2019

HOUZZ & HOME

Overview of U.S. Renovation in 2018 and 2019

houzz

Big Ideas

SURGE IN KITCHEN REMODEL SPEND

Kitchens remained the most popular and most expensive room to renovate in 2018. In fact, financial investment in a typical (median) kitchen renovation jumped 27% in 2018, to $14,000, following a 10% increase in 2017. Median spend on guest and master bathroom remodels, the second and third most popular rooms to renovate, grew by 17% and 14%, respectively.

OVERALL RENOVATION SPEND REMAINS STEADY

Nationally, a typical (median) homeowner on Houzz plans to spend $10,000 on home renovations in 2019, in line with the previous three years. Furthermore, the median total spend on 2018 renovations held steady at $15,000. Interestingly, the share of homeowners investing less than $5,000 on home renovations ticked up from 16% in 2017 to 19% in 2018.

LOCAL MARKETS IN FLUX

Half of the largest 50 U.S. metropolitan areas (by population) saw a decrease in median spend on 2018 renovations. In fact, among these 50 metros, seven of the top 10 cities with the highest median renovation spend in 2017 saw a spend decline in 2018, including Boston, Houston, Los Angeles, Miami, San Diego, San Jose and Seattle. San Francisco and San Jose still lead in spend nationally.

GEN ZERS ENTER THE RENO MARKET

Baby Boomers (ages 55 to 74) and Gen Xers (ages 40 to 54) combined represent 81% of renovating homeowners, with a 2018 median spend of $15,000 each. Millennials (ages 25 to 39) account for 14% of renovating homeowners, with a $10,000 median spend. Gen Zers (ages 18 to 24) account for only a small share of the renovation market (0.3%) and have the lowest median spend ($7,000).

SECURITY, SMART TECH AND DECORATING GALORE

Security upgrades continue to gain popularity, with an average annual uptake growth of 20% over the past three years and a median spend of $500 in 2018. Millennials are embracing security upgrades at a higher rate than Baby Boomers (24% versus 15%, respectively). They are also more likely to prioritize smart technology, such as smart thermostats, and are avid decorators postrenovation.

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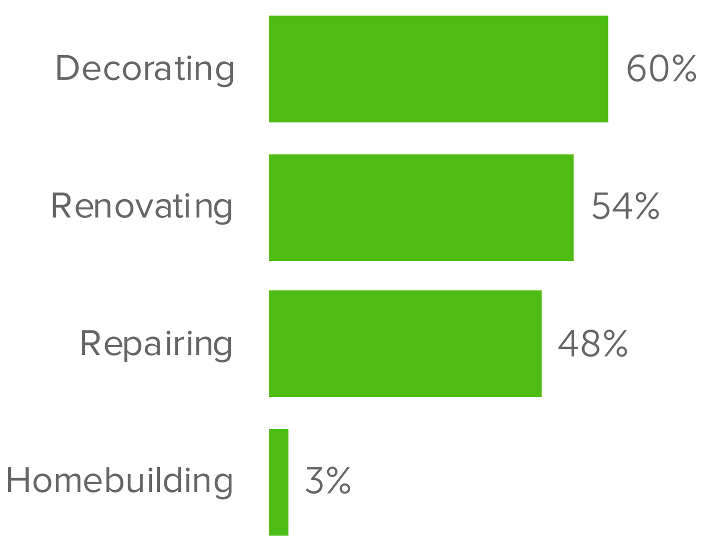
2018 AND 2019 OVERVIEW

Median Renovation Spend Holds Steady at $15,000

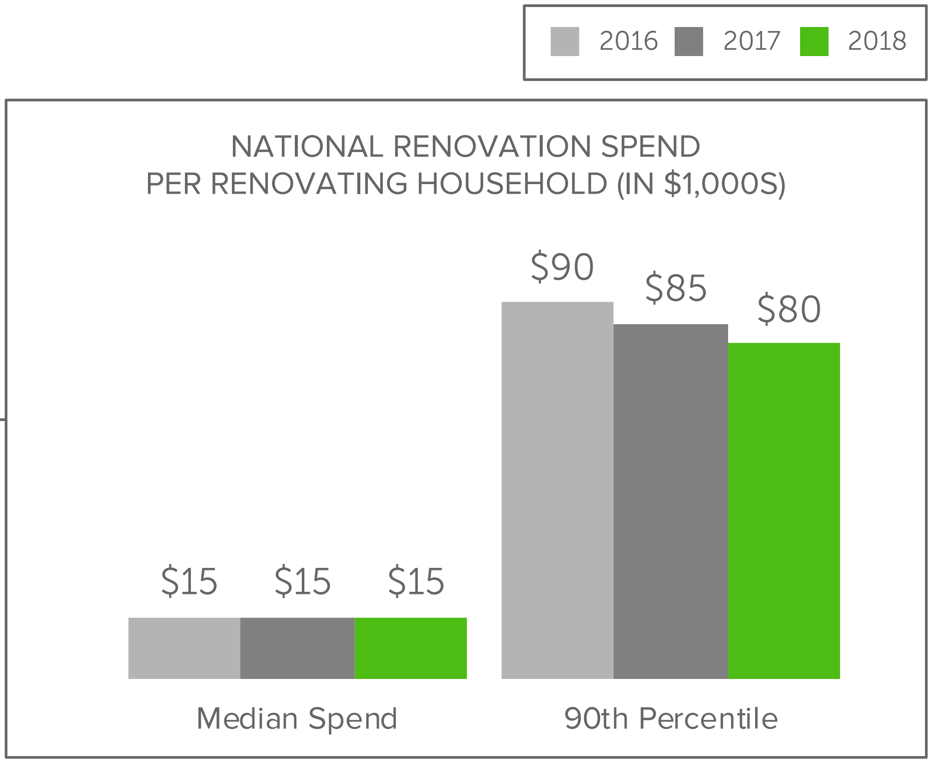
Consistent with prior years' findings, homeowners on Houzz are actively engaged in home projects such as decorating (60%), renovating (54%) and/or repairing (48%). The median amount spent on renovations by homeowners on Houzz was $15,000 in 2018, consistent with 2016 and 2017. The renovation investment of the top 10% of spenders was $80,000 in 2018, compared with $85,000 in 2017 and $90,000 in 2016.

FREQUENCY OF HOME-RELATED ACTIVITIES AND RENOVATION SPEND AMONG HOMEOWNERS*

TOP 2018 HOME-RELATED ACTIVITIES*



NATIONAL RENOVATION SPEND
PER RENOVATING HOUSEHOLD (IN $1,000S)



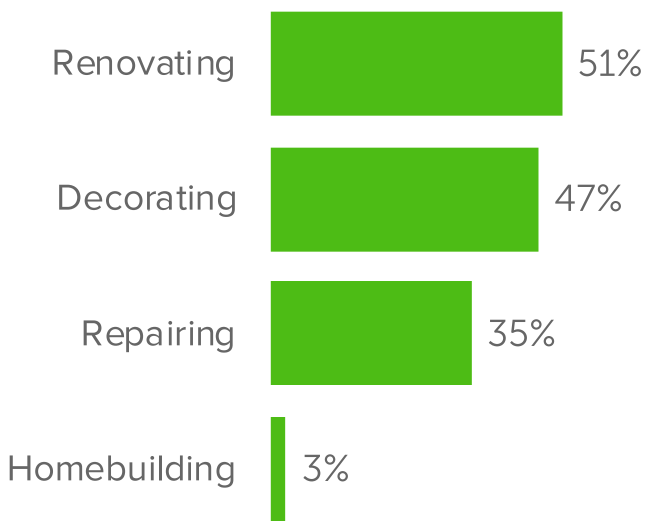
*Multiple responses allowed.

2019 Promises to Keep Pace

Half of homeowners on Houzz plan to continue or start renovations in 2019 (51%), with a median spend of $10,000 per renovating homeowner. Given the consistency in expectations for the previous three years, 2019 is on track to be another robust year for the home improvement market.

FREQUENCY OF PLANNED 2019 ACTIVITIES AND RENOVATION SPEND AMONG HOMEOWNERS*

TOP PLANNED 2019 HOME-RELATED ACTIVITIES*



NATIONAL PLANNED RENOVATION SPEND PER RENOVATING HOUSEHOLD (IN $1,000S)

$10
Median

$50
90th Percentile

*Multiple responses allowed.

2018 TOTAL SPEND, FINANCING AND MOTIVATIONS

Uptick in Projects Under $5,000

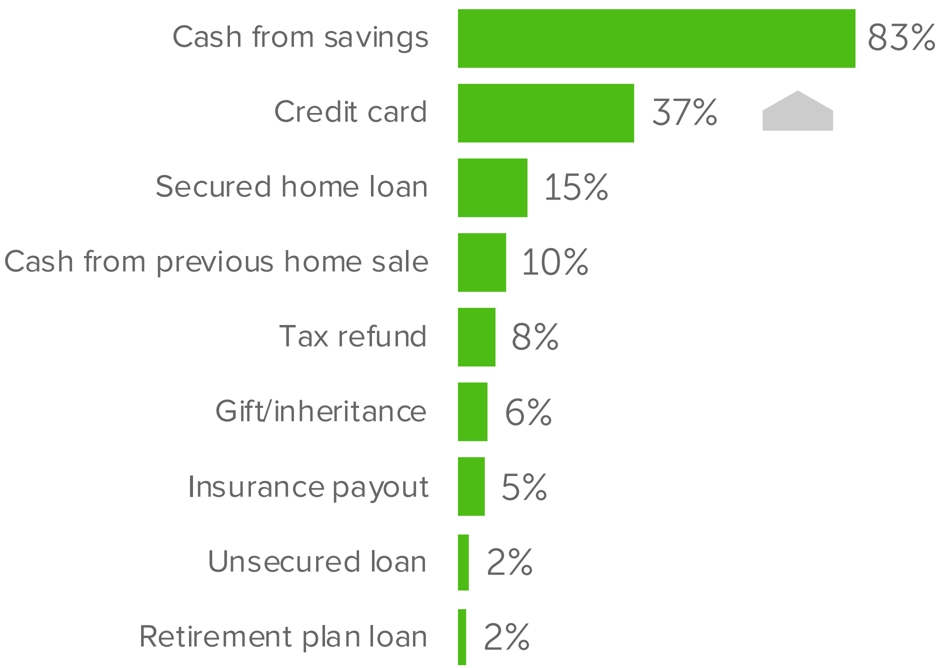
Over a quarter of renovating homeowners spent between $10,000 and $24,999 on home renovations every year in the past three years. That said, the share of homeowners investing less than $5,000 ticked up from 16% in 2017 to 19% in 2018, while the share of homeowners spending larger amounts slightly declined in every spend range.

FREQUENCY OF SPEND RANGES AMONG HOMEOWNERS WHO RENOVATED IN 2016, 2017 AND 2018*

Credit Card Use Jumps Again

Using cash from savings continues to be the top way to fund home renovations. Consistent with the rise in credit card spend between 2011 and 2017,* an even greater share of homeowners paid for renovations with a credit card in 2018 than in 2017 (37% versus 33%, respectively). Interestingly, as project spend increases, homeowners are less likely to rely on savings and credit cards. Instead, they turn to home loans, home sale proceeds and other funding sources.

FREQUENCY OF TOP FUNDING SOURCES AMONG HOMEOWNERS WHO RENOVATED IN 2018**



TOP FUNDING SOURCES BY 2018 RENOVATION SPEND**

	$1,000 to $4,999	$50,000 to $200,000
Cash from savings	85%	78%
Credit card	38%	32%
Secured home loan	8%	28%
Cash from previous home sale	4%	21%
Tax refund	8%	6%
Gift/inheritance	4%	9%
Insurance payout	3%	7%
Unsecured loan	2%	4%
Retirement plan loan	1%	3%

*See "Role of Credit Cards in U.S. Home Improvement," prepared in collaboration with Synchrony, released in October 2018.

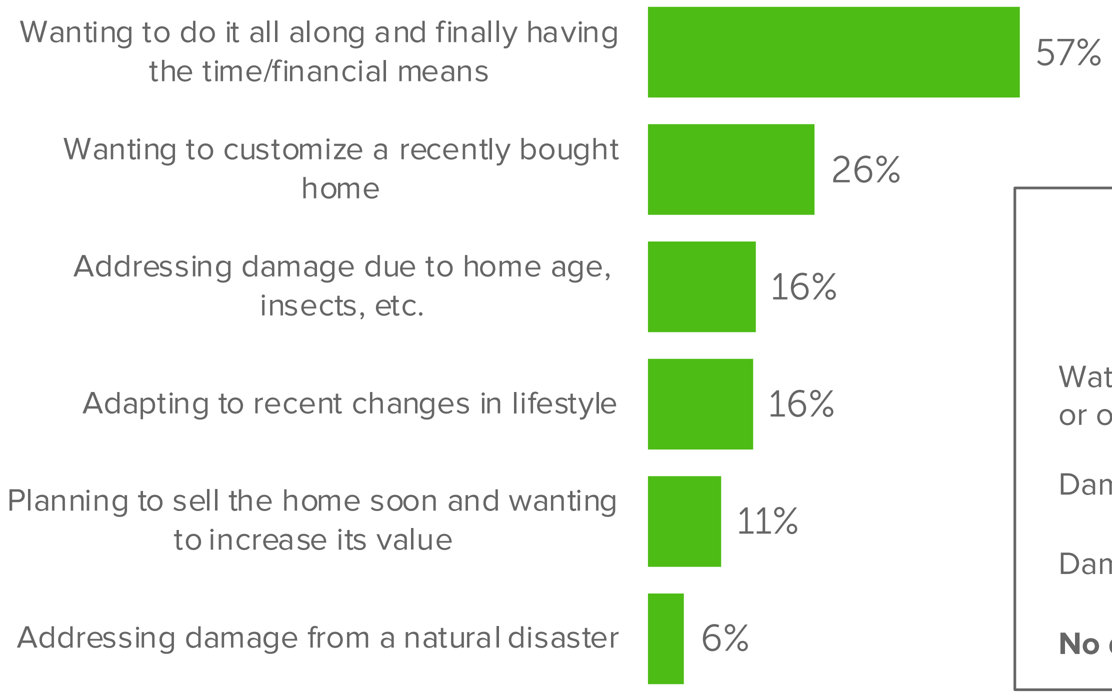
**Multiple responses allowed. Due to the addition of tax refunds and insurance payouts as funding sources in 2018, cash from savings cannot be compared year over year.

Note: Arrows indicate an increase in share of at least 2 percentage points between 2017 and 2018. See last year's report for a full comparison.

Home Damage Is All Too Common

Consistent with the previous three years, “wanting to do it all along” continued to be the top driver of home renovations in 2018 (57%), followed by a recent home purchase (26%). “Addressing damage” in relation to either a home’s age (16%) or a natural disaster (6%) was another major driver of renovation activity in 2018. Surprisingly, nearly a third of renovating homeowners (29%) reported damage from a plumbing malfunction, a natural disaster or another event in the previous five years.

