

2017



HOUZZ & HOME



Overview of U.S. Renovation in 2016 and 2017

Big Ideas

INCREASE IN 2016 SPEND AMONG MILLENNIALS AND FIRST-TIME BUYERS

Renovators who bought their first home in 2016 spent \$33,800 on home renovations, on average, a 22% increase relative to 2015. While Baby Boomers and older homeowners (55+) continue to spend roughly three times more than Millennial homeowners (25-34), Millennials invested 7% more in their homes in 2016 compared to 2015.

2017 ON TRACK TO BE ANOTHER BOOM YEAR

Over half of homeowners on Houzz plan to continue or start renovations in 2017 (52%), consistent with plans for 2016 reported in last year's study. Homeowners plan to spend on average \$27,300, a 4% increase from planned spend on home renovations in 2016.

MULTI-ROOM RENOVATIONS CONTINUE, HIGHER SPEND ON LIVING QUARTERS

Homeowners on Houzz renovate multiple rooms at a time, with recent home buyers tackling 3.5 rooms, on average, compared to 2.5 rooms by long-term owners.* Average investment in living spaces, such as living and/or dining rooms, increased 11% in 2016 compared to 2015. In contrast, spend on kitchens and master bathrooms remains flat.

INCREASE IN CREDIT CARD USE

The use of credit cards to fund renovation projects increased in 2016 compared to 2015 (23% vs. 21%, respectively). First-time buyers are nearly twice as likely to use credit cards as long-term owners (39% vs. 21%, respectively) and three times as likely to rely on gifts (15% vs. 5%, respectively). However, cash remains king for all renovators.

*Long-term owners refers to homeowners who moved into their home six or more years ago.

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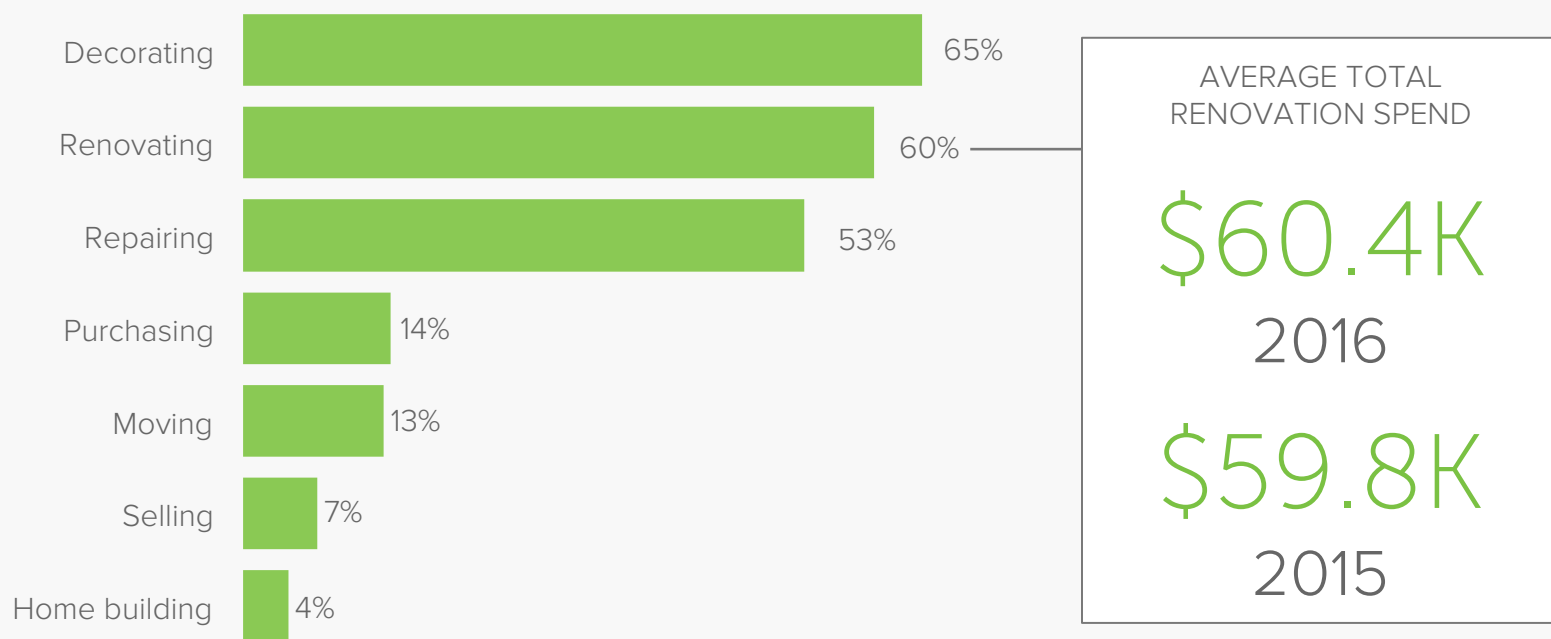
2016 AND 2017 OVERVIEW

2016 Renovation Spend Remains High



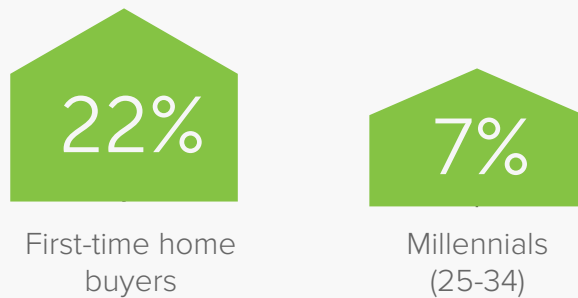
Consistent with prior years' findings, homeowners on Houzz are actively engaged in home projects, such as decorating (65%), renovating (60%), and/or repairing their homes (53%). Homeowners on Houzz spent, on average, \$60.4K on 2016 renovations, in line with \$59.8K in 2015.

FREQUENCY OF HOME-RELATED ACTIVITIES IN 2016 AMONG HOMEOWNERS

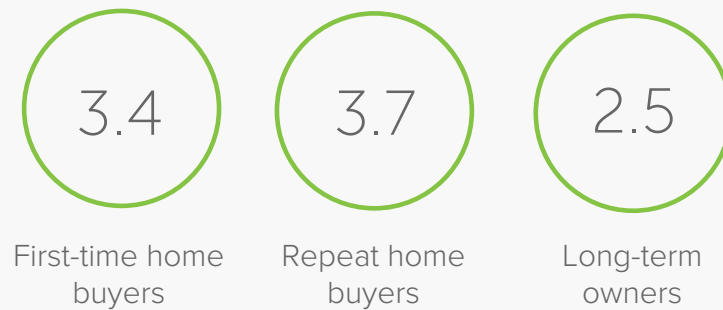


At a Glance: 2016 Renovation

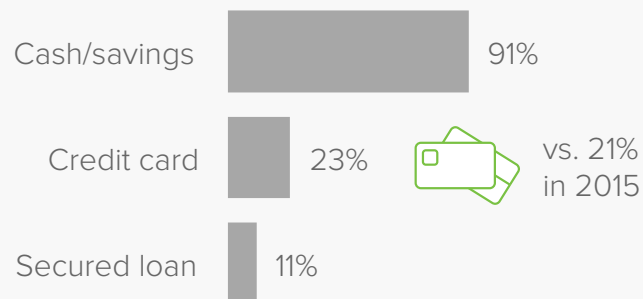
YOY CHANGE IN AVERAGE RENOVATION SPEND



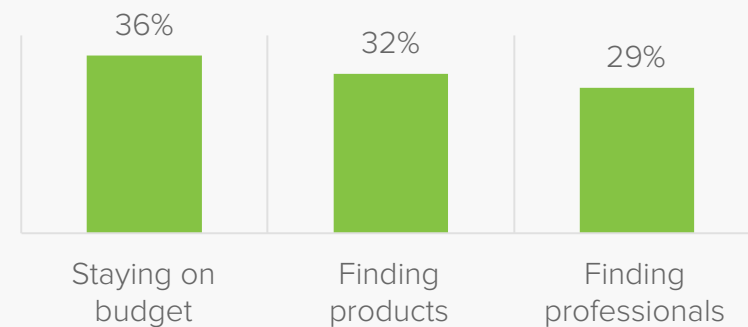
AVERAGE NUMBER OF REMODELED ROOMS



TOP 3 PAYMENT METHODS



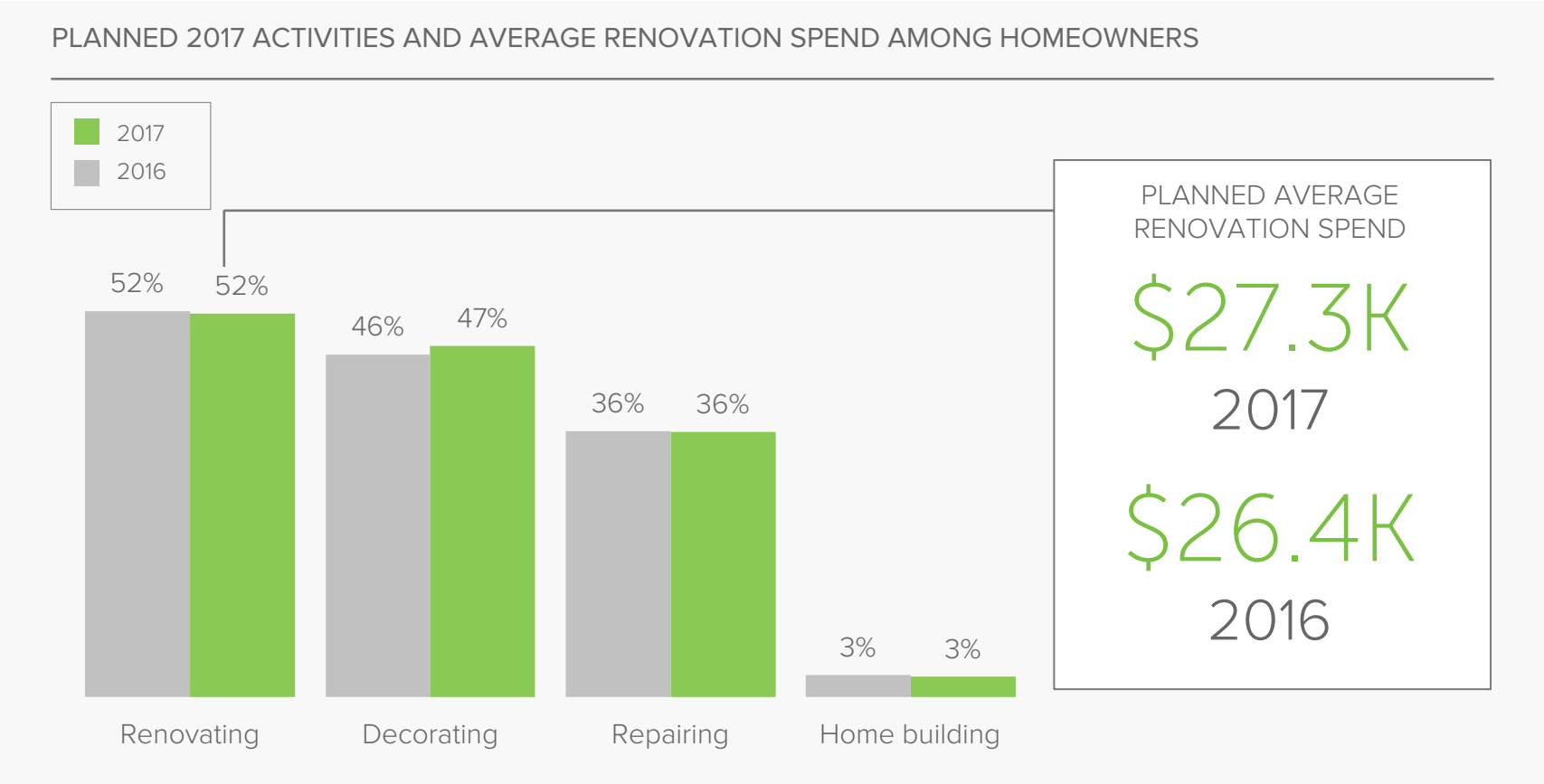
TOP 3 RENOVATION CHALLENGES



Outlook for 2017 in Line With 2016



2017 is on track to be another boom year for home renovations. More than half of homeowners on Houzz plan to continue or start renovations in 2017 (52%), in line with plans for 2016 as reported in last year's study. Homeowners plan to spend \$27.3K on home renovations in 2017, 4% higher than the planned spend reported for 2016 in last year's study.



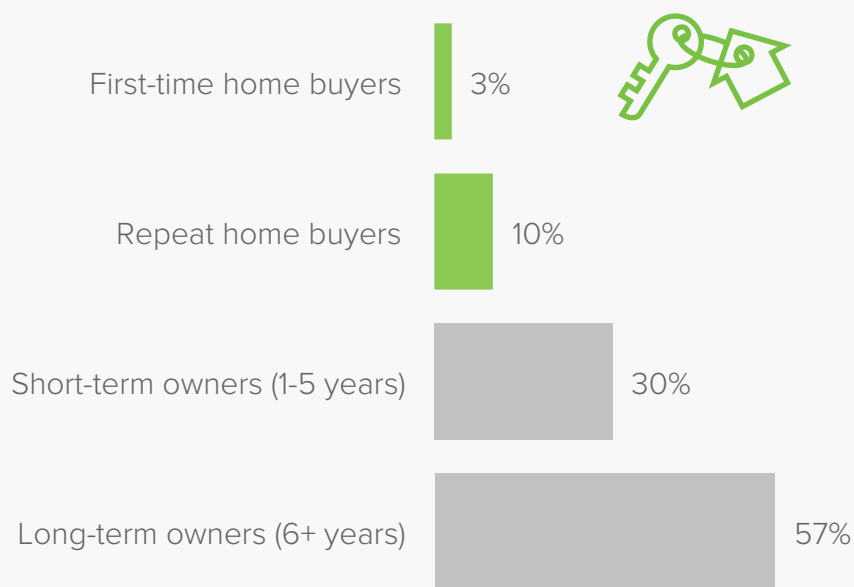
2016 SPEND AND FINANCING

1 in 8 Just Bought a Home



One in eight renovating homeowners in 2016 also bought a home in 2016 (13%), with first-time home buyers representing nearly a quarter of buyers (23%). Consistent with last year's findings, homeowners 45-64 comprise the largest share of 2016 renovators on Houzz (see Appendix A for demographic background of respondents).

