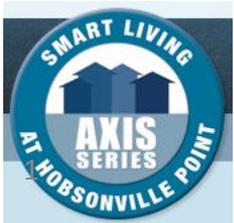


Small Homes Feedback Survey

Prepared by Nexus Research and
Shannon Brown & Associates

August 2014





Agenda

- Background
- Research design
- The Sample
- New Home Buyer demographics
- Small Home Likeability



Purpose of the research

- The Hobsonville land Company (HLC) has a policy of delivering 20% of homes for sale under \$485,000 which is not easily achieved by the builders.
- These “affordable” homes are sold under the “Axis Series” brand and have specific qualification criteria.
- Smaller homes on small sections are potentially part of the solution.
- HLC have developed 3 “pilot small homes” to test the market.
- HLC also interested in the wider market potential, beyond Hobsonville Point.



Research Objectives

- To investigate the market for small homes
- Specifically:
 - To understand who would buy the homes (demographics)
 - To understand what they like and don't like about the homes
 - To see what could be done to improve the homes
- Investigate industry views to compare



Response Rates Overall

- 1826 visitor cards completed
- Collected from 14th March to 15th August 2014
- 1053 agreed to be re-contacted to take part in a survey
- 452 Completed the survey online
- 42.9% response rate



Qualitative Feedback

Shannon Brown worked with HLC to help then collect feedback from home visitors

HLC staff conducted 5-10 minute interviews to seek feedback about the homes in quite times.

Key areas of interest:-

What do you like about it?

Not so good? Ideas for improvements for the next ones?

Who do you picture living here?

How about yourself/yourself?

How do you feel about the others homes?

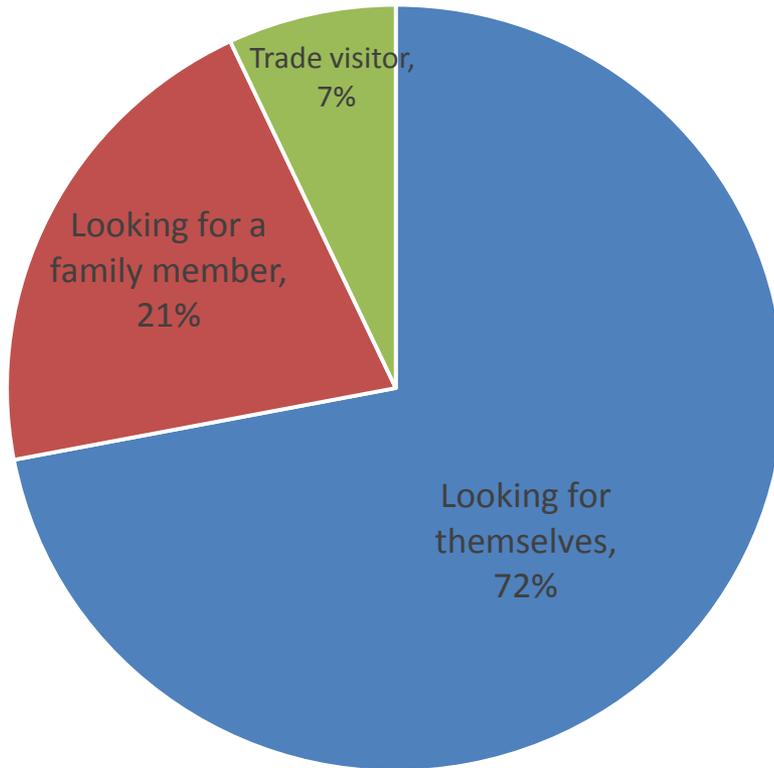
Your preference? How come?

Shannon debriefed HLC staff and conclusions are included in this report



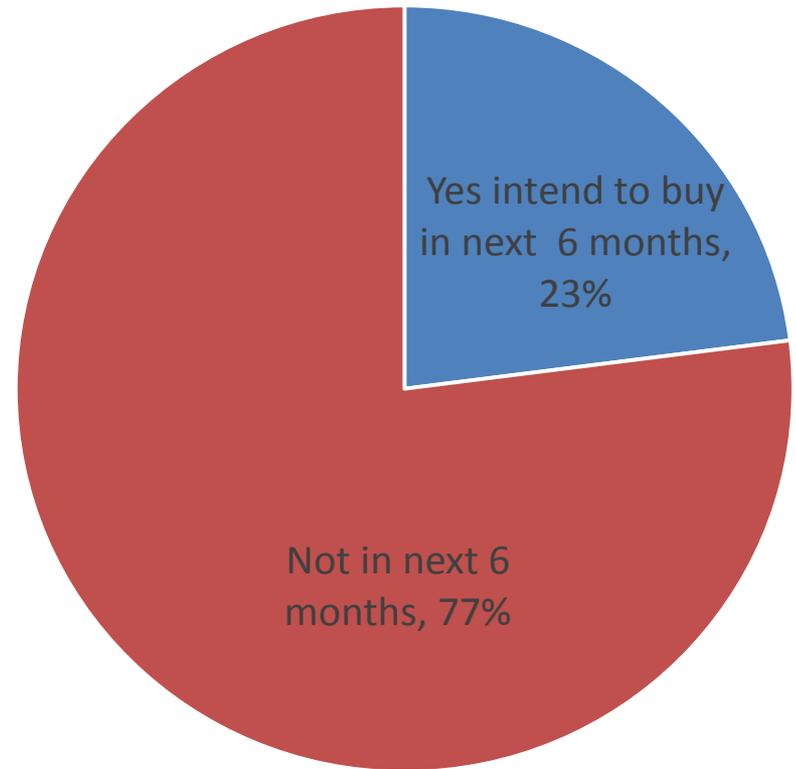
Visitor card feedback

7 out of 10 visitors are looking for a home for themselves and a quarter are intending to buy in the next 6 months



“Which best describes you?”

Base n=1575 visitors

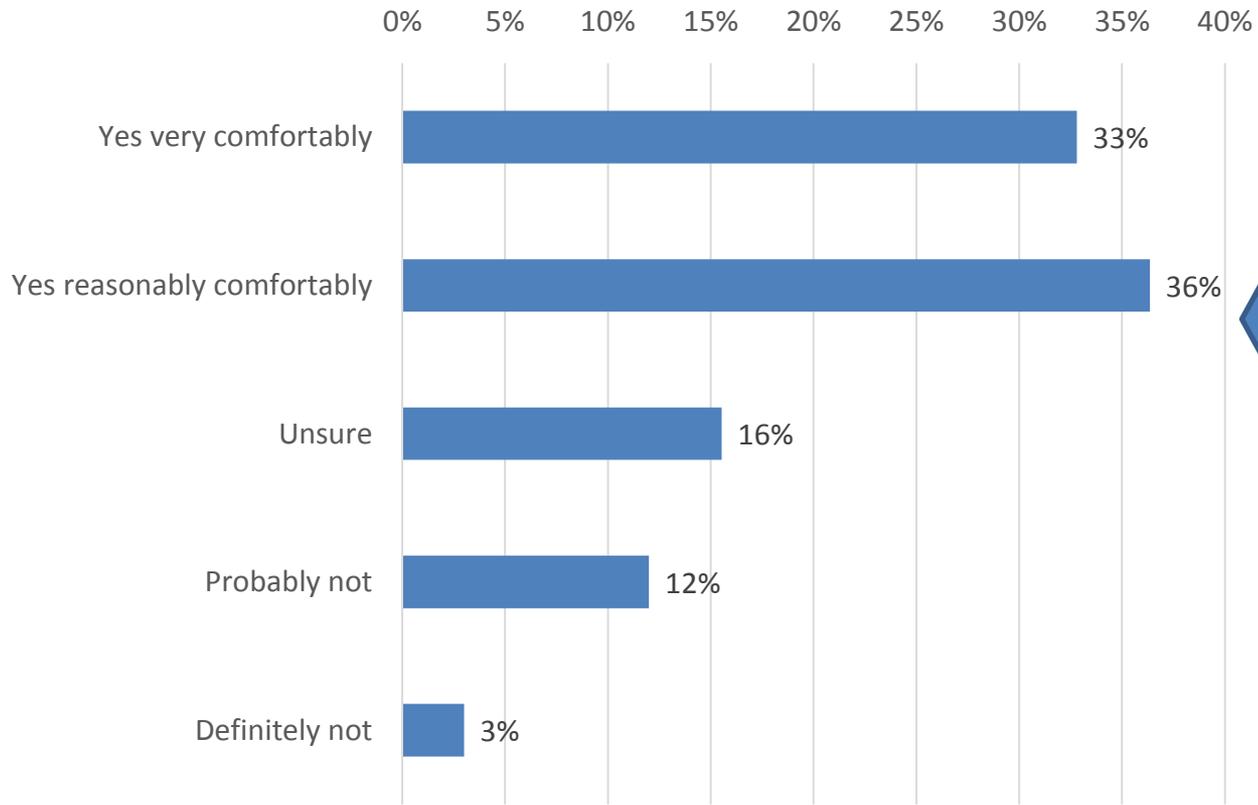


“Likely to buy in the next 6 months?”

Base n=1814 visitors



Visitor card feedback



69% of visitors said they could see themselves living in one of the show homes

“Could you see yourself living in a Lab Test Home?”



Overall = Very positive response in the main

“Brilliant”

“Well done”

- Likes
 - Clever layout
 - Space
 - Roof height
 - Shutters
 - Light
 - Right use of materials
 - Double glazing
 - Tiny house trend noted by many people: *“Great”*
 - *“I don’t want a big house”* (overwhelming) vs. *“I don’t want to pay that much”* (For a larger house)

- Area a positive
 - In pockets with more expensive houses. Like that not being singled out as having to live in cheaper homes, that all the cheaper home are not together
 - Like the sense of community. A really good thing



Qualitative Feedback

Keen to buy

- A lot of people wanting to buy outright
 - 140 parties expressed an interest in purchasing a LabTest home when they become available for sale
- Go into depth re the Axis scheme
- Have registered interest, very keen to leave phone and email details
- Comment builders are not building enough small homes
- Ask will it be done in other parts of Auckland, want it available in their local areas
 - E.g. Sole Mum (has 2 kids) and very keen. Asks for it in Silverdale. Comments Millwater has big houses that she can't afford



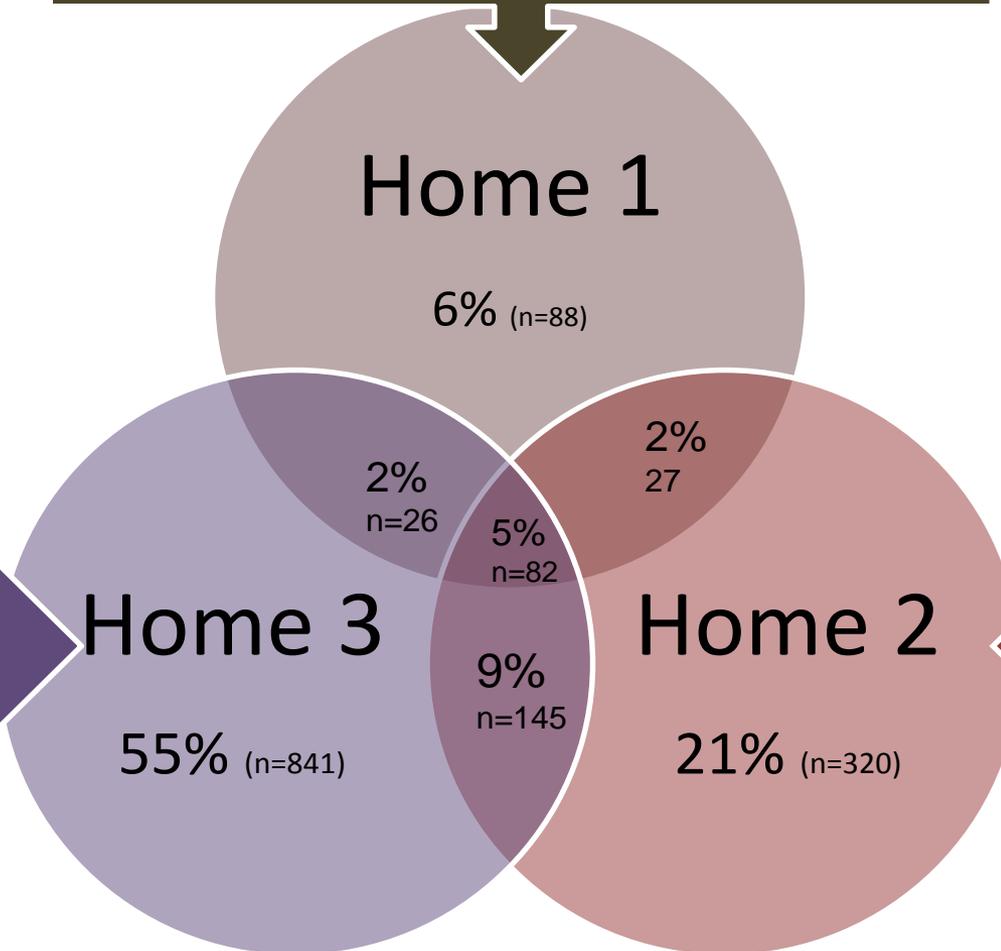
Visitor card feedback

Home that most suits

Only 6% of visitors considered Home 1 as the only suitable option.

More than half of visitors see Home 3 the only suitable home.

Overall 71% say Home 3 would suit their needs.



