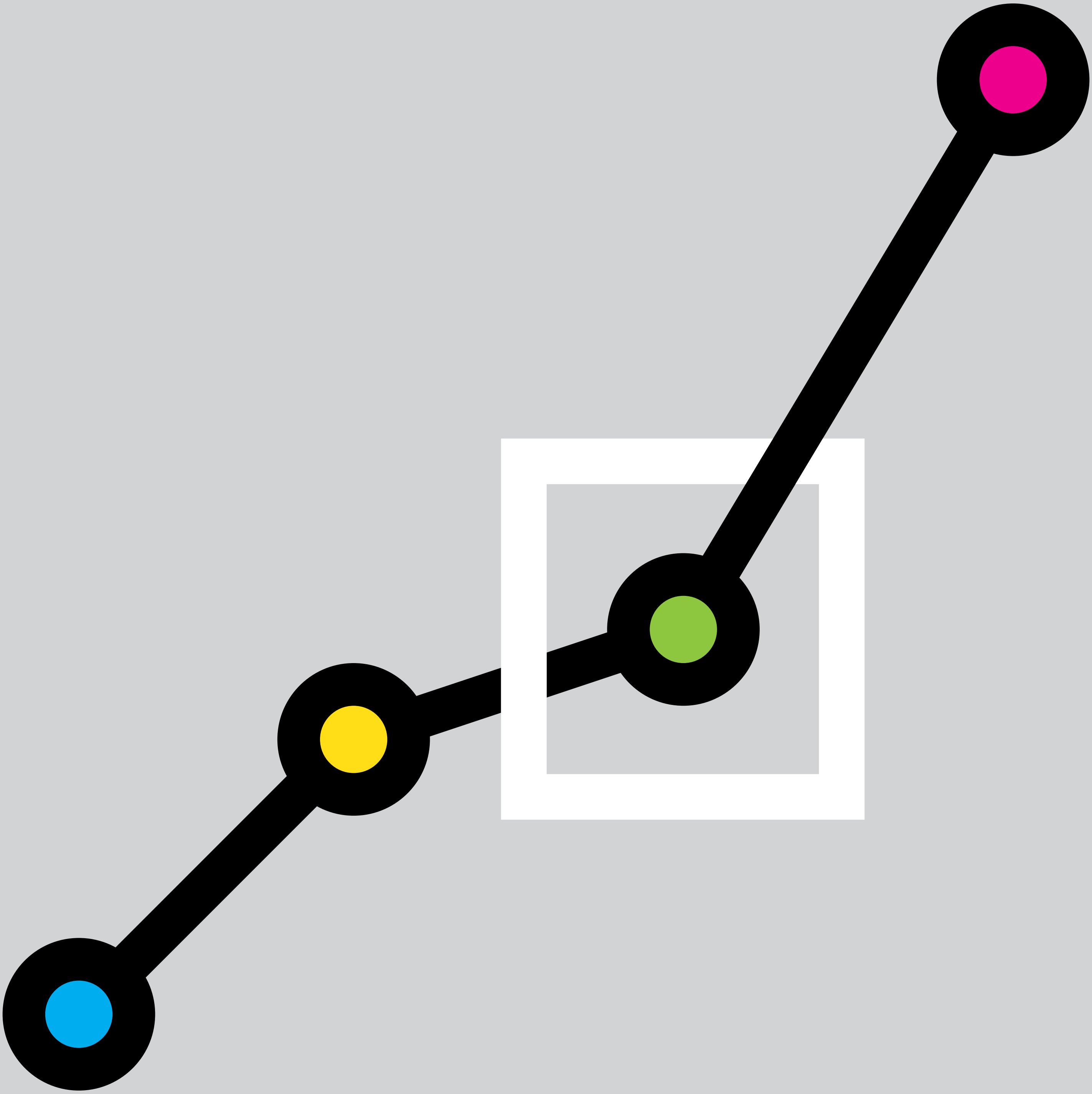
Future Trends Survey:

December 2023



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 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 2023 survey returns.

RIBA Future Trends Workload Index
(December 2023)

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	28
Stay the same	52
Increase	20
TOTAL	100
Balance	-9*

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

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

In December, the RIBA Future Trends Workload Index stood at -9, marking its sixth consecutive month in negative territory. A negative balance indicates an overall expectation of falling workloads among architects.

