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 January 2014 Survey returns.

Future workload (January 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	8
Stay the same	48
Increase	44
TOTAL	100
Balance	+36

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

The RIBA Future Trends Workload Index saw a significant increase this month, rising to +36 in January 2014 from +30 in December 2013. The New Year has seen a further strengthening of confidence levels, which had been steadily rising throughout the second half of 2013. Only 8% of UK practices expect workloads to reduce over the next quarter and nearly half expect them to increase.

It is heartening that in terms of geographical analysis all of the UK nations and regions are now returning very positive balance figures for future workload forecasts. The improvement in sentiment is clearly no longer restricted to London and the South, but is much more widespread,

Similarly, in terms of practice size, small (1 – 10 staff), medium (10 – 50 staff) and large-sized practices(51+ staff) are all reporting very positive balance figures, suggesting that workload prospects are improving across the board.

With regard to actual work in progress, our practices recorded an overall increase in workload of 6% on a year-on-year basis. This is the second successive quarter that we have recorded an increase in aggregate workloads.

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

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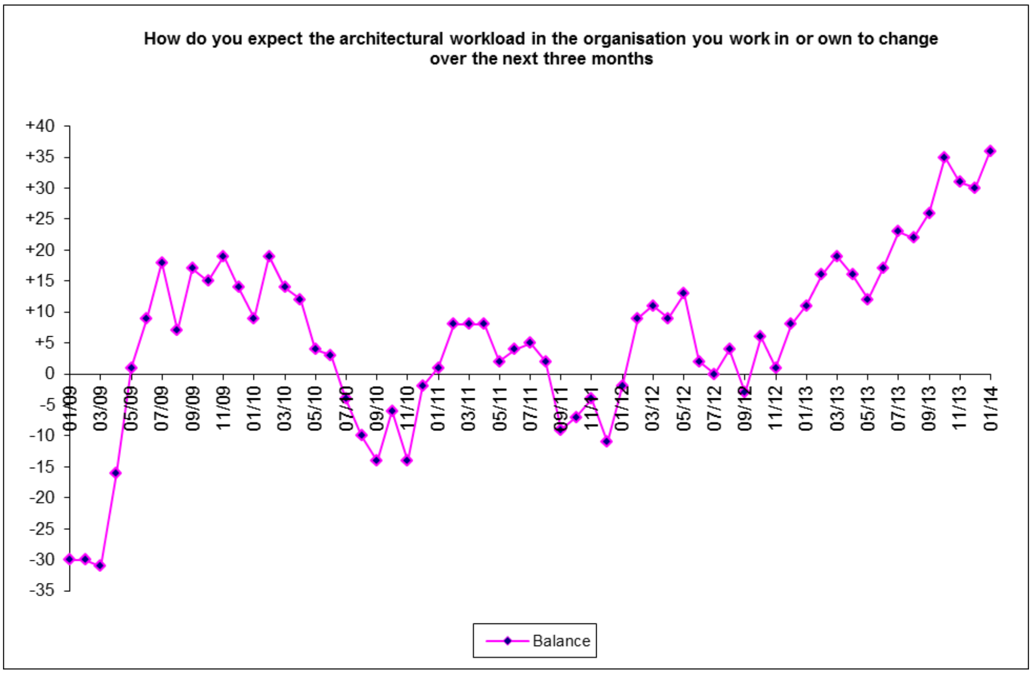

In terms of sector analysis, all our key sectors saw an improvement in confidence levels this month. The private housing sector workload forecast remains the most buoyant, increasing to +35 in January 2013 from +31 in December 2013. The commercial sector workload forecast rose to +15 this month, up from +11 last month. The community sector workload forecast also saw a solid increase to +10 in January 2014 from +4 in December 2013.

Our public sector workload forecast stands at +4, perhaps indicating that whilst public sector activity remains depressed there is at least a return to some stability in the public sector pipeline.

It does appear that the current growth is largely being driven by a widespread strengthening of the private housing sector across the UK and a pick-up in commercial projects in London and the South of England and the Midlands and East Anglia.