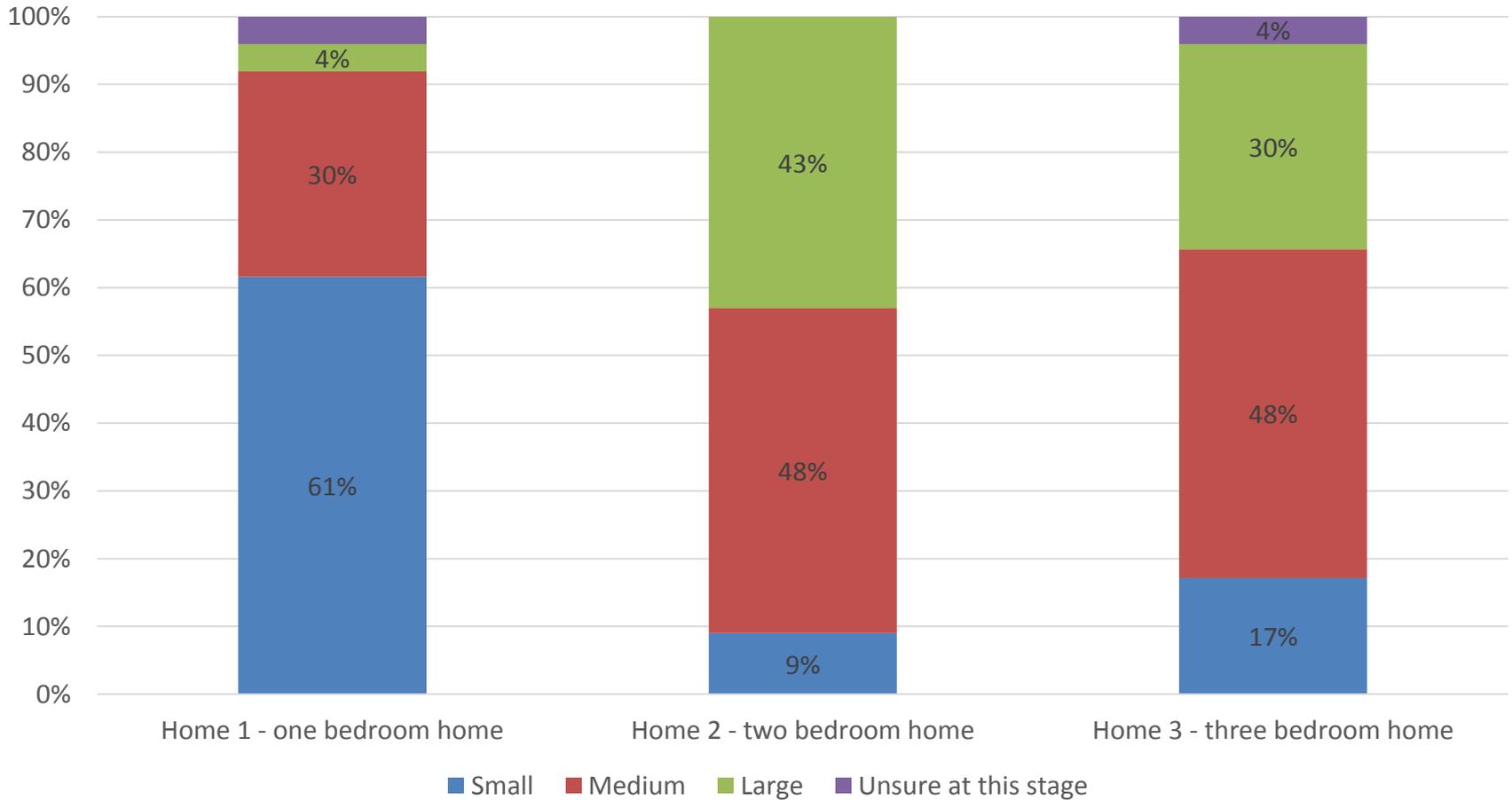
21% of visitors see Home 2 as the only suitable home

Home 2 suits 37% of visitors overall



Trade Feedback

Market Potential

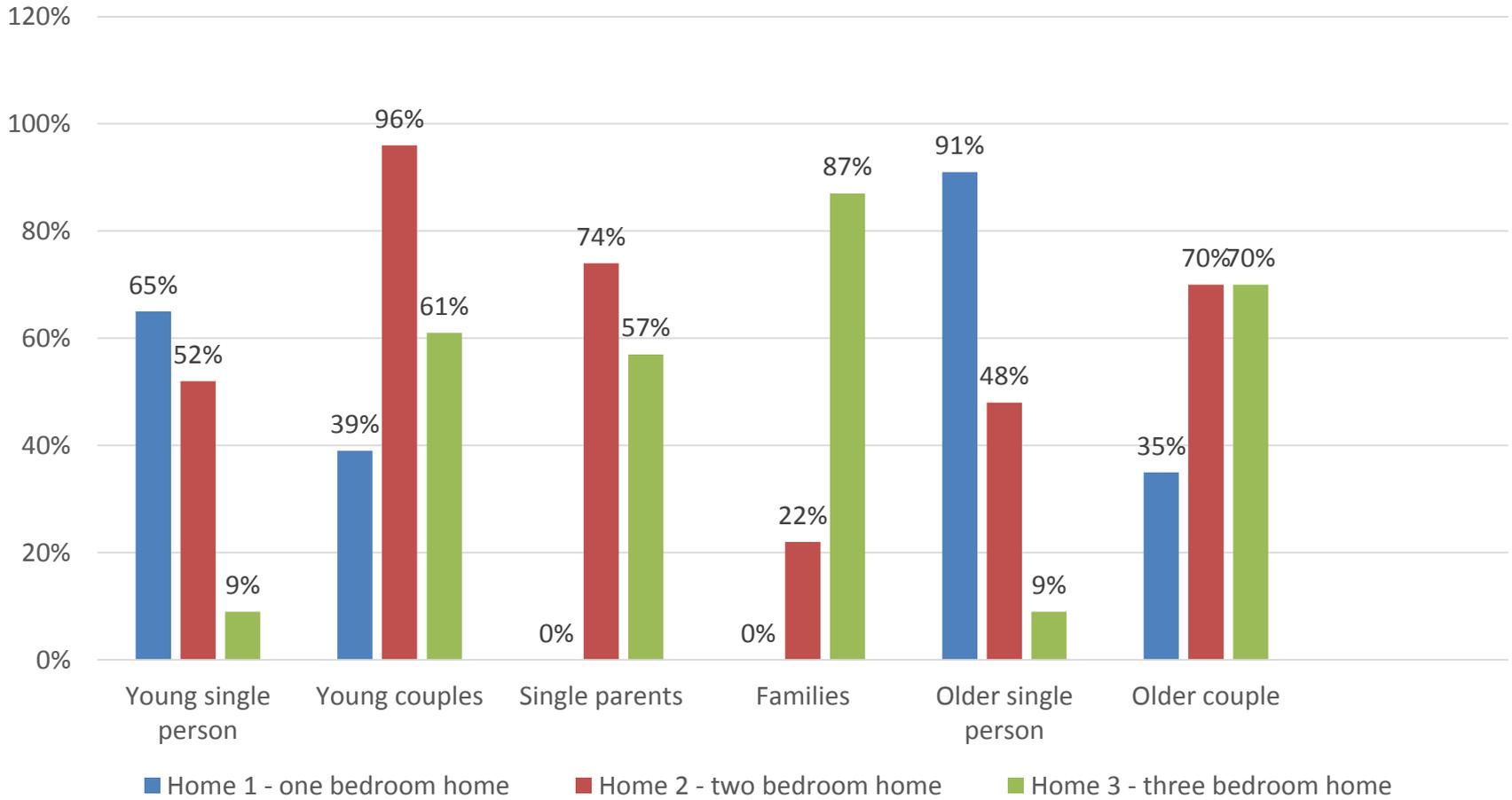


What do you think is the potential size of the market for each of the Small Home Test Lab homes?



Trade Feedback

Home suitability



“And who would the TEST LAB homes be suitable for?”



Qualitative Feedback

SINK & DINKS

Industry Professionals

Builders and other trades people

- Interest apparent, even coming from places like Wellington, Tauranga
- *“Very impressed”*
 - Quality of build
 - Airy feel
 - Space
 - Double glazing
 - Tankalots
 - Worm farms
 - Heat pump heats hot water savings
- One Pukekohe builder comments wants 7 star rating: *“Up the game”*. Is keen to build small homes in special housing area

Investors

- Very keen
- *“Can we put our name down?”*
- Re Axis Scheme = Can we beat the system? Keep for 2 years, then put into Trust.
- How would they know if we were renting it out?
- Snap up as cheap house to rent out
- Their eyes lit up, *“having what we want”*
- Frustrated and impatient. Want to buy it now!



Qualitative Feedback

SINK & DINKS

- Single → Not at kid stage yet or never had them (SINK = SINGLE INCOME NO KIDS)
- Debating whether to stretch to higher budget and have flatmates/family in to share costs vs. have smaller property on own
- First home excitement
- Likely to be out of home a lot, socializing

- (DINK = DOUBLE INCOME NO KIDS)
- Partnered and planning on having kids soon → Strong sense of new home tied into having young kids → Some explicit focus on young family stage evident e.g. House layout has bedrooms close together
- But still at pre-kids, social stage → A place to have friends and family over

- Like concept of affordable homes, and the size of Homes 2 & 3 for a first home → Really keen to put their names down

- Home 1:
 - Breeze though, lukewarm, not interested

- Homes 2 & 3:
 - Rooms for when have kids
 - Like the garage in Home 2 – rumpus room potential
 - Outdoor area is enough room, do not query it's size
 - Ask about local parks and schools. Take Point Life publication ("*Flying out the door*")



Qualitative Feedback

Family Stage

- Place for kids to grow up in
- Safe – quiet streets etc.
- Access to local areas for kid outings → Playgrounds, parks, beach, rec centre

- Interest is only Homes 2 & 3

• Younger families:

- Perfect
- Manageable area, can watch kids from kitchen, fenced
- Like layout of bedrooms in both homes

• Teen families:

- 13-18 years
- Definitely not interested
- Not enough toilets, storage
- Feel too on top of each other, teens need their own space



Qualitative Feedback

Empty Nesters – The Freedom Years

For themselves vs...

- Kids left home years ago, now at involved grandparent stage → Focus = travel, sports/exercise, winding down from full-time work stage
- Time to shift away from high maintenance old family home to ‘retirement property’ (single storey, low maintenance, small yard):
 - *“Easy and convenient living”*
 - *“Can lock up and leave it if you need to”*
- Compared to old tired family home, excited about something new
- Safety, nice community

• Home 1:

- If on own, too young for retirement village plus will get capital gain and will not be taken off them by retirement villages
- Small lock and leave place
 - want to travel, go out to hobbies
- One level, good design
- Researcher observed woman in her 80s looking with her daughter in her 60s

• Home 2:

- No, don’t want 2 storey

• Home 3:

- Seem to prefer this – 3 brms for when family come to stay
- One level
- From average or affluent (big homes to sell), even from lifestyle blocks
- Are not putting their names down on the list to same extent
- Wheelchair access (for the future)
- The dog will cope fine in the yard



Qualitative Feedback

Empty Nesters & their offspring

Looking for their kids

- Noticing a lot are bringing their adult kids back to visit as a possibility for their kids to buy. Typically they already have children themselves, some still at couple only stage
- Comments re had impression area very dense housing, but now realise not so: *“Pleasantly surprised”*

• Home 1:

- Not interested

• Home 2:

- Want a toilet plus wash basin downstairs
- Kitchen is facing wrong way, not enough cupboards
- When open front door, it hits the bench

• Home 3:

- Suitable for family
- Need a second bathroom. Laundry is too big. It should have a second toilet. Especially as the current toilet is in the same room as the bathroom



What's important when looking to buy a new home

Column %	Total	Intend to buy next 6 months	Buyers under \$485K
General feeling of the house	99%	98%	96%
Interior layout and design	98%	98%	98%
Location	95%	95%	97%
Size of living area	95%	94%	95%
Indoor outdoor flow	94%	94%	93%
Storage areas	93%	91%	90%
Size of the kitchen	91%	93%	96%
Quality of fixtures and fittings	91%	93%	92%
Car parking facilities	90%	89%	89%
Size of main bedroom	89%	90%	90%
Environmental features	84%	82%	83%
Overall small concept self-contained house and section for lower price	82%	87%	91%
Exterior design	81%	82%	81%
Size of the bathroom	79%	82%	81%
Size of other bedrooms(if applicable)	71%	71%	75%
Size of the section	67%	65%	67%

“When thinking about buying a new home, how important are the following features...?”



