

21st Annual

Architectural Study

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A Message to Our Architecture and Engineering Community

We're pleased to present the 21st annual Architectural and Engineering Studies.

Based on a survey of participants, our 2025 Studies offer a comprehensive industry snapshot. Featuring multi-year trends and key takeaways throughout, these Studies provide the perspective you need to benchmark your firm and plan strategically for future growth and success.

This year's benchmarking data features a thorough analysis of key performance indicators (KPIs) crucial to your business (e.g., utilization rates, billing multiples, overhead costs and working capital ratios). Additionally, we've introduced new insights into emerging artificial intelligence (AI) trends shaping the industry.

We extend our sincere thanks to all who participated. Your insights and experiences are invaluable and we appreciate your willingness to share them with your industry peers. We value the trusted relationships we've built with clients and industry experts and look forward to supporting your future success.

We welcome your feedback for future Studies and invite you to connect with us directly. In the meantime, be on the lookout for a **Save the Date** for the June 2026 **Architectural and Engineering Summit** in **Boston, MA**. We look forward to seeing you there!



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Key Takeaways

Our analysis of this year's data revealed several key takeaways for the architectural industry.

- While utilization remained steady, profit as a percentage of net fee income fell from 15.8% to 14% in 2024, the lowest in the past five years.
- The direct labor billing multiple continued to increase in 2024, reaching its highest in study history at 3.33.
- Although the breakeven multiple and overhead rate stayed consistent with 2023, firms should continue to monitor their overhead cost structure to achieve maximum profitability.
- In 2024, both staff bonuses and raises as a percentage of base compensation continued to decline, averaging 6.5% and 4%, respectively.
- The average collection period for accounts receivable improved over last year averaging 87 days in 2024.



Time Statistics

| | Study Average | Range of Studied Firms | |
|--|------------------|------------------------|------------------|
| | | High | Low |
| Ratios based on labor dollars | | | |
| Direct ratio (utilization) | 61.9% | 78.7% | 49.7% |
| Total labor billing multiple | 2.00 | 2.74 | 1.32 |
| Direct labor billing multiple | 3.33 | 4.50 | 2.26 |
| Breakeven multiple * | 2.85 | 3.69 | 2.01 |
| Overhead rate * | 184.7% | 269.3% | 101.2% |
| Ratios based on hours | | | |
| Direct ratio (utilization) | 64.0% | 78.3% | 54.3% |
| Billing rate per direct hour | \$162.66 | \$209.95 | \$106.22 |
| Overhead rate per direct hour | \$89.86 | \$125.56 | \$43.88 |
| Employees' average hourly rates | | | |
| Direct labor rate | \$50.05 | \$57.55 | \$39.80 |
| Indirect labor rate | \$54.32 | \$62.96 | \$44.92 |
| Combined labor rate | \$50.70 | \$59.68 | \$41.67 |
| Calculation of profit (loss) per direct hour | | | |
| Billing rate per direct hour | \$162.66 | | |
| Direct labor rate | \$(50.05) | | |
| Overhead rate per direct hour | <u>\$(89.86)</u> | | |
| Profit (loss) per direct hour | <u>\$22.75</u> | <u>\$65.94</u> | <u>\$(27.45)</u> |
| Profitability ratios | | | |
| Profit (loss) as a % of net fee income ** | 14.0% | 32.8% | -16.3% |
| Net fee income per employee | \$227,188 | \$411,931 | \$168,666 |

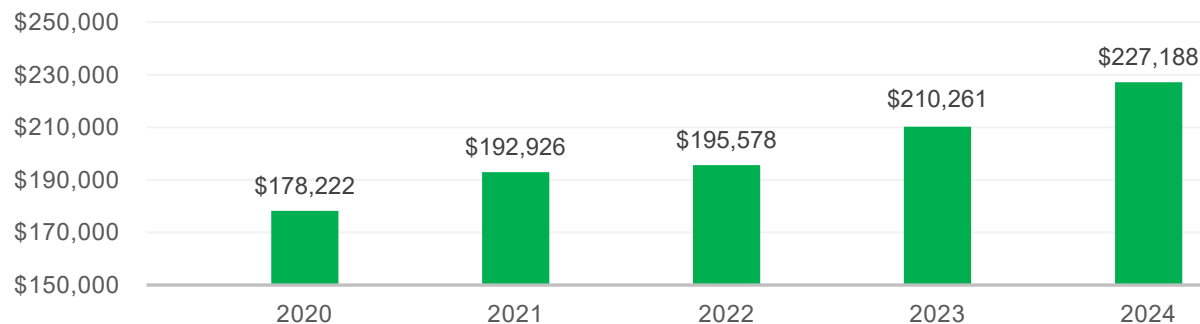
* Breakeven multiple and overhead rate include staff bonuses.

** Profit (loss) as a % of net fee income is calculated before bonuses to principal owners.

Historical Trend Analysis

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------------------|------------------|------------------|------------------|------------------|
| Ratios based on labor dollars | | | | | |
| Direct ratio (utilization) | 61.6% | 61.1% | 63.2% | 62.1% | 61.9% |
| Total labor billing multiple | 1.91 | 1.96 | 1.98 | 2.00 | 2.00 |
| Direct labor billing multiple | 3.09 | 3.24 | 3.30 | 3.32 | 3.33 |
| Breakeven multiple | 2.68 | 2.82 | 2.83 | 2.85 | 2.85 |
| Overhead rate | 167.9% | 182.0% | 183.0% | 184.9% | 184.7% |
| Ratios based on hours | | | | | |
| Direct ratio (utilization) | 63.7% | 63.8% | 65.4% | 63.9% | 64.0% |
| Billing rate per direct hour | \$134.33 | \$140.87 | \$148.71 | \$158.46 | \$162.66 |
| Overhead rate per direct hour | \$72.05 | \$77.11 | \$79.64 | \$86.07 | \$89.86 |
| Employees' average hourly rates | | | | | |
| Direct labor rate | \$42.13 | \$43.43 | \$45.88 | \$47.32 | \$50.05 |
| Indirect labor rate | \$48.77 | \$49.85 | \$50.55 | \$53.16 | \$54.32 |
| Combined labor rate | \$44.67 | \$45.74 | \$48.11 | \$49.64 | \$50.70 |
| Calculation of profit per direct hour | | | | | |
| Billing rate per direct hour | \$134.33 | \$140.87 | \$148.71 | \$158.46 | \$162.66 |
| Direct labor rate | \$(42.13) | \$(43.43) | \$(45.88) | \$(47.32) | \$(50.05) |
| Overhead rate per direct hour | <u>\$(72.05)</u> | <u>\$(77.11)</u> | <u>\$(79.64)</u> | <u>\$(86.07)</u> | <u>\$(89.86)</u> |
| Profit per direct hour | <u>\$20.15</u> | <u>\$20.33</u> | <u>\$23.19</u> | <u>\$25.07</u> | <u>\$22.75</u> |
| Profitability ratios | | | | | |
| Profit as a % of net fee income | 15.0% | 14.4% | 15.6% | 15.8% | 14.0% |

Net Fee Income Per Employee



Key Takeaway

Over the past year, firms have raised their billing rates per direct hour by an average of 2.7%. Despite this increase, profits have declined, as rising business costs have outpaced the gains from higher billing rates.

