

HOUZZ UK

2024 State of the Industry





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Big Ideas

Design and build firms are the most bullish

More than half of design and build firms expect that 2024 will be a good or very good year (53%), followed by interior designers and architects (52% and 48%, respectively).

Demand for services expected to improve

More than 3 in 5 businesses across industry groups anticipate heightened demand for their services (62%), which is more than 10 percentage points higher than last year (52%). Interior designers are the most confident, with nearly three-quarters expecting increased demand (73%), compared with architects and design and build pros (59% and 57%, respectively).

Costs of doing business rise

Nearly 4 in 5 firms across all of the industry groups cited an increase in the cost of doing business in 2023 (79%), albeit slightly less than the previous year (82%). Product and material costs were the biggest drivers (70%), followed by business insurance costs and subcontractor costs (38% and 34%, respectively). Architects were impacted the most significantly, with 4 in 5 citing an increase in the costs of doing business in 2023 (83%), followed by interior designers and design and build firms (74%, each).

Product and material availability improves

More than 2 in 5 businesses expected the availability of products and materials to improve (41%), with interior designers most optimistic (55%), followed by architects and design and build firms (29%, each).

Pros implement diverse business strategies

More than two-thirds of businesses plan to target larger budget projects (68%) and nearly as many plan to adjust pricing structure (65%) to achieve expected growth in 2024. Businesses also plan to offer new products and services and expand their geographic area (38% and 32%, respectively).



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2024 Outlook

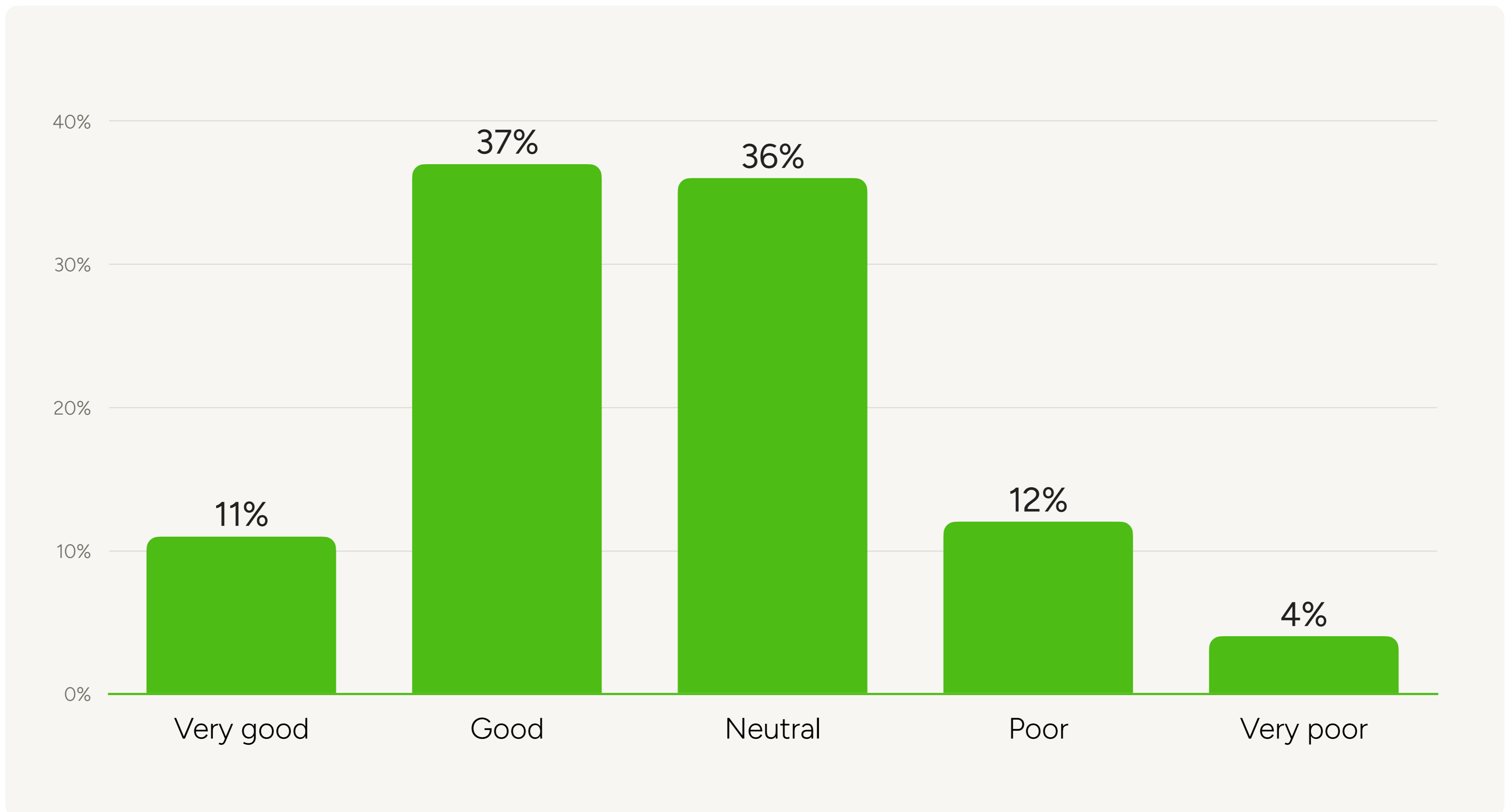




2024 Outlook

Charts show the percentage of surveyed businesses on Houzz UK reporting their outlook for 2024.

