

HOUZZ UK

2023 State of the Industry



Big Ideas

A forecast for 2023

Two in five residential companies expect this will be a good or very good year (40 percent), and 42 percent express a neutral outlook. Design and build firms are the most optimistic, with 62 percent anticipating a good or very good year, followed by interior designers (48 percent).

Expectations for revenue

More businesses among the industry groups surveyed expect increases in revenue in 2023 (50 percent) than those expecting decreases (21 percent), albeit the sentiment is less widespread than last year.

Increased demand anticipated




In 2023, a larger share of businesses believe that demand for their services will improve (52 percent), rather than decrease (31 percent). Design and build firms, in line with their overall outlook for business in 2023, feel confident about demand this year, with almost three-quarters anticipating an increase (73 percent).

Costs of doing business rise

More firms across all of the industry groups cited an increase in the cost of doing business (82 percent) versus those citing a decrease (4 percent), with the share of businesses reporting an increase rising by five percentage points this year (82 percent compared with 77 percent in 2021).



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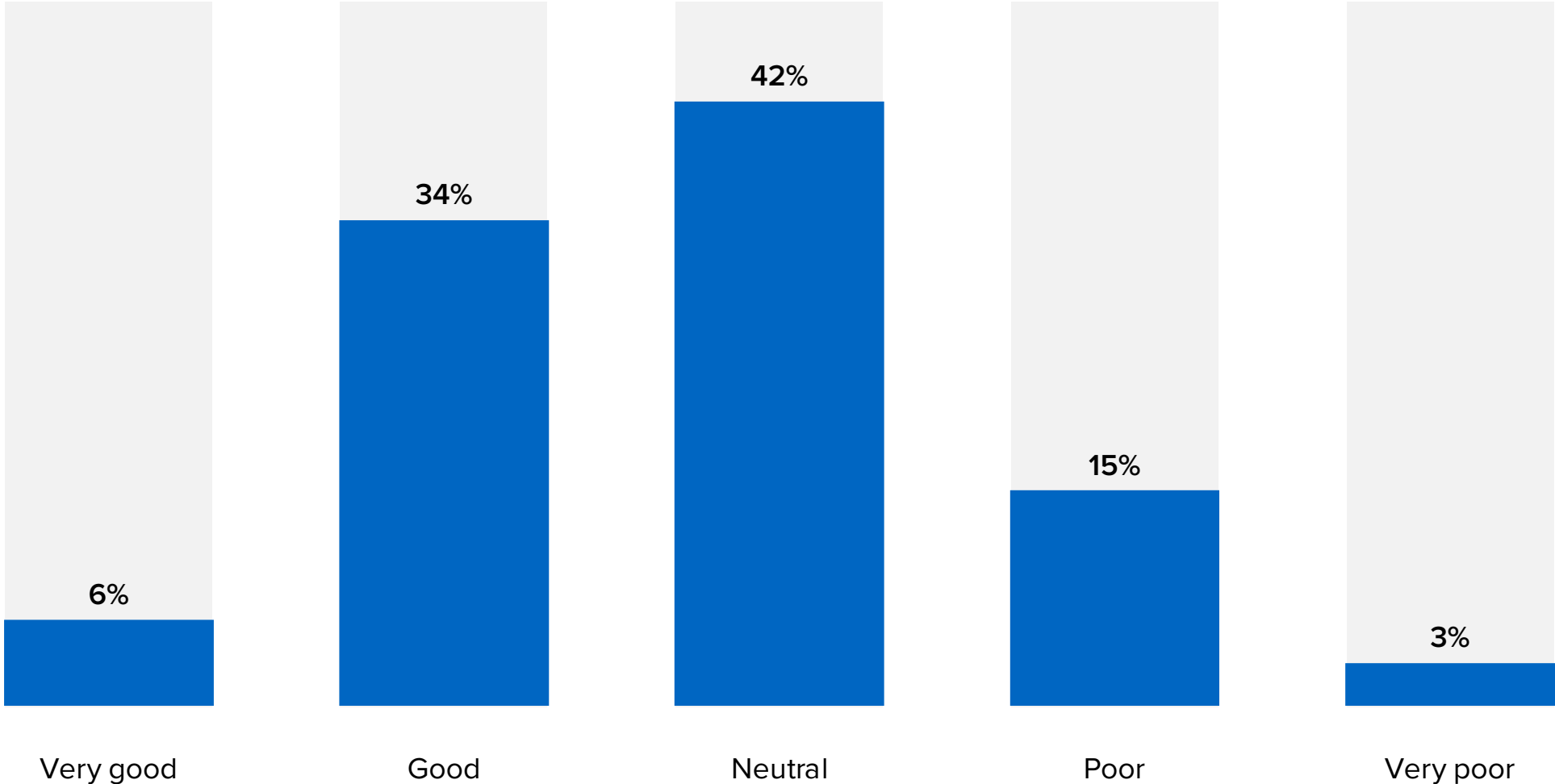
2023 Outlook



2023 Outlook

Charts show the percentage of surveyed businesses on Houzz UK reporting their outlook for 2023.