Trend Analysis of Hours

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Total firm | | | | | |
| Direct hours | <u>63.7%</u> | <u>63.8%</u> | <u>65.4%</u> | <u>63.9%</u> | <u>64.0%</u> |
| Indirect hours: | | | | | |
| Holiday, vacation, sick | 8.9% | 10.2% | 10.5% | 11.1% | 10.9% |
| Marketing | 6.1% | 5.0% | 5.8% | 5.6% | 5.6% |
| Other | <u>21.3%</u> | <u>21.0%</u> | <u>18.3%</u> | <u>19.4%</u> | <u>19.5%</u> |
| | <u>36.3%</u> | <u>36.2%</u> | <u>34.6%</u> | <u>36.1%</u> | <u>36.0%</u> |
| Total | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| Principals | | | | | |
| Direct hours | <u>52.1%</u> | <u>49.3%</u> | <u>49.5%</u> | <u>51.0%</u> | <u>50.1%</u> |
| Indirect hours: | | | | | |
| Holiday, vacation, sick | 10.2% | 11.8% | 11.6% | 11.6% | 12.8% |
| Marketing | 9.9% | 10.2% | 10.5% | 10.6% | 10.3% |
| Other | <u>27.8%</u> | <u>28.7%</u> | <u>28.4%</u> | <u>26.8%</u> | <u>26.8%</u> |
| | <u>47.9%</u> | <u>50.7%</u> | <u>50.5%</u> | <u>49.0%</u> | <u>49.9%</u> |
| Total | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| Professional staff | | | | | |
| Direct hours | <u>78.7%</u> | <u>79.2%</u> | <u>78.4%</u> | <u>76.8%</u> | <u>76.6%</u> |
| Indirect hours: | | | | | |
| Holiday, vacation, sick | 9.1% | 10.2% | 10.0% | 10.1% | 10.3% |
| Marketing | 2.7% | 2.1% | 2.4% | 2.8% | 3.0% |
| Other | <u>9.5%</u> | <u>8.5%</u> | <u>9.2%</u> | <u>10.3%</u> | <u>10.1%</u> |
| | <u>21.3%</u> | <u>20.8%</u> | <u>21.6%</u> | <u>23.2%</u> | <u>23.4%</u> |
| Total | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| Support staff | | | | | |
| Direct hours | <u>0.7%</u> | <u>1.0%</u> | <u>2.9%</u> | <u>0.2%</u> | <u>0.2%</u> |
| Indirect hours: | | | | | |
| Holiday, vacation, sick | 9.7% | 10.0% | 11.1% | 11.2% | 10.5% |
| Marketing | 18.2% | 16.6% | 16.7% | 15.1% | 17.2% |
| Other | <u>71.4%</u> | <u>72.4%</u> | <u>69.3%</u> | <u>73.5%</u> | <u>72.1%</u> |
| | <u>99.3%</u> | <u>99.0%</u> | <u>97.1%</u> | <u>99.8%</u> | <u>99.8%</u> |
| Total | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |

Key Takeaway

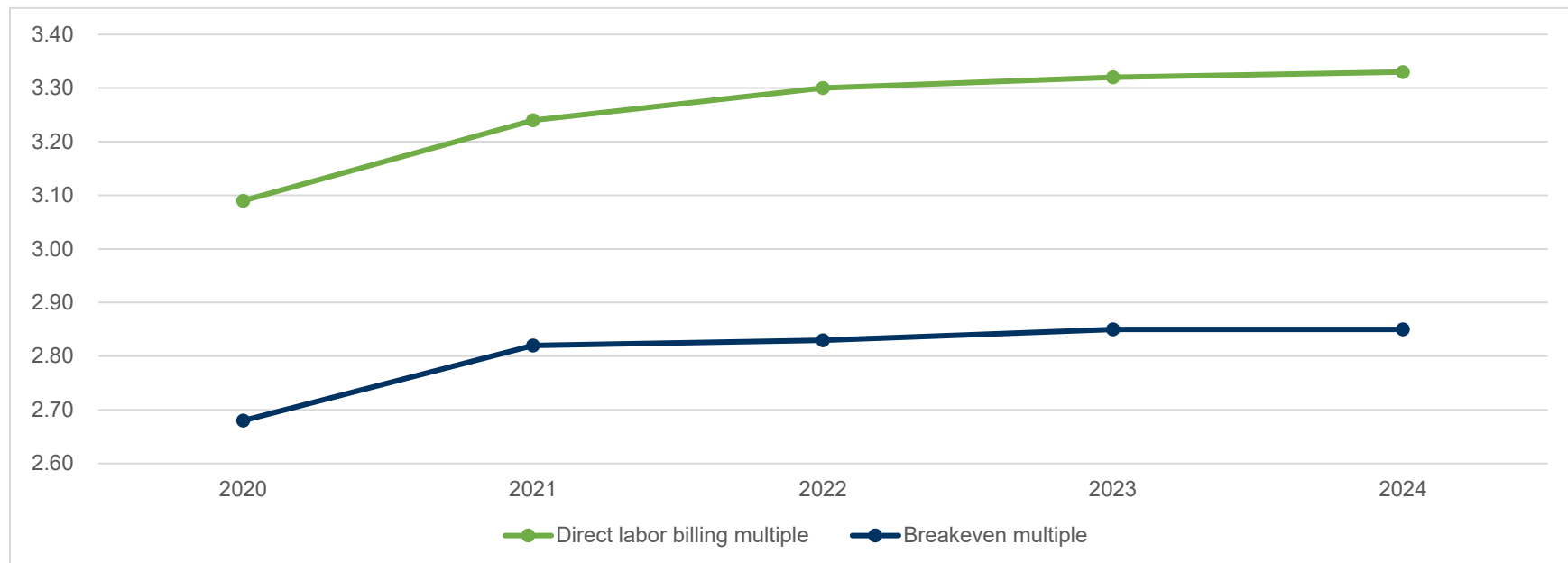
In 2024, principal utilization declined following an increase in 2023. This decline mirrors the widening gap between hours and dollars utilization — an indicator of potential top-heaviness. Firms should monitor this trend closely to ensure principal utilization aligns with their overall business strategy.

Comparative Statistics

Direct Labor Billing Multiple & Breakeven Multiple

The direct labor billing multiple is calculated by dividing net fee income by direct labor cost. This ratio represents the average amount billed as a multiple of direct labor. The breakeven multiple is calculated by dividing total operating costs (including direct labor) by direct labor. This ratio multiplied by an employee's pay rate is the amount that needs to be billed out to cover their salary and overhead (breakeven). Both ratios are heavily influenced by a firm's direct ratio.