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

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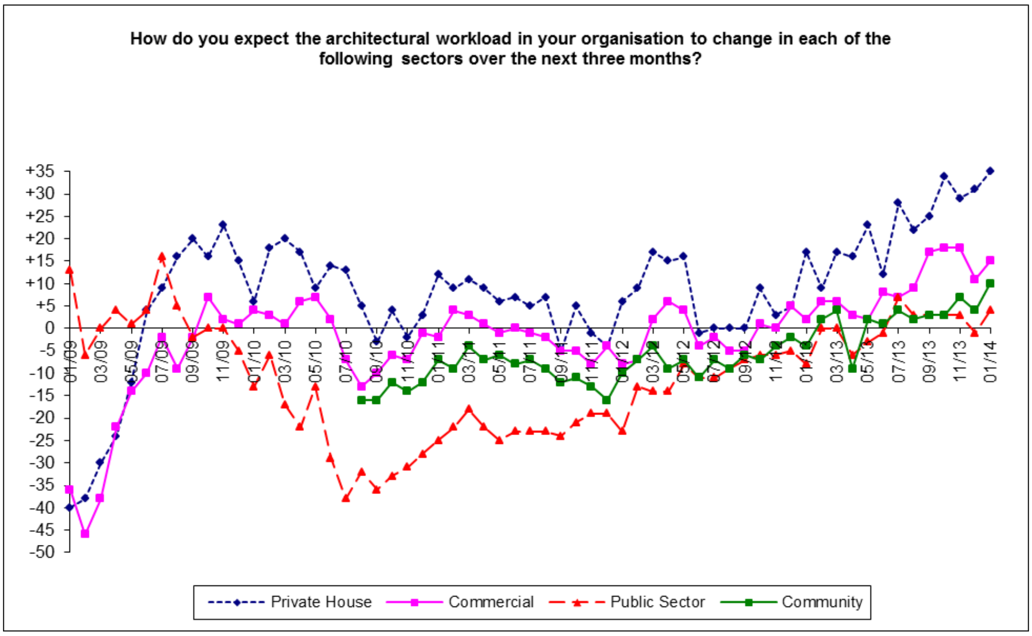

Future staffing levels (January 2014)

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

Permanent Staff	%
Decrease	7
Stay the same	80
Increase	13
TOTAL	100
Balance	+6

(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 was unchanged this month, standing at +6 in January 2014, with the majority of practices expecting their staffing levels to stay the same during the next quarter. Medium-sized practices (11 – 50 staff) remain the most optimistic this month about their ability to sustain higher staffing levels in the medium term, returning a balance figure of +21.

Although the RIBA Future Trends Staffing Index has been in positive territory for some time, this has not yet been reflected in an increase in actual staffing levels, which our practices report to be static on aggregate on a year-on-year basis.

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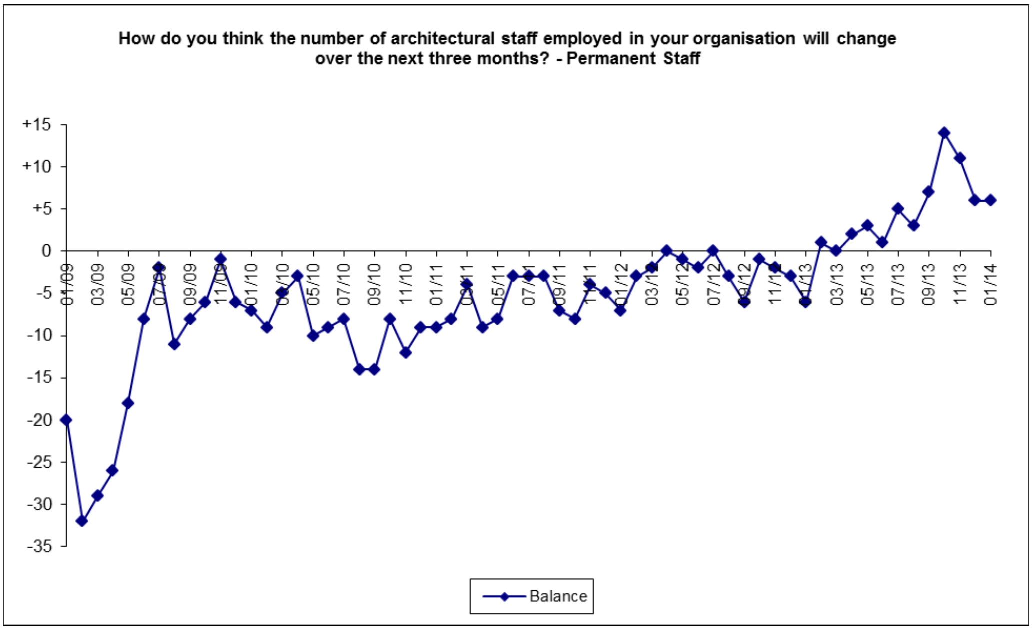
In December 2013, the percentage of our respondents reporting that they had personally been under-employed in the last month increased by one percentage point to 18%. This would suggest that although the amount of spare capacity within the architects' profession is gradually reducing, overall productivity remains below potential at present.

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



Anecdotal commentary received continues to paint a picture of a widespread pick up in the level of enquiries and new commissions, but in the context of a market which remains fiercely competitive with significant pressure on feel levels. There is some evidence of a little bit of emerging inflation in tender prices received from contractors for building works.

Paul Chappell (Manager of RIBA Appointments) reports that he has noticed a very strong start to recruitment in 2014. This has resulted in an 89% increase in the number of architectural jobs advertised on RIBA Appointments during January compared to last year and in particular demand are experienced Part 2 Assistants and recently qualified Architects who have taken UK projects from start through to completion. After a number of years of static salaries, for people with the right experience 2014 may well be a more positive year.

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 219 practices took part in the Survey in January 2014. The

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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.