



Australian
Institute of
Architects

MEASURING THE IMPACT OF THE PANDEMIC

NATIONAL COVID-19
MEMBER SURVEY RESULTS,
IMPACTS AND NEXT STEPS

FOREWORD



As the coronavirus pandemic pushes Australia's economy into recession for the first time in three decades, the Australian Institute of Architects surveyed 430 members in June 2020 to determine the effects of COVID-19 on the architectural profession.

This new research finds the impact on the profession has been significant.

A substantial slowdown in projects and measurable shifts in employment have been revealed as the biggest pandemic-driven changes. These findings have serious implications for jobs, not only in architecture but also in the broader construction sector which employs nearly 1 in 10 Australians.

The number of projects that have been put on hold or postponed indefinitely indicates that the pandemic will continue to have a significant negative impact on jobs beyond the short-term pain currently being felt.

Clear opportunities exist to stimulate activity in the sector in ways that will deliver immediate and longer-term benefits, especially in the residential sector, as outlined alongside the survey results in this report.

Equally, this new information provides a sound evidence base to better direct policy responses by government, strengthen the case for the advocacy solutions we have put forward and target further support to our members.

We will continue to urge Australian governments to consider further stimulus measures to protect people's livelihoods and support the Australian economy into the longer term.

A handwritten signature in black ink, consisting of a long horizontal line followed by a stylized 'J' and 'C'.

Julia Cambage

Chief Executive Officer
Australian Institute of Architects

Front Cover:
Floating House -
Hancy Ellies Residence
Architects Perrine
—
Winner
WA Residential
Architecture - Houses
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Photography:
Robert Frith

Back Cover:
StJosephsCollege
Macksey Rush
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Winner
QLD Educational
Architecture
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Photography:
AngusMartin

1. SUMMARY OF KEY FINDINGS

The Australian Institute of Architects has surveyed our membership across Australia to determine the effects of COVID-19 on the architecture profession.

The results have highlighted a substantial slowdown in projects along with measurable shifts in employment which provide early indications of a looming slow-down for the wider construction industry.

Many businesses, particularly in construction and professional services and including architecture had a pipeline of work at the start of 2020, which meant that when the COVID-19 shutdown occurred that work could be continued. However, months later this pipeline of work is now being completed and evidence suggests that it is not being replenished by new jobs and new contracts.

With the building and construction industry consisting of nearly 400,000 businesses that directly employ more than 1.2 million Australians, what the survey findings indicate is

that there is now a critical need to ensure that projects continue to be designed and documented and projects that have been deferred or cancelled are restarted.

As long as projects are not being moved through the design phase by architects, the next round of project consultants are also not required, flowing the slow-down through into engineering, surveying and beyond. Outside of architecture and design, adjacent industries, like real estate and construction, are already being impacted.

As the key findings of the survey outline it is essential that the Australian Government act now to build a robust economic recovery strategy for the building and construction sector. With impacts on the architectural profession being felt three to six months later across the wider construction industry, the survey results give us a strong indication that there is no time to wait.

Key findings of the survey include:

- 64.87% of respondents (consistent across practice size) reported they have had projects that have stalled as a result of COVID-19.
- 11.68% of respondents indicated either they had become unemployed or had a change in their employment status as a result of COVID-19.
- 27.27% of respondents indicated that their practice had been forced to lay off or stand down staff. Among these the hardest hit cohort was large practices where 69.39% of respondents reported forced lay offs or stand downs.
- 63.18% of respondents indicated that their practice had lost earnings as a result of the pandemic.
- 63.11% of respondents indicated that government relief initiatives have been extremely or somewhat helpful with a similar percentage indicating they have accessed JobKeeper either themselves or through their employer.
- There was a measurable shift in employment status with full-time employment decreasing from 69.09% to 59.72% and a corresponding increase in part-time and casual employment, to 13.58% and 2.35% respectively.
- The increase in part-time employment status as a result of Covid-19 was consistent across genders. Women increased by 6.96% to 17.39% and men by 6.1% to 9.54%, reflecting the generally higher rate of part-time employment for women pre-pandemic.
- 32.59% of respondents reported they were able to negotiate a reduction in practice overheads, with 45.67% reporting they haven't tried or needed to negotiate a reduction.
- 30.39% of respondents indicated they are having supply chain issues due to delays from importing building materials from overseas – including, carpet, tiles, joinery, stone, steel, light fittings, windows, furniture and building facades, computers and equipment.

