

HOUZZ AUSTRALIA

2020 State of The Industry



Big Ideas



REVENUE GROWTH IN 2019

Nearly half of businesses reported revenue growth in 2019 (47%), with a majority having met or exceeded expectations (52%). In fact, three per cent of businesses saw results that were significantly higher than their expectations.

CHALLENGES RELATED TO THE NATIONAL ECONOMY DOUBLED

Nearly one third of businesses report that a weak or uncertain national economy was a top challenge in 2019 (31%), almost double that of 2018 (16%).

Challenges associated with a weak or uncertain local economy grew three times since the the previous year (29% versus 10% in 2018).

TAKING ACTION TO SUPPORT GROWTH

The majority of businesses across the industry plan to increase marketing and sales efforts and bring in larger budget projects to bolster revenue growth over the coming year (59% and 48%, respectively).

RISING BUSINESS COSTS

Two thirds of businesses reported an increase in the costs of doing business, such as products and materials and employee wages (67%).

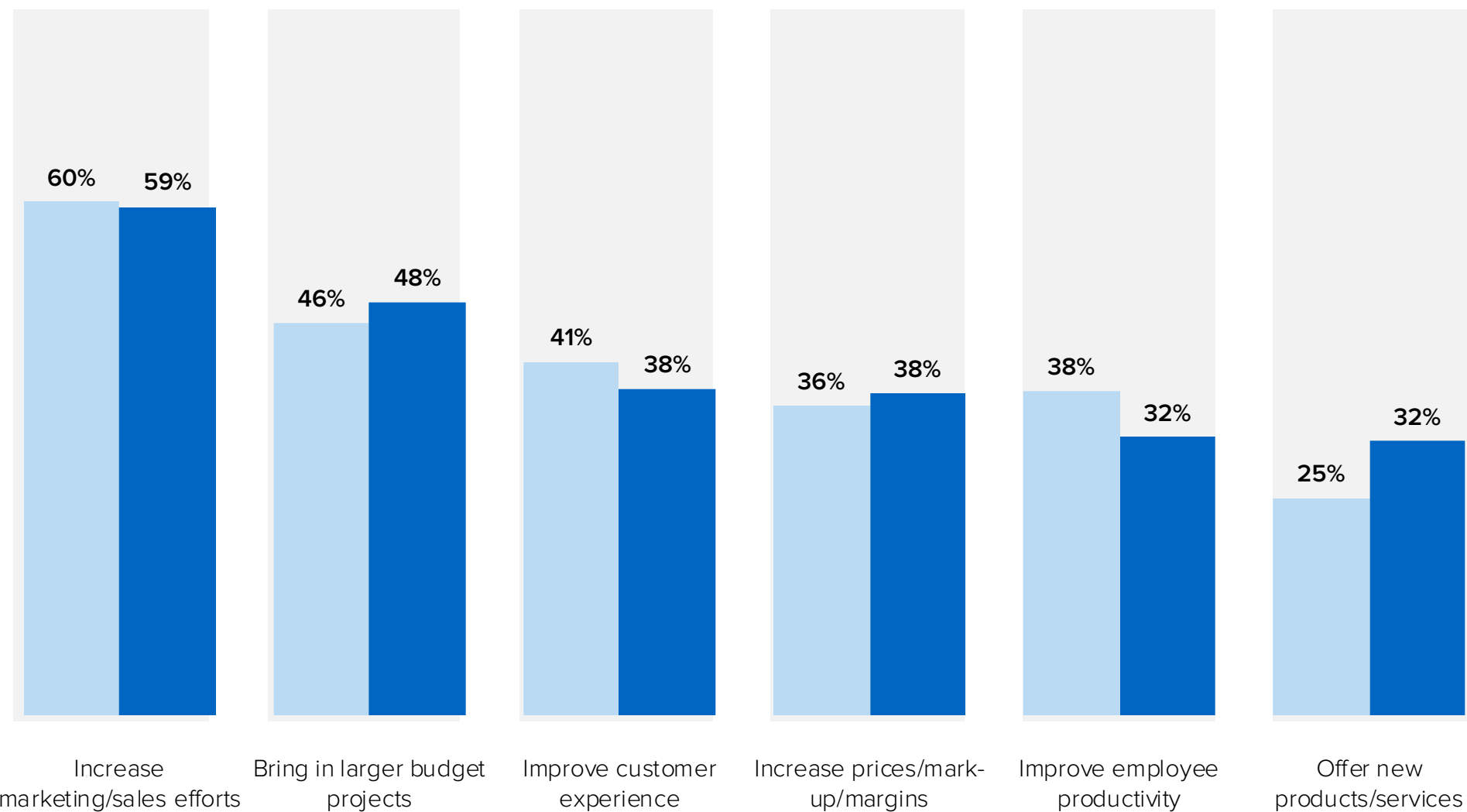
Home builders experienced the greatest impact (76%), compared with architects and building designers (66% and 52%, respectively). On a related note, managing customer concerns over cost was a top business challenge (33%).