CHARACTERISTICS OF HOMEOWNERS WHO RENOVATED IN 2016



AGE OF HOMEOWNER	
25-34	9%
35-44	17%
45-54	25%
55-64	32%
65+	17%

*The homeowner segments are defined as follows:

First-time home buyers: refers to homeowners who purchased and renovated their home in 2016 and did not previously own any other home;

Repeat home buyers: refers to homeowners who purchased and renovated their home in 2016 and previously owned another home;

Short-term owners (1-5 years): refers to homeowners who moved into their home five or fewer years ago;

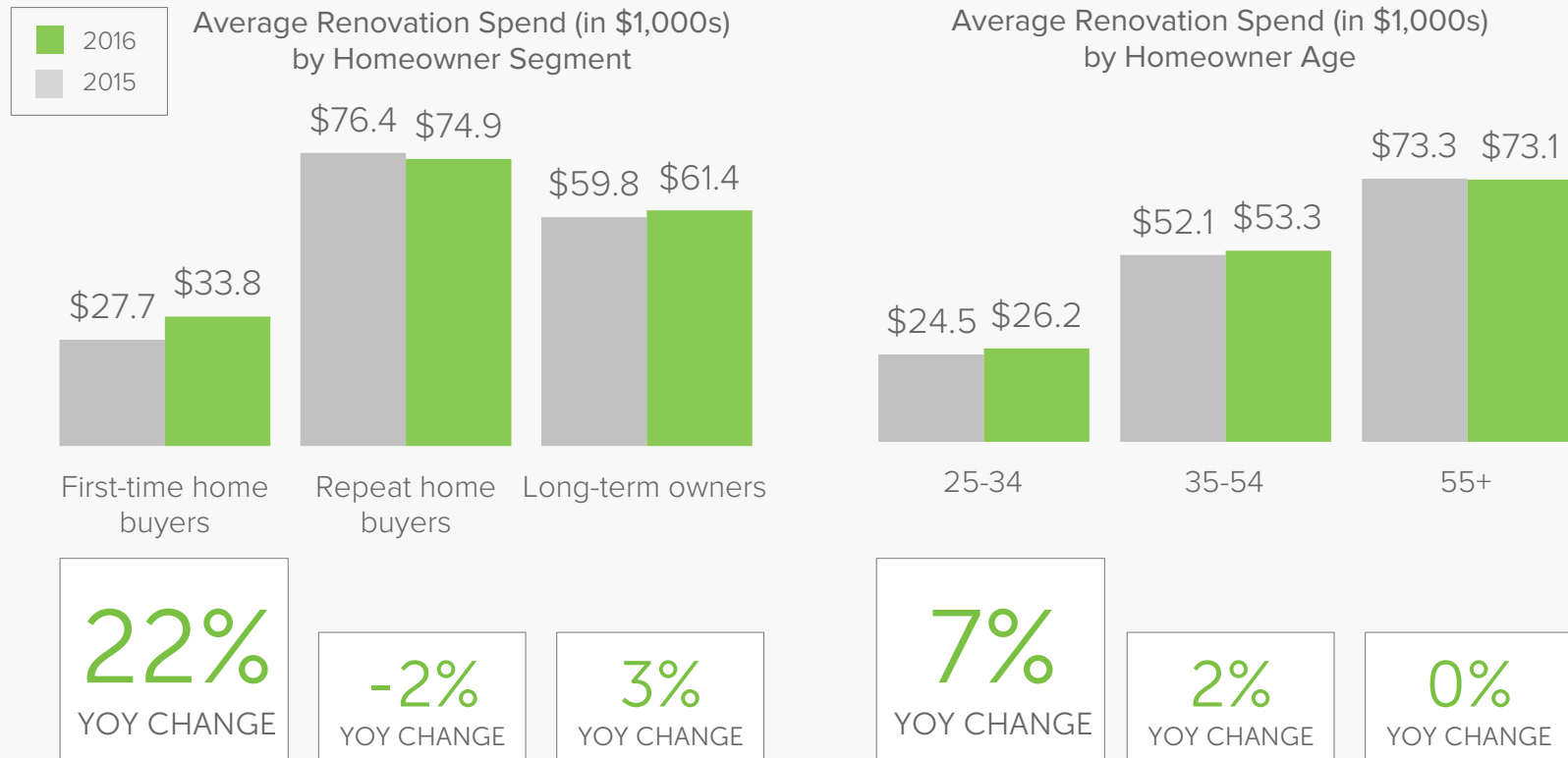
Long-term owners (6+ years): refers to homeowners who moved into their home six or more years ago.

First-Time Buyers and Millennials Step Up



While Baby Boomers and older homeowners (55+) continue to spend roughly three times more than millennial homeowners (25-34), Millennials invested 7% more in their homes in 2016 compared to 2015. In one of the largest increases seen this year, renovators who bought their first home in 2016 spent 22% more on 2016 year over year. The spend by long-term owners and Gen Xers (35-54) also slightly increased.

AVERAGE ANNUAL RENOVATION SPEND (IN \$1,000S) BY HOMEOWNER TYPE

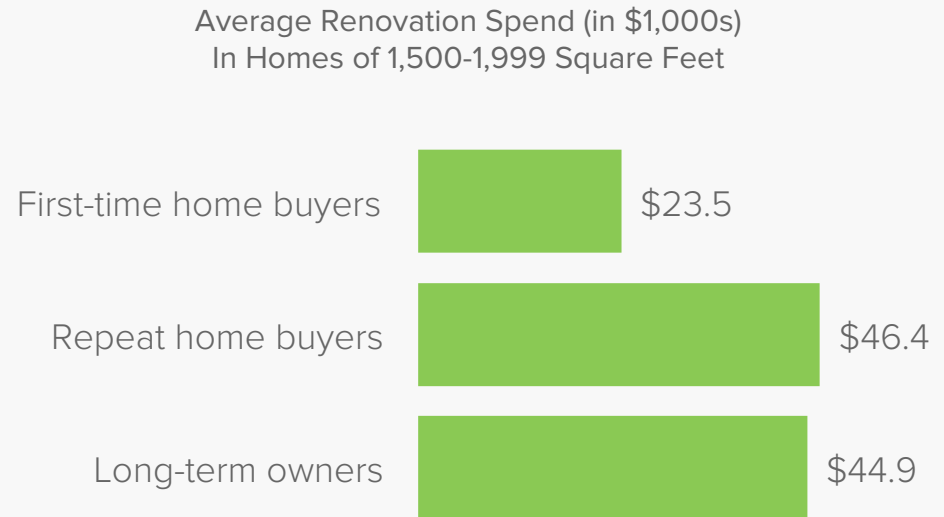


First-Time Renovators Spend Far Less per Square Foot

First-time home buyers tend to renovate homes that are significantly smaller, on average, compared to repeat home buyers and long-term owners (1,800 vs. 2,600 square feet, respectively). However, even looking at smaller homes of 1,500-1,999 square feet, first-time home buyers tend to spend half of the amount spent by other renovators (\$23.5K vs. \$46.4K-\$44.9K, respectively).

AVERAGE HOME SIZE AND ANNUAL RENOVATION SPEND (IN \$1,000S) FOR SELECT HOME SIZES

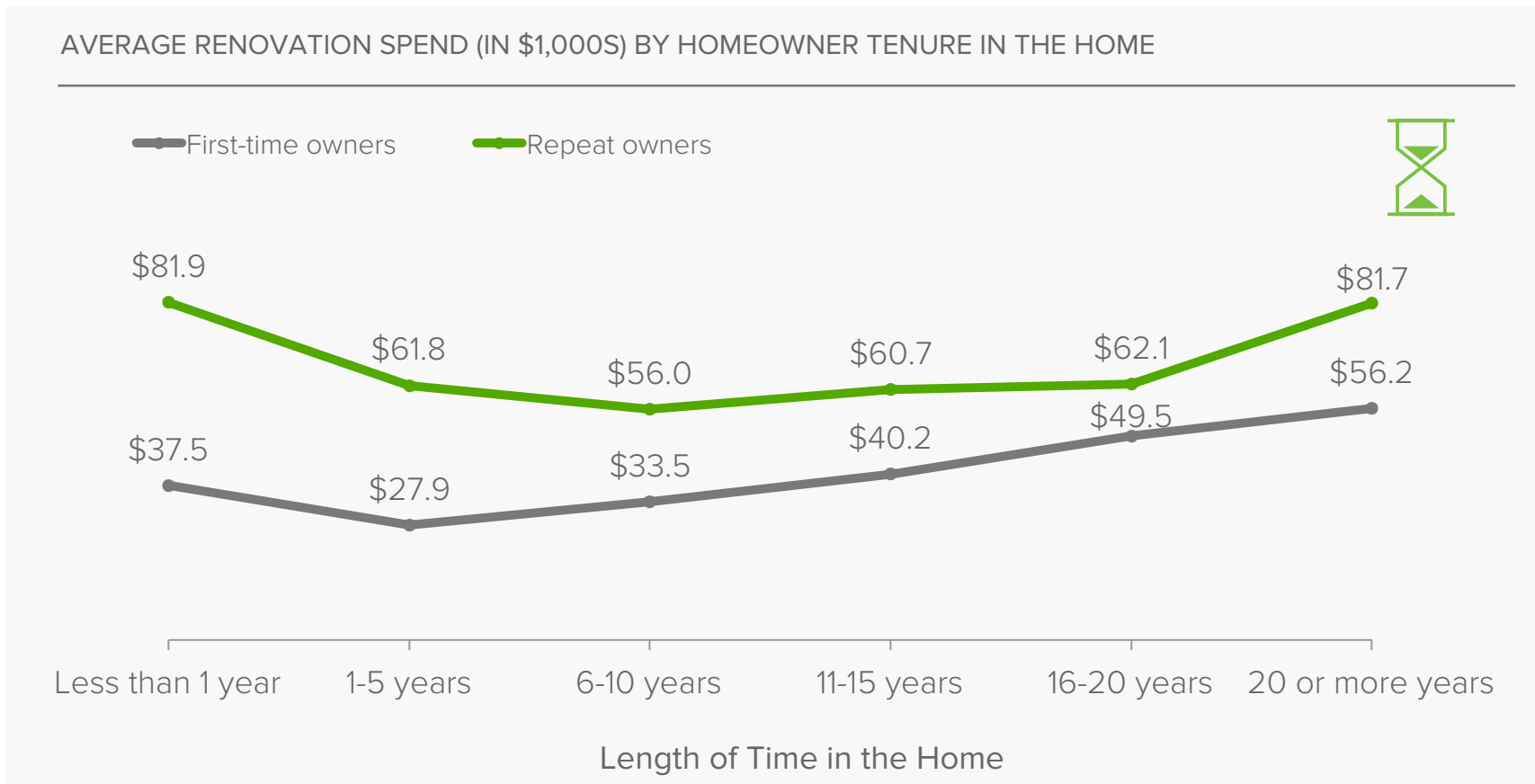
AVERAGE RENOVATED HOME SIZE (IN SQUARE FEET)	
First-time home buyers	1,830
Repeat home buyers	2,590
Long-term owners	2,600



Renovation Spend Follows Homeownership Stage



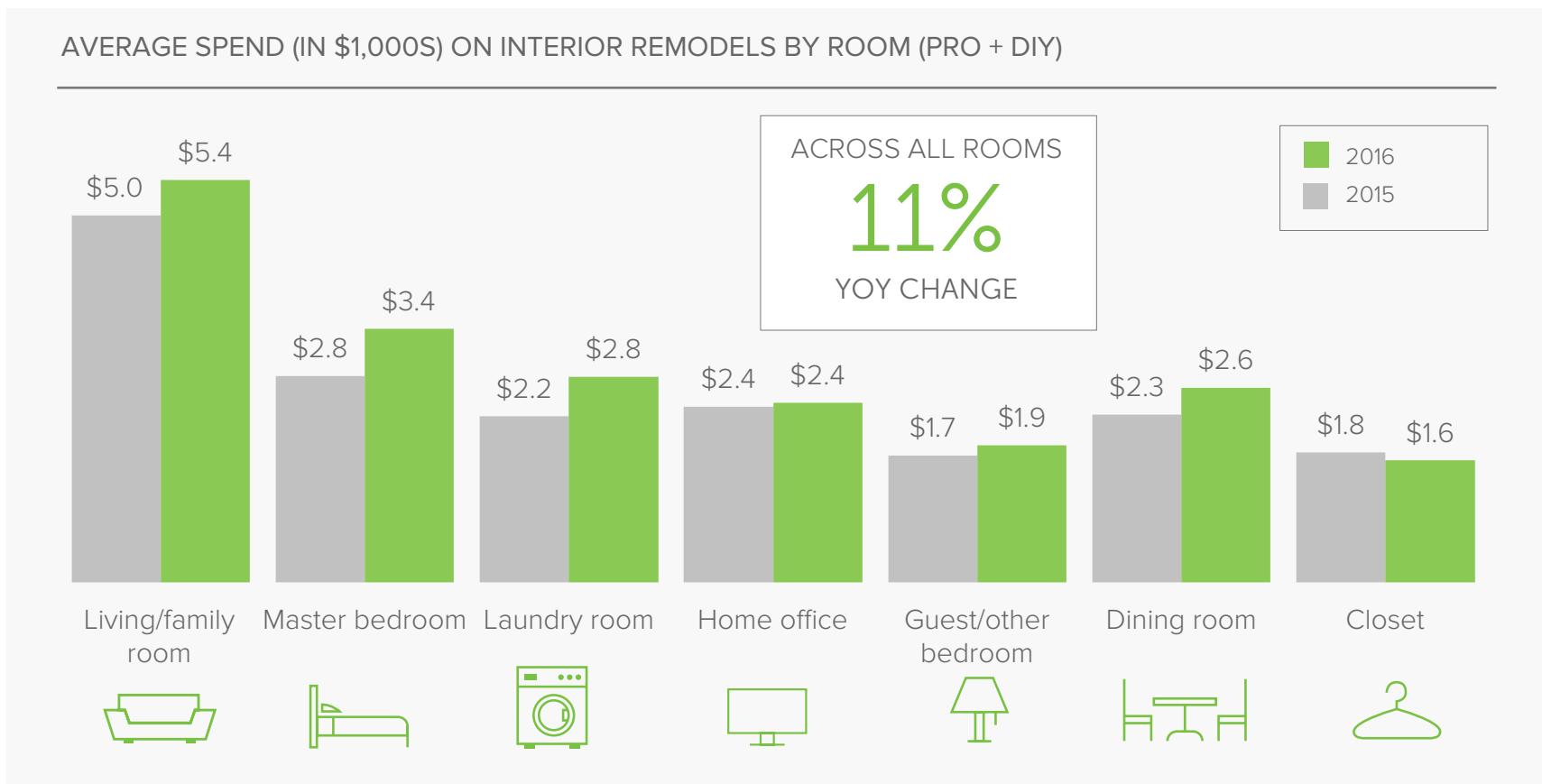
Homeowners living in their second or third home spend, on average, 71% more on their home than first-time homeowners. Furthermore, these repeat homeowners tend to spend the most within the first year of ownership. In contrast, first-time homeowners tend to ramp up spend the longer they live in the home.



