

2015



HOUZZ & HOME - AUSTRALIA

August 2015



Overview of AU Renovation, Custom
Building & Decorating in 2014

Big Ideas

- Over 75% of homeowners on Houzz Australia renovated their homes in 2014 or have plans to renovate in 2015
- Elective projects drove renovation activity in 2014 rather than essential upgrades
- Finally having the financial means and customising a recently purchased home were top reasons for renovating in 2014
- The vast majority of homeowners leverage savings or personal finances to pay for renovations.
- 50% of all mature-age households are planning to stay in their home indefinitely, with the majority of their kitchen and bathroom renovations including changes to accommodate ageing
- Australian renovators were more focused on outdoor renovation than US renovators in 2014

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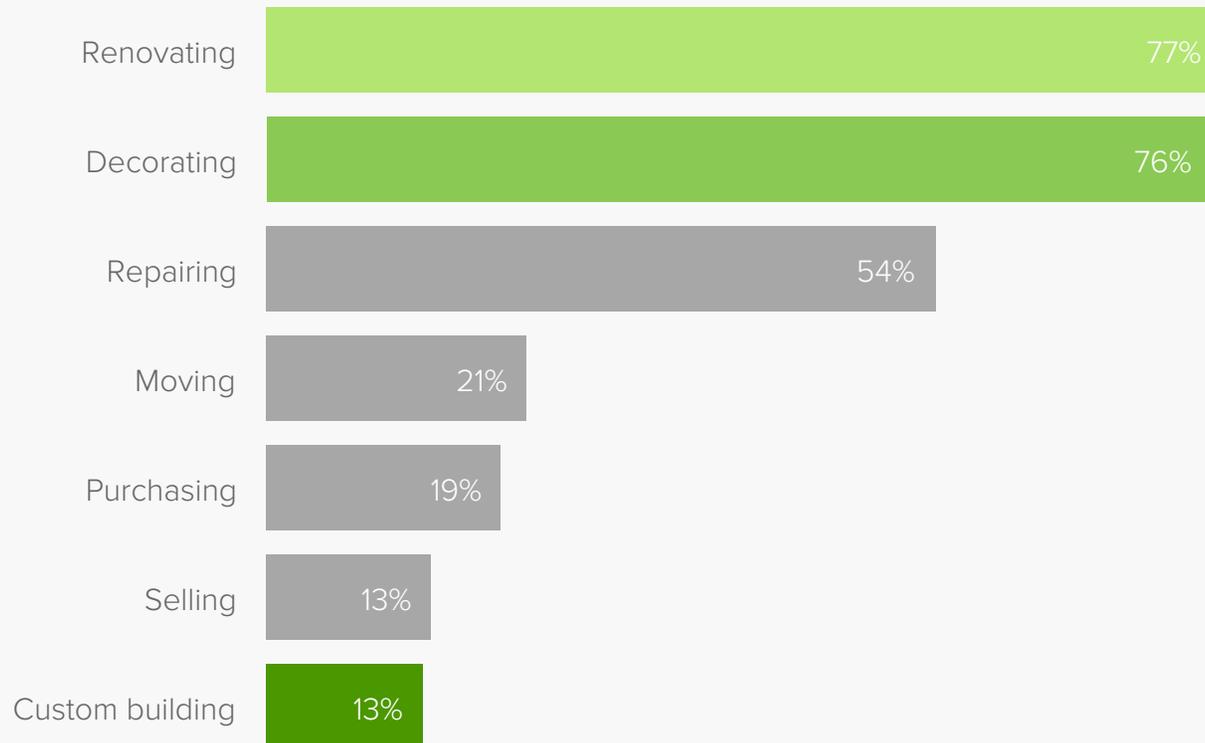
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Houzzers Are Active Renovators



Home renovation and decorating activities trump purchasing or selling a home. Over three in four homeowners on Houzz renovated their homes in 2014 and/or had plans to do so in 2015. Decorating is just as popular. One in eight homeowners was building and/or had plans to build a custom home in 2014 and/or 2015, respectively.

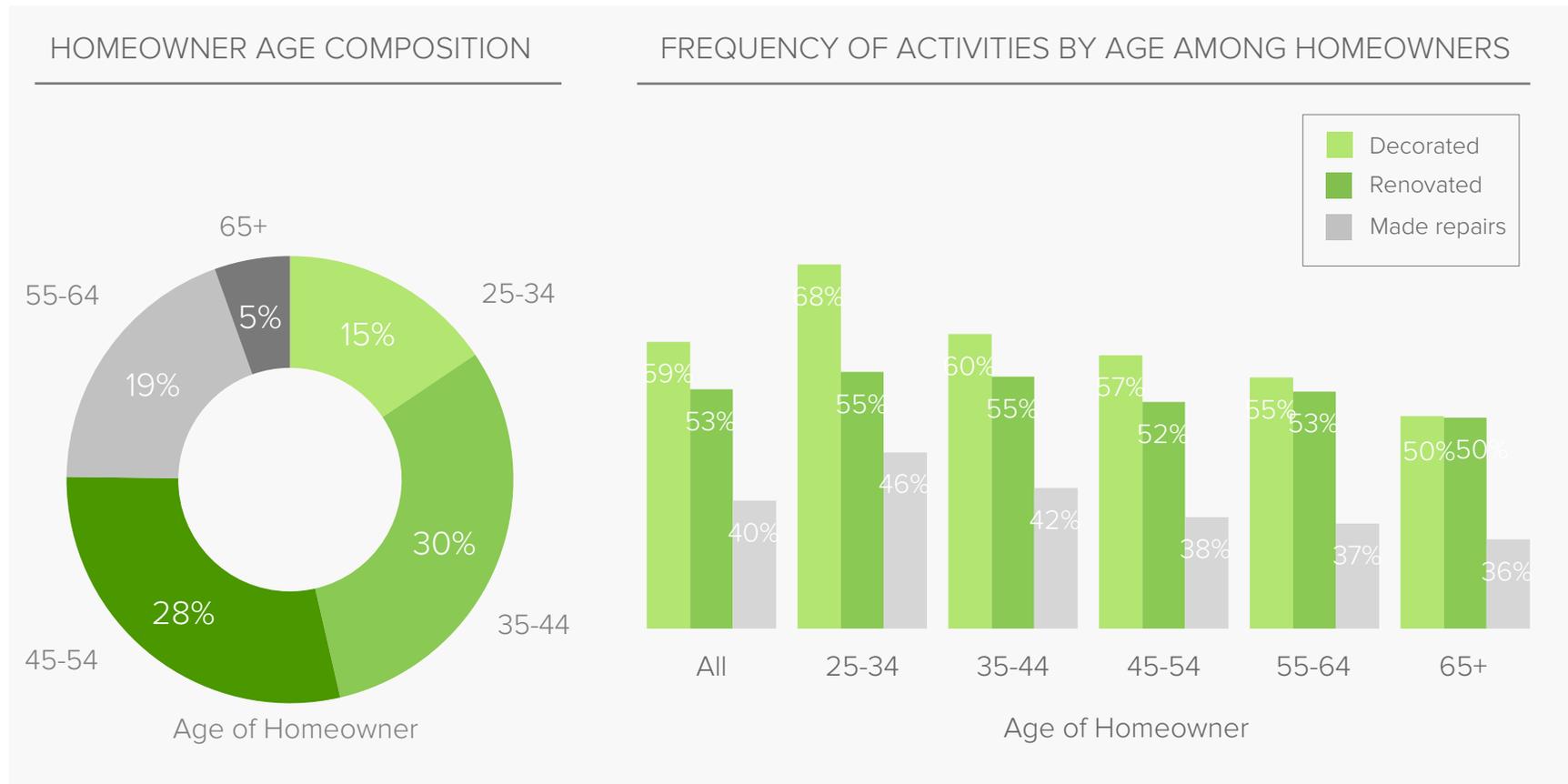
FREQUENCY OF HOME-RELATED ACTIVITIES IN 2014/PLANNED FOR 2015 AMONG HOMEOWNERS



2014 IN FOCUS: RENOVATIONS

Millennial Homeowners — Young and Restless

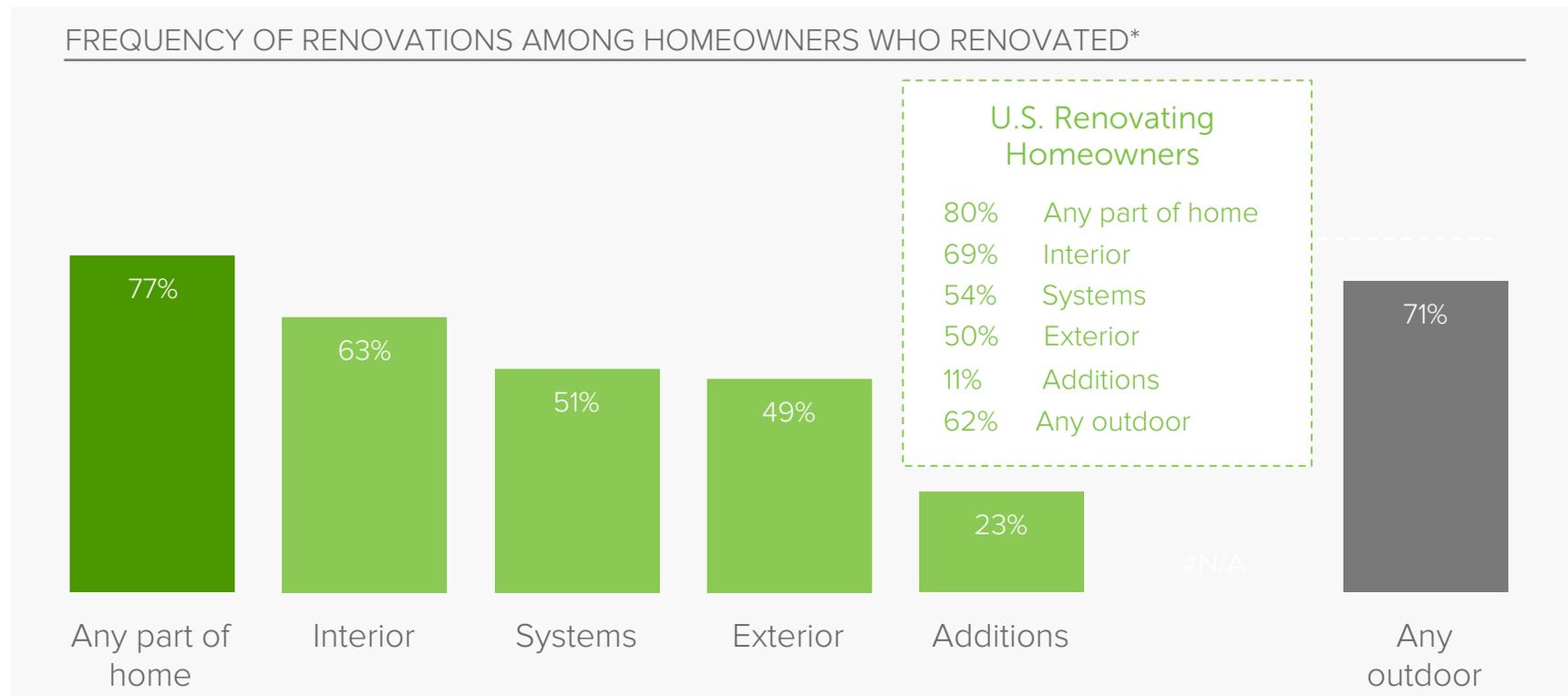
About one in seven homeowners surveyed is 25-34 years old and over half of these Millennial homeowners (25-34) renovated their homes in 2014. Yet, relatively more of them decorated their homes and made minor repairs in 2014, compared to Baby Boomer homeowners (55+).



A Diversity of Renovation Projects



Homeowners on Houzz are actively renovating all parts of their homes. Three quarters of homeowners who renovated in 2014 made upgrades to the main home structure (77%) and a similar share made upgrades to their outdoor spaces or structures (71%). Renovating homeowners in Australia were more focused on outdoor projects (71%) and interior additions (62%) when compared to those in the U.S. (62% and 11%, respectively).



