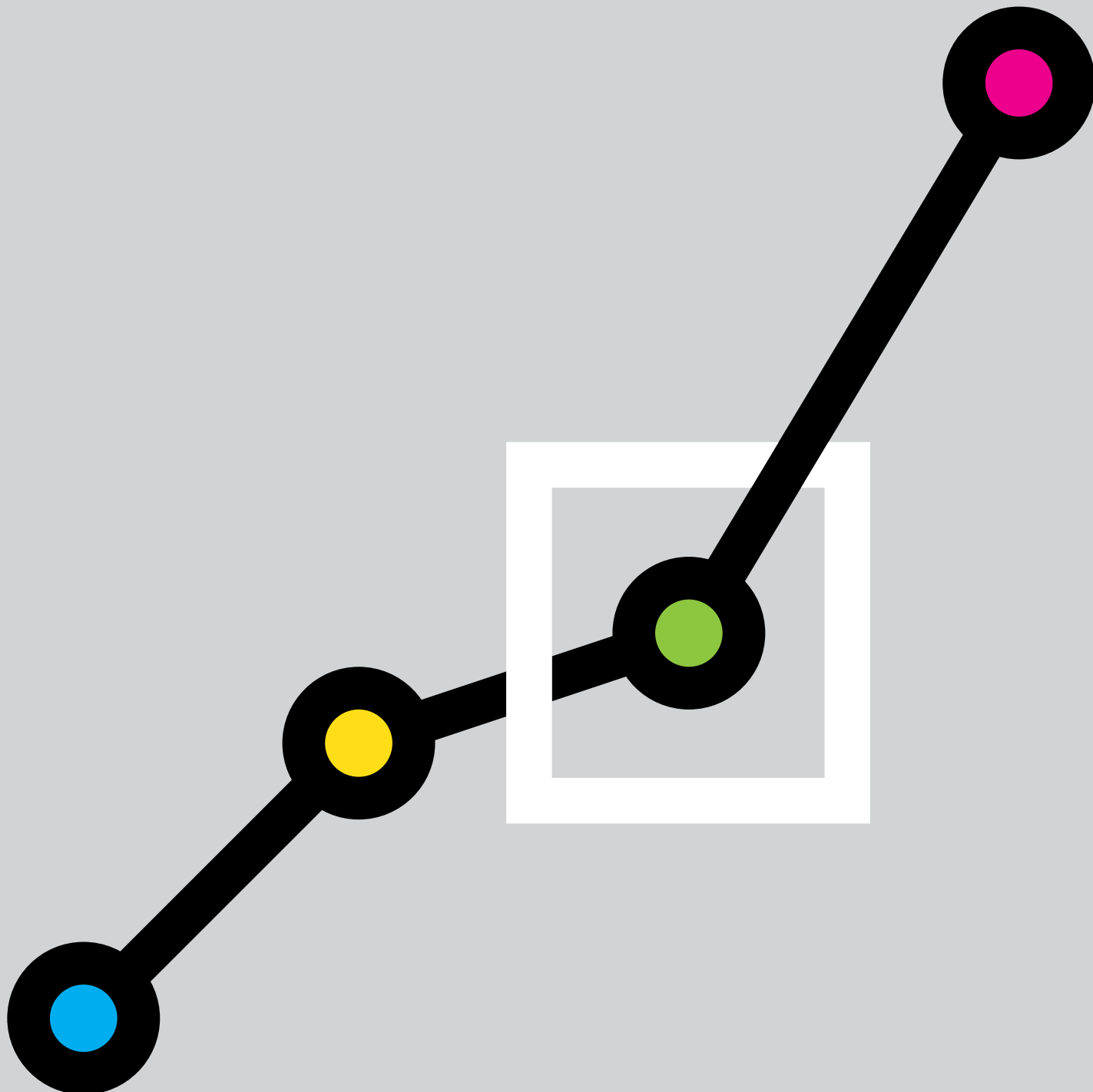


Future Trends Survey:

December 2020



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 December 2020 Survey returns.

RIBA Future Trends Workload Index (December 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 | 20 |
| Stay the same | 51 |
| Increase | 29 |
| TOTAL | 100 |
| Balance | 10* |

**'Increase' minus 'Decrease' does not equal the 'Balance' figure due to rounding.*

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

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.

