



A Survey of the New Home Buying Market
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Contents

1.0	Executive summary	5
2.0	Introduction	18
2.1	Research objectives	18
2.2	Information objectives	18
3.0	Methodology	19
3.1	Overview	19
3.2	Sample design	19
3.3	The questionnaire	20
3.4	Collection method	20
3.5	Data preparation	21
3.5.1	Weighting	21
3.5.2	Creation of derived variables	23
3.5.3	Analysis	24
3.5.4	Accuracy	24
4.0	Profile of the new home buying market	25
4.1	Demographic profile	25
4.2	Home-related profile	28
5.0	Understanding the drivers/key motivations to enter the new home market	29
5.1	Reasons for buying a new home (as opposed to buying an older home)	29
5.2	What were the main motivations/factors taken into account when deciding to purchase a new house?	31
5.3	The influence of location	34
6.0	Planning the build/the building process	39
6.1	Who was involved in the planning and design of the new house?	39
6.2	Who built the new house?	42
7.0	Changes to the build	49
7.1	Extent and nature of the changes made	49
7.2	Reasons why changes were made	51
7.3	The impact of changes made	52
7.4	Unexpected costs	53
8.0	Budget/costs	55
8.1	Initial budget	55
8.2	Final cost	56
8.3	Original budget versus final cost	60
8.4	How did respondents fund the cost of purchasing a new house?	61



Appendix A: Questionnaire

Appendix B: Pre-notification letter

Appendix C: Significance testing



1.0 Executive summary

This report presents the results of a survey conducted on behalf of the Ministry of Business, Innovation and Employment (MBIE) with purchasers of new homes. The survey was conducted to enhance the Ministry's understanding of the new home buying market.

The sample for the survey was provided by Councils throughout New Zealand, who supplied lists of people that had had a Code of Compliance Certificate issued for a new residential dwelling between January 2011 and November 2012.

Interviewing was conducted using a mixed methodology, with buyers of new homes being invited to complete the survey online or by telephone. A total sample of n=754 respondents was interviewed, comprising n=467 online respondents and another n=287 respondents who completed the survey by telephone. All interviewing was completed between 1 February and 6 March 2013.

The survey data has been weighted by Council, to ensure that the total sample results accurately reflect the regional distribution of the new home buying market.

Results based on the (weighted) total sample of n=754 respondents are subject to a maximum margin of error of +/- 3.5 percent (at the 95 percent confidence level). This means, for example, that had we found 50 percent of respondents had their new house built by a home building company, we could be 95 percent sure of getting the same result, plus or minus 3.5 percent, had we interviewed everyone in the target population. Higher margins of error apply in the case of sub-samples.

Key findings

The key survey findings are as follows:

1. New home buyers have an older profile than the adult population in general.

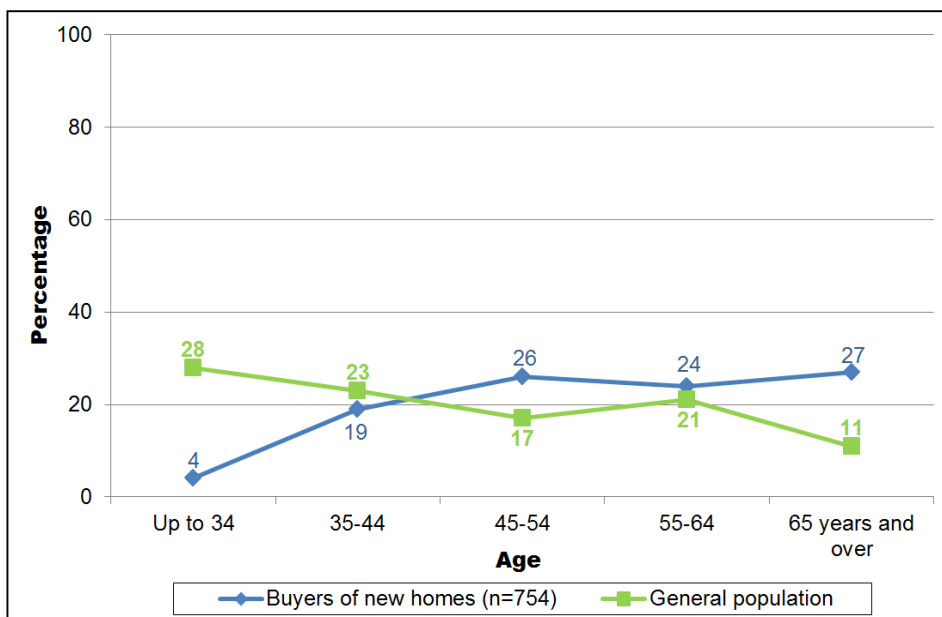
Over one-half of survey respondents (51 percent) were 55 years or older (compared with 32 percent of the general population¹), while just four percent were under 35 years of age (compared with 28 percent) (Figure 1).

In addition, respondents were more likely to have above average annual incomes and to be New Zealand European. Most were married or living with a partner and compared with the general population, living in two-person households (i.e. with no children). The latter reflects their age profile.

¹ Source: Research New Zealand Omnibus Survey of 1,000 New Zealanders aged 18 years and older (February 2013 and March 2013). Results have been weighted by gender and age to reflect the general population.



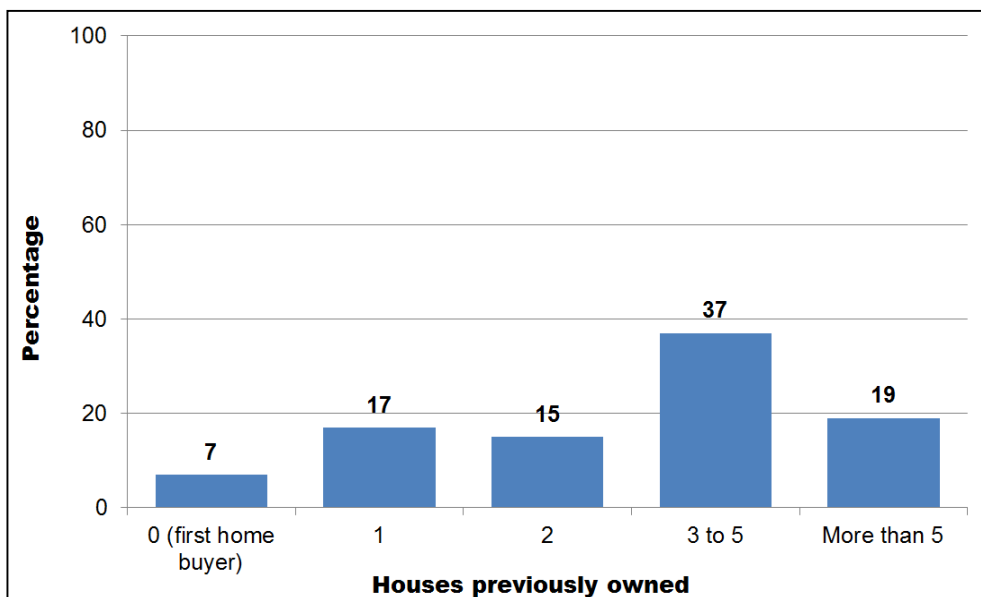
Figure 1: Age distribution of new home buyers compared with the general adult population



2. New home buyers are likely to be previous home owners.

The large majority of survey respondents (87 percent) identified themselves as previous home owners (Figure 2). Just seven percent identified their new build as their first home.

Figure 2: Number of houses previously owned





3. Most new home buyers have an initial budget, with the average being \$520,000.

Almost all respondents (94 percent) reported having a budget they were working towards when they first started to plan and design their house. Twenty-two percent stated this was up to and including \$400,000, while for 39 percent it was between \$400,000 and \$600,000. One third (33 percent) had an initial budget of \$600,001 or more.

4. Many home buyers go over budget.

The final reported cost of the build (including the cost of the section) generally reflects new home buyers' initial budgets (Table 1). However, not insignificant percentages of survey respondents with an initial budget of \$400,000 or less (21 percent), those with a budget of between \$400,001 and \$600,000 (15 percent) and particularly those with an initial budget of \$600,001 or more (45 percent) went over budget.

The average percentage going over budget is 22 percent.

Table 1: Final cost of the build (including the section price) by the initial budget

		Up to and including \$400,000	Initial budget Between \$400,001 and \$600,000	\$600,001 or more
Base =	754	175	301	232
Final overall cost	%	%	%	%
Up to and including \$400,000	20	58	18	0
Between \$400,001 and \$600,000	31	18	53	12
\$600,001 or more	34	3	15	80
Don't know	14	21	14	7
Refused	0	0	0	1
Total	100	100	100	100
Average final overall cost	\$530,000	\$360,000	\$490,000	\$670,000
Percentage over-running initial budget	22	21	15	45

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.



5. Six of every ten new home buyers borrow funds to build.

More than half of survey respondents (60 percent) borrowed money to fund the purchase of their new house, while 39 percent did not.

Respondents younger than 45 years, and those aged between 45 and 54, were significantly more likely to borrow money to fund their build (90 percent and 85 percent respectively). These new home buyers were also more likely to borrow a larger sum of money, and to have saved less. For example, those aged younger than 45 years were more likely to have borrowed over \$400,000 (30 percent), and to have had less than \$150,000 in savings (41 percent).

Table 2: Amount of money borrowed by final overall cost

	Base =	Sub-sample 447*	Final overall cost		
			Up to and including \$400,000	Between \$400,001 and \$600,000	\$600,001 or more
<u>Money borrowed</u>		%	%	%	%
Up to and including \$200,000		34	56	41	16
Between \$200,001 and \$400,000		38	41	38	32
\$400,001 or more		23	3	16	46
Don't know		1	0	1	1
Refused		5	1	5	5
Total		100	100	100	100
Average amount borrowed		\$280,000	\$220,000	\$260,000	\$350,000

The base numbers shown are unweighted counts.

Total may not sum to 100% due to rounding.

*Sub-sample based on those who borrowed money to build their new house.

6. Registered architects and architectural designers are the source of plans for about two-thirds of new home buyers.

Over one-third of survey respondents stated they purchased a standard set of plans from a home building company (37 percent), about one-third had their plans prepared by an architectural designer (30 percent), and 22 percent by a registered architect. The remainder mostly acquired plans from a builder (eight percent).

New home buyers differ in terms of their source of building plans. For example, respondents who sourced plans from a home building company were more likely to be:

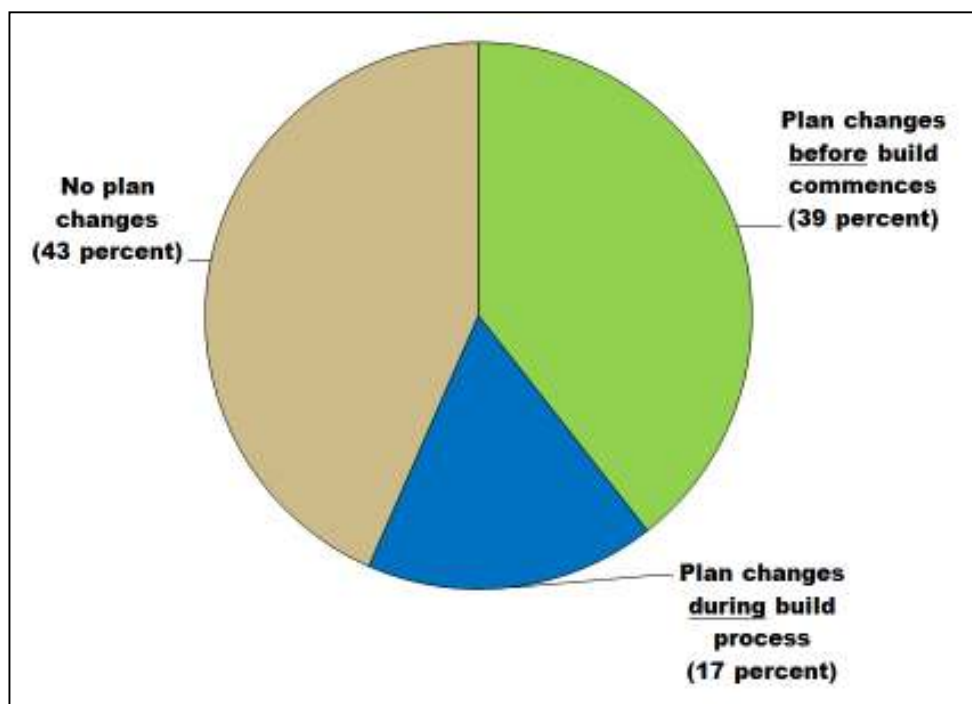
- ◆ New home buyers interviewed with a final cost of \$400,000 or less (58 percent).
- ◆ Those with an initial budget of \$400,000 or less (53 percent).
- ◆ Those with a household income of less than \$70,000 (45 percent).



7. Over one-half of new home buyers change their original plans.

Fifty-six percent of survey respondents changed the original plans or design of their new house; 39 percent before the build commenced and 17 percent during the build process. Two-thirds (67 percent) of those whose house was built by a home building company changed the original plans compared with 47 percent of those whose house was built by a local builder.

Figure 4: Plan changes



Survey respondents more likely to have changed their plans before building commenced were:

- ◆ New home buyers interviewed who had their house built by a home building company (53 percent).
- ◆ Those with an initial budget of \$400,000 or less (46 percent).
- ◆ Those with a final cost of \$400,000 or less (46 percent).
- ◆ Those with a household income of less than \$70,000 (45 percent).



8. Most plan changes are for aesthetic reasons, rather than price.

More than half of survey respondents (56 percent) changed the original plan or design of their new house for aesthetic reasons. Significantly fewer did so to reduce costs (13 percent). In fact, those that changed the original plan or design of their new house were more likely to experience an increase in costs (56 percent).