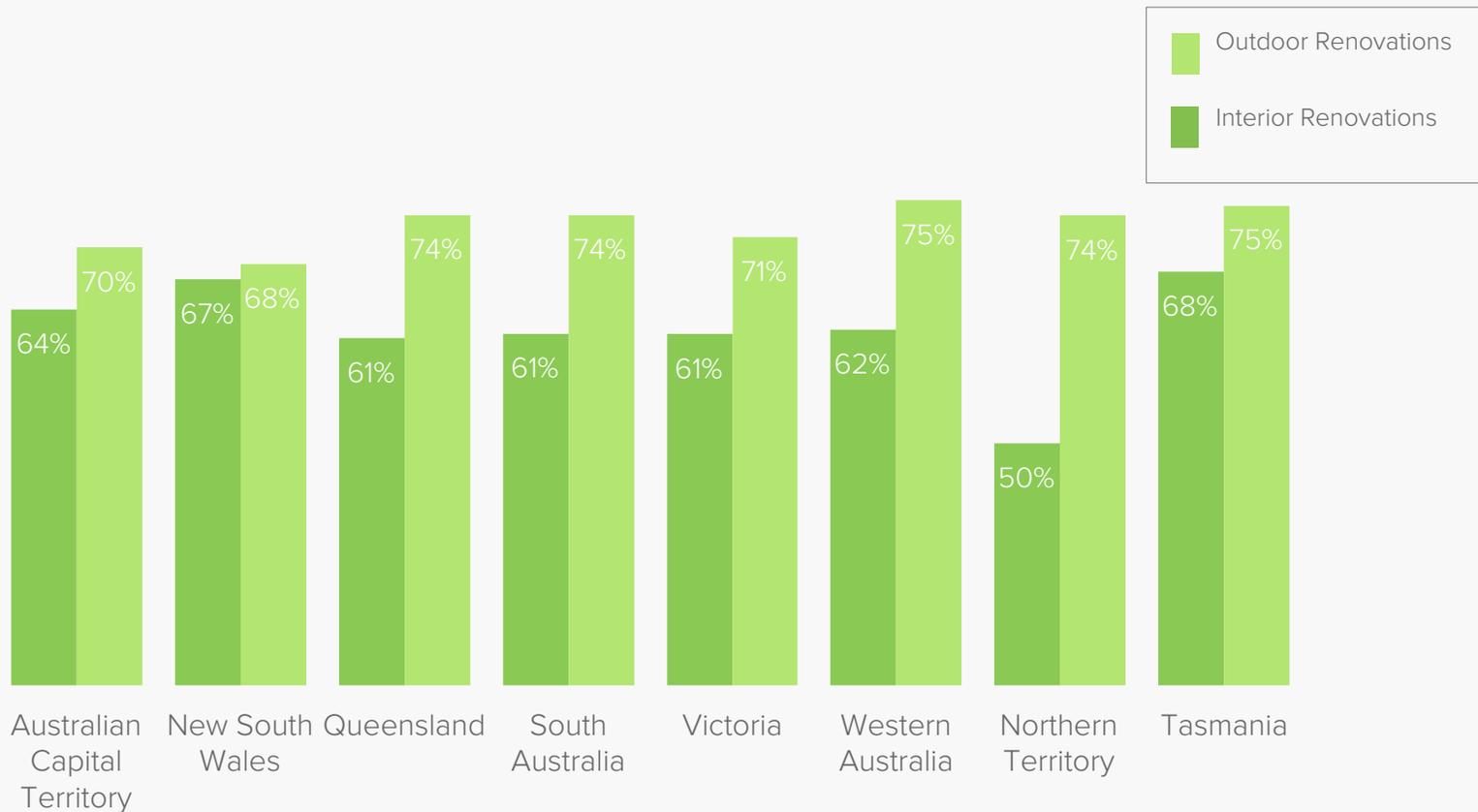
*Home renovations include 'interior', 'systems', and 'exterior', which refer to renovations/upgrades of interior spaces (e.g., kitchens), home systems, and home exteriors (e.g., roofing) within the existing home footprint, respectively. They also include 'additions', which refers to additions/expansions of the home footprint (e.g., kitchen addition). Outdoor renovations include upgrades of grounds and systems (e.g., landscape, irrigation) and additions/upgrades of outdoor structures (e.g., shed, pool).

Outdoor Renovations Consistently Popular



Renovating homeowners focus on outdoor projects to a similar extent across all regions. In contrast, the focus on interior renovations varies widely by region. The renovating homeowners in New South Wales are most active with interior renovations (67%), while those in the Northern Territory are least active (50%).

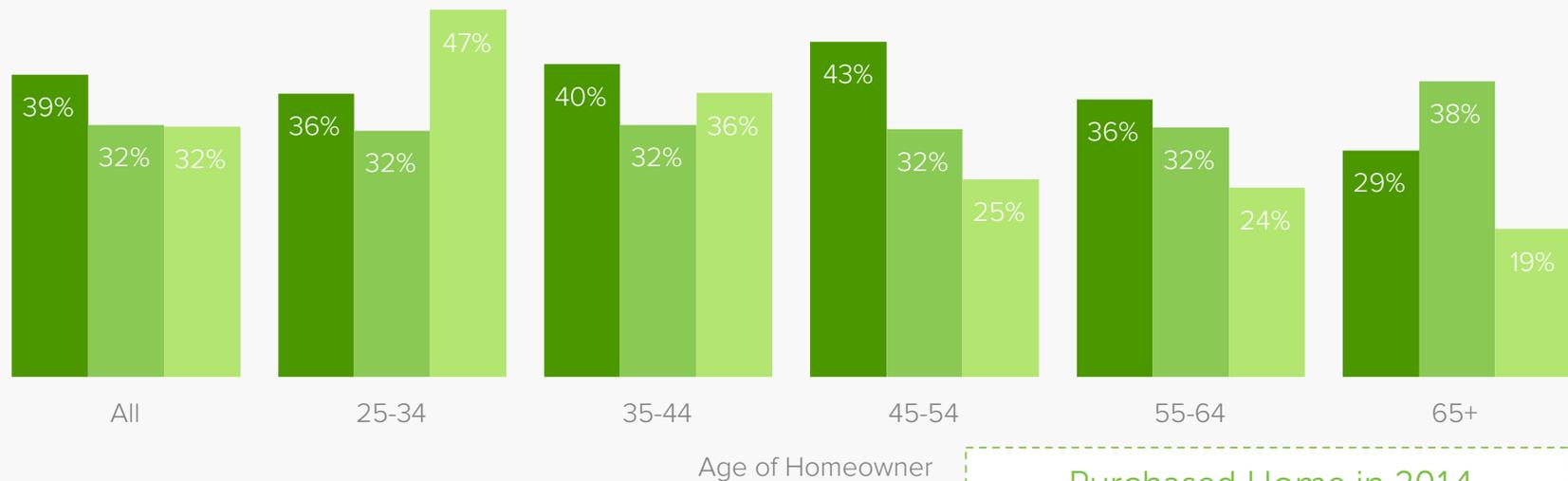
INTERIOR AND OUTDOOR RENOVATION BY REGION AMONG HOMEOWNERS WHO RENOVATED



Money, Time & Home Purchases Drive Renovations

The top reasons for choosing to renovate in 2014 relate to money, time, and a recently purchased home. Older Gen Xs (45-54) and younger Baby Boomers (55-64) finally have the money and time required to renovate, while recent home purchases drive Millennials (25-34). Other triggers, such as recent deterioration or life events, are drivers for less than 25% of homeowners.*

FREQUENCY OF TOP RENOVATION TRIGGERS BY AGE AMONG HOMEOWNERS WHO RENOVATED



- Wanted to do it all along and finally had the financial means
- Wanted to do it all along and finally had the time
- Purchased home recently and wanted to customise it

Purchased Home in 2014

30%	Millennials (25-34)
16%	Younger Gen Xs (35-44)
10-12%	Other (45+)

*See page 37 for a supplementary table on renovation triggers.

Divided on Healthy, Green & Smart Homes



Design and functionality continue to drive renovation choices. While resale value, energy efficiency and costs are of secondary importance to most homeowners, very few consider them unimportant. In contrast, homeowners are divided on healthy, green, and smart home integrations, with 18%-36% rating them as very to extremely important and 12%-32% considering them not at all important.

IMPORTANCE OF RENOVATION CONSIDERATIONS AMONG HOMEOWNERS WHO RENOVATED

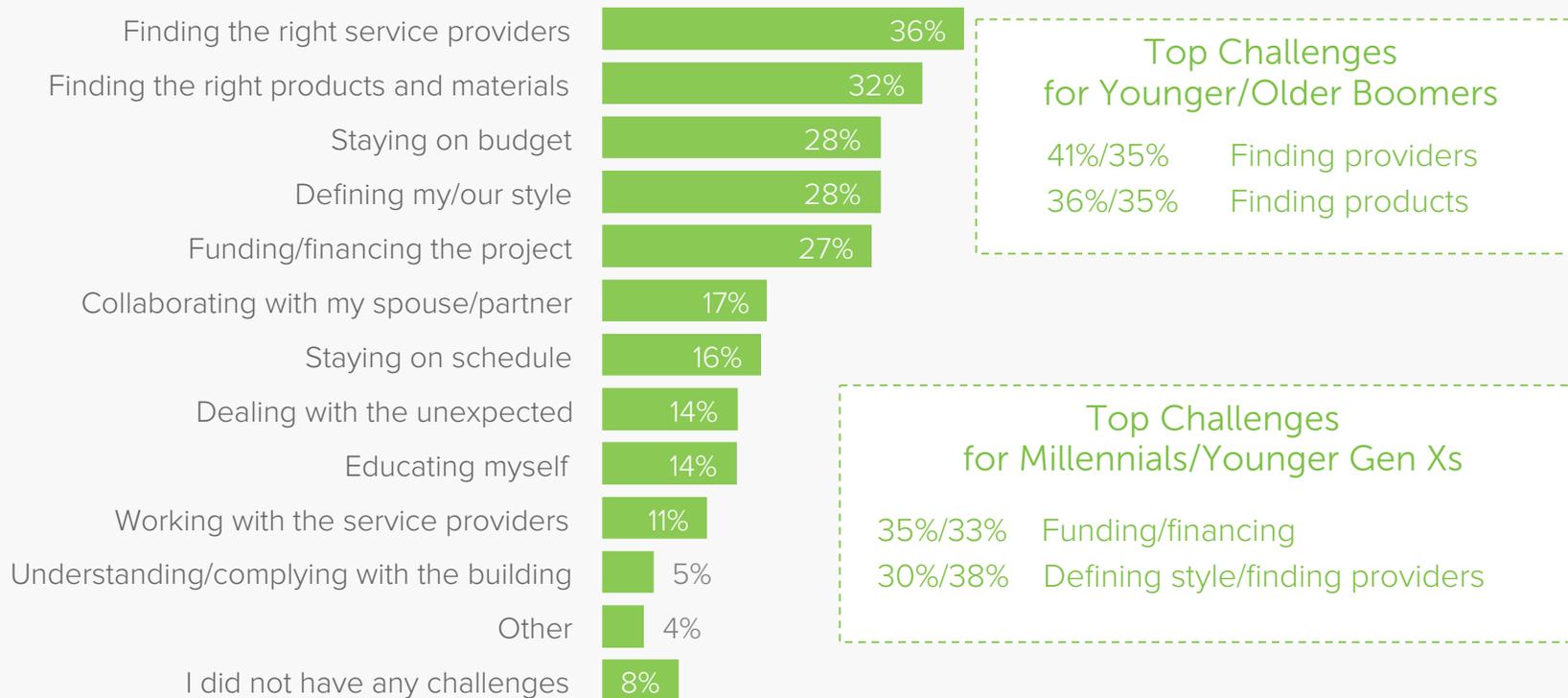
	Average Importance Rating	Very/Extremely Important	Not at All Important
Improving design/look & feel	9	89%	0%
Improving functionality	8.8	85%	1%
Increasing resale value	7.9	67%	6%
Improving energy efficiency	7.6	60%	5%
Minimising costs	7.5	55%	4%
Integrating green/sustainable materials	6.4	36%	12%
Preventing or addressing health concerns	6.1	39%	23%
Integrating smart technology	4.9	18%	32%

Top Challenges Vary by Age



Finding providers and products are the top two challenges during renovations for a third of homeowners (36% and 32%, respectively). As age increases, finding the right service providers and products grows in difficulty, while funding the project is the most common challenge facing the younger generations.

