

2019

STATE OF THE INDUSTRY HOUZZ AUSTRALIA

Big Ideas

HOME RENOVATION PROFESSIONALS ANTICIPATE BUSINESS GROWTH

The majority of firms across the industry are optimistic about business growth in 2019, nearly three quarters of the industry anticipating that gross revenue will increase in 2019 (74 percent). Over half of businesses expect that revenue will grow by more than 10 percent (58 percent). To support revenue growth, firms plan to increase marketing and sales efforts and bring in larger budget projects (60 and 46 percent, respectively).

CONFIDENCE DRIVEN BY 2018 RESULTS

Positive expectations for the year ahead follow a successful 2018 for firms across the industry, with over two-thirds of businesses reporting that gross revenue met or exceeded expectations (69 percent). In fact, actual gross revenue increased by 10 percent or more for nearly half of businesses (45 percent). Interior designers saw the largest increase, with nearly half of businesses reporting that gross revenues grew by 15 percent or more from the year prior (45 percent).

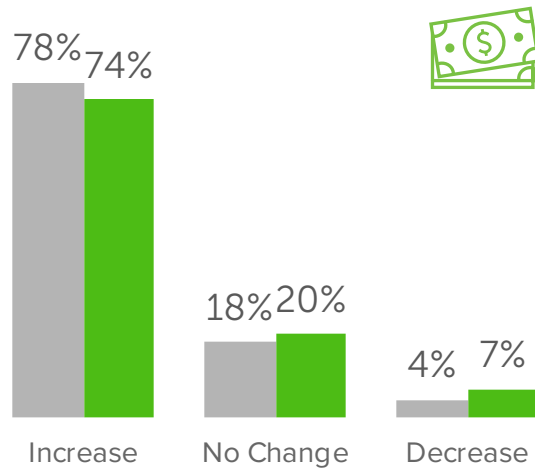
HOME BUILDERS LEAD IN BUSINESS EXPANSION

One-third of businesses across the industry were able to expand by hiring new employees (32 percent). Home builders were the most likely to increase headcount (50 percent), followed by interior designers and building designers (24 and 8 percent, respectively).

Expected Revenues & Profits in 2019

Charts below show the percentage of surveyed businesses on Houzz Australia reporting expectations for 2019 (vs. 2018).

EXPECTED GROSS REVENUES

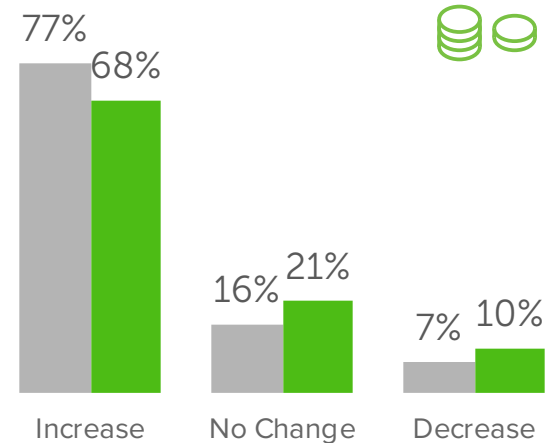


■ Expected changes in 2019
■ Expected changes in 2018

10%+ Rev. Growth

Expected by 58%
of Businesses in 2019
(vs. 63% in 2018)