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------|------|------|------|------|------|
| Direct labor billing multiple | 3.09 | 3.24 | 3.30 | 3.32 | 3.33 |
| Breakeven multiple | 2.68 | 2.82 | 2.83 | 2.85 | 2.85 |

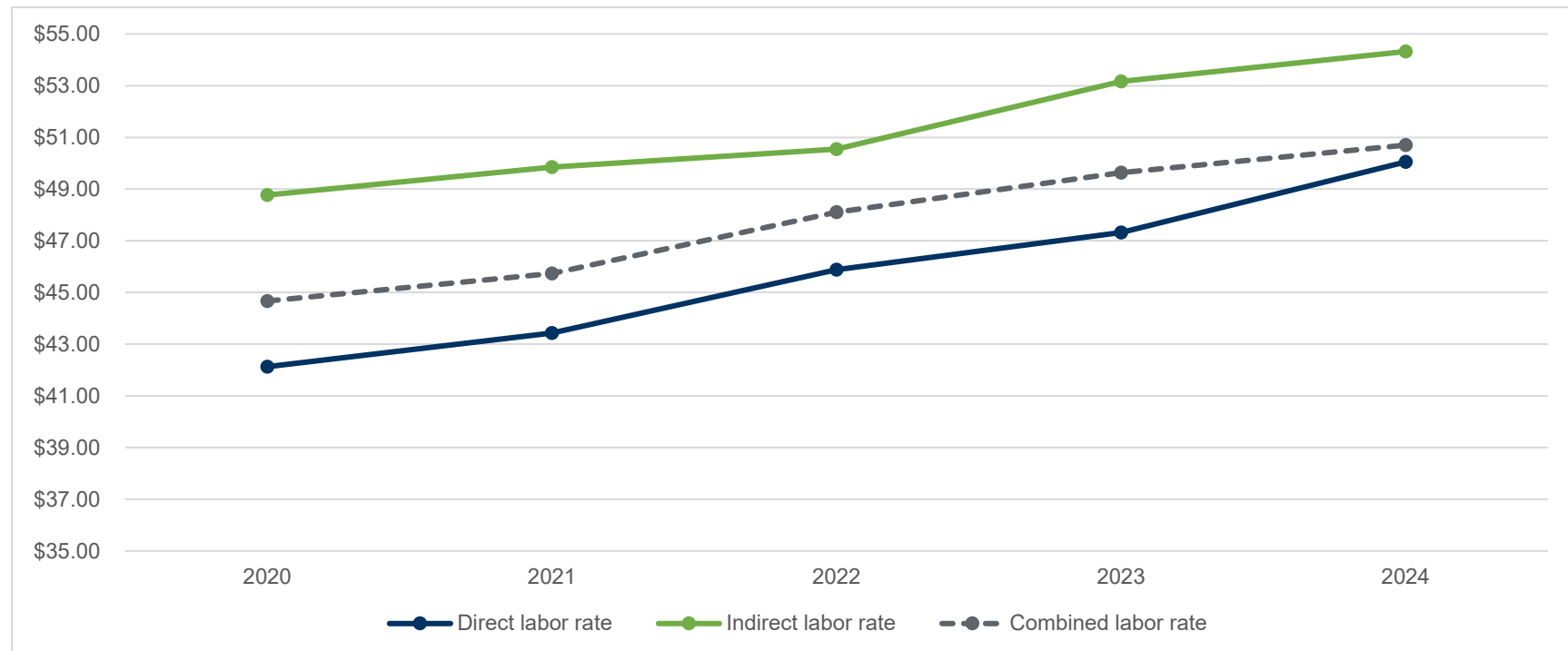


Comparative Statistics (continued)

Employees' Average Hourly Rates

Direct labor divided by direct hours represents the average wage rate for each direct hour worked. Indirect labor divided by indirect hours represents the average wage rate for each indirect hour worked. Total labor divided by total hours represents the average wage rate for an hour worked.

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------|---------|---------|---------|---------|---------|
| Direct labor rate | \$42.13 | \$43.43 | \$45.88 | \$47.32 | \$50.05 |
| Indirect labor rate | \$48.77 | \$49.85 | \$50.55 | \$53.16 | \$54.32 |
| Combined labor rate | \$44.67 | \$45.74 | \$48.11 | \$49.64 | \$50.70 |

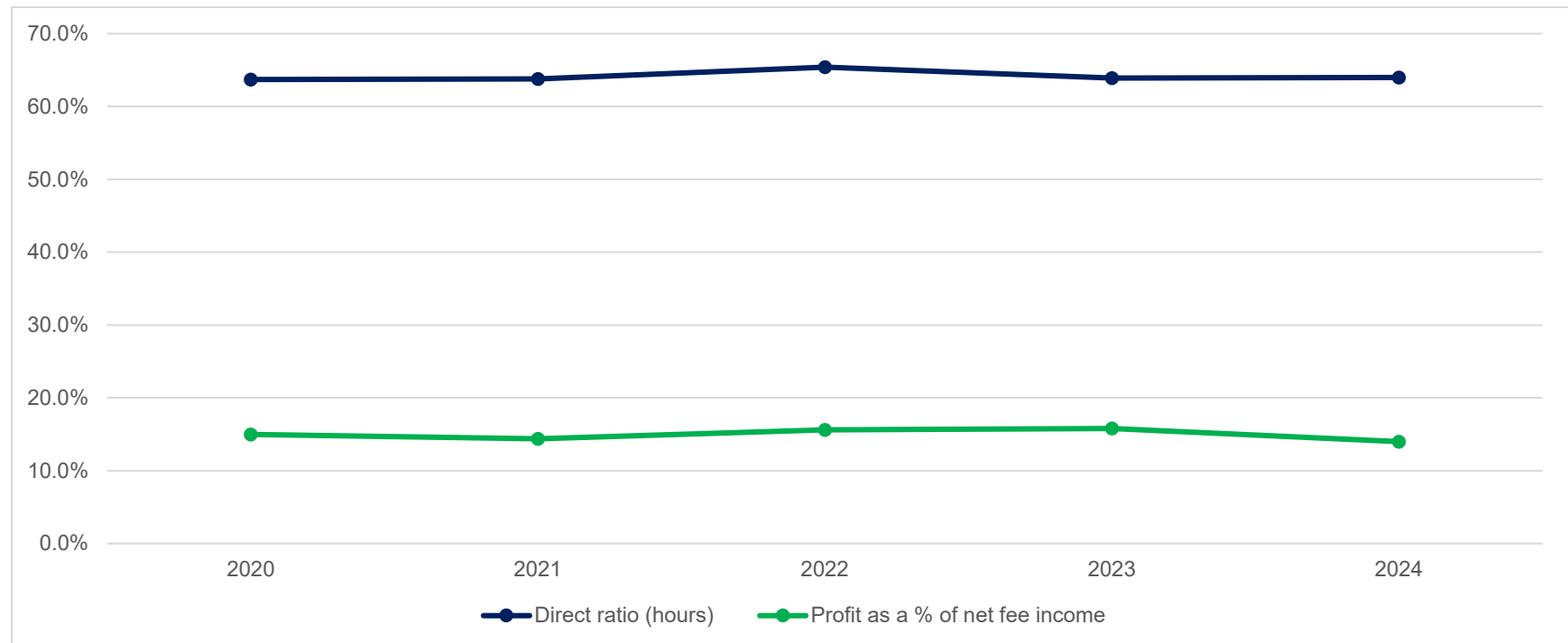


Comparative Statistics (continued)

