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 July 2014 Survey returns.

Future workload (July 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	9
Stay the same	54
Increase	37
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 fell back this month, standing at +28 in July 2014 compared with +34 in June 2014. However, overall confidence levels about the level of future workloads remain very strong.

The overall recovery in confidence levels continues to be widespread across the whole of the UK. The balance figure for London in July 2014 is +38 and for Scotland the balance figure is +33. Practices located in Wales and the West are the most cautious about prospects for future workloads, returning a balance figure of +12 this month.

In terms of practice size, small practices (1 – 10 staff), with a balance figure of +23, remain positive about the outlook for future workloads, but medium-sized practice (10 – 50 staff) with a balance figure of +58, and large-sized practices (51+ staff) with a balance figure of +57 are somewhat more confident.

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

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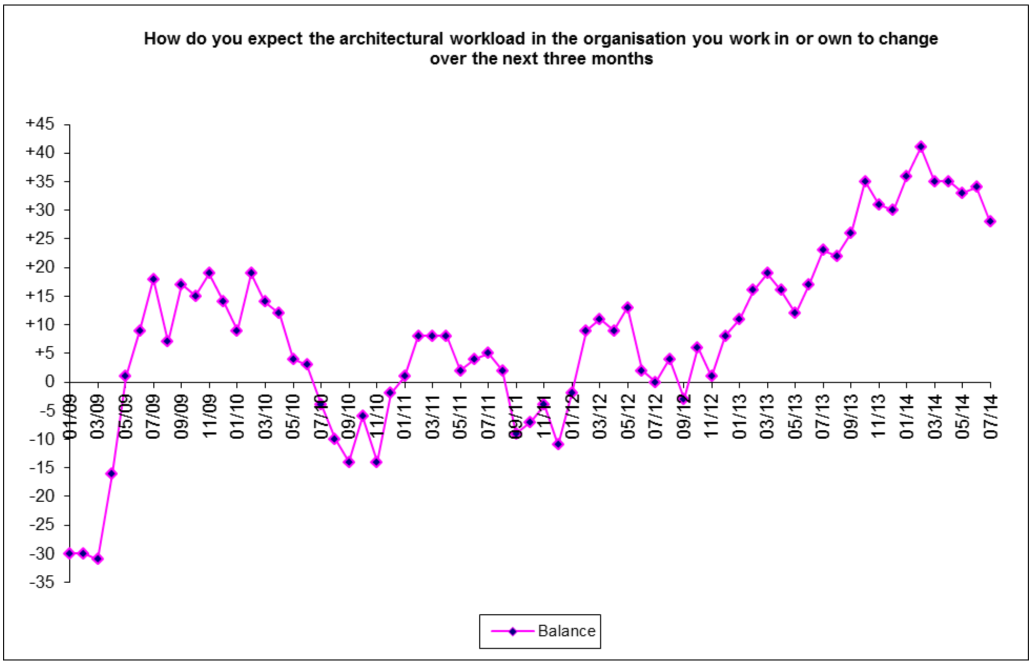

All four of our sector workload forecasts decreased slightly this month. The private housing sector (balance figure +29) and the commercial sector (balance figure +14) continue to offer the best prospects for increases in medium-term workloads, whereas confidence levels in the public sector (balance figure -1) and community sector (balance figure +3) remain more fragile.

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 overall value of work in progress in July 2014 was 10% higher than that in July 2013. Actual workloads have now been growing for four consecutive quarters.

