Future Trends Survey:

December 2016

RIBA
Architecture.com

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 December 2016 Survey returns.

Future workload (December 2016)

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	14
Stay the same	55
Increase	31
TOTAL	100
Balance	+17

(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 +17 in December 2016, up from +9 in November, and fully making up the ground it lost last month. Our key workload index remains firmly in positive territory.

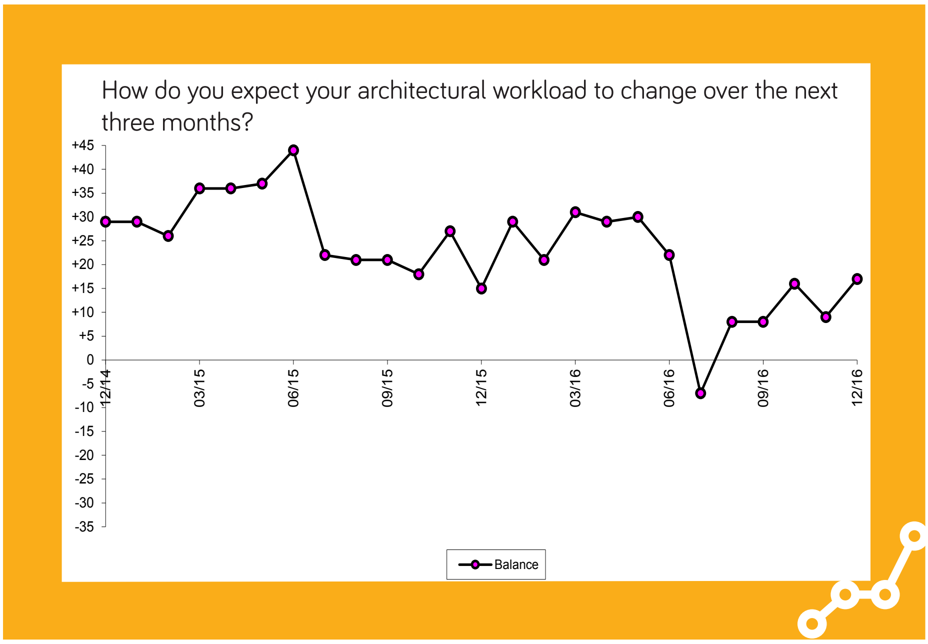
In terms of geographical analysis, London (balance figure +15) showed a sharp pick-up in confidence levels. Practices located in the North of England (balance figure +25) and Wales and the West (balance figure +27) were the most optimistic about medium-term workload prospects this month. No UK nation or region returned a negative workload balance figure in December.

Analysing the December data in terms of practice size, large practices (51+ staff), with a balance figure of +29, and medium-sized practices (11 - 50 staff), with a balance figure of +50, were more upbeat than small practices (1 – 10 staff), with a balance figure of +13, but all practice size categories were positive about future work prospects.

This month we asked our participating practices specifically about the impact of the Brexit referendum decision on their workloads. The message we got back indicates that the initial uncertainty that the referendum created is starting to fade. Only 3% of practices said that they had made reductions in staffing levels as a direct result of the referendum. Just 4% of practices felt that they were likely to make staff redundant during next three months as a direct consequence of the decision to leave the EU. The longer term impact of Brexit remains of course a matter of conjecture at this stage but the signs are that architects and their clients are either adopting a wait and see approach or are pushing on with planned work.