Direct Ratio (Utilization) & Profit as a % of Net Fee Income

The direct ratio (utilization) represents the percentage of total hours that are chargeable to projects. Maintaining a high percentage here can be the key to a firm's profitability. Profit as a percentage of net fee income represents the ratio of income from operations to net fee income.

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------|-------|-------|-------|-------|
| Direct ratio (hours) | 63.7% | 63.8% | 65.4% | 63.9% | 64.0% |
| Profit as a % of net fee income | 15.0% | 14.4% | 15.6% | 15.8% | 14.0% |



Other Statistics

The following table is presented to show additional firm statistics, including various compensation rates, billing rates and the percentage change in the volume of business.

| | 2024 | | | 2023 |
|---|------------------|------------------------|-----------|------------------|
| | Study Average | Range of Studied Firms | | Study Average |
| | | High | Low | |
| Staffing statistics | | | | |
| Ratio of shareholders to total employees | 16.3% | 49.2% | 2.9% | 17.4% |
| Staffing turnover ratio | 11.0% | 20.0% | 0.0% | 10.1% |
| Raises as a % of base compensation | 4.0% | 8.0% | 0.0% | 5.8% |
| Staff bonuses as a % of base compensation | 6.5% | 15.0% | 0.0% | 8.4% |
| Average employee tenure (in years) | 7.3 | 16.0 | 5.0 | 7.0 |
| Ratio of non-technical employees to total employees | | | | |
| Administration | 3.3% | 5.6% | 0.0% | 4.0% |
| Finance/accounting | 4.8% | 8.3% | 0.0% | 5.8% |
| Human resources | 2.0% | 2.8% | 0.0% | 2.0% |
| Information technology | 2.4% | 4.5% | 0.0% | 3.0% |
| Marketing | 5.6% | 10.7% | 0.0% | 4.9% |
| Billing rates | | | | |
| Principals | \$310 | \$390 | \$200 | \$310 |
| Senior associates/project managers | \$230 | \$280 | \$200 | \$220 |
| Senior architects | \$190 | \$270 | \$160 | \$180 |
| Architects | \$160 | \$200 | \$130 | \$160 |
| Technical professionals/draftspersons | \$130 | \$180 | \$105 | \$130 |
| Base salary (before bonuses), professional staff | | | | |
| Principals | \$187,000 | \$350,000 | \$130,000 | \$182,000 |
| Senior associates/project managers | \$130,400 | \$218,000 | \$111,000 | \$125,500 |
| Senior architects | \$117,000 | \$170,000 | \$100,000 | \$110,100 |
| Architects | \$96,300 | \$120,000 | \$82,000 | \$91,100 |
| Technical professionals/draftspersons | \$79,700 | \$104,000 | \$65,000 | \$75,700 |

Other Statistics (continued)

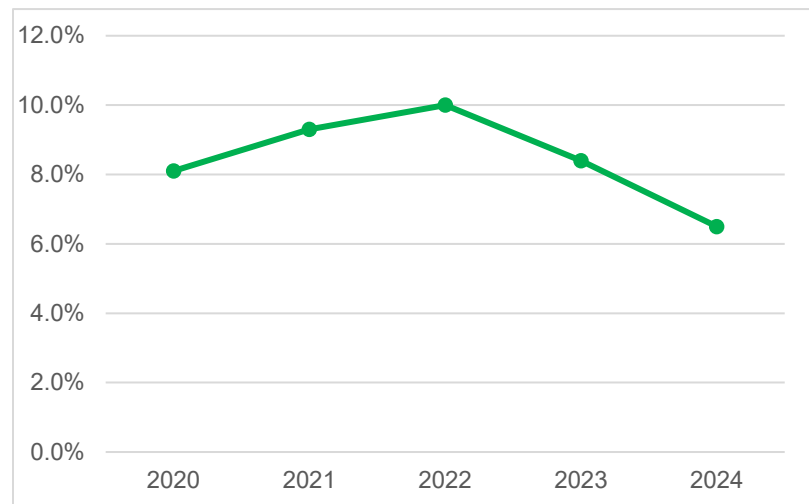
| | 2024 | | | 2023 |
|---|------------------|------------------------|-----------|------------------|
| | Study Average | Range of Studied Firms | | Study Average |
| | | High | Low | |
| Base salary (before bonuses), support staff | | | | |
| CFO | \$201,000 | \$294,000 | \$152,000 | \$190,000 |
| Information technology director | \$166,000 | \$215,000 | \$94,000 | \$158,000 |
| Controller | \$136,000 | \$152,000 | \$114,000 | \$134,000 |
| Marketing director | \$160,000 | \$192,000 | \$110,000 | \$146,000 |
| Human resources director | \$174,000 | \$195,000 | \$101,000 | \$155,000 |
| Percentage changes from prior year | | | | |
| Change in total hours | 1.1% | 41.5% | -24.1% | 3.5% |
| Change in direct hours | 0.4% | 66.2% | -29.0% | 5.6% |
| Change in gross billings | 10.0% | 40.3% | -36.9% | 15.3% |
| Change in net fee income | 6.5% | 56.8% | -37.6% | 12.3% |
| Change in total expenses | 7.3% | 25.9% | -17.6% | 10.3% |

Other Statistics (continued)

Presented below is the five-year trend of staff bonuses and raises as a percentage of base compensation.

