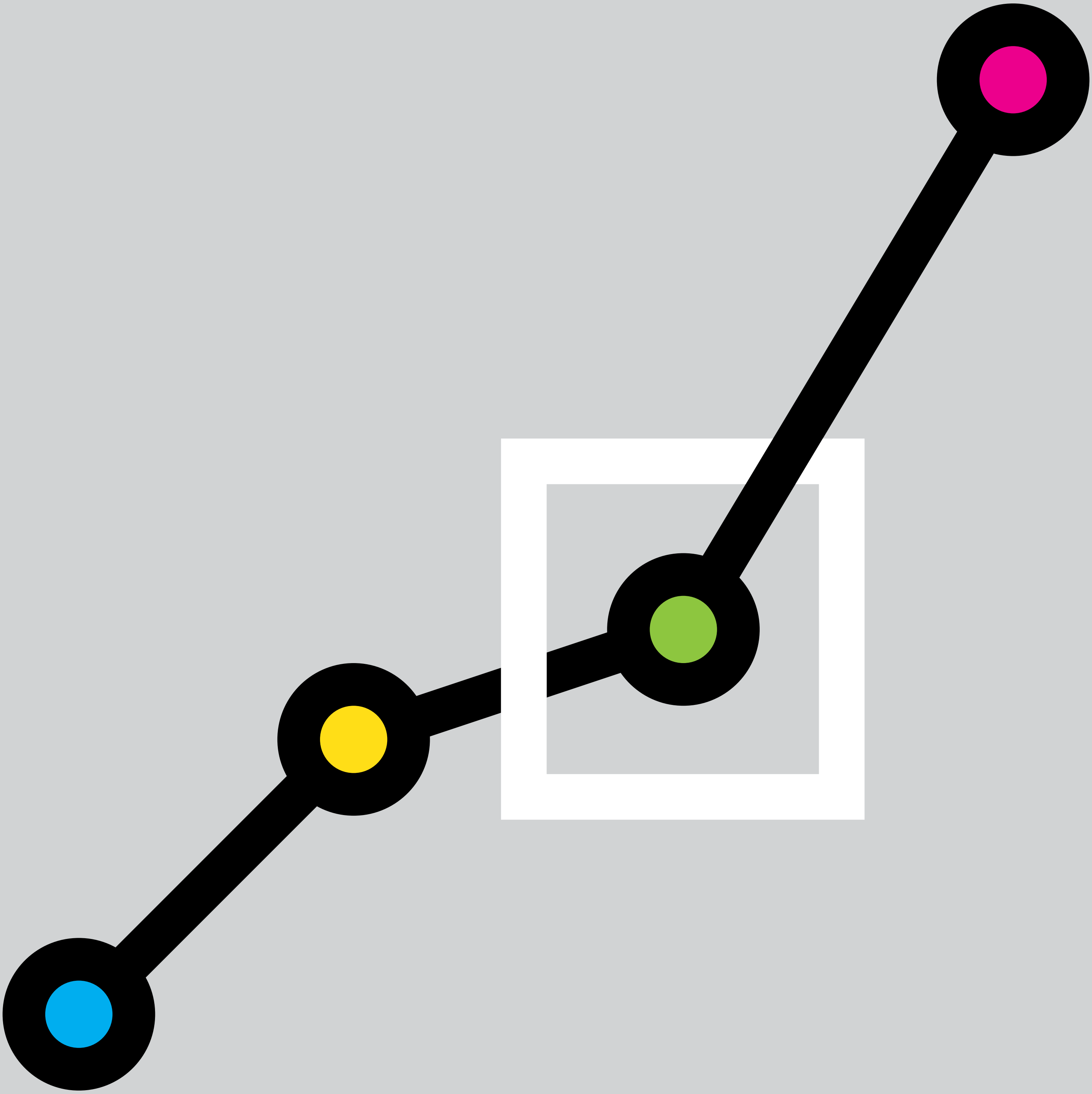
Future Trends Survey:

July 2020



RIBA
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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 2020 Survey returns.

RIBA Future Trends Workload Index
(July 2020)

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	28
Stay the same	42
Increase	31
TOTAL	100
Balance	+3

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

In July the RIBA Future Workload Index returned to positive territory, posting a balance figure of +3. This is anticipated growth in future practice work comes from a low base and after an unprecedented workload contraction.

