



2006 New Home Builder Customer Satisfaction Study - TRCA Supplemental Study

Prepared for:
Toronto and Region Conservation Authority
28 June 2006

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Section A: Introduction

Background

The 2006 J.D. Power and Associates Canadian New Home Builder Customer Satisfaction Study is designed to provide new home builders with an objective, independent and comprehensive measure of customer satisfaction and quality as rated by new home buyers.

The sample was obtained from public records and included all customers who closed their new, low-rise home in calendar year 2005 (regardless of the builder). Excluded from the mailing file were any properties sold to a second and/or subsequent home owner during 2005 and investment properties wherein the address of the home differed from that of the home owner. These exclusions resulted in a net total of 22,922 questionnaires being mailed within the Greater Toronto Area (the study also covered the Ottawa Carleton region in 2006, however this market was not included in the TRCA research programme).

On average, survey respondents were in their homes between 3 and 16 months.

For purposes of this study, the GTA is defined as the:

- City of Toronto
- Durham Region
- Halton Region
- Peel Region
- York Region

Background *(continued)*

New Home Builder Syndicated Study: Data Collection and Response Rates

Due to privacy legislation, the names of individual homeowners were not available. All solicitation was therefore addressed to 'Dear New Home Owner'. To maximize response rates, three separate mail-outs were undertaken:

1. An alert postcard with an invitation to complete the questionnaire online was mailed at the end of March
2. The alert postcard was followed a week later with the four-page questionnaire and cover letter, this again included the online invitation
3. A second reminder postcard was then mailed at the end of April with a prompt for online completion

The overall response rate for the syndicated study was 25%, split 53% mail and 47% online as follows:

<u>Response Rates</u>	
Mail responses:	2,998
Web responses:	2,656
Total syndicated returns:	<u>5,654</u>
	53%
	47%
	<u>100%</u>

Background *(continued)*

TRCA Supplemental Study: Data Collection and Response Rates

Respondents to the online J.D. Power and Associates New Home Builder Syndicated Study were invited to complete the Toronto Region Conservation Authority survey (only upon completion of the original survey). An additional incentive of a cash draw for \$500 was offered to encourage responses.

Response Rates

Total online audience (JDPA online survey respondents): 2,656

Total TRCA responses: 1,527 57% response

Objectives

To provide the TRCA with voice of the customer based information and analysis related to:

- The importance of energy efficiency and proximity to natural areas in the home purchase process
- Understanding the energy efficiency / environmental packages offered by GTA builders
- Landscaping treatments consumers would be most likely to order from the builder and the future landscaping intentions
- Proximity to outdoor recreational areas and usage of these areas
- Comfort levels using rain water as an alternative source of water
- Sources of information relating to environmental technologies

About This Report

Please Note:

The 2006 J.D. Power and Associates Canadian New Home Builder Customer Satisfaction Study will be released September 6, 2006. The data from this survey remains the property of J.D. Power and Associates and may not be shared with any third party without the prior, written consent of J.D. Power and Associates (specifically slide 24, Distribution of Energy Efficiency Ratings).

Section B: Executive Summary

Executive Summary

New homeowners are increasingly aware of the need for energy conservation and there is a strong desire for environmentally friendly features (such as a proximity to natural areas, energy/water efficiency etc.) to be incorporated into the home. However, there are two categories of homeowners: the first (and the largest group) like to receive these benefits but they are not a primary motivator for choosing a particular builder or home. The second group will actively seek out these benefits and may be willing to pay a premium for environmental technologies.

The Ontario Home Builder's Association (OHBA) supports the Ontario government in achieving its conservation goals. However, it notes that any "new or future changes to the Building Code must consider affordability ...in addition to the lifecycle costs of energy efficient features¹".

It would also seem that without the option for low maintenance landscaping provided by the builder, new homeowners will simply choose to landscape using conventional watering and fertilising methods. 64% of respondents indicated that they would choose other options instead of conventional methods if the builder had provided landscaping options, this is reduced to 55% who will use other methods when left to their own devices.

¹ Source: OHBA Energy Conservation Report May 2006

Executive Summary *(continued)*

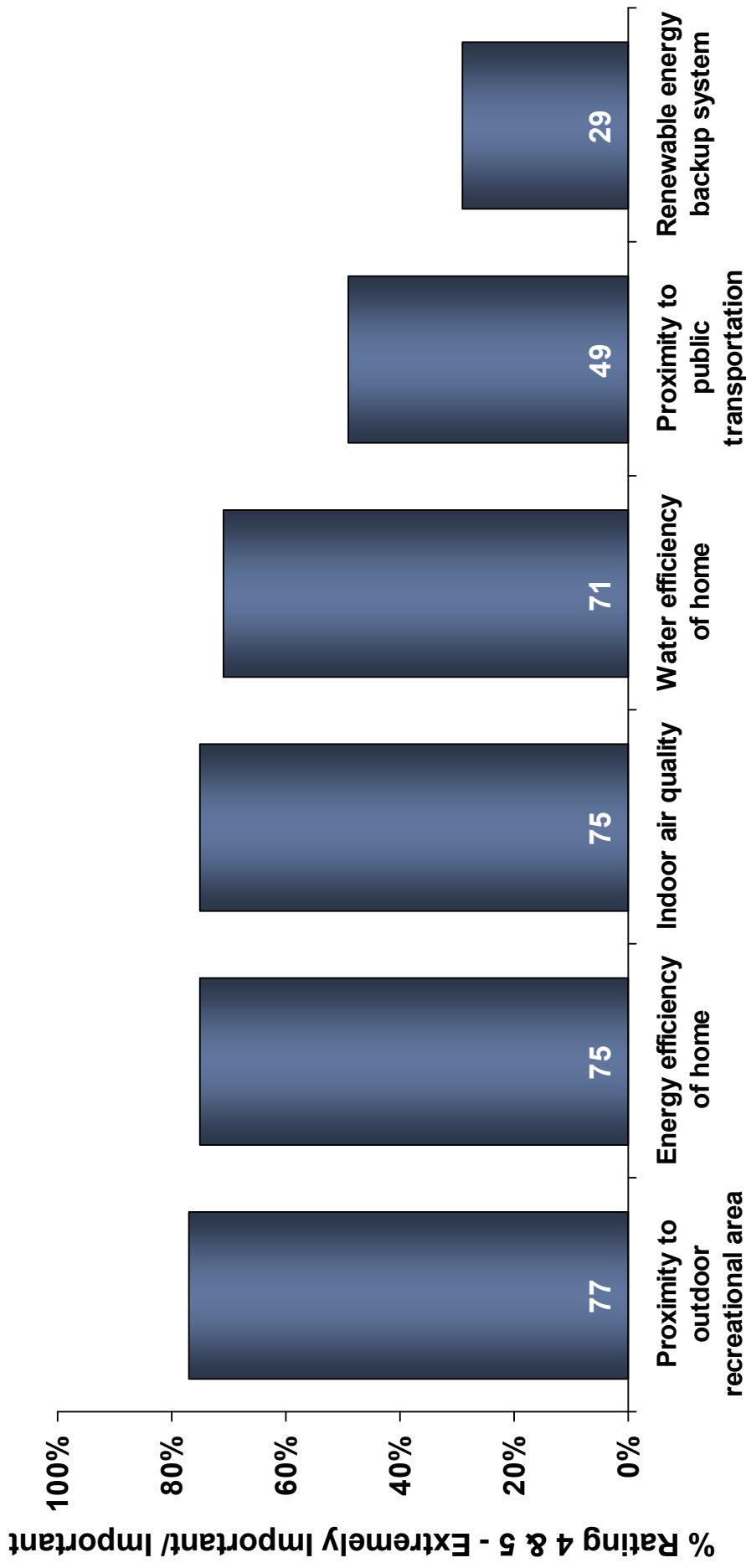
New homeowners are generally uncomfortable about using a water system sourced from rain water for flushing the toilet or supplementing laundry water (watering garden and lawn had an understandably higher level of acceptance). Increased general awareness of the benefits could help to change this trend.

