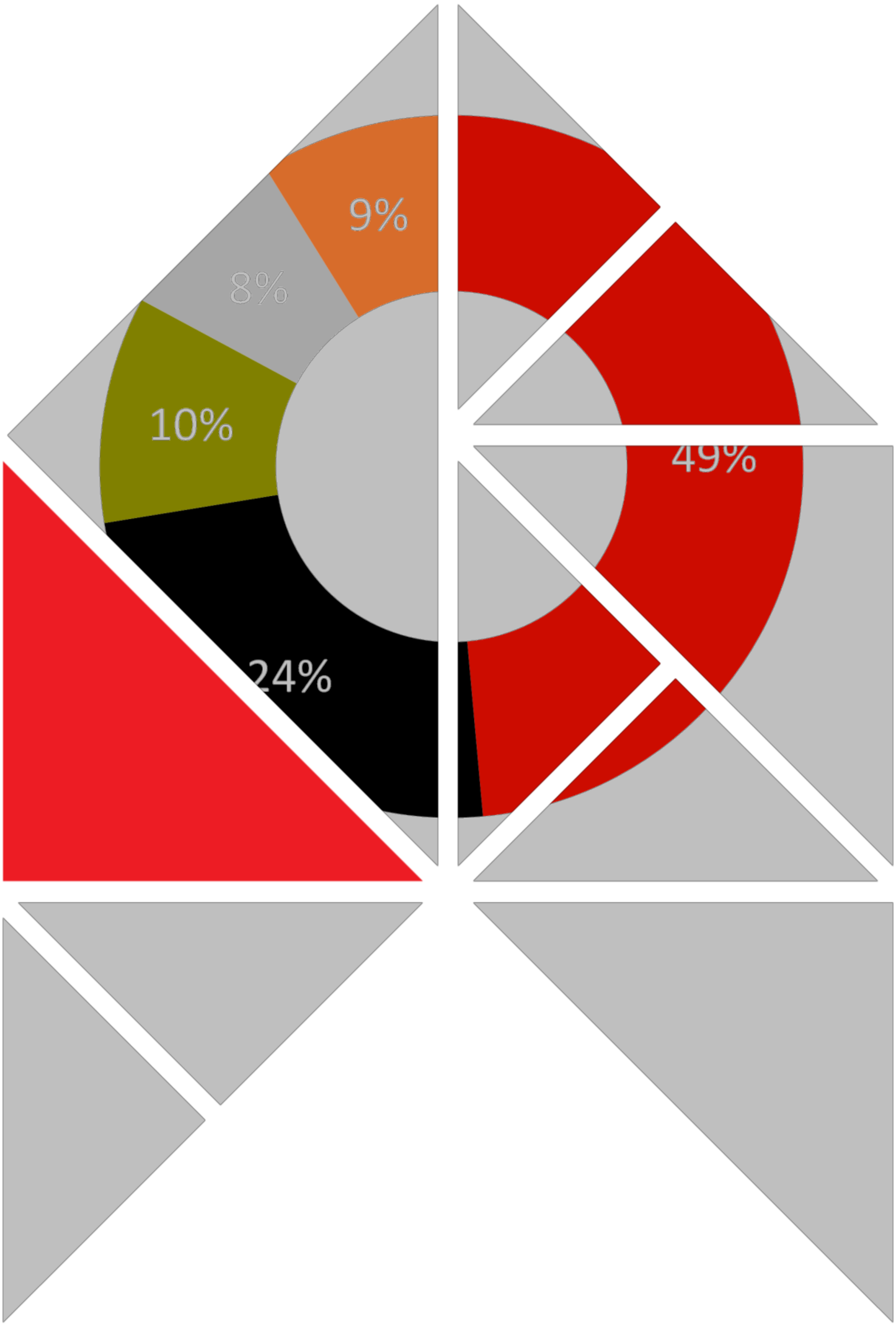
Study Report

SR348 [2016]

# New House Owners' Satisfaction Survey 2015

Matthew Curtis



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# Preface

This is the fifth in a series of reports on the New House Owners' Satisfaction Survey. The data was obtained through surveying new house owners on the performance of their builder. The purpose of the survey is to aid work done on building industry performance measures.

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

# Acknowledgements

The Building Research Levy funded this work.

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

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

# New House Owners' Satisfaction Survey 2015

## BRANZ Study Report SR348


## Author

Matthew Curtis



## Reference

Curtis, M.D. (2016). *New House Owners' Satisfaction Survey 2015*, Study Report SR348. BRANZ Ltd, Judgeford, New Zealand.


## Abstract


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

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

Results show signs of improvement from last year's survey. Average scores were up by 3% nationally. However, Canterbury is still performing worse than the rest of the country, highlighting the struggles that many in the region are still having after the 2010/11 earthquakes. About 60% of respondents from Canterbury were first-time house-building clients who were building because their home was damaged by the earthquakes. Builders need to keep this in mind when dealing with clients in the region.

Previous reports had highlighted the gap between the performance of the builder and client expectations. This year, we saw a small closing of that gap. There was a decrease in the number of respondents that would speak critically about their builder. Disputes over final cost and call-backs were also less frequent than in last year's survey.

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# 1. Executive summary

The main findings of this report are as follows:

- The industry is still performing well at delivering quality houses with a high standard of finish. New house owners are happy with the finished product. 90% of respondents were satisfied with the overall quality of their new home.
- There is still room for improvement around the follow-up after handover. New house owners were most dissatisfied with the fixing of defects after first occupancy and the project management and communication from their builder.
- Overall, the average satisfaction scores have increased by 3% over last year. However, there is still a lot of room for improvement to get back to the satisfaction scores seen in earlier reports.
- The survey serves as a reminder that word of mouth is important for builders (particularly independent builders) to obtain new clients. It is also important for larger builders to have a high-quality show home to showcase their work.
- Fewer new house owners reported having a dispute with the builder over the final price and having to call back their builder than in the previous survey.
- The trades that were called back most frequently were painters, plumbers and electricians.
- Canterbury still represents a large portion of first-time new-build clients. These new house owners were more likely to speak critically about their builder compared to the rest of New Zealand.

# 2. Introduction

The New House Owners' Satisfaction Survey has been running annually since 2011. It is one of few measures of quality of output. It allows us to monitor trends in the quality of output for the new residential building industry.

The aim is to find out from the owner of the new house how they thought their builder performed and how they perceived the quality of their completed house.

New owners are informed in the letter accompanying the survey form how we define the term 'builder'. For the purpose of the survey and results presented within this report, the term 'builder' refers to all people involved in the build process. This includes (but is not limited to) any office staff within the building company, the project manager and any subcontractors.

# 3. Methodology

The methodology for the BRANZ New House Owners' Satisfaction Survey has remained largely the same over the 5 years that it has been running. It is a short postal survey to the owner identified in consent information. An incentive (either a Lotto ticket or book voucher) is offered for the return of each survey form.

A sample of 2,825 new house owners was identified from consents taken out between April 2014 and March 2015. This period was selected to largely represent houses that were completed in the 2015 calendar year. The sample focuses on detached houses, although 61 multi-unit buildings were included.

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

The survey sample consisted of the following 31 territorial authorities:

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

BRANZ received 708 filled-in responses (a 25% response rate), which have been used for the analysis represented in this report. A large number of surveys were unable to be delivered due to the house still being incomplete or a change in street name and/or number. The actual response rate of delivered surveys is likely to be much higher.

# 4. Results

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

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

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

## How many respondents had built previously?

The majority of our respondents had not built previously. About 54% of our survey respondents in 2015 stated that this was their first time building.

The percentage of respondents that had built previously has been decreasing over the last couple of years. About 46% of respondents stated that they had built previously in the 2014 and 2015 surveys.

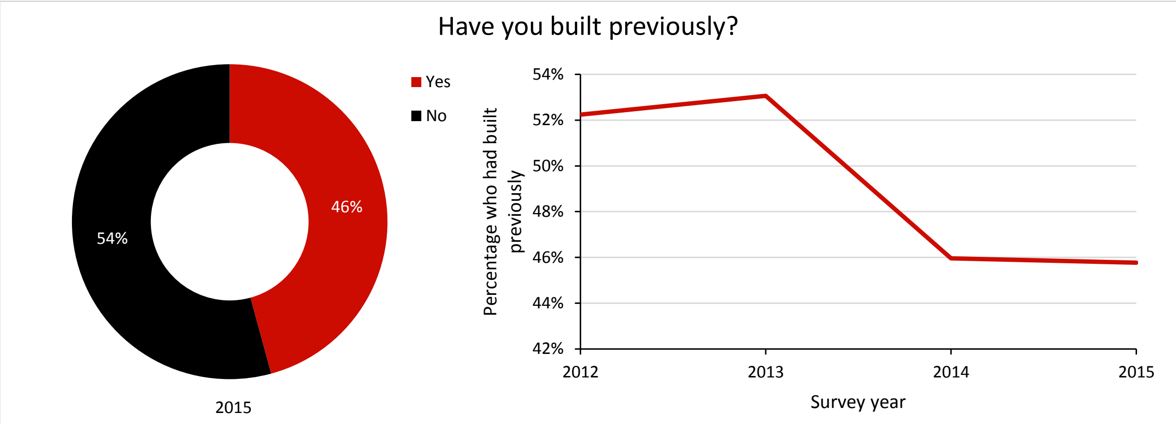



**Figure 1. Built previously.**

## How many respondents used franchise builders?

About 53% of respondents used a franchise builder this year. The most commonly used franchise builders were GJ Gardner Homes, Stonewood Homes, Jennian Homes, Golden Homes, Mike Greer Homes and Platinum Homes.

The percentage of respondents that used a franchise builder has decreased slightly from last year's survey. This percentage had been trending upwards over the previous years.

