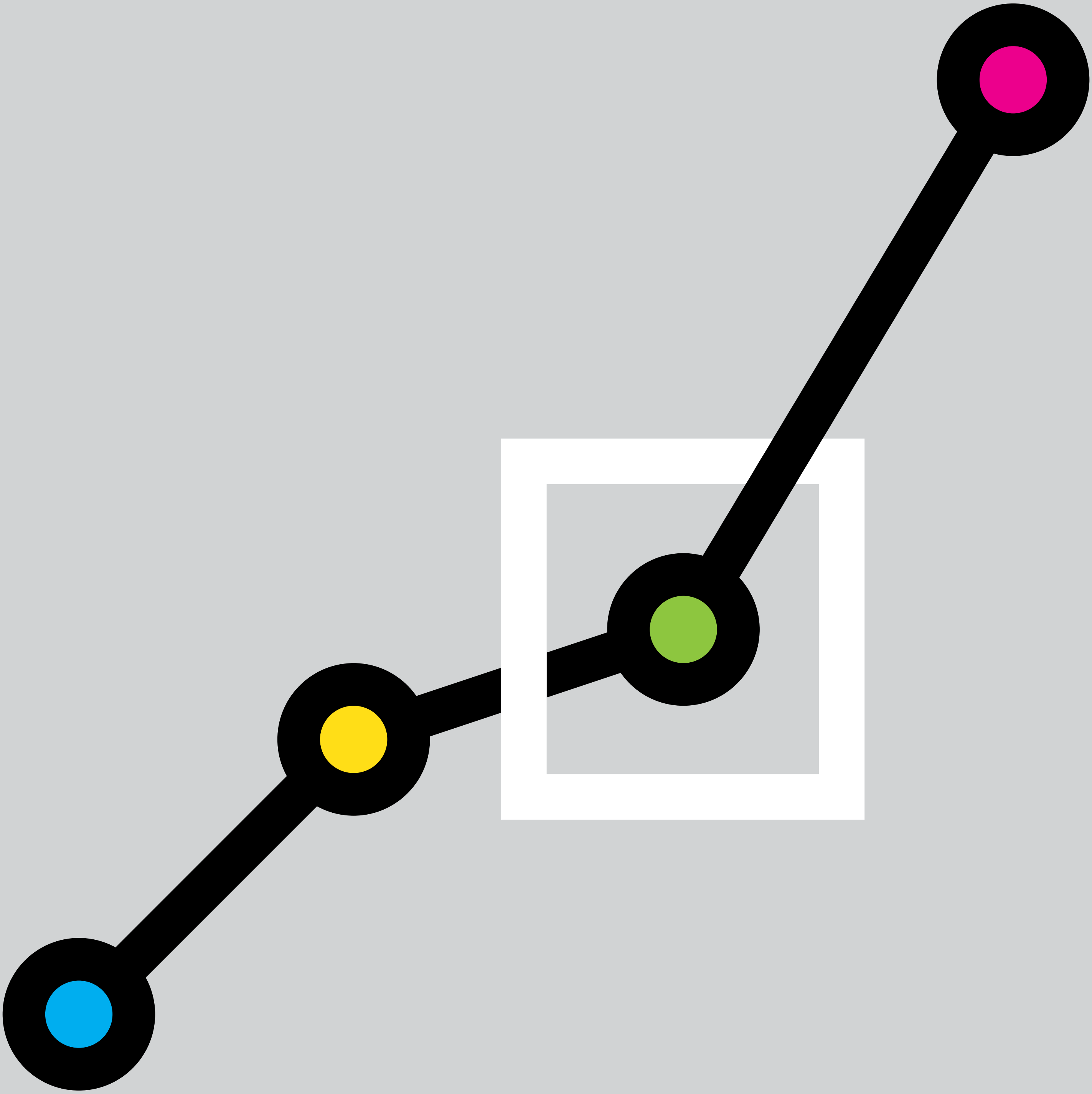
Future Trends Survey:

July 2023



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 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 July 2023 survey returns.

RIBA Future Trends Workload Index
(July 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	26
Stay the same	58
Increase	16
TOTAL	100
Balance	**-10**

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

In the context of a flat-lining economy, rising interest rates and the persistent effects of our post-Brexit trading relationship with the EU, the RIBA Future Trends Workload Index has dropped to -10.

Overall, architects expect their workload to fall in the coming three months. July's data marks the lowest level of confidence among architects since the aftermath of the Truss mini-budget.

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

Current workloads remain lower than a year ago, with practices reporting an average of 9% less work than this time last year.