2. STIMULUS NEXT STEPS

The disturbing, though not unexpected, survey findings are cause for serious concern and paint a stark picture for policymakers.

The direct impact on architects quantified in the survey, outlined in detail below, speaks to the wider ramifications the economic slowdown is having across the building industry. While construction has been a focus of government action at the federal, state and territory level, it is evident that existing measures do not go far enough.

Clear opportunities exist to stimulate activity in the sector in ways that will deliver immediate and longer-term benefits, especially in the residential sector. Measures targeted at incentivising people to improve the energy efficiency of their homes is one compelling example. Not only would this benefit current and future homeowners and tenants, as well as boosting the local building supply chain, it would also help tackle the overarching climate change challenge.

The best energy efficient outcomes are provided by good design. Australia's residential sector is a prime candidate for energy efficiency improvements. While new homes have an average energy efficiency rating of 6.1 stars, existing homes lag well behind with an average rating of just 1.7 stars. This makes them cold in winter, hot in summer and drives up energy bills for residents.

Research by the Australian Sustainable Built Environment Council (ASBEC) and ClimateWorks Australia shows that simple measures can dramatically increase energy efficiency. The upfront costs of improving a home's energy performance are more than offset by the energy bill savings, reduced spend on heating, cooling and ventilation equipment, and electricity network savings.

To encourage the uptake of energy efficiency design services, we are urging government to consider allowing people to claim a deduction for expenses incurred for design services that produce sustainability and energy efficiency outcomes for their building project, whether new construction or alterations and additions.

Government can apply stimulus funding to improve existing housing stock. A program focussing on upgrading the energy performance in public, Indigenous and community housing would have long term benefits and assist in reducing the power bills of those more vulnerable tenants.

Further substantial investment in social and affordable housing remains a priority area that has yet to be fully addressed. Some measures have been announced by various state and territory governments, but the Federal Government has so far failed to act on this in any meaningful way.

A commitment to stimulus spending to procure social housing will immediately support confidence in the development sector while simultaneously combating an acute, long-term, nationwide deficit in this type of housing stock. It will also ameliorate the long-running homelessness crisis which has been exacerbated by COVID-19. All governments must fast-track social housing programs and projects with a socially responsible housing mix comprising at least 30% affordable (key worker) 40% private and 30% social dwellings.

Modification of the Clean Energy Finance Corporation discounted loan program for a diverse range of cleaner, greener residential options could be considered. The criteria for accessing lower cost loans could be expanded to cover sustainable and affordable housing projects supplied by people other than major developers (who have already benefited from existing government stimulus). Low cost loans under the scheme could be extended to projects valued over \$1.5m and with a greater discount than 0.4% as is currently on offer by Bank Australia.

For instance, projects that deliver carbon neutral communities at cost, such as Nightingale Housing should be eligible for discounted loans.

Nightingale Housing provides homes for the people who intend to live in them, with an emphasis on environmental, financial and social sustainability. It aims to lead by example, reorienting the housing market to focus on delivering good outcomes in designer-led multi-residential housing for owner-occupiers, rather than investors. This approach to housing provision is backed by an innovative financial model that delivers homes to owner-occupiers at cost, with any savings given back to the residents.