FREQUENCY OF TOP RENOVATION TRIGGERS AMONG HOMEOWNERS WHO RENOVATED IN 2018*



DAMAGE TO THE HOME IN THE PREVIOUS 5 YEARS**

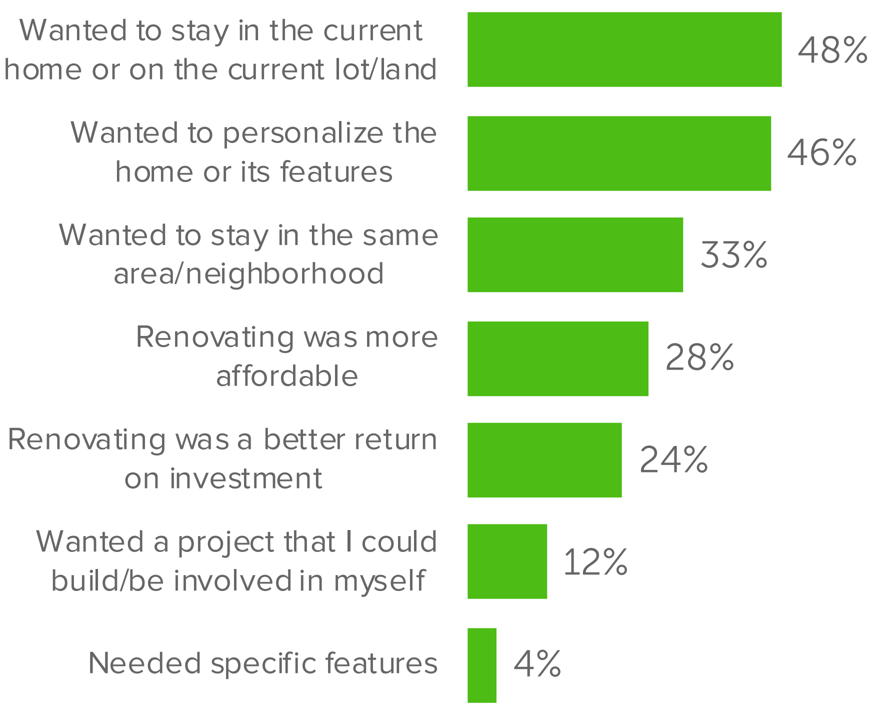
Water damage from a plumbing or other malfunction	15%
Damage from a natural disaster	12%
Damage from other events	5%
No damage	**71%**

*Up to three responses allowed.
**Multiple responses allowed

Whether to Renovate or Buy Is a Complex Decision

When it comes to deciding whether to renovate a current home or buy a more suitable home, it is surprising that the relative affordability of renovations is a less important decision driver than the home's location or the opportunity to personalize it. In fact, "wanted to stay in the current home" is the biggest decision driver for long-term owners (61%), while personalization is the most important factor for recent homebuyers (56%).

FREQUENCY OF TOP REASONS FOR RENOVATING VERSUS BUYING A MORE SUITABLE HOME IN 2018*



RENOVATE VS. BUY BY YEARS IN THE HOME*

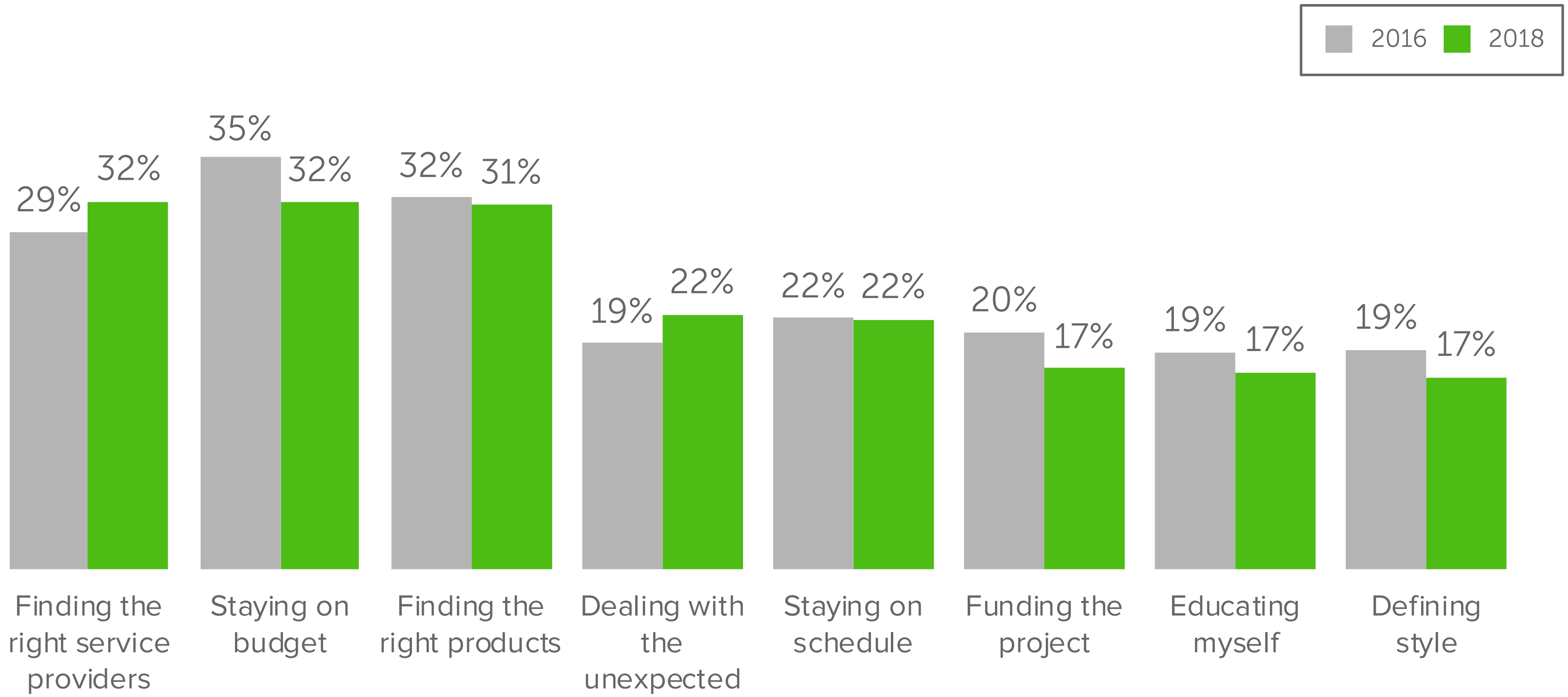
	< 1 year	**6+ years**
Wanted to stay in the current home or on the current lot/land	12%	61%
Wanted to personalize the home or its features	56%	41%
Wanted to stay in the same area/neighborhood	21%	38%
Renovating was more affordable	28%	27%
Renovating offered a better return on investment	27%	23%

*Up to three responses allowed.

Plenty of Challenges

Renovating homeowners experience a wide range of challenges during their renovation projects. By far, the greatest three challenges are finding help, finding products and staying on budget. Interestingly, more homeowners experienced the challenge of finding help in 2018 than in 2016 (32% versus 29%, respectively). In contrast, fewer renovating homeowners cited staying on budget as a challenge in 2018 (32%) compared with 2016 (35%).

FREQUENCY OF TOP RENOVATION CHALLENGES AMONG HOMEOWNERS WHO RENOVATED IN 2016 AND 2018*

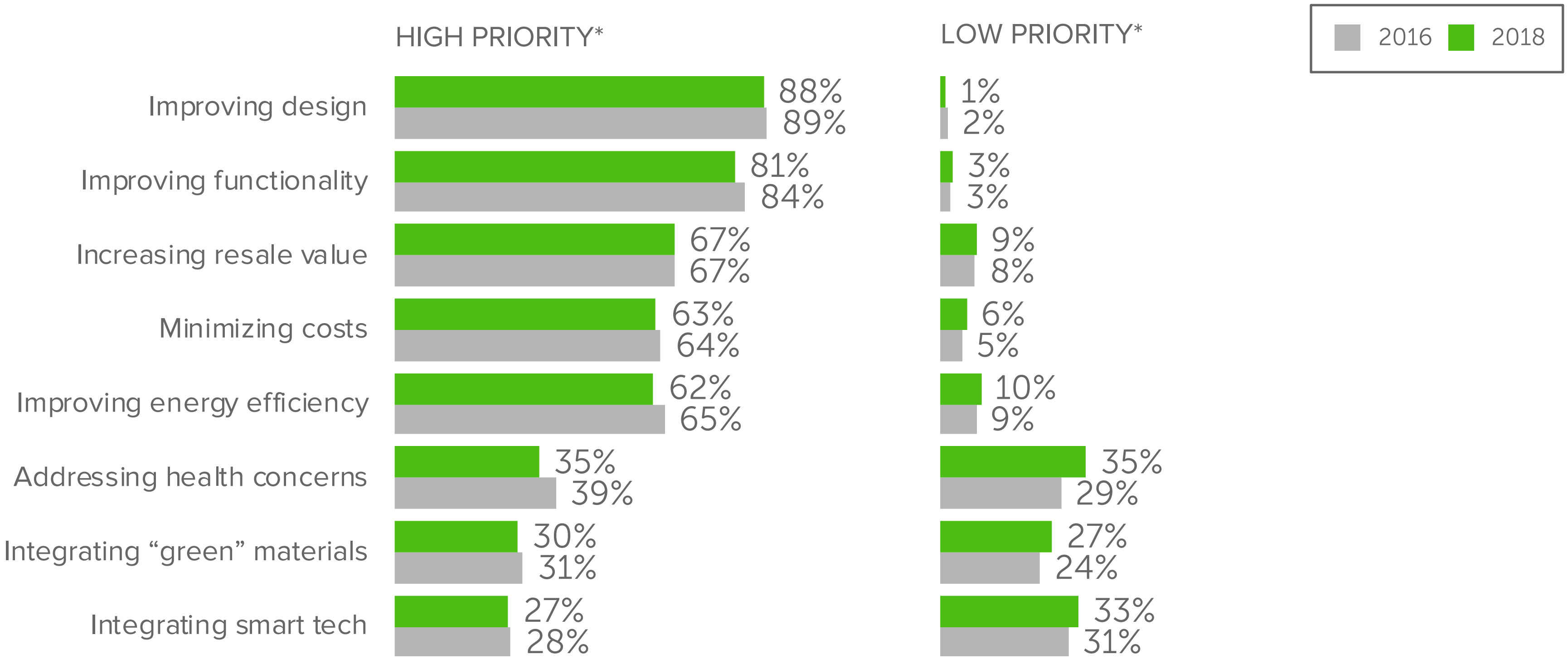


*Up to three responses allowed.

Prioritizing Design Above All Else

An overwhelming majority of homeowners continue to prioritize improvements to the home's design and functionality during renovations (88% and 81%, respectively). Most homeowners, although not as many, also rate financial considerations such as resale value, renovation costs and energy efficiency as very to extremely important during renovations (67%, 63% and 62%, respectively). Interestingly, homeowners remain divided on health-, green- and tech-related priorities.

FREQUENCY OF HIGHEST AND LOWEST RENOVATION PRIORITIES AMONG HOMEOWNERS WHO RENOVATED*



*Priorities are measured on a 10-point scale, with 10 indicating extremely important and 1 indicating not at all important. *High priority* is defined as the share of renovating homeowners choosing ratings of 8, 9 and 10. *Low priority* is defined as the share of renovating homeowners choosing ratings of 1, 2 and 3.

2018 RENOVATION SPEND BY METRO

Local Markets in Flux

Among the top 50 U.S. metropolitan areas by population*, the top 10 metros with the highest median renovation spend changed again in 2018. Seattle and San Diego dropped off the list, following a 20% and 25% decline in median spend, respectively. Furthermore, the median spend of five other top 10 metros declined in 2018, including San Jose, Los Angeles, Miami, Boston and Houston. In contrast, New Orleans climbed up the ranks after a consecutive three-year increase from $13,500 in 2015 to $17,000 in 2018. Houston's spend levels remain above prehurricane levels ($15,000 in 2016).

TOP 10 U.S. METROPOLITAN AREAS BY MEDIAN RENOVATION SPEND (IN $1,000S) IN 2016, 2017 AND 2018*

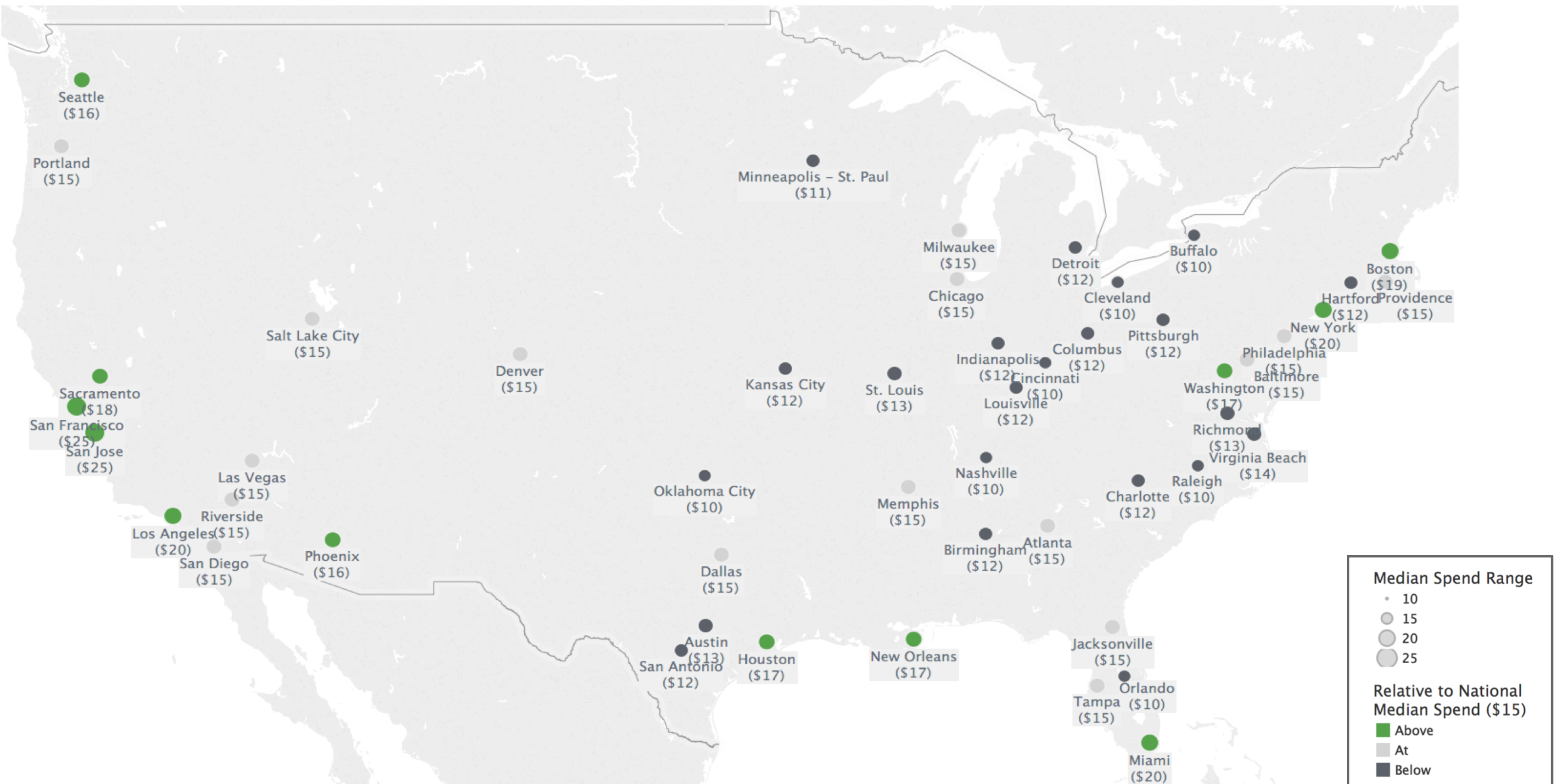
Top 10 Metros	2016	2017	2018
1	San Jose, CA ($30)	San Jose, CA ($30)	San Jose, CA ($25)
2	San Francisco, CA ($25)	San Francisco, CA ($25)	San Francisco, CA ($25)
3	New York, NY ($25)	Los Angeles, CA ($25)	Los Angeles, CA ($20)
4	Los Angeles, CA ($20)	Houston, TX ($24)	Miami, FL ($20)
5	San Diego, CA ($20)	Miami, FL ($21)	New York, NY ($20)
6	Miami, FL ($20)	New York, NY ($20)	Boston, MA ($19)
7	Boston, MA ($20)	Boston, MA ($20)	Sacramento, CA ($18)
8	Seattle, WA ($20)	Seattle, WA ($20)	Houston, TX ($17)
9	Washington, DC ($20)	San Diego, CA ($20)	New Orleans, LA ($17)
10	Tampa, FL ($20)	Sacramento, CA ($18)	Washington, DC ($17)

*Top 10 U.S. metropolitan areas are analyzed out of the top 50 U.S. metropolitan areas by population per the Cumulative Estimates of Resident Population in 2016 by the U.S. Census Bureau.

