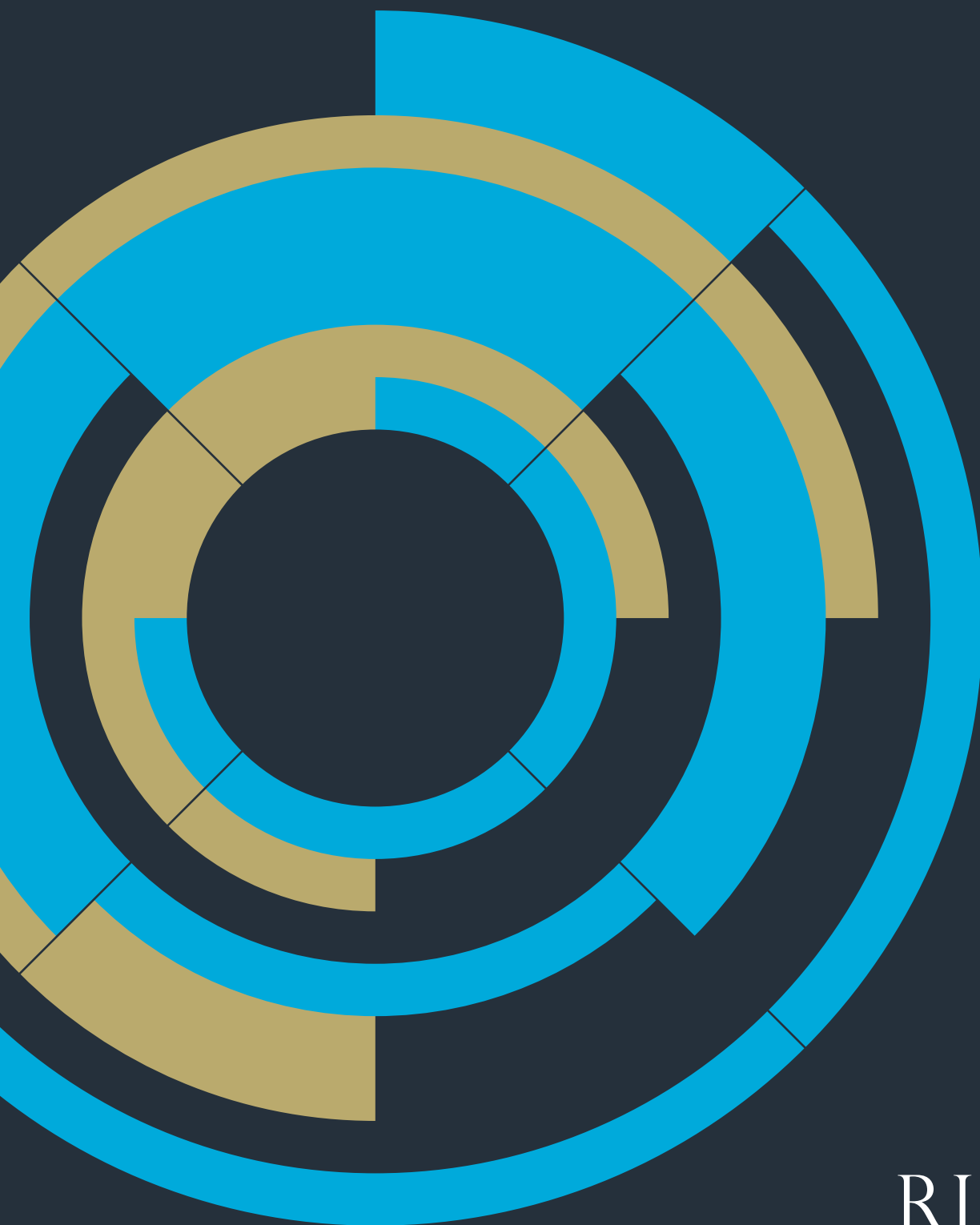


# RIBA Quarterly Economics Report

The Architectural Market  
Summer | 2025



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# Introduction

This economic report brings together information from a range of primary sources. It aims to help architecture practices place their work within the broader economic context.

The signals for future demand for architects' services are mixed in the short term, but longer-term forecasts suggest sustained growth to come.

The UK economy is currently contracting, inflation is higher than target, and construction output dipped slightly in May. PMI data suggests ongoing contraction in commercial and civil engineering work, although residential construction is stabilising. Global trade instability remains a concern.

On the upside, inflation is forecast to fall, and the UK economy to grow. Industry forecasts suggest accelerating growth in project starts, with strong growth from 2026 onwards. The RIBA Future Trends survey shows rising optimism and increasing recruitment intentions.

RIBA is always here to offer help and advice where it can. RIBA [Business and Career Resilience Hub](#), the [RIBA Practice in a Box](#), and regular [Professional Features](#) provide helpful information for practice resilience and success.

RIBA Future Trends Workload  
Index now stands at

+8

# The UK Economy

## UK Gross Domestic Product (GDP)

2025 began with a quarter of strong GDP growth. However, this early momentum has dissipated, as the UK economy struggles to deliver sustained growth.