Nearly a third (31%) of practices now expect an increase in workload in the next three months. Twenty-eight per cent expect a decrease and 42% expect it to remain the same.

This is a significant turn-around in architects' confidence. In April, the balance figure was -82. We have seen an 85 point rise in the Future Trends Workload Index since the lock-down nadir. Within a tumultuous five months we've seen the fastest and deepest collapse in architects' confidence followed by the strongest rally.

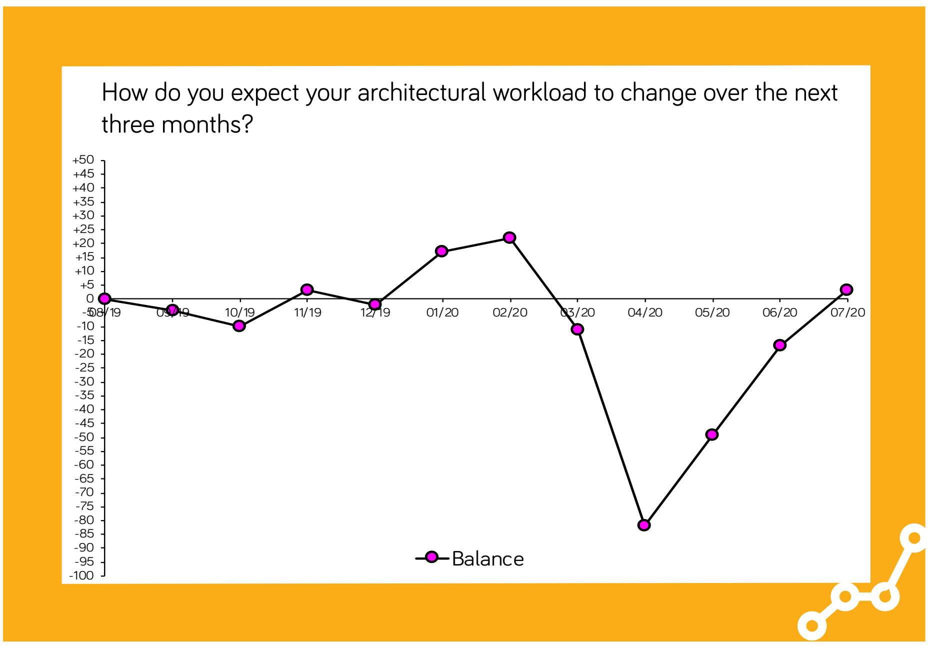
This nascent, but still fragile, recovery is driven by residential work. The residential sector is the only one to record a positive future workload balance. Small scale housing work is on the increase, as clients seek to adapt their homes to new ways of living and working.

The expectations of future workload increases hasn't yet been met by new commissions, however. In July workloads were only 83% of a year ago, but that's a marked improvement on April's figure of 67%.

There is significant but decreasing spare capacity within the architectural profession. The next test is how much more spare capacity can be absorbed by increasing client demand, as furloughed architects return to 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.



Looking at the July 2020 **RIBA Future Trends Workload Index** in terms of practice size, region and sector, all practice sizes have returned to a positive balance figure:

Small practices (1 - 10 staff) posted a workload index balance figure of +2 up 17 points from the June's figure of low of -15.

Large and Medium-sized practices (11 - 50 staff, and 51+ staff) have also returned to a positive outlook for future workloads, with an average balance figure of +13

All regions are more optimistic (or at least less pessimistic) than they were last month. In July all but two regions have a positive outlook.

Wales & the West is the most positive region, returning a balance figure of +30, up from +6 in June.

Pessimism has tipped into optimism in the South of England. In July the workload Index figure for the South was up 27 points, to +12.

The North of England also returned to positive territory, posting a balance figure of +4, up from -10 in June.

London and the Midlands & East Anglia remain in negative territory, however. London returned a balance figure of -6 this month, and the Midlands & East Anglia gave the lowest regional figure, -13.

Among the four **different work sectors,** private housing stands out, having returned to a positive Future Workload Balance figure. The other three sectors, though improving, remain negative.

The **private housing sector** posted a balance figure of +17, up 20 points from the -3 figure of June.