Major Coastal Metros Are in the Lead

Homeowners in most major metropolitan areas near U.S. coastlines continue to invest significantly more in renovations compared with the median national level ($15,000). Among inland areas, the Phoenix metro area is the only region where the median spend exceeds the national median spend (see Appendix C for detailed metro area data).

MEDIAN RENOVATION SPEND (IN $1,000S) PER HOMEOWNER IN TOP 50 U.S. METROPOLITAN AREAS IN 2018*

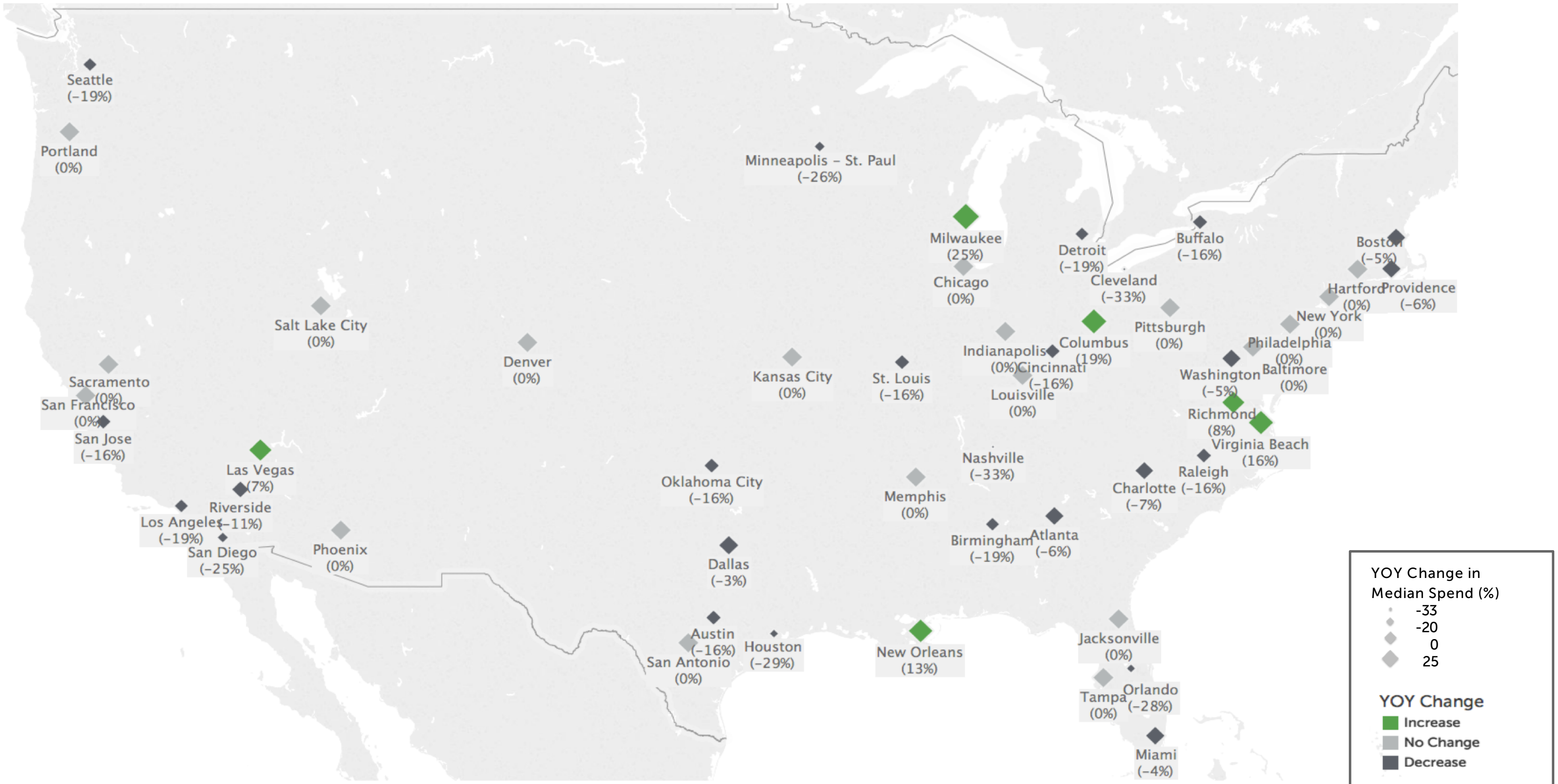


*Top 50 U.S. metropolitan areas by population are based on the Cumulative Estimates of Resident Population in 2016 by the U.S. Census Bureau.

Only 6 Major Metros Saw a Spend Increase in 2018

Only six of the top 50 U.S. metros experienced a year-over-year increase in median spend in 2018, compared with 12 and 16 in 2017 and 2016, respectively. Furthermore, 25 metros experienced a decline in median spend, with 10 metros seeing a decline of 20% or greater. In contrast, in 2017, only 20 of the top 50 metros experienced a median spend decrease, and only three metros experienced a decrease of 20% or greater (see Appendix C for detailed data for every metro area).

YEAR-OVER-YEAR CHANGE IN MEDIAN RENOVATION SPEND PER HOMEOWNER IN TOP 50 U.S. METROPOLITAN AREAS*



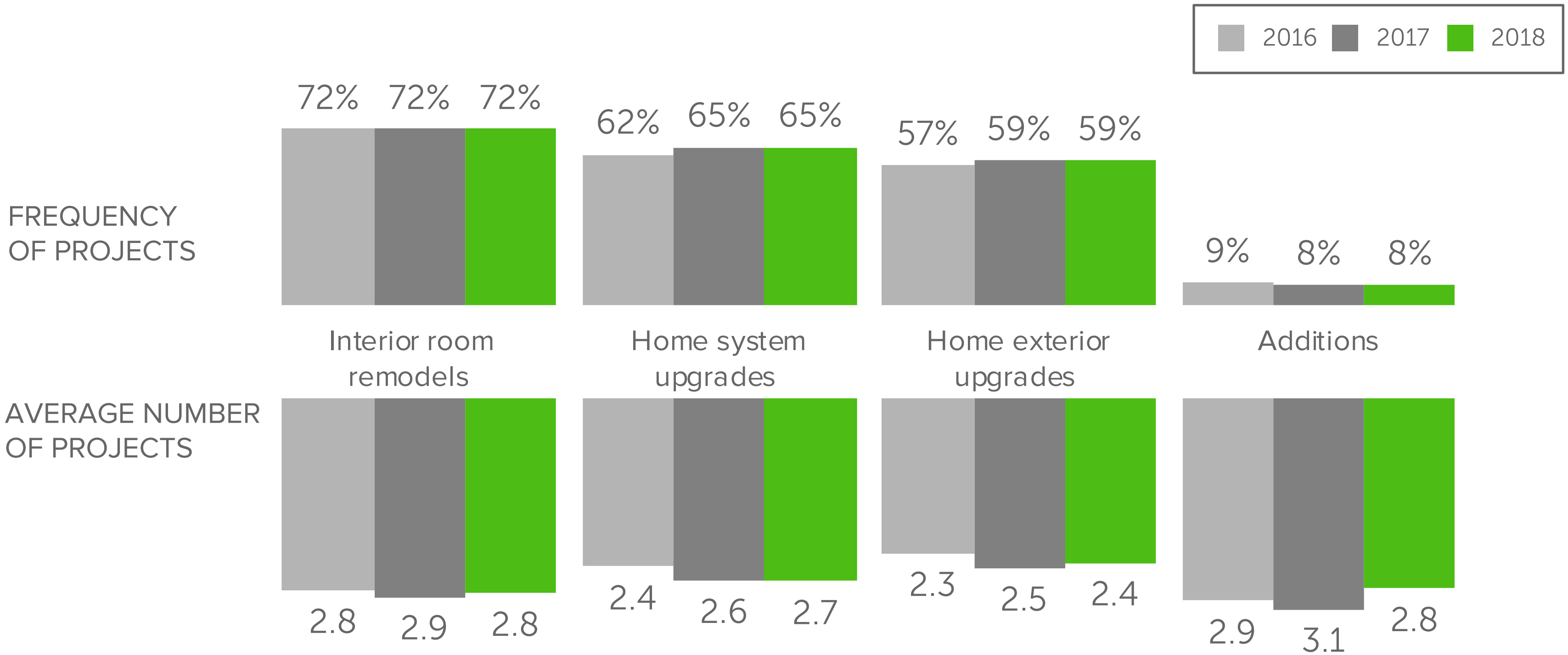
*Top 50 U.S. metropolitan areas by population are based on the Cumulative Estimates of Resident Population in 2016 by the U.S. Census Bureau.

2018 POPULAR PROJECTS AND PROJECT SPEND

Project Mix Remains Steady

The mix of renovation projects done by renovating homeowners remained steady year over year. The average renovating homeowner tackled nearly three interior room remodels and/or three room additions each.

FREQUENCY OF RENOVATION ACTIVITY AND NUMBER OF PROJECTS AMONG HOMEOWNERS WHO RENOVATED*

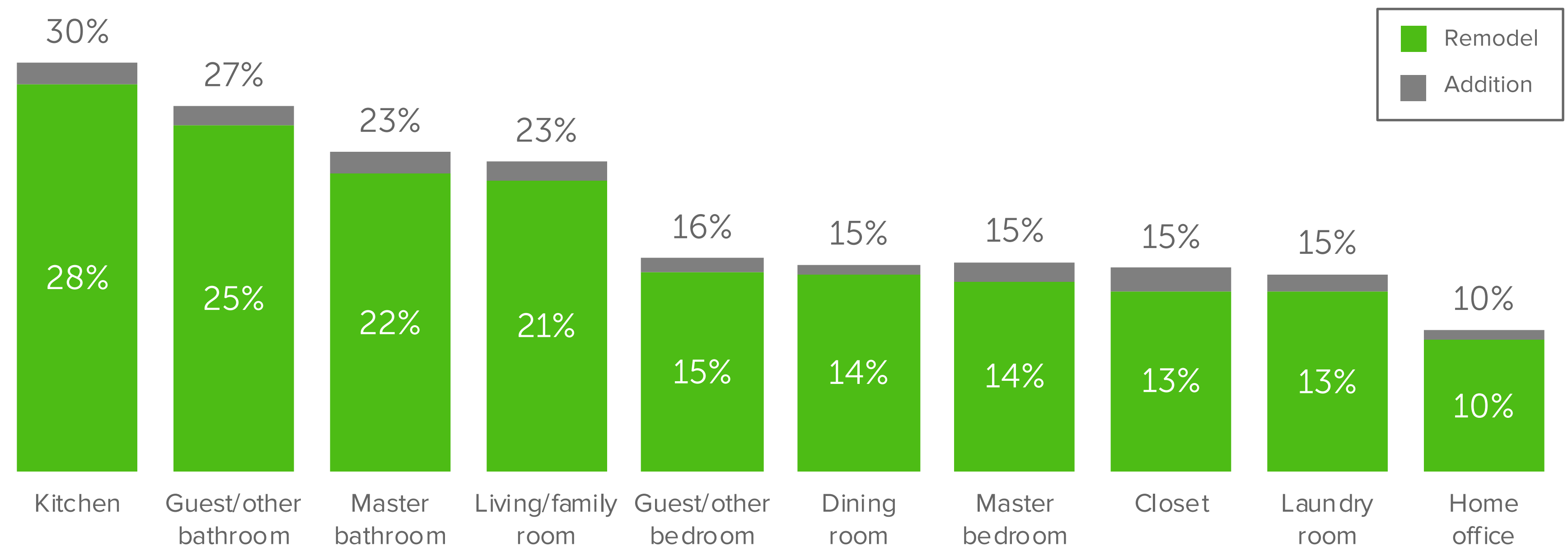


*Multiple responses allowed. *Interior room remodels* refers to remodels of kitchens, bathrooms, dining rooms and the like. *Home system upgrades* refers to upgrades to electrical, plumbing and air conditioning systems and the like. *Home exterior upgrades* refers to windows, doors, roofing and the like. *Additions* refers to expansions of the home's footprint by increasing the square footage of or adding kitchens, bathrooms, dining rooms and the like.

Kitchen Renovations Are Still Most Popular

Kitchens, bathrooms and living rooms remain the most popular rooms to renovate in 2018, with project popularity remaining remarkably steady year over year. In addition to being very popular, kitchens are also the most expensive rooms to remodel, with a median remodel spend of $14,000 in 2018, followed by master bathrooms ($8,000) and guest or other nonmaster bathrooms ($3,500).

FREQUENCY OF AND MEDIAN SPEND ON TOP INTERIOR ROOM RENOVATIONS AMONG HOMEOWNERS WHO RENOVATED IN 2018



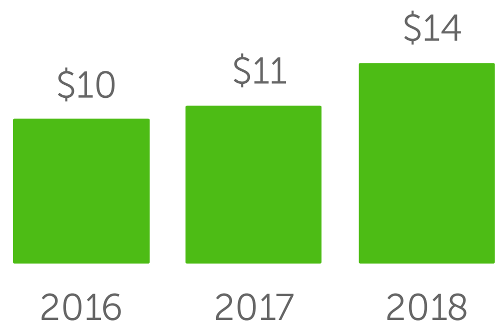
$14,000	$3,500	$8,000	$3,400	$1,000	$1,500	$2,000	$700	$1,500	$1,500

Kitchen Spend Increases by 27%

Despite a relatively steady project mix, spend on kitchen remodels broke records in 2018. The median kitchen spend jumped to $14,000 in 2018 from $11,000 in 2017, a 27% growth, with increases in both large and small remodels. Median spend on master and nonmaster bathroom remodels increased by 14% and 17%,* respectively. The spend levels for other room remodels remained similar to 2017 levels.