FREQUENCY OF TOP RENOVATION CHALLENGES AMONG HOMEOWNERS WHO RENOVATED

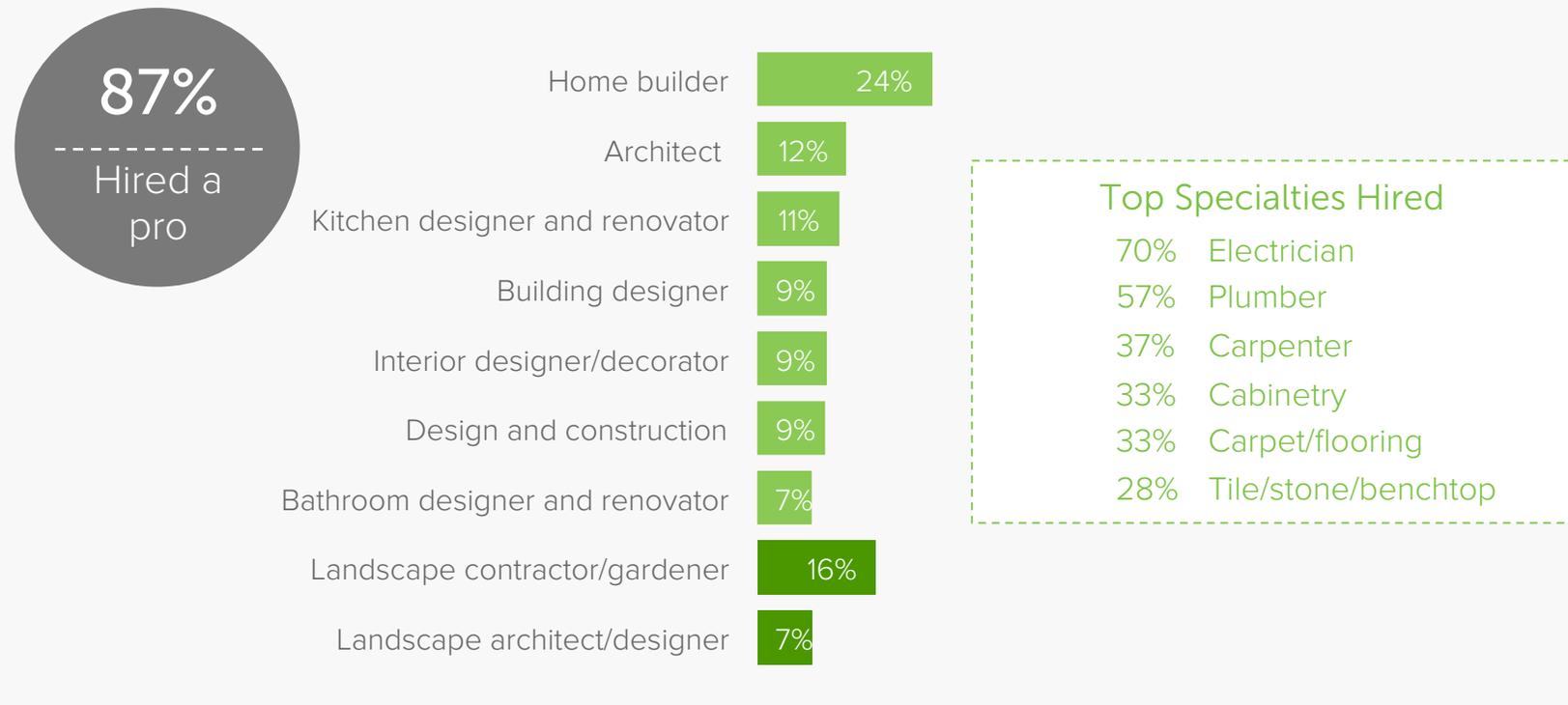


Professionals in High Demand



Nine in 10 homeowners renovated their homes with professional help in 2014 (87%). The majority hired an electrician (70%) and more than half also hired a plumber (57%). Architects (12%) were among the most frequently hired design specialists, while a quarter of renovating homeowners sought the help of a home builder (24%).

FREQUENCY OF HIRED PROFESSIONALS AMONG HOMEOWNERS WHO RENOVATED WITH PRO HELP

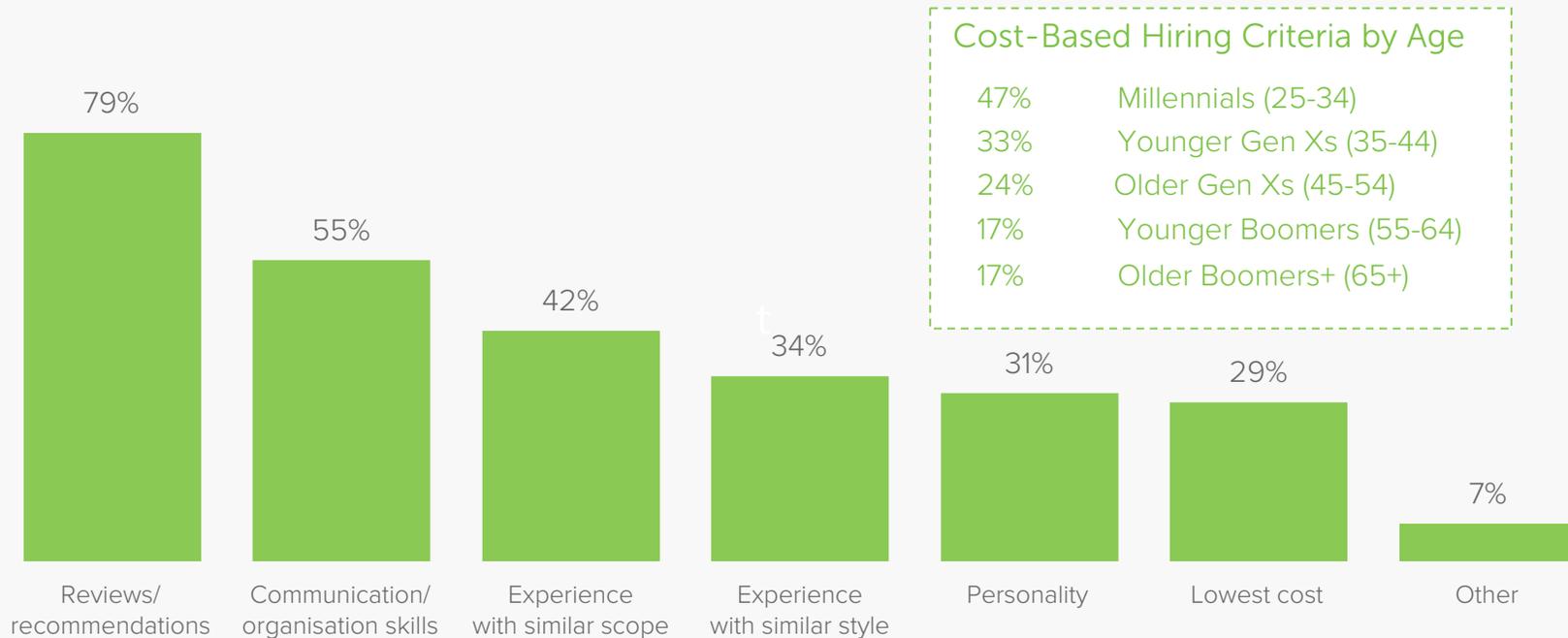


Reviews Drive Hiring Decisions



Good reviews or recommendations are the most important factor when choosing a service provider (79%), followed by good communication/organisation skills (55%) and experience with projects of similar scope (42%). While Millennial homeowners generally align with other generations on hiring criteria, they are almost three times more likely than younger Baby Boomers (55-64) to base hiring on the lowest cost bid.

FREQUENCY OF TOP HIRING CRITERIA AMONG HOMEOWNERS WHO RENOVATED WITH PRO HELP

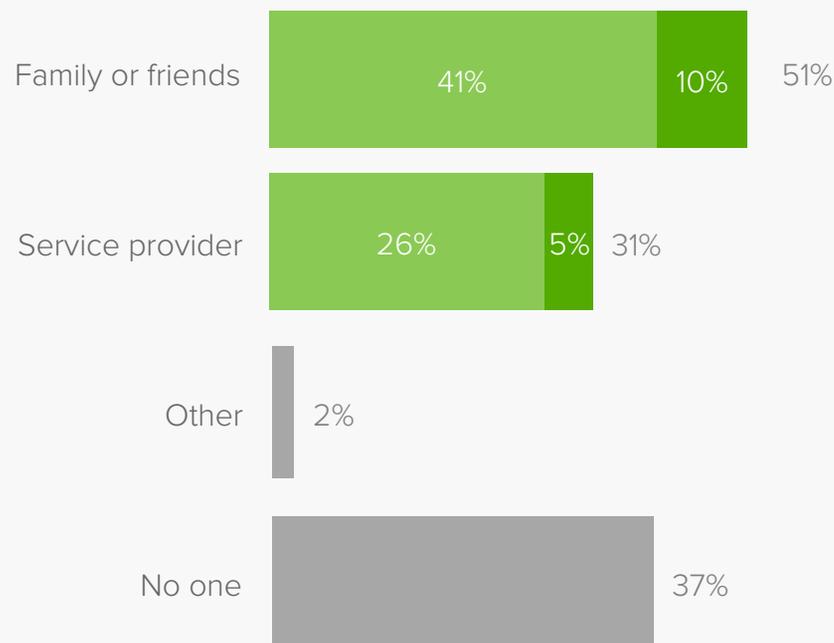


Many Rely on Pro Advice

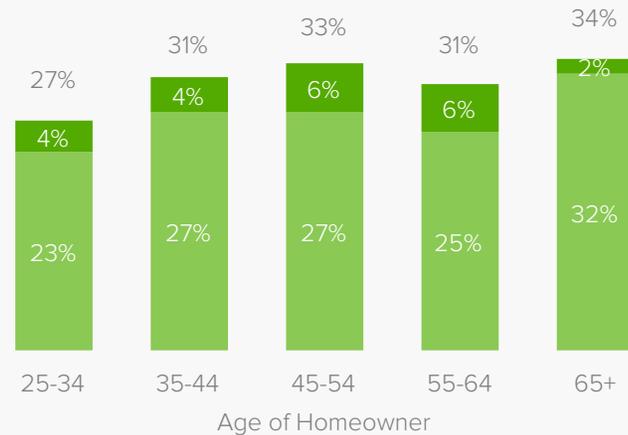


A third of homeowners who hired professional help during renovations cite their service providers as having significant or moderate influence on their decision making. Family and friends are another large source of influence for half of homeowners. Relying on the advice of professionals when making renovation decisions stays fairly steady with age.

FREQUENCY OF RENOVATION INFLUENCERS AMONG HOMEOWNERS WHO RENOVATED WITH PRO HELP



Service Provider Influence by Age

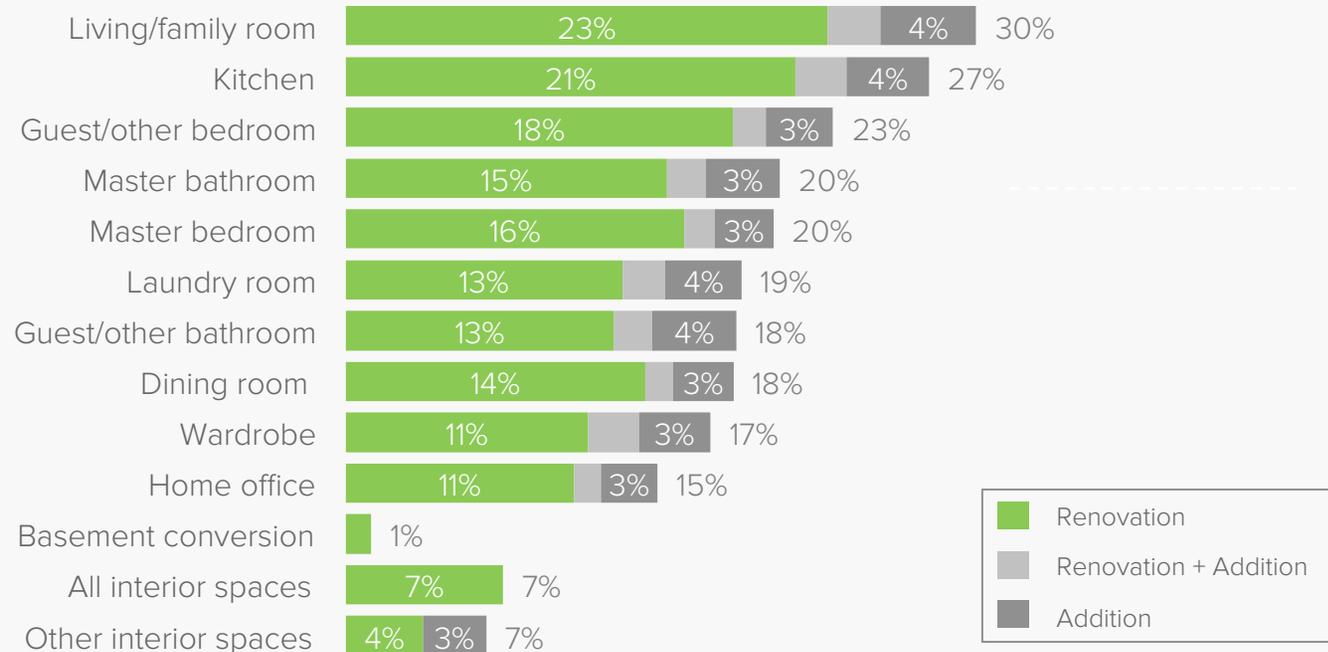


Renovating Core Living Spaces



Living/family rooms, kitchen and guest/other bedrooms top the list of interior renovations for 2014. Over one in 20 renovated the entire interior of the home.