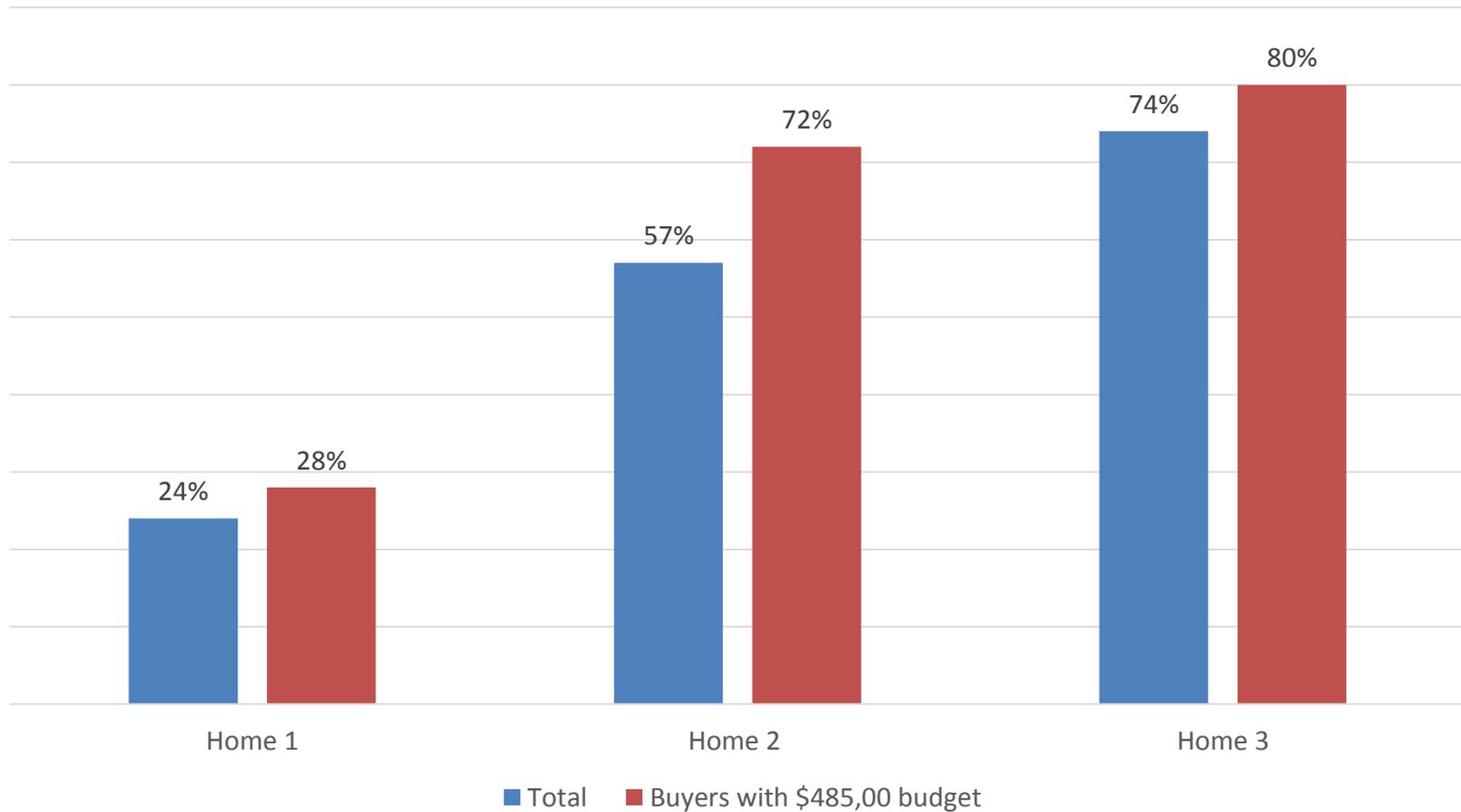
HOME SUITABILITY

	<p>40m² Home 1</p> <p>Levels 1</p> <p>Bedrooms 1</p> <p>Section 111m²</p>		<p>87m² Home 2</p> <p>Levels 2</p> <p>Bedrooms 2</p> <p>Section 152m²</p>		<p>89m² Home 3</p> <p>Levels 1</p> <p>Bedrooms 3</p> <p>Section 185m²</p>
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Suitability for Target Market

Home 3 is seen to be the most comfortable option on offer, with Home 1 having only limited appeal





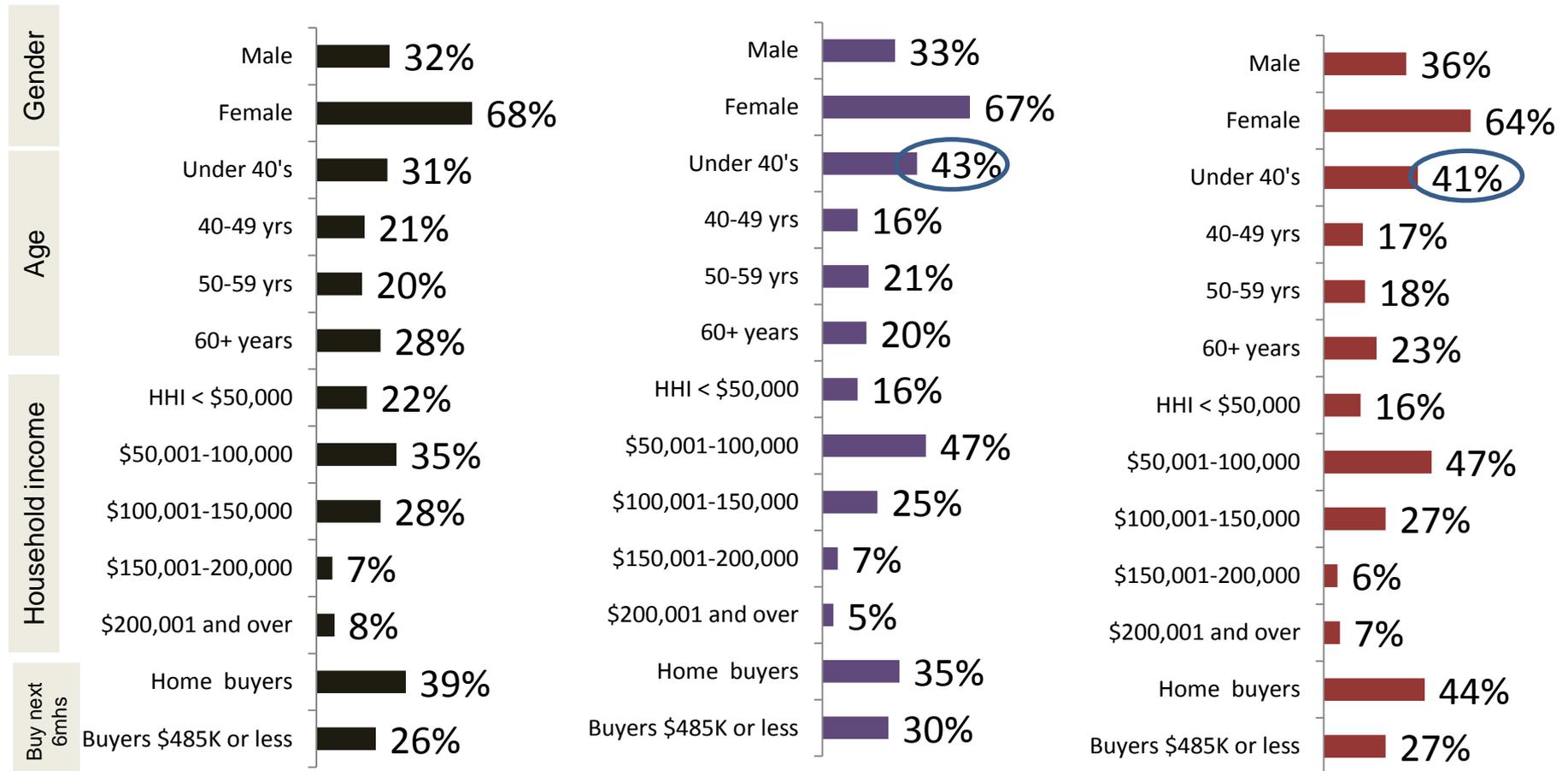
Suitability by Demographics

% Very happily & reasonably happily live comfortably in home
 Home 2 and 3 have greatest appeal for under 40's,

Home 1

Home 2

Home 3

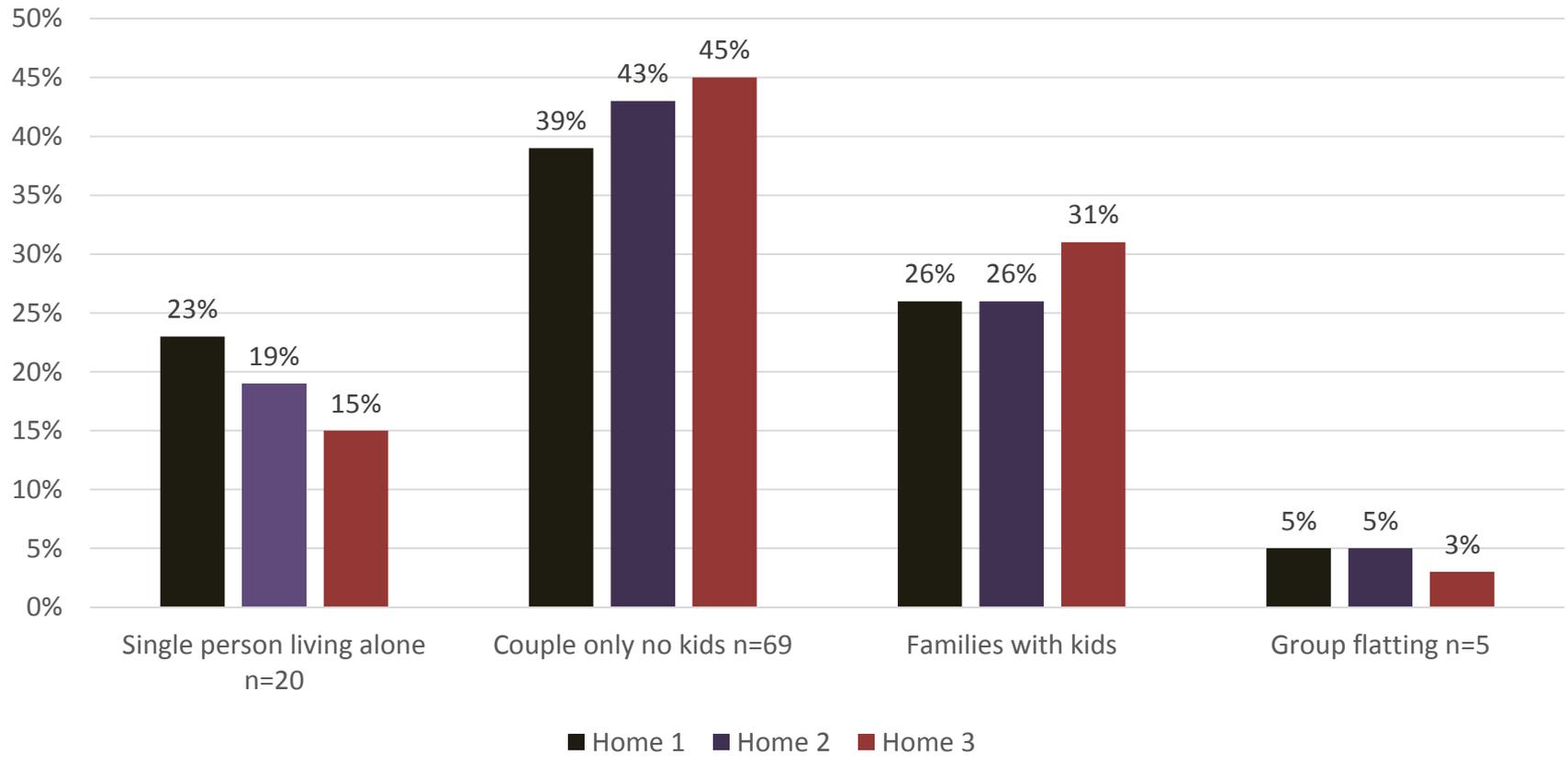




House suitability by household type

% Very happily & reasonably happily live comfortably in home

House 3 is appealing most to all household types



“How comfortably could you see yourself living in...”



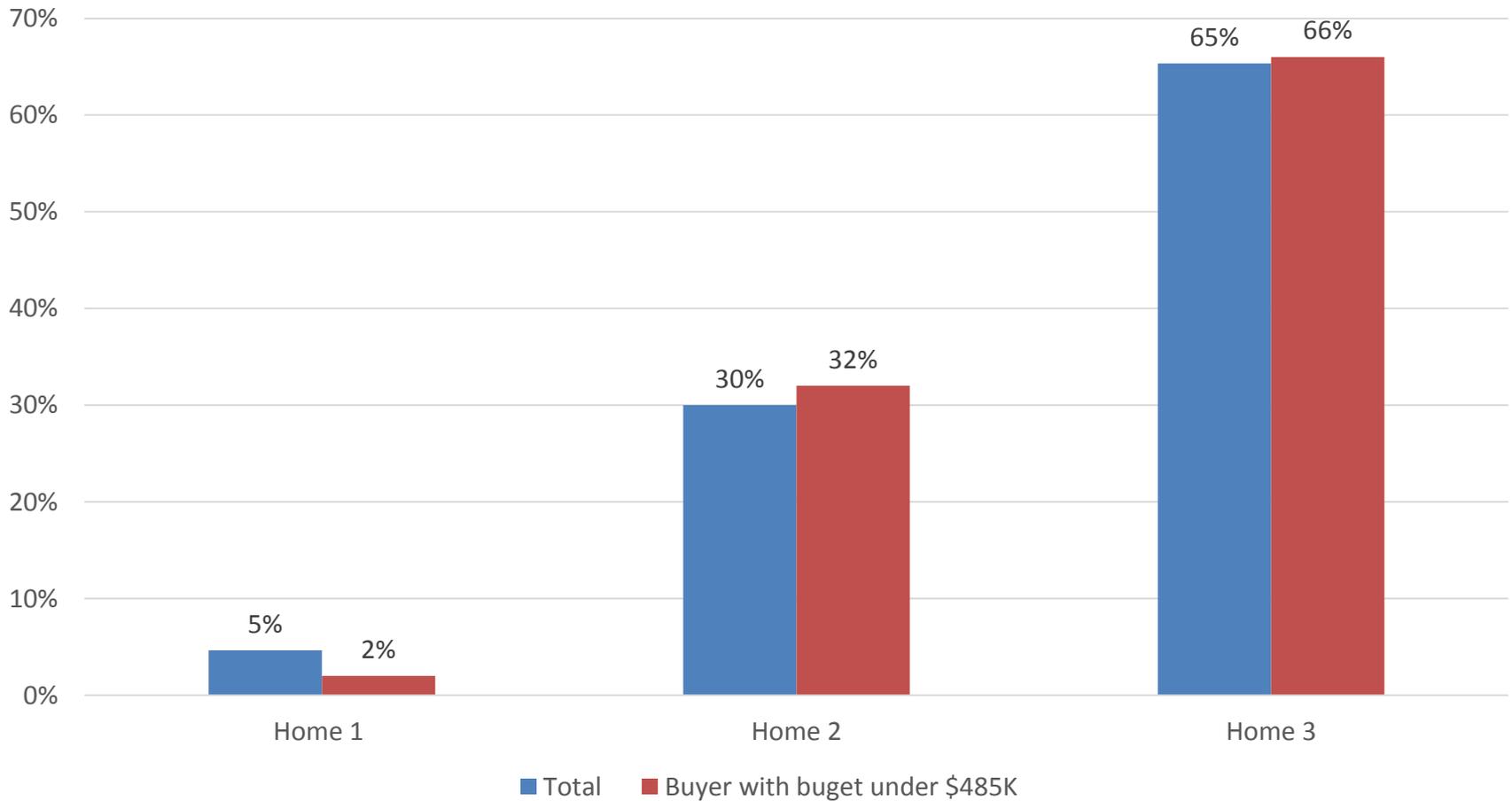
	<p>40m² Home 1</p> <table><tbody><tr><td>Levels</td><td>1</td></tr><tr><td>Bedrooms</td><td>1</td></tr><tr><td>Section</td><td>11m²</td></tr></tbody></table>	Levels	1	Bedrooms	1	Section	11m ²		<p>87m² Home 2</p> <table><tbody><tr><td>Levels</td><td>2</td></tr><tr><td>Bedrooms</td><td>2</td></tr><tr><td>Section</td><td>152m²</td></tr></tbody></table>	Levels	2	Bedrooms	2	Section	152m ²		<p>89m² Home 3</p> <table><tbody><tr><td>Levels</td><td>1</td></tr><tr><td>Bedrooms</td><td>3</td></tr><tr><td>Section</td><td>185m²</td></tr></tbody></table>	Levels	1	Bedrooms	3	Section	185m ²
Levels	1																						
Bedrooms	1																						
Section	11m ²																						
Levels	2																						
Bedrooms	2																						
Section	152m ²																						
Levels	1																						
Bedrooms	3																						
Section	185m ²																						