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

The outlook of small practices remains markedly more pessimistic than that of medium and large practices. Medium and Large practices (11+ staff) continue to anticipate growing workloads. In contrast, Small practices (1 - 10 staff) have returned a negative and deteriorating Index figure for the third consecutive month.

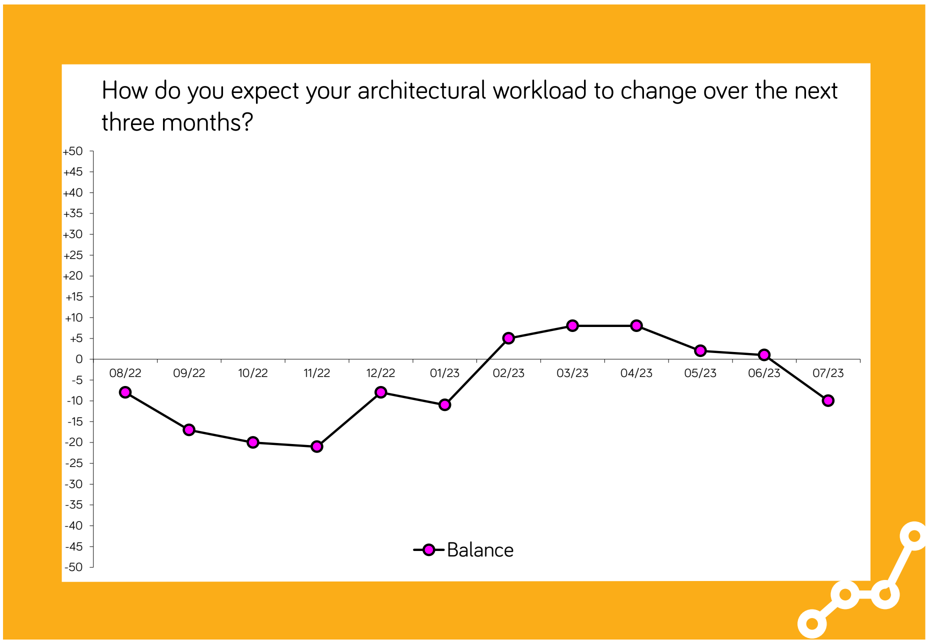
The outlook for all workload sectors has fallen this month, and all are negative.

The regional picture has deteriorated, with no region returning a positive Index figure this month. The capital is the least pessimistic region.

An increasing proportion, 22%, report personal underemployment this month.

At zero, the RIBA Staffing Index has, however, improved marginally, suggesting practices are looking to retain, if not recruit, staff.

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

The outlook of **Small practices** (1 - 10 staff) has deteriorated further, with a Workload Index figure of -15, a decrease of 12 points from June's figure of -3. Twenty-eight per cent of small practices anticipate a reduction in workloads over the next three months, while thirteen per cent expect an increase. The majority, 59%, anticipate stable workloads.

In contrast, **Large and medium-sized practices** (11+ staff) maintain a positive outlook, with a combined Workload Index of +20, a dip of three balance points when compared with June's figure of +23. Thirty-four per cent of medium and large practices expect their workloads to grow, while 14% anticipate a reduction.

While some regions are less pessimistic this month than last, the overall regional picture has deteriorated. None has a positive view of the coming three months.

The North of England and Wales & the West have been among the most optimistic regions. However, this month sees confidence fall The North of England's Index has fallen to -3 in July. Wales & the West has fallen to -12.

The South of England has returned the lowest regional Index figure and has seen the largest fall in confidence, with a July Index figure of -28, compared with -4 in June.

With an Index of -8, the Midlands & East Anglia remains in negative territory, albeit with a 5-point improvement on last month's figure of -13.

London is the least pessimistic region with an Index of zero (-3 in June). In the UK's largest architecture market, the same proportion of practices expect workloads to grow as contract.

