Renovation in America
Findings from the 2013 Houzz & Home Survey

With more than 100,000 respondents, the 2013 Houzz & Home survey is the largest survey of renovation and decorating activity ever conducted, providing unique insights into historical and planned projects, the motivations behind these projects, and the impact of the economy on home building, renovation and decorating plans among Houzz users\(^1\) across the United States\(^2\) and around the world.

Robust sample sizes yielded detailed data at the national, regional and metropolitan area level, which Houzz used to examine regional differences in priorities and spending across the U.S.

Major themes include:

**Increased confidence among homeowners in the renovation and the housing market**

While the economy remains a factor, most homeowners surveyed have projects planned over the next two years, nearly half have major building and renovation projects planned, and significantly fewer say they are delaying projects because of the economy vs. last year. Three-quarters of U.S. homeowners also believe now is a good time to buy a home.

**Bathrooms and kitchens capturing the lion’s share of home renovation dollars**

Bathrooms and kitchens remain the top priority projects across the U.S., and capture the lion’s share of renovation dollars. Over the last five years, U.S. Houzz users spent an average of $28,030 on kitchen remodels, and $10,422 on bathroom renovations.

**More U.S. homeowners investing to increase home value**

The motivation behind both renovation and decorating projects is still overwhelmingly to improve the look, feel, flow or layout of the home, but more people this year are also investing to increase home value vs. last year, another sign of increasing confidence in the housing market.

**Strong outlook for remodeling and design professionals, educated homeowners stay involved**

A majority of homeowners planning major home renovation or decoration projects in the next two years are also planning to hire professional help. Most expect to do some work themselves, such as sourcing products and materials. In what is likely a sign of this partnership approach, respondents cited “Having a personality I can work with” as one of the most important criteria when hiring a professional to do work on their home.

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\(^1\) Houzz had 14 million monthly unique users at the time the survey was fielded in Jan/Feb of 2013

\(^2\) Houzz is issuing a separate report that specifically examines Canadian renovation activity
Moving Forward with Home Renovations

Renovation
When it comes to renovation, a majority of U.S. homeowners are bullish; 53 percent of those surveyed agree now is a good time to renovate a home.

Confidence is higher among West region homeowners, and lowest in the Northeast. Minneapolis, MN and Portland, OR residents have the highest percentage of respondents who believe now is a good time to renovate (59 percent), while Huntington, WV homeowners had the lowest (40 percent).

A key indicator of the economic turnaround is the significant drop – a full eight points - in the percentage of respondents who said they are delaying projects as compared with survey results one year ago. On a similar note, only 11 percent of respondents surveyed say they would need to take out a line of credit to finance their home renovations.

Seventy-five percent of U.S. homeowners surveyed also think now is a good time to buy a home, with confidence strongest in the Midwestern and Western regions of the country.
Together with Commerce Department\(^3\) data showing the rate of single-family home construction at its highest level in four and a half years, the results of this study point to a strengthening economy, housing and renovation market.

Looking at individual markets, Boise, ID, Jacksonville, FL, Tampa, FL and Milwaukee, WI have the highest confidence levels in the housing market with 81 percent of homeowners surveyed agreeing now is a good time to buy. Jackson, MS homeowners had the lowest confidence level among all U.S. cities; though a majority (63 percent) still believe it is a good time purchase a home.

**Renovation Plans**

In the next two years, 48 percent of homeowners surveyed are planning to remodel, build an addition, or build a custom home. The chart below shows the top markets for these projects, suggesting that Houzz is playing a part in the rebuilding process in New Orleans.

Q: Which of the following do you plan to do in the next 2 years? Please select all that apply. Base: homeowners

**Decorating plans**

Eighty-four percent of respondents are planning to decorate or redecorate their homes. Washington, DC area homeowners top the list with 74 percent planning to redecorate their homes, while Midwest cities Indianapolis, IN, Detroit, MI and Cedar Rapids, IA take the next three spots with 73 percent of respondents planning to update the look of their homes.