PREFERRED HOME



Preferred Home

Home 3 is the clearly most preferred home



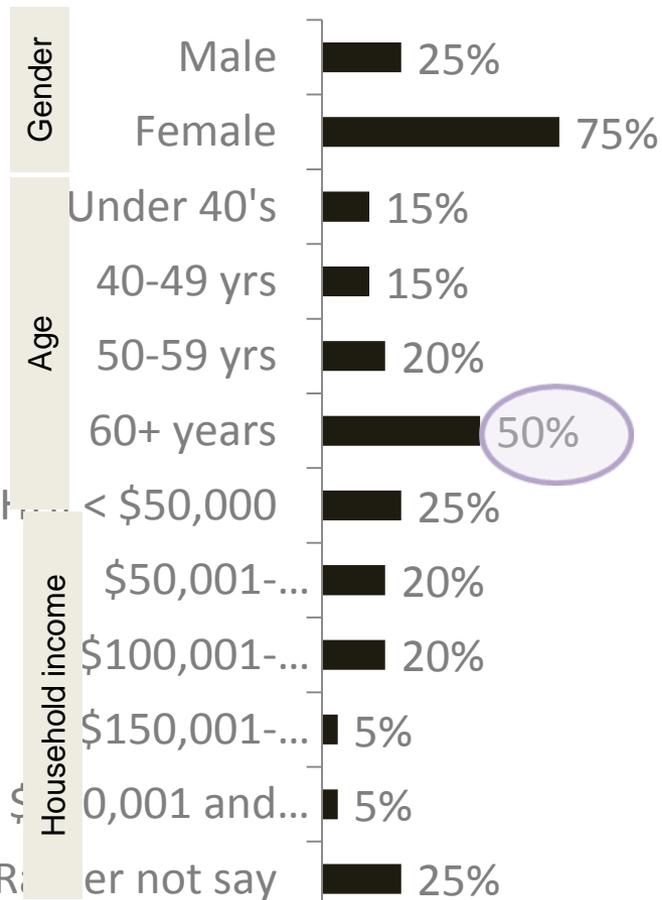
“Which of the Small Home Test Lab Homes do you prefer most?”



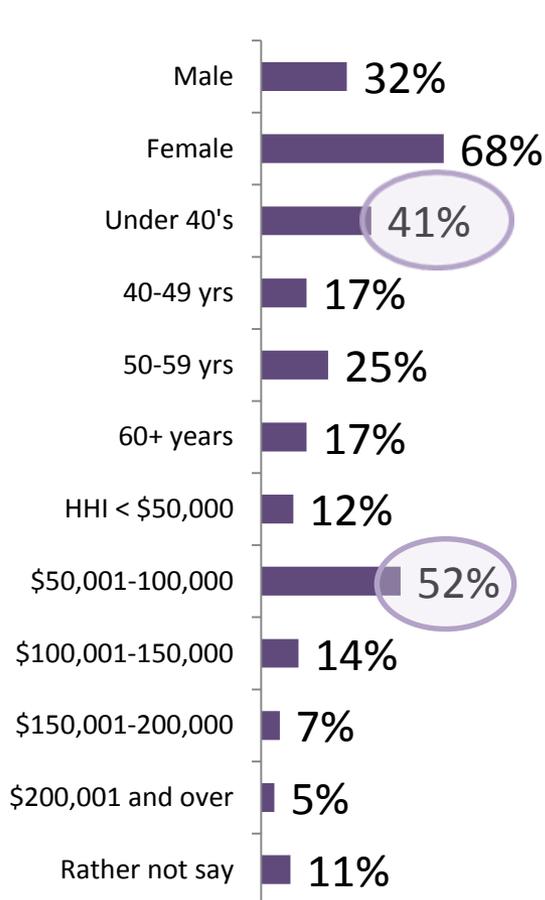
Preferred Home

Home 1 – Older half are over 60
 Home 2 younger mid to lower incomes
 Home 3 young, mid to higher incomes

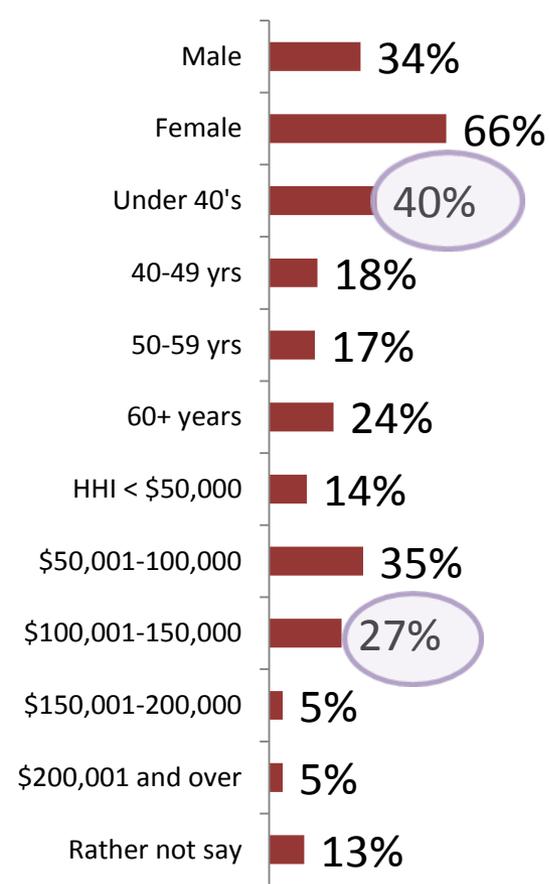
Home 1*



Home 2



Home 3



*Caution small sample size



Preferred Home

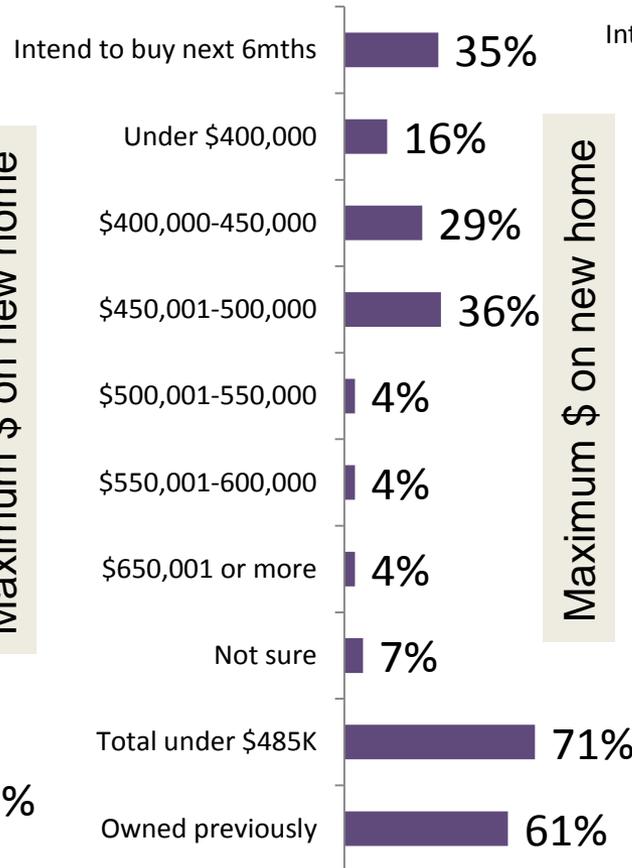
High proportion have owned homes previously

Interestingly high number of preferrers have a higher budget than the Test Lab Homes

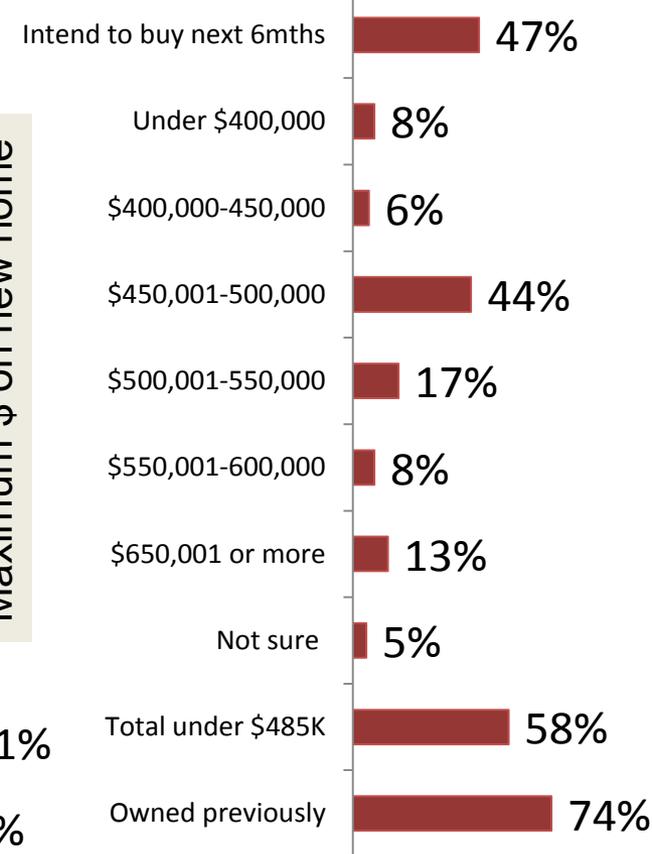
Home 1*



Home 2



Home 3

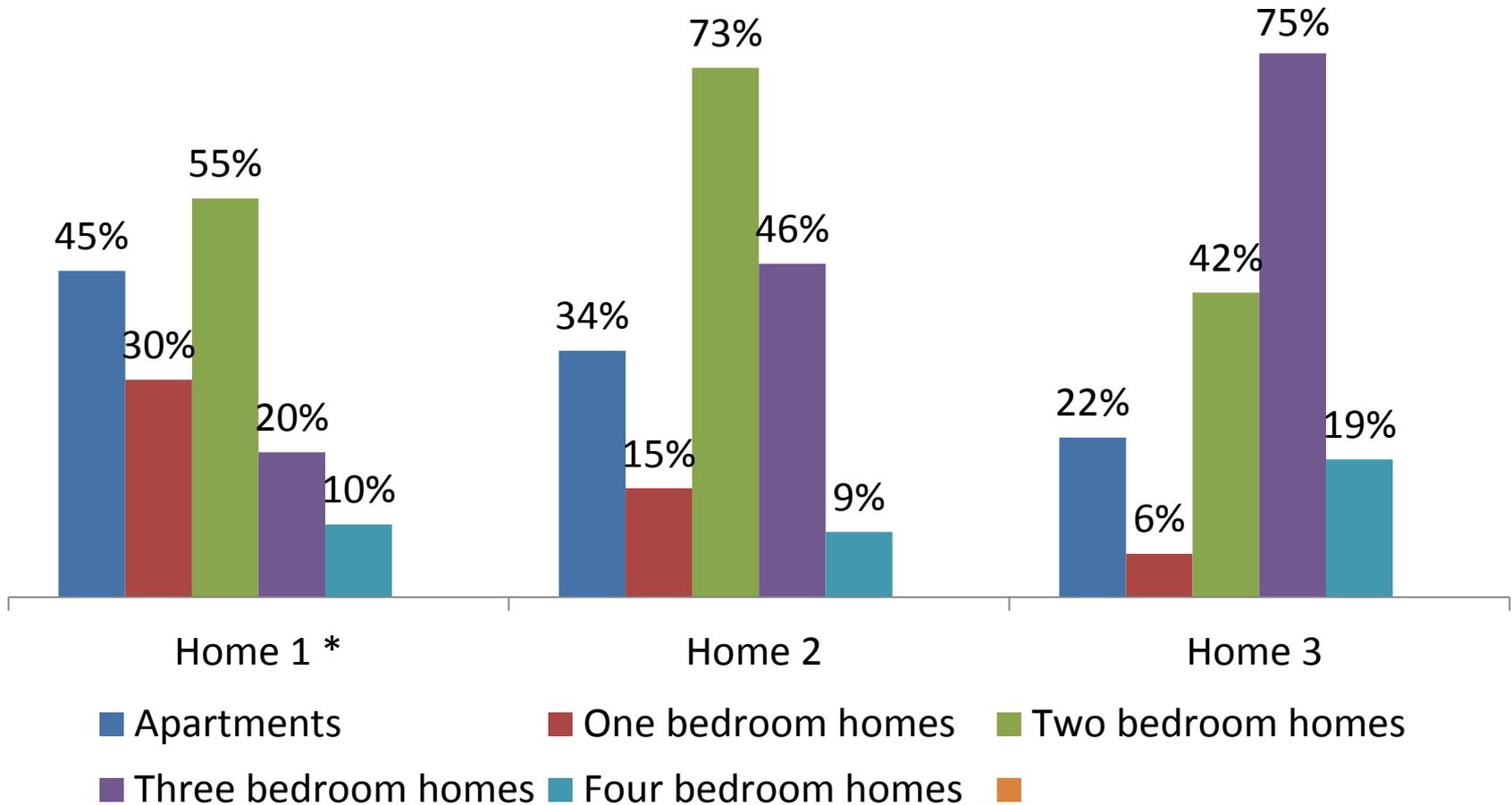


*Caution small sample size



Other type of properties considered

Many are considering an apartment suggesting they have already come to terms with the smaller home concept



“What types of homes have you been looking at?”