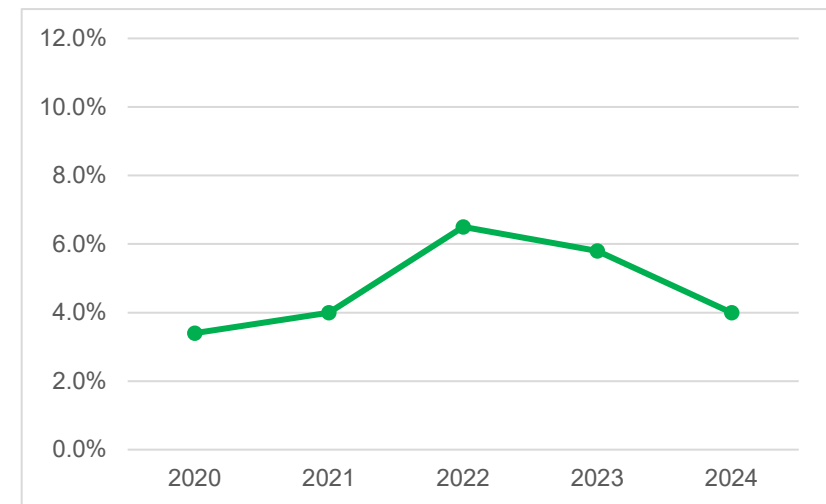
Staff Bonuses as a % of Base Compensation

| 2020 | 2021 | 2022 | 2023 | 2024 |
|------|------|-------|------|------|
| 8.1% | 9.3% | 10.0% | 8.4% | 6.5% |



Raises as a % of Base Compensation

| 2020 | 2021 | 2022 | 2023 | 2024 |
|------|------|------|------|------|
| 3.4% | 4.0% | 6.5% | 5.8% | 4.0% |

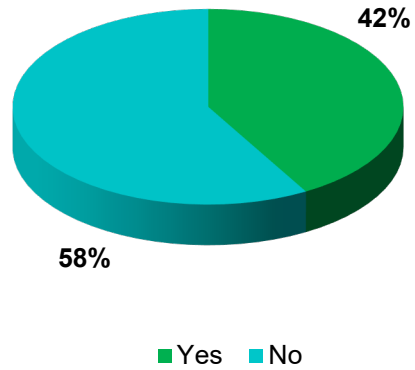


Key Takeaway

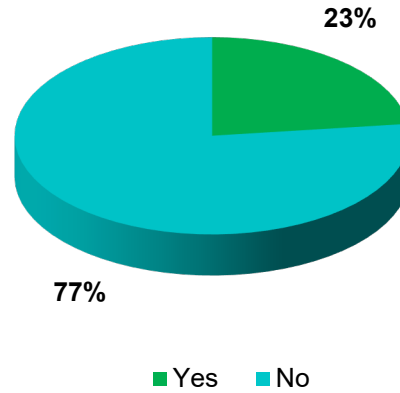
Both staff bonuses and raises as a percentage of base compensation peaked in 2022 but have steadily declined since then, indicating overall compensation growth is returning to more normalized levels.

Other Statistics (continued)

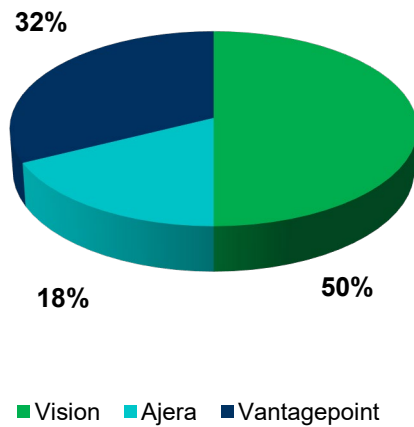
% of Firms Outsourcing Design Work



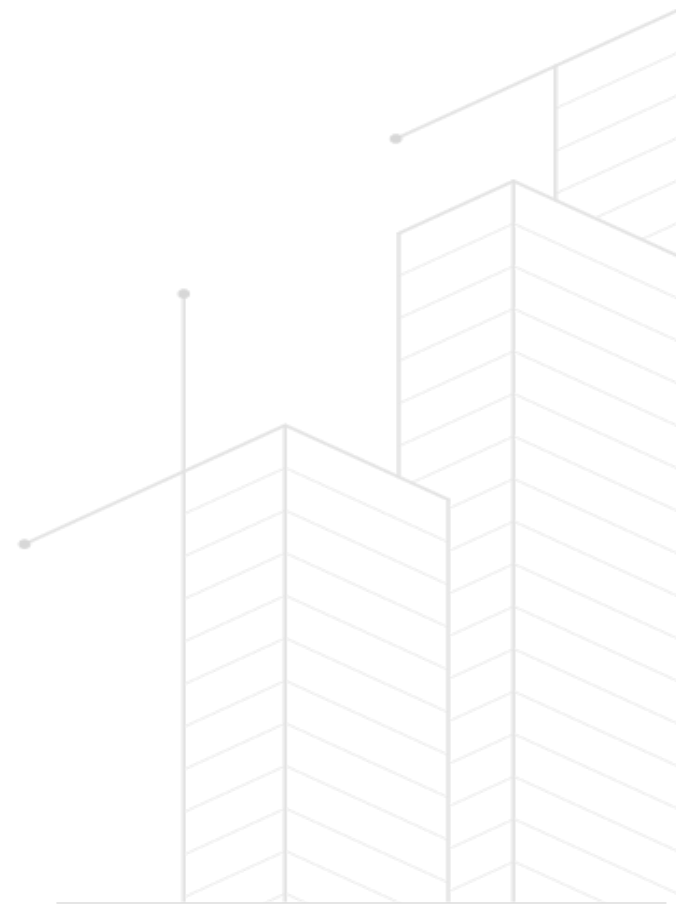
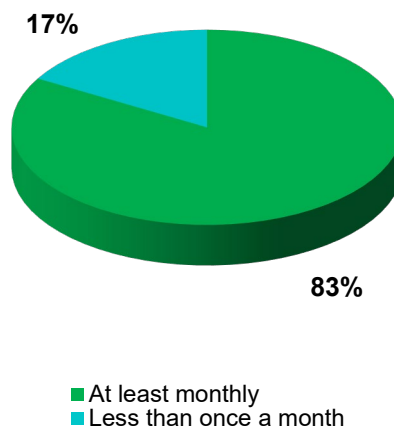
% of Firms Operating in Foreign Countries



Accounting Software Used

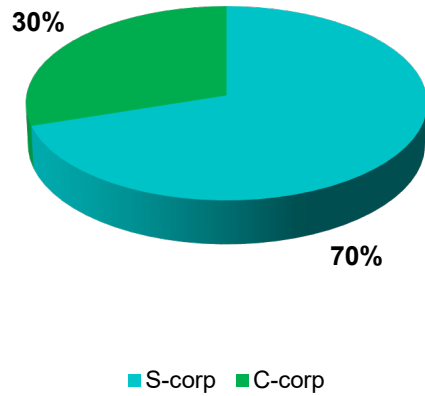


Frequency of Project Budget Review Meetings

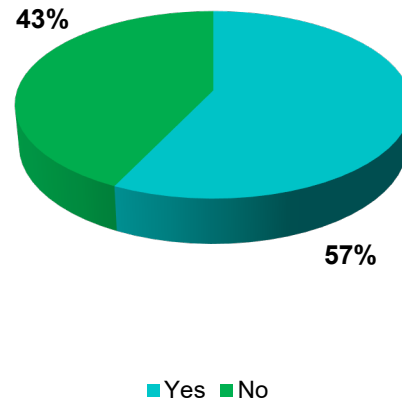


Other Statistics (continued)