BUSINESS OUTLOOK



ARCHITECTS

Good to a very good year	48%
Neutral	40%
Poor to a very poor year	12%

INTERIOR DESIGNERS

Good to a very good year	52%
Neutral	26%
Poor to a very poor year	22%

DESIGN & BUILD FIRMS

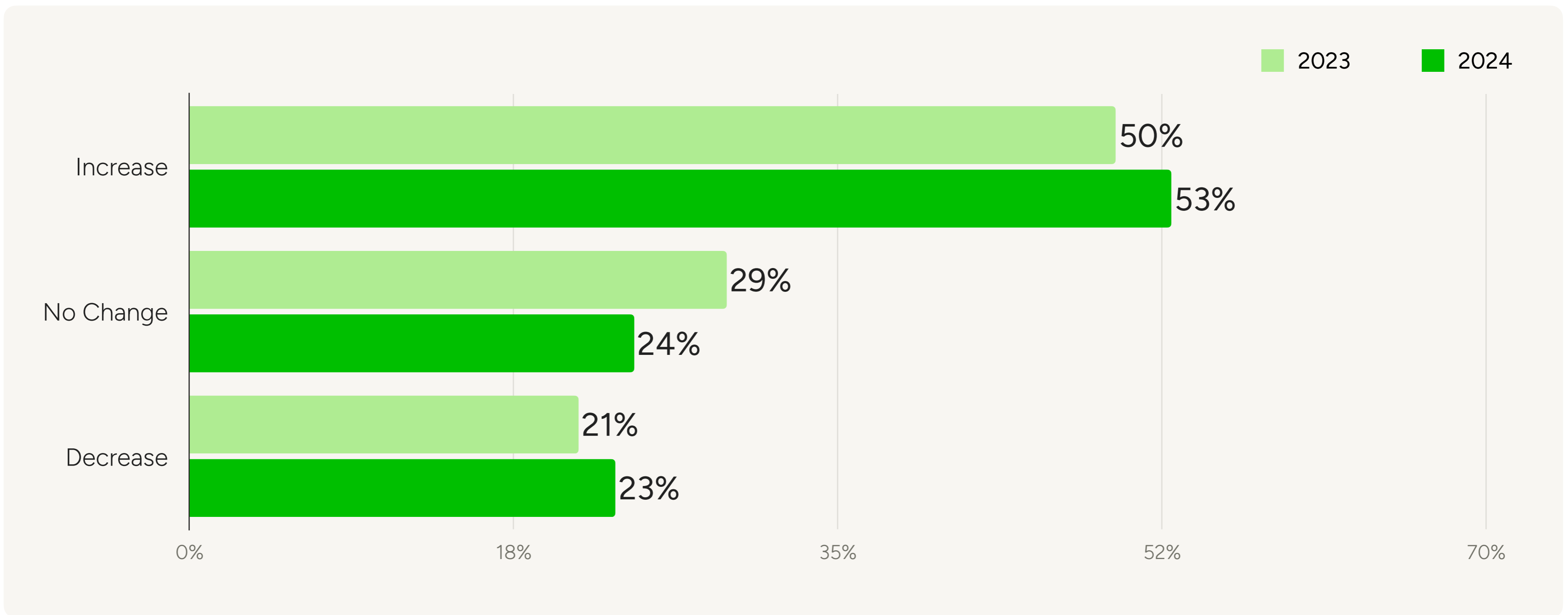
Good to a very good year	53%
Neutral	32%
Poor to a very poor year	16%



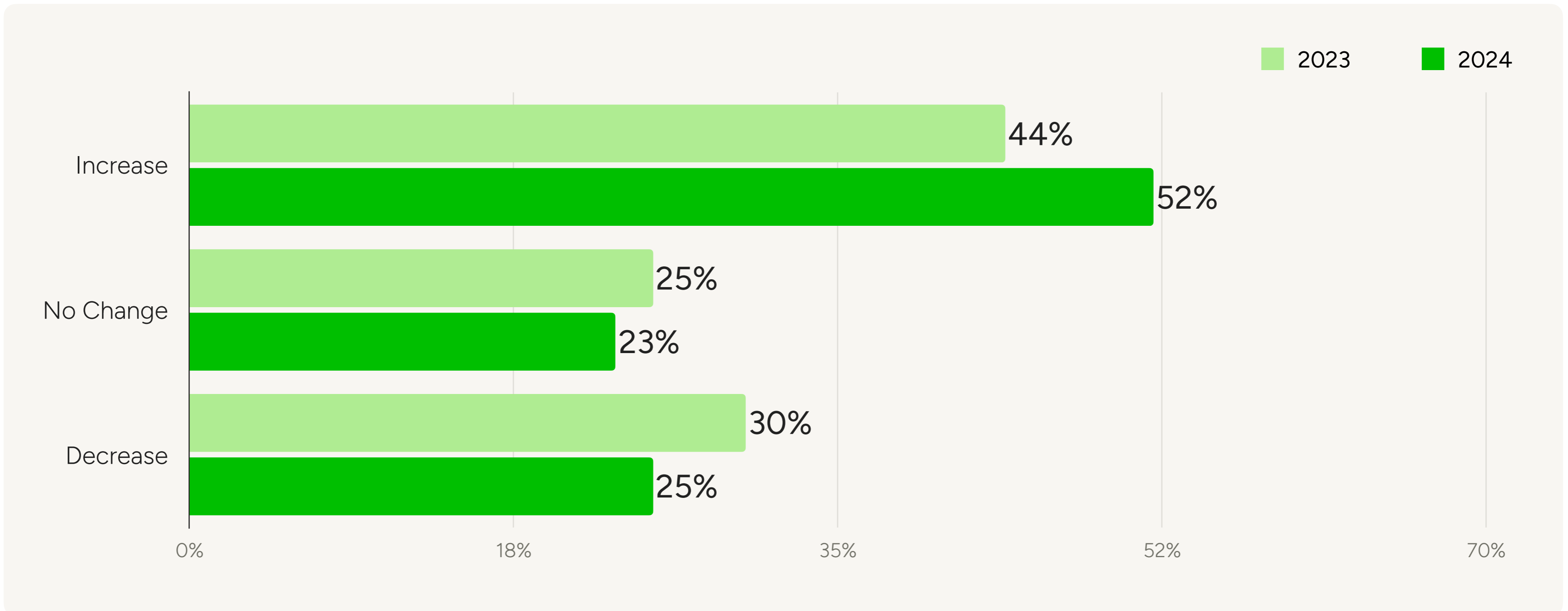
Expected Revenues & Profits in 2024

Charts show the percentage of surveyed businesses on Houzz UK expecting revenue growth in 2024 (vs. 2023).