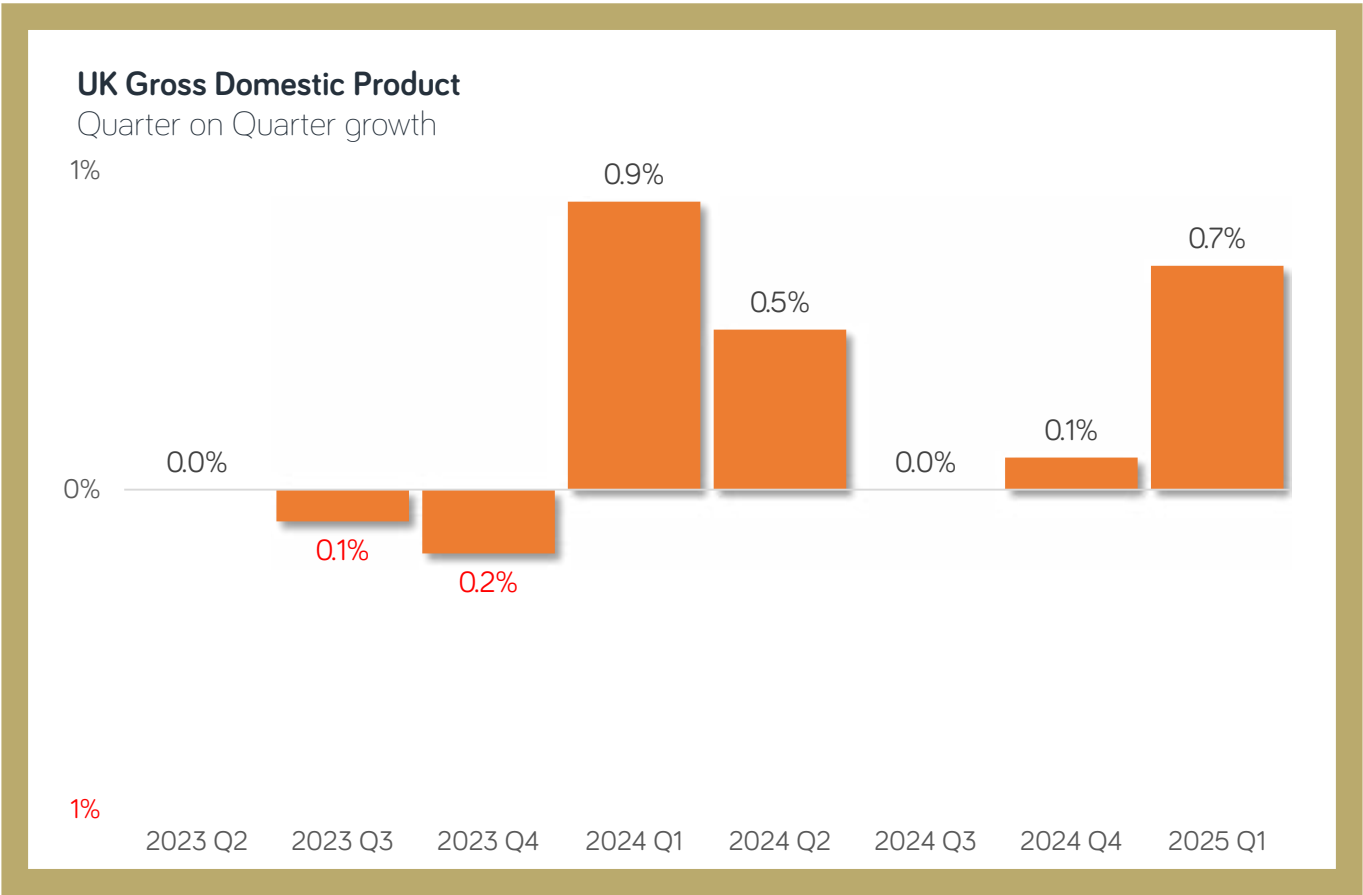
The Office for National Statistics (ONS) estimates that GDP grew by 0.7% in Quarter 1 (Jan to Mar) 2025. Growth was led by the service sector which saw 0.7% growth.

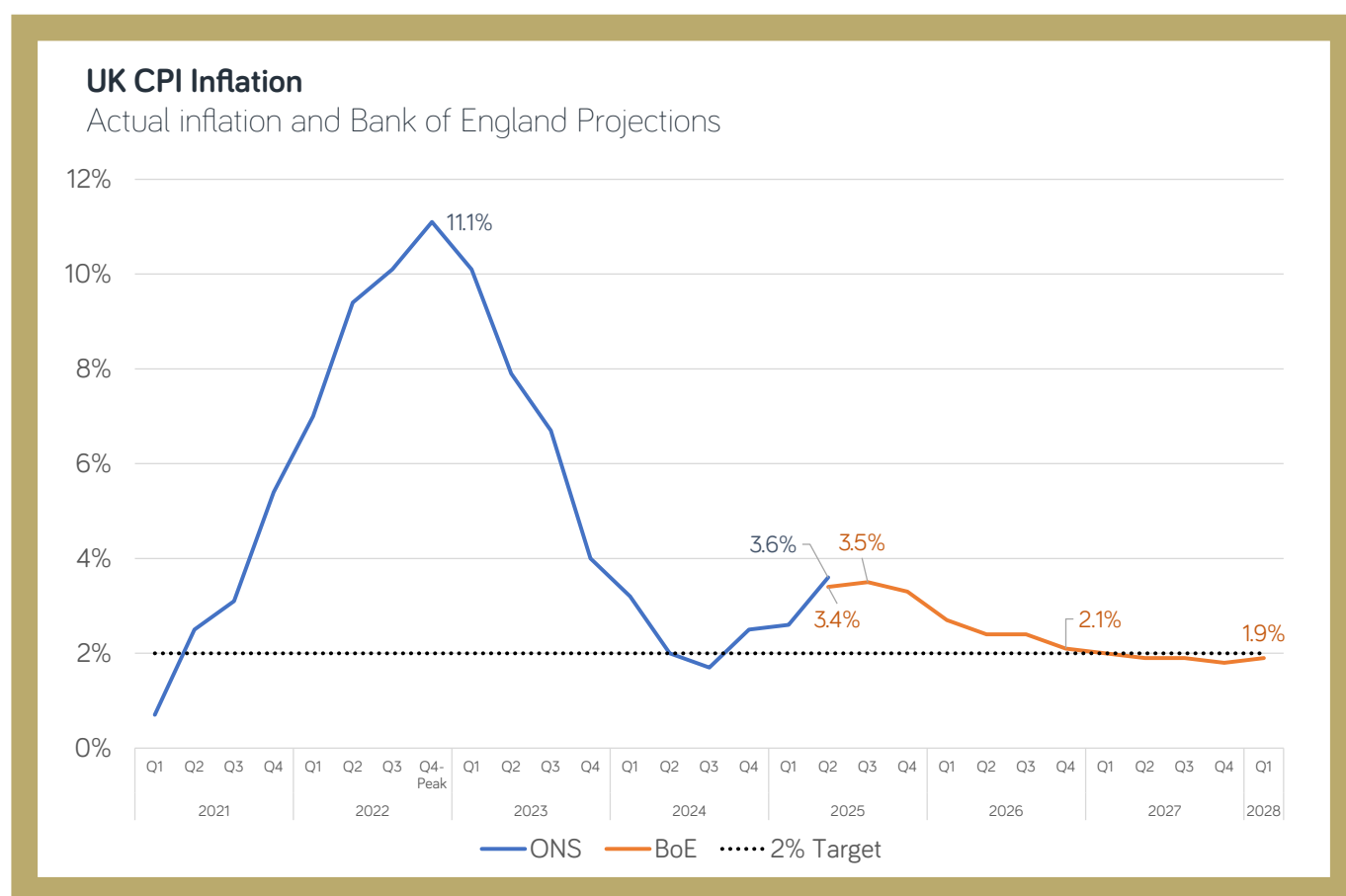
However, growth has so far stalled in Q2. The **monthly** data suggests the UK economy contracted by 0.1% in May, following a contraction of 0.3% in April. May saw a small increase in the service sector output (0.1%), but a fall in both manufacturing and construction.