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

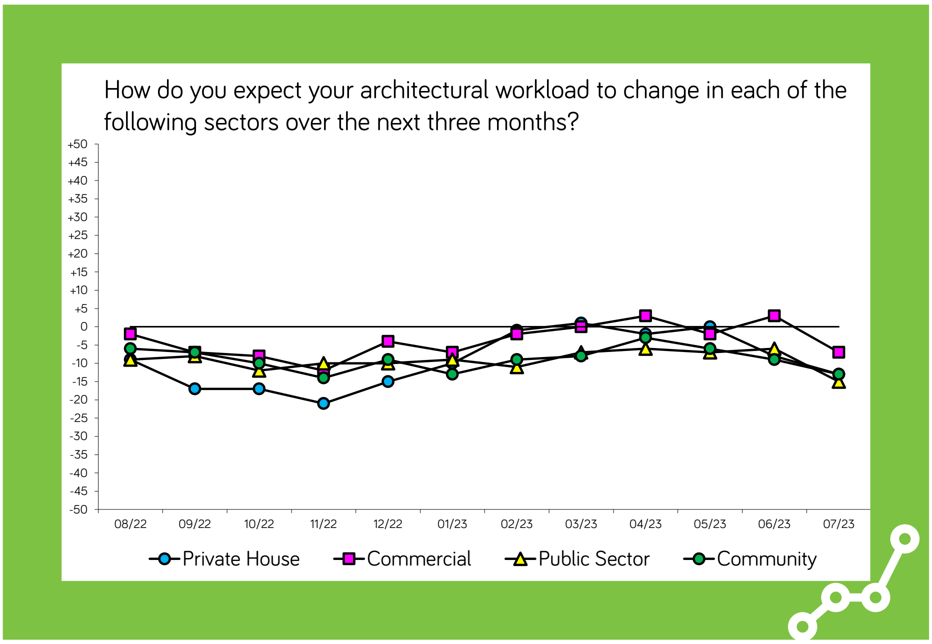
All four monitored sectors have returned a negative Workload Index figure this month, and all have deteriorated.

As rising interest rates continue to curtail housing activity, the **private housing sector** has fallen five balance points, with a balance score of -13 in July, compared to -8 in June.

Over the last six months, the **commercial sector** has fluctuated between optimism and pessimism. With a 10-point fall in July, the sector reverts to pessimism, posting a -7 Workload Index figure (+3 in June).

The outlook for the **public sector** remains weak, with a Workload Index figure of -15 in July; a nine-point fall and the 15th month of a negative outlook for the sector.

The **community sector** has again experienced a further decline, with a balance score of -13 in July, a decrease of 4 balance points when compared to June.



RIBA Future Trends Staffing Index
(July 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	78
Increase	11
TOTAL	100
Balance	0

(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.)

Although confidence in future workloads is weakening, the **RIBA Future Trends Permanent Staffing Index** has recovered from last month's negative (-1) figure to record a zero balance figure; a modest improvement and indicative of practices' commitment to retaining staff, even as they anticipate falling workloads.

Eleven per cent of practices anticipate employing fewer permanent staff over the next three months, while the same percentage expect to employ more. More than three-quarters, 78 per cent, foresee no change in the number of permanent staff.

Medium and large-size practices (11+ staff), where most architects are employed, continue to anticipate increases in permanent staff levels, with a combined Staffing Index figure of +14, a three-point improvement on last month. In contrast, small practices (1 - 10 staff) continue to expect a decline in staffing levels, with a Staffing Index figure of -3.

The employment outlook in London has turned positive with a Staffing Index figure of +2, following a brief fall into negative territory last month.

Wales & The West sees an uptick in anticipated staff requirements, posting a +11 Staffing Index figure despite a fall in confidence about future work.

In contrast, the North of England has seen a deterioration in staffing outlook, with a -6 Staffing Index. At -8, the South of England has a falling and negative staffing outlook.

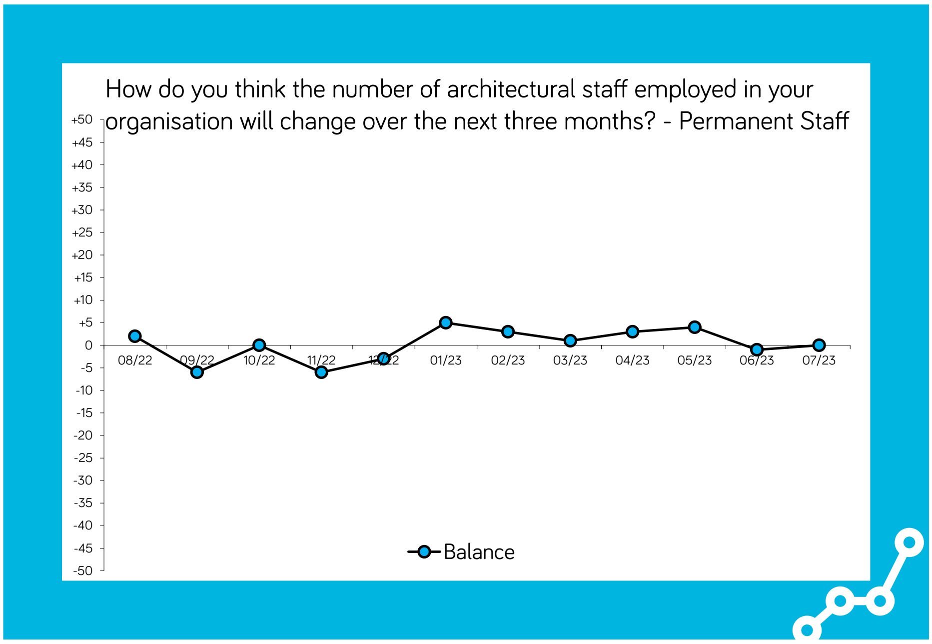
While the Midlands & East Anglia continue to expect falling staffing numbers with a -3 Index, the regional Staffing Index figure improved compared to June.