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\(^3\) U.S. Census Bureau, New Residential Construction in February, released March 19, 2013
Bathrooms and kitchens are top priority, and top dollar investments

Priorities
Bathrooms and kitchens top America’s renovation project list again this year, with 28 percent of respondents planning a bathroom remodel or addition, and 23 percent planning a kitchen remodel or addition in the next two years:

<table>
<thead>
<tr>
<th>Project</th>
<th>Planning in Next 2 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bathroom renovation/addition</td>
<td>28</td>
</tr>
<tr>
<td>Kitchen renovation/addition</td>
<td>23</td>
</tr>
<tr>
<td>Flooring/paneling/ceiling replacement</td>
<td>18</td>
</tr>
<tr>
<td>Patio or landscape addition/replacement</td>
<td>18</td>
</tr>
<tr>
<td>Windows/doors addition/replacement</td>
<td>15</td>
</tr>
<tr>
<td>Deck/Porch addition/replacement</td>
<td>14</td>
</tr>
<tr>
<td>Closet addition or alternation</td>
<td>12</td>
</tr>
<tr>
<td>Bedroom addition or alteration</td>
<td>11</td>
</tr>
<tr>
<td>Living/Family room addition or alteration</td>
<td>10</td>
</tr>
</tbody>
</table>

Q: Which of the following types of projects have you completed within the last five years? Please select all that apply. Base: homeowners

Budgeting
In terms of dollars spent, kitchens command the lion’s share. Over the last five years, nearly four in ten home improvement dollars have gone into kitchens and survey data indicates future spend is likely to follow the same trend.

Average Spend: U.S. Kitchen Remodel

- High End: $54,942
- Mid Range: $22,390
- Low Budget: $7,133

U.S. average: $28,030
Q: Thinking about the budget for the project(s) you recently completed, would you consider each to be high-end, mid-range or a low budget project? Also, how much, in total, did you spend on each of the project(s) you recently completed? Please think about the costs incurred for materials and the cost of labor. Base: homeowners

When it comes to staying on budget, a large percentage of homeowners renovating and decorating at all budget levels spent more than expected on their projects. Respondents renovating at lower-budget or mid-range projects are the most likely group to stay on budget, while those doing high-end renovations are more likely to go over budget.

A Majority of Renovation Projects Exceed Initial Budgets

Q: Thinking about your initial budget for your most recent remodeling project, did you:

- Remodel
  - Under Budget: 4%
  - Stuck to Budget: 33%
  - Over Budget: 41%
  - Had no Budget: 20%

- Decorate
  - Under Budget: 6%
  - Stuck to Budget: 23%
  - Over Budget: 36%
  - Had no Budget: 31%
Hanging out in the bathroom?
Spending time in a room does not necessarily correlate with dollars spent. Family/TV rooms are by far the most popular place to hang out among U.S. homeowners surveyed, but are not the #1 place where homeowners are spending money. Percentage of money spent on kitchens and bathrooms, on the other hand, far exceeds percentage of time in these spaces. Nobody was willing to admit to spending significant time in their bathroom – but apparently the time we do spend there is worth significant investment.

“Bathrooms have the highest cost/time spent ratio – we may not spend the most time there, but the time we do spend is worth significant investment”

Why are American homeowners renovating?

Key Drivers
Last year’s survey uncovered the surprising fact that an overwhelming majority of homeowners are more interested in improving their homes to please themselves rather than the next owner.

The motivation behind both renovation and decoration projects is still overwhelmingly to improve the look, feel, flow or layout of the home, but more people this year are also investing to increase home value. This finding aligns with the large majority who are bullish on the housing market.

Motivations for Renovation

Q: Which of the following were important in your decision to complete your most recent remodeling project? Please select all that apply:
A large percentage of homeowners cited a variety of other motivating factors including:

- Improving storage and efficiency (42 percent)
- Increasing energy efficiency, and (34 percent)
- Incorporating new technologies for the home (18 percent).

Key Motivations by U.S Region

<table>
<thead>
<tr>
<th></th>
<th>Northeast</th>
<th>South</th>
<th>Midwest</th>
<th>West</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving the look feel, flow &amp; layout</td>
<td>82%</td>
<td>82%</td>
<td>83%</td>
<td>84%</td>
</tr>
<tr>
<td>Increasing home value</td>
<td>55%</td>
<td>53%</td>
<td>53%</td>
<td>54%</td>
</tr>
<tr>
<td>Upgrading features/appliances</td>
<td>53%</td>
<td>53%</td>
<td>50%</td>
<td>57%</td>
</tr>
<tr>
<td>Improving organization/storage</td>
<td>44%</td>
<td>40%</td>
<td>41%</td>
<td>43%</td>
</tr>
<tr>
<td>Increasing energy efficiency</td>
<td>38%</td>
<td>32%</td>
<td>33%</td>
<td>36%</td>
</tr>
<tr>
<td>Incorporating new technologies for the home</td>
<td>18%</td>
<td>17%</td>
<td>16%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Outlook for home professionals is strong