Q: What are you comparing the houses with? → An apartment

- Compared very positively to buying an apartment instead. The lab test houses are
 - Good position re sun (Vs. apartment, lucky if you are north facing)
 - Can create additional storage for bikes, lawnmowers in the garden
 - Feels spacious, the garden is part of the living area (vs an apartment can feel like you are living in a cave)
 - No problem getting groceries from the car (Vs. not from basement carpark in apartment block)
 - Easy to meet neighbours and have a social life (Vs. Can feels isolated in an apartment, hard to meet neighbours)
 - Eco friendly – can dry clothes on the patio, will have reduced energy bills, gas cooking is possible
 - Can create a draught to help cool the house down (Vs. can't in an apartment as the window and balcony are all on one side unless you are not in a corner unit)
 - Will attract owners (Vs. apartments tend to get renters)
 - No Body Corp fees
 - Cross lease or freehold (Vs. apartments, freehold is rare)
 - Pets are allowed (Vs. not in all apartment blocks)
- List fewer benefits to apartments over the houses
 - Lock and leave, no garden to look after
 - Potentially noisy neighbours
 - Barking dogs
 - Must get along well with neighbours in small house situation and Not much interaction with neighbours in apartments (Someone who is not sociable)



LIKEABILITY OF HOME FEATURES



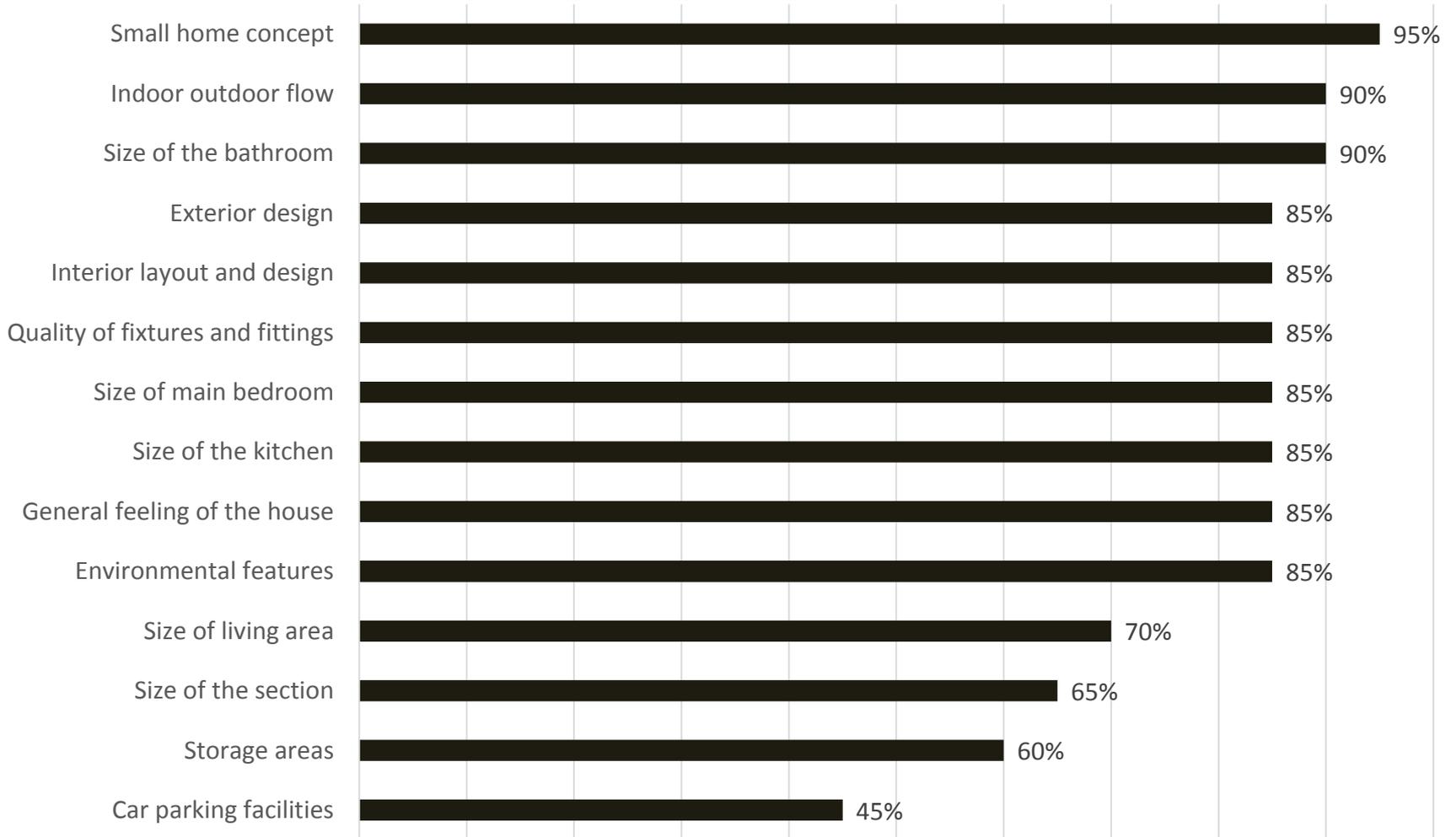
What they said they liked about the homes

- “Overall concept and design, the airiness and spacious feeling and the amount and quality of light inside the house. The large full height windows made the relatively small space feel much larger along with the high raked ceilings and the overall colour scheme. The small high windows allowing good ventilation and the passive solar design are also very well considered. Having come from Tokyo and being used to living in small spaces, we were thoroughly impressed by everything we saw. Although the house is small it certainly did not feel small. We really think all 3 Small Homes are very beautiful and extremely liveable, and think that this concept is a very smart way to live in any city.”



Top Likes – Home 1

% Like a lot and like combined



“Thinking about all aspects of this home, how much do you like or dislike the features?”



Main attraction of Home 1

Verbatim comments



	%	n
Size compactness	40%	8
The design	30%	6
Good layout	20%	4
Perfect for singles or couple	20%	4
Light & bright	15%	3
Small footprint	15%	3
High ceiling gives illusion of space	10%	2
Good use of space	10%	2
Price	10%	2
Heat saving devices/Environmental ideas	5%	1
Garden	5%	1
Indoor outdoor flow	5%	1
Comfortable warm & cosy	5%	1
Quality	5%	1
Has all the necessities	5%	1
Other	5%	1

*“What was the main attraction of the house?”
Unprompted*



Main attraction of Home 1

Verbatim comments – Home 1 preferrers

“Clever use of a small footprint space, light, sloping ceilings, loved the sliding shutters for air flow, light colours to add to sense of space.”

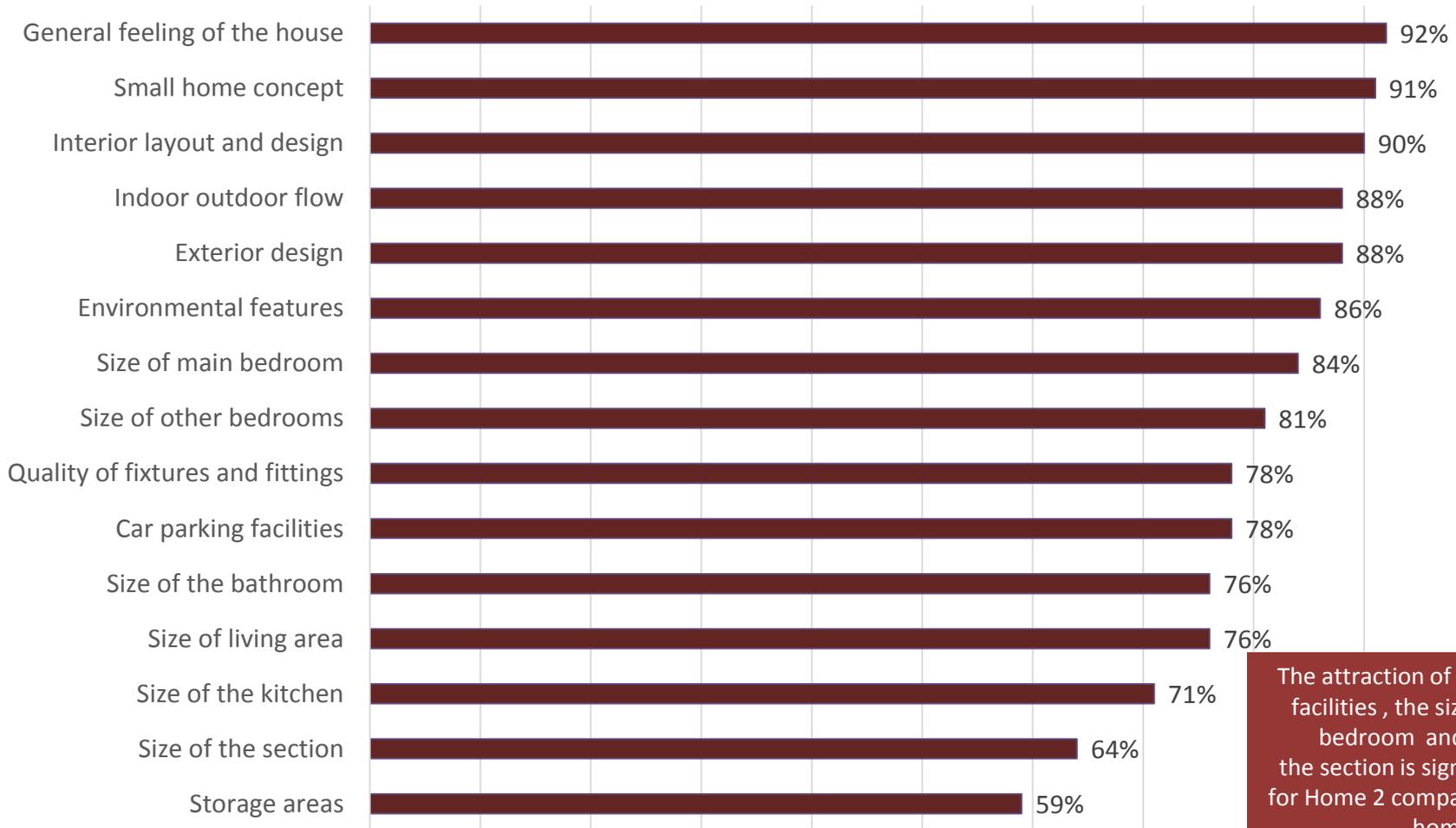
“Best use of space and indoor outdoor flow of the 3 designs. Functional, light and appealing.”

“No wasted space to corridors but thresholds indoor to outdoor were no good for access - need to be at one level or one ramp to access.”



Top Features Liked – Home 2

%Like a lot and like combined



The attraction of the car parking facilities, the size of the other bedroom and the size of the section is significantly higher for Home 2 compared to the other homes

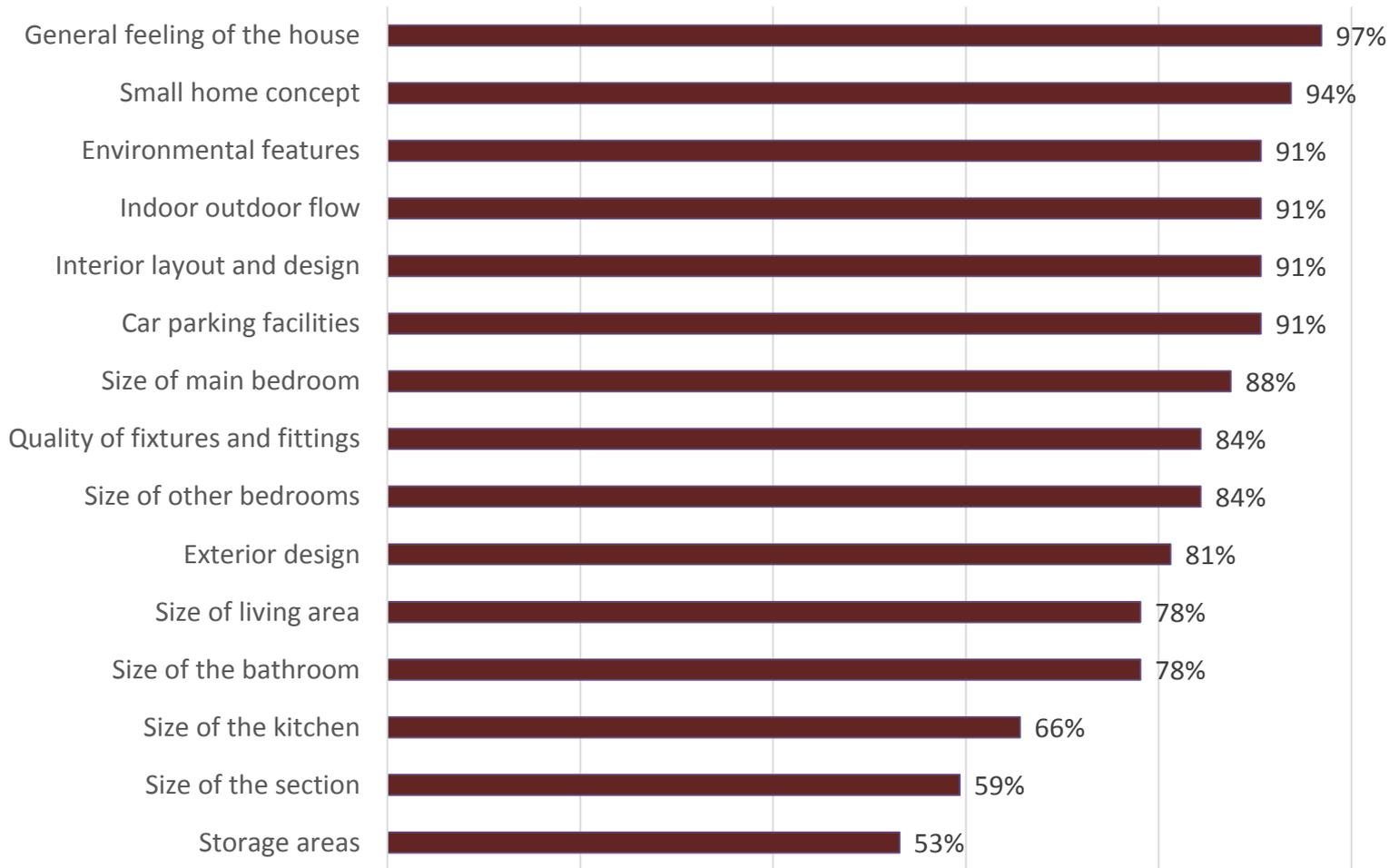
“Thinking about all aspects of this home, how much do you like or dislike the features?”



