

More Negative Conditions for Architecture Billings Index

*Institutional market continues to be lone bright spot
in non-residential sector*

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Washington, D.C. – September 17, 2008 – While conditions have improved somewhat for three consecutive months, the Architecture Billings Index (ABI) continues to point to unfavorable conditions for the nonresidential construction market. 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 August ABI rating was 47.6, up slightly from the 46.8 mark in July (any score above 50 indicates an increase in billings). The inquiries for new projects score was 52.4. There is, however, continued demand for projects such as schools, hospitals and government buildings with the institutional category of the ABI remaining positive going all the way back to 2004.

“The recent figures over the last quarter are no real surprise given the overall state of the economy,” said AIA Chief Economist Kermit Baker, PhD, Hon. AIA. “The news for industries affected by the construction industry is that looking back 12 to eighteen months, the numbers were extremely healthy. That means many of those projects are currently in or entering the construction phase so there should still be demand for labor and building materials, and later on interiors, computer equipment and the like.”

Key August ABI highlights:

- Regional averages: Midwest (49.4), West (49.2), Northeast (45.2), South (45.0)
- Sector index breakdown: institutional (52.2), commercial / industrial (47.5), mixed practice (44.8) multi-family residential (40.8)
- Project inquiries index: 52.4

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.