European Architectural Barometer Q3 2024

DMU in the Construction Industry

November 2024

a product by USP Marketing Consultancy

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About European Architectural Barometer

THE GOAL

The objective of the European Architectural Barometer of USP Marketing Consultancy is to offer profound insight into the current economic situation and trends among architectural firms in the Netherlands, Germany, the UK, France, Spain, Italy, Belgium and Poland. The European Architectural Barometer provides knowledge about the future building volumes and the way in which these building volumes will be realised (trends).

THE RESEARCH TOPICS

Recurring topic: Economic developments of architectural companies in Europe (order book and turnover development)

Quarterly theme topics in 2024:
Q1: Trends in Material Usage
Q2: Future in Construction
Q3: Decision Making Process
Q4: Smart Materials and Buildings

THE TIMELINE

Report Q1	Report Q2	Report Q3	Report Q4
April	August	November	February

COUNTRY SCOPE

(number of interviews conducted)

Background characteristics of the interviewed respondents can be found in the country-specific profiling, the architect chapter, and in the appendix as a European overview.

PROJECT TEAM

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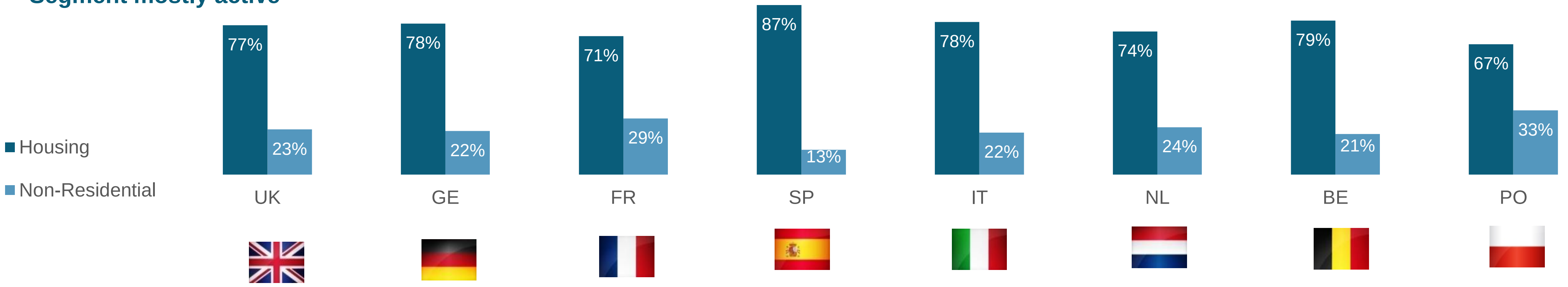
Background of the architects

The table below shows the average number of employees of the architectural firms within the current quarter of this research, divided by country. The architectural firms with one employee were excluded from this research. The second table shows the segments in which architects within this research are mostly active.

Number of FTE

Average	**7.3**	**8.7**	**6.0**	**5.5**	**3.5**	**9.0**	**6.7**	**5.3**
2 – 4 FTE	48%	50%	55%	64%	79%	38%	51%	53%
5 – 9 FTE	31%	23%	31%	24%	17%	25%	18%	20%
10 – 19 FTE	15%	18%	11%	7%	3%	16%	8%	13%
20 – 39 FTE	3%	6%	2%	4%	1%	5%	3%	2%
> 40 FTE	2%	3%	1%	1%	0%	4%	4%	0%

Segment mostly active



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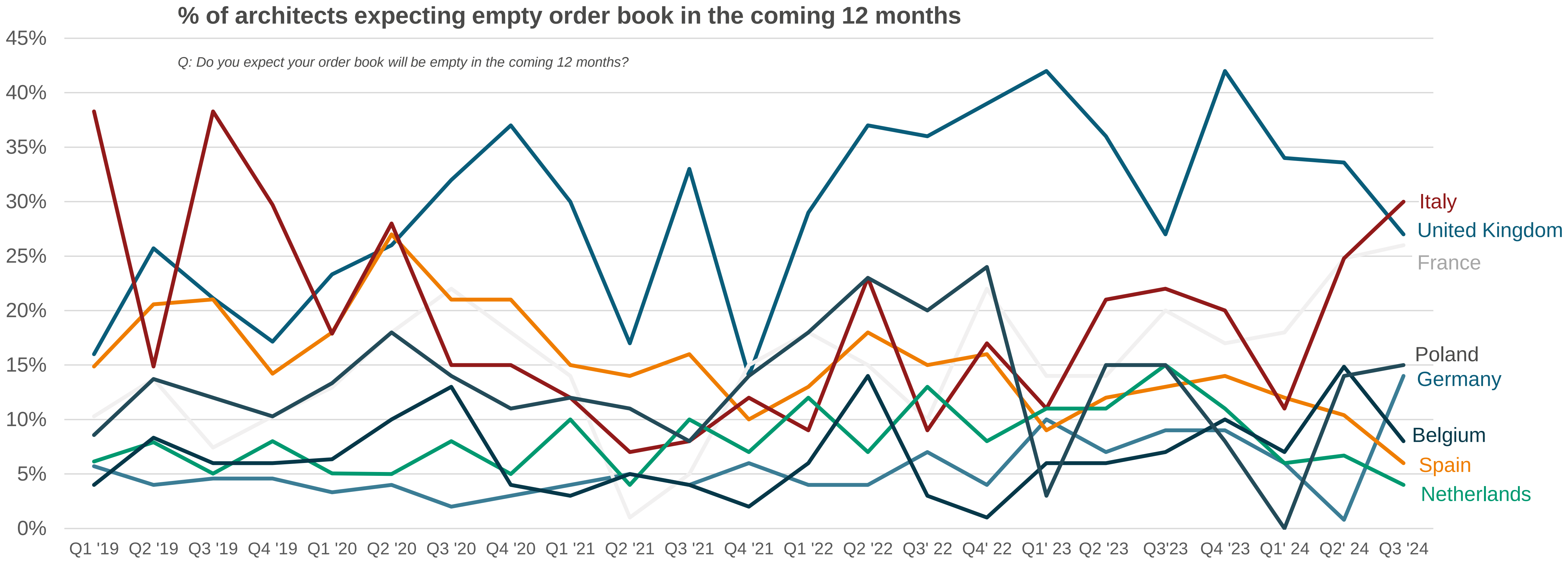
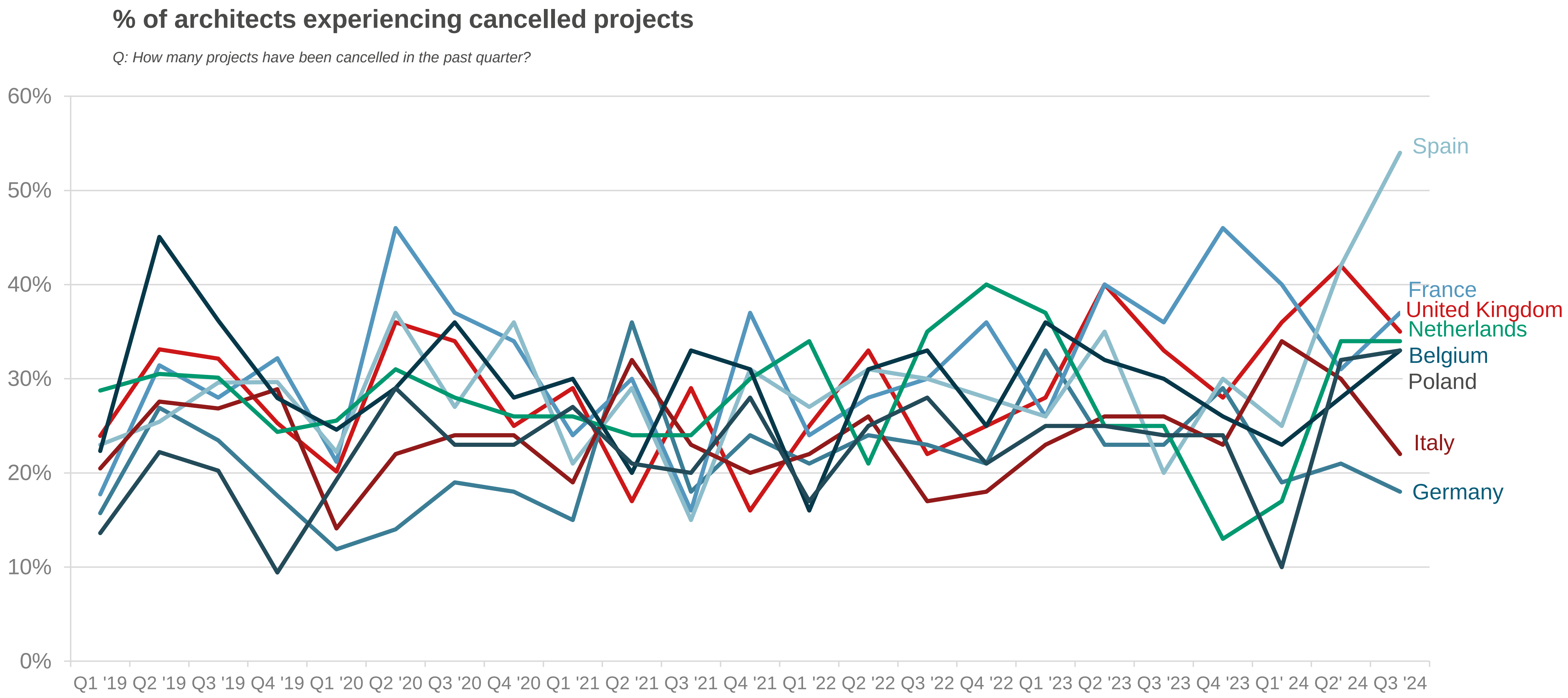
An increasing number of Italian and French architects are expecting empty order books in the next twelve months.



In six out of eight countries, there is a spike in the number of architects reporting cancelled projects in Q2 2024.