Nightingale homes are:

- Sold at cost
- 100% carbon neutral in operations
- Minimum 7.5 NatHERS rated
- Car free where practical
- Located close to public transport
- Designed to support community
- Only sold to owner-occupiers
- Designed to reduce operating costs
- Sold via a ballot
- 20% Priority ballot to key services workers, Indigenous Australians and people with a disability
- 20% designated Affordable Housing
- Resold to the Nightingale database

At the local government level, planning bottlenecks are delaying the roll-out of infrastructure and community projects that have the potential to deliver some of the biggest benefits to local communities. Investment at the local level must be brought forward, with a plethora of opportunities on offer from upgrades to ailing council infrastructure through to upgrades and adaptive re-use of underutilised and neglected heritage places.

The task of rebuilding our economy remains a challenge. This is especially true for our sector where a forward pipeline of work can take longer to re-establish. Acting now to put in place well-targeted stimulus will build confidence and cushion the inevitable impacts that will be felt when government-supported programs, like JobKeeper, come to an end or are reduced in the months ahead.

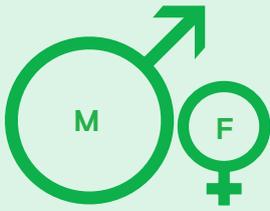
The unprecedented nature of this pandemic has triggered government-funded spending on a scale previously unseen in peacetime. It is incumbent on our leaders to seize the opportunities a financial outlay of this magnitude offers to create community benefit that endures well beyond the immediate economic activity it triggers. The solutions we are putting forward, from an increase in social housing stock to more energy efficient buildings, will continue to pay dividends well into the future.

Read more about the policy and advocacy engagement of the Institute with Australian Governments including our call for enhanced initiatives to support the building and construction sector and the broader Australian economy through the Covid-19 crisis in our report "Economic Stimulus 2020" and on our website www.architecture.com.au



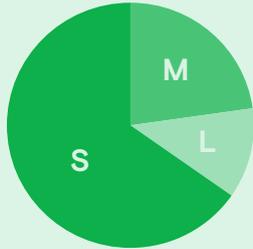
Funan
Woods Bagot
—
Commendation
INTL Commercial
Architecture
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Photography:
Darren Soh

SURVEY RESPONDENTS



GENDER

69.11% Male
30.30% Female
431 Total



PRACTICE SIZE

65.25% Small
23.17% Medium
11.58% Large

EMPLOYMENT CHANGE

11.68%

Of the respondents indicated a change in their employment status as a result of COVID-19

27.27%

Of respondents indicated that their practice had been forced to lay off or stand down staff

3. DETAILED SURVEY RESULTS

3.1 WHO RESPONDED?

In June 2020, 431 members of the Australian Institute of Architects participated in a survey aimed at determining the impact of Covid-19 on the architecture profession.

3.2 EMPLOYMENT IMPACTS

Has Covid-19 caused job losses?

Alarmingly, almost 1 in 8 survey respondents indicated they had lost their job or suffered a change in their employment status as a result of the economic impacts from COVID-19.

Nearly one-third of those surveyed (27.27%) indicated that their practice had been forced to lay off or stand down staff and the unemployment rate responded rising 2.35% to reach 3.53% (up from 1.18%). This was directly linked to the effects of COVID-19 on employers.

Is the employment impact different depending on practice size?

There has been an even effect on employment status across the board however, impacts on small and medium practices have differed slightly from large firms, namely:

SMALL

- The number of full-time employees has decreased from 59.34% to 50.00%, a reduction of 9.34%
- A reduction in working hours has occurred with an increase in part-time and casual employment by 8.3%
- The unemployment rate has increased by 2.55%
- 30.04% of small practices reported being self-employed

MEDIUM

- The number of reported full time employees has decreased by 9.28%
- A reduction in working hours has occurred with an increase in part-time and casual employment by 8.24%
- The unemployment rate has increased by 2.06%

LARGE

- 93.88% of respondents reported that they were full time employees prior to COVID-19
- The rate of full-time employees has now decreased by 10.55% as a result of COVID-19
- There were no reported part-time employees prior to COVID-19
- The rate of part-time employees is now at 12.50%
- Casual and contract employments both decreased from 2.04% to 0.0%
- Unemployment increased from 2.04% to 4.17%

In addition to an overall drop in aggregate employment levels, the survey highlighted a change in employment mix with a move to more casual and part-time employment

As full-time employment decreased by around 10% (from 69.09% to 59.72%) there was a corresponding increase in part-time and casual employment, rising to 13.58% and 2.35% respectively.

