Annual State of the Building and Construction Sector Surveys

Annual monitor 2022-2023

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Ministry of Business, Innovation and Employment (MBIE)
Hīkina Whakatutuki – Lifting to make successful
MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

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ONLINE: ISSN 2815-9934
MARCH 2024

Introduction

The construction sector is fast growing, both in New Zealand and globally. Climate change and new developments in construction materials, technology, and design approaches are changing the building landscape and regulatory environment. More workers, especially those equipped with skills to work with these new innovations, are required. Currently, it is unclear whether the industry is prepared for these changes.

Part of MBIE's overarching plan, the Building System Regulatory Strategy, the intention of the Building System Insights Programme (BSIP) is to use strategic research and evaluation to provide sector intelligence and insights to inform the implementation and effective delivery of the Strategy. Insight areas include sector trends; workforce projections; consent system evaluation and monitoring; pipeline projections; trends in the import supply chain for building products; and an annual monitor on the state of the sector (this project).

Survey Aim

- Provide the Building and Construction Minister and system leaders with an updated overview of the building and construction sector.
- Establish ongoing monitoring of the sector's maturity level.

Survey Purpose

- Assess the current state of the building and construction sector.
- Offer insights into the maturity level of the sector for continuous improvement.

Reporting

This report covers three target stakeholder groups:

- **Building/construction sector business owners**
- **Designers and building professionals**
- **End-users**

Perspectives of Building/Construction Sector Business Owners

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

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Highlights

- Whilst some labour market expansion is anticipated over the next 12 months, the recruitment environment is perceived to be challenging, especially finding qualified tradespeople.
- Mixed financial success over the last 12 months is reported, but there is cautious optimism for next two years. Most businesses will continue operating; two in five anticipate growth. However, less than half have more than four months of forward work on their books currently.
- High reported capability to deal with most current building trends, especially larger/smaller floor areas.
- Flood map checking is common; currently low use of other processes to enhance environmental sustainability.
- Assessment and improvement of operational efficiencies is currently driven by client demand - but poor access to good quality data and tools to do assessments is a barrier.
- Business owners call for MBIE to facilitate/co-ordinate more upskilling opportunities for tradespeople/apprentices, to reduce bureaucracy/rules and regulations, and assist with ensuring council staff are experienced, thereby enabling more efficient building consent application processing.

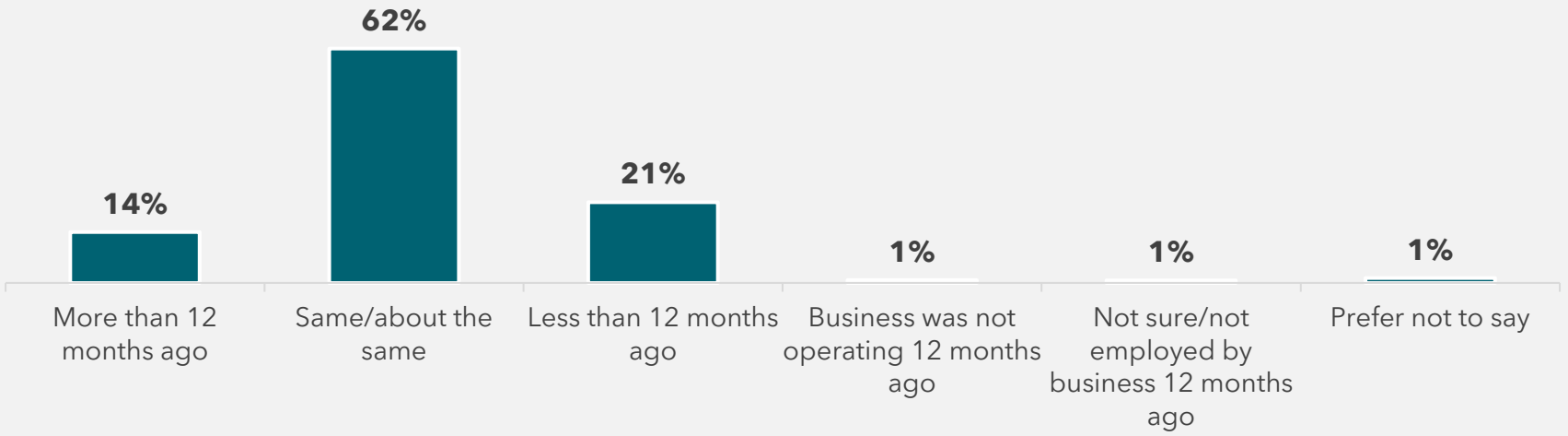
Data Collection

Respondent	Building/construction sector business owner or manager
Sample size	N=1,046 *(Maximum margin of error ± 3.0%)*
Sample sources	• Database of businesses with online presence • NZBN database • One Picture's online panel • Dynata's online panel
Weighting applied	By industry subcategory and business size
Sample profile	• 38% residential building construction • 22% building installation services • 19% building completion services • 9% land development site preparation services • 7% building structure services • 3% heavy, civil engineering construction • 2% non-residential building construction

Labour market is stable

The majority of building and construction businesses (62%) have similar employee numbers compared with 12 months ago. Net change from 2021/22 is slightly negative (14% employing more; 21% employing less) with net decline most notable for smaller businesses (-11% for businesses with one to nine employees), businesses located in Nelson/Marlborough (-16%) and non-residential building construction businesses (-17%). In contrast, net increases are evident for large businesses (20+ employees; +4%), those that have been operating for less than 12 months (+14%) and Gisborne (+16%) and Southland (24%)-based businesses.

Employee numbers compared with 12 months ago

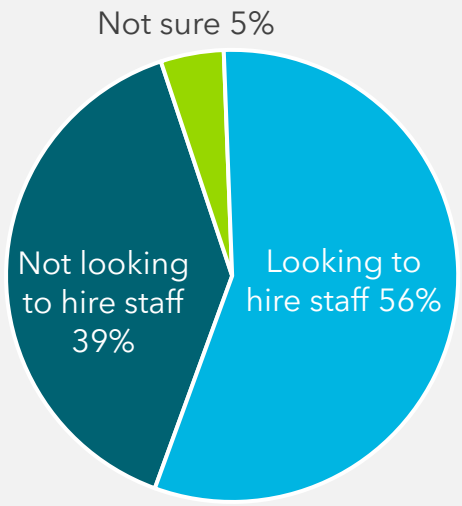


Current employee numbers	More than 12 months ago	Same/about the same	Less than 12 months ago	Business was not operating 12 months ago	Not sure/not employed by business 12 months ago	Prefer not to say
No employees *(n=189)*	0%	82%	9%	2%	2%	5%
One to five *(n=421)*	12%	64%	23%	0%	0%	1%
Six to nine *(n=139)*	19%	51%	30%	0%	0%	0%
Ten to nineteen *(n=141)*	28%	44%	27%	0%	1%	0%
Twenty or *more (n=145)*	26%	49%	22%	2%	1%	0%

Base: *n=1035 (All respondents)*

Some labour market expansion anticipated over next 12 months

Recruitment intentions for next 12 months



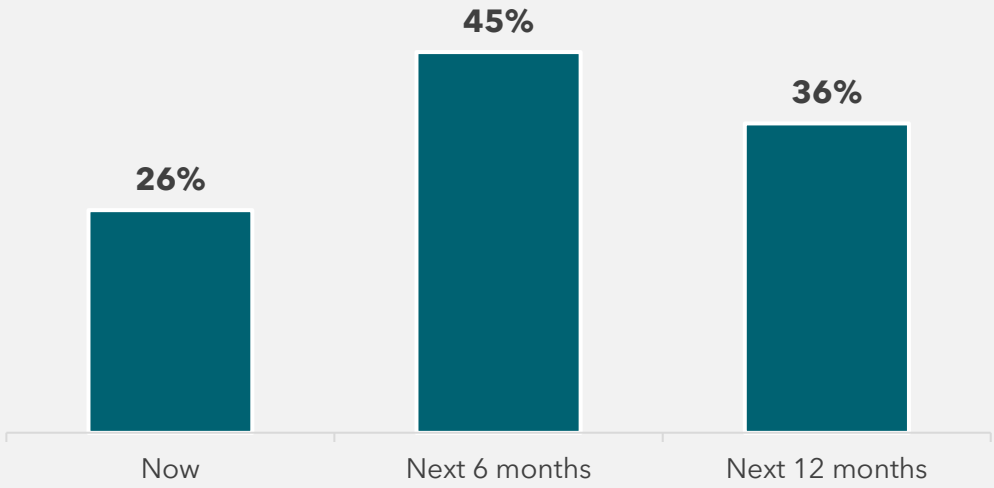
Industry sub-category	Looking to hire staff
Heavy and civil engineering construction	69%
Building structural services	62%
Building installation services	61%
Non-residential building construction	60%
Building completion services	57%
Residential building construction	53%
Land development, site preparation services	45%

Base: n=1035 (All respondents)

The building/construction sector labour market may expand over the coming 12 months with more than half (56%) of businesses expecting to look for new staff over this period. This share is highest for heavy and civil engineering construction businesses (69%), new businesses (operating for less than two years; 72%) and those located in Gisborne (81%) or Southland (78%). Eighty-four percent of the largest businesses (50+ employees) intend to hire staff in the next 12 months.

Among those businesses intending to hire staff, a quarter (26%) are currently looking for staff; just less than half (46%) will be looking for staff in the next six months.

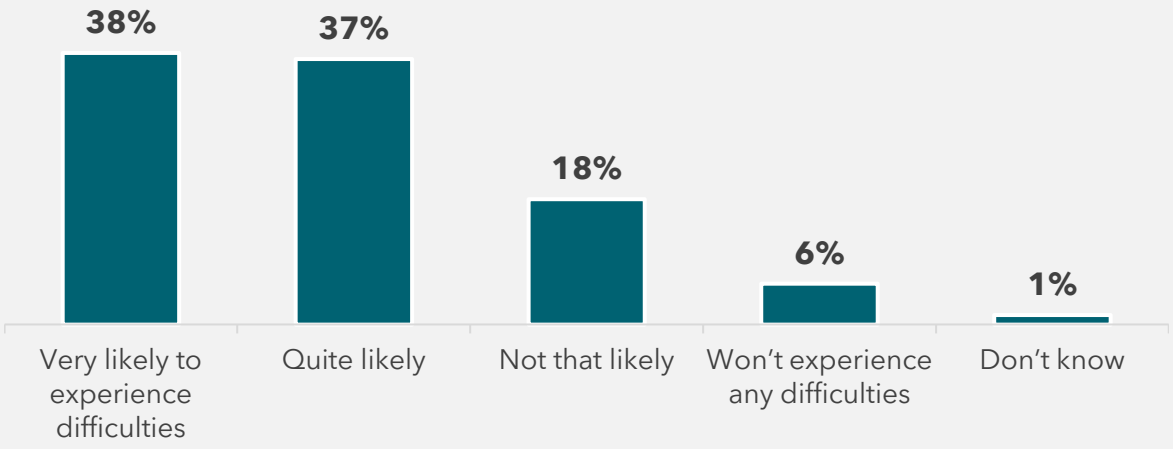
Anticipated recruitment time frame



Base: n=618 (Businesses intending to hire staff in the next 12 months)
Multiple responses to this question permitted

Challenging recruitment environment anticipated, especially for qualified tradespeople

Anticipated recruitment experience



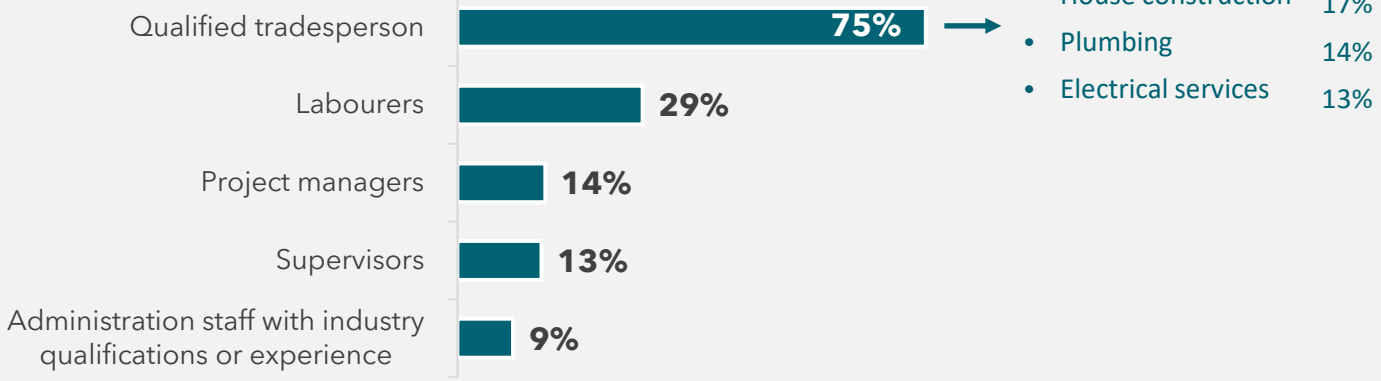
Base: n=618 (Business intending to hire staff in the next 12 months)

Three-quarters (75%) of businesses intending to hire staff in the next 12 months anticipate this will be difficult. This share is particularly high for non-residential building businesses (91%), those located in Marlborough (86%), Otago (85%) and Northland (84%) and businesses with 20-49 employees (84%).

Businesses anticipate that qualified tradespeople will be the most challenging to find.

Businesses most commonly anticipate dealing with the difficulties of finding suitable staff by using contractors/consultants and/or upskilling existing staff.

Top five roles facing recruitment challenges in the next 6-12 months



Base: n=584 (Business anticipating recruitment difficulties)

Likely actions to deal with recruitment difficulties

Use contractors/consultants	**47%**
Upskill existing staff	**41%**
Stop carrying out some activities	**32%**
Offer existing staff better pay/work conditions	**22%**
Employ migrant staff	**22%**
Ask existing staff to work longer hours	**21%**
Improve pay, conditions to attract new staff	**18%**

Base: n=618 (Business intending to hire staff in the next 12 months)

Mixed experiences of financial success over last 12 months

To what extent do you agree that, over the last 12 months, your business has been financially successful?

Significantly higher level of disagreement among **land development and site preparation businesses (53%)**

Significantly higher level of agreement among **large businesses (50+ employees; 65%)**

Total Disagree 38%

Total Agree 34%

KEY BARRIERS TO SUCCESS

(Of those who reported lack of financial success)

Costs were higher than expected	73%
Margins were lower	47%
Customers cancelled or delayed commencing planned work	46%
Low demand from clients	40%
Overall profitability was lower than expected	36%
Unexpected delays	33%
Materials shortages	32%

KEY REASONS FOR THIS SUCCESS

(Of those who reported financial success)

More demand from clients	46%
Customers wanted more work completed than projected	40%
The business more efficiently completed its work	40%
The business has highly skilled staff	33%
Overall profitability was better than expected	23%
Margins were higher	20%
Materials and other resources readily accessible	19%

Industry sub-category	TOTAL Agree
Building structural services	46%
Non-residential building construction	43%
Heavy and civil engineering construction	39%
Residential building construction	36%
Building installation services	32%
Building completion services	32%
Land development, site preparation services	23%

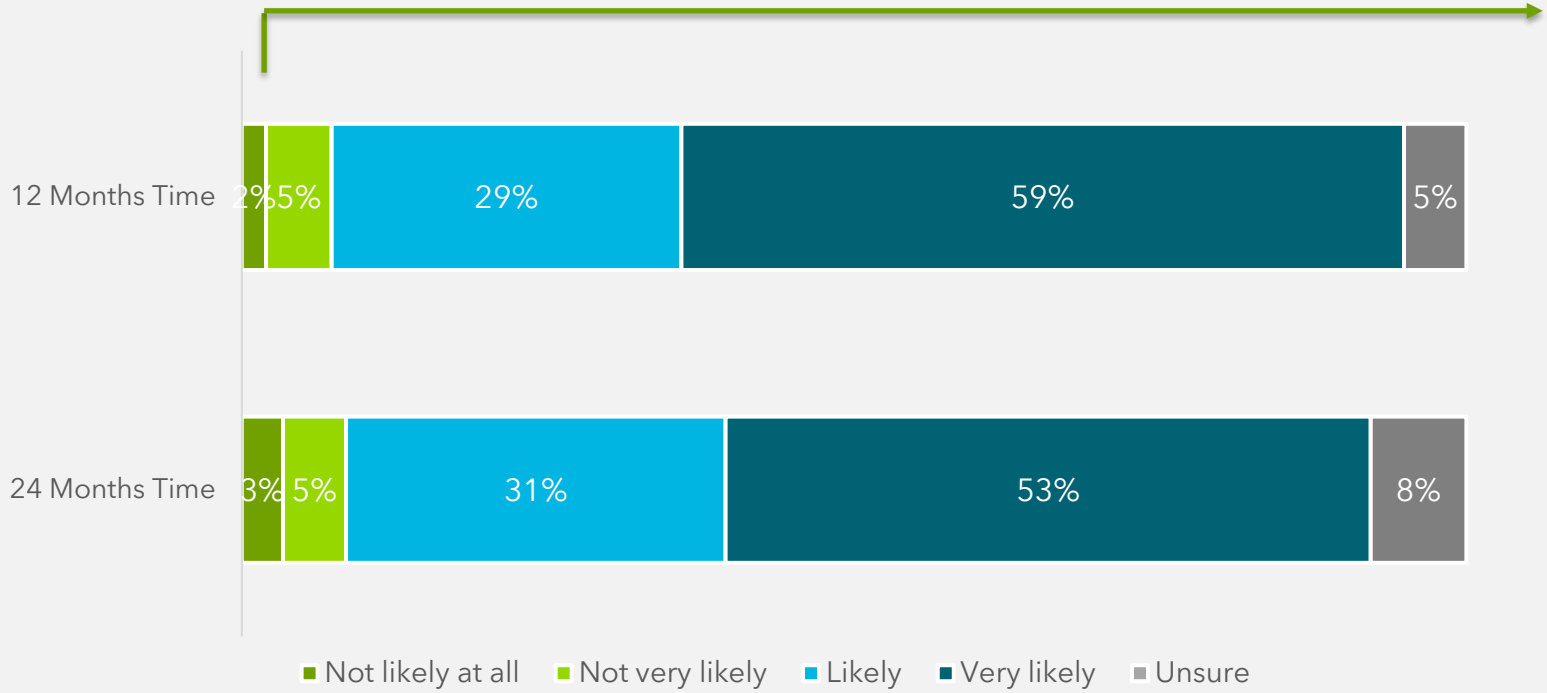
Base: *n=1035 (All respondents)*

Business resilience is high; most anticipating still operating in 24 months' time

The majority of building and construction sector businesses (88%) anticipate still operating in 12 months' time. Anticipated closures are highest among heavy and civil engineering construction businesses (16% unlikely to be operating in 12 months ' time) and those that have been operating for less than 12 months (14% anticipating closure). Among the 7% of all businesses unlikely to be operating, a quarter (28%) of closures will be due to personal circumstances of the owner/manager. A further quarter (24%) are attributed to a lack of work/demand.