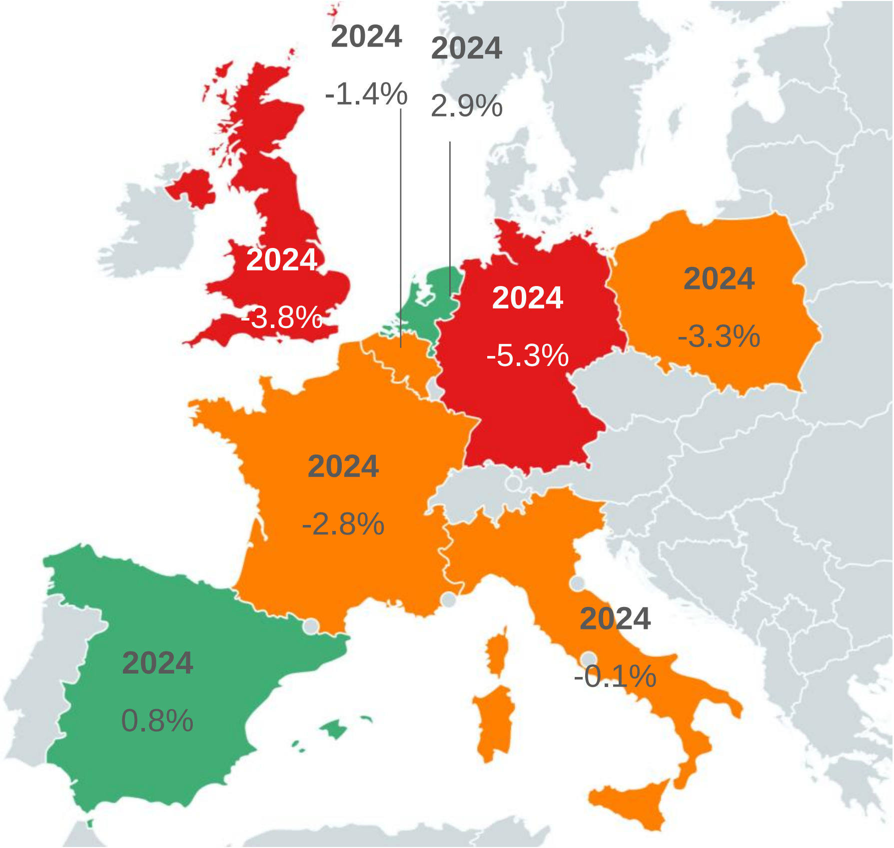


USP

Construction volumes 2024 European overview

- 2024 is expected to be

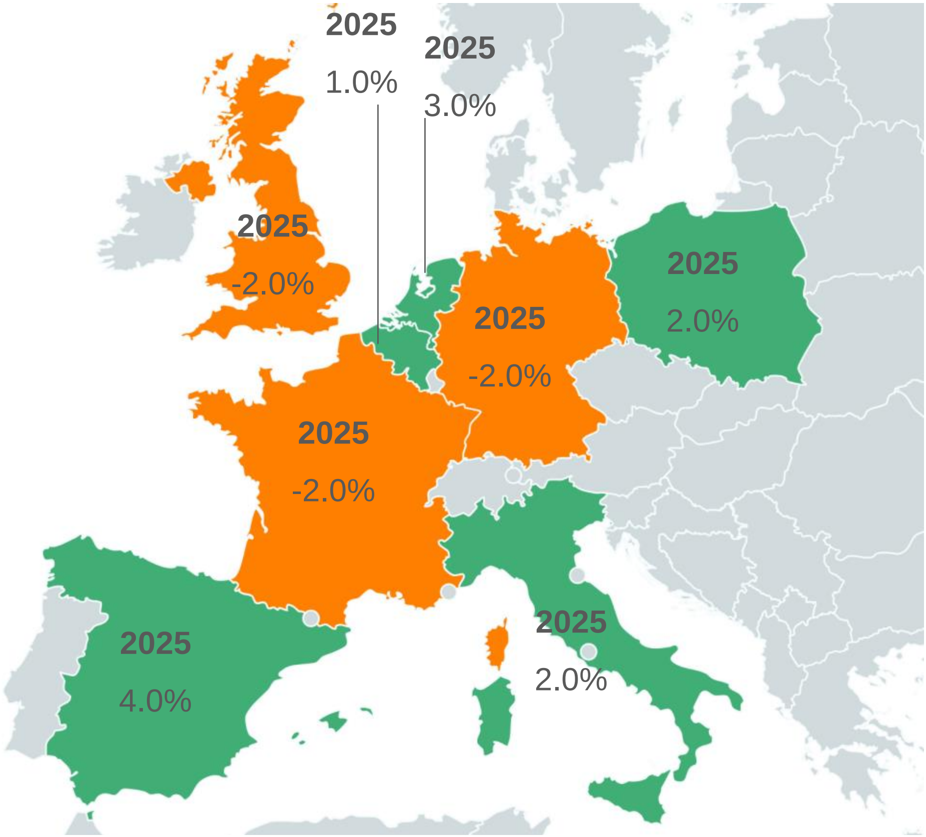
- This is mostly due to



Construction volumes 2025 European overview

- 2025 is expected to be

- The long-term indicators



•*See the country slides for more detailed information on the developments per construction segment.*

•*Volumes are in billion euros at 2013 prices.*

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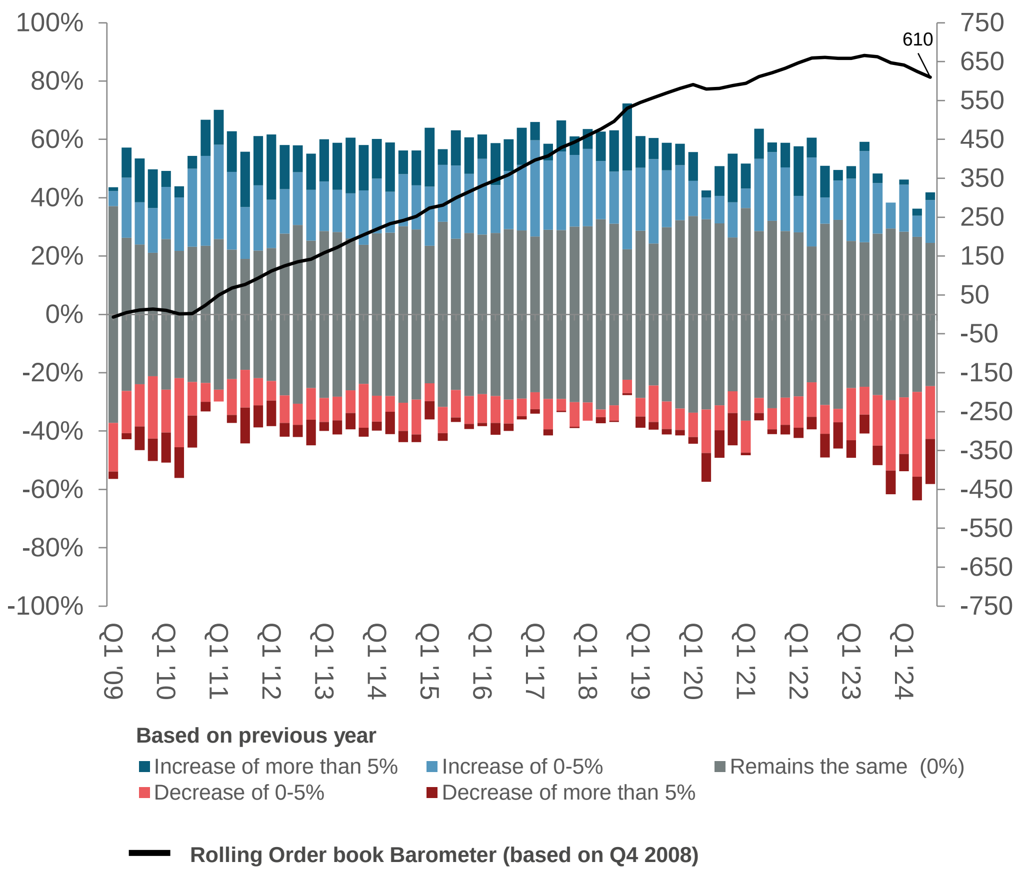
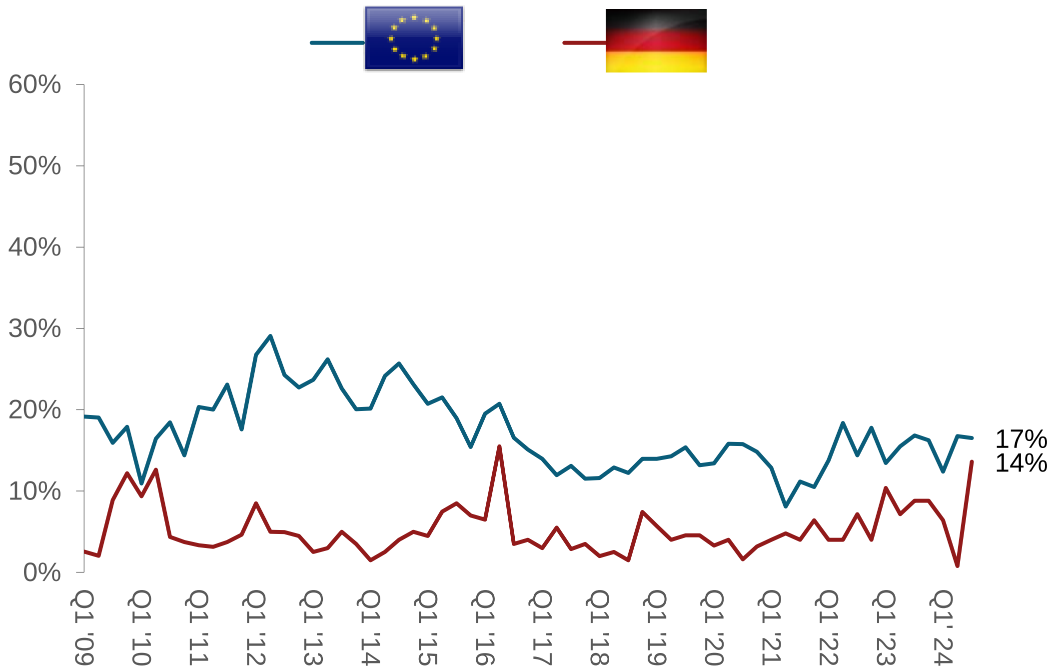
A large share of German architects keep reporting decreasing order books. Also the share of architects expecting an empty order shows a spike in Q2 '24.