11% Growth in Spend on Living Quarters



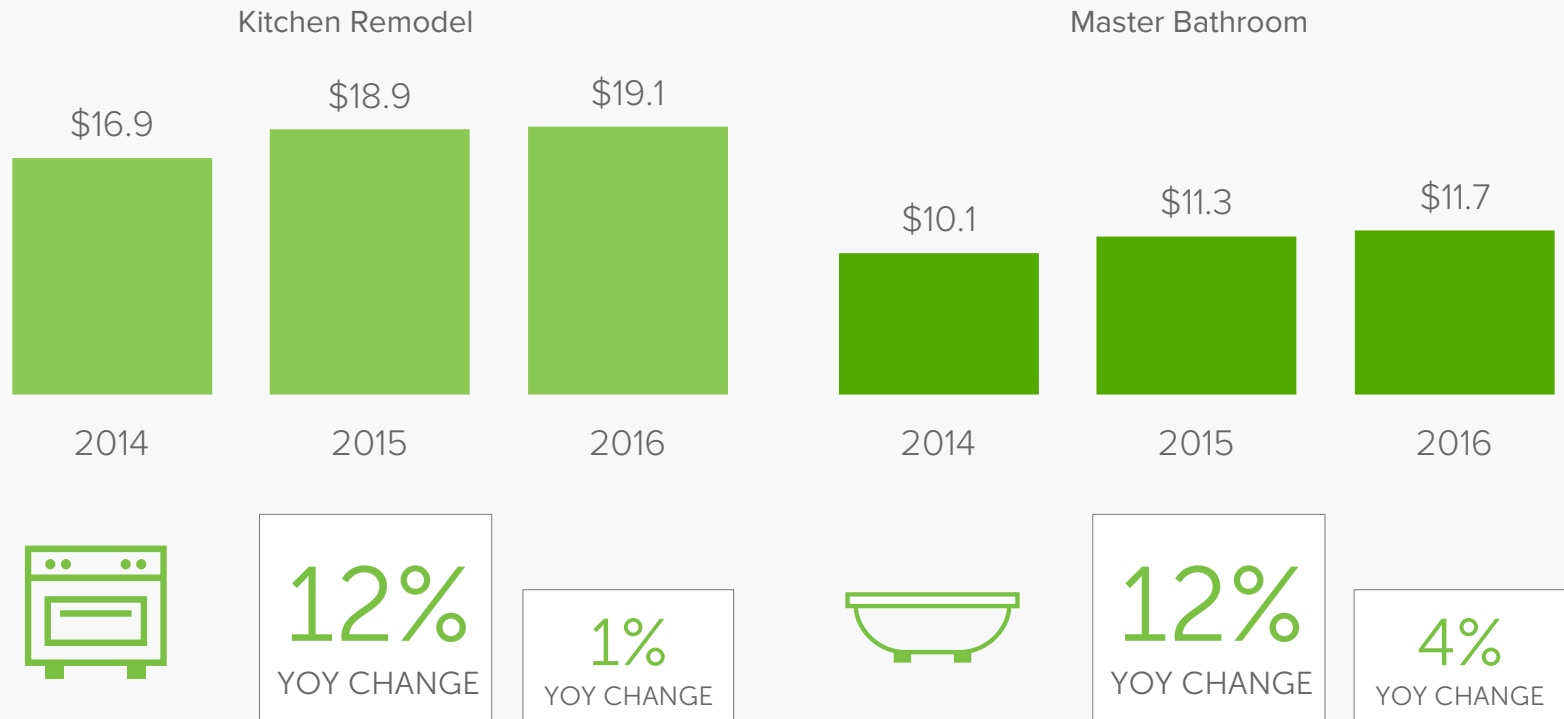
Homeowners invested 11% more, on average, on remodels of most interior rooms in 2016 compared to 2015, excluding kitchens and bathrooms. Remarkably, average spend on laundry room and master bedroom remodels grew 24% and 23%, respectively. Closet remodels are the only exception to spend increases, with spend decreasing by 6% year over year.



Flat Spend on Kitchens and Master Bathrooms

Unlike the spend on living quarters, the average spend on kitchen and bathroom remodels in 2016 stayed relatively flat compared to 2015. Nationally, the spend on a kitchen remodel was \$19.1K and on a master bathroom remodel was \$11.7K in 2016, averaged across a wide range of room sizes and project scopes. The average spend on guest or other bathrooms was \$5.7K in 2016, up 2% year over year.*

AVERAGE SPEND ON KITCHEN AND MASTER BATHROOM REMODELS (PRO + DIY)



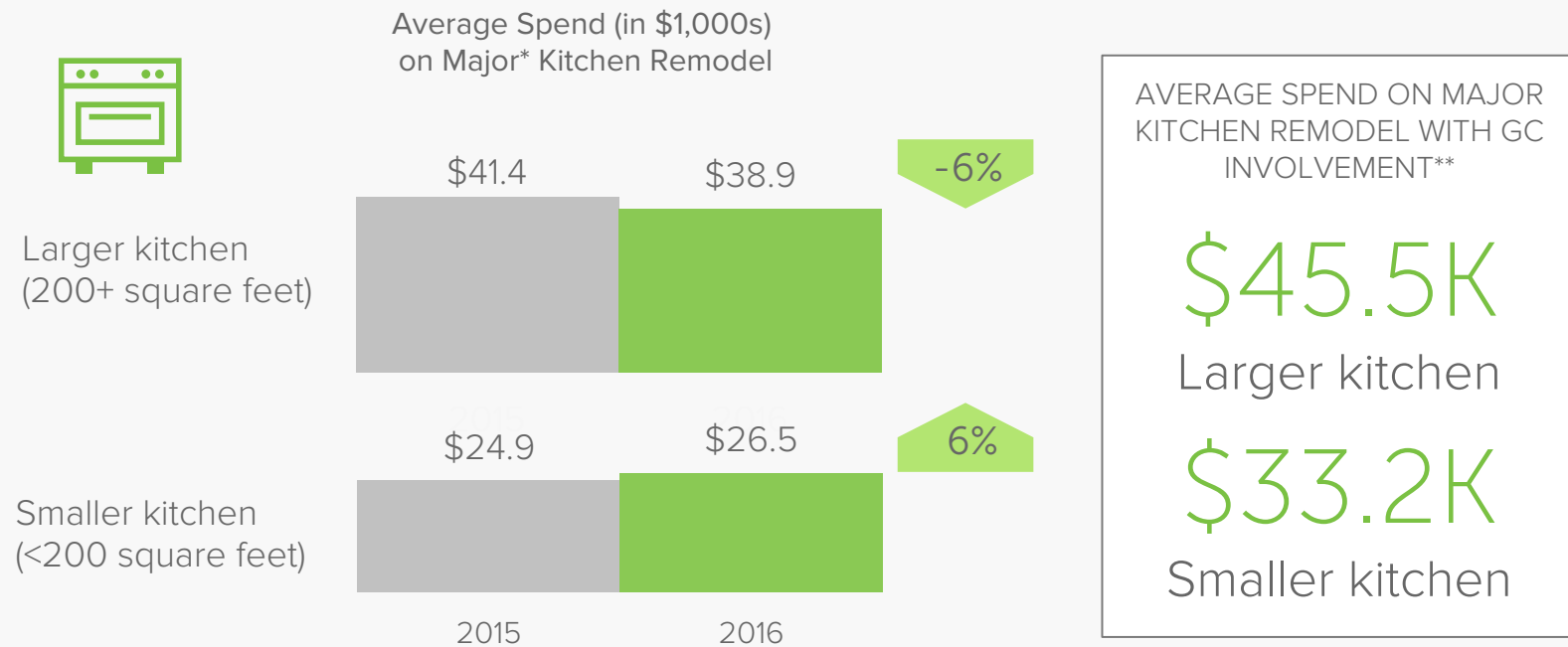
*The average spend for remodels of guest or other bathrooms was \$5.6K in 2015 and \$4.9K in 2014.

A Focus on Smaller Kitchens



Roughly half of remodeled kitchens are less than 200 square feet (44%), and the spend on these kitchens grew year over year. For example, average spend for a major remodel, defined by replacement of at least cabinets and appliances, increased 6% for smaller kitchens and declined 6% for larger kitchens in 2016 compared to 2015. Similar trends apply to minor* remodels, and all remodels with the involvement of a general contractor (GC).**

AVERAGE KITCHEN SPEND (IN \$1,000S) BY KITCHEN REMODEL SCOPE AND SIZE



*Major kitchen remodel refers to a remodel in which at least all the cabinets and appliances are replaced; minor kitchen remodel includes all other remodels. Average spend for minor remodels of larger kitchens was \$14.8K in 2016 and \$14.3K in 2015; average spend for minor remodels of smaller kitchens was \$8.9K in 2016 and 2015. Remodels do not include any additions that increase the overall home footprint.

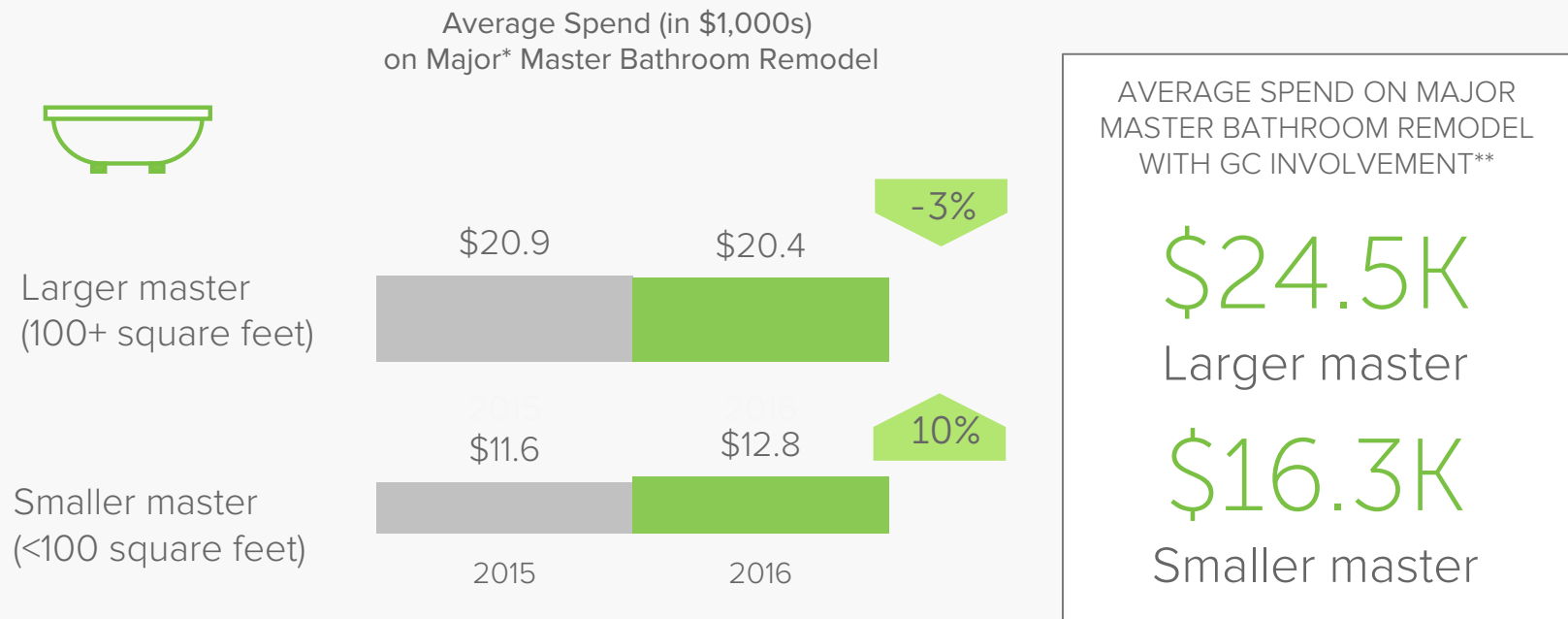
**GC refers to a general contractor, builder, and/or kitchen and bath remodeler.

...And Smaller Master Bathrooms



Similar to the kitchen trends, the spend on smaller master bathrooms increased while the spend on larger master bathrooms slightly decreased year over year. For example, the average spend for a major remodel of a smaller master bathroom (under 100 square feet) increased 10%; a major remodel is defined by replacement of at least the cabinetry/vanity, countertops, and toilet.

AVERAGE MASTER BATHROOM SPEND (IN \$1,000S) BY BATHROOM REMODEL SCOPE AND SIZE



*Major master bathroom remodel refers to a remodel in which at least the cabinetry/vanity, countertops, and toilet are replaced; minor master bathroom remodel includes all other remodels. Average spend for minor remodels of larger master bathrooms was \$9.3K in 2016 and \$9.2K in 2015; average spend for minor remodels of smaller master bathrooms was \$5.6K in 2016 and \$5.1K in 2015. Remodels do not include any additions that increase the overall home footprint.

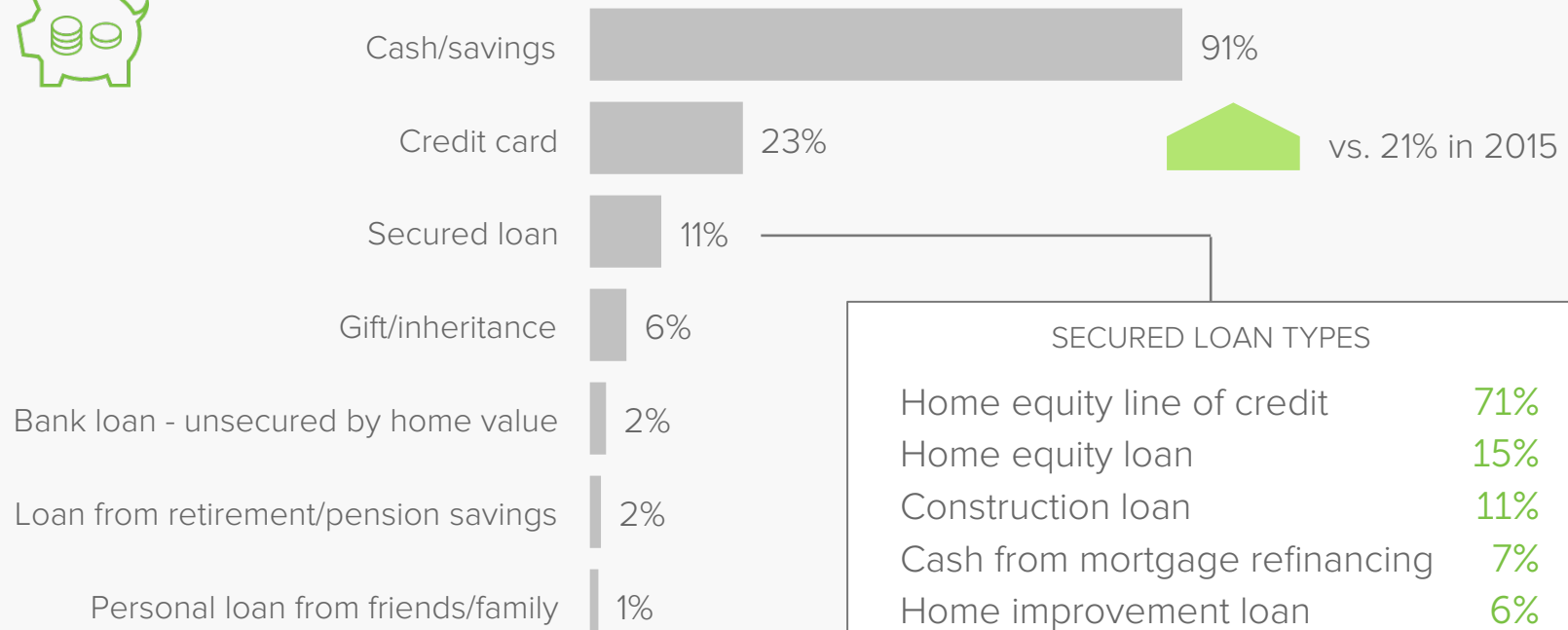
**GC refers to a general contractor, builder, and/or kitchen and bath remodeler.

Uptick in Credit Card Usage



Consistent with last year's findings, most homeowners leverage cash/savings to fund renovations (91%). Credit cards are an even more popular form of project funding compared to last year (23% vs. 21%, respectively). One in nine renovating homeowners takes out a secured loan (11%), with a home equity line of credit being most common.

