



## **ABI: Design services continue to decline nationally, but slower out West**

By CARLOS RICO, The Daily Transcript

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Demand for design services fell in May to 47.2, a slight dip from April's 47.6 mark and the third straight month of declines, according to the latest Architecture Billings Index.

The ABI reflects the approximate nine- to 12-month lag time between architecture billings and construction spending, and any score below 50 indicates a decrease in design services.

"Whatever positive momentum that there had been seen in late 2010 and earlier this year has disappeared," said Kermit Baker, chief economist for the American Institute of Architects. "The broader economy looks to be entering another soft spot, and certainly state budget constraints are adversely affecting the profession's ability to work on institutional projects."

He went on to say, "there is no denying that the prolonged credit freeze from lenders for financing commercial projects is the number one challenge to a recovery for the design and construction industry."

Looking at the four regions of the country, the West had the highest Billings Index in May with a 49.3 score. This was followed by the Northeast, 47.6; the South, 47.5; and the Midwest, 45.9.

This is the first time the West has led the country since February 2009.

"Regionally it's hard to tell what's going on right now," Baker said. "The West just seems to be slowing down at a slower rate, compared to the other three areas of the country."

The West may be doing better due to public sector construction in Southern California.

Robb Walker, principal at **KMA Architecture and Engineering**, said his company is seeing most of its work come from military and federal government design-build projects in the \$100,000 to \$150 million range.

Lisa Sachs, managing partner at the program and project managing firm **Cummings Corp.**, said education and health care sectors are where most of her company's work is coming from right now.

"Since the beginning of the year, you started to see more request for proposals," Sachs said. "A

lot of clients were tentative (because of the economy), but people can only wait for so long."

Sachs added that next year -- because it's a presidential election year -- could be a telling one in the public sector if bond measures that are on the ballot are passed.

May's Architecture Billings Index also showed the growing positive swing in the multifamily residential sector. For the second month in a row, this sector had the highest score of the four sectors the index tracks with a mark of 53.6, making it six out of the last seven months multifamily residential has had score above 50.

Last month's mixed practice had a score of 49.1, followed by commercial/industrial at 46.5, and institutional at 44.9.

Baker said the market is balancing itself out since single-family housing was mainly being built between 1995-2005.

"We were under-building multifamily housing since the market was good to be a homeowner and not a renter," Baker said.

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