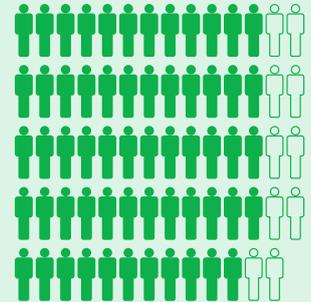
From these results it can be concluded that those who lost full-time employment had a reduction in hours to part-time equivalent and those working as casual and contractors prior to COVID-19 lost their employment.

Forced layoffs and stand downs were reported across all practice size but the hardest hit demographic were those respondents from large sized practices with 69.39% of respondents reporting forced layoffs or stand downs.

EMPLOYMENT STATUS

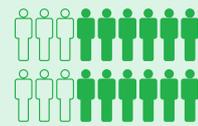
FULL-TIME
EMPLOYMENT
DECREASED

69.09%
↓ 59.72%



PART-TIME
EMPLOYMENT
INCREASED

5.85%
↑ 13.58%



Interestingly, there were no reported part-time employees prior to COVID-19 for large sized practices, this figure increased to 12.50% as a result of COVID-19

PROJECT STATUS



64.87%

of respondents reported they have had projects that have stalled as a result of COVID-19

30.48%

of respondents reported stalled projects having a dollar value of between \$1 – 5 Million

SUPPLY CHAIN ISSUES



54.54%

No Supply Chain Issues

30.39%

Having Supply Chain Issues

PROJECT PROGRESS

COVID-19 LINKS PREVENTING PROJECTS FROM PROGRESSING

7.33%

Lack of investor confidence

10.34%

Slow financing approvals from banks

23.28%

Client financing issues, too nervous to commit

30.17%

Delays from government approvals

3.3 PROJECT IMPACTS

Have projects stalled?

There has been a significant stalling of construction projects as a result of the coronavirus pandemic with almost two-thirds (64.87%) of respondents having had projects stalled as a direct result of COVID-19. Projects affected ranged in scale with the biggest impacts felt on projects valued between \$1million and \$5 million (30.48%) and \$10 million to \$50 million (15.75%).

Uncertainty caused by the pandemic was cited as a significant reason for the disruption to project pipelines. Clients' reticence to commit and issues with financing, including a lack of investor confidence and slowing financial approvals from lenders, were key factors behind the slowdown.

However, town planning delays remained the most prevalent factor holding up the progress of projects, despite government initiatives to fast track approvals as a way of stimulating Australia's economic recovery.

The number of projects that have been put on hold or postponed indefinitely indicates that the pandemic will continue to have a significant negative impact on jobs beyond the short-term pain currently being felt.

Has Covid-19 caused supply chain issues?

Although 54.54% of respondents indicated that they weren't currently experiencing supply chain issues, the primary reasons supply chain issues were impacting project progress and increasing delays for the remaining 45.46% of firms included delays due to:

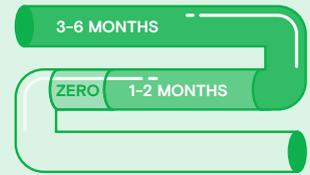
- Importing building materials from overseas (30.39%) including, carpet, tiles, joinery, stone, steel, light fittings, windows, furniture and building facades, computers and equipment
- General issues with delays on construction sites (6.63%)
- Issues with IT and people working remotely (4.42%)
- Communication, accessibility and responsiveness of contractors and consultants (2.76%)
- Issues with government not being able to make decisions to continue projects (2.76%)

How much work is still in the pipeline?

With the employment impacts of Covid-19 resulting in many employees working at reduced workload or at a part-time capacity, it is difficult to capture a true reflection of the number of months work in the pipeline, and the scale of the impacts of the pandemic on future workloads.

