

# **HOUZZ UK** **2022 State of** **the Industry**





# Big Ideas

## Design and build firms are most optimistic about 2022

Design and build firms are the most optimistic about revenue growth in 2022 (88 percent), followed by interior designers and architects (80 and 76 percent, respectively). Companies across all industry sectors plan to grow revenue by bringing in larger budget projects (60 percent).

## Revenue growth surpassed expectations in 2021

In 2021, a larger share of businesses reported year-over-year revenue growth than in the last four years (69 percent). Two-thirds of companies reported that revenue growth was at or above their initial expectations for the year (69 percent). Nearly three quarters of both design and build firms and architects reported increases in gross revenues in 2021 (72 percent), followed by interior designers (70 percent).

## Hiring is on the rise

More than a quarter of businesses increased headcount in 2021 (29 percent), compared with only 17 percent of businesses who added employees in 2020. Design and build firms were the most likely to hire last year (35 percent), compared with architects and interior designers (29 and 26 percent, respectively). Hiring is expected to continue among a third of businesses in 2022 to support revenue growth (38 percent).

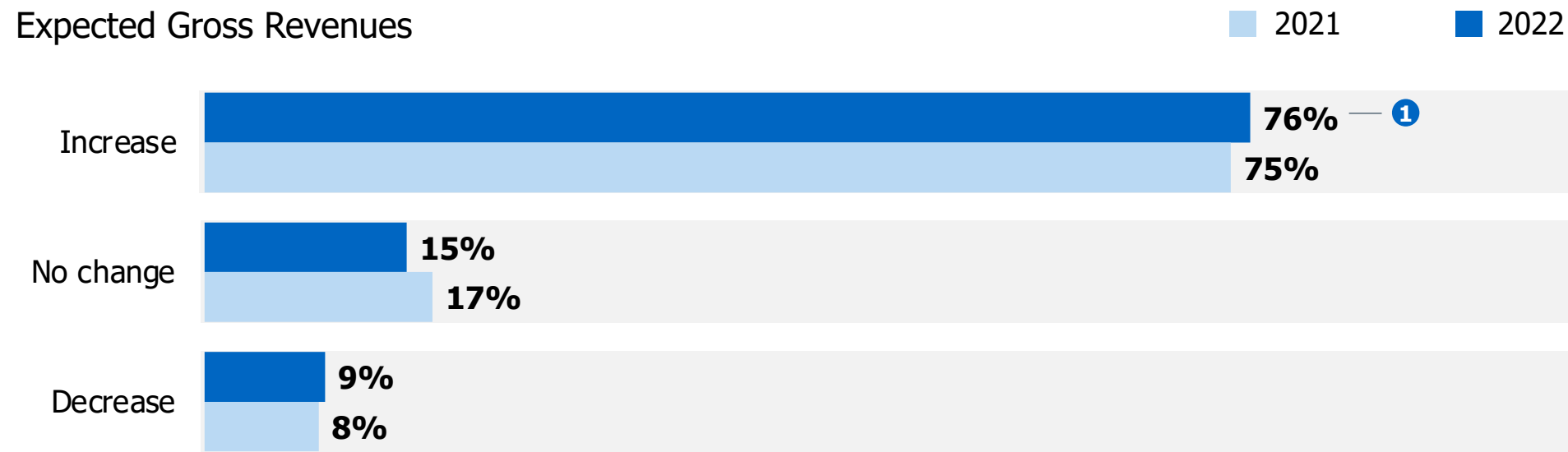
## Increases in the cost of doing business

Almost four in five businesses reported an increase in the cost of doing business in 2021 (77 percent). Design and build firms were the most impacted by rising costs (94 percent), followed by interior designers and architects (70 and 65 percent, respectively). Price volatility of products and materials was one of the top challenges reported by one in five businesses (22 percent).