EXPECTING GROSS REVENUES



EXPECTING GROSS PROFITS (NET INCOME)



EXPECTING INCREASE IN 2024 GROSS REVENUES

Architects	48%
Interior Designers	48%
Design & Build Firms	76%

EXPECTING INCREASE IN 2024 GROSS PROFITS (NET INCOME)

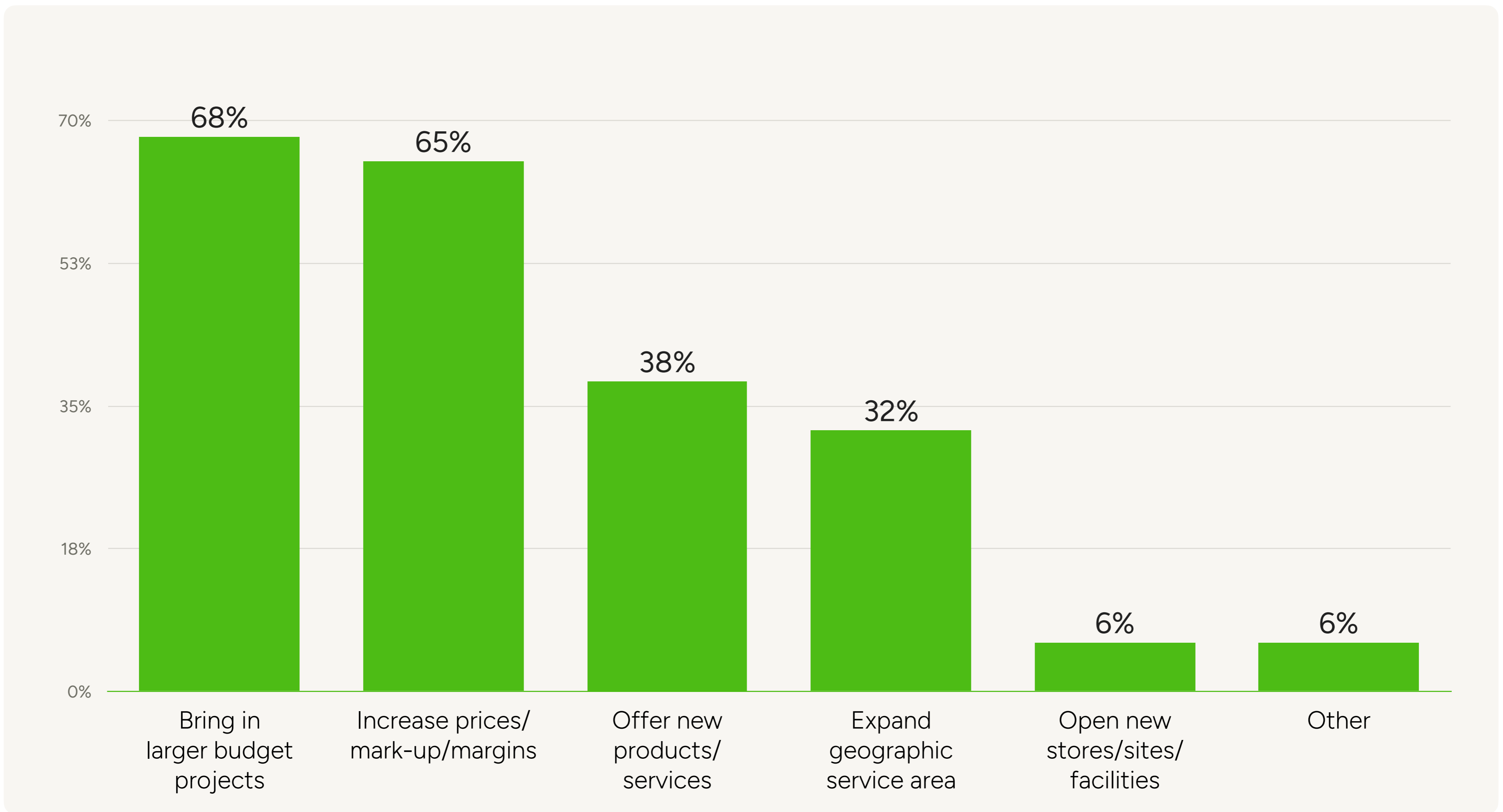
Architects	42%
Interior Designers	48%
Design & Build Firms	75%



Top Growth Strategies in 2024

Charts shows the percentage of surveyed businesses on Houzz UK reporting planned strategies to grow revenue in 2024.

TOP PLANNED STRATEGIES TO GROW REVENUES



ARCHITECTS

Bring in larger budget projects	73%
Increase prices/mark-up/margins	45%

INTERIOR DESIGNERS

Increase prices/mark-up/margins	89%
Bring in larger budget projects	78%

DESIGN & BUILD FIRMS

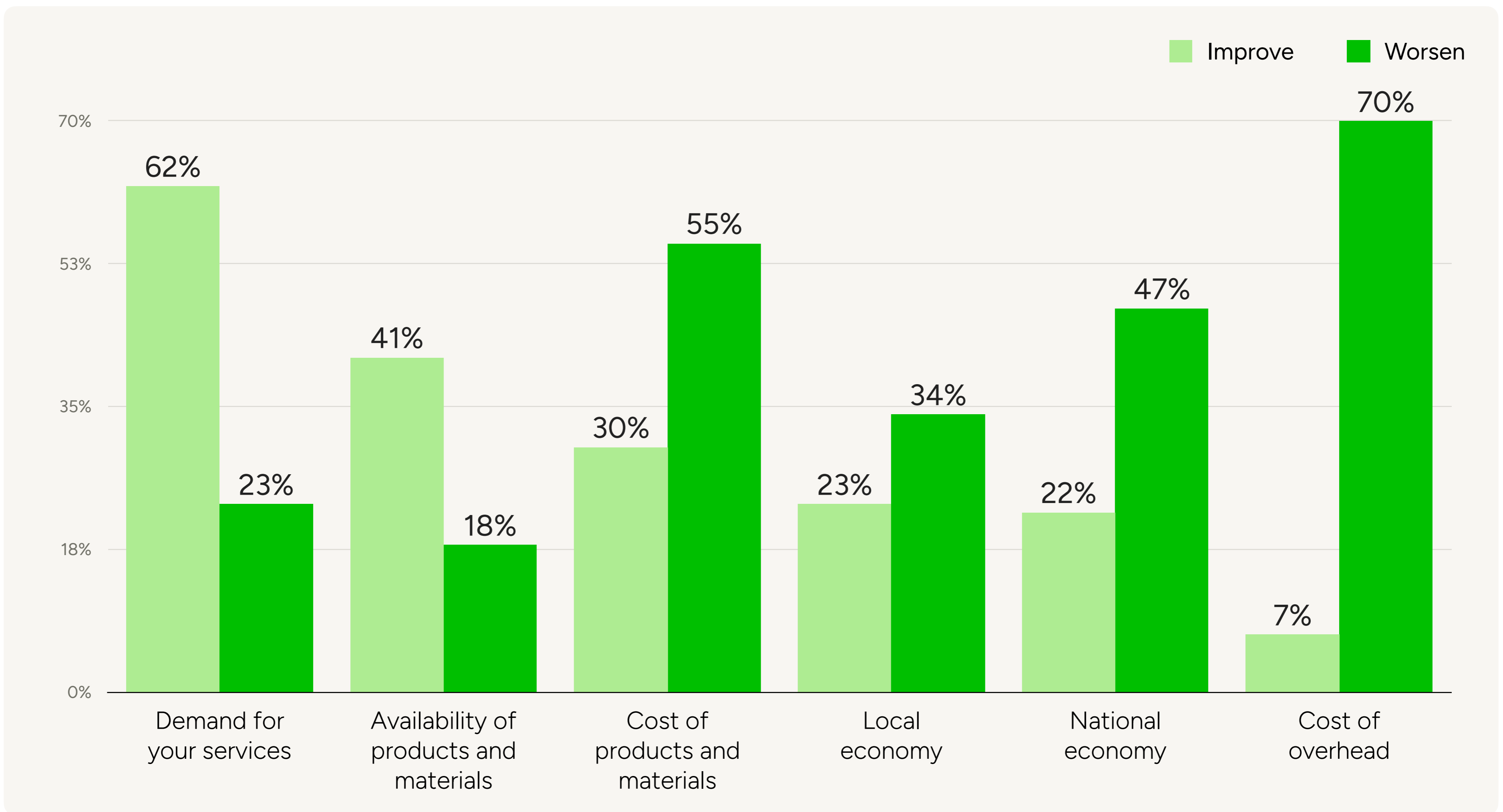
Increase prices/mark-up/margins	69%
Bring in larger budget projects	46%