Respondents that had their house built by a home building company were more likely to report an increased cost associated with changing the original plan or design of their new house (67 percent).

9. Home buyers also experience unexpected cost increases.

Aside from changes to their building plans, which they initiated, over one-half of survey respondents (58 percent) reported experiencing unexpected cost increases. These were most commonly in relation to increases in the cost of building materials (24 percent), increases in compliance costs (19 percent) and increases in costs associated with the clearing of sections or general groundwork (10 percent).

Respondents building houses with a final cost of \$600,001 or more were most likely to have experienced these unexpected cost increases.

10. Most participants in the new home buyer market take up to three months to finalise their plans.

Over one-half (57 percent) of survey respondents stated it took up to three months to finalise their building plans, with the average being four months.

New home buyers differ in terms of the time taken to finalise their building plans. For example, respondents who finalised their plans within three months were more likely to be:

- ◆ New home buyers interviewed with a final cost of \$400,000 or less (77 percent).
- ◆ Those with an initial budget of \$400,000 or less (67 percent).
- ◆ Those whose house was built by a home building company (65 percent).
- ◆ Those with a household income of less than \$70,000 (65 percent).



11. Equal numbers of new home buyers have their new home built by home building companies as do local builders.

One-half of survey respondents (49 percent) had their new house built by a home building company, while the same proportion (50 percent) had their house built by a local builder. Some respondents who had their house built by a home building company initially had their plans prepared by a registered architect (12 percent) or architectural designer (20 percent) as Table 3 shows.

Table 3: A comparison between plan source and builder

Plans sourced from ...	Base =	Sub-sample	House built by ...		
			Home building company	A local builder	Other
	754	%	371	374	9**
			%	%	%
A registered architect		22	12	31	24
An architectural designer or draughtsperson		30	20	40	21
A set of standard plans from a home building company		37	66	8	31
A local builder		8	0	16	0
Other		3	2	4	10
Don't know		1	0	1	14
Total		100	100	100	100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers who built with a home building company were most likely to select the company by visiting show homes (62 percent), whereas those who built with a local builder were more likely to select the builder as a result of 'word of mouth' from friends and family (57 percent).

As was the case with house plans, there are significant differences between new home buyers who build with a home building company and those who build with a local builder. For example, respondents who had their house built by a home building company were more likely to be:

- ◆ New home buyers interviewed with a final cost of \$400,000 or less, or between \$400,001 and \$600,000 (59 percent and 60 percent respectively).
- ◆ Those with an initial budget of \$400,000 or less, or between \$400,001 and \$600,000 (53 percent and 57 percent respectively).
- ◆ Those with a household income of less than \$70,000 (56 percent).



12. More new home buyers did not tender or get quotes for their build than did.

More survey respondents had already decided who they would get to build their new house and, therefore, did not tender or get quotes for the build (57 percent) than did tender and get quotes (38 percent).

New home buyers differ in terms of who did and who did not tender or get quotes for the build. For example, respondents who did not tender or get quotes were more likely to be:

- ◆ New home buyers interviewed aged 65 years plus (71 percent).
- ◆ Those with a final cost of \$400,000 or less (68 percent).
- ◆ Those with an initial budget of \$400,000 or less (64 percent).
- ◆ Those who had their house built by a home building company (63 percent).

Nevertheless, 71 percent of respondents stated they got a fixed quotation, whereas 19 percent got an estimate and eight percent neither one nor the other. Most respondents who received a fixed quotation did so in the form of a legal contract (62 percent) rather than a letter of agreement (32 percent).

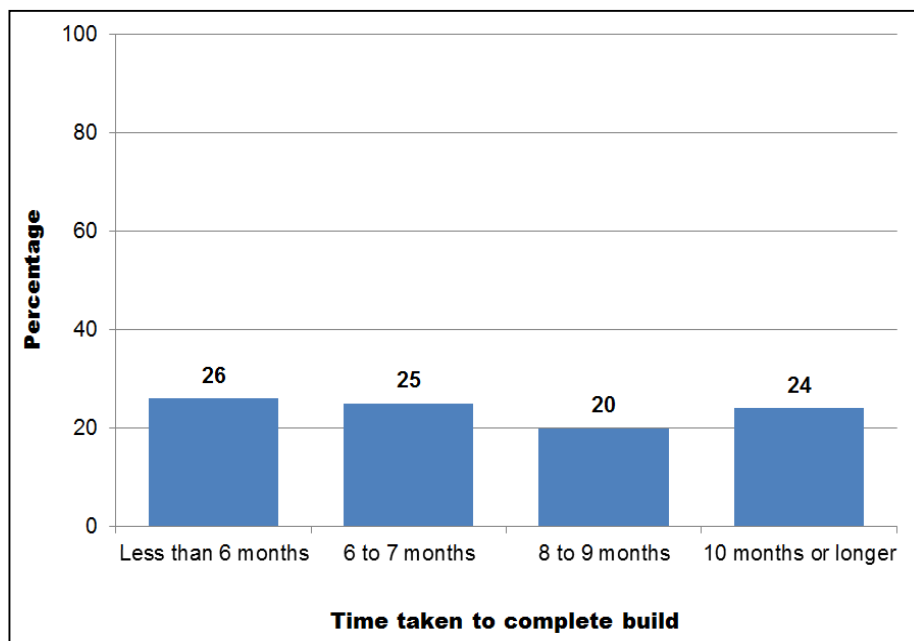
Respondents whose house was built by a home building company were more likely to have received a fixed quotation (87 percent) and to have received a legal contract (77 percent). In comparison, those building with a local builder were more likely to have received an estimate (27 percent) and to have received a letter of agreement (44 percent) or verbal agreement (11 percent).



13. Most new homes take six or more months to build.

The time taken to build the new house (from the time the plans are commissioned) was more than six months for two-thirds of survey respondents (69 percent) (Figure 3). The average build took 7.5 months to complete.

Figure 3: Time taken to build the house



New home buyers differ in terms of the time taken to complete the build of their new house. For example, survey respondents who reported a build time of more than 10 months were more likely to be:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (45 percent).
- ◆ Those with a final cost of \$600,001 or more (44 percent).
- ◆ Those with a household income of more than \$125,000 (38 percent).
- ◆ Those who have their house built by a local builder (31 percent).
- ◆ Those aged 45 to 54 years (31 percent).

With the exception of builds that took longer than 10 months to complete, there are no significant differences between those who have their house built by a home building company compared with those who use a local builder.



14. Aside from the pre-existence of a section, new home buyers build new houses because of a preference for modern design features and a belief they are better value for money.

When asked why they decided to build a new house, survey respondents most frequently provided three reasons as follows:

- ◆ A preference for the design features of a modern house (35 percent of respondents provided this reason).
- ◆ A belief that new houses are cheaper/better value for money (30 percent).
- ◆ The pre-existence of a section (26 percent).

Of note, eight percent of respondents also specifically stated they preferred a new build because they believed new houses were less likely to have problems (e.g. weathertightness issues) and/or because they required less maintenance.

There are significant differences in terms of the reasons given for building a new house by particular groups of new home buyers. For example, respondents who built a new house because they believed it was cheaper/better value for money were more likely to be:

- ◆ New home buyers interviewed under 45 years of age (40 percent).
- ◆ Those with a final cost of \$400,000 or less (38 percent).
- ◆ Those who had their house build by a home building company (35 percent).

15. Factors relating to size, interior and exterior design, and cost are the factors most frequently taken into account by new home buyers.

When asked which factors they gave the most thought to when deciding to build a new house, survey respondents most frequently identified the following as the factors that they gave the most thought to:

- ◆ The interior design or style of the house (87 percent of respondents identified this factor as one that they gave 'a lot of thought' to).
- ◆ The size and layout of rooms (87 percent).
- ◆ How much it was going to cost to build the new house (81 percent).
- ◆ Where or how on the section the new house would be positioned (80 percent).
- ◆ The exterior design or style of the house (80 percent).
- ◆ The size of the house (80 percent).



In contrast, relatively fewer respondents gave 'a lot of thought' to locational factors (65 percent) and the eco-friendliness of the build (40 percent).

There are significant differences in terms of the factors considered by particular groups of new home buyers. For example, and as expected, respondents who gave 'a lot of thought' to cost were more likely to be:

- ◆ New home buyers interviewed with a final cost of \$400,000 or less (89 percent).
- ◆ Those with an initial budget of \$400,000 or less (88 percent).
- ◆ Those who had their house built by a home building company (85 percent).

16. One-in-five new home buyers do not build their new house in the location that is their first choice because of the cost and availability of sections.

On an unprompted basis, two-thirds of survey respondents identified location as a factor that they gave a 'lot of thought' when deciding to build a new house (65 percent) and, as such, this was a factor that was considered by fewer respondents. However, when all respondents were asked about location directly, they stated they had in fact mainly considered it in terms of the availability of suitable sections (47 percent), the quality of the surrounding neighbourhood (47 percent), the natural surroundings and weather (46 percent), and the cost of purchasing a section in an area they wanted to build in (34 percent).

New home buyers differ in terms of the extent to which they had considered these location-related factors when deciding to build a new house. For example, respondents who stated they had considered the cost of purchasing a section in an area they wanted to build in, were more likely to be:

- ◆ New home buyers interviewed with a final cost of \$400,000 or less (49 percent).
- ◆ Those aged 44 years or younger (43 percent).
- ◆ Those with an initial budget of \$400,000 or less (41 percent).
- ◆ Those who had their house built by a home building company (40 percent).

One-in-five respondents stated their new house was not built in their first choice of location (22 percent). The profile of these respondents reflects the profile outlined above, with most stating this was because of the cost of (55 percent) and the availability of sections (49 percent).



Conclusions

Based on these key findings and especially the differences between new home buyers, the new home buying market may be divided into a number of 'market segments'. It is difficult to be definitive about the number of segments, but the two segments which are polar opposites comprise:

1. New home buyers building houses with a final cost of \$600,001 or more (i.e. the cost of the section and the build). These new home buyers represent 32 percent of all respondents interviewed.

Compared with those building houses with a final cost of up to and including \$400,000 (see below), respondents representing this segment had higher educational qualifications and higher incomes. They also lived in larger households.

Their new houses were significantly larger and built on larger sections. They were more likely to have been designed by registered architects, built by local builders and have taken longer to build. Aesthetics (design features and size/layout) were relatively more important factors in the build.

Their plans were more likely to change, both before and after the build commenced, with these changes impacting the build costs.

They had a significant amount of the build costs saved, but they also borrowed. Almost one-half (45 percent) over-ran their initial budget.

2. Those building houses with a final cost of up to and including \$400,000 (i.e. the cost of the section and the build). These new home buyers represent 22 percent of all respondents interviewed.

Compared with those building houses with a final cost of \$600,001 or more, respondents representing this segment had an older age profile, with 31 percent 65 years of age or more. They also had lower incomes.

Their new houses were significantly smaller and built on smaller sections. They were more likely to have sourced their plans from house building companies, to have had them built by these companies and over a shorter timeframe. The cost of the build and the source of finance were relatively more important factors in the build.

Their plans were more likely to have changed before the build commenced, with these changes impacting the build costs.

These new home buyers had a significant amount of the build costs saved, but they also borrowed. Approximately one-fifth (21 percent) over-ran their initial budget.

Table 4 overleaf highlights the key differences between these two segments.



Table 4: 'Market segments' – Polar opposites

	Final cost of up to and including \$400,000	Final cost of \$600,001 or more
Size of market segment	22%	32%
Who are these new home buyers?	Older age profile (31% are 65+) Lower incomes (47% less than \$70,000)	Higher educational qualifications (47% are tertiary qualified) Married or living with a partner (95%) Larger households (38% 4+) Higher incomes (48% \$125,000 or more)
What did they build?	Smaller houses (61% up to and including 200 sq. metres) Smaller sections (27% up to and including 550 sq. metres)	Larger houses (40% 301 sq. metres or more) Larger sections (60% 701 sq. metres or more)
Source of house plans	Home building company (58%)	Registered architect (40%)
Who built the house?	Home building company (59%)	Local builder (60%)
Time to build	Shorter time frames (77% up to and including 3 months)	Longer time frames (41% six months or more)
Reason for building new house	More likely to be cost driven (38%)	More likely to have a section (30%)
What factors were (relatively more) important in the build?	Cost to build (89%); source of finance (36%); insulation (73%)	Size and layout (90%); number of rooms (80%); interior design (91%); exterior design (87%); build materials (83%)
What locational factors were (relatively more) important?	Cost of buying a section (25%)	Quality of the neighbourhood (21%); natural surroundings/weather (21%)
Built in first area of choice	Yes (69%)	Yes (80%)
Changed the house plans?	Yes, before building (46%) Yes, after building (9%)	Yes, before building (29%) Yes, after building (26%)
Impact on costs	Costs increased (59%)	Costs increased (58%)
Other unexpected costs	Yes (49%)	Yes (31%)
Had approx. 50% of build costs saved	Yes (36% had up to and including \$150,000)	Yes (36% had \$400,001 or more)
Borrowed to finance build	Yes (65%) Amount borrowed (56% up to and including \$200,000)	Yes (62%) Amount borrowed (46% \$400,001 or more)
Percentage running over budget	26%	45%



2.0 Introduction

This section of the report outlines the research and information objectives of the Survey of the New Home Buying Market.

2.1 Research objectives

As part of its wider interest in housing affordability, MBIE commissioned Research New Zealand to conduct a survey in order to:

- ◆ Enhance its understanding of the participants in the new home buying market, including who they are, and what influences their purchasing decisions.
- ◆ Understand what (if any) impact a buyer's desire to customise standard plans has on price and affordability, where the buyer has purchased from a home building company.

