

RIBA Business Benchmarking 2023

Executive Summary

Report prepared for the RIBA
by [The Fees Bureau](#)



Introduction

Fee revenue is growing but the accompanying high inflation is reducing profit margins. Large practices have been successful in generating further revenue growth from international work.

Growth has returned, - and not just on a gentle upward trajectory. This year's figures show a spectacular rise of 17 per cent in the total revenue generated by all RIBA Chartered Practices. This turbo-boost marks a convincing return for the pattern of revenue growth to its long-term trajectory. Until 2019, practice revenue had been growing consistently year on year. Since then, the Covid-19 pandemic and its aftershocks meant that practice revenue stagnated or fell. This resulted in zero growth for the past for three years. Finally, things have changed.

The positive picture is enhanced by the finding that average practice revenue has grown in every practice size group analysed in this survey. Small and medium-sized practices have performed particularly well in the last 12 months, recording all-time average revenue highs.

Much of this year's growth comes from the 100+ practices, which have increased their share of a growing market from 41 per cent to 45 per cent. Although large practices are growing strongly, they are still posting an average revenue that is lower than pre-pandemic levels. Because so many large practices are in London, the capital's revenue share has increased to 70 per cent this year. London dominates the profession this year to an even greater extent than usual.

Large practices have tended to look outside the UK to achieve growth. 100+ practices are responsible for 86 per cent of international revenue and there has been an impressive 43 per cent growth in the amount of international work. Much of that growth has come from a significant rise in the number of jobs located within the European Union (EU) and also in North America. Jobs in the EU have contributed more to practice revenue than those in Asia or the Middle East.

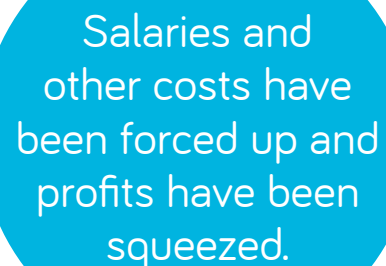
Practices have successfully increased their revenue, but expenditure has increased at an even faster rate, resulting in squeezed profit margins. Throughout the whole economy, salaries have been pushed up to compensate for skills shortages. At the same time, inflation has sky-rocketed, affecting a wide range of costs. Where fees are linked to construction costs, building cost inflation has pushed up fees. But more specifically, practices' average hourly rates have not kept pace with inflation.

The squeeze on profits manifests itself in lower average earnings this year for Partners/Directors/Sole Principals. Their reported 2 per cent fall in earnings compares with inflation-matching rises among more junior staff.

In a new analysis for this year's survey, we measure how much staff time is spent on billable work. The proportion of time that is billed to clients ranges from 46 per cent of Partners/Directors/Sole Principals' hours, to 72 per cent of the hours of Architects with 3-<5 years' experience.

Also new for the 2023 survey is a set of questions in which we ask RIBA Chartered Practices their views of how their practice revenue might change in the next 12 months. Practices predict that revenue will grow by 5% - but expenditure is predicted to rise even more: by 6 per cent. This year's squeeze on profits looks set to continue into next year.

Rising costs and squeezed profits create a tough environment. RIBA Chartered Practices say the best way to increase profitability would be to adopt more flexible working practices. Respondents are least enthusiastic about the contribution that Information Technology improvements would make to practice profitability, suggesting there is no immediate rush to use generative Artificial Intelligence or other technologies to increase business competitiveness.



Salaries and other costs have been forced up and profits have been squeezed.

Welcome to the 2023 RIBA Benchmarking Report

This year's report marks RIBA Chartered Practices' recovery from the turmoil at the start of the decade. After two years of reduced income, 2023 sees total practice revenue rise sharply, by 17 per cent, to £3.6 billion. Despite the hard challenges faced since 2020, RIBA Chartered Practices have once again demonstrated themselves to be resilient, adaptable, and innovative. We report growth across almost all sectors, prompted in part by the built environment's response to post-pandemic requirements, including the domestic 'race for space'. The profession continues to lead the way in the design and creation of safe, sustainable, and prosperous villages, towns, and cities.