The primary source of information on environmental technologies is newspaper articles which is 18% greater than the internet. Home shows showed a surprisingly high source of knowledge especially amongst the older buyers. Other sources cited include utility companies and employment based bulletins.

Section C: Detailed Findings

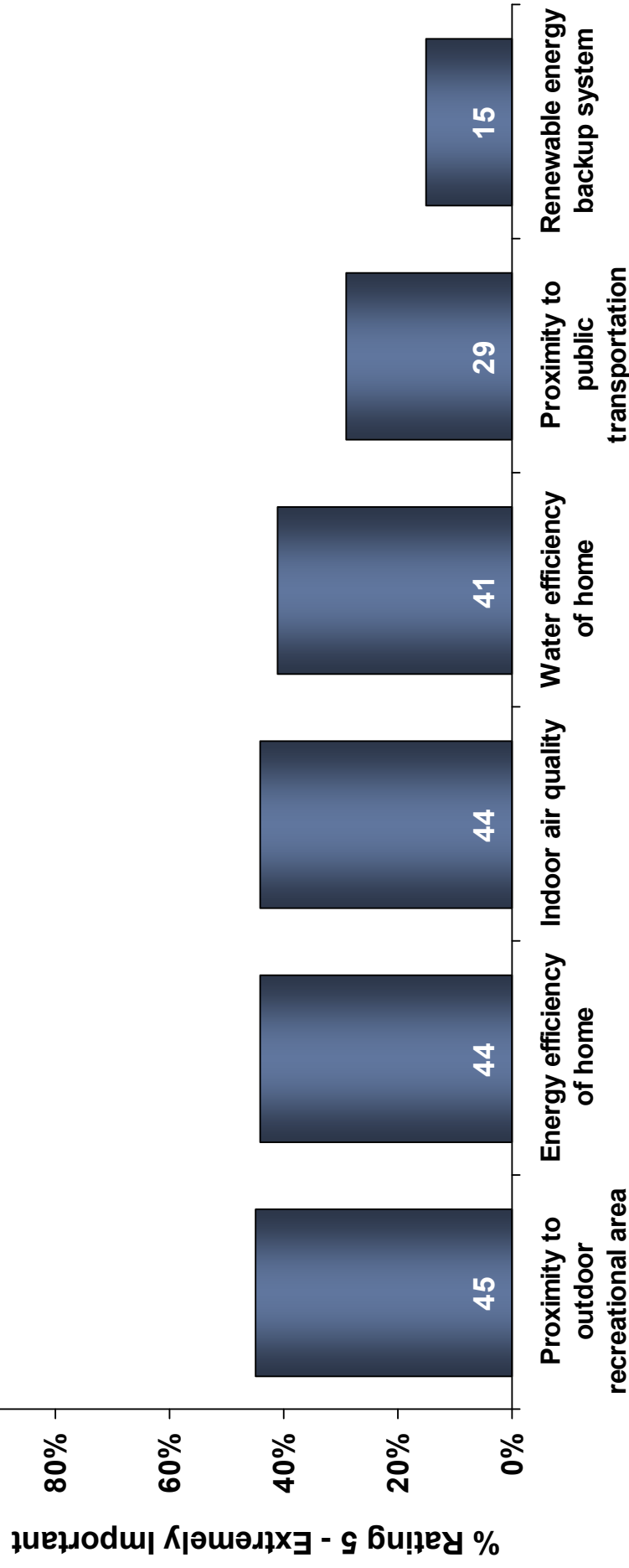
Purchase Motivators

The majority of new buyers rate proximity to outdoor recreational area, energy efficiency and indoor air quality as important (% rating 4 or 5) in their purchase decisions. However...