Eighty-four percent of businesses anticipate still operating in 24 months' time, while 8% are unlikely to be operating. Eight percent of businesses are unsure, this lack of certainty highest among Northland and Southland businesses (17%), businesses operating for less than a year (15%) and land development and site preparation services businesses (13%).

Likelihood of future business operation



Key reasons for being unlikely to be operating in 12 months' time

Self made e.g. retiring, health reasons, leaving New Zealand	28%
Lack of work/demand	24%
Not enough income/money/increased business running costs	17%
Too much red tape/regulations	15%
Increased materials costs	10%

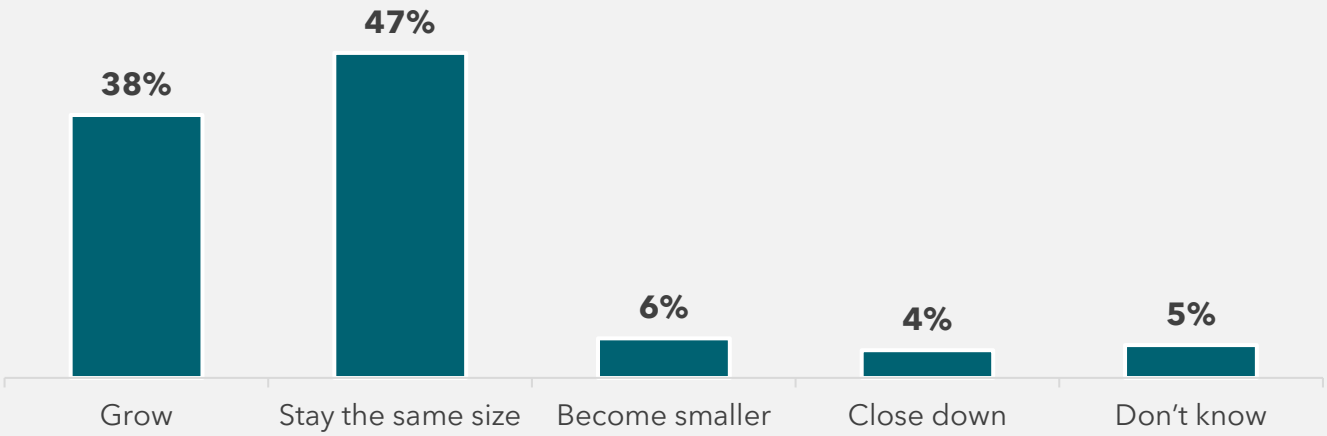
Base: *n=65 (Business unlikely to be operating in 12 months' time)*

Base: *n=1035 (All respondents)*

Business outlook is cautiously optimistic; net change is for growth

Building and construction businesses' outlook for the next 12 months is cautiously optimistic. Whilst 47% anticipate their business size will be unchanged, the net change between growth and decline is positive with 38% anticipating business growth compared with just 10% expecting a decline in business size (6%) or total closure (4%). Anticipation of growth is highest for the largest businesses (50+ employees; 61%), those located in Gisborne (61%) or the West Coast (58%), those that have been operating for less than two years (58%) and Māori businesses (58%).

Business intentions for next 12 months



Industry sub-category	Grow	Stay the same size	Become smaller	Close down	Don't know
Building installation services	41%	47%	5%	2%	6%
Building completion services	41%	44%	6%	5%	4%
Non-residential building construction	40%	43%	9%	3%	6%
Residential building construction	37%	48%	5%	6%	5%
Land development, site preparation services	35%	51%	10%	0%	4%
Building structural services	35%	50%	9%	2%	4%
Heavy and civil engineering construction	32%	55%	4%	9%	0%

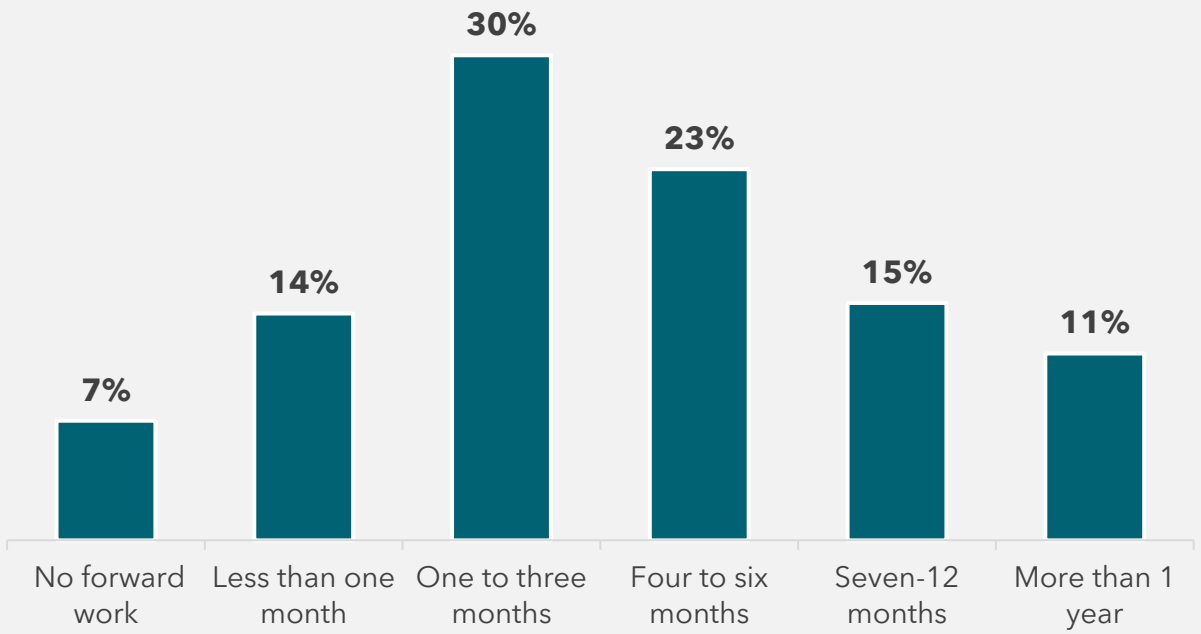
Base: *n=1035 (All respondents)*

Despite business optimism, considerable variation in amount of forward work

Thirty percent of businesses report having one to three months' forward work. Just less than half (49%) have four months' or more forward work, including one in ten (11%) with more than a year's worth of work on their books. The largest businesses (50+ employees; 85%), businesses operating nationally (66%) and heavy and civil engineering construction businesses (63%) are most likely to report having four months or more forward work.

Of the seven industry sub-categories, non-residential construction businesses (21%) are most likely to have a year or more's forward work. Large businesses (50+ employees; 42%), Māori businesses (25%) and those located on the West Coast (21%) or in Gisborne (18%) are also over-represented among those with a year or more's forward work on their books.

Forward work



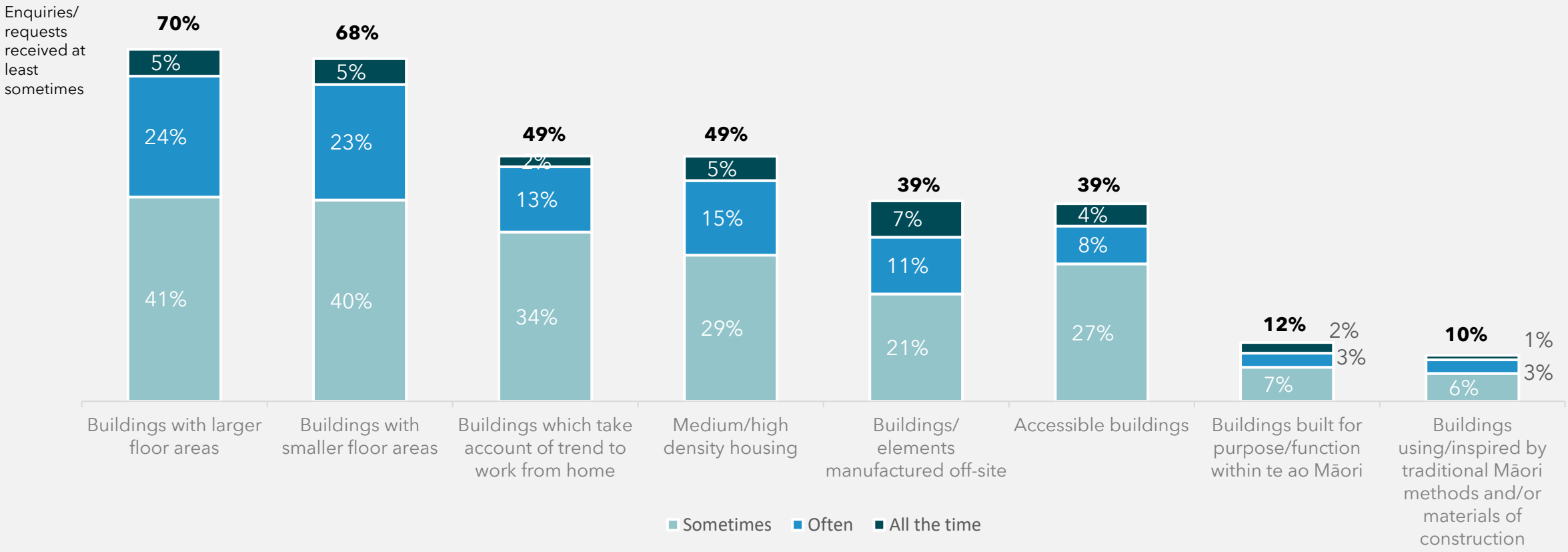
Industry sub-category	Four months or more (%)
Heavy and civil engineering construction	63%
Residential building construction	59%
Land development, site preparation services	54%
Non-residential building construction	54%
Building completion services	49%
Building structural services	36%
Building installation services	31%

Base: *n=999 (All respondents, excluding 'don't know' responses)*

High interest in buildings with larger/smaller floor areas

Of the eight trends considered, businesses involved in building* report most frequently receiving enquiries about buildings with larger (70% receiving queries at least sometimes) or smaller (68%) floor areas. The largest businesses (50+ employees) are over-represented among those receiving enquiries about each of the features. Along with Māori businesses (38%), heavy and civil engineering construction businesses (31%) are significantly more likely to receive enquiries about buildings using or inspired by traditional Māori methods and/or materials of construction, and both Māori businesses (48%) and those operating in Gisborne (59%) are most likely to receive enquiries regarding buildings built for a purpose and/or function within te ao Māori.

Frequency of enquiries/requests to build/design the following

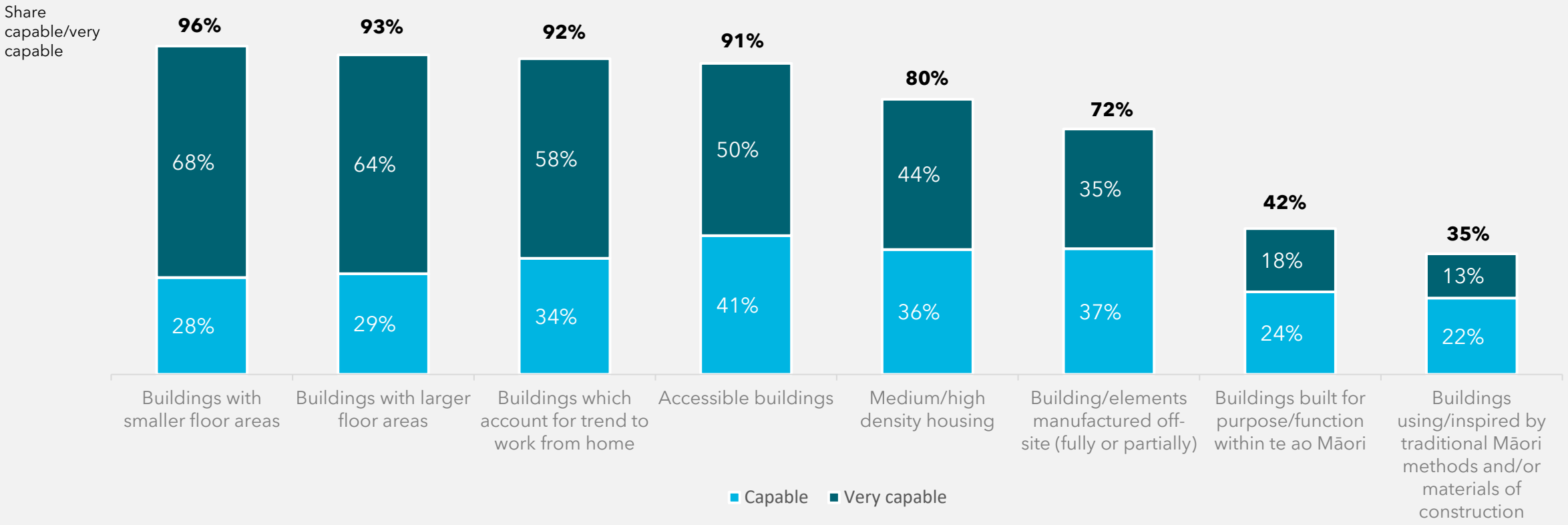


Base: *n=469=479 (Building business owners, excluding 'don't know' responses)*
**** Note:*** *This question only asked of residential/non-residential builders and heavy and civil engineering construction businesses*

High reported capability for dealing with most future trends

Businesses involved in building* report high levels of capability in most future trends. There is a good match between capability and demand - that is, reported capability is highest for buildings with larger and smaller floor areas, the two trends which currently generate the greatest number of enquiries. With the exception of Māori businesses, capability is currently notably lower for buildings built using traditional Māori methods or materials and/or buildings built for a purpose or function within te ao Māori.

Current capability to assist customers with ...

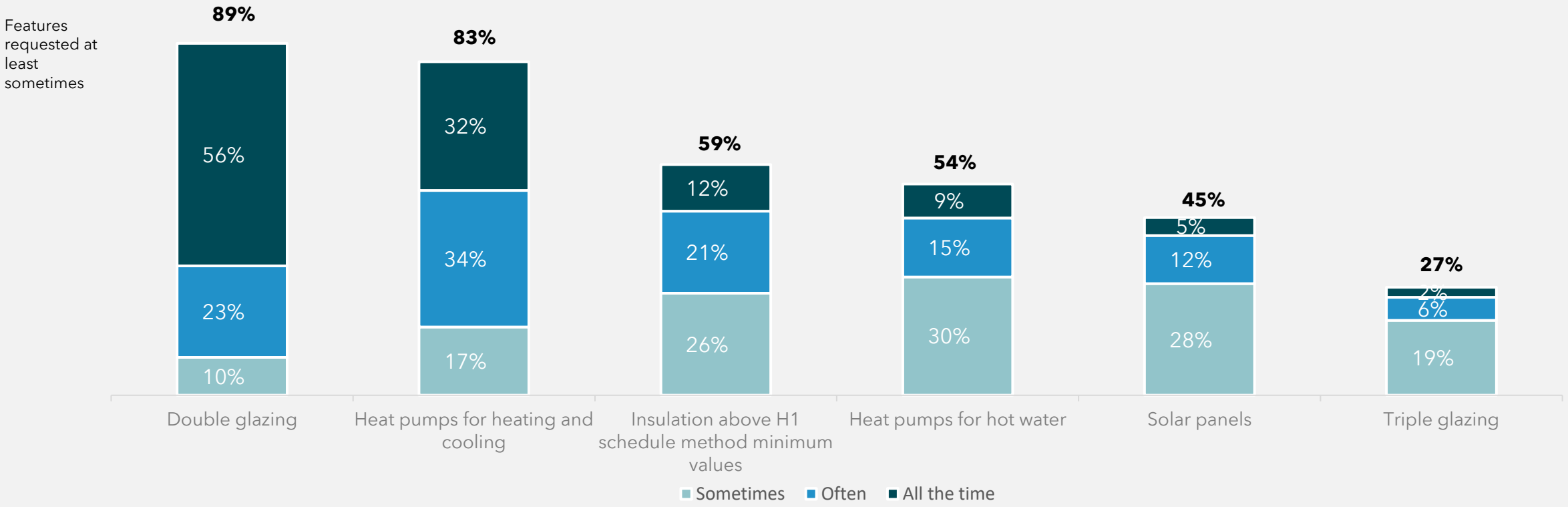


Base: *N=430-485 (Building business owners, excluding 'don't know' responses)*
**** Note:*** *This question only asked of residential/non-residential builders and heavy and civil engineering construction businesses*

Mixed level of customer enquiries around energy-saving initiatives; double glazing and heat pump enquiries most common

Reported levels of customer enquiry regarding energy-saving initiatives and features vary. Businesses focused on building* are most likely to receive enquiries about double-glazing, with more than half (56%) receiving enquiries all the time and almost all (89%) reporting enquiries at least sometimes. Customer enquiries are also high for heat pumps (83%). In contrast, levels of enquiry regarding triple glazing are notably lower, with just 27% of businesses receiving enquiries at least sometimes – although level of enquiry is significantly higher in the South Island, including 66% of Southland businesses and 50% of Otago businesses receiving enquiries.