2.2 Information objectives

In order to achieve these objectives, the survey gathered the following information:

- ◆ A demographic profile of participants in the new home buying market.
- ◆ What buyers of new homes are buying (house/section size, value, etc.) and the factors that are influencing or driving what is being bought.
- ◆ Where buyers of new homes are buying (i.e. location) and the factors that are influencing or driving this decision.
- ◆ Who built their new home (e.g. a local builder or a home building company).
- ◆ How the builder was selected (e.g. personal recommendation of a friend/family member, recommendation of an architect, group builder organisation, advertising, etc.).
- ◆ How long it took to finalise the design and start the build process, who managed the build, and how long the build took to complete.
- ◆ How the build was funded (i.e. amount of money borrowed and through which means, and the amount of savings contributing to the build).



3.0 Methodology

The Survey of the New Home Buying Market was conducted between 1 February and 6 March 2013, with a nation-wide sample of n=754 respondents. This section of the report describes the survey and sampling design, the interviewing methodology, the approach used to analyse and weight the survey data, and the accuracy of the results.

3.1 Overview

Target population

The target population for this particular survey comprised those people who had built or bought a new home within the last two years. In the last 12 months, approximately 13,150 new homes (excluding apartments) have been built in New Zealand.

Survey population

New home buyers from Christchurch were excluded from the survey population as the circumstances leading to them being in the market were outside of the scope of this research.

Also excluded from the survey population were those who purchased a new home to rent, new home owners located off-shore, and those who completed the building work themselves.

Sample frame

The sample was sourced from 27 Councils throughout New Zealand, who supplied the name and address of people who had a Code of Compliance Certificate issued for a new residential dwelling between January 2011 and November 2012.

3.2 Sample design

The survey was completed using a multi-stage random sampling approach:

- ◆ As mentioned earlier, the initial sample provided by 27 Councils consisted of the names and addresses of those who had a Code of Compliance Certificate issued for a new residential dwelling between January 2011 and November 2012. Due to a legal requirement, Councils are not able to provide a telephone number. Three Councils also chose not to provide the home owner's name.
- ◆ Where a name and address was provided, a tele-matching exercise was conducted in order to match those details with telephone numbers listed in the White Pages. A 30 percent match rate was achieved, which is about average for most population surveys.



3.3 The questionnaire

The information objectives of the survey were reflected in the content of the survey [questionnaire](#) (refer Appendix A), which was developed in consultation with MBIE. Questions were included covering five key subject areas:

3. Who the participants in the new home buying market are.
4. Drivers/key motivations to enter the new home market.
5. Those involved in planning the build and the building process.
6. The impact of changes to the original plan and design on the final cost of the build.
7. The original budget compared with the final cost of the build, and how the build was funded.

3.4 Collection method

A mixed methodology approach was used to conduct the survey.

All potential participants were sent a letter inviting them to complete the survey [online](#) between 1 February and 6 March 2013.

Between 11 February and 5 March 2013, participants we had a telephone number for (and who had not yet completed the survey online) were contacted from Research New Zealand's CATI-enabled call centre and invited to complete the survey over the telephone.

The interviewers were personally briefed by the researchers responsible for the survey.

Interviewers were supervised at all times and a minimum of five percent of each interviewer's work was intercepted for quality improvement purposes.

Another five percent of all completed interviews were verified by re-contacting respondents².

² These rates of interception and verification are required in accordance with our IQS accreditation. IQS or "Interviewer Quality Standards" is our industry's highest standard for call centres. Research New Zealand has been accredited with IQS for over 12 years.



Response rate

Of the n=1,063 potential respondents that were able to be contacted over the telephone, interviews with n=287 respondents were completed representing a response rate for the telephone component of the survey of 31 percent.

Interviews with an additional sample of n=467 respondents were completed online. Due to the following unknown variables, it is not possible to calculate the response rate for respondents we did not have a telephone number for, but were invited to complete the survey online:

- ◆ The proportion who received the letter inviting them to complete the survey online.
- ◆ The proportion that was able to complete the survey online.
- ◆ The proportion that was eligible to complete the survey.

3.5 Data preparation

3.5.1 Weighting

The survey data was weighted by Council to ensure the total sample results accurately reflect the regional distribution of the new home buying market.

In order to calculate the weighting, the regional distribution of the achieved sample was examined and compared against that of the survey population provided by Councils (Table 5). Where there was a difference, a 'weighting factor' was applied to correct for this and ensure the achieved sample was more representative.

For example, 19 percent of the achieved sample comprised those who had built or bought a new house in the Auckland region, whereas this proportion in the survey population is actually 31 percent. To account for this difference, a weighting factor of 1.69 was applied to everyone in the sample data who has bought or built their new house in the Auckland region. This gave this region more of a 'voice' in the data to the extent that it represented 31 percent of the total sample when the analysis is run (as opposed to only 19 percent on an unweighted basis).



Table 5: Regional distribution of the sample provided by Councils

Base =	Survey population	Achieved sample
	5670 %	754 %
Ashburton	1	1
Auckland	31	19
Carterton	2	3
Central Otago	4	4
Clutha	1	0
Dunedin	7	6
Gisborne	0	1
Hamilton	2	3
Hastings	2	6
Hauraki	0	1
Horowhenua	1	1
Kaikoura	1	0
Marlborough	1	2
Masterton	2	1
Napier	3	5
Selwyn	3	1
Southland District	1	5
Taupo	3	2
Tauranga	2	7
Thames	2	0
Timaru	3	3
Waimakarere	15	16
Waipa	5	3
Wanganui	2	1
Wellington	2	3
Western BOP	2	5
Westland	2	1
Total	100	100



3.5.2 Creation of derived variables

Two derived variables were created for analysis purposes.

Data relating to the cost of the build and the cost of the section were collected separately during the interview. However, for analysis purposes, a combined variable relating to cost was derived based on the mid-point of each of the two reported amounts. For example, those that said the build of their house was between \$200,001 and \$300,000 (mid-point \$250,000), and the cost of the section between \$100,001 and \$200,000 (mid-point \$150,000), had a final cost estimate of \$400,000.

A 'household composition' variable was also created for analysis purposes based on the age of the respondent and whether there were dependents in the household under 16 years of age. The following provides an explanation of the household composition categories created:

- ◆ Young family: Consists of those respondents less than 45 years of age with dependents less than 16 years in the household.
- ◆ Older family: Those aged 45 to 64 years with dependents less than 16 years in the household.
- ◆ Working age with no dependents: Those aged 18 to 64 without dependents fewer than 16 years in the household.
- ◆ Retired: Those aged 65 plus.



3.5.3 Analysis

The results of this survey have been analysed using Pearson's Chi Squared test (see Appendix C) and reported by the following variables:

- ◆ Those relating to key demographic characteristics of respondents:
 - ◆ Age (Up to 44 years, 45 to 54 years, 55 to 64 years, 65 plus).
 - ◆ Household income (Less than \$70,000, between \$70,000 and \$125,000, more than \$125,000).
 - ◆ Household composition (Young family under 45 years of age, Older family aged 45 plus, Working age with no dependents 18-64 years, Retired 65 plus).
- ◆ Variables relating to the actual build or purchase of the new home:
 - ◆ Original budget (Up to and including \$400,000, between \$400,000 and \$600,000, \$600,001 or more).
 - ◆ Final cost (Up to and including \$400,000, between \$400,001 and \$600,000, \$600,001 or more).
 - ◆ Who built the house (Local builder, Home building company).

A full set of tabular results is provided for each of these variables in Volume 2.

3.5.4 Accuracy

All surveys have an associated level of accuracy, expressed in terms of a maximum margin of error. Because of the sampling requirements and method of weighting employed, the design effect for the survey was 1.06, meaning that the margins of error for the survey increase by 1.06 times³. In other words, the maximum margin of error for the total sample increased from plus or minus 3.3 percent at the 95 percent confidence level (had the survey been a purely random sample) to plus or minus 3.5 percent.

For example, this means that had we found 50 percent of respondents had their new house built by a home building company, we could be 95 percent sure of getting the same result, plus or minus 3.5 percent, had we interviewed everyone in the target population. Higher margins of error apply in the case of sub-samples.

³ The net effect of a complex design can be measured by the 'design effect' (or DEFF). The DEFF is the ratio of the variance (a measure of precision) of an estimate achieved by a complex design, relative to the variance of the same estimate that would be achieved by a simple random sample of the same size. The closer the DEFF is to 1, the closer the design is to simple random sampling.



4.0 Profile of the new home buying market

This section of the report provides a demographic and home-related profile of participants in the new home buying market.

4.1 Demographic profile

As shown in Table 6, compared with a representative sample of 1,000 New Zealanders aged 18 years and older for a standard population survey⁴, participants in the new home buying market are more likely to be:

- ◆ Older: Over one-half (51 percent) of survey respondents were 55 years or older (compared with 32 percent of the general population), while just four percent were under 35 years of age (compared with 28 percent).
- ◆ Higher income earners: Sixty percent of respondents had a household income of more than \$70,000 (compared with 34 percent of the general population). Twenty-eight percent had a household income of more than \$125,000 (compared with 15 percent).
- ◆ New Zealand European: The majority (85 percent) of respondents were New Zealand European (compared with 76 percent of the general population), while three percent were Māori (compared with 11 percent).
- ◆ Married or living with a partner: 89 percent of respondents were married or living with a partner (compared with 63 percent of the general population).
- ◆ In a two-person household: 47 percent of respondents lived in a two-person household (compared with 34 percent of the general population). In most cases, these will be households in which there are no children.

⁴ Source: Research New Zealand Omnibus Survey of the general public aged 18 years or older (February 2013 and March 2013). Results have been weighted by gender and age to reflect the general population.



Table 6: Demographic profile of those who have recently had a new home built

	Buyers of new homes	General population ⁵
Base =	754	1000
	%	%
Age		
Up to 34	4	28
35-44	19	23
45-54	26	17
55-64	24	21
65 years and over	27	11
Total	100	100
Household income		
Under \$40,000	13	30
\$40,000 but less than \$70,000	16	28
\$70,000 but less than \$125,000	32	19
More than \$125,000	28	15
Don't know/Refused	12	8
Total	100	100
Education		
Secondary school qualification	28	30
Polytechnic qualification or Trade Certificate	29	24
Bachelor's degree or higher	33	33
None / No qualifications	9	11
Total	100	100
Ethnicity		
New Zealand European/European	85	76
Māori	3	11
Pacific	0	5
Asian	4	3
Middle East/Latin American/African	0	1
Other ethnic group	11	10
Married or living with a partner		
Yes	89	63
No	10	37
Total	100	100

Continued...

⁵ Source: Research New Zealand Omnibus Survey of the general public aged 18 years or older (February 2013 and March 2013). Results have been weighted by gender and age to reflect the general population.



Table 6: Demographic profile of those who have recently had a new home built (continued)

	Buyers of new homes	General population
Base =	754	1000
	%	%
Number of people in household		
One (including the respondent)	7	18
Two	47	34
Three	15	15
Four	20	18
Five	9	9
Six	2	3
More than six	0	3
Refused	1	0
Total	100	100
Dependents under 16 years of age in household		
Yes	32	36
No	67	64
Total	100	100
Household composition		
Young family (under 45 years)	19	31
Older family (45+ years)	13	5
Working age with no dependents (aged 18-64)	40	53
Retired	27	11
Refused	1	0
Total	100	100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.



4.2 Home-related profile

As shown in Table 7, seven percent of survey respondents identified their new build as the first home, new or old, that they have owned. That is, the majority of respondents (87 percent) were previous home owners. In fact, two-thirds of those who were previous home owners (64 percent) had owned three or more houses (Table 8):

- ◆ Respondents aged 45 years or younger were more likely to say their new home was the first home, new or old, that they had owned (22 percent, compared with four percent of those aged 45-54, three percent of those aged 55-64, and one percent of those aged 65 plus).
- ◆ Conversely, older respondents were more likely to report having owned many houses. For example, approximately half of those aged 65 plus (48 percent) said they had previously owned three to five houses, compared with 27 percent of those aged 45 years or younger.

For more detailed results, please refer to Volume 2.

Table 7: First home buyers

Q4. Is this the first house, new or old, you have owned?

	Base =	Total 754 %
Yes		7
Owned by family trust		6
No		87
Total		100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

Table 8: Number of houses previously owned

Q5. How many other houses have you owned before this one, if any?

	Base =	Total 661* %
1		19
2		17
3 to 5		42
More than 5		22
Don't know		0
Total		100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.
*Sub-sample based on those who have previously owned a house.



5.0 Understanding the drivers/key motivations to enter the new home market

Respondents were asked a series of questions about their motivations and the factors they had taken into account when deciding to purchase a new house.

5.1 Reasons for buying a new home (as opposed to buying an older home)

As an introductory question, survey respondents were asked to explain why they decided to purchase a new house as opposed to buying an older house (Table 9). The three most common reasons provided can be broadly categorised as follows:

- ◆ Preference for the design features of a modern house (35 percent).

We built a brand new home so that we could have it just the way we wanted it i.e. drive in garage, easy indoor/outdoor flow etc.

We wanted a low maintenance, warm, well insulated home with double glazing and plenty of north-facing windows. We also wanted a home that was designed to suit our lives now and in the future i.e. single storey, open plan, and many rooms opening to the outside. We couldn't find a pre-existing house that we liked that met these criteria.

- ◆ New houses are cheaper/Better value for money (30 percent).

The older properties we were looking at were quite pricey. The new house was quite a bit cheaper to build.

We couldn't afford an existing house. The ones that were vaguely affordable were real dumps. We figured we were better off stretching ourselves by about 20K to get a brand new home that would be double glazed and properly insulated etc.

- ◆ The pre-existence of a section (26 percent).

We had been living in an older house for 28 years. We knocked it down and rebuilt on the same site. We wanted a new house but on the same section.