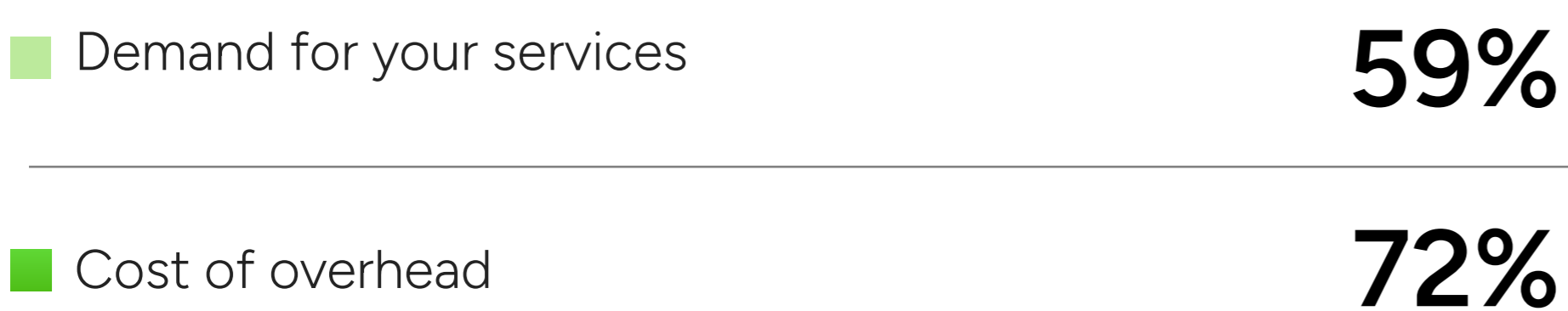
Top Improvements and Setbacks in 2024

Charts shows the percentage of surveyed businesses on Houzz UK reporting on expected improvements and setbacks in 2024.