However, the majority of respondents (44.28%) reported 3-6 months of work in the pipeline, 23.54% reported 1-2 months and 6.08% of respondents reported they had zero months of work in the pipeline.

MONTHS OF WORK IN PIPELINE



44.28%
3-6 months of work in the pipeline

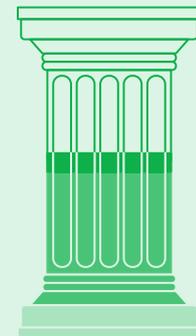
23.54%
1-2 months of work in the pipeline

6.08%
0 months of work in the pipeline

What is the impact of a slowdown in government projects?

More than half of all practices rely on government funded architecture projects. For those practices that have a government project focus, 53.6% of them reported that this work accounts for 50% or more of their total business turnover. For 9.6% of firms, government funded projects accounted for 95-100% of their total business turnover.

GOVERNMENT PROJECTS



53.6%
of practices rely on government work

50.0%
of these would be significantly impacted by a slowed pipeline

9.60%
may no longer be viable at all

JOB KEEPER



61.81%

Of respondents reported having accessed jobkeeper for either themselves or by their employer.

GOVERNMENT SUPPORT



63.11%

Of survey respondents found government relief initiatives have been extremely or somewhat helpful.

3.4 OFFICE IMPACTS

What has been the impact of the Australian Government Covid-19 support packages?

Over 60 percent of respondents indicated that government relief initiatives, including JobKeeper, have been “extremely” or “somewhat” helpful.

While this response was consistent across small and medium practice sizes, respondents from larger practices reported a significantly higher level of dissatisfaction with 60.47% of respondents reporting either neutral or negative responses to the government relief.

How have practices moved to reduce overheads?

Members were also asked if they were actively seeking to reduce practice overheads in response to the financial pressure created by Covid-19.

Reductions in rent had the most significant impact with 52.19% of respondents reporting that they were able to reduce their office overhead costs by negotiating a reduction of rent between 20 and 30%.

Practices (16.40%) were also able to reduce their overheads by reducing spending on general office bills including – phone bills, car parking spaces, electricity bills, subscriptions, cleaning costs, office consumables, copier and plotter leases, stationary, chattel mortgages on work cars, and office administration, accounting and book-keeping fees.

Others (8.47%) were able to delay and/or defer bank loan and interest repayments and 6.88% reported using a reduction in wages to lower overheads citing a variety of methods including redundancies, cuts to director salaries, reducing staffing hours and reducing staff wages to award rates.

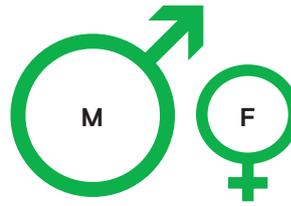
While most practices have been able to successfully negotiate an overall reduction in overhead costs, 6.35% reported not being able to, with frustration with landlord's inflexibility over rent being cited as the highest priority problem in managing practice costs in an environment of diminished income.

National COVID-19 Member Survey Results

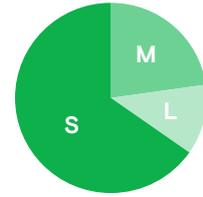
In June 2020 we surveyed 431 of our members to determine the affects of COVID-19 on the architecture profession. A substantial slowdown in projects and measurable shifts in employment were the biggest pandemic-driven changes, revealing the need for greater support for architects and the wider built environment profession.

JULIA CAMBAGE
CEO, AUSTRALIAN INSTITUTE OF ARCHITECTS

RESPONDENTS



GENDER
69.11% Male
30.30% Female
431 Total

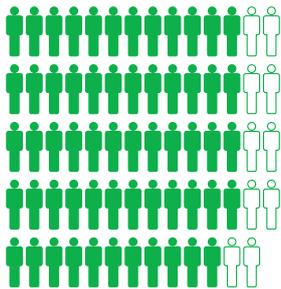


PRACTICE SIZE
65.25% Small
23.17% Medium
11.58% Large

EMPLOYMENT STATUS

Full-Time Employment Decreased

69.09%
↓ **59.72%**



Part-Time Employment Increased

5.85%
↑ **13.58%**



PROJECT STATUS

Have projects stalled?