We wanted to live on a lifestyle property so we purchased land independently, and then found a building company. It seemed that for a similar amount of money of purchasing a second hand home, we could build one to meet our specifications and requirements.



In addition, eight percent of respondents preferred a new build because they felt new houses were less likely to have problems (e.g. weathertightness issues) and/or because they required less maintenance.

Because everything we looked at was a leaky home so we decided to build a new house.

I wanted a low maintenance home that would not have any major structural problems or aspects to fix down the track. Building new also meant the ability to have a well-insulated home with double glazing and brand new appliances.

Table 9: Reasons for building or buying a new house (as opposed to buying an older house)

Q14. Can you tell me why you decided to buy or build a brand new house (as opposed to buying an older house that was already built)?

	Base =	Total
		754
		%
Preference for the design features of a modern house		35
New houses are cheaper/Better value for money		30
Already owned or had bought a section to build on (pre-existence of a section)		26
New houses are less likely to have problems and require less maintenance		8
Other		13
Don't know		1

The base numbers shown are unweighted counts.
Total may exceed 100% because of multiple response.

New home buyers differ in terms of the extent to which they give these reasons for purchasing a new house. For example, the following groups of respondents were more likely to say they chose to build or buy a brand new house because new houses are cheaper/better value for money:

- ◆ New home buyers interviewed under 45 years of age (40 percent).
- ◆ Those with a final cost of up to \$400,000 (38 percent).
- ◆ Those who had their house built by a home building company (35 percent).

In contrast, respondents who chose a new build because they already owned or had bought a section they wanted to build on were more likely to include:

- ◆ New home buyers interviewed with a final cost of \$600,001 or more (30 percent).
- ◆ Those who had their house built by a local builder (30 percent).

For more detailed results, please refer to Volume 2.



5.2 What were the main motivations/factors taken into account when deciding to purchase a new house?

In order to determine the main factors taken into account when deciding to purchase a new house, survey respondents were read a list of factors and using a three-point scale⁶, asked how much thought they had given to each factor. As shown in Table 10, at least 80 percent reported having given 'a lot of thought' to:

- ◆ The interior design or style of the house (87 percent of respondents identified this factor as one that they gave 'a lot of thought' to).
- ◆ The size and layout of rooms (87 percent).
- ◆ How much it was going to cost to build the new house (81 percent).
- ◆ Where or how on the section the new house would be positioned (80 percent).
- ◆ The exterior design or style of the house (80 percent).
- ◆ The size of the house (80 percent).

In contrast, the following factors were less likely to have been given 'a lot of thought':

- ◆ The suburb or town the new house was going to be built in (65 percent of respondents identified this factor as one that they gave 'a lot of thought' to).
- ◆ How eco-friendly it would be (40 percent).
- ◆ Where they would get finance from (28 percent).

⁶ Respondents were asked how much thought they gave each factor using a three-point scale consisting of 'a lot of thought', 'some', or 'none at all'.



Table 10: Factors that were given ‘a lot of thought’

Q15. Once you had decided to buy or build a brand new house, how much thought did you give to each of the following factors? A lot of thought.

	Base =	Total 754 %
The interior design or style of the house		87
The size and layout of rooms		87
How much it was going to cost to build your new house		81
Where or how on the section your new house would be positioned		80
The exterior design or style of the house		80
The size of the house		80
The materials you would build the house from		77
The number of rooms it would have		75
Insulation		68
The suburb or town you were going to build your new house		65
How eco-friendly it would be		40
Where you would get finance from		28
None of the above		1

The base numbers shown are unweighted counts.
Total may exceed 100% because of multiple response.

New home buyers differ in terms of the extent to which they give certain factors ‘a lot of thought’ when deciding to purchase a new house. For example, the following groups of respondents were more likely to have given ‘a lot of thought’ to:

◆ The interior design or style of the house:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (93 percent of respondents identified this factor as one that they gave ‘a lot of thought’ to).
- ◆ Those aged 55 to 64 years of age (92 percent).
- ◆ Those with a final cost of \$600,001 or more (91 percent).
- ◆ Those with a household income of \$125,000 or more (91 percent).

◆ The size and layout of rooms:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (92 percent of respondents identified this factor as one that they gave ‘a lot of thought’ to).
- ◆ Those with a final cost of \$600,001 or more (90 percent).

◆ How much it was going to cost to build the new house:

- ◆ New home buyers interviewed with an initial budget of up to \$400,000 (88 percent of respondents identified this factor as one that they gave ‘a lot of thought’ to).
- ◆ Those with a final cost of up to \$400,000 (89 percent).



- ◆ Those who had their house built by a home building company (85 percent).
- ◆ The exterior design or style of the house:
 - ◆ New home buyers interviewed with an initial budget of \$600,001 or more (88 percent of respondents identified this factor as one that they gave 'a lot of thought' to).
 - ◆ Those with a final cost of \$600,001 or more (87 percent).
- ◆ The size of the house:
 - ◆ New home buyers interviewed aged 45 to 64 with dependents under the age of 16 years (95 percent of respondents identified this factor as one that they gave 'a lot of thought' to).

Respondents did not differ in terms of the extent to which they considered where or how on the section the new house would be positioned.

For more detailed results, please refer to Volume 2.



5.3 The influence of location

Main factors taken into consideration

Survey respondents were asked to identify (on an unprompted basis), the main factors they had taken into account when deciding where to build their new house. As shown in Table 11, approximately one-half identified the following in this regard:

- ◆ Availability of (suitable) section (47 percent of respondents identified this factor as one that they had taken into consideration).
- ◆ Quality of the neighbourhood (47 percent).
- ◆ Natural surroundings/weather (46 percent).

The next most commonly mentioned factors were the cost of buying a section in the area (34 percent), proximity to social amenities (22 percent), and proximity to work (20 percent).

Table 11: Factors taken into account when deciding on the location of the new house

Q16. What did you mainly take into account when deciding where you would build your new house?

	Base =	Total 754 %
Availability of (suitable) section		47
Quality of the neighbourhood		47
Natural surroundings/weather		46
Cost of buying section in area		34
Proximity to social amenities (shops, sports facilities)		22
Proximity to work		20
Proximity to schools/school zones		14
Building on land I already own/I already live in the area/lived there in the past		14
Proximity to health services		12
Proximity to public transport		9
Proximity to family		6
The availability of skilled/experience labour in area to build house		4
Other		9
Don't know		1

The base numbers shown are unweighted counts.
Total may exceed 100% because of multiple response.

New home buyers differ in terms of the main factors they take into consideration when deciding on the location of their new house. For example, the following factors were more likely to be identified by particular groups of respondents:

- ◆ Cost of buying a section in the area:
 - ◆ New home buyers interviewed with a final cost of up to \$400,000 (49 percent).



- ◆ Those aged 44 years or younger (43 percent).
- ◆ Those with an initial budget of up to \$400,000 (41 percent of respondents identified this factor as one that they had taken into consideration).
- ◆ Those who had their house built by a home building company (40 percent).
- ◆ Proximity to work:
 - ◆ New home buyers interviewed younger than 45 years of age, and those aged 45 to 54 years (27 percent and 28 percent of respondents respectively identified this factor as one that they had taken into consideration).

Respondents did not differ in the extent to which they considered the availability of a suitable section, quality of the neighbourhood, the natural surroundings/weather, or proximity to social amenities.

For more detailed results, please refer to Volume 2.

Most important factor taken into consideration

Survey respondents who identified more than one factor were asked to choose the one they considered the most important (Table 12). Again, the same three factors mainly emerged:

- ◆ Quality of the neighbourhood (18 percent of respondents identified this factor as the most important).
- ◆ Availability of (suitable) section (17 percent).
- ◆ Natural surroundings/weather (15 percent).



Table 12: Most important factor taken into account when deciding on the location of the new house

Q17. And which one of those would you say was the most important?

	Base =	Total 754 %
Quality of the neighbourhood		18
Availability of (suitable) section to build		17
Natural surroundings/weather		15
Cost of buying section in area		14
Building on land I already own/I already live in the area/lived there in the past		11
Proximity to social amenities (shops, sports facilities)		5
Proximity to family		4
Proximity to schools/school zones		3
Proximity to work		2
Proximity to health services		1
The availability of skilled/experience labour in area to build house		0
Proximity to public transport		0
Other		8
Don't know		1
Total		100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

Reasons why the house was not built in first choice of area

As shown in Table 13, three-quarters of survey respondents (76 percent) stated their house was built in their first choice of area, while 22 percent said it was built elsewhere.

Table 13: Was the house built in the first choice of area?

Q18. Would you say the area in which your new house is built was your first choice of area?

	Base =	Total 754 %
Yes		76
No		22
Don't know		2
Total		100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ in terms of the extent to which they state their new house is built in their first choice of area. For example, the following groups of respondents were more likely to say their house was built in their first choice of area:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (80 percent of respondents stated their new house was built in their first choice of area).
- ◆ Those with a final cost of \$600,001 or more (80 percent).
- ◆ Those aged 55 to 64 years and those aged 65 plus (80 percent and 83 percent respectively).



For more detailed results, please refer to Volume 2.

Respondents who built their house in an area that was not their first choice were asked to explain why they built their house elsewhere (Table 14). Approximately half (55 percent) attributed this to the cost of sections in their preferred area, or lack of availability of a suitable section (49 percent), while 20 percent stated it was because of the quality of the neighbourhood.

Table 14: Reasons why the house was built in an area that was not their first choice

Q19. Can you tell me the main reasons why you ended up building your house somewhere else?

	Total
Base =	168*
	%
Cost of buying section in area	55
Availability of (suitable) section	49
Quality of the neighbourhood (in which the house was built)	20
Natural surroundings/weather	17
Proximity to social amenities (shops, sports facilities)	6
Proximity to schools/school zones	4
Proximity to work	4
Proximity to health services	3
The availability of skilled/experience labour in area to build house	2
Proximity to public transport	1
Other	17
Don't know	1

The base numbers shown are unweighted counts.

Total may exceed 100% because of multiple response.

*Sub-sample based on those who built their new house in an area that was not their first choice.

New home buyers differ in terms of the extent to which they give these reasons for building their new house in an area that is not their first choice. For example:

- ◆ Younger new home buyers interviewed (less than 45 years of age) were more likely to identify the cost of the section in the area as the main reason why they built elsewhere (79 percent, compared with 38 percent of those aged 65 plus).

In contrast, older new home buyers were more likely to identify the quality of the neighbourhood in which their new house was built (30 percent of those aged 65 plus, compared to six percent of those younger than 45 years) or the natural surroundings/weather (35 percent, compared to six percent).

- ◆ Those with a final cost of \$600,001 or more built elsewhere because of a lack of availability of a suitable section in their preferred area (64 percent, compared to 39 percent of those with a final cost of up to \$400,000).



In contrast, those with a final cost of up to \$400,000 were more likely to identify the cost of buying a section in the area (71 percent, compared to 46 percent of those with a final cost of \$600,001 or more).

For more detailed results, please refer to Volume 2.



6.0 Planning the build/the building process

Respondents were asked a series of questions about planning the build and the building process.

6.1 Who was involved in the planning and design of the new house?

As shown in Table 15, approximately one-half of survey respondents had the design and plans for their new house prepared by either an architect (22 percent) or an architectural designer or draughtsperson (30 percent), while just over one-third (37 percent) chose from a set of standard plans from a home building company.

Table 15: Who prepared the design and plans for the new house?

Q7. Thinking now about the design and the plans for your new house, did you have the design and plans prepared by...?

	Base =	Total 754 %
An architect		22
An architectural designer or draughtsperson		30
Did you choose from a set of standard plans from a home building company like GJ Gardner		37
Or were the plans prepared by a local builder		8
Other		3
Don't know		1
Total		100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ in terms of who they chose to prepare the plans and design of their new house. For example, the following groups of respondents were more likely to report having had the design and plans for their new house prepared by an architect:

- ◆ New home buyers interviewed with a final cost of \$600,001 or more (40 percent).
- ◆ Those with an initial budget of \$600,001 or more (38 percent).
- ◆ Those with a household income of \$125,000 or more (34 percent).
- ◆ Those aged 55 to 64 years (27 percent).



In contrast, others were more likely to have chosen from a set of standard plans from a home building company:

- ◆ New home buyers interviewed with a final cost of up to \$400,000 (58 percent).
- ◆ Those with an initial budget of up to \$400,000 (53 percent).
- ◆ Those with a household income of less than \$70,000 (45 percent).
- ◆ Those aged 65 years plus (43 percent).

For more detailed results, please refer to Volume 2.

As shown in Table 16, 59 percent of respondents said the time taken to finalise the plans from the time they were commissioned was less than three months, while for 23 percent it took longer than six months. The average time taken to finalise the plans was four months.

Table 16: Length of time taken to finalise the plans before building commenced

Q8. From the time the plans were commissioned, about how long did it take to finalise the plans before building started? Was it...?

Base =	Total 754 %
up to four weeks	18
2-3 months	39
4-5 months	14
6-9 months	15
10 months or longer	8
Don't know	6
Total	100
Average time taken to finalise plans	4 months

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ in terms of the amount of time that is required to finalise their building plans. For example, the following groups of respondents were more likely to state the time taken to finalise the plans was less than three months:

- ◆ New home buyers interviewed with a final cost of \$400,000 or less (77 percent).
- ◆ Those with an initial budget of \$400,000 or less (67 percent).
- ◆ Those whose house was built by a home building company (65 percent).
- ◆ Those with a household income of less than \$70,000 (65 percent).



In contrast, the following groups of respondents reported that the plans took more than six months to finalise:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (41 percent).
- ◆ Those with a final cost of \$600,001 or more (41 percent).
- ◆ Those with a household income of \$125,000 or more (31 percent).
- ◆ Those whose house was built by a local builder (27 percent).

