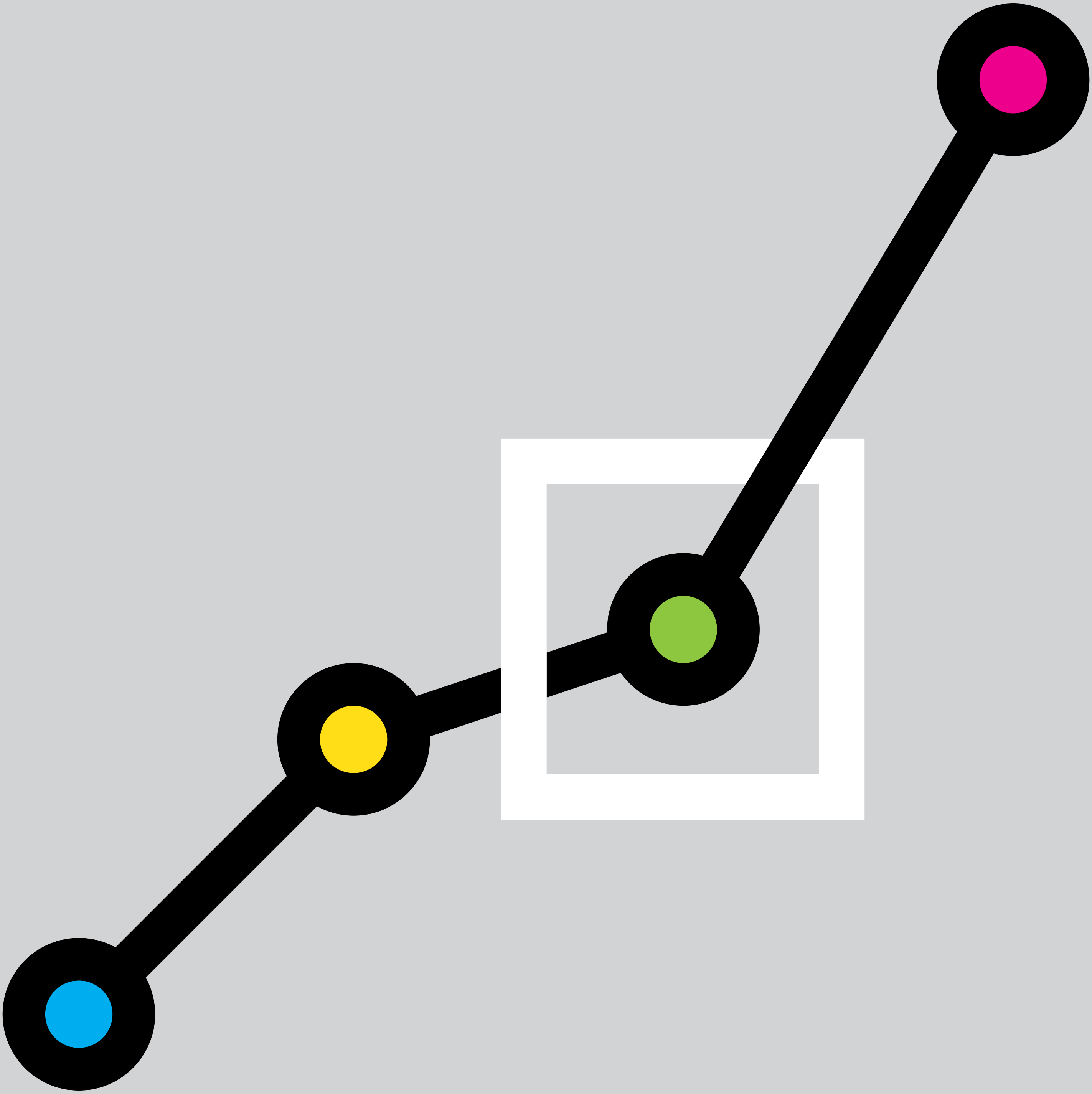
Future Trends Survey:

August 2020



RIBA
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The RIBA's monthly Future Trends Survey

was launched in January 2009 to monitor business and employment trends affecting the architects' profession. Participants give monthly predictions for overall workload and staffing levels over the next three months, and are also asked about their workload predictions in key sectors: private housing, commercial, community and public sector. In addition, practices are asked on a quarterly basis about their current workload and staffing levels. The Survey is carried out by the RIBA in partnership with the Fees Bureau. Results of the Survey, including a full graphical analysis, are published each month on www.architecture.com

The following is a summary analysis of the results from the August 2020 Survey returns.

RIBA Future Trends Workload Index (August 2020)

How do you expect the architectural workload in the organisation you work in or own to change over the next three months?