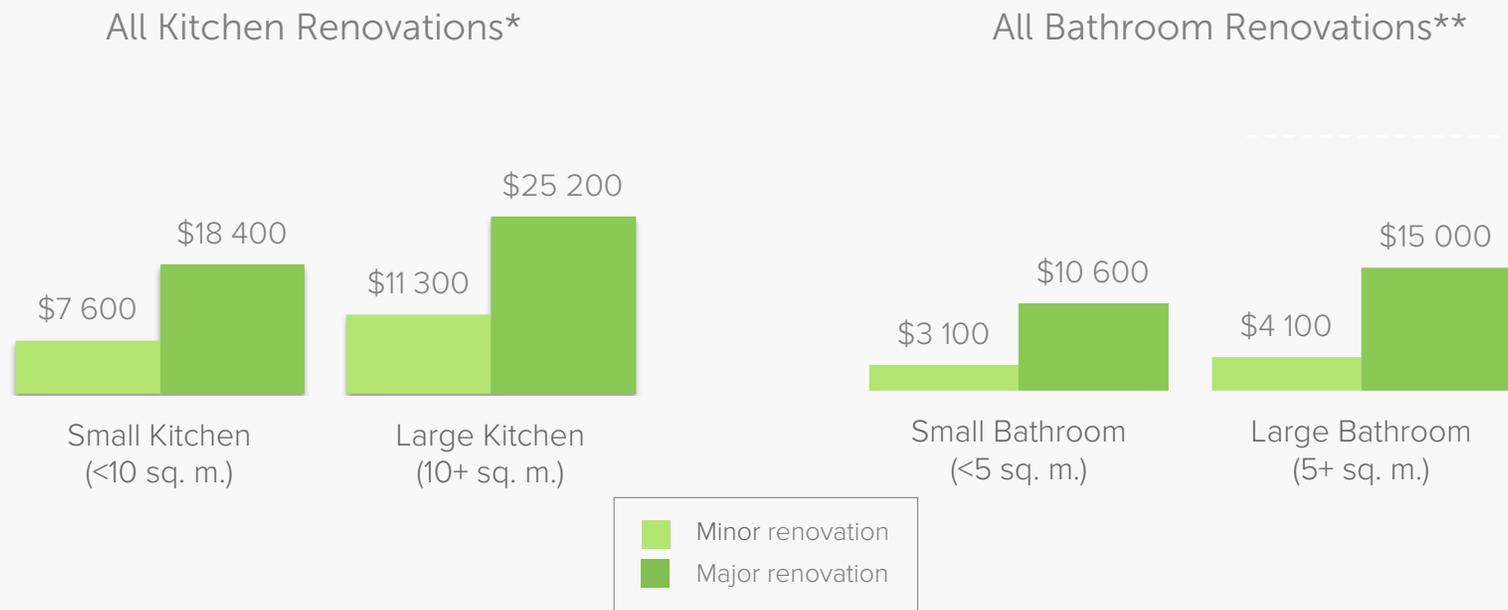
FREQUENCY OF TOP INTERIOR RENOVATIONS/ADDITIONS AMONG HOMEOWNERS WHO RENOVATED



Scope Drives Kitchen & Bath Renovation Costs

Kitchen renovations tend to cost about twice as much as bathroom renovations. Major kitchen renovations* run on an average of \$18 400 for a smaller kitchen and \$25 200 for a larger kitchen. Major bathroom renovations** run on an average of \$3 100 for a smaller bathroom and \$15 000 for a larger bathroom.

AVERAGE SPEND (AUD) BY RENOVATION SCOPE AMONG HOMEOWNERS WHO RENOVATED



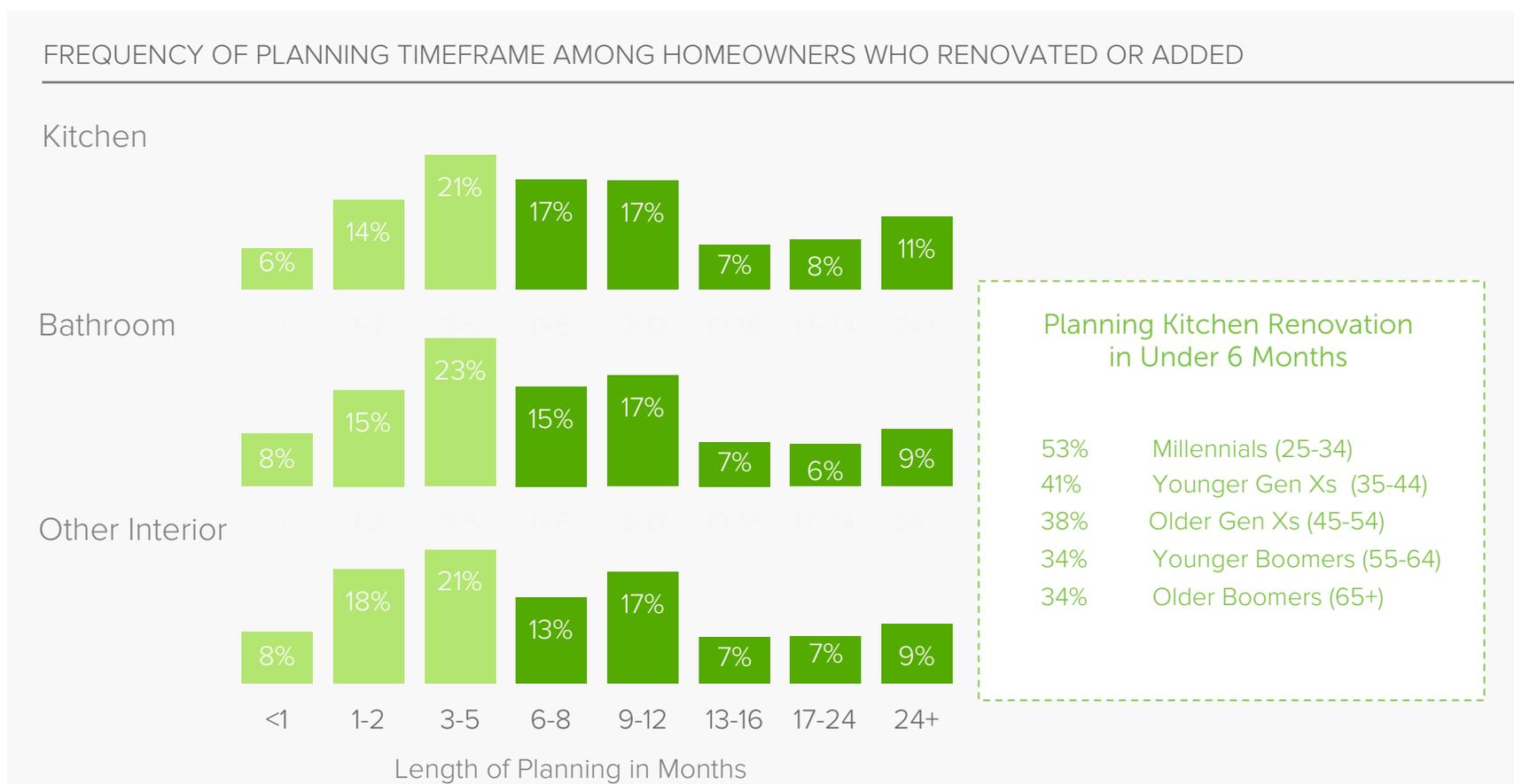
*Major kitchen renovation refers to a renovation where at least all the cabinets and appliances are replaced; minor kitchen renovation includes all other renovations. Kitchen renovations do not include any additions that increase the overall home footprint.

**Major bathroom renovation refers to a renovation where at least the cabinetry/vanity and toilet are replaced; minor bathroom renovation includes all other renovations. Bathroom renovations do not include any additions that increase the overall home footprint.

6+ Months Just Planning



More than half of homeowners upgrading their kitchens, bathrooms and other interiors take six months or longer from the initial gathering of ideas to the start of construction (60%, 54% and 53%). Furthermore, one in 10 of those renovating a kitchen experience a planning cycle longer than 24 months long. As homeowners get older, the length of the planning cycle generally increases for all types of interior upgrades.

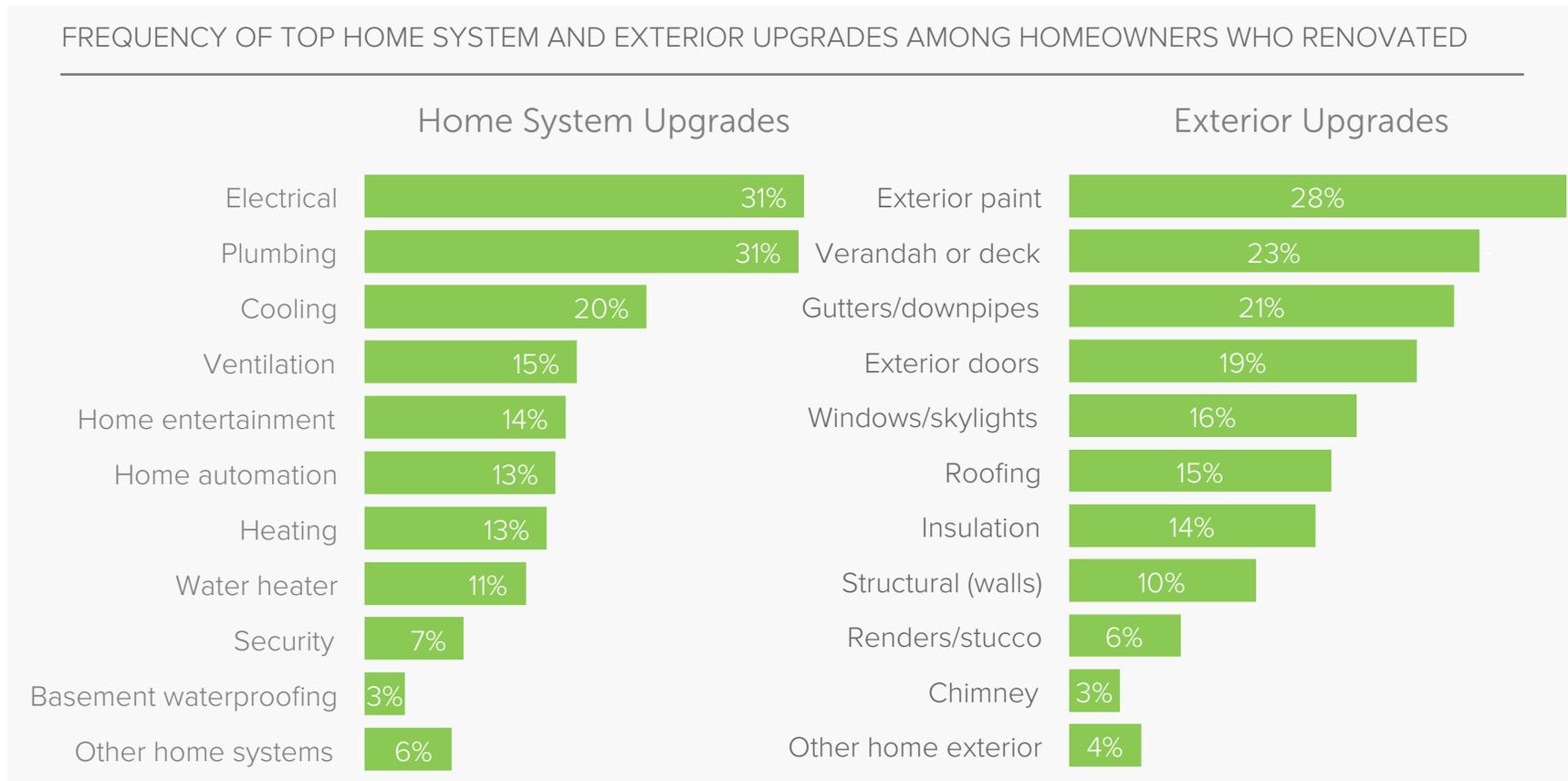


Elective Renovations Exceed Essentials



The frequency of interior renovations, which are typically discretionary in nature, exceeds that of many required replacement projects. Homeowners are nearly twice as likely to renovate or extend their kitchen (27%) than upgrade their roofing (15%). Upgrades to home automation systems (related to thermostats, electronics, lights, etc.) are just as common as home media upgrades.