EXPECTED PROFITS



HOME BUILDER

Expected Increases in 2019

Gross revenues	73%
Profit (net income)	67%

BUILDING DESIGNER

Expected Increases in 2019

Gross revenues	47%
Profit (net income)	33%

INTERIOR DESIGNER/DECORATOR

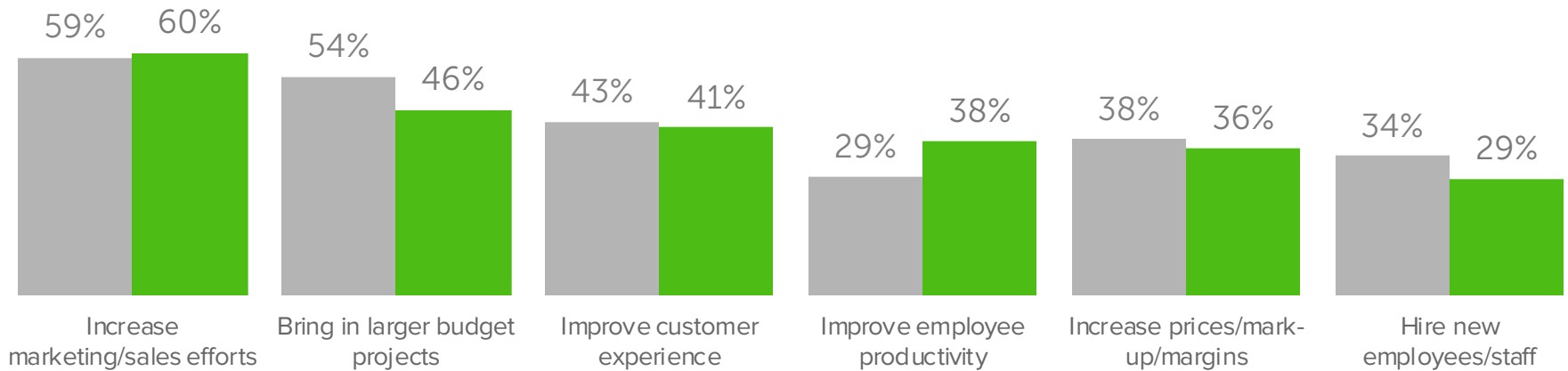
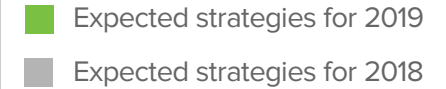
Expected Increases in 2019

Gross revenues	84%
Profit (net income)	79%

Top Growth Strategies in 2019

Charts below show the percentage of surveyed businesses on Houzz Australia expecting revenue growth in 2019 (vs. 2018).

TOP EXPECTED STRATEGIES TO GROW REVENUES



HOME BUILDER

Top Growth Strategies for 2019

Improve employee productivity 51%

Increase marketing/sales efforts 46%

BUILDING DESIGNER

Top Growth Strategies for 2019

Improve customer experience 60%

Increase marketing/sales efforts 53%

INTERIOR DESIGNER/DECORATOR

Top Growth Strategies for 2019

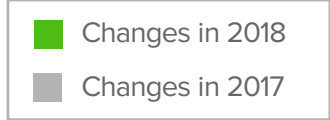
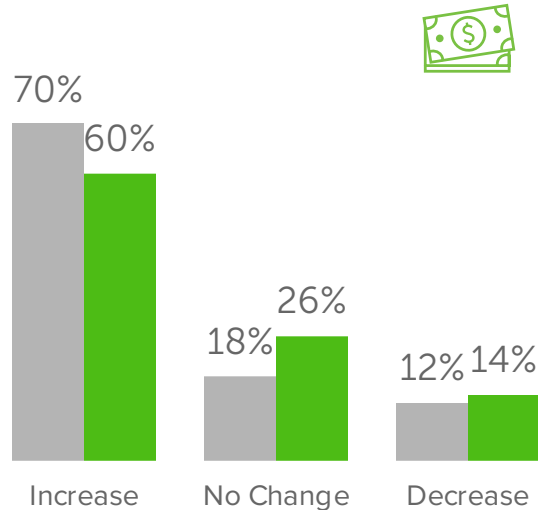
Increase marketing/sales efforts 59%

Improve customer experience 59%

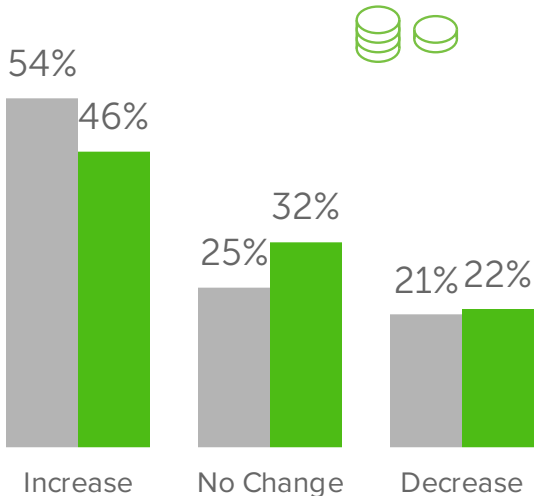
Revenues & Profits in 2018

Charts below show the percentage of surveyed businesses on Houzz Australia reporting performance in 2018 (vs. 2017).