Overall

Expect	%
Decrease	24
Stay the same	44
Increase	31
TOTAL	100
Balance	**+7**

(The definition for the balance figure is the difference between those expecting more work and those expecting less.)

In August the RIBA Future Workload Index remained in positive territory, posting a balance figure of +7.

Nearly a third (31%) of practices expect an increase in workload in the next three months. Twenty-four per cent expect a decrease and 44% expect it to remain the same.

This small increase in architects' confidence represents a welcome return to some degree of consistency. Over the last few months, the Index has swung like never before, in response to a rapidly changing pandemic situation. Whether this month represents a pause or a new period of stability depends on the virus' progression and our government's response to it. The risks look to be on the downward side.

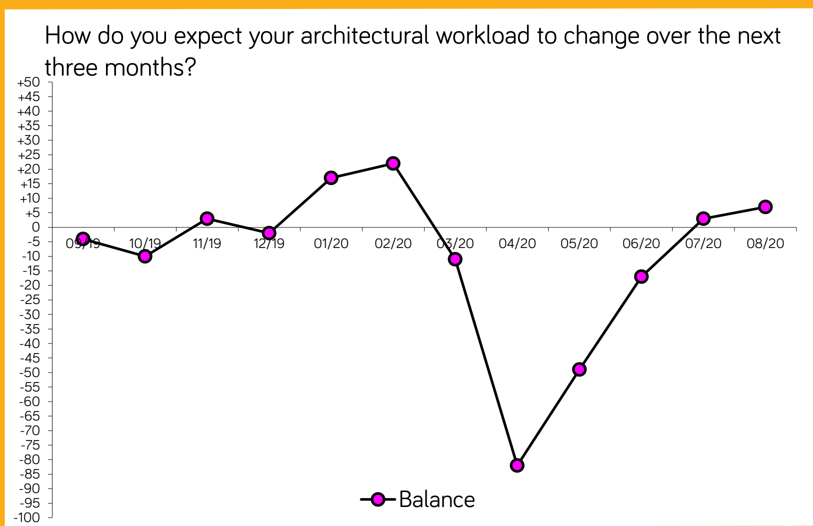
The anticipated growth in architects' workload continues to be driven by relative optimism about Private Housing, and primarily by architects outside London.

Housing work continues to the sector viewed with most positivity by architects. In a direct response to the pandemic, people are assessing how well their home supports new ways of living and working; following that assessment, they commissioning architects to design better spaces for new ways of living.

The area of greatest concern is the area of greatest architectural activity; London. London has the lowest Future Index score (-9) and has the highest percentage (14%) of practices question their long term viability.

The following graph plots the RIBA Future Workload index over time:

Notes
The balance figure is plotted here. The definition for the balance figure is the difference between those expecting more work and those expecting less.



Looking at the August 2020 **RIBA Future Trends Workload Index** in terms of practice size, region and sector:

Small practices (1 - 10 staff) are the most optimistic group, posting a workload index balance figure of +8, up 6 points from last month's figure of +2.

Large and Medium-sized practices (11 - 50, and 51+ staff) have slipped back in confidence, returning an average zero balance figure this month, compared to +13 in July.

There continues to be a mixed picture across the country.

The North of England recorded a workload balance figure of +25 in August. It is the first region to return to its pre-COVID-19 levels of confidence.

Wales & the West maintained its positive outlook for future work, again, returning a balance figure of +30, the same as in July.

The South of England remains positive, albeit somewhat less so; recording a balance figure of +10 in August, down from +12 in July.

Midlands & East Anglia remain in negative territory, though with a slight improvement; the balance score rose form -9 in July to -13 in August.

Having recovered from a nadir of -84 in April to post a balance figure of -6 in July, London slipped back a little this month, recording a balance figure of -9.

Among the four **different work sectors,** private housing continues to stand out; it is the only area where growth is anticipated.

