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## **CBIZ Tofias 2014 Architectural Survey**

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The 2014 Architectural Survey from CBIZ Tofias found that most architecture firms in the Greater Boston area continued to see increased efficiencies and profits last year, indicating a strong sign of optimism overall for the architecture and real estate industries.

The survey revealed the highest profit per direct (billable) hour - \$16.45 - since its inception in 1985, and a \$6+ increase in the average billing per direct hour. Interestingly, the profit per direct hour did not change in direct correlation to the utilization rate (which decreased), a trend the surveyors expected to see.

Additionally, in other positive news, architecture firms reported the second straight year of record-breaking billing multiples, a metric for firm efficiency.

"The Survey indicates that the architecture industry in greater Boston continues to improve and industry efficiencies are leading to overall profits for firms. The Survey also reflects the improved health of the real estate and construction industries, which are closely aligned and for which architecture is often viewed as a leading indicator," said David Swan, author of the report and Leader of the Architecture, Engineering and Consulting (A/E/C) Practice. "We can be optimistic that the industry as a whole is doing well for the first time since before the real estate crash. A continued focus on strong project management and increased revenue leads us to anticipate the 2015 survey could also yield new high profitability marks."

The 2014 Architectural Survey reported the following trends:

The direct labor billing multiple increased from 3.09 in 2012 to 3.19 in 2013, the highest in the history of the survey.

The direct labor utilization rate (percentage of time worked on billable projects) surprisingly decreased from 64.2 percent in 2012 to 62.7 percent in 2013. However, the billing rate and billing multiple increases more than made up for the decrease.

The overhead rate continues to trend higher, mostly because of the decrease in the direct labor utilization rate, as well as the increase in the indirect portion of the employee average hourly rate which is now over \$40.

The most profitable firms achieved direct labor utilization rates at or above 65 percent. Additionally, the highly profitable firms reported an increased focus on strong project management, enabling them to achieve a higher direct labor billing multiple.

The billing per direct hour is at a five-year high at \$111.37 in 2013, after coming in at \$104.98 in 2012.

To download a copy of the survey, click on [CBIZ Tofias 2014 Architectural Survey](#). The survey is based on 2013 financial information supplied by CBIZ Tofias' architectural clients representing a cross-section of Greater Boston architectural firms.