Twenty-eight per cent of architects' practices expect a decline in workloads over the next three months, while twenty per cent anticipate an increase. Fifty-two per cent expect stable workloads.

The outlook varies by practice size. Small practices are pessimistic about future workloads, whereas medium and large practices remain optimistic.

All monitored work sectors remain in negative territory with the Private Housing sector again posting the most pessimistic Workload Index figure.

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

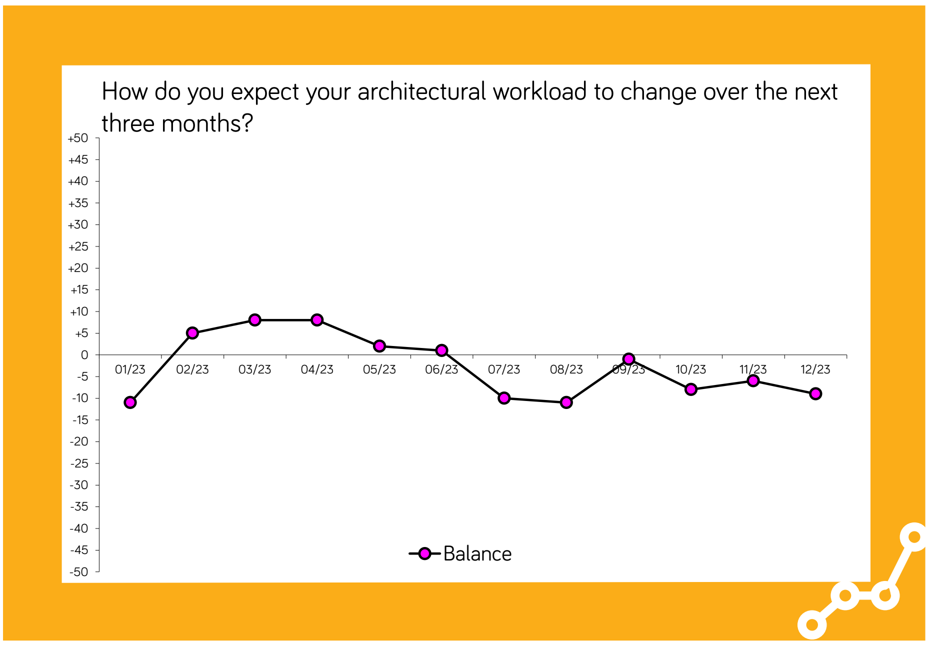
While remaining mixed, the regional picture has broadly worsened this month, with all but one region anticipating falling workloads in the coming three months.

Current workloads remain lower than they were a year ago, showing an overall year-on-year decrease of 11%.

In December, 26% of architects reported personal underemployment, a rise of 4% from November.

At -2, the RIBA Staffing Index has risen 1 further point but remains in negative territory.

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 December 2023 RIBA Future Trends Workload Index in terms of practice size, region and sector:

Small practices (1 - 10 staff) saw their outlook worsen in December, with a Workload Index of -15, down from -12 in November. This marks the eighth consecutive month of a negative outlook for small practices. Over the next three months, 31% of small practices anticipate a decrease in workloads, 15% expect an increase, and the majority (54%) anticipate stable workloads.

In contrast, the outlook for **Large and medium-sized practices** (11+ staff) is optimistic and has further improved this month, with the combined Workload Index for these practices rising to +30, up six points from November's +24. Among these practices, 45% expect workload growth, 15% anticipate a reduction, and 39% foresee steady workloads.

Regionally, the outlook remains mixed but has generally deteriorated.

Wales and the West fell back into negative territory with a Workload Index of -17, down from +2 in November.

London's outlook also worsened, with a balance figure of -5, compared to -3 the previous month. Similarly, the outlook in the Midlands & East Anglia worsened from -19 to -23, and in the South of England from -9 to -14.

The North of England was the only region to show improvement, with a positive Workload Index of +5, up from -4 in November.

All four monitored sectors have again returned a negative Workload Index figure this month.