Overseas work has increased dramatically. Almost £0.75 billion of revenue is now coming to UK RIBA Chartered Practices from overseas. Surprisingly, the biggest leap has come from work within the EU. It appears that Brexit is not preventing UK architects from growing their commissions across the Channel. This growth in overseas work isn't just an economic success story, it's also testament to the profession's global reach, its ability to adapt to different places and people, and to produce building design that resonates around the world. Architecture continues to contribute to one of the UK's enduring successes – its creativity industries.

So, in the face of adversity, architects have once again displayed remarkable resilience, demonstrating their ability to navigate external difficulties, including the pandemic, product scarcity and high inflation. The latter, in particular, has taken its toll over the last year. The findings show that, while revenue has increased significantly, profits have increased only marginally. Overheads continue to rise with inflation, eating away at profits.

And we are not yet out of the woods. Practices continue to face significant challenges, including persistently high inflation that drives overheads still higher, increased interest rates that make project

financing more expensive and difficult to obtain for potential clients, a planning system that is holding back – or even halting – project progress and a stagnant general economy that is weighing on client demand.

But even against this grey backdrop, practices are not gloomy about their prospects. For the first time, this year's report gives information about expectations for the coming year. In 2023/24, on balance, there is an expectation that more staff will join practice and revenue will continue to rise. Innovation continues, as the profession embraces new ways of working, emerging technology and working in new sectors as routes to increased profitability.

A final word on the RIBA Benchmarking Service itself. This year, following consultation with members, the Benchmarking Survey and the delivery of findings have been updated. To complement long-standing measures of revenue, expenditure and profitability, new Business Benchmarks have been added, aimed at helping practices to better understand how their business compares to others. For example, new this year is information about percentages of billable time, where commissions come from and greater granularity of salary information, particularly for early-career professionals. The report has been refreshed, summary reports by practice size added and new visualisations made available.

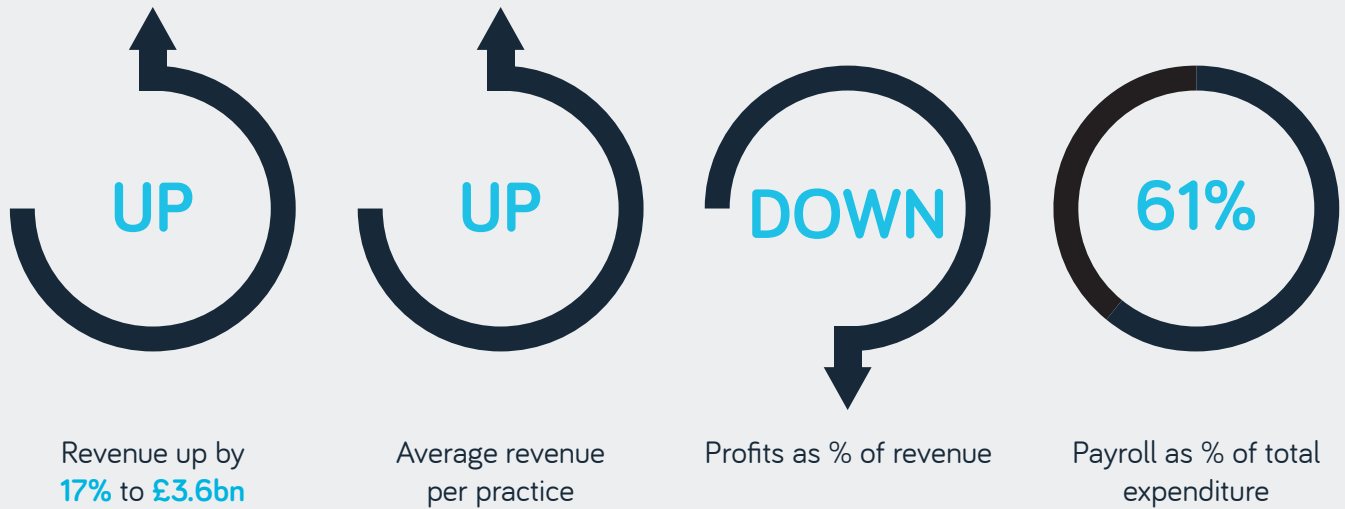
Finally, a personal and sincere thank you to all RIBA Chartered Practices for making this report possible by each completing their Benchmarking return. As ever, please get in touch with any questions at bench@riba.org.