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

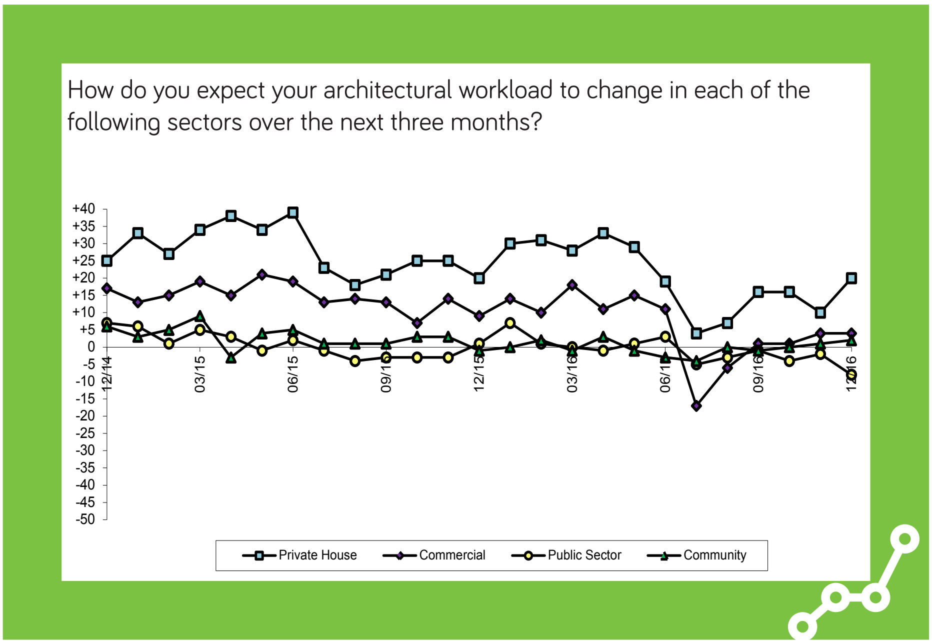
Notes
The balance figure is plotted here. The definition for the balance figure is the difference between those expecting more work and those expecting less.



In terms of different work sectors, the commercial sector workload forecast was unchanged at +4 in December 2016. However, the private housing sector workload forecast bounced back strongly from its dip last month, standing at +20 in December compared with +10 in November. It is the private housing sector that continues to be the primary engine of growth in architectural workloads.

The public sector workload forecast fell back this month, down to -8 in December from -2 in November, and remains in negative territory. The community sector forecast ncreased marginally this month, rising to +2 in December, up from +1 in November.

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



Future staffing levels (December 2016)

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

Permanent Staff	%
Decrease	9
Stay the same	81
Increase	10
TOTAL	100
Balance	+1

(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 dipped marginally this month, dropping to +1 in December 2016 from +2 in November.

Our Future Trends survey staffing data suggests a fairly balanced employment market for salaried architects, and that there is no immediate expectation of a skills shortage affecting architecture practices. However, it is uncertain whether the long-term impact of Brexit will lead to a shortage of skilled architects in the UK, and many practices are concerned that mutual recognition of professional qualifications in architecture with other EU countries is maintained into the future.

This month it was again medium-sized practices (11 - 50 staff), with a balance figure of +25, that were the most positive about future staffing levels. Large practices (51+ staff) were more cautious about taking on additional staff and returned a balance figure of zero.

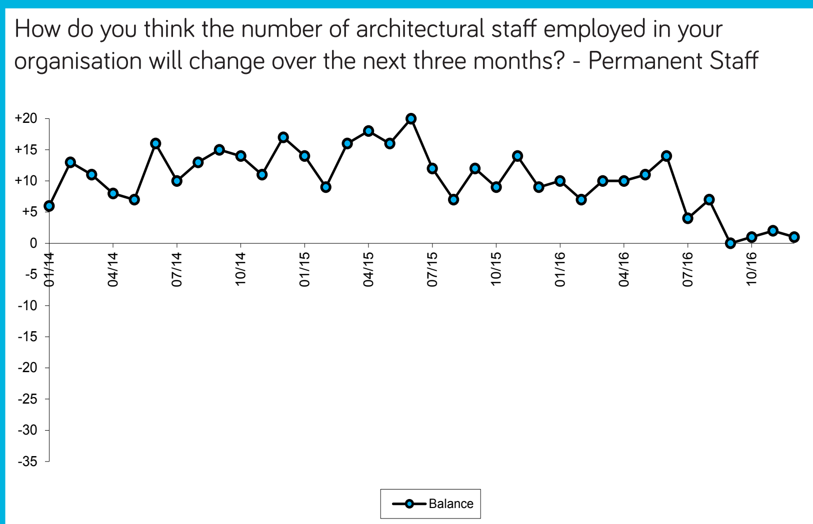
Commentary received from our participating practices continued to be predominantly positive.

Practices active in the private housing sector were the most upbeat. We do continue to receive correspodence that indicates that fees and profit margins have not fully recovered to pre-recessionary levels.

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 207 practices took part in the Survey in December 2016. 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@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.