



New house owners' satisfaction with their builder in 2021

Most owners continue to rate their builder highly according to the New House Owners' Satisfaction Survey 2021. Quality of previous work and reputation are important factors in decision making - 40% of the owners surveyed visited show homes to inform their choice of builder. Disputes over the final cost rose slightly, increasing from 13.5% in 2020 to 15% in 2021. The rate of call backs to fix defects has stayed relatively static at 86%. Of all the trades, painters, plumbers and electricians were called back the most in 2021. In 2020, 55.5% of respondents said COVID-19 had a moderate or major impact on their build. Only 29% of respondents recorded a moderate to major impact on their build due to COVID-19 in 2021.

Each year, the BRANZ New House Owners' Satisfaction Survey monitors how the owners of new houses thought their builder performed and what they think about the quality of their completed house.

The survey also collects information about the proportion of owners who had to call back their builder, how likely the owner is to recommend their builder to others and what they consider important when choosing their builder. It has been running annually since 2011 and allows BRANZ to monitor trends in the quality of output in the new

residential building industry. For the 2021 survey, a sample of 4,666 new house owners was identified from housing consents issued between March 2020 and April 2021 across New Zealand. This period was selected to represent houses completed in the 2021 calendar year, assuming that a house typically takes 9-10 months from consent to completion. The response rate was consistent with previous survey years, with 460 completed surveys returned. Self-builds, people building more than one house, houses built by family members and speculative builds (built without a specific buyer) are excluded. If the build involved a house and land package, only owners who were involved from the consent stage onwards were approached. This ensured

all survey participants experienced the end-to-end building process.

People responding to the survey

Most of the people responding to the survey were building a home for the first time. The percentage of people who had built previously has decreased over the course of the survey, from 53% in 2013 to 37% in 2021, suggesting that building a new home is becoming more accessible or more desirable to people building for the first time. Around 66% used franchise builders in 2021 (companies that build homes to a set design, often available to view before construction). Most survey respondents (77%) owned or part-owned their previous property, suggesting that building new is still a significant

investment for most people and requires an equivalent asset or that building a house is a progression from owning a property first.

Client satisfaction

Average satisfaction scores have decreased since 2019. Most people rate their builder highly - 58% rated their builder between 4 (fairly satisfied) and 5 (very satisfied), but this is down from 66% in 2019. Also, 16% of respondents scored their builder less than 3 on average (fairly dissatisfied or very dissatisfied).

New house owners were happiest with:

- value for money of their new home - this increased from 81% in 2020 to 87% in 2021
- overall quality of their home - this increased from 83% in 2020 to 85% in 2021
- final cost compared to the expected cost at contract signing - this increased from 81% to 85%.

New house owners were least happy with:

- fixing of defects after first occupancy - 25% of respondents rated their satisfaction with the service of their builder as dissatisfied in 2021
- level of communication from their builder - 23% of respondents rated their satisfaction with the service of their builder as dissatisfied
- service provided by their builder after they moved in - 24% of respondents rated their

satisfaction with the service of their builder as dissatisfied.

The method for choosing a builder was similar for first-time and experienced clients in 2021. Choosing a builder based on their show home was the most common method for both, used on average by 40% of respondents - up from only 29% in 2020. The second most popular method chosen was the 'recommended by friends/family' category, used by an average of 26%. The proportion of respondents who chose the 'other' category, while smaller than 2020, suggests that some further tweaking will be required of the survey options to better reflect new house owner decision making when choosing a builder.

When analysing respondents' comments, we found clients were choosing their builder based on internet advertisements, through Trade Me or through their chosen builders' website. The salesperson was also an integral part of a client's decision to choose a builder. Some clients did not have a choice of builder because the type of land, developer or franchise had already selected them. There were also clients who referenced a professional recommendation from someone in industry or a real estate agent who helped them choose their builder.

When it came to important features in choosing a builder for respondents, the

majority (80%) stated that the quality/reputation of their builder was the most important feature in choosing them. This has increased significantly from 68% in 2020. Fixed price certainty has remained as the next most selected feature, used by 61% of respondents. Third most popular was the timely completion of their build, which was selected by 44% of the survey participants.