Comparing the **three months** to May 2025 with the three months to February 2025, the ONS estimates that the economy grew by 0.5%.

The threat of global trade turmoil caused by proposed US tariff imposition has abated somewhat, with some tariffs on hold or bilateral trade deals reached. Markets remain buoyant.

Nevertheless, the overall effective US tariff rate has increased sharply this year. In a closely interconnected global market, uncertainty around trade policy continues to weigh down on the near-term prospects for global growth.





#### UK Quarterly CPI: Source ONS and Bank of England (BoE)

Consumer Price Inflation (CPI) remains above the Government's 2% target rate.

Inflation is at its highest level since January 2024. Annual CPI inflation rose by 3.6% in the 12 months to June 2025, up from 3.4% in May. The increase was above market expectations and slightly above the levels forecast by the Bank of England.

The broader CPIH measure, which includes owner occupiers' housing costs, rose by 4.1% in the 12 months to June 2025, up from 4.0% in May.

The Bank of England expects inflation to remain above 3% for the rest of the year, with a temporary peak of 3.7% projected in the third quarter. Inflation is then expected to fall gradually, reaching the 2% target by 2027. However, the outlook is uncertain, particularly around global trade policies and tariffs. If UK GDP growth weakens for a sustained period, inflation is likely to fall more quickly than anticipated. On the other hand, if upward pressures on prices and wages persist, inflation may remain above target for longer.

The Bank of England base rate is now 4.25% and is on a downward path. This may accelerate if the economy continues to underperform, making large-scale capital investment in buildings more attractive to investors, and domestic projects more affordable.

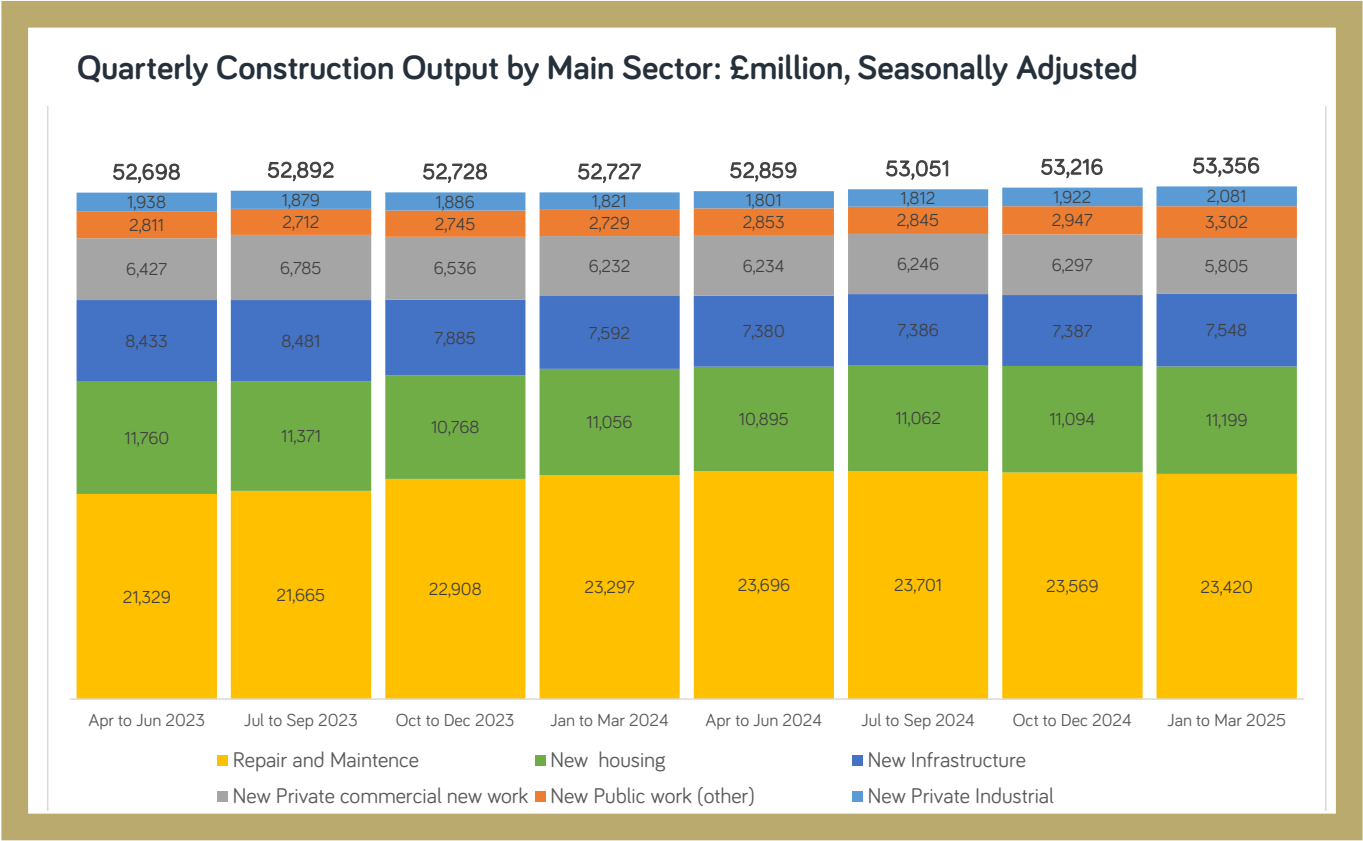
In their last full forecast (May), the Bank of England anticipated increasing GDP growth, albeit below previous levels.