GROSS REVENUES



GROSS PROFITS



10%+ Rev. Growth
 Reported by 45% of Businesses in 2018 (vs. 53% in 2017)

HOME BUILDER

Reported Increases in 2018

Gross revenues 63%

Profit (net income) 61%

BUILDING DESIGNER

Reported Increases in 2018

Gross revenues 33%

Profit (net income) 19%

INTERIORDESIGNER/DECORATOR

Reported Increases in 2018

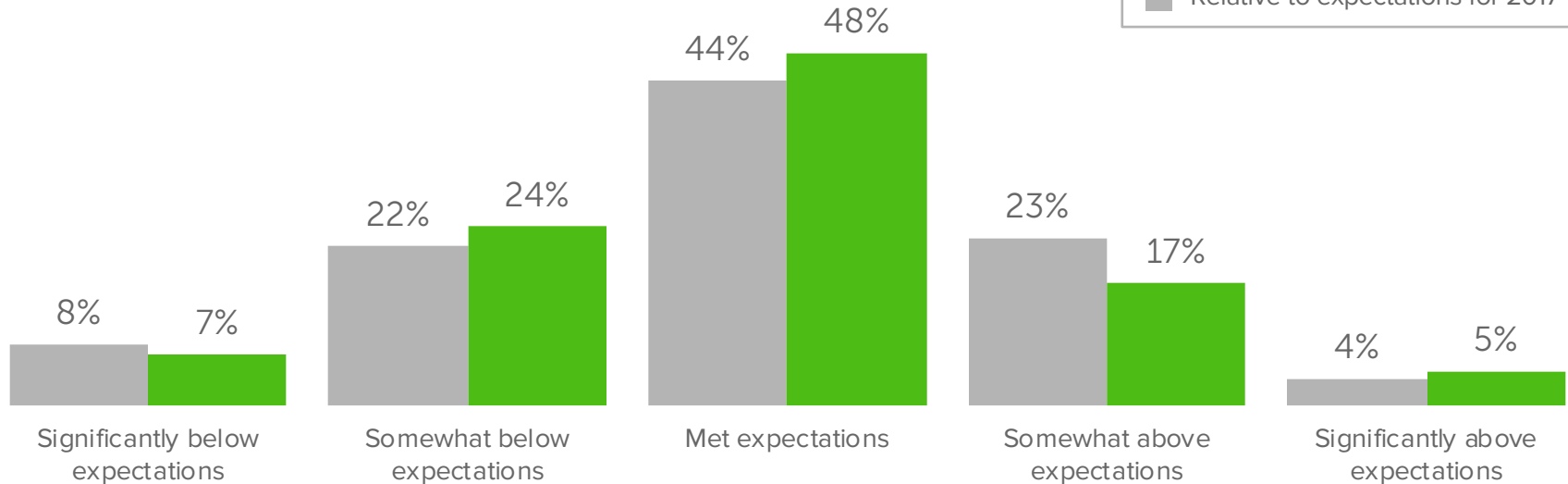
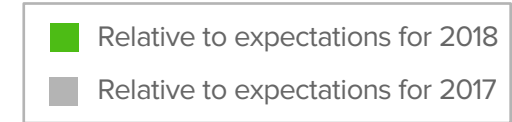
Gross revenues 63%

Profit (net income) 53%

2018 Comparison to The Initial Expectations

Charts below show the percentage of surveyed businesses on Houzz Australia reporting how 2018 business performance compared to the initial expectations for 2018 (vs. 2017).