Frequency of receiving enquiries/requests for customers about:



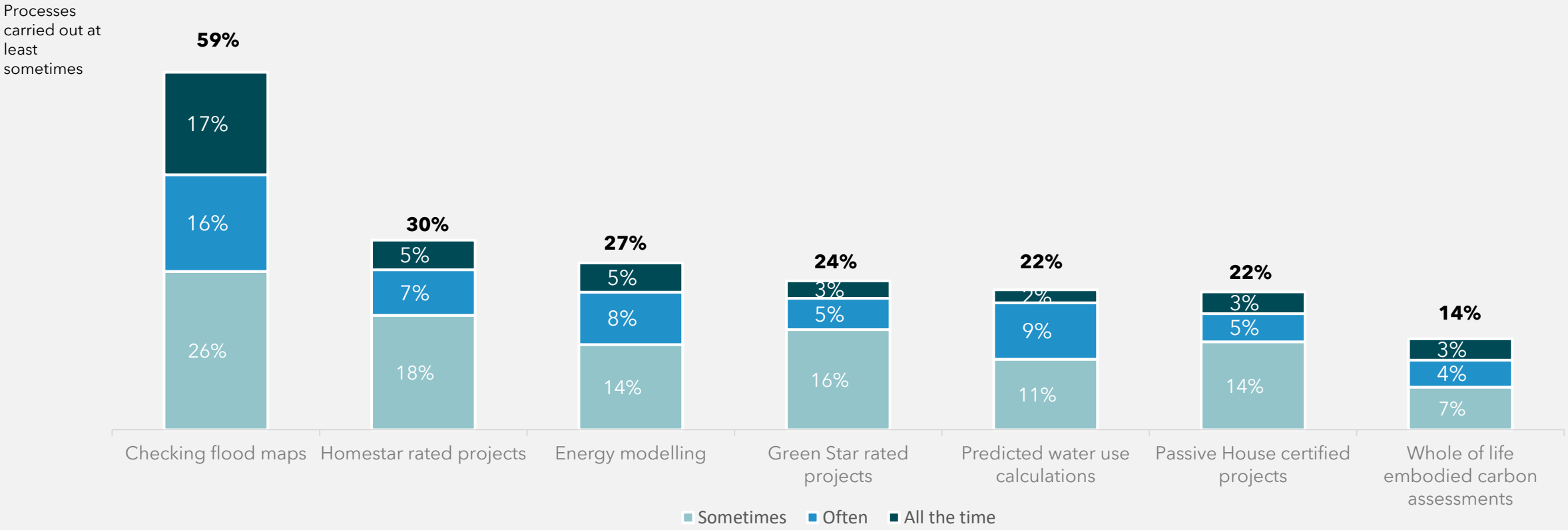
Base: *N=459-469 (Building business owners, excluding 'Don't know' responses*

**** Note:*** *This question only asked of residential/non-residential builders and heavy and civil engineering construction businesses*

Flood maps often checked but lower frequency of other processes to enhance environmental sustainability

Of the seven processes intended to enhance environmental sustainability, checking flood maps is most often done, with 59% of building businesses* reporting that they do this at least sometimes including 17% who check flood maps all the time. The frequency with which other processes are carried out is notably lower, with just 14% of building businesses carrying out whole-of-life carbon embodied assessments at least sometimes. Māori, Pasifika and larger businesses (20 + employees) are more likely to carry out each of the processes considered.

How often business carries out following processes**



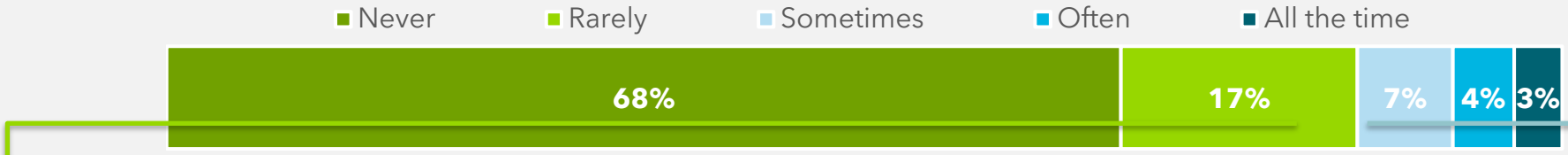
Base: *N=433-450 (Building business owners, excluding 'don't know' responses)*

***Note:** This question only asked of residential/non-residential builders and heavy and civil engineering construction businesses*

*** This includes sub-contracting this work to an external consultant*

Low frequency of whole-of-life carbon assessments driven primarily by lack of demand

How Often This Building Business* Carries Out Whole-of-Life Embodied Carbon Assessments



Total Never/Rarely 85%

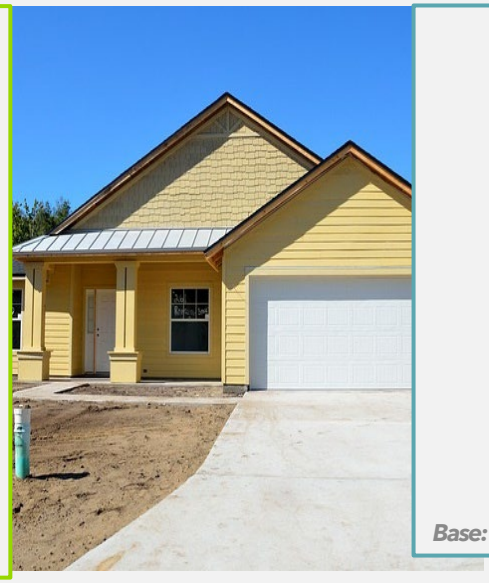
Total Sometimes/Often/All The Time 15%

THIS IS DRIVEN BY:

(Of those who rarely/never carry out assessments)

Lack of client demand	63%
Don't know what this is	31%
Uncertainty about methodology	25%
Cost	25%
Lack of capability	18%

Base: *n=343 (Building businesses carrying out assessments rarely/never)*



THIS IS DRIVEN BY:

(Of those who carry out assessments at least sometimes)

Environmental credibility	53%
Personal values	41%
Client demand	38%
Corporate social responsibility/business values	37%
Anticipation of regulatory change	25%

Base: *n=93 (Building businesses carrying out assessments at least sometimes)*

Almost half **(48%)** of all building businesses report not having adequate access to data/tools to assess whole-of-life embodied carbon. Just 18% report adequate access; 34% were unsure.

Base: *n=463 (Building business owners, excluding 'don't know' responses)*

**** Note:*** *This question only asked of residential/non-residential builders and heavy and civil engineering construction businesses*

Assessment, improvement of operational efficiency driven by client demand – but lack of adequate data/ tools is a barrier to assessment

What are the drivers and barriers to assessing and improving operational efficiency (things like energy modelling and predicted water use calculations) in your projects now?

Base: *n=173 (Building businesses* carrying out energy modelling or predicted water use calculations at least sometimes)*

DRIVERS

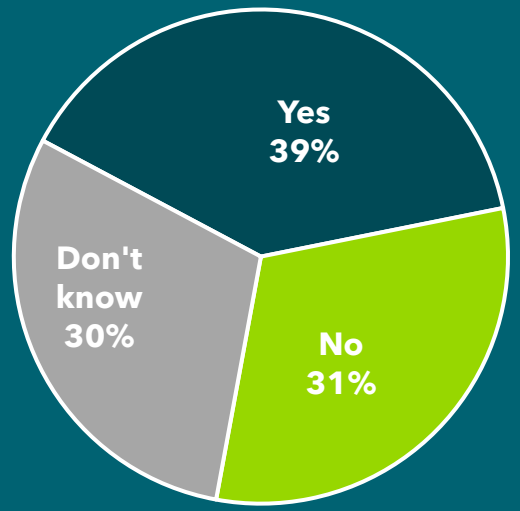
- **Client demand** – 56%
- **Reducing long-term costs e.g. energy bills** – 54%
- **Personal values** – 32%
- **Social responsibility/business values** – 28%
- **Risk e.g. to mitigate climate change risks** – 24%
- **Anticipation of regulatory change** – 24%

Base: *n=349 (Building businesses* rarely or never carrying out energy modelling or predicted water use calculations)*

DETRACTORS

- **Lack of client demand** – 71%
- **Lack of capability/knowledge** – 40%
- **Cost of including in actual build** – 26%
- **Cost of modelling** – 24%

Do you have access to adequate data and tools to assess operational efficiency appropriate to your needs?



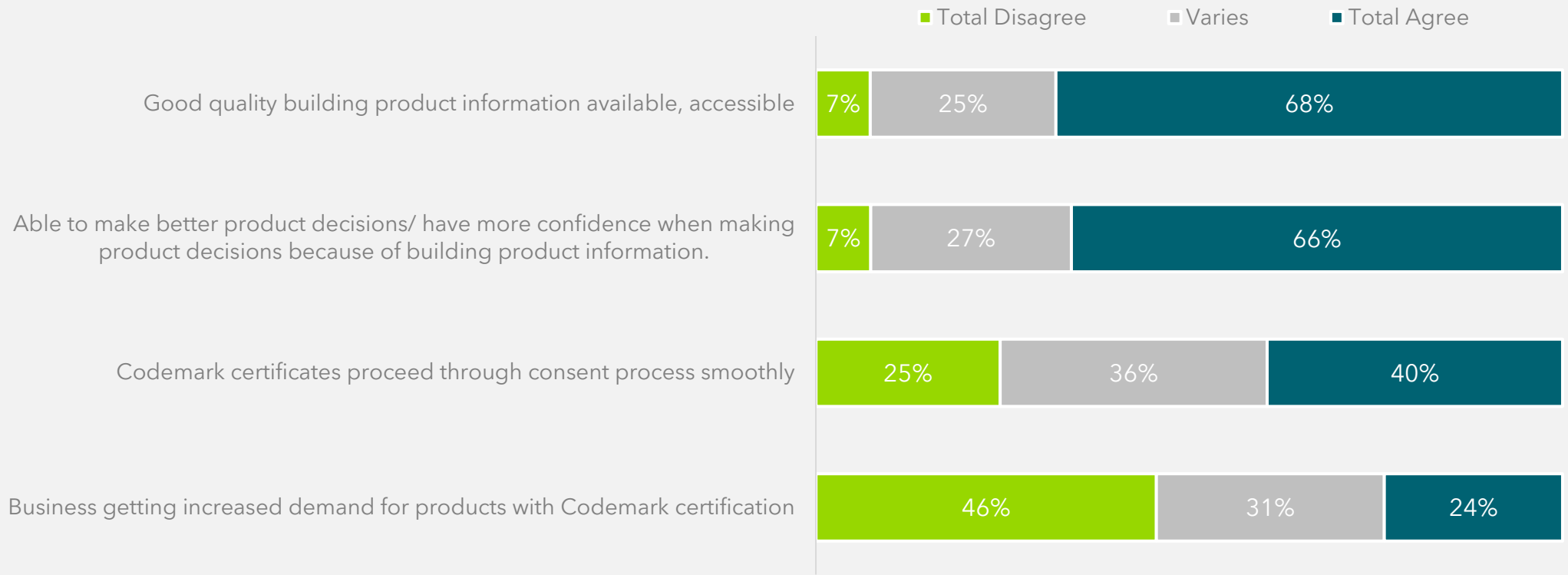
Base: *n=520 (Building businesses*)*

*** Note:** This question only asked of residential/non-residential builders and heavy and civil engineering construction businesses*

Mixed views on value of Codemark certification; limited demand for Codemark certified products

Businesses focused on building* were most likely to agree that good quality building product information is available and accessible (68% agreeing) and consequently that they can make better product decisions/have more confidence when making product decisions because of this (66%). However, views were more variable on the impact of Codemark certification, with less than half (40%) perceiving that certification contributes to a smoother consent process. Whilst only a quarter (24%) of building businesses perceived that there is increased demand for Codemark certified products, more than half (55%) of larger businesses (20+ employees) and slightly less than half (45%) of heavy and civil engineering construction businesses reported increased demand for products with Codemark certification.

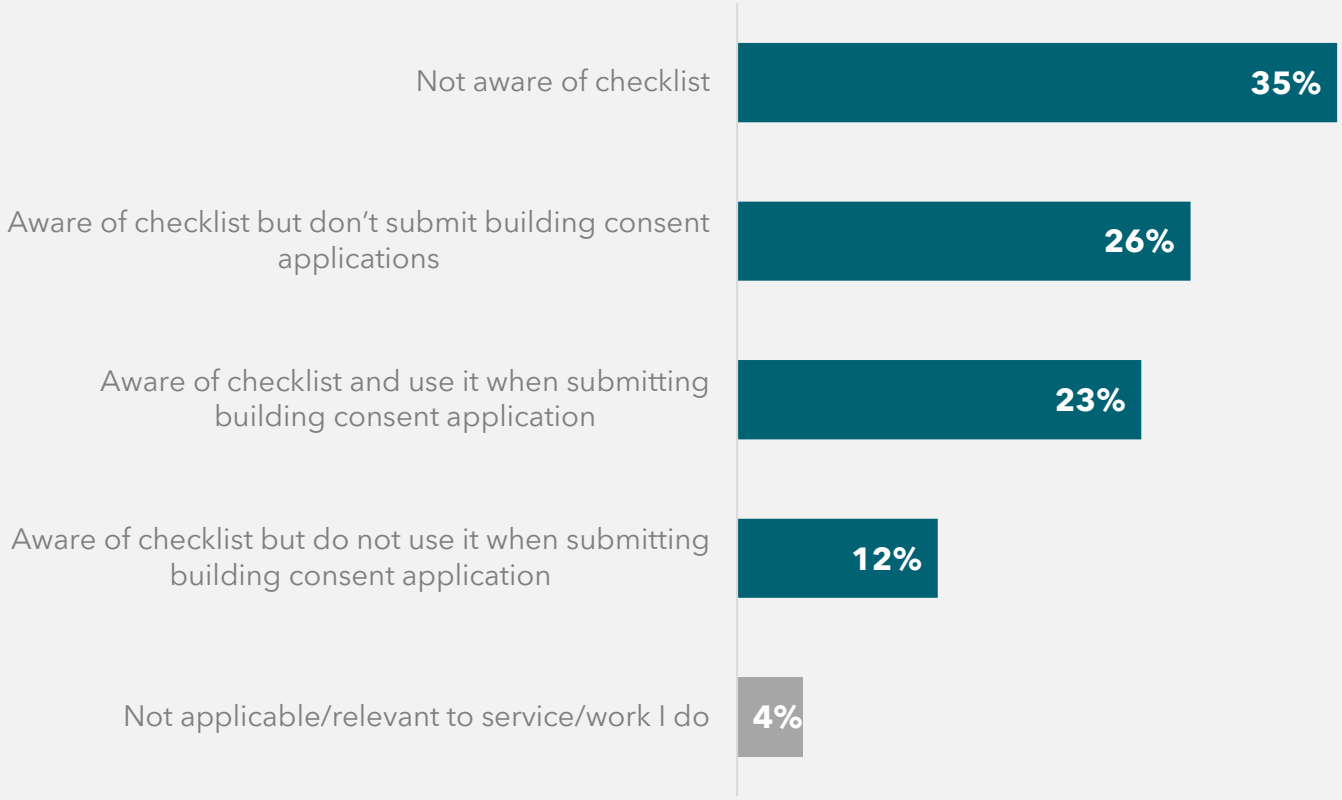
Perceptions of Codemark certification



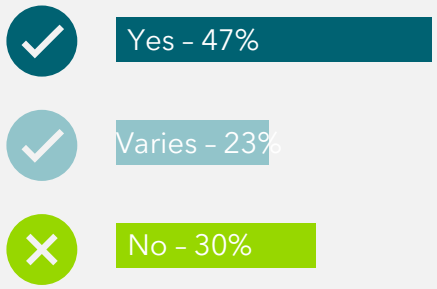
Base: *n=352 (Building business owners, excluding 'don't know' responses)*
**** Note:*** *This question only asked of residential/non-residential builders and heavy and civil engineering construction businesses*

Variable awareness and use of Standard Order of Documents Checklist

Awareness of Standard Order of Documents Checklist



Has using the checklist helped to reduce the number of requests for information you receive?



Base: *n=126 (Those aware of standard order of documents checklist and have used it)*

Base: *n=520 (Building business owners)*

**** Note:*** *This question only asked of residential/non-residential builders and heavy and civil engineering construction businesses*

Calls for MBIE to facilitate/co-ordinate more upskilling opportunities for tradespeople/apprentices

1. **More tools/learning opportunities for trades/upskilling/apprentices (19%)**
2. **Less bureaucracy/regulations/rules (16%)**
3. **Regulation process/councils needs more experienced staff/quicker turnaround (12%)**

When asked (unprompted) what assistance or support MBIE could provide to building and construction sector business owners, one in five (19%) business owners who made a suggestion called for more learning opportunities and support to help upskill tradespeople/apprentices. Building installation services businesses were over-presented among those calling for more learning opportunities (36%). The need for less bureaucracy/fewer rules and regulations (16%) and more experienced council staff to enable more efficient building consent application processing (12%) were also frequently suggested, with business owners in Otago (21%) and especially Southland (42%) over-represented among those calling for more knowledgeable council staff.

Other commonly mentioned suggestions include:

- Financial assistance/incentives/subsidies (11%)
- More information/support/guidance in general (5%)
- Let LBPs/architects take responsibility/have more power to authorise (5%)
- Support/help for startups/small businesses (5%)
- Help with getting skilled workers/staff (5%)

Base: *n=423 (Respondents who provided a suggestion for MBIE support)*

Perspectives of Designers and Building Professionals

Highlights

- Among designers and building professionals, there is high reported capability to deal with most future design/building trends, especially buildings with larger/smaller floor areas and mixed densities. Competency is notably lower for buildings built for purpose within te ao Māori or using traditional Māori materials and construction methods.
- There is high interest from clients about energy-saving initiatives especially double-glazing and heat pumps.
- Perhaps triggered by recent emergency events, flood mapping, designing for seismic resilience and designing above the Code to avoid climate risks are common. Lower frequency for other environmentally-sustainable processes being carried out.
- Low frequency of whole-of-life carbon assessments is driven by low client demand and inadequate availability of data/tools to undertake assessments. Currently high use of informal information sources to conduct assessments.
- Calls for MBIE to minimise bureaucracy and oversee a consistent national consent processing. Also suggestion for MBIE to assist with ensuring council staff are experienced, enabling more efficient building consent application processing.