**Majority hiring help**

Among homeowners planning projects in the next two years, 58 percent are planning to hire professional help. General contractors are the most in-demand professionals, with 58 percent of renovating homeowners planning to hire one for their project. Thirty-five percent plan to hire a carpet and flooring pro, and 35 percent also a kitchen & bath professional. Twenty-one percent are looking for a landscape architect or designers, 20 percent an architect and 20 percent an interior designer.

**Hiring based on credibility, personality**

When hiring professional help, important decision-making criteria include the quality of ratings and reviews, as well as the professional's expertise in their field.

“58 percent of renovating homeowners are planning to hire professional help”
More than two-thirds also said “a personality I can work with” is very important when it comes to hiring a professional for their project.

<table>
<thead>
<tr>
<th>Hiring Criteria</th>
<th>% Rating “Very Important”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good reviews &amp; recommendations</td>
<td>81%</td>
</tr>
<tr>
<td>Expert in their field</td>
<td>70%</td>
</tr>
<tr>
<td>Personality I can work with</td>
<td>67%</td>
</tr>
<tr>
<td>Completed projects like mine</td>
<td>59%</td>
</tr>
<tr>
<td>Lowest cost option</td>
<td>8%</td>
</tr>
</tbody>
</table>

Q: When choosing a professional to work on remodeling or decorating in your home, on a scale of 1 to 5, where 5 is very important, how important are each of the following?

The empowered homeowner

What are the implications of these findings for the residential remodeling and design industries? Houzz analysis of both quantitative survey data and qualitative feedback from the community has surfaced fundamental changes in the process of renovation and design - for both homeowners and the home industry professionals and vendors who serve them.

• **Technology is disrupting old models.** Mobile, local, social and other technologies are now flattening the world of renovation and design. The borders that formerly limited a homeowner’s ability to get information, ideas and exposure to a wide range of talent and expertise around the world have come down. This opens up a world of possibilities for homeowners, who are now hiring professional help from outside their own local network, from out of state, and even from other countries. It also means new markets and growth for the professionals they are looking to hire, as well as some new challenges (read on).

• **Communication must be flexible.** More than half of Houzz users surveyed access the Houzz site or app from a tablet or other mobile device. Homeowners now expect highly visual, asynchronous, and mobile communications. Busy professionals and families want more frequent communication and not always in the form of an in-person meeting.

• **Homeowners are empowered.** Homeowners are empowering themselves with knowledge, making them more confident about being active participants in the remodeling and design process. These homeowners become empowered clients, determined to find the best professionals that can execute their vision, the products and materials that meet all their criteria, and the information that will help them effectively manage their projects as full partners.
• **Professionals must build compelling online brands.** Homeowners expect to do an enormous amount of due diligence before hiring a professional. This includes viewing a professional’s portfolio of past projects, reading client reviews, and using community activity to gauge a professional’s personality and what he or she might be like to work with – and they are doing so as much as a year before starting a project. This means professionals must invest time to develop and manage an online brand presence to communicate with the prospective clients who expect to research them online.

### Methodology

Houzz users (Houzzers) are passionate about their homes, and about being a part of the Houzz community. This year the community shared their experiences on a massive scale. We received more than 100,000 survey responses spanning 184 countries, despite the fact that the survey was only offered in English. Even those in war-torn regions took the time to take this survey (20 completes in Syria), as well as in the smallest country of Nauru, located in Micronesia (n=1, pop. 9K, world’s smallest republic).

Houzz and Edge Research conducted an online survey among registered users of the website in mid-January to mid-February 2013, emailing invitations to take the survey.

A total of 106,623 registered users completed the survey of which 106,383 were valid.

<table>
<thead>
<tr>
<th>Total</th>
<th>United States</th>
<th>Canada</th>
<th>Australia</th>
<th>United Kingdom</th>
<th>New Zealand</th>
<th>Ireland</th>
<th>Other Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>106,383</td>
<td>73,374</td>
<td>11,090</td>
<td>3,134</td>
<td>1,576</td>
<td>619</td>
<td>384</td>
<td>16,206</td>
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</tbody>
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