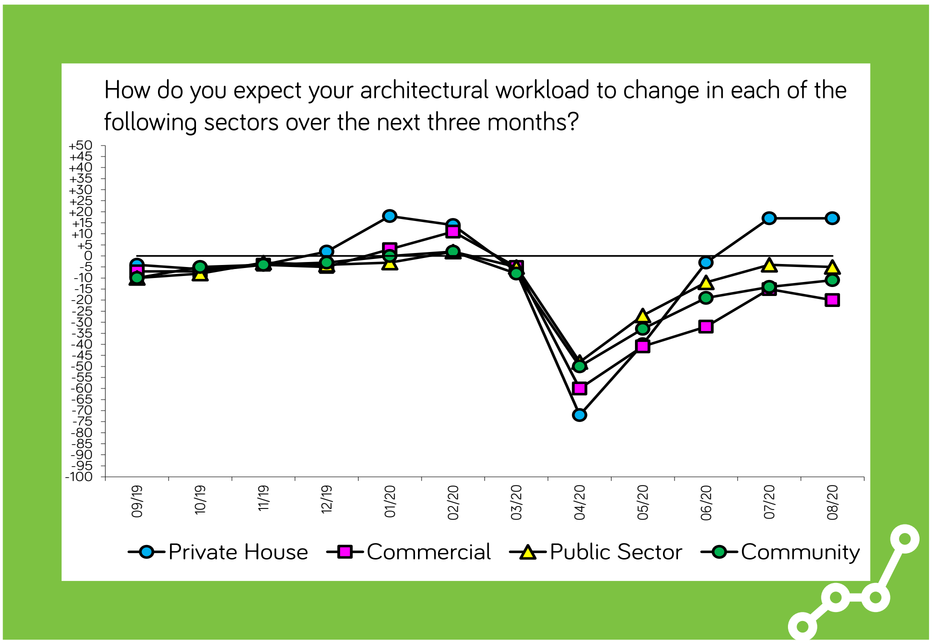
The **private housing sector** posted a balance figure of +17 in August, the same as July.

The **commercial sector** has fallen 5 points since last month, to -20, a fall that comes within a context of significant pressure on retail and office projects, particularly in the largest cities.

The outlook for the **community sector** continues to improve gradually. It has risen each month since April and is at -11 in August, up 3 points from July.

The **public sector** posted a balance score of -5, down one point on July's figure of -6.

The following graph tracks the sector predictions in the RIBA Future Trends Survey over time:



RIBA Future Trends Staffing Index
(August 2020)

How do you think the number of permanent architectural staff employed in your organisation will change over the next three months?

Permanent Staff	%
Decrease	19
Stay the same	74
Increase	8
TOTAL	100
Balance	-11

(The definition for the balance figure is the difference between those expecting to employ more permanent staff in the next three months and those expecting to employ fewer.)

The Staffing Index describes expectations of staffing levels in the *next three months*. August is the first month for which the end of the furlough scheme falls within the Index.

With a balance figure of -11, the RIBA Future Trends Staffing Index fell back slightly from August's figure of -9.

The employment market for architects remains fragile; nearly one in five practices (19%) expect to see a decrease in the number of permanent staff in the coming three months. Seventy-four per cent expect permanent staffing levels to remain consistent. Eight per cent expect levels to increase.

The larger a practice, the more likely it is to expect a decrease in staffing levels.

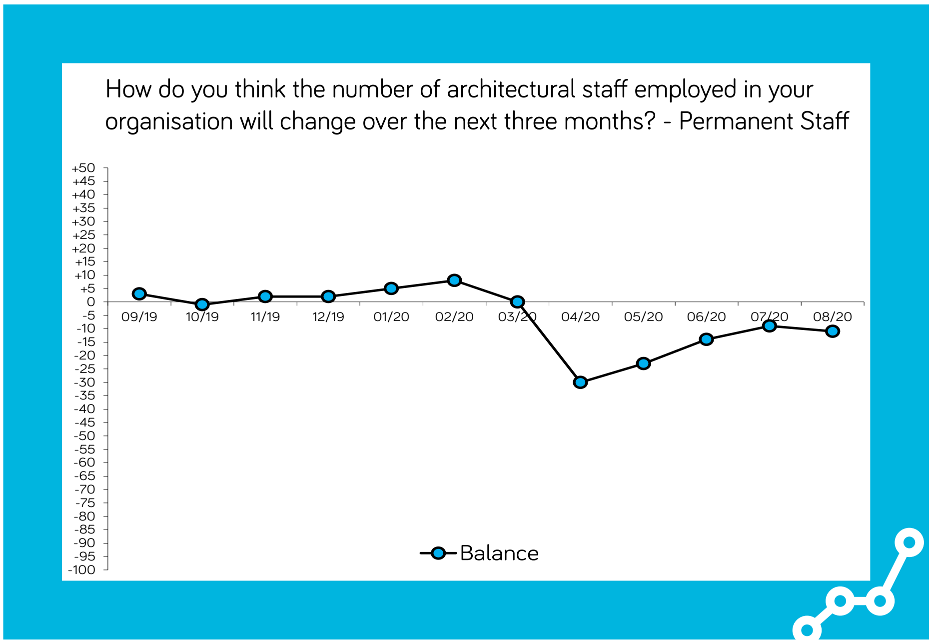
In line with workload expectations, practices in the North of England and Wales & The West are least likely to expect a reduction in permanent staff.

In contrast, permanent positions are most vulnerable in London, with almost a quarter of practices expecting to have fewer permanent staff in the next three months, and only 5% expecting to have more.

In August the anticipated demand for temporary staff in the next three months remained broadly consistent, posting a balance figure of -2, compared to -1 in July.

