New House Owners' Satisfaction Survey 2015

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Anne Duncan

BRANZ

The New House Owners' Satisfaction Survey has been running annually since 2011. This is a BRANZ research project, and is funded by the Building Research Levy. The aim of the survey is to find out from the owners of the new-builds how they thought their builder performed in delivering their new house. We are interested in their perception of the quality of both the process and the outcome i.e. their completed dwelling. It is a survey that gathers opinions and impressions of those who have engaged a builder to construct a new home.

This survey is one of the few measures of quality of new-builds in New Zealand. As such, it is an important tool and provides us with evidence not available from other sources. We have built up a series of data across five survey waves over five years. This is invaluable because it enables us to track and report on trends in attitudes, not just analyse a snapshot of point-in-time perceptions. The longer it runs, the more valuable the resource is. It is our intention to continue to fund it.

Methodology

A crucial feature of our methodology is that it has remained substantially the same for the five years of survey operation. This gives fidelity and robustness to analysis of trends.

Each year a sample of over 2,800 new house owners are invited to participate in the New House Owners' Satisfaction Survey. Our source for the sample is building consents. For the survey this year those building houses who applied for consent between April 2014 and March 2015 provided the pool of possible participants. Typically, we get a 25% response rate from invited participants.

Consents that had been issued to a spec builder, consents where the building owner and builder shared a last name, and consents where builders were also owners were removed from our pool of potential participants.

People in this pool were mailed an invitation to participate. They were supplied with a return pre-paid envelope and offered a small incentive (a $6 lotto ticket or a $5 Paperplus voucher).

The questions they were asked were:

- Was your builder part of a franchise?
- Was your house a house and land package, or a house only?
- How satisfied were you with: the service provided, the condition when you moved in, the service provided by your builder after you moved in, the value for money, the final cost compared to the cost at signing the contract, and the overall quality of your home?
- How would you rate: the fixing of defects at first occupancy, the service provided by your designer, the service provided by your project manager, the level of communication from

your builder, your builder in relation to completing your home on time, the standard of your new home?

- Did you have input into the house design before it was built? If so, what type?
- If you selected a one-off design, why did you not select a standard design?
- Why did you want to build rather than buy an existing house?
- How did you choose the builder?
- What features were important in choosing a builder?
- Were there any disputes with the builder over final costs?
- Did you call back the builder to repair defects after first occupancy?
- Would you recommend your builder or not?
- Do you have any general comments about your builder?

Responses

This year we received 708 completed responses. This is a 25% overall response rate, which is typical. When considering the response rate, which may seem reasonably modest, it is important to understand that a large number of surveys were unable to be delivered to the address on the building consent. This meant the number of potential participants was lower than the 2,800 who were technically eligible. Reasons for non-delivery (and subsequent return of surveys) included the house was not being built and handed over, or because the street name or number for the build had changed since the consent was lodged. We consider it realistic to assume, based on the number on undeliverable returns, that a response rate of 35% was more likely achieved.

We believe the returns are a representative sample of all consents, but we will be introducing enhanced survey control measures in future surveys to ensure this is the case.

Overall Findings

From the 708 completed survey forms, we found that 90% of all respondents were satisfied with the overall quality of their new-build. This is an improvement in overall satisfaction rates of 3% on last year's survey.

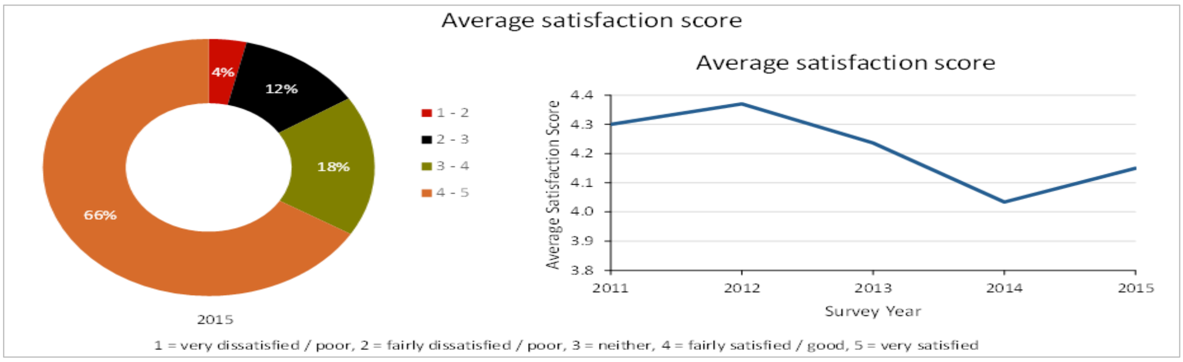
The largest proportion of new-build clients were in Canterbury, and this has been the case for several years. It is of interest to note that these respondents were more likely to be critical of their builder than those in other centres in New Zealand.