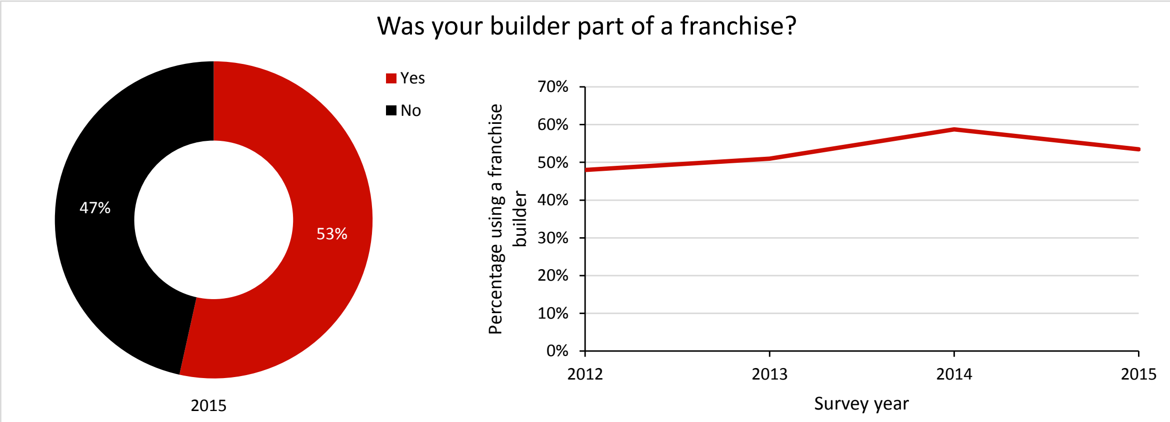



**Figure 2. Percentage using a franchise builder.**

## House and land package or house only?

The vast majority of our respondents bought a house only. Over the last 3 years, this number has been fairly consistent at about 90%. Just over 10% of respondents bought a house and land package in 2015.

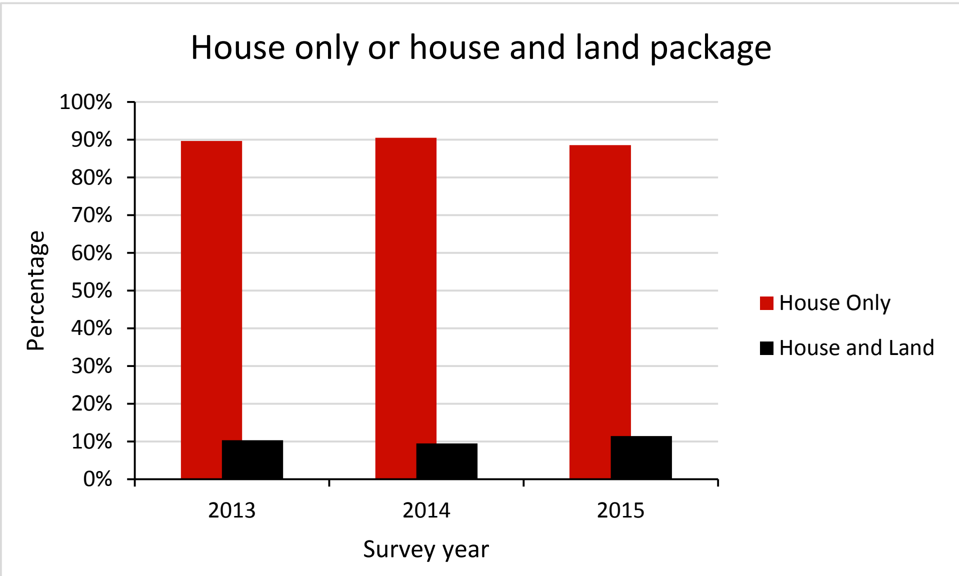



**Figure 3. Housing package.**

## 4.1 Overall satisfaction

Figure 4 illustrates the average satisfaction scores. The majority of respondents rated their builder very highly. About 66% of average satisfaction scores were between 4 (fairly satisfied/good) and 5 (very satisfied/good). Just 16% of respondents scored their builder on average less than 3 (neither).

Between 2012 and 2014, the average satisfaction scores had been trending downwards. This meant that, in general, respondents were less satisfied with their build and building experience during this time. However, 2015 has seen an upturn in satisfaction levels, with the average satisfaction score increasing slightly.

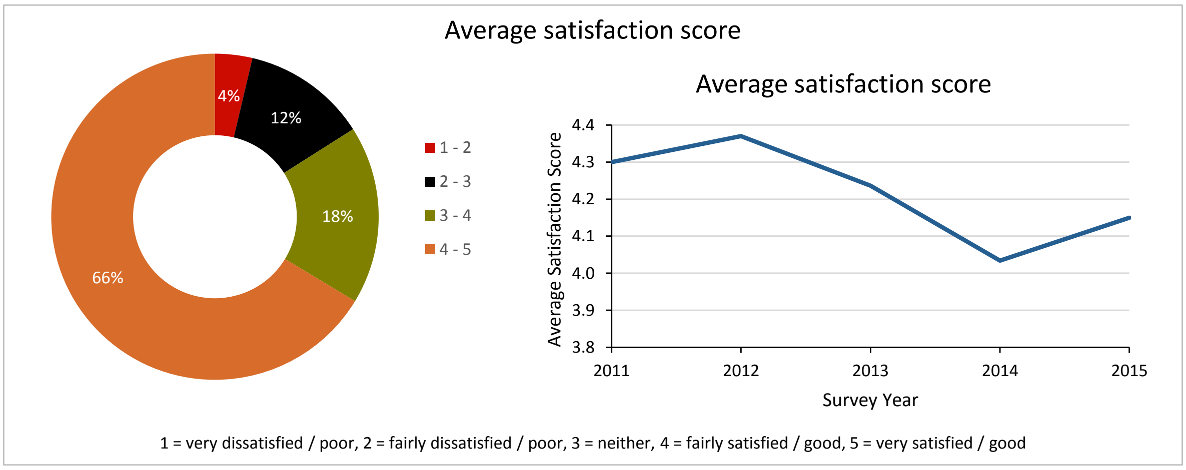



**Figure 4. Average satisfaction score.**

Figure 5 and Figure 6 illustrate the satisfaction and ratings of new-build clients towards the 12 measures that BRANZ used.

New house owners were happiest with:

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

Respondents were least happy with:

- service provided by their builder after they moved in
- fixing of defects after first occupancy.

These results indicate that the industry is still doing well to deliver a house that the client is happy with. However, it is also still the case that there is room for improvement with the follow-up after handover.