For more detailed results, please refer to Volume 2.



6.2 Who built the new house?

After establishing who prepared the plans and design of the new house, survey respondents were then asked who built the house. Although 37 percent of respondents chose the plan and design of their new house from a set of standard plans from a home building company, 49 percent reported that their house was built by a home building company. The remaining 50 percent reported that their house was built by a local builder (Table 17).

Table 17: Who built the new house?

Q9R. Was the house built by a...?

	Total
Base =	754
	%
Home building company	49
Local builder	50
Other	1
Don't know	0
Total	100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

Some respondents who had their house built by a home building company initially had their plans prepared by a registered architect (12 percent) or architectural designer (20 percent) as Table 18 shows. In comparison, respondents who had their house built by a local builder were more likely to have their plans prepared by an architectural designer or draughtsperson (40 percent) than by a registered architect (31 percent).

Table 18: A comparison between plan source and builder

	Sub-sample	House built by ...		
		Home building company	A local builder	Other
Base =	754	371	374	9**
<u>Plans sourced from ...</u>	%	%	%	%
A registered architect	22	12	31	24
An architectural designer or draughtsperson	30	20	40	21
A set of standard plans from a home building company	37	66	8	31
A local builder	8	0	16	0
Other	3	2	4	10
Don't know	1	0	1	14
Total	100	100	100	100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ in terms of who they chose to build their new house. For example, the following demographic groups of new home buyers were more likely to have had their house built by a home building company:

- ◆ New home buyers interviewed with a final cost of \$400,000 or less, or between \$400,001 and \$600,000 (59 percent and 60 percent respectively).



- ◆ Those with an initial budget of \$400,000 or less, or between \$400,001 and \$600,000 (53 percent and 57 percent respectively).
- ◆ Those with a household income of less than \$70,000 (56 percent).

In contrast, others were more likely to have had their house built by a local builder:

- ◆ New home buyers interviewed with a final cost of \$600,001 or more (60 percent).
- ◆ Those with an initial budget of \$600,001 or more (58 percent).
- ◆ Those with a household income of more than \$125,000 (54 percent).

For more detailed results, please refer to Volume 2.

When respondents were asked how they found their builder or home building company, 41 percent stated they were recommended through a friend or family member, while 36 percent had visited a show home. Relatively few (13 percent) reported having found out about them through advertising, or that they were recommended by their architect or architectural designer (six percent) (Table 19).

Table 19: Method of finding the building provider

Q10. How did you find this building provider? Did you... ?

	Base =	Total 754 %
Or a friend or family member		41
Visit one of their show homes		36
Respond to their advertising		13
Or had you used them before		9
Or were they recommended by your architect/architectural designer		6
Other		5
Don't know		1

The base numbers shown are unweighted counts.
Total may exceed 100% because of multiple response.

New home buyers differ in terms of the way they find their builder or home building company. For example, respondents who had their house built by a home building company were more likely to report having found them through:

- ◆ Visiting a show home (62 percent).
- ◆ Their advertising (21 percent).

In contrast, respondents were more likely to have found their local builder via:

- ◆ A friend or family member (57 percent).
- ◆ Having used them before (14 percent).



- ◆ A recommendation by their architect or architectural designer (11 percent).

For more detailed results, please refer to Volume 2.

Tendering process

Although 38 percent of survey respondents reported having tendered or obtained quotes for their building work, more than half (57 percent) had already decided who they wanted as their building provider and did not tender or get quotes (Table 20).

Table 20: Did you tender or get quotes for the building work?

Q21. And did you...?

	Base =	Total 754 %
Tender or get quotes for the building work		38
Or had you already decided who you wanted to do the building?		57
Other		4
Don't know		1
Total		100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ in terms of the extent to which they tender or obtain quotes for the building work. For example, the following groups of respondents were more likely to have tendered or obtained quotes:

- ◆ New home buyers interviewed with a final cost of \$600,001 or more (51 percent).
- ◆ Those aged less than 45 years (51 percent).
- ◆ Those with a household income of \$125,000 or more (49 percent).
- ◆ Those with an initial budget of \$600,001 or more (48 percent).
- ◆ Those who had their house built by a local builder (44 percent).

In contrast, others were more likely to have already decided who they wanted to build their new house:

- ◆ New home buyers interviewed aged 65 years plus (71 percent).
- ◆ Those with a final cost of \$400,000 or less (68 percent).
- ◆ Those with an initial budget of \$400,000 or less (64 percent).
- ◆ Those who had their house built by a home building company (63 percent).



- ◆ Those with a household income of less than \$70,000 (63 percent).

For more detailed results, please refer to Volume 2.

As shown in Table 21, most respondents (71 percent) received a fixed quotation from their builder or building company, while 19 percent were given an estimate.

Table 21: Fixed quotation or estimate

Q22. Did your builder or building company give you a fixed quotation for building your new house or an estimate, based on the first set of plans you liked?

	Total
Base =	754
	%
Fixed quotation	71
Estimate	19
Neither	8
Don't know	2
Total	100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

Those who had their house built by a home building company were more likely to have received a fixed quotation (87 percent), while those who had their house built by a local builder were more likely to have received an estimate (27 percent).

For more detailed results, please refer to Volume 2.

Sixty-two percent of those who received a fixed quotation stated that it was provided in the form of a legal contract, while one-third (32 percent) received their quote via a letter of agreement. Five percent were provided with a quotation in the form of a verbal agreement (Table 22).

Table 22: Method of providing the quotation

Q23. Was this quote provided in the form of...?

	Total
Base =	675*
	%
A letter of agreement	32
A legal contract	62
Or a verbal agreement	5
Other	1
Don't know	1
Total	100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

*Sub-sample based on those who obtained a fixed quotation for the build of the new house.

Respondents who had their house built by a local builder were more likely to have received a quotation in the form of a letter of agreement (44 percent), or a verbal agreement (11 percent). In contrast, those who had their house built by a home building company were more likely to have received a quotation in the form of a legal contract (77 percent).



For more detailed results, please refer to Volume 2.

Professional membership

As shown in Table 23, most survey respondents reported that their builder or home building company was a member of the Registered Master Builders (60 percent), or the Certified Builders Association of New Zealand (16 percent).

Those who had their house built by a home building company were more likely to report that the builder (or company) was a member of the Registered Master Builders (74 percent), while those who had their house built by a local builder were more likely to state that their builder was a member of the Certified Builders Association of New Zealand (24 percent).

For more detailed results, please refer to Volume 2.

Table 23: Professional membership

Q11. Was the builder or building company you selected a member of...?

Base =	Total 754 %
The Registered Master Builders or The Certified Builders Association of New Zealand?	60
None of the above	16
Don't know	8
Total	16
	100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

While 44 percent reported that their builder was a licensed building practitioner, half were unsure (52 percent) (Table 24).

Those who had their house built by a local builder were more likely to report that their builder was a licensed building practitioner (49 percent) compared with those who had their house built by a home building company (40 percent).

For more detailed results, please refer to Volume 2.

Table 24: Licensed building practitioner

Q12. And are they a licensed building practitioner, under the Scheme run by the Ministry of Business, Innovation, and Employment, Building and Housing?

Base =	Total 754 %
Yes	44
No	4
Don't know	52
Total	100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.



Time taken to complete the build

Forty-five percent of survey respondents estimated the time taken to build the new house from the time the original plans were commissioned was between six to nine months (Table 25). In contrast, one-quarter (26 percent) said the build was completed in less than 6 months, while a similar proportion reported that the build took 10 months or longer (24 percent). The average time required to complete the build was eight months.

Table 25: Time taken to complete the build

Q36. From the time the original plans were commissioned, about how long would you say it took to build your home?

	Base =	Total 754 %
Less than 6 months		26
6 to 7 months		25
8 to 9 months		20
10 months or longer		24
Don't know		5
Total		100
Average time required to complete the build		8 months

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ in terms of the amount of time that is required to complete the build of their new house from the time the original plans are commissioned. For example, the following groups of respondents were more likely to report the time taken to build the house was less than six months:

- ◆ New home buyers interviewed with a final cost of \$400,000 or less (46 percent).
- ◆ Those with a household income of less than \$70,000 (33 percent).
- ◆ Those with an initial budget of \$400,000 or less (32 percent).

In contrast, others were more likely to report the time taken to build their new house was 10 months or longer:

- ◆ New home buyers with an initial budget of \$600,001 or more (45 percent).
- ◆ Those with a final cost of \$600,001 or more (44 percent).
- ◆ Those with a household income of \$125,000 or more (38 percent).
- ◆ Those whose house was built by a local builder (31 percent).
- ◆ Those aged 45 to 54 years (31 percent).

For more detailed results, please refer to Volume 2.



Project management

Three-quarters (75 percent) of survey respondents stated their builder or building company was responsible for managing the build of the new house, while 17 percent managed the project themselves. Relatively few builds were project-managed by new home buyers' architect or architectural designer (four percent), or by an independent project manager (one percent) (Table 26).

Table 26: Project management

Q13. Once the building was underway, who was responsible for managing the project? Was it...?

	Base =	Total 754 %
Your building provider		75
You		17
Your architect/architectural designer/draughtsperson		4
Or did you hire an independent project manager?		1
Other		1
Don't know		1
Total		100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

Key differences in terms of who managed the build were as follows:

- ◆ New home buyers interviewed who had their house built by a home building company (94 percent) reported that the home building company was responsible for managing the project (compared with 57 percent of those who had their house built a local builder).
- ◆ In contrast, those who had their house built by a local builder were more likely to have managed the project themselves (31 percent, compared to two percent of those who had their house built by a home building company). It is unclear from the survey what this actually meant or involved, or the extent of project-management that actually occurred.

For more detailed results, please refer to Volume 2.



7.0 Changes to the build

Respondents were asked a series of questions about any changes they made to the original plans or design of the new house, and how this impacted the final cost of the build.

7.1 Extent and nature of the changes made

As shown in Table 27, more than one-half of survey respondents changed the original plan or design of the house to suit their needs (56 percent). For 39 percent, the change was made prior to the start of the build, while 17 percent made the change after the build had commenced.

Table 27: Changes to the original design or plans

Q24. Did you change the original design or plans for your house in any way to suit your needs?

	Base =	Total
		754
		%
Yes, changed the plans <u>before</u> the build started		39
Yes, changed the plans <u>after</u> the build had started		17
No, we did not change from the original plans		43
Don't know		1
Total		100

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ in terms of the extent to which they make changes to the original plans and design of their new house. For example, two-thirds (67 percent) of respondents who had their house built by a home building company changed the original plans or design of their house, compared with less than half (47 percent) of those who used a local builder.

The following groups of respondents were more likely to have made changes to the original plans or design of their house before the build started:

- ◆ New home buyers interviewed who had their house built by a home building company (53 percent).
- ◆ Those with an initial budget of \$400,000 or less (46 percent).
- ◆ Those with a final cost of \$400,000 or less (46 percent).
- ◆ Those with a household income of less than \$70,000 (45 percent).



In contrast, the following groups were more likely to have changed the original plans or design of their house after the building had commenced:

- ◆ New home buyers interviewed with a household income of more than \$125,000 (27 percent).
- ◆ Those with a final cost of \$600,001 or more (26 percent).
- ◆ Those with an initial budget of \$600,001 or more (24 percent).
- ◆ Those who had their house built by a local builder (21 percent).

For more detailed results, please refer to Volume 2.

When asked about the nature of the changes made, most (80 percent) reported changing the design of the house, while 31 percent changed the size of the house, or the building materials used (15 percent) (Table 28).

Table 28: Nature of the changes

Q25. When you say you changed your plans, did you...?

	Base =	Total 424* %
Change the design		80
Change the size of your new house		31
Change the building materials		15
Other		4
Don't know		0

The base numbers shown are unweighted counts.
Total may exceed 100% because of multiple response.
*Sub-sample based on those who changed their plans or original design of the house.

New home buyers differ in terms of the nature of the changes made to the original plan or design of their new house. For example, the following groups of respondents were more likely to have changed the size of their new house:

- ◆ New home buyers interviewed with a final cost of between \$400,001 and \$600,000 (39 percent).
- ◆ Those with an initial budget of between \$400,001 and \$600,000 (38 percent).
- ◆ Those who had their house built by a home building company (36 percent).

In contrast, younger respondents (less than 45 years of age) were more likely to have changed the building materials (24 percent).

Respondents did not differ in the extent to which they changed the design of their new house.

For more detailed results, please refer to Volume 2.



7.2 Reasons why changes were made

As shown in Table 29, the most common reasons why changes were made to the original plans or design of the new house were as follows:

- ◆ For aesthetic purposes/improve the look of the house (56 percent).

Environmentally conscious choice of cladding and lighting which were a variation from the standard specifications.

Once the construction of the house began, I saw things that I wanted to fine tune. No major alterations.

- ◆ To increase the size of the house (23 percent).

Included a basement area for additional room which meant changing the foundation design and materials to enable this.

We wanted another garage.

- ◆ Rearranged the layout of the house to suit our needs (18 percent).

More practical layout of bathrooms.

We changed the layout of the kitchen/dining lounge to suit the section and make the most of the sun. We also made the bedrooms slightly larger to give more room.

Table 29: Reason for why changes were made to the original plan or design

Q26. And what were the main reasons you decided to make changes to the original design or plans?

	Total
Base =	424*
	%
For aesthetic purposes/improve the look of the house	56
To increase the size of the house	23
Rearranged the layout of the house to suit our needs	18
To reduce costs	13
Change was required to meet building/council regulations	9
Other	7
Don't know	0

The base numbers shown are unweighted counts.

Total may exceed 100% because of multiple response.

*Sub-sample based on those who changed their plans or original design of the house.