The period after handover of the new-build was an area where respondents reported there is room for improvement.

Satisfaction Scores

The majority of respondents rated their builder very highly, with satisfaction levels averaging over 4.1 out of 5. This trend is tracking upwards in 2015, but has been tracking downward in the 2012-2014 period.

Table 1 and Graph 1: Average Satisfaction Scores

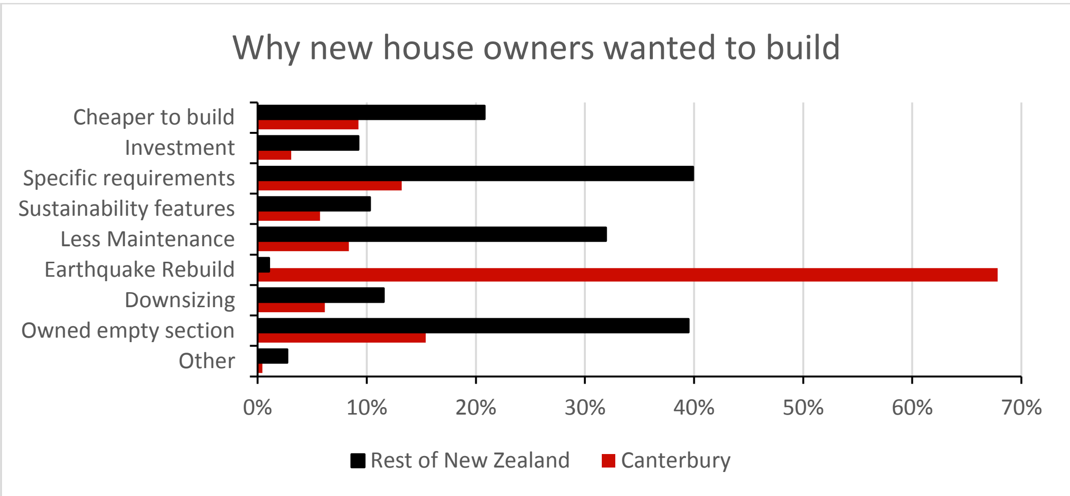


Respondents were most satisfied with value for money, the overall quality and the standard of finish. Respondents were least satisfied with the service provided after they moved in, and getting defects fixed after occupancy.

Reasons for Building

Almost 70% of respondents in Canterbury stated that they were building as a result of the earthquakes. The most common reasons for building across the rest of New Zealand were that owners had specific building requirements, that they wanted less maintenance on their new home, or that they owned an empty section.

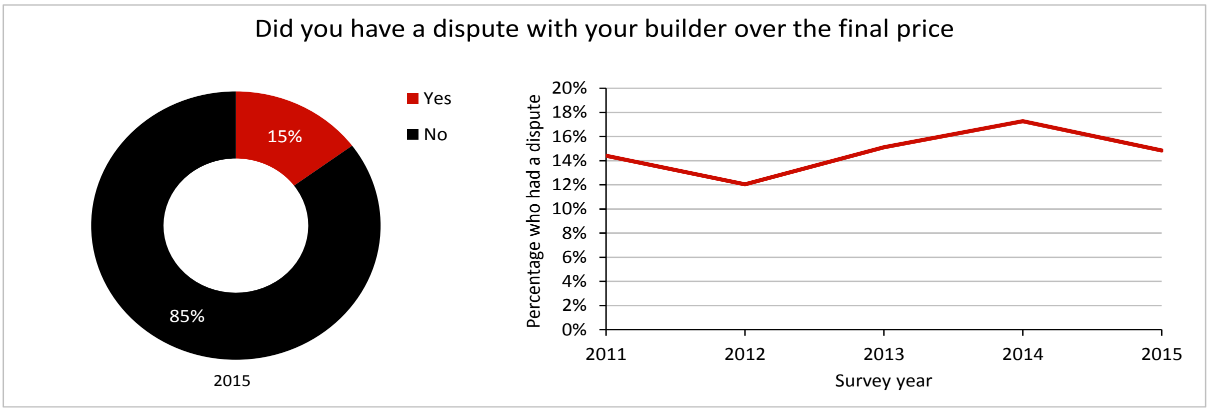
Graph 2: Why New House Owners Wanted to Build