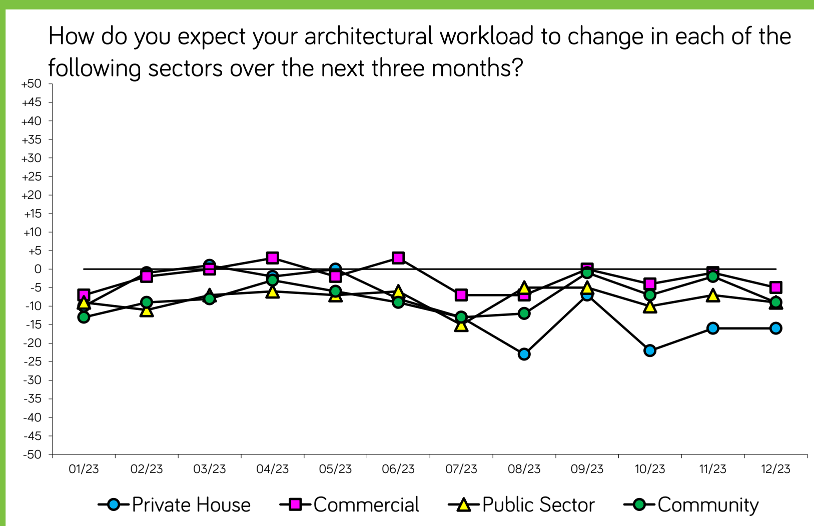
The **private housing sector** maintained a steady outlook with a Workload Index of -16, the same as last month. Thirty-one per cent of practices expect a fall in Private Housing workloads, although 15% anticipate an improvement. Small practices are the most pessimistic about upcoming housing work.

The outlook for the **commercial sector** has deteriorated this month with a Workload Index figure of -5, down from -1 last month.

The **public sector** also sees a worsening outlook, with a -9 Workload Index figure, down from -7 last month.

Pessimism about workloads has also grown in the **community sector,** with a balance score of -9, down from -2 in November.

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



RIBA Future Trends Staffing Index
(December 2023)

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

Permanent Staff	%
Decrease	11
Stay the same	80
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.)

The RIBA Future Trends Permanent Staffing Index stands at -2 this month, indicating a slight improvement in the outlook, but remaining in negative territory. Overall, practices anticipate a decrease in permanent staff over the next three months. The staffing index was -3 in November.

Eleven per cent of practices anticipate a reduction in permanent staff over the next three months, while 9% predict an increase. A significant majority, 80%, anticipate no change in their permanent staffing levels

The staffing outlook for medium and large-sized practices (11+ staff) has seen another improvement this month, with a combined Staffing Index figure of +19, a fourteen-point increase from +5 last month.

However, small practices (1 - 10 staff) continue to anticipate declining staffing levels, maintaining a Staffing Index figure of -5 in December, the same as last month.

The regional outlook is varied.

The North of England, with a Staffing Index of -8, and the Midlands & East Anglia, with -12, both continue to expect fewer permanent staff to be employed.

London and Wales & the West have both reported a zero Staffing Index figure, suggesting stable staffing levels over the next three months.

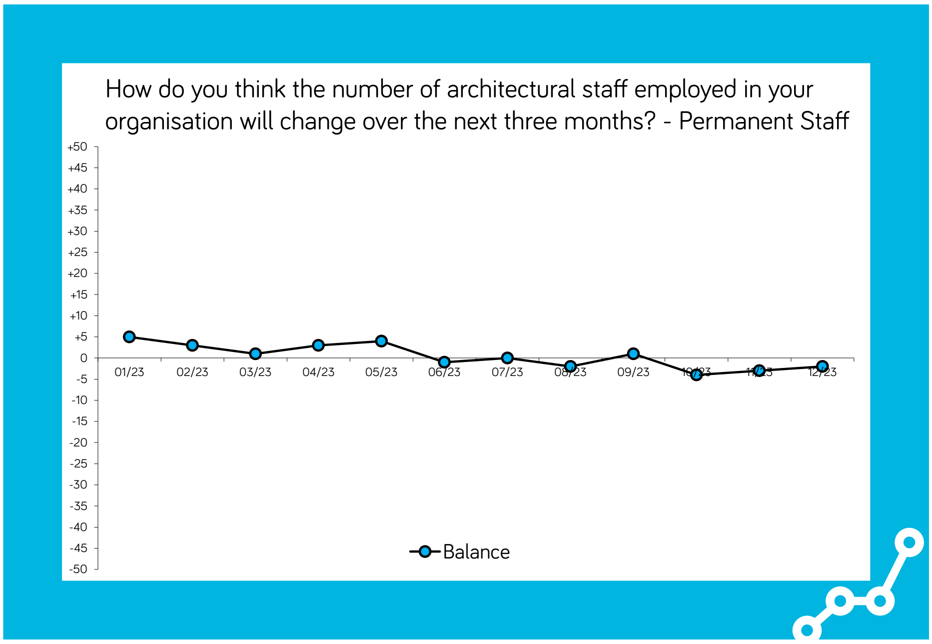
The South of England, with a Staffing Index of +5, is the only region where practices, on balance, expect an increase in permanent staffing levels.

