

Architecture Billings Index Increases for Second Straight Month

Potential weakening economy, staff and labor shortages among concerns for 2008

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Washington, D.C. – December 19, 2007 – Following a rebound in October, the Architecture Billings Index (ABI) continued up more than two points in November. 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 November ABI rating was 55.3, up from 53.2 in October (any score above 50 indicates an increase in billings), and inquiries for new projects was 56.6.

“For the time being, the anxiety in the credit markets that threatened many nonresidential projects during the fall has abated.” said AIA Chief Economist Kermit Baker, PhD, Hon. AIA. “With consecutive months of two-point bumps, all signs point to continued healthy demand for construction projects well into 2008.”

Key November ABI highlights:

Regional averages: Northeast (59.0), South (56.2), Midwest (54.5), West (46.8)

Sector index breakdown: commercial / industrial (58.7), mixed practice (57.0), institutional (55.8), multi-family residential (44.2)

Billings inquiries index: 56.6

Baker added, “Heading into 2008, architecture firms are concerned about the possibility of a weakening economy, as well as attracting new staff and managing current heavy workloads. Additionally, some architects report that contractors are having difficulty finding experienced labor which can lead to a decline in workmanship.”

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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