GROSS REVENUES RELATIVE TO EXPECTATIONS



HOME BUILDER 2018 Comparison

Met expectations 58%

Above expectations 22%

BUILDING DESIGNER 2018 Comparison

Met expectations 53%

Above expectations 8%

INTERIOR DESIGNER/DECORATOR 2018 Comparison

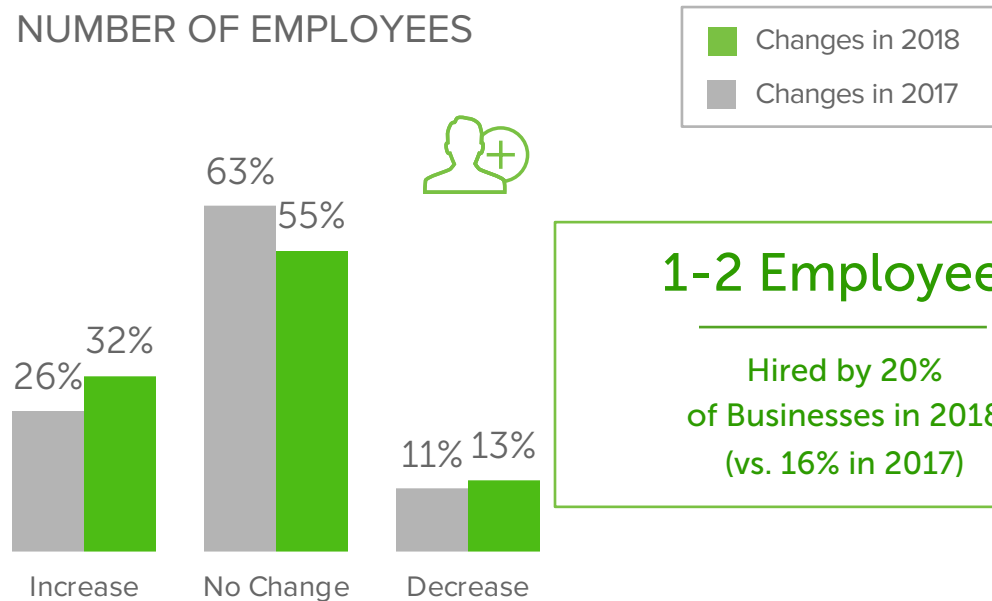
Met expectations 34%

Above expectations 29%

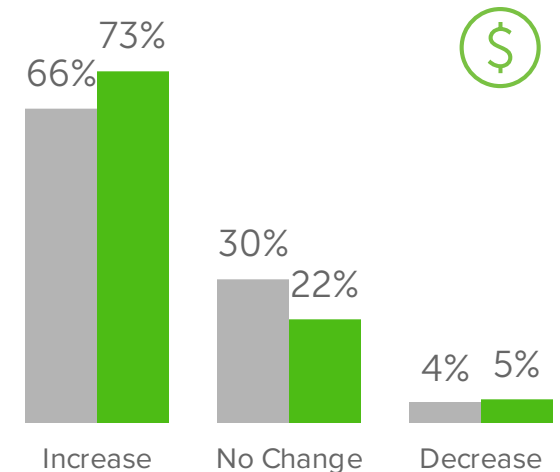
Staffing & Business Costs in 2018

Charts below show the percentage of surveyed businesses on Houzz Australia reporting performance in 2018 (vs. 2017).

