

Architecture Billings Index Drops Two Points

Business conditions weakest in the West

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Washington, D.C. – June 18, 2008 – Following a slight rise in April, the Architecture Billings Index (ABI) fell two points in May, prolonging the downturn in design activity at architecture firms. 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 May ABI rating was 43.4, down from the 45.5 mark in April (any score above 50 indicates an increase in billings). The inquiries for new projects score was 46.5.

“With the exception of the institutional sector – projects like government buildings, schools and hospitals – we’ve seen a dramatic contraction in design activity in recent months,” said AIA Chief Economist Kermit Baker, PhD, Hon. AIA. “Right now things are especially hard in the West and in the commercial and multifamily residential sectors. This weakness in design activity can be expected to produce a contraction in these construction sectors later this year and into 2009.”

Key May ABI highlights:

- Regional averages: Midwest (51.9), South (47.0), Northeast (41.7), West (36.3)
- Sector index breakdown: institutional (53.9), mixed practice (45.3) commercial / industrial (39.7) multi-family residential (36.8)
- Project inquiries index: 46.5

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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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.
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