FREQUENCY OF TOP HOME SYSTEM AND EXTERIOR UPGRADES AMONG HOMEOWNERS WHO RENOVATED



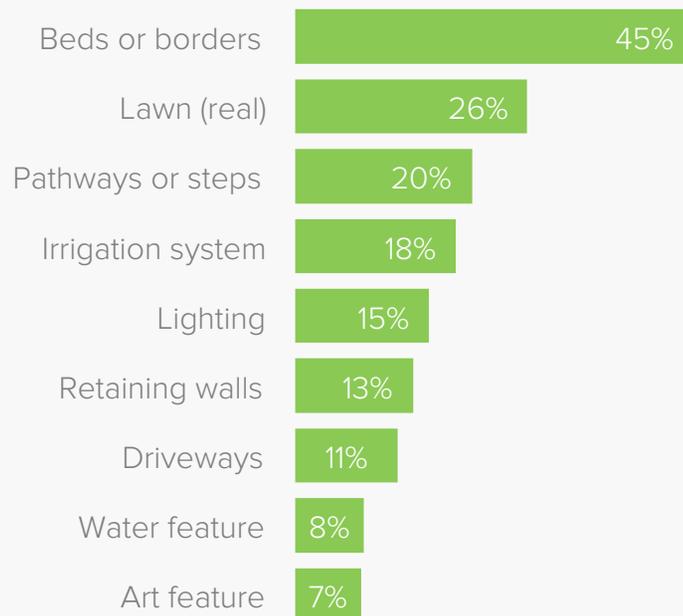
Backyard Luxuries



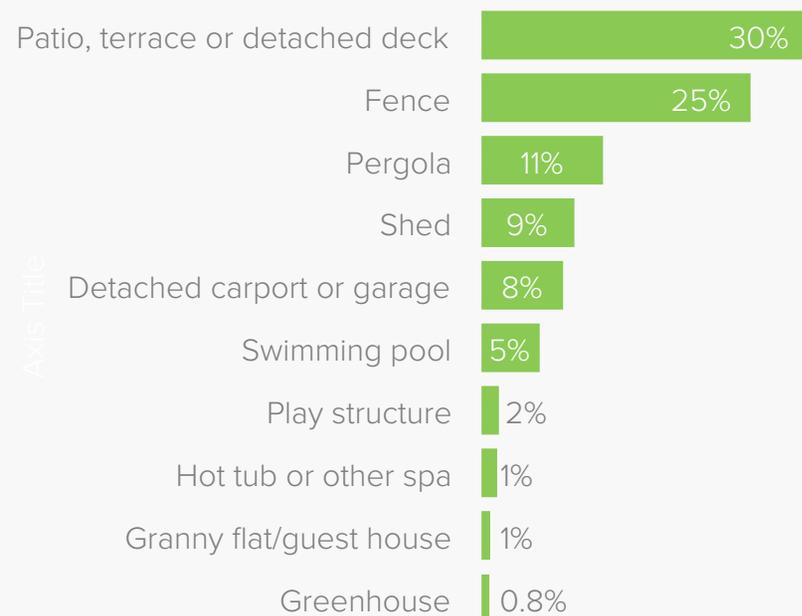
Landscaping of garden beds or borders is the most common outdoor project, tackled by almost half of homeowners. A quarter upgrade their natural lawn, and one in five upgrades their pathways or steps. The most common upgrades to outdoor structures include patios/terraces, fences, and pergolas.

FREQUENCY OF TOP OUTDOOR UPGRADES AMONG HOMEOWNERS WHO RENOVATED

Grounds Upgrades



Outdoor Structures Upgrades

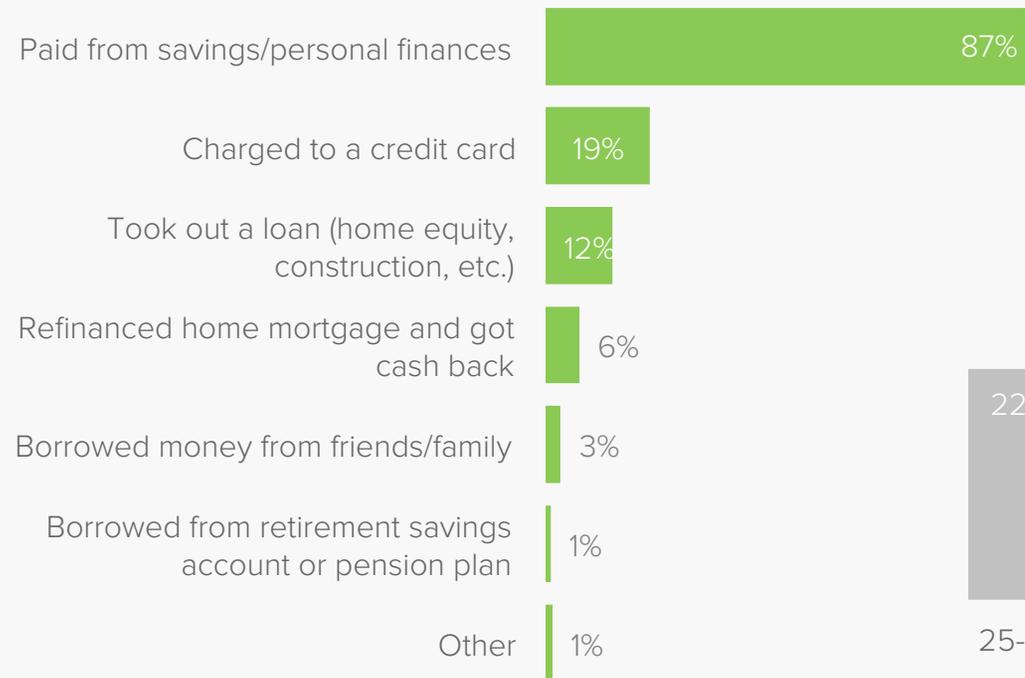


Primarily Cash and Credit

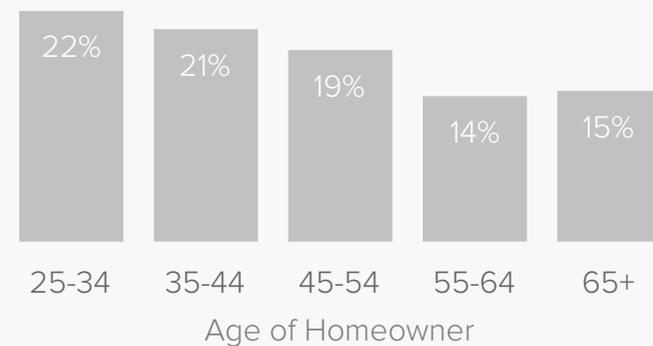


The majority of homeowners leverage personal savings to fund renovations. One in five charge expenses to a credit card, while over one in ten take out some type of a loan. Millennial homeowners turn to credit more frequently than other generations.

FREQUENCY OF PAYMENT METHODS AMONG HOMEOWNERS WHO RENOVATED



Credit Card Usage by Age

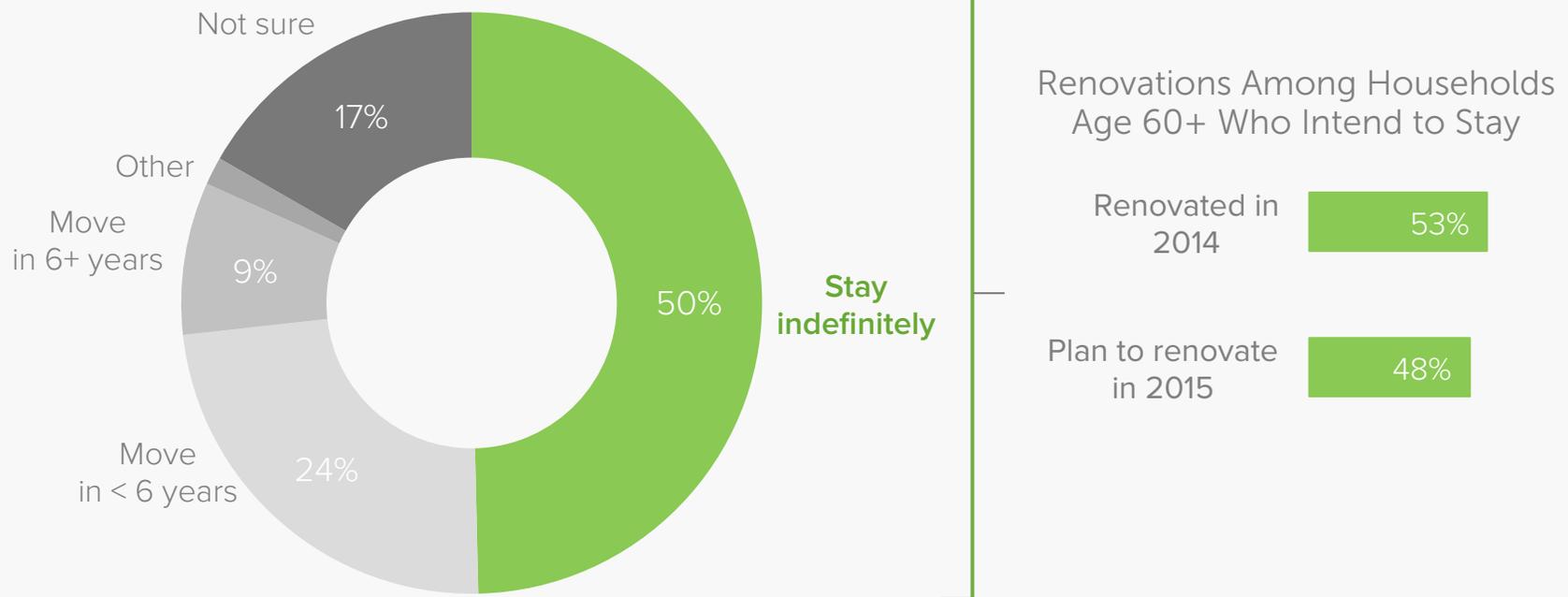


Staying Indefinitely



Half of homeowners with household members who are 60 years old or older plan to stay in their residence indefinitely. A third intend to move to another residence, while the rest are still unsure.

