



## Results from the 2014 Architecture & Engineering Market Outlook Survey

On April 8th, A&E industry professionals gathered for the second annual "A&E Market Outlook Briefing: Planning for 2014 and Beyond", at the Center for Architecture's Tafel Hall. Hosted by Zetlin & De Chiara and Grassi & Co., the event featured a panel of experts who discussed the results of the 2014 A&E Market Outlook Survey and the insights they offered about the state of the architecture and engineering industries.

The discussion was moderated by **Michael Vardaro**, Managing Partner, Zetlin & De Chiara and **Robert Brewer**, Partner and A&E Industry Leader, Grassi & Co. The briefing panelists were **Raymond Beeler**, President of AIA New York State; **Michael Buoncore**, Sr. Vice President and CFO, Greenman Pedersen, Inc.; **Robert Dusconi**, CFO of SH Group, Inc. and Syska Hennessy Group, Inc.; **Eric Goshow**, Owner of Goshow Architects LLP; **Jay Simson**, President of ACEC New York; and **Joe Tortorella**, President of Robert Silman Associates Structural Engineers, D.P.C.

The survey, which featured 61 questions in seven categories, was completed by close to 150 partners and C-level executives at leading architectural and engineering firms in the New York Metro area. Designed as a valuable resource that identifies best practices, emerging trends, and industry benchmarks, the survey's results are broken down by architecture, engineering and A&E firms. The panelists discussed a number of highlights which included:

- **Strategies for growth.** The top three business strategies implemented by A&E firms over the past 12 months are: expansion of business offerings, expansion of geographical reach and merger/acquisition. Panel speaker Raymond Beeler, President of AIA New York State, observed that “M&A has proven to be a successful strategy for firms both small and large. It can serve as a way out of a trap when economic conditions are grim.”
- **Industries and sectors experiencing growth.** Panelists noted that the healthcare and retail sectors are on the rise, with growth in the private sector outpacing that of the public sector. Joseph Tortorella, President of Robert Silman Associates, noted that retail development in NYC in particular has been strong over the past couple of years. Raymond Beeler indicated that there is an uptick in healthcare and that commercial and residential are areas that are coming back strongly.
- **Design Build.** Almost half of the firms reported getting involved in design build projects. This emphasizes the importance of being able to effectively venture outside of the traditional project delivery as many clients are exploring new ways to deliver projects. Eric Goshow of Goshow Architects indicated that “Design build is coming and we have to make sure the end user is really getting what they paid for.”
- **Challenges and impacts of BIM.** Only 10 percent of those surveyed use BIM (Building Information Modeling) on more than half of their projects, and moderator Michael Vardaro asked panelists, “why the ramp up has been so slow?” Several observed that while the desire to use BIM exists, it’s a difficult step to take, often because it takes time to see the benefits in terms of profitability. Also, re-training drafters (from CAD to Revit) is a challenge.
- **Assessing contractual risk.** One clear trend evidenced in the data was the that more and more design professionals are negotiating limitations of liability in their contracts. The panel discussed other ways to address risk. Michael Vardaro commented that negotiating contractual provisions are not the only way to balance risk, providing more encompassing services can benefit the project and serve to better position designers to deal with heightened risks.

The discussion concluded with predictions from the panelists about the future of A&E in NYC. Areas of growth and opportunity identified by the group included affordable housing, socially responsible projects, retro-fitting and renovations, and reimagining existing buildings built in the ‘60s and ‘70s.

The 2014 A&E Market Outlook Survey was sponsored by the American Council of Engineering Companies (ACEC) New York, The American Institute of Architects (AIA) New York State and the Construction Management Association of America (CMAA) Metro NY/NJ Chapter.

The above is an overview only, and should not be considered legal advice, which is dependent upon specific facts and circumstances. For more information, please contact {attorney\_link(michael-j-varदारo)} at 212.300.1429.

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