

# National Research Survey synopsis

**MARCH 2019**

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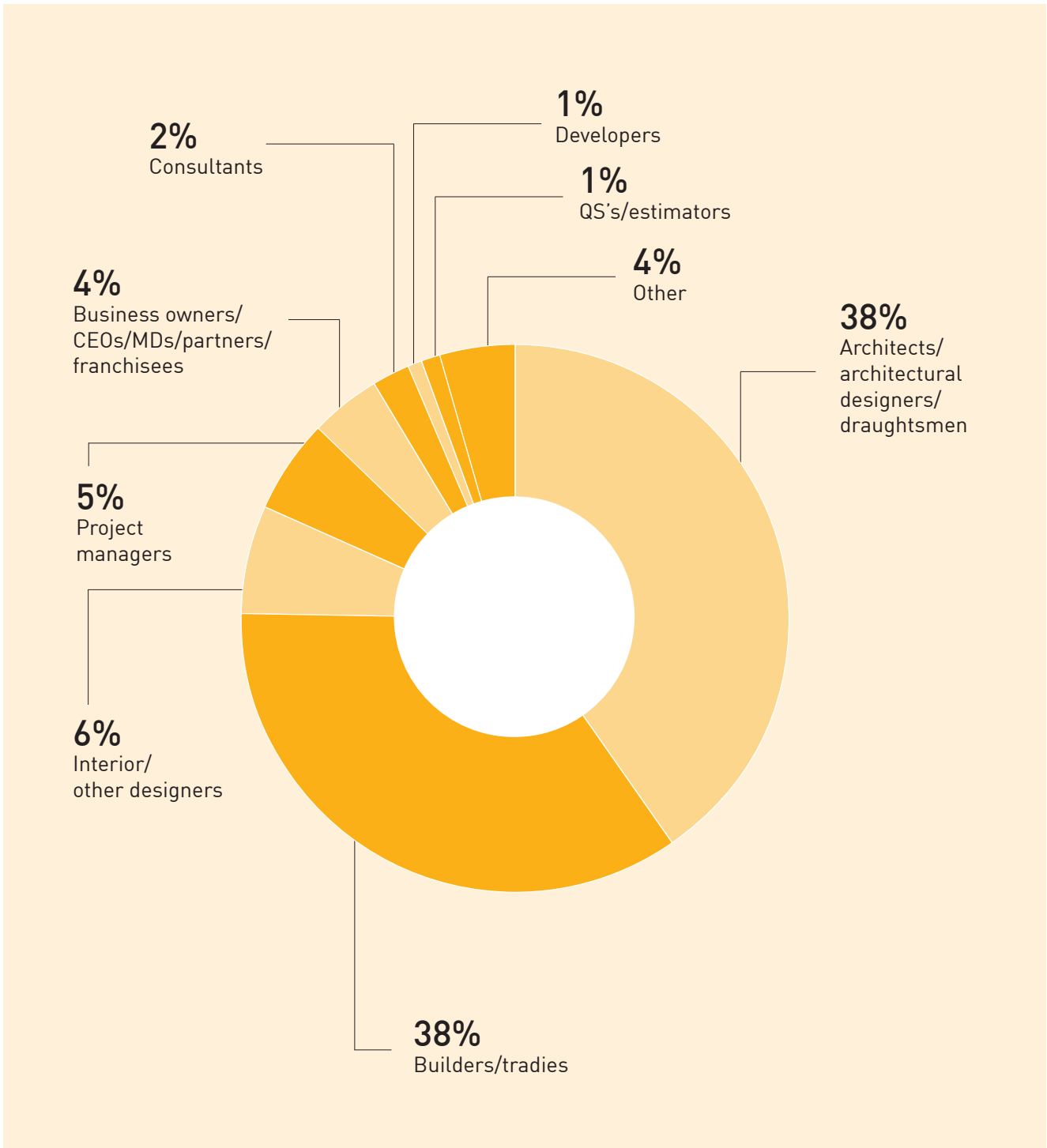
Construction Marketing Services

In March 2019 Construction Marketing Services, supported by Registered Master Builders Association, surveyed the specifier community across New Zealand to gather sentiment around the key issues facing the construction sector. 489 responses were received. Following is a synopsis of the findings.

The views and opinions expressed in this document are those of the respondents to the survey, and do not reflect the views of Construction Marketing Services or Registered Master Builders Association.



# Industry breakdown



# Key issues facing the construction sector in NZ\*

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1.

