RIBA

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 August 2014 Survey returns.

Future workload (Aug 2014)

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	7
Stay the same	58
Increase	35
TOTAL	100
Balance	+28

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

The RIBA Future Trends Workload Index was unchanged this month, remaining at a very positive +28 in August 2014. Sentiment about future workload prospects for the architects' profession has been strong throughout 2013 and 2014, and we are now beginning to see this reflected in increased levels in the aggregate value of work in progress.

The overall recovery in confidence levels continues to be widespread across the whole of the UK, with all UK nations and regions returning balance figures above +20. The most optimistic forecasts this month were from practices in Scotland, Northern Ireland and the Midlands and East Anglia, indicating that the high confidence levels have now spread across the UK as all nations and regions begin to see an improving workload situation.

In terms of practice size, small practices (1 – 10 staff), with a balance figure of +24, remain positive about the outlook for future workloads, but medium-sized practice (10 – 50 staff) with a balance figure of +65, and large-sized practices (51+ staff) with a balance figure of +40 are somewhat more confident.

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

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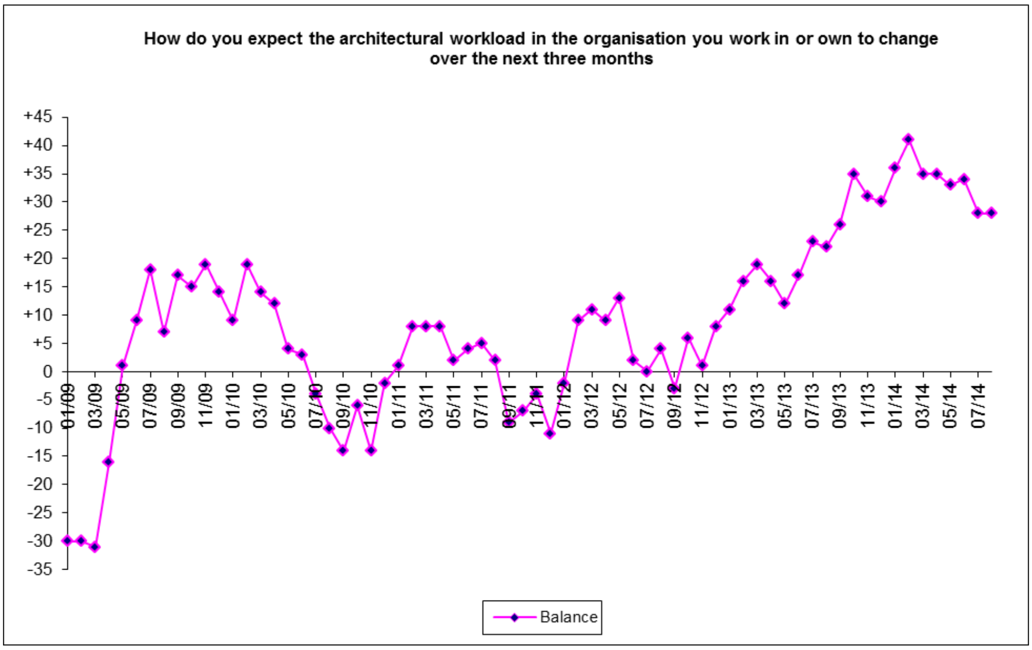

In terms of different work sectors, the private housing sector forecast fell back somewhat to a balance figure of +23 in August 2014, down from +29 in July 2014. However, both the commercial sector forecast (balance figure +23) and the public sector forecast (balance figure +4) saw increases in August 2014. Our community sector forecast was unchanged with a balance figure of +3. All four of our sector workload forecasts currently stand in positive territory, but the private housing and commercial sectors clearly remain the most robust at present.

The recovery in architects' workloads, which has been sustained throughout 2014, continues to be driven primarily by growth in the commercial and private housing sectors.