Adrian Malleon

*Head of Economic
Research and Analysis
Royal Institute of British
Architects*

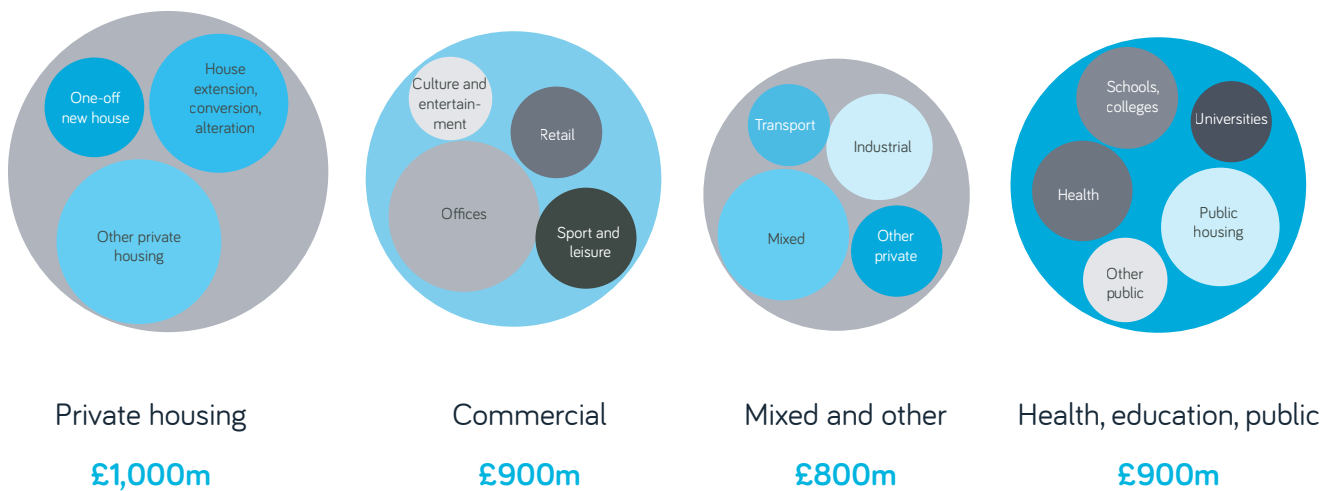
RIBA 

Revenue sharply up, profits squeezed



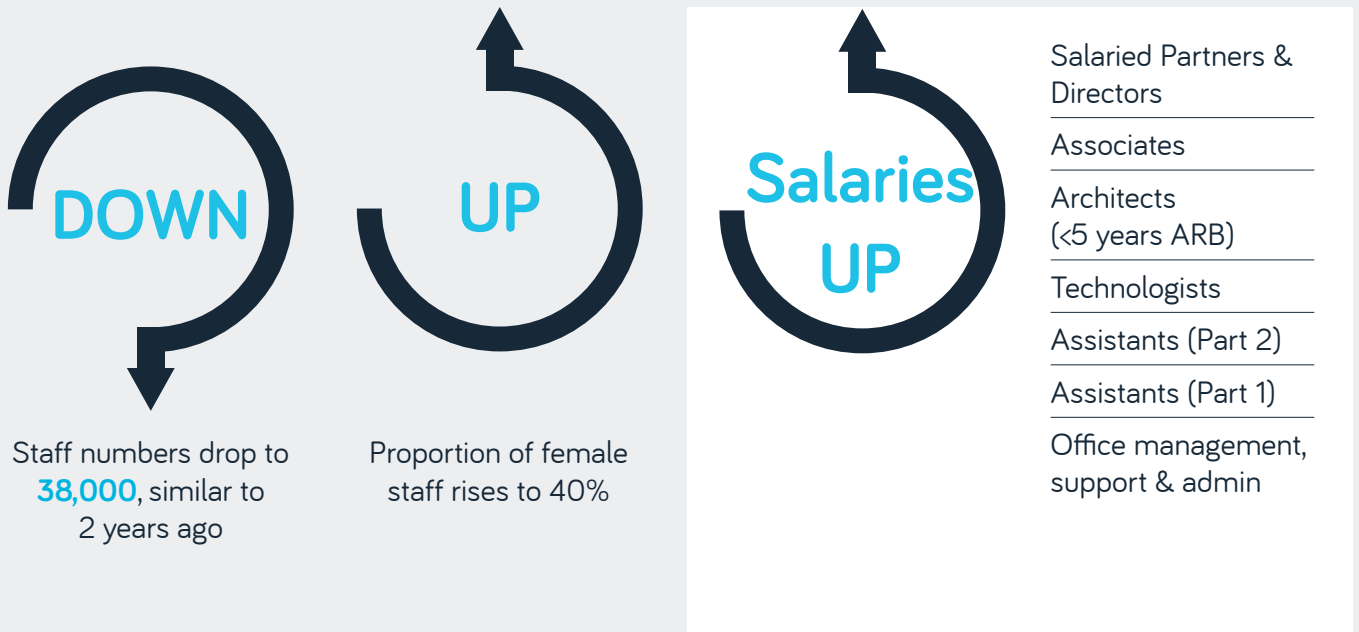
More commercial and mixed projects

29% of all revenue comes from private housing.
 For practices with **<10 staff** the figure is **more than 50%**.



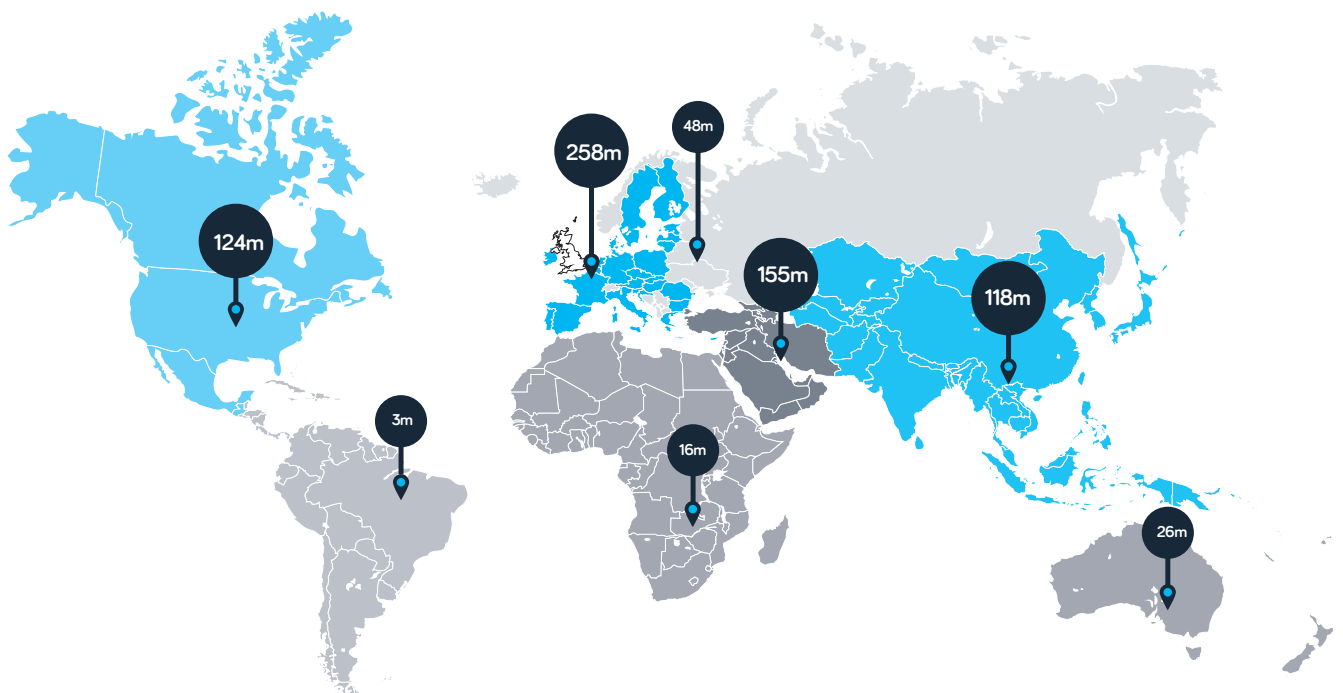
All work in 2023: £3,600m

Staff numbers lower, average salaries for most are higher



Impressive rise in international work

86% of international work is from 100+ practices, totalling **£750m**



Key benchmarks in 2023

Practice

	1	2	3-<5	5-<10	10-<20	20-<50	50-<100	100+
RIBA Chartered Practices								
Number of practices	951	534	635	776	368	240	71	55
% partnerships or LLPs	2	16	11	11	10	19	13	26
% limited companies	61	76	86	87	89	79	87	74
Offices								
% with office(s) outside UK	1	1	2	2	3	3	18	50

