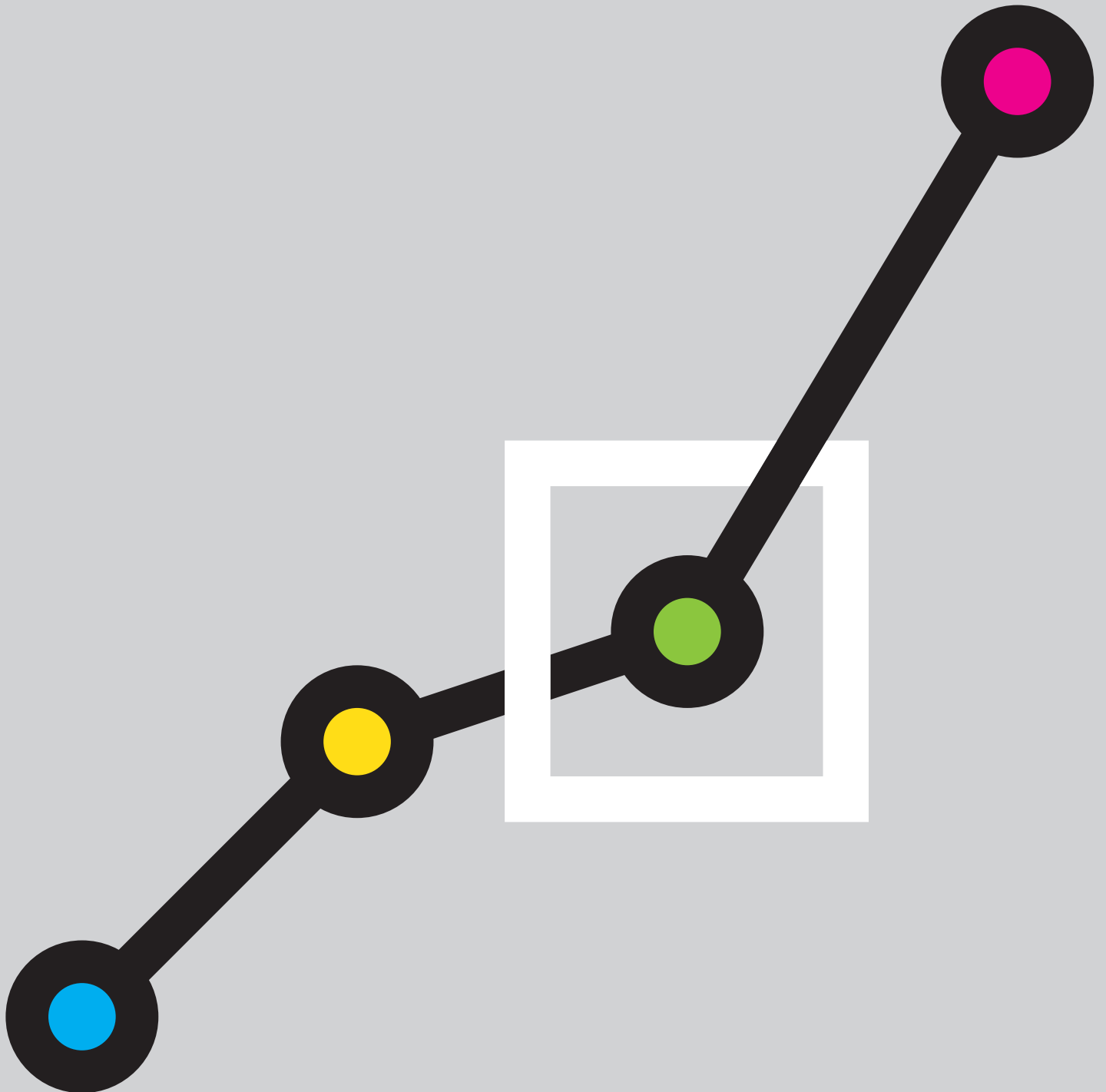


Future Trends Survey:

July 2016



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 2016 Survey returns.

Future workload (July 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	30
Stay the same	47
Increase	23
TOTAL	100
Balance	-7

(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 fall this month, down to -7 in July 2016, compared with +22 in June 2016.

This is the first time our key workload confidence index has entered negative territory since 2012. The data in this month's survey was collected in the period shortly after the UK referendum on membership of the EU, and clearly this result reflects a change in sentiment since the vote.

Commentary received from our participating practices reinforces the sense that this fall in confidence is driven by concerns about the implications of the Brexit result. However, whilst a very small number of practices state that they have seen projects cancelled or postponed as a direct result of the referendum outcome, the sense is that the fall in our index reflects anxiety about the future impact of the decision rather than an immediate change in the workload pipeline.

Only time will tell if this change in sentiment is an overreaction to political events, but this fall in the RIBA Future Trends Workload Index must be a cause for some concern.

