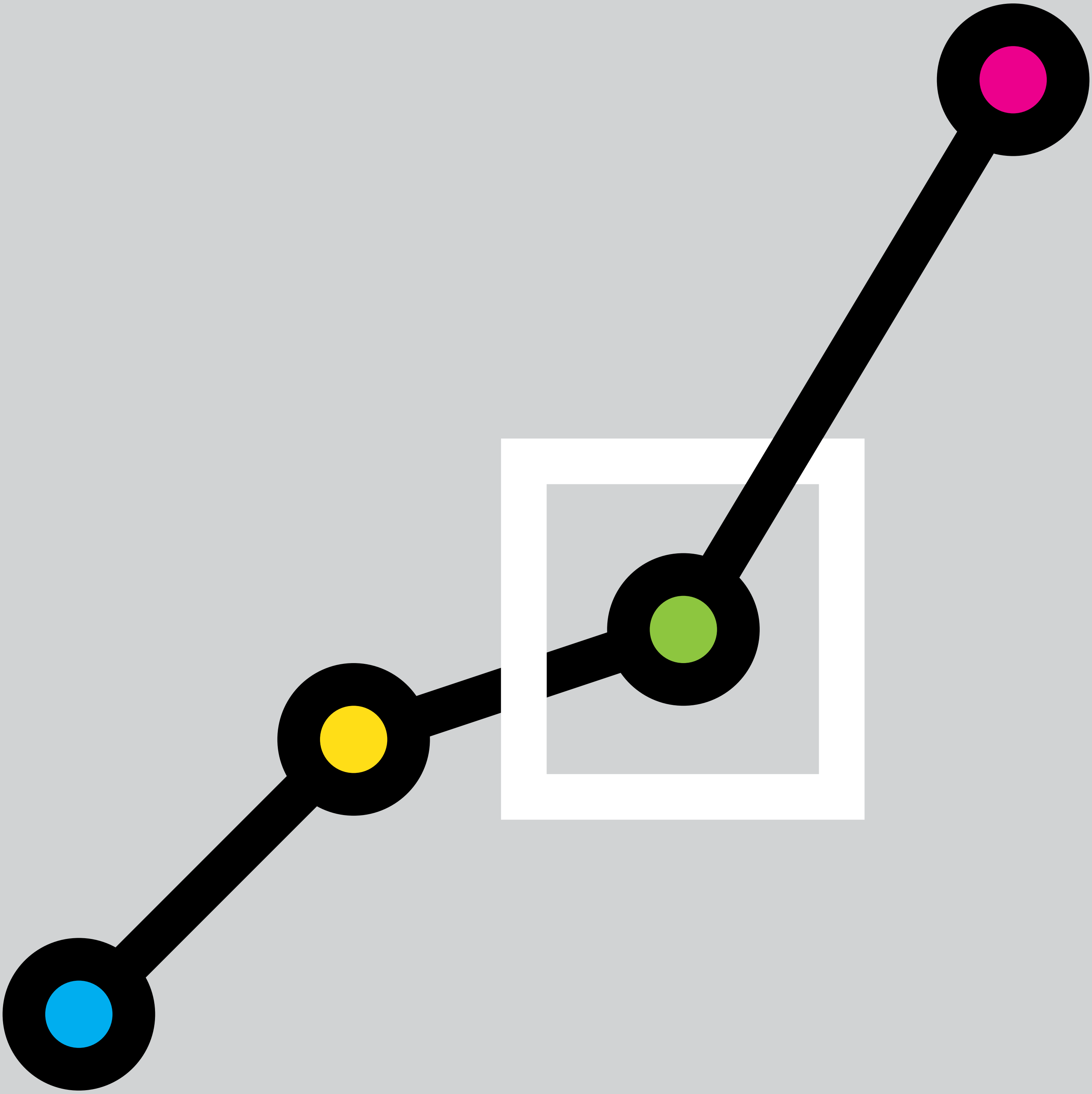
Future Trends Survey:

November 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 November 2020 Survey returns.

RIBA Future Trends Workload Index
(November 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	25
Stay the same	51
Increase	24
TOTAL	100
Balance	**0***

**'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.)

In November, the RIBA Future Workload Index fell back to return a balance figure of zero, indicating as many practices expect workloads to increase as expect workloads to decrease.