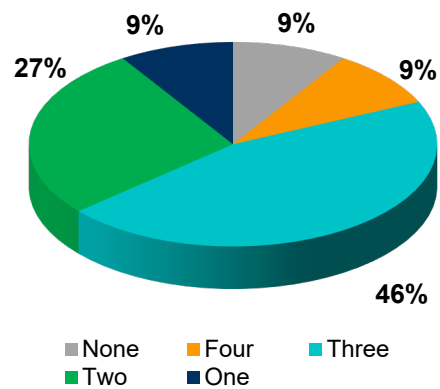
Legal Entity Type



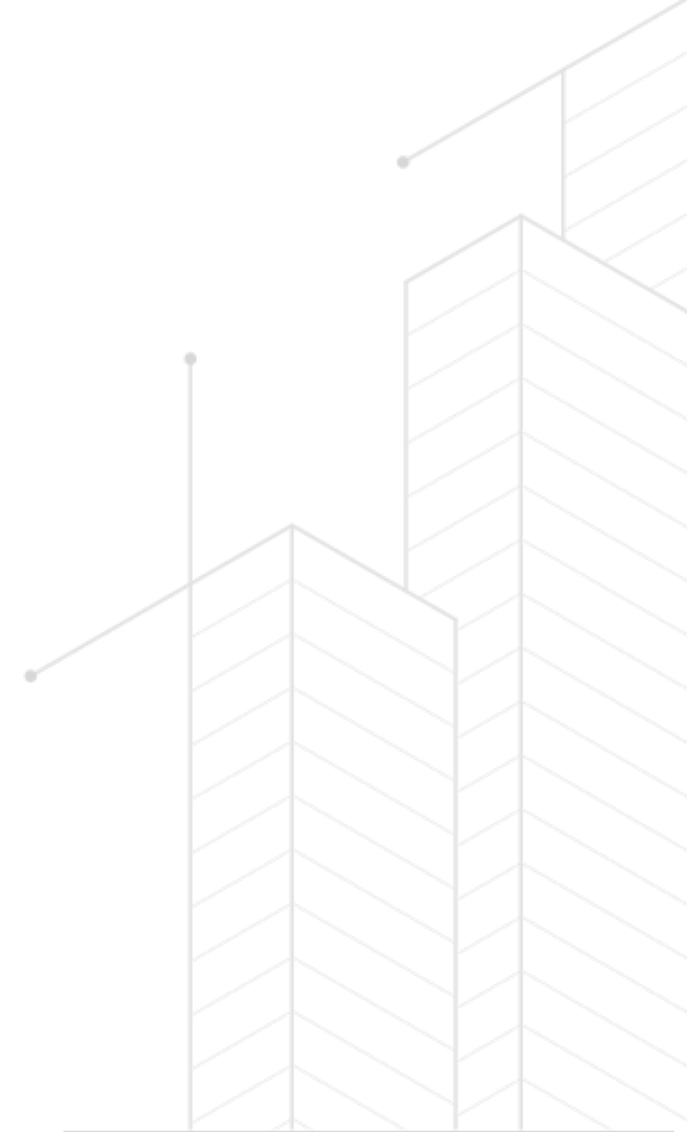
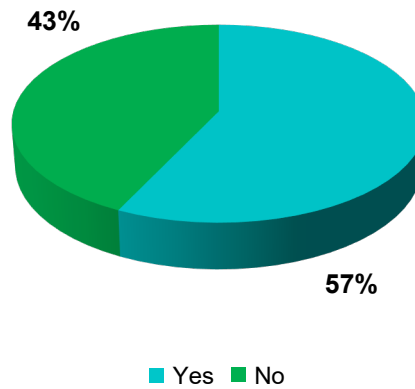
% of Firms with Mandatory Stock Redemption Age



Number of Days Employees Required to be in Office

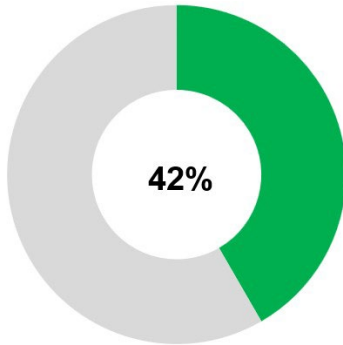


% of Firms Actively Transitioning Ownership

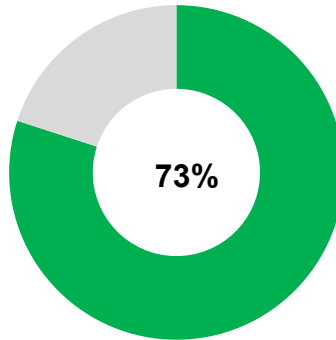


IT Statistics

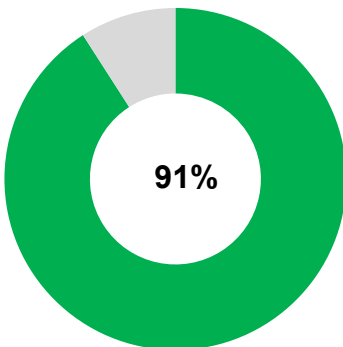
% of Firms Outsourcing IT



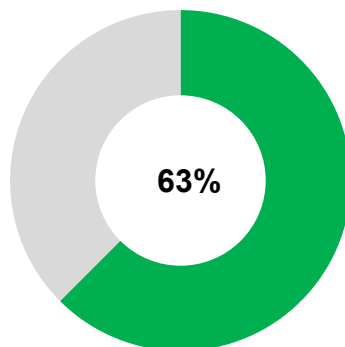
% of Firms with an IT Budget



% of Firms with Cyber Insurance



% of Firms with Dedicated Cybersecurity Budget

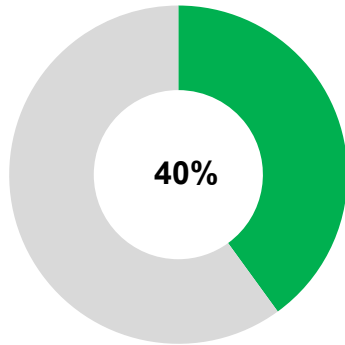


Key Takeaway

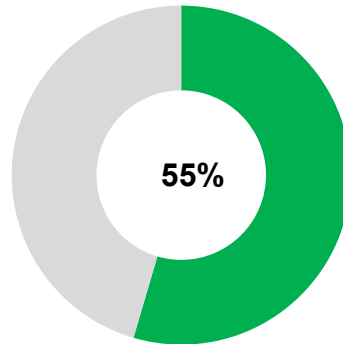
The majority of IT statistics remained steady or increased, emphasizing the continued importance of investing in IT and cybersecurity.