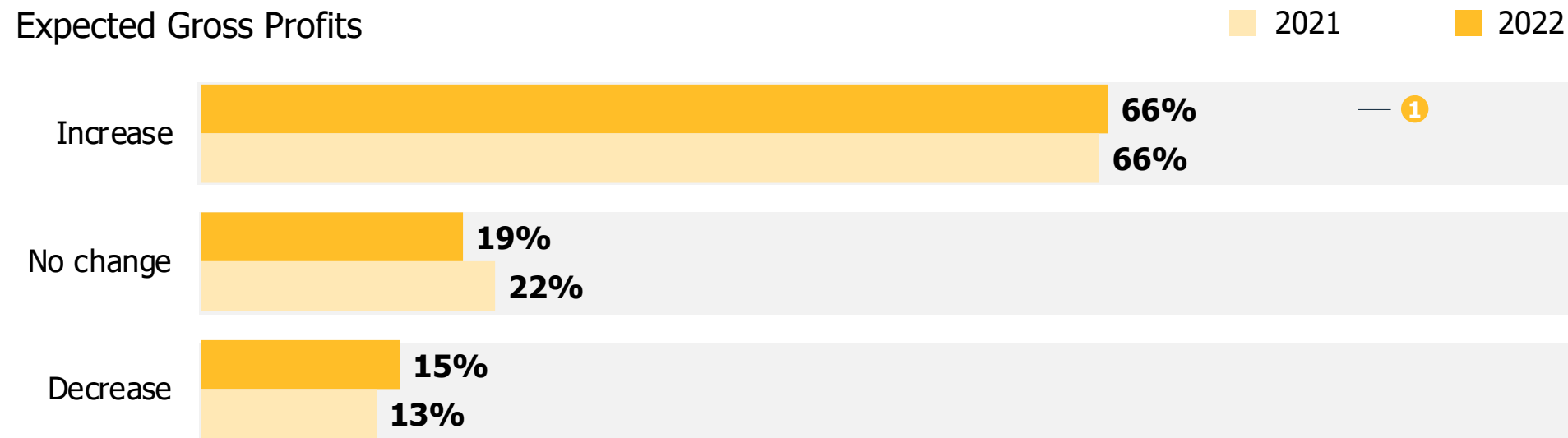
# Expected Revenues & Profits in 2022

Charts show the percentage of surveyed businesses on Houzz UK expecting revenue growth in 2022 (vs. 2021)



<sup>1</sup> Expected Increase in 2022 Gross Revenues

Interior designer	80%
Architect	76%
Design and build firm	88%



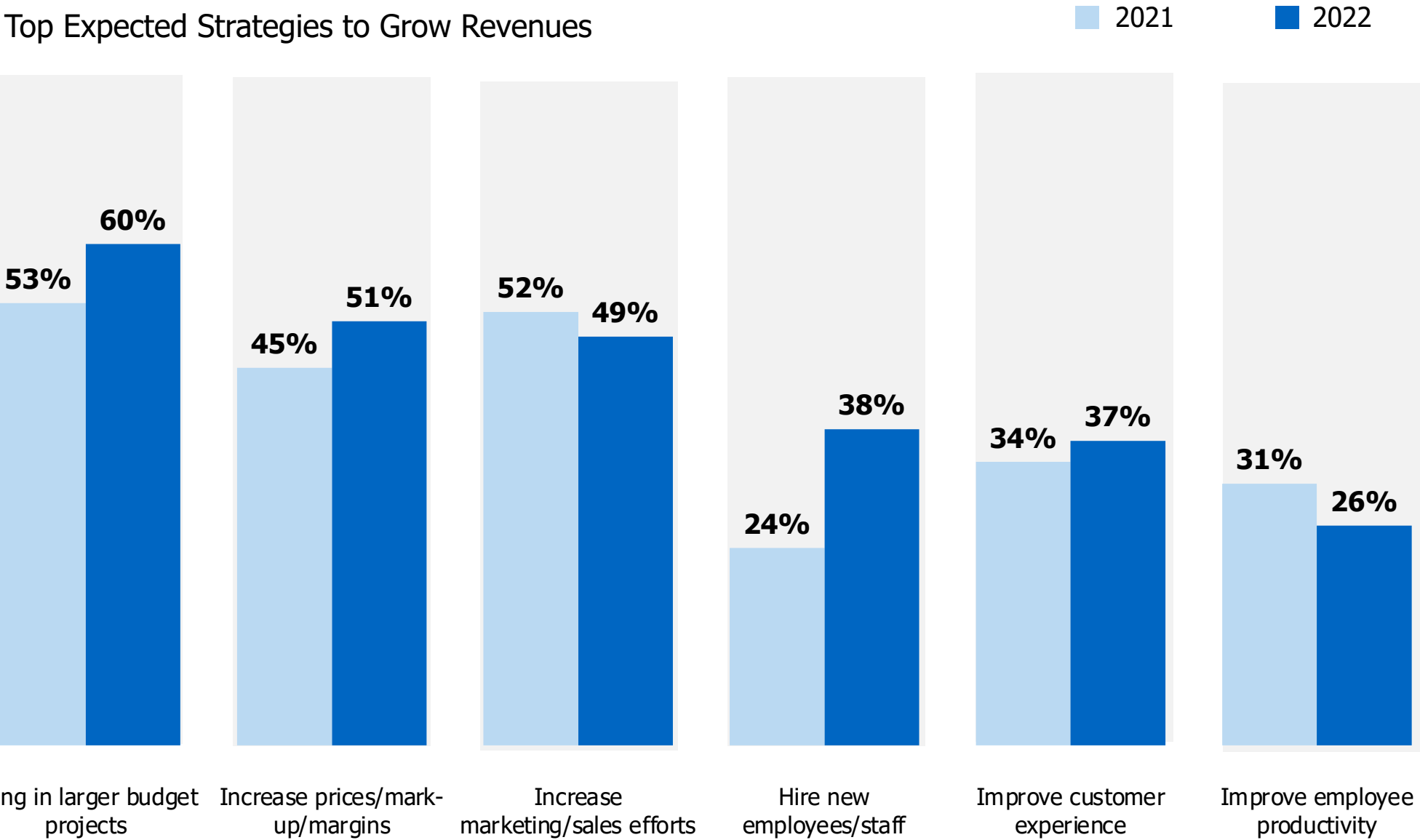
<sup>1</sup> Expected Increase in 2022 Profits (Net Income)