Business Outlook



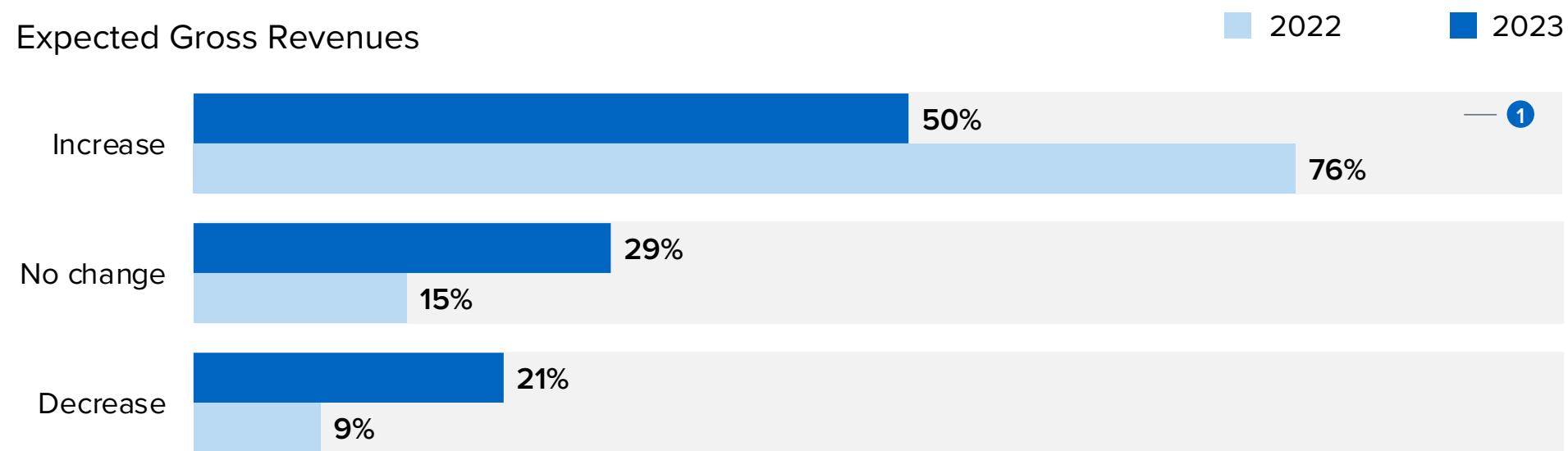
2023 Outlook

Architect	
Good to a very good year	22%
Neutral	50%
Poor to a very poor year	28%
Interior Designer	
Good to a very good year	48%
Neutral	44%
Poor to a very poor year	7%
Design and build firm	
Good to a very good year	62%
Neutral	15%
Poor to a very poor year	23%

Expected Revenues & Profits in 2023

Charts show the percentage of surveyed businesses on Houzz UK expecting revenue growth in 2023 (vs. 2022).