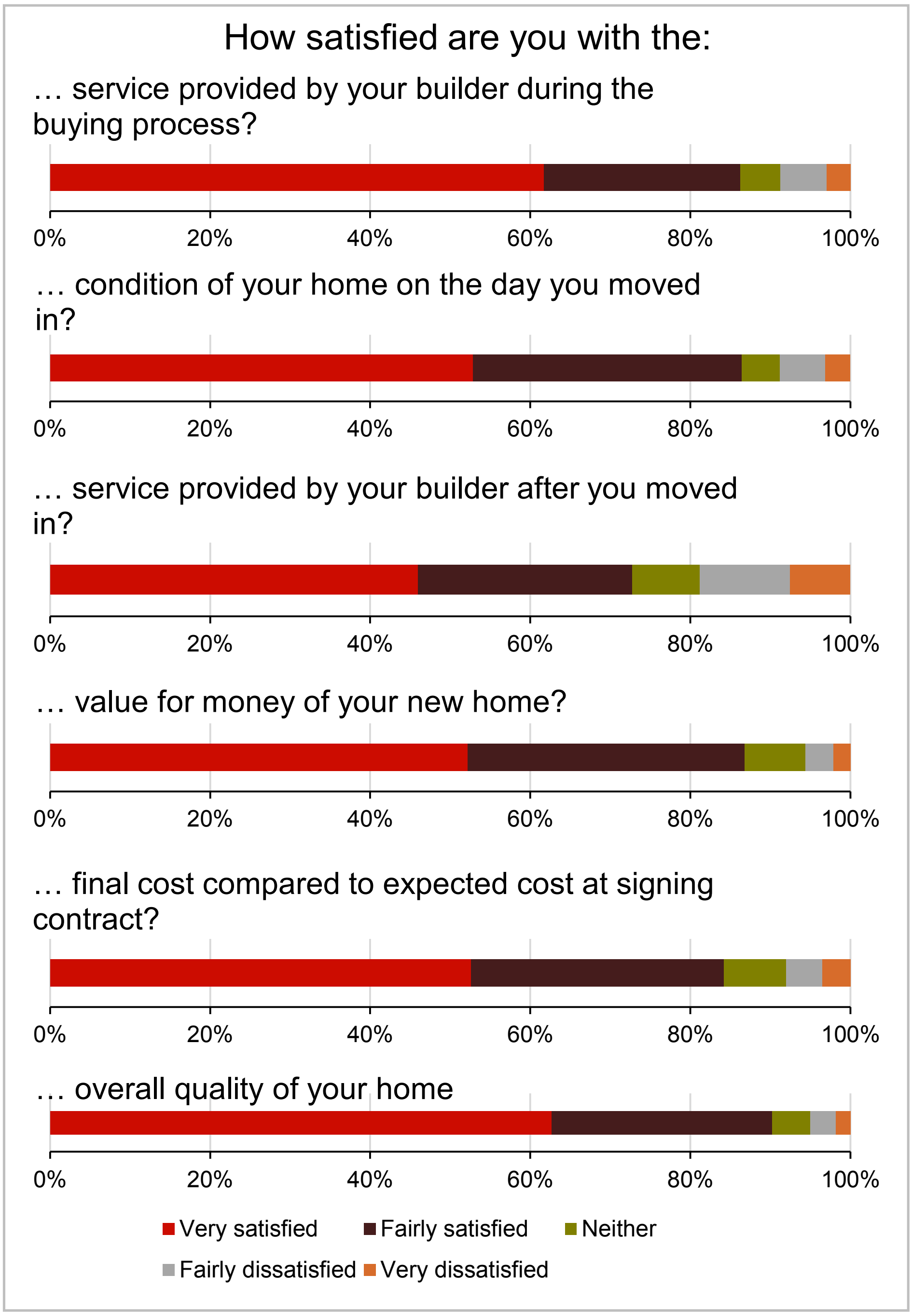



**Figure 5. Satisfaction levels.**

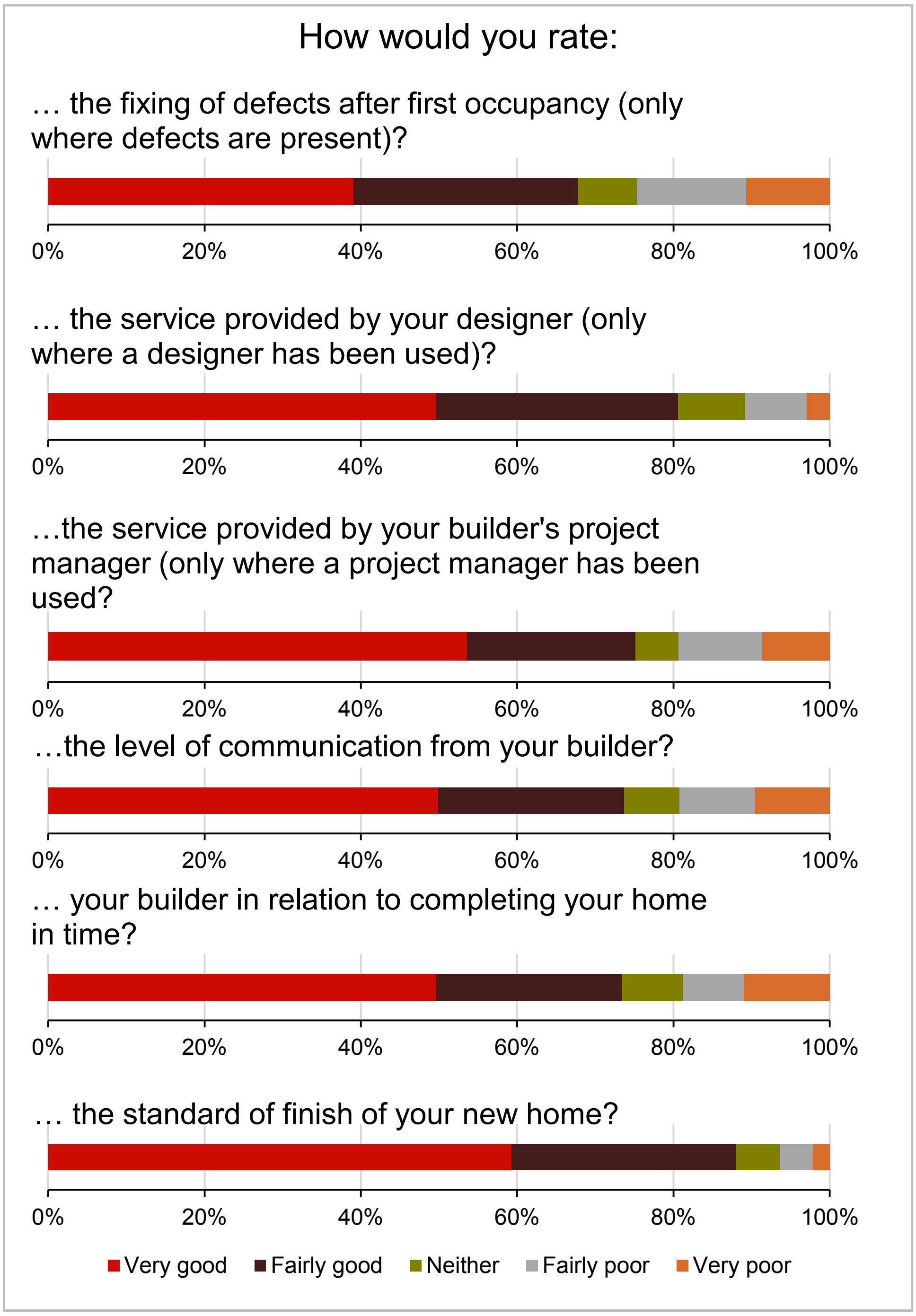



**Figure 6. Ratings.**

## 4.2 House design

This section presents the results on the house design. We specifically looked at the type of input and why new house owners are opting for a one-off design.

### Type of input

Just 1.8% of respondents did not have any input into the design of their house this year. About 50% of respondents selected a design from their builder's standard plans. However, the majority of these made some changes to the plan.

One-off designs were also popular. The majority of those who used a one-off design had major input into the design.

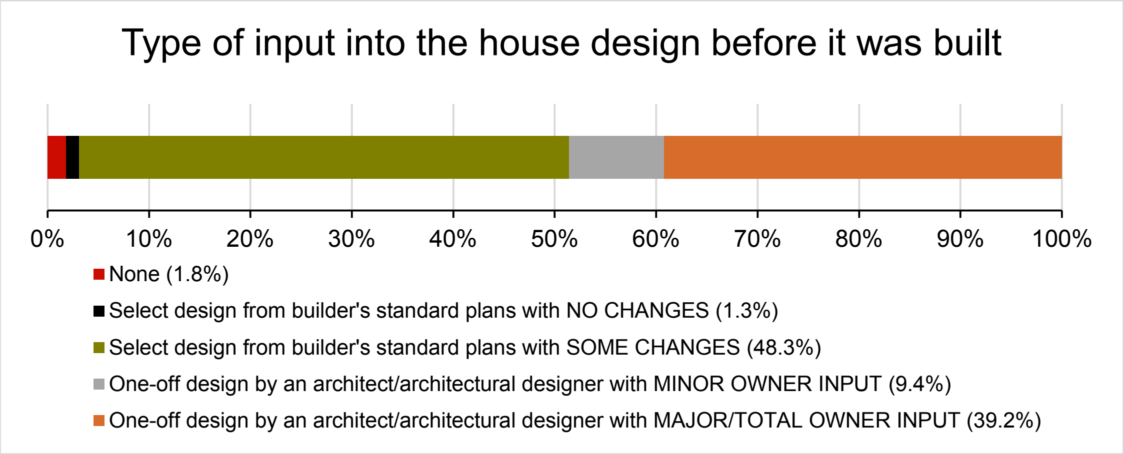



**Figure 7. Type of input into design.**

### Average satisfaction score by type of input

The happiest clients were those who selected a design from their builder's standard plans and made some changes. This was also the only type of input that saw an increase in the average satisfaction score from the 2014 survey.

The unhappiest clients were those who selected a design from their builder's standard plan and did not make any changes. This group were some of the happiest clients in 2014, with an average satisfaction score of 4.1, the second highest in that survey. Clients that chose a one-off design by an architect/architectural designer with minor owner input gave the second-lowest score.

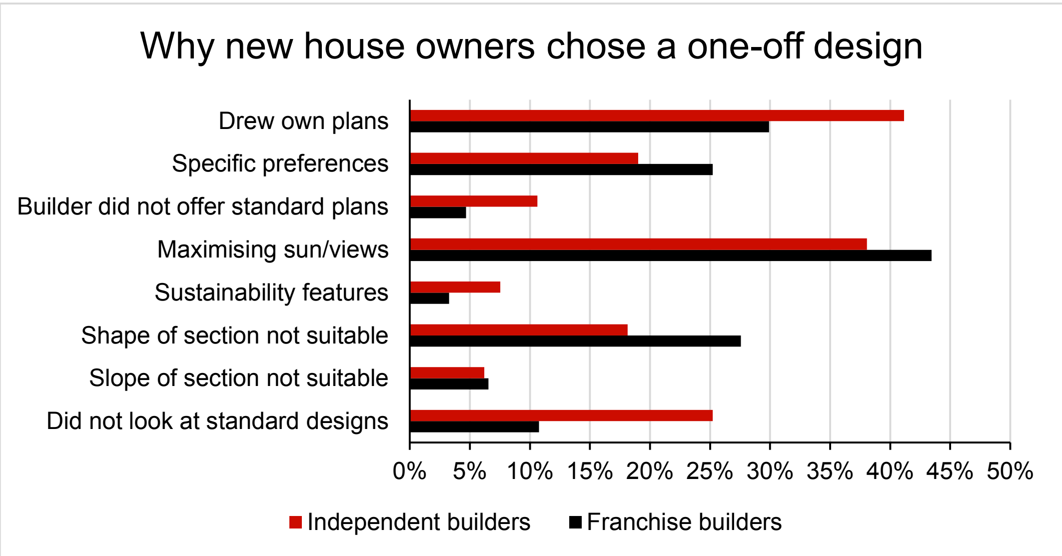
**Table 1. Average satisfaction score by type of input**

| Average satisfaction score by input into house design<br>New Homeowners' Satisfaction Survey 2015 | | |
|---|---|---|
| | Average score | |
| Select design from the builder's standard plans with NO CHANGES | 3.52 | ↓ |
| Select design from the builder's standard plans with SOME CHANGES BY OWNER | 4.13 | ↑ |
| One-off design by an architect/architectural designer with MINOR OWNER INPUT | 3.64 | ↓ |
| One-off design by an architect/architectural designer with MAJOR/TOTAL OWNER INPUT | 4.07 | ↓ |
| 1= very dissatisfied/poor, 2= fairly dissatisfied/poor , 3= neither,<br>4= fairly satisfied/good, 5= very satisfied/good | | |

## Why respondents are using a one-off design

The two most common reasons for choosing a one-off design were that the client drew their own plans or that they wanted to maximise the sun/views. Those clients who drew their own plan were more likely to use an independent builder rather than a franchise builder. Maximising the sun/views was the most common reason for choosing a one-off design for clients that used a franchise builder.

Those clients who used an independent builder were far less likely to look at standard plans or use a builder who offered standard plans.