FREQUENCY OF INTENTION TO MOVE OR STAY AMONG HOMEOWNERS WITH HOUSEHOLD MEMBERS AGES 60+

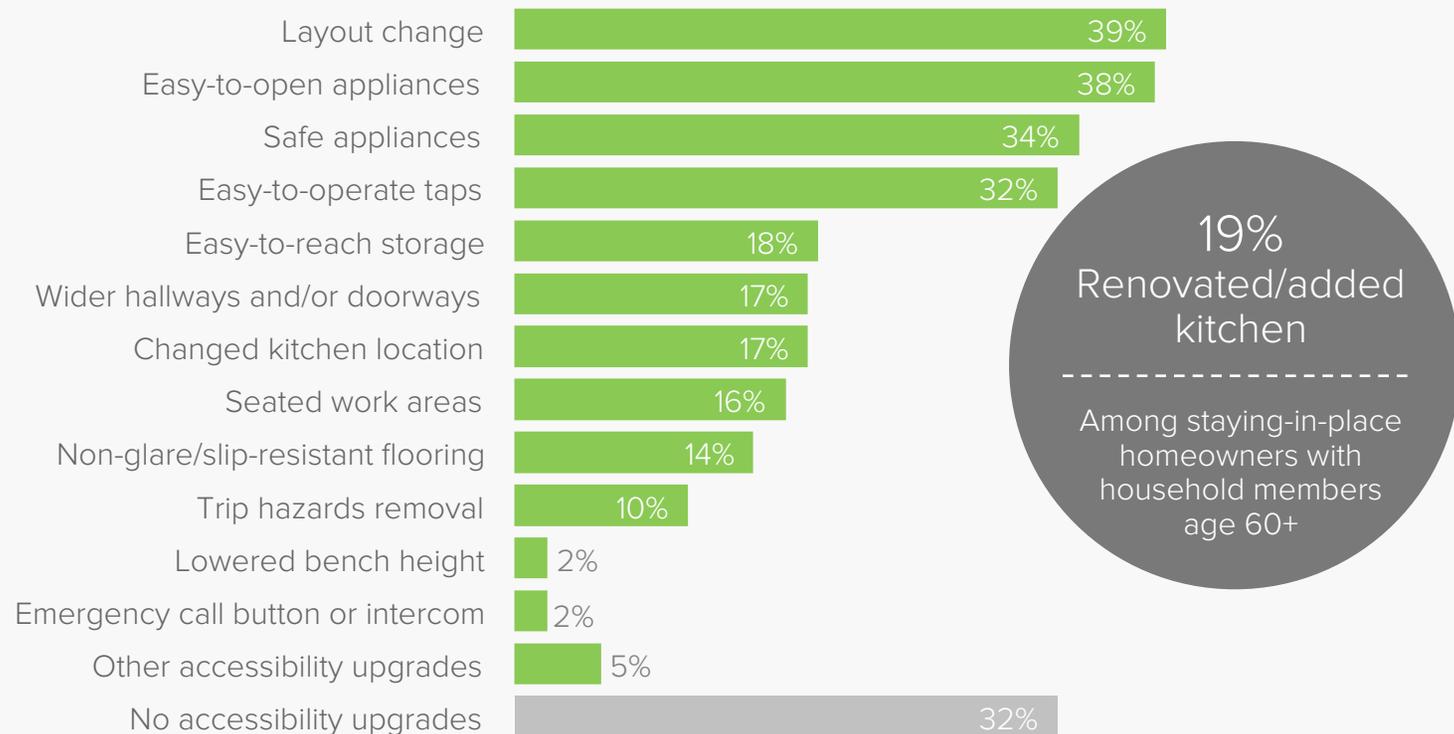


Ageing in Place: Kitchen Redesign



One in five staying-in-place seniors renovated a kitchen in 2014, and 68% of them made upgrades with ageing in mind. A significant share made structural changes, such as reconfiguring the layout (39%), widening hallways and/or doorways (17%), and changing the kitchen location altogether to improve accessibility (17%).

FREQUENCY OF ACCESSIBILITY UPGRADES AMONG AGING IN PLACE HOUSEHOLDS AGE 60+ WHO UPGRADED KITCHEN

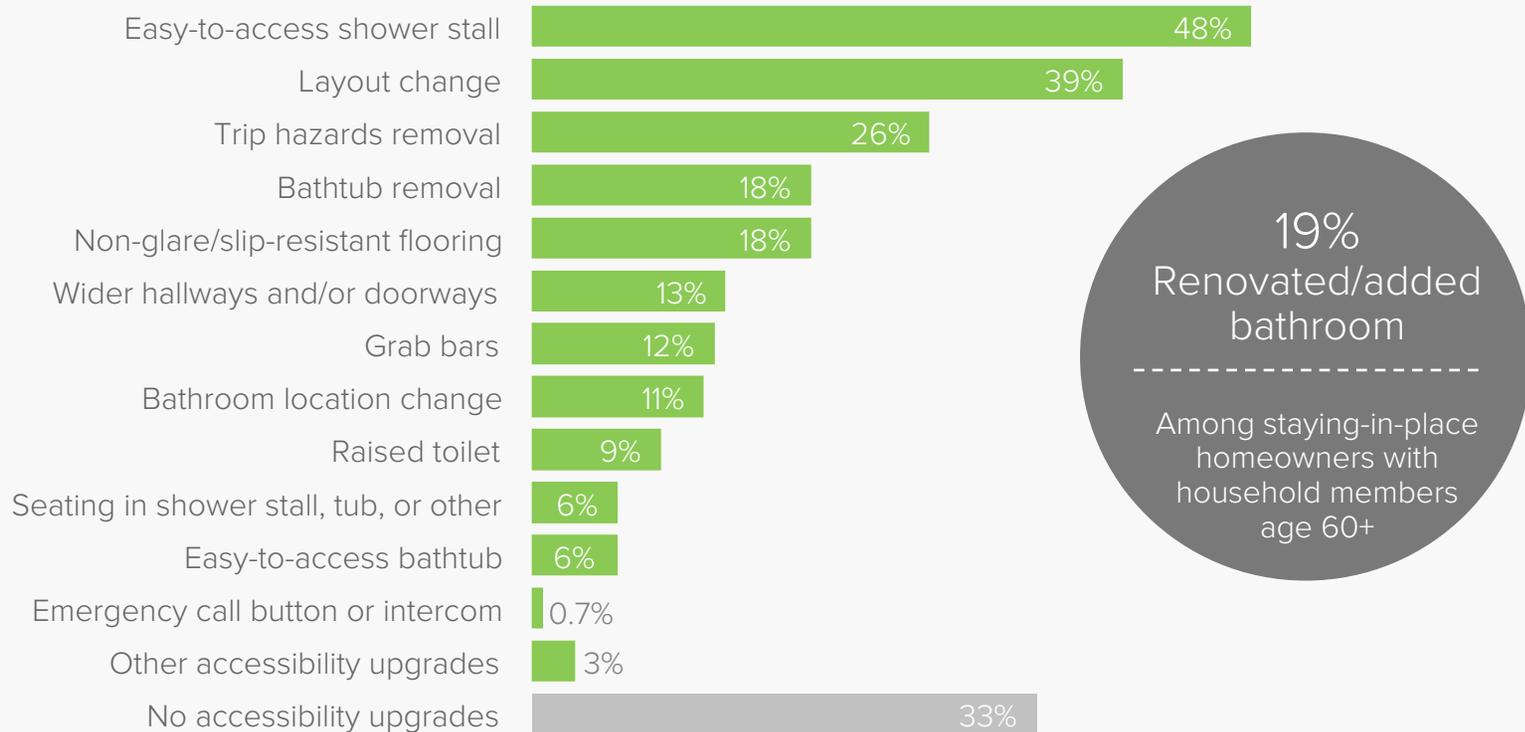


Ageing in Place: Bathroom Redesign



One in five staying-in-place seniors renovated a bathroom, and 67% of them made upgrades with ageing in mind. Nearly a fifth removed their bathtub, with other significant structural changes including changing the layout (39%), widening hallways and/or doorways (13%), or changing the bathroom location altogether (11%).

FREQUENCY OF ACCESSIBILITY UPGRADES AMONG AGING IN PLACE HOMEOWNERS AGE 60+ WHO UPGRADED BATHROOM

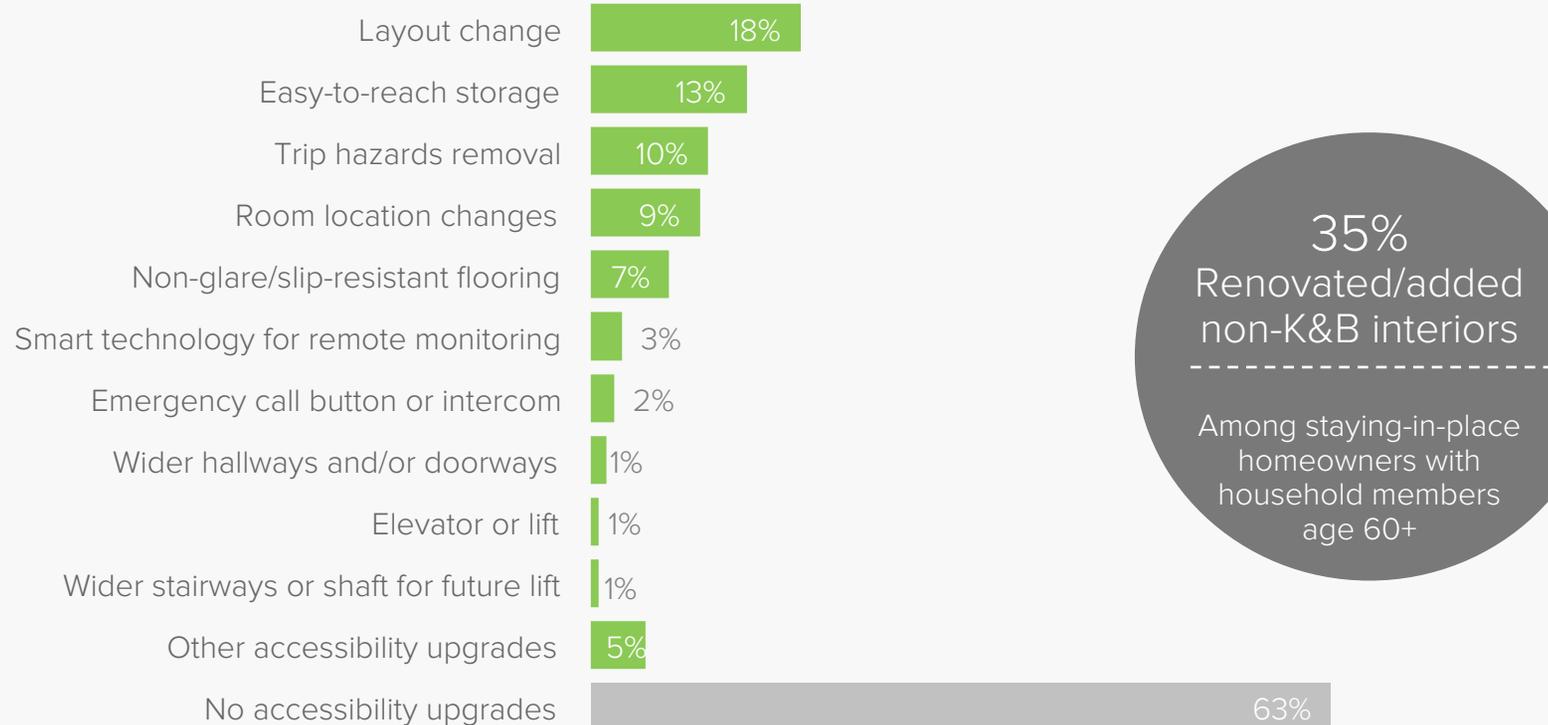


Ageing in Place: Other Interior Redesign



While one in three staying-in-place seniors renovated other interior spaces (non-kitchen/non-bath), only 37% of them made upgrades with ageing in mind. Most common modifications included reconfiguring the layout (18%) and installing easy-to-reach storage (13%). One in 10 changed the location of their living spaces to improve accessibility. A few installed smart technology to remotely monitor activity in the home (3%).

