

# Compensation Report 2015



The American  
Institute  
of Architects

# Overview

Like employers in the broader construction industry, U.S. architecture firms are still recovering from the economic effects of the Great Recession. In recent years, though, conditions have improved. Revenue at architecture firms increased by \$11 billion between 2010 and 2014, according to the U.S. Census Bureau, making up for over three-quarters of the decline experienced by the profession between 2008 and 2010. Staffing at these firms, however, has not fared nearly as well: Less than 20% of the payroll positions lost during the recession having been recovered as of the end of 2014, according to the U.S. Department of Labor.

Overall, business conditions at architecture firms have generally been positive over the past two years. The American Institute of Architects' Architecture Billings Index (ABI) averaged 52.1 in 2013 and 52.2 in 2014. Since a reading of 50.0 indicates stable billings activity, these scores signify healthy growth. New project activity coming into architecture firms over this period suggests that architecture firm revenue will continue to grow. The AIA's Design Contracts Index—which measures new project work—fared even better than billings, with index averages of 52.8 in 2013 and 53.5 in 2014.

Compensation for architecture positions has followed suit, with gains beginning to accelerate after several years of sluggish improvement at best. Compensation across the profession increased an average of 1.8% per year over the 2013–2014 period, with growth occurring in every architectural staff category. While modest, these compensation increases have outpaced the low overall levels of inflation in the economy, thereby producing real compensation gains for employees across the profession.

As market conditions continue to improve at architecture firms, and firms continue to add positions, compensation levels are likely to

accelerate. More than half of firms with 20 or more employees reported offering sign-on bonuses in 2014 to attract new employees. Many firms are also offering increased benefits—or increasing the firm contribution for their existing benefits—in an effort to compete for new employees and retain current staff.

## COMPENSATION BACK ON UPWARD TRAJECTORY

Average compensation for architectural staff positions averaged just under \$80,000 at the beginning of 2015, up about 3.5% from early 2013 levels, or 1.75% per year. This pace of increase is well below averages for the profession over the past two decades, when annual compensation increases were generally in the range of 4% to 5%. Even so, compensation increases are up from the period 2008 to 2013, when they averaged less than 1% per year. Relatively healthy scores in the AIA's ABI suggest that further compensation increases are likely. **(EXHIBIT 1.1)**

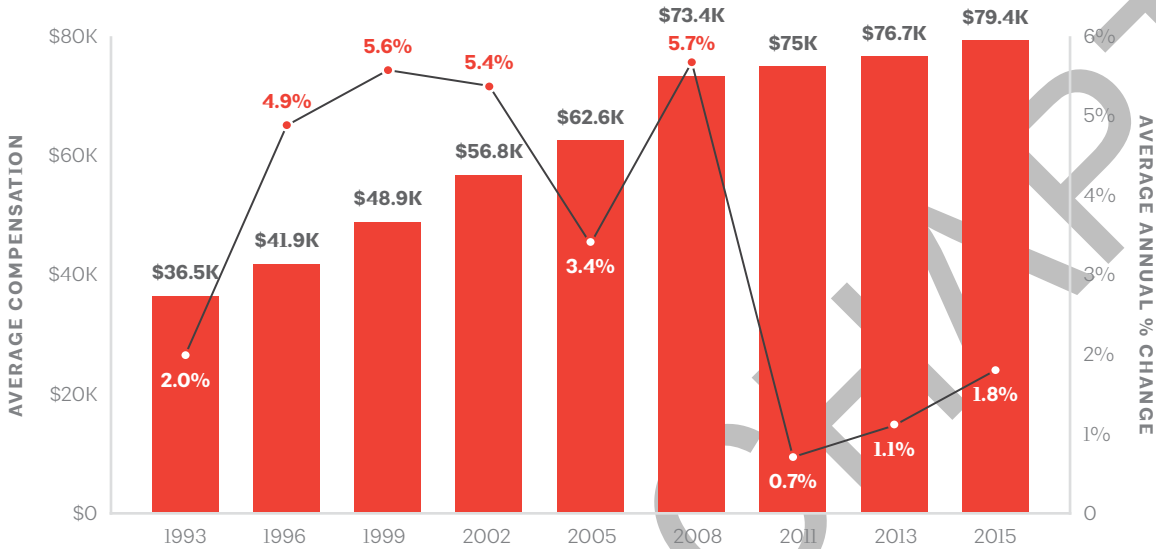
While compensation for architectural positions is beginning to build momentum, it has not kept pace with broader compensation gains in our economy. Annual compensation gains across private sector employment averaged about 2.3% since 2013, a bit above the 2.0% average annual increases for professional and related staff, according to the U.S. Department of Labor's Employment Cost Index. This continues a trend since 2008, where compensation gains in the broader economy have averaged about 2% per year, almost twice the pace of gains for architectural staff. Prior to the beginning of the last recession, compensation gains for architectural positions were growing much faster than in the broader economy. From a perspective of the past decade and a half, therefore, compensation for architectural positions has modestly exceeded the gains seen in the broader economy. **(EXHIBIT 1.2)**