Interior designer	70%
Architect	63%
Design and build firm	81%

# Top Growth Strategies in 2022

Charts shows the percentage of surveyed businesses on Houzz UK expecting revenue growth in 2022 (vs. 2021)

Top Expected Strategies to Grow Revenues



Top Two Expected Strategies to Grow Revenues in 2022

Interior designer	
1	Bring in larger budget projects <b>58%</b>
2	Increase prices/mark-up/margins <b>50%</b>
Architect	
1	Bring in larger budget projects <b>68%</b>
2	Increase prices/mark-up/margins <b>51%</b>
Design and build firm	
1	Bring in larger budget projects <b>56%</b>
2	Increase marketing/sales efforts <b>56%</b>

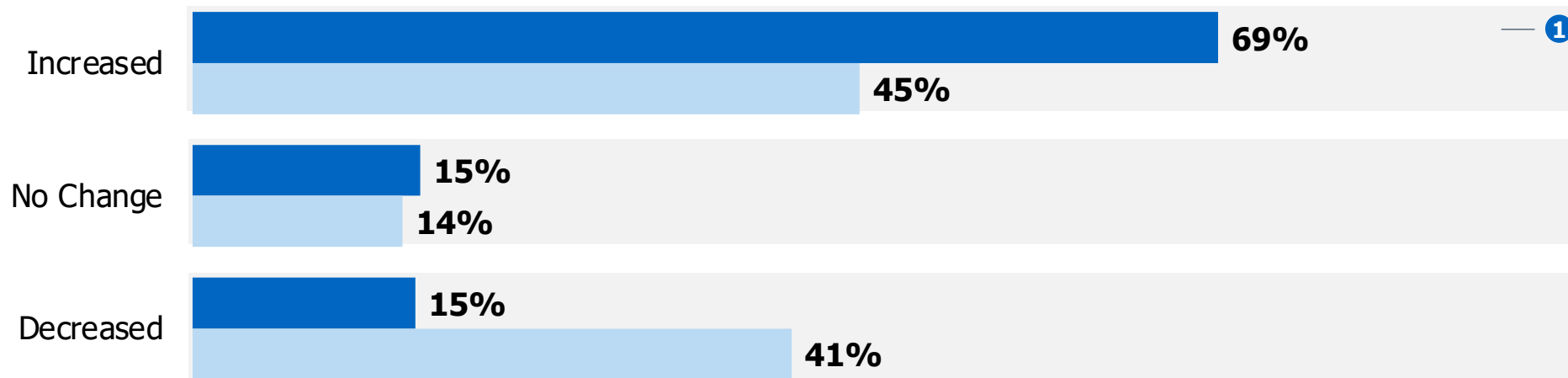


# Revenues & Profits in 2021

Charts show the percentage of surveyed businesses on Houzz UK reporting improved performance in 2021 (vs. 2020).