#### The Bank of England's central forecast for UK GDP growth from 2025 to 2028 is:

- 0.8%** in the year to Q2 2025
- 1.3%** in the year to Q2 2026
- 1.5%** in the year to Q2 2027
- 1.9%** in the year to Q2 2028

In June, the World Bank noted that "Global growth is slowing due to a substantial rise in trade barriers and the pervasive effects of an uncertain global policy environment". Global growth is forecast to be a comparatively weak 2.3% in 2025 and 2.4% in 2026.

# Construction Output



## Monthly Construction Output, source ONS

In its latest release of Construction Industry Output data (July 2025), the ONS reports that **monthly** construction output fell by 0.6% in May, following three consecutive months of growth. The decrease was driven by a 2.1% fall in repair & maintenance (R&M) work.

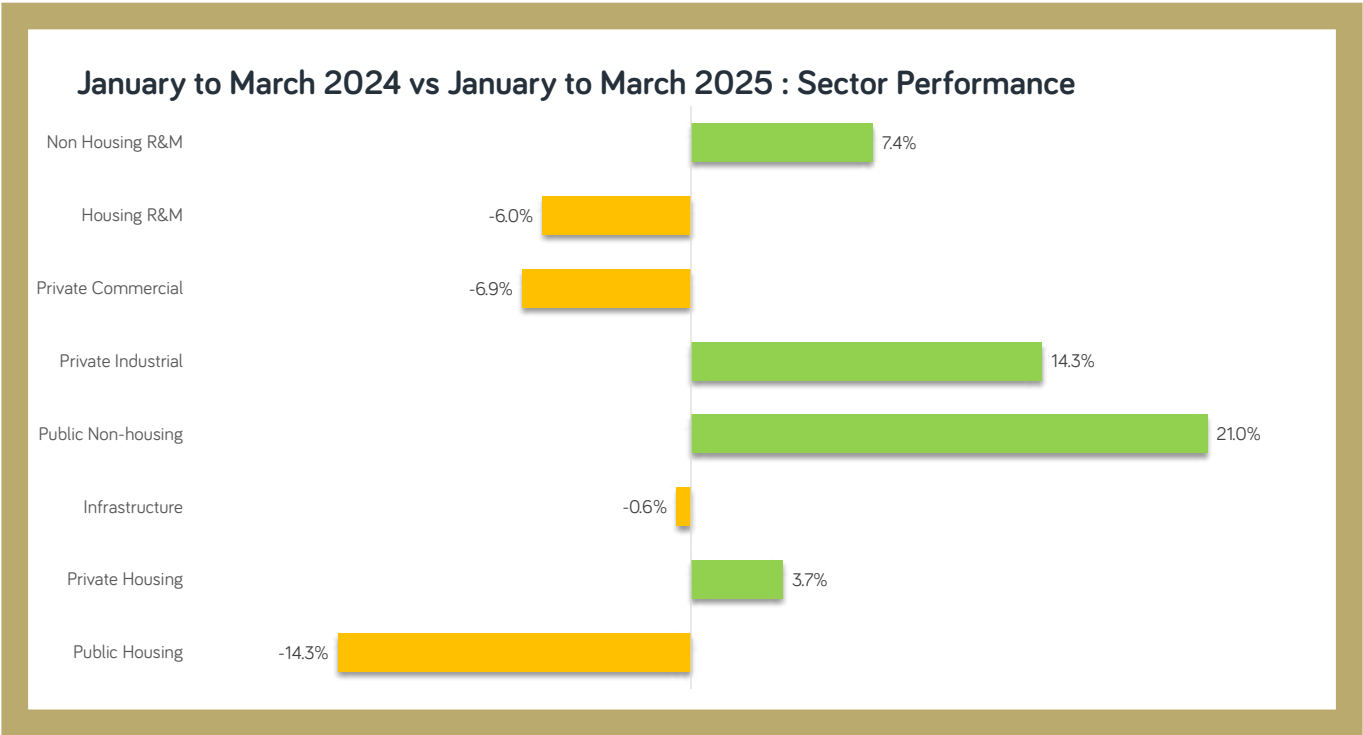
Five out of the nine sectors monitored by the ONS saw reduced output in May, with notable decreases in both public and private housing R&M work.

