

Architecture Billings Index Drops to All Time Low

Declining business conditions also reflected in historic downturn in project inquiries

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Washington, D.C. – November 19, 2008 – On the heels of a six-point drop in September, the Architecture Billings Index (ABI) plummeted to its lowest level since the survey began in 1995. 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 October ABI rating was 36.2, down significantly from the 41.4 mark in September (any score above 50 indicates an increase in billings). The inquiries for new projects score was 39.9, also a historic low point.

“Until recently, the institutional sector had been somewhat insulated from the deteriorating conditions affecting the commercial and residential markets,” said AIA Chief Economist Kermit Baker, PhD, Hon. AIA. “Now we are seeing that governments and nonprofit agencies are having difficulties getting bonds approved to finance large scale education and healthcare facilities, furthering the weak conditions across the construction industry.”

Key October ABI highlights:

- Regional averages: Northeast (44.3), South (40.0), Midwest (37.4), West (34.9)
- Sector index breakdown: mixed practice (45.1), institutional (42.1), commercial / industrial (33.6), multi-family residential (34.2)
- Project inquiries index: 39.9

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.

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