Top Features Liked – Home 2

Buyers \$485,000 or less

%Like a lot and like combined



“Thinking about all aspects of this home, how much do you like or dislike the features?”

Sample size n=32 Home 2 intend to buy a home for \$485,000 or less



Main attraction of Home 2

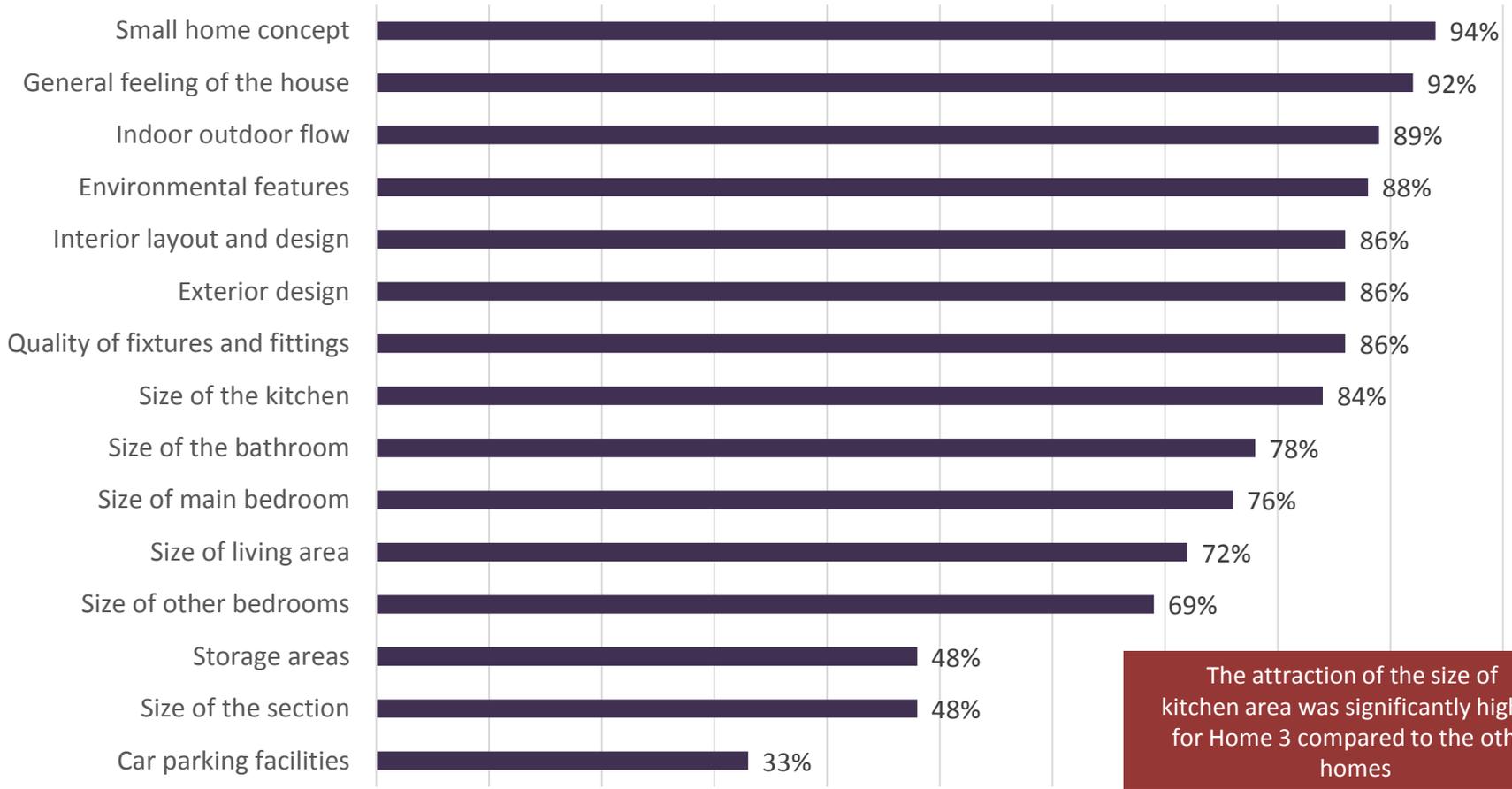
Verbatim comments Home 2 Preferrers

“It is exactly what I have been looking for - a freestanding HOUSE with two bedrooms, upstairs/downstairs, internal access garage, not huge, just right, and in a nice neighbourhood. It’s the apartment sized house that ticks all the boxes. When can I move in please? Or, can you please ask the builder/developer to contact me to build me one just the same?”



Top Likes – Home 3

% Like a lot and like combined



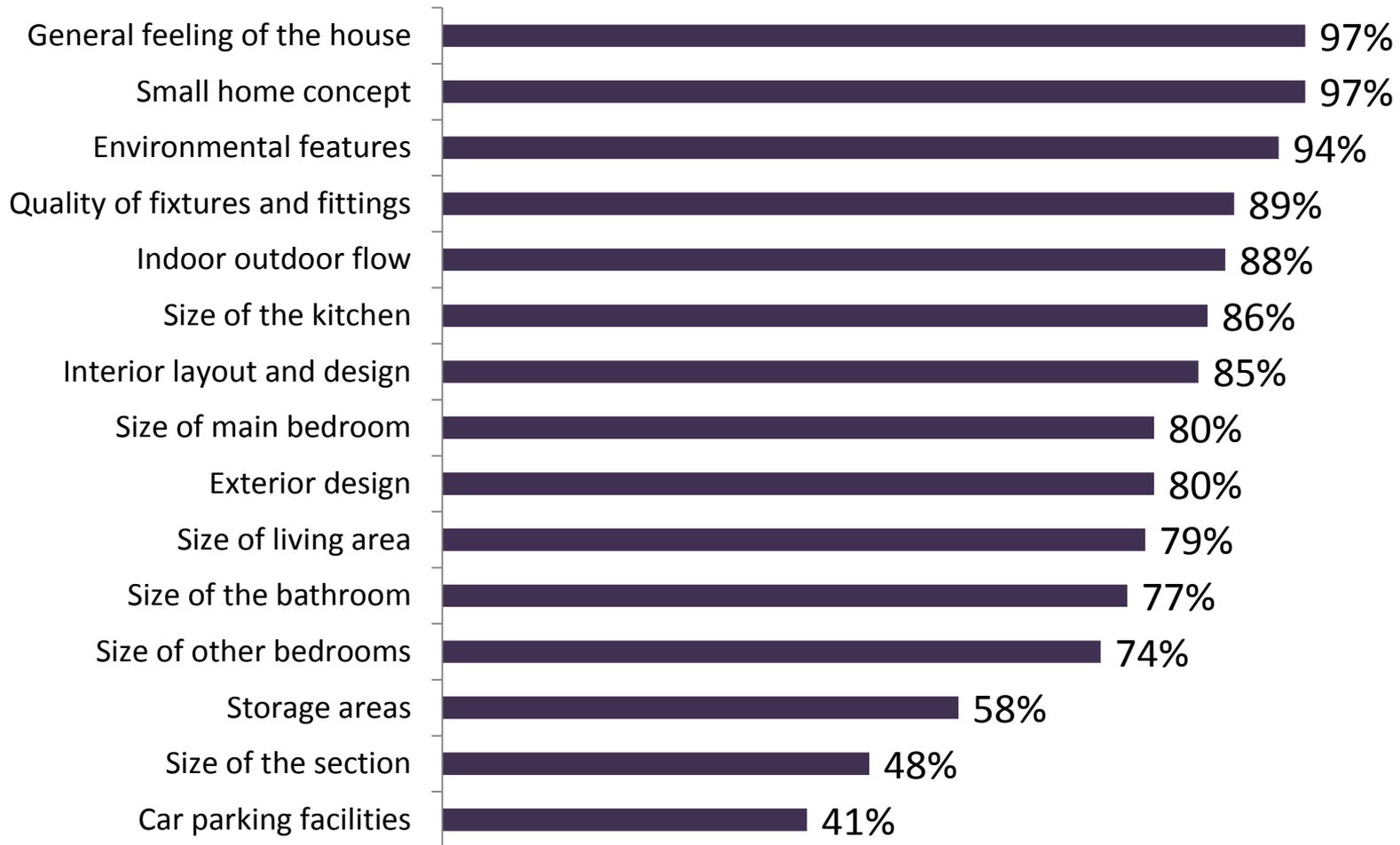
The attraction of the size of kitchen area was significantly higher for Home 3 compared to the other homes

“Thinking about all aspects of this home, how much do you like or dislike the features?”



Top Likes – Home 3

% Like a lot and like combined
Home buyers under \$485,000



“Thinking about all aspects of this home, how much do you like or dislike the features?”



Main attraction of Home 3

Verbatim comments



	%	n
Price	22%	62
Good layout	20%	56
3 bedrooms	19%	53
Size compactness	17%	46
The design	16%	45
Single story	11%	31
Other Heat saving devices/Environmental ideas	11%	30
Good use of space	10%	28
High ceiling gives illusion of space	9%	24
Bigger size	9%	24
Kitchen	8%	22
Indoor outdoor flow	7%	19
Family design	7%	19
Light and bright	7%	18
Garden	6%	16
Good flow	6%	16
Big lounge	6%	16

*“What was the main attraction of the house?”
Unprompted*



Main attraction of Home 3

Verbatim comments Home 3 Preferrers

“ Good layout, good use of space and loved the environmental features and felt the price was reasonable for what you got.”

“It was an affordable liveable 3 bedroom home In a decent area of Auckland. Auckland needs more of these types of home. It would solve many problems for small families such as ours. We want one!”

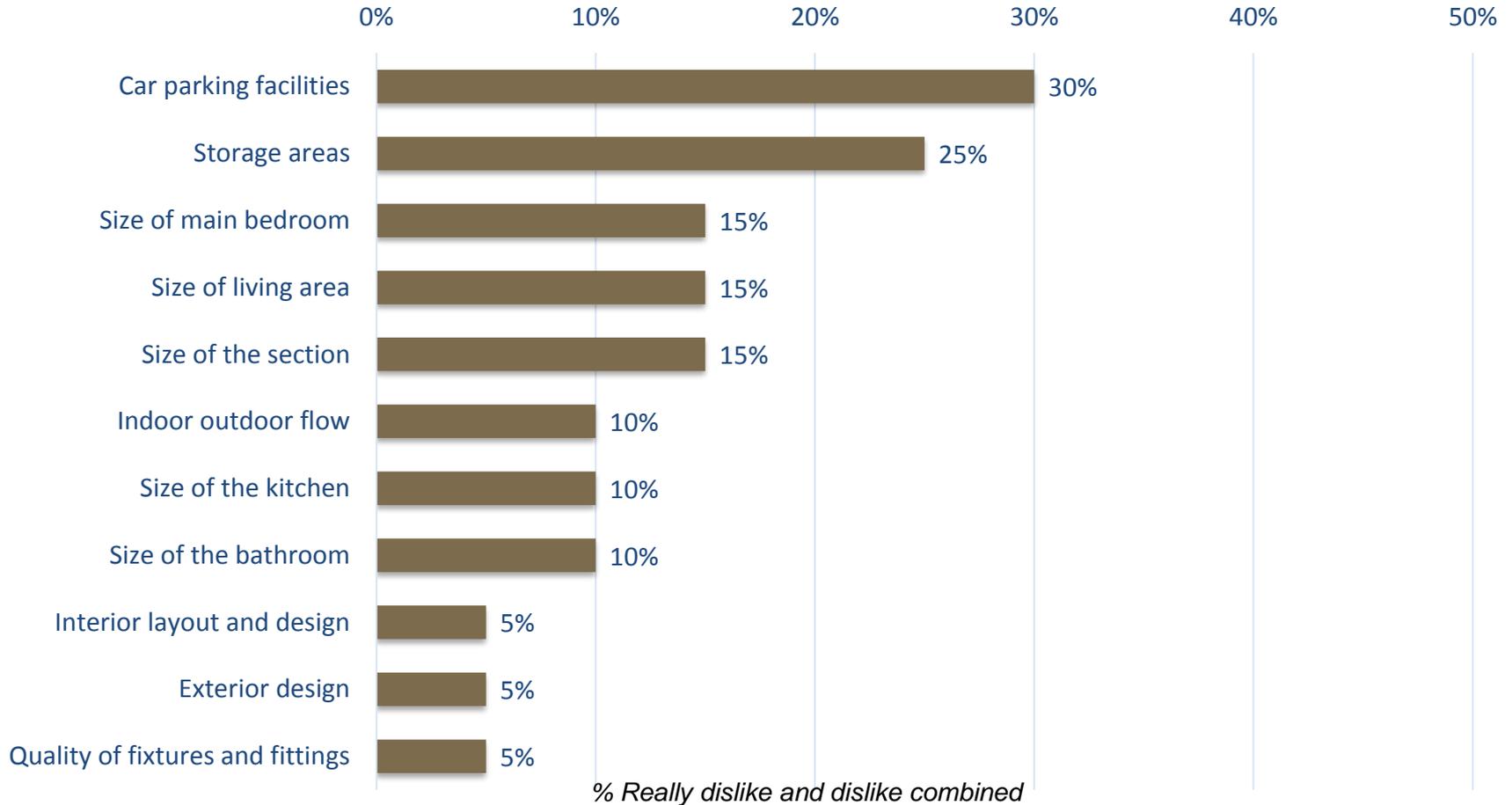
‘I liked the layout and more room in the living areas than the two bedroom, and I like that it is a new home that is affordable being under \$500,000”

“We pretty much imagined ourselves living there, it was only when other people came in we realised it was a show-home back to reality darned!. loved the high ceiling, spatial design very well thought thru, quality and neat finish. Designed for a family with simplistic living expectations.”



