4.2.2 Clients who owned land

For clients who already owned land, the journey to finding a builder was more controlled. One client was able to test the market and their design ideas with a wider variety of builders, after having already secured plans done by an independent architect for their own plot of land.

The ball was in our court because it was our land. So, if we were to go in and talk to GJs or someone and they had home and land or they did the plans for us, well they own the plans. Where we bought the land, we got the plans done through an independent architect and they were our plans ... we took them to four different groups, got them to price the same house and we were calling the shots on what the spec and what materials were. (Cassandra, Queenstown)

Clients who owned land had more control over the design of their home and more choice over the type of builder they used compared to their landless counterparts who were more constrained by the lack of available land and the franchise builder model.

The type of land and how easy it was to build on also had an impact on the choice of builder and how to build. One client encountered this when trying to build their new home after a family member subdivided their property.

All the local building companies that we approached effectively just looked at the bit of land we had to work with and just that it was too hard and it was going to cost too much ... Yeah, everyone just went, 'Nah, too hard, too expensive', whereas when we approached the prefabricated company that we approached it was, you know, simple. No problem. (Rachel, Wellington)

Choosing a builder is highly contingent on a wide variety of factors that can influence the quality of a building, all of which sit outside the control of a client. Some clients had more autonomy when they were bringing their land to the builder, but that was still heavily dependent on the type of land and who was available to build on that land.

4.3 Research before and during the build

The two key areas of research where clients looked for information to inform their decisions about building were choosing the builder and designing the functionality and aesthetics of the home. The reason for this narrow focus was because clients generally assumed that the house they were purchasing was better than anything else on the market for their price range. This assumption, alongside the daunting process of



researching such a complex process as building a house, meant most clients avoided research on the more performance-related aspects of the build. Some clients were aware of the vast knowledge gap between themselves and their builder and were overwhelmed by the sheer amount of information and features they could research.

Oh, man, it's pretty superficial, really, in the sense that it's all the stuff that is just the looks, you know... As far as the grade of blimmin' timber and materials and everything, we didn't really have a huge amount of knowledge around that stuff. (Matthew, Wellington)

Yeah and so in the end we did run through the materials, but it was too brief. I would have liked to have spent longer on it because we didn't really know what they were. We didn't do much research. We may have done a little bit here and there, but there's a thousand things that go into a home so you can't really research everything. (Anne, Auckland)

For clients who did consider more eco-friendly offerings or building outside the normal specifications of their chosen builder or beyond Code, this was often seen as cost prohibitive. They usually felt pressure to default to the standard offerings of their chosen builder when faced with the added cost of building.

Like you can step outside of that and then they would have to quote, but as a big company, they kind of go, 'Well, if you order from this range then we can get it at better prices' ... because you know, they're bulk ordering and doing stuff like that ... We didn't go outside of that too much at all. (Ryan, Auckland)

[They] put pressure, it's not direct or in a nasty [way], but they pressurise you to use their materials which they've costed already so they know how much it's going to cost, and they know the suppliers and dah, dah, dah. (Daniel, Auckland)

The argued strength of franchise builders with their limited choice of materials is their superior buying power, which is not inherently problematic. However, it does highlight that even educated consumers with some idea of material/performance features they would like will struggle if they choose a builder who is ill-equipped to flex their offerings.

Most clients we interviewed had a clear understanding of what the market could provide and had tailored their research practices to accommodate. Clients were aware that they were not necessarily experts in this field and that contracting a franchise builder would limit how much influence they could have in material/performance choices. One client emphasised that the field can be dangerous for clients who don't do their due diligence by choosing a builder who will support their best interests.