MEDIAN SPEND ON KITCHEN AND MASTER BATHROOM REMODELS (PRO + DIY)

Kitchen Remodel
Median Spend (in $1,000s)



Master Bathroom Remodel
Median Spend (in $1,000s)

Major Kitchen Remodel** Median Spend (in $1,000s)			
Larger Kitchen (200+ square feet)	$30	$33	$35
Smaller Kitchen (< 200 square feet)	$20	$20	$23

Major Master Bath Remodel** Median Spend (in $1,000s)			
Larger Bathroom (100+ square feet)	$15	$16	$17
Smaller Bathroom (< 100 square feet)	$10	$10	$10

*The median spend on guest/other bathroom remodels was $3,500 in 2018, $3,000 in 2017, $3,000 in 2016 and $2,500 in 2015.

**Major kitchen remodel refers to a remodel in which at least all the cabinets and appliances are replaced. Major master bathroom remodel refers to a remodel in which at least the cabinetry/vanity, countertops, and toilet are replaced.

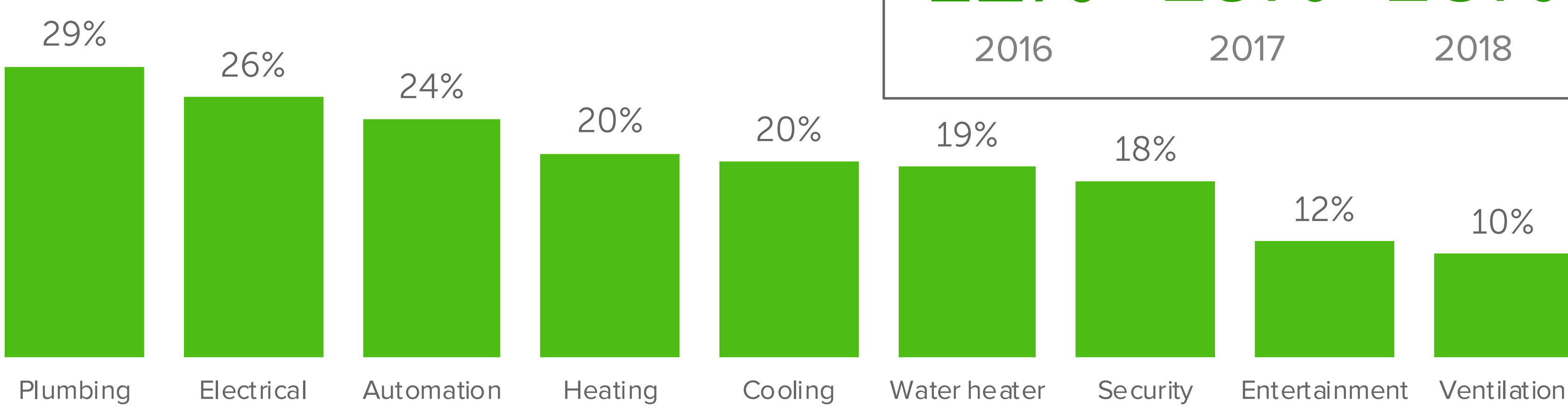
Home Security Upgrades Surge Again

Security upgrades continued to gain popularity in 2018, with an average annual growth of 20% over the past three years. The median spend by homeowners on a home security project was $500 in 2018. The top systems to upgrade remain plumbing and electrical, while the most expensive systems to upgrade are cooling and heating ($4,000 and $3,500, respectively).

FREQUENCY OF AND MEDIAN SPEND ON TOP HOME SYSTEM UPGRADES AMONG HOMEOWNERS WHO RENOVATED IN 2018

HOME SECURITY UPGRADES

2016	2017	2018
12%	15%	18%

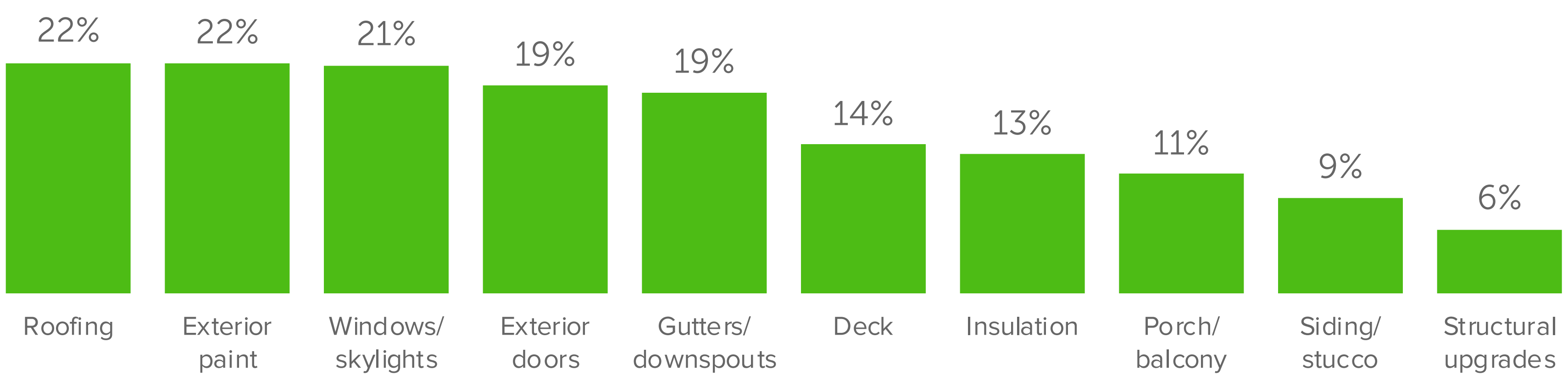


Plumbing	Electrical	Automation	Heating	Cooling	Water heater	Security	Entertainment	Ventilation
$1,000	$1,000	$400	$3,500	$4,000	$1,000	$500	$1,000	$500

Roofing, Paint and Windows Are Top Exterior Upgrades

The frequency of roofing upgrades (22%), exterior repainting (22%) and window or skylight replacements (21%) remained relatively unchanged year over year. Roofing is by far the most expensive exterior upgrade, with the median spend on an upgraded roof at $7,500 in 2018. The median spend on window or skylight replacements was $3,500 in 2018.

FREQUENCY OF AND MEDIAN SPEND ON TOP EXTERIOR BUILDING UPGRADES AMONG HOMEOWNERS WHO RENOVATED IN 2018

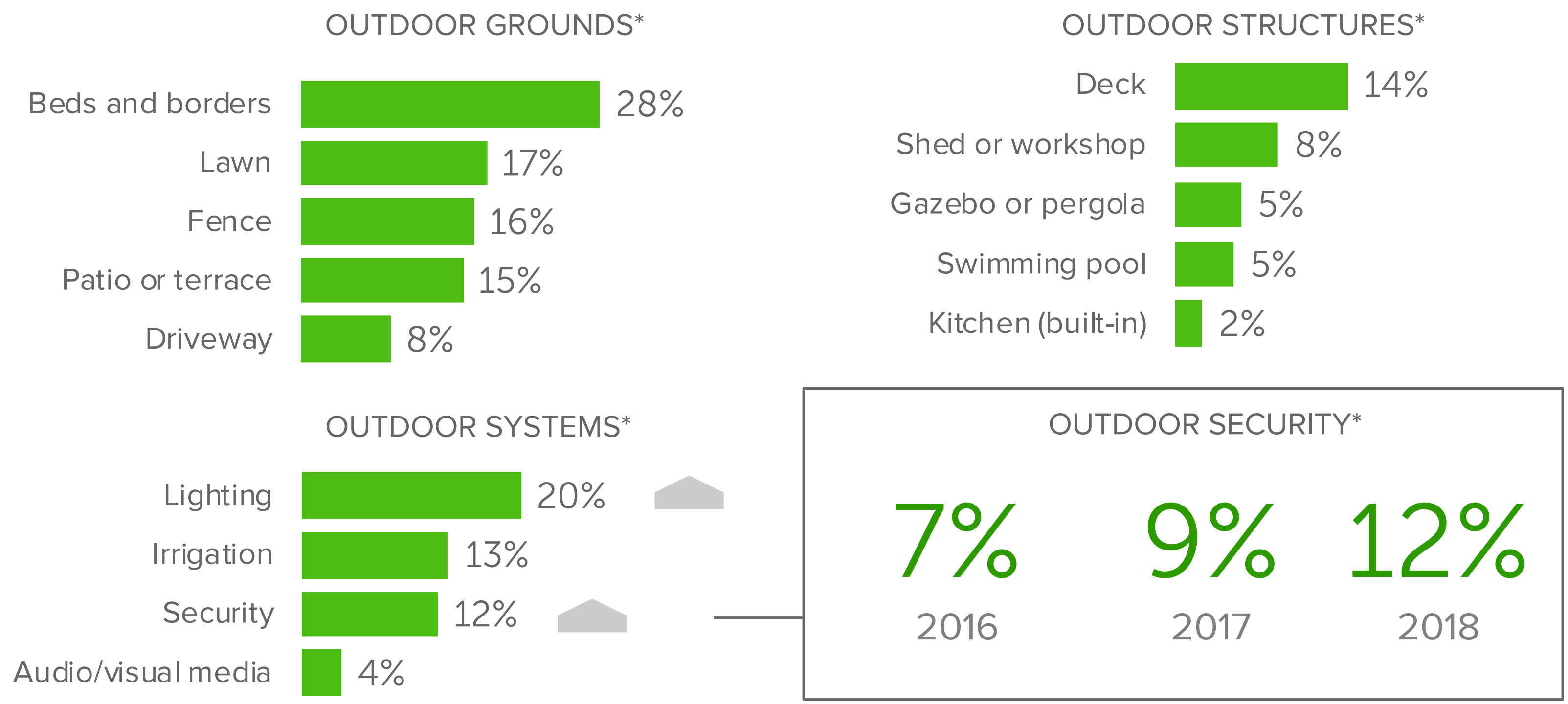


$7,500	$1,500	$3,500	$1,200	$1,000	$2,000	$1,000	$1,500	$2,500	$3,000

Outdoor Security System Upgrades Up 50%

Outdoor upgrades are as popular as ever, with one in two renovating homeowners engaging in outdoor upgrades in 2018 (50%). Similar to home security, outdoor security is having a major moment, with nearly 50% growth year over year (increasing from 9% in 2017 to 12% in 2018).

FREQUENCY OF TOP OUTDOOR UPGRADES AMONG HOMEOWNERS WHO RENOVATED IN 2018*



*Multiple responses allowed.

Note: Arrows indicate an increase of at least 2 percentage points between 2017 and 2018. See last year's report for a full comparison.

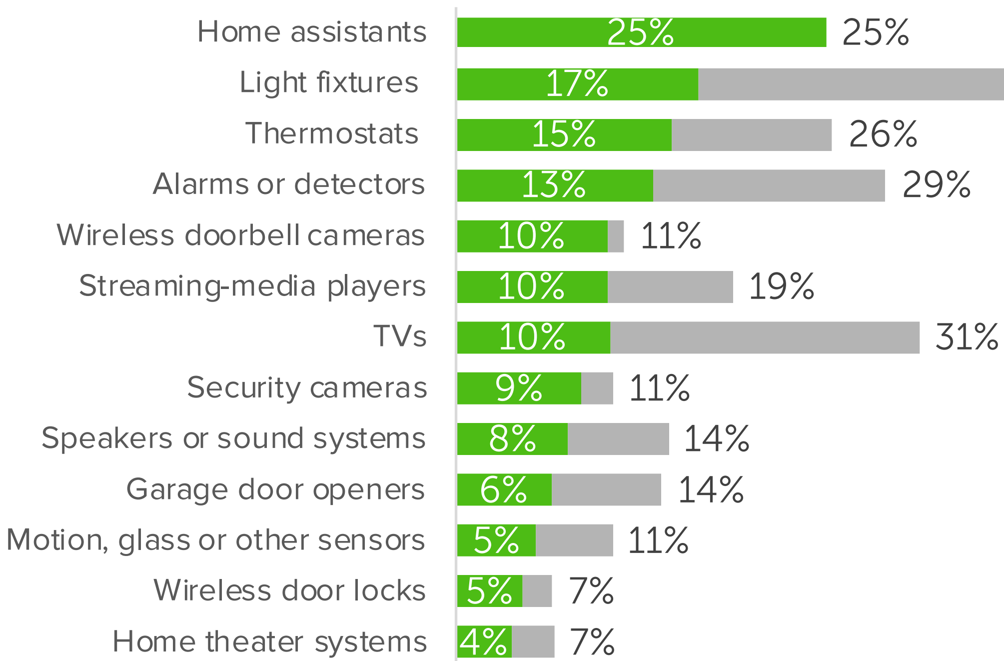
2018 POPULAR PRODUCT PURCHASES

1 in 4 Homeowners Purchases a Home Assistant

Surprisingly, home renovations trigger the purchase of a home assistant for one in four renovating homeowners. Additionally, more than one in eight homeowners buys a smart* light fixture, a smart thermostat, or a smart alarm or detector each. From doorbells to outdoor TVs, connected devices are plentiful in renovated homes.

FREQUENCY OF TOP HOME TECHNOLOGY PURCHASES AMONG HOMEOWNERS WHO RENOVATED IN 2018*

PURCHASES FOR THE INTERIOR OF THE HOME*



PURCHASES FOR THE OUTDOORS*

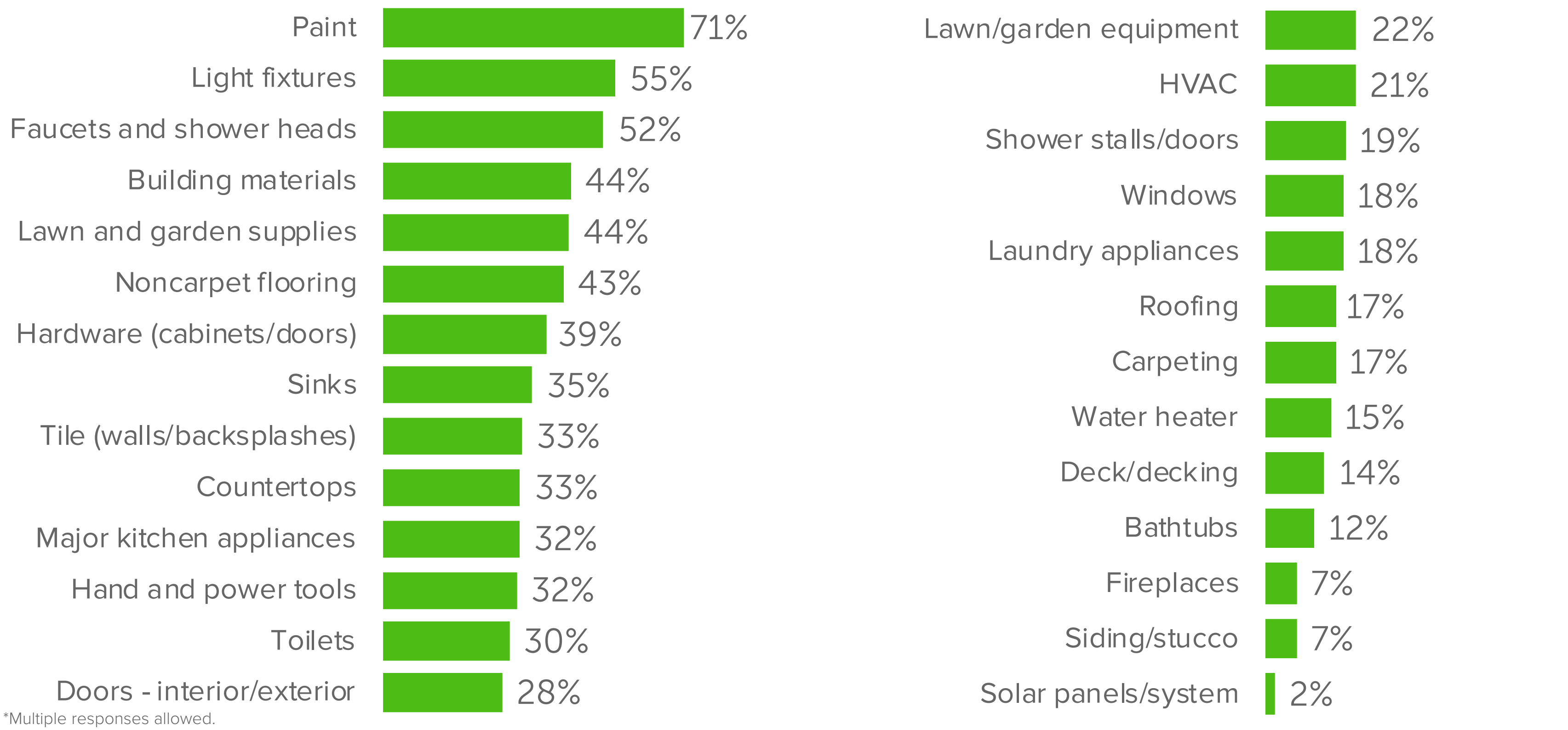
	Smart	Standard
Security cameras	14%	18%
Light fixtures	5%	29%
Speakers or sound systems	2%	4%
TVs	0.5%	2%

*Multiple responses allowed. *Smart* refers to technology that can be monitored or controlled from a mobile device (smartphone, tablet) and/or a computer.