TOP EXPECTED IMPROVEMENTS AND SETBACKS



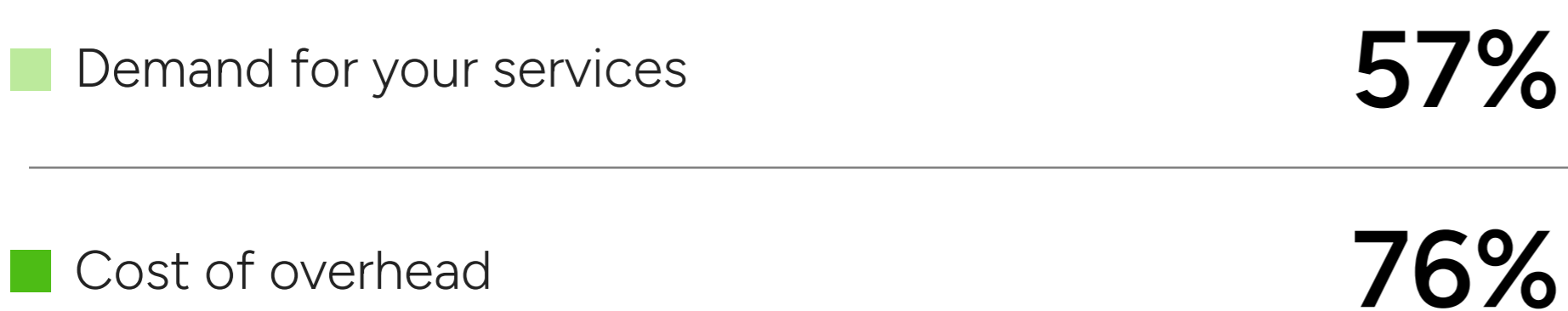
ARCHITECTS



INTERIOR DESIGNERS



DESIGN & BUILD FIRMS





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2023 in Focus

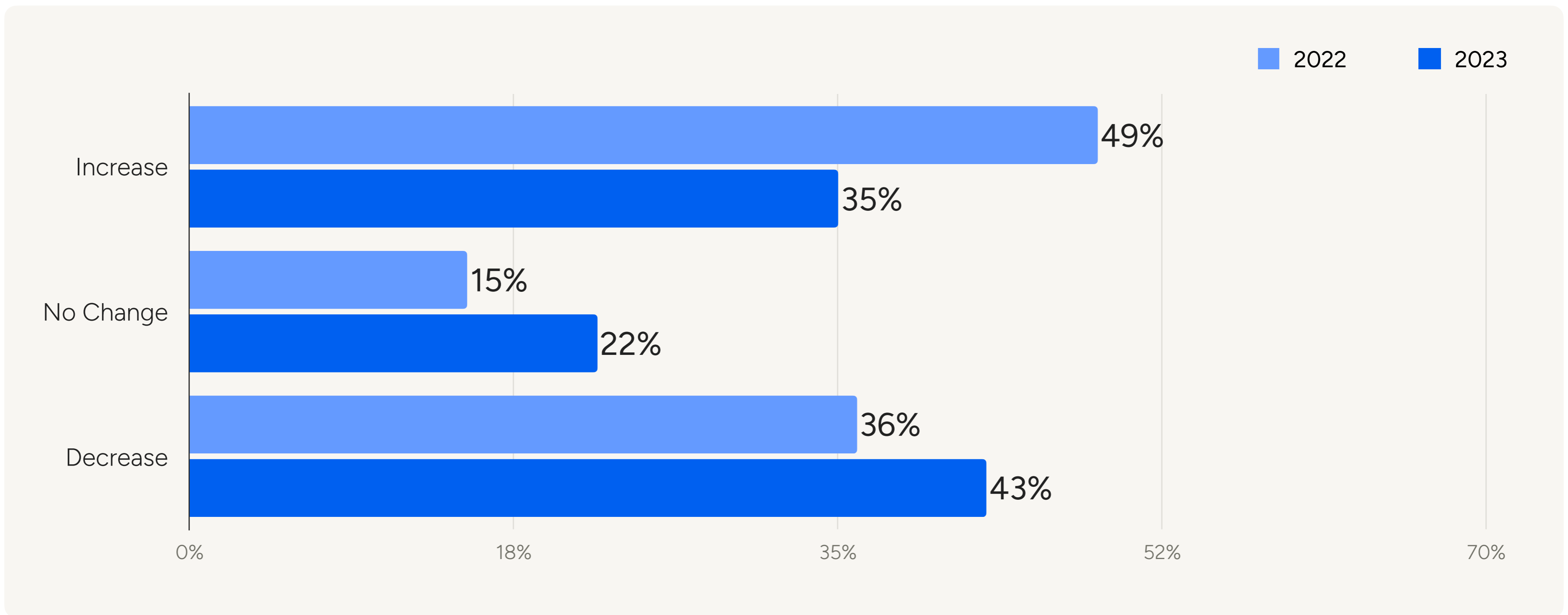




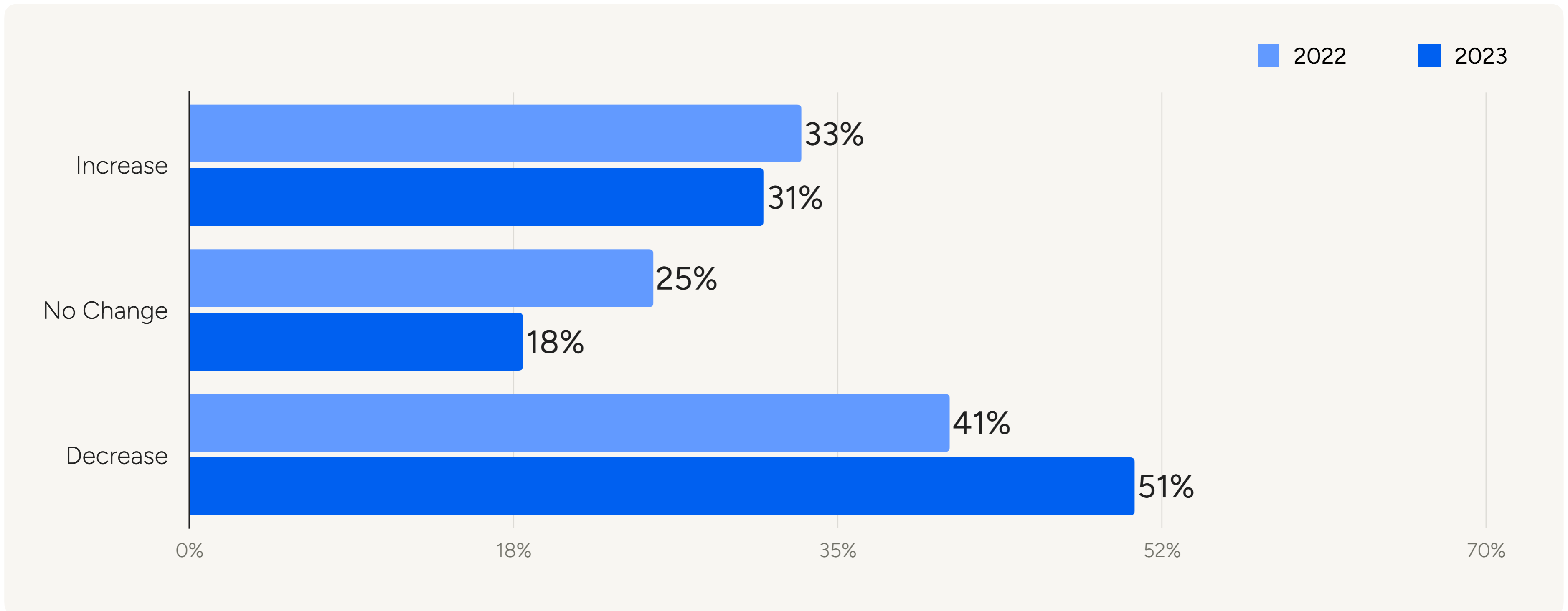
Revenues & Profits in 2023

Charts show the percentage of surveyed businesses on Houzz UK reporting performance in 2023 (vs. 2022).

GROSS REVENUES



GROSS PROFITS (NET INCOME)



INCREASE IN 2023 GROSS REVENUES

Architects	29%
Interior Designers	41%
Design & Build Firms	32%

INCREASE IN 2023 GROSS PROFITS (NET INCOME)