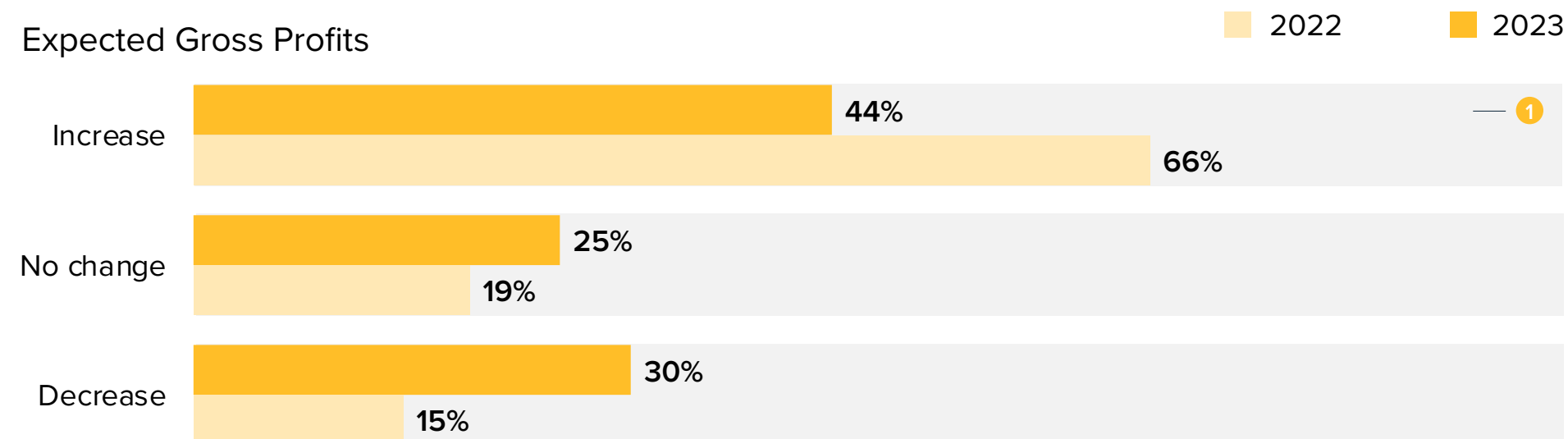
Expected Gross Revenues



Expected Increase in 2023 Gross Revenues

Architect	33%
Interior Designer	68%
Design and build firm	67%

Expected Gross Profits



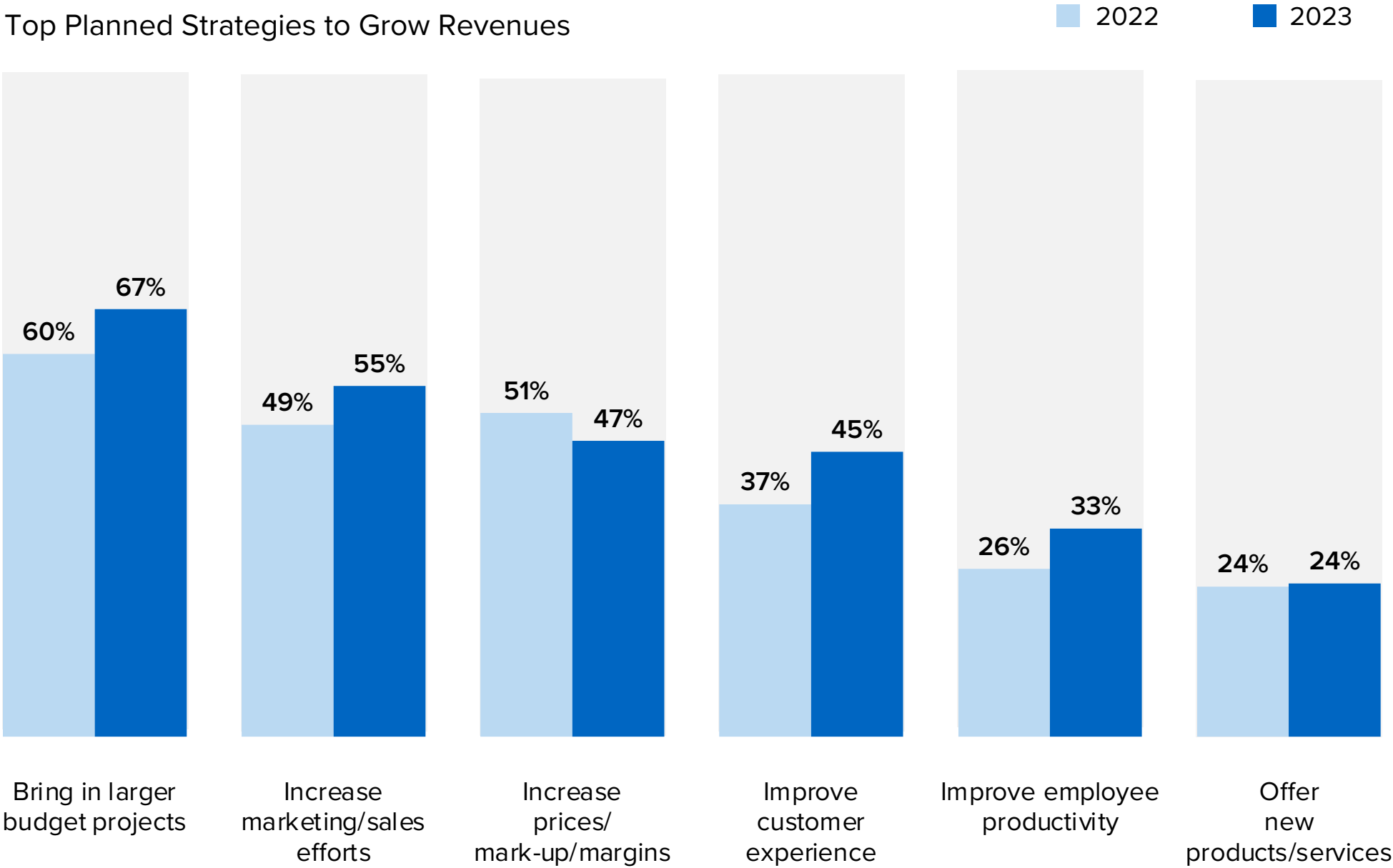
Expected Increase in 2023 Profits (Net Income)