IT Statistics (continued)

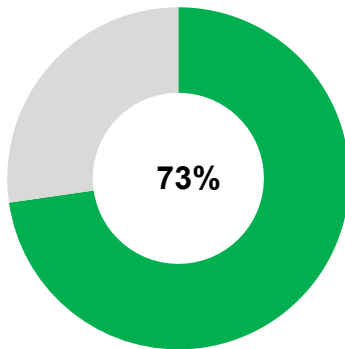
% of Firms with Documented Incident Response Plan



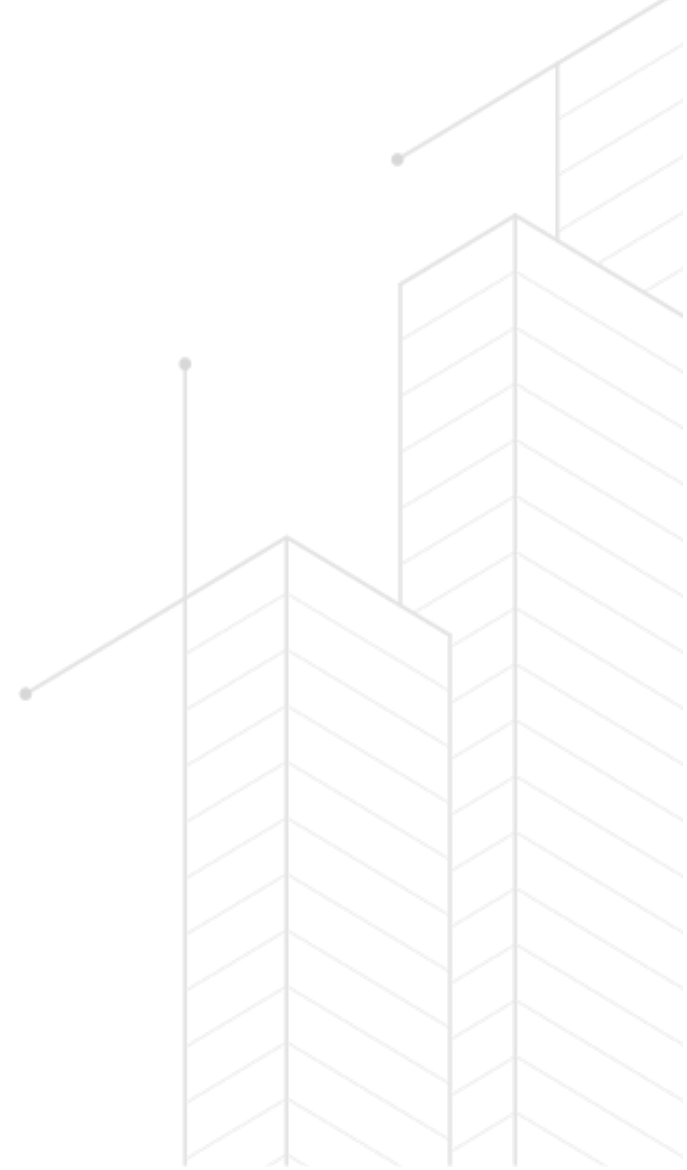
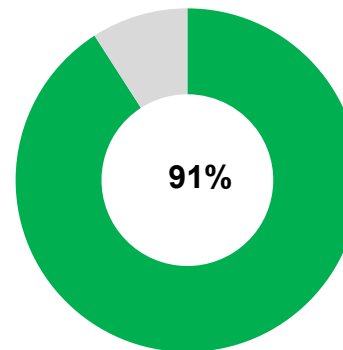
% of Firms with a WISP in Accordance with State Laws



% of Firms that Perform Simulated Phishing Attacks Against Employees

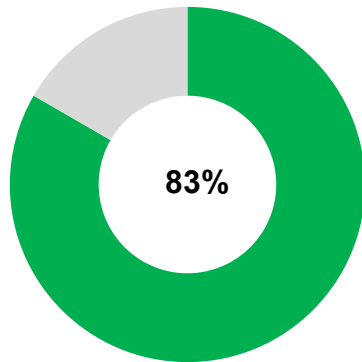


% of Firms that Conduct Periodic Security Awareness Trainings

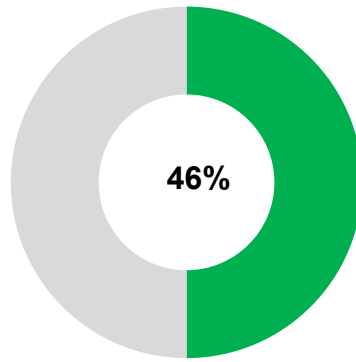


AI Trends

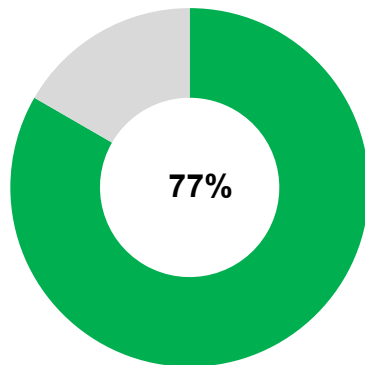
**% of Firms Currently Using
AI-based Tools Internally**



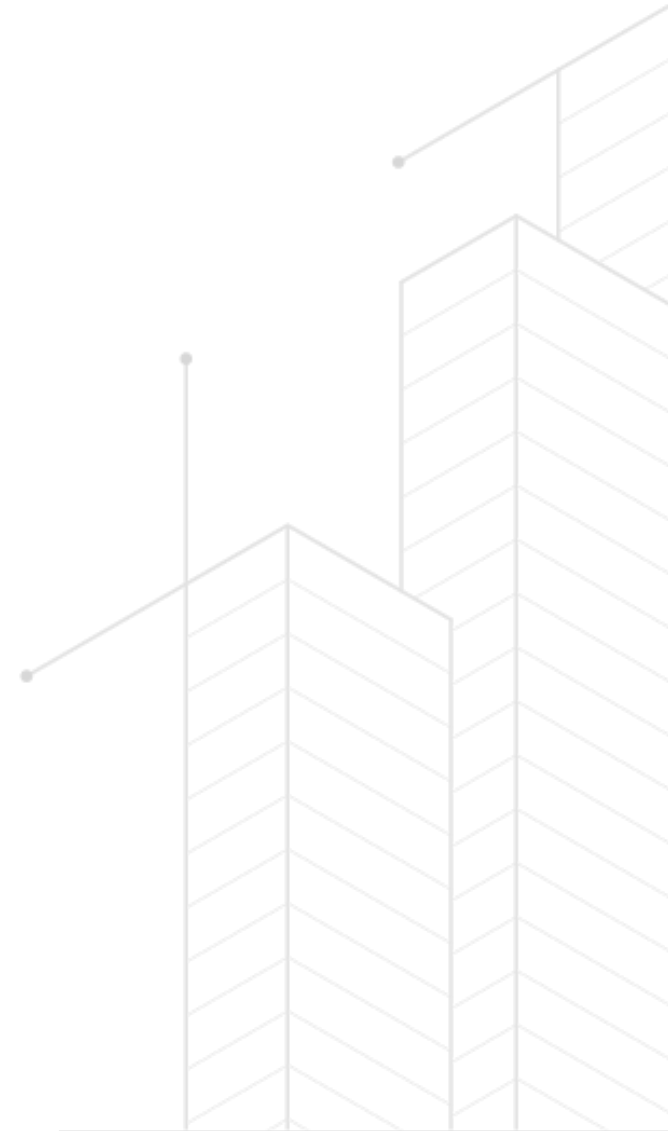
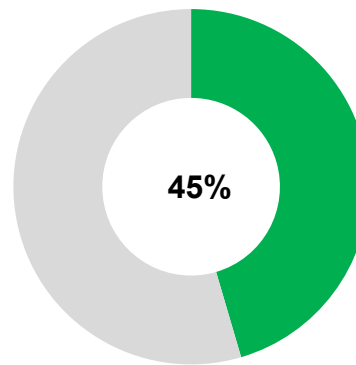
**% of Firms Anticipating to
Offer AI-based
Product/Service Within
Five Years**