Red tape driving consenting and building delays

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**80%**

2.

Labour/skills shortages

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**73%**

3.

Building and material quality

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**70%**

## Additional insights:

- Cost of labour and materials is a key issue
- Compliance and consenting costs and delays continue to be a headache for many
- The skills shortages issue has several facets, including a need for better apprentice training and an understanding of where the skills gaps lie
- There's a lack of national vision around land use

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\* Statistics apply to the percentage of respondents who marked this as "critical" or "very important"

# How could our industry create more affordable housing?\*

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1.

Address the cost of materials

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**70%**

2.

Review the consenting and approvals process

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**69%**

3.

Prefabrication/  
modular housing

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**48%**

## Additional recommendations and general sentiment:

- Change the mindset and encourage more people to live in smaller or apartment-style homes
- Focus on medium-density housing
- Decentralise business activities to drive business and industry in areas where housing is more affordable
- Look at different models of home ownership and rental options such as life-time rental and institutional investment options
- Consult with other countries who do medium and high-density housing well
- Bring in innovative, alternative practices
- Find ways to reduce land prices and lower development taxes
- Change procurement methods with more contractor involvement and less tendering

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\* Statistics apply to the top three recommendations based on total responses

# 70%

The percentage of respondents who think prefabrication/modular housing, in some form, may provide a solution to the housing shortage in NZ



## Comments and general sentiment:

- Prefabrication needs to be more cost effective than it currently is
- Quality and lack of diversity are significant risks
- Prefabrication is capital intensive and the market may be too small in NZ to make investment worthwhile
- Other challenges include financing, reviewing the way inspections are conducted and upskilling
- We should look at existing prefabrication options to complement other solutions
- Prefabrication only offers a small part of the solution

# How can we lift the quality of building materials and build quality?\*

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1.

Education around the value of exceeding minimum compliance requirements

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**59%**

2.

Lift the minimum standard benchmark

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**43%**

3.

Greater emphasis on the value of industry product appraisals

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**38%**

## Additional comments and general sentiment:

- The focus needs to be on quality of workmanship rather than quality of products. There needs to be better training, including a stronger push to get students into apprenticeships.
- The industry should compete on quality and performance and not on meeting minimum standards
- Address the monopolies that control the sector
- Lower the price of quality materials
- Enforce regulations
- Make the appraisal process simpler and cheaper

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\* Statistics apply to percentage of respondents who marked this as "essential" or "very important"

**35%**

Percentage of respondents who feel tightening lending criteria has impacted their business

**53%**

Percentage of people who feel product substitution is a significant risk factor in building\*

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\* based on respondents who indicated they were "concerned" or "extremely concerned"





# The key concerns around product substitution:

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1.

Liability

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**55%**

2.

Meeting client expectations

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**17%**

3.

Other, particularly quality and durability

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**15%**

4.

Impact on design/aesthetics

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**13%**

## Additional recommendations:

- Durability and compatibility of the product to meet its purpose
- Meeting quality expectations
- Meeting building code requirements

# How the industry could reduce product substitutions – key themes:

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“It’s not about reducing substitutions; it’s about ensuring substitutions are equal or better”

“Make only approved and tested products available”

“Make the person making the substitution liable”

“Have stricter guidelines on what can be substituted and what is an acceptable substitution”

“Improve communication at the outset, including early contractor involvement”

“Make products more affordable and available”

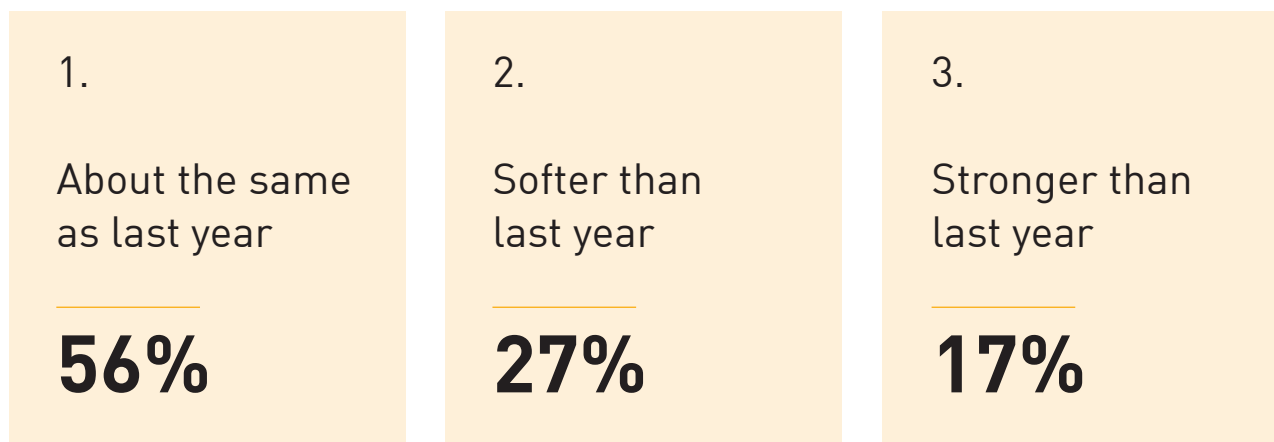
“Provide a wider range of quality products across the whole price range”