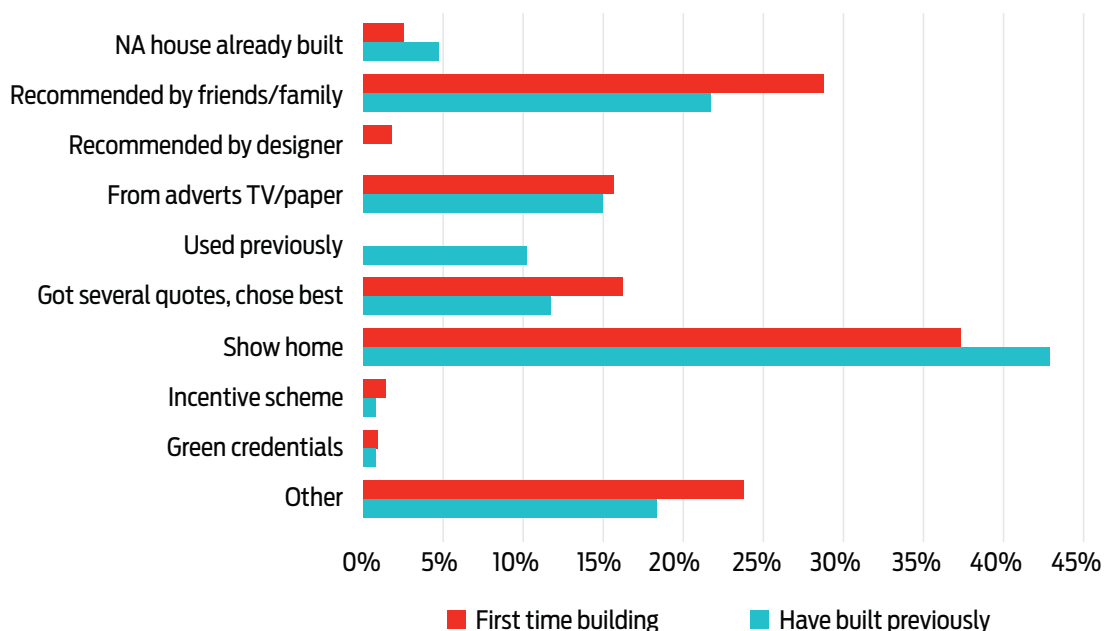
Disputes over the final cost

Disputes over cost have increased slightly in 2021 - about 15% of respondents reported a dispute with their builder over the final cost. These disputes tended to focus on:

- charges for variations
- penalties for not meeting completion dates
- items going beyond the prime cost (PC) sum, particularly when the clients considered that PC sums were unrealistically low
- incorrect materials/products used
- additional charges for items believed to be included in the contract
- miscommunication between subcontractors hired by the client and the main contractor
- defects that hadn't been fixed
- the house going past the completion date.

Disputes over final cost were more common for those who selected their builder for the lowest price rather than for fixed price certainty or other reasons.

How was the builder chosen?



COVID-19

In 2020, 56% of our sample indicated that COVID-19 had a moderate to major impact on their build. In 2021, this has decreased, with only 29% indicating COVID-19 has had a moderate to major impact.

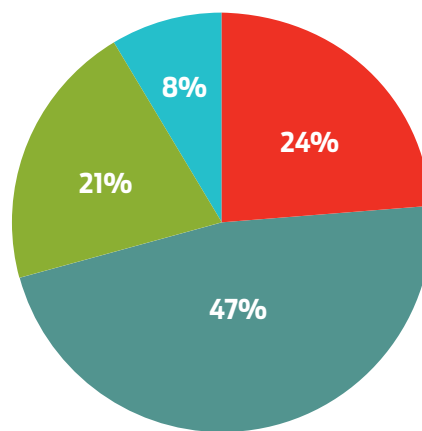
Respondents described a major impact as relating to delay that went over 3 months. In some of the more extreme cases, there were some clients whose builds were delayed for over a year. The reasons for delay were

usually attributed to supply shortages (either labour or materials) or due to COVID-19 protocols and lockdowns. These issues were much the same as those identified in 2020, but how clients have ranked these issues is drastically different. These findings would suggest that, being in the second year of lockdowns, clients have a better reference point for what constitutes a significant delay during COVID-19. What was considered major in 2020 is accepted as more of a minor/common occurrence in 2021.

Would new house owners recommend their builder?

Just over 60% of respondents would recommend their builder in 2021. The proportion that would speak critically without being asked has increased from 8% in 2019 to 13% in 2021. Negative comments (as with previous years) usually related to service, lack of supervision of subcontractors and communication, disputes over defects and completion time.

Did the COVID-19 alert levels have any impact on your build?



■ No impact ■ Minor impact ■ Moderate impact ■ Major impact

Since COVID-19, the survey has tracked further drops in the performance of these problem areas for industry. The increase in those respondents who would be critical without being asked can likely be attributed to the new working conditions under COVID-19. The areas where builders struggle the most (communication, defect remediation, service before and after the build, completion times) are more likely to slip as construction activity increases.

Conclusions

- Overall satisfaction scores were similar to those seen in 2020. Most respondents rate their builder very highly, with 58% of respondents rating their satisfaction with their builder as fairly or very satisfied. This is very similar to 2020 where 57% of respondents rated their builder in the same range.
- 85% of owners were happiest with the overall quality of their home.
- In 2021, 13.3% of respondents reported they would speak critically of their builder without being asked.

- Categories that new owners were least satisfied with are the 'fixing of defects after first occupancy,' 'communication from the builder' and 'service after moving in.' All these categories have seen a minor improvement from the drop observed in the 2020 report.
- Most respondents identified their builder's quality/reputation as a key reason for choosing their builder. This was followed by 'fixed price certainty' and 'timely completion'.
- About 40% of respondents chose their builder based on the quality of the builder's show home/their previous work, a considerable increase from 29% in 2020. Recommendations from friends/family was the next most common response, with 26% of respondents selecting it in 2021 (up from 18% the previous year).
- Disputes with builders over final cost increased again from 13.5% in 2020 to 14.9% in 2021. Disputes are still a slightly more common occurrence for those who selected

their builder due to the lowest price.

- The call-back rate has stayed relatively static at 86% in 2021 compared to 87% in 2020. Of all the trades, painters, plumbers and electricians were called back the most in 2021.
- The impact of COVID-19 according to clients has changed when comparing 2020 with 2021's findings. In 2020, 55.5% respondents said COVID-19 had a moderate or major impact on their build. Only 29% of respondents recorded a moderate to major impact on their build in 2021.

More information

BRANZ Study Reports SR471 *New House Owners' Satisfaction Survey 2021*, and SR467 *New House Owners' Satisfaction Survey 2020*.