You need more research, more and more research. Not just choosing a very low price. You should choose the builder who has a good reputation ... That's our due diligence, yeah. (Bruce, Auckland)

As Bruce, a new homeowner in Auckland describes above, the term 'due diligence' echoes the previous section and the importance of choosing the right builder who has a good reputation. Clients are aware of the deficit in knowledge between themselves and their builder, and this deficit actively shapes their research practice. A client's focus centres around the reputation of their builder, because that is a process of gathering information that is used constantly in other consumer interactions outside of



housing. If clients could correctly assess the reputation and consumer-facing aspects of the builder, the quality of product they produced would be implied.

4.3.1 Detailed research into specific areas of the build

Where more detailed research about the building or the build process was conducted by clients, it was often caused by serious issues during the design or build process or pointed out by others. For example, one client who was building on a challenging piece of land had heard anecdotally that septic tank installations can be challenging and costly so did some research on the subject.

I found an academic paper which ... explained everything in one paper so simply ... So, I followed that up and I rang the person who'd written the report, the consultant, and he was actually in Palmerston North and so I said well, I explained the situation... And he said, 'Well, what I'm prepared to do, no obligation, is I'll come down, look at everything and then I'll give you my recommendations'. (Dave, Wellington)

For Dave, it wasn't so much the knowledge gained from his research, it was finding an impartial expert through that research who was able to provide value and give the client confidence in making a change to one of the more technical aspects of the build.

This was a recurring trend for clients who decided to build beyond Code or introduce features that were not standard for their builder. One client who was building an eco home had access through his social connections to an exemplar for how his build was going to turn out.

We had some friends build [an eco home], but his has only just been completed so we were sort of comparing notes along the way. We were sort of 4 or 6 months behind them in build process. So, yeah, we just saw what they were doing and sort of tick that box, or you know, we don't want to do that. (Marvyn, Wellington)

In seeing how his friends' build transpired, this gave the client confidence in dealing with some of the more technical aspects of the build because they had a reference for what did and did not work.

Drawing from social connections or leveraging expert knowledge was a very important aspect of researching during the build. Having access to knowledgeable, trustworthy individuals is perhaps a reason why initial research can be so narrow in scope. One client indicated the majority of their research was talking to people within industry, leveraging off their social connections who possessed the requisite knowledge to help with their newbuild.

5% or 2% or something [of information came from online]. The bulk of expertise came from people that we know basically. (Kelly, Wellington)

The importance of these social connections become more crucial in the context of those clients who wanted to build beyond Code but lacked the advice that some clients were able to collect from trusted experts. When clients lacked expert knowledge at hand and used the internet to source information, they often became lost in the sea of information provided online.

But generally my first port of call for any information was Google and then trying to filter out overseas information and then local information and what is



sales versus what is not and that's quite difficult, and obviously terminology and different building practices around the world, different terminology for the same products, that makes it quite difficult if you don't know whether what you're reading about is actually comparable or not or equivalent or yeah it was quite difficult. (Alex, Auckland)

Mostly that resource building online is what we looked at to the determine what we needed, which is really hard to find. It was, even for me, it was hard to find the exact ... the best information we needed. I had to search for a while, and search through the Resource Management Act. (Michael, Auckland)

For those clients who lacked any knowledgeable connections, it was hard to sift through the necessary information to positively influence their build. It was also very difficult for those less connected to access the knowledge and expertise they needed to validate their choice of a different approach outside their builder's usual offerings. Those who wanted to go beyond but didn't have the requisite contacts or lacked expertise were unable to influence the build to the extent they would like to have done.

4.4 Issues during the build

When it came to the actual build of their new home, few clients we interviewed described the process as a positive experience. From the outset, the process was often beset with issues, ranging from visual defects on handover to more serious quality issues. These included elements of the contract being ignored or poorly implemented, as well as compliance defects that had to be identified by a third party (not a building inspector).

Appendix B categorises each issue described by our research participants by the stage of the build, either before, during or after the build. Given the relatively small sample size of this research, these findings are not meant to be indicative of the severity of certain issues with newbuild clients but is here to highlight the types of issues clients experience, and to help us theorise as to why these issues were mentioned by clients in the interviewing process.