New home buyers differ in terms of the extent to which they give these reasons for changing the original plans or design of their new house. For example, respondents who had their house built by a home building company were more likely to have changed the plans or design of their house for aesthetic purposes (61 percent). In contrast, respondents with a final cost of more than \$600,000 were more likely to have changed the plans to meet building/council regulations (12 percent).



For more detailed results, please refer to Volume 2.

7.3 The impact of changes made

Survey respondents who changed the original plans or design of their new house were asked how the change impacted the final cost of the build. Just over half (56 percent) reported the changes increased the cost of the build, while 13 percent reported a decrease. Just under one-third (30 percent) said the changes had no impact on the final cost of the build (Table 30).

Table 30: Overall impact of the changes on the cost of the build

Q27. What was the overall impact of these changes on the cost of your build? Did they...?

	Total
Base =	424*
	%
Increase the costs	56
Decrease the costs	13
Or did they have no impact at all	30
Don't know	2
Total	100

The base numbers shown are unweighted counts.

Total may not sum to 100% due to rounding.

*Sub-sample based on those who changed their plans or original design of the house.

New home buyers differ in terms of how changes to the original plan or design of their new house impact the final cost of the build. For example, respondents who had their new house built by a home building company were more likely to report that the changes increased the cost of the build (67 percent).

In contrast, the following groups of respondents were more likely to report the changes decreased the cost of the build:

- ◆ New home buyers interviewed who had their house built a local builder (17 percent).
- ◆ Those on a household income of less than \$70,000, or between \$70,000 and \$125,000 (15 percent and 15 percent respectively).

For more detailed results, please refer to Volume 2.



7.4 Unexpected costs

In addition to changes made to the original plan or design of the new house, survey respondents were asked if anything else happened during the build that increased the costs from what they had originally expected to pay (Table 31). While 40 percent did not experience any unexpected costs, 58 percent did. These were most commonly attributed to the following aspects of the build:

- ◆ Increased cost of building materials (24 percent).
- ◆ Increased compliance costs (19 percent).
- ◆ Increased costs associated with clearing the section/general groundwork (10 percent).

Table 31: Unexpected costs

Q28. Did anything else happen during the building of your house that increased the costs from what you had originally expected to pay? In terms of which aspects of the build did the costs increase?

Base =	Total 754 %
Increased cost of building materials	24
Increased compliance costs	19
Increased costs associated with clearing the section/general groundwork	10
Increased labour costs	9
Increased cost of fittings/appliances	7
Other	8
No, there were no unexpected costs involved	40
Don't know	2

The base numbers shown are unweighted counts.
Total may exceed 100% because of multiple response.

New home buyers differ in terms of the extent to which they report experiencing unexpected costs. For example, the following groups of respondents were more likely to have reported unexpected costs:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (72 percent).
- ◆ Those with a final cost of \$600,001 or more (69 percent).
- ◆ Those younger than 45 years of age (66 percent).
- ◆ Those with a household income of more than \$125,000 (65 percent).



More specifically, the following groups of respondents were more likely to identify increased compliance costs:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (27 percent).
- ◆ Those with a final cost of \$600,001 or more (27 percent).
- ◆ Those with a household income of \$125,000 or more (23 percent).
- ◆ Those who had their house built by a local builder (22 percent).

Respondents who experienced increased labour costs were more likely to have had their house built by a local builder (11 percent).

Respondents did not differ in the extent to which they identified unexpected costs associated with clearing the section and general groundwork.

For more detailed results, please refer to Volume 2.



8.0 Budget/costs

Respondents were asked a series of questions about the financial aspect of the build, including the initial budget, the final cost of the house and section, and how they funded the build.

8.1 Initial budget

Almost all survey respondents (94 percent) reported having a budget they were working towards when they first started to plan and design their house. Twenty-two percent stated this was up to and including \$400,000, while for 39 percent it was between \$400,001 and \$600,000. One-third (33 percent) had an initial budget of \$600,001 or more (Table 32). The average budget for respondents was \$520,000.

Table 32: Initial budget

Q20. Did you have a budget that you were working towards when you first started planning and designing your house?

	Base =	Total 754 %
Up to and including \$400,000		22
Between \$400,001 and \$600,000		39
\$600,001 or more		33
No budget		5
Don't know		1
Total		100
Average original budget		\$520,000

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ with regard to the size of their initial budget. For example, the following groups of respondents were more likely to have had an initial budget of less than \$400,000:

- ◆ New home buyers interviewed with a final cost of \$400,000 or less (63 percent).
- ◆ Those with a household income of less than \$70,000, or between \$70,000 and \$125,000 (30 percent and 26 percent respectively).

In contrast, others were more likely to have had an initial budget of \$600,001 or more:

- ◆ New home buyers interviewed with a final cost of \$600,001 or more (77 percent).
- ◆ Those with a household income of \$125,000 or more (52 percent).
- ◆ Those who had their house built by a local builder (38 percent).



For more detailed results, please refer to Volume 2.

8.2 Final cost

Final cost of the build (excluding the cost of the section)

The final cost of the build of the new house (excluding the cost of the section) was \$300,000 or less for 22 percent of survey respondents, between \$300,001 and \$400,000 for one quarter (27 percent), and between \$400,001 and \$600,000 for 28 percent. The final cost of the build (excluding the cost of the section) was \$601,000 or more for 16 percent of respondents (Table 33). The average reported cost of the build (excluding the cost of the section) was \$410,000.

Table 33: Final cost of building the new house (excluding the cost of the section)

Q29. What was the final cost of building your new house? Please don't include the cost of any fittings or appliances, or the cost of the section.

	Total
Base =	754
	%
Up to and including \$300,000	22
Between \$300,001 and \$400,000	27
Between \$400,001 and \$600,000	28
\$600,001 or more	16
Don't know	7
Total	100
Average final cost of the build	\$410,000

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

Cost of the section

When asked about the cost of the section, one-half (49 percent) reported a cost of \$200,000 or less. Nineteen percent spent between \$200,001 and \$300,000 on their section, and 21 percent \$300,001 or more (Table 34).

Table 34: Cost of the section

Q30. And how much did the section cost?

	Total
Base =	754
	%
Up to and including \$200,000	49
Between \$200,001 and \$300,000	19
\$300,001 or more	21
Don't know	11
Total	100
Average section price	\$210,000

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.



Final overall cost of the build including the cost of the section

As shown in Table 35, the final overall cost of the build (including the cost of the section) was \$400,000 or less for 20 percent of survey respondents, between \$400,001 and \$600,000 for 31 percent and \$600,001 or more for 34 percent.

The average amount spent on the build (including the cost of the section) was \$530,000.

Table 35: Final cost of the build (including the section price)

Q29. What was the final cost of building your new house? Please don't include the cost of any fittings or appliances, or the cost of the section.

Q30. And how much did the section cost?

	Base =	Total
		754
		%
Up to and including \$400,000		20
Between \$400,001 and \$600,000		31
\$600,001 or more		34
Don't know		14
Total		100
Average final overall cost		\$530,000

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ in terms of the final overall cost of their build (including the cost of the section). For example, the following groups of respondents were more likely to report that the final cost of the build (including the cost of the section) was \$400,000 or less:

- ◆ New home buyers interviewed with an initial budget of \$400,000 or less (58 percent).
- ◆ Those with a household income of less than \$70,000, or between \$70,000 and \$125,000 (31 percent and 24 percent respectively).
- ◆ Those who had their house built by a home building company (25 percent).

In contrast, others were more likely to put the final cost of the build (including the cost of the section) at \$600,001 or more:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (80 percent).
- ◆ Those with a household income of more than \$125,000 (59 percent).
- ◆ Those who had their house built by a local builder (42 percent).

For more detailed results, please refer to Volume 2.



House size

When asked about the approximate size of their new house, one-half (52 percent) gave an estimate of between 200 to 300 square metres, while one-quarter reported that it was 200 square metres or less (26 percent), and 19 percent 301 square metres or more (Table 36). The average estimated size of the new house was 240 square metres.

Table 36: Approximate size of the house by the final overall cost of the house

Q37. What is the approximate size of your house, including any garages, in square metres?

	Total	Final overall cost			
		Up to and including \$400,000	Between \$400,001 and \$600,000	\$600,001 or more	Don't know
Base =	754	163	239	242	107
<u>Approximate house size</u>	%	%	%	%	%
Up to and including 200 sq. metres	26	61	22	9	25
Between 201 and 300 sq. metres	52	32	70	49	51
301 sq. metres or more	19	5	6	40	15
Don't know	3	2	2	2	9
Total	100	100	100	100	100
Average house size	240 sq. metres	190 sq. metres	230 sq. metres	280 sq. metres	NA

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ in terms of the size of the house they build. For example, the following groups of respondents were more likely to have purchased a new house that was less than 200 square metres:

- ◆ New home buyers interviewed with a final cost of \$400,000 or less (61 percent).
- ◆ Those with an initial budget of \$400,000 or less (56 percent).
- ◆ Those with a household income of less than \$70,000 (38 percent).
- ◆ Those aged 65 plus (34 percent).
- ◆ Those who had their house built by a home building company (30 percent).

In contrast, others were more likely to have purchased a new house that was 301 square metres or larger:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (41 percent).
- ◆ Those with a final cost of \$600,001 or more (40 percent).
- ◆ Those with a household income of more than \$125,000 (33 percent).
- ◆ Those who had their house built by a local builder (26 percent).



- ◆ Those younger than 65 years (20 percent of those younger than 45 years, and 22 percent of those aged 45 to 54, and 55 to 64).

For more detailed results, please refer to Volume 2.

Section size

When asked about the size of the section, one-half (52 percent) placed it at 701 square metres or more. Twenty-one percent described their section as being between 551 and 700 square metres, while 17 percent reported that their section was 550 square metres or less in size (Table 37). The average estimated section size was 690 square metres.

Table 37: Approximate size of the section

Q38. Again in square metres, what is the size of the section your house is on?

	Base =	Total 754 %
Up to and including 550 sq. metres		17
Between 551 and 700 sq. metres		21
701 sq. metres or more		52
Other		6
Don't know		4
Total		100
Average section size		690 sq. metres

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers also differ in terms of the size of the section their new house is built on. For example, the following groups of respondents were more likely to have purchased a section 550 square metres or less:

- ◆ New home buyers interviewed with a final cost of \$400,000 or less (27 percent).
- ◆ Those with an initial budget of \$400,000 or less (26 percent).
- ◆ Those with a household income of less than \$70,000 (23 percent).

In contrast, others were more likely to have purchased a section 701 square metres or more:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (63 percent).
- ◆ Those with a final cost of \$600,001 or more (60 percent).
- ◆ Those with a household income of more than \$125,000 (59 percent).
- ◆ Those who had their house built by a local builder (56 percent).



- ◆ Those under 65 years of age (54 percent of those younger than 45 years, 57 percent of those aged 45 to 54, and 53 percent of those aged 55 to 64).

For more detailed results, please refer to Volume 2.

8.3 Original budget versus final cost

As shown in Table 38 below, the final overall cost of survey respondents' new homes generally reflected their original budgets; although 21 percent of those whose initial budget was up to and including \$400,000 did go over budget, as did 15 percent of those whose initial budget was between \$400,001 and \$600,000 and 45 percent of those whose initial budget was \$600,001 or more. The average budget over-run was 22 percent.

However, 18 percent of those whose initial budget was between \$400,001 and \$600,000 and 12 percent of those whose initial budget was \$600,001 or more reported that the final cost of their build was under budget.

Table 38: Final cost of the build (including the section price) by the original budget

Q29. What was the final cost of building your new house? Please don't include the cost of any fittings or appliances, or the cost of the section.

Q30. And how much did the section cost?

	Total	Original budget			No budget
		Up to and including \$400,000	Between \$400,001 and \$600,000	\$600,001 or more	
Base =	754	175	301	232	39
Final overall cost	%	%	%	%	%
Up to and including \$400,00	20	58	18	0	12
Between \$400,001 and \$600,000	31	18	53	12	35
\$600,001 or more	34	3	15	80	29
Don't know	14	21	14	7	22
Refused	0	0	0	1	2
Total	100	100	100	100	100
Average final overall cost	\$530,000	\$360,000	\$490,000	\$670,000	NA
Percentage over-running initial budget	22	21	15	45	NA

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

The following groups of respondents were more likely to have gone over budget:

- ◆ New home buyers interviewed with an original budget of \$400,000 or less (21 percent).

For more detailed results, please refer to Volume 2.



8.4 How did respondents fund the cost of purchasing a new house?

Borrowings

As shown in Table 39, 60 percent of survey respondents reported having to borrow money to purchase their new house, while 39 percent did not.

Younger respondents were more likely to have borrowed money to fund the purchase of their new house. Almost all of those aged 45 years or younger (90 percent), or 45 to 54 years (85 percent), reported borrowing money, compared with less than half of those aged 55 to 64 (46 percent) and 65 plus (23 percent).

For more detailed results, please refer to Volume 2.

Table 39: Proportion of those who borrowed money by age

Q31. Did you have to borrow any money to get your new house built?

	Age				
	Total	Up to 44	45-54	55-64	65 years and over
Base =	754	170	192	182	207
	%	%	%	%	%
Yes	60	90	85	46	23
No	39	7	14	52	76
Don't know	0	1	0	0	0
Total	100	100	100	100	100

The base numbers shown are unweighted counts.

Total may not sum to 100% due to rounding.

**Caution: low base number of respondents - results are indicative only.

Almost all of those who borrowed money (97 percent) did so through a bank or financial institution. Seven percent borrowed money from family members (Table 40).

Respondents younger than 45 years of age (12 percent) and those aged 65 plus (11 percent) were more likely to have borrowed money from family members than those aged 45 to 54 (three percent) or 55 to 64 (four percent).

For more detailed results, please refer to Volume 2.



Table 40: Where money was borrowed from

Q32. Did you borrow the money from...