## Gross Revenues

2020 2021

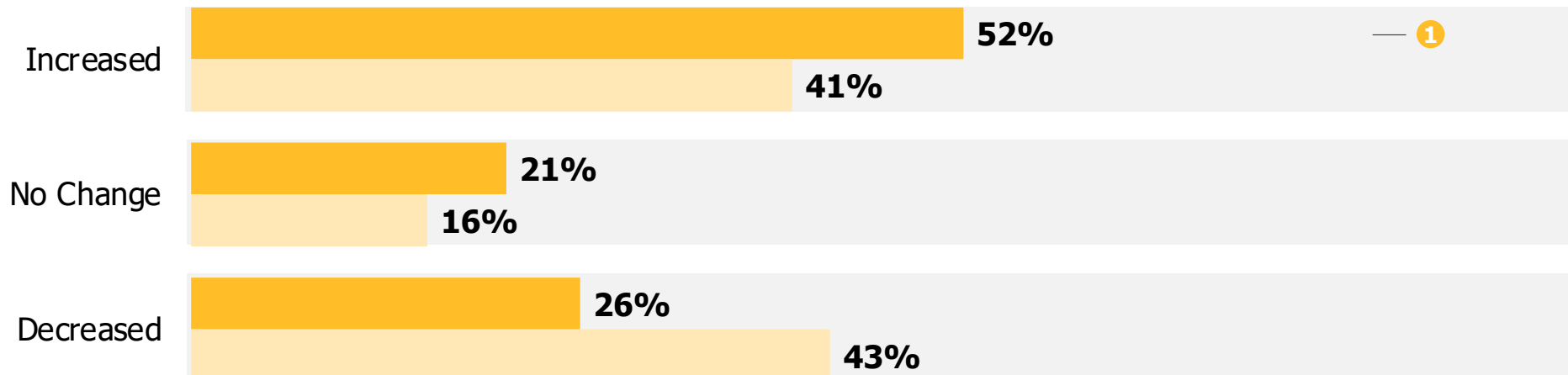


## 1 Increase in 2021 Gross Revenues

Interior designer	70%
Architect	72%
Design and build firm	72%

## Gross Profits

2020 2021



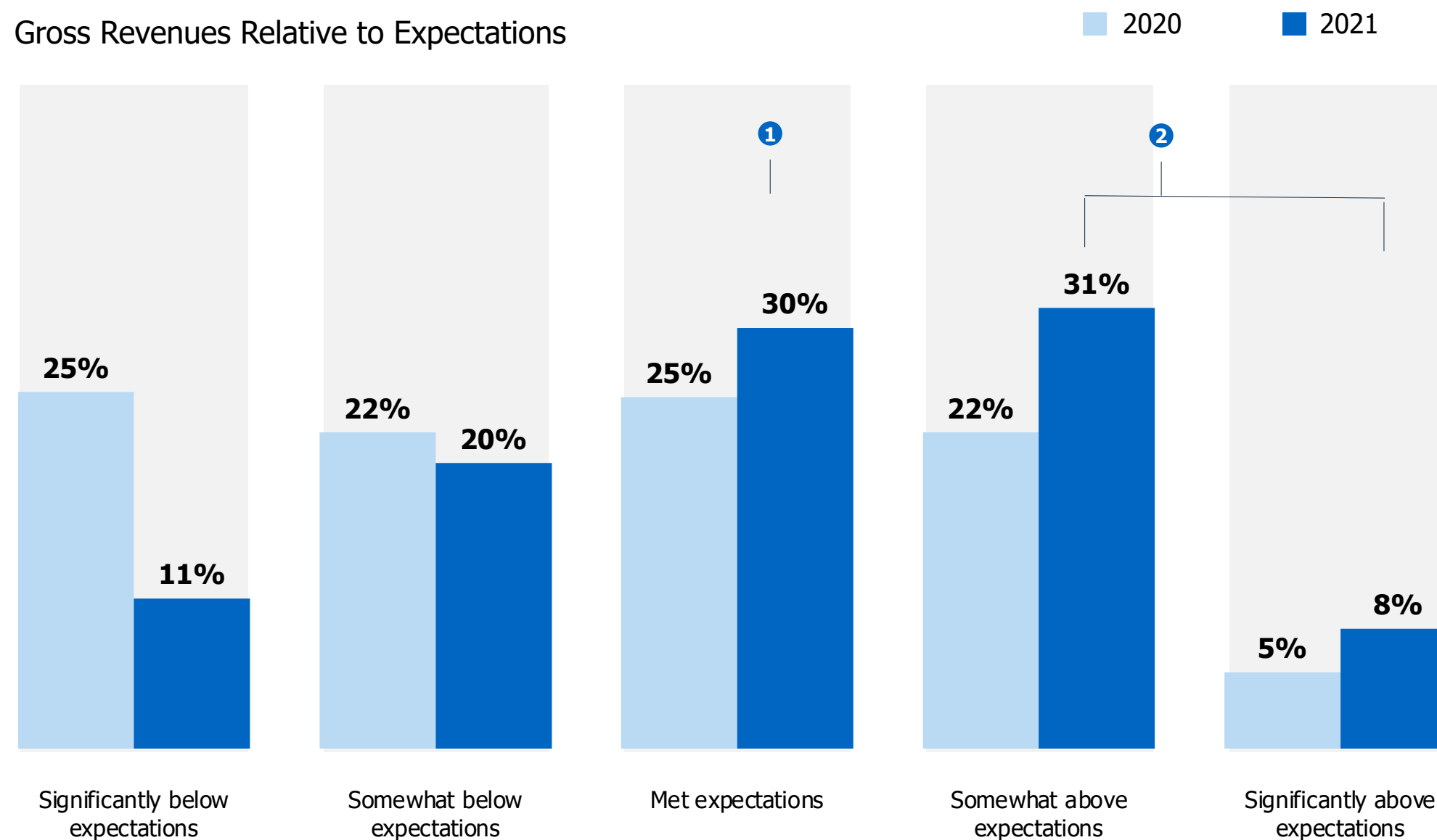
## 1 Increase in 2021 Profits

Interior designer	59%
Architect	50%
Design and build firm	53%