Taking a slightly longer view, the ONS estimates that construction output grew by 1.2% in the **three months** to May. This included a 0.9% increase in new work and a 1.5% increase in R&M work.

Construction output is estimated to have grown by

1.2%

in the three months to May 2025

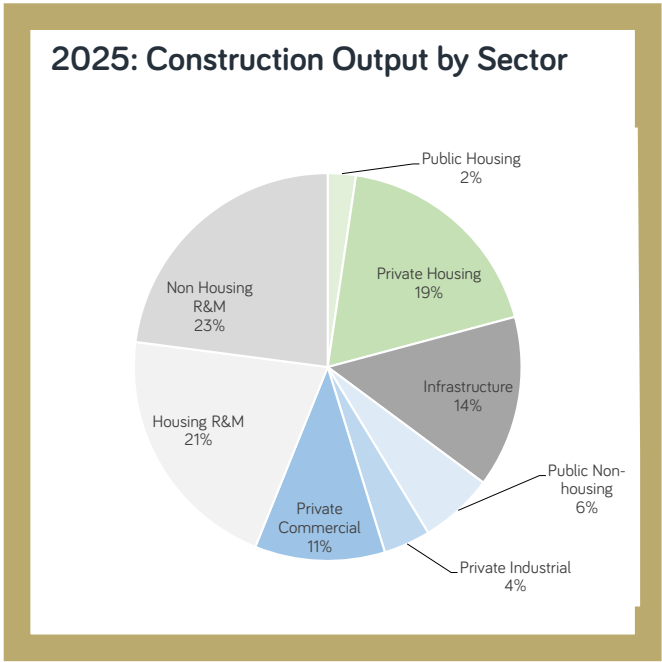


Construction Output by Sector, source ONS

Looking more closely at the quarterly output data by sector, comparing Jan to Mar 2025 with the same period in 2024, growth has been strongest in public non-housing. This sector, which includes public hospitals, schools and prisons, recorded a 21% increase. The private industrial sector also performed well, growing by 14%, while non-housing repair and maintenance rose by 7%. Private housing output increased by 3.7% over the same period.

Other sectors saw contraction. Output in the private commercial sector fell by 6.9%, public housing by 14.3% and housing repair and maintenance by 6%.

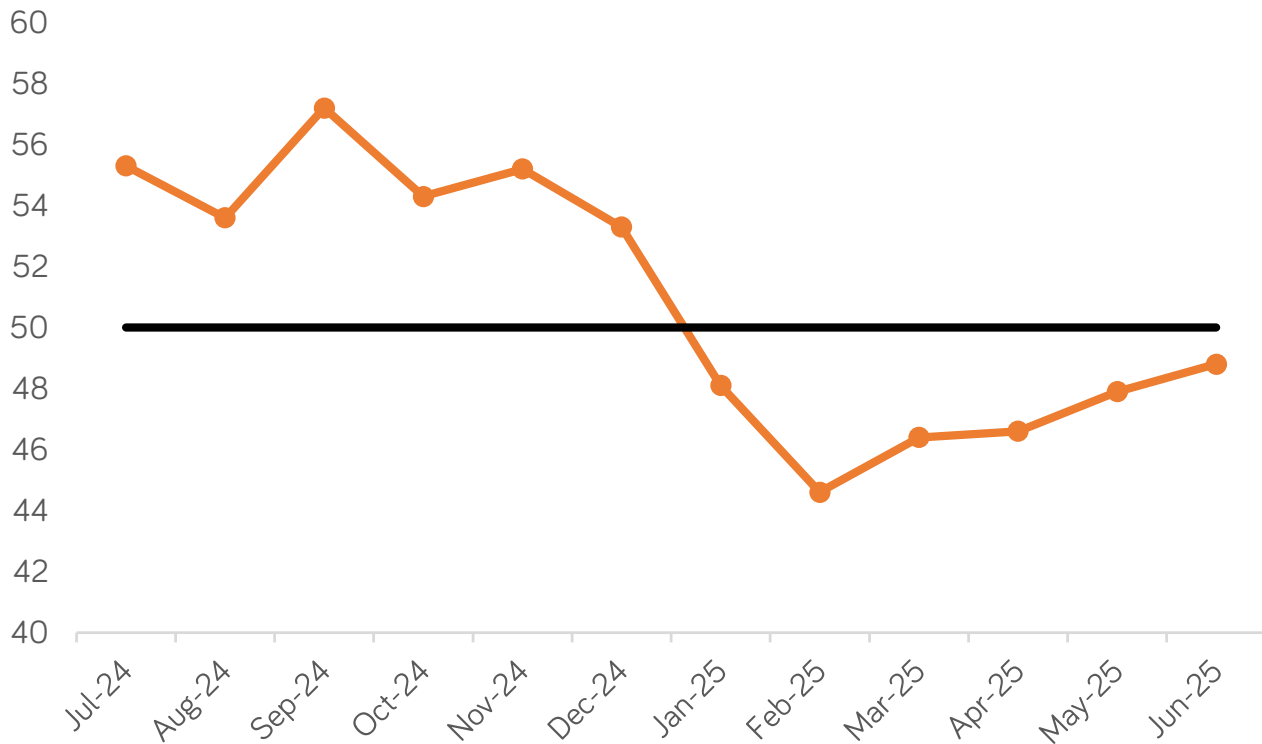
The pie chart on the right shows the contribution of each sector to total construction output during the first five months of 2025. The overall composition remains similar to 2024. However, there has been a slight shift, with the commercial sector's share falling by 1 percentage point and public non-housing increasing by the same figure.