Top Growth Strategies in 2020

Charts show the percentage of surveyed businesses on Houzz Australia expecting revenue growth in 2020 (vs. 2019)

Top Expected Strategies to Grow Revenues

2019 2020



Top Two Expected Strategies to Grow Revenues in 2020

Home Builder

- 1 Increase marketing/sales efforts **51%**
- 2 Bring in larger budget projects **46%**

Building Designer

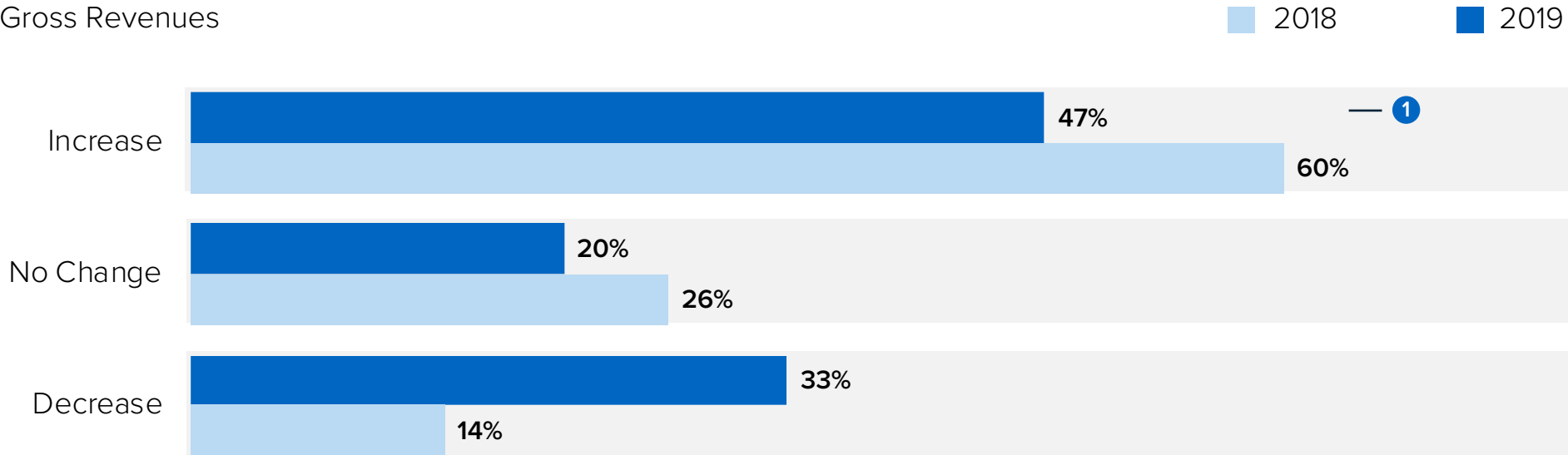
- 1 Bring in larger budget projects **64%**
- 2 Increase prices/mark-up/margins **61%**

Architect

- 1 Bring in larger budget projects **62%**
- 2 Increase marketing/sales efforts **62%**