The **Temporary Staffing Index** fell one point to -3 in July, suggesting a coming reduction in temporary staff in the coming three months.

Levels of **personal underemployment** rose, with 22% of architects now reporting personal underemployment in the past 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
(July 2023)

July's RIBA Future Trends Workload Index figure of -10 indicates a profession that has become downbeat about future workloads. For many practices, the return to confidence that followed the reversal of the Truss mini-budget has been short-lived.

This pessimism is concentrated among smaller practices; medium and large practices remain optimistic about future work.

This weakening of outlook among smaller practices comes as interest rates rises make project financing increasingly difficult to obtain. As mortgages become difficult and expensive, small-scale residential work has been adversely affected.

Overall, commentary received from practices suggests the market is deteriorating. Pre-existing issues continue to be highlighted, including the ongoing effects of Brexit, project cost inflation, planning delays, fee competition, and PII costs.

A number of practices describe a quiet market with reduced enquiries, leading to concerns about workload over the coming twelve months.

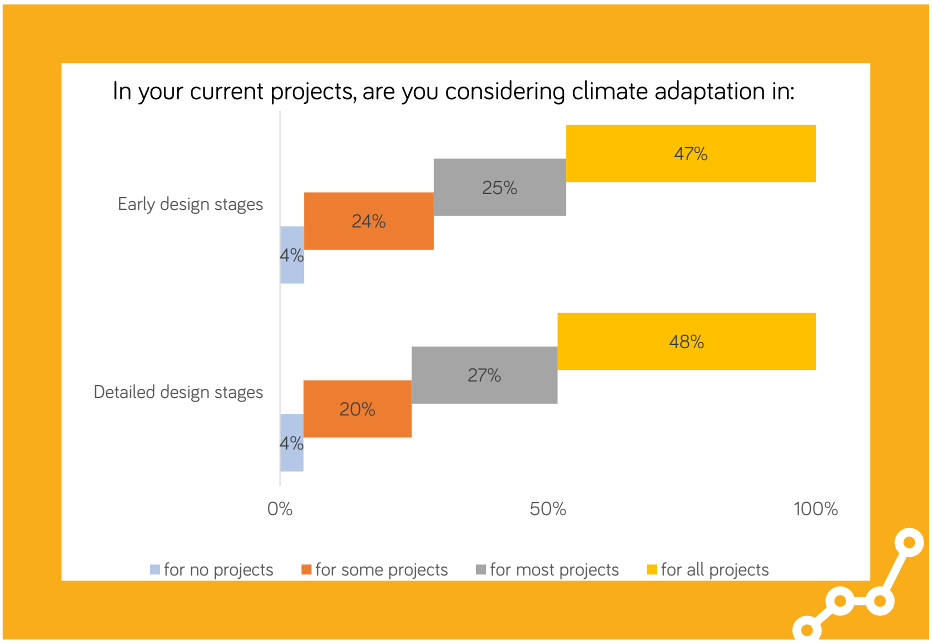
We have also received reports of falls in commissions from the leisure & entertainment, and public sectors, and of payment delays as clients seek to manage cash flow more tightly.

Despite the overall negative workload balance score, some practices continue to report steady workloads, and brisk levels of enquiries, even within the domestic sector. Not all potential clients are affected by tightening monetary policy.

Finally, July's Future Trends survey asked about the extent to which climate adaptation was being considered in the early and detailed design stages. 'Climate adaptation' was defined as '*measures to moderate or avoid potential harm caused by the climate emergency, such as overheating, flooding, reduced air quality, or loss of biodiversity*'

This exploratory question did not cover the extent to which climate adaptation is *implemented* in the construction phases. Nevertheless, the findings below show that adaptation measures are being widely considered. Only 4% of practices don't consider adaptation in any project, for both early and detailed design, whereas almost half (47% early design and 48% detailed design) consider climate adaptation for all projects. These findings will help inform RIBA policy work.

The following graph plots the percentage of practices that consider climate adaptation for projects:



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 230 practices took part in the Survey in July 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.