FREQUENCY OF TOP PAYMENT METHODS AMONG HOMEOWNERS WHO RENOVATED

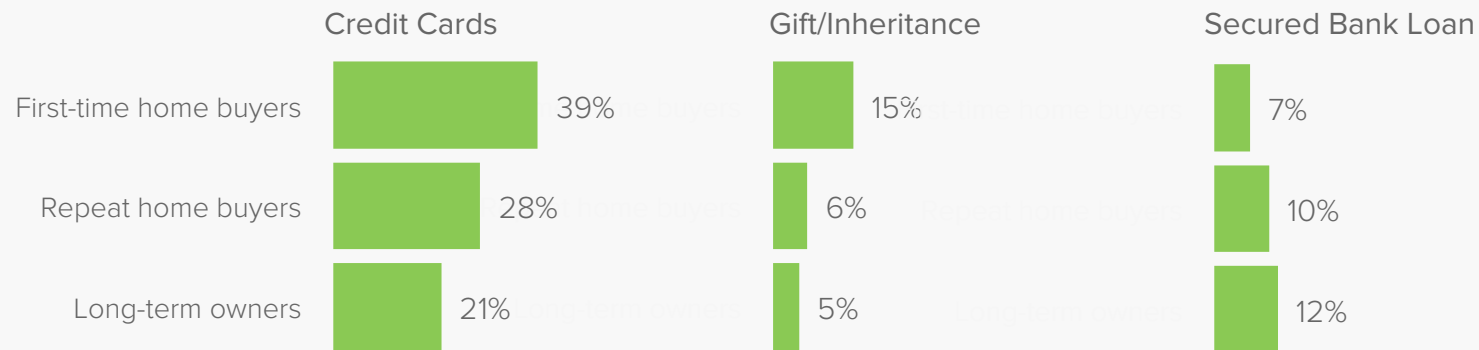


Super-Charging It



First-time home buyers rely on less conventional methods of funding home renovations and are 50% more likely to have difficulty funding their home renovations. They are significantly more likely than long-term owners to charge to credit cards (39% vs. 21%, respectively) and to rely on gifts (15% vs. 5%, respectively), and half as likely to rely on secured loans (7% vs. 12%, respectively).

FREQUENCY OF TOP PAYMENT METHODS AMONG HOMEOWNERS WHO RENOVATED



CHALLENGE FUNDING HOME RENOVATIONS

33%

First-time home buyers

20%

Repeat home buyers

19%

Long-term owners



2016 MOTIVATIONS AND CHALLENGES

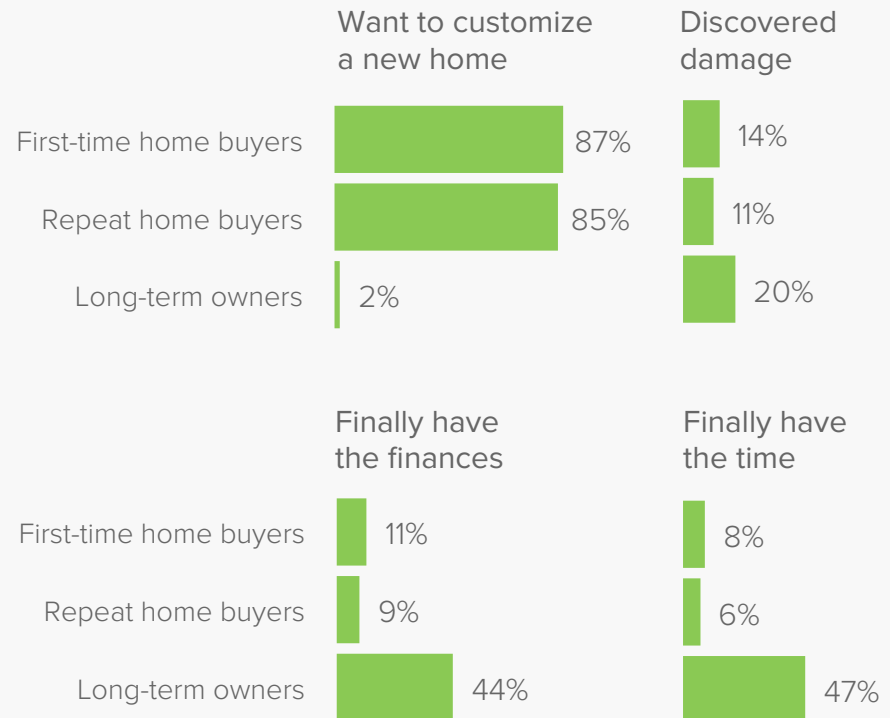
All About Customizing



Homeowners have a strong preference for customizing their homes. This is evident from over 80% of recent home buyers' starting a renovation out of the desire to customize a recently purchased home. Furthermore, most long-term owners tend to wait until they have the financial means and/or time (44% and 47%, respectively), and only one in five starts renovations due to recently discovered damage or deterioration in the home (20%).

FREQUENCY OF TOP RENOVATION TRIGGERS AMONG HOMEOWNERS WHO RENOVATED IN 2016

TOP RENOVATION TRIGGERS	2015	2016
Waited to have the time	38%	37%
Waited to have the finances	37%	36%
Want to customize a new home	26%	27%
Discovered damage	17%	18%
Recent changes in lifestyle	17%	17%
Increase value ahead of a sale	13%	12%

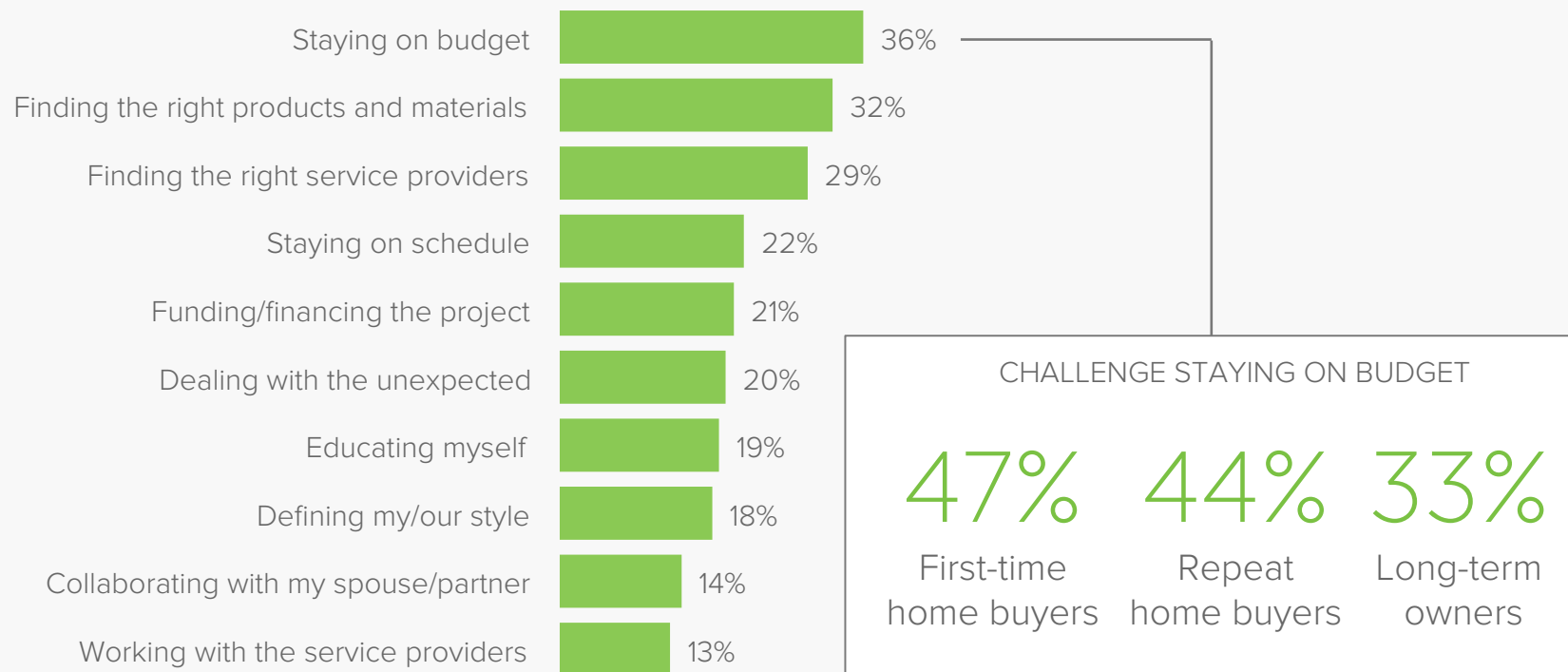


Learning the Ropes



Homeowners cite staying on budget, finding products, and finding service providers as top challenges during renovations. Budget management is a much greater challenge for recent home buyers than for long-term owners. First-time home buyers are 50% more likely than long-term owners to have difficulty staying on budget, and with nearly everything else (see Appendix C).

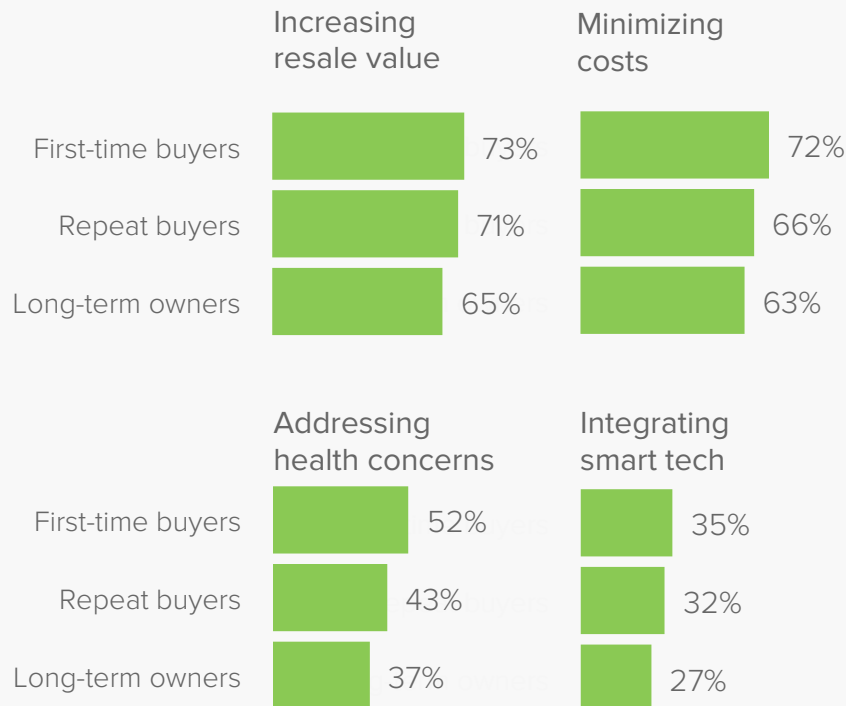
FREQUENCY OF TOP RENOVATION CHALLENGES AMONG HOMEOWNERS WHO RENOVATED IN 2016








Home Buyers Prioritize Money, Health, and Smart Tech

Design and functionality continue to be top priorities during home renovations across all renovators. Meanwhile, home buyers, especially first-time home buyers, are more likely to prioritize minimizing costs, increasing resale value, addressing health concerns, and integrating smart tech than long-term owners. In general, smart tech was more of a priority in 2016 than two years ago (28% in 2016 vs. 25% in 2014).

FREQUENCY OF TOP RENOVATION PRIORITIES AMONG HOMEOWNERS WHO RENOVATED



TOP RENOVATION PRIORITIES		
	2014	2016
Improving design	91%	89%
Improving functionality	85%	84%
Increasing resale value	62%	67% 
Improving energy efficiency	67%	64% 
Minimizing costs	69%	64% 
Addressing health concerns	42%	38% 
Integrating "green" materials	32%	30%
Integrating smart tech	25%	28% 

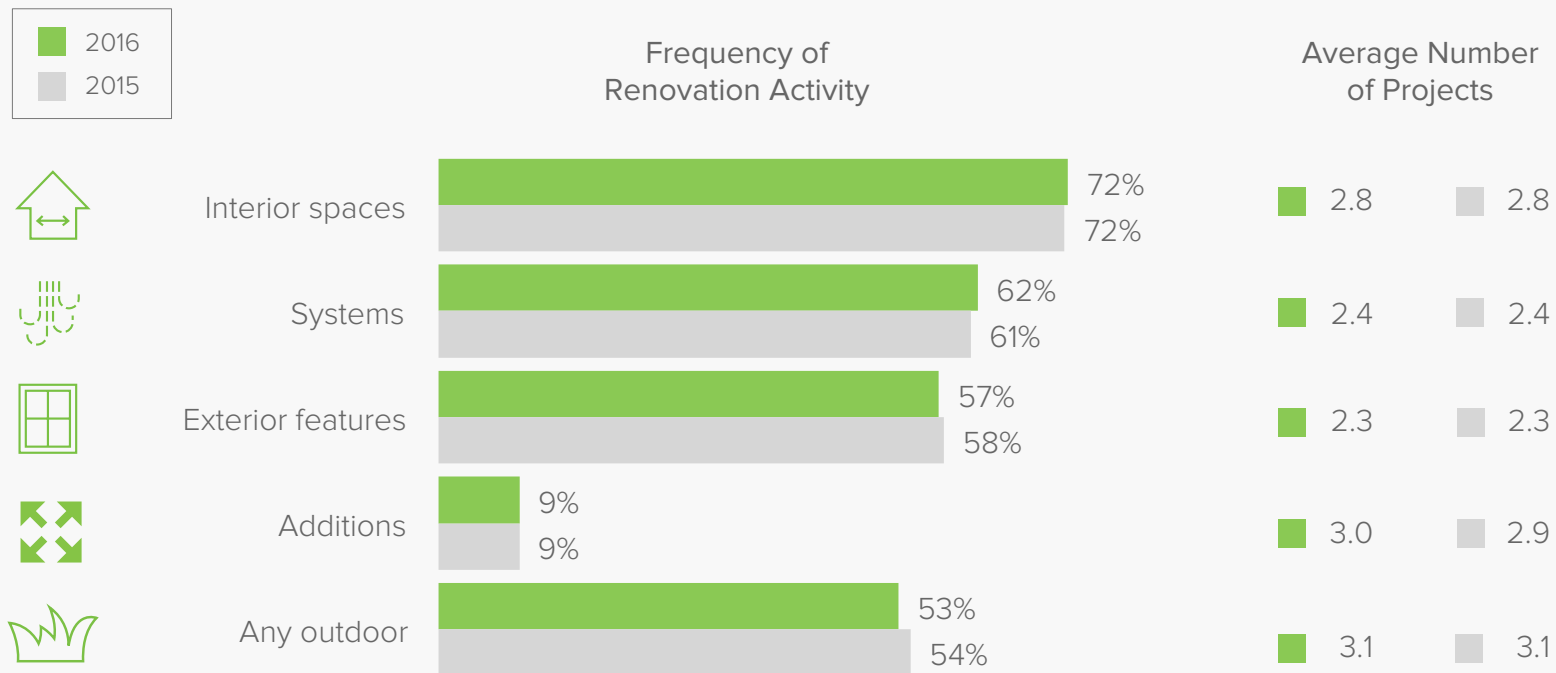
2016 RENOVATION SCOPE

Massive Project Scope



Consistent with the past two years' findings, renovating homeowners tackled a vast range of spaces, systems, and features during 2016 renovations. Three in four renovators remodel interior rooms and, on average, approach three rooms at a time. Among the more than half who tackle home systems or exterior features during remodels, on average two systems and/or two exterior projects are upgraded at a time.