# Overview

## EXHIBIT 1.1:

### Architect compensation gains beginning to accelerate as construction sector recovers

Average compensation including overtime, bonuses, and incentive compensation for staff architectural positions at U.S. architecture firms



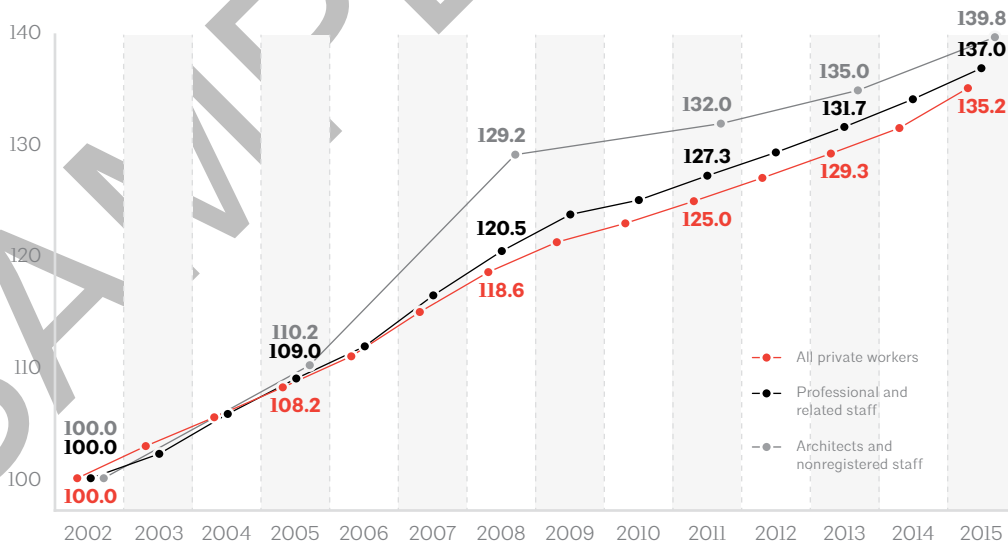
**NOTE** Architectural positions covered include project design and project management staff, architect and design staff, and intern positions.

**SOURCE** Unless otherwise noted, the source for all material in this report is the American Institute of Architects (AIA).

## EXHIBIT 1.2:

### Growth in architecture staff compensation has been lagging economy-wide averages in recent years

Index: Q1 2002=100; all figures for first quarter of year



**NOTE** Compensation for all private workers and professional and related staff includes wages and salaries and incentive pay but not overtime or bonuses.

**SOURCE** U.S. Department of Labor Employment Cost Index; AIA

# Overview

Compensation gains across experience levels have recently remained relatively uniform. While compensation for more senior positions is typically thought to be more volatile, this has not been the case for architectural positions in recent years. Intern positions have seen the least compensation gains over the past four years, no doubt in part because there has been a surplus of recent graduates of architectural programs competing for a limited number of positions. **(EXHIBIT 1.3)**

However, the architecture profession has largely avoided recent concerns of income disparities and

income inequality. As of early 2015, the average compensation of \$192,200 for a CEO position at architecture firms was only 4.5 times the average compensation for an Intern 1 position of \$42,900. Even in 2008, at the height of profitability and compensation growth at architecture firms, the ratio of average CEO compensation to an Intern 1 position was just 5:2. This ratio fell to 4:2 in 2011—when business conditions were near the bottom for this past cycle—before climbing to 4:5 in 2013 and remaining at that level as of early 2015.