In December the RIBA Future Workload Index returned the highest balance score since the onset of the Covid-19 pandemic. Whilst 20% of practices expect a decreasing workload in the coming three months, 29% expect workloads to increase. Just over half expect workloads to hold steady. This gives a balance score of +10 in December.

Confidence is beginning to return beyond the Private Housing Sector. Both the Commercial and Public Sectors returned to positive territory for the first time since February.

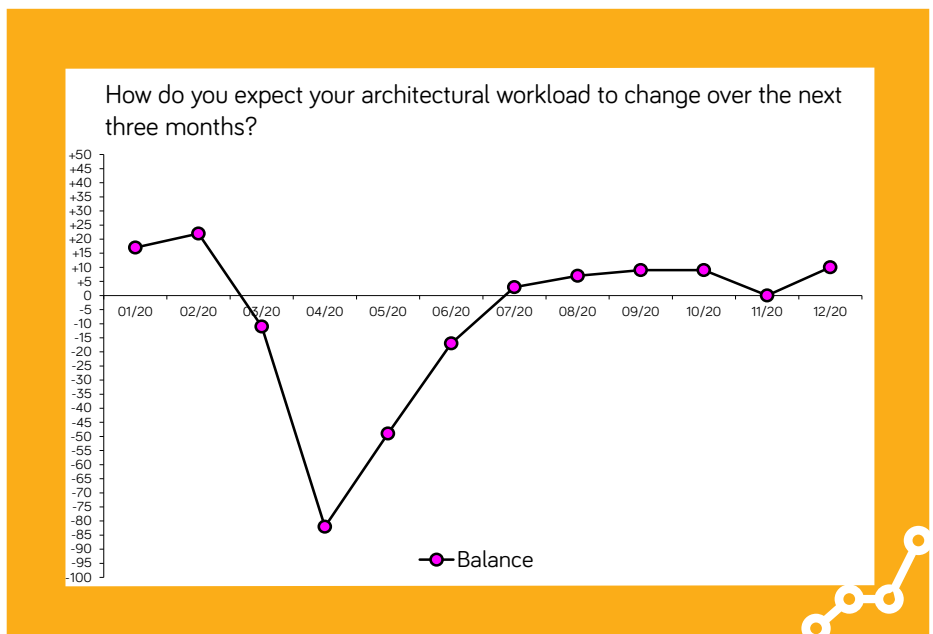
Confidence among large and medium-sized practices also continues to strengthen. Smaller practices have returned to positive territory after a dip in November.

Reports of personal underemployment are lower than they were a year ago. Workloads are reported to have rallied too; during the first lock-down they stood at 67% compared to twelve months ago; now they are at 95%.

However, this encouraging end of year picture needs to be treated with caution. In December the shared relief of vaccine approval was palpable. A range of Brexit outcomes was still available to us.

As the New Year begins, we have moved into a tight national lock-down, a new virulent Covid strain is rapidly spreading, and the reality of an very thin Brexit deal is becoming apparent. The optimism we now see among architects is fragile. Recoveries are rarely linear.

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



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

Small practices (1 - 10 staff) recovered from last month's dip in sentiment, and have returned to a positive outlook, posting a balance figure of +4.

Confidence among **Large and Medium-sized practices** (11 - 50 and 51+ staff) has strengthened markedly. Among these groups, 64% expect workloads to increase and 11% foresee a decrease, so giving an overall balance score of +54.

Still, London based practices remain negative about future workload. This month pessimism retreated just a little, with a -6 balance score in December, up from -7 last month. The London balance score has hovered between -12 and -1 since July.

All other regions are positive about future workload.

The Midlands & East Anglia returned to positive territory this month posting a balance figure of +7 in December.

The South of England again remained positive about future work, posting a balance of +8 this month.

Wales & the West continues to report a positive outlook, posting a balance figure of +22, up from +15 in November.

The North of England was the most positive region in December, returning a balance score of +29. That's the most positive outlook for the North since 2019.