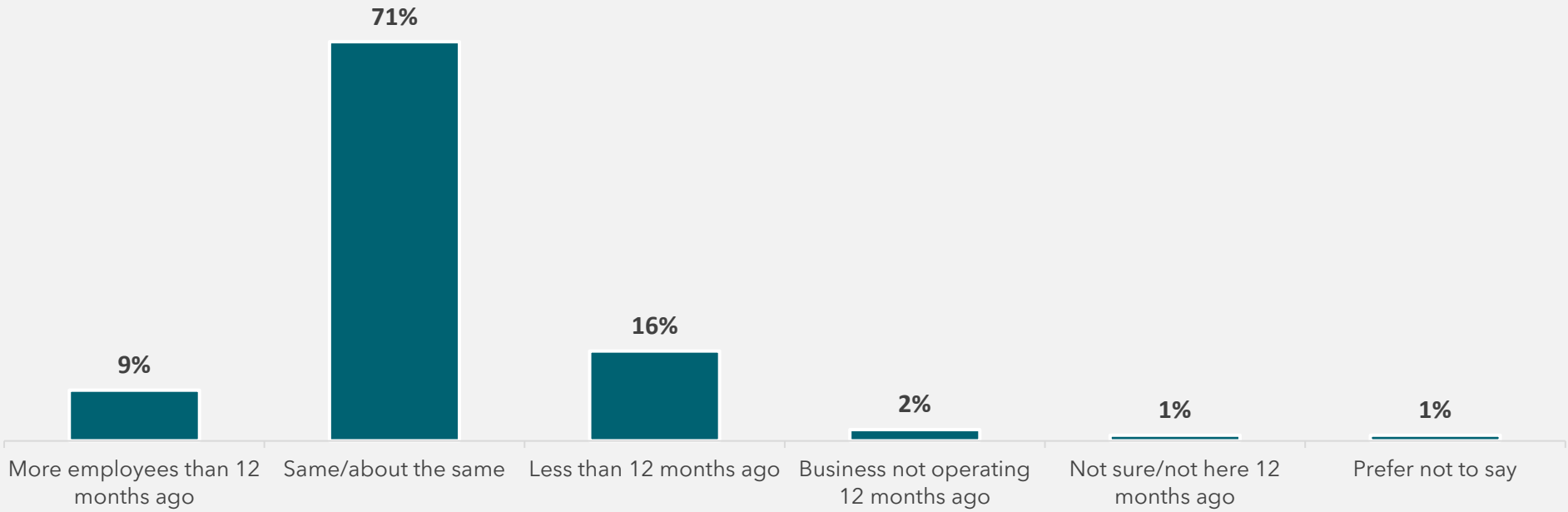
Data Collection

Respondent	Designer or building professional business owner or manager
Sample size	N=581 *(Maximum margin of error ± 4.1%)*
Sample sources	• Database of businesses with online presence • NZBN database • One Picture's online panel • Dynata's online panel
Weighting applied	None
Sample profile	• 49% architectural and design services, including draftspeople • 27% engineering design and engineering consultancy services • 11% building sector consultants • 9% technical services e.g. surveying, mapping • 4% interior design

Designers and building professionals' labour market is stable

The majority of designer and building professional businesses (71%) have similar employee numbers compared with 12 months ago. The net change from 2021/22 is slightly negative (9% employing more; 16% employing less) with net decline most notable for architectural and design services businesses (5% more; 23% less), businesses with 6-19 employees (-20%) and those located in Manawatu-Whanganui (-23%). In contrast, net increases are particularly strong for large businesses (50+ employees; +19%) and those providing technical services (+15%).

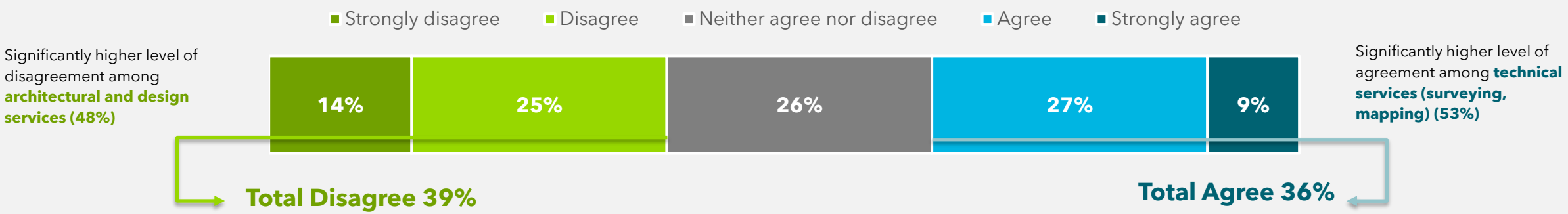
Employee numbers compared with 12 months ago



Base: *n=576 (All respondents)*

Mixed experiences of financial success over last 12 months

To what extent do you agree that, over the last 12 months, your business has been financially successful?



KEY REASONS FOR NO FINANCIAL SUCCESS

(Of those who reported lack of financial success)

Clients cancelled or delayed planned work	71%
Low demand from customers	62%
Higher costs than before/rising interest rates*	60%
Difficulty receiving payments from clients	31%
Overall profitability was lower than expected	29%
Unexpected delays	29%
Margins were lower	29%

KEY REASONS FOR THIS SUCCESS

(Of those who reported financial success)

More demand from customers	50%
Highly skilled staff	42%
Customers wanted more work than projected	39%
Higher efficiency from the business	29%
Overall profitability better than expected	17%
Employed more skilled staff	11%
Margins were higher	10%

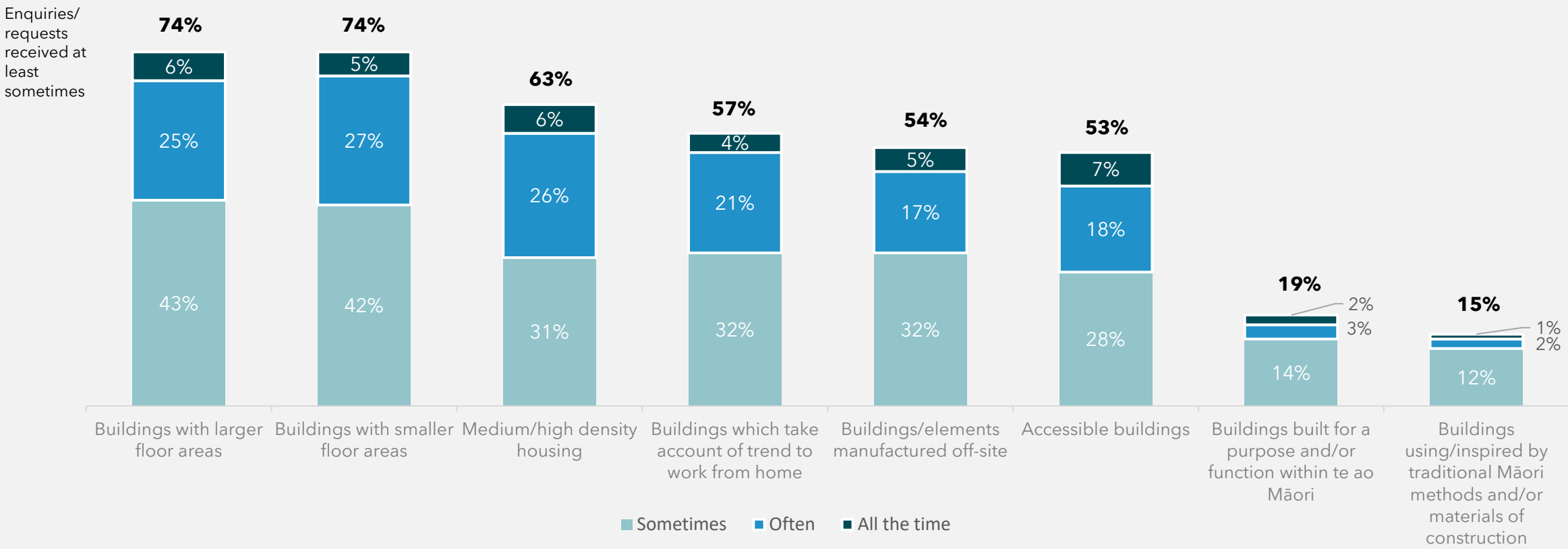
* This includes costs such as insurances and compliance

Base: *n=576 (All respondents)*

High interest in buildings with larger/smaller floor areas and densities

Designers and building professionals report most frequently receiving enquiries about buildings with larger or smaller floor areas (74% receiving queries at least sometimes) and medium/high densities (63%). Larger businesses (those with 20+ employees) are more likely receive enquiries about accessible buildings, medium/high density housing, and off-site manufacturing than business with less than 20 employees. Māori or Pasifika businesses (18%, though base size is small at n=29) are significantly more likely to receive enquiries on buildings using or inspired by traditional Māori methods and/or materials of construction than non- Māori or non-Pasifika (2%).

Frequency of enquiries/requests to build/design the following

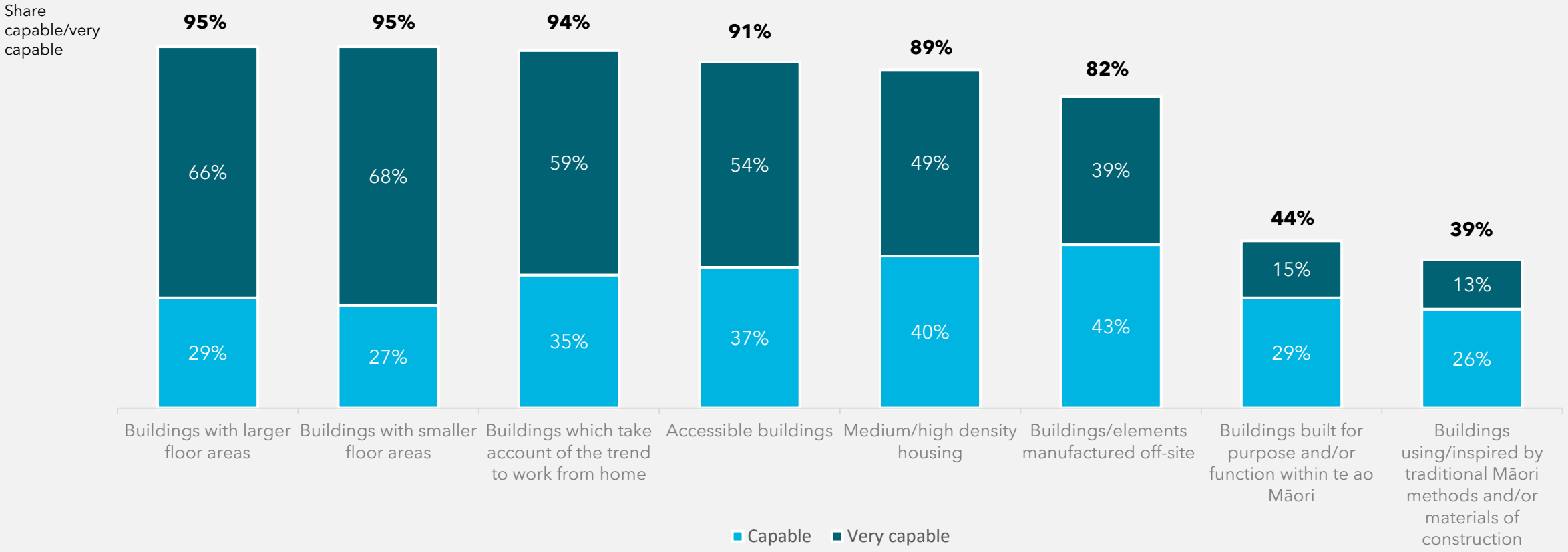


Base: *n=461-482 (Designers and building professionals, excluding 'don't know' responses)*

High reported capability for dealing with most future trends

Designers and building professionals report high levels of capability in most future trends. There is a good match between capability and demand, with reported capability highest for buildings with larger and smaller floor areas, the two trends which currently generate the greatest number of enquiries. Capability is currently notably lower for buildings constructed using traditional Māori methods or materials and/or buildings built for a purpose or function within te ao Māori.

Current capability to assist customers with ...

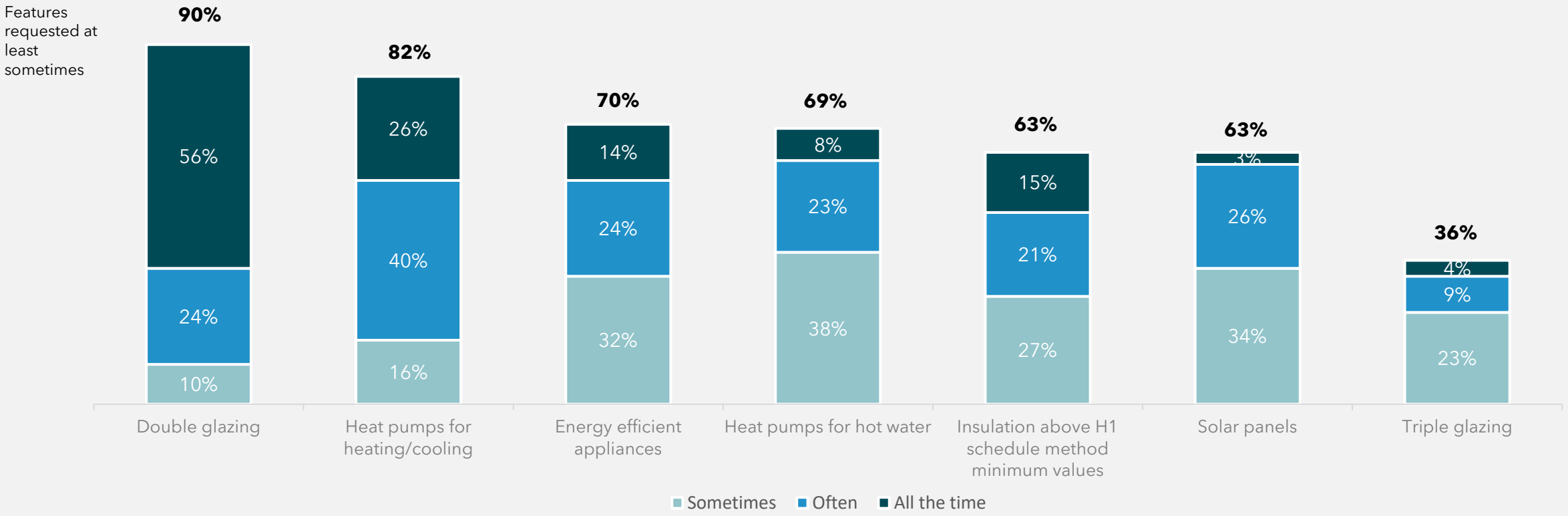


Base: *n=443-480 (Designers and building professionals, excluding 'don't know' responses)*

High level of customer enquiries around energy-saving initiatives

Reported levels of customer enquiry regarding energy-saving initiatives and features are high. Designers and building professionals are most likely to receive enquiries about double-glazing, with more than half (56%) receiving enquiries all the time and almost all (90%) reporting enquiries at least sometimes. Architectural and design services businesses (95%), those who have been operating for ten years or more (93%) and businesses located in Canterbury (93%), Otago (92%) and Southland (92%) are particularly likely to report double-glazing enquiries. Levels of enquiry regarding triple glazing are lower by comparison, with 36% of businesses receiving enquiries at least sometimes (although 73% of businesses with 50+ employees report fielding enquiries about triple-glazing at least sometimes).

Frequency of receiving enquiries/requests for customers about:

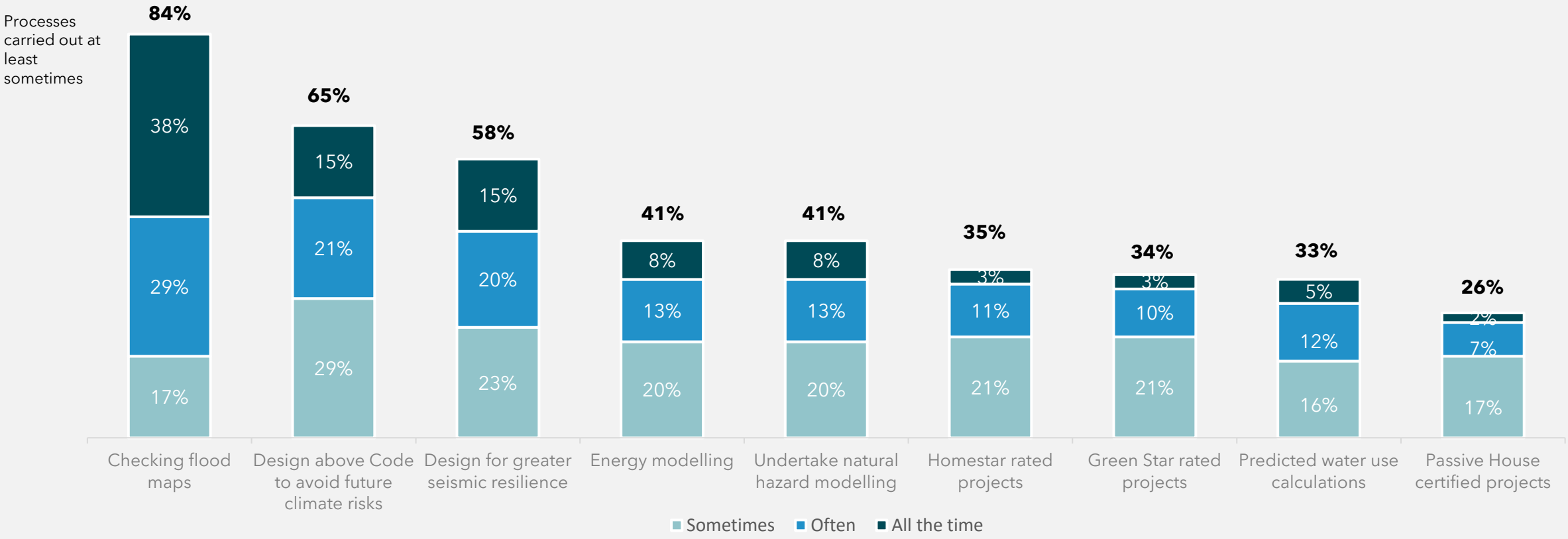


Base: *n=411-442 (Designers and building professionals, excluding 'don't know' responses)*

Variation in frequency with which environmental-sustainability processes are carried out

Almost all designers and building professionals (84%) report checking flood maps at least sometimes, with 38% checking flood maps all the time. Almost two-thirds (65%) of designers and building professionals report designing above Code to avoid future climate risks (e.g. flooding, slips) at least sometimes, and 58% design for greater seismic resilience at least sometimes. Larger businesses (those with 20+ employees) and those with longer industry tenure (10 years +) are over-represented among those carrying out these processes.