Architect	36%
Interior Designer	62%
Design and build firm	67%

Top Growth Strategies in 2023

Charts shows the percentage of surveyed businesses on Houzz UK reporting planned strategies to grow revenue in 2023 (vs. 2022).

Top Planned Strategies to Grow Revenues



Top Two Planned Strategies to Grow Revenues in 2023

Architect

- 1 Bring in larger budget projects **70%**
- 2 Improve employee productivity **60%**

Interior Designer

- 1 Increase marketing/sales efforts **76%**
- 2 Bring in larger budget projects **71%**

Design and build firm

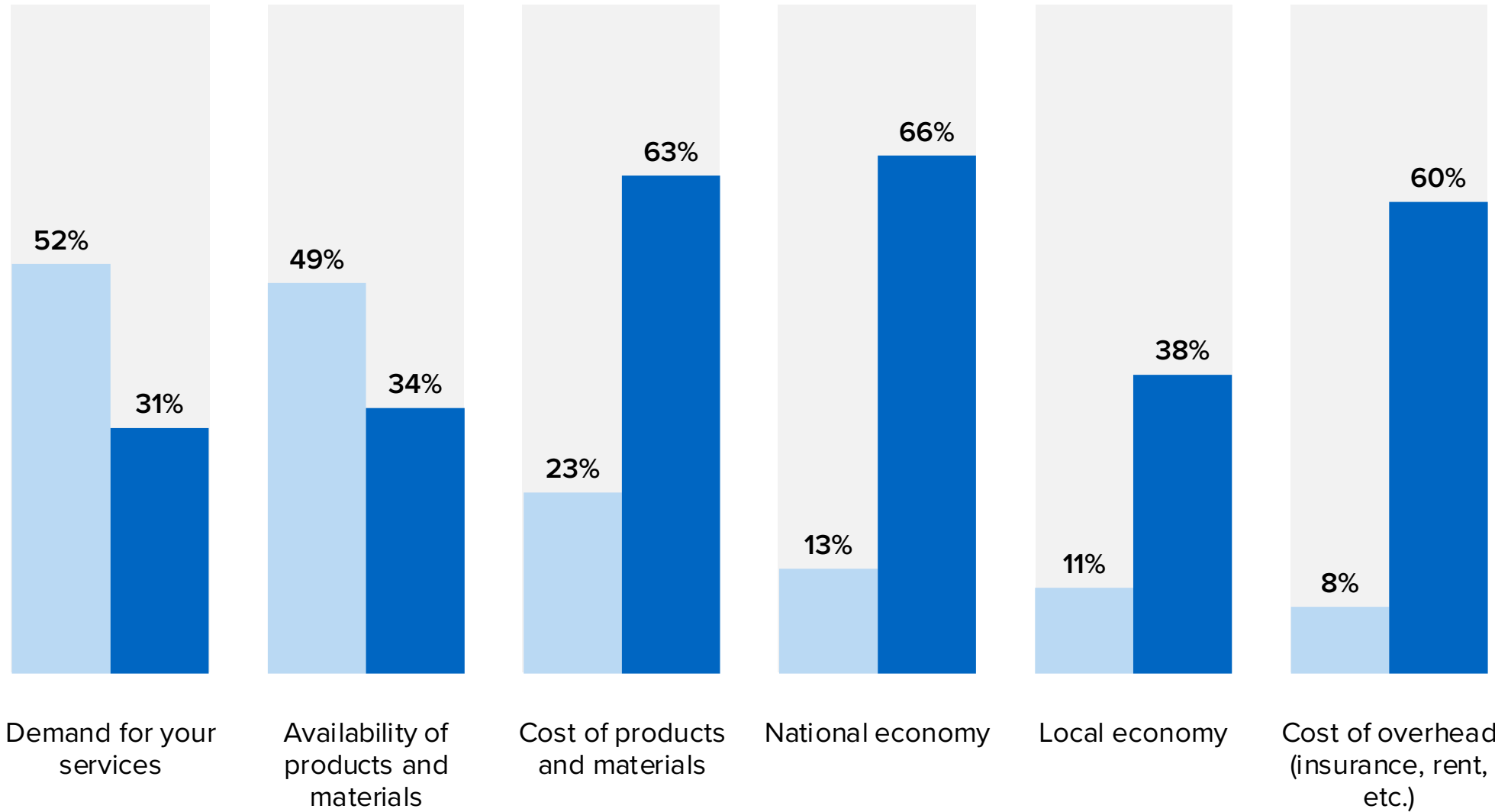
- 1 Increase prices/mark-up/margins **88%**
- 2 Increase marketing/sales efforts **88%**