There are some common trends across the types of issues that occur before, during and after the build. Key areas included perceived workmanship issues, contracting and costing and a lack of information about key aspects of the build and how these issues were communicated between client and builder.

4.4.1 Issues with communication during the build process

A prominent theme in the research was clients failing to receive essential information, which led to issues that impacted build quality and led to deterioration of relationships between builder and client. For example, one client chose to build with a developer because of their low deposit policy and their willingness to build from a non-standard plan.

They were quite open to doing whatever plan ... What became clear later than we would have liked is that that meant it no longer qualified as a house and land package, which meant some of the pieces that attracted us to it in the first place ... were no longer relevant. So, it's kind of um, yeah, the overall process was not positive ... It was our naivety and not validating the detail as we were signing stuff, we just kind of gone with, 'Well that's what we've enquired with



you guys about, yes we've asked to change some stuff but at no point did anyone say this no longer meets [the criteria], you're not going to get it'. And by the time we had realised that, we'd kind of I guess emotionally and in some other ways financially committed ourselves to doing something. (Brian, Auckland)

Brian, like other clients, was emotionally and financially invested at this point so signed the contract thinking that their house-building experience would be similar regardless of which building company they ended up contracting to build their home. When this error in miscommunication occurred, he saw it as their fault for not pressing for details rather than the building company's fault for not informing them that having a non-standard plan would void the cheaper deposit. Unfortunately, the communication issues persisted throughout the build process. The client struggled in receiving essential information to inform them of the progress of the build and had very few channels to communicate their needs during his build.

Poor communication practices were a common theme for many clients interviewed, who constantly struggled to get the updates necessary to feel comfortable about the progress of their build.

They said they would give us monthly pictures and monthly overviews, and that was severely lacking. We did go up to the site every so often, and we would meet the guys there, not the contractor himself, but the guys working under him, so we would have a walk through. Yeah, so, there wasn't much forthcoming from them, they didn't tell us, 'Oh, it's going to be more and let's explain this'. There was never that kind of communication, but we did go up to the site a lot to see what's going on. (Sandra, Wellington)

This client paid by monthly instalments, and it was difficult to track the exact rate of progress relative to the money leaving their bank account each month. In failing to get the requisite information from their builder, the client sought alternative means to gather information. However, their relatively low level of knowledge about the process made it difficult to assess the actual progress of the build. They also assumed that, after they had finished paying, they would have a finished house at the end of it, but the build was only 90% complete according to this client.

This breakdown in expected channels of communication was a common theme for clients. Both Gavin and Michael were very keen to be involved but found it difficult to connect with the person who could help with any potential issues they identified during the build.

The project manager never actually contacted us, you know I was still dealing with the sales guy on issues I was seeing because ... the project manager hadn't contacted me and ... introduced himself or even decided to have a meeting with us just to you know get acquainted. And it was sort of like well into the build before I ended up having to contact the project manager about an issue I saw on site. (Gavin, Auckland)

I tried to be as involved as possible, which is interesting, because when you build with [name of building company] or you build with anybody, else it's sort of frowned upon. They don't like the homebuilder to be involved. They like them to step back from it as much as possible because then it just complicates things ... we found that it was very, very difficult to get any update or anything out of the project manager whatsoever. (Michael, Auckland)



These clients experienced significant pushback in their desire to be involved with the build but felt the need to safeguard their investment by being as involved in the build process as they possibly could.

Another client had to deal with a similar breakdown in communication that led to major issues with their plumber making a major mistake in their bathroom.

So, they basically said we can either like strip it all out again and [you] pay for that or we can find an alternative solution, and it's like 2 days before ... the finish date. You don't want to hear, 'Let's rip the bathroom apart again'. (Dean, Wellington)

In this case, the client agreed to an alternative solution rather than the design feature they had originally agreed upon to save time and money and not delay the move-in date. They also dealt directly with the subcontractor rather than the main contractor to help smooth the process.