Construction Output, Sector Contribution, source ONS

### UK Construction Purchasing Managers Index (PMI)

(a score of more than 50 suggests growth)



Construction PMI, source S&P Global / CIPS

### Confidence in the Construction Industry

S&P Global / CIPS monitors activity in the UK construction sector through its monthly Purchase Managers' Index (PMI). A PMI score of over 50 indicates growth compared with the previous month, while a score below 50 indicates comparative contraction.

In June 2025, the PMI rose to 48.8, up from 47.9 in May and from a 57-month low of 44.6 in February. Although the index has remained below the neutral 50 threshold for six consecutive months, June saw the slowest pace of decline so far this year.

Among the three monitored sectors, commercial saw the greatest fall, posting a 45.1 index figure. Civil engineering also saw contraction, with a 44.2 figure, making it the weakest sector. House building saw marginal growth (50.7) with some firms reporting an upturn in new projects.

S&P Global gives a somewhat downbeat summary of market conditions, though notes an improvement in the residential sector.

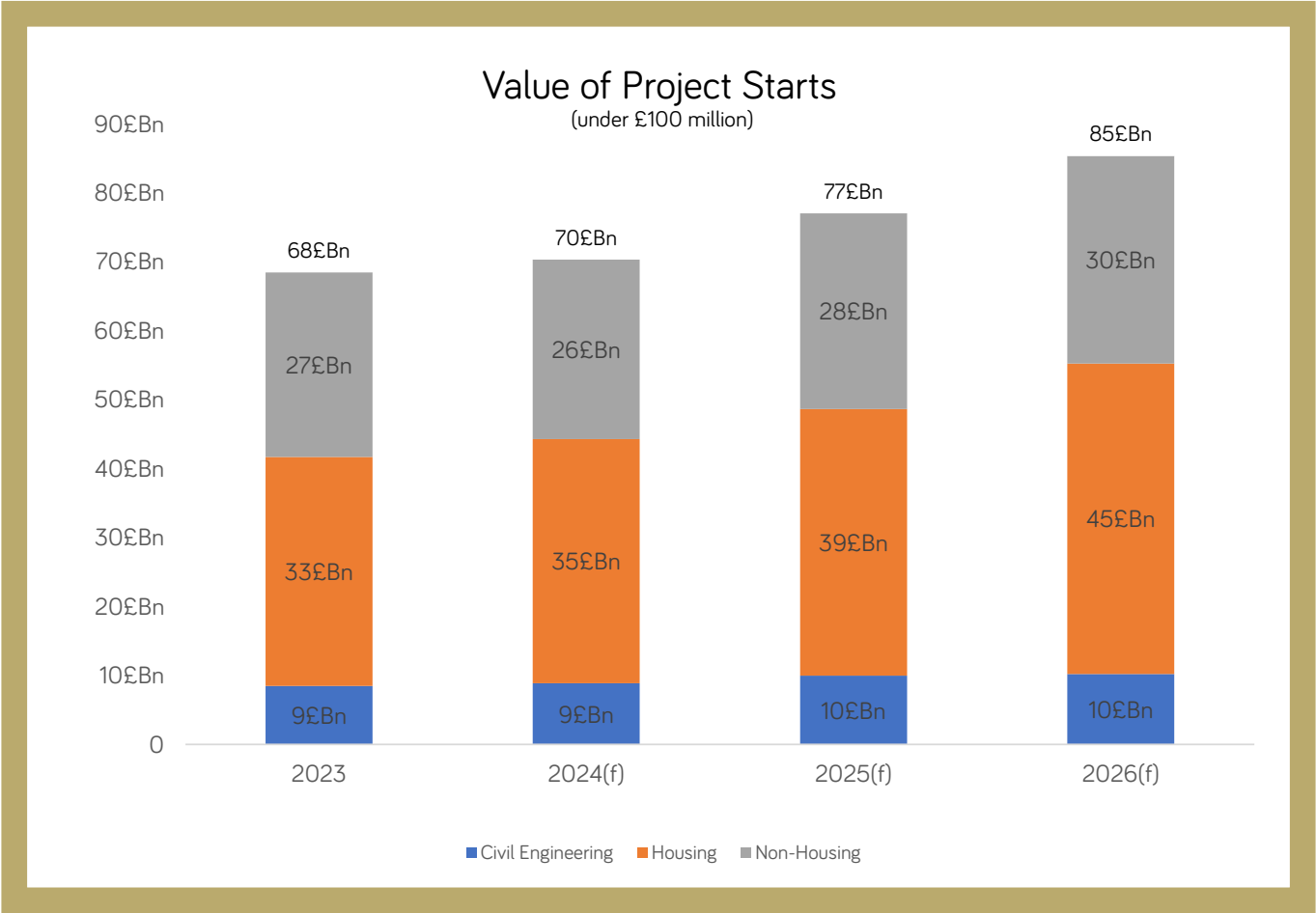
*"June data highlighted a sustained downturn in UK construction output, albeit at the slowest pace in six months."*

*"Shrinking workloads in the commercial and civil engineering segments weighed on total industry activity. Commercial activity fell at the sharpest rate in just over five years."*

*"On a brighter note, house building was the best performing area of the construction sector. Higher levels of residential work were recorded for the first time since September 2024 amid some reports of more stable demand conditions."*



