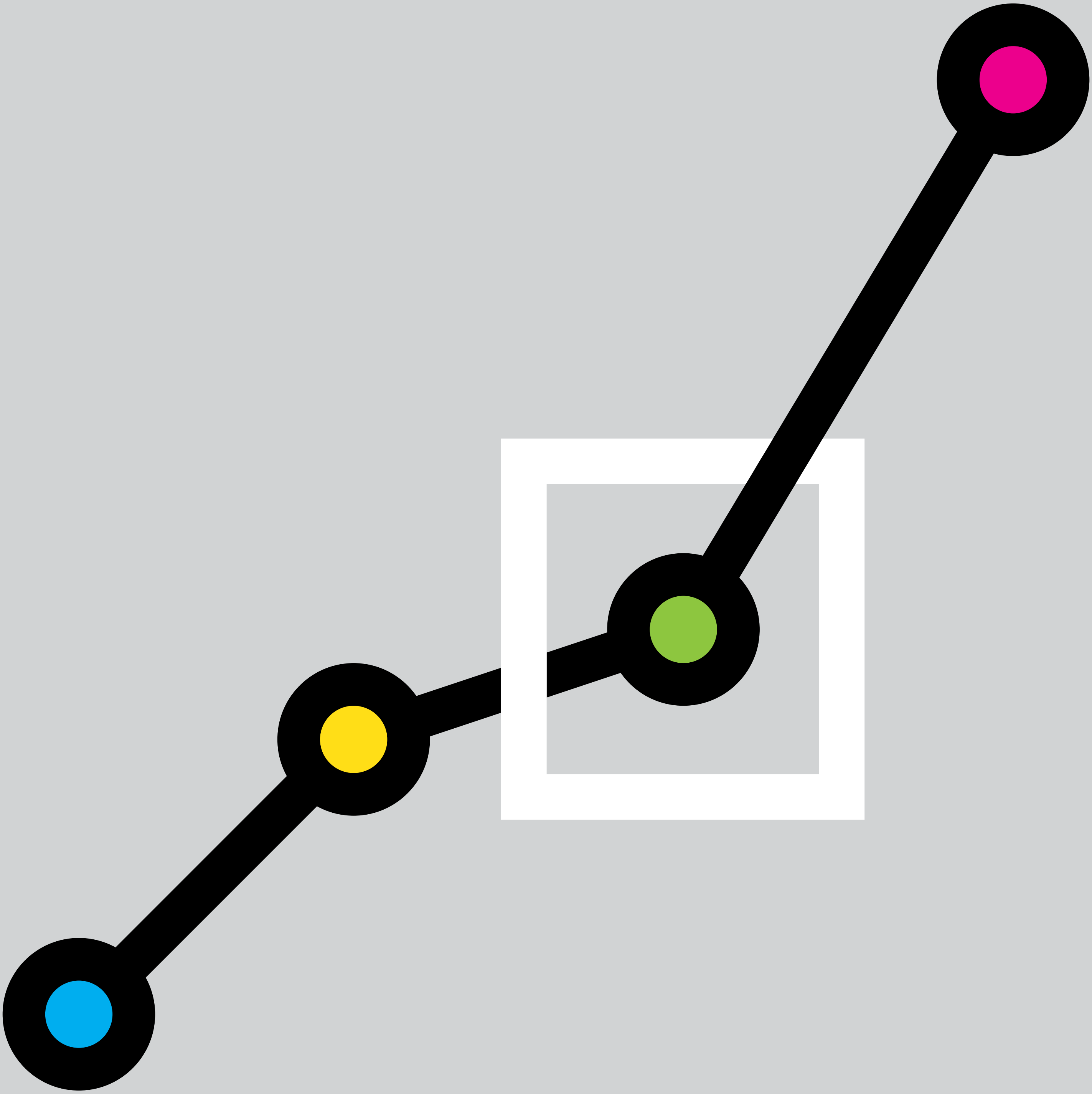
Future Trends Survey:

September 2020



RIBA
Architecture.com

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 September 2020 Survey returns.

