

BUSINESS

## AIA Component Leaders Upbeat on Business Environment

Most regions rate architectural conditions strong, with high demand for mid-level architect positions

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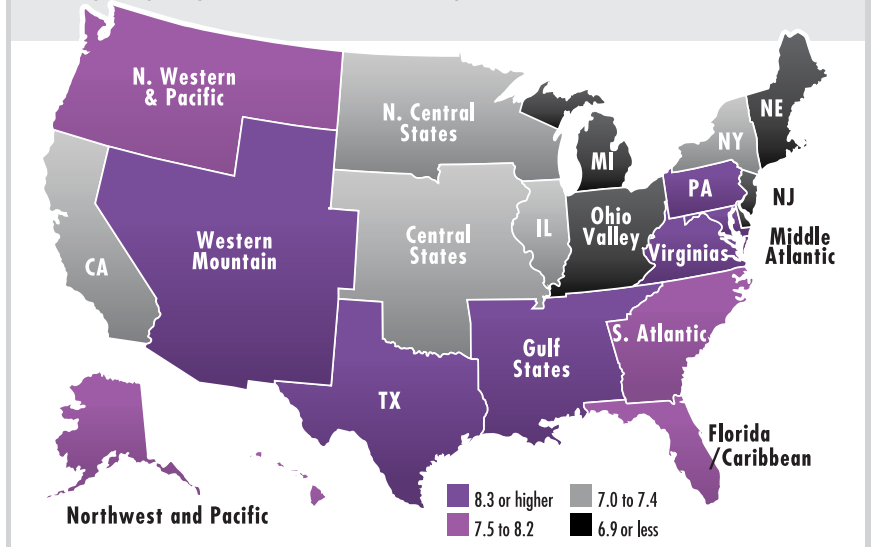
**Summary:** 2006 is winding down as a good year for architecture firms throughout the country. Business conditions are generally very healthy, with leaders in almost every AIA region indicating that they are at least solid, and many rating them as very strong. Leaders in most regions rate conditions as at least as good as a year ago, and in most cases better, with the resurgence of commercial/industrial and institutional design projects. Given favorable business conditions in most regions, architectural positions are generally in high demand, particularly for architects with 3 to 10 years of experience. These are some of the key findings from the *AIA 2006 Component Survey of Business Conditions*. In the fourth quarter of the year, component leaders and executives from all the AIA regions comment on conditions in their area in an effort to identify those regions with the strongest business conditions, as well as areas where architecture staff positions are in greatest need.

### Business conditions favorable in most AIA regions

Component leaders in 17 of the 18 AIA regions rated business conditions as above average; the lone exception being the Michigan region. Business conditions within a region typically reflect the economic base of that region: oil based economies such as Texas, the Gulf States, and the Western Mountain reported strong business conditions for architecture

### Business Conditions Continue to Be Positive in Most AIA Regions; Generally Strongest in the South and Weakest in the Midwest

average rating for region; 10-point scale with 10 the strongest

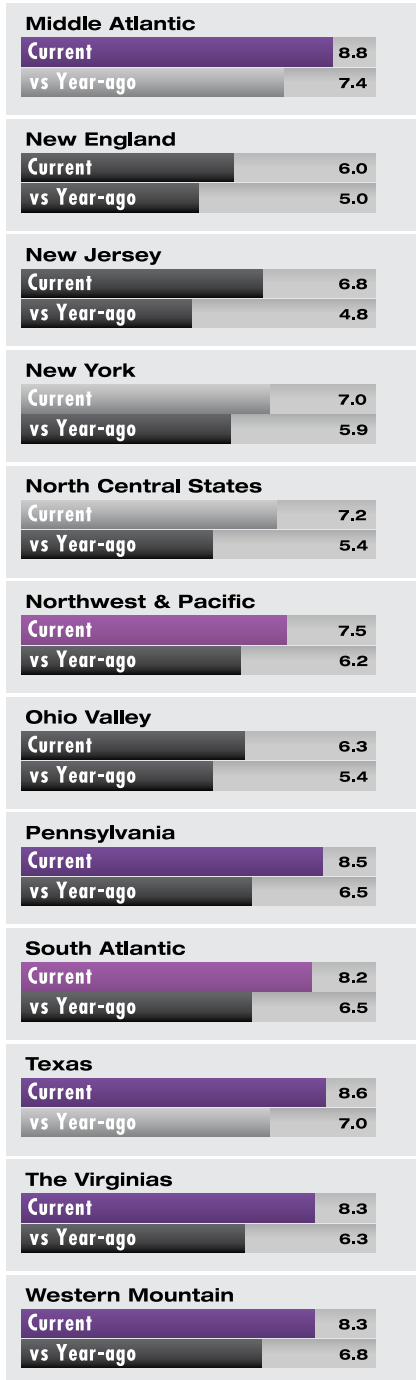


firms. Manufacturing based economies—particularly those facing intense foreign competition, such as those in Michigan, Ohio, and parts of the Northeast—generally reported weaker business conditions.

On a 10-point scale, with 1 being “terrible” and 10 being “couldn’t be better,” component leaders rated business conditions as a 7.4 on average nationally, with 7 of the 18 regions rated very positive with an 8.0 or higher score. Four regions in the South averaged scores of 8.0 or higher (Texas, Gulf States, the Virginias, and South Atlantic) as did two in the Northeast (Middle Atlantic and Pennsylvania), and one in the West (Western Mountain). In general, AIA regions in the Midwest had ratings below the national average. Business conditions were rated some-

<b>California</b>	
Current	7.2
vs Year-ago	5.4
<b>Central States</b>	
Current	7.4
vs Year-ago	5.8
<b>Florida/Caribbean</b>	
Current	7.7
vs Year-ago	5.3
<b>Gulf States</b>	
Current	8.3
vs Year-ago	7.0
<b>Illinois</b>	
Current	7.0
vs Year-ago	6.5
<b>Michigan</b>	
Current	4.6
vs Year-ago	3.5

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what improved from a year-ago on average. On a 10-point scale, with 1 being "much worse" and 10 being "much better," component leaders rated this comparison as 5.9 on average. Three regions were rated as significantly improved from a year ago (Middle

Atlantic, Gulf States, and Texas), while two were rated as somewhat worse than a year ago (Michigan and New Jersey). Most regions were rated as somewhat better than a year ago.