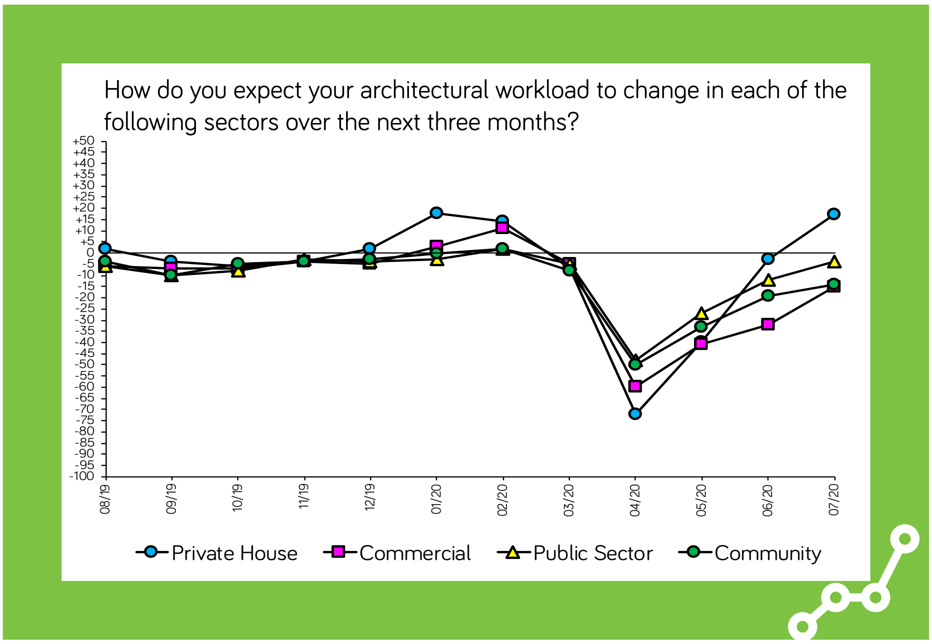
The **commercial sector** has risen 17 points since last month. However, with a balance score of -15, the outlook for the commercial sector is the least optimistic.

The **community sector** has risen 5 points this month, to -14, up from -19 last month.

The **public sector** posted a balance score of -4, up 8 points on June's figure of -12.

All sectors are much improved since the lock-down low of April. However, the Government's slogan of "Build, Build, Build" has yet to translate into confidence about future workload in the public sector.

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



RIBA Future Trends Staffing Index
(July 2020)

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

Permanent Staff	%
Decrease	17
Stay the same	75
Increase	8
TOTAL	100
Balance	-9

(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.)

With a balance figure of -9, the RIBA Future Trends Staffing Index rose again in July; a five increase when compared to June's figure of -14.

The employment market for architects still feels fragile. Seventeen per cent of practices expect to see a decrease in the number of permanent staff in the coming three months. Seventy-five per cent expect permanent staffing levels to remain consistent. Eight per cent expect levels to increase.

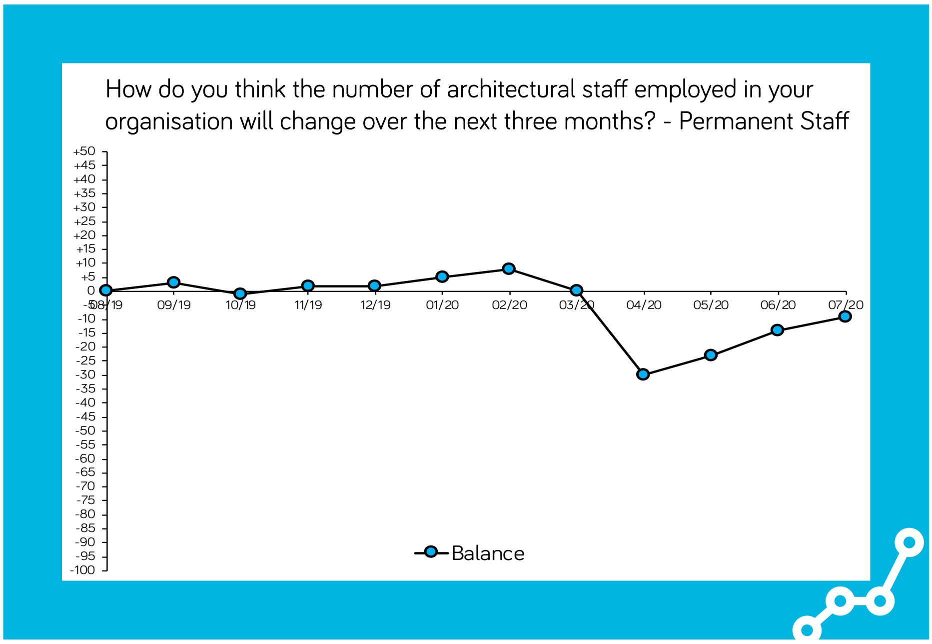
Medium-sized practices (11 - 50 staff) are more likely to anticipate a reduction in staffing levels.