Paint Is the No. 1 Home Improvement Product Purchase

Interior or exterior paint is by far the most common home improvement product, with 71% of renovating homeowners purchasing it, followed by light fixtures and faucets (55% and 52%, respectively). Other popular purchases include building materials, lawn and garden equipment, fixtures and finishes, and tools.

FREQUENCY OF TOP HOME IMPROVEMENT-RELATED PURCHASES AMONG HOMEOWNERS WHO RENOVATED IN 2018*



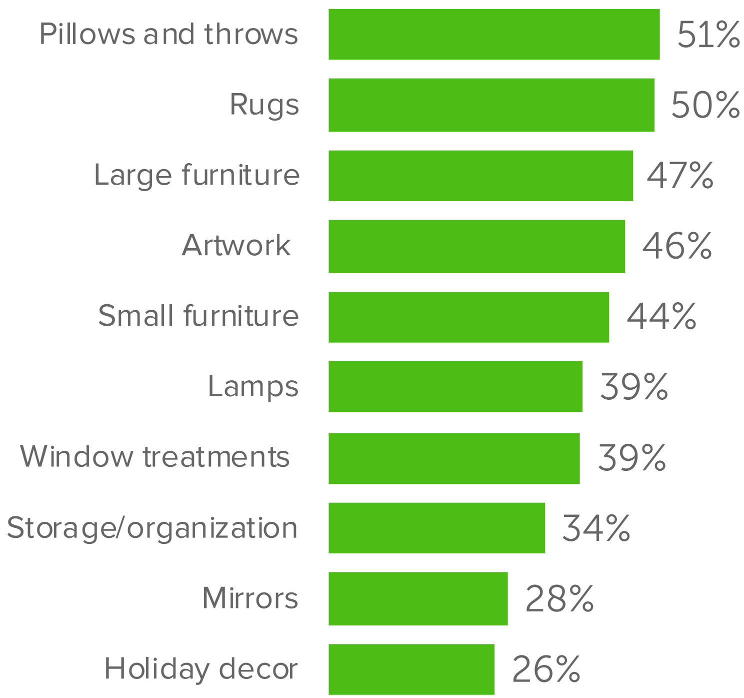
*Multiple responses allowed.

Decorating Is The Final Touch

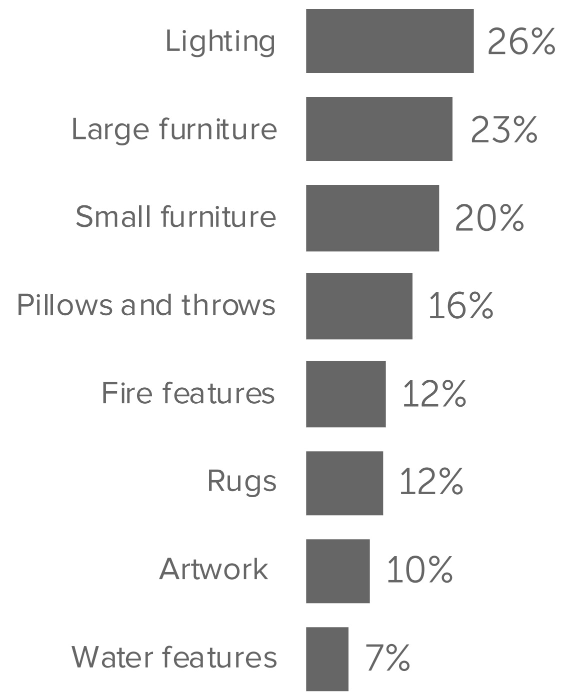
The majority of homeowners who renovated in 2018 also decorated or furnished their home in the same year (70%). This involved purchasing a wide range of furniture and furnishings for both inside and outside the home.

FREQUENCY OF TOP HOME DECOR-RELATED* PURCHASES AMONG HOMEOWNERS WHO RENOVATED IN 2018*

TOP INTERIOR DECOR*



TOP OUTDOOR DECOR*



*Multiple responses allowed. *Interior large furniture* refers to lounge sets, dining sets, dressers and the like. *Outdoor large furniture* refers to lounge sets, dining sets and the like. *Interior small furniture* refers to ottomans, accents, shelves and the like. *Outdoor small furniture* refers to umbrellas, accents, benches and the like.

2018 PROFESSIONAL INVOLVEMENT

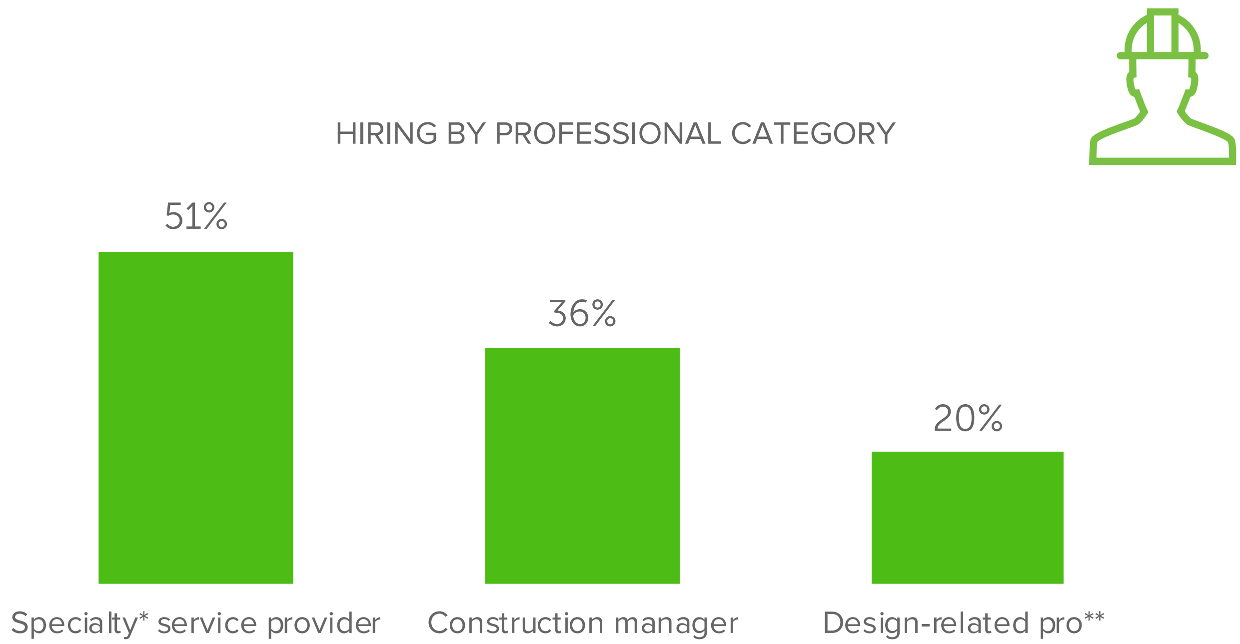
Reliance on Professional Help Remains Steady

Consistent with last year, more than four in five renovating homeowners get professional help during renovations. In line with last year, half of renovating homeowners (51%) hire a specialist such as an electrician or a plumber, more than a third (36%) hire a construction manager, and one in five (20%) hires an architect or a designer.

FREQUENCY OF PROFESSIONAL HIRING BY HOMEOWNERS WHO RENOVATED

OVERALL HIRING

Overall hiring	
87%	2018
88%	2017
87%	2016



Specialty service provider hiring does not include any specialists hired with the help of a construction manager (general contractor, builder, design-build company and/or kitchen or bath remodeler).

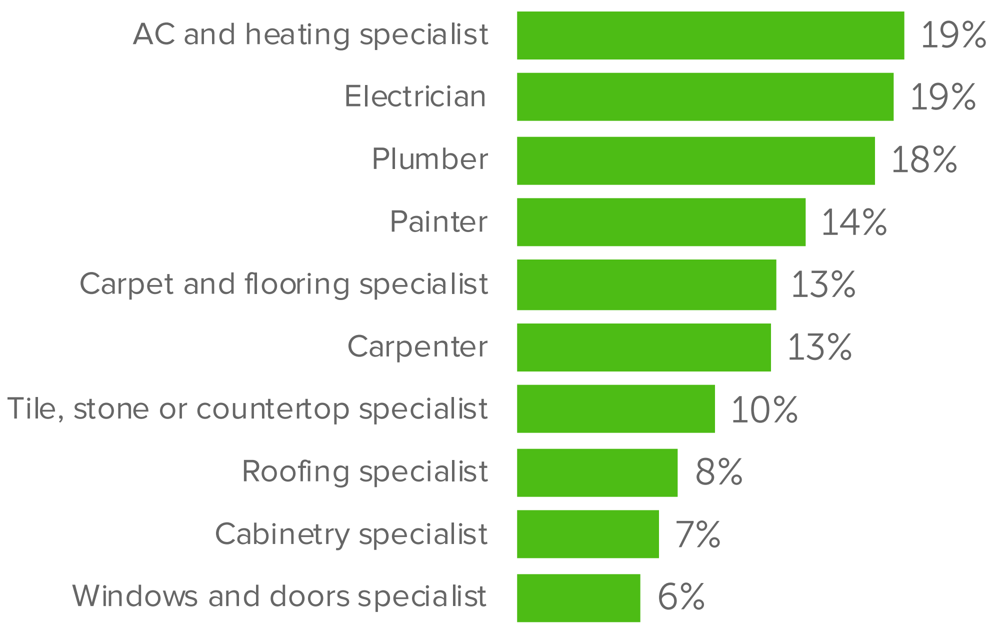
***Design-related pros* are kitchen or bath designers, architects, interior designers or decorators, landscape architects or designers, and lighting designers.

High Demand for General Contractors

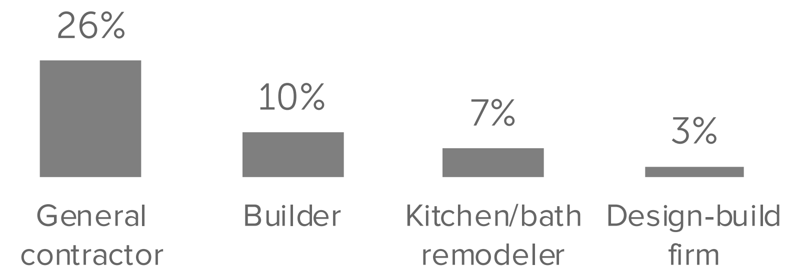
Among those professionals hired to assist with renovations, general contractors are in the greatest demand, hired by 26% of renovating homeowners. Hiring frequency in each category in 2018 was similar to that in 2017.

FREQUENCY OF PROFESSIONAL HIRING BY HOMEOWNERS WHO RENOVATED IN 2018

SPECIALTY SERVICE PROVIDER HIRING*



CONSTRUCTION MANAGER HIRING



DESIGN-RELATED PRO HIRING**

Interior designer	7%
Architect	6%
Kitchen or bath designer	5%
Landscape architect or designer	5%
Lighting designer	2%

**Specialty service provider hiring* does not include any specialists hired with the help of a construction manager (general contractor, builder, design-build company and/or kitchen or bath remodeler).
***Design-related pros* are kitchen or bath designers, architects, interior designers or decorators, landscape architects or designers, and lighting designers.

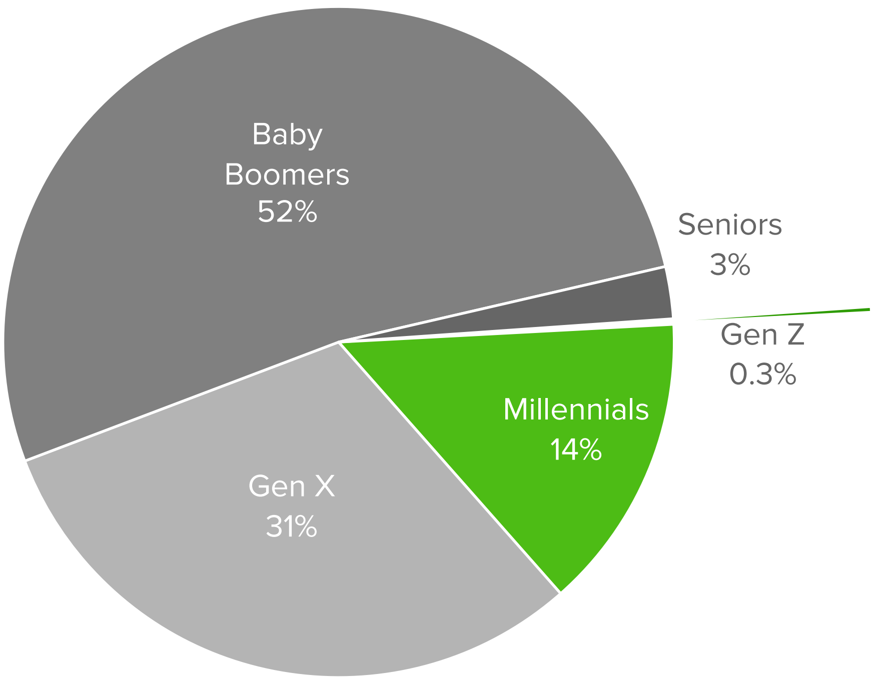
2018 GENERATIONAL PERSPECTIVE

Gen Zers Are Still in the Shadows

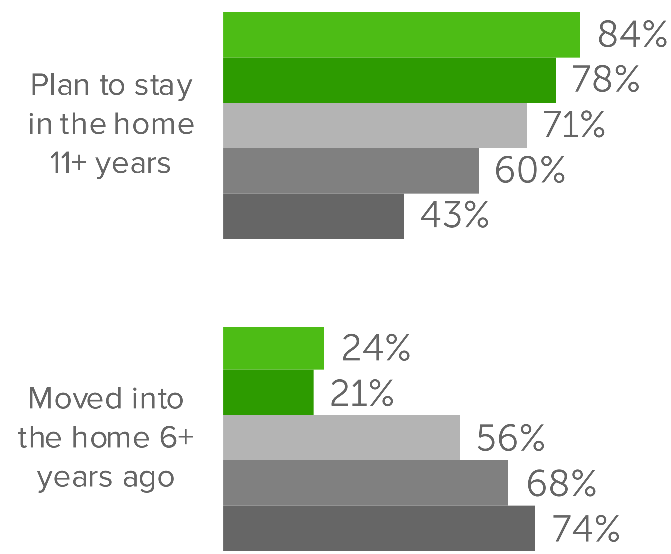
Four in five renovating homeowners are Baby Boomers (ages 55 to 74) and Gen Xers (ages 40 to 54), although Millennials (ages 25 to 39) reached a 14% market share in 2018. Not even at a half of one percent (0.3%), renovating Gen Zers (ages 18 to 24) are few and far between.

