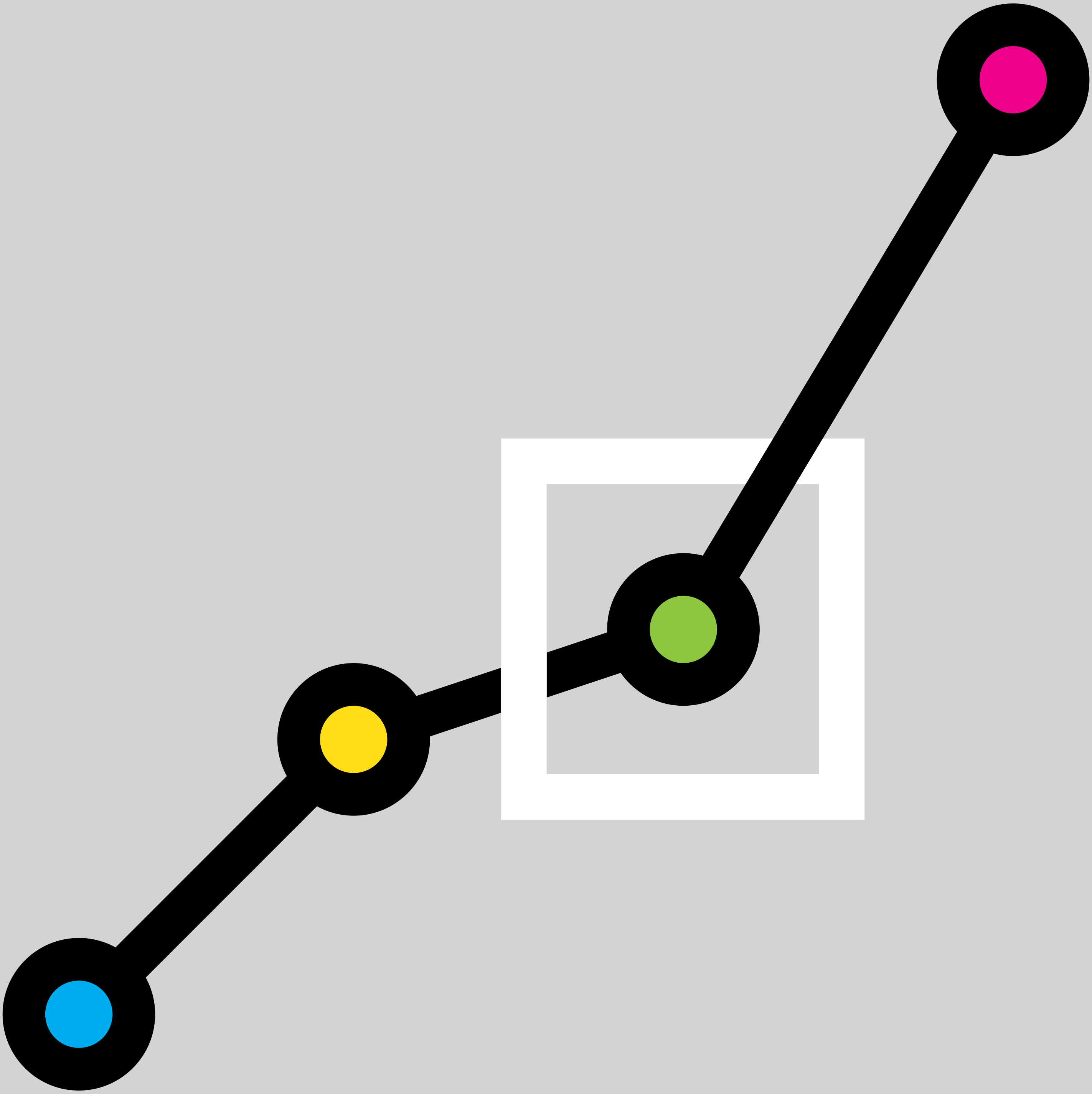
Future Trends Survey:

July 2015



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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 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 2015 Survey returns.

Future workload (July 2015)

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	10
Stay the same	58
Increase	32
TOTAL	100
Balance	+22

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

In June 2015, The RIBA Future Trends Workload Index had reached an all-time high of +44, but July 2015 saw a significant note of caution returning to our forecast, with our main Workload Index falling sharply to +22. This seems largely to have been driven by some loss of confidence by practices in the medium term outlook for work in the private housing sector. This softening was particularly evident in London and the South of England, perhaps indicating that private housing activity in the South has reached a temporary peak.

