

## HOMEOWNERS \$10.5 BILLION BUILDING DEFECTS BILL

- Homeowners slugged \$10.5 billion building defects bill over the past 10 years<sup>1</sup>
- Leaks & cracks the most common issues faced
- Average apartment defect bill was \$6,434 compared to \$5,839 for a house
- 9% of apartment owners are still waiting for the defects to be fixed

**Yet to be released:** Financial comparison site [mozo.com.au](https://mozo.com.au) has found new homeowners have been slugged a staggering \$10.5 billion in repair costs over the past decade as poor construction standards have left them battling leaks, cracks and other problems.

Mozo's *Property Pain - Building Defects Report 2019* also found most new and newly renovated apartment and house owners surveyed have been plagued by defects that have cost them \$6,434 and \$5,839 respectively.<sup>2</sup>

To deal with the issues 60% of apartment owners facing defects had to contribute to a sinking fund and 24% were forced to pay special levies to fund the repairs.<sup>3</sup>

The findings come as regulators continue to grapple with the fall out over the serious safety issues plaguing apartments in Melbourne's Southbank and Olympic Park, Erskineville, Zetland and Mascot in Sydney.

"While buying a bright and shiny new property might seem like a good idea, the reality for many Australians is one of costly repairs and years of remediation," says Mozo Property Expert Steve Jovcevski.

Mozo's survey found all those who have bought a new apartment or house in the past decade experienced building defects. Internal water leaks, cracking to internal or external structures, water penetration from the outside, guttering faults, tiling problems and defective plumbing were the most common problems for owners.

While the average cost of apartment repairs was \$6,434, Mozo found 4% of owners had to pay above \$50,000. With 670,197 apartments completed in the past 10 years, Mozo estimates, buyers have had to pay out \$4.3 billion on repairs.

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<sup>1</sup> The \$10 billion figure is calculated using ABS data on the number of building completions in the past 10 years <https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8752.0Main+Features1Mar%202019?OpenDocument> multiplied by the average repair bill for apartments and houses from the Pure Profile Building Defects Survey, July 2019.

<sup>2</sup> Mozo Property Defects Survey, Pureprofile July 2019

<sup>3</sup> Ibid, Pureprofile July 2019

Those buying houses fared slightly better on average forking out \$5,839 on repairs. However, 32% had to pay more than \$5,000.<sup>4</sup> Mozo estimates that with 1,059,913 houses completed over the past decade, buyers have had to pay \$6.2 billion on repairs.

Most apartment repairs (57%) were completed in under 3 months but 21% had to wait up to 6 months and 9% are still waiting for the defects to be fixed.<sup>5</sup>

“If you are still waiting to have your apartment or house repaired it’s time to act. With fixed building warranties across the country, once the regulated time period to claim has passed you’ll struggle to get a developer or builder to fix defects with your property,” says Jovcevski.

To read Mozo’s full *Property Pain - Building Defects Report 2019* here: xxx

### **Building Defects Tips and traps**

Before you buy:

- If buying off the plan:
  - Research the developer and builder
  - Engage your own consultant to check critical stages of the development
- Run a body corporate records search on an existing apartment to check the minutes for any issues raised around building defects
- Get an independent building inspection done on the property when completed.

After you buy:

- Notify your apartment’s strata manager of any defects as soon as they occur
- Get an independent assessment of any defects
- Seek remediation work and/or costs from the developer
- Don’t delay making a claim as builders warranty has fixed timeframe in each state and territory
- If builder goes into liquidation and you are still facing repair costs make sure you disclose your debt to the administrator as soon as possible.

**-ENDS-**

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<sup>4</sup> Ibid, Pureprofile July 2019

<sup>5</sup> Ibid, Pureprofile July 2019

## MEDIA RELEASE



**Notes on research:** A nationally representative survey of 1,222 Australians aged 24 years and above conducted by Pureprofile between 15th and 19th July 2019 and 15th and 19th August 2019. Of the 1,222 survey 506 had purchased a property in the last 10 years. Where totals are above 100% respondents selected multiple options.

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