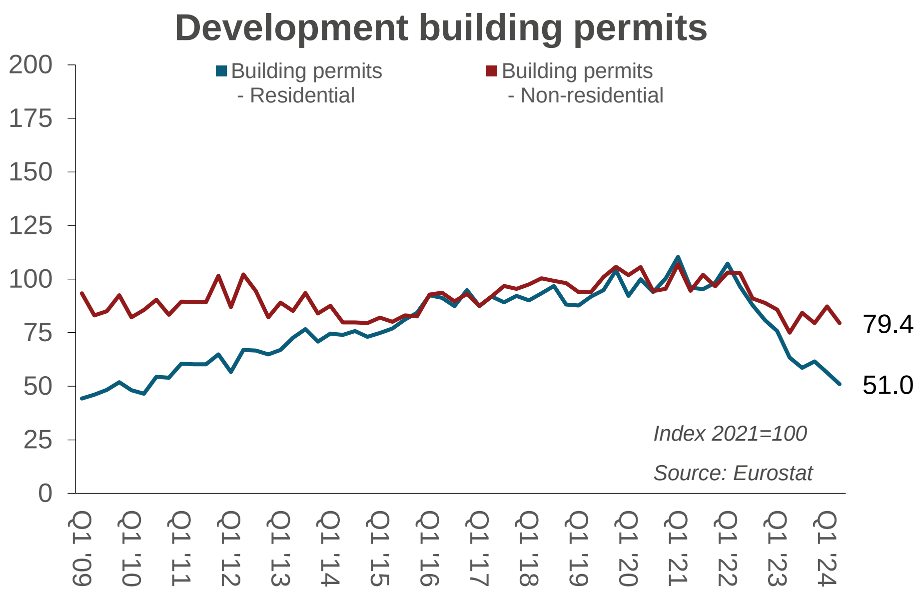
Development of order book



Expecting empty order book in 12 months



Especially for the residential segment, the building permits are at a low point. It has never been so low since the measurement started in 2009.

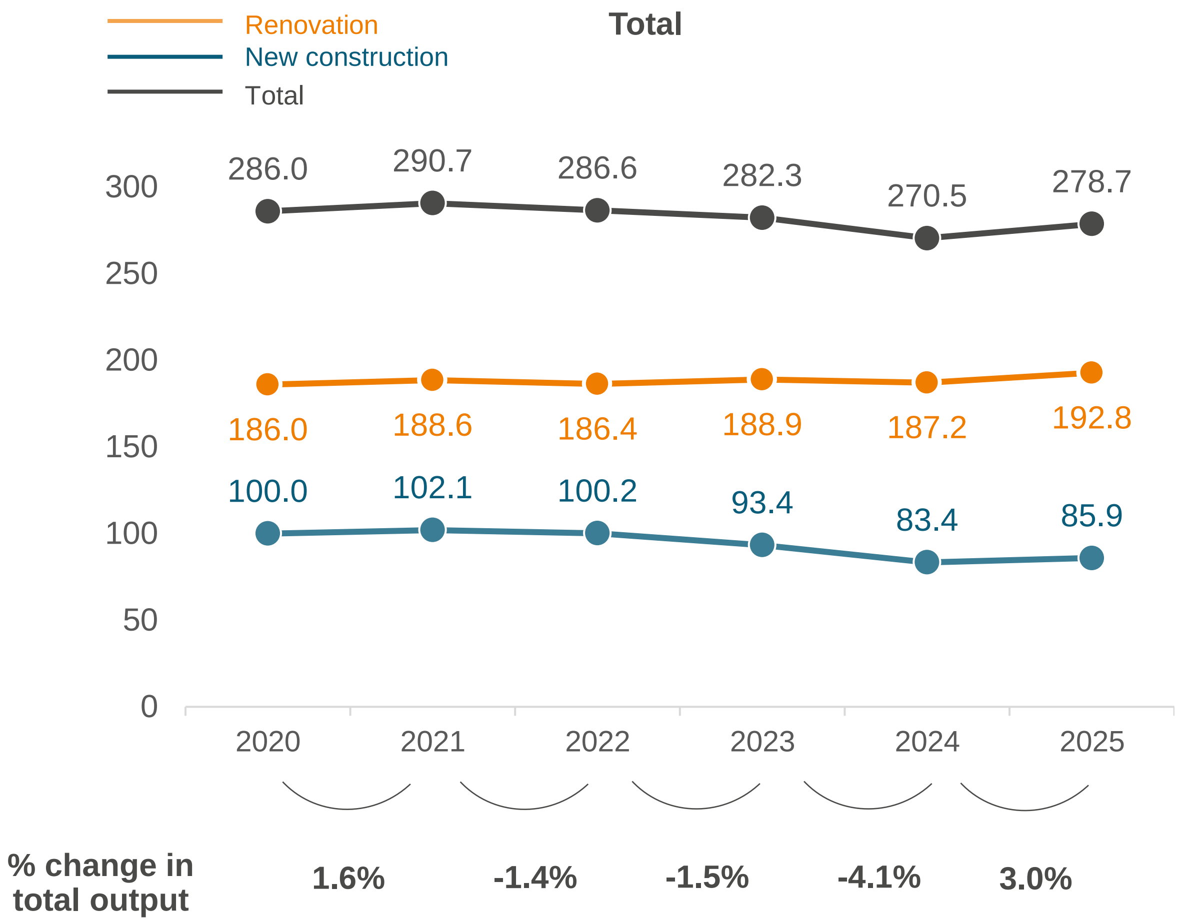


Economic and construction related indicators	Value Q3 2023	Value Q2 2024	Value Q3 2024	Q-2-Q development
GDP (quarterly growth rate) (%)*	-0.1	-0.1	n/a	Negative
Consumer confidence indicator	-14.8	-9.9	-9.5	Neutral
Industrial confidence indicator	-14.2	-17.6	-20.8	Negative
Construction confidence indicator	-16.8	-18.1	-16.2	Positive
Production value buildings (index 2021=100)	108.7	84.8	83.2	Negative
Architects with postponed projects (%)*	35	40	37	Positive
Architects with cancelled projects (%)*	23	21	18	Positive
Building permits residential (index 2021=100)	58.6	51.0	n/a	Negative
Building permits non-residential (index 2021=100)	84.3	79.4	n/a	Negative

*Source: * Country statistical office; Eurostat, * Arch-Vision*

Forecast of building volumes in billion euros

(% change year over year)



Data of the economic developments are available per country

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Conclusion…

The decision power of architects

Can you indicate what your role is in the following parts of the process? [end-decision maker, co-decision maker, not involved]

	Total 2024		2022	2019	2017
	End-decision makers	Co-decision makers			
Aesthetical design	50%	50%	x	x	x
Material/ product choice	50%	50%	x	x	x
Technical specification	50%	50%	x	x	x
Structural design	50%	50%	x	x	x
Brand choice	50%	50%	x	x	x
Electrical installations	50%	50%	x	x	x

Conclusion…

The decision power of architects

Can you indicate what your role is on the following parts of the process? [end-decision maker, co-decision maker, not involved]

	Total 2024		Germany	UK	France	Italy	Spain	Netherlands	Belgium	Poland
	End-decision makers	**Co-decision makers**								
Aesthetical design	50%	50%	x	x	x	x	x	x	x	x
Material/ product choice	50%	50%	x	x	x	x	x	x	x	x
Technical specification	50%	50%	x	x	x	x	x	x	x	x
Structural design	50%	50%	x	x	x	x	x	x	x	x
Brand choice	50%	50%	x	x	x	x	x	x	x	x
Electrical installations	50%	50%	x	x	x	x	x	x	x	x

Conclusion…

The decision power of architects

Can you indicate what your role is on the following parts of the process? [end-decision maker, co-decision maker, not involved]

	Germany		UK		France		Italy		Spain		Netherlands		Belgium		Poland	
	2024	2022	2024	2022	2024	2022	2024	2022	2024	2022	2024	2022	2024	2022	2024	2022
Aesthetical design	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Material/ product choice	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Technical specification	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Structural design	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Brand choice	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Electrical installations	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Conclusion…

The decision power for building parts

*When we are talking about building material/product/brand choice for the following building parts, what is your role then?**

End decision maker | **Co-decision maker** | **Not involved** | **Don't know**

*Building material choice - 2024

	End decision maker	Co-decision maker	Not involved	Don't know
Facade products/ materials	25%	25%	25%	25%
Daylight solutions	25%	25%	25%	25%
Wall building materials	25%	25%	25%	25%
Roofing products/ materials	25%	25%	25%	25%
Insulation materials	25%	25%	25%	25%
Floor and wall tiles	25%	25%	25%	25%
Energy management solutions	25%	25%	25%	25%
Smart home systems	25%	25%	25%	25%
Electrical vehicle chargers	25%	25%	25%	25%
Electrical installation products	25%	25%	25%	25%
Solar panels	25%	25%	25%	25%
HVAC installation products	25%	25%	25%	25%

2022

	End decision maker	Co-decision maker	Not involved	Don't know
Facade products/ materials	25%	25%	25%	25%
Daylight solutions	25%	25%	25%	25%
Wall building materials	25%	25%	25%	25%
Roofing products/ materials	25%	25%	25%	25%
Insulation materials	25%	25%	25%	25%
Floor and wall tiles	25%	25%	25%	25%
Energy management solutions	25%	25%	25%	25%
Smart home systems	25%	25%	25%	25%
Electrical vehicle chargers	25%	25%	25%	25%
Electrical installation products	25%	25%	25%	25%
Solar panels	25%	25%	25%	25%
HVAC installation products	25%	25%	25%	25%