A crucial aspect of builds that went poorly was clients having no certainty that issues would be made known to them or that their concerns would be actioned by their main contractor. There was also a perceived power difference between client and builder.

That's an issue that I've got at the moment is with my concrete driveway. I've sort of made a complaint in the warranty about ... the little stones are coming out of the aggregate, and they've just come back and they've said, 'That's just what that does'. And I'm not in a situation where I can go well, I can't say with authority I don't necessarily think ... the extent to which it's happened is acceptable, even within tolerant range or whatever. They've got all the knowledge. They've got all the power, and that's through the build process that arguably that exists from the design. (Brian, Auckland)

They've got all the knowledge. They've got all the power. It's very hard to put your finger up. And then you sort of think we'll I better start doing it all the time, then that annoys them. (Cassandra, Queenstown)

What is notable in these responses is the awareness of there being a difference in the types of knowledge and authority that clients can access. Clients had difficulty in contesting the authority and knowledge of their chosen builder. Clients are aware that they have little authority when it comes to the performance of certain elements of the build, but they have an expectation of how those certain elements of the build are meant to perform. It is not to say who was right or wrong in the cases demonstrated above. However, the clients' expectations were not adequately managed, and there was not a conducive environment where they could voice their concerns and be taken seriously enough to negotiate a possible solution.

It is important to note that this was not the case for all builds. Some clients on more positive building journeys had a much more prompt and helpful experience when rectifying issues.

There was none of ... whose fault it was or what's happened. It was absolutely no problem. 'It's not what you thought it was going to be, let's just fix it.' And that was their attitude about everything. And even 6 months later when we'd moved in and there was a little problem with one of the taps on the outside and my husband emailed them, you know, within a couple of days, they've replied to the email, someone's come round, they're not arguing, they're just fixing all



the taps, replacing everything, and it's all like that customer service before, during and after, you can't fault it really. Not that you want things to go wrong ... but you expect some teething problems and they've been just really good. (Alice, Auckland)

In this scenario, the builder was very accommodating to see them achieve as close to their desired outcome as possible. What these two experiences contrast is the relative inability for a client to influence the build process. In each case, the client had a concern about the quality of the work on their home, but they received entirely different outcomes. The deciding factor between these two radically different outcomes was the builder's willingness to accommodate their client and their own perspective or expectation of the type of service they were providing for their client.

4.4.2 Clients in the quality assurance role

For many clients, issues related to the lack of communication motivated them to be more involved during the build process. This often meant finding other ways to access information to feel confident that the build was progressing to their expectations.

We found the only way to actually find out what was going on was to go and visit the site and go and have a chat to the builder. And the builder would let us know. And there were other things like their massive mistakes that were made that weren't picked up by the project manager, that weren't picked up until we went round there and had a look through the window and went, 'Hang on, that's completely wrong', and then they had to go and redo it. [Name] went round and goes, 'Oh, is that wrong?' And I go, 'Yeah, it's wrong, here's the bit of the plan that clearly says how it was meant to go'. (Michael, Tauranga)

I turned up here when it was almost finished, the painters hadn't come in but the carpenter was, 'So this will be my last day', and I said, 'Well what's all the timber doing in the garage?' And he said, 'Oh that's for the skirting,' and I said, 'But there is no skirting', and he said, 'Well thanks for telling me because I would have taken 2 days to put it up and I would have spent another week pulling it down and putting the right stuff up'. (Paul, Wellington)

What we would do on every Friday is take them coffee and mince pies, and we would have that out in the shed and then they would take us through what was happening. We learned from them about what was going on and had suggestions from them more than we ever did from [building company]. (Cassandra, Queenstown)

He had mucked up basically, but we were the ones that suffered. I had always remembered that and thought, 'Well, I need to keep an eye on progress at the site, and if there is something, I am not happy with, I will certainly speak up'. (Jordan, Tauranga)

These moments prompted initially a more curious client to become a more active, involved client. Issues were magnified by actively constructing for themselves a QA role to keep an eye on progress, many clients would often identify what was to them a serious defect. As it is the client who is ultimately penalised for the consequences of their build's defects, this encouraged many to take responsibility to ensure a positive outcome at the end of the build process.



