
Memorandum

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 June 2012 Survey returns.

Future workload (June 2012)

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	23
Stay the same	52
Increase	25
TOTAL	100
Balance	2

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

The RIBA Future Trends Workload Index for June 2012 stands at +2, a significant decline from +13 in May 2012. The recent positive trend in our key confidence index has seen a significant reverse this month, with practices becoming more cautious about future workloads.

Large practices (51+ staff) and medium sized practices (11 – 50 staff) continue to return positive balance figures in relation to future workload forecasts, but this month the workload forecast for small practices (1 – 10 staff) entered negative territory, with a balance figure of -2.

In terms of geographical analysis, London (balance figure +19) continues to be the most optimistic region, and sharp regional differences continue to be in evidence; practices in the North of England (balance figure -19) and Northern Ireland (balance figure -25) are the most cautious about levels of work over the next quarter.

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

Memorandum



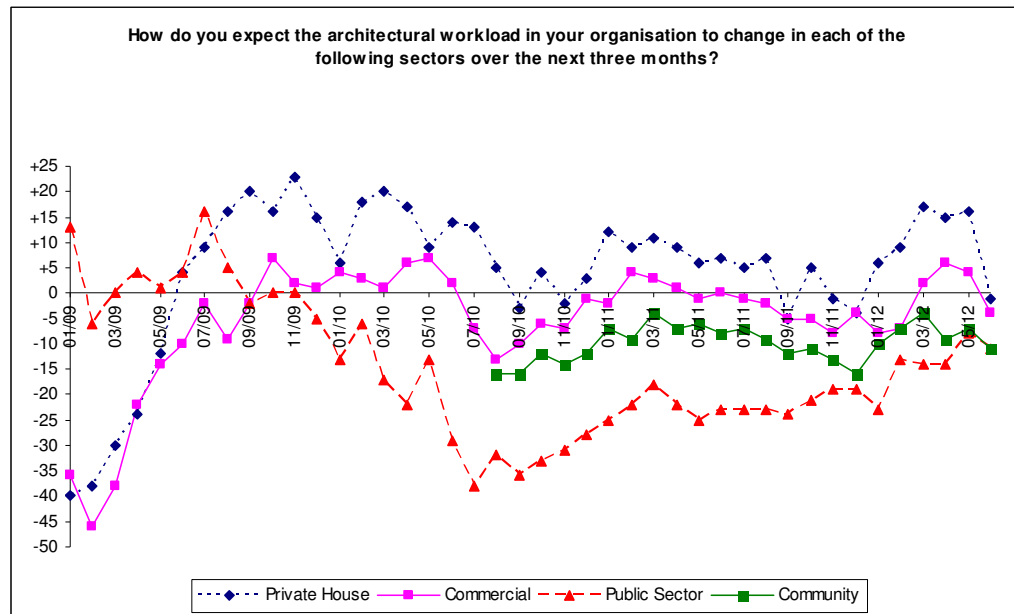
All four of our sector forecasts fell this month. The commercial sector forecast declined from +4 in May 2012 to -4 in June 2012, whilst the public sector forecast (balance figure -11) and the community sector forecast (balance figure -11) were also down this month.

The private housing forecast was significantly lower this month, falling to -1 in June 2012 from +16 in May 2012. This has been the most resilient sector over the last three years, supported by low interest rates, and this quite dramatic change in sentiment is cause for concern. It may be a reflection of greater competition in this work sector as other market sectors continue to remain challenging, or an early indicator of a reduction in future overall work levels in this sector. This is clearly driving the current decline in confidence amongst small practices.

If this is an early indicator of a reduction in private sector housing activity, and given the stark reductions in the number of social housing starts this year, some fiscal stimulus by the UK Government of housing construction would clearly be very welcome, both for the construction sector and as a potential kick start to the general economy which continues to struggle to find a formula for growth.

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

Memorandum



Future staffing levels (June 2012)

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

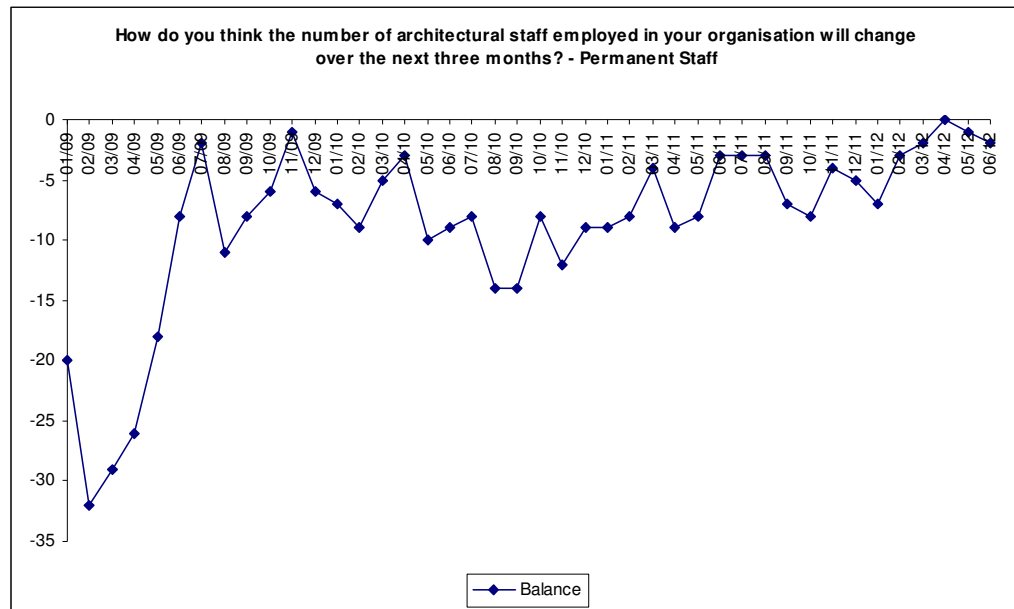
(The definition for the balance figure is the difference between those expecting to employ more permanent staff in the next three months and those expecting to employ fewer.)

The RIBA Future Trends Staffing Index for June 2012 is virtually unchanged at -2. Although actual staffing levels continue to be fairly stable, we are not yet seeing any evidence of growth in overall recruitment.

In June 2012, the percentage of our respondents reporting that they had personally been under-employed in the last month rose to 27%, up from 20% in May 2012.

The following graph plots the RIBA Future Trends Staffing Index over time:

Memorandum



Anecdotal comments received still paint a very mixed picture and there is general agreement that in the current market and economic climate it is almost impossible to predict workloads beyond the very short term. There are frequent reports of extended lead times for project sign-offs, lack of bank funding and stop-start project cycles. Fee competition is often intense with a resultant impact on profit margins.

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 176 practices took part in the Survey in June 2012. 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@inst.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.