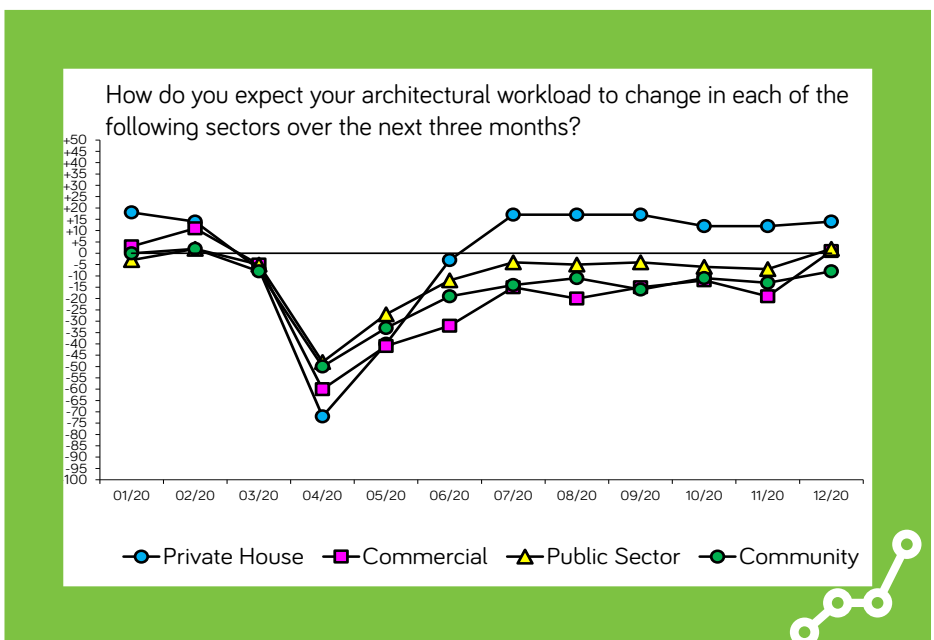
Among the four **different work sectors**, three are now in positive territory. Only the community sector remains negative.

The **private housing sector** posted a balance figure of +14 in December, up two points from November.

The **commercial sector** and **public sectors** both posted positive balance figures for the first time since February. In December the commercial sector posted a balance figure of +1, up from -19 in November. The public sector posted a balance figure of +2, up from -7.

The **community sector** recorded an improvement although remained negative, returning a balance figure of -8 this month, up from -13 in November.

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



RIBA Future Trends Staffing Index
(December 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 | 7 |
| Stay the same | 84 |
| Increase | 9 |
| TOTAL | 100 |
| Balance | +2 |

(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.)

Remaining in positive territory in December the RIBA Future Trends Staffing Index rose by the smallest of margins, up from +1 in November to +2 this month.

Seven per cent of practices expect to be employing fewer permanent staff in the coming three months, while 9% expect to employ more. Eighty-four per cent expect staffing levels to remain the same. Medium and large-sized practices (11+ staff) continue to be those most likely to recruit permanent staff in the coming three months.

The anticipated demand for temporary staff remains negative, but only just. As last month the Temporary Staffing Index balance figure in December is -1.

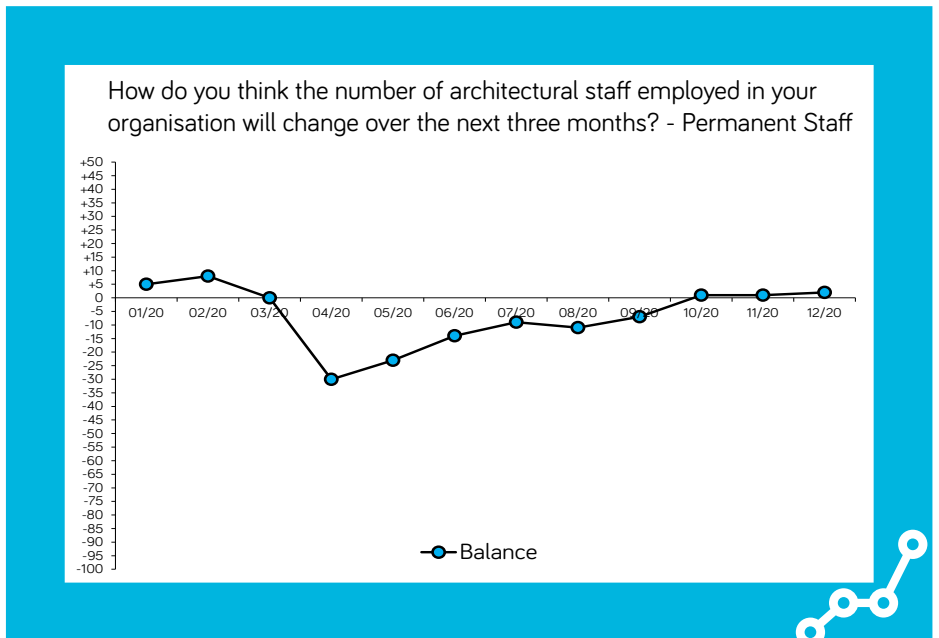
With both indexes hovering around zero, the current market for architects remains subdued. That said, the regional variance continues. London is the only region to return a negative permanent staffing index figure (-9). In contrast, other regions are positive, notably Wales & the West (+9) and the North of England (+8).