FREQUENCY OF RENOVATION ACTIVITY AMONG HOMEOWNERS WHO RENOVATED*



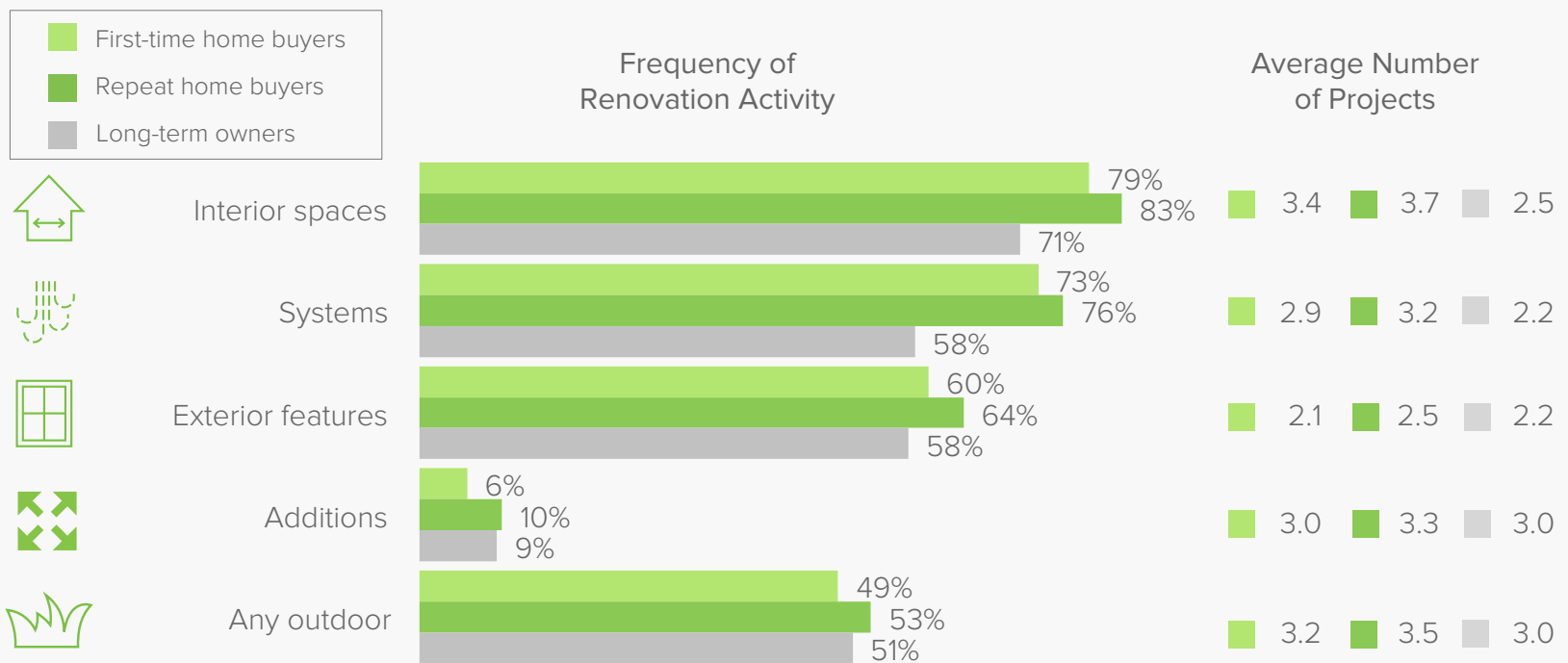
*Interior spaces refers to remodels of kitchens, bathrooms, dining rooms, etc.; systems refers to upgrades to electrical, plumbing, air conditioning, etc.; exterior features refers to windows, doors, roofing, etc.; additions refers to expansion of the home footprint by increasing/adding kitchens, bathrooms, dining rooms, etc.; any outdoor refers to upgrades to outdoor grounds and systems (e.g., landscape, irrigation) and additions/upgrades of outdoor structures (e.g., shed, pool).

Recent Home Buyers Gut Home Interiors



Not only are renovators in recently purchased homes more likely to remodel interior rooms and upgrade home systems than long-term owners, but they also tend to remodel more rooms and systems at a time (roughly 3.5 rooms and 3 systems compared to 2.5 rooms and 2 systems for long-term owners). Interestingly, repeat home buyers are nearly twice as likely to build additions than first-time buyers (10% vs. 6%, respectively).

FREQUENCY OF RENOVATION ACTIVITY AMONG HOMEOWNERS WHO RENOVATED IN 2016*

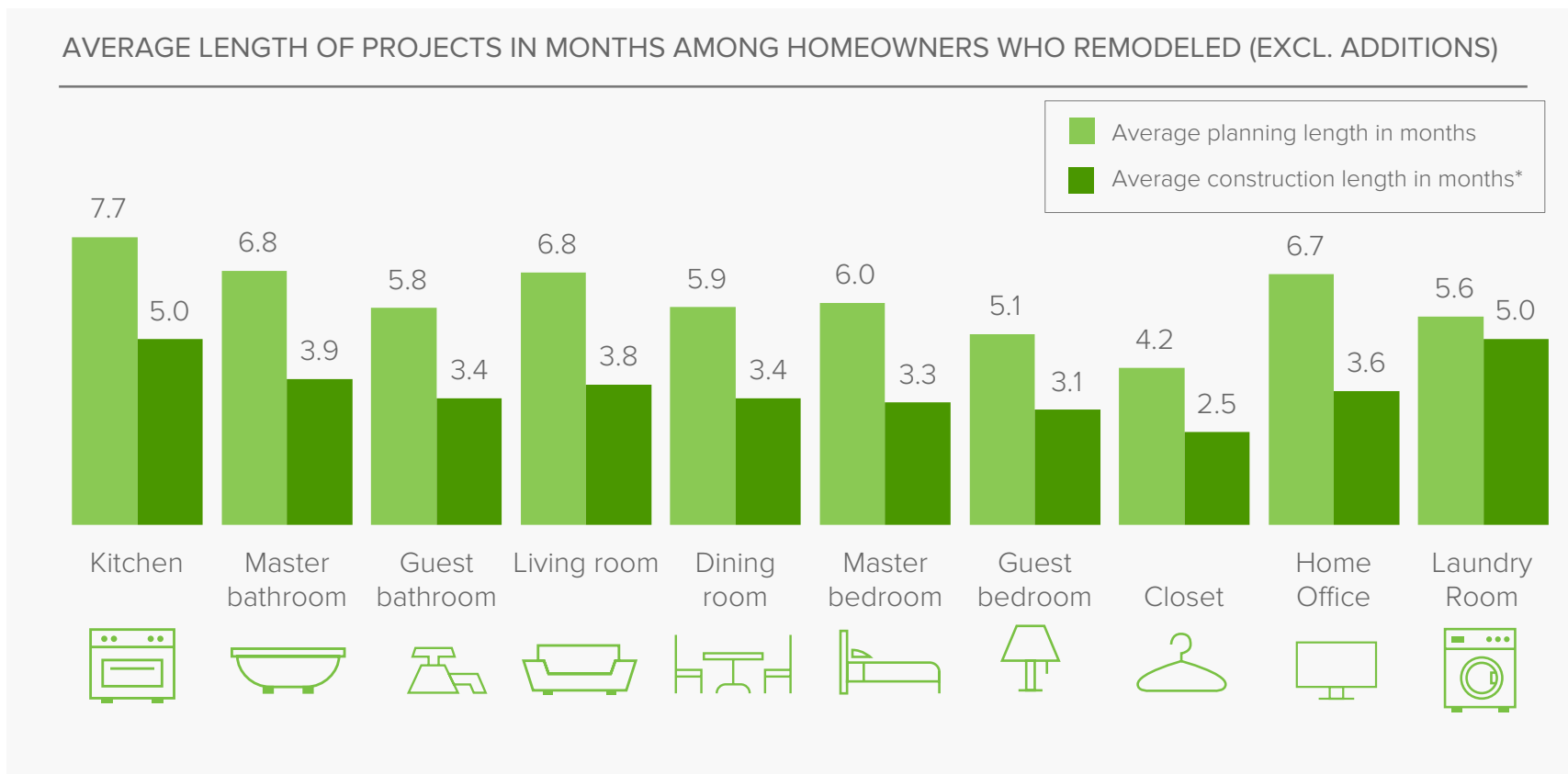


*Interior spaces refers to remodels of kitchens, bathrooms, dining rooms, etc.; systems refers to upgrades to electrical, plumbing, air conditioning, etc.; exterior features refers to windows, doors, roofing, etc.; additions refers to expansion of the home footprint by increasing/adding kitchens, bathrooms, dining rooms, etc.; any outdoor refers to upgrades to outdoor grounds and systems (e.g., landscape, irrigation) and additions/upgrades of outdoor structures (e.g., shed, pool).

Yearlong Undertaking



Planning an interior remodel is a long undertaking, ranging from four to eight months, on average, with kitchen planning being the lengthiest. With the construction phase averaging 2.5 to 5 months, an interior remodel may take the better part of a year to complete.

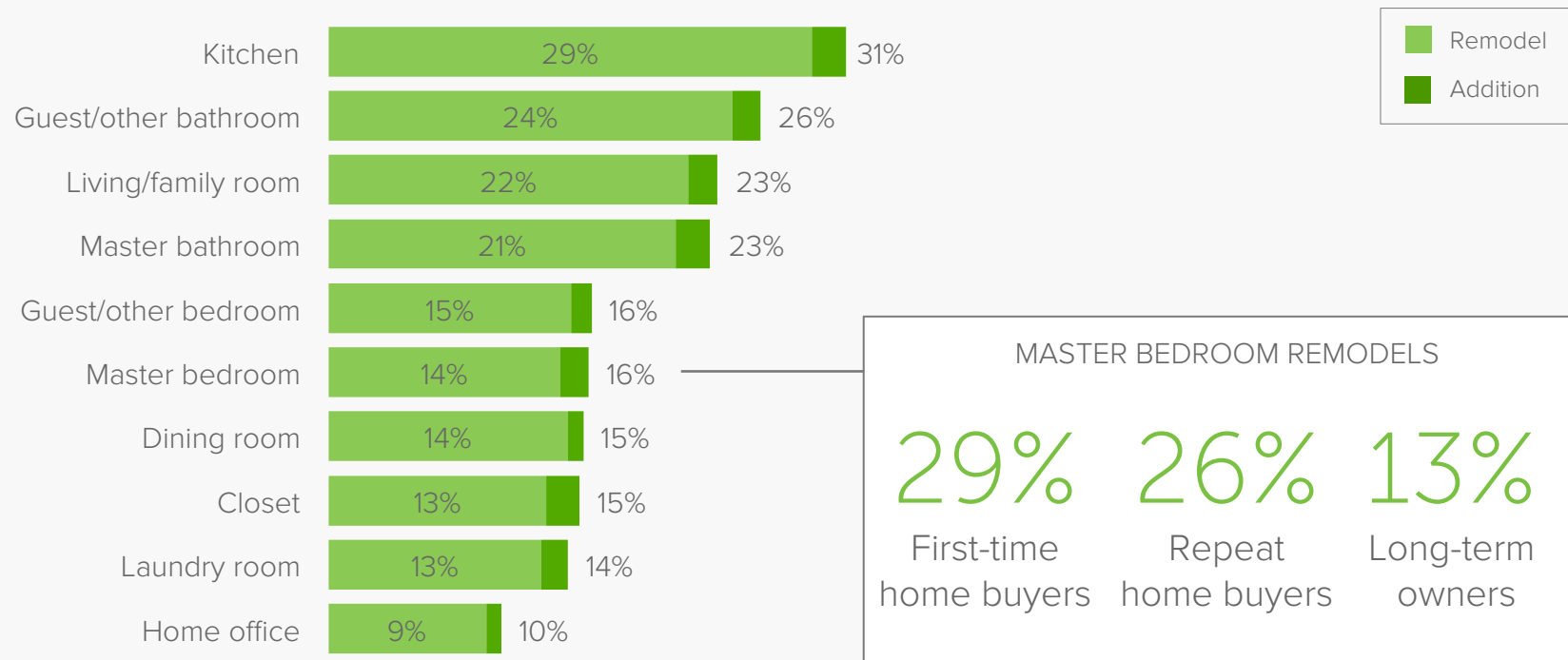


Master Bedroom Is Key for First-Time Home Buyers



Time and time again, kitchens, bathrooms, and living rooms are the top priorities for interior renovations. That said, first-time buyers signal that a master bedroom is a significant priority, as it is their third-most-frequent renovation and twice as likely to be tackled by them than by long-term owners (29% vs. 13%, respectively; also see Appendix D).

FREQUENCY OF TOP INTERIOR REMODELS/ADDITIONS AMONG HOMEOWNERS WHO RENOVATED IN 2016

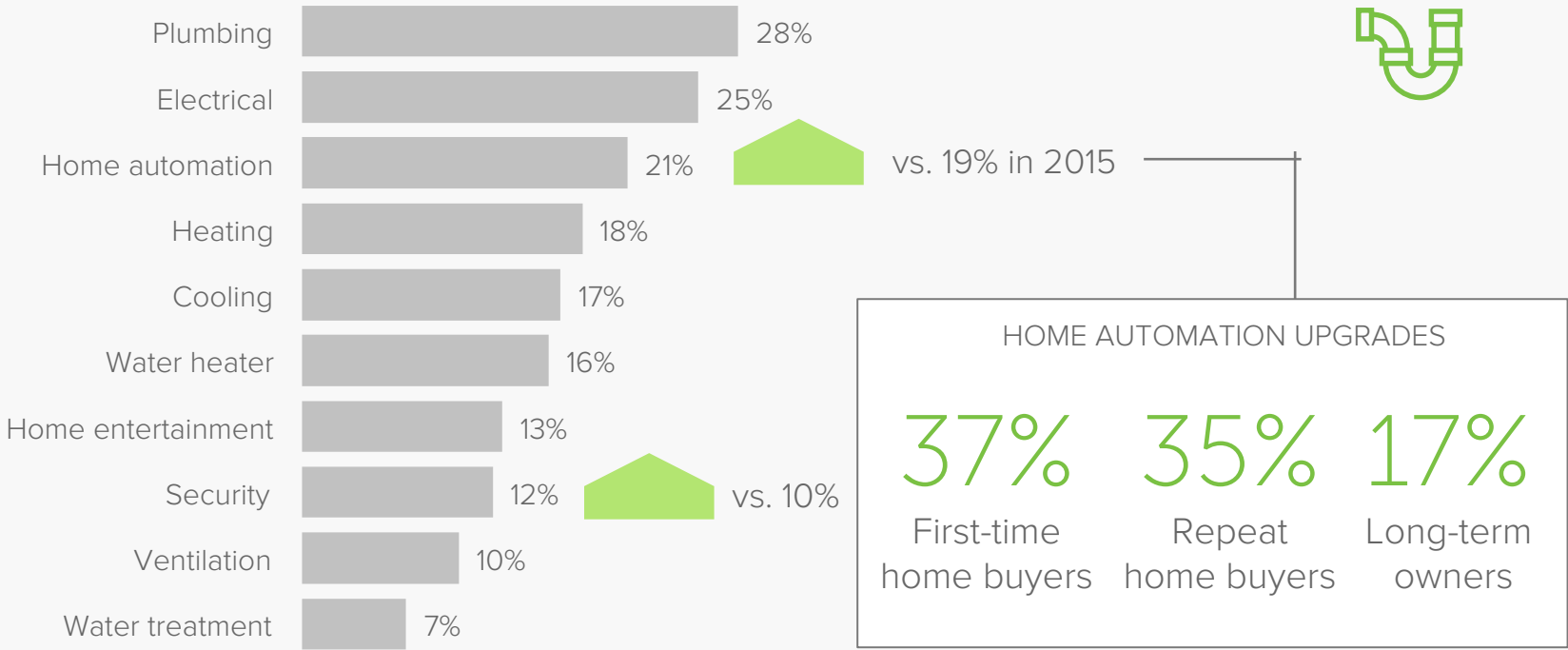


Greater Demand for Home Automation and Security



Home automation and security upgrades increased in popularity relative to 2015 across all homeowner segments. Generally, first-time and repeat home buyers are more than twice as likely to install home automation than long-term owners (37% and 35% vs. 17%, respectively), as well as home security (see Appendix E).