Once the figures are rounded, 25% of practices expect an increase in workload, 24% expect a decrease whilst 51% expect workloads to remain the same.

Confidence is strengthening among large and medium-sized practices, whilst smaller practices have slipped into a negative view of future work.

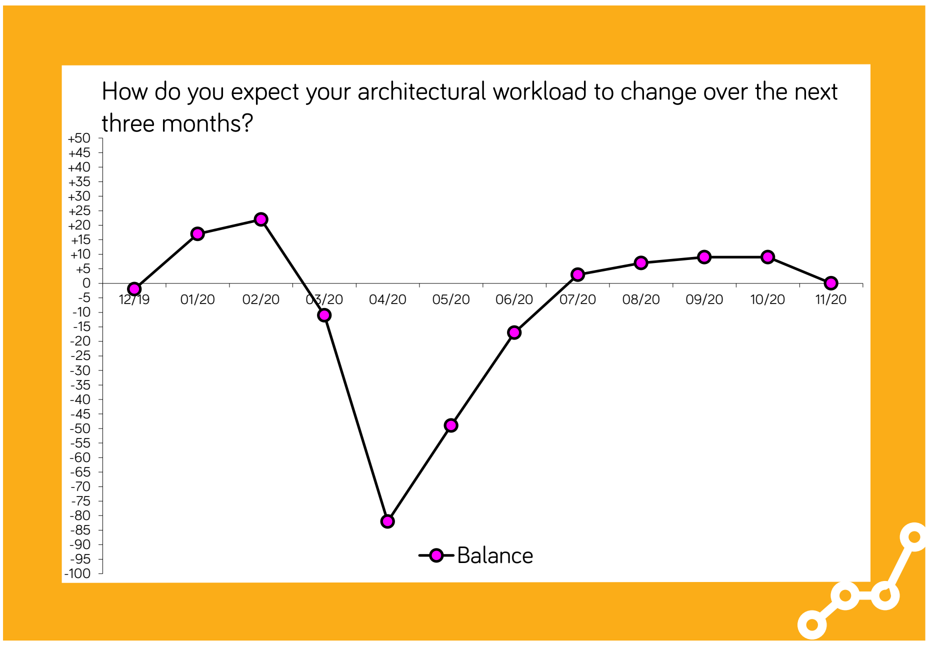
Reports of personal underemployment have increased, and workload compared to a year ago has decreased, but these changes are only slight. The outlook for future permanent staffing levels is holding steady.

The November results came in another month of fast-paced change. At the start of the month, the UK government announced the introduction of a second lock-down across England, depressing hopes of rapid recovery from the severe economic effects of the pandemic. By the middle of the month, we had confirmation of effective vaccines, instilling confidence that the end-game of the Covid-19 crisis was starting to unfold.

However, as we move through December and into January, we expect the effects of Brexit (particularly if no deal is reached) to have a material and potentially highly damaging effect on the architects' market.

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 November 2020 **RIBA Future Trends Workload Index** in terms of practice size, region and sector:

Small practices (1 - 10 staff) returned a balance figure of -5, slipping into negative territory for the first time since June.

Both **Large and Medium-sized practices** (11 - 50 and 51+ staff) returned balance figures of +25 this month, indicating that positivity among these practices is firming up.

London based practices remain negative about future workload; the balance figure for London has been negative since March. This month pessimism grew a little, with London returning a balance figure of -7 in November, down from -1 last month.

The Midlands & East Anglia have slipped further into negative territory too this month, dropping 15 points to post a balance figure of -22 in November.

The South of England remains positive about future work, posting a balance of +9 this month.

Wales & the West again retains its position as the most positive area, with a balance figure of +15, although this is down from last month's figure of +25. The region has been in positive territory for 6 months now.

The North of England continues to be positive about future workloads, posing a balance figure of +7 in November.

Among the four **different work sectors,** private housing continues to be the only sector within which workloads are expected to rise over the coming months.