## EXHIBIT 1.3:

### All major categories of architectural positions see compensation increases in excess of inflation

Average compensation including overtime, bonuses, and incentive compensation for staff architectural positions at U.S. architecture firms

#### Average Compensation

	2011	2013	2015
Senior design/project management staff*	\$94,900	\$99,400	\$103,400
Architects/designers**	\$71,600	\$73,000	\$77,100
Interns***	\$47,300	\$47,000	\$48,900

#### Average Annual Increase In Compensation

	2011-2013		2013-2015	
	Total	Net Of Inflation	Total	Net Of Inflation
Senior design/project management staff*	2.3%	-0.3%	2.0%	0.5%
Architects/designers**	1.0%	-1.6%	2.8%	1.2%
Interns***	-0.3%	-2.8%	2.0%	0.5%

**NOTE** Inflation measured as annual change in the U.S. Department of Labor's Consumer Price Index.

\* Positions in this category include Director of Design, Director of Operations, Senior Project Designer, Project Designer, Senior Project Manager, and Project Manager.

\*\* Positions in this category include Architect 1, 2, and 3 and Unlicensed Architecture/Design Staff 1, 2, and 3.

\*\*\* Positions in this category include Intern 1, 2, and 3.

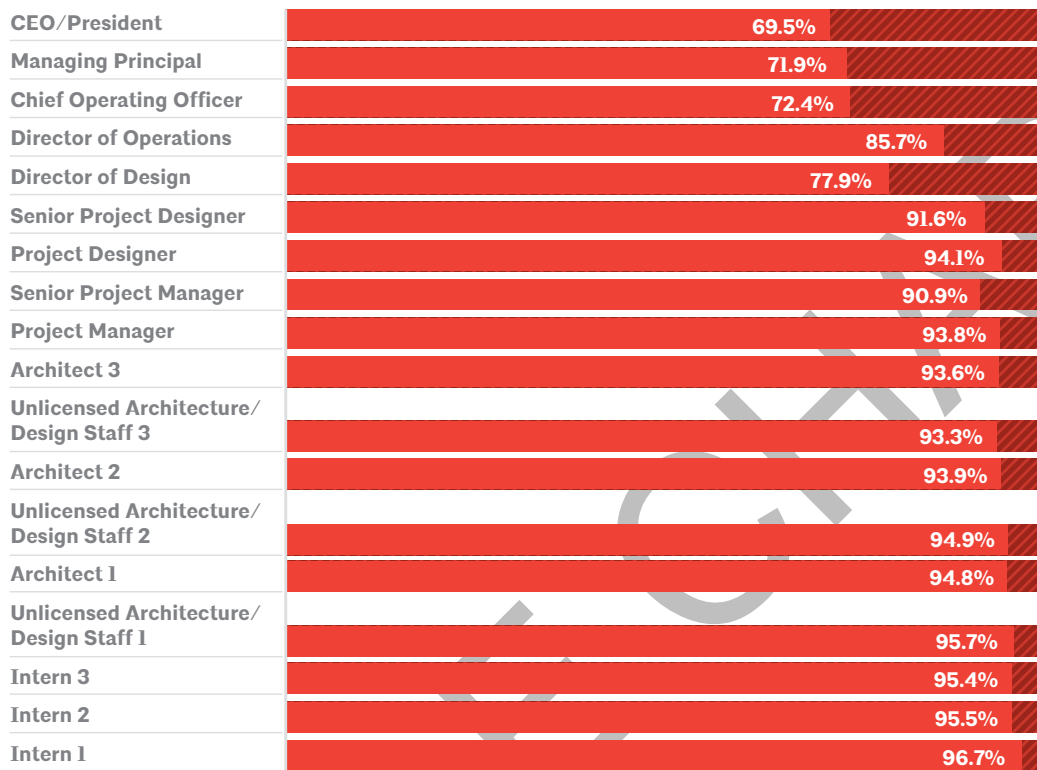
**SOURCES** U.S. Department of Labor; AIA