NUMBER OF EMPLOYEES



COST OF DOING BUSINESS



HOME BUILDER

Reported Increases in 2018

Number of employees	50%
Costs of doing business	83%

BUILDING DESIGNER

Reported Increases in 2018

Number of employees	8%
Costs of doing business	67%

INTERIOR DESIGNER/DECORATOR

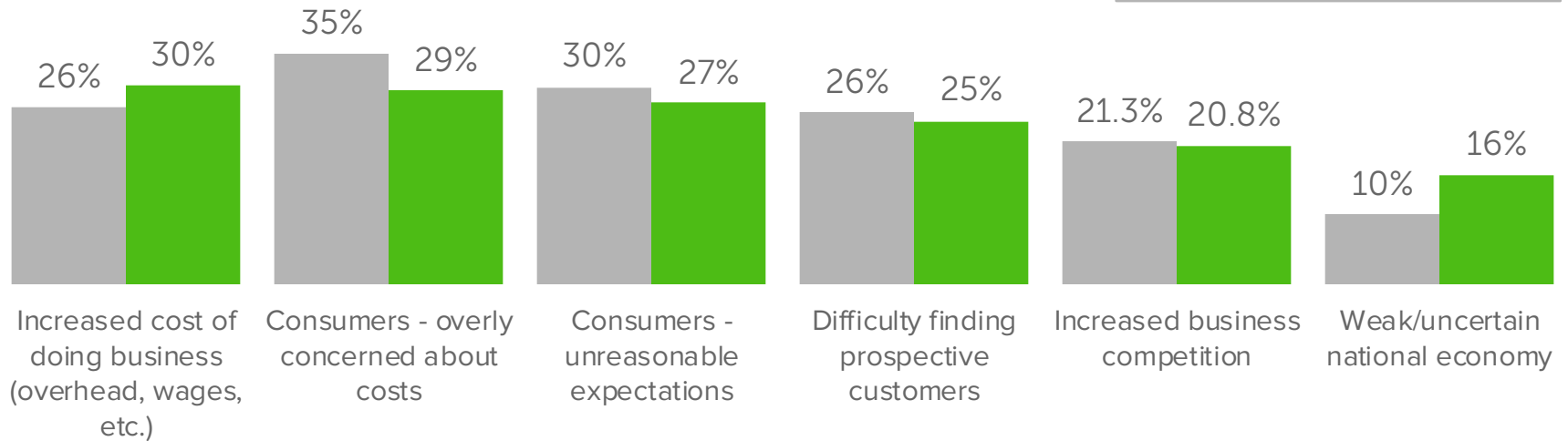
Reported Increases in 2018

Number of employees	24%
Costs of doing business	62%

Top Business Challenges in 2018

Charts below show the percentage of surveyed businesses on Houzz Australia reporting challenges in 2018 (vs 2017).

TOP CHALLENGES AFFECTING BUSINESS



HOME BUILDER Top Challenges in 2018

Increased cost of doing business (overhead, wages, etc.) 38%

Consumers - unreasonable expectations 27%

BUILDING DESIGNER Top Challenges in 2018

Weak/uncertain national economy 39%

Increased building regulation 36%

INTERIOR DESIGNER/DECORATOR Top Challenges in 2018

Difficulty finding prospective customers 28%

Consumers - unreasonable expectations 28%

Description of Businesses

Charts below show the percentage of surveyed businesses on Houzz Australia with the specific characteristics in 2018.

MORE THAN AU\$500K IN GROSS REVENUES*



41% of Businesses

*Up to AU\$2M or more in revenues

ONE OR MORE EMPLOYEES*



72% of Businesses

*Up to 500 or more employees

TEN OR MORE YEARS IN BUSINESS*



53% of Businesses

*Up to 30 or more years in existence

SOLE OWNER RESPONDING TO SURVEY



61% of Businesses

Methodology

The survey was sent to businesses with profiles on Houzz Australia and fielded in December 7, 2018 – 22 January, 2019. N=273.

Description of Business Groups by Core Services*

Pro Categories in Survey (Sample N)

- Architect/Designer (N=116)
- Builder/Contractor (N=61)
- Specialty - Building & Renovation (N=31)
- Specialty - Decorating (N=23)
- Specialty - Landscaping & Outdoor (N=22)
- Design-Build (N=20)

Top Pro Types in Survey (Sample N)

- Home Builder (N=57)
- Building Designer (N=37)
- Interior Designer/decorator (N=36)

*Business groups were defined based on services that contributed to the largest share of business gross revenues in 2018, as identified by respondents in the survey.

Links to Pros on Houzz

Houzz is the easiest way for people to find inspiration, get advice, buy products and hire the professionals they need to help turn their ideas into reality.

Design, Renovation & Building	Renovation Services & Supplies	Gardens & Outdoors	Windows, Doors, Roofing & Cladding
Architects	Building Supplies	Arborists & Tree Services	Doors
Building Designers	Carpenters	Backyard Courts & Playgrounds	Garage Doors
Home Builders	Joinery & Cabinet Makers	Decks, Patios & Outdoor Structures	Roofing & Gutters
Interior Designers & Decorators	Landscape Contractors & Gardeners	Driveways	Cladding & Exterior Contractors
Design & Construction	Painting & Wallpaper	Fencing & Gates	Windows
Kitchen Designers & Renovators	Renderers & Plasterers	Garden & Landscape Supplies	
Bathroom Designers & Renovators	Cleaning, Rubbish Removal & Removalist Services	Lawn & Sprinklers	
Landscape Architects & Landscape Designers	Tile, Stone & Benchtops	Pools & Spas	
Organisations & Schools	Staircases & Balustrades	Blacksmiths & Welders	
	Stone, Pavers & Concrete		
	Home Storage Designers & Professional Organisers		
Home Services	Specialty Contractors & Other Services	Retailers & Showrooms	
Electricians	Artists & Artisans	Appliances	
Environmental & Restoration Services	Home Automation & Home Theatre Design	Bedding & Bath	
Heating & Air Conditioning Contractors	Home Stylists & Property Staging	Carpet & Flooring	
Plumbers	Kids & Nursery	Shutters, Blinds & Curtains	
Septic Tanks & Sewage Systems	Media & Bloggers	Fireplaces	
Solar Power Contractors	Photographers	Furniture & Home Decor	
	Real Estate Agents	Kitchen & Bath Fixtures	
	Specialty Contractors	Lighting	
	Wine Cellars	Furniture Restoration & Upholstery	