Top Dislikes – Home 1

% Really dislike & dislike combined



“Thinking about all aspects of this home, how much do you like or dislike the features?”



Improvements they would make - Home 1



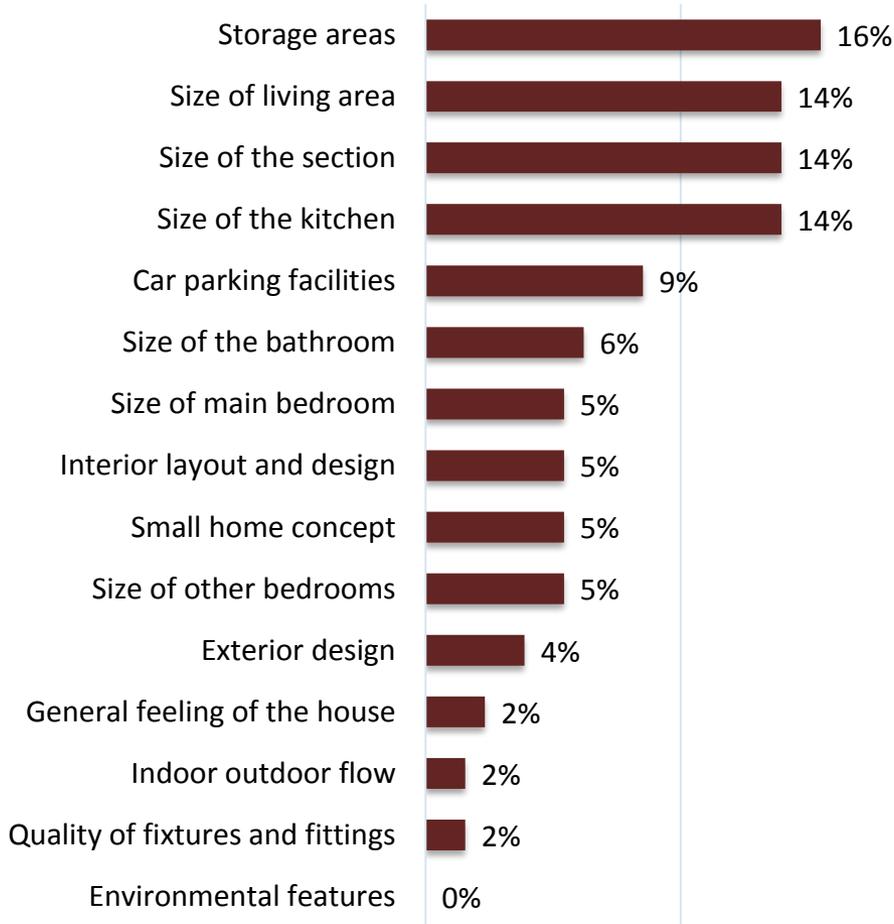
	%
More storage	19%
Add a garage	15%
Change kitchen layout	11%
Bigger section	11%
Larger lounge/more living space	8%
Redesign bathroom i.e. Add mobility showers, more bathroom storage , add a bath	8%
Increase parking space available	8%
Add a separate toilet	7%
Bigger main bedroom	5%
Larger windows, bigger windows in bedroom	3%
Change location of laundry	3%
Additional wardrobe	3%
Bigger size	3%
Lower price	2%
Other	15%

“What improvements would you make?”
Unprompted



Top Dislikes – Home 2

% Really dislike & dislike combined

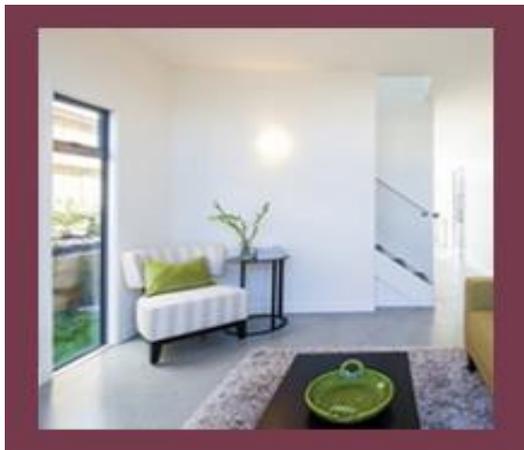


“Thinking about all aspects of this home, how much do you like or dislike the features?”



Improvements they would make

Home 2



	%
Change kitchen layout	19%
Add more storage	16%
Larger lounge area	12%
Redesign bathroom – including add a bath	10%
Add a separate toilet	9%
Bigger section	9%
Larger windows, bigger windows in bedroom	4%
Lower price	3%
Space for parking	3%
Bigger main bedroom	2%
Change exterior wall covering	2%
Additional wardrobes	2%
Pave courtyard	2%
Other	13%

“What improvements would you make?”
Unprompted



Improvements they would make Home 2

Verbatim comments

“I found the kitchen space fine but the lounge seemed very small.”

“I think this house did pretty well at balancing constraints of budget and small space with easy living. I think maybe the lounge area was its weakest part.”

“I'd maybe like to see one end of the house extended by 1 metre, to make the lounge area and one bedroom slightly larger. And I do love to have a bath, so a bath with shower over would make it perfect.”

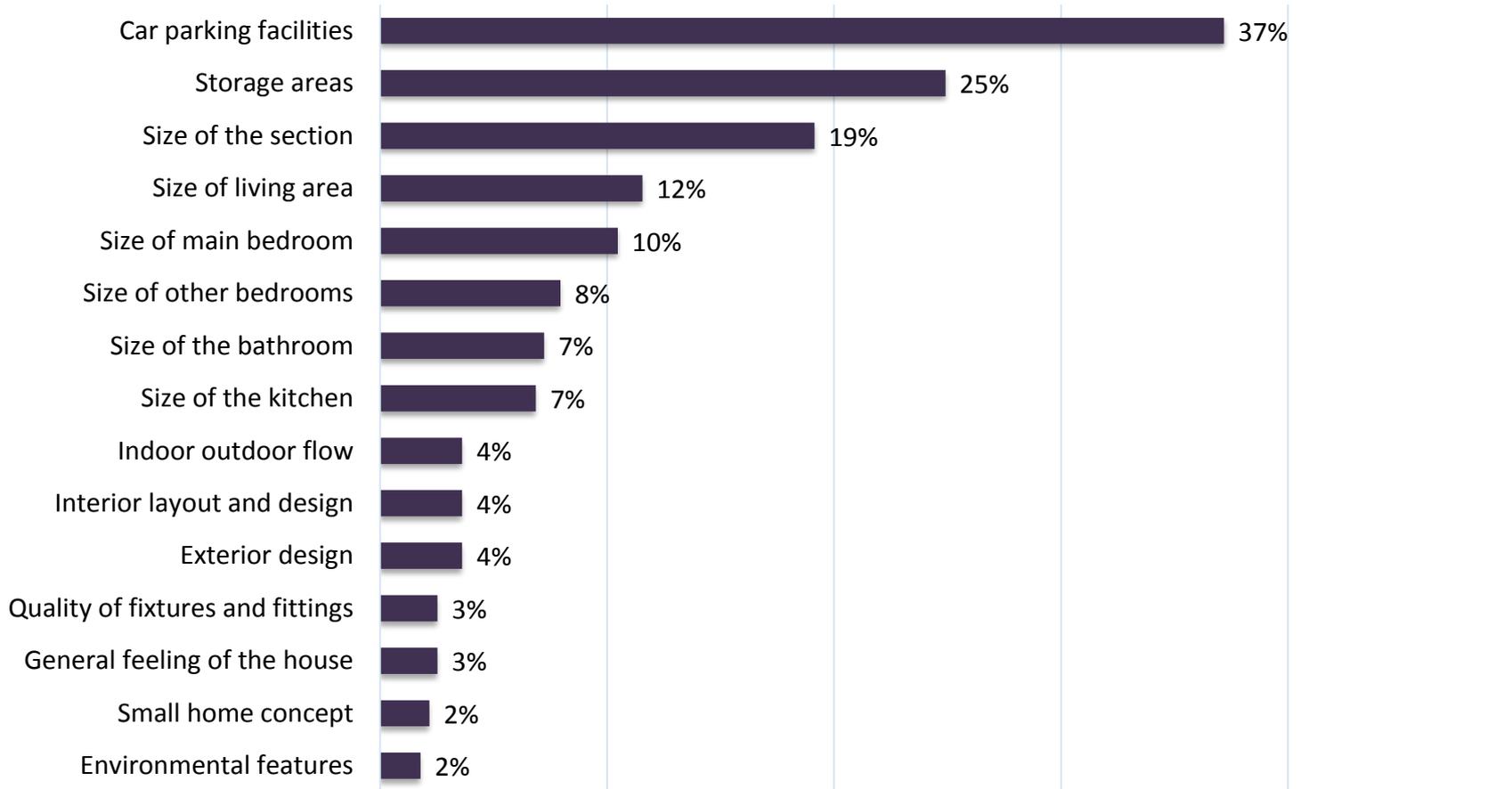
“Felt outdoor area from lounge was little small.”



Top Dislikes – Home 3

% Really dislike & dislike combined

Lack of car parking facilities, storage are key issues for Home 3 preferrers





Improvements they would make

Home 3



	%	n
Add a garage	23%	63
More storage	19%	54
Bigger section	14%	38
More space for parking	10%	28
Change kitchen layout	9%	24
Add a separate toilet	6%	18
Larger lounge/more living space	6%	16
Add a bath	4%	10
Change location of laundry	3%	9
Bigger main bedroom	3%	9
Additional wardrobes	3%	8
Larger windows	3%	8
More bathroom storage	2%	6
Bigger bedrooms	2%	6
Lower price	1%	4
Larger rooms	1%	3
Change exterior wall covering	1%	2
Other	12%	34

“What improvements would you make?”
Unprompted



Casestudy: Empty Nester couple feedback on Houses Two & Three

Part three

- House Two

- Did not like. *“Felt like being in a container. Squished”*
- Narrow feel. For a single skinny person.
- Like how the bedroom windows open
- Like walk in wet shower

- House Three

- Like having spare room for hobby – Concrete floor for that one rather than carpet
- Another room for visitors - esp. grandkids staying
- Rooms open outside so feel bigger
- Would like a little long window over kitchen sink
- One bathroom is fine, less cleaning. But be good to have extra toilet near outside door so handy for washing hands after gardening
- Great feeling of space
- Tin side cladding – would that be noisy when it rains?
- Rainwater storage – note Stonefields not allowed it now. Garden tap a problem
- Overall, love it.

- Response to question:
Would it still be a good deal if the 3 bedroom house had a garage, an extra toilet and a little bit more section for a price tag of \$550,000?

- Yes worth it for a garage.
Do need a garage for tools and nice car.



Q: Would it still be a good deal if the 3 bedroom house had a garage, an extra toilet and a little bit more section for a price tag of \$550,000?

- Positive response. Most cite that they are looking in the range of \$520-\$550 k. For Aucklanders, in this area it is *“unheard of”* to get a new house with a garage and 2 toilets for \$550: *“Impossible”*
- If they could buy it now, they would. It would *“fly off the shelf”* (100 people are on the ballot for the 3 bedroom, 40 for the 2 bedroom)
 - A Christchurch family liked it very much. Requested there be a test lab in Christchurch. Observe Christchurch houses are usually 4-5 bedrooms: *“Crazy to build big houses no one can afford”*. They note that Christchurch developers put on the area covenants for big houses
 - People are visiting from places like Tauranga, Wellington, Hawkes Bay and Nelson. They observe the price as expensive (*“Auckland price”*)



Improvements they would make Home 3

Verbatim comments

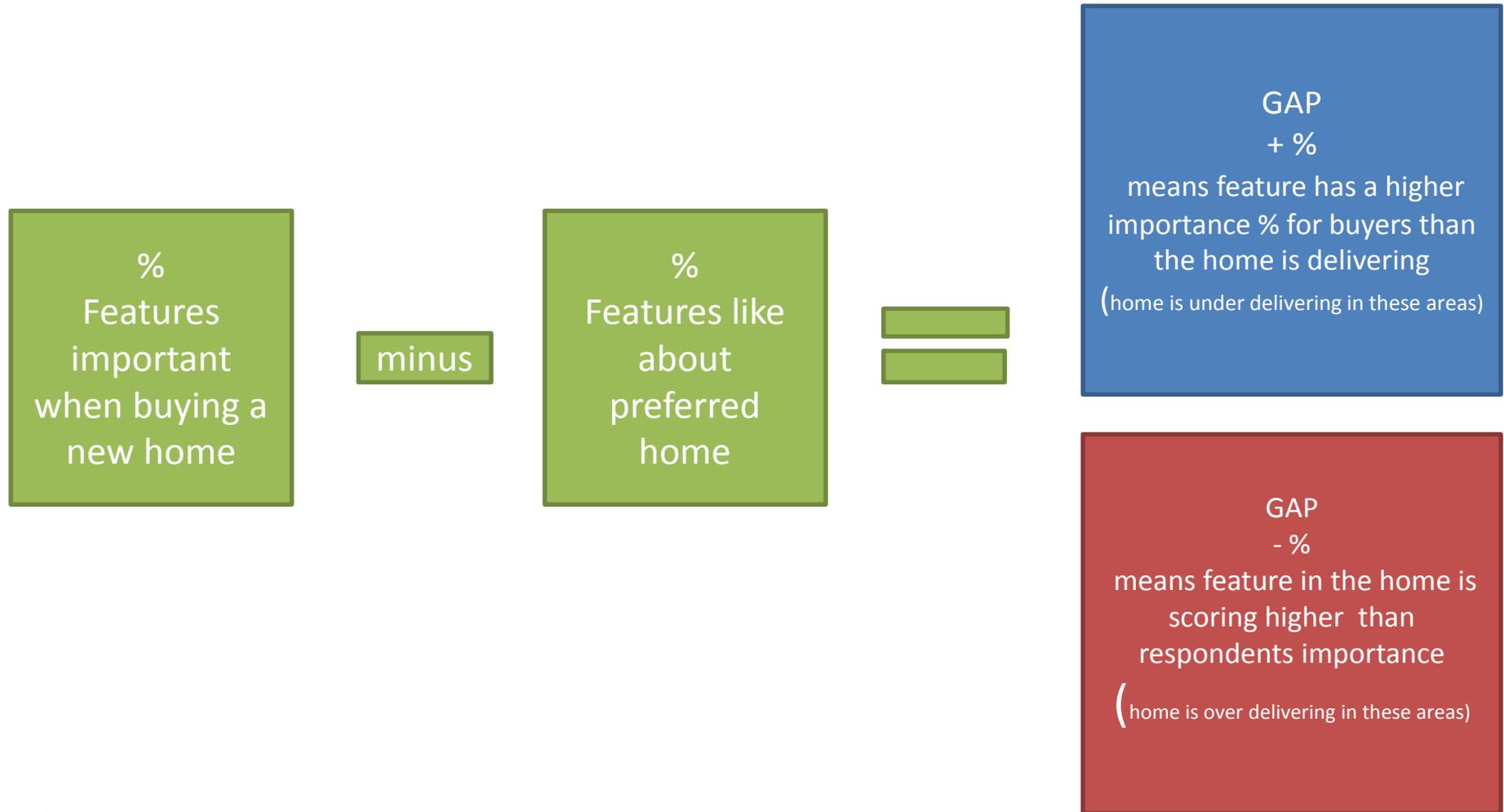
“I would find it hard not to have a garage and going back to car windows you can hardly see from with condensation in the cold weather, it is also not very good for your car. For me personally I would prefer to sacrifice the bedroom overlooking the driveway and convert it into a garage unless you can think of some way to fit a single garage on the property without losing the third bedroom, this would be very hard given the area of the section”

“It would be nice for there to be some garage space; there was no off road parking space in the 3 bedroom section.”