FREQUENCY OF TOP HOME SYSTEM UPGRADES AMONG HOMEOWNERS WHO RENOVATED IN 2016

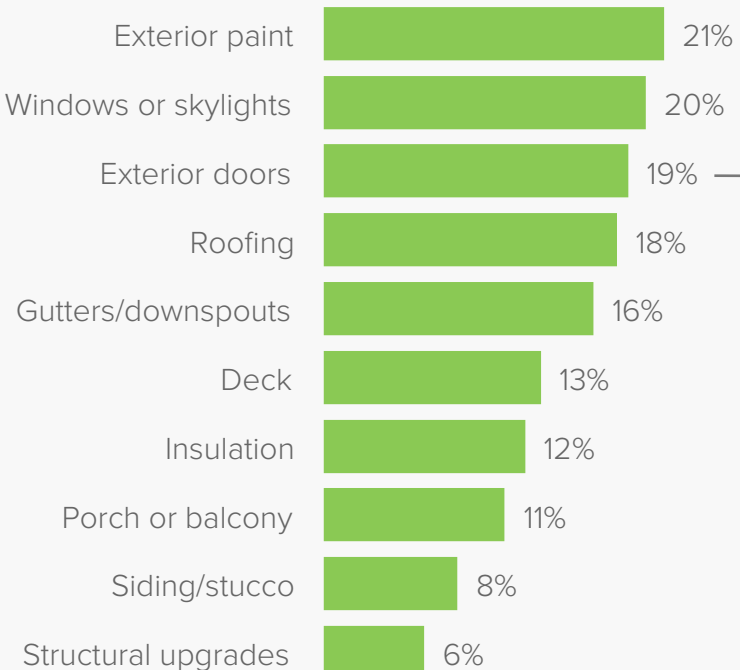


Seasoned Home Buyers Focus on Home Exterior



Seasoned home buyers are significantly keener on exterior feature upgrades compared to long-term owners. For example, one in four repeat home buyers replaces exterior paint, windows, and/or doors, compared to one in five long-term owners (see Appendix F).

FREQUENCY OF TOP EXTERIOR BUILDING UPGRADES AMONG HOMEOWNERS WHO RENOVATED IN 2016



EXTERIOR DOOR UPGRADES

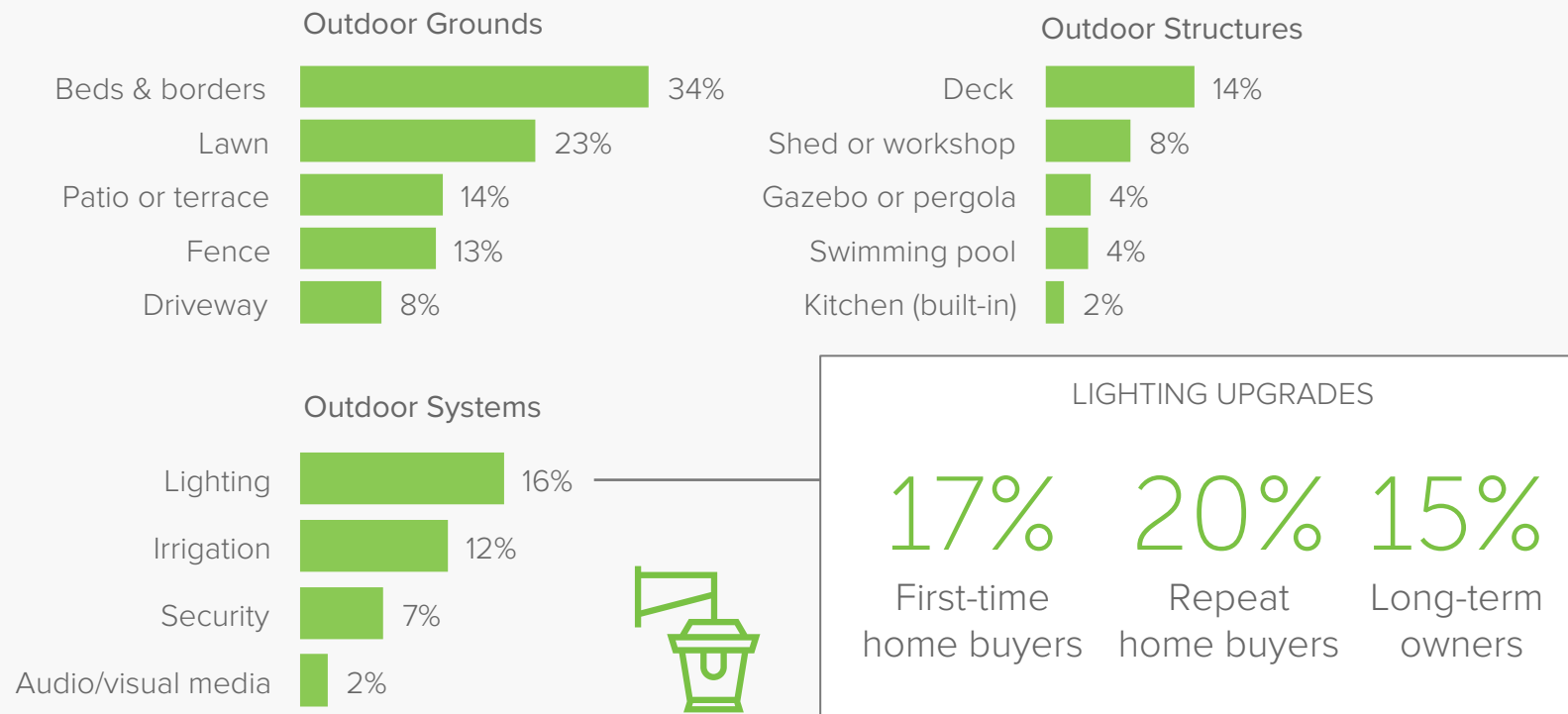
Homeowner Type	Percentage
First-time home buyers	21%
Repeat home buyers	26%
Long-term owners	17%

New Home, New Outdoor Lighting



New outdoor lighting is a must, especially for repeat home buyers, with one in five of renovating homeowners prioritizing outdoor lighting. Garden beds or borders are the most common outdoor grounds projects, while decks are the most popular outdoor structure.

FREQUENCY OF TOP OUTDOOR UPGRADES AMONG HOMEOWNERS WHO RENOVATED IN 2016

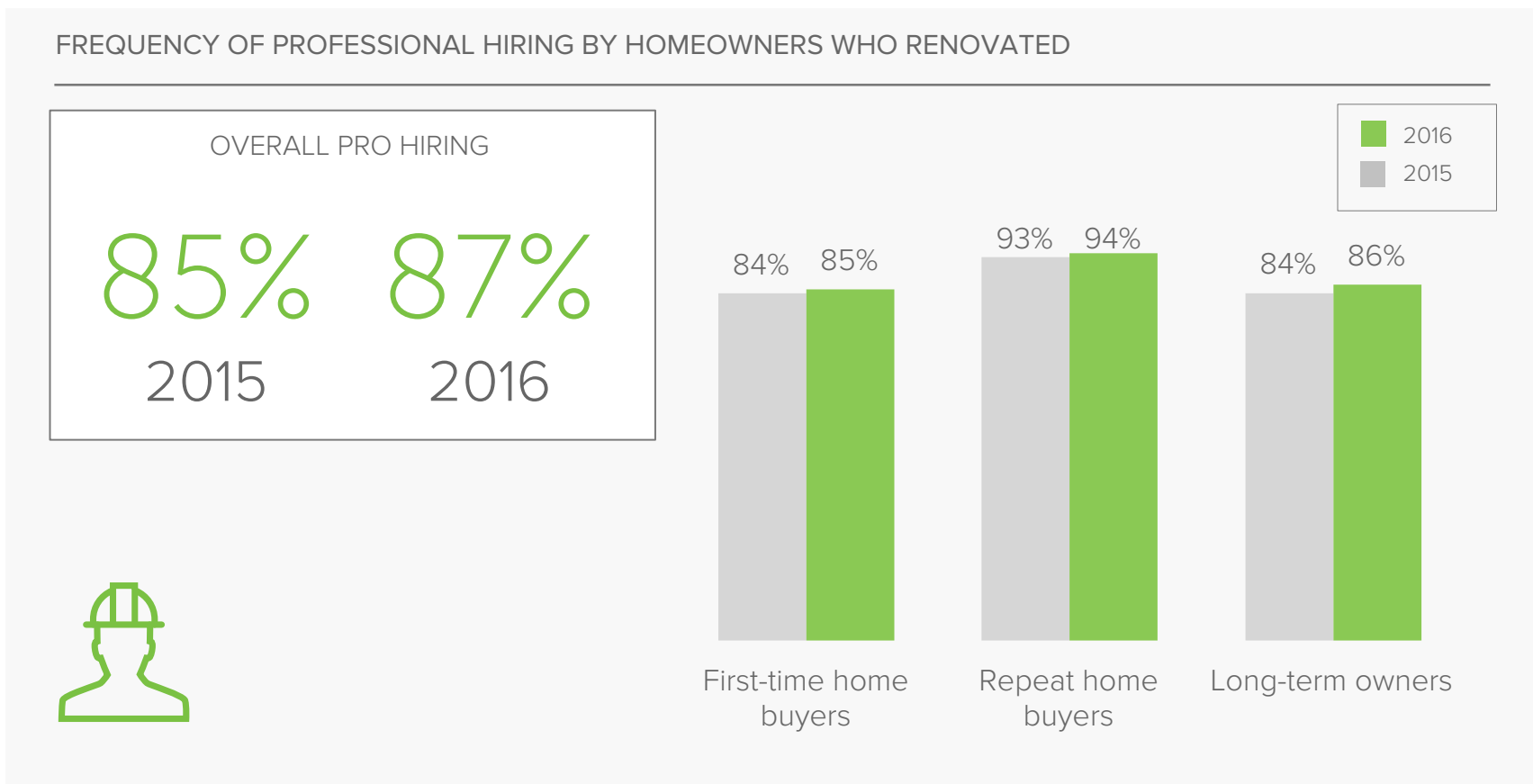


2016 PROFESSIONAL INVOLVEMENT

Greater Reliance on Pro Help



Renovating homeowners are increasingly turning to professional help in the course of their renovations, with 87% hiring a pro in 2016, up from 85% in 2015. Pro hiring is especially high among those who bought their second or third home in 2016 (94%), and first-time home buyers are surprisingly just as keen to hire pro help as long-term owners (85% and 86%, respectively).



Growing Demand for Service Specialists



Across all renovating homeowners, the growing demand for professional help is fueled by a greater need for specialty service providers, such as electricians and painters (48% in 2016 vs. 44% in 2015). In contrast, the demand for project managers or full-service providers (e.g., general contractors or design-builders [DBs]) and/or professional design services has remained relatively stable year over year, and is highest among repeat home buyers.

FREQUENCY OF PROFESSIONALS HIRED, BY CATEGORY, AMONG HOMEOWNERS WHO RENOVATED

Hired Specialty Service Providers (Without a Project Manager)