The Temporary Staffing Index marginally slipped this month, posting a -6 Index figure, compared to -5 last month.

Levels of personal underemployment increased, with 26% of architects reporting personal underemployment in the past month, four per cent more than last month.

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
(December 2023)

The RIBA Future Trends report for December indicates a profession that is approaching the start of the year with some apprehension, anticipating the first quarter of 2024 to be characterised by reduced workloads and limited recruitment.

The year ends with the Workload Index recording six consecutive months of either zero or negative balances. The impacts of increased interest rates, rising project costs, and the heightened difficulty for potential clients in securing project finance have been enduring.

While the Consumer Price Index (CPI) and construction output price inflation are both on a downward trend, this has yet to translate into an uptick in architects' commissions.

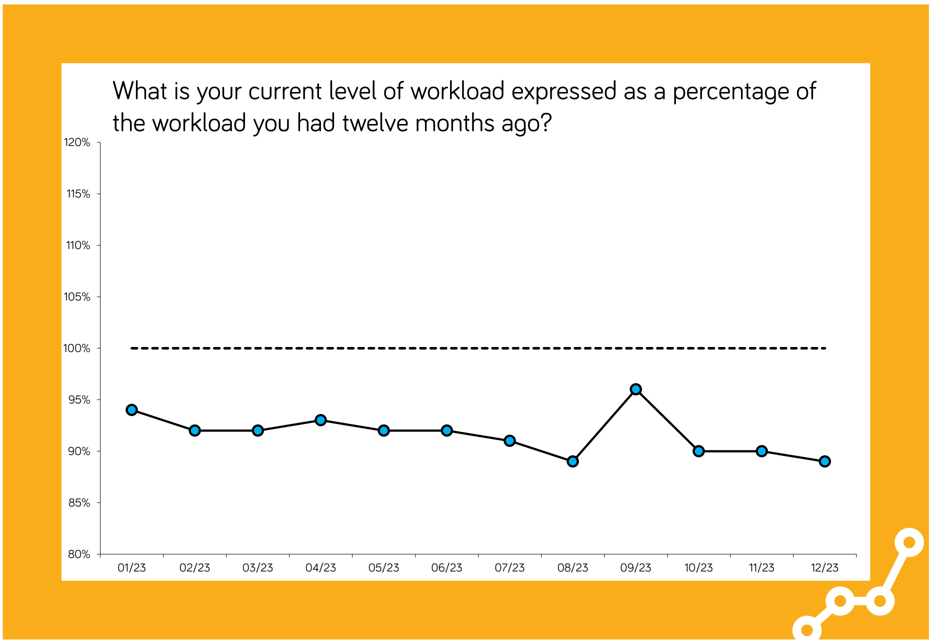
Commentary from practices in December continues to highlight the challenges the profession faces in the context of high inflation, high interest rates, elevated project costs, and ongoing planning delays. Practices report diminished pipelines of work and low levels of enquiries.

Some practices note that planning delays are being exacerbated by the level of detail required in planning submissions, deterring the progression of potential projects.

With decreased workloads, particularly in the domestic sector, practices also report heightened competition both from within the profession and without - from 'architectural designers'. This is intensifying the downward pressure on fees.

RIBA has also received an increasing number of reports of clients failing to pay invoices on time, a threat to practice cash flow.

The following graph plots current level of workload expressed as a percentage of the workload of twelve months ago.



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 247 practices took part in the Survey in December 2023.
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.