### Architecture staff in demand

With strong business conditions at architecture firms throughout most of the country, architecture staff is in more demand. Component leaders report "some need" for managers and senior managers, as well as interns, and greater need for experienced architects (8–10 years of experience) as well as for moderately experienced architects (3–6 years).

However, architecture staffing needs vary quite considerably across AIA regions. For managers and senior managers, three AIA regions (Pennsylvania, California, and Illinois) report needs for these positions of 2.5 or greater on a 3-point scale. However, in spite of generally strong workloads, several AIA regions report limited need for managerial level staffing. In 10 regions, the average ranking for these positions was below 2.0 (indicating need somewhere between "no need" and "some need") with Michigan, Florida/Caribbean, and the Virginias indicating the least need for these positions.

### Greatest Need Remains for Experienced, Moderately Experienced Architects

average rating nationally, 3-point scale: 1=no need; 3=great need



Both experienced and moderately experienced architecture positions are generally in high demand in most AIA regions. On average, component leaders rated the need for these positions just between "some need" and "great need." For each position, areas with the greatest need are concentrated in regions with oil-based economies (Texas, Gulf States, and Western Mountain) and stronger Northeastern regions (Middle Atlantic and Pennsylvania). Michigan was the only region where leaders felt that there was limited need for these positions.

Intern positions are generally in less demand than are architect positions, with average scores indicating "some need" from a national perspective. The Gulf States region was the only one indicating a "great need" overall. However, leaders in the Western Mountain region also indicated opportunities for interns in their area. Illinois and Michigan topped the list of regions with limited need for interns, with the Pacific and New England regions also

### Regions with Greatest Needs for Architecture Staff Widely Dispersed

	Managers & Sr. managers	Experienced Arch. (8–10 yrs.)	Moderately Exp. (3–6 yrs.)	Interns
Regions with greater needs	Pennsylvania California Illinois	Pennsylvania Texas Western Mountain Mid Atlantic	Texas Mid Atlantic Gulf States	Gulf States Western Mountain
Regions with lesser needs	Michigan Florida/Caribbean The Virginias	Michigan	Michigan	Illinois Michigan NW & Pacific New England

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### Residential Rated Softest Sector Nationally; Commercial/Industrial and Institutional Sectors Generally Rated Strong

average rating nationally, 5-point scale: 1=very weak; 5=very strong

Residential	3.3
Commercial/Industrial	3.6
Institutional	3.7

expressing lower levels of need for these positions.

### Nonresidential sectors uniformly positive

Over the past year, most AIA regions have reported weakening of residential activity and strengthening of commercial/industrial and institutional construction. Still, residential activity—including construction of single-family and multifamily homes and improvements to existing housing units—is rated as moderately strong nationally on average. Three AIA regions rate residential activity as strong (averaging at least 4.0 on a 5-point scale), while four generally rate the residential market as weak.

Both the commercial/industrial and institutional sectors are generally rated as moderately strong by component leaders. The commercial/industrial sector had an average rating of 4.0 or higher on a 5-point scale in three AIA regions: Western Mountain, Gulf States, and Middle Atlantic. Only two regions had average ratings for this sector below 3.0: Michigan and New Jersey. All other AIA regions rated this sector somewhere between “moderately strong” and “strong” on average.

The health of the institutional construction was viewed comparably to commercial/industrial activity: healthy overall and in most AIA regions. Leaders in seven AIA regions rated this sector as at least “strong” (a 4.0 average or above on a 5-point scale), with Pennsylvania, Gulf States, Texas, and

### Several Pockets of Strength in Design Activity

	Residential	Commercial/Industrial	Institutional
Regions with stronger sectors	Gulf States Middle Atlantic Pennsylvania	Western Mountain Gulf States Mid Atlantic	Pennsylvania Gulf States Texas Central States
Regions with weaker sectors	Michigan Florida/Caribbean Ohio Valley North Central States	Michigan New Jersey	Michigan

Central States rated as 4.3 or higher. Institutional construction tends to be less volatile than commercial/industrial activity, evidenced by the fact that only one region, Michigan, rated this sector below “moderate” on average.

#### Reference:

This year, components are saying:

Many are complaining that they cannot find enough good people to work for them, and that they cannot keep up with the workload  
—*Middle Atlantic region*

Things are predicted to get worse in Michigan before they get better over the coming few years.  
—*Michigan region*

In the Atlanta area there is a major need for good strong mid-level architects in most firms. Also, quite a few larger firms are practicing nationally and globally and in an expansion mode.  
—*South Atlantic region*

In the Southwest, we are seeing a severe shortage of project architects and the prospects are not good that this will be remedied anytime soon.  
—*Western Mountain region*

How the survey was conducted  
The AIA national component has conducted a survey of business conditions in the AIA regions annually for the past nine years. This survey builds on a similar effort previously conducted among AIA components by the Boston Society of Architects for a number of years. This year's survey was conducted September 28–October 11. Questionnaires were e-mailed to 638 component executives, presidents, and presidents-elect. 166 responses were returned, with multiple responses for each of the AIA regions. Regionally, figures were computed as the average of all responses submitted by respondents from that region.