	Total
Base =	447*
	%
A bank or financial institution	97
From family members	7
Or through a family trust	2
Other	1
Don't know	0

The base numbers shown are unweighted counts.
Total may exceed 100% because of multiple response.
*Sub-sample based on those who borrowed money to build their new house.

As shown in Table 41, one-third (34 percent) of those who borrowed money reported borrowing up to \$200,000, 38 percent borrowed between \$200,001 and \$400,000, and 23 percent \$400,001 or more. The average amount borrowed was \$280,000.

Table 41: Amount of money borrowed by final overall cost

Q33. In which of these bands did the total amount you borrowed come into?

	Sub-sample	Final overall cost			
		Up to and including \$400,000	Between \$400,001 and \$600,000	\$600,001 or more	Don't know
Base =	447*	106	140	148	53
<u>Money borrowed</u>	%	%	%	%	%
Up to and including \$200,000	34	56	41	16	32
Between \$200,001 and \$400,000	38	41	38	32	47
\$400,001 or more	23	3	16	46	8
Don't know	1	0	1	1	4
Refused	5	1	5	5	9
Total	100	100	100	100	100
Average amount borrowed	\$280,000	\$220,000	\$260,000	\$350,000	NA

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.
*Sub-sample based on those who borrowed money to build their new house.

New home buyers differ in terms of the amount of money they borrow to fund the build of their house. For example, the following groups of respondents were more likely to have borrowed up to \$200,000:

- ◆ New home buyers interviewed with a household income of less than \$70,000 (64 percent).
- ◆ Those with a final cost of \$400,000 or less (56 percent).
- ◆ Older respondents (50 percent of those aged 55 to 64, and 59 percent of those aged 65 plus).
- ◆ Those with an initial budget of \$400,000 or less (49 percent).



In contrast, others were more likely to have borrowed \$400,001 or more:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (47 percent).
- ◆ Those with a final cost of \$600,001 or more (46 percent).
- ◆ Those with a household income of more than \$125,000 (39 percent).
- ◆ Those younger than 45 years of age (30 percent).

For more detailed results, please refer to Volume 2.

Savings

After determining the amount of money that was borrowed to fund the build of the house, survey respondents were then asked about how much money they had already saved to put towards the cost of their new house. As shown in Table 42, 21 percent had savings of less than \$150,000, 18 percent between \$150,000 and \$400,000, while 21 percent had savings of more than \$400,000. The average amount of savings was \$275,000.

Forty-percent of respondents did not specify a specific amount of savings. Comments received in this regard suggest that for many of these respondents the deposit for their new house was obtained through the sale of their previous house, or an inheritance (as opposed to 'savings').

Table 42: Amount of money saved by final overall cost

Q34. Not including any borrowings, what amount of money did you have saved to put into your new house and section?

	Total	Final overall cost			
		Up to and including \$400,000	Between \$400,001 and \$600,000	\$600,001 or more	Don't know
Base =	754	163	239	242	107
<u>Money saved</u>	%	%	%	%	%
Less than \$150,000	21	36	20	12	20
Between \$150,000 and \$400,000	18	20	24	14	14
More than \$400,000	21	8	16	36	13
Did not specify	40	36	40	37	52
Total	100	100	100	100	100
Average amount saved	\$275,000	\$200,000	\$260,000	\$340,000	NA

The base numbers shown are unweighted counts.
Total may not sum to 100% due to rounding.

New home buyers differ in terms of the amount of money they have saved to put towards the cost of their new house and section. For example, the following groups of respondents were more likely to have savings of less than \$150,000:

- ◆ New home buyers interviewed younger than 45 years of age (41 percent).
- ◆ Those with an initial budget of \$400,000 or less (35 percent).



- ◆ Those with a final cost of \$400,000 or less (36 percent).
- ◆ Those with a household income between \$70,000 and \$125,000 (32 percent).
- ◆ Those who had their house built by a home building company (24 percent).

In contrast, others were more likely to have savings of more than \$400,000:

- ◆ New home buyers interviewed with an initial budget of \$600,001 or more (37 percent).
- ◆ Those with a final cost of \$600,001 or more (36 percent).
- ◆ Older respondents (25 percent of those aged 55 to 64 and 22 percent of those aged 65 plus).
- ◆ Those who had their house built by a local builder (24 percent).

For more detailed results, please refer to Volume 2.

After establishing the amount of money saved, respondents were asked how long it had taken for them to save the specified amount. As shown in Table 43, 19 percent reported having saved for up to 4 years, 25 percent saved for 5 to 10 years, and 26 percent for 10 years or more. The average time required to save the specified amount was 8 years.

Respondents with savings of less than \$125,000 were more likely to report having saved this amount in up to 4 years (70 percent). In contrast, 58 percent of those with more than \$400,000 in savings had taken 10 years or more accumulating those funds.

For more detailed results, please refer to Volume 2.

Table 43: Time taken to save

Q35. How long would you say it took to save this money?

	Total
Base =	448*
	%
Up to 4 years	19
5 - 10 years	25
10 years or more	26
Not applicable	19
Don't know	9
Total	100
Average time taken to save	8 years

The base numbers shown are unweighted counts.

Total may not sum to 100% due to rounding.

*Sub-sample based on those who specified an amount of savings.



Appendix A: Questionnaire

BUYERS OF NEW HOUSES – Cati version

Research New Zealand #4447

DATE February 2013

Good morning/afternoon/evening, could I please speak to [name]?

If person responsible not available: When would be the best time for us to contact them? **Make appointment.**

Reintroduce as necessary:

Good morning/afternoon/evening, my name is **AI** from Research New Zealand. We are conducting research on behalf of the Ministry of Business, Innovation & Employment, formerly the Department of Building and Housing, with people who have recently bought or built a brand new house. You may recall receiving a letter about this recently.

Were you the person who was personally or jointly responsible for building or buying this new house?

If no: Thank and ask if you can speak to the person in their household who was, and re-contact this person

If yes: Confirm participation:

The survey takes about 15 minutes, would you be interested in taking part?

Thank you. Is now a good time?

If no: When would be a more convenient time? **Make appointment.**

Background information only if needed:

- ◆ This is genuine research. I'm not selling anything.
- ◆ The purpose of the survey is to learn about the people who build new houses, the factors they take into account when deciding what to build and their experience of building the new house.
- ◆ The survey has been commissioned by the Ministry of Business, Innovation & Employment a newly created Government entity that now carries out the functions of the Building and Housing Department, Department of Labour, the Ministry of Economic Development and the Ministry of Science and innovation.
- ◆ Information provided is confidential. We report summary results based on groups of people; we do not identify which individuals have said what.
- ◆ You have been identified from your council's public records as someone who has recently completed a residential building project.
- ◆ Your participation will help the Ministry of Business, Innovation & Employment understand about the people who build new houses, the factors they take into account when deciding what to build and their experience of building the new house.

Read This interview will be recorded for quality control and training purposes.

Locations:

- 1 AUCKLAND
- 2 HAMILTON
- 3 WELLINGTON
- 4 DUNEDIN

Q1 CODE RESPONDENT'S GENDER – DO NOT READ THIS QUESTION

- 1Male
- 2Female

QUALIFICATION

Q2 Thinking about your brand new house, did you do the building work yourself, or did you get someone else in to do it for you?

- 1 Did it myself **terminate**
- 2 Someone else did it

TERMINATION STATEMENT: THANK YOU FOR YOUR TIME, BUT I NEED TO INTERVIEW PEOPLE WHO CONTRACTED OTHERS TO DO THE WORK FOR THEM.

Q3 Did you have this new house built for yourself, or as an investment property?

- 1 For my/ourselves
- 2 As an investment property **terminate**

TERMINATION STATEMENT: THANK YOU FOR YOUR TIME, BUT THE PEOPLE I NEED TO INTERVIEW FOR THIS SURVEY ARE PEOPLE WHO HAVE BUILT A NEW HOUSE FOR THEMSELVES.

Q4 Is this the first house, new or old, you have owned?

- 1 Yes
- 2 Owned by family trust
- 3 No

Q5 **If 3 coded in Q4 ask, otherwise go to Q6** How many other houses have you owned before this one, if any?

- 11
- 22
- 33 to 5
- 4More than 5
- 5None (this was my first)
- 98 ...Don't know

Q6 Can you tell me if your new house has been built and you are in the house?

- 1.... Yes, built and in house
- 2Yes, built, but not in house
- 3Build is still underway **terminate**
- 4Build has not started yet **terminate**
- 98 ...Don't know **terminate**

TERMINATION STATEMENT: THANK YOU FOR YOUR TIME, BUT FOR THIS SURVEY I NEED TO INTERVIEW THOSE WHOSE HOUSE HAS BEEN BUILT

WHO WAS RESPONSIBLE FOR DESIGNING AND BUILDING THE HOUSE

Q7 Thinking now about the **design and the plans** for your new house, did you have the design and plans prepared by ... **Read**

- 1an architect
- 2an architectural designer or draughtsperson
- 3did you choose from a set of standard plans from a home building company like GJ Gardner or Jennian Homes, for example
- 4or were the plans prepared by a local builder
- 96 ...Other **Specify **Do not read****
- 98 ...Don't know ****Do not read****

Q8 From the time the plans were commissioned, about how long did it take to **finalise** the plans before building started? Was it ... **Read**

- 1up to four weeks
- 22-3 months
- 34-5 months
- 46-9 months
- 5or longer **specify**
- 98 ...Don't know *****DO NOT READ *****

Q9 **If Q7=4, go to Q10** Was the house **built** by a ... **Read**

- 1home building company (i.e. GJ Gardner, Jennian Homes, etc.)
- 2or a local builder
- 96 ...Other (**specify**) *****DO NOT READ*****
- 98 ...Don't know *****DO NOT READ *****

Q10 How did you find this [**building company/local builder**]? Did you ... **Read. Code many**

- 1respond to their advertising
- 2visit one of their show homes
- 3find them via a builders' organisation
- 4or were they recommended by your [architect/architectural designer/draughtsperson]
- 5or a friend or family member
- 6Or had you used them before
- 96 ...Other *****DO NOT READ*** (specify)**
- 98 ...Don't know *****DO NOT READ *****

Q11 Was the builder or building firm you selected a member of ... **Read**

- 1The Registered Master Builders
- 2or The Certified Builders Association of New Zealand?
- 3None of the above *****DO NOT READ*****
- 98 ...Don't know *****DO NOT READ*****

Q12 And are they a licensed building practitioner, under the Scheme run by the Ministry of Business, Innovation and Building, Building and Employment?

- 1Yes
- 2No
- 98 ...Don't know

Q13 Once the building was **underway**, who was responsible for **managing** the project? Was it ... **Read**

- 1you
- 2your [architect/architectural designer/draughtsperson]
- 3your [builder/building firm]
- 4or did you hire an independent project manager
- 96 ...Other *****DO NOT READ*** (specify)**
- 98 ...Don't know *****DO NOT READ *****

DECISION-MAKING

Q14 The next few questions are about the things you took into account when you were planning the type of new house you wanted to build. First of all, can you tell me why you decided to buy or build a brand new house (as opposed to buying an older house that was already built)?

1Answer **Specify**
98 ...Don't know

Q15 Once you had decided to buy or build a brand new house, how much thought did you give to each of the following factors? As I read each one out, can you tell me if you gave it 'a lot' of thought, 'some' or none at all? **RD Read**

	None at all	Some thought	A lot of thought	Don't know
The suburb or town you were going to build your new house	1	2	3	98
How much it was going to cost to build your new house	1	2	3	98
Where you would get finance from	1	2	3	98
Where or how on the section your new house would be positioned	1	2	3	98
The exterior design or style of the house	1	2	3	98
The materials you would build the house from	1	2	3	98
Insulation	1	2	3	98
How eco-friendly it would be	1	2	3	98
The <u>interior</u> design or style of the house	1	2	3	98
The size of the house	1	2	3	98
The size and layout of rooms	1	2	3	98
The number of rooms it would have	1	2	3	98

DECIDING WHERE THE HOUSE WAS GOING TO BE BUILT

Q16 What did you mainly take into account when deciding where you would build your new house? If necessary: By this I mean which region or area. **Code first mention, others mentioned**

- 1Availability of (suitable) section to build
- 2Cost of buying section in area
- 3The availability of skilled/experience labour in area to build house
- 4Proximity to schools/school zones
- 5Proximity to work
- 6Proximity to public transport
- 7Proximity to health services
- 8Proximity to social amenities (shops, sports facilities)
- 9Quality of the neighbourhood
- 10 ...Natural surroundings
- 96 ...Other (**specify**)
- 98 ...Don't know

Q17 **If more than one mentioned at Q16 ask:** And which one of these would you say was the **most** important?

- 1Availability of (suitable) section to build
- 2Cost of buying section in area
- 3The availability of skilled/experience labour in area to build house
- 4Proximity to schools/school zones
- 5Proximity to work
- 6Proximity to public transport
- 7Proximity to health services
- 8Proximity to social amenities (shops, sports facilities)
- 9Quality of the neighbourhood
- 10 ...Natural surroundings
- 96 ...Other (**specify**)
- 98 ...Don't know

Q18 Would you say the area in which your new house is built was your **first** choice of area?