64.87%
30.48%

Of respondents reported they have had projects that have stalled as a result of COVID-19

Of respondents reported stalled projects having a dollar value of between \$1 - 5 Million



EMPLOYMENT CHANGE

11.68%
27.27%

Of the respondents indicated a change in their employment status as a result of COVID-19
Of respondents indicated that their practice had been forced to lay off or stand down staff



12.50%
~~12.50%~~

Interestingly, there were no reported part-time employees prior to COVID-19 for large sized practices, this figure increased to 12.50% as a result of COVID-19

PROJECT PROGRESS

Covid-19 links preventing projects from progressing

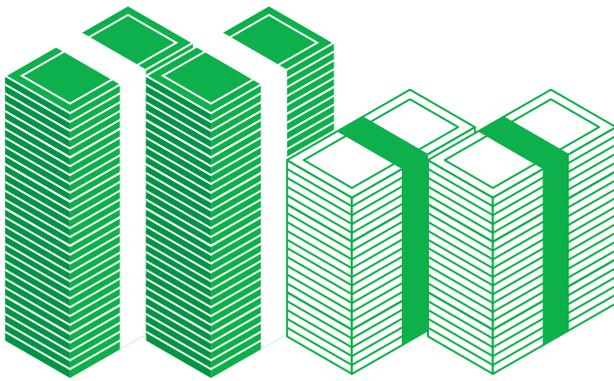
7.33%
10.34%
23.28%
30.17%

Lack of investor confidence

Slow financing approvals from banks

Client financing issues, too nervous to commit

Delays from government approvals.



Have the government initiatives been helpful?

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Of respondents reported having accessed jobkeeper for either themselves or by their employer.

JOB KEEPER

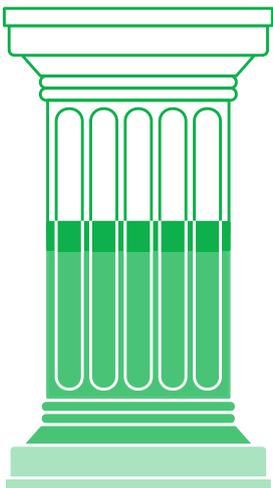
63.11%

Of survey respondents found government relief initiatives have been extremely or somewhat helpful.



GOVERNMENT PROJECTS

Practices which rely on Government funded architecture projects



53.6%
Of practices rely on government work

50.0%
Of these would be significantly impacted by a slowed pipeline

9.60%
May no longer be viable at all



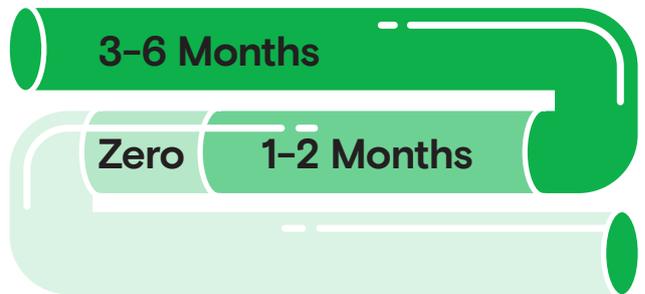
Has Covid-19 caused supply chain issues?

30.39% Having Supply Chain Issues

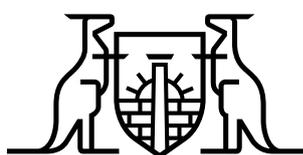
Caused by - delays from Importing building materials from overseas - including, carpet, tiles, Joinery, stone, steel, light fittings, windows, furniture and building facades, computers and equipment. Also, IT issues (4.42%)

54.54% No Supply Chain Issues

MONTHS OF WORK IN PIPELINE



44.28% 3-6 months of work in the pipeline
23.54% 1-2 months of work in the pipeline
6.08% 0 months of work in the pipeline



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