Construction Output: Future Projections



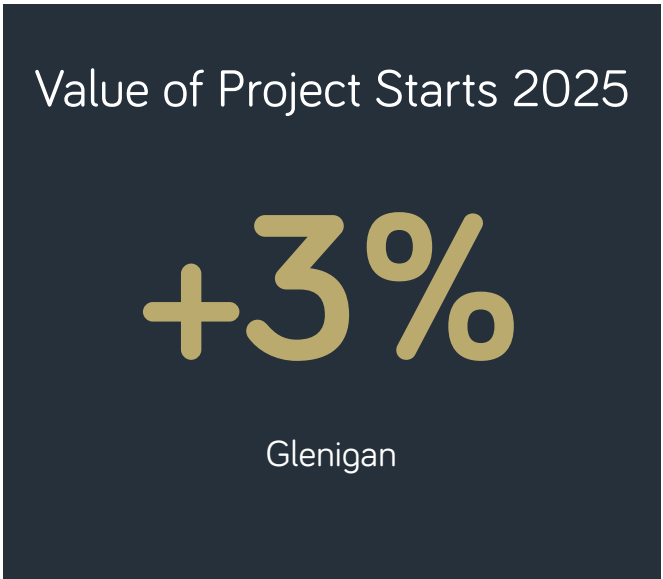
Project Starts: Source Glenigan

The Glenigan Construction Industry Forecast 2025-2027 provides an industry outlook, based on the value of project starts (rather than output value). It excludes projects with a value greater than £100m.

With expectations of a strengthening UK economy and increasing public sector investment, Glenigan forecasts increases in the value of project starts over the next three years, with growth of 3% this year, accelerating to 10% in 2026 and 11% in 2027.

Private housing is forecast to grow by 8% in 2025, 10% in 2026, followed by 18% in 2027. Growth in the sector will be driven by planning reforms, a strengthening economy, further interest rate cuts, and increased consumer access to mortgages.

Other sectors identified as growing in 2026 include hospitals, schools, offices, supermarkets, data centres, and hotel & leisure.



# Architectural Workload

## RIBA Future Trends Workload Index\*

Architects' confidence in future workloads continued to rise in the second quarter of 2025. In May, the RIBA Workload Index reached its highest level since mid-2022, before softening slightly in June.

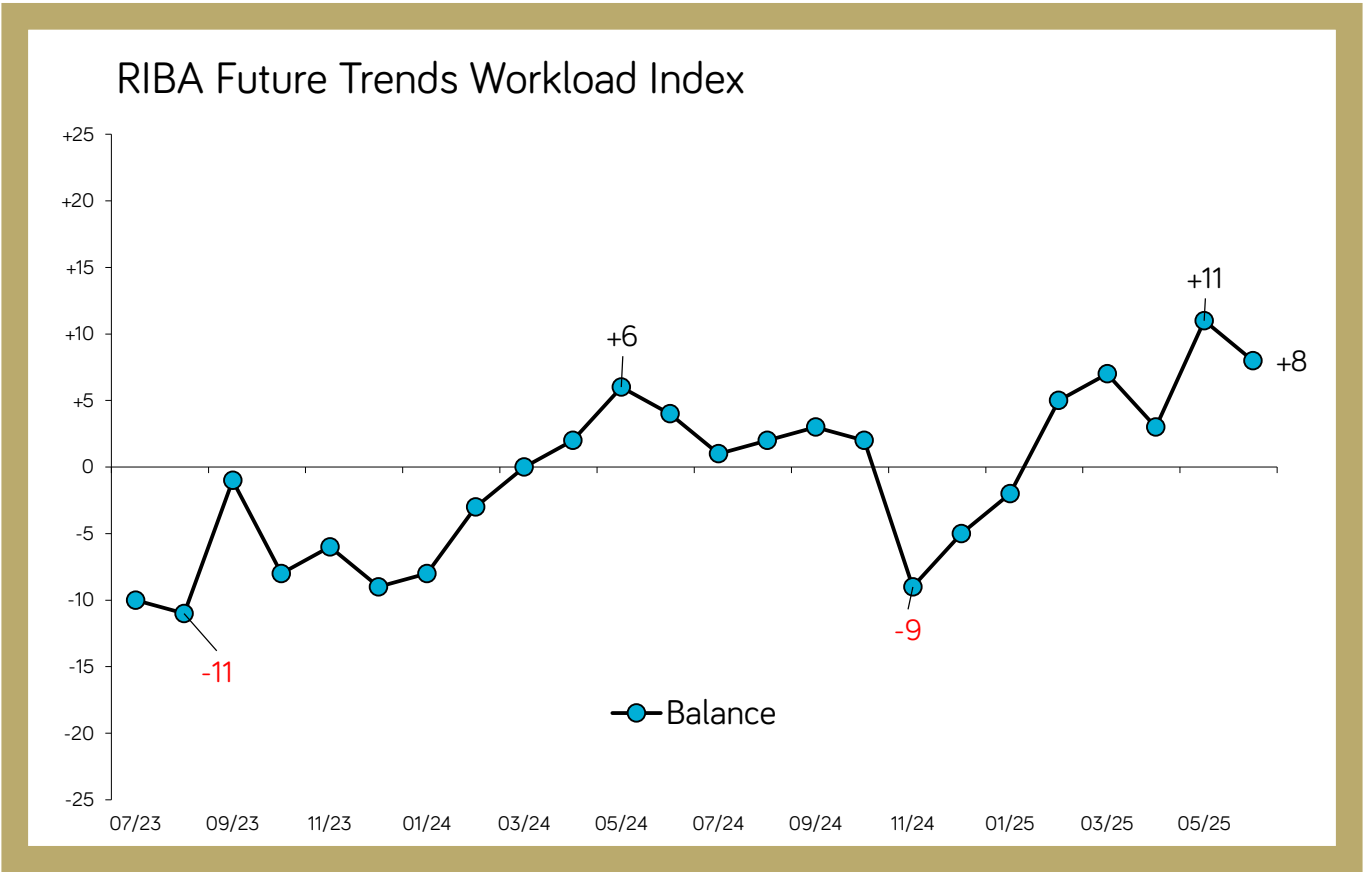
The RIBA Workload Index rose to +8 in June, following a three-year high of +11 in May. A positive score indicates that, on balance, more practices expect workloads to increase over the next three months than expect them to fall.