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

**Figure 8. Why choose a one-off design.**

## 4.3 Why respondents chose to build rather than buy an existing house

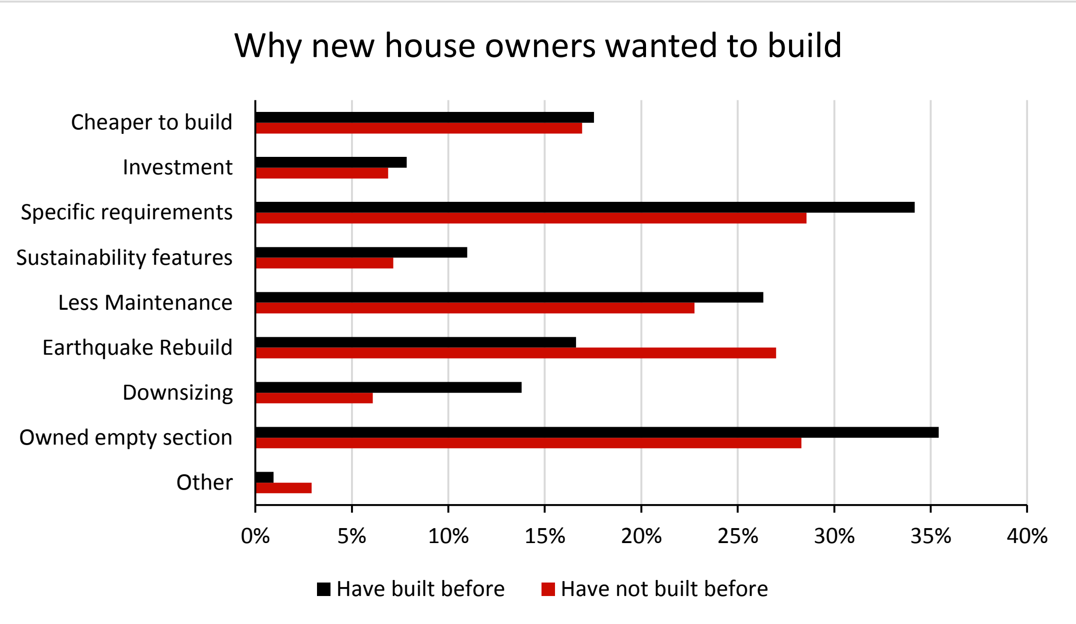
The most common reasons for wanting to build rather than buy an existing house for those who had not built before were:

- owning an existing section
- earthquake rebuild
- less maintenance
- specific requirements not catered to by the existing housing stock.

The large proportion of first-time new-build clients that were building because of the earthquakes shows that there were a large number of respondents who had not planned on building (at least in the short term). These clients are likely to behave differently and be under a greater amount of stress than other clients. Regional response numbers are shown in the appendix.

For those that had built previously, the most common reasons were:

- owning an empty section
- less maintenance
- specific requirements.

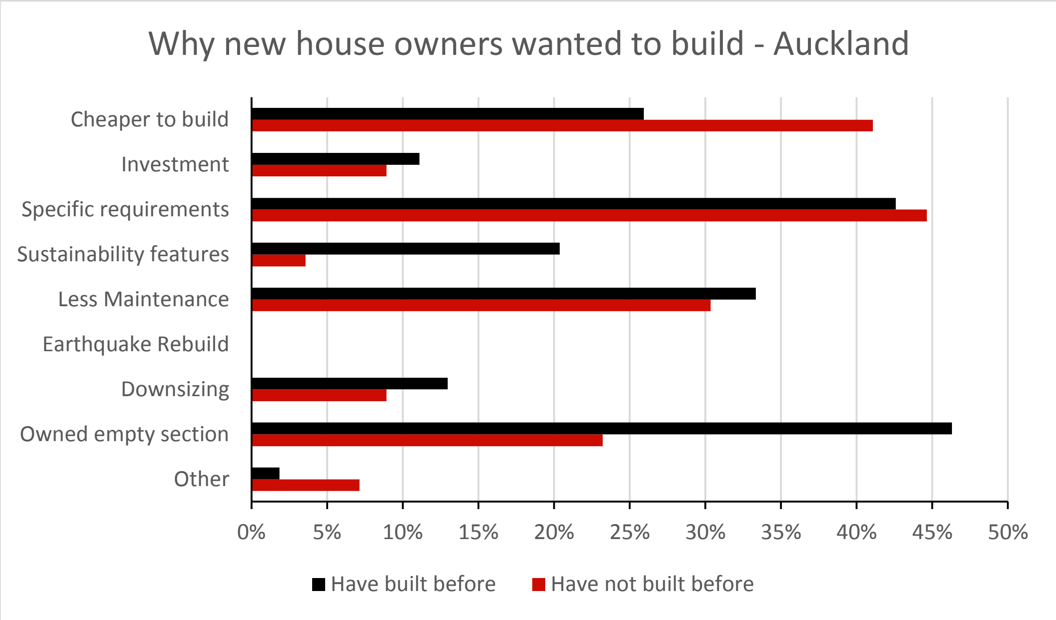



Note: Percentages add up to more than 100% as respondents were able to select more than one option.

**Figure 9. Why respondents wanted to build.**

### Is this different in Auckland?

In Auckland, over 40% of respondents who had not built previously felt that it was cheaper to build than buy an existing house. About a quarter of respondents who had built before felt that it was cheaper to build.

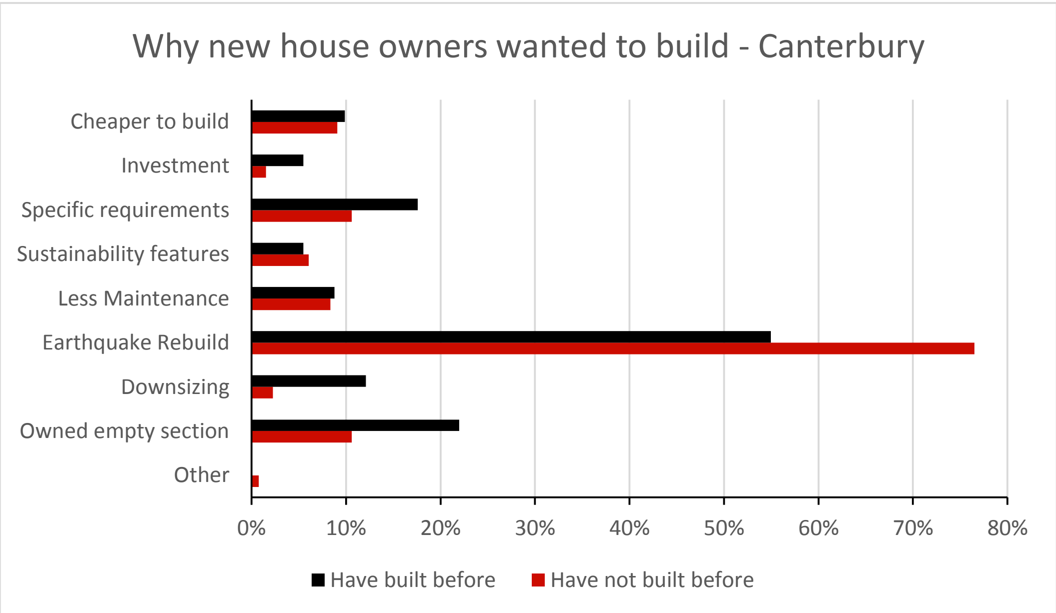



Note: Percentages add up to more than 100% as respondents were able to select more than one option.

**Figure 10. Why respondents wanted to build in Auckland.**

## What about Canterbury?

New housing in Canterbury looks to be largely dominated by rebuilds. Over 75% of respondents that had not built before were building because of the earthquakes. About 55% of respondents that had built previously were building because of the earthquakes. The other reasons for building were far less common than in the rest of New Zealand.



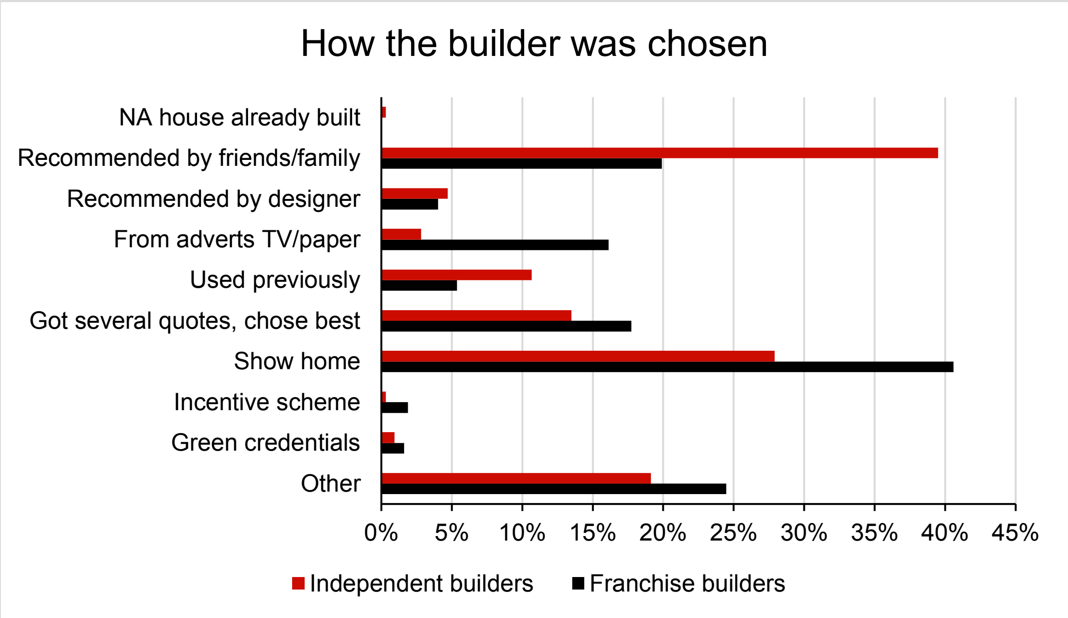

Note: Percentages add up to more than 100% as respondents were able to select more than one option.