RIBA Future Trends Workload Index
(September 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	22
Stay the same	47
Increase	31
TOTAL	100
Balance	+9

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

In September, the RIBA Future Workload Index rose again, returning a balance figure of +9. Overall, practices are expecting workloads to increase in the coming three months.

Thirty-one per cent of practices expect an increase in workload, 22% expect a decrease while 47% expect it to remain the same.

Since the index returned to positive territory in July, it has steadily improved and now stands at a post-pandemic high. The wild swings we saw earlier in the year have, for now at least, passed.

Only London and the South returned negative future workload figures this month.

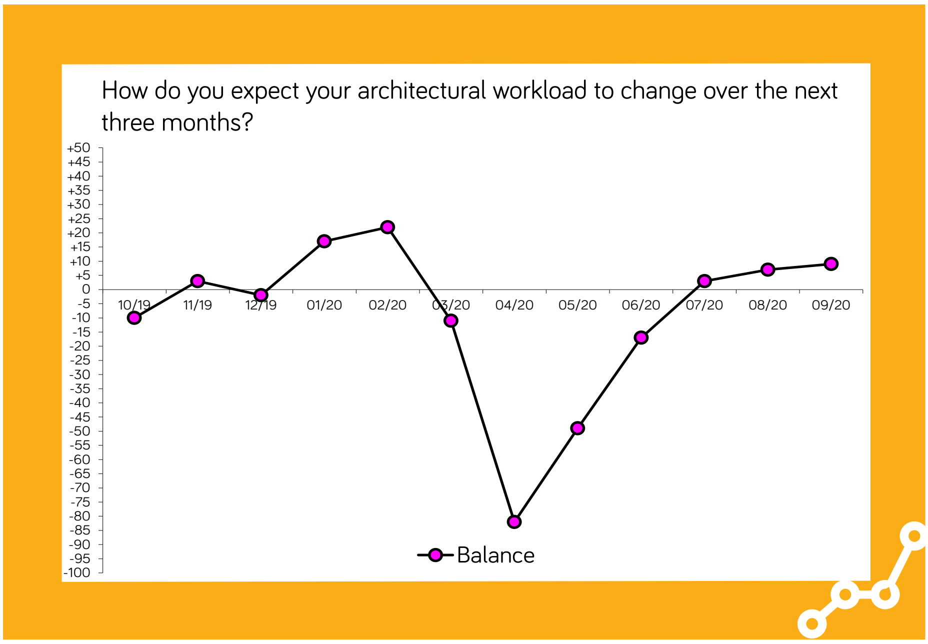
The anticipated growth in architects' workload continues to be driven by optimism about private housing; the only sector to return a positive future workload index figure this month.

Smaller practices tend to carry out a higher proportion of private housing work and are the most optimistic group. Conversely, larger practices, whose portfolio typically includes a wider range of project-types, are less optimistic about the next three months.

A recovery based on only one sector is better than no recovery at all, but architectural practices are diverse; the profession needs a broad-based recovery.

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

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

Large and Medium-sized practices (11 - 50, and 51+ staff) have slipped back further in confidence, returning an average balance figure of -9 in September, compared to zero in August.

In London and the South confidence is slipping (although it remains much higher than the lock-down lows of spring). Elsewhere confidence in future work is either growing or remaining positive.

Wales & the West is currently the most optimistic region. It returned a balance figure of +40 in September, up ten points from August.

Though falling back from August's figure of +25, the North of England remains positive, posting a workload balance figure of +19.

The Midlands & East Anglia have emerged from six months of negative workload expectation; +10 in September, up from -9 in August.

The South of England slipped back into negative territory in September, posting a balance figure of -2.

London has not posted a positive balance figure since February. In September the balance figure is -12, down 3 points from last month.