All regions continue to expect workloads to grow, and all sectors are positive about future work. Optimism about future workload is shared among all practice sizes. The June 2025 index figure is four points higher than a year ago.

The RIBA Future Trends Permanent Staffing Index reached +9 in June, having been positive and rising for the last three months. This suggests more practices are planning to recruit, and reflects growing confidence in the profession.

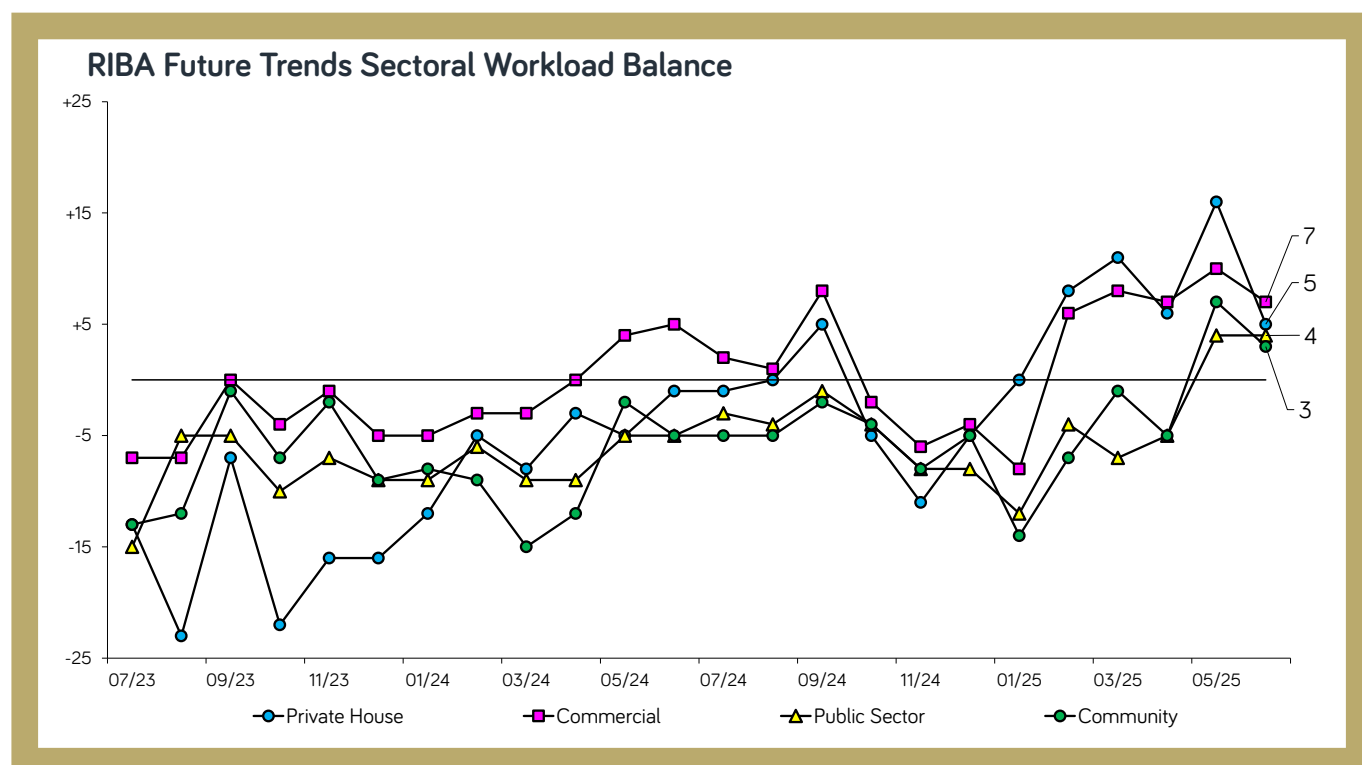
Nevertheless, overall practice staffing and workloads remain lower than a year ago. Significant challenges, such as increased practice costs, planning delays and increased regulatory requirements, remain.

The 2025 RIBA Future Trends reports are available [here](#).



\*The RIBA Future Trends Workload Index figure is the difference between those expecting more work and those expecting less. A positive score indicates that, on balance, practices expect workloads to increase.

## Architectural Workload Index\* by Sector



RIBA Future Trends Workload Index by Sector, source RIBA

All sectors monitored by the RIBA Future Trends survey reported a positive outlook in June, suggesting widespread confidence among architectural practices. The outlook for all sectors has improved compared with a year ago, when only the commercial sector was positive.

The outlook for the **private housing** sector, which includes new-build houses, refurbishment, and domestic extensions, is positive, with an Index figure of +5 in June, following May's +16. May's figure was the highest for the sector since March 2022.

The **commercial** sector includes offices, retail and entertainment. Following a four-month period of negative workload expectations, the sector has been positive since February. June saw a +7 balance figure, following +10 in May.

The **community** sector includes work for not-for-profit organisations, such as work with churches, charities and trusts. In May, the sector posted its first positive balance figure since early 2022, with a balance figure of +7, followed by +3 in June.

After more than two years of pessimism, the public sector also returned to positive territory in May, with a Workload Index of +4, followed by the same figure in June. This shift may perhaps reflect the Government's commitment to increase public capital expenditure.