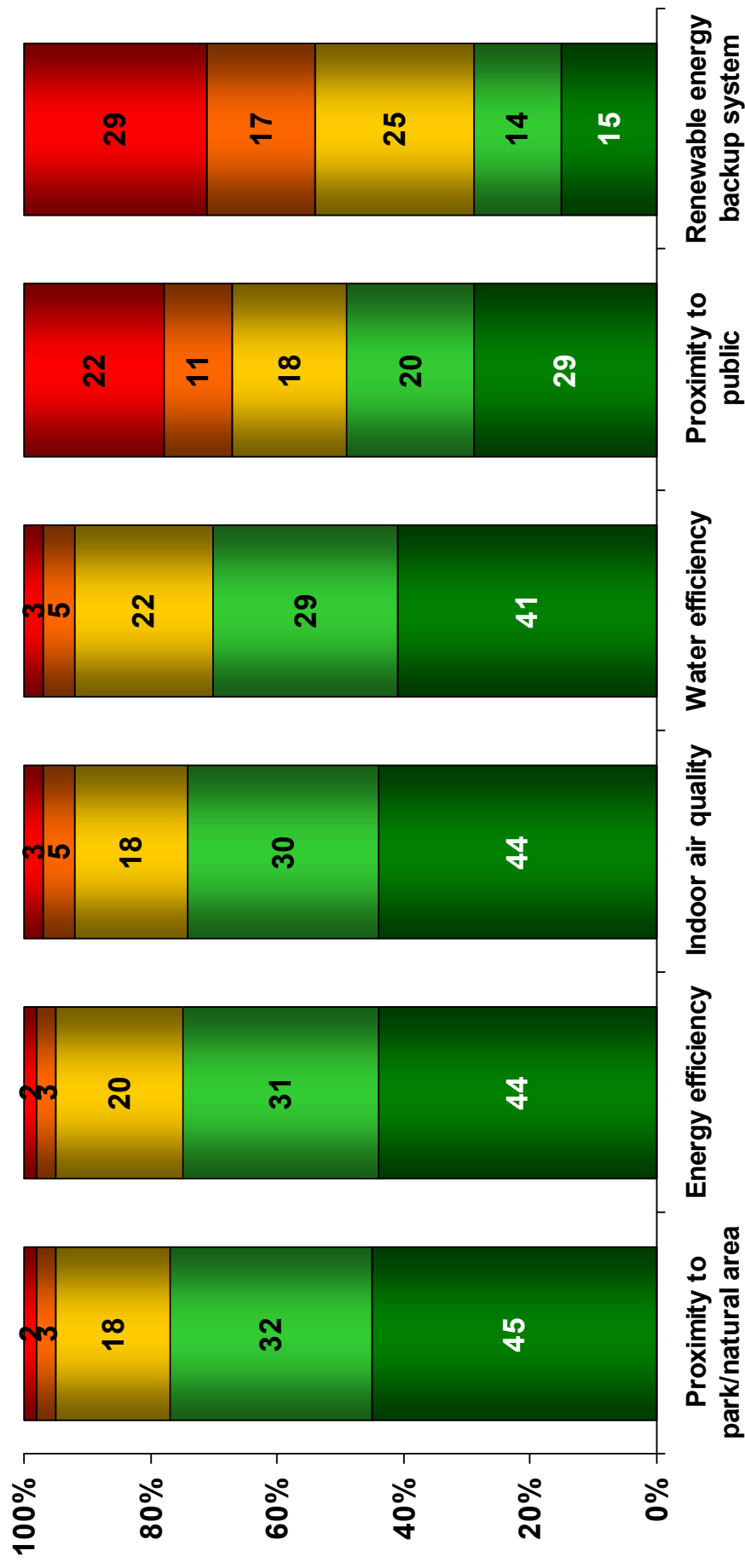
Purchase Motivators *(continued)*

Less than half of new homeowners rate these factors as 'extremely important'. In our experience, it is only when these items are rated at a '5' that consumers are willing to either pay a premium for these factors or will actively seek them out. Therefore, the majority of homeowners will view these factors as secondary drivers of purchasing the home.

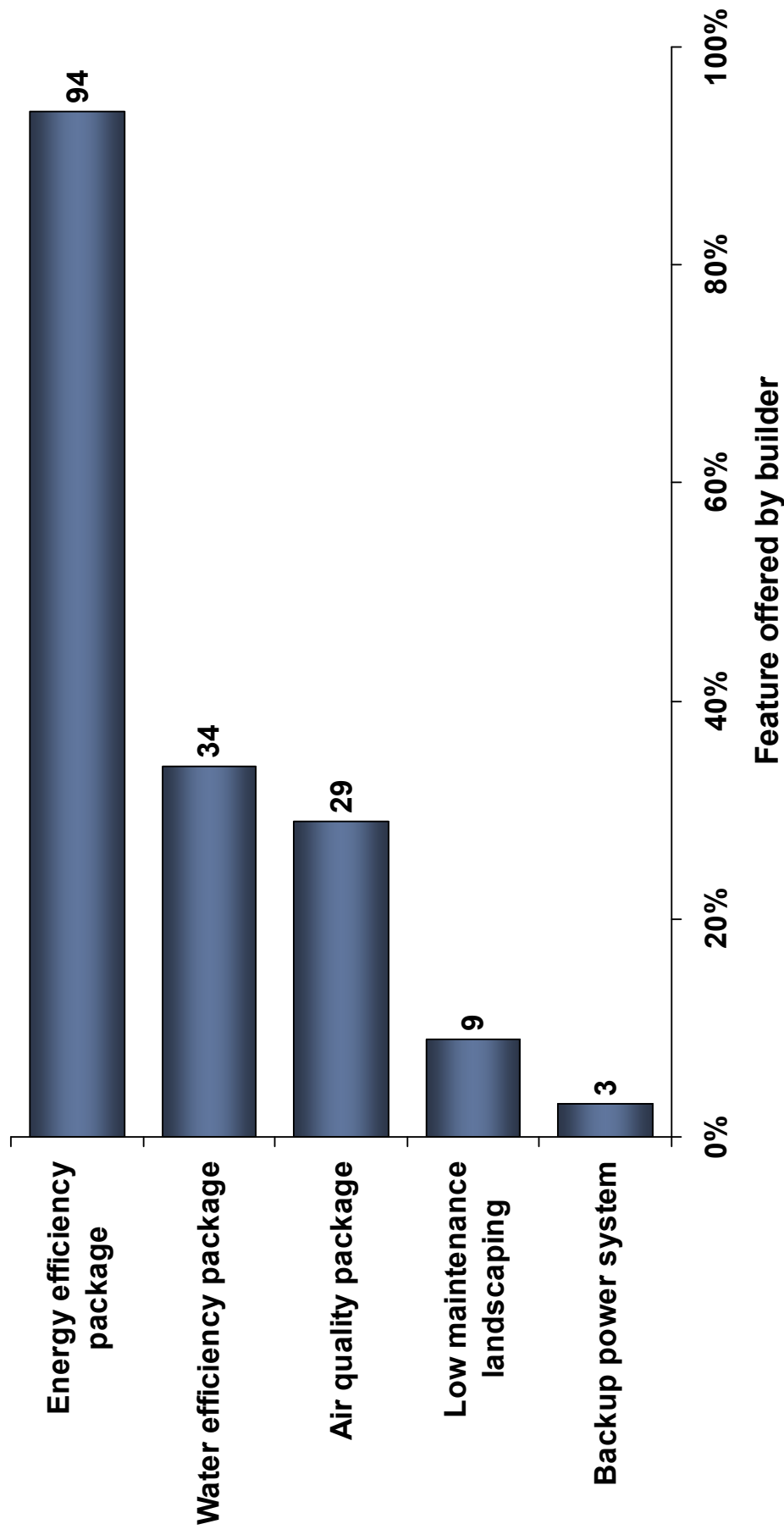


Purchase Motivators (continued)