The following graph plots the RIBA Future Trends Staffing Index over time:

Notes
The balance figure is plotted here. The definition for the balance figure is the difference between those expecting to employ more permanent staff in the next three months and those expecting to employ fewer.



RIBA Future Trends: Focus on COVID-19
(August 2020)

For now, the RIBA Future Workload Index has stabilised in positive territory, sustained by private housing. Future workloads remain inseparable from the pandemic and the country's response to it.

The proportion of projects on-hold continues to decline as projects resume, on-site work gathers pace, and the industry adapts to the varying COVID-19 restrictions. In August, practices report 20% of projects being on-hold, a 6% reduction from July.

Nevertheless, 32% report personal underemployment, a slight increase on last month.

Concerns about future profitability remain. Sixty-five per cent expect profits to fall over the next twelve months. Seven per cent expect that fall in profit to threaten practice viability.

In London, 14% of practices think declining revenue will threaten practice viability. In contrast, that figure is 2% Wales & the West

In August we are beginning to see staff return from furlough. The average percentage of furloughed staff has fallen from 20% in July to 10% in August. Twenty per cent of staff are working fewer hours than in pre-COVID-19 times. London staff are more likely to be working fewer hours and are more likely to be furloughed.

Whilst practices continue to retain staff, the percentage becoming redundant is creeping up slightly, with 2% of staff, on average, being made redundant. In London, that figure is 3%.

In the commentary received in August, practices describe continued uncertainty; the uncertainty of the course of the pandemic, and how it will affect client commissions.

Some practices report a significant increase in enquires and burgeoning workloads, spurred, in part, by effective marketing.

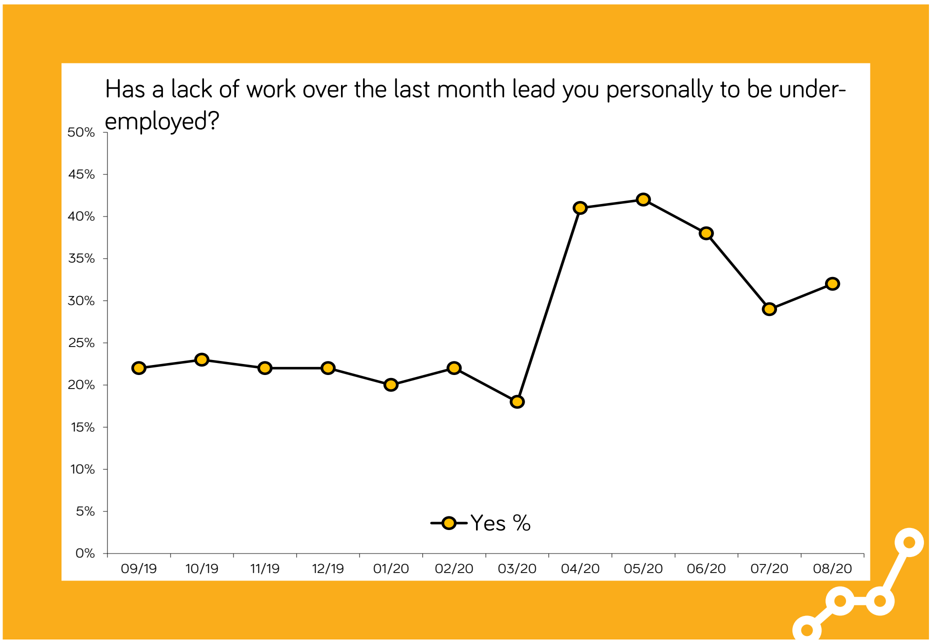
Private domestic work, commissioned in response to the virus has become the life-blood of many small practices. As a result of COVID-19, many people are assessing their life and the space in which they live it. They are turning to architects to design spaces that successfully support our current ways of living.

Nevertheless, significant challenges remain: slowed planning applications, increased material cost, and restricted flow of finance as institutions wait for greater certainty before investing.

Practices describe fee erosion as a growing threat, with clients seeking reduced fees and those within and outside the profession undercutting.

The following graph plots the levels of personal underemployment over time:

Notes
The percentage of respondents telling us that they were personally underemployed in the last month, due to a lack of work, is plotted here.



The RIBA Future Trends Survey is based on a representative sample of the range of different practice sizes and geographical locations which enables analysis of the trends in sectors, size groups and by nation and region.

A total of 244 practices took part in the Survey in August 2020.
The development of a larger database of respondents will increase the statistical accuracy of the survey, and if your practice would like to participate in future months, please contact the RIBA Practice Department on 020 7307 3749 or email practice@riba.org.
The survey takes approximately five minutes to complete each month, and all returns are independently processed in strict confidence by our partners The Fees Bureau.