# 2021 Comparison to the Initial Expectations

Charts shows the percentage of surveyed businesses on Houzz UK reporting how 2021 business performance compared to the initial expectations for 2021 (vs. 2020).

Gross Revenues Relative to Expectations



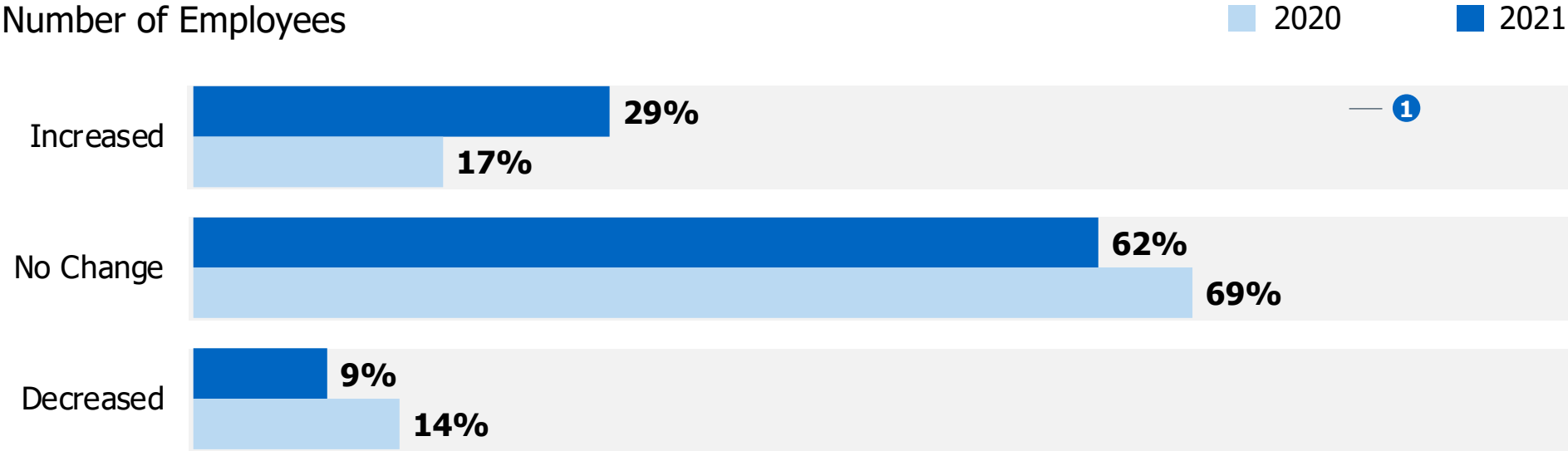
2021 Comparison to the Initial Expectations