Scale: 5 – Extremely important → 4 → 3 → 2 → 1 – Not at all important

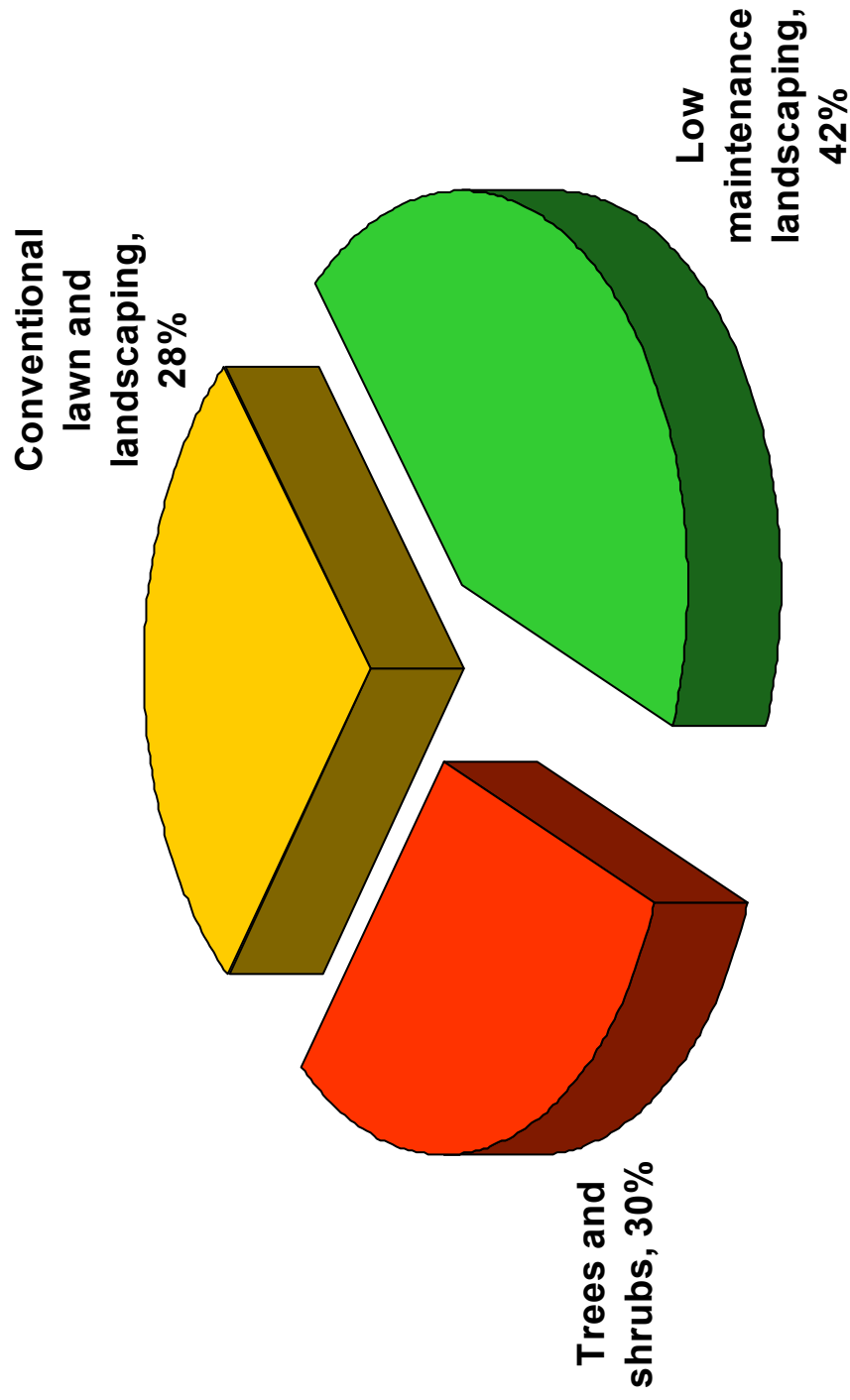


Environmental Features Offered by Builders



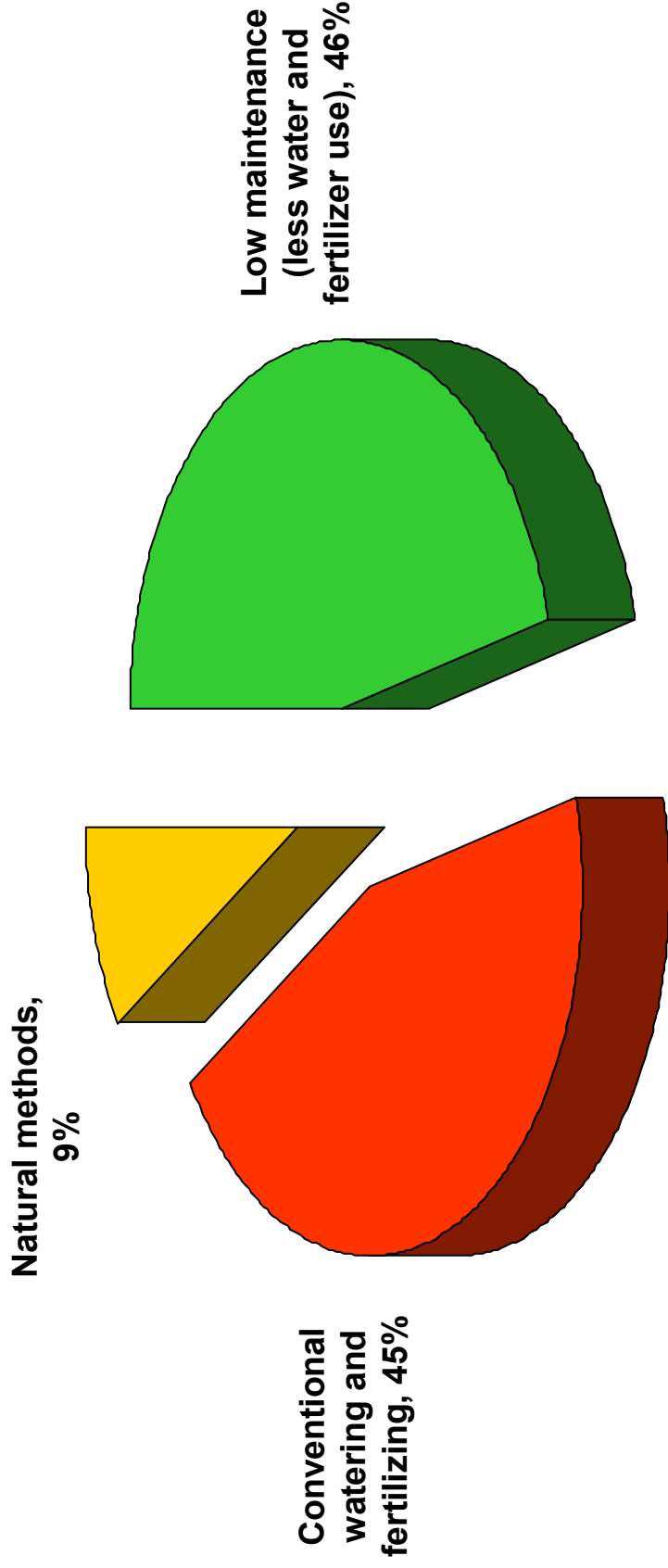
Landscaping Most Likely to Consider if Available