Top Improvements and Problems in 2023

Charts shows the percentage of surveyed businesses on Houzz UK reporting on expected improvements and problems in 2023.

Top Expected Improvements and Problems

■ Improve ■ Worsen



2023 Top Improvements and Problems

Architect

- Demand for your services **53%**
- National economy **75%**

Interior Designer

- Demand for your services **56%**
- National economy **58%**

Design and build firm

- Demand for your services **73%**
- National economy **75%**

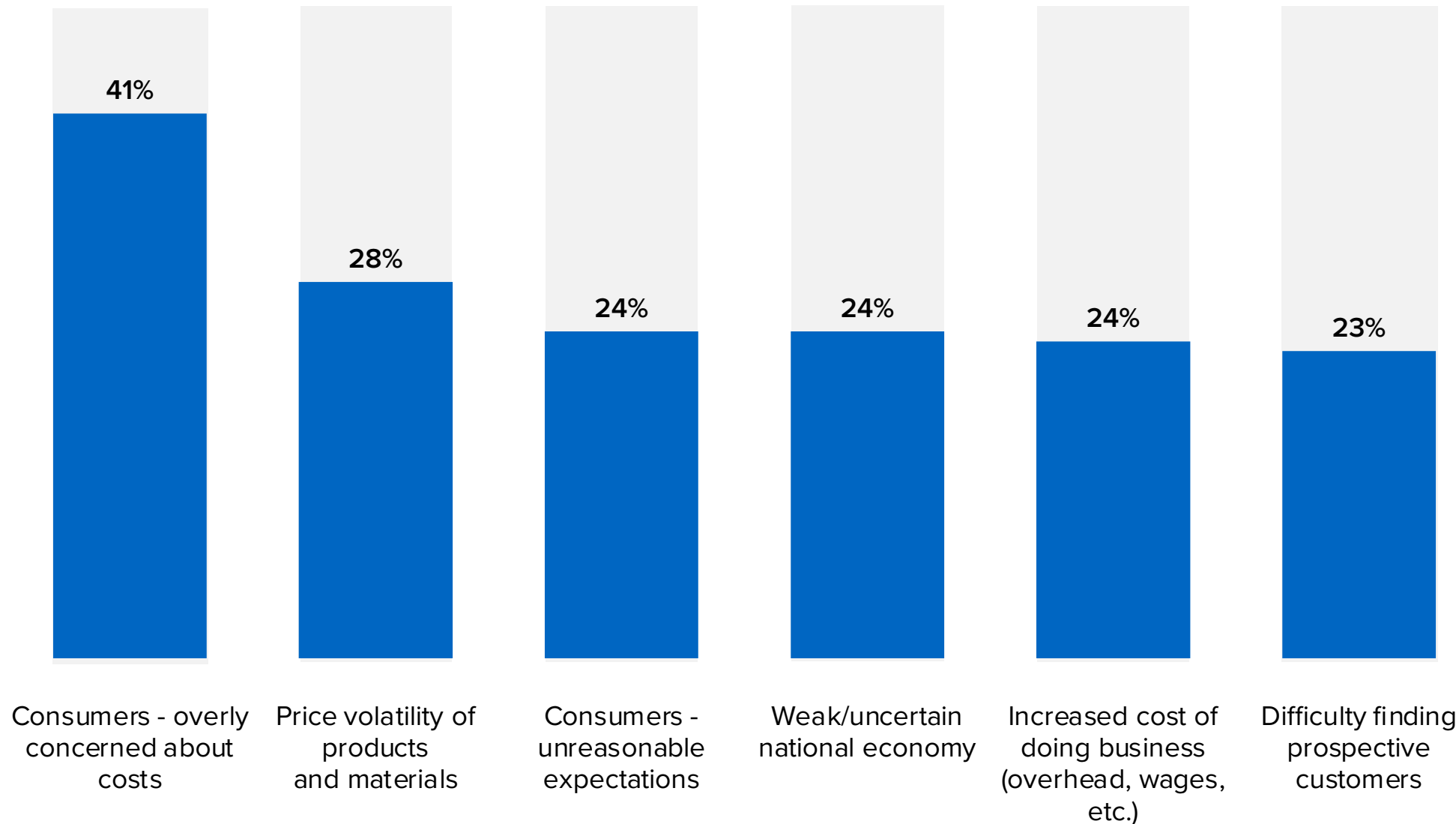
2022 in Focus



Top Business Challenges in 2022

Charts shows the percentage of surveyed businesses on Houzz UK reporting challenges in 2022.