GENERATIONAL BREAKDOWN OF HOMEOWNERS WHO RENOVATED IN 2018*

GENERATIONAL SHARES



TENURE IN THE CURRENT HOME



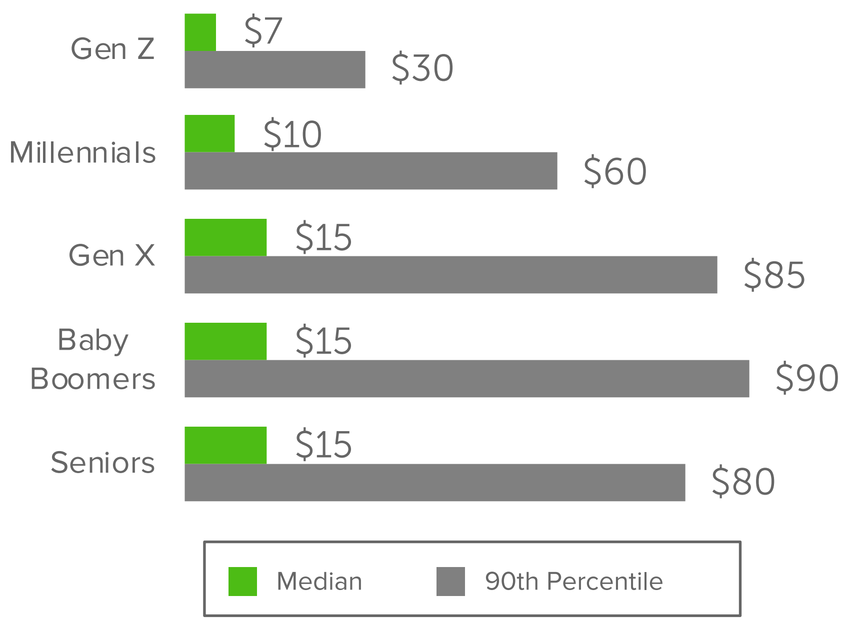
*Generational definitions are approximated as Gen Z (18-24), Millennials (25-39); Gen X (40-54), Baby Boomers (55-74) and Seniors (75+), using the Pew Research Center's definition.

Older Generation Packs a Punch

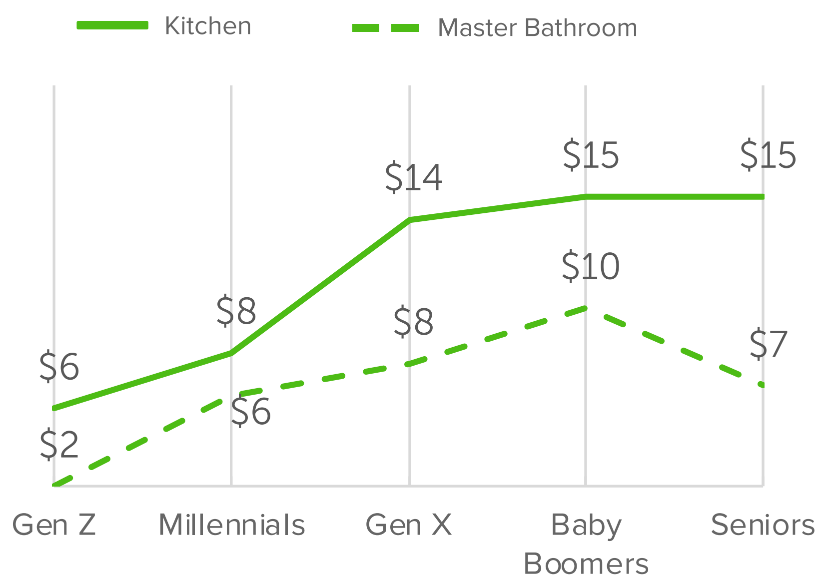
As seen in past research, renovating homeowners ages 40+ invested higher amounts in home renovations than younger generations. Baby Boomers' median renovation spend in 2018 was $15,000, compared with only $10,000 for a typical Millennial and $7,000 for a typical Gen Z renovator. The spend differential is most significant for the top 10% of spenders. Not surprisingly, kitchen and bath remodels show similar patterns.

NATIONAL RENOVATION SPEND PER RENOVATING HOUSEHOLD BY GENERATION IN 2018*

OVERALL SPEND ON HOME RENOVATIONS (IN $1,000S)



MEDIAN SPEND ON KITCHEN AND MASTER BATHROOM REMODELS (IN $1,000S)

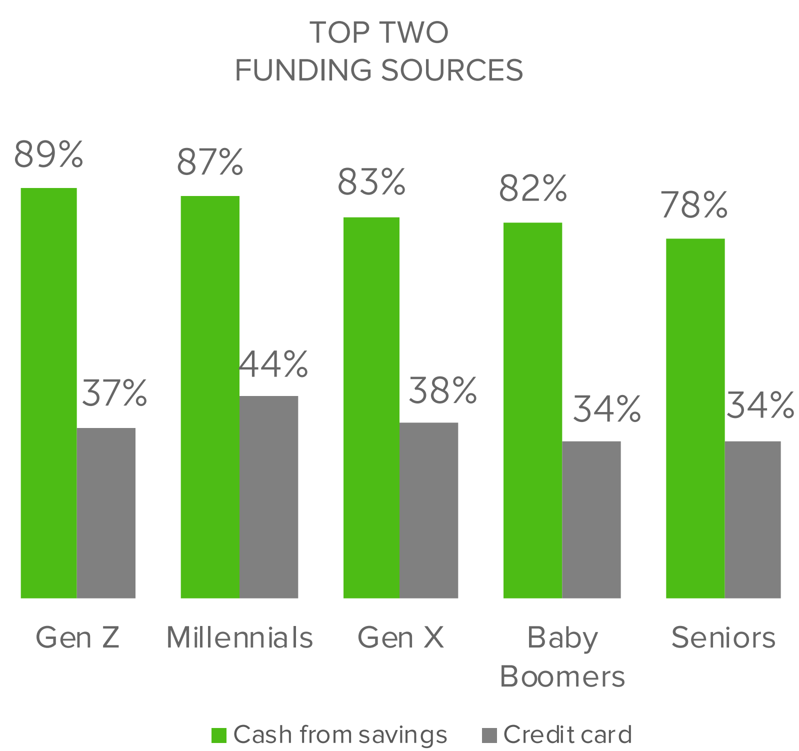


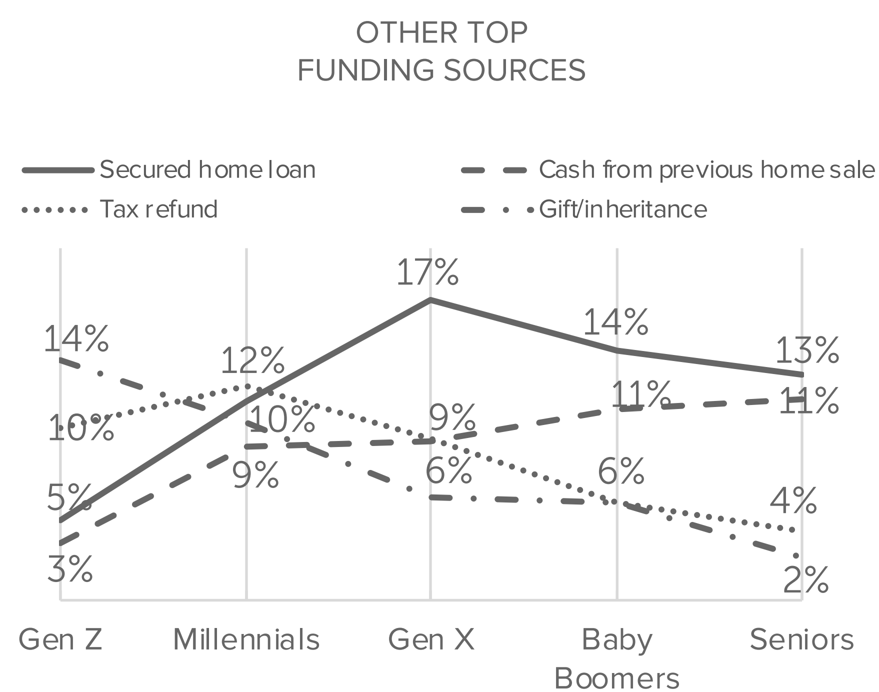
*Generational definitions are approximated as Gen Z (18-24), Millennials (25-39); Gen X (40-54), Baby Boomers (55-74) and Seniors (75+), using the Pew Research Center's definition.

Credits, Tax Refunds and Gifts Finance Millennial Homes

While cash is an important source of funding across all generations, Millennials are significantly more likely to rely on credit cards, tax refunds and gifts (44%, 12% and 10%, respectively) compared with Baby Boomers (34%, 6% and 6%, respectively). This is consistent with Millennials' being more likely than Baby Boomers to cite "funding/financing the project" and "staying on budget" as challenges during renovations (see Appendixes D and E).

FREQUENCY OF TOP FUNDING SOURCES AMONG HOMEOWNERS WHO RENOVATED BY GENERATION IN 2018*





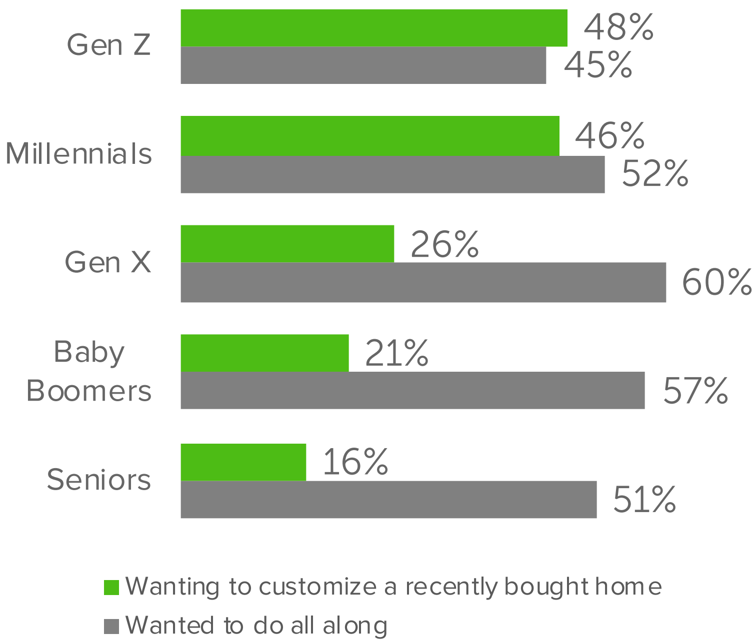
*Generational definitions are approximated as Gen Z (18-24), Millennials (25-39); Gen X (40-54), Baby Boomers (55-74) and Seniors (75+), using the Pew Research Center's definition.

The Millennial’s Dream: A Customized Home

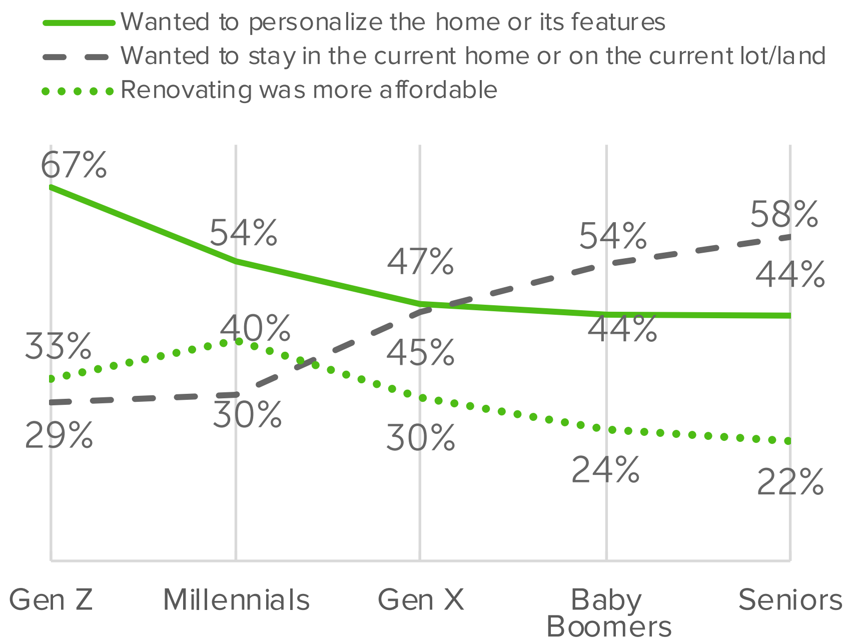
Surprisingly, Millennials cite “wanting to do it all along” as a trigger for renovation projects almost as often as Baby Boomers (52% versus 57%, respectively). Furthermore, Millennials report wanting to customize or personalize as both their major reason to start a renovation (46%) and the leading reason to renovate their current home instead of buying a more suitable home (54%). In contrast, for Baby Boomers, the choice to renovate or buy another home comes down to wanting to stay put (54%).