Consumers are more likely to accept a low maintenance landscaping package if such a program were offered by the builder



Future Intentions for Home Landscaping

A large number (45%) of new homeowners still require education on the benefits of low / natural maintenance for landscaping. There is no disproportionate sway between age, gender or number of children.

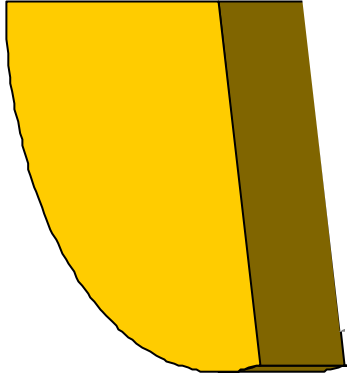


If Builders Offered Landscaping Packages There Would be a Decrease in Conventional Methods

Only 28% of new home homeowners would choose conventional landscaping methods if the builder offered a choice of packages. This increases to 45% of new homeowners who plan to use conventional methods if landscaping was not available from the builder.

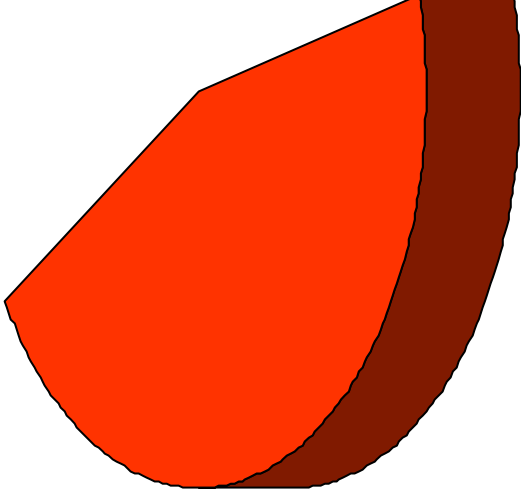
If Landscaping Were Offered by Builder:

Conventional lawn and landscaping, 28%



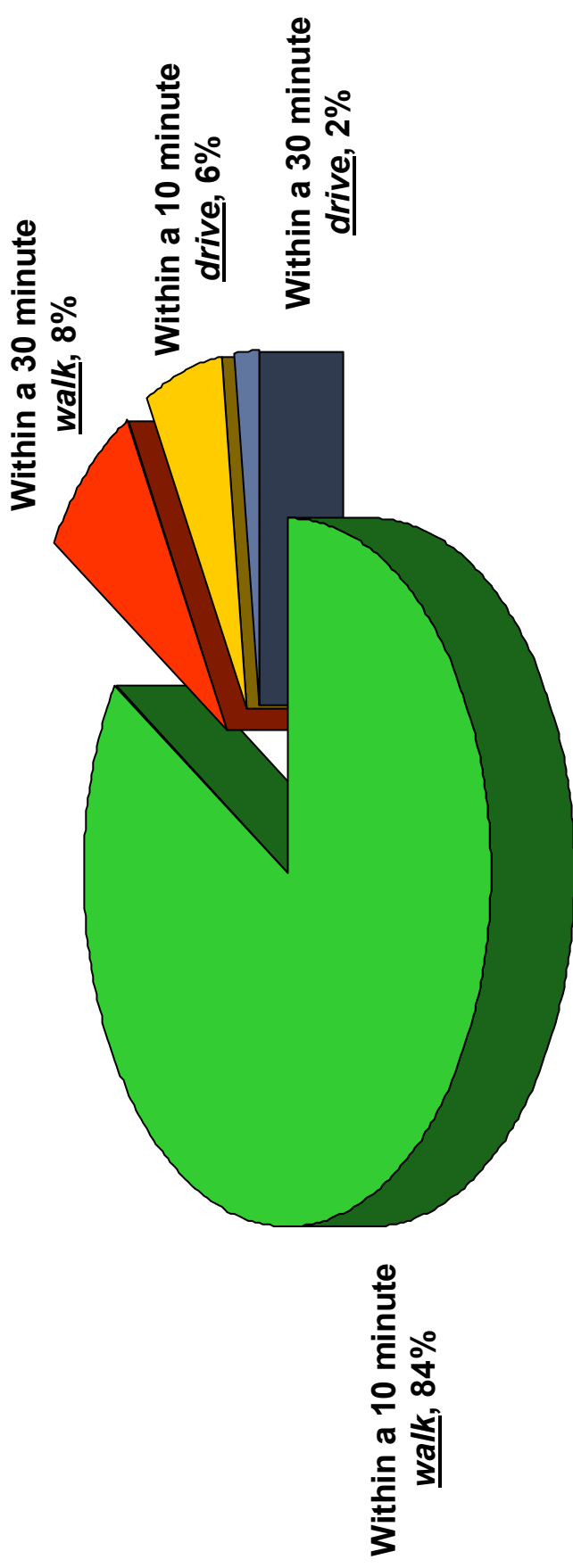
If Left to Own Devices:

Conventional watering and fertilizing, 45%



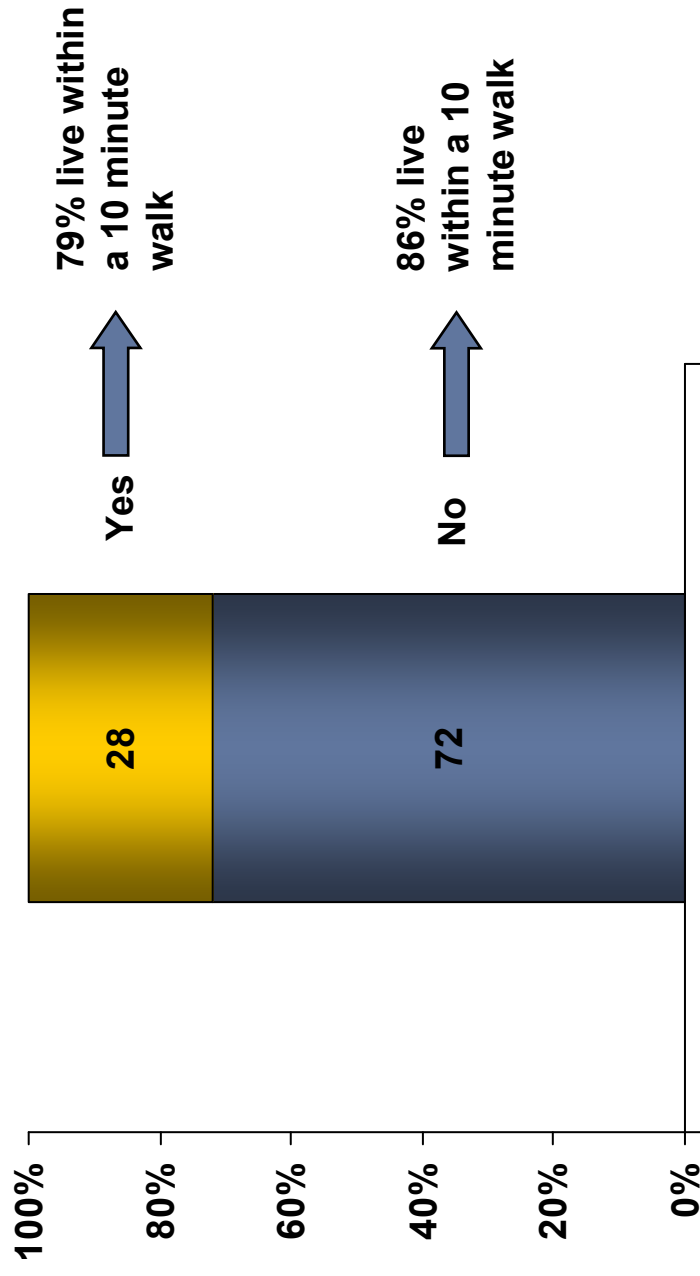
Proximity to Nearest Outdoor Recreational Area

4 out of 5 GTA new homeowners live within a 10 minute walk to either a park, common outdoor area or natural area



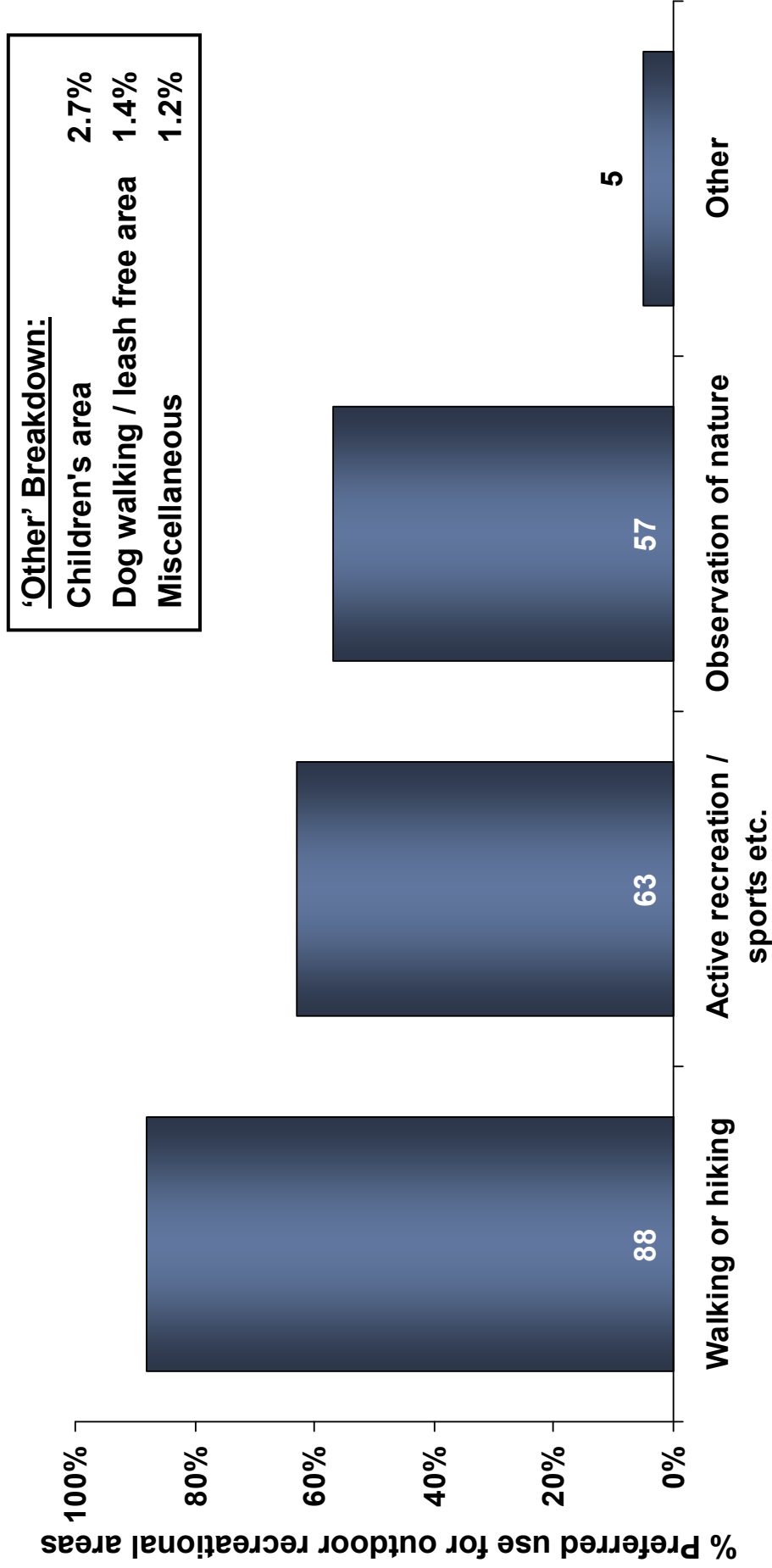
Personal Space

Respondents indicated a strong preference for their personal piece of property rather than being situated closer to an outdoor recreational area. There was no significant difference between respondents with or without children.