Conclusion…

The decision power for building parts

*When we are talking about building material/product choice for the following building parts, what is your role then?**

End decision maker | Co-decision maker | Not involved | Don't know

*Building material choice

	End decision maker	Co-decision maker	Not involved	Don't know	Germany	UK	France	Italy	Spain	Netherlands	Belgium	Poland
Facade products/ materials	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Daylight solutions	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Wall building materials	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Roofing products/ materials	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Insulation materials	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Floor and wall tiles	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Energy management solutions	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Smart home systems	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Electrical vehicle chargers	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Electrical installation products	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Solar panels	25%	25%	25%	25%	x	x	x	x	x	x	x	x
HVAC installation products	25%	25%	25%	25%	x	x	x	x	x	x	x	x

Conclusion…

USP

The decision power for building parts

*When we are talking about building material/product/brand choice for the following building parts, what is your role then?**

End decision maker | **Co-decision maker** | **Not involved** | **Don't know**

	*Brand choice - 2024				2022			
	End decision maker	Co-decision maker	Not involved	Don't know	End decision maker	Co-decision maker	Not involved	Don't know
Facade products/ materials	25%	25%	25%	25%	25%	25%	25%	25%
Wall building materials	25%	25%	25%	25%	25%	25%	25%	25%
Floor and wall tiles	25%	25%	25%	25%	25%	25%	25%	25%
Roofing products/ materials	25%	25%	25%	25%	25%	25%	25%	25%
Daylight solutions	25%	25%	25%	25%	25%	25%	25%	25%
Insulation materials	25%	25%	25%	25%	25%	25%	25%	25%
Energy management solutions	25%	25%	25%	25%	25%	25%	25%	25%
Smart home solutions	25%	25%	25%	25%	25%	25%	25%	25%
Solar panels	25%	25%	25%	25%	25%	25%	25%	25%
Electrical installation products	25%	25%	25%	25%	25%	25%	25%	25%
Electrical vehicle chargers	25%	25%	25%	25%	25%	25%	25%	25%
HVAC installation products	25%	25%	25%	25%	25%	25%	25%	25%

*Only asked if involved in decision making process

Conclusion…

The decision power for building parts

*When we are talking about brand choice for the following building parts, what is your role then?**

*Brand choice

	End decision maker	Co-decision maker	Not involved	Don't know	Germany	UK	France	Italy	Spain	Netherlands	Belgium	Poland
Facade products/ materials	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Daylight solutions	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Wall building materials	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Roofing products/ materials	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Insulation materials	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Floor and wall tiles	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Energy management solutions	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Smart home systems	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Electrical vehicle chargers	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Electrical installation products	25%	25%	25%	25%	x	x	x	x	x	x	x	x
Solar panels	25%	25%	25%	25%	x	x	x	x	x	x	x	x
HVAC installation products	25%	25%	25%	25%	x	x	x	x	x	x	x	x

Conclusion…

The decision power of other stakeholders

Which other stakeholders are mainly involved in the building material/product/brand choice?

Building material choice

	2024	2022
Building owner/ end user	25%	x
Main contractors	25%	x
Electrical installation companies	25%	x
Engineers	25%	x
HVAC installation companies	25%	x
Project developers/ investors	25%	x
Home Builder/ Home Developer	25%	x
Roofing sub-contractors	25%	x
Flooring sub-contractors	25%	x
Building material suppliers/ manufacturers	25%	x

Brand choice

	2024	2022
Building owner/ end user	25%	x
Main contractors	25%	x
Electrical installation companies	25%	x
HVAC installation companies	25%	x
Engineers	25%	x
Home Builder/ Home Developer	25%	x
Project developers/ investors	25%	x
Flooring sub-contractors	25%	x
Roofing sub-contractors	25%	x
Building material suppliers/ manufacturers	25%	x

Conclusion…

Future of decision power

What do you think will happen to your role in the following aspects in the coming two years?

		2024 (Strongly) increase	2024 Stay the same	2024 (Strongly) decrease	2024 Don’t know/ no opinion	2022 (Strongly) increase	2022 Stay the same	2022 (Strongly) decrease	2022 Don’t know/ no opinion
DESIGN	Aesthetical design	25%	25%	25%	25%	25%	25%	25%	25%
	Design of the structure of the building	25%	25%	25%	25%	25%	25%	25%	25%
	Manufacturer/Brand selection	25%	25%	25%	25%	25%	25%	25%	25%
PROJECT MANAGEMENT	Monitoring actual construction as designed	25%	25%	25%	25%	25%	25%	25%	25%
	Managing planning of process	25%	25%	25%	25%	25%	25%	25%	25%
	Managing budgets	25%	25%	25%	25%	25%	25%	25%	25%
SPECIALIST	Specialist on laws and regulations	25%	25%	25%	25%	25%	25%	25%	25%
	Technical specifications	25%	25%	25%	25%	25%	25%	25%	25%

Conclusion…

DESIGN
- split per country
What do you think will happen to your role in the following aspects in the coming two years?

	Aesthetical design				Design of the structure of the building				Manufacturer/Brand selection			
	(Strongly) increase	Stay the same	(Strongly) decrease	Don't know/ no opinion	(Strongly) increase	Stay the same	(Strongly) decrease	Don't know/ no opinion	(Strongly) increase	Stay the same	(Strongly) decrease	Don't know/ no opinion
EUROPE	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Germany	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
United kingdom	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
France	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Italy	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Spain	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Netherlands	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Belgium	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Poland	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%

Conclusion…

PROJECT MANAGEMENT

- split per country

What do you think will happen to your role in the following aspects in the coming two years?

(Strongly) increase | Stay the same | (Strongly) decrease | Don't know/ no opinion

	Monitoring actual construction as designed				Managing planning of process				Managing budgets			
	(Strongly) increase	Stay the same	(Strongly) decrease	Don't know/ no opinion	(Strongly) increase	Stay the same	(Strongly) decrease	Don't know/ no opinion	(Strongly) increase	Stay the same	(Strongly) decrease	Don't know/ no opinion
EUROPE	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Germany	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
United kingdom	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
France	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Italy	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Spain	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Netherlands	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Belgium	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Poland	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%

Conclusion…

SPECIALIST

- split per country

What do you think will happen to your role in the following aspects in the coming two years?

Specialist on laws and regulations | **Technical specifications**

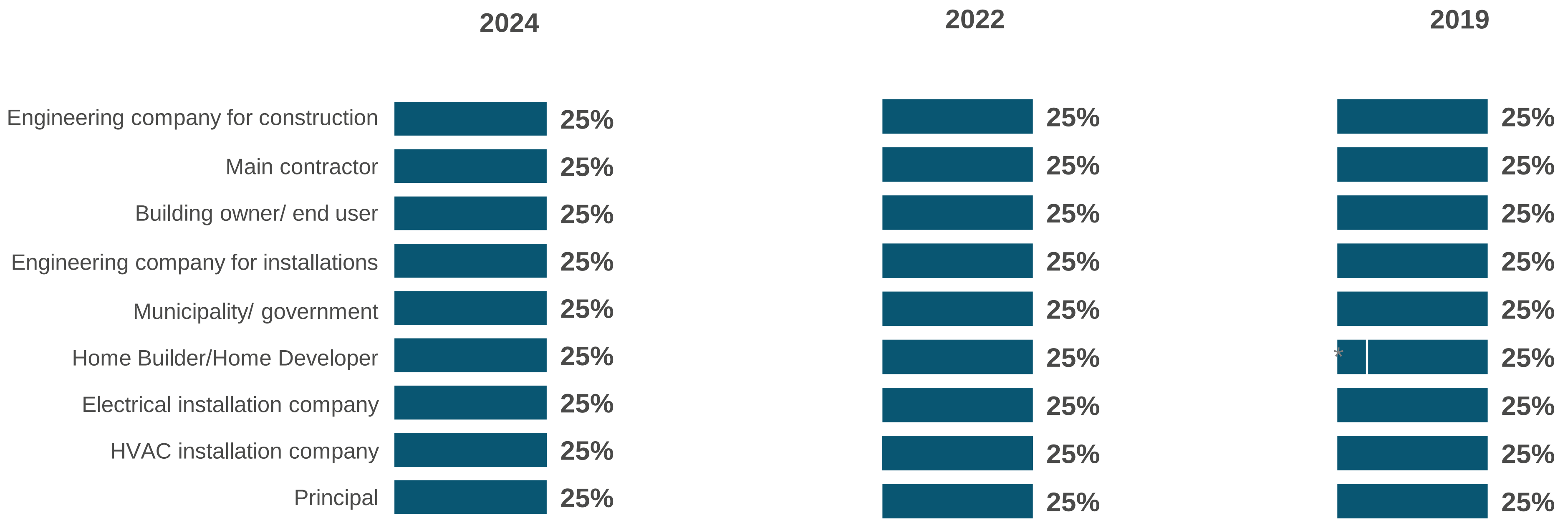
(Strongly) increase · **Stay the same** · **(Strongly) decrease** · **Don't know/ no opinion**

	Specialist on laws and regulations				Technical specifications			
	(Strongly) increase	Stay the same	(Strongly) decrease	Don't know/ no opinion	(Strongly) increase	Stay the same	(Strongly) decrease	Don't know/ no opinion
EUROPE	25%	25%	25%	25%	25%	25%	25%	25%
Germany	25%	25%	25%	25%	25%	25%	25%	25%
United kingdom	25%	25%	25%	25%	25%	25%	25%	25%
France	25%	25%	25%	25%	25%	25%	25%	25%
Italy	25%	25%	25%	25%	25%	25%	25%	25%
Spain	25%	25%	25%	25%	25%	25%	25%	25%
Netherlands	25%	25%	25%	25%	25%	25%	25%	25%
Belgium	25%	25%	25%	25%	25%	25%	25%	25%
Poland	25%	25%	25%	25%	25%	25%	25%	25%

Conclusion…

Other parties influencing decision making

Which other parties do you consider to be important influencers of the building process?