Hired a GC, Builder, Remodeler, or Design-Builder



Hired an Architect or a Designer



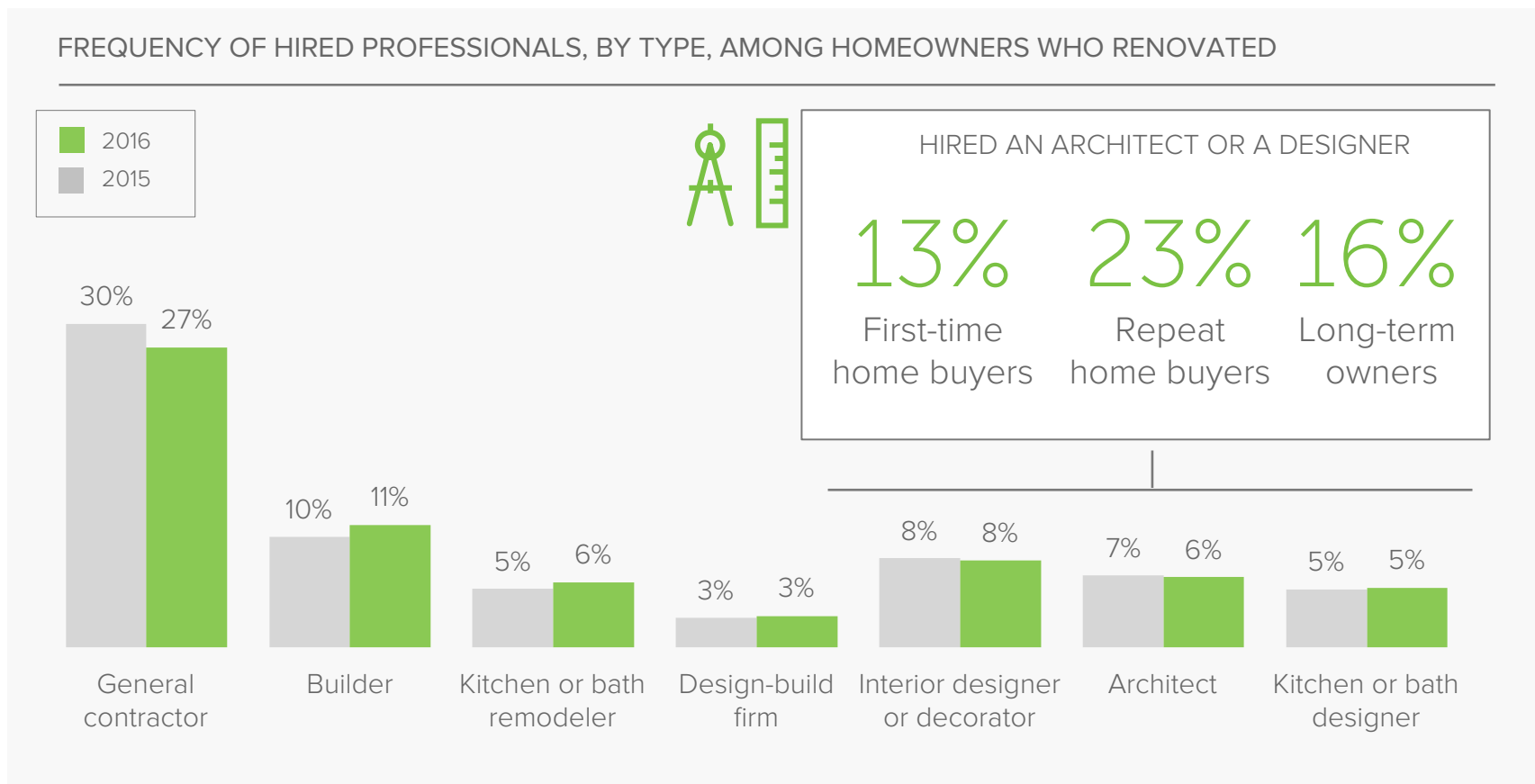
HIRED A GC, BUILDER, REMODELER, OR DB

39%	47%	37%
First-time home buyers	Repeat home buyers	Long-term owners

Repeat Buyers Opt for Design Services



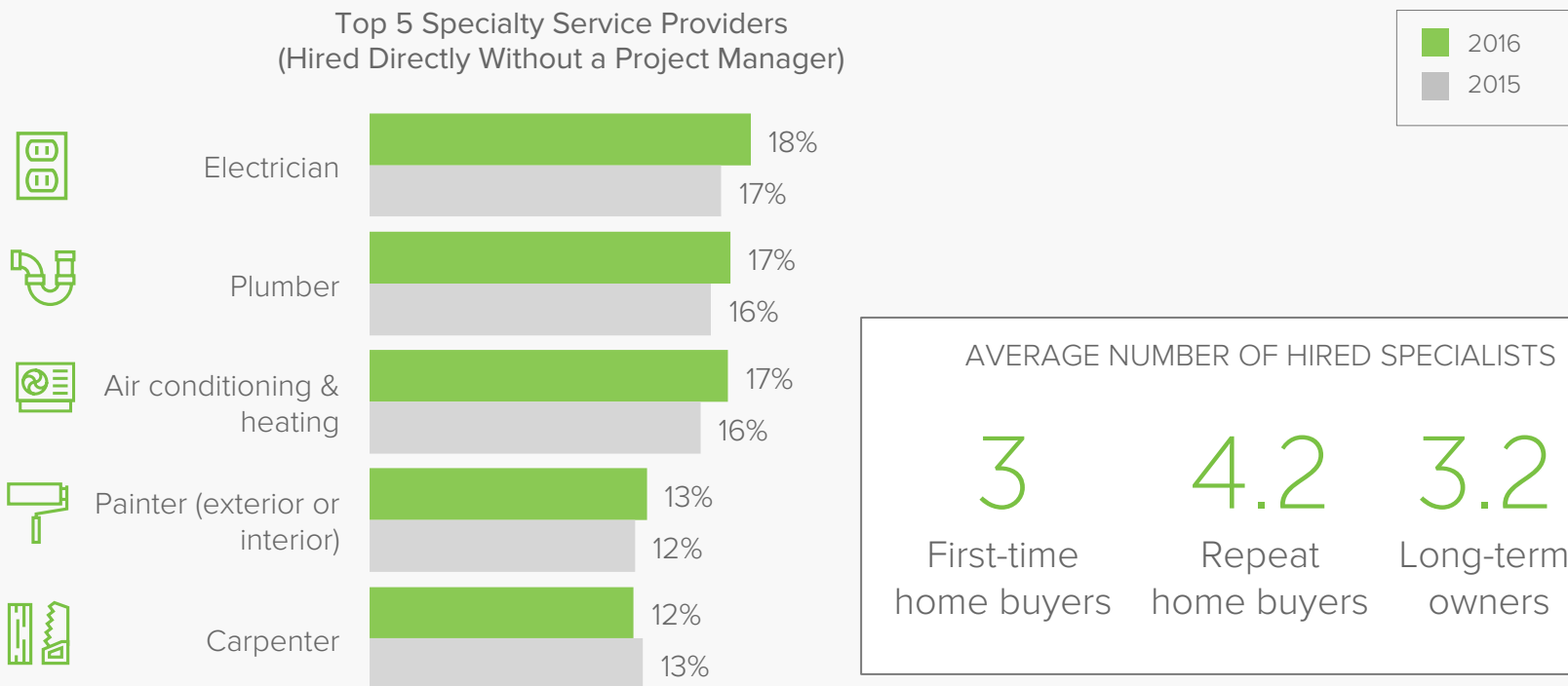
Nearly a quarter of repeat home buyers renovate with the help of an architect or a designer (23%), significantly more than long-term owners or first-time buyers (16% and 13%, respectively). This is in part driven by larger scopes of renovations among repeat buyers, such as more additions and whole-house remodels.



Multiple Specialty Service Providers at a Time

Nearly one in five renovating homeowners hires an electrician, a plumber, and/or an air conditioning/heating specialist directly without a project manager, such as a GC. In fact, homeowners working without a GC tend to hire multiple specialty service providers in the course of home renovations, with repeat home buyers hiring four providers, on average, compared to three providers hired by all others.

FREQUENCY OF SPECIALTY SERVICE PROVIDERS HIRED BY HOMEOWNERS WHO RENOVATED

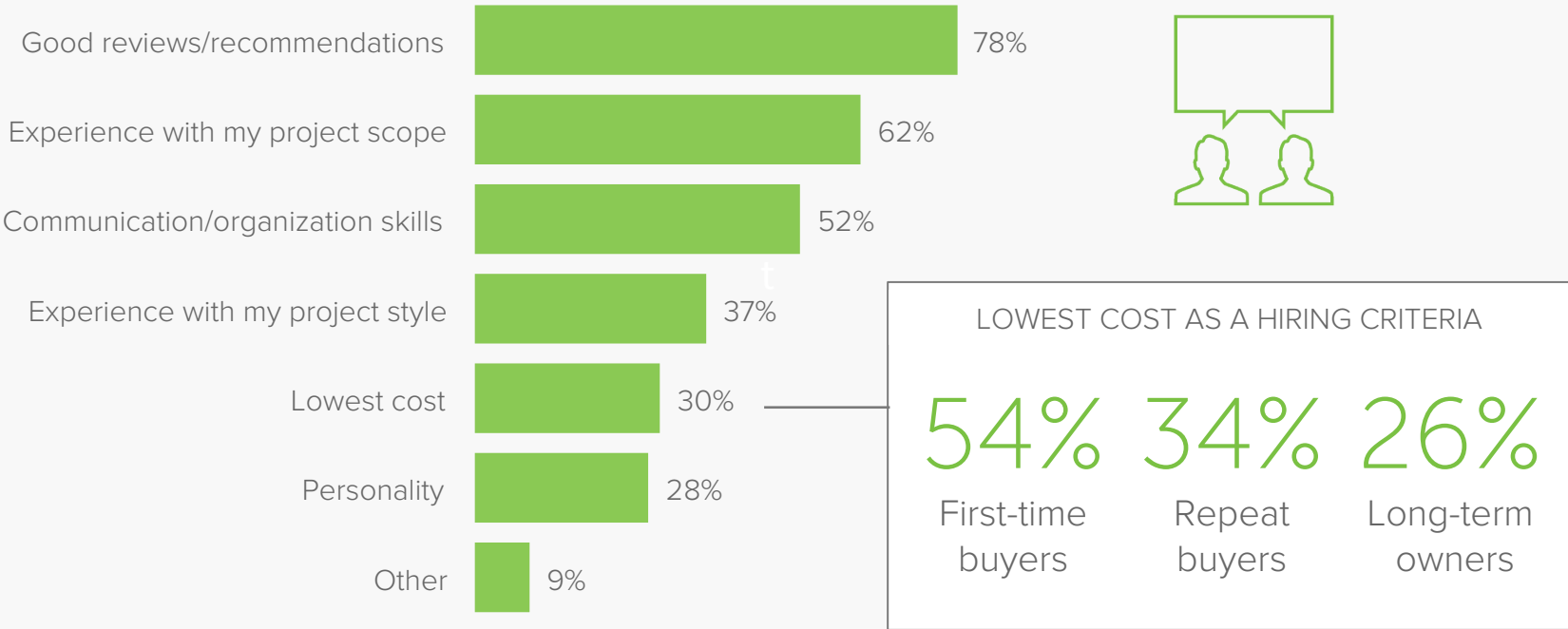


Cost Matters for First-Time Buyers



Four in five renovating homeowners cite good reviews or recommendations as being very important when choosing service providers. This is particularly true among first-time home buyers, who are also more concerned about finding the lowest-cost provider.

FREQUENCY OF TOP HIRING CRITERIA AMONG HOMEOWNERS WHO RENOVATED IN 2016



Methodology

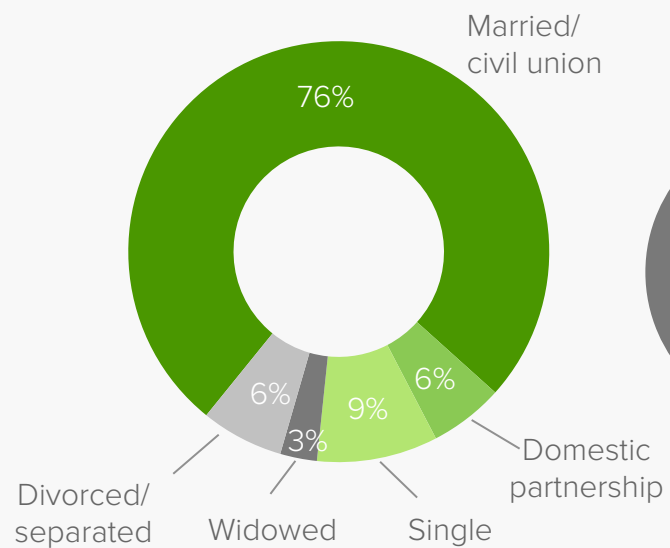
The annual Houzz & Home study is the largest survey of residential remodeling, building, and decorating activity conducted. This survey covers every aspect of home renovation in 2016, from interior remodels and additions to home systems, exterior upgrades, and outdoor projects. This includes the historical and planned spends, professional involvement, and motivations and challenges behind these projects, as well as activities planned for 2017. The 2017 U.S. Houzz & Home study gathered information from 106,778 respondents in the U.S., representing the activity of the more than 40 million monthly unique Houzz users.

The Houzz & Home survey was sent via email to registered users of Houzz and fielded in February-April 2017. The Farnsworth Group, an independent market research firm, conducted the survey. The current report relies on a subset of responses, i.e., U.S. homeowners on Houzz (n=95,920) and U.S. homeowners on Houzz who renovated in 2016 (n=55,687).

APPENDIXES

A. Demographics of 2016 Renovating Homeowners*

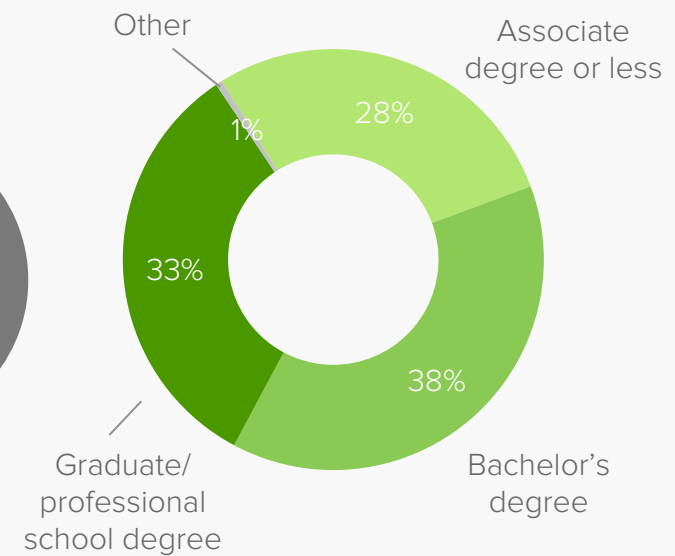
MARITAL STATUS



40%

Have child(ren) living with them

EDUCATION



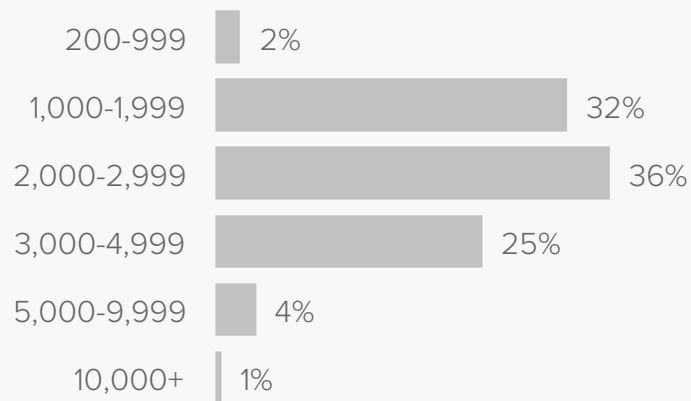
ANNUAL HOUSEHOLD INCOME

Less than \$100,000	35%
\$100,000-\$149,999	31%
\$150,000 or more	34%

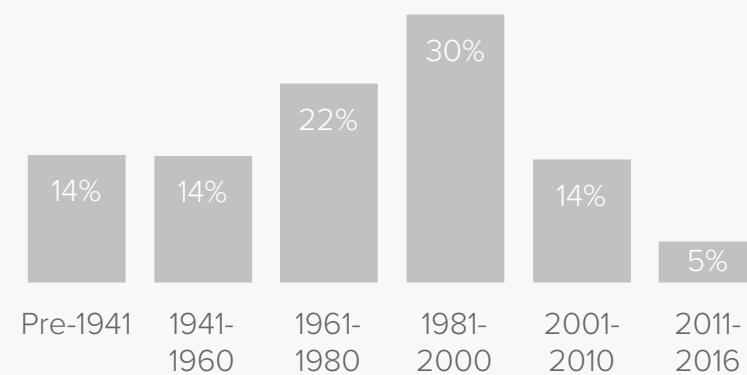
*Homeowner age breakdown is reported on p. 9.

B. Characteristics of Homes Renovated in 2016

HOME SIZE IN SQUARE FEET



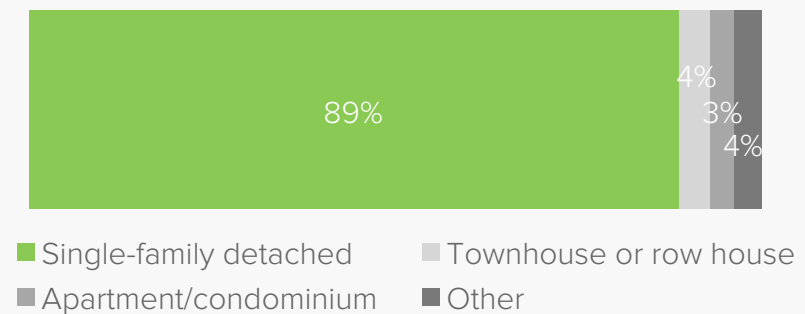
YEAR BUILT



OWNER-ESTIMATED HOME VALUE

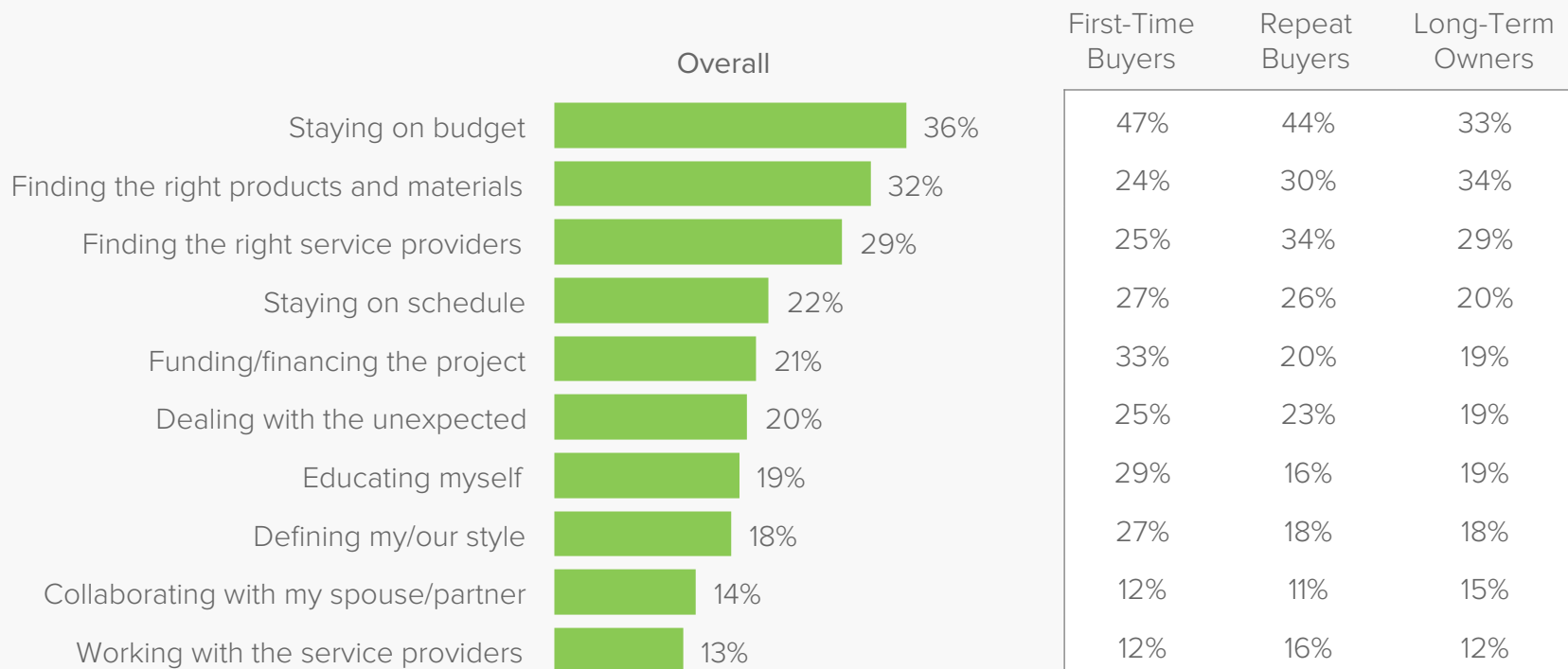
Home Value	Percentage
Less than \$200,000	17%
\$200,000-\$499,999	51%
\$500,000 or more	32%