# Overview

## EXHIBIT 1.4:

### Base salary smaller percentage of total compensation for more senior positions

Base salary as percentage of total compensation, 2015



While compensation gains for senior and junior positions at architecture firms have moved roughly in tandem in recent years, the composition of this compensation is different. For Intern positions, the base salary accounts for at least 95% of total cash compensation on average. For Architect/Design positions, base salary accounts for 94% to 95%

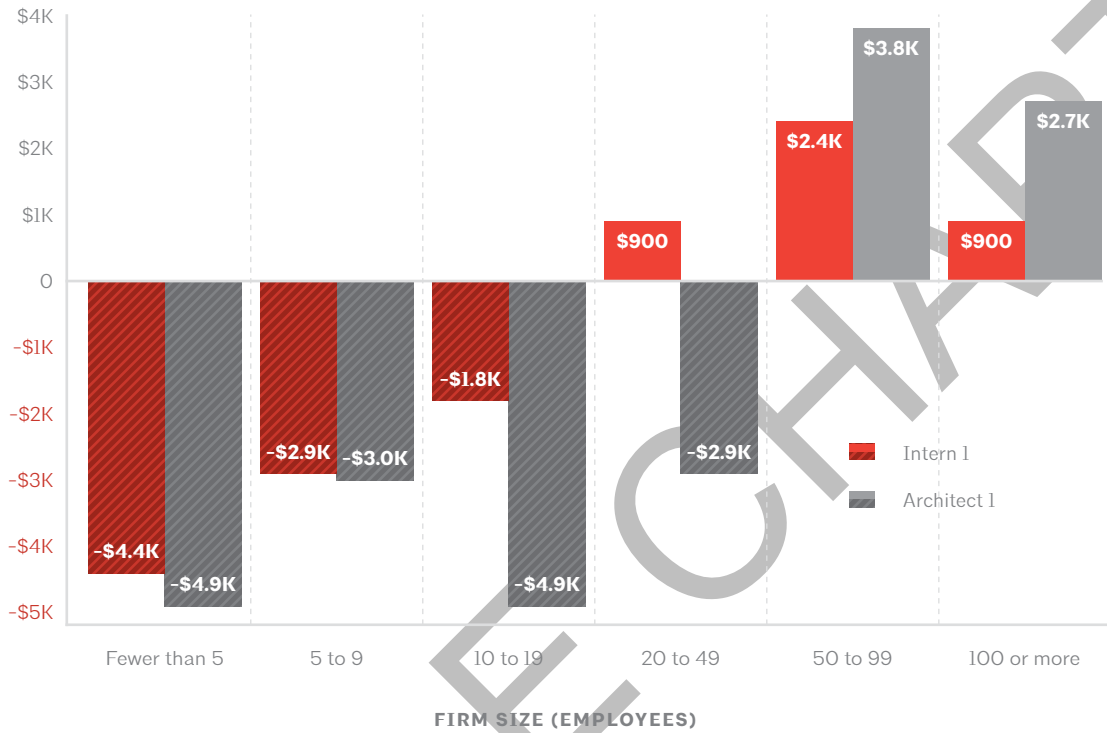
of total cash compensation; this decreases to 91% to 94% for Project Designer/Project Manager positions. More senior positions typically have a much smaller share of compensation as base pay, falling to under 70% for CEO/President positions on average. (EXHIBIT 1.4)

# Overview

**EXHIBIT 1.5:**

**Larger firms continue to offer higher compensation for standard architectural positions**

Comparison of 2015 average compensation including overtime, bonuses, and incentive compensation to national averages at U.S. architecture firms for Intern 1 and Architect 1 positions, by firm size



**NOTE** National average compensation for Intern 1 position in 2015 was \$42,900; for Architect 1 position, \$67,700.

**COMPENSATION DIFFERENTIALS BY SIZE AND LOCATION OF FIRM PERSIST**

Larger architecture firms have traditionally offered higher levels of compensation. Compensation pressures caused by the recent recession have not altered this pattern: Average compensation for Intern 1 positions at firms with 50 or more employees was about 3% higher than the national average and increased to almost 5% for Architect 1 positions. However, it is firms that have 50 to 99 employees that offer the highest levels of compensation for these positions. Very large firms with 100 or more employees offer salaries that are above the overall average for these positions, but far lower than what these slightly smaller firms offer. (EXHIBIT 1.5)

Compensation levels at larger firms do help establish overall salary standards for the profession because a high share of less experienced architectural positions are at larger firms. In early 2015, over 40% of Intern 1 positions and 55% of Architect 1 positions were at architecture firms' offices with 50 or more employees.