Private housing has been the main driver of increases in architects' workloads in the last couple of years. It is too early to say if this is a definitive trend and the crucial autumn period will give a better indication of the prevailing sentiment.

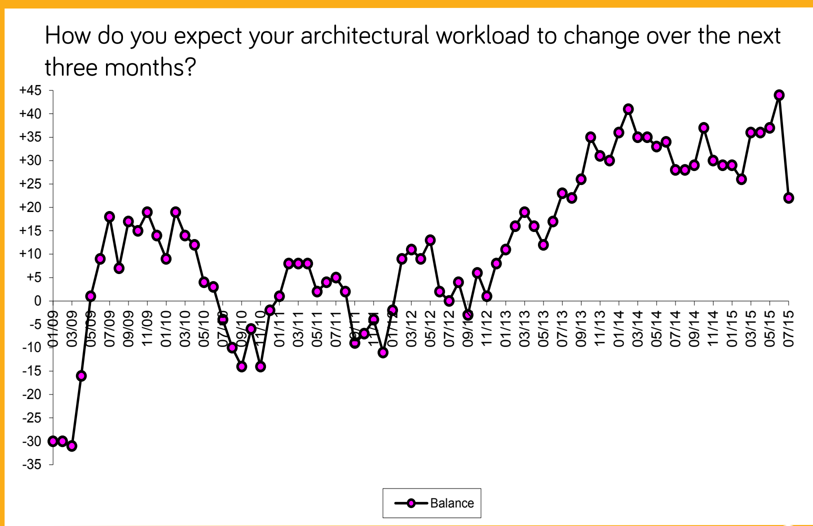
In terms of geographical analysis, all nations and regions in the UK returned positive balance figures, but it is the North of England with a balance figure of +48 that currently has the highest optimism levels about future workloads, and it appears to be the northern cities that are now seeing the most rapid growth in work in progress.

Similarly when the data is analysed in terms of practice size, all size categories of practice are positive about work prospects. For small practices (1 – 10 staff) the balance figure is +17, medium-sized practices (11 – 50 staff) the balance figure +55 and large practices (51+ staff) the balance figure +50.

Despite the fairly dramatic drop in our headline index, our forecast remains firmly in positive territory. In terms of the value of actual work in progress, our practices report that their overall workload is growing at an annual rate of 8% and that staffing levels are 6% higher than they were a year ago. Clearly we are still in a period of growth for architects.

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

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.



In terms of different work sectors, the most significant development this month was the sharp fall in the private housing sector workload forecast, down to +23 in July 2015 from +39 in June 2015.

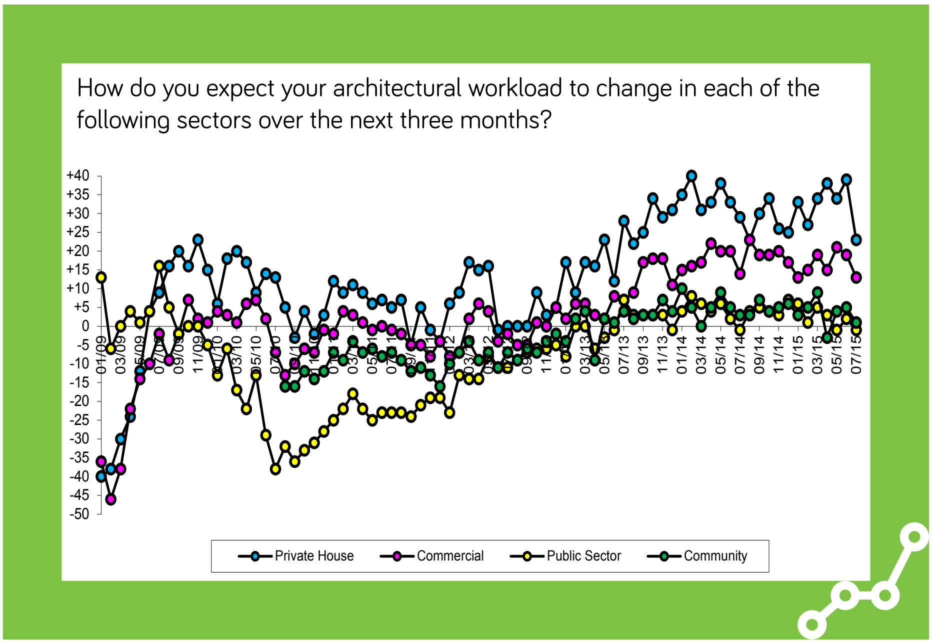
The commercial sector workload forecast saw a more moderate fall, down to +13 in July 2015 from +19 in June 2015.