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

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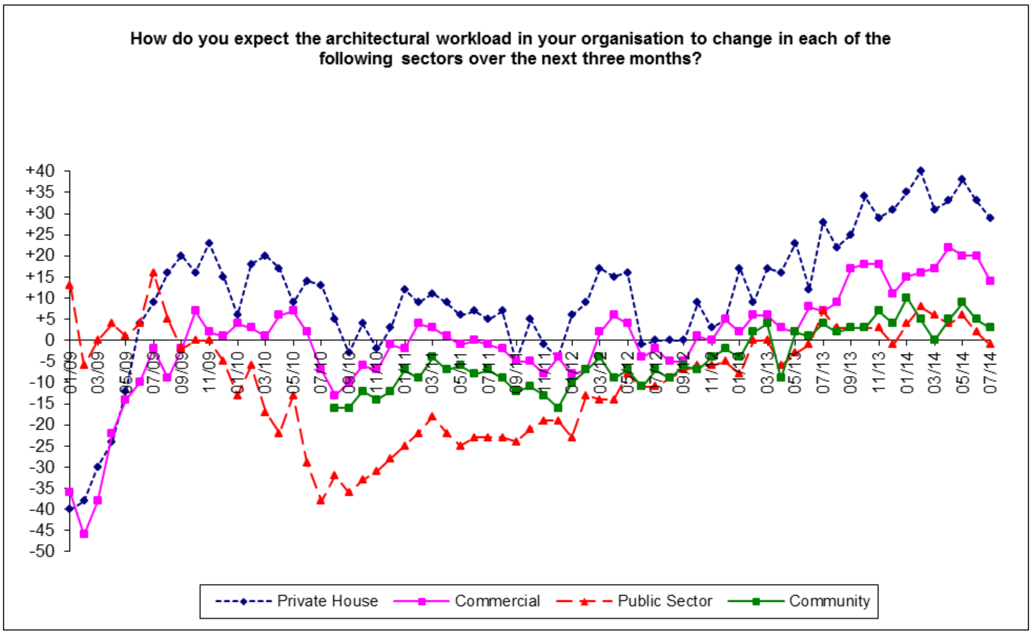

Future staffing levels (July 2014)

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

Permanent Staff	%
Decrease	5
Stay the same	80
Increase	15
TOTAL	100
Balance	+10

(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 also fell back a little this month, decreasing to +10 in July 2014 compared with +16 in June 2014, but remaining strongly in positive territory. The overwhelming majority of practices (95%) 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.

In July 2014, the percentage of our respondents reporting that they had personally been under-employed in the current month was down to 12%. This suggests that although we have not yet seen an overall increase in aggregate employment numbers, the spare capacity within the profession is gradually being eroded as workloads

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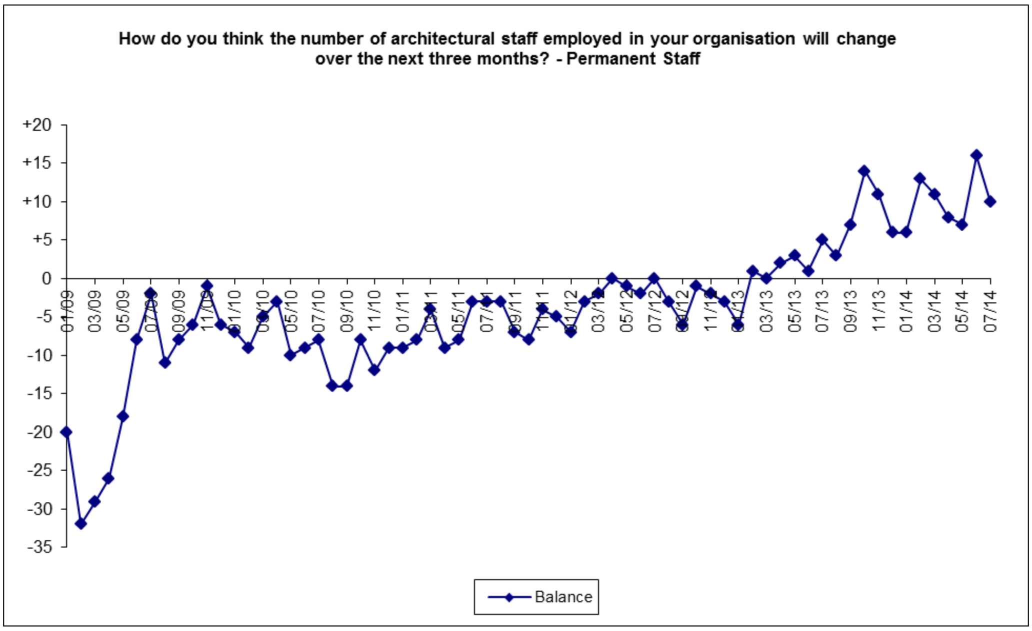
increase, and suggests that the situation in terms of employment levels and earnings for salaried architects should begin to improve significantly in the medium term.

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 steadily, with many practices reporting a significant increase in the levels of enquiries they are receiving. However, our practices are still reporting that there remains significant competitive pressure on fees and that profit margin on projects often remains very tight. We are seeing the first evidence of practices finding it difficult to recruit staff with specific skill sets, particularly in areas experiencing stronger economic growth such as London and the South East and north east Scotland.

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 185 practices took part in the Survey in July 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.