Interior designer	
1 Met expectations	24%
2 Above expectations	38%
Architect	
1 Met expectations	24%
2 Above expectations	53%
Design and build firm	
1 Met expectations	22%
2 Above expectations	47%



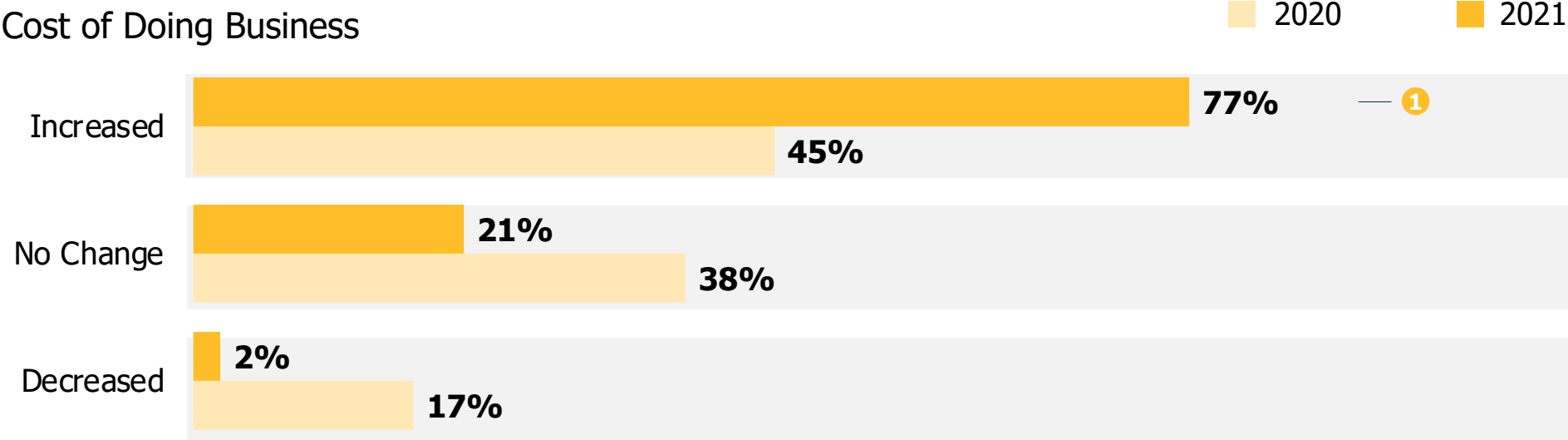
# Staffing & Business Costs in 2021

Charts show the percentage of surveyed businesses on Houzz UK reporting performance in 2021 (vs. 2020).



