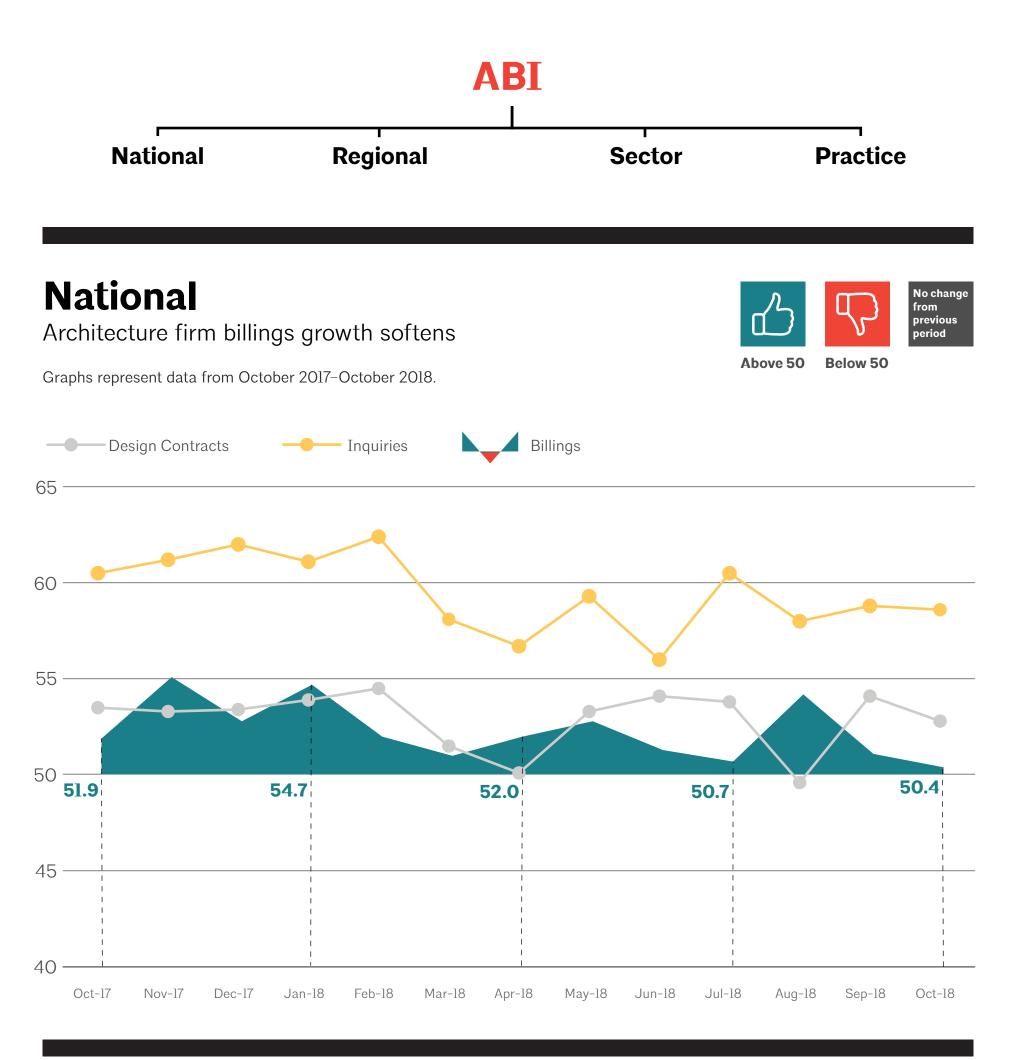


Architecture Billings Index (ABI) October 2018

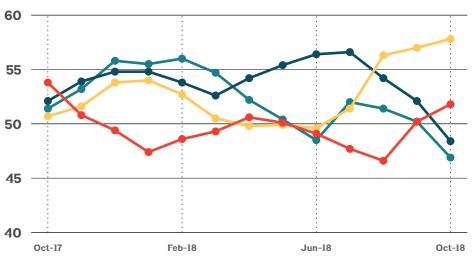
The Architecture Billings Index (ABI) is a diffusion index derived from the monthly Work-on-the-Boards survey, conducted by the AIA Economics & Market Research Group. The ABI serves as a leading economic indicator that leads nonresidential construction activity by approximately 9-12 months. The survey panel asks participants 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. An index score of 50 represents no change in firm billings from the previous month, a score above 50 indicates an increase in firm billings from the previous month, and a score below 50 indicates a decline in firm billings from the previous month.

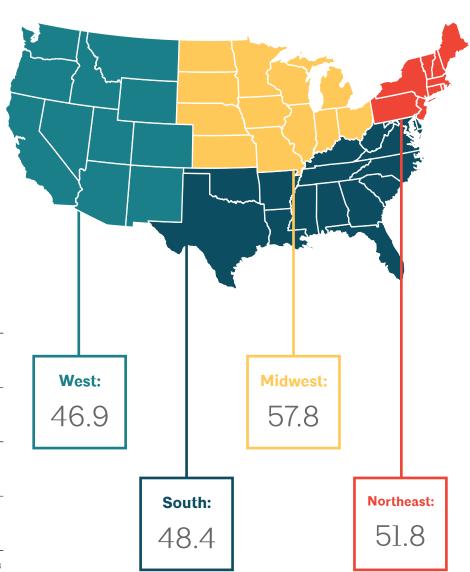
*All graphs represent data from October 2017–October 2018.



Regional Business conditions improve in the Northeast

Graphs represent data from October 2017–October 2018 across the four regions. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.





Sector

Billings remain strongest at firms with residential, institutional specializations

Graphs represent data from October 2017–October 2018



Practice

Most important reasons for architecture firms to consider mergers or acquisitions related to making firm more competitive

units: reasons rated as "very important" in consideration of/decision to pursue a merger or acquisition, % of firms that have gone through or actively considered a merger or acquisition in the last year

Adding additional skills/credentials to our firm

Allow firm to compete more effectively

Ability to add new markets/serve a broader area/ develop an international presence

Ability to be more competitive for large projects

Allows for greater diversity of projects to hedge against economic cycles/construction cycles

Unique credentials of firm that are desirable to acquiring/merging firm

Unique opportunity presented itself

Allow firm to operate more efficiently/profitably

Allow owners to sell firm/realize benefits from investment

Best way to ensure survival of firm

Desire for "one-stop shopping" (e.g., multiple design disciplines offered) from clients