4.4.3 Levels of client knowledge

Although clients became more active in the build process to identify issues as they occurred, they were still limited by their relative lack of knowledge. More serious quality defects were sometimes identified by other parties working on the site.

So we contracted [building company] to come and do our solar, and the guys came in to set up everything on one side of the roof, and when they went over the next part where they had to put the next panel, they noticed that, on the roof, the roofers hadn't actually finished it off properly. They hadn't screwed in some bolts. There were about six that had been missed. So he didn't want to put up the solar because he was worried that potentially then obviously water would come in and then damage the roof and so on and so forth. (Jennifer, Queenstown)

A week later, my plumber was like, 'Look, I've been sitting on this and I don't feel very good about that, but, um, while [the electricians were] off site I did a measurement of how deep they dug their trenches, and I'm just, I'm not feeling happy about this ... their trenches should be sitting at 600. And, um he pulled out his phone and showed me pictures of where he had measured the trenches they'd dug with the cable in the ground, and some sections of the trenches were only dug to 200. Um, and he was like, you know, 'You really need to call them and get this sorted because this is going to become a problem if you've got diggers coming here, doing driveways and that kind of thing'. (Rachel, Wellington)

These stories highlight that clients can be limited in their ability as a QA check on the build process. Their relative lack of knowledge and the lack of powers afforded to them upon signing their building contract means clients can never be a true and assured check of quality on the build site. These clients only knew something was seriously wrong through building experts in their field who had a vested interest in the project or through an impartial expert.

In general, the increased engagement improved the outcomes of most clients we spoke to, but more engaged clients could often not easily remedy the identified issue in discussions with their builder. For example, one client identified a quality issue with the installation of a window:

And you know it's flabbergasting but ... [they try] to make the client feel like it's almost their problem. They're making it feel like it's my problem, so I haven't quite decided what to do about that one yet. At the moment, I'm thinking I just accept it as is because it's almost unnoticeable, but there's going to be a cost associated with it you know ... it will be a deduction off the final payment when I do make it. So yeah, yeah bizarre. (Mike, Wellington)

Mike had clearly identified an issue with the workmanship of the builder. However, because of his builder's disinterest in the magnitude of this issue, it prompted the client to discuss the issue with the subcontractor – a necessary step to protect their investment and vision for their home, but a step that brought the client out of their comfort zone.

A couple who own their own plumbing business had issues because of the level of expert knowledge they possessed, finding themselves having to be more and more involved after a multitude of issues. These clients had to take on additional



responsibilities in order to safeguard their build as the building company QA role they had paid for became removed from the process.

The other big issue in there was that [project manager], who oversaw all [the building company's projects], I don't think he was coping because he wasn't here on a daily basis to check the build ... in fact, he actually said to my husband, 'Basically you're the project manager because you're here every day', because he did the plumbing, gasfitting, drainlaying, all that sort of stuff. But we asked at the outset, 'OK, we're doing that so we need a key to this property as contractors', and if we hadn't of been here, there would have been so many stuff-ups. (Rachel, Wellington)

Rachel and her husband's expert knowledge and relative competence in their trades started to blur the lines between the responsibilities of a client and those of a project manager. Because of Rachel's husband's ability to be on site and his expert knowledge in key areas of the build, the couple found themselves having to take on unexpected responsibilities in order to safeguard their build as the QA they had paid for with their building company slowly removed himself from the process. Clients who have the level of expert knowledge to identify serious quality issues find themselves in an increasingly murky position as the lines blur between their responsibilities as a client and their new responsibilities as a secondary QA.



