



## ABOUT THE NZCB 2018 SURVEY OF NEW ZEALAND HOMEOWNERS

The survey was conducted by Curia Market Research during April 2018. The sample population (which was randomly selected from 15,000 nationwide phone numbers) was New Zealand homeowners who were contactable on a landline or mobile phone. One thousand respondents agreed to participate in the survey.

The results are not weighted as the target population was homeowners, not all New Zealanders. Based on the sample of 1,000 respondents, the maximum sampling error is +/- 3.1%, at the 95% confidence level. The survey was conducted in accordance with relevant New Zealand and international codes of practice.

This is the second survey of NZ homeowners commissioned by NZCB and conducted by Curia Market Research. The first, which used the same methodology, was in 2016.

### Key findings

#### *Building activity*

- The 2018 survey results indicate more NZ homeowners had used a builder in the last 10 years (51%) than in 2016 (48%), and this is reinforced by the finding that nearly half (45%) of the 2018 respondents had used a builder in the past two years.
- Nearly twice as many respondents who had used a builder in the past 10 years, did so for renovations (33%) vs new builds (18%). However, this represented an increase in new builds on 2016 (14%).
- A new question added in the 2018 survey was: “After selecting your builder, how long did it take for the actual building work to commence?” The results show that delays of more than four months are becoming increasingly common – at 23% for building projects in the past two years compared to 18% for building projects in the past three to 10 years.
- Less than one in five respondents (19%) said they specifically included seismic work (such as strengthening, tying foundations, and chimney removals) in their last building or renovating project.
  - A larger proportion of respondents proactively included seismic work in the last two years (21%) than in the last three to five years (12%), while the proportion was highest (25%) for those whose last project was in the past six to 10 years (the period following the 2011 Canterbury earthquake).
  - A larger proportion of respondents from rural areas (27%) proactively included seismic work, than those from metropolitan areas (21%), towns (13%) and provincial cities (12%).

#### *Building contracts*

- 50% of homeowners had engaged their last builder without a written contract<sup>1</sup>. Of this:
  - 36% was for work under \$5,000
  - 19% was for work between \$5,000 and \$10,000
  - 14% was for work between \$10,000 and \$30,000
  - 23% was for work over \$30,000
  - 7% of homeowners were unsure.<sup>2</sup>
- The older a homeowner is, the more likely they are to have a written contract in place:

<i>Written contract?</i>	<i>18-24</i>	<i>25-39</i>	<i>40-64</i>	<i>65+</i>
Yes	18%	32%	45%	51%
No	73%	68%	49%	47%
Unsure	9%	0%	6%	2%

- 20% of homeowners who had a written contract with their last builder said they didn't receive a written disclosure from the builder, which is required by the Building Act. The data indicates there was an increase in the prevalence of written disclosures in the past three to five years (71% of those who got a written disclosure from their builder), but this has dropped back in the past two years (to 63%).

<sup>1</sup> Note: Building Act changes, effective Jan 2015, made written contracts are mandatory for building work over \$30,000

<sup>2</sup> Totals may not equal 100% because of rounding.

### *Building Guarantees*

- The survey shows nearly half of respondents believe that if something major goes wrong with a building project, the builder has to take responsibility for it (45% in 2018 and 46% in 2016). A much smaller proportion (12% in 2018 and 10% in 2016) believes that any issues would be addressed by a building guarantee.<sup>3</sup>
- This perception correlates to the 2018 survey finding that only 44% of homeowners had a building guarantee in place for their last build or renovation. Of these, 48% was for building work undertaken in the past two years, compared to 32% for building work done in the past 6-10 years. This indicates growing public awareness of the need to have a building guarantee in place.
- The attributes of building guarantees considered most important by homeowners ranked in order of importance were:
  - Covers damage from defects (9.0)<sup>4</sup>
  - Financial strength (8.5)
  - Ease of application (8.4)
  - Independently managed (7.8)
  - Cost (7.8)
  - Temporary accommodation guarantee (7.5)

### *How builders are chosen*

- Consistent with the 2016 findings (55%), the 2018 survey shows the majority of homeowners (56%) chose their builder based on recommendations from family/friends. This is especially so for women, with a consistently higher proportion of female respondents who indicated they base their choice of builder on referral from family/friends (2016: 60% female vs 50% male; 2018: 59% vs 51%).
- Also consistent with the 2016 survey, in 2018 the top five attributes considered most important by homeowners when choosing a builder were:
  - Reputation for high quality work
  - Professionalism and communication
  - Builder has a formal building trade qualification
  - Experience with similar building projects
  - Is a licensed building practitioner.
- One key change from 2016 to 2018 in the ranking of most important attributes in choosing a builder is that in the 2018 survey, price & fixed quote have dropped to the bottom of the ranking, while membership of a building trade association has gone up in the ranking (above price & fixed quote).

### *Trade qualification, licensing regime for builders, & trade associations*

- When asked about the credentials held by their last builder, 86% of respondents said their last builder had a formal building trade qualification and 79% said their last builder was a Licensed Building Practitioner. Respondents were not asked how they verified this.
- When asked about what they think is required for a builder to be a Licensed Building Practitioner, 86% of respondents incorrectly think it is a requirement to hold a formal building trade qualification.<sup>5</sup>
- The two trade associations, RMB & NZCB, each have about a third of all builders in New Zealand as members, while about a third of all builders in NZ are not members of either trade association.

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<sup>3</sup> Note: Under the Building Act, work is subject to a 12-month defect repair period during which the builder is required to fix any issues. Building guarantees provide additional consumer protection. Not having a written contract (or a building guarantee) in place makes it more difficult to resolve issues.

<sup>4</sup> Mean.

<sup>5</sup> Note: Becoming licensed under the LBP scheme requires completion of an application form, a meeting or discussion with an assessor and a final decision by the Registrar. Participation in a Skills Maintenance programme is also required. Visit [www.lbp.govt.nz](http://www.lbp.govt.nz) for more information