Similarly, the public sector workload forecast declined slightly to -1 in July from +2 in June 2015, and our practices still expect public sector capital expenditure levels in the built environment to see little change in the medium term.

The community sector forecast was also in retreat somewhat in July 2015, falling to +1 from its +5 level in June 2015.

The picture seems to be that there is some cooling of demand for private housing work especially in London and the South, and the main growth activity is currently now in the North of England, which had lagged behind in the earlier part of the recovery cycle.

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



Future staffing levels (July 2015)

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

Permanent Staff	%
Decrease	2
Stay the same	84
Increase	14
TOTAL	100
Balance	+12

(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.)

As with the workload figures, the RIBA Future Trends Staffing Index also declined this month, standing at +12 in July 2015, down from +20 in June 2015. The employment market for salaried architects remains very positive, with 98% of our practices stating that their staffing levels will either increase or stay the same over the next few months. Small practices (1 – 10 staff) with a balance figure this month of +6 and medium-sized practices (11 - 50 staff) with a balance figure of +42 remain confident about increasing their staffing levels, but large practices (51+ staff) with balance figure of +67 are still most likely to be actively appointing new staff.

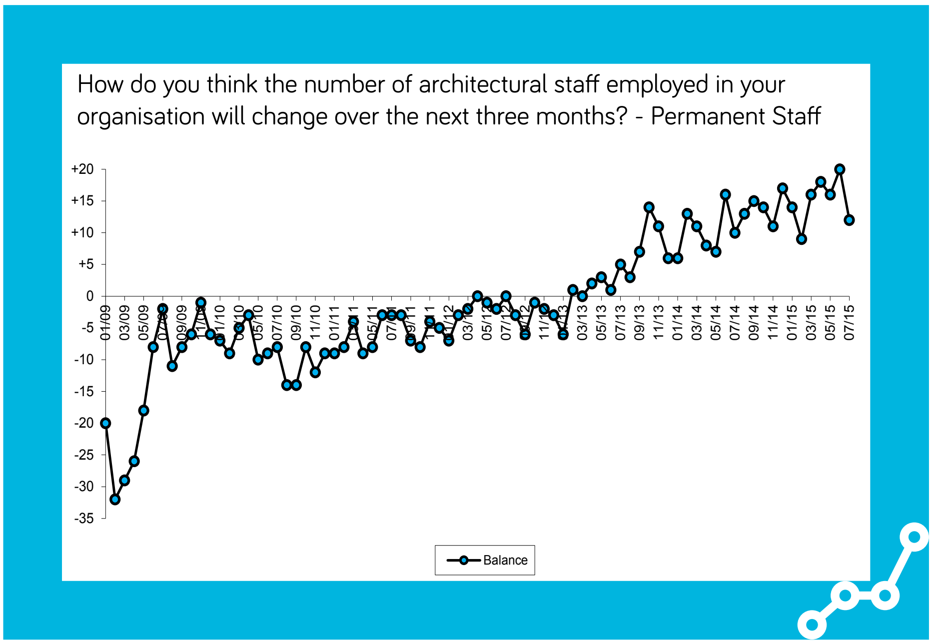
There is plenty of anecdotal evidence of practices now having difficulties in recruiting experienced staff with specific skill sets, not just in London but across the UK.

Commentary received from our participating practices continues to suggest that the majority of firms are seeing solid growth in workloads, but also that there is still significant pressure on fee levels and that profit margins on projects typically remain tight, constraining salary levels.

Future Bank of England interest rate rises may yet dampen activity in the key private housing and commercial sectors, but with the current low inflation environment looking set to continue this seems to remain a relatively distant prospect at present. The overall economic environment for architects continues to be positive, despite the cautionary note sounded by this month's survey results

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



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 179 practices took part in the Survey in July 2015. 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.