How often business carries out following processes*



Base: *n=429-464 (Designers and building professionals, excluding 'don't know' responses)*

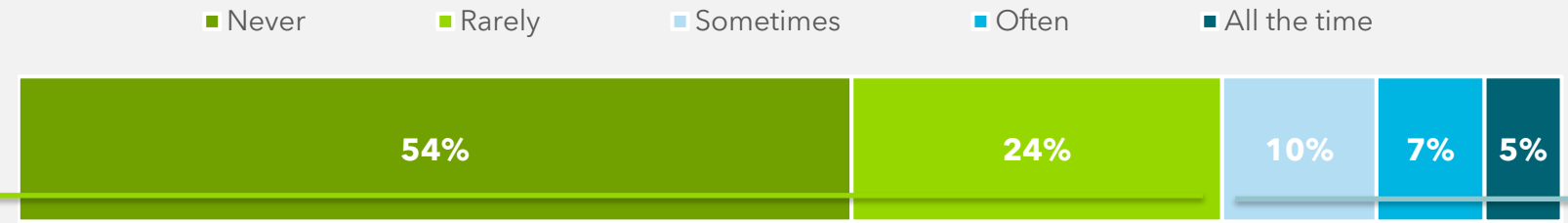
* This includes sub-contracting this work to an external consultant

Low frequency of whole-of-life carbon assessments driven primarily by lack of demand

Base: *n=482 (Designers and building professionals who answered this question)*

How Often This Business Carries Out Whole-of-Life Embodied Carbon Assessments (%)

Architectural and design services significantly more likely to never/rarely carry out **(86%)**



Larger businesses (20+ employees) significantly more likely to carry out at least sometimes **(71%)**

Total Never/Rarely 78%

Total Sometimes/Often/All The Time 22%

THIS IS DRIVEN BY:

(Of those who rarely/never carry out assessments)

Lack of client demand	78%
Uncertainty about methodology	37%
Cost	34%
Lack of capability	31%
Poor access to data	21%

Base: *n=344 (Those carrying out assessments rarely/never)*

THIS IS DRIVEN BY:

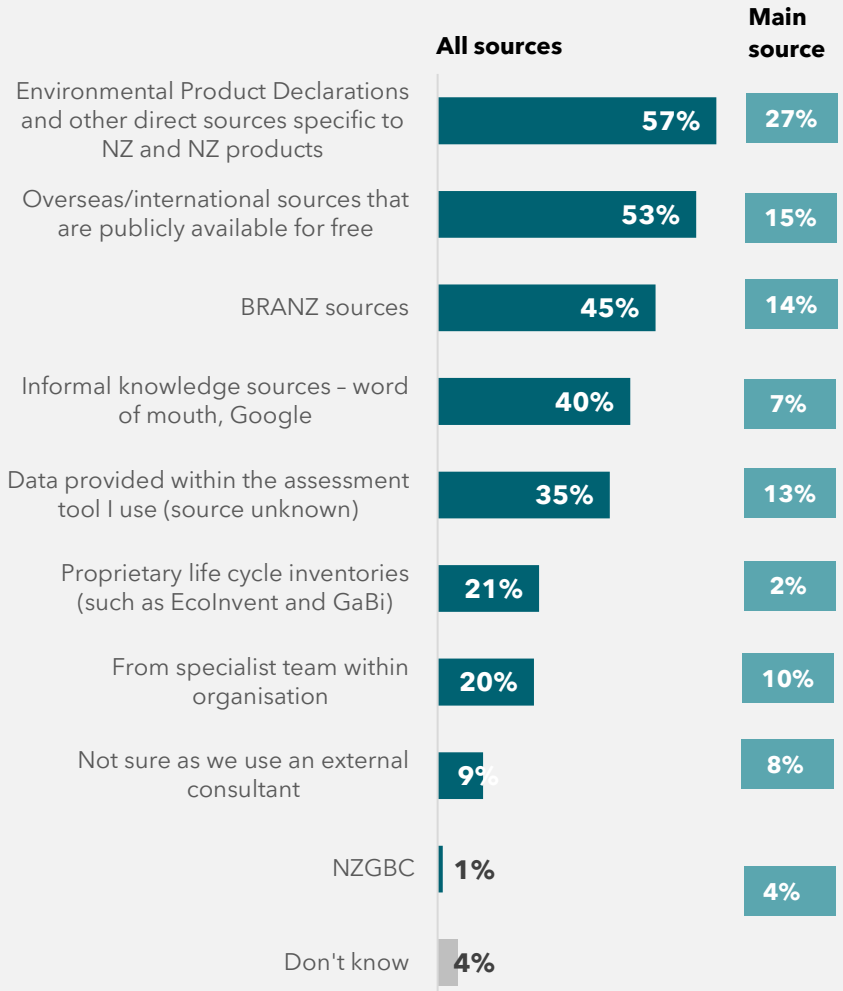
(Of those who carry out assessments at least sometimes)

Corporate social responsibility or business values	64%
Environmental credibility	60%
Client demand	53%
Personal values	44%
Anticipation of regulatory change	36%

Base: *n=96 (Those carrying out assessments at least sometimes)*

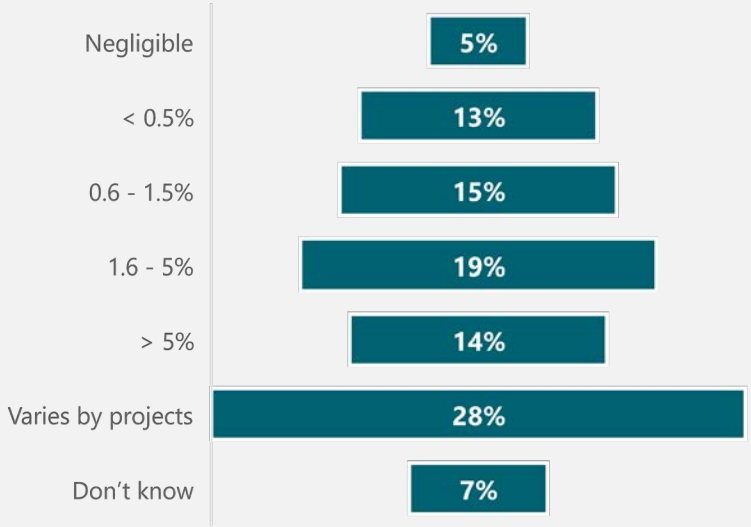
Inadequate access to data for whole-of-life carbon assessments; currently high use of informal sources

Sources of data for carbon assessments

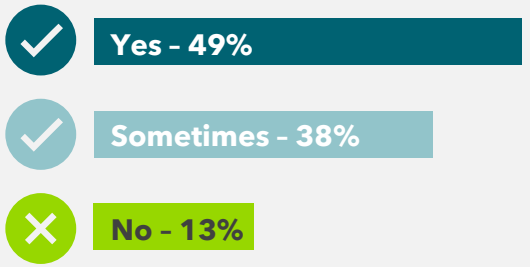


Base: *n=96 (Those carrying out whole-of-life carbon assessments at least sometimes*

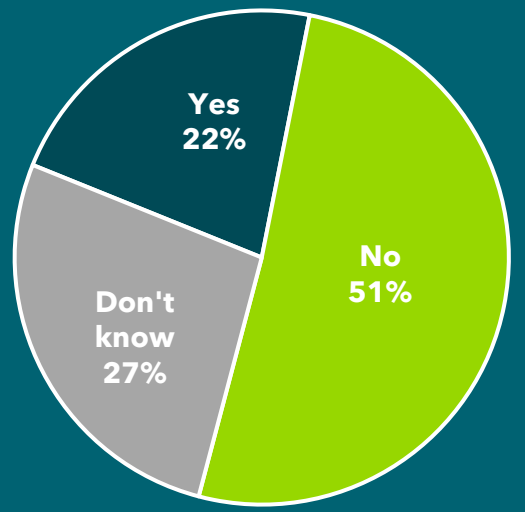
Whole-of-life as part of cost of design services



Is the whole-of-life cost passed to client?



Do you have access to adequate data and tools to assess whole of life embodied carbon, appropriate to your needs



Base: *n=450 (All respondents, excluding 'not applicable' responses)*

Mixed views on accessibility of data, tools to assess operational efficiency. Drive to improve operational efficiency very much client-led

What are the drivers and barriers to assessing and improving operational efficiency (things like energy modelling and predicted water use calculations) in your projects now?

Base: *n=231 (Those carrying out energy modelling or predicted water use calculations at least sometimes)*

DRIVERS

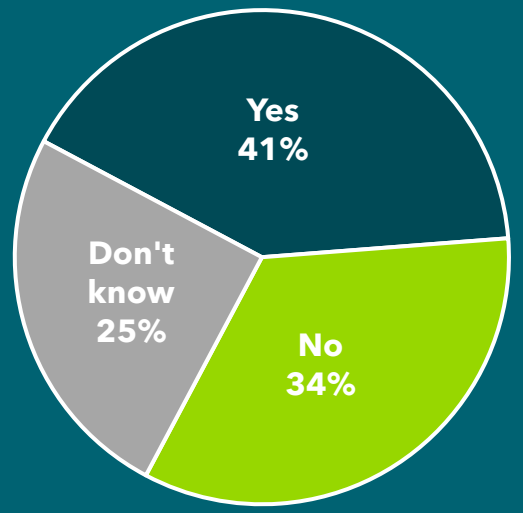
- Client demand — 55%
- Reducing long-term costs e.g. energy bills — 49%
- Corporate social responsibility/business values — 37%
- Personal values — 35%
- Risk e.g. to mitigate climate change risks — 33%
- Anticipation of regulatory change — 25%

Base: *n=339 (Those rarely or never carrying out energy modelling or predicted water use calculations)*

DETRACTORS

- Lack of client demand — 78%
- Cost of modelling — 36%
- Lack of capability/knowledge — 32%
- Cost of including in actual build — 29%

Do you have access to adequate data and tools to assess operational efficiency appropriate to your needs?

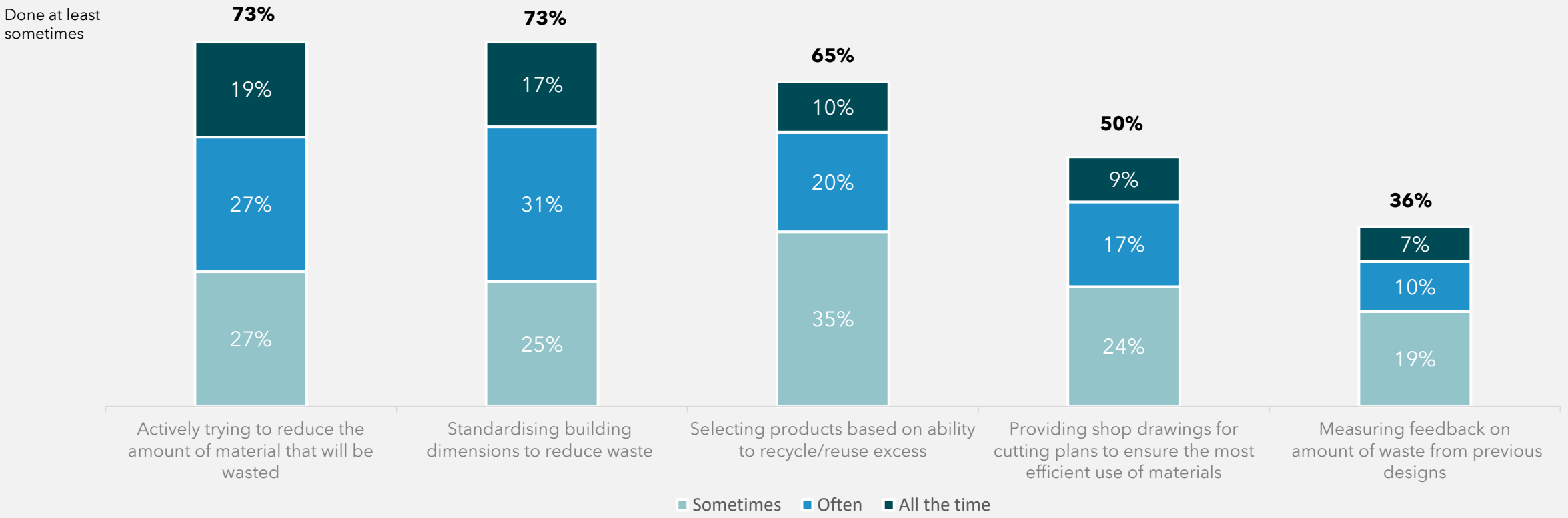


Base: *n=470 (All respondents, excluding 'not applicable' responses)*

Consideration is given to a range of waste-reducing strategies

When asked about waste-reducing strategies, designers and building professionals were most likely to actively try to reduce the amount of material that will be wasted (73%) and take account of standardising building dimensions to reduce waste (73% at least sometimes). Larger businesses (those with 20 employees or more) and those with longer industry tenure (10 years +) are more likely to provide shop drawings for cutting plans to ensure the most efficient use of materials, selecting products based on ability to recycle/reuse excess and measuring feedback on the amount of waste from previous designs, than other businesses.

How often waste reduction strategies are taken into account

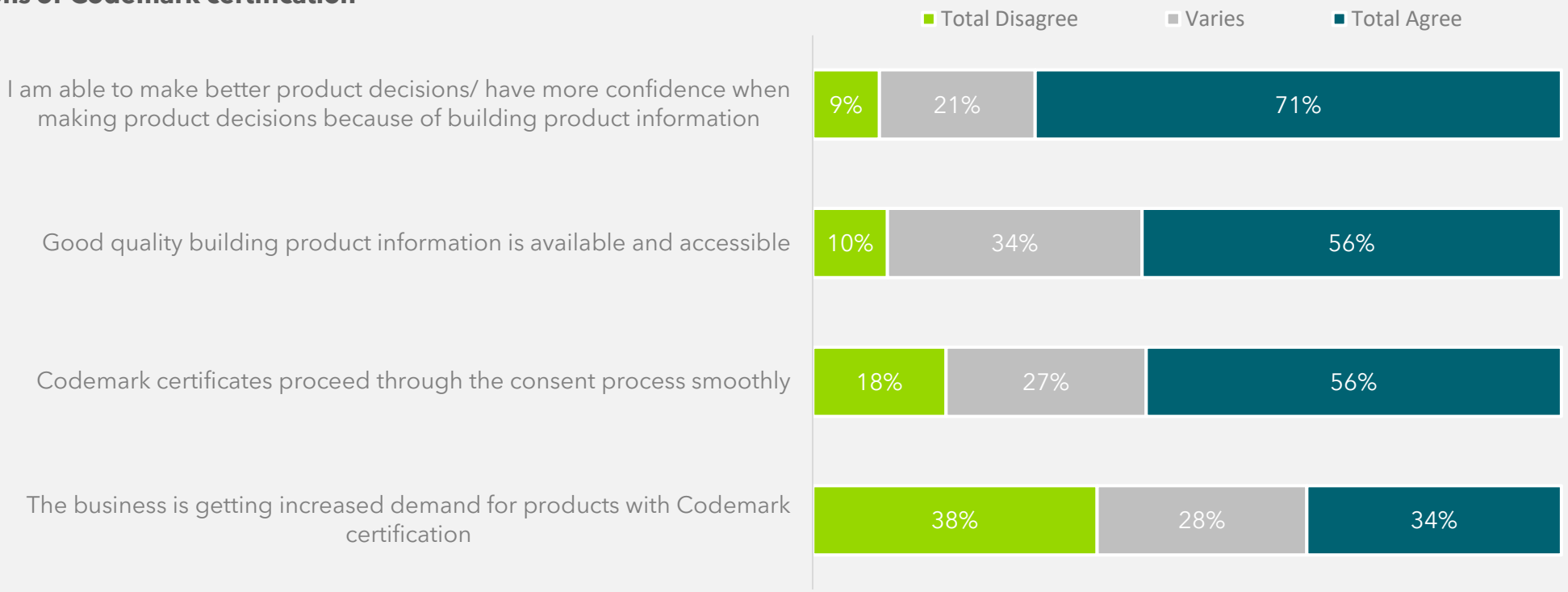


Base: *n=467-477 (Designers and building professionals, excluding 'don't know' responses)*

Mixed views on value of Codemark certification; limited demand for Codemark certified products

Of the four aspects of Codemark certification considered, designers and building professionals (71%) were most likely to agree that they were able to make better product decisions/have more confidence when making product decisions because of building product information. While 38% disagreed that their business was seeing increased demand for products with Codemark certification, the largest businesses (50+ employees; 60%) and those relatively new to the industry (less than 10 years; 56%) agreed that they were seeing increased demand.

Perceptions of Codemark certification

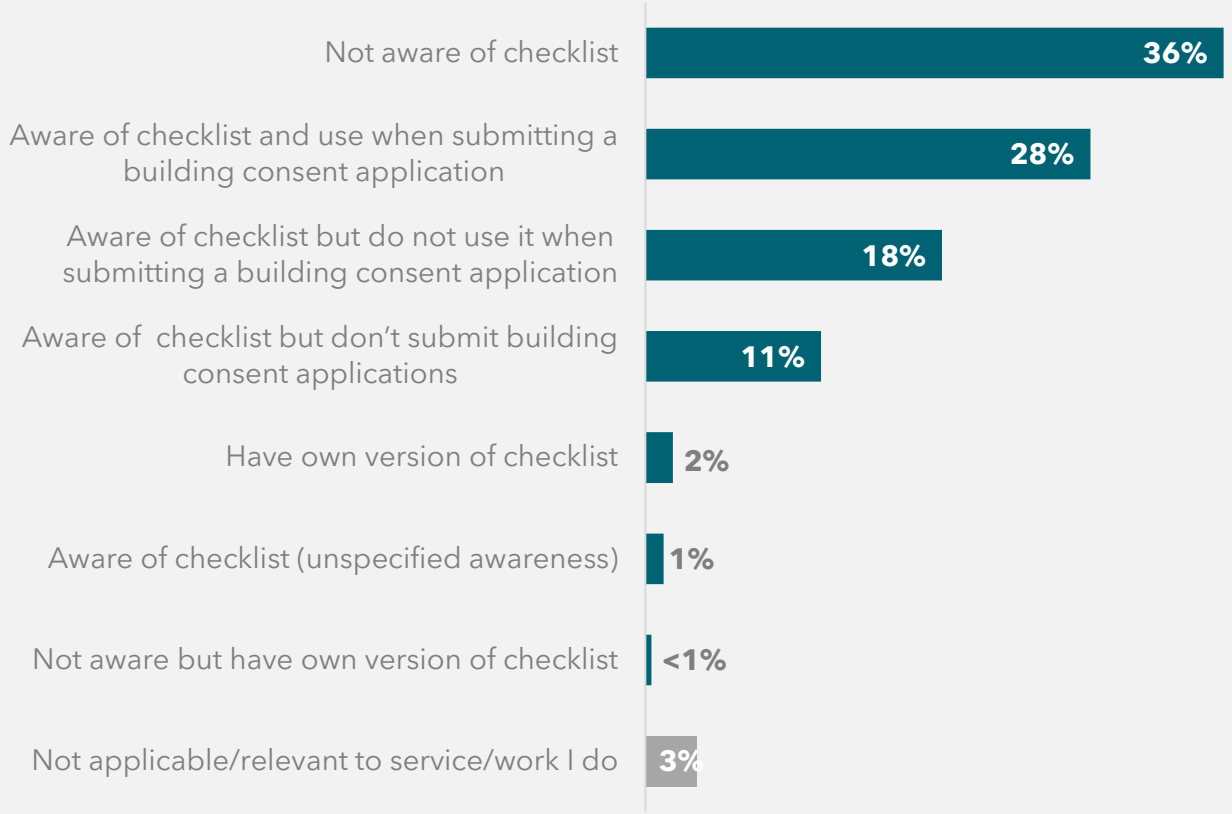


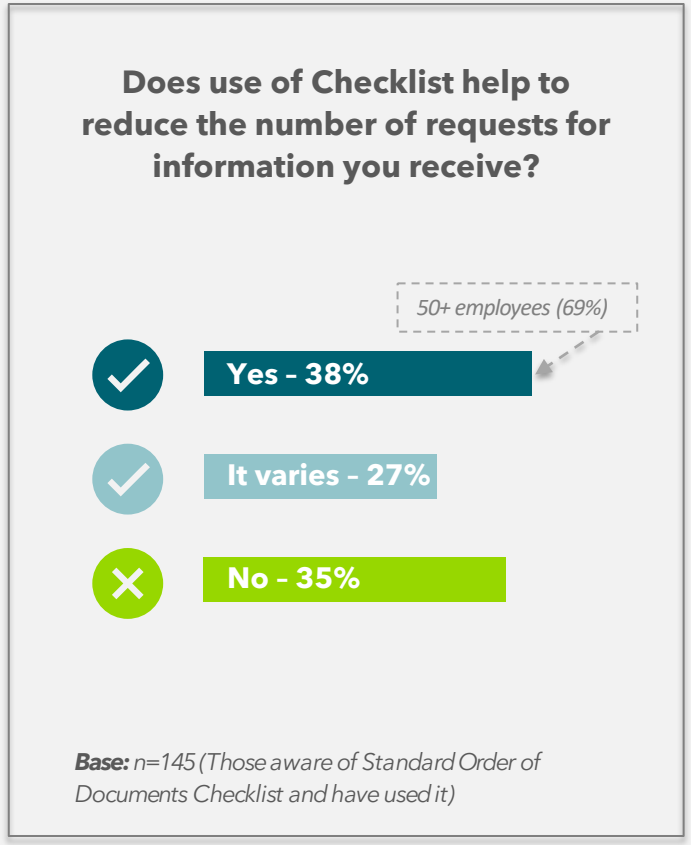
Base: *n=443 (Designers and building professionals who answered this question)*

Variable awareness and use of Standard Order of Documents Checklist

Awareness and use of the Standard Order of Documents Checklist varies considerably among designers and building professionals. Whilst more than a third (36%) are unaware of the Checklist, others (28%) are aware and actively using it when submitting a building consent application. The largest businesses (those with 50+ employees; 64%) and those who have been in the industry for less than ten years (45%) are more likely to be using the Checklist as part of the building consent application process. One in five respondents (18%) are aware of the Checklist but don't use it when submitting building consents. Among those using the Checklist, views were mixed as to whether it helps reduce requests for information.