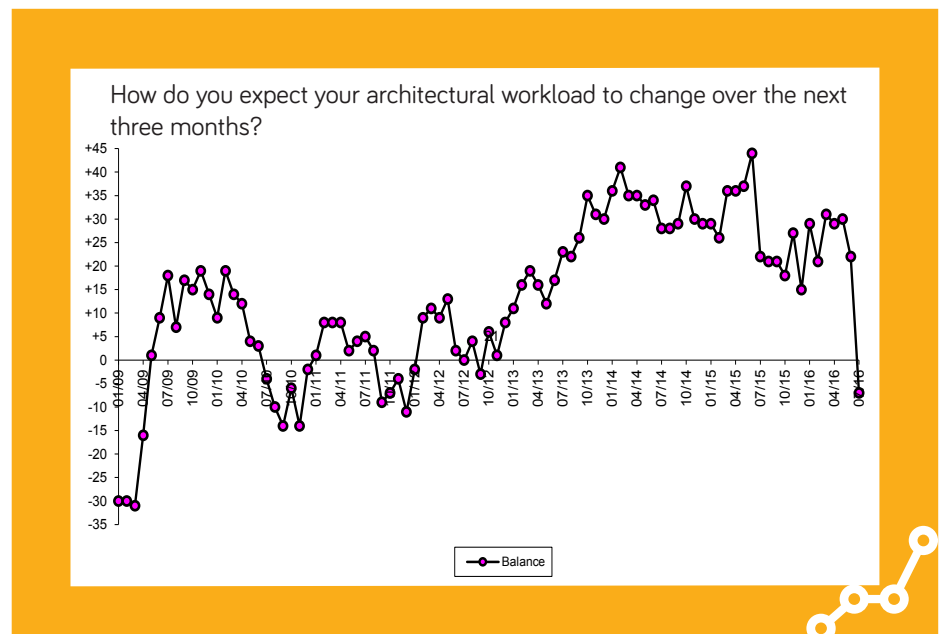
In terms of geographical analysis, only Wales and the West (balance figure +14) returned a positive balance figure. It is London (balance figure -16) that has seen the biggest fall in confidence about medium term workload prospects.

Analysing this month's data in terms of practice size, it is large practices (51+ staff), with a balance figure of -33, and small practices (1 - 10 staff), with a balance figure of -7, that have seen the greatest drop off in confidence levels. Medium-sized practices (11 - 50 staff), with a balance figure of +8 have also seen a cooling in sentiment, but do on balance take the view that direction of travel for workloads will still remain positive.

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.

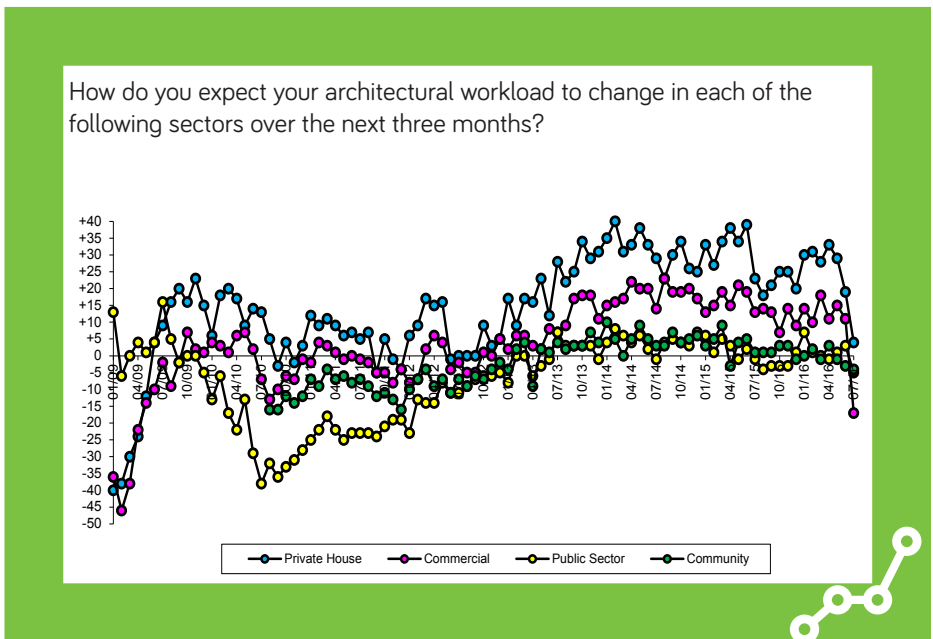


In terms of different work sectors, the public sector workload forecast fell this month, standing at -5 in July down from +3 in June. The community sector forecast saw little change, down to -4 from -3.

The overall decline in our headline index is driven by falls in both the private housing sector and commercial sector workload forecasts. The private housing sector workload was down to +4 in July 2016, from +19 in June, but staying in positive territory. It was the commercial sector workload forecast that saw the most change, falling 28 points to stand at -17 in July 2016, down from +11 in June.

Whilst there has been a shift in confidence levels, our quarterly figures for the value of work in progress show actual workloads growing at a healthy annualised rate of 3%, so our survey very much seems to reflect anxiety about Brexit implications rather than any immediate falling off in growth of revenues from architectural services.

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



Future staffing levels (June 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	10
Stay the same	76
Increase	14
TOTAL	100
Balance	+4

(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 declined somewhat this month, standing at +4 in July 2016, down from +14 in June. The fall in the Staffing Index was much less marked than that in the Workload Index, and 90% of our practices expect to have the same number or more staff in three months' time.

Small practices (1 – 10 staff) returned a Staffing Index balance figure of +3 this month. Medium-sized practices (11 - 50 staff),

with a balance figure of +12, also remained positive about future staffing levels. It was large practices (51+ staff) who were most circumspect about future staff numbers, with a balance of zero.

Anecdotal commentary received from our participating practices this month was dominated by the Brexit decision. A very small number of practices did report seeing an immediate impact on projects, but many said it was too early to say what the effect on their workflows might be, whilst a good number stated that they were not expecting to see any changes to work levels as a result of the referendum vote.

In reality we seem to be in a wait and see position for many practices at present. The RIBA Future Trends survey has recorded a continuous increase in the value of work in progress since mid-2013, and the profession has been increasing in economic strength with staffing levels also rising strongly. At the moment the sense is one of a profession pausing for reflection to see if that momentum will continue or not.

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 250 practices took part in the Survey in July 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.