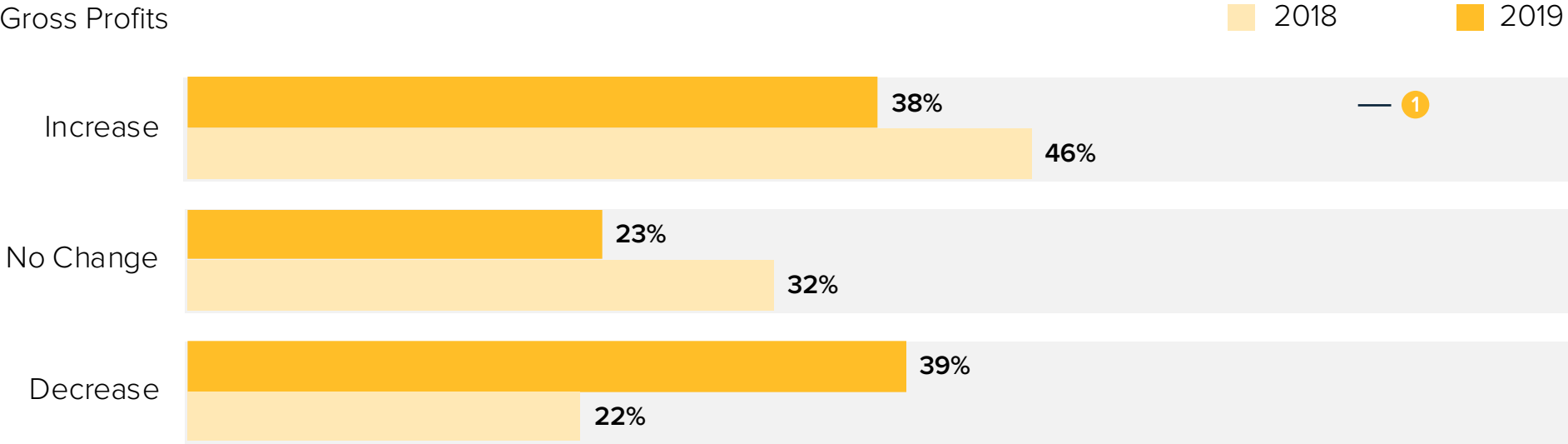
Revenues & Profits in 2019

Charts show the percentage of surveyed businesses on Houzz Australia reporting performance in 2019 (vs. 2018).