FREQUENCY OF ACCESSIBILITY UPGRADES AMONG AGING IN PLACE HOUSEHOLDS AGE 60+ WHO UPGRADED OTHER INTERIOR SPACES



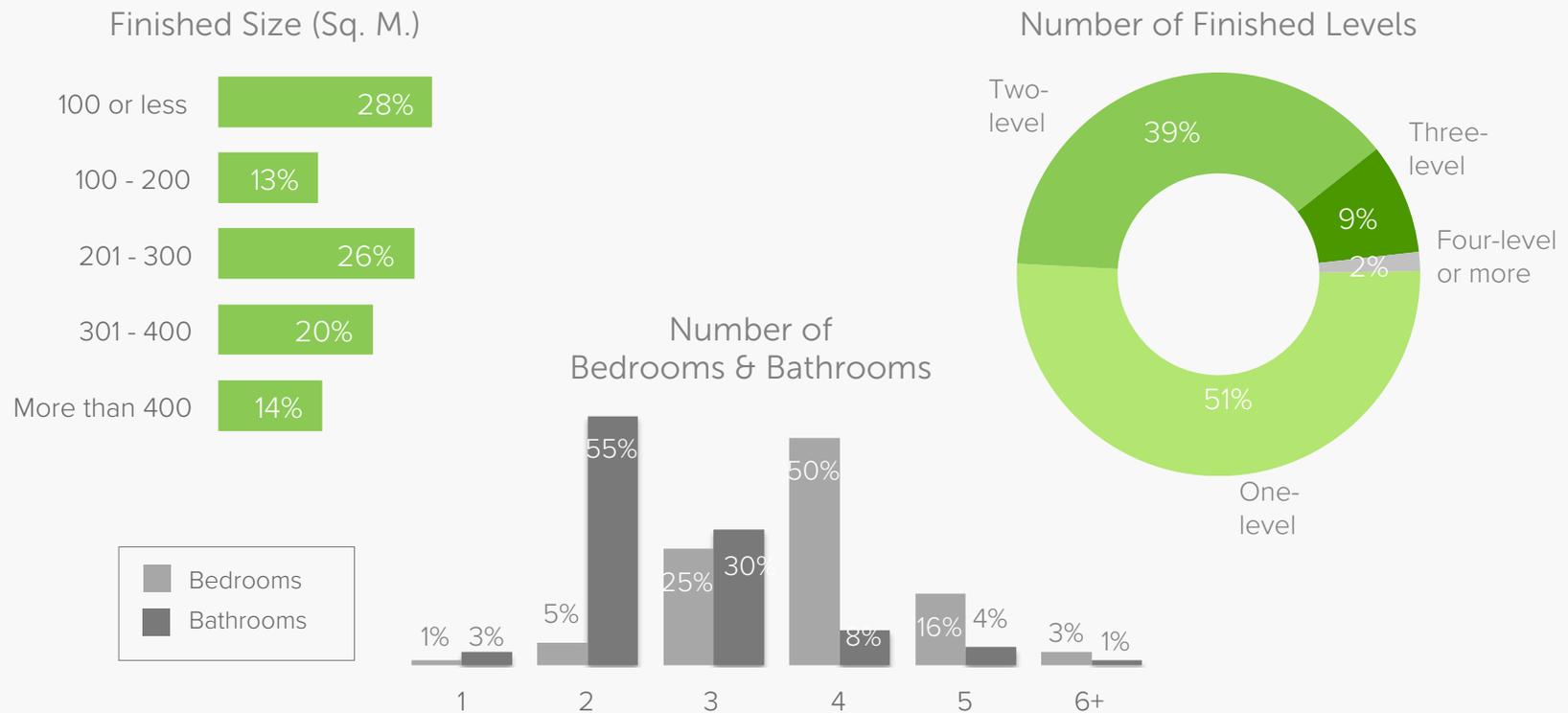
2014 IN FOCUS: CUSTOM HOME BUILDS

Building Large Custom Homes



More than one in 20 built a custom home, and a sizable one, in 2014 (7%). Half of the custom homes are multi-level, and three in five are over 200 square metres. A large majority of custom homes have three or more bedrooms (94%), with most having two bathrooms (55%).

FREQUENCY OF CUSTOM HOME DIMENSIONS AMONG HOMEOWNERS WHO BUILT A CUSTOM HOME

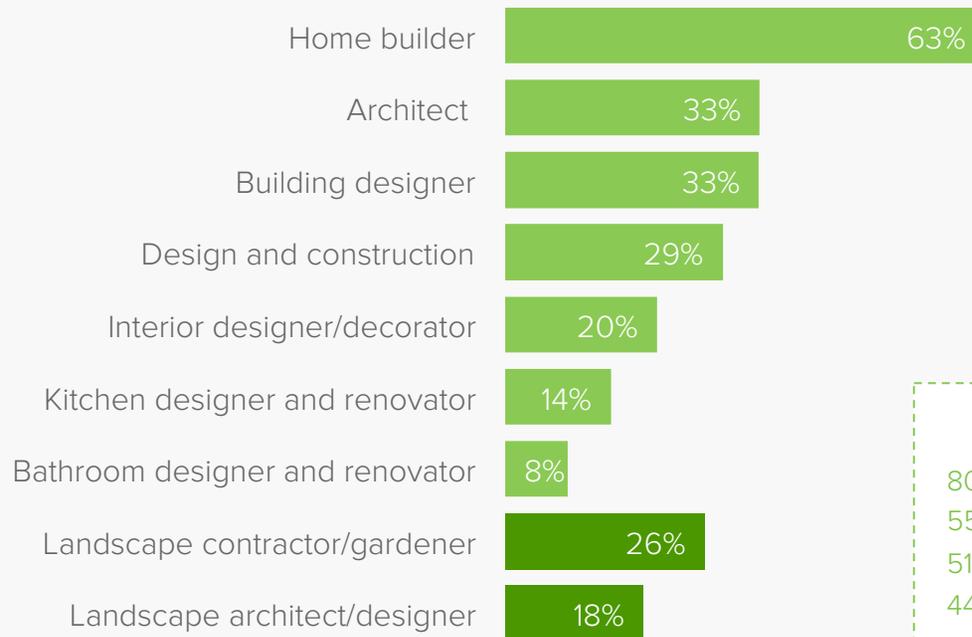


Design Pros Dominate Custom Building



Nearly all homeowners who built a custom home hired professional help (97%). Of these homeowners, many hired an architect (33%), an interior designer (20%), kitchen designer & renovator (14%), and/or a design & construction firm (29%). Top hiring criteria for custom-build professionals is similar to those for renovations, yet more homeowners are influenced by their service providers during custom home builds (42% vs. 31%, respectively).

FREQUENCY OF HIRED PROFESSIONALS AMONG HOMEOWNERS WHO BUILT A CUSTOM HOME WITH PRO HELP



42%
Homeowners who are influenced by service providers when making custom build decisions

Top Hiring Criteria

- 80% Reviews or recommendations
- 55% Communication or organisation
- 51% Experience with similar scope
- 44% Experience with similar style
- 30% Personality

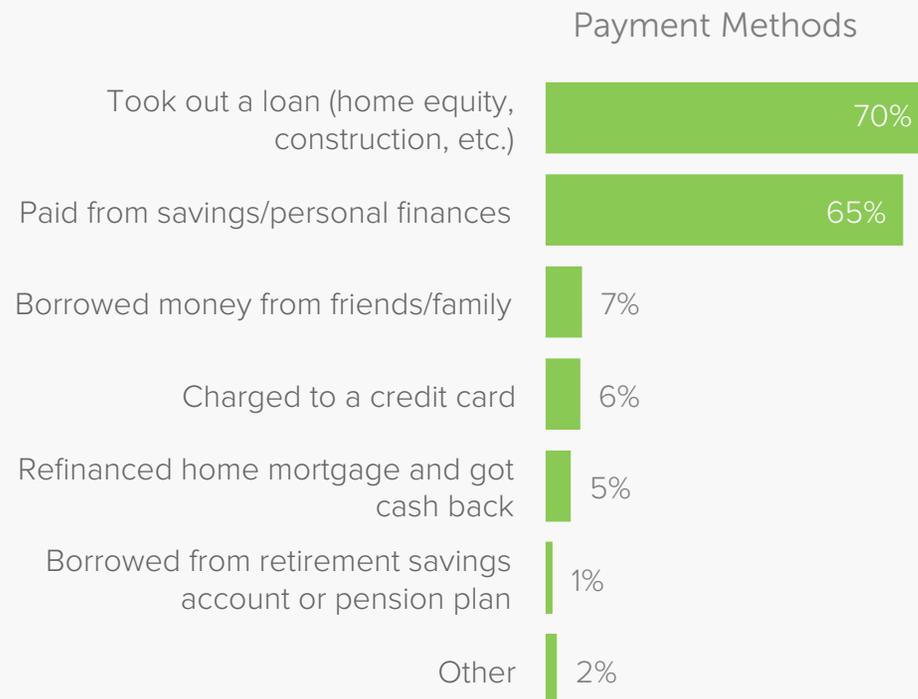
Financing Custom Homes



Given the high average spend on a custom home (\$587 000), a majority are paying in part for their new home with cash (65%), with an even larger majority of homeowners financing at least a portion of their new home with a loan (70%)

CUSTOM BUILD SPEND (AUD) AND PAYMENT METHODS AMONG HOMEOWNERS WHO BUILT A CUSTOM HOME

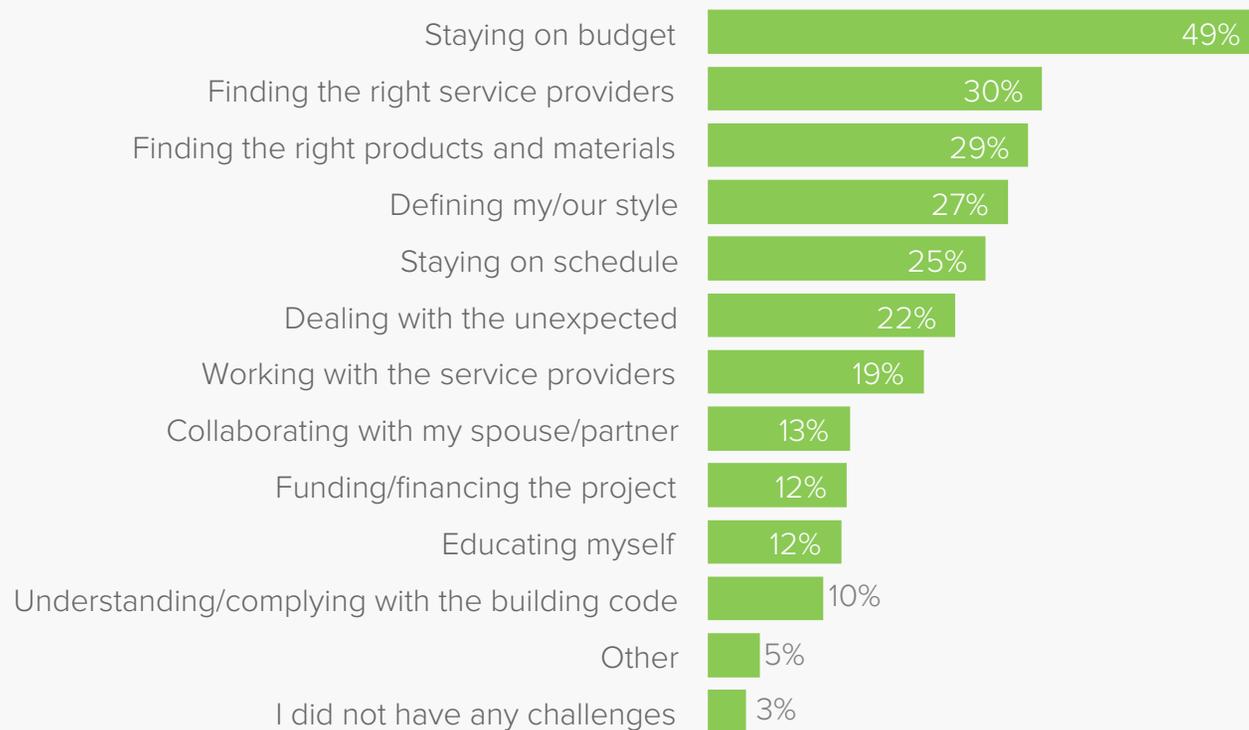
Custom Home Average Spend (AUD) To-Date in 2014
\$587 000



Challenging to Stay on Budget and Schedule

While homeowners who are renovating report their top challenge as finding the right professionals, those building custom homes have the greatest difficulty staying on budget, with about half nominating this as a challenge. Finding the right professionals comes in a distant second, with finding the right products and materials a close third.

FREQUENCY OF TOP PROJECT CHALLENGES AMONG HOMEOWNERS WHO BUILT A CUSTOM HOME



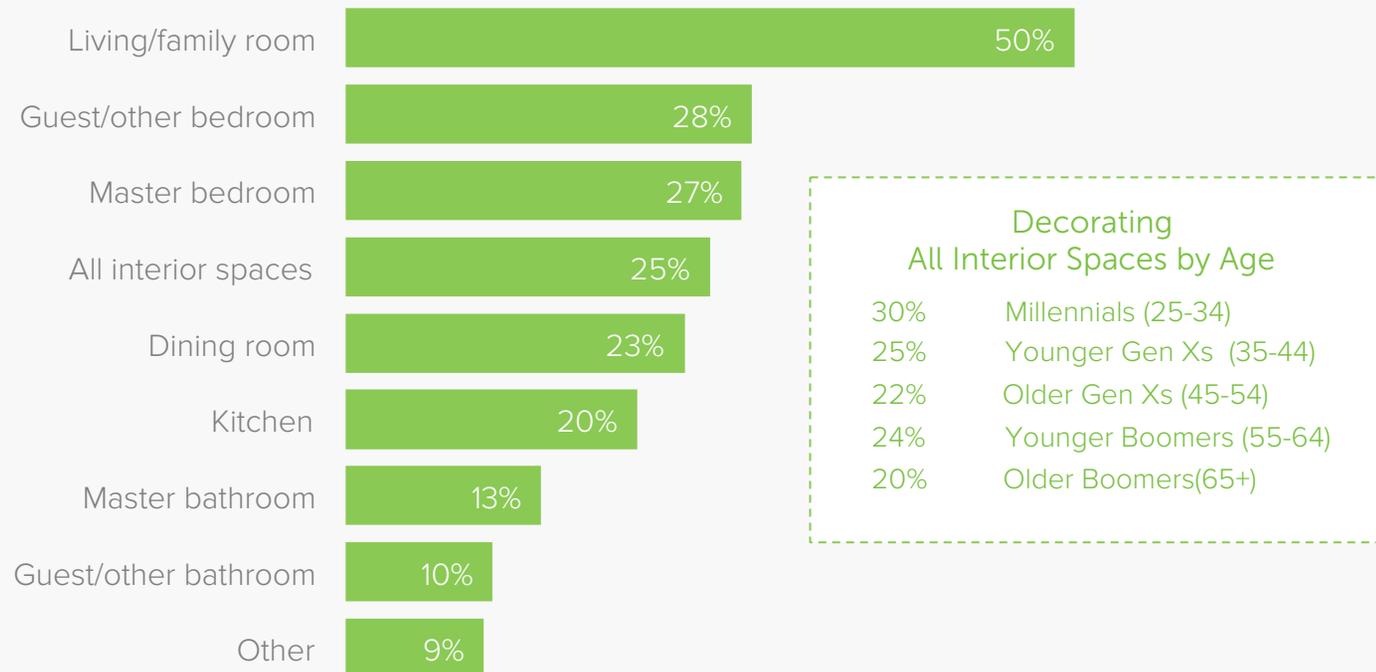
2014 IN FOCUS: DECORATING

Diversity of Decorating Projects



Among the homeowners who decorated in 2014 (59%), half decorated or furnished their living room or family room, and a quarter decorated all interior spaces. Millennials are more likely to decorate all interior spaces than all other age groups.