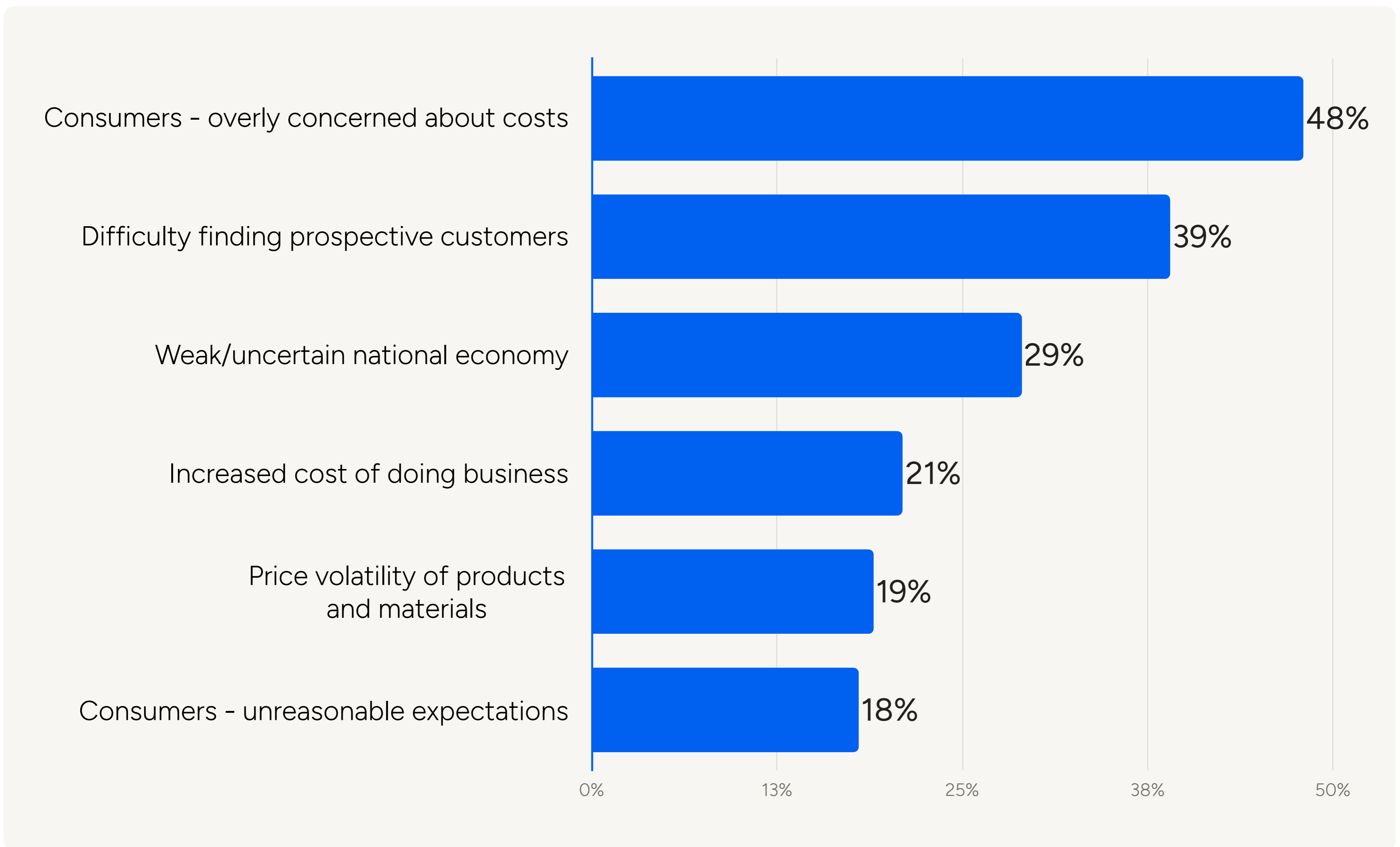
Architects	35%
Interior Designers	36%
Design & Build Firms	28%



Top Business Challenges in 2023

Charts shows the percentage of surveyed businesses on Houzz UK reporting challenges in 2023.

TOP CHALLENGES AFFECTING BUSINESS



ARCHITECTS

Difficulty finding prospective customers	58%
Consumers - overly concerned about costs	42%

INTERIOR DESIGNERS

Consumers - overly concerned about costs	52%
Difficulty finding prospective customers	48%

DESIGN & BUILD FIRMS

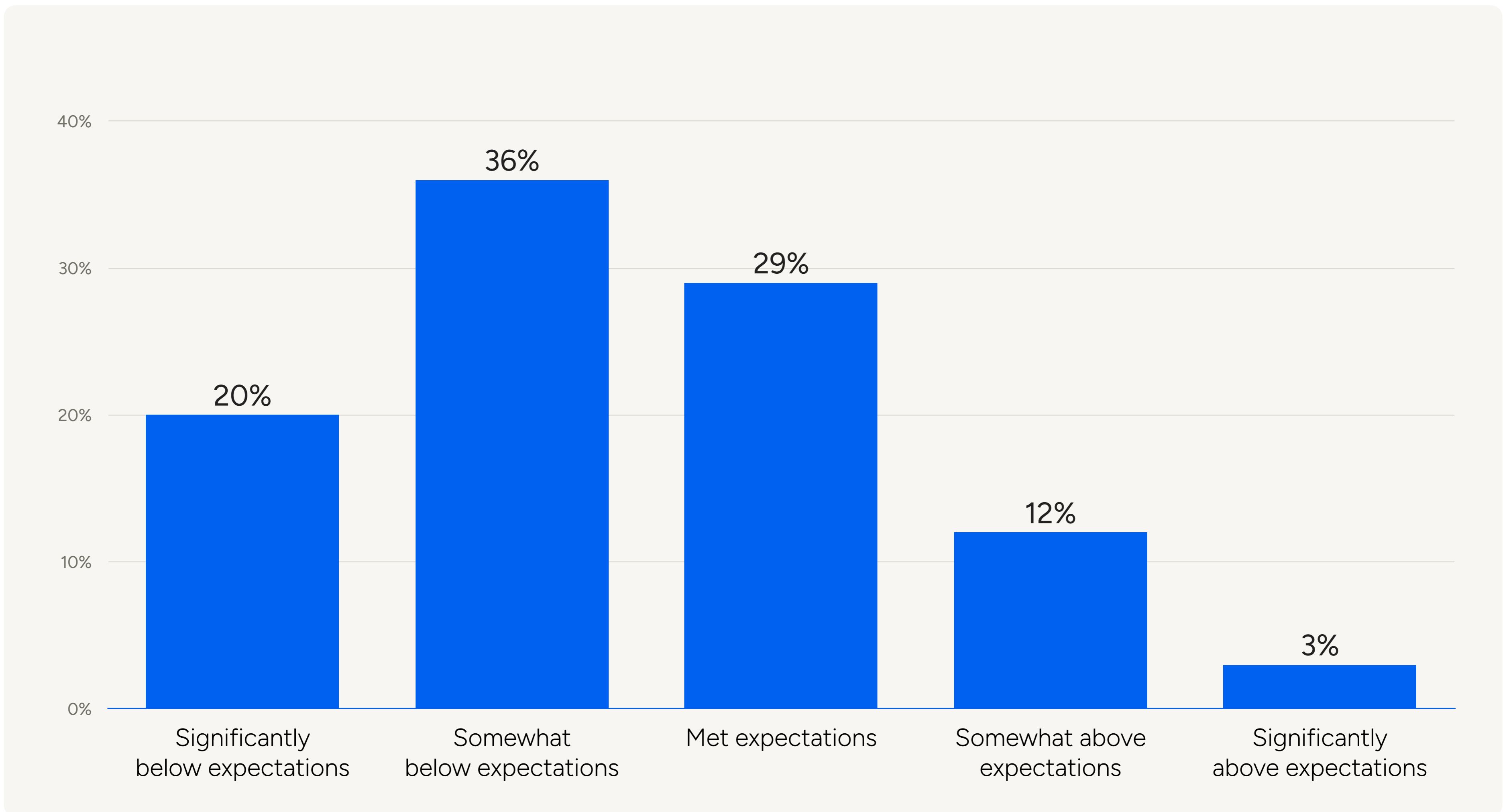
Consumers - overly concerned about costs	53%
Weak/uncertain national economy	37%



2023 Comparison to the Initial Expectations

Charts shows the percentage of surveyed businesses on Houzz UK reporting how 2023 business performance compared to the initial expectations for 2023.