Disputes Over Final Cost

Approximately 15% of respondents stated that they had a dispute with their builder over the final cost of their house. This proportion had been increasing between 2012 and 2014, but declined in 2015.

Graph 3: Disputes Over Final Price



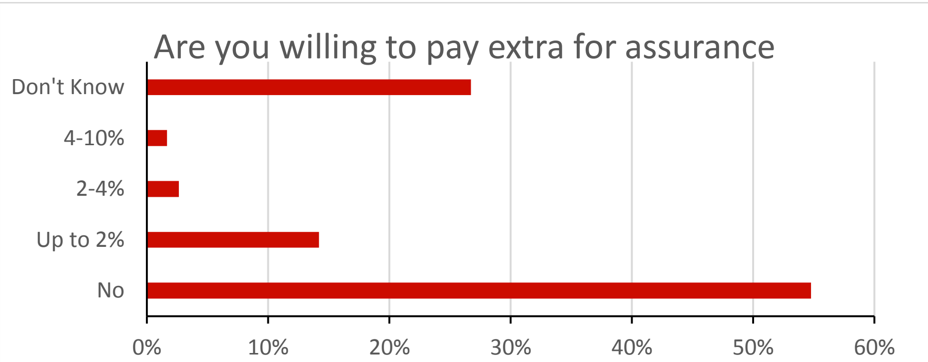
BRANZ has done further work to analyse this in more depth. Our research report "Recommendations for first-time new-build clients" will be released on our website shortly. We found that there are a large number of people (over and above those who reported to this survey) who were surprised by the final cost of their new-build.

Willingness to Pay for Product Assurance

The 2015 survey, for the first time, contained some additional questions on willingness to pay for product assurance and sustainability features in new-builds.

There was a 20% positive response regarding willingness to pay for product assurance. The most common response indicated a willingness to pay of up to 2% for product assurance. Among the rest, 55% were not willing to pay, and 25% were unsure.

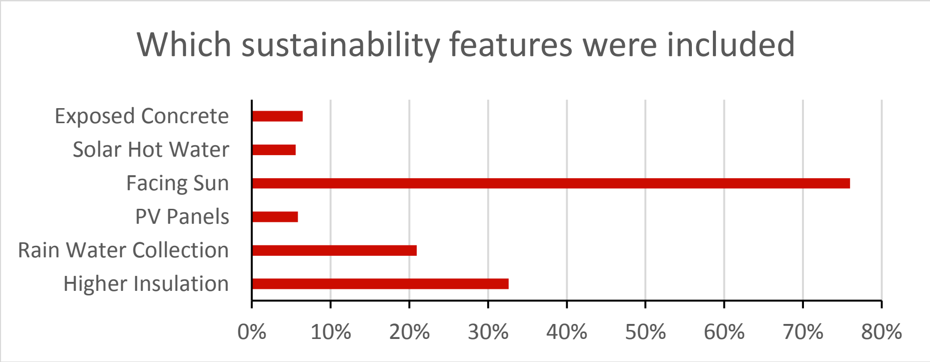
Graph 4: Willingness to Pay for Product Assurance



Including Sustainability Features

Sustainability features that were included in new-builds were most often related to designing for facing the sun, which 75% of respondents reporting they had done. Other sustainability features were less common, but included exposed concrete, solar hot water and PV Panels (about 6% of respondents in each).

Graph 5: Sustainability Features Included



Next Steps

BRANZ is committed to continuing what has become a valuable time series of data. The survey will continue for at least the next five years, and likely longer. This work is part of our commitment to monitoring and reporting on industry performance.

What is crucial for us is realisation of benefits from our Building Research Levy investment. That means we are committed to producing actionable research that can impact on the industry. We are now in the process of communicating these findings as widely as we can, and, more importantly, communicating them to those in the industry who can use this information to improve their performance. The result will be better homes for New Zealanders.