Awareness of Standard Order of Documents Checklist





Base: n=534 (All respondents who answered this question)

Calls for MBIE to minimise bureaucracy and oversee consistent national consent processing. Councils to upskill consents staff and retain those with experience

1. **Less bureaucracy/regulations/rules (23%)**
2. **Councils needs more experienced staff/quicker processing (21%)**
3. **Councils/authorities need to be consistent/ standardised consent process across all councils (15%)**

When asked (unprompted) what assistance or support MBIE could provide to designers and building professionals, almost a quarter (23%) of those who made a suggestion called for less bureaucracy/fewer rules and regulations. One in five (21%) suggested the need for more experienced Council staff to achieve more efficient building consent application processing, while 15% (including 22% of architectural designers) called for greater consistency of building consent processing across councils.

Other commonly mentioned suggestions include:

- More information/support/guidance in general (7%)
- Clearer communication when compliance/regulations change (5%)
- Let LBPs/architects take responsibility/have more power to authorise (4%)
- Quicker approval of new/overseas materials/products/need material competition (4%)
- More tools/help/webinars about environmental issues/energy efficiency/carbon (4%)
- More tools/help for courses for tradespeople/upskilling of apprentices (4%)
- More tools/help with regulations/compliance (4%)

Base: *n=267 (Respondents who provided a suggestion for MBIE support)*

Experiences of End Users of Building and Construction Services

Highlights

- Work delays are common and are the most frequently mentioned challenge to building/renovating. New builds typically take longer than expected, with unavailability of materials and delays obtaining consents being the main contributors.
- Disclosure statements are widely used and considered useful in making informed decisions about builders. Checklists are also viewed favourably to assist with safe commissioning of a builder but are not always provided.
- Whilst a wide range of due diligence is undertaken, much involves use of informal sources such as family and friends.
- Almost all new builds have some form of protection in place, including most having a contract with their builder. Those undertaking renovations are less likely to have protections. Satisfaction with each form of protection used is high.
- In addition to time delays, cost overruns and cosmetic defects are common challenges of building/renovating, most typically addressed through discussion with the builder and/or taking advice from family and friends. Disputes resolution is most likely to be used for new builds rather than renovations.
- Heat pumps are widely incorporated into new builds; improved insulation is a common feature of renovations. The desire for a healthier home is the key motivator for including future-proofing features.

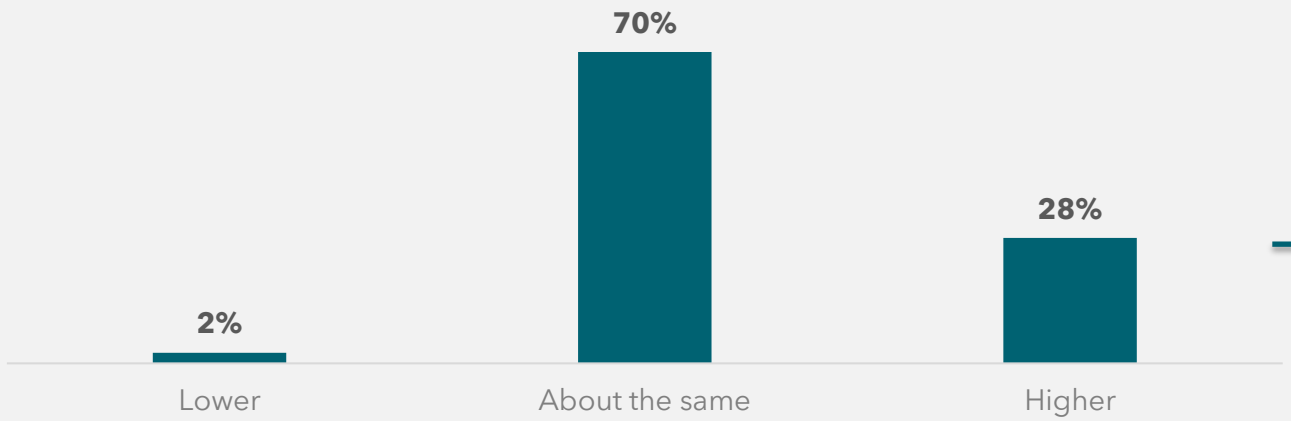
Data Collection

Respondent	Public who are end users of building and construction services
Sample size	N=1,005 *(Maximum margin of error ± 3.1%)*
Sample sources	• Dynata's online panel • One Picture's online panel
Weighting applied	None
Sample profile	• 35% built a new home in last 12 months/currently building • 30% undertaken major* renovations in last 12 months/currently undertaking renovations • 15% planning to build new home in next 12 months • 20% planning major* renovations in the next 12 months ** e.g. structural changes, an extension, cladding change*

Building costs well-estimated; greatest share come in on budget

New build/renovations underway/completed

Actual costs compared with expectations



Among those who had completed their new build/renovations, the majority (70%) report that the project came in on budget (i.e. actual costs were the same as expected). This share is similar for both new builds (69%) and renovations (70%). Where expected costs were exceeded (28% of completed builds/renovations), the increase was typically 20% or less.

Extent of increase

Up to 10%	39%
11-20%	37%
21-50%	18%
More than 50%	6%

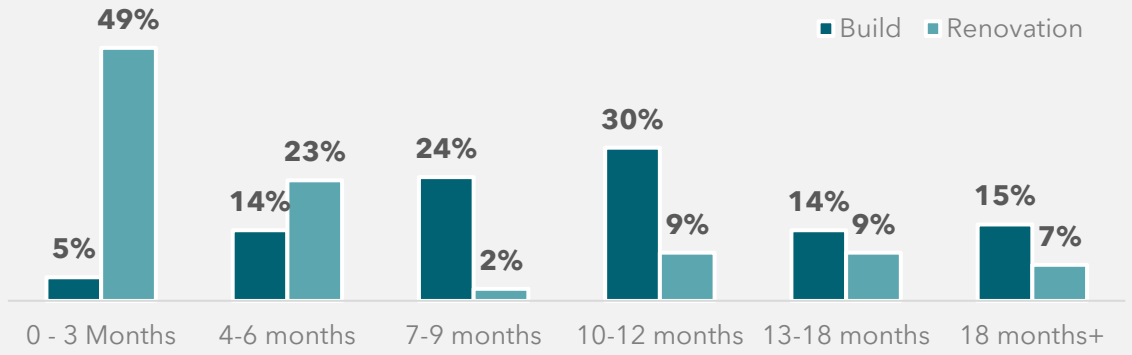
Base: *n=38 (Respondents whose actual building/renovation costs higher than expected)*

	Higher	About the same	Lower
New build completed/underway	29%	69%	2%
Renovations completed/underway	28%	70%	3%

Base: *n=124. (New build/renovations completed or final CCC has been obtained, excluding 'don't know' and refused responses)*

New builds typically take longer than expected to complete; time taken for renovations more in line with expectations

Time taken for build/renovation

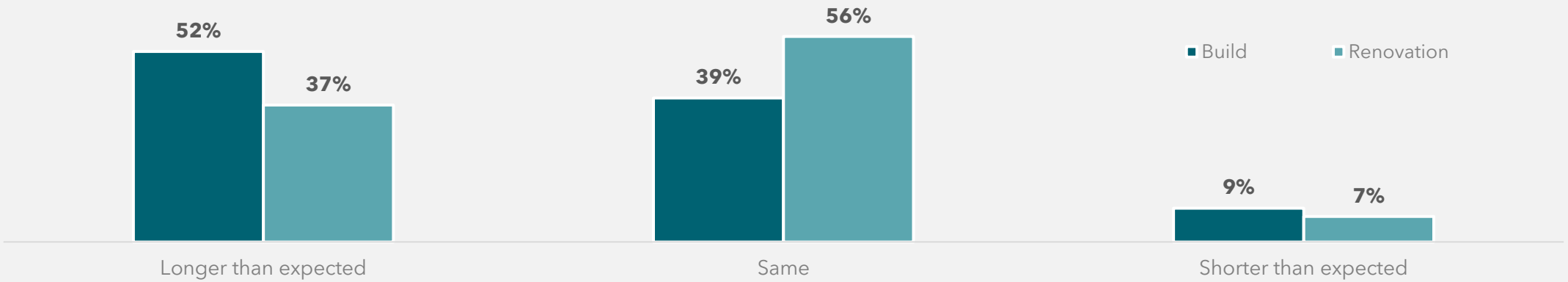


Base: *n=131 (Build/renovation work completed or final CCC obtained)*

The median time taken to complete new builds is 10-12 months, with 29% taking longer than 12 months. More than half (52%) of new build respondents report that the time taken was longer than expected; only 9% report the build being completed more quickly than planned.

In contrast, the median length of time to complete a renovation is four to six months, with 16% taking more than 12 months. Whilst more than half (56%) of renovations were completed within the timeframe anticipated, more than a third (37%) took longer than expected.

Meeting time frame expectation

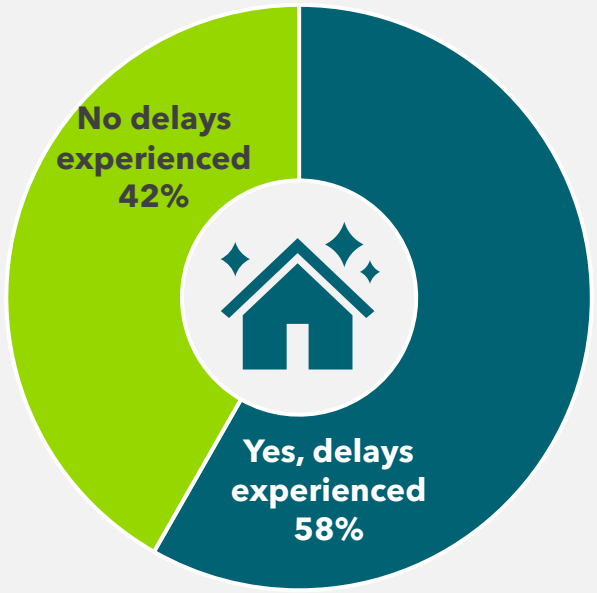


Base: *n=131 (Build/renovation work completed or final CCC obtained)*

Work delays common, most typically caused by unavailability of materials and slow consenting process

Delays in work are common, with more than half (58%) of those currently building/renovating or having recently completed work reporting a delay at some stage. Delays are significantly more common for new builds (67%) than for renovations (48%). A lack of availability of materials and delays with the consenting process (especially for new builds) are most frequently cited.

Delays experienced



67% experienced delays

48% experienced delays

Base: *n=654 (New build/renovations currently underway or completed)*

Reasons for Delays	%	Sig.
Specified materials not available	39%	
Delays obtaining consent to start	33%	
Delays with bank approving finance	24%	
Builder not available (to start and/or complete work) or working across multiple jobs	23%	
Weather	22%	
Delays resulting from COVID-19 in general	20%	
Delays finalising a contract with builder	15%	
Issues with quality of work/Needing to correct work	15%	
Designer not available	14%	

Base: *n=381 (New build/renovations currently underway or completed who experienced delays)*

Note: Table shows those reasons mentioned by 10% or more of respondents

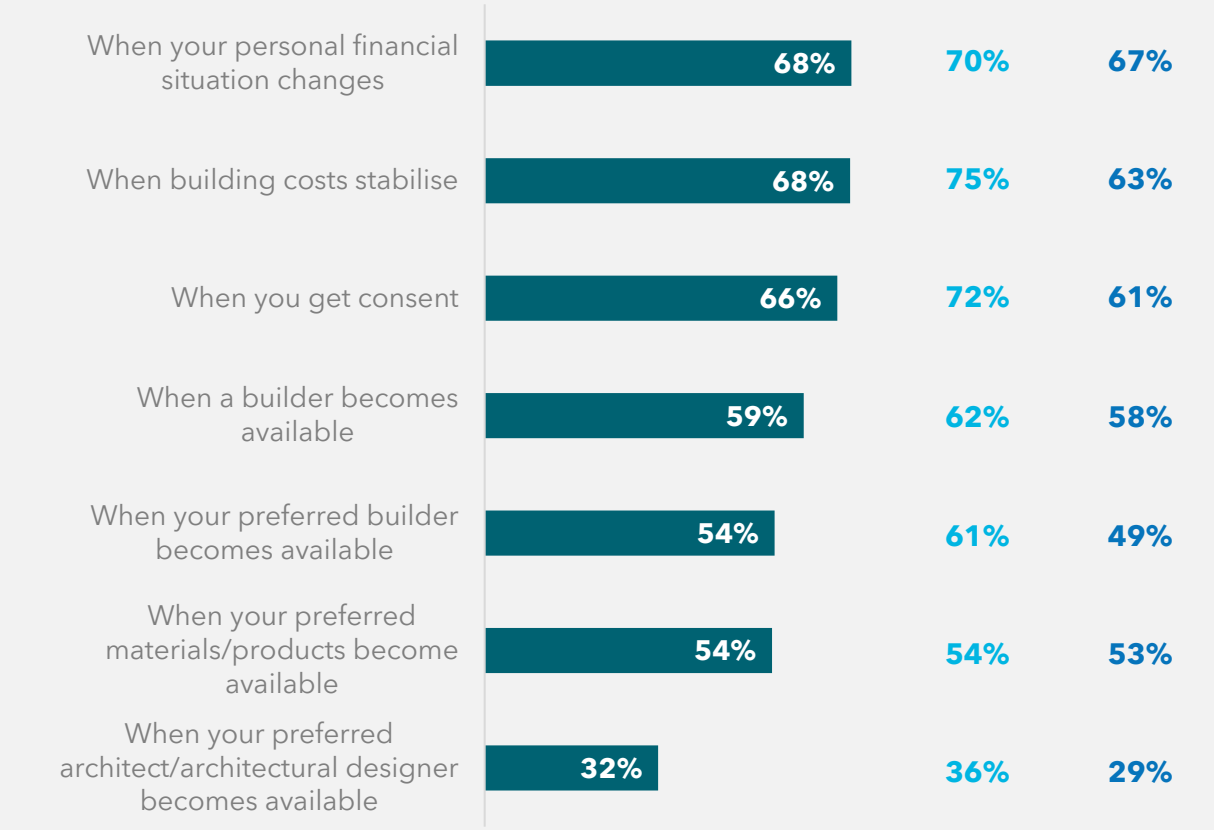
Statistically significantly higher for new builds

Statistically significantly higher for renovation

Affordability/certainty of cost and consent are key triggers to work commencement

Deciding factors in commencing build/renovation

% of 'top 2 box' importance



	Planned Build	Planned Renovation
When your personal financial situation changes	70%	67%
When building costs stabilise	75%	63%
When you get consent	72%	61%
When a builder becomes available	62%	58%
When your preferred builder becomes available	61%	49%
When your preferred materials/products become available	54%	53%
When your preferred architect/architectural designer becomes available	36%	29%

Affordability is the key factor triggering the commissioning of both new builds and renovations. For two-thirds (68%) of those planning building/construction work, an improvement in their personal financial position and /or the stabilisation of building costs will determine when they commence their planned work. The stabilisation of building costs is particularly important to those planning new builds (75%). Two-thirds (66%) also note the influence of obtaining building consent in signalling the start of the work, especially those planning a new build. Resource availability (builders, materials) is also identified as a trigger for commencing building/renovation work.

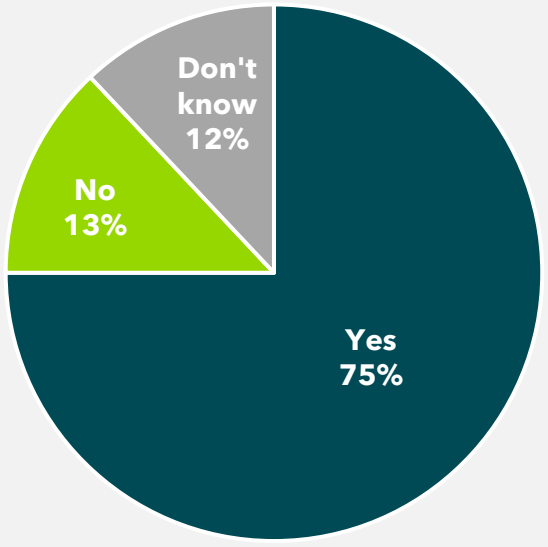
Base: *n=304 (Planned new builds or renovations)*

Disclosure statements used – and assist with decision making

Three-quarters (75%) of those who had appointed a builder had received a disclosure statement about the builder's business, their insurance and any guarantees or warranties offered. Disclosure statements were more likely to be provided for new builds (87% of those underway, 79% of those planned) than for renovations.