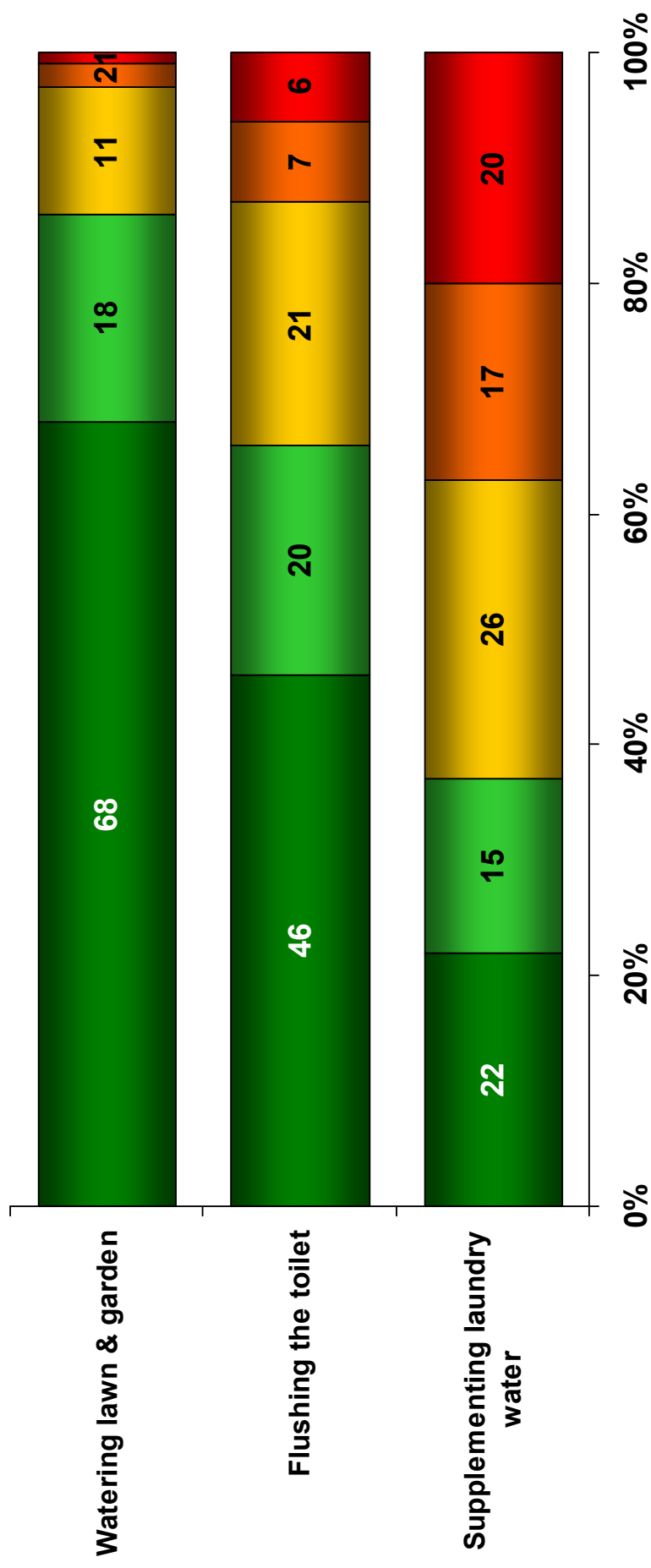
% Considered smaller lot if home were closer to outdoor recreational area

Walking / Hiking is the Preferred Use for Outdoor Recreational Areas



Comfort Levels Using Rain Water as a Source for...