“Encourage the industry to compete on innovation, performance and quality”

“Don’t allow product substitution”

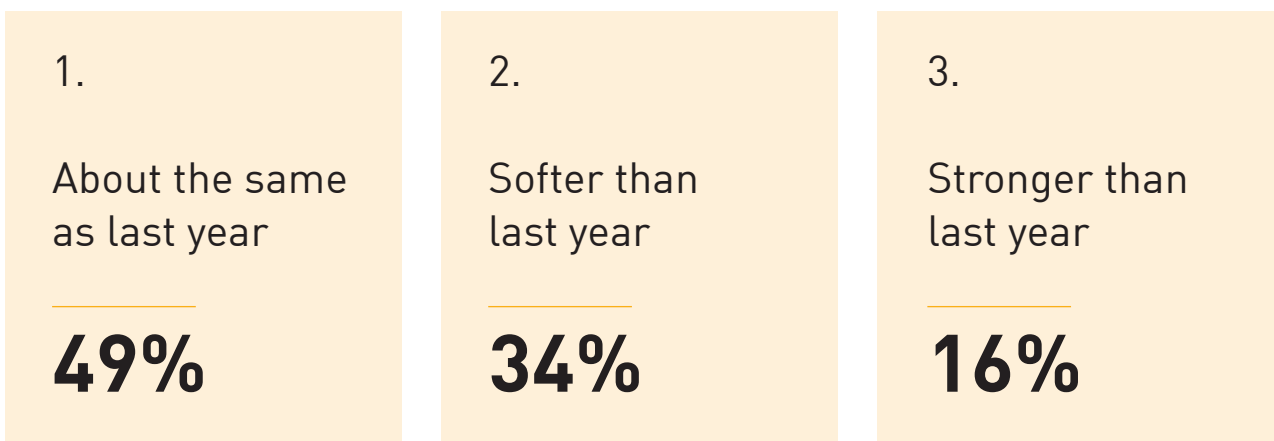
## The outlook for the construction sector in New Zealand for the next two years:

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## The outlook for respondent businesses this year?

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### Key challenges facing businesses – key themes:

- Consenting processes and time delays
- Finding skilled labour and rising labour costs
- Changing goals posts, especially around compliance requirements
- Cash flow
- General uncertainty – the economy, the housing market, changes to the apprenticeship scheme and taxes
- Current focus on quantity over quality
- Cost of building leading to projects not proceeding beyond consent
- Keeping up with demand
- Rising costs across the sector – subcontractors, labour, materials and compliance
- Land availability

# The top three things respondents want to hear more about\*

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1.

Information about new products and product innovations

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**65%**

2.

Information about compliance and other regulatory changes

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**64%**

3.

What's happening in other parts of the world in architecture, design or construction

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**52%**

## Other topics of interest:

- Apprentice training and skills development
- New research and comparative studies of products
- The consenting process
- LBP for design workshops
- Regulatory and governance systems in other countries where construction is affordable, efficient and has longevity
- Industry rates and wages – comparisons and guidelines
- Passive houses and sustainability
- Health and safety compliance

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\* Statistics apply to the top three preferences based on total responses

## **ABOUT CONSTRUCTION MARKETING SERVICES**

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Construction Marketing Services connects leading industry suppliers with the architecture, design, specifier and trade communities. Our services include specification consultancy and education, trade events and forums, industry marketing programmes, and leading online specification tools. Established in 1987, with offices in Auckland, Wellington and Christchurch, Construction Marketing Services plays an important role in bringing together the New Zealand construction industry.

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