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

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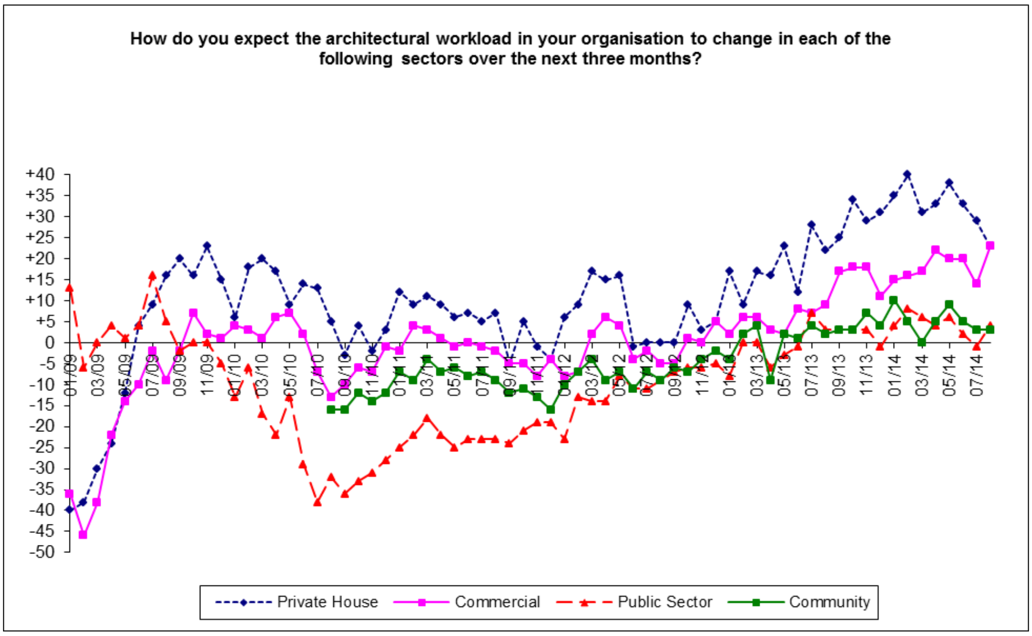

Future staffing levels (Aug 2014)

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

Permanent Staff	%
Decrease	4
Stay the same	79
Increase	17
TOTAL	100
Balance	+13

(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 increased this month, rising to +13 in August 2014 compared with +10 in July 2014, and remaining strongly in positive territory. The overwhelming majority of practices (96%) expect their staffing levels to either stay the same or increase during the next quarter, indicating that the architects' profession remains confident about maintaining the momentum of recovery. However, we are not yet seeing this confidence manifest itself in a significant increase in aggregate staffing levels across the profession.

In July 2014, the percentage of our respondents reporting that they had personally been under-employed in the current month was 13%.

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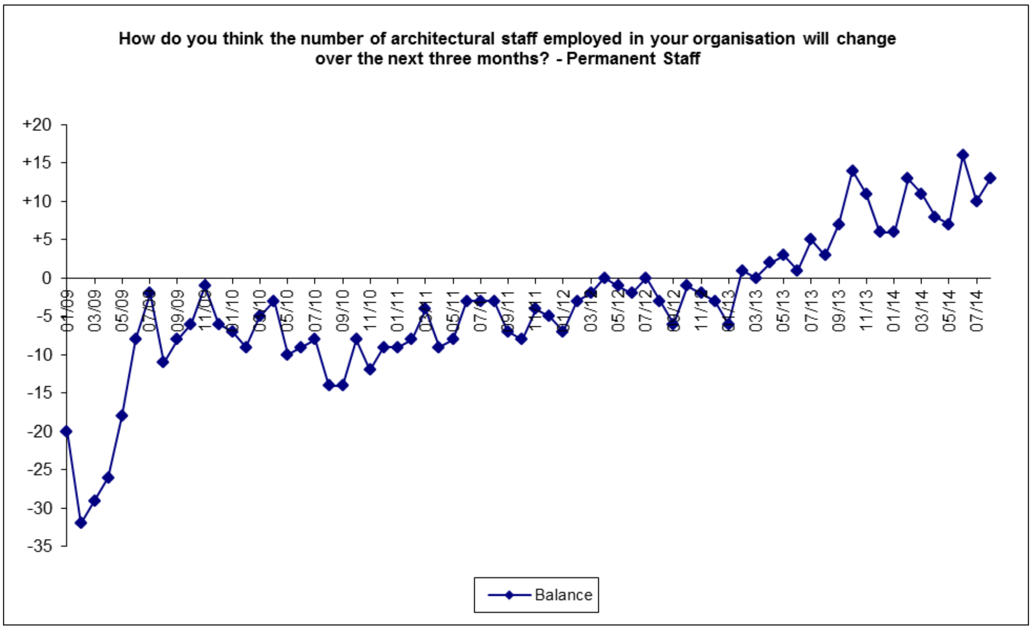
The following graph plots the RIBA Future Trends Staffing Index over time:



Anecdotal commentary received suggests that the overall market outlook for architects' services continues to improve, with many practices reporting a significant increase in their overall work levels. However, there remains significant competitive pressure on fees and profit margin on projects often remains very tight. Many practices continue to report that maintaining adequate cash flow remains a challenge, often exacerbated by low fee levels and delayed receipt of fees, but the overall picture remains optimistic and the general upswing is maintaining momentum.

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 195 practices took part in the Survey in August 2014. 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.