1 Increase in 2019 Gross Revenues

Home Builder	56%
Building Designer	43%
Architect	35%



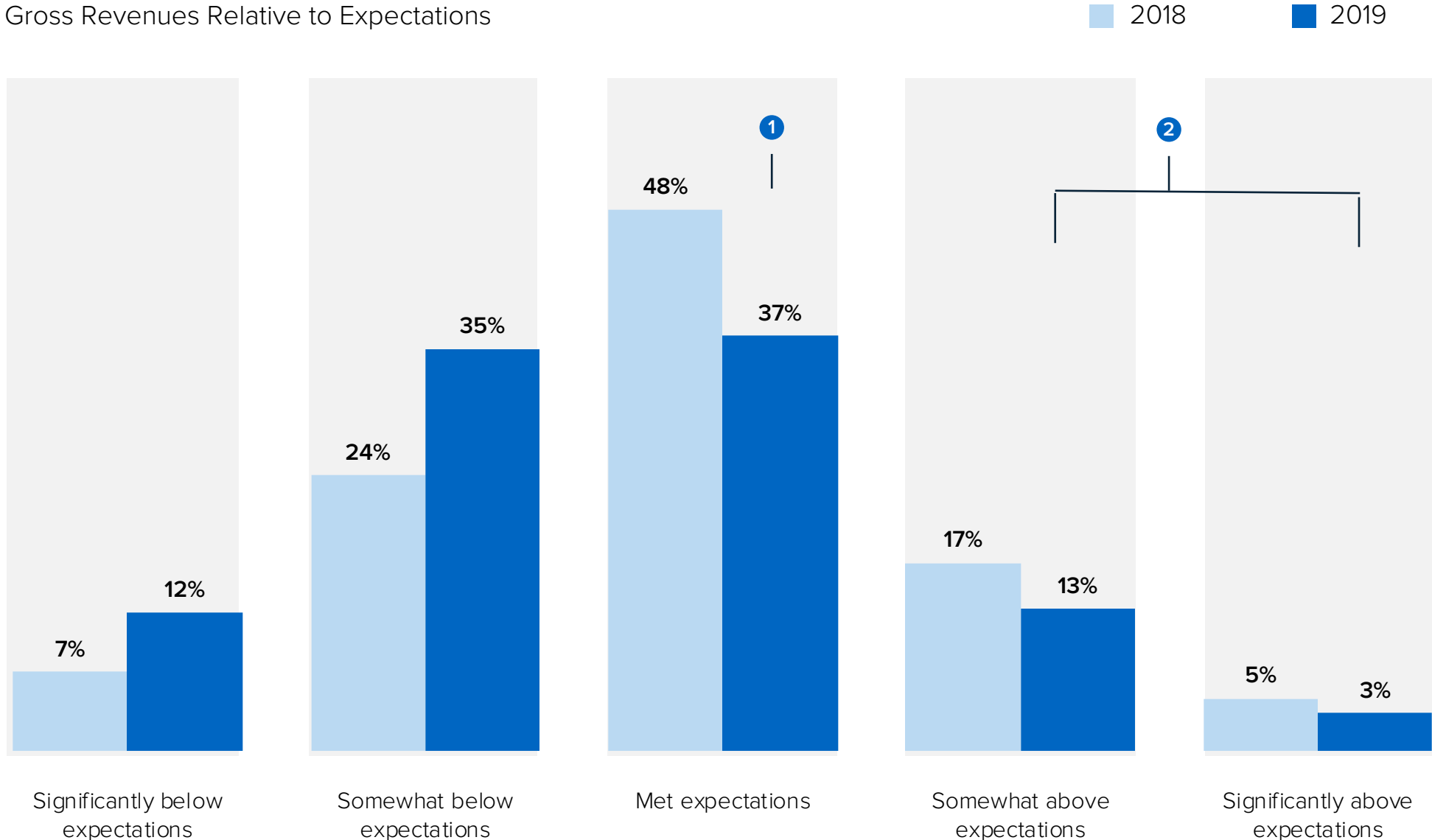
1 Increase in 2019 Gross Profits

Home Builder	46%
Building Designer	37%
Architect	31%

2019 Comparison to The Initial Expectations

Charts show the percentage of surveyed businesses on Houzz Australia reporting how 2019 business performance compared to the initial expectations for 2019 (vs. 2018).

Gross Revenues Relative to Expectations



2019 Comparison to The Initial Expectations

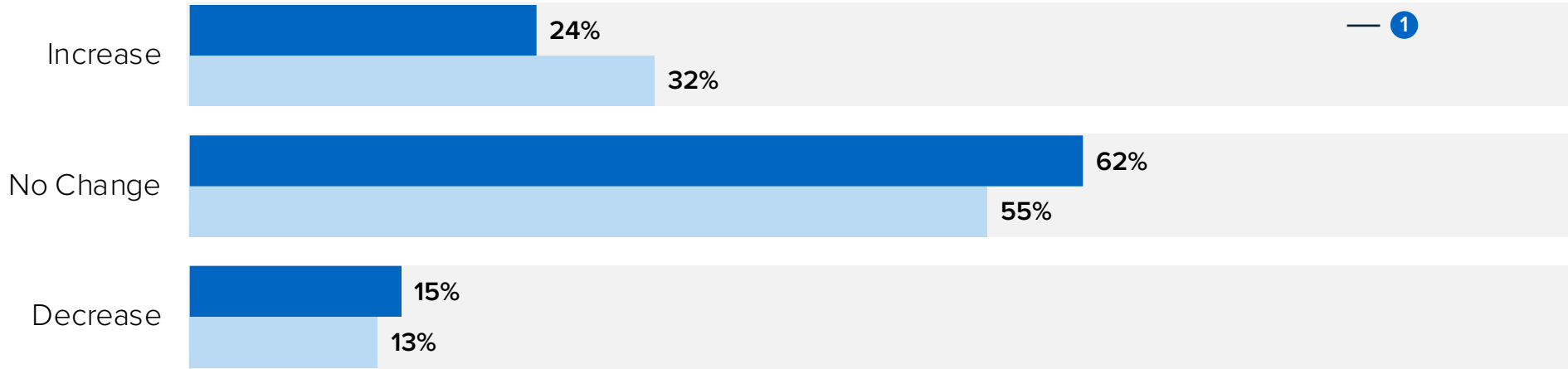
Home Builder	
① Met expectations	34%
② Above expectations	22%
Building Designer	
① Met expectations	31%
② Above expectations	29%
Architect	
① Met expectations	40%
② Above expectations	9%

Staffing & Business Costs in 2019

Charts show the percentage of surveyed businesses on Houzz Australia reporting performance in 2019 (vs. 2018).