Top Challenges Affecting Business



2022 Top Two Challenges

Architect

- 1 Consumers - overly concerned about costs **51%**
- 2 Consumers - unreasonable expectations **35%**

Interior Designer

- 1 Consumers - unreasonable expectations **32%**
- 2 Consumers - overly concerned about costs **29%**

Design and build firm

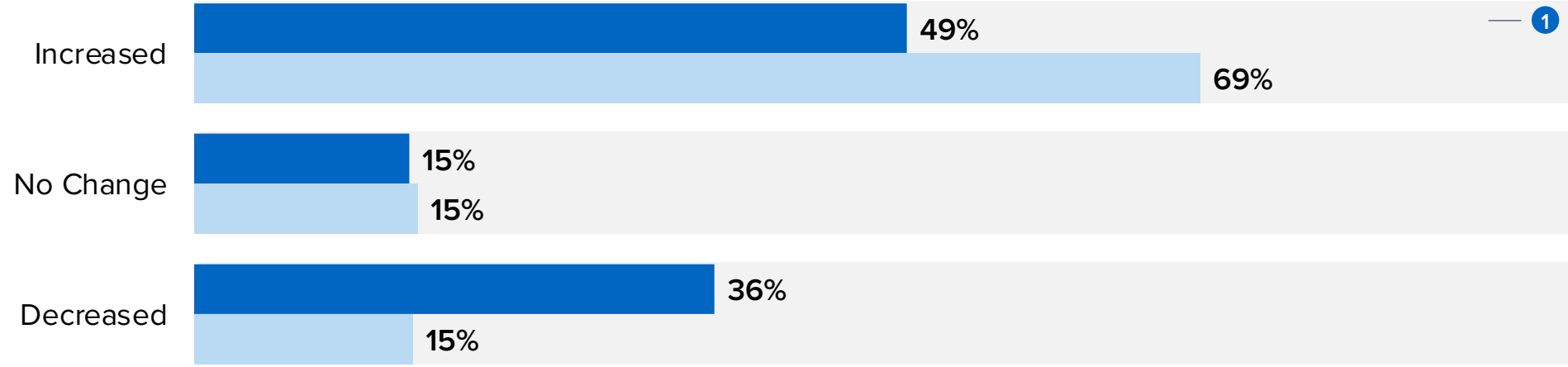
- 1 Consumers - overly concerned about costs **54%**
- 2 Increased cost of doing business (overhead, wages, etc.) **38%**

Revenues & Profits in 2022

Charts show the percentage of surveyed businesses on Houzz UK reporting performance in 2022 (vs. 2021).