**Figure 11. Why respondents wanted to build in Canterbury.**

## 4.4 How builders were chosen

As with previous surveys, franchise builders and independent builders rely on different methods to gain new clients. Franchise builders tended to gain new clients through their show home, which was also the second most common method for independent builders. However, the most common reason for a client to use an independent builder was following recommendations from friends or family.

'Other' remains a fairly frequently selected option. This is likely to remain the case throughout the Christchurch rebuild. Rebuild clients often found that their insurance company required that they either used a specific builder or selected from a list of preapproved builders.

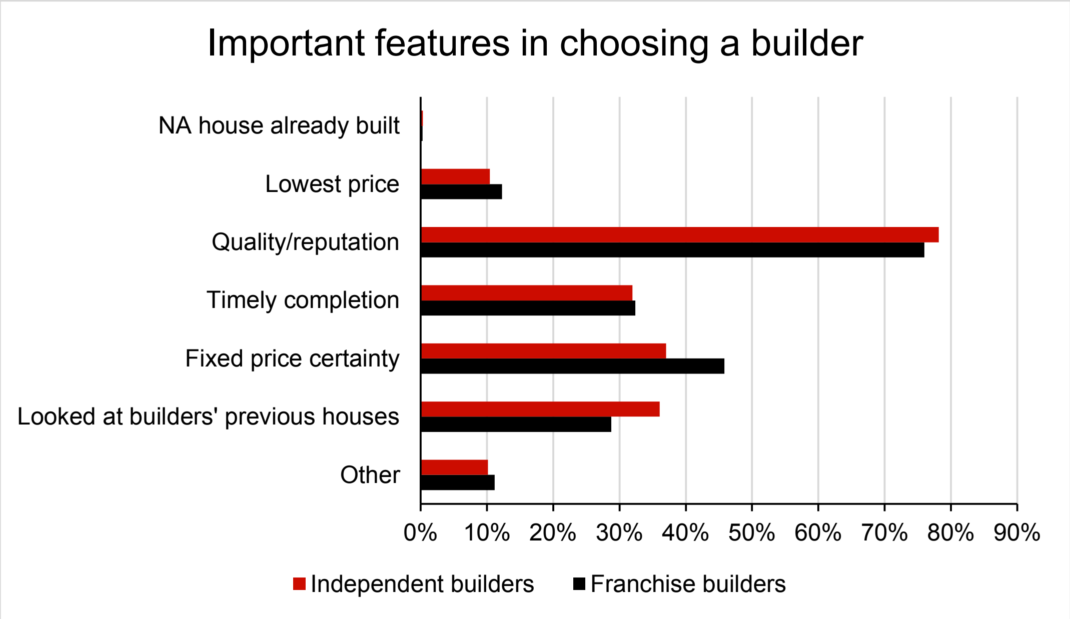



Note: Percentages add up to more than 100% as respondents were able to select more than one option.

**Figure 12. How the builder was chosen.**

### Important features in choosing a builder

The most important feature in choosing a builder remains their quality/reputation. Other items such as a timely completion, fixed price certainty and looking at the builder's previously built houses remain important features as well. 'Other' was largely made up of Christchurch rebuild respondents who had little choice in their builder.




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

**Figure 13. Important features in choosing a builder.**

## 4.5 How new house owners would speak about their house builder

The majority of respondents to the 2015 survey – about 73% – would recommend their builder. This was up slightly from 2014, largely at the expense of those who would speak critically about their builder. The two move roughly opposite to one another, with the proportion of respondents that would speak neutrally about their builder remaining relatively steady over time.

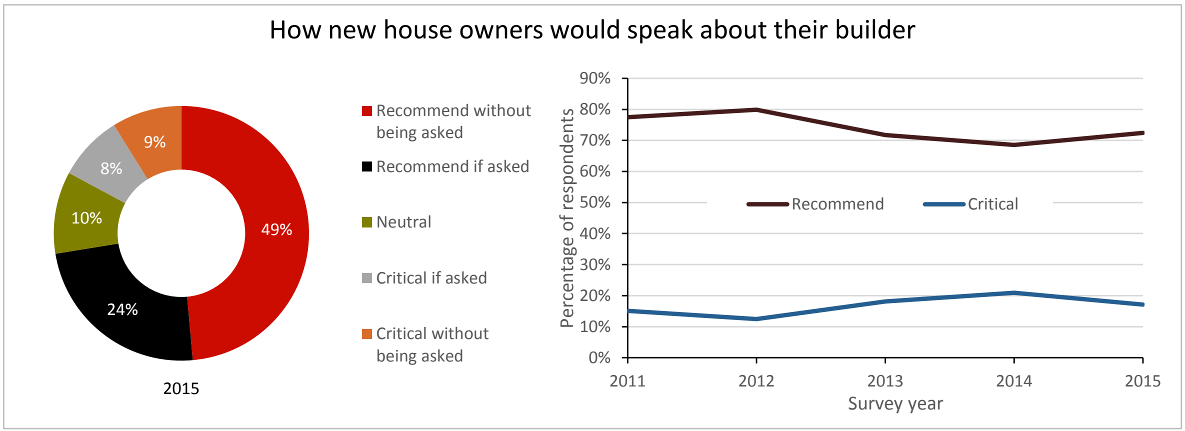



**Figure 14. How new house owners would speak about their house builder.**

### Regional breakdown

Respondents in Auckland and Canterbury would generally be slightly less likely to recommend their builder than the rest of New Zealand. This was particularly evident in the Canterbury region, where respondents were less likely to recommend their builder and more likely to speak critically about their builder.

In the Auckland region, respondents were less likely than the rest of New Zealand to recommend their builder but about as likely to speak critically about their builder.

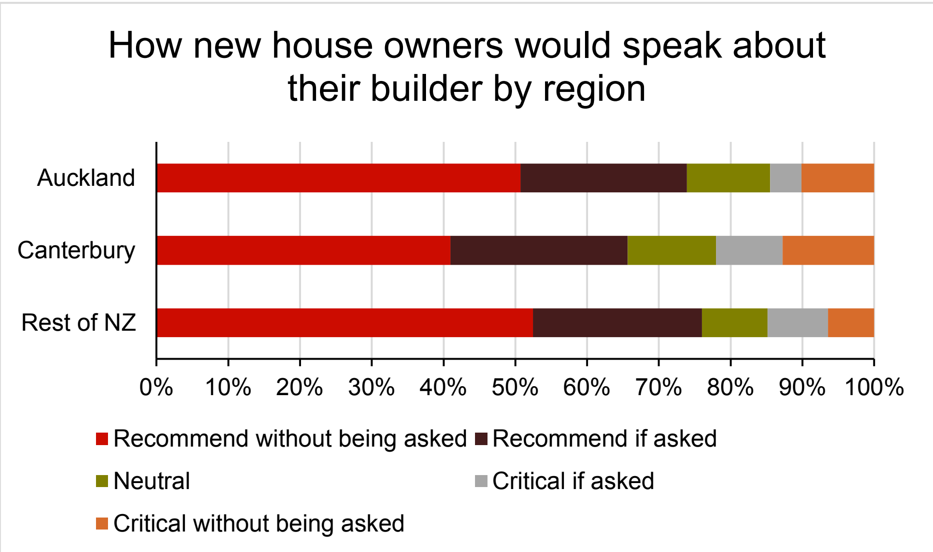



**Figure 15. How new owners would speak about their builder by region.**

## 4.6 Disputes over final cost

About 15% of respondents had a dispute with their builder over the final cost. This had been trending upwards between 2012 and 2014. However, 2015 saw a decline in the percentage of respondents stating that they had a dispute over the final cost.

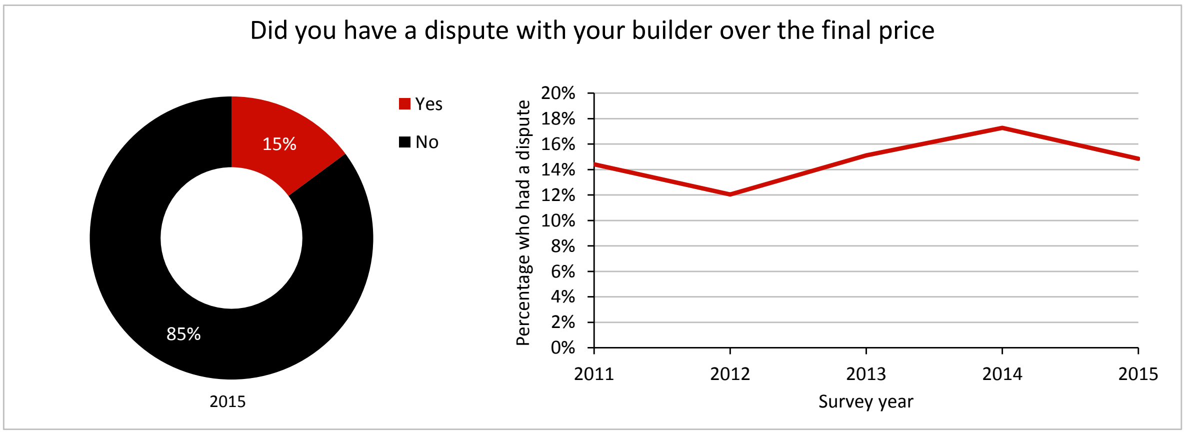



**Figure 16. Disputes over final cost.**

## 4.7 Call-backs

There has been a slight reduction in the proportion of respondents that had to call back their builder in 2015. Between 2012 and 2014, there was an upwards trend in the proportion of respondents needing to call back their builder. However, in 2015, this has decreased slightly (from 88% to 84%).