Personal underemployment stands at 20%, That's lower than both last month's figure and that of December 2019. At both times the figure was then 22%.

Through a difficult year, staffing levels within architecture have proved more resilient than perhaps looked likely in the first half of the year. Staffing levels are currently 96% of their level a year ago. Overall, redundancies stand at 2% of staff. Only 6% of staff now remain on furlough.

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 (December 2020)

In December's results, we see a growing optimism about future workloads. Staffing levels are proving resilient. Workloads are just 4% lower than they were a year ago. For the first time since the Covid crisis began, other sectors are turning positive; it's no longer just the Private Housing Sector where workloads are anticipated to grow.

This apparent recovery is, however, fragile. The third lock-down and our new trading arrangement with the EU are likely to act in tandem to reduce architect confidence in the new year.

The architectural market in London remains behind all other regions. In December we continue to see London return a concerning set of indices: future work predictions, future staffing levels, assessment of future practice viability and personal underemployment are all lower than elsewhere.

Concerns about future practice viability remain but have diminished this month. Overall, 3% of practice expect falling profits to threaten practice viability. Forty-six per cent expect profits to fall over the next twelve months, 34% expect profits to stay the same, and just 9% expect them to grow (8% don't know).

The commentary received in December stresses the twin uncertainties; the effect of Brexit and the Covid-19 pandemic. Together, for many practices, these make 2021 a highly uncertain year.

For now, enquires are holding up and practices again report the Private Housing market doing well as people move to new areas or adapt their home to better accommodate current ways of working.

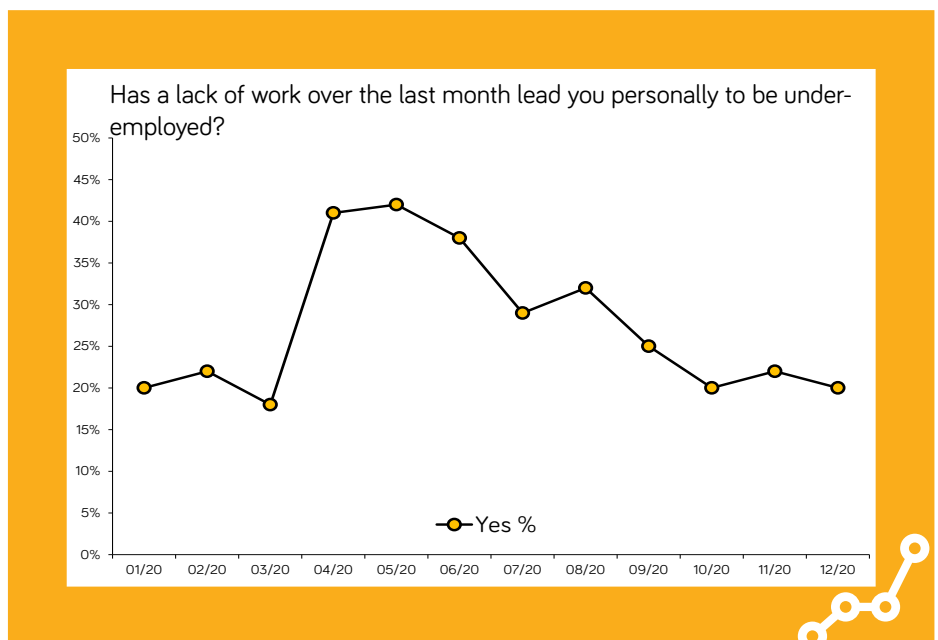
Practices also report early signs of Public Sector workload beginning to increase.

Some practices report projects being held up by delays in the processing of planning applications.

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 258 practices took part in the Survey in December 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.