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

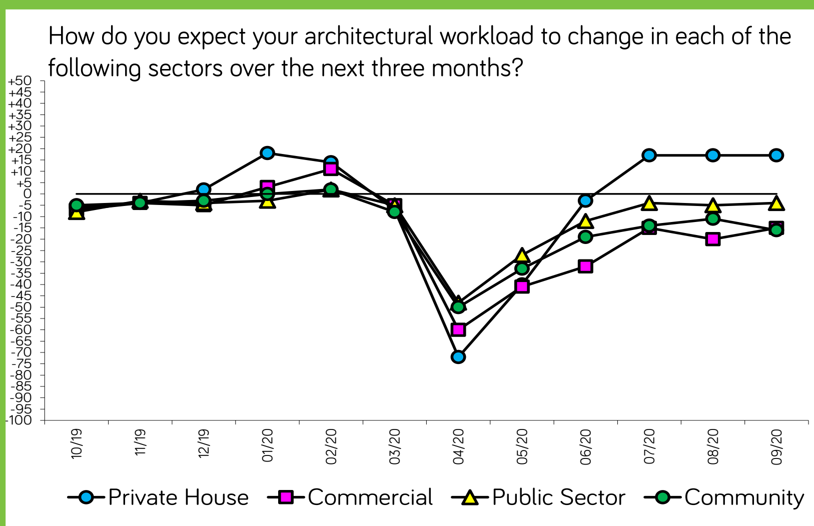
Among the four **different work sectors,** private housing continues to stand out; it is the only area where growth is anticipated in the next three months.

The **private housing sector** posted a balance figure of +17 in September, the same as the previous two months.

The **commercial sector** has risen 5 points this month, to -15.

After five months of incremental improvement, the **community sector** has fallen back this month, from -11 in August to -16 in September.

The **public sector** posted a balance score of -4, up one point on August's figure of -5.



RIBA Future Trends Staffing Index
(September 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	15
Stay the same	76
Increase	8
TOTAL	100
Balance	-7

(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.)

With a balance figure of -7, the RIBA Future Trends Staffing Index rose four points from August's figure of -11.

The employment market is weak; fifteen per cent expect of practices to see a decrease in the number of permanent staff in the coming three months. However, 76% expect permanent staffing levels to remain consistent and 8% expect levels to increase.

Medium and large practices are most likely to be employing fewer permanent staff in the coming months; 48% expect a reduction in permanent staffing levels in the next three months.

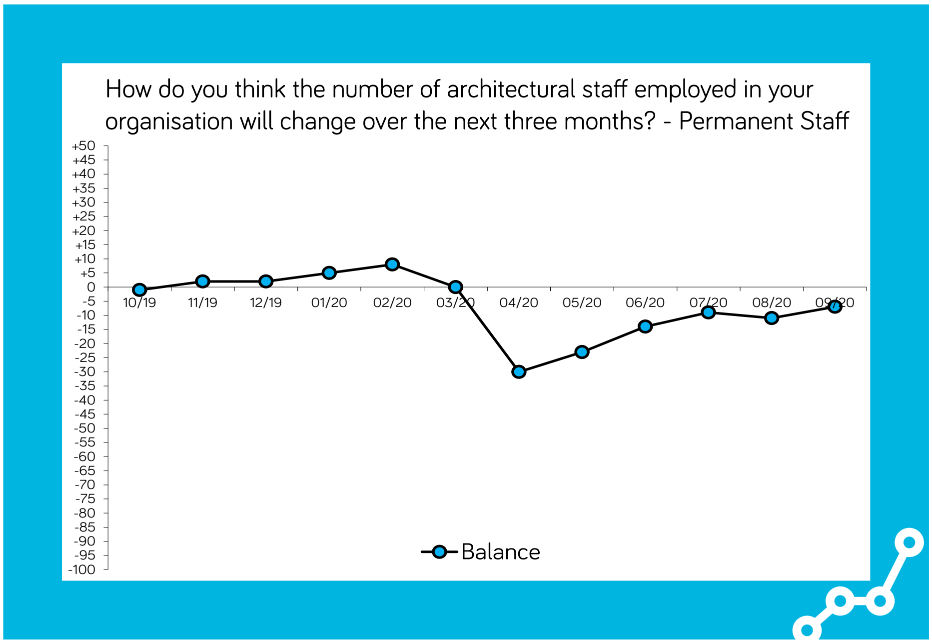
In London, the staffing Index, at -19, is the lowest in the country. Here 22% of practices expect to be employing fewer permanent staff in the next three months.