Gross Revenues

2021 2022

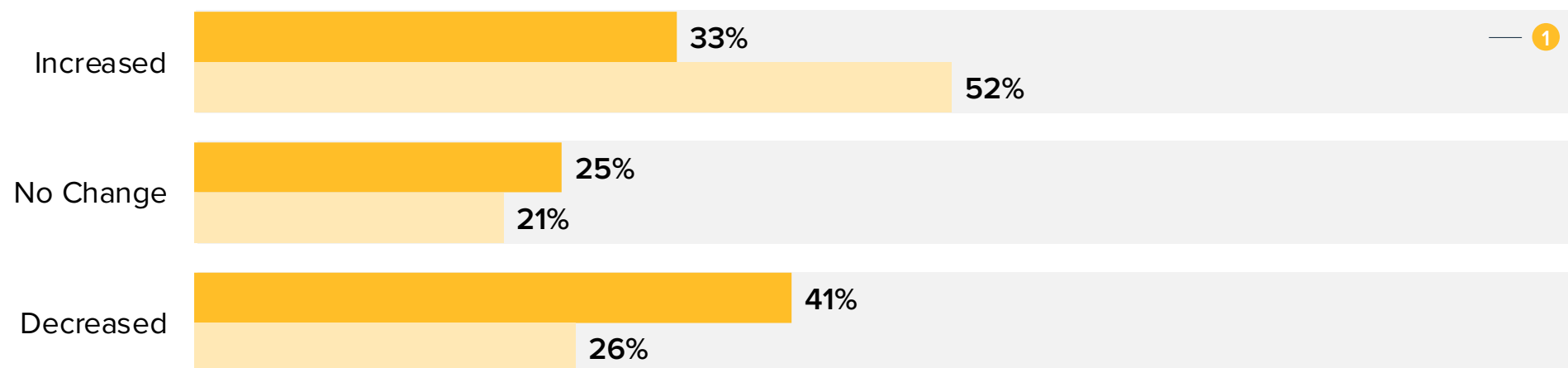


1 Increase in 2022 Gross Revenues

Architect	46%
Interior Designer	54%
Design and build firm	58%

Gross Profits

2021 2022



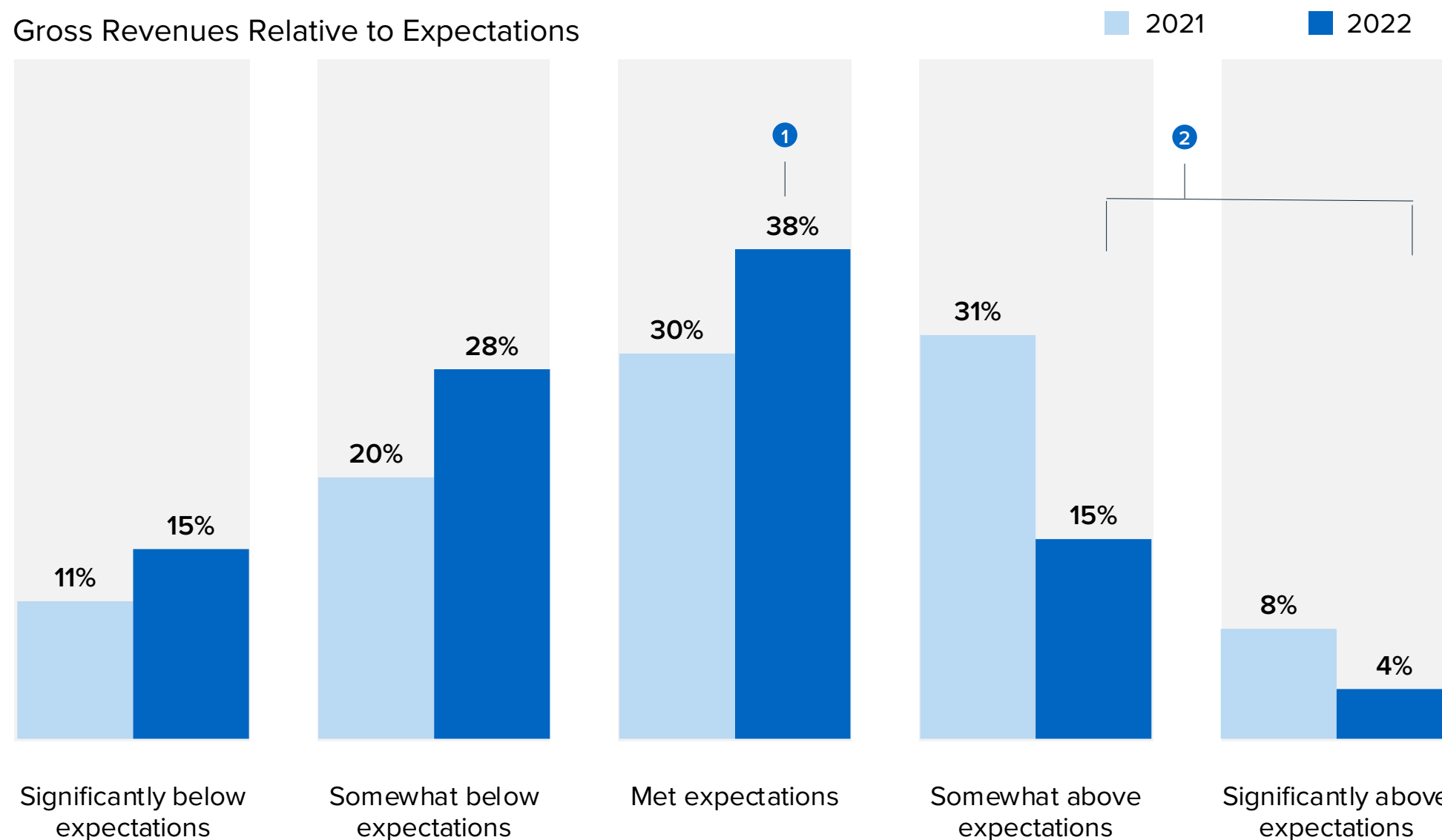
1 Increase in 2022 Profits

Architect	32%
Interior Designer	33%
Design and build firm	27%

2022 Comparison to the Initial Expectations

Charts shows the percentage of surveyed businesses on Houzz UK reporting how 2022 business performance compared to the initial expectations for 2022 (vs. 2021).

Gross Revenues Relative to Expectations



2022 Comparison to the Initial Expectations

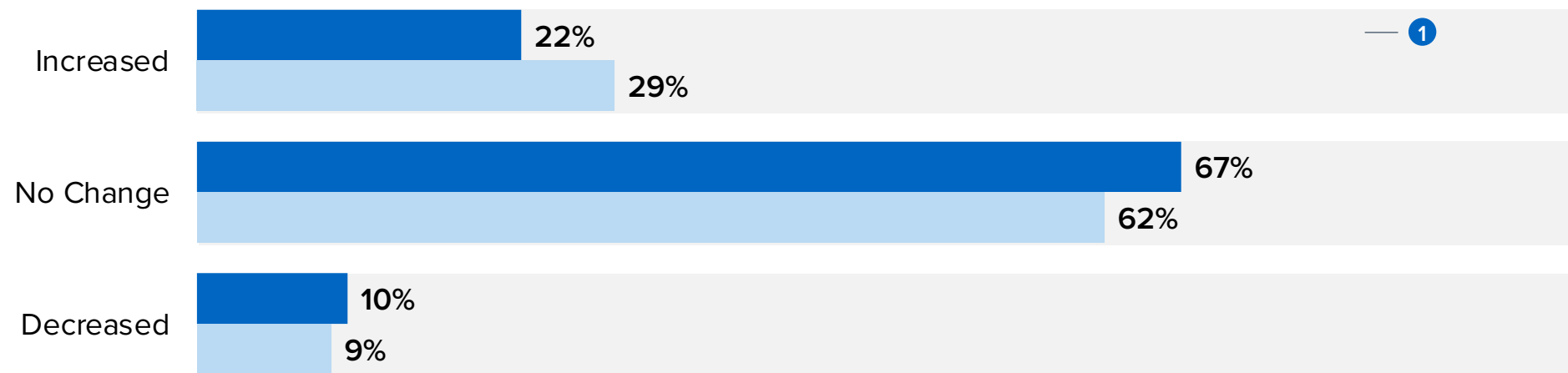
Architect	
① Met expectations	32%
② Above expectations	16%
Interior Designer	
① Met expectations	37%
② Above expectations	19%
Design and build firm	
① Met expectations	38%
② Above expectations	31%

Staffing & Business Costs in 2022

Charts show the percentage of surveyed businesses on Houzz UK reporting performance in 2022 (vs. 2021).

Number of Employees

2021 2022



1 Increase in Number of Employees in 2022

Architect	20%
Interior designer	20%
Design and build firm	46%

Cost of Doing Business

2021 2022



1 Increase in Cost of Doing Business in 2022

Architect	63%
Interior designer	85%
Design and build firm	92%

Description of Businesses

The percentage of surveyed* businesses on Houzz UK with the specific characteristics in 2022

Share of Businesses by 2022 Business Characteristics

More Than £100,000 In Gross Revenues **44%**

One Or More Employees **66%**

Ten Or More Years In Business **56%**

Sole Owner Responding To Survey **67%**

*The survey was sent to businesses with profiles on Houzz UK and fielded between 12 December, 2022 – 24 January 2023. N=136. Business groups were defined based on services that contributed to the largest share of business gross revenues in 2022, as identified by respondents in the survey.