- 1Yes
- 2No
- 98 ...Don't know

Q19 **if Q18=2 ask:** Can you tell me the main reasons why you ended up building your house somewhere else? **Code many**

- 1Availability of (suitable) section to build
- 2Cost of buying section in area
- 3The availability of skilled/experience labour in area to build house
- 4Proximity to schools/school zones
- 6Proximity to work
- 7Proximity to public transport
- 8Proximity to health services
- 9Proximity to social amenities (shops, sports facilities)
- 10 ...Quality of the neighbourhood
- 11 ...Natural surroundings
- 96 ...Other (**specify**)
- 98 ...Don't know

Q20 Did you have a budget that you were working towards when you first started planning and designing your house? **If yes:** In which of the following bands did that budget come into, **including** the cost of the section? **Read**

- 1Up to and including \$300,000
- 2Between \$300,001 and \$400,000
- 3Between \$400,001 and \$500,000
- 4Between \$500,001 and \$600,000
- 5Between \$600,001 and \$700,000
- 6Between \$700,001 and \$800,000
- 7Between \$800,001 and \$900,000
- 8Between \$900,001 and \$1 million
- 9Between \$1,000,001 and \$1.5 million
- 10 ...More than \$1.5 million
- 97 ...No budget *****DO NOT READ*****
- 98 ...Don't know *****DO NOT READ*****

Q21 And did you ... **Read**

- 1tender or get quotes for the building work
- 2or had you already decided who you wanted to do the building?
- 96 ...Other *****DO NOT READ*** (specify)**
- 98 ...Don't know *****DO NOT READ*****

Q22 Did your [builder/building firm] give you a **fixed quotation** for building your new house or an **estimate, based on the first set of plans you liked**? **If necessary:** The difference between a fixed quotation and an estimate is that with a quotation, the final price cannot be increased unless you agree, or you change the design.

- 1Fixed quotation
- 2Estimate
- 3Neither
- 98 ...Don't know

Q23 **Ask if 1-2 coded in Q22, otherwise go to Q24:** Was this quote provided in the form of ... **Read**

- 1a letter of agreement
- 2a legal contract
- 3or a verbal agreement?
- 96 ...Other **Specify ***DO NOT READ*****
- 98 ...Don't know/don't remember *****DO NOT READ*****

Q24 Did you **change** the original design or plans for your house in any way to suit your needs? **If yes, probe:** Was that before or after the building had started?

- 1Yes, changed the plans before the build started
- 2Yes, changed the plans after the build had started
- 3No, we did not change from the original plans
- 98 ...Don't know

Q25 **If 3 or 98 coded in Q24 go to Q28, else ask:** When you say you changed your plans, did you...
Read Code many

- 1change the size of your new house
- 2change the design
- 3change the building materials
- 96 ...Other *****DO NOT READ*** (specify)**
- 98 ...Don't know *****DO NOT READ *****

Q26 And what were the main reasons you decided to make changes to the original design or plans? **Code many**

- 1Aesthetics/to make it look better/personalise it
- 2Needed more room
- 3To reduce costs
- 4Change was required to meet building/council regulations
- 96 ...Other **Specify**
- 98 ...Don't know

Q27 What was the overall impact of these changes on the cost of your build? Did they...? **Read**

- 1Increase the costs
- 2Decrease the costs
- 3Or did they have no impact at all
- 98 ...Don't know ****Do not read****

Q28 Did anything else happen during the building of your house that increased the costs from what you had originally expected to pay? **If yes:** In terms of which aspects of the build did the costs increase? **Code many**

- 1Increased labour costs
- 2Increased compliance costs
- 3Increased cost of building materials
- 4Increased costs associated with clearing the section
- 96 ...Other **Specify**
- 97 ...No, there were no unexpected costs involved
- 98 ...Don't know

COST OF THE FINAL BUILD

Q29 What was the final cost of building your new house? Please don't include the cost of any fittings or appliances, or the cost of the section.

- 1Up to and including \$200,000
- 2Between \$200,001 and \$300,000
- 3Between \$300,001 and \$400,000
- 4Between \$400,001 and \$500,000
- 5Between \$500,001 and \$600,000
- 6Between \$600,001 and \$700,000
- 7Between \$700,001 and \$800,000
- 8Between \$800,001 and \$900,000
- 8Between \$900,001 and \$1 million
- 9Between \$1,000,001 and \$1.5 million
- 10 ...More than \$1.5 million
- 96 ...Other **Specify**
- 98 ...Don't know *****DO NOT READ*****

Q30 And how much did the section cost?

- 1Up to and including \$100,000
- 2Between \$100,001 and \$200,000
- 3Between \$200,001 and \$300,000
- 4Between \$300,001 and \$400,000
- 5Between \$400,001 and \$500,000
- 6Between \$500,001 and \$600,000
- 7Between \$600,001 and \$700,000
- 8Between \$700,001 and \$800,000
- 9Between \$800,001 and \$900,000
- 9Between \$900,001 and \$1 million
- 10 ...Between \$1,000,001 and \$1.5 million
- 11 ...More than \$1.5 million
- 98 ...Don't know

Q31 Did you have to borrow any money to get your new house built?

- 1Yes
- 2No
- 98 ...Don't know
- 99 ...Refused

Q32 **If Q31>1 go to Q34** Did you borrow the money from... **Read. Code many**

- 1A bank or financial institution
- 2from family members
- 3or through a family trust
- 96 ...Other **Specify **Do not read****
- 98 ...Don't know
- 99 ...Refused

Q33 **If Q31=1 ask:** In which of these bands did the total amount you borrowed come into? **Read**

- 1up to and including \$100,000
- 2between \$100,001 and \$200,000
- 3between \$200,001 and \$300,000
- 4between \$300,001 and \$400,000
- 5between \$400,001 and \$500,000
- 6More than \$500,000
- 98 ...Don't know ****Do not read****
- 99 ...Refused ****Do not read****

Q34 Not including any borrowings, what amount of money did you have saved to put into your new house and section?

- 1Under \$40,000
- 2\$40,000 but less than \$70,000
- 3\$70,000 but less than \$100,000
- 4\$100,000, but less than \$125,000
- 5\$125,000, but less than \$150,000
- 6\$150,000 or more **Specify**
- 97 ...None (zero deposit)
- 98 ...Don't know
- 99 ...Refused

Q35 **If Q34=97 go to Q36, else ask:** How long would you say it took to save this money?

- 1Less than one year
- 21-2 years
- 33-4 years
- 45-7 years
- 58-10 years
- 6More than 10 years **Specify**
- 98 ...Don't know

Q36 From the time the original plans were commissioned, about how long would you say it took to build your home?

- 1Up to 2 months
- 23 months
- 34 months
- 45 months
- 56 months
- 67 months
- 78 months
- 89 months
- 9More than 9 months **Specify**
- 98 ...Don't know *****DO NOT READ*****

Q37 About what is the approximate size of your house, including any garages, in square metres?

- 1up to and including 100 sq. metres
- 2between 100 and 150 sq. metres
- 3between 150 and 200 sq. metres
- 4between 200 and 250 sq. metres
- 5between 251 and 300 sq. metres
- 6between 301 and 350 sq. metres
- 7between 351 and 400 sq. metres
- 8between 401 and 450 sq. metres
- 9between 451 and 500 sq. metres
- 10 ...More than 500 sq. metres **specify**
- 98 ...Don't know

Q38 Again in square metres, what is the size of the section your house is on?

- 1up to and including 300 sq. metres
- 2between 301 and 350 sq. metres
- 3between 351 and 400 sq. metres
- 4between 401 and 450 sq. metres
- 5between 451 and 500 sq. metres
- 6between 501 and 550 sq. metres
- 7between 551 and 600 sq. metres
- 8between 601 and 650 sq. metres
- 9between 651 and 700 sq. metres
- 10 ...More than 700 sq. metres **specify**
- 96 ...Other *****DO NOT READ*** (specify)**
- 98 ...Don't know *****DO NOT READ *****

CONCLUSION

Q39 These last few questions are about you. First of all, can you tell me which of the following age groups you come into? **Read**

- 1Up to 24
- 325-34
- 435-44
- 545-54
- 655-64
- 765 years and over
- 99 ...Refused ****Do not read****

Q40 Which of these best describes your highest educational qualification? **READ**

- 1NCEA, School Certificate, or other secondary school qualification
- 2Polytechnic qualification or Trade Certificate, or
- 3Bachelors degree or higher
- 96 ...Other **Specify***DO NOT READ*****
- 97 ...None / No qualifications *****DO NOT READ*****
- 98 ...Don't know *****DO NOT READ*****

Q41 And which ethnic group do you belong to? **(IF NECESSARY: you can belong to more than one)**

CODE MANY

- 1New Zealand European (or Pakeha)
- 2Māori
- 3Pacific
- 4Asian
- 5Middle East/Latin American/African
- 96 ...Other ethnic group **(SPECIFY)**
- 99 ...Refused **E**

Q42 **If Q41=1 or 2 go to Q43** How long have you lived in New Zealand?

- 1Less than one year
- 21-2 years
- 33-4 years
- 45-7 years
- 58-10 years
- 6More than 10 years **Specify**
- 96 ...All of my life
- 98 ...Don't know

Q43 How many people in total, live in your household?

- 1One (including the respondent)
- 2Two
- 3Three
- 4Four
- 5Five
- 6Six
- 96 ...More than six (specify)
- 99 ...Refused

Q44 **If Q43=1 go to Q46** Are you married or living with a partner? **Note to interviewer:** This includes civil unions and defacto relationships)

- 1Yes
- 2No
- 99 ...Refused

Q45 **If Q43=2 and Q44=1 go to Q46** Are there are any children in your household under 16 years of age?

- 1Yes
- 2No
- 99 ...Refused

Q46 Which of these best describes your **[ask as appropriate, based on response to Q44: personal/household]** income before tax, for the last year? Please include any child support, benefits or other income support. **READ**

- 1Under \$40,000
- 2\$40,000 but less than \$70,000
- 3\$70,000 but less than \$100,000
- 4\$100,000, but less than \$125,000
- 5\$125,000, but less than \$150,000
- 6\$150,000 or more
- 98 ...Don't know *****DO NOT READ*****
- 99 ...Refused *****DO NOT READ*****

Q47 Do you have any other comments you'd like to make about the subject of this interview?

- 1Comments **(SPECIFY)**
- 2No

Q48 May I please confirm your first and last name in case my supervisor needs to check on the quality of this interview? **RECORD FIRST AND LAST NAME**

Q49 Thank you very much for your help. My name is **[Q0IV]** from Research New Zealand. If you have enquiries about this survey, please ring the Project Manager, Katrina Magill on our toll-free number: 0800 500 168. (Wellington respondents 499-3088)

Q99VER INTERVIEWER COMMENT "_[interviewer] – ARE THERE ANY ADDITIONAL COMMENTS/ISSUES THAT NEED TO BE NOTED?_"

Q99DEC INTERVIEWER DECLARATION "I certify that this is a true and accurate record of the interview conducted by me in full accordance with the Market Research Code of Practice."

- 1Yes] **SKIP TO END**
- 2No **SPECIFY**



Appendix B: Pre-notification letter

[Date]
[Name]
[Address 1]
[Address 2]

Dear [Name]

SURVEY OF PEOPLE WHO HAVE RECENTLY BUILT OR BOUGHT A BRAND NEW HOUSE

The Ministry of Business, Innovation and Employment (formerly the Department of Building of Housing) has asked an independent research company, Research New Zealand, to conduct a survey with people who have recently bought or built a brand new home.

As part of examining issues relating to housing affordability, the Ministry will use the results from this survey to develop a better understanding of who is building or buying new houses and what influences their purchasing decisions.

An interviewer from Research New Zealand may call you in the next week or so and ask to schedule a suitable time to conduct a confidential 10-15 minute telephone interview.

If you prefer, the survey can also be completed online now by typing the following address: <http://surveys.researchnz.com/MBIE/build> into the white address bar at the very top of your Internet screen and entering your login and password as listed below:

LOGIN:

PASSWORD:

You can also access the survey through www.researchnz.com, by going to 'current online surveys' and selecting 'New Home Survey'.

The interview will remain confidential to Research New Zealand who works in accordance with the Code of Practice of the Market Research Society of New Zealand (MRSNZ), and the Privacy Act 1993.

If you don't want to take part, please call Research New Zealand on 0800 273 732 and let them know (just quote the reference number at the bottom of your letter).

Yours sincerely

Adrian Regnault
General Manager Building Systems Performance
Infrastructure and Resource Markets
Ministry of Business, Innovation and Employment

RNZ Ref:



Appendix C: Significance testing

Testing for statistical significance

Pearson's chi-square test is used to assess two types of comparison: tests of goodness of fit and tests of independence. A test of goodness of fit establishes whether or not an observed frequency distribution differs from a theoretical distribution. A test of independence (as was used for this particular survey) assesses whether paired observations on two variables, expressed in a contingency table, are independent of each other – for example, whether those aged 65 plus differ in the extent to which they use a home building company compared with those under 65 years of age.

In testing for 'independence', an "observation" consists of the values of two outcomes and the null hypothesis is that the occurrence of these outcomes is statistically independent. Each observation is allocated to one cell of a two-dimensional array of cells (called a table) according to the values of the two outcomes. If there are r rows and c columns in the table, the "theoretical frequency" for a cell, given the hypothesis of independence, is

$$E_{i,j} = \frac{\sum_{k=1}^c O_{i,k} \sum_{k=1}^r O_{k,j}}{N},$$

and fitting the model of "independence" reduces the number of degrees of freedom by $p=r+c-1$. The value of the test-statistic is

$$X^2 = \sum_{i=1}^r \sum_{j=1}^c \frac{(O_{i,j} - E_{i,j})^2}{E_{i,j}}.$$

The number of degrees of freedom is equal to the number of cells rc , minus the reduction in degrees of freedom, p , which reduces to $(r-1)(c-1)$.

For the test of independence, a chi-square probability of less than or equal to 0.05 (or the chi-square statistic being at or larger than the 0.05 critical point) is commonly interpreted as justification for rejecting the null hypothesis that the row variable is unrelated (that is, only randomly related) to the column variable. The alternative hypothesis corresponds to the variables having an association or relationship where the structure of this relationship is not specified. This means that an observed difference is statistically significant.