HOME TYPE



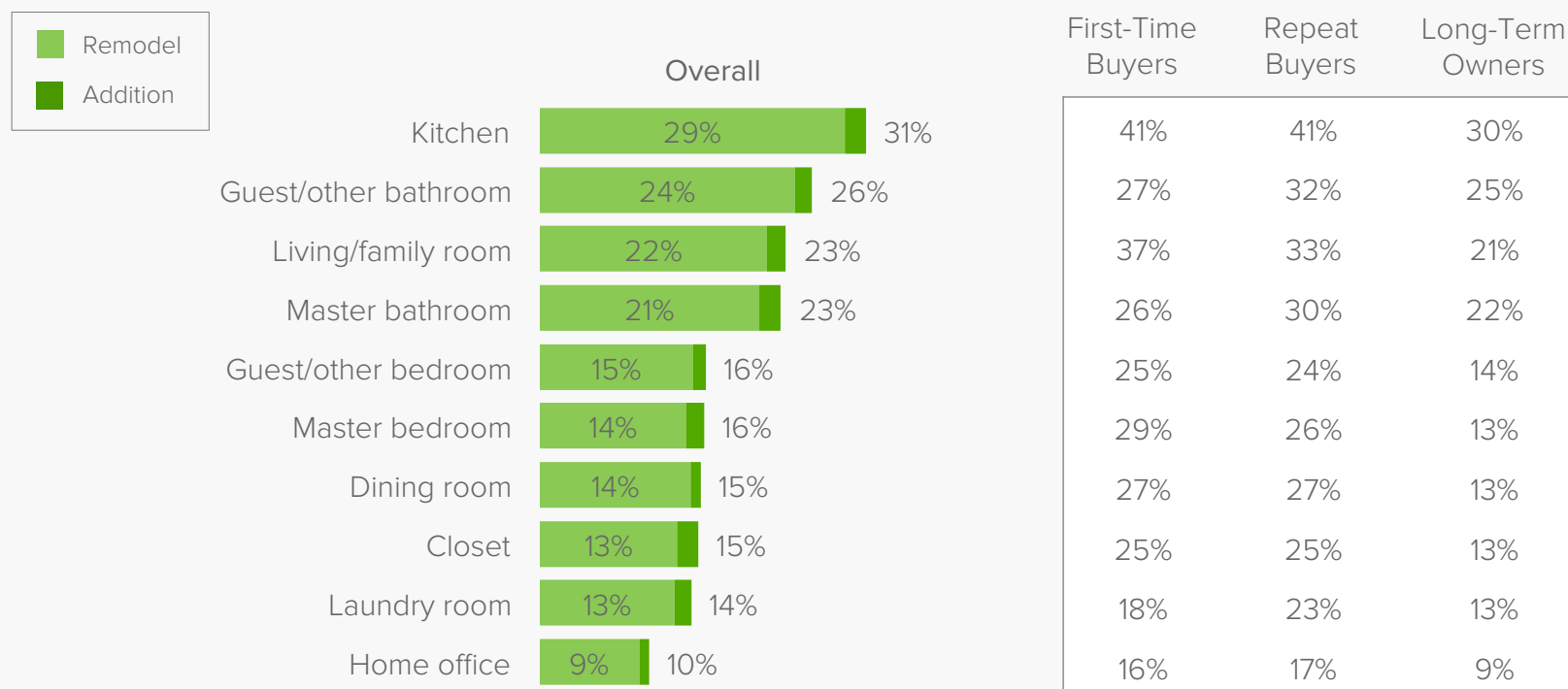
C. Renovation Challenges by Homeowner Segment

FREQUENCY OF TOP RENOVATION CHALLENGES AMONG HOMEOWNERS WHO RENOVATED IN 2016



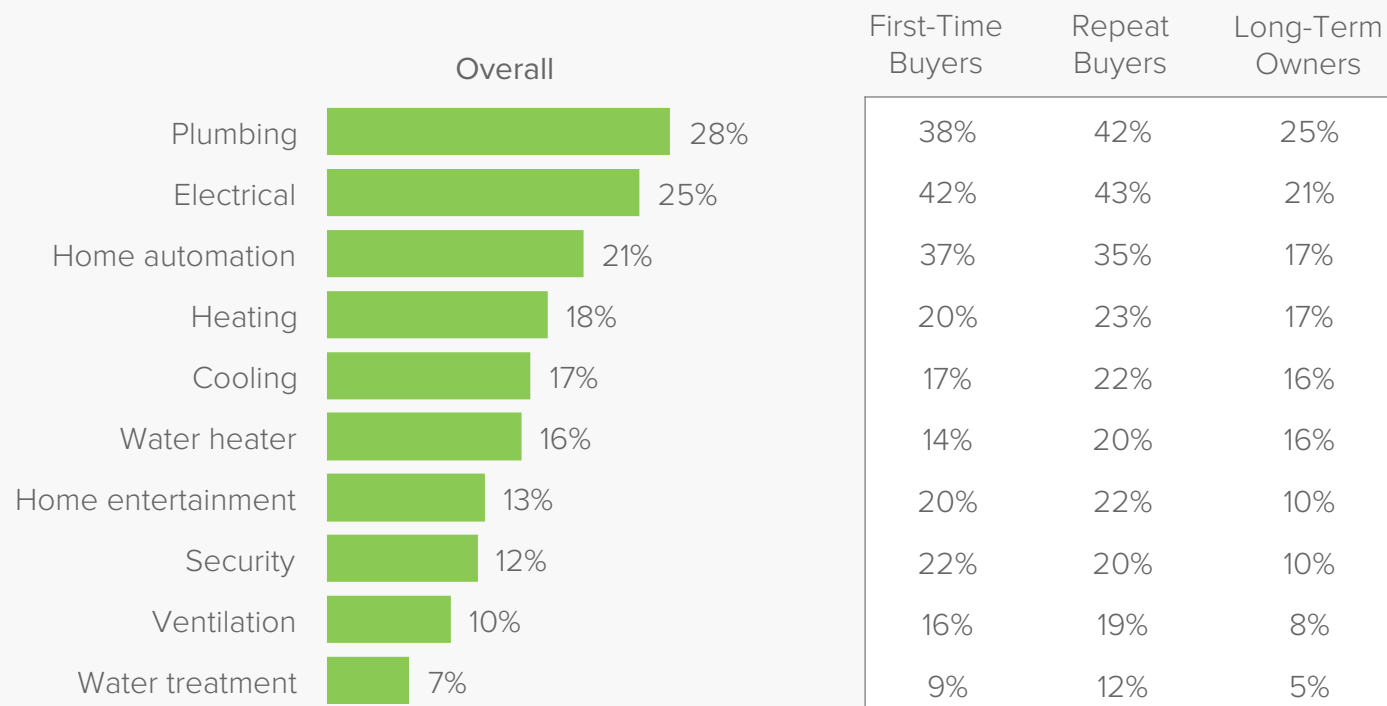
D. Interior Room Renovations by Homeowner Segment

FREQUENCY OF TOP INTERIOR SPACES RENOVATED AMONG HOMEOWNERS WHO RENOVATED IN 2016



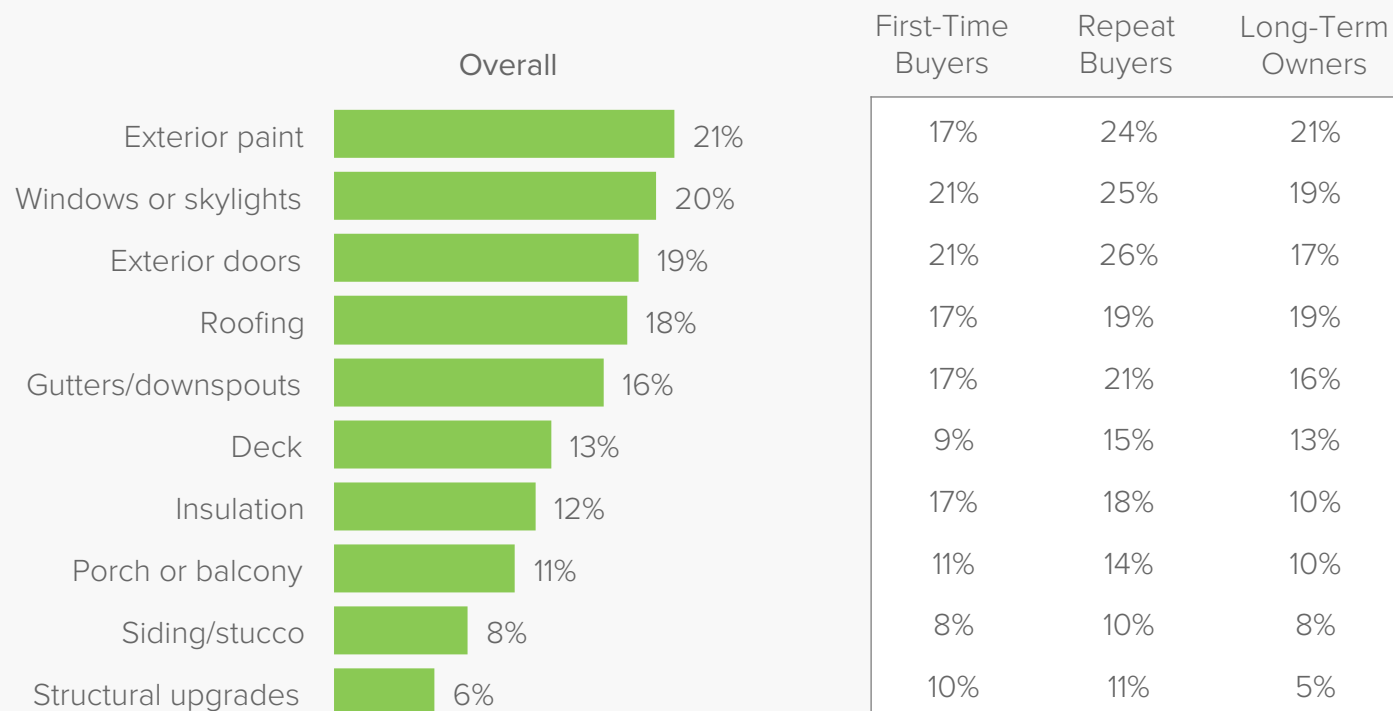
E. Home System Upgrades by Homeowner Segment

FREQUENCY OF TOP HOME SYSTEM UPGRADES AMONG HOMEOWNERS WHO RENOVATED IN 2016



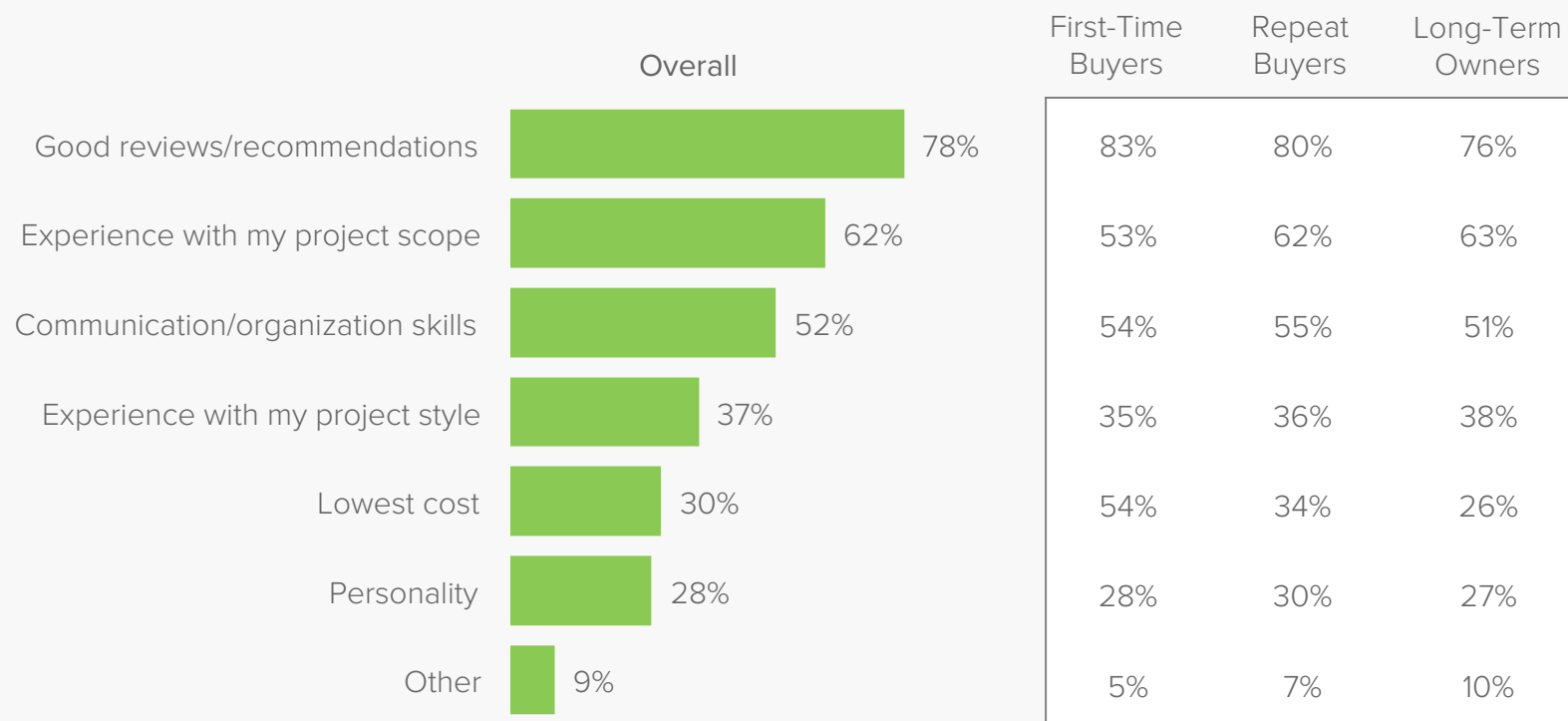
F. Exterior Building Upgrades by Homeowner Segment

FREQUENCY OF TOP EXTERIOR UPGRADES AMONG HOMEOWNERS WHO RENOVATED IN 2016



G. Pro Hiring Criteria by Homeowner Segment

FREQUENCY OF PRO HIRING CRITERIA AMONG HOMEOWNERS WHO RENOVATED IN 2016 WITH PRO HELP



Links to Resources on Houzz

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Living Room	Home Builders	Bath	More Rooms
Dining Room	Interior Designers	Home Decor	Decorating Guides
Home Office	Kitchen & Bath Designers	Bedroom	Bathroom Guides
Baby & Kids	Kitchen & Bath Remodelers	Storage & Organization	Remodeling
Entry	Landscape Architects & Landscape Designers	Home Improvement	Architecture
Hall	Landscape Contractors	Outdoor	Landscape Design
Staircase	Pools & Spas	Baby & Kids	Garden Guides
		Housekeeping	Fun Houzz
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