GROSS REVENUES IN 2023 RELATIVE TO EXPECTATIONS FOR 2023



ARCHITECTS

Met expectations	38%
Above expectations	21%
Below expectations	42%

INTERIOR DESIGNERS

Met expectations	30%
Above expectations	9%
Below expectations	61%

DESIGN & BUILD FIRMS

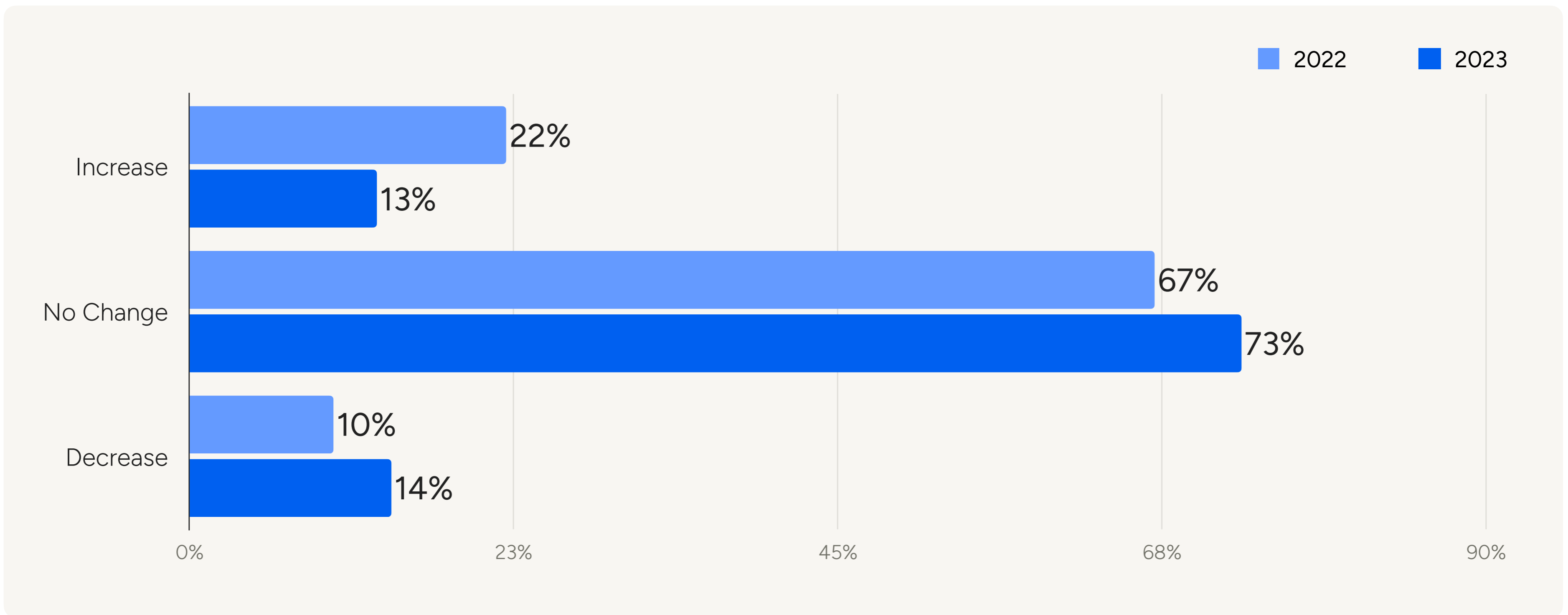
Met expectations	39%
Above expectations	6%
Below expectations	56%