Reflecting confidence in future workloads, Wales & the West is the only region where permanent staffing levels are expected to be on the increase, recording a staffing balance figure of +9.

In September, the anticipated demand for temporary staff remains subdued with a balance figure of zero in September, up slightly on August's figure of -2.

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
(September 2020)

The RIBA Future Workload Index continues to be in positive territory, sustained by private housing. Larger practices and those in London are the most concerned about future workloads. Recovery in private housing projects alone cannot sustain the global hub of architecture that is London.

As the second wave gathers and Brexit draws close, architectural practices are, overall, remaining positive. However, maintaining that outlook will depend on how the economy is stimulated and fares over the coming months.

The proportion of projects on-hold continues to decline; in September practices report 19% of projects being on-hold, a small fall from last month's figure of 20%.

Personal underemployment is falling, with 25% reporting a lack of work over the last month leading to personal under-employment, compared to 32% in August.

Concerns about future profitability remain. Fifty-eight per cent of practices expect profits to fall over the next twelve months. Six per cent expect that fall in profit to threaten practice viability.

In London, 12% of practices think declining revenue will threaten practice viability (a slight fall on last months figure of 14%).

The number of furloughed staff continues to diminish, but much less rapidly. In September the average percentage of furloughed staff was 9% (compared to 10% in August).

Nineteen per cent of staff are working fewer hours than in pre-COVID-19 times; that figure increases to 25% in London.

The percentage of staff becoming redundant has grown again slightly this month, up from 2% in August, to 3% in September. Staffing levels are 94% of what they were 12 months' ago.

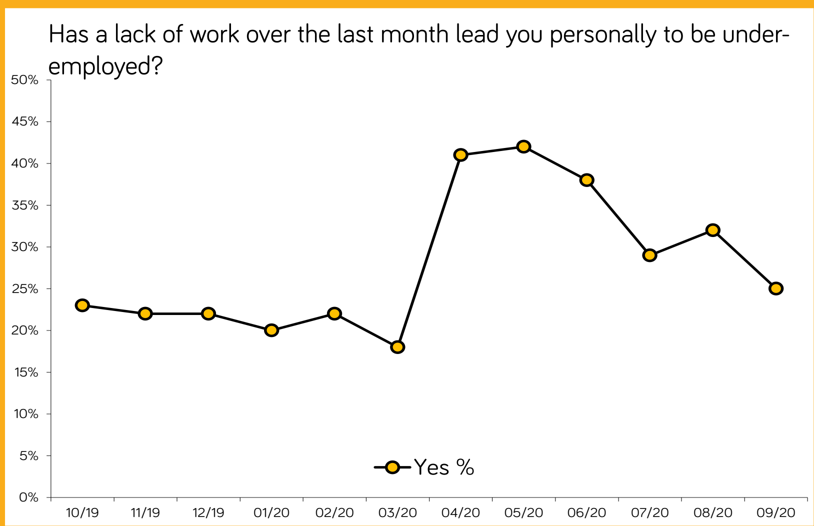
The commentary received in September reveals an increasing number of practices reporting a rising number of enquires and workloads picking up, driven by housing work.

Improving workload isn't universal; some practices describe a lack of enquiries, uncertainty about the source of future projects, and redundancies on the way.

Practices also describe increasing competition, with projects attracting more practices to give quotes than usual. In turn, this is exerting downward pressure on fees; a pressure that many practices are resisting.

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 233 practices took part in the Survey in September 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.