5. Outcome of the build

At the end of the process when the keys were handed over to the client, those who had issues during the build process had mixed feelings now that the journey had come to an end. Interestingly, the initial stress of the build process was partially alleviated by the completion and overall quality of the home upon handover.

Oh, the house is nicely built! Yeah, we are not unhappy with the house at all. No, it is just the financial squabble. (Kelly, Wellington)

But at the end of the day we got what we wanted – and that’s half the battle, isn’t it? – but at possibly, you know, 15% more than what we were quoted, which was probably more than we thought it would cost us to start with. (Mitchell, Auckland)

In each of the above comments, their enjoyment of their new home was offset by the difficulties they experienced during the build process. For many of the clients who had issues, there was a tension between the process of the build and the outcome of the build. Even if clients were generally happy with the outcome of the build, it was hard for these clients not to reflect on how difficult it was to get to that good result and a home they were happy to live in.

It’s really hard to say, but in any case, we’ve got a new house and we like the location. We didn’t really want to move and so we’ve got all those things, and it’s been traumatic but, in the end, quite good. (Harry, Tauranga)

I said to the manager of the franchise ... ‘Look you build a great building.’ I mean, we love the house ... and by and large it’s turned out exactly as we wanted it ... so there’s very little we’d change, but the process to get here once you’ve signed the building contract is absolutely rubbish. (Simon, Queenstown)

The above tension highlights the complexity of client satisfaction within the residential building sector. Clients are assessing their satisfaction of a building company on the quality of their new home and on the quality of the service they have received during the construction of their new home. More importantly, the final quality of the build, no matter how good, was not enough to offset how poorly the process unfolded for those clients who had issues.



6. Findings and recommendations

This research identified the ways in which newbuild clients research and interact with the build process. We did this through 30 in-depth interviews with newbuild clients in order to answer our research question: How do we educate consumers to enable an improvement in quality?

6.1 Findings

Our key findings are summarised below.

Choosing to build: This was informed by the legacy of the cold homes clients lived in as they grew up in New Zealand. In choosing to build, clients created the opportunity to purchase a home free of the issues that had plagued earlier houses they had owned or lived in. It is important to recognise how our current poor housing stock has influenced the decision to build and achieve the types of features and performance metrics newbuild clients are looking for.

Choosing a builder: This was contingent on a wide variety of factors that can influence the quality of a building, all of which sit outside the control of a client. Some clients had more autonomy if they already owned land, but that was still dependent on the quality of land and who was willing to build on that land.

Research before and during the build: Most clients only possessed a basic understanding of building that could be gleaned from promotional material, advice from others and the internet. The objective of clients' research was to find a builder they could ultimately trust to turn their vision into reality. When clients researched beyond this level, it was because of unique knowledge or social connections that allowed them to go beyond the surface level research of most clients.

Relationships between clients and builders: Clients were aware of their knowledge deficits, but they also had expectations of professionalism and expertise from their builder. Clients were aware they had little authority when it came to the performance of certain elements of the build but had an expectation of how they meant to perform. When client expectations were not adequately managed or they were unable to voice their concerns, relationships between builder and client became tense.

Increased client involvement: For many clients, there was a moment that acted like a catalyst for their increased involvement during the build process. This manifested in several different ways, such as circumventing the agreed upon communication structure during the build. Clients' need to improvise new strategies of information gathering and quality control was tempered with uncertainty about being a bad customer. Clients described not wanting to be seen as picky, pushy or needy. This led to doubt about who was responsible for identifying what was and wasn't a quality issue and how it would be rectified.

Quality as a good and a service: Clients were generally unhappy during the build process but happier with the outcome of their home. These journeys highlighted the dual nature of a client's perception of quality. Clients assessed their build on both the quality of the final product and the service they were given during that process.



Focusing on the identified knowledge gaps that clients mentioned or had issues with in relation to their build, key areas for providing access to the right types of information would likely include:

- an understanding of the build process
- who does what during the build
- key channels of communication during the build
- client rights and responsibilities during the build process.