Conclusion…

Other parties influencing decision making

Which other parties do you consider to be important influencers of the building process?

	TOTAL 2024	Germany	UK	France	Italy	Spain	Netherlands	Belgium	Poland
Engineering company for construction	25%	x	x	x	x	x	x	x	x
Main contractor	25%	x	x	x	x	x	x	x	x
Building owner/ end user	25%	x	x	x	x	x	x	x	x
Engineering company for installations	25%	x	x	x	x	x	x	x	x
Municipality/ government	25%	x	x	x	x	x	x	x	x
Home Builder/Home Developer	25%	x	x	x	x	x	x	x	x
Electrical installation company	25%	x	x	x	x	x	x	x	x
HVAC installation company	25%	x	x	x	x	x	x	x	x
Principal	25%	x	x	x	x	x	x	x	x

Conclusion…

Statements

To what extent do you agree with these statements?

	(Completely) agree	Neutral	(Completely) disagree	Don't know/no opinion
Due to price increases a cheaper alternative is often proposed and chosen by contractors and clients to stay within budget	25%	25%	25%	25%
I like to work with specialized offices when it comes to quite technical topics like HVAC or Smart Home	25%	25%	25%	25%
Due to their increasing size, construction firms are gaining influence in the product and brand selection	25%	25%	25%	25%
The European building regulations will lead to more holistic approach in the design of the buildings (integrated buildings)	25%	25%	25%	25%
The architect's role in the product and brand selection process is becoming less important	25%	25%	25%	25%
The role of the architect in the management of the construction process is diminishing	25%	25%	25%	25%
The architect can bring more added value in renovation projects than in new build projects	25%	25%	25%	25%
The holistic approach towards the buildings (integrated buildings) will bring more decision power to the architects	25%	25%	25%	25%

Conclusion…

Statements – (completely) agree – country split

To what extent do you agree with these statements?

	(Completely) agree	Neutral	(Completely) disagree	Don't know/no opinion	Germany	UK	France	Italy	Spain	Netherlands	Belgium	Poland
Due to price increases a cheaper alternative is often proposed and chosen by contractors and clients to stay within budget	25%	25%	25%	25%	X	X	X	X	X	X	X	X
I like to work with specialized offices when it comes to quite technical topics like HVAC or Smart Home	25%	25%	25%	25%	X	X	X	X	X	X	X	X
Due to their increasing size, construction firms are gaining influence in the product and brand selection	25%	25%	25%	25%	X	X	X	X	X	X	X	X
The European building regulations will lead to more holistic approach in the design of the buildings (integrated buildings)	25%	25%	25%	25%	X	X	X	X	X	X	X	X
The architect's role in the product and brand selection process is becoming less important	25%	25%	25%	25%	X	X	X	X	X	X	X	X
The role of the architect in the management of the construction process is diminishing	25%	25%	25%	25%	X	X	X	X	X	X	X	X
The architect can bring more added value in renovation projects than in new build projects	25%	25%	25%	25%	X	X	X	X	X	X	X	X
The holistic approach towards the buildings (integrated buildings) will bring more decision power to the architects	25%	25%	25%	25%	X	X	X	X	X	X	X	X

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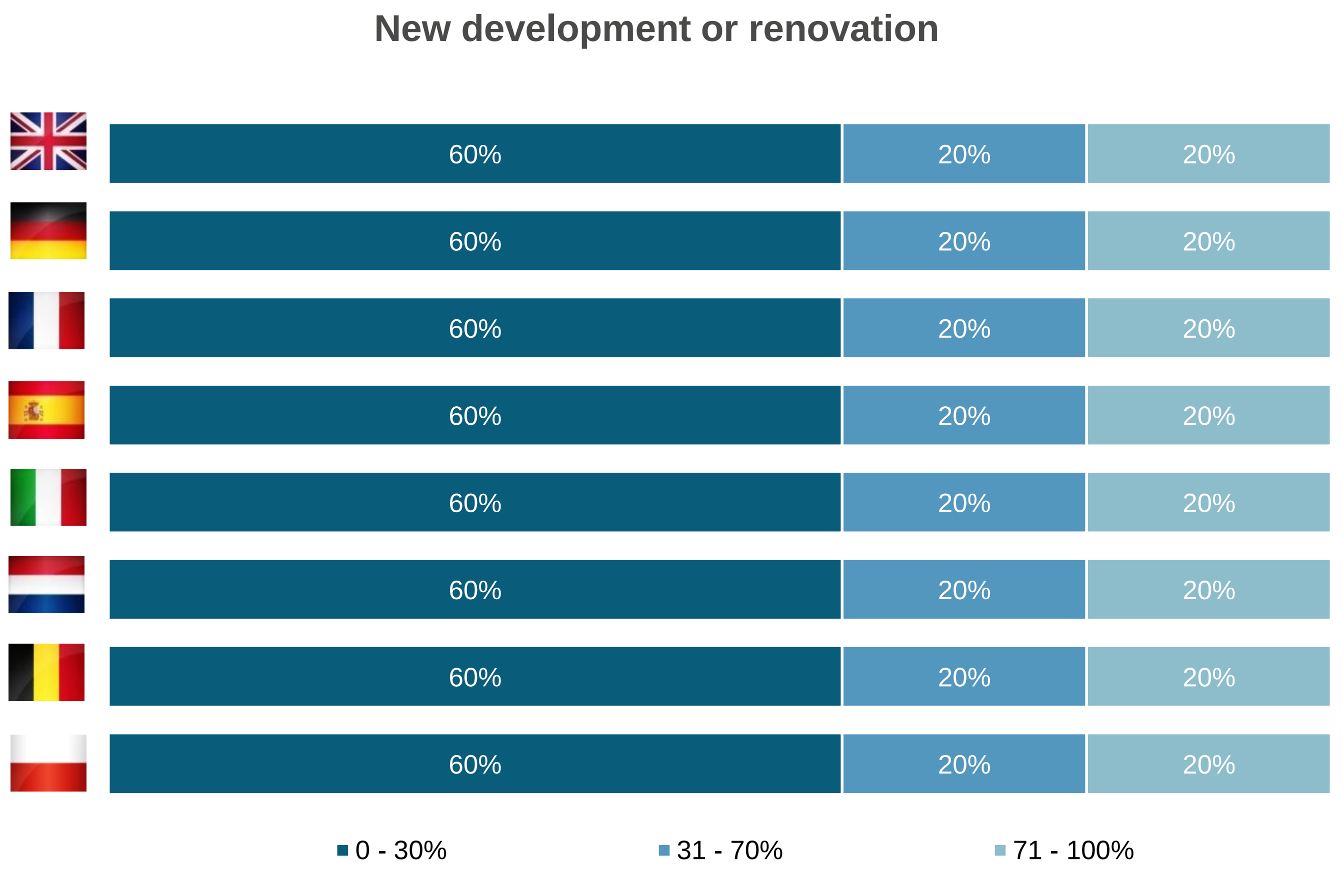
Background of the architects

The figure below shows the split in activities in new build and renovation. Italy has the smallest new build. You can clearly see that most architects are active in the renovation segment and new-build segment. Almost half of the Polish architects do more new build, which is more than their colleagues from other European countries.



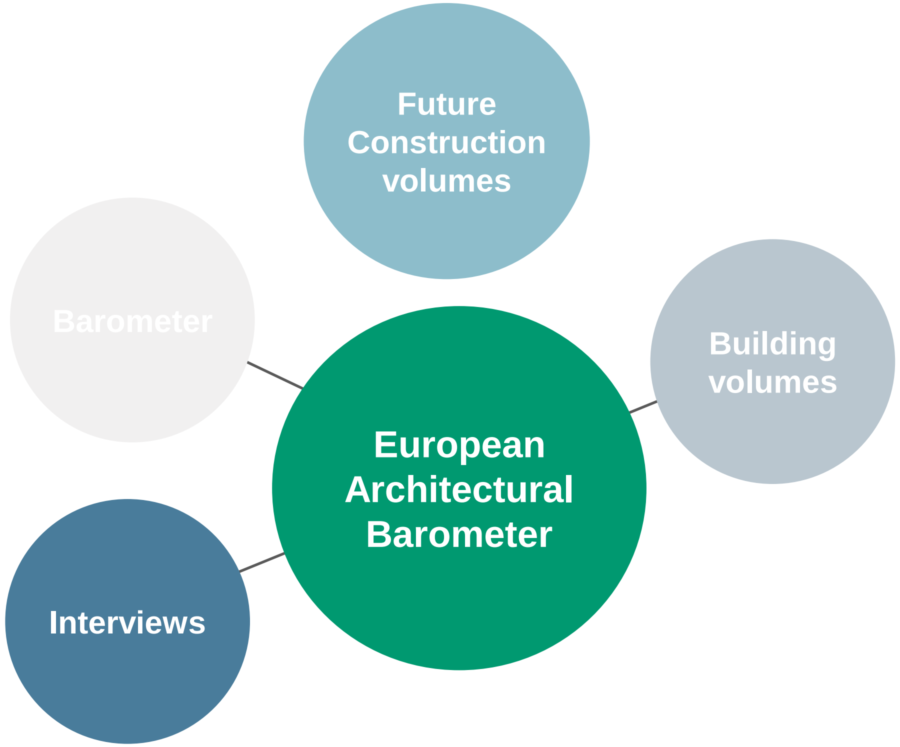
About European Architectural Barometer

European Architectural Barometer

Architects have already been monitored by several institutes in quite diverging ways in the different countries. USP launched this European Architectural Barometer for a more cohesive view. The European Architectural Barometer is extremely useful for organisations with a focus on Europe that also want to compare the activities of architects in different countries.