In line with workload expectations, practices in Wales & The West are, on balance, most likely to expect an increase in future levels of permanent staff, with an index figure of +5.

In July, the anticipated demand for temporary staff in the next three months rose by 12 points, to a balance figure of -1. Since lock-down the Staffing Index has been higher for temporary staff than permanent staff. This suggests that some practices may use temporary staff as a way to manage uncertainty.

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.



RIBA Future Trends: Focus on COVID-19
(July 2020)

With the first post-COVID-19 positive balance figure, predictions for future workloads continue to improve.

Actual workloads also continue to increase, though remain seventeen per cent lower than they were a year ago.

Personal unemployment is high, but falling, with 9% fewer architects reporting that they are personally underemployed due to a lack of work. This month 29% were personally underemployed, compared to 38% in June.

Practices report that 26% of projects are still on hold. Of the projects that remain active, 22% are at stages 5 or 6 of the RIBA Plan of Work.

Despite the background of increased optimism about future workloads, concerns about profitability remain significant.

Practices expect profitability to fall as a result of the COVID-19 crisis; 62% expect profits to fall over the next twelve months. Within that 62%, 7% consider their practice to be unlikely to remain viable. That figure remains highest in London, at 14%. In contrast, 2% of practices in the North of England think declining revenue will threaten practice viability.

In July the furlough scheme continues to offset reduced workload. The average percentage of furloughed staff is now 20%, around the same as last month.

Overall, eighteen per cent of staff are working fewer hours than in pre-COVID-19 times. The larger a practice, the less likely staff are to work fewer hours.

Practices continue to retain staff. Again, there is no rush to redundancy. On average, only 1% of architectural staff have been made redundant. Only a further 1% have been released from a 'zero hours', temporary or fixed-term contract.

In the commentary received in July, practices describe an increase in private residential enquiries, and how those enquires are moving to early design stage work. Some practices report being as busy, or busier, than they were before COVID-19

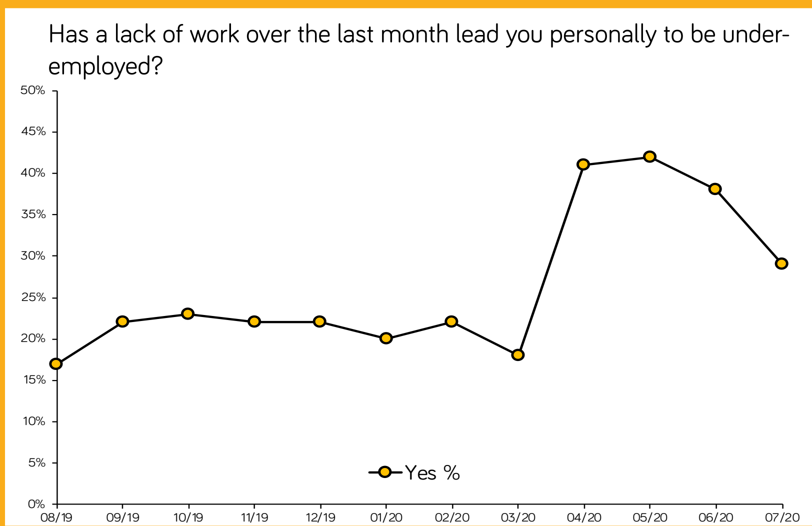
With increased home working and fewer holidays, residential clients are increasingly turning to architects to adapt their homes to new ways of living and working.

However, those practices where residential work is not significant, a challenging market continues. For some, current workload consists mainly of pre-COVID-19 commissions. Future sources of future work remain uncertain.

Brexit remains a real concern. For example, construction product supply chains are already under pressure from the effects of COVID-19.

The following graph plots the levels of personal underemployment over time:

Notes
The percentage of respondents telling us that they were personally underemployed in the last month, due to a lack of work, is plotted here.



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 243 practices took part in the Survey in July 2020.
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.