Team

	1	2	3-<5	5-<10	10-<20	20-<50	50-<100	100+
Staffing								
Number of staff	954	1,066	2,212	5,060	4,999	7,030	5,073	11,325
Diversity								
% female	17	39	36	36	39	39	39	43
% mixed/multiple ethnic groups	1	2	2	3	2	3	2	3
% Asian/Asian British	3	4	6	5	5	6	9	13
% Black/African/Caribbean/Black British	0	0	2	2	2	2	2	3
% other ethnic group(s)	1	2	2	1	2	3	3	5

Finances

	1	2	3-<5	5-<10	10-<20	20-<50	50-<100	100+
Revenue								
Average revenue per practice	56,204	99,588	194,840	404,732	1,065,025	2,443,054	6,161,213	29.6m
Average revenue per Partner/Director/Sole Principal	64,487	73,236	142,050	252,773	497,723	1,048,328	1,411,600	2.8m
Average revenue per all fee-earning staff	55,922	57,667	75,540	74,235	82,275	98,003	100,712	123,933
Expenditure and profits								
Average expenditure per practice	23,886	48,660	118,326	276,318	648,888	1,836,375	4,598,478	25.5m
Average profits per practice	27,235	42,393	56,215	98,228	229,103	364,522	816,400	3.1m

Compared with all RIBA Chartered Practices



Key benchmarks in 2023

Salaries

	1	2	3-<5	5-<10	10-<20	20-<50	50-<100	100+
Salaries								
Partner/Director/Sole Principal	29,000	32,032	40,573	50,250	65,500	99,710	107,000	152,220
Associates	n/a	n/a	46,957	45,000	49,153	54,167	55,720	60,606
Architect (5+ years ARB registered)	n/a	n/a	40,000	41,000	42,000	45,000	45,000	47,722
Architect (3-4 years ARB registered)	n/a	n/a	n/a	37,000	38,000	39,000	40,000	42,533
Technologists	n/a	n/a	n/a	35,000	35,000	38,000	38,200	37,134
Architectural Assistants, Part 2 (2+ years' experience)	n/a	n/a	28,000	30,000	30,000	32,550	31,750	32,410
Architectural Assistants, Part 1	n/a	n/a	n/a	23,798	23,498	24,000	22,940	24,515

Markets

	1	2	3-<5	5-<10	10-<20	20-<50	50-<100	100+
Projects worked on in 2023								
Average number of projects	14	20	29	49	79	106	170	301
Workload contribution to revenue								
% private housing	79	76	69	58	44	30	12	17
% commercial	8	9	11	14	17	21	30	30
% health, education, public	6	7	10	11	15	17	26	29
% other	6	8	11	17	24	32	32	24
Type of service contribution to revenue								
% building design	86	87	86	86	81	80	79	77
% partial services or consultancy	14	13	14	14	19	20	22	23
Work outside the UK								
Average revenue from work outside the UK	2,039	4,232	6,136	14,841	42,908	126,649	548,262	11.7m

Future

	1	2	3-<5	5-<10	10-<20	20-<50	50-<100	100+
Anticipated changes over the next 12 months								
% change in revenue	+8	+10	+4	+5	+3	+4	+6	+3
% change in expenditure	+6	+5	+9	+8	+8	+6	+8	+4
% change in staff numbers	+4	+7	+9	+4	+2	+3	+3	+2
% change in hourly rates	+5	+5	+6	+5	+4	+5	+4	+3

Compared with all RIBA Chartered Practices



Below average



Average



Above average



Royal Institute of British Architects
66 Portland Place, London, W1B 1AD

+44(0)20 7307 5355

info@riba.org

www.architecture.com

Interact with the benchmarking data at:
www.ribabenchmark.com

For any queries about this report,
please email bench@riba.org