Recipients agreed that the disclosure statement helped them make a more informed decision about their builder, with levels of agreement similar across all four user groups.

Provision of disclosure statement from builder



77%

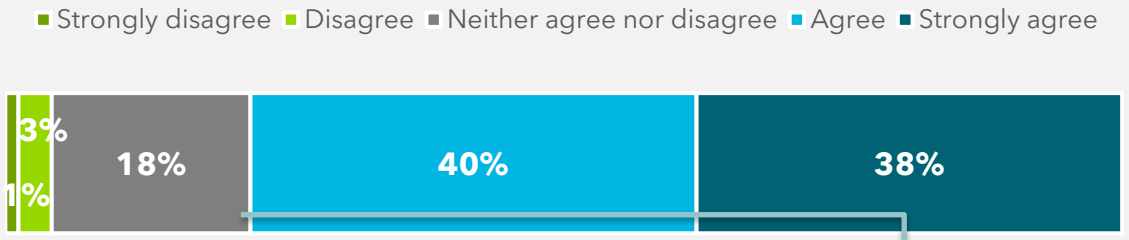
- New build underway/completed: 87%
- Renovations underway/completed: 63%

65%

- Planned new build: 79%
- Planned renovations: 54%

Base: *n=575 (Those who have appointed a builder)*

Usefulness of disclosure statement to make informed decision about builder



Total Agree 78%

79%

- New build underway/completed: 77%
- Renovations underway/completed: 82%

76%

- Planned new build: 76%
- Planned renovations: 76%

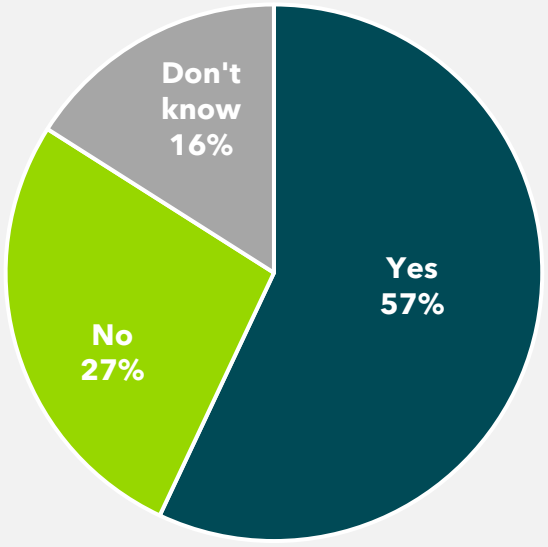
Base: *n=427 (Those who have been provided Disclosure Statements, excluding 'don't know' responses)*

Checklists useful to inform commissioning process – but not always provided

Just over half (57%) of end users reported having been offered a checklist of information from their builder about how to protect themselves when commissioning building work, with checklists more likely to be provided for new builds (67% of those underway, 61% of those planned) than for renovations.

Recipients agreed that the checklist helped them understand how to protect themselves when commissioning building work. Those undertaking (87%) or planning (83%) renovations were most likely to find the checklist useful.

Provision of checklist from builder



58%

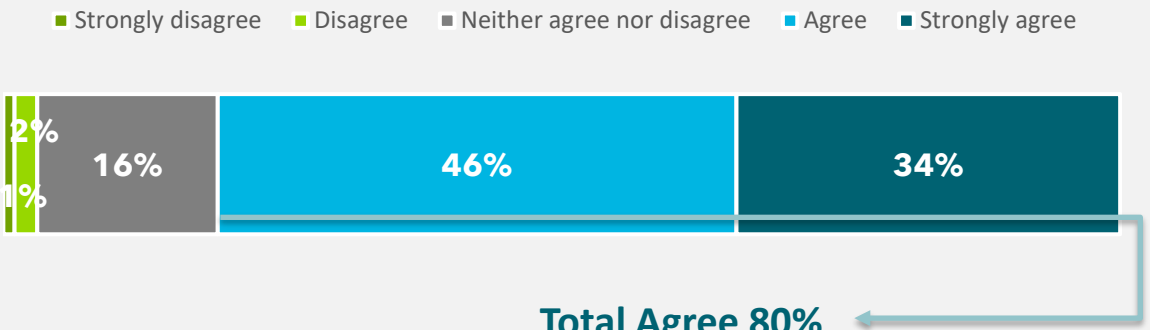
- New build underway/completed: 67%
- Renovations underway/completed: 46%

54%

- Planned new build: 61%
- Planned renovations: 50%

Base: *n=575 (Those who have appointed a builder)*

Usefulness of checklist to understand safe commissioning process



80%

- New build underway/completed: 77%
- Renovations underway/completed: 87%

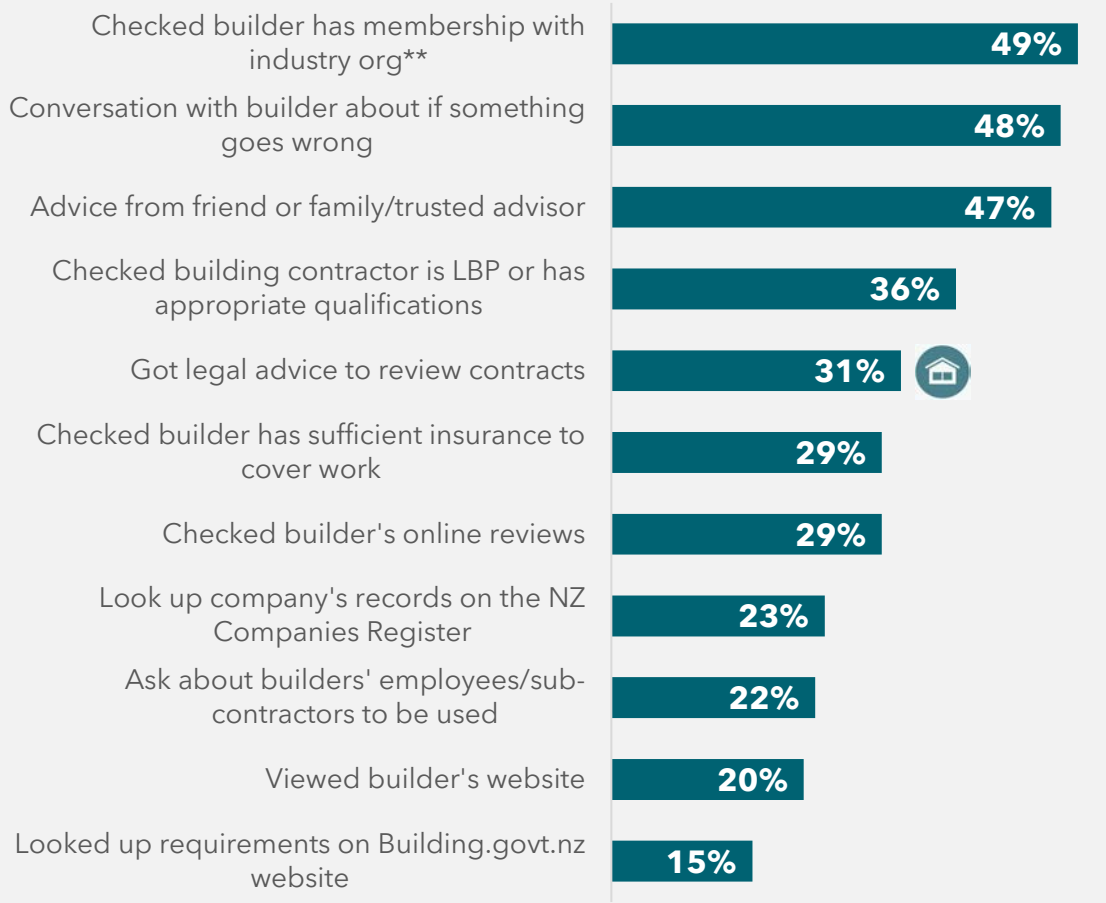
79%

- Planned new build: 75%
- Planned renovations: 83%

Base: *n=329 (Those who have been provided checklist, excluding 'don't know' responses)*

Wide range of due diligence undertaken; information often drawn from informal sources

Due diligence undertaken prior to build /renovation

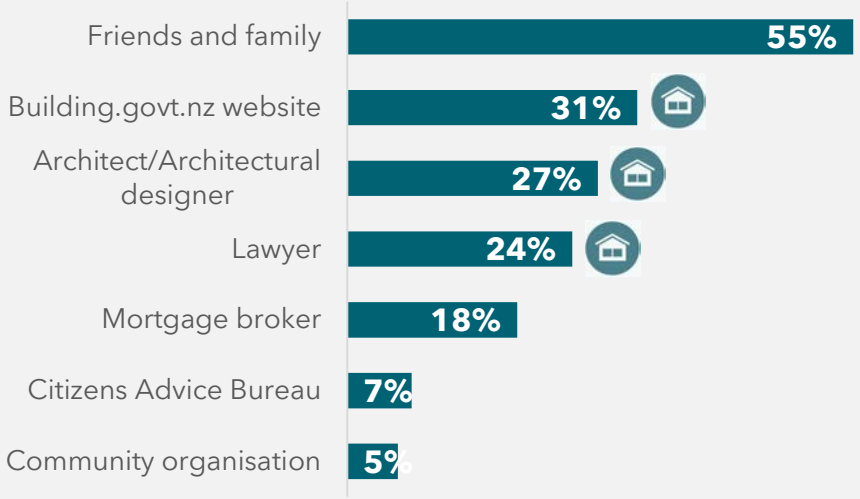


Base: *Construction underway/completed n=496*
Graph provides checks mentioned by 10% or more of respondents

***e.g. Master Builders, New Zealand Certified Builders*

Half (49%) of respondents with building underway/recently completed had checked their builder had membership with an industry organisation. Other forms of due diligence tended to be done more informally, including via conversations with the builder about what happens if something goes wrong (48%) and advice from family and friends (47%; this form of due diligence particularly common among those undertaking renovation work). Discussions with family and friends (55%) and with industry professionals is the most common source of information used prior to contracting building work.

Source of information used /to be used prior to work commencing



Base: *n= 1005 (All respondents)*
Graph provides sources mentioned by 5% or more of respondents

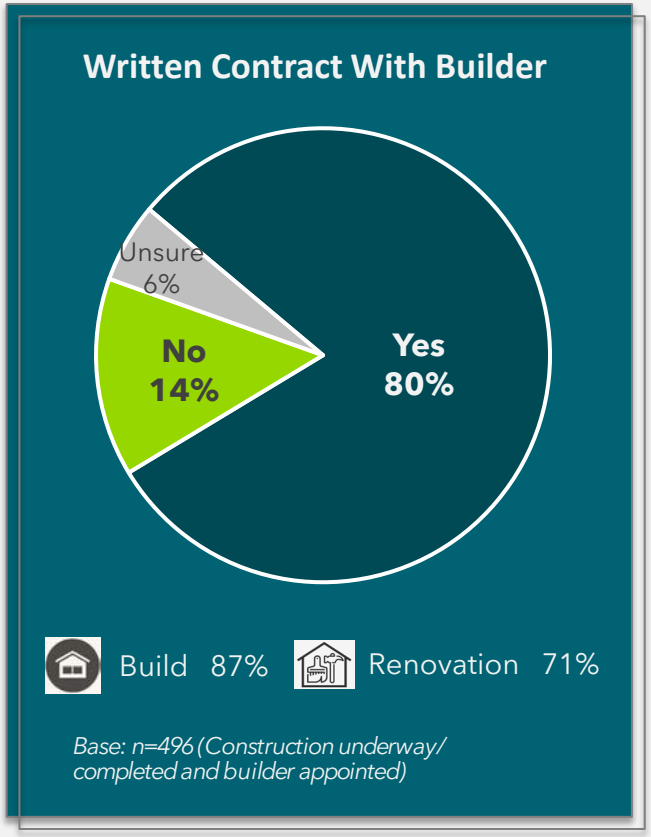
Statistically significantly higher for new builds

Statistically significantly higher for renovation

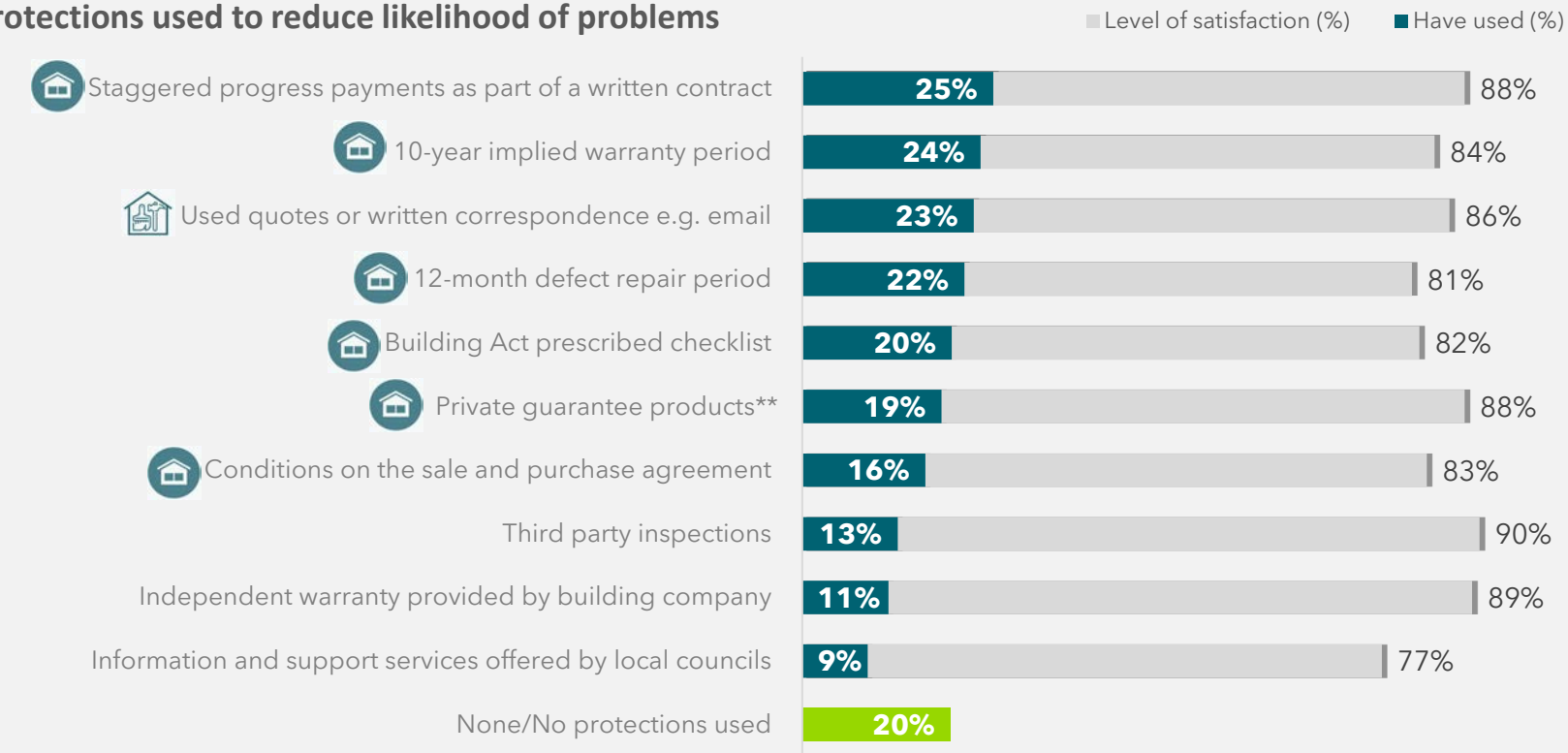
Almost all new builds have some form of protection; renovators less likely to have protections in place

Use of protections to reduce the likelihood of problems is high among new builds, with 88% reporting having used at least one form of protection. Among those undertaking new builds, a ten year implied warranty period (32%) and staggered progress payments (29%) were most frequently used. Those undertaking renovations were more likely to have used quotes or written correspondence (29%). Twenty percent had not used any form of protection, including 29% of those currently renovating or having recently completed renovations. Among those who had appointed a builder, 80% reported having a written contract. Those on the lowest level of income (<$40K) were over-represented among those without a written contract (26%).

While satisfaction ratings are high for all forms of protection used, satisfaction with information and support services offered by local councils is rated least positively (77%)



Protections used to reduce likelihood of problems



** e.g. Master Builders Guarantee or NZ Certified Builders Halo Guarantee

Base: n=654 (Construction underway/completed)
Graph shows ten most frequently mentioned protections

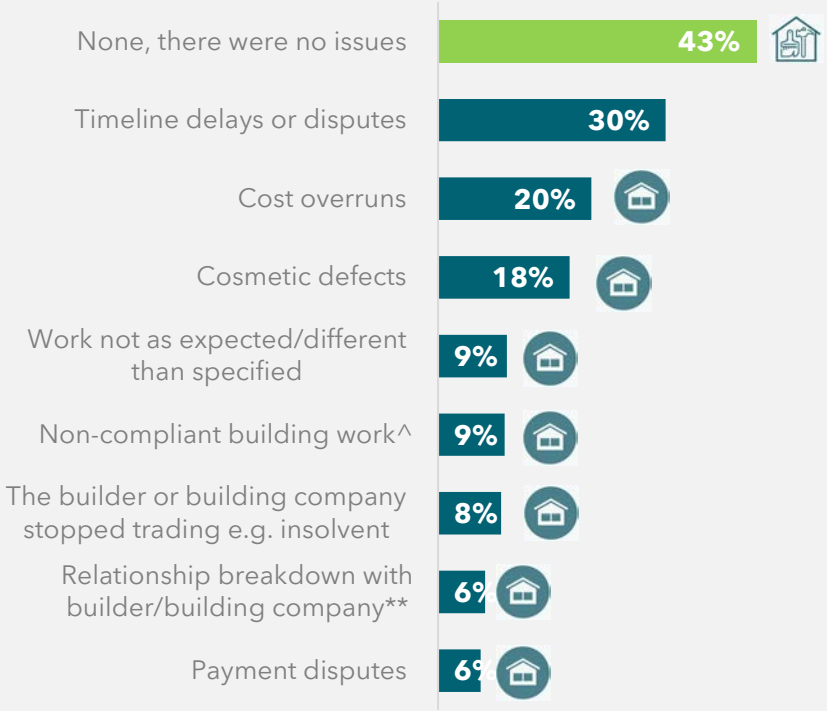
Statistically significantly higher for new builds

Statistically significantly higher for renovation

Time delays most common challenge for new builds; cost overruns affect both new builds and renovations

Timeline delays/disputes (30%), cost overruns (20%) and cosmetic defeats (18%) are the most common challenges experienced by end users. Experience of all issues is notably lower among renovators, with 55% reporting no issues compared with 32% of new builds. Informal information sources (e.g. builder, family and friends) are more likely to be used to address the challenge than government/industry-provided sources. Those undertaking new builds are significantly more likely to be using some form of guarantee (73%) than renovators (46%).