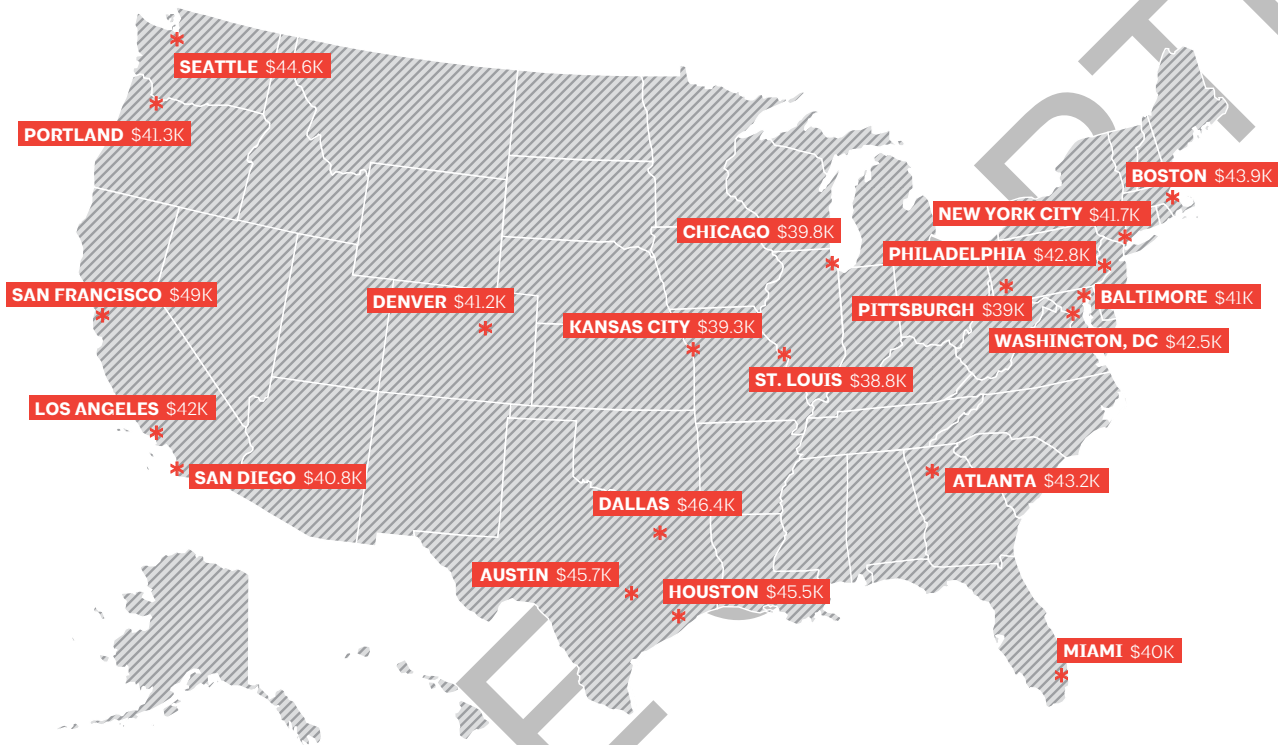
In addition to variation in compensation levels by the size of the firm, the location of the firm is also a factor. For entry-level Intern 1 positions, firms in the West South Central (Texas, Oklahoma, Arkansas, and Louisiana) and Pacific (California, Oregon, Washington, Hawaii, and Alaska) regions paid higher compensation. Compensation levels for Intern 1 positions at firms in New England and

# Overview

## EXHIBIT 1.6:

### Texas metros had some of highest starting compensation levels for interns

Average base pay plus additional cash compensation for Intern 1 position by metro area



**NOTE** Includes the 20 metro areas where there were sufficient responses to estimate compensation for an Intern 1 position; national average for Intern 1 position is \$42,900.

the South Atlantic regions were just about at the national average.