Interviews

All interviews are conducted by native speakers. From the third measurement onwards, two hundred interviews per country have been completed per measurement. The first two measurements were based on one hundred interviews per country. Later, for the Netherlands and Belgium, the measurements returned to one hundred interviews.



Future construction volumes

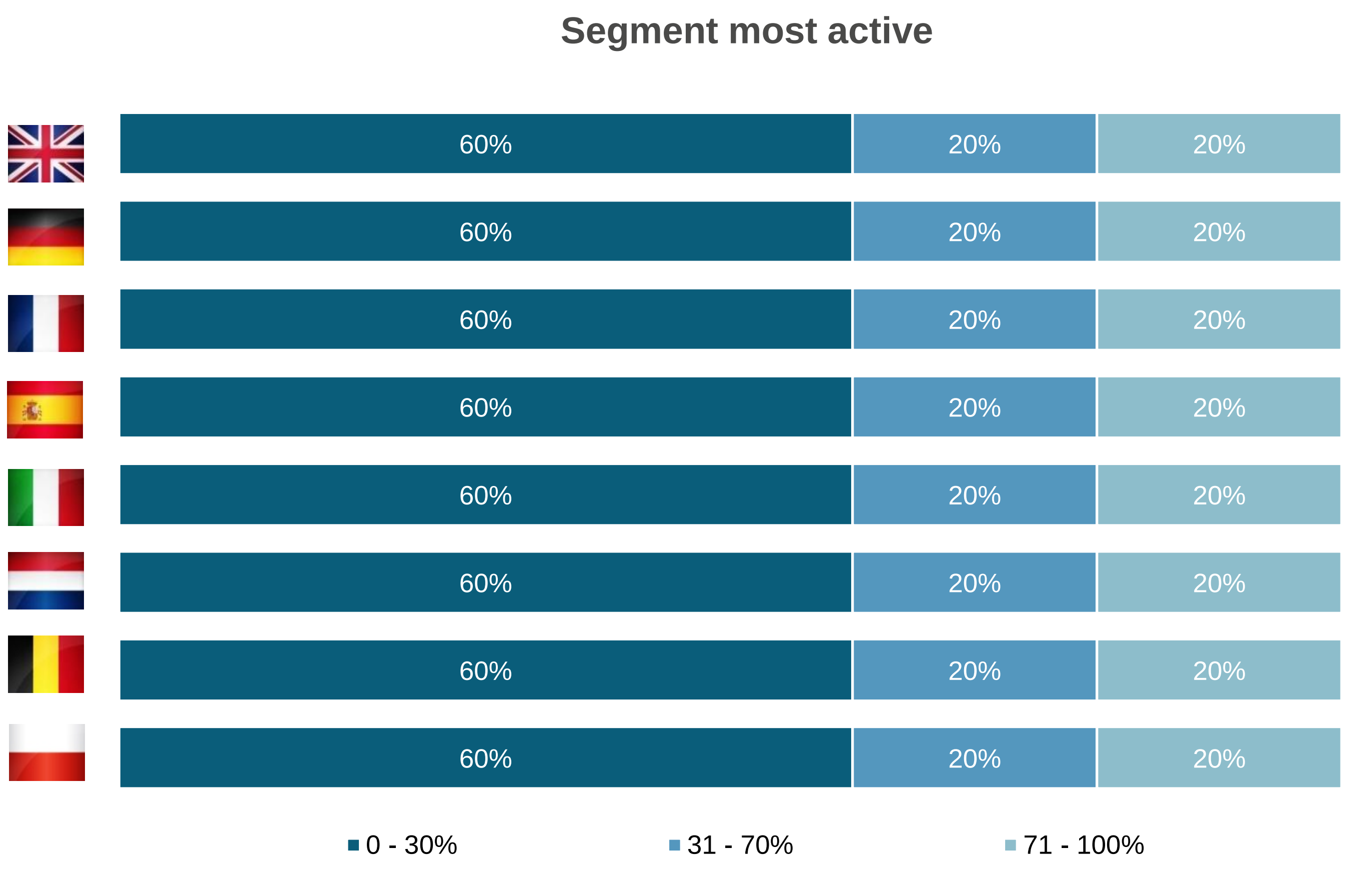
For decision makers charged with considerations of company resources, staffing and marketing strategy, a clear insight into future construction volumes is essential. However, economic indicators seldom provide an adequate picture of these volumes.

Building volumes

The construction industry operates in a delayed cyclical market, which means that buildings designed today will not be ready until at least two years from now. The economic activities of architectural firms provide a strong indication of the direction in which the construction sector will develop in terms of both building volumes and the way in which building volumes will be realised.

Results per segment

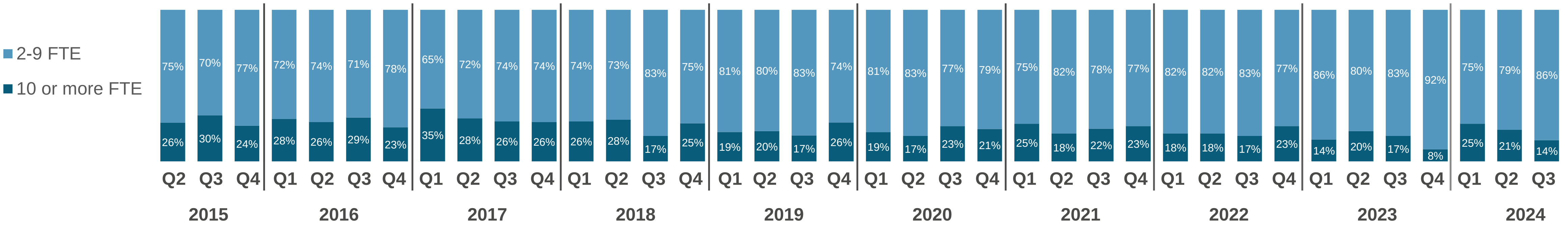
For three key questions from the current measurement of the European Architectural Barometer, the results are divided by architects that realise most of their sales in the residential segment (0% – 30% non-residential), by architects that realise sales in both segments (31% - 70% non-residential), and by architects that realise most of their sales in the non-residential segment (71% - 100% non-residential).

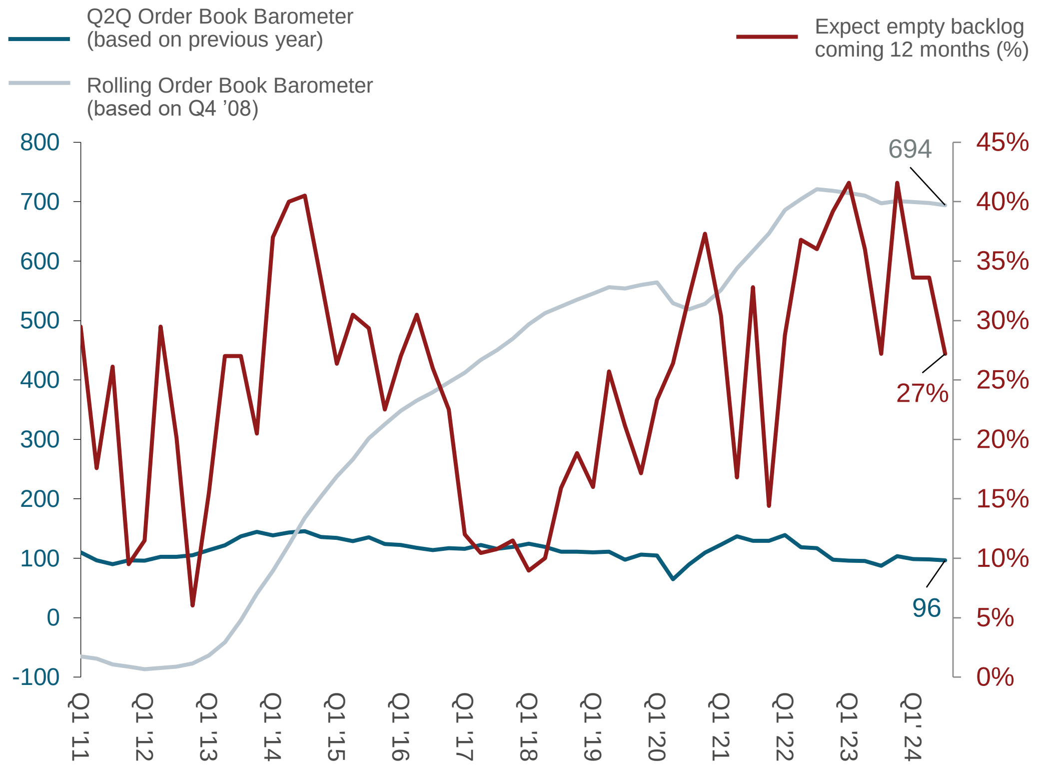


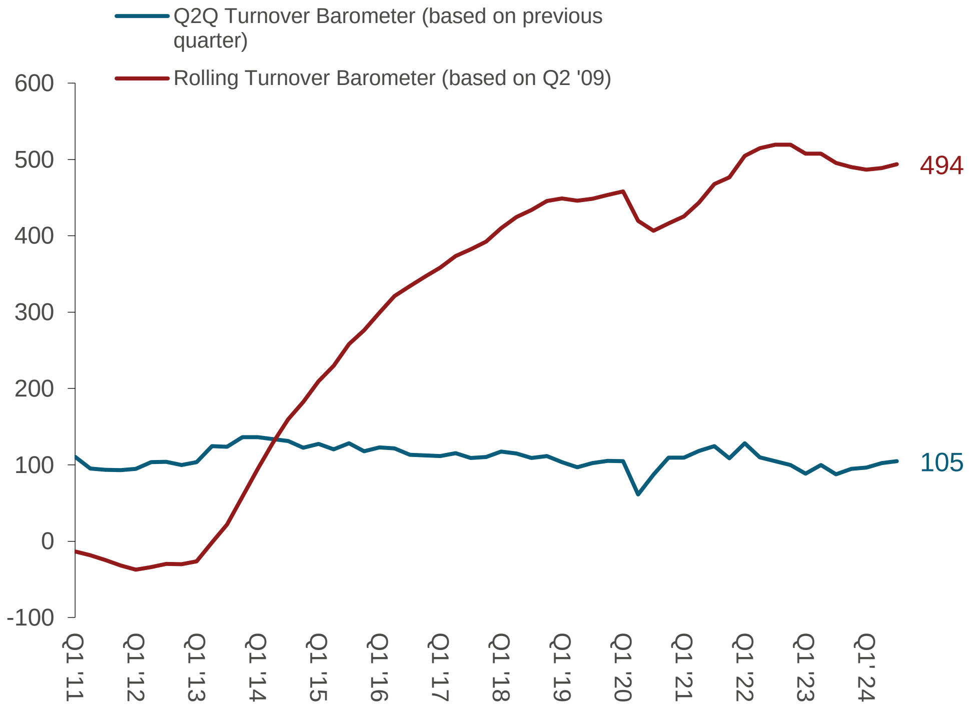
The tables on the following pages show the abovementioned split with regard to the following questions:

- **How did the turnover develop in this quarter compared to the previous quarter?**
- **How did your order book develop in this quarter compared to the same quarter last year?**
- **Do you expect that your order book might be empty these coming 12 months?**

Short-term outlook among British architects







Data of the short-term outlook is available per country

USP

Development turnover and order book

Development turnover (based on previous quarter)																								
% sales in non-residential	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100
Strongly increased (>5%)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Slightly increased (0-5%)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Stayed the same (0%)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Slightly decreased (0-5%)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Strongly decreased (>5%)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Barometer turnover	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Development order book (based on previous year)																								
% sales in non-residential	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100	0 - 30	31 - 70	71 - 100
Strongly increased (>5%)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Slightly increased (0-5%)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Stayed the same (0%)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Slightly decreased (0-5%)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Strongly decreased (>5%)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Barometer order book	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Expectation empty order book in the next 12 months

Expectation empty order book in the next 12 months

																								
% sales in non-residential	**0 - 30**	**31 - 70**	**71 - 100**	**0 - 30**	**31 - 70**	**71 - 100**	**0 - 30**	**31 - 70**	**71 - 100**	**0 - 30**	**31 - 70**	**71 - 100**	**0 - 30**	**31 - 70**	**71 - 100**	**0 - 30**	**31 - 70**	**71 - 100**	**0 - 30**	**31 - 70**	**71 - 100**	**0 - 30**	**31 - 70**	**71 - 100**
Yes	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
No	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Do not know	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Sample and methodology of the research

Most architectural firms have less than two FTE. Nevertheless, the focus of the European Architectural Barometer is on the larger firms. Therefore, the research is only conducted among architectural firms with two FTE and more. As the study is focused on architects active in construction, architects that are solely active in interior or landscaping are excluded from the research.

The table below shows the number of successful interviews in each country. The difference between the gross sample of respondents that were reached (all reached numbers) and the net sample of respondents that were reached, was caused by those architects who could not be contacted or had an incorrect phone number, and those who did not meet the selection criteria (mostly due to the fact that the architectural firms had less than two FTE). The difference between the net sample of respondents reached and the response are the number of architects who refused to participate.

Response								
Gross sample (all attempts to approach respondents)	2130	1867	2170	600	1361	940	1293	13032
Net sample (all approached respondents)	463	308	148	194	251	156	215	876
Completed interviews	114	125	123	124	125	100	100	126
Response percentage (interviews/ net sample)	25%	40%	83%	64%	50%	64%	47%	14%

Methodology calculation of the Q2Q Saldo and Barometer

The European Architectural Barometer for the order book development and turnover development is calculated in the following way:

1. Respondents with a strong increase (>5%) are multiplied by 100
2. Respondents with a slight increase are multiplied by 50
3. Respondents that remained the same are multiplied by 0
4. Respondents with a slight decrease are multiplied by –50
5. Respondents with a strong decrease (>5%) are multiplied by –100
6. The sum of these values divided by 100, results in the Q2Q saldo.
7. Adding 100 to this saldo results in the Barometer figures, where 0 is the strongest possible decrease, 100 is stabilisation and 200 is the strongest possible increase.

The Barometer values calculated this way are presented in the report as Quarter to Quarter Turnover and Order book Barometer.

Example of calculation Q2Q Barometer value:

Development Turnover Spain	Q2 '15		Calculated Values
Increased by more than 5%	25%	x 100	2500
Slightly increased (0-5%)	28%	x 50	1400
Stayed the same (0%)	36%	x 0	0
Slightly decreased (0-5%)	3%	x -50	-150
Decreased by more than 5%	8%	x -100	-800

Q2Q Saldo = (2500 + 1400 – 150 – 800) / 100 = 30

Q2Q Barometer value = 100 + 30 = **130**

Methodology calculation of the Q2Q Saldo and Barometer

To calculate the developments in the turnover and the order book with regard to the first measurement in 2009, USP has developed the so-called Rolling Barometer. The Rolling Barometer is calculated as the cumulative sum of the Q2Q saldos of every quarter. The Rolling Barometer can drop or rise by 100 points per quarter at maximum.

Example: The Rolling Order Book Barometer is -66 after twelve quarters. In the worst case (all architects reporting a decrease of over 5% every quarter) the Rolling Barometer would be -1200. In the best case it would be 1200. Therefore, a score of -66 in Q4 2011 means a slightly worse situation than in Q4 2008.

	Barometer order book											
	Q1'09	**Q2'09**	**Q3'09**	**Q4'09**	**Q1'10**	**Q2'10**	**Q3'10**	**Q4 '10**	**Q1 '11**	**Q2 '11**	**Q3 '11**	**Q4 '11**
Q2Q Barometer values	71	75	100	85	100	110	94	94	111	102	94	99
Saldo Q2Q Values	-29	-25	0	-15	0	10	-6	-6	11	2	-6	-1
		+ (-25)	+ (0)	+ (-15)	+ etc.							
Rolling Barometer Values	-29	-54	-54	-69	-69	-59	-65	-71	-60	-59	-65	**-66**

Future building volumes: building a model for prediction

Building volumes

Architects are at the front of the construction sector. They are the first to perceive positive and negative changes. The current developments of architectural firms have a strong predictive impact on the total market. USP publishes its predictions for the building volumes based on the developments experienced by architects.

The model

USP uses a model based on eleven market indicators and USPs own results. The model combines information about the economy, like construction requests and confidence figures, with data about the developments within architects' experience, such as changes in the turnover and the number of active architects. Only information that proved to have a strong correlative value on the building volume is used. Subsequently, every kind of data is weighed based on the predictive value.

High predictive value

To ensure the correctness of the predictive value, the model has been – with retroactive effects – compared to the actual growth and shrinkage of the construction volume since 2003 for the Dutch* market and since Q3 2009 for the remaining countries. The model turns out to possess a very high predictive value. Nevertheless, the forecast has to be interpreted with caution, as it remains a calculation. As with all predictions, the margin of error can be larger, comparable to the weather forecast: sometimes the USP model can be inaccurate.

Calculation predictive value

The predictive value is calculated based on the consistency of the market indicators with construction volumes, for the renovation, maintenance and the new build markets. The correlation is determined by a regression analysis, i.e. a statistical technique for analysing data in which there is a (possible) specific connection, known as regression.

** Since 2003, the developments of architects in the Netherlands have been monitored by USP's sister organisation BouwKennis. Therefore, it is possible for the Netherlands to calculate the connection between the architects and the building volume based on 10 years of data.*

Future building volumes: Calculation

The Dutch market has been taken as a basis. The correlation between market volume regarding new build, maintenance and renovation on the one hand, and possible explanatory factors on the other hand, serves as a starting point.

The correlation with building volumes is tested for a total of eleven market indicators together with two outcomes of the European Architectural Barometer. The correlation of the following four indicators appeared to be strongest:

- Building permits – m² of useful floor area in non-residential buildings
- Building permits, number of dwellings
- Development of Turnover Barometer (European Architectural Barometer figures)
- Number of FTE working at architectural companies (European Architectural Barometer figures)

The predicting value of these indicators is between 54% and 91%. Because a longer history of data was not available for most countries, the development of these four indicators in the last four quarters and the four quarters before served as a guidance for this measurement. The used range of five indicators is not static and can be adjusted for future calculations. With the database becoming more complete, more reliable correlations can adjust the mix of indicators. A longer range of regression measurements shall replace the comparison of the last four quarters with the four quarters before.

The forecast is based on the market knowledge of USP Marketing Consultancy together with the market figures available, such as building permits and the developments among architects who are mainly active in renovation or new build as well as mainly active in residential or non-residential. Due to the limited number of quarters, a forecast based on a statistical model is not possible for now. The model that was used has a lower prediction value for this period. However, USP Marketing Consultancy aims at clarifying the general direction of the construction market development by publishing these data and the predictions will be updated in the coming reports.

Questionnaire – Standard

These questions are asked every measurement

1. How many employees (in FTE) does your company currently have, including yourself? [if less than 2 FTE, end of research]
2. As an architectural firm, are you mostly active in the segment housing, non-residential building, interior, or landscaping? [If interior or landscaping, end of research]
3. What is your position?
4. How many employees in FTE did your company have at the end of 2023?
5. How many employees in FTE did your company have at the end of 2022?
6. How many employees in FTE did your company have at the end of 2021?
7. If your turnover should relate to housing and non-housing, what percentage of your revenue do you get from housing-related jobs?
8. Are you mostly active in new build or renovation?
9. How did the turnover develop this quarter compared to the previous quarter? Decreased by more than 5%; slightly decreased (0-5%); stayed the same (0%); slightly increased (0-5%); strongly increased (more than 5%)
10. What are your expectations for the development of your turnover in the fourth quarter of 2022 in comparison to the turnover in the fourth quarter of 2021? Decreased by more than 5%; slightly decreased (0-5%); stayed the same (0%); slightly increased (0-5%); strongly increased (more than 5%)
11. How did your order book develop in this quarter compared to the same quarter previous year? Decreased by more than 5%; slightly decreased (0-5%); stayed the same (0%); slightly increased (0-5%); strongly increased (more than 5%)
12. How many new projects has your company scored/been commissioned in the past two months?
13. How many projects have been postponed in this quarter?
14. How many projects were not started and cancelled in this quarter?
15. Do you expect that your order book might be empty these coming 12 months?