FREQUENCY OF TOP MOTIVATIONS AMONG HOMEOWNERS WHO RENOVATED BY GENERATION IN 2018*

TOP TWO
RENOVATION TRIGGERS



TOP THREE REASONS FOR
RENOVATING VS. BUYING A MORE SUITABLE HOME



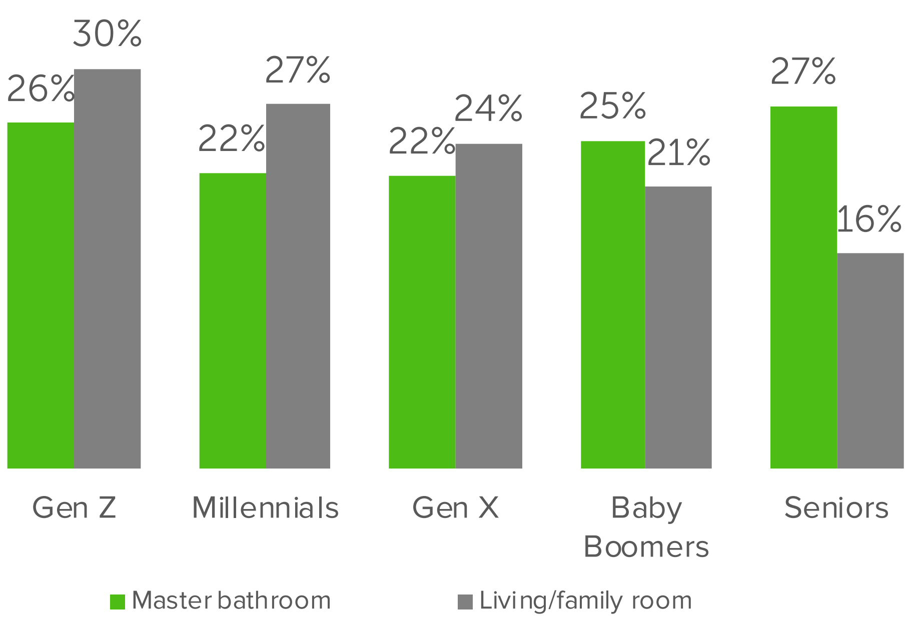
*Generational definitions are approximated as Gen Z (18-24), Millennials (25-39); Gen X (40-54), Baby Boomers (55-74) and Seniors (75+), using the Pew Research Center’s definition.

Millennials Prioritize Core Living Spaces

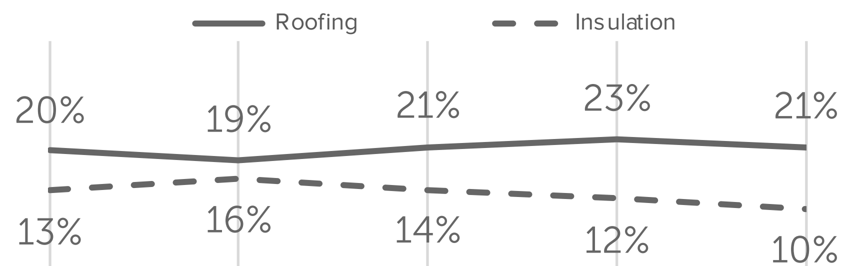
While kitchens and nonmaster bathrooms are consistently the most popular two rooms to renovate across generations, the popularity of other projects differs. For example, Millennials favor living room upgrades (27%) over master bathroom projects (22%), while the reverse is true for Baby Boomers (21% and 25%, respectively). Similarly, Millennials are more likely than Boomers to focus on dining room and bedroom (see Appendix F), as well as insulation, plumbing and electrical upgrades.

FREQUENCY OF TOP RENOVATION ACTIVITY AMONG HOMEOWNERS WHO RENOVATED BY GENERATION IN 2018*

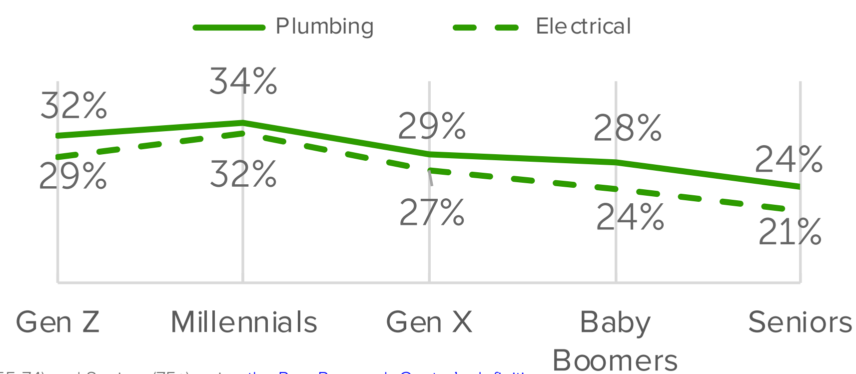
MASTER BATHROOM VS.
LIVING ROOM RENOVATIONS



ROOFING VS. INSULATION UPGRADES



PLUMBING VS. ELECTRICAL SYSTEM UPGRADES

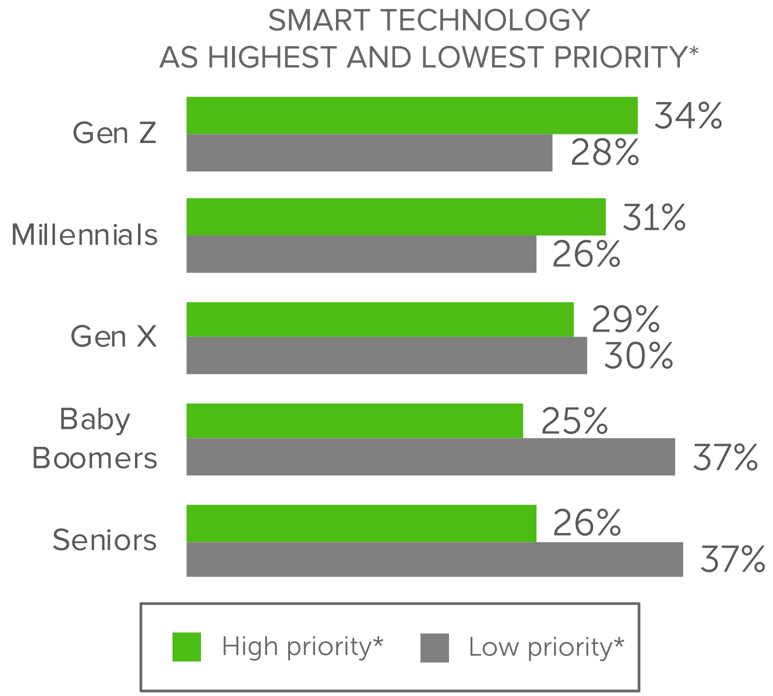


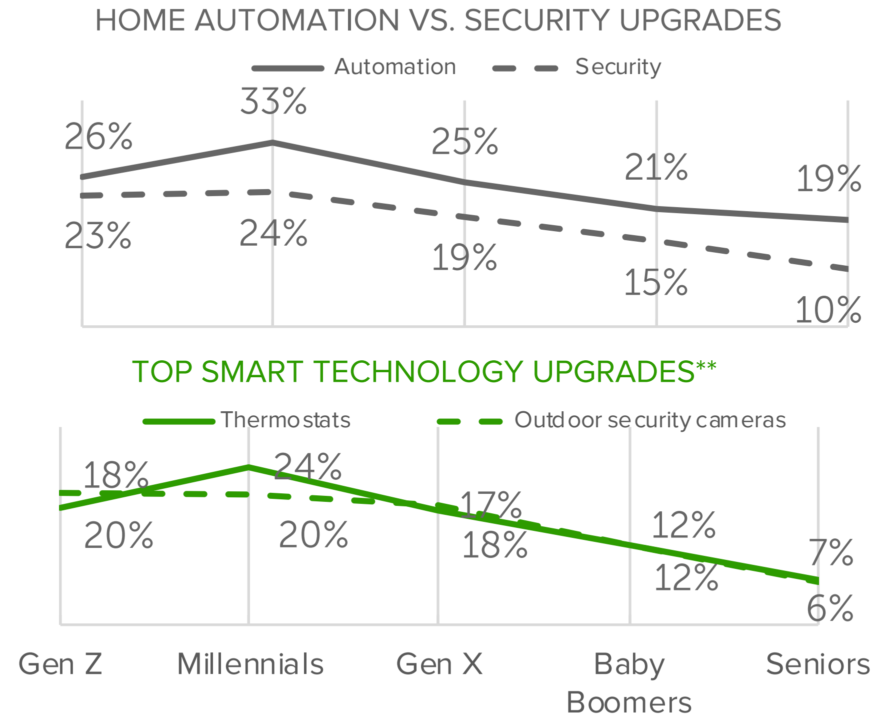
*Generational definitions are approximated as Gen Z (18-24), Millennials (25-39); Gen X (40-54), Baby Boomers (55-74) and Seniors (75+), using the Pew Research Center's definition.

Millennials Divided on Smart Tech

Renovating Millennials are more likely than Baby Boomers to rank integrating smart technology as a high priority* during renovations (31% versus 25%, respectively, also see Appendix G for other priorities). Millennials are 1½ times more likely to upgrade home automation and are two times more likely to upgrade to a smart thermostat than Baby Boomers. Still, integrating smart technology is a low priority* for one in four Millennials (26%) and over a third of Baby Boomers (37%).

FREQUENCY OF TOP RENOVATION PRIORITIES AMONG HOMEOWNERS WHO RENOVATED BY GENERATION IN 2018*



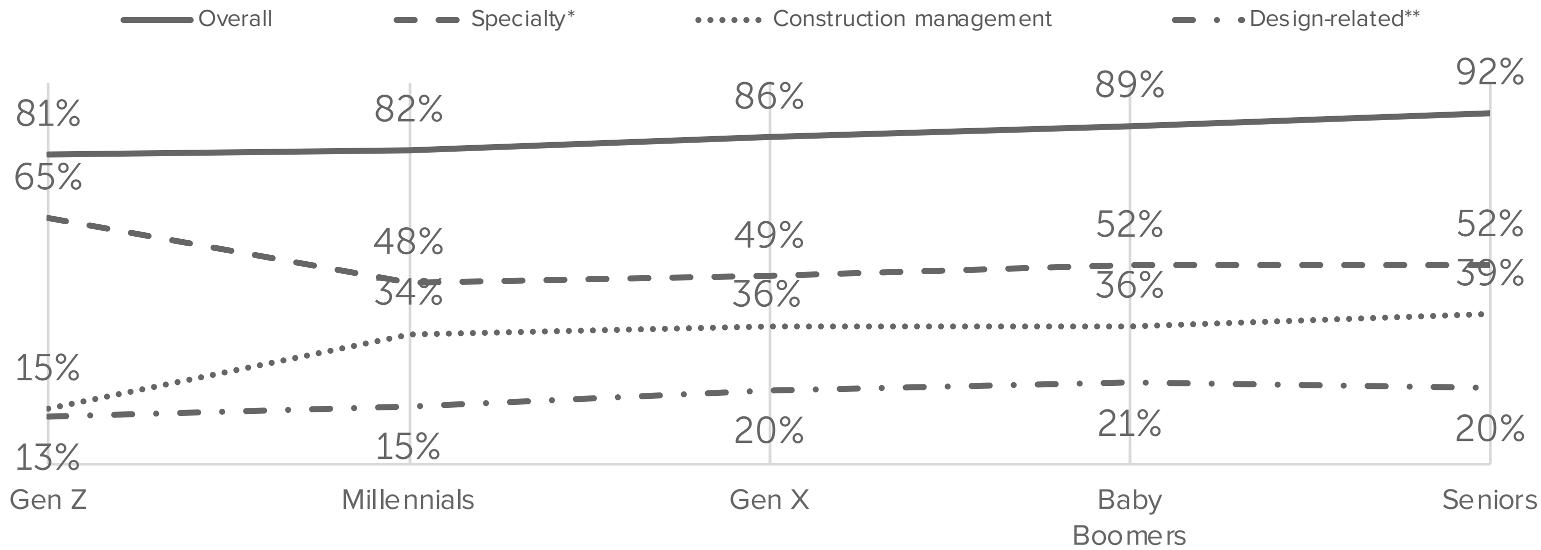


*Priorities are measured on a 10-point scale, with 10 indicating extremely important and 1 indicating not at all important. *High priority* is defined as the share of renovating homeowners choosing ratings of 8, 9 and 10. *Low priority* is defined as the share of renovating homeowners choosing ratings of 1, 2 and 3.
***Smart* refers to technology that can be monitored or controlled from a mobile device (smartphone, tablet) and/or a computer.

All Generations Seek Pro Help

While Millennials are less likely than Baby Boomers to hire professional help (82% versus 89%, respectively), the gap is surprisingly narrow. The hiring of construction managers, such as general contractors, and direct hiring of specialty professionals, such as roofers, are relatively consistent across generations. However, Millennials are significantly less likely to hire design-related professionals (15%) than Baby Boomers (21%) are.

FREQUENCY OF PROFESSIONAL HIRING AMONG HOMEOWNERS WHO RENOVATED BY GENERATION IN 2018



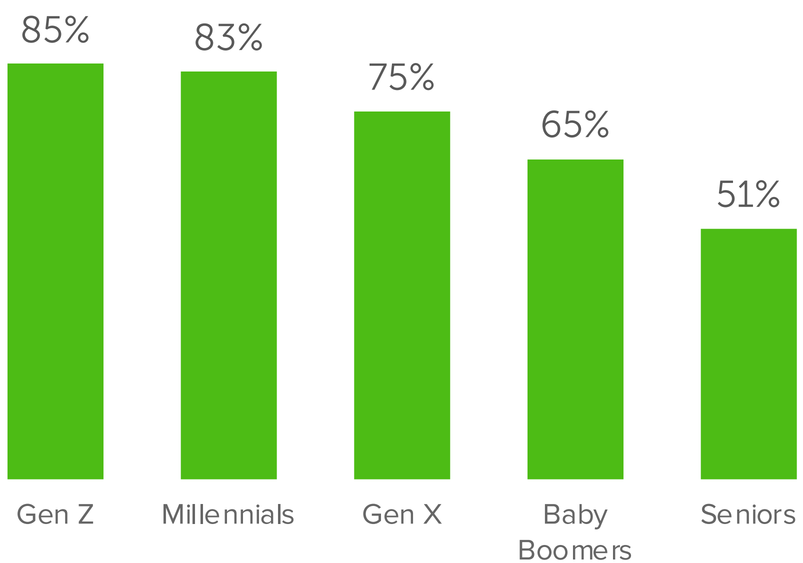
**Specialty service provider hiring* does not include any specialists hired with the help of a construction manager (general contractor, builder, design-build company and/or kitchen or bath remodeler).
***Design-related pros* are kitchen or bath designers, architects, interior designers or decorators, landscape architects or designers, and lighting designers.

Renovating Millennials Are Avid Decorators

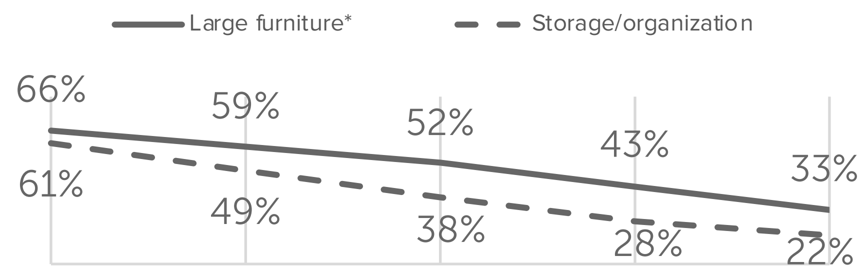
While Baby Boomers' home renovation activity and spend exceed that of Millennials, Millennials have the upper hand when it comes to decorating. In fact, four in five Millennials (83%) decorate their home after renovations, compared with only two in three Baby Boomers (65%). As a result, Millennials are significantly more likely than Boomers and seniors to purchase interior decor items such as furniture or storage solutions. Interestingly, outdoor decor is popular across generations.