“As a family of four, with two young children, our main concern was storage ie prams, bikes, scooters, linen, etc. We also thought that the main bathroom could be re-configured to include a bath / shub with shower over it.”



GAP Analyse Explained

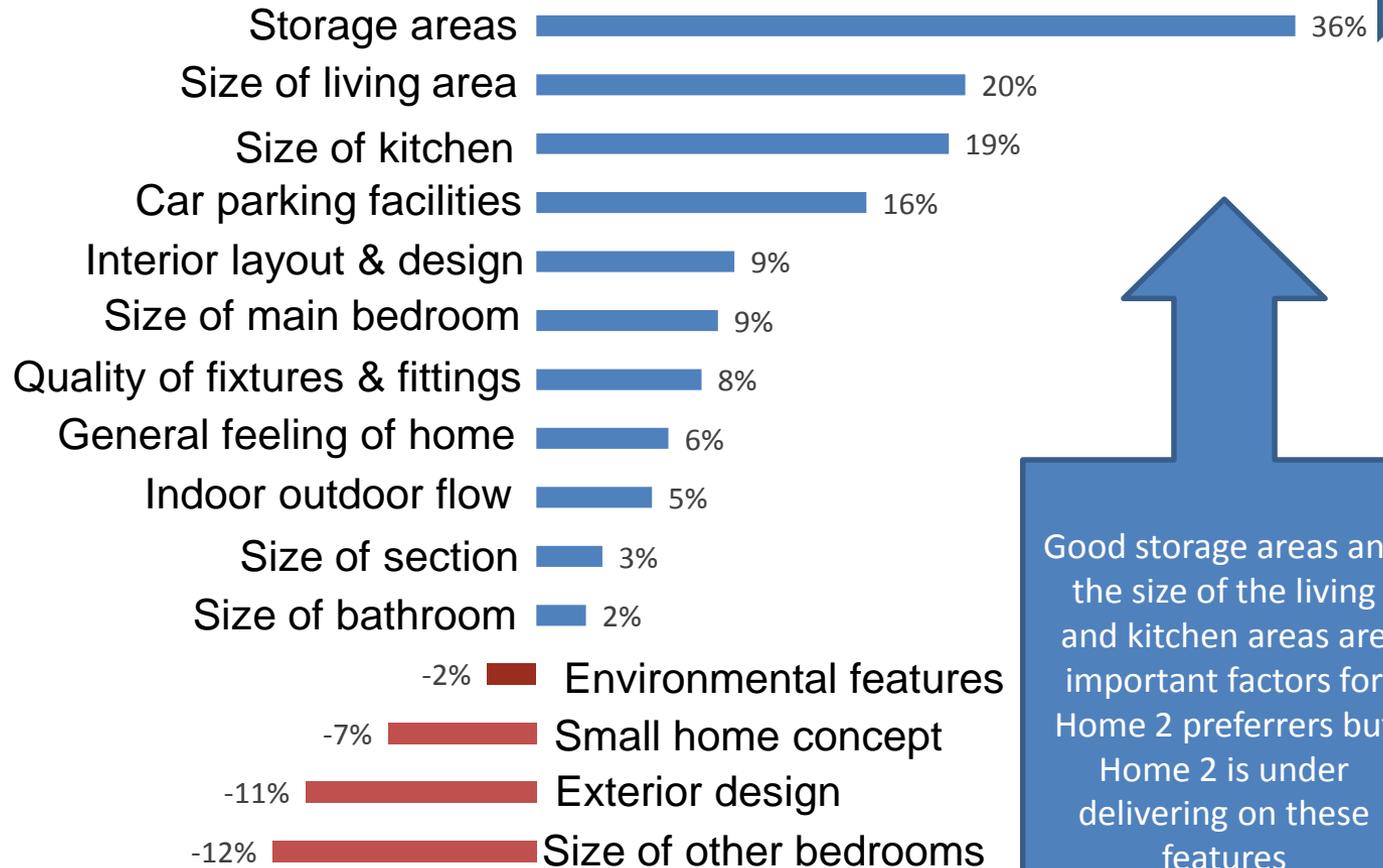
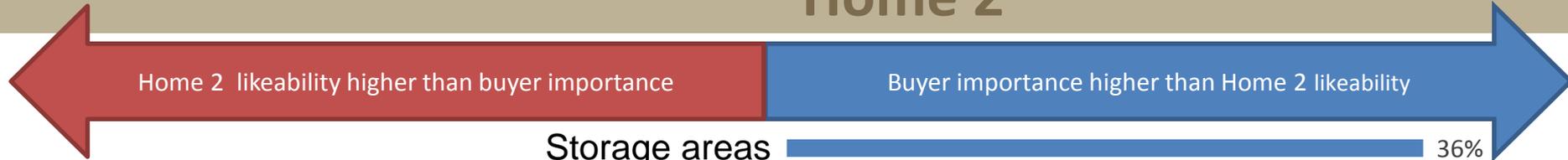




GAP Analyse

Home buying importance versus home likeability

Home 2

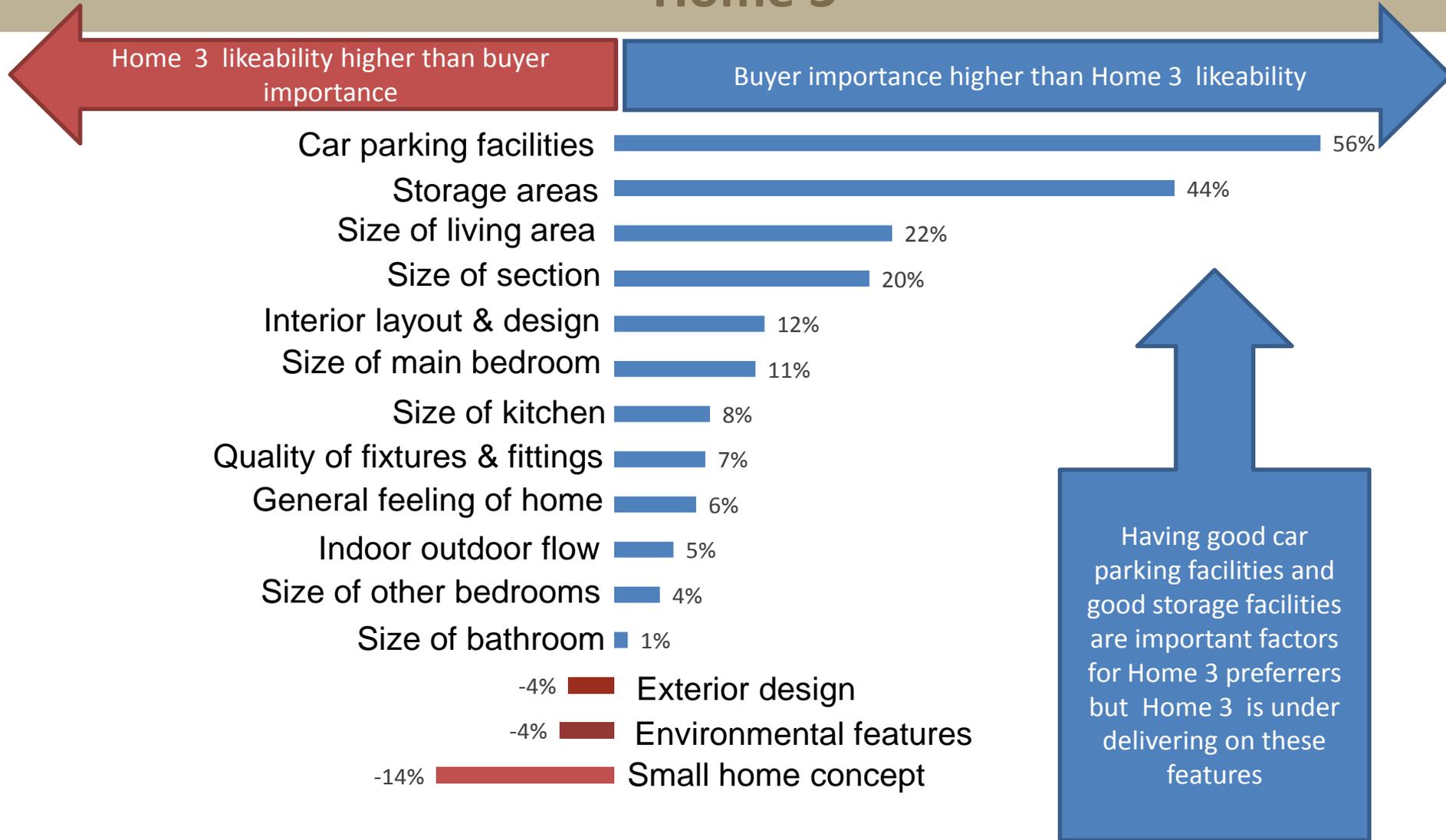


Good storage areas and the size of the living and kitchen areas are important factors for Home 2 preferrers but Home 2 is under delivering on these features

GAP Analyse

Home buying importance versus home likeability

Home 3





In Summary

Home 1	Home 2	Home 3
DEMOGRAPHICS	DEMOGRAPHICS	DEMOGRAPHICS
Appealing to older age groups with high % a have owned previously	Appealing to younger age 39% not owned previously, mid – lower incomes, 71% looking to buy under \$485K	Appealing to Young families and older empty nesters, 27% not owned previously
TARGET MARKET	TARGET MARKET	TARGET MARKET
Older singles & couples, sheltered housing, possible potential for housing for people with disabilities	Young couples Young couple with kids Axis buyers Flatters Empty Nesters	Young Families Axis buyers Older “Down sizers”
POSSIBLE IMPROVEMENTS	POSSIBLE IMPROVEMENTS	POSSIBLE IMPROVEMENTS
Difficult to assess as sample is small	Larger section size More storage options Increase the size of living area	Add a garage Bigger section Increase storage Separate WC



In summary

- The small home concept was very well received, with 69% of visitors saying they would feel comfortable living in the homes
- 140 parties expressed an interest in buying a Small Home Test Lab home when they go to market. This shows that the designs are hitting the mark.
- Home 3 showed the greatest potential overall, with 71% saying it would be suitable for them and 65% preferring Home 3.
- A possible addition of a garage, the addition of more storage and a slightly bigger section to the Home 3 design would be ideal, with 23% of preferrers wanting to add a garage to the design.
- This was tested qualitatively at a higher price point (\$550k. With positive a response)



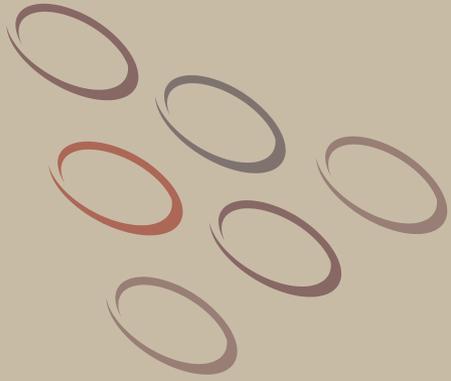
In summary

- Home 2 was appealing to a younger demographic, and would be a good starter home option for young couples and particularly the Axis target market.
- The garage and the flexibility the garage space offered was the most popular feature of Home 2
- Home 2 preferrers are looking for slightly more storage and living space , with a remodel of the kitchen area and with the possibility of a slightly bigger section
- Home 1 has limited appeal with 10% of visitors saying it would be suitable for them. Home 1 demographics suggests it biggest appeal is to older singles and couples, these two demographic groups are expected to show the significant growth in the next 20 years.



In summary

- Survey results show that there is a market for the small homes:
 - Homes 2 and 3 particularly have a broad potential market base from first home buyers to down-sizers.
 - Building trade representatives appear to believe more in Home 2 maybe seeing it as suitable for first home buyers with the need for more storage and a car.
 - Clearly the interested buyers are trading off size for something new and well designed with appealing environmental features.
 - Possible opportunity to showcase built in furniture with additional storage potential or partnerships for builders.
- The qualitative results highlight the importance of location and access to amenities and facilities as part of the purchase decision. We have not directly addressed this in our research



Thank you!



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