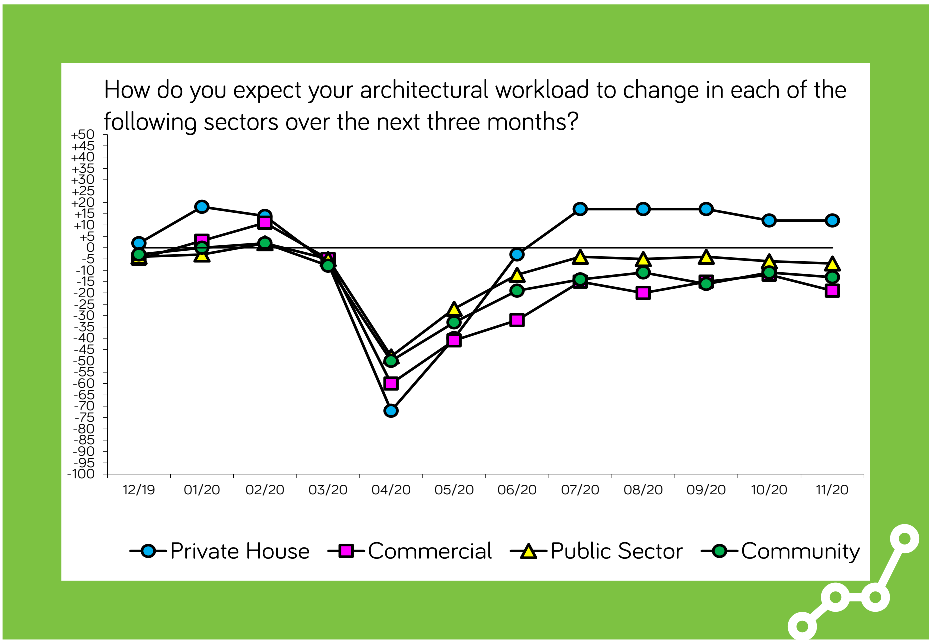
The **private housing sector** posted a balance figure of +12 in November, the same as we saw in October.

The nascent recovery we saw in the **commercial sector** over the three months to October has come to an end. The commercial sector saw its balance figure fall form -12 in October to -19 in November.

The **community sector** posted a balance figure of -13 this month, down slightly from -11 in October.

The **public sector** again slipped back marginally this month, from a balance of -6, in October to -7 in November.

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



RIBA Future Trends Staffing Index
(November 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	81
Increase	8
TOTAL	100
Balance	+1

(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 November the RIBA Future Trends Staffing Index held steady to return a balance figure of +1 in November, the same as October.

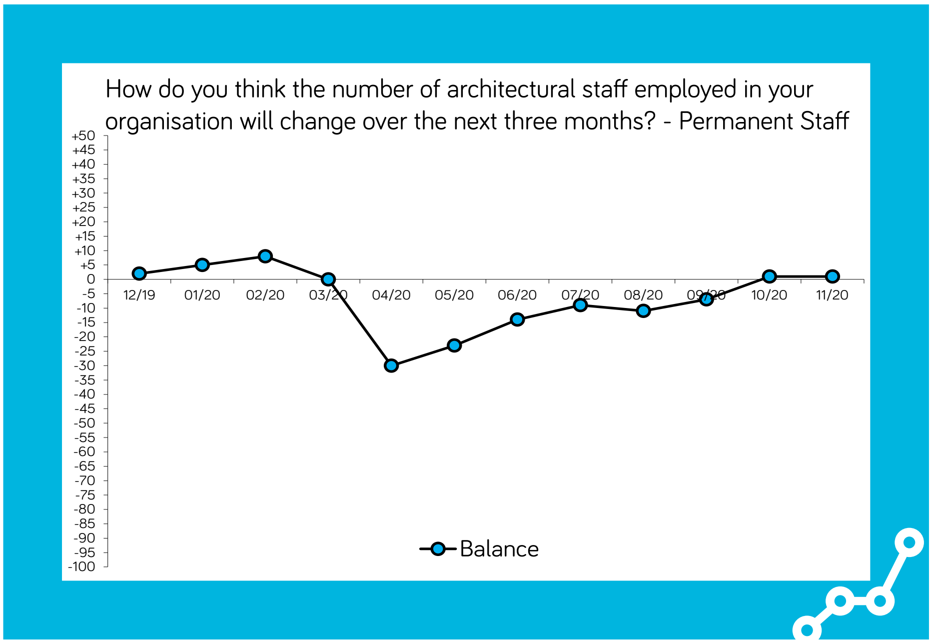
Seven per cent of practices expect to be employing fewer permanent staff in the coming three months, but 8% expect to employ more. Medium and large-sized practices (11+ staff) are those most likely to need more permanent staff.