Number of Employees

2018 2019

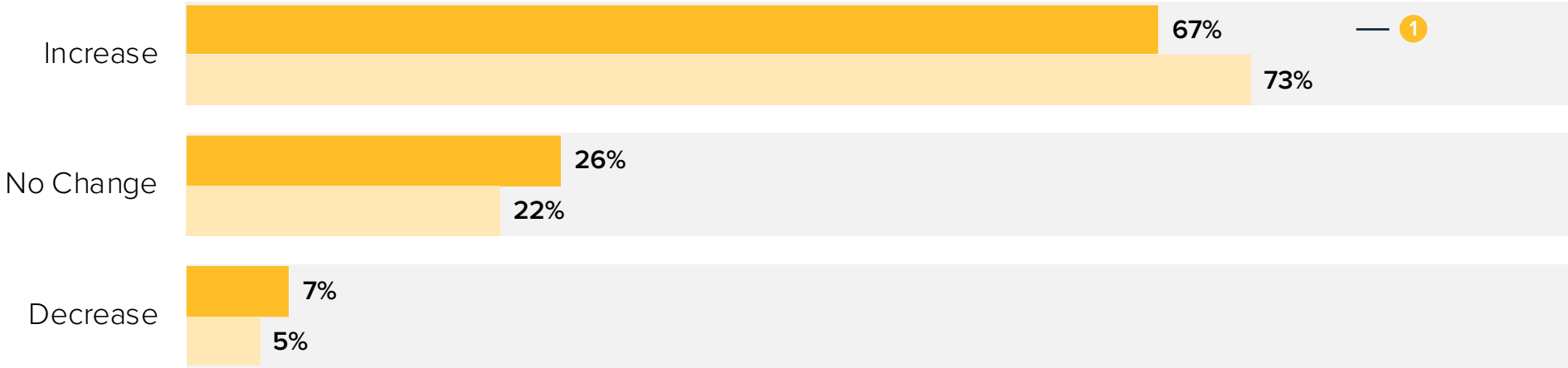


1 Increase in Number of Employees in 2019

Home Builder	42%
Building Designer	13%
Architect	17%

Cost of Doing Business

2018 2019



1 Increase in Cost of Doing Business in 2019

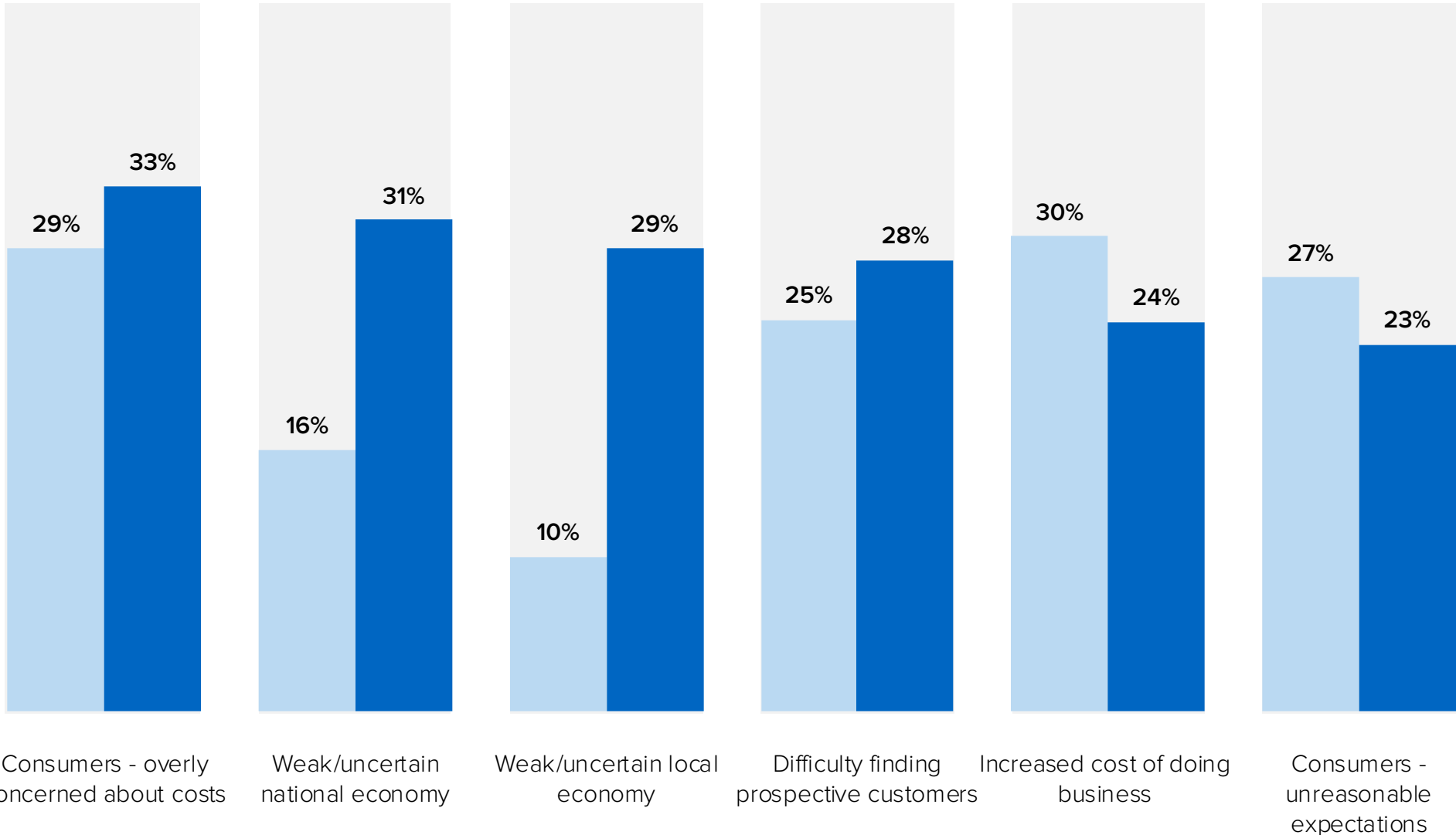
Home Builder	76%
Building Designer	52%
Architect	66%

Top Business Challenges in 2019

Charts show the percentage of surveyed businesses on Houzz Australia reporting challenges in 2019 (vs 2018).

Top Challenges Affecting Business

2018 2019



2019 Top Challenges

Home Builder

- 1 Increased cost of doing business **38%**
- 2 Weak/uncertain national economy **27%**

Building Designer

- 1 Weak/uncertain local economy **33%**
- 2 Consumers – overly concerned about costs **33%**

Architect

- 1 Difficulty finding prospective customers **39%**
- 2 Weak/uncertain local economy **36%**

Description of Businesses

The percentage of surveyed businesses on Houzz Australia with the specific characteristics in 2019

Share of Businesses by 2019 Business Characteristics

More Than AU \$500K In Gross Revenues **36%**
(Up to AU \$2M or more)

One Or More Employees **73%**
(Up to 500 or more)

Ten Or More Years In Business **58%**
*Up to 30 or more years in existence

Sole Owner Responding To Survey **58%**



Methodology



The survey was sent to businesses with profiles on Houzz Australia and fielded in December 4, 2019 – 14 January, 2020. N=284.

Description of Business Groups by Core Services*

Pro Categories in Survey (Sample N)

Architect/Designer (N=117)

Builder/Contractor (N=57)

Design-Build (N=22)

Specialty - Building & Renovation (N=39)

Specialty - Decorating (N=34)

Specialty - Landscaping & Outdoor (N=15)

Top Pro Types in Survey (Sample N)

Home Builder (N=52)

Building Designer (N=46)

Architect (N=36)

Business groups were defined based on services that contributed to the largest share of business gross revenues in 2019, as identified by respondents in the survey.