1 Increase in Number of Employees in 2021

Interior designer	26%
Architect	29%
Design and build firm	35%



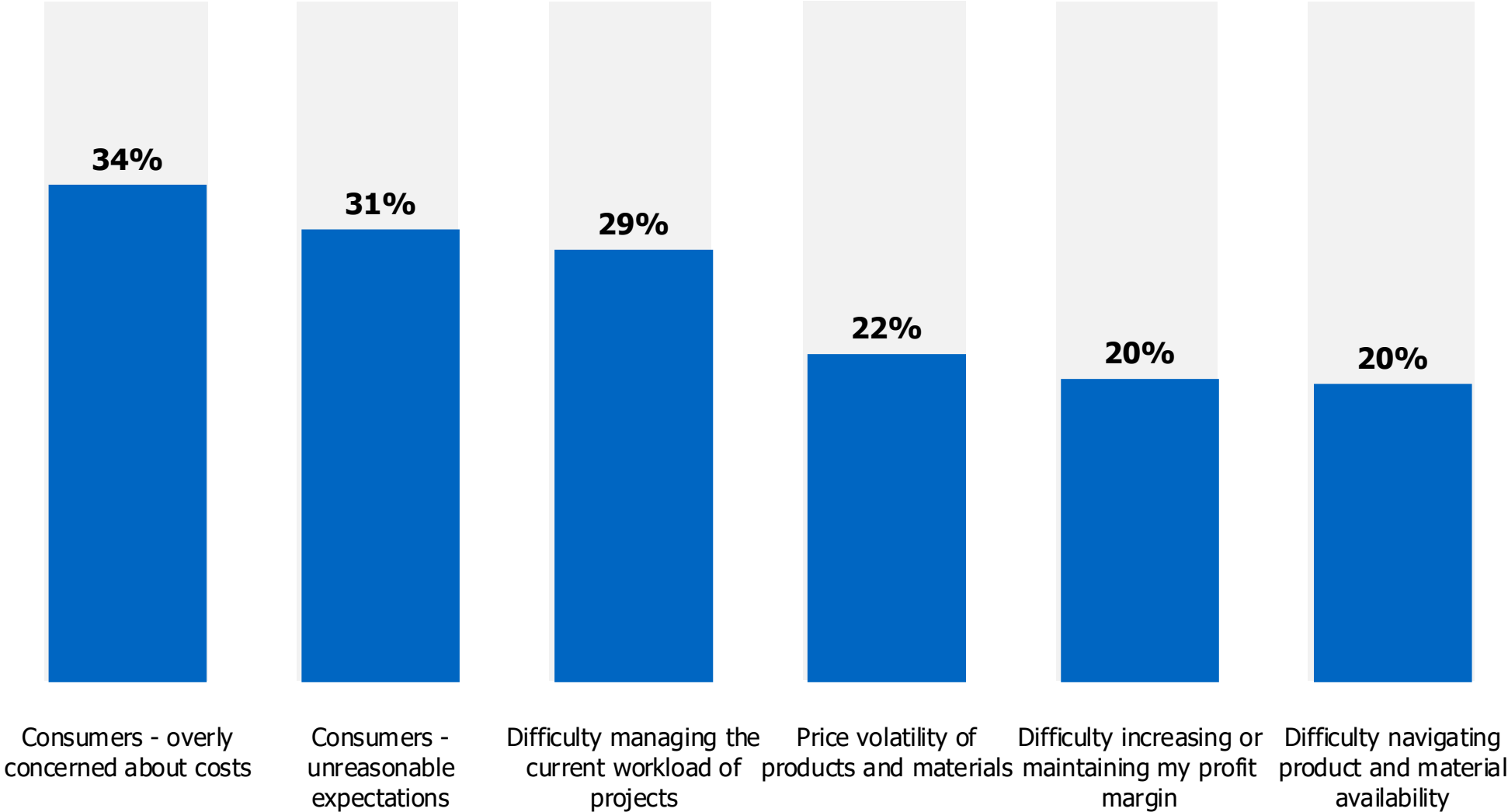
1 Increase in Cost of Doing Business in 2021

Interior designer	70%
Architect	65%
Design and build firm	94%

# Top Business Challenges in 2021

Charts shows the percentage of surveyed businesses on Houzz UK reporting challenges in 2021.

Top Challenges Affecting Business



2021 Top Challenges

Interior designer	
1 Consumers - overly concerned about costs	33%
2 Difficulty managing the current workload of projects	29%
Architect	
1 Consumers - unreasonable expectations	51%
2 Consumers - overly concerned about costs	47%
Design and build firm	
1 Consumers - overly concerned about costs	32%
2 Consumers - unreasonable expectations	32%



# Description of Businesses

The percentage of surveyed businesses on Houzz UK with the specific characteristics in 2021

Share of Businesses by 2021 Business Characteristics

**More Than £100K In Gross Revenues** **41%**  
(Up to £2M or more)

**One Or More Employees** **69%**  
(Up to 500 or more)

**Ten Or More Years In Business** **47%**  
(Up to 30 or more years in existence)

**Sole Owner Responding to Survey** **77%**



# Methodology



The survey was sent to businesses with profiles on Houzz UK and fielded between February 21, 2022 – 9 March, 2022. N=298.

## Description of Business Groups by Core Services\*

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### Pro Categories in Survey (Sample N)

Architect/Designer (N=162)

Builder/Installer (N=26)

Design and Build (N=47)

Specialty - Building & Renovation (N=21)

Specialty - Decorating (N=26)

Specialty - Landscaping & Outdoor (N=16)

### Top Pro Types in Survey (Sample N)

Interior designer (N=85)

Architect (N=55)

Design and build firm (N=34)

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\*Business groups were defined based on services that contributed to the largest share of business gross revenues in 2021, as identified by respondents in the survey.