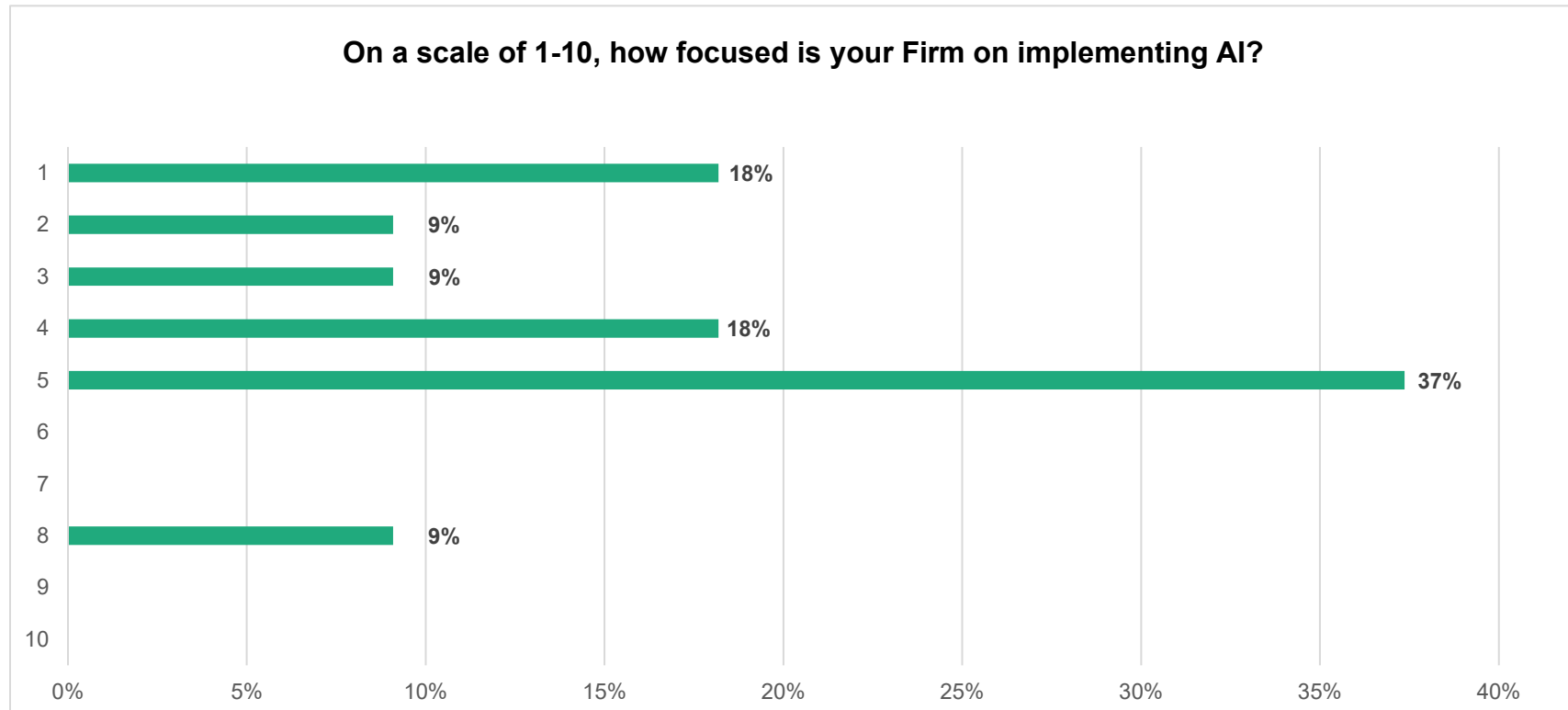
**% of Firms Anticipating to
Use AI-based Tools
Internally Within Five Years**



**% of Firms with Internal AI
Focus Group or Committee**



AI Trends (continued)



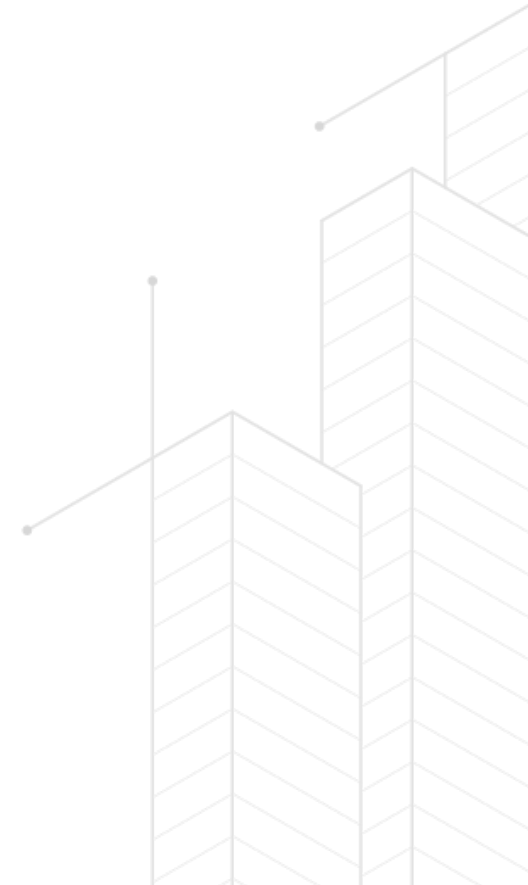
Key Takeaway

This year, we asked participants how focused they were on implementing AI, with 1 being the least focused and 10 the most. Based on responses, firms are generally not highly focused on implementing AI, with the majority showing only moderate or low commitment.

Common