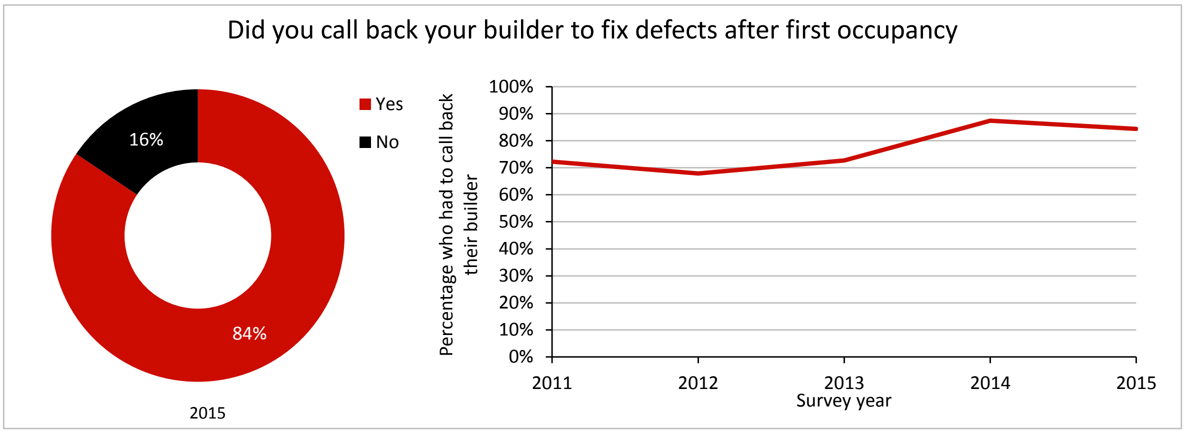



**Figure 17. Call-backs.**

### Call-backs by region

Call-backs were down for all of the regions. The Canterbury region had a slightly higher call-back rate than the rest of New Zealand. However, the Auckland region had a lower call-back rate than the rest of New Zealand.

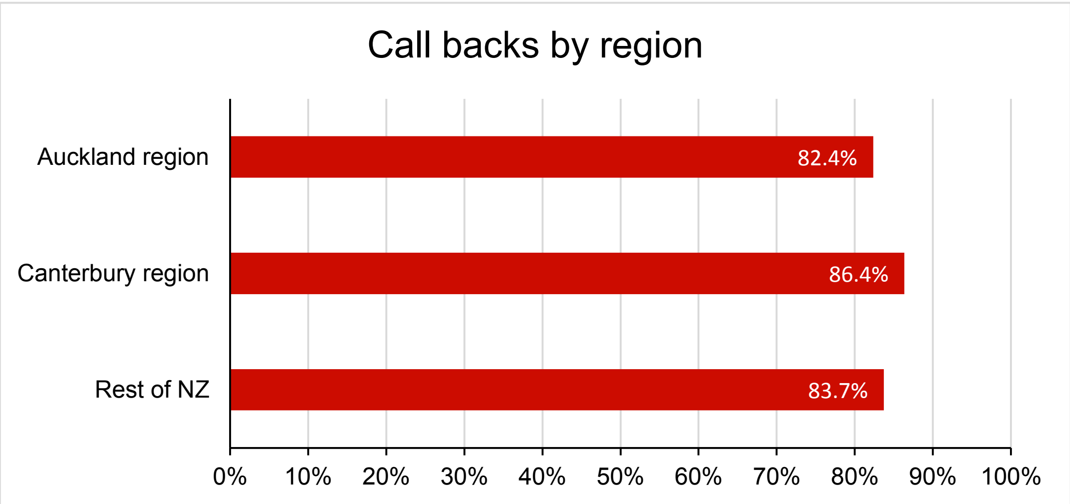



**Figure 18. Call-backs by region.**

### Trades that were called back

Painters were the most frequently called-back trade in the 2015 survey. Almost half of our respondents reported having to call back their painter. Plumbers and electricians were also commonly called back, with about 40% and 35% of respondents having to call them back respectively.

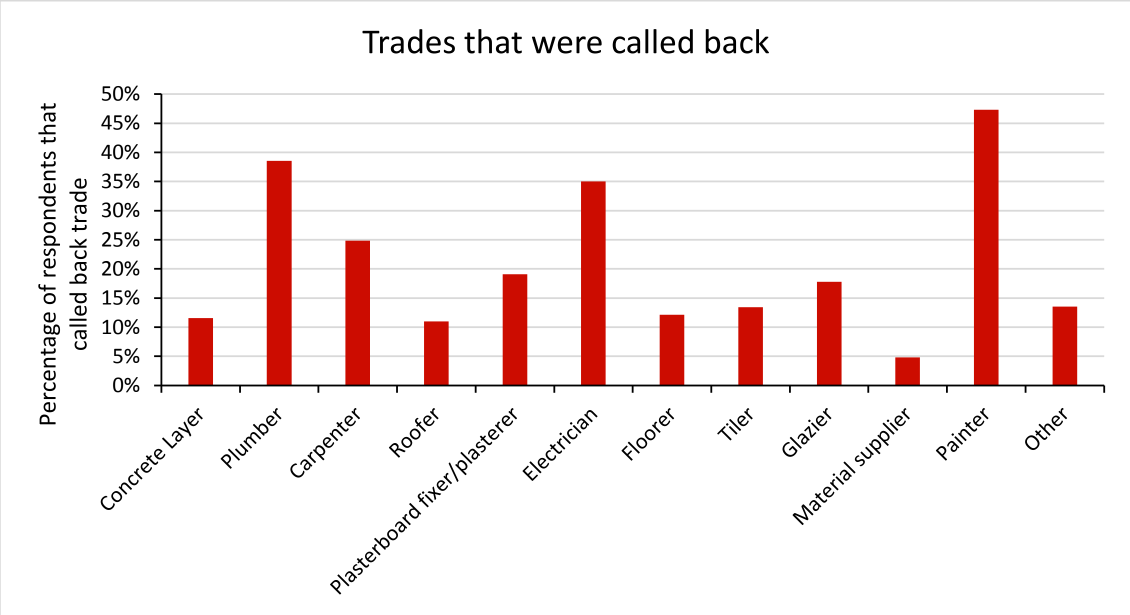



**Figure 19. Trades that were called back.**

## Defects relative to expectations

About 32% of respondents in 2015 had more defects than expected. This percentage has been growing slightly since 2012. The percentage of respondents that expected no defects has been steadily declining since 2012, indicating that there is an increasing acceptance that the industry will always have some call-backs.

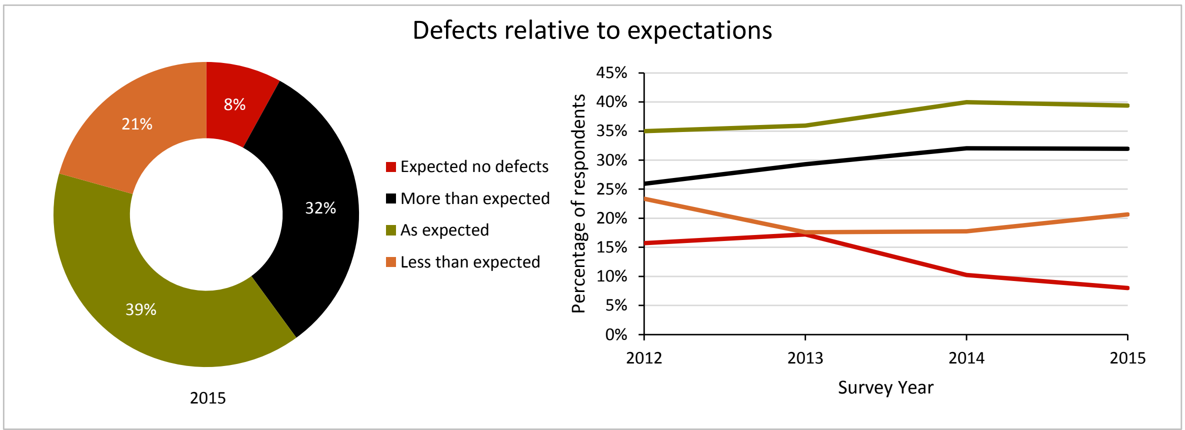



**Figure 20. Defects relative to expectations.**

## 4.8 Comparison by whether or not the owner had built previously

Those who had built previously scored their builder higher than those who had not on every measure bar two – the service provided by their designer and the service provided by the project manager.

The biggest differences were in the service provided by the builder during the buying process and the final cost compared to expected cost at signing the contract. Those who had built previously scored their builder higher on these measures.

