

Architecture Billings Index Continues in Negative Territory

Sixth straight month with a decrease in billings

Contact: Scott Frank
202-626-7467
sfrank@aia.org

For immediate release:

Washington, D.C. – August 20, 2008 – Despite having its highest score since January, the Architecture Billings Index (ABI) continues to point to difficult conditions for the nonresidential construction market. There have been six consecutive months with negative scores, indicating that business levels at U.S architecture firms continue to worsen. As a leading economic indicator of construction activity, the ABI shows an approximate nine to twelve month lag time between architecture billings and construction spending. The American Institute of Architects (AIA) reported the July ABI rating was 46.8, up slightly from the 46.1 mark in June (any score above 50 indicates an increase in billings). The inquiries for new projects score was 54.6.

“Financing for new projects continues to be a problem,” said AIA Chief Economist Kermit Baker, PhD, Hon. AIA. “Many projects are being reconsidered due to construction cost increases. And while there are a good number of projects still in the queue, owners are taking longer to proceed to the next phase of the design process.”

Key July ABI highlights:

- Regional averages: Midwest (50.0), South (47.7), Northeast (46.5), West (42.2)
- Sector index breakdown: institutional (53.6), commercial / industrial (48.8), mixed practice (45.6) multi-family residential (39.2)
- Project inquiries index: 54.6

About the AIA Architecture Billings Index

The Architecture Billings Index is derived from a monthly “Work-on-the-Boards” survey and produced by the AIA Economics & Market Research Group. Based on a comparison of data compiled since the survey’s inception in 1995 with figures from the Department of Commerce on Construction Put in Place, the findings amount to a leading economic indicator that provides an approximately nine to twelve month glimpse into the future of nonresidential construction activity. The diffusion indexes contained in the full report are derived from a monthly survey sent to a panel of AIA member-owned firms. Participants are asked whether their billings increased, decreased, or stayed the same in the month that just ended. According to the proportion of respondents choosing each option, a score is generated, which represents an index value for each month.

About The American Institute of Architects

For over 150 years, members of the American Institute of Architects have worked with each other and their communities to create more valuable, healthy, secure, and sustainable buildings and cityscapes. By using sustainable design practices, materials, and techniques, AIA architects are uniquely poised to provide the leadership and guidance needed to provide solutions to address climate change. AIA architects walk the walk on sustainable design. Visit www.aia.org/walkthewalk.