FREQUENCY OF HOME DECORATING AMONG HOMEOWNERS WHO RENOVATED BY GENERATION IN 2018*

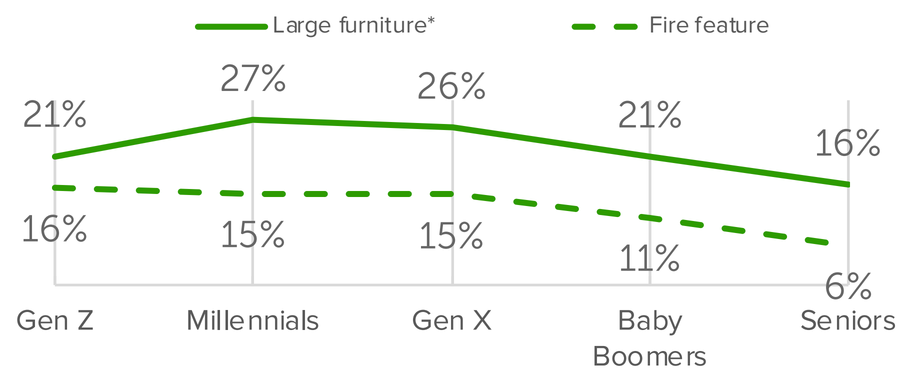
HOME DECORATING BY GENERATION, POSTRENOVATION



INTERIOR: FURNITURE VS. STORAGE PURCHASING*



OUTDOOR: FURNITURE VS. FIRE FEATURE PURCHASING*



**Interior large furniture* refers to lounge sets, dining sets, dressers and the like. *Outdoor large furniture* refers to lounge sets, dining sets and the like.

METHODOLOGY AND APPENDIXES

Methodology

APPROACH

Houzz is an all-in-one resource for homeowners working on a home renovation or decorating project. Our large and engaged user community is able to provide unprecedented insights on the latest market trends based on users' home improvement activity. We aggregate and share these insights with the community to give people greater confidence in the choices they make for their homes, and to give home professionals greater insights into their clients' wants and needs. With these goals in mind, Houzz conducted an online quantitative survey of registered Houzz users regarding trends in home improvement and design, fielded between February 13 and April 16, 2019. The annual Houzz & Home study is the largest survey of residential remodeling, building and decorating activity conducted. This survey covers every aspect of home renovation in 2018, from interior remodels and additions to home systems, exterior upgrades and outdoor projects. This includes the historical and planned spends, professional involvement and motivations behind these projects, as well as activities planned for 2019.

COMPLETES AND QUALIFICATIONS

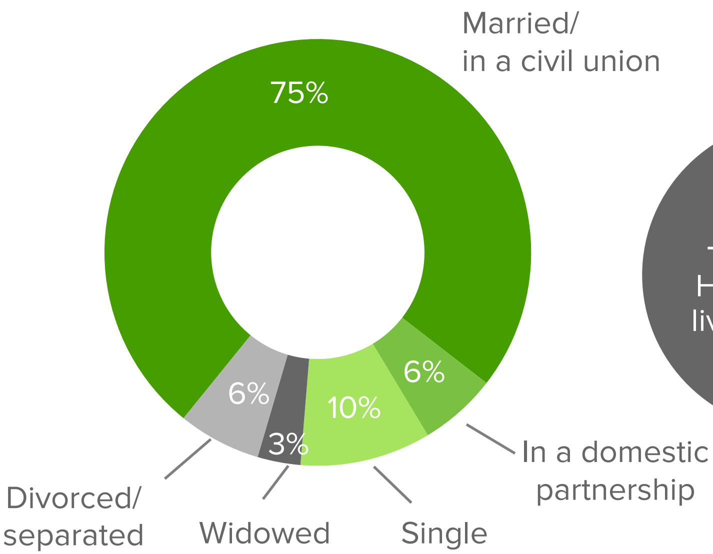
The 160-question survey gathered information from Houzz users who identified themselves as 18 years old or older and homeowners. The final sample consists of 142,259 respondents in the U.S. The current report relies on a subset of responses, i.e., U.S. homeowners on Houzz (n=128,362) and U.S. homeowners on Houzz who renovated their primary residence in 2018 (n=67,019).

SAMPLING AND WEIGHTING

Data were gathered via an email sent to registered Houzz users. The link invited homeowners to tell us about their homes. Respondents were notified that aggregate findings would be shared with the larger Houzz community to help others in completing their own renovations. The final data were reviewed to ensure representation of the Houzz user populations.

Appendix A
Demographics of 2018 Renovating Homeowners

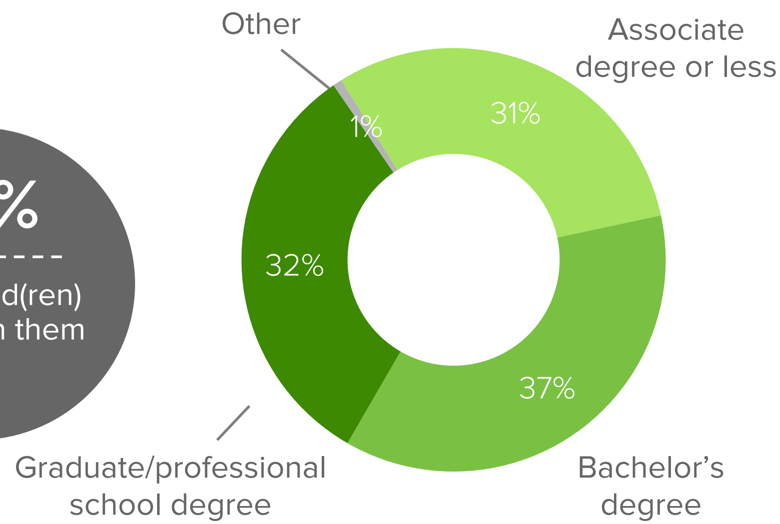
MARITAL STATUS



36%

Have child(ren) living with them

EDUCATION



ANNUAL HOUSEHOLD INCOME

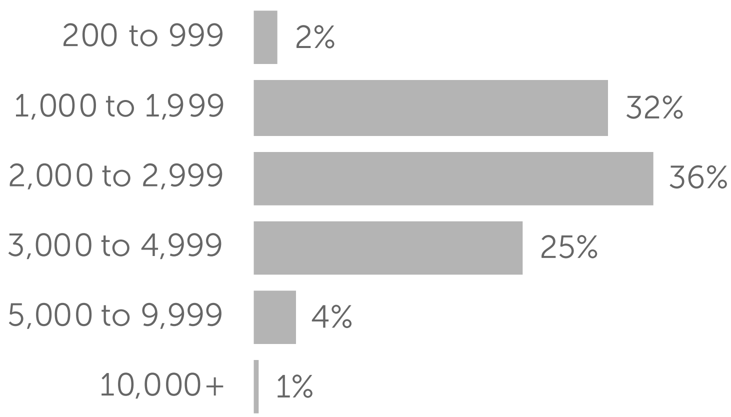
< $100,000	37%
$100,000 to $149,999	28%
$150,000+	35%

AGE OF RENOVATING HOMEOWNERS

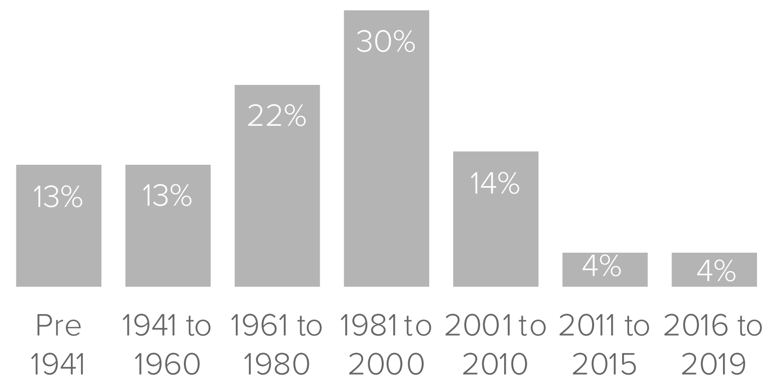
25 to 34	7%
35 to 54	38%
55+	55%

Appendix B
Characteristics of Homes Renovated in 2018

HOME SIZE IN SQUARE FEET



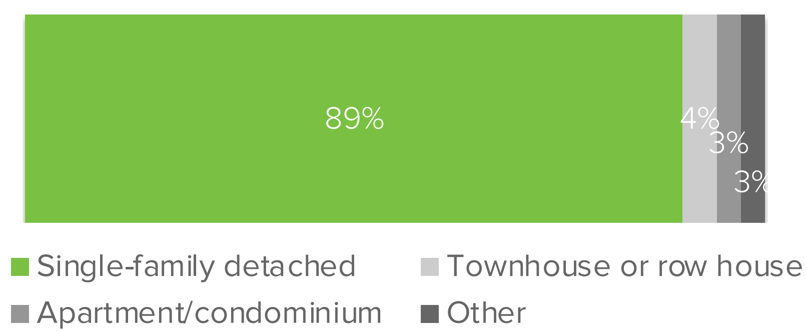
YEAR BUILT



OWNER-ESTIMATED HOME VALUE

< $200,000	18%
$200,000 to $499,999	52%
$500,000+	30%

HOME TYPE



Appendix C

Median Spend and Year-Over-Year Change in 2018 For Top 50 U.S. Metropolitan Areas

U.S. Major Metropolitan Area	2018 Median Spend	Annual Change in 2018 Median Spend	U.S. Major Metropolitan Area	2018 Median Spend	Annual Change in 2018 Median Spend
San Francisco, CA	$25,000	0%	San Diego, CA	$15,000	-25%
San Jose, CA	$25,000	-17%	Tampa, FL	$15,000	0%
Los Angeles, CA	$20,000	-20%	Dallas, TX	$14,500	-3%
Miami, FL	$20,000	-5%	Virginia Beach, VA	$14,000	17%
New York, NY	$20,000	0%	Richmond, VA	$13,000	8%
Boston, MA	$19,000	-5%	Austin, TX	$12,500	-17%
Sacramento, CA	$18,000	0%	St. Louis, MO-IL	$12,500	-17%
Houston, TX	$17,000	-29%	Birmingham, AL	$12,000	-20%
New Orleans, LA	$17,000	13%	Charlotte, NC	$12,000	-8%
Washington, DC	$17,000	-6%	Columbus, OH	$12,000	20%
Phoenix, AZ	$16,000	0%	Detroit, MI	$12,000	-20%
Seattle, WA	$16,000	-20%	Hartford, CT	$12,000	0%
Atlanta, GA	$15,000	-6%	Indianapolis, IN	$12,000	0%
Baltimore, MD	$15,000	0%	Kansas City, MO-KS	$12,000	0%
Chicago, IL	$15,000	0%	Louisville, KY	$12,000	0%
Denver, CO	$15,000	0%	Pittsburgh, PA	$12,000	0%
Jacksonville, FL	$15,000	0%	San Antonio, TX	$12,000	0%
Las Vegas, NV	$15,000	7%	Minneapolis - St. Paul, MN	$11,000	-27%
Memphis, TN	$15,000	0%	Buffalo, NY	$10,000	-17%
Milwaukee, WI	$15,000	25%	Cincinnati, OH	$10,000	-17%
Philadelphia, PA	$15,000	0%	Cleveland, OH	$10,000	-33%
Portland, OR	$15,000	0%	Nashville, TN	$10,000	-33%
Providence, RI	$15,000	-6%	Oklahoma City, OK	$10,000	-17%
Riverside, CA	$15,000	-12%	Orlando, FL	$10,000	-29%
Salt Lake City, UT	$15,000	0%	Raleigh, NC	$10,000	-17%

*Top 50 U.S. metropolitan areas by population are based on the Cumulative Estimates of Resident Population in 2016 by the U.S. Census Bureau.

Appendix D
Funding Sources Used by Renovating Homeowners in 2018

	Gen Z	Millennials	Gen X	Baby Boomers	Seniors
Cash from savings	89%	87%	83%	82%	78%
Credit card	37%	44%	38%	34%	34%
Secured home loan	5%	11%	17%	14%	13%
Cash from previous home sale	3%	9%	9%	11%	11%
Tax refund	10%	12%	9%	5%	4%
Gift/inheritance	14%	10%	6%	6%	2%
Insurance payout	3%	5%	5%	6%	7%
Unsecured loan	3%	4%	3%	2%	2%
Retirement plan loan	1%	1%	2%	2%	2%

Appendix E
Challenges of Renovating Homeowners in 2018

	Gen Z	Millennials	Gen X	Baby Boomers	Seniors
Finding the right service providers	14%	27%	31%	33%	36%
Staying on budget	48%	39%	35%	28%	21%
Finding the right products and materials	36%	29%	29%	33%	36%
Dealing with the unexpected	33%	26%	21%	21%	22%
Staying on schedule	16%	25%	23%	20%	18%
Funding/financing the project	33%	29%	23%	12%	7%
Educating myself	22%	22%	16%	16%	14%
Defining my/our style	27%	22%	18%	14%	12%
Working with the service providers	6%	11%	14%	15%	15%
Collaborating with my spouse/partner	11%	14%	14%	13%	11%

Appendix F
Interior Room Renovations by Homeowners in 2018

	Gen Z	Millennials	Gen X	Baby Boomers	Seniors
Kitchen	36%	30%	29%	30%	31%
Guest/other bathroom	26%	27%	28%	26%	26%
Master bathroom	26%	22%	22%	25%	27%
Living/family room	30%	27%	24%	21%	16%
Master bedroom	22%	19%	15%	15%	14%
Closet	18%	18%	16%	14%	12%
Guest/other bedroom	23%	20%	17%	14%	12%
Dining room	21%	19%	16%	14%	11%
Laundry room	17%	16%	15%	14%	13%
Home office	10%	12%	12%	9%	10%

Appendix G
High Priorities* of Renovating Homeowners in 2018

	Gen Z	Millennials	Gen X	Baby Boomers	Seniors
Improving design	82%	90%	90%	88%	82%
Improving functionality	81%	84%	82%	81%	76%
Increasing resale value	67%	72%	68%	65%	57%
Minimizing costs	67%	67%	65%	61%	51%
Improving energy efficiency	51%	60%	63%	62%	56%
Addressing health concerns	51%	42%	35%	32%	35%
Integrating “green” materials	38%	29%	29%	30%	30%
Integrating smart tech	34%	31%	29%	25%	26%

*Priorities are measured on a 10-point scale, with 10 indicating extremely important and 1 indicating not at all important. *High priority* is defined as the share of renovating homeowners choosing ratings of 8, 9 and 10.

Appendix H:
Links to Resources 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.

PHOTOS	FIND PROS	BROWSE PRODUCTS	ARTICLES
Kitchen	Architects & Building Designers	Furniture	Most Popular
Bath	Design-Build firms	Lighting	Houzz Tours
Bedroom	General Contractors	Kitchen & Dining	Kitchen Guides
Living	Homebuilders	Bath	More Rooms
Dining	Interior designers	Home Decor	Decorating Guides
Home office	Kitchen & Bath Designers	Bedroom	Bathroom Guides
Baby & kids	Kitchen & Bath Remodelers	Storage & Organization	Remodeling
Entry	Landscape Architects & Landscape Designers	Home Improvement	Architecture
Hall	Landscape Contractors	Outdoor	Landscape Design
Staircase	Pools and Spas	Baby & Kids	Garden Guides