If you dig deep enough, this information is available, so rather than a lack of information, many issues were likely caused by the process of communicating that information, for example:

- communication breakdowns between builders and clients
- clients being unable to source the correct information
- clients needing the right type of expert to validate and support information they had gathered that might impact the quality of their build
- how clients researched and the limited focus of their research – this limited focus was shaped by their awareness about their lack of expert knowledge.

6.2 Recommendations

Rather than new information and new resources being developed, we need to find ways to improve the flow of communication, which will result in better outcomes. Below are a few suggestions for future research.

Clearer information for clients: Clients had difficulty in interpreting the sheer amount of information available to them unless they had social connections with expertise or their own expertise in this field. Future research could explore processes to provide up-to-date information to clients on the progress of their build and reduce restrictions on access to the site and those who can provide the information.

Improve the ways clients and builder communicate: Clients need more support and information around their rights and responsibilities as a consumer and the practicalities of the build process. New research could explore different ways information is disseminated to clients through a variety of different mediums. How different demographics use information and have different informational needs should be considered rather than a one-size-fits-all approach.

Impartial, independent experts to help support less-connected clients: Most clients cannot access impartial, expert knowledge. Expansion of groups such as Eco Design Advisors would provide clients with an impartial reservoir of expert knowledge to leverage in negotiations with their builder. Access to expert knowledge can help clients feel confident enough to ask questions of their builder and the build process in general.



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Appendix A: Interview schedule for newbuild clients

Opening questions

Can you talk me through the decision to build a home?

- Why did you decide to build versus deciding to buy?
- What are the essential characteristics of your home?
- How do you see your home? (First-time home, an asset, living in the foreseeable future, how do these shape the design decisions of your home?)
- What do you think of the quality of your home?

Research before the build

What research did you do in preparing for your newbuild?

Were you looking for specific information on the performance/build of your home?

- Performance expectations: Structural, thermal, seismic etc.
- Sustainability
- Functionality
- Role of maintenance
- Life cycle of the house

What sources of information did you use?

- Did you find these useful/not useful? If so, how were they useful/useful?
- What did you do if you could not find an answer to your questions? How often did this happen?

How early in the planning process did you seek out expert advice?

Why did you choose your builder/company?

Research during the build

Can you think of any times where the research you've done has helped with your negotiations with your builder?

How often are you researching after choosing a builder? If you are, what information are you researching and why?

How involved are/were you in the building process?

How did you ensure you were getting the quality outcomes that you intended throughout the design and build process?

What do/did you view your role as? What were your responsibilities during the design and construction process?



Appendix B: Catalogue of complaints for clients during their build

Before the build

Finance	Council	Architect	Land
KiwiSaver	Different regulations for different districts	Incompatible design detailing	Not ready for building upon purchase
Working with bank for loan	Understanding regulations and how they might impact the build	Not meeting client's wants/needs	Not large enough for everything required by council

During the build

Materials	Workmanship	Council	Communication
Wrong material installed (tiles, insulation, carpet, colour)	Damage during work (chipped glass, scratched walls)	Large delays in approval	No update on progress –client needs to enter site for progress and informal QA checks
Wrong material recommended (tiles chosen cannot be used on walls)	Not cleaning before handover	Use of wrong measurement equipment	Completion dates unclearly communicated to client
Having to freight from overseas – long time delays	Incorrect installation as specified (lighting, features doors, shower heads, flooring)		Unsure who to talk to when identifying what clients perceived as defects
Forgot to order/supply certain materials	Clients unhappy with finish on handover		

After the build

Defects	Finance	Communication
Materials malfunctioning/breaking	Paying for aspects that were not completed	Little to no communication after relationship had turned toxic
Fixing of defects took a long time/lack of communication to fix them	Handover could not occur because of final instalment	Difficult to source fixes for defects/incomplete work
Areas of the house left unfinished on handover		