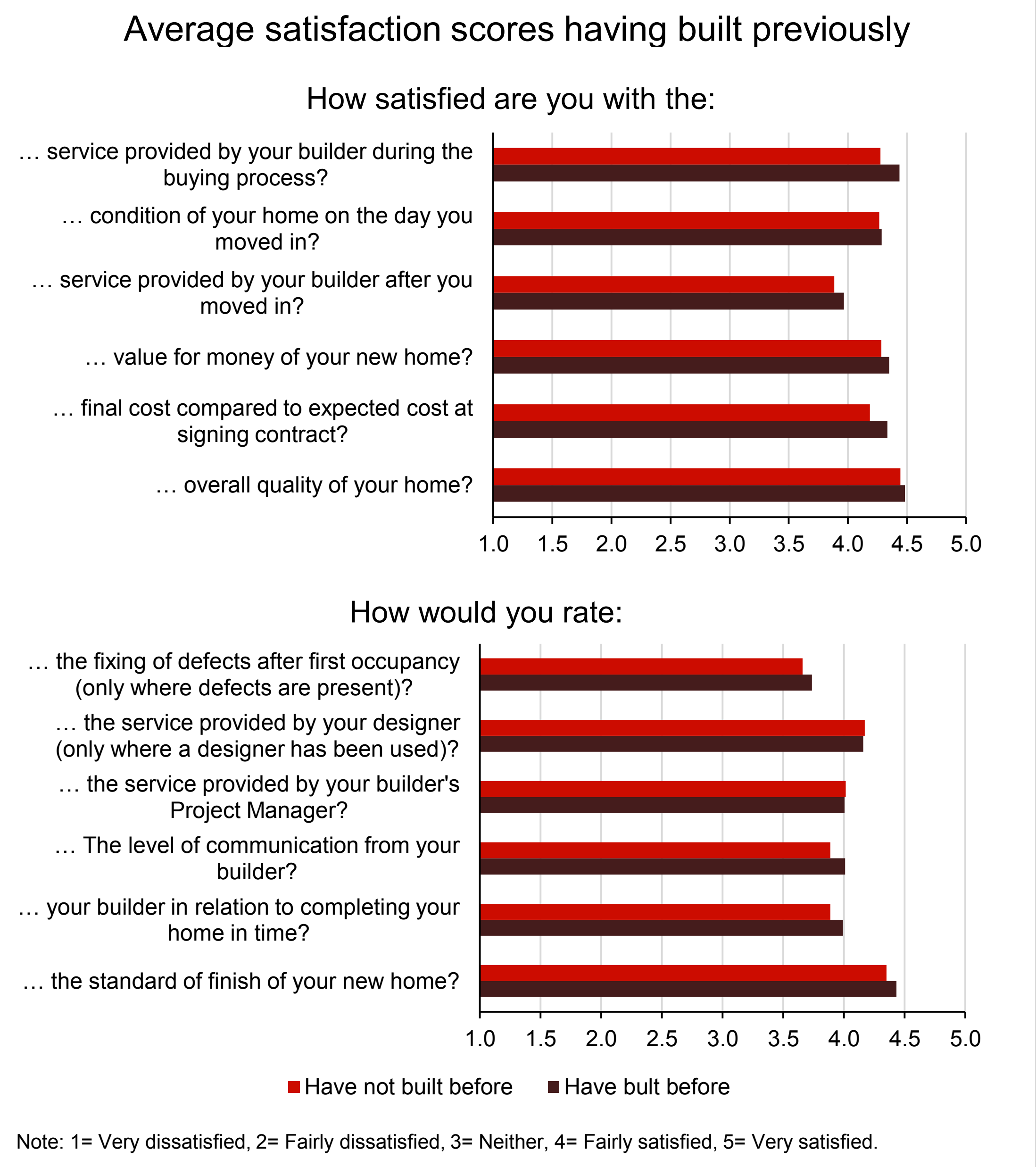



**Figure 21. Average satisfaction scores by having built previously.**

## 4.9 Comparison between franchise and independent builders

Independent builders outscored franchise builders on every measure except the final cost compared to expected cost at signing the contract.

The largest differences were in the service provided by the builder after moving in, the level of communication from the builder and the fixing of defects after first occupancy. Independent builders outscored franchise builders significantly on these measures.

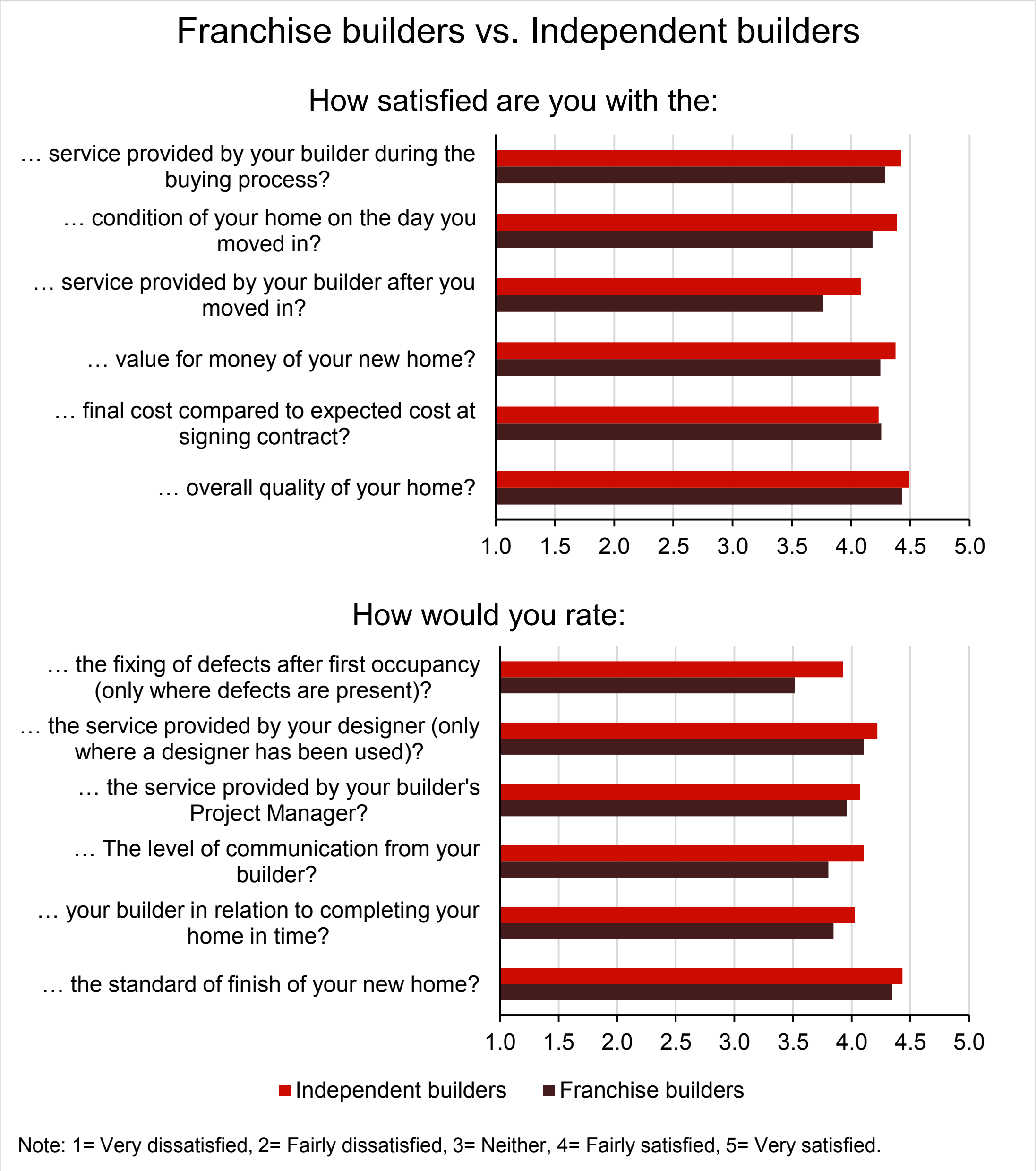



**Figure 22. Average scores for franchise and independent builders.**

## 4.10 Comparison by housing package

The following figures compare the average scores for new owners who bought house and land packages with those who bought a house only. The largest differences were around the service provided by the builder during the buying process and the fixing of defects after first occupancy.

Those who bought a house only were more satisfied with the service provided by their builder during the buying process. However, those who bought a house and land package were more satisfied with the fixing of defects after first occupancy.

In general, those who bought a house only were more satisfied overall than those who bought a house and land package.

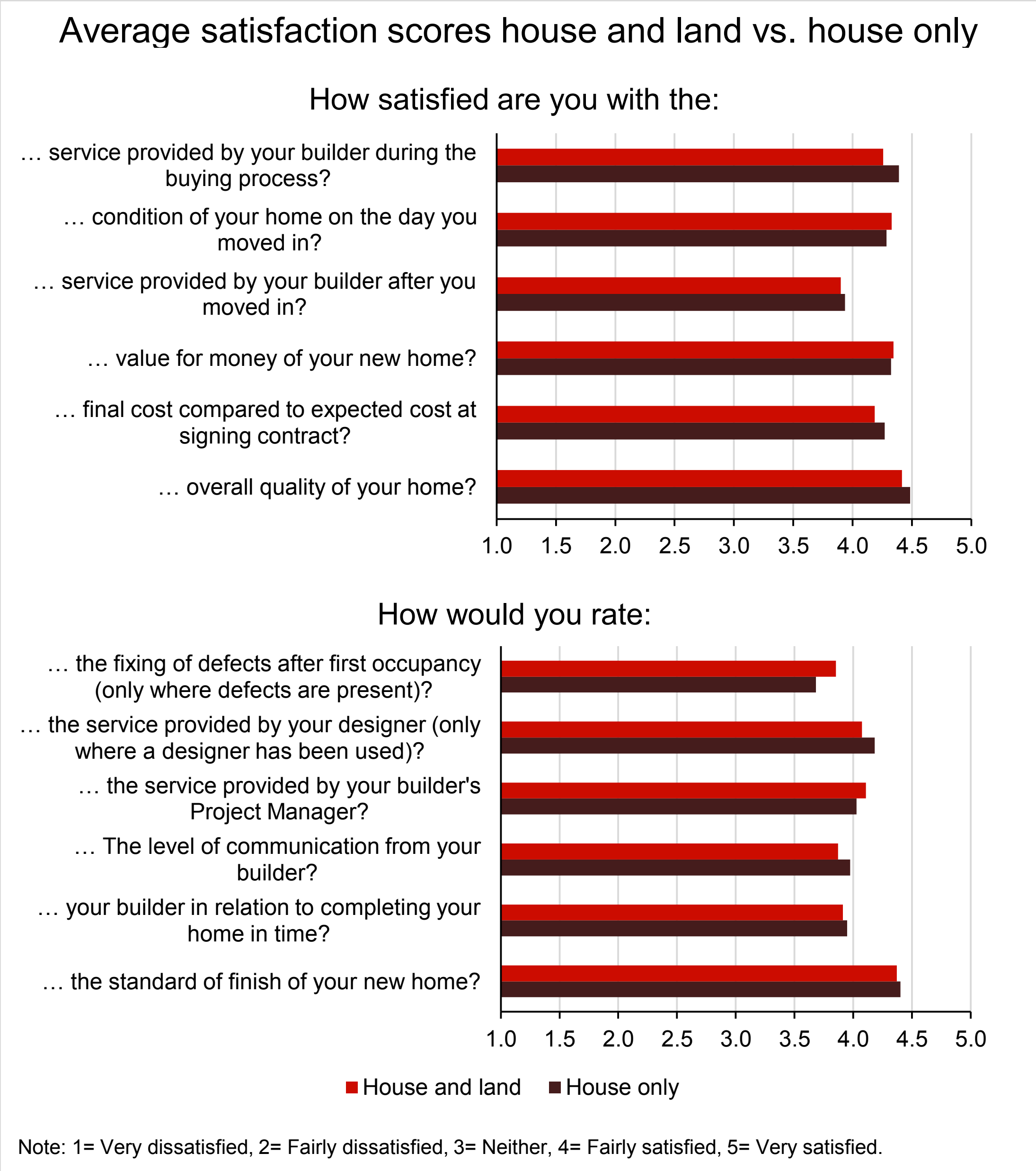



**Figure 23. Average scores by housing package.**

## 4.11 Changes since 2013

2015 saw a slight improvement in the satisfaction levels of new owners over 2014. The average satisfaction levels were up about 3%. However, they were still lower than they were in 2013 and earlier years.