Compensation levels across major metro areas reflect this regional variation. Of the 20 major metro areas with sufficient responses to the 2015 AIA Compensation Survey to estimate compensation, firms in San Francisco reported the highest compensation levels for Intern 1 positions—almost 15% above the national average—and firms in St. Louis reported the lowest, at almost 10% below national levels. Reflecting their relatively healthy economic base during this recession, Texas metro areas reported uniformly high levels of compensation for Intern 1 positions, with

firms in Dallas, Austin, and Houston all reporting compensation above the national average for these positions. **(EXHIBIT 1.6)**

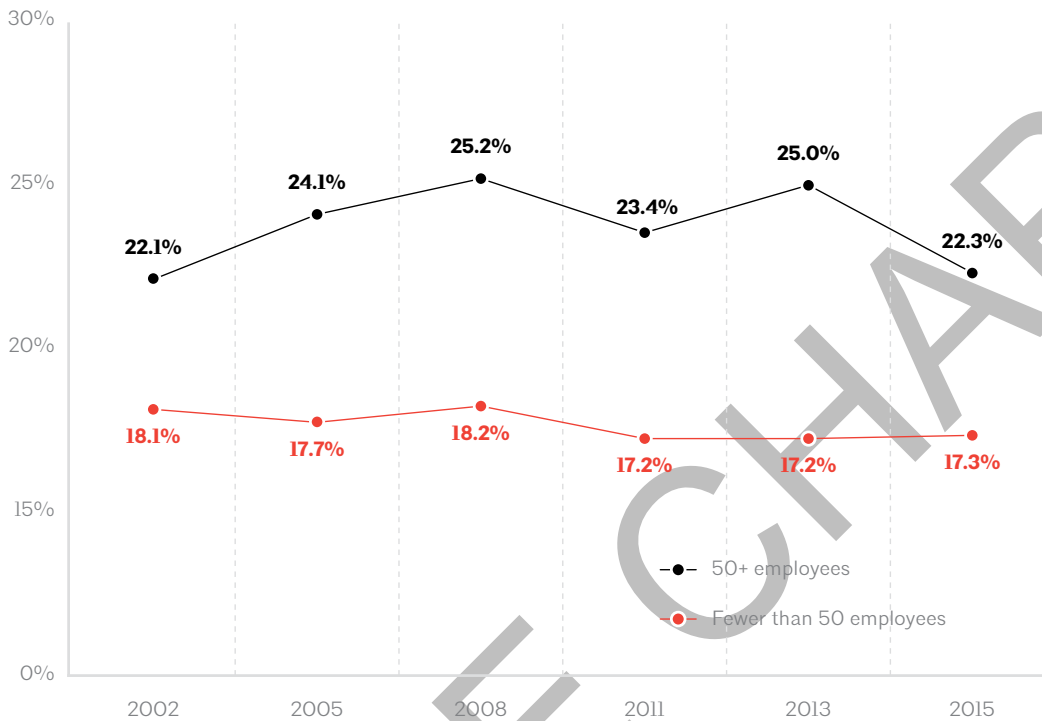
Larger firms not only offer higher compensation levels on average, but also are more likely to offer a more comprehensive benefits package to their employees. Firms with 50 or more employees are more likely to offer medical and dental coverage for employees and their dependents. Larger firms are also likely to offer more total paid days for vacation, sick time, and personal time than smaller firms.

# Overview

## EXHIBIT 1.7:

### Value of benefits as share of compensation dipped at larger firms

Benefits as percentage of base pay for professional staff by firm size, 2002–2015



As such, the value of benefits as a share of base pay offered to employees is higher at larger firms. For professional staff, the value of benefits averaged just over 17% of employee base pay for firms with fewer than 50 employees in early 2015 and was almost five percentage points higher (22.3%) at firms with 50 or more employees. However, while the value

of benefits as a share of base pay has remained roughly stable since 2002 at firms with fewer than 50 employees, it increased at larger firms over the past decade and then fell back somewhat in recent years. (EXHIBIT 1.7)