The anticipated demand for temporary staff has slipped back, however, with the Temporary Staffing Index falling to -1 in November, after posting a +4 balance figure in October.

With both indexes hovering around zero, the staffing indexes suggest the current market for architects is relatively stable. However, we can again see marked regional variance. London (-7) and Midlands & East Anglia (-22) are anticipating a falling number of permanent staff, whilst demand for architects outside those regions is set to grow.

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
(November 2020)

Private housing work continues to prevent the RIBA Future Trends Index from slipping into negative territory. With a balance figure of zero, the index is at its lowest point since June.

London remains the least positive region, across a range of key indicators: future work predictions, future staffing levels, assessment of future practice viability and personal underemployment. Over a third of those in London who responded to the survey reported personal underemployment.

As 2020 begins to close, we are still mired in uncertainty. Whilst the production of vaccines and the beginning of their roll-out provides hope for the end of the pandemic, the result of the Brexit negotiation is at yet unclear. 2021 is likely to be another challenging year within the architects' market.

Concerns about future practice viability are growing. Nine per cent of practices expect falling profits to threaten practice viability, a three per cent increase on last month's figure of 6%. In London, that figure now stands at 15%.

Even though in a second lockdown, personal underemployment rose only slightly, up from 20% in October to 22% in November. Again, that figure is within the range of levels we were seeing immediately before the pandemic.

The overall post-pandemic redundancy rate remains at 4% with a falling number (13%) still working fewer hours.

Staffing is at 95% of what it was 12 months ago. Workloads are at 86% of those in November 2019.

The commentary received in November continues to indicate residential projects providing a lifeline for practices through the epidemic. Practices report workers relocating out of the city requesting home-adaptations for home-working and domestic retrofit. They also report increasing public housing demand and workload among larger housing developments on the rise.

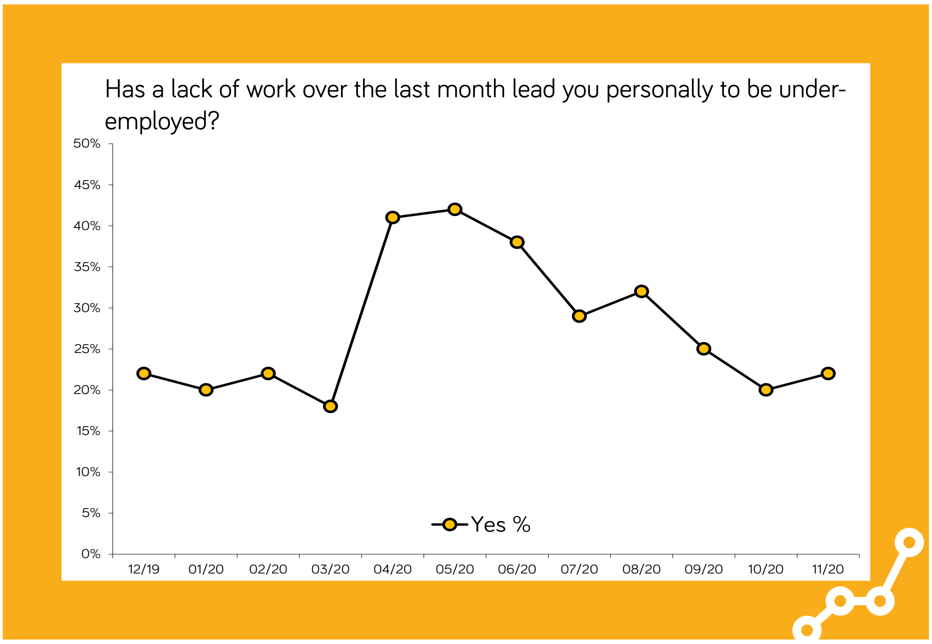
For projects outside the Housing sector, there are reports of clients facing challenges in securing financing, and so delays in project progression.

Increasing Covid-19 restrictions have made on-site working either significantly more difficult or not possible. There are also early indications of challenges in getting materials on-site.

Increasingly practices are concerned that just as we begin to see an end of the pandemic, a potential no-deal Brexit is coming to us, set to damage the economy, the construction industry and so architects' workloads in 2021 and beyond.

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 288 practices took part in the Survey in November 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.