FREQUENCY OF TOP DECORATING PROJECTS AMONG HOMEOWNERS WHO DECORATED



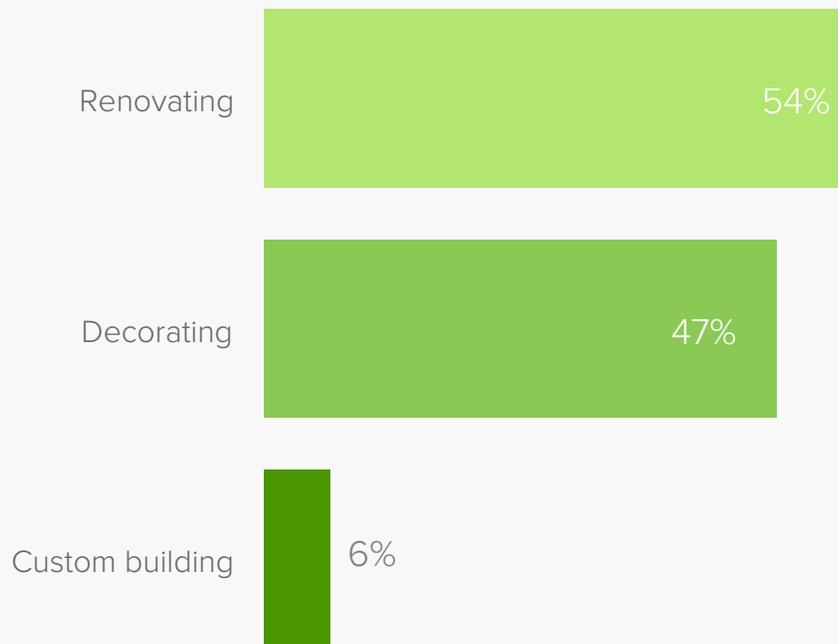
2015 AT A GLANCE

Concrete Plans to Renovate



Over half of homeowners on Houzz plan to continue or start renovations in 2015 (54%). Nearly half of homeowners plan to decorate (47%). Almost nine in 10 plan to hire professional help for their projects.

PLANNED 2015 ACTIVITIES AMONG HOMEOWNERS



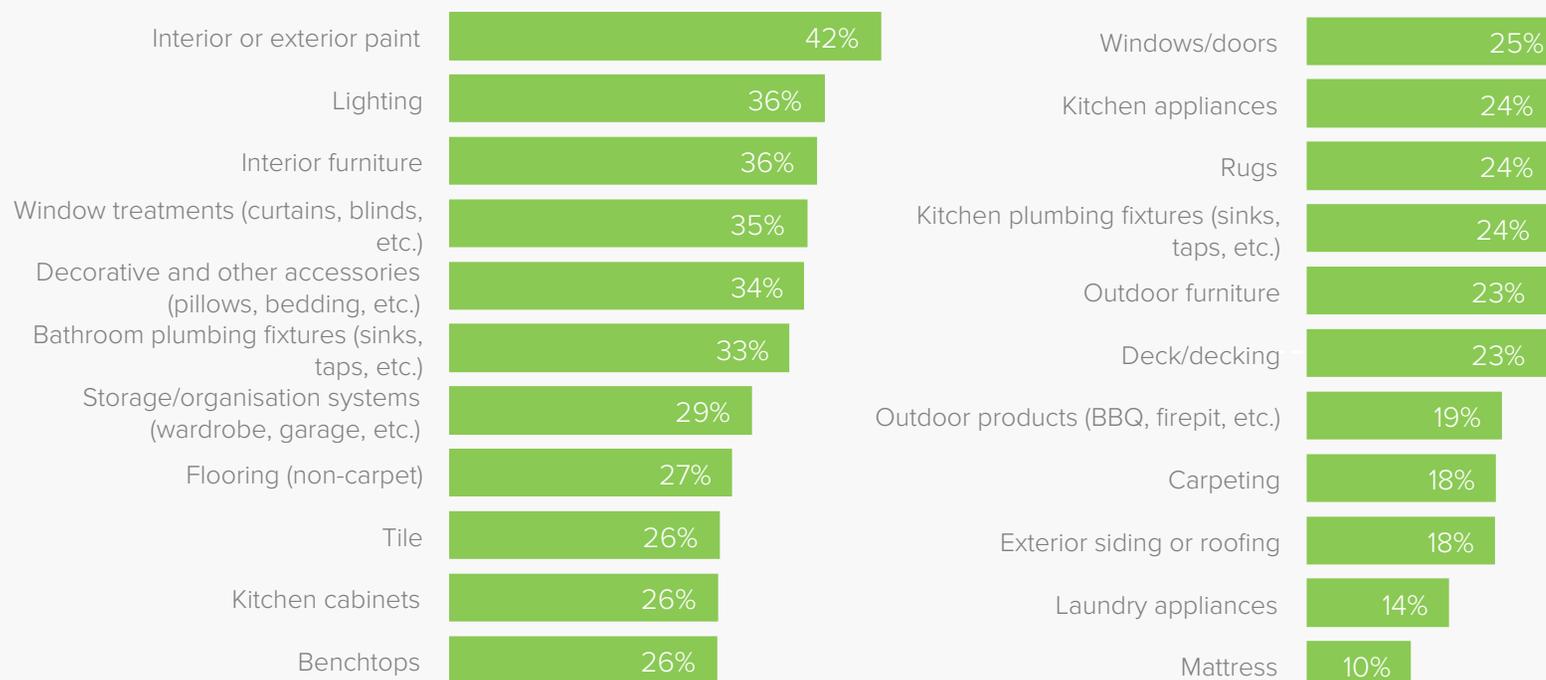
87%
Homeowners
planning to hire
a pro for 2015
projects

Many Planning Big-Ticket Purchases



Three in four homeowners surveyed are planning to purchase one or more renovation or décor products in the next six months (77%). Over a quarter of homeowners are planning big-ticket renovation purchases such as flooring, benchtops, tiles and windows/doors (27%, 26%, 26% and 25% respectively).

PLANNED PURCHASES IN THE NEXT SIX MONTHS AMONG HOMEOWNERS



APPENDIX

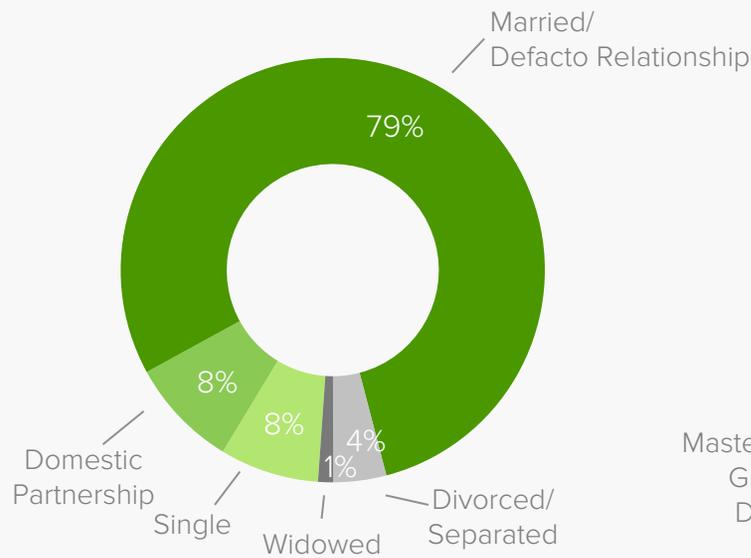
Methodology

The annual Houzz and Home study is the largest survey of residential renovating, building and decorating activity conducted. The survey covers every aspect of home renovation in 2014, from interior renovations and additions to home systems, exterior upgrades, and outdoor projects. This includes historical and planned spends, professional involvement, and motivations and challenges behind these projects, as well as planned activities for 2015. The 2015 Houzz and Home survey gathered information from more than 260,000 respondents worldwide, 13 000 of which are from Australia alone, representing the activity of the more than 35 million monthly unique users that use Houzz worldwide.

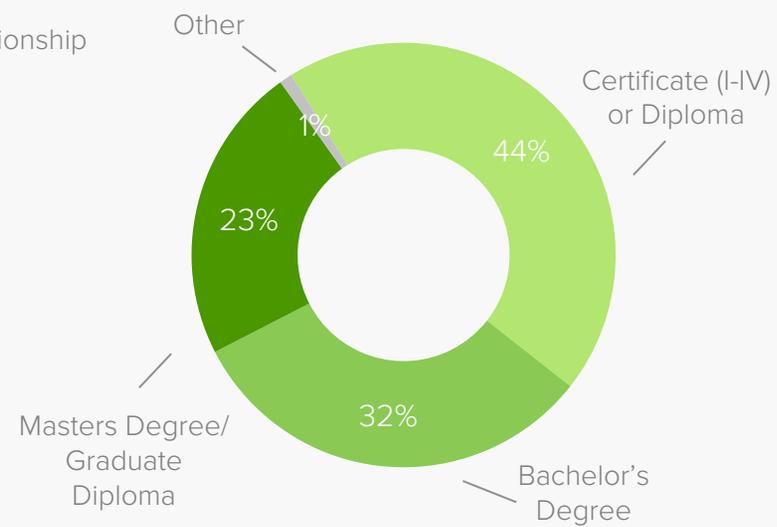
The Houzz & Home survey was sent via email to registered users of Houzz and fielded in February-April 2015. The Farnsworth Group, an independent market research firm, conducted the survey. The current report relies on responses of AU homeowners on Houzz; n=11 329.

Homeowner Demographics

MARITAL STATUS



EDUCATION



ANNUAL HOUSEHOLD INCOME (AUD)

35%	Less than \$100,000
28%	\$100,000-\$149,999
37%	\$150,000 or more

OWNER-ESTIMATED HOME VALUE (AUD)

28%	Less than \$500,000
47%	\$500,000-\$999,999
25%	\$1,000,000 or more

Supplementary Table

FREQUENCY OF RENOVATION TRIGGERS BY AGE AMONG HOMEOWNERS WHO RENOVATED

	RENOVATION TRIGGERS					
	All	25-34	35-44	45-54	55-64	65+
Wanted to do it all along and finally have the financial means	39%	36%	40%	43%	36%	29%
Wanted to do it all along and finally have the time	32%	32%	32%	32%	32%	38%
Purchased home recently and want to customise it	32%	47%	36%	25%	24%	19%
Addressing recently discovered deterioration/damage due to age, termites, etc.	16%	14%	17%	15%	17%	16%
Adapting to recent changes in family and/or lifestyle	21%	21%	22%	23%	17%	19%
Plan to sell the home soon and want to increase resale value	11%	11%	9%	9%	15%	16%
Addressing recent damage due to a natural disaster in my area	2%	2%	1%	3%	3%	3%
Other home projects triggered a needed upgrade	10%	7%	10%	12%	12%	12%
Other	5%	3%	4%	4%	8%	9%