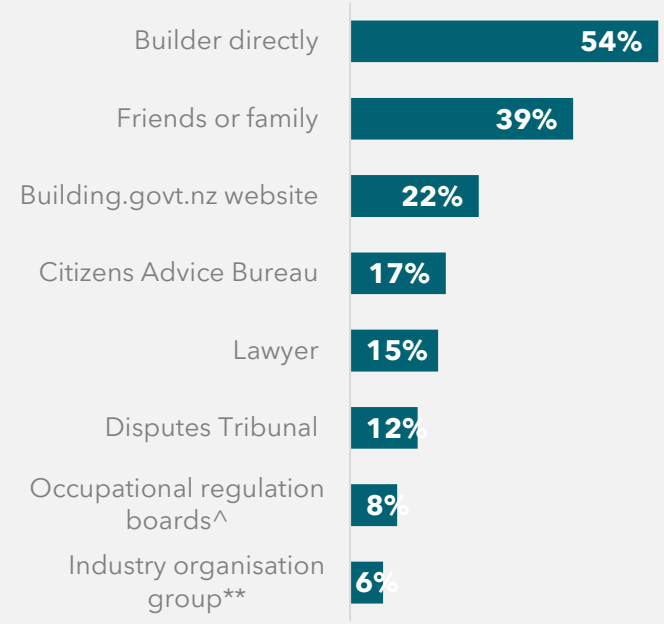
Build/renovation challenges experienced



^e.g. failed by the building consent authority
**e.g. stopped communicating

Base: n=654 (Construction underway/completed)
Graph shows challenges mentioned by 5% of respondents or more

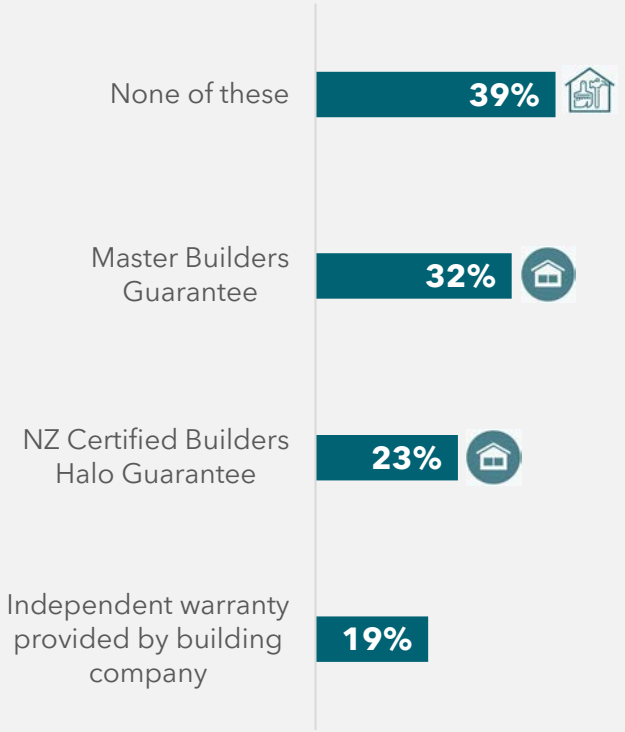
Information sources to address challenges



^e.g. Licensed Practitioners Board, Plumbers, Gasfitters and Drainlayers Board
**e.g. Master Builders or NZ Certified Builders

Base: n=365 (Construction underway/completed and challenge experienced)
Graph shows challenges mentioned by 5% of respondents or more

Use of guarantees



Base: n=654 (Construction underway/completed)

Statistically significantly higher for new builds

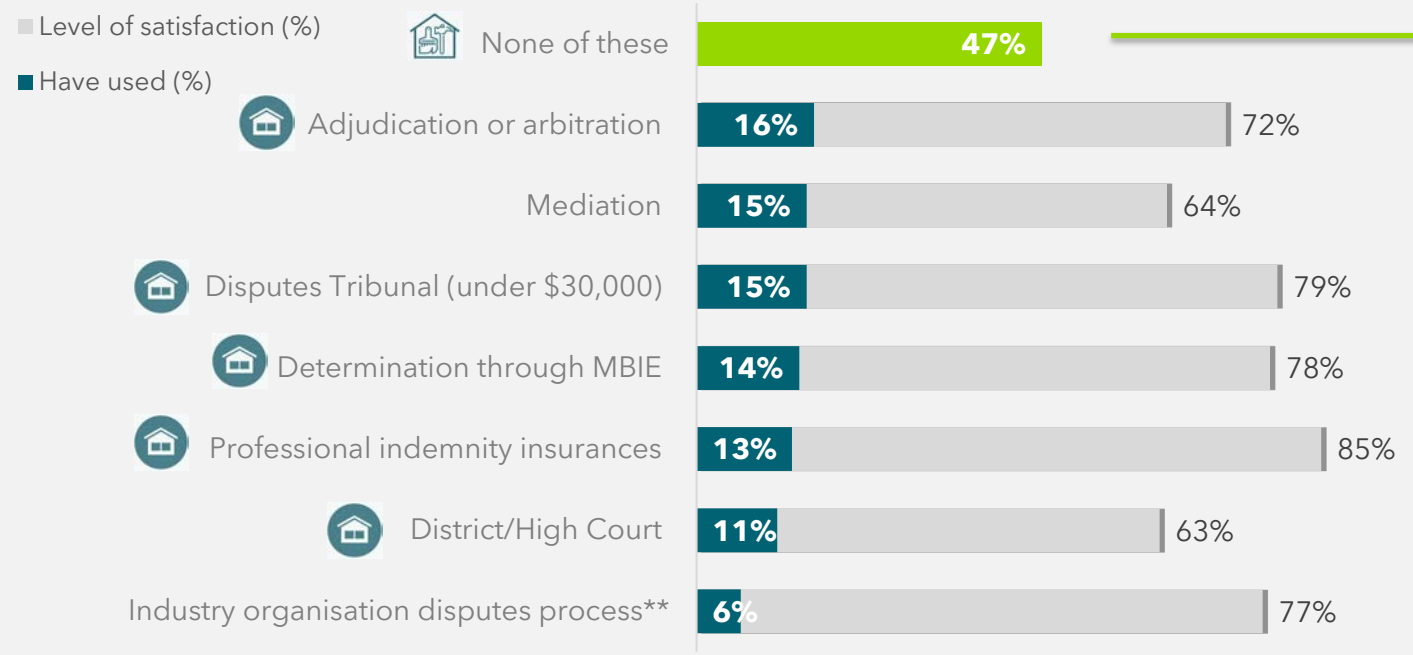
Statistically significantly higher for renovation

Dispute resolution mechanisms used predominantly for new builders

Of the 57% of respondents who experienced at least one issue/problem during their build/renovation process, over half (including two-thirds of those undertaking a new build and 45% of renovators) had attempted to address this through some form of dispute resolution. Adjudication/arbitration was most likely to be used (16%, including 20% of new build respondents), following by mediation (15% - the most common method used by those undertaking renovations) and the disputes tribunal (15%). Satisfaction was highest for professional indemnity insurance (85% of users satisfied to some extent).

Of the 35% of those undertaking new builds and 68% of renovators that had not used a dispute resolution mechanism, this was most often because they felt they didn't need to, or they were able to work out an acceptable solution themselves.

Dispute resolution mechanisms used



Reasons for not using disputes mechanisms	%
Didn't need to	33%
Worked out plan/solution together	26%
Unsure	24%
Was only a small issue	5%
Not aware of that process	4%
Seemed too complex/complicated to use	2%

Base: n=168 (Construction underway/completed and experienced issue during works but did not use dispute mechanism)

***e.g. Master Builders or NZ Certified Builders*

Base: n=365 (Construction underway/completed and experienced issue during works)
Graph shows those mechanisms used by more than 5% of respondents

Statistically significantly higher for new builds

Statistically significantly higher for renovation

Heat pumps most widely incorporated into new builds. Improved insulation common for renovations

For new builds, each property feature considered was more likely to be planned for than actually included. For new builds, solar panels and insulation above minimum values were most frequently planned for but not included in current builds. Insulation features are particularly common inclusions for renovations.

Property features included in new builds

Property Features	Total Build	Build Complete/ Underway	Build Planned
Heat pumps for heating and cooling	**68%**	64%	75%
Energy efficient appliances	**48%**	44%	59%
Insulation above minimum values	**48%**	43%	59%
Rainwater collection system	**37%**	32%	47%
Solar panels	**35%**	29%	48%
Triple glazed windows	**30%**	26%	39%
Heat pumps for hot water	**24%**	21%	31%
Heat recovery ventilation system	**22%**	18%	32%
Irrigation system	**16%**	13%	23%
None of the above	**3%**	6%	3%
Base	***n=502***	*n=352*	*n=150*

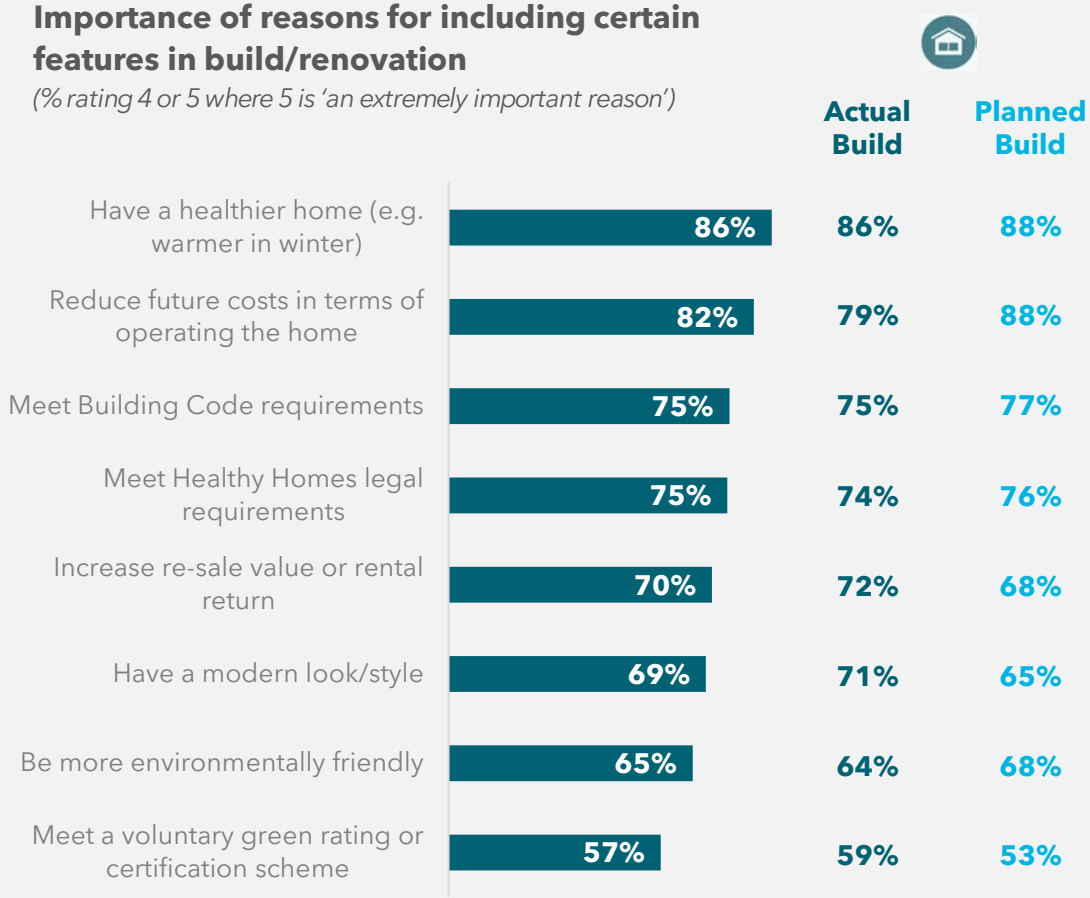
Property Features as Result of Renovation	Total Renovation	Renovation Complete/ Underway	Renovation Planned
Double glazed windows	**36%**	37%	36%
Insulation in the walls	**33%**	38%	27%
Insulation in the roof cavity	**30%**	36%	21%
Insulation under the floor	**24%**	27%	19%
Heat pumps for heating and cooling	**22%**	24%	19%
New or additional heating system	**17%**	19%	15%
New or additional ventilation system	**15%**	15%	15%
Energy efficient appliances	**14%**	13%	15%
Solar panels	**13%**	11%	15%
Rainwater collection system	**11%**	9%	15%
Heat pumps for hot water	**5%**	6%	5%
Irrigation system	**5%**	4%	6%
Triple glazed windows	**4%**	4%	4%
None of the above	**20%**	20%	31%
Base	***n=503***	*n=302*	*n=201*

Desire for a healthy home is key motivator for including future-proofing features

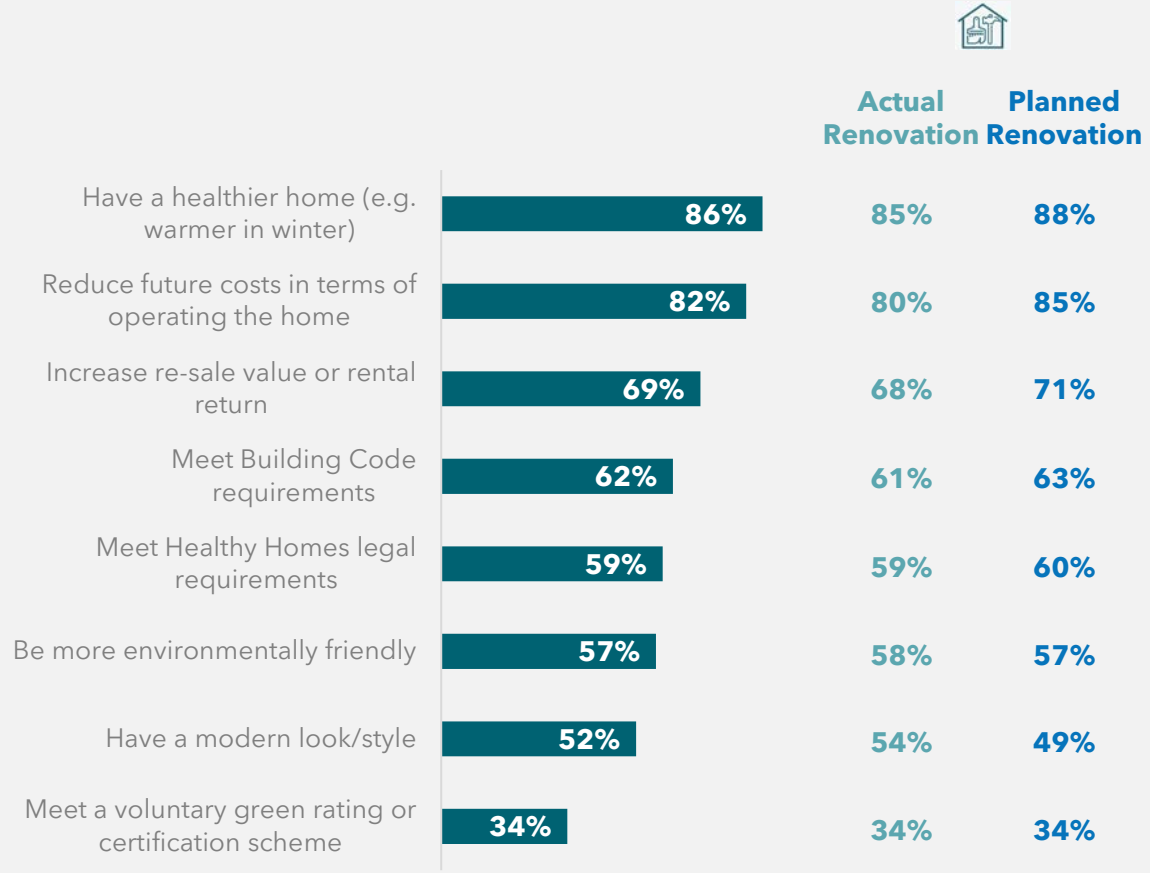
Having a healthier home (86%) and reducing future costs of operating the home (82%) are key motivators for the inclusion of particular features for both new builds and renovations. For new builds, features are also often included to meet legal requirements (e.g. building code, Healthy Homes requirements) (75%) while particular features are typically incorporated into renovations for financial return – to increase the re-sale value or rental return (69%),

Importance of reasons for including certain features in build/renovation

(% rating 4 or 5 where 5 is 'an extremely important reason')



Base: *n=430 (Completed, underway and planned new builds that include any future-proofing property features)*



Base: *n=330 (Completed, underway and planned renovations that include any future-proofing property features)*

Checking of flood maps most common request to designer/builder, especially for planned new builds

New build requests made to designer or builder

Requests Made to Design/ Builder	Total Build	Build Complete/ Underway	Build Planned
Check flood maps	**47%**	40%	64%
Build above Code to avoid future climate risks e.g. flooding, slips, subsidence, overheating	**37%**	30%	54%
Carry out energy modelling	**30%**	29%	32%
Carry out predicted water use calculations	**28%**	24%	37%
Undertake natural hazard modelling	**25%**	19%	40%
Carry out a whole of life embodied carbon assessment	**23%**	24%	20%
Build for greater seismic resilience	**23%**	16%	39%
None of these	**24%**	26%	17%
Base	***n=502***	*n=352*	*n=150*

Of the seven initiatives considered, those who have recently completed, or are currently undertaking or planning a new build were most likely to have asked their designer/builder to check flood maps (47%). More than half (54%) of those planning a new build have, or intend to, ask their designer/builder to build above the building code to avoid future climate risks. However, only 30% of builds where construction is underway/completed are building above code. A quarter (24%) of new builds had not requested any of these initiatives from their designer or builder.