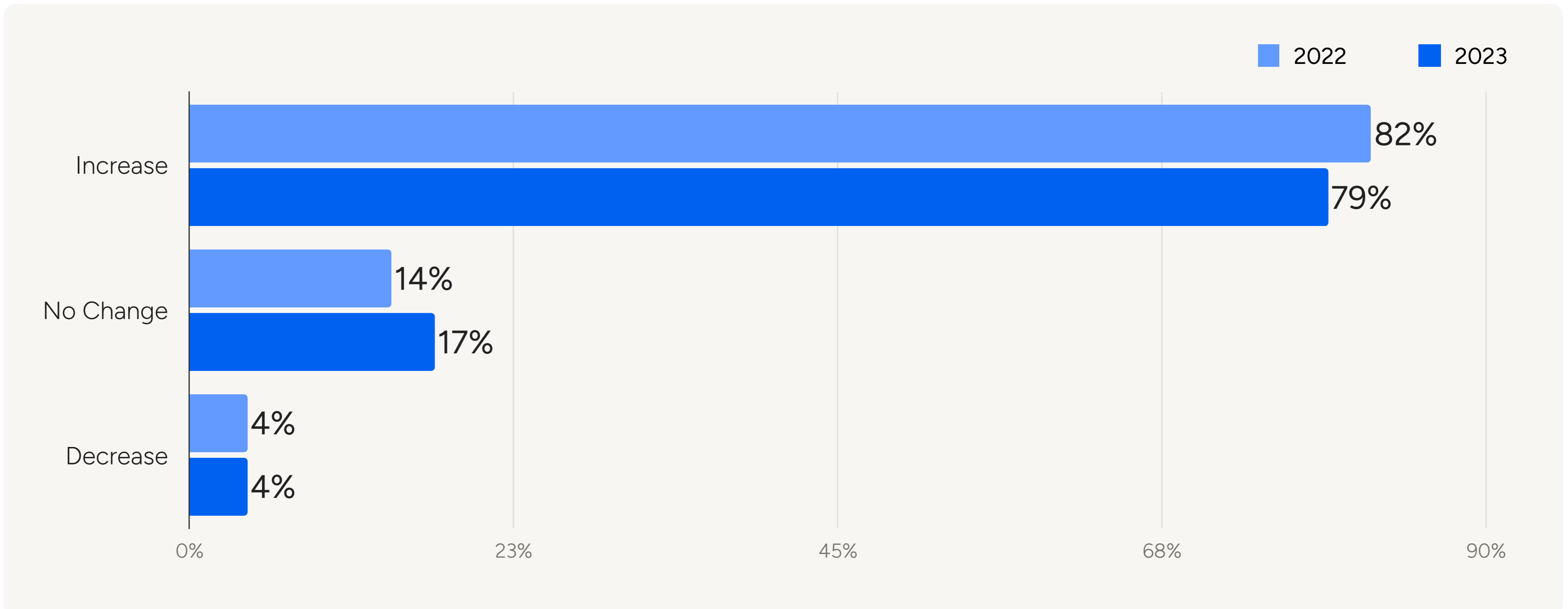
Staffing & Business Costs In 2023

Charts show the percentage of surveyed businesses on Houzz UK reporting performance in 2023 (vs. 2022).

NUMBER OF EMPLOYEES



COST OF DOING BUSINESS



INCREASE IN COST OF DOING BUSINESS IN 2023

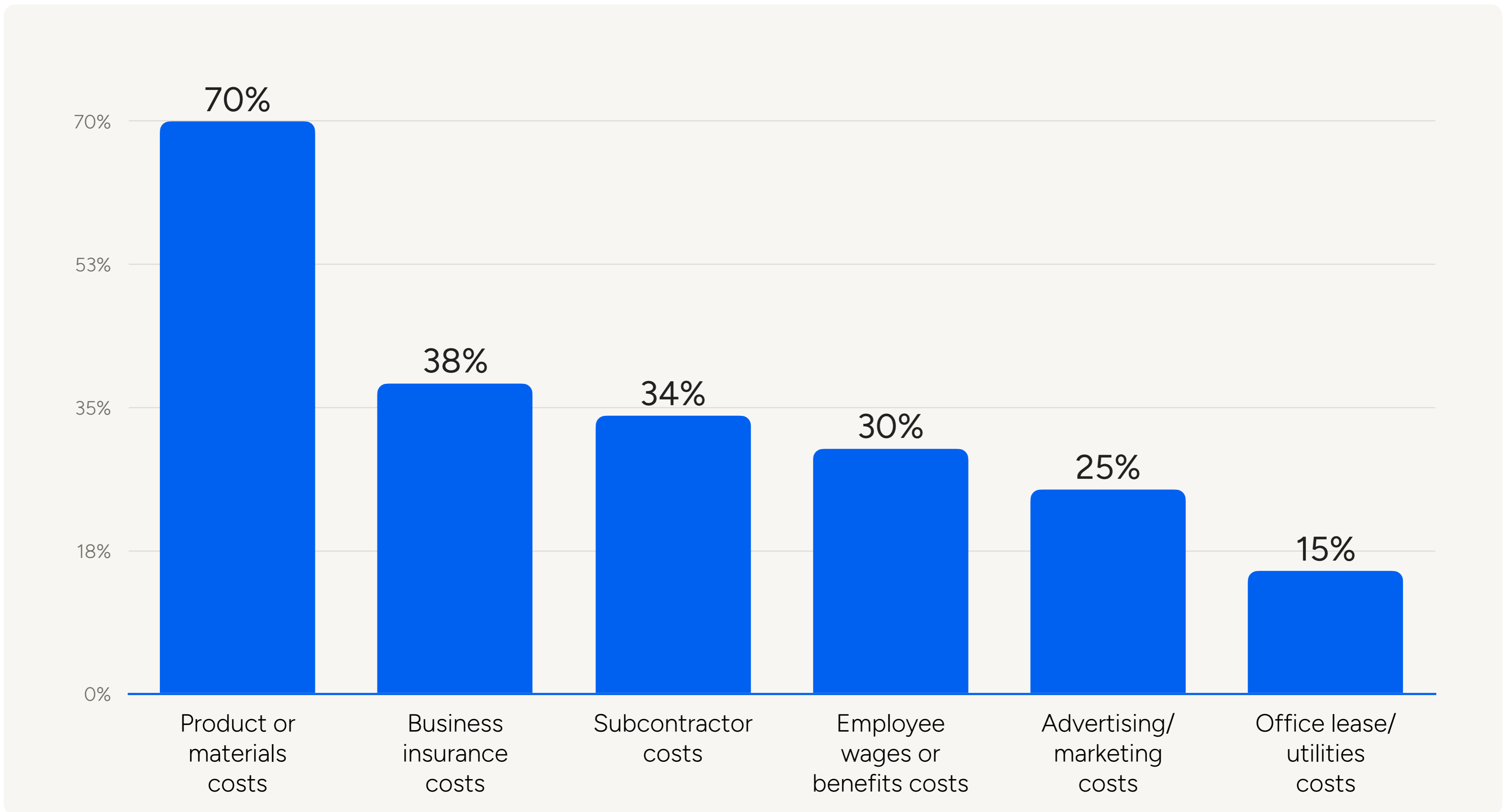
Architects	83%
Interior Designers	74%
Design & Build Firms	74%



Top Drivers of Increase in Cost of Doing Business in 2023

Chart shows the percentage of surveyed businesses on Houzz UK reporting cost drivers in 2023.

TOP DRIVERS OF INCREASE IN COST OF DOING BUSINESS



ARCHITECTS

Business insurance costs	55%	Product or materials costs	69%
Product or materials costs	35%	Advertising/marketing costs	56%
Employees wages or benefits costs	30%	Employees wages or benefits costs	38%

INTERIOR DESIGNERS

DESIGN & BUILD FIRMS

Product or materials costs	64%
Subcontractor costs	50%
Business insurance costs	43%



Description of Business

The percentage of surveyed* businesses on Houzz UK with the specific characteristics in 2023

SHARE OF BUSINESSES BY 2023 BUSINESS CHARACTERISTICS

More than £100,000 in Gross Revenues

46%

One or More Employees

71%

10 or More Years in Business

65%

Sole Owner

72%

* The survey was sent to businesses with profiles on Houzz UK and fielded between 14 December, 2023 – 31 January, 2024. N=141. Business groups were defined based on services that contributed to the largest share of business gross revenues in 2023, as identified by respondents in the survey.