Scale: 5 – Extremely comfortable → 4 → 3 → 2 → 1 – Not at all comfortable

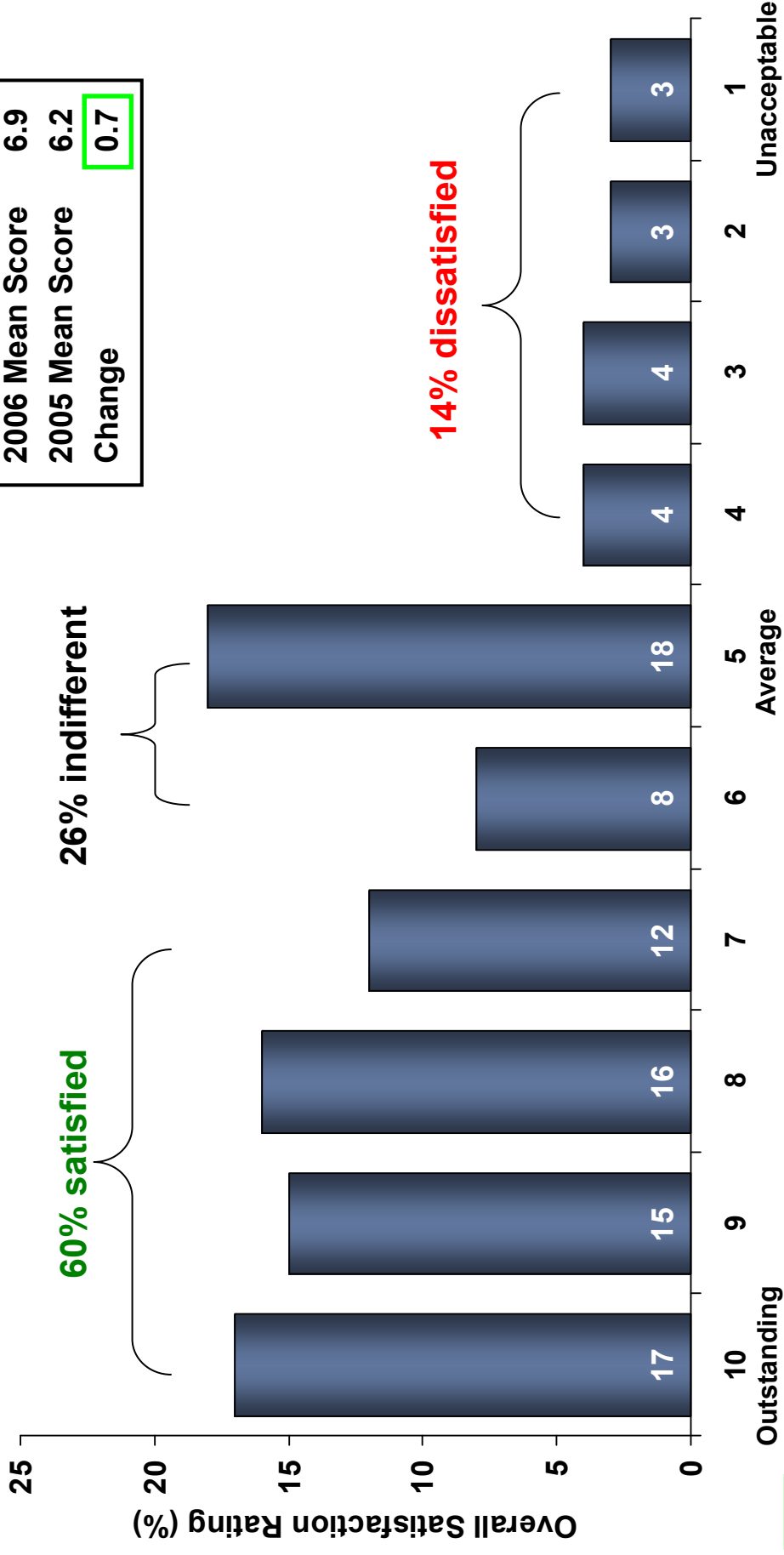


Newspaper Articles are the Primary Source of Information on Environmental Technologies

Information Source:	%
Newspaper articles	83
Internet	65
Friend/family/colleague	38
Home shows	35
Local municipality	27
Conservation authority	21
Builder	13
Library	10
Lectures or workshops	7
TV/other media	2
Other source	2

Energy Efficiency Rating of the Home has Increased Significantly Since 2005

Year-over-Year Change:	
2006 Mean Score	6.9
2005 Mean Score	6.2
Change	0.7



Source: 2006 Canadian New Home Builder Customer Satisfaction Study (GTA Low Rise)

Demographics

Respondent Profile

Gender:

% Male	58
% Female	42

Age Group:

30 and under	11.6%
31 to 40	47.1
41 to 50	27.8
51 to 60	9.5
Over 60	4.0

Demographics *(continued)*

	Single Family Detached	Semi-Detached	Town / Row Home	Total GTA
	71%	10%	19%	100%
Price paid for home (median)	\$380,000	\$280,000	\$252,000	\$342,000
Price paid for upgrades (median)	\$17,000	\$8,250	\$7,000	\$13,000
Total No. Adults in Household (mean)	2.24	2.07	1.94	2.16
Total No. Children in Household (mean)	1.09	0.91	0.56	0.98
Household income (median)	\$108,000	\$80,000	\$80,000	\$100,000

Section D: Appendices

I - Questionnaire

1. Please rate how important each of the following factors were in the purchase of your home or selection of the location:
 - Neighbourhood - proximity to public transportation
 - Neighbourhood - proximity to a park, common outdoor area, or natural area (e.g., conservation area, woodland, ravine, etc.)
 - Home - energy efficiency
 - Home - water efficiency
 - Home - indoor air quality
 - Home - backup power system using renewable energy (e.g., solar energy)
(Rating scale 5 – extremely important to 1 – not at all important)
2. Did your builder offer any of the following environmental features, regardless of whether they were an upgrade or were standard to the home? Mark ALL that apply.
 - Energy efficiency package (e.g., high efficiency furnace)
 - Water efficiency package
 - Air quality package (i.e., improved indoor air quality)
 - Backup power system using renewable energy (e.g., solar energy)
 - Low maintenance landscaping (e.g., drought resistant turf or landscaping)
3. If landscaping was available as an option or an upgrade, what kind of treatment would you be MOST likely to order?
 - Conventional lawn and landscaping
 - Trees and shrubs
 - Low maintenance landscaping (less water and fertilizer use)

I – Questionnaire *(continued)*

4. In the future, how do you intend to maintain your backyard?
 - Conventional watering and fertilizing
 - Low maintenance (less water and fertilizer use)
 - Using natural methods (no water or fertilizer use)
5. How close is your new home to a park, common outdoor area, or natural area (e.g., conservation area, woodland, ravine, etc.)?
 - Within a 10 minute walk
 - Within a 30 minute walk
 - Within a 10 minute drive
 - Greater than a 10 minute drive
6. Would you have considered a smaller lot (i.e., with a smaller backyard) if the home had been closer to a park, common outdoor area, or natural area (e.g., conservation area, woodland, ravine, etc.)?
 - Yes
 - No
7. How would you prefer to use the parks, common outdoor areas, or natural areas in your neighbourhood? Mark ALL that apply.
 - Walking or hiking
 - Observation of nature
 - Active recreation – sports, etc.
 - Other (please state)

I – Questionnaire *(continued)*

8. How comfortable would you be using a water system sourced from rain water for each of the following?

- Watering your lawn and garden
 - Supplementing laundry water
 - Flushing your toilet
- (Rating scale 5 – extremely comfortable to 1 – not at all comfortable)

9. Which of the following have helped to inform you about environmental technologies? Mark ALL that apply.

- Newspaper articles
- Builder
- Internet
- Friend / family / colleague
- Library
- Home shows
- Lectures or workshops
- Local municipality
- Conservation authority
- Other (please state)

II - Data Tables

The data tables are included in the delivery of this report (TRCA Data Tables June 2006.pdf) . Also included are additional cross tabulations used in the production of this report (TRCA_misc_xtabs.xls).

III - J.D. Power and Associates 2006 New Home Builder Customer Satisfaction Survey

The J.D. Power and Associates 2006 New Home Builder Customer Satisfaction SurveySM is included with this report (.pdf) for reference.

If, at any time, further analysis of the data is required, please do not hesitate to contact your J.D. Power and Associates representative:

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