Every measure saw an increase in the average score over 2014. Two measures were also higher than they were in 2013. Both the fixing of defects after move in and the completion of the home on time scored higher in 2015 than they did in 2013. However, every other measure still scored lower.

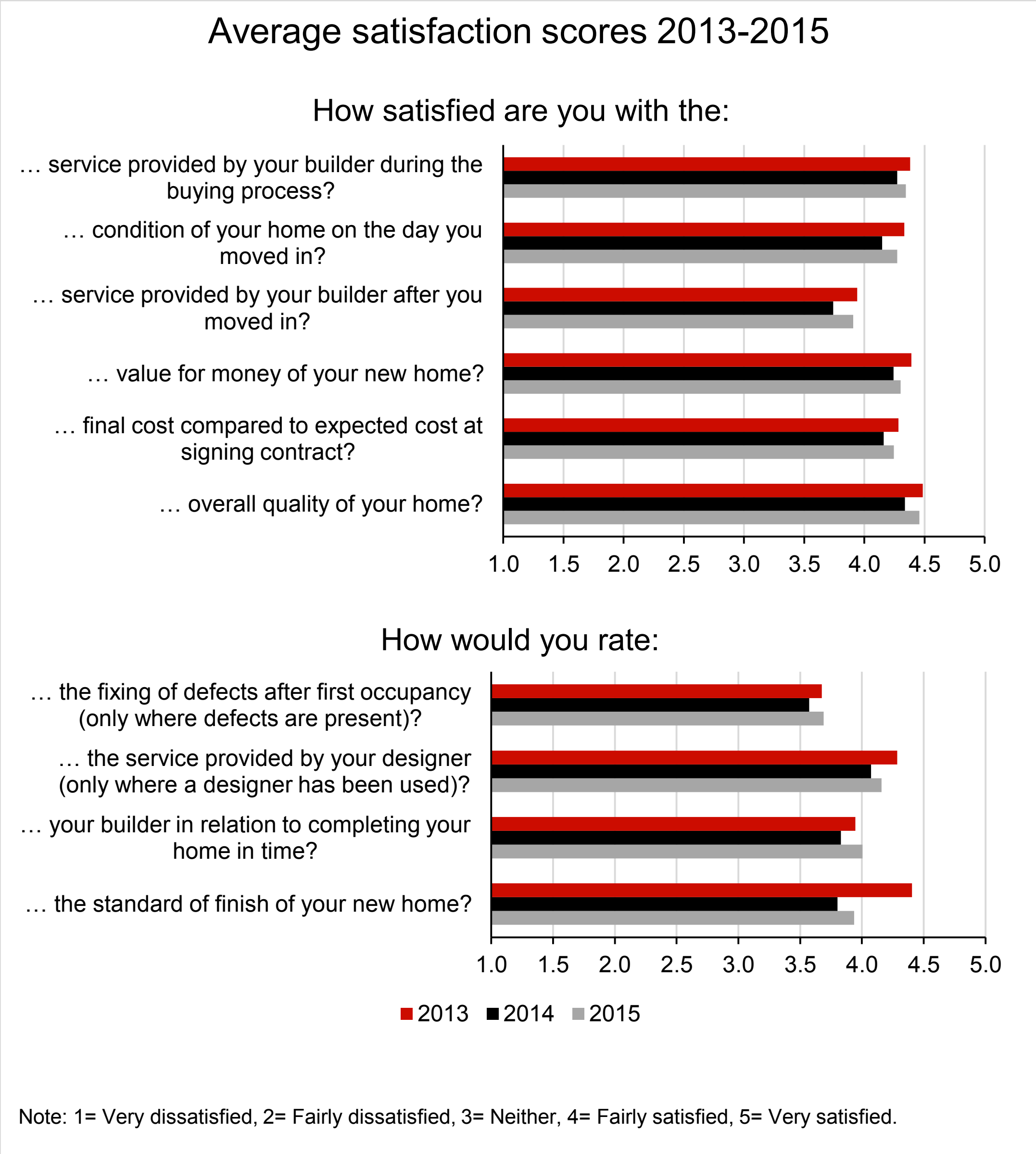



**Figure 24. Average scores 2013–2015.**

# 5. Conclusions

The industry is showing signs of improvement following the decline in satisfaction scores since we started the survey. Average scores were up by 3% in the 2015 survey, which, along with the decline in the call-back rate and proportion of respondents having a dispute with their builder over final cost, bodes well for the industry.

We saw a continuance of the need for builders to offer better follow-up service, particularly when it comes to repairing defects. Given that, in the Building Act, there is now an automatic 12-month defect repair period where fixing defects is compulsory, failing to follow up is no longer an option. Given that a large proportion of the industry relies on word of mouth to obtain new work, it is important that builders leave a positive lasting impression.

The Canterbury region remained the least satisfied region in New Zealand. A large proportion of respondents from the region were building due to the earthquakes and therefore were likely to be under more stress than those building in other regions. We restate our suggestion that builders need to be more careful in managing their clients in the region as they are likely to be very different than clients in other regions.

Finally, there appears to be an increasing acceptance from new house owners that there will be defects with their house when they move in. The industry should be aiming for zero defects, and therefore, it is important for new house owners to expect no defects from their builder.

# 6. Appendix

This appendix contains:

- regional response numbers
- New House Owners' Satisfaction Survey form.

## Regional response numbers

**Table 2. Responses by region.**

| Number of responses by region<br>New Homeowners' Satisfaction Survey 2015 | | |
|---|---|---|
| | Number of responses | Response rate |
| Northland | 39 | 31% |
| Auckland | 72 | 18% |
| Central North Island | 227 | 31% |
| Wellington | 33 | 24% |
| Christchurch | 229 | 22% |
| Rest of South Island | 108 | 27% |
| **Total** | **708** | **25%** |

The Auckland region has a lower response rate than the rest of New Zealand and therefore may be slightly under-represented in the results.

## Survey form

**NEW HOUSE OWNERS' SATISFACTION SURVEY**

All responses are added together and no individual is identified in reports produced by BRANZ.

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

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

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

**4. Satisfaction: How satisfied are you with the:**

| | Very Satisfied | Fairly satisfied | Neither | Fairly dissatisfied | Very dissatisfied |
|---|---|---|---|---|---|
| Service provided by your builder during the buying process? | | | | | |
| Condition of your home on the day you moved in? | | | | | |
| Service provided by your builder after you moved in? | | | | | |
| Value for money of your new home? | | | | | |
| Final cost compared to expected cost at signing contract? | | | | | |
| Overall quality of your home? | | | | | |

**5. Rating: How would you rate:**

| | | Very good | Fairly good | Neither | Fairly poor | Very poor |
|---|---|---|---|---|---|---|
| The fixing of defects after first occupancy? | no defects | | | | | |
| The service provided by your designer? | no designer | | | | | |
| The service provided by your Project Manager? | no PM | | | | | |
| The level of communication from your builder? | | | | | | |
| Your builder in relation to completing your home in time? | | | | | | |
| The standard of finish of your new home? | | | | | | |

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

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

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

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

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

| Not applicable House already built | Recommended by friends/family | Recommended by designer | From adverts on TV/paper | Used previously | Got several quotes, chose best (how many quotes?) | Show home | Incentive Scheme | Green Credentials | Other (state) |
|---|---|---|---|---|---|---|---|---|---|
| ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ______ |

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

| Not applicable House already built | Lowest Price | Quality/ Reputation | Timely Completion | Fixed Price Certainty | Looked at builders previous houses | Other (state) |
|---|---|---|---|---|---|---|
| ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ______ |

**10. Were there any disputes with the builder over final costs? Yes / No (circle one)**

If yes, what was the dispute about? ____________

**11. Building code compliance was covered in your new house, but would you pay extra for assurance that the materials were produced ethically, safely and sustainably?**

☐ No, I understand this goes beyond current legislation but I would not be prepared to pay a premium for it
☐ Yes, I would pay up to 2% more
☐ Yes, I would pay 2-4% more
☐ Yes, I would pay 4-10% more
☐ Don't know

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

Higher than code insulation levels ☐ Rain water collection ☐ Photovoltaic (PV) panels ☐
Main living areas facing the sun/North ☐ Solar hot water ☐ An exposed concrete floor at the North aspect ☐

**13. Did you call back the builder to repair defects after first occupancy? Yes / No (Circle one)**

**If Yes** which trades needed to be called back? Concrete layer ☐ Plumber ☐ Carpenter ☐ Roofer ☐
Plasterboard fixer/plasterer ☐ Electrician ☐ Floorer ☐ Tiler ☐ Glazier ☐
Material supplier ☐ Painter ☐ Other (specify) ____________

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

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

| Recommend without being asked | Recommend if asked | Neutral | Critical if asked | Critical without being asked |
|---|---|---|---|---|
| ☐ | ☐ | ☐ | ☐ | ☐ |

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

____________

Thank you. Please fold this form and freepost it in the return envelope Sep-15