Questionnaire – Theme questions

Decision making unit

1. What do you think will happen to your role on the following aspects in the coming two years?
2. Architects play an important role in the construction process. Which other parties do you consider to be important influencers of the building process?
3. I am going to read you a number of statements regarding the decision making process of brands and products in the building industry, and I would like to ask you to indicate to what extent you agree with these statements.
    1. The architect’s role in the product and brand selection process is becoming less important
    2. Due to their increasing size, construction firms are gaining influence in the product and brand selection
    3. The role of the architect in the management of the construction process is diminishing
    4. The architect can bring more added value in renovation projects than in new build projects
    5. I like to work with specialized offices when it comes to quite technical topics like HVAC or Smart Home
    6. The European building regulations will lead to more holistic approach in the design of the buildings (integrated buildings)
    7. The holistic approach towards the buildings (integrated buildings) will bring more decision power to the architects
    8. Due to price increases a cheaper alternative is often proposed and chosen by contractors and clients to stay within budget
4. For each project many choices have to be made. For some of these topics we are interested to what extent you are involved in the decision process or what your influence is.Can you indicate what your role is on the following parts of the process:
    1. Aesthetical design
    2. Structural design
    3. Building material/ product specification
    4. Building material/ product specification
    5. Technical specifications
    6. Electrical Installations (e.g. switches, sockets, smart home control)

Questionnaire – Theme questions

Decision making unit.

5. When we are talking about building material/ product choice for the following building parts, what is your role then? / 6. When we are talking about brand choice for the following building parts, what is your role then?
    1. Insulation materials
    2. Roofing products/ materials (e.g. tiles, panels, waterproofing etc.)
    3. Facade products/ materials (e.g. bricks, panels, planks etc.)
    4. Insulation materials (e.g. rock mineral wool, glass mineral wool, EPS/XPS, PUR/PIR etc.)
    5. Daylight solutions
    6. Electrical installation products
    7. HVAC installation products
    8. Floor and wall tiles
    9. Smart home systems
    10. Energy management solutions (e.g. energy measurement, consumption optimization)
    11. Electrical vehicle chargers
    12. Solar panels
    13. Wall building materials
7. Which other stakeholders are mainly involved in the building material/ product choice?
8. If we talk about brand choice for building material/ product, which other stakeholders are mainly involved?

What we do

Examples

Segmentation

Customer journey

Branding

Concept/ product research

Customer satisfaction

Trends

Distribution research

Market exploration

Pricing

Market size

Dedicated market research

- Tailor made
- Driven by your information needs
- Advice & consultancy based on facts and over 25 years of experience in the industry
- Worldwide coverage
- B2B, B2C, qualitative and quantitive research or a combination of both
- Within our market specialism, all types of researches can be conducted
- Targeting the right audience, with the right questions at the right time.

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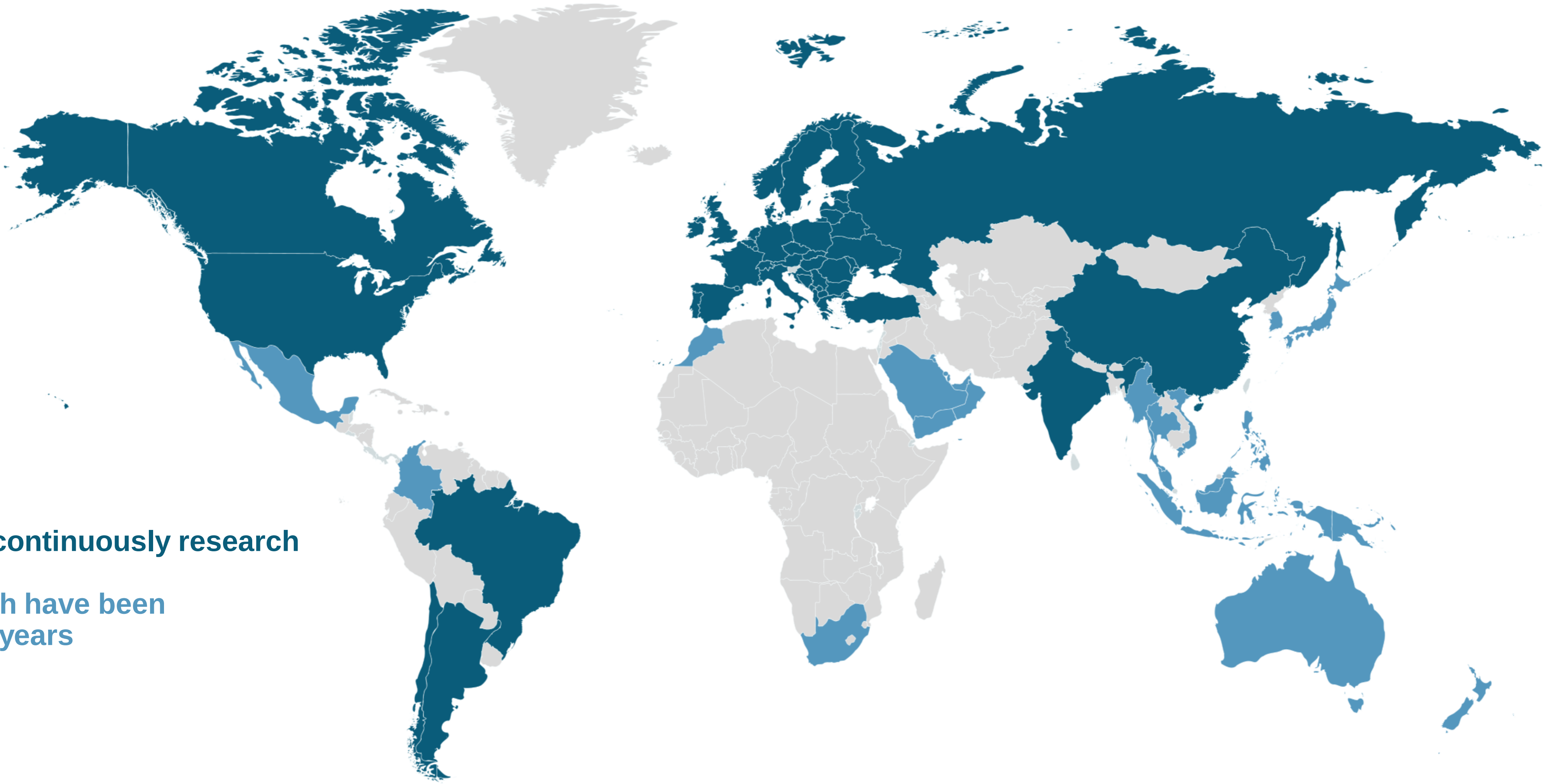
Our multi-client research monitors

USP

	European **Architectural** Barometer	European **Contractor** Monitor	European **Mechanical Installation** Monitor	European **Electrical Installation** Monitor	European **Painter Insight** Monitor	European **Home Improvement** Monitor
Target group	Architects	Building contractors	HVAC installers	Electrical installers	Professional painters	Consumers
Methodology						
Annual sample size	3,400 interviews	2,050 interviews	2,600 interviews	3,000 interviews	2,300 interviews	26,400 interviews
Country scope	• Germany • United Kingdom • France • Netherlands • Belgium • Poland • Spain • Italy	• Germany • United Kingdom • France • Netherlands • Belgium • Poland • Spain • Italy	• Germany • United Kingdom • France • Netherlands • Belgium • Poland	• Germany • United Kingdom • France • Netherlands • Belgium • Poland • Spain	• Germany • United Kingdom • France • Netherlands • Belgium • Poland • Spain • Italy • Denmark • Sweden	• Germany • United Kingdom • France • Netherlands • Belgium • Poland • Spain • Italy • Denmark • Sweden • Austria
Way of reporting	Quarterly	Bi-annually	Quarterly	Quarterly	Annually	Quarterly
2022 Theme topics	• Q1: Sustainability • Q2: Trends in material usage • Q3: Decision making • Q4: Brand health scan	• H1: Prefabrication • H2: Digitalisation and BIM	• Q1: Digitalisation and BIM • Q2: Prefabrication • Q3: Smart buildings and products • Q4: Media orientation	• Q1: Sustainability • Q2: Smart buildings and products • Q3: Services in the installation market • Q4: Brand health scan	• Trend tracking • Sustainability • Labour shortage • Online buying • Media orientation	• Q1: Orientation; rise of digital natives • Q2: Purchase Channels; online leaders • Q3: Brand health check • Q4: DIY vs DIFM; outsourcing jobs

We are active globally



Countries which we continuously research

Other countries which have been researched in past 2 years

 50

Principals of USP

Construction				DIY		Installation	
ASSA ABLOY	AkzoNobel	Wienerberger	HILTI	OBI	adeo	ABB	BOSCH
ArcelorMittal	DAW	3M	SAINT-GOBAIN	ALLEGION	maxeda DIY Group	GRUNDFOS	hager
etex inspiring ways of living	FESTOOL	Villeroy & Boch 1748	DSM	3V3	Ideal Standard	Schneider Electric	LG Life's Good
icopal	Interface	WD-40	fischer innovative solutions	BRIGGS & STRATTON	KOHLER	MITSUBISHI ELECTRIC	Panasonic
KNAUF	Owens Corning	UNILIN FOR SMART LIVING	PPG	Dulux	KÄRCHER	VIESSMANN	Vaillant
ROCKWOOL	sto Building with conscience.	VELUX	stiho	WAGNER	GROHE	signify	ShurTech Brands
Tarkett	TRESPA	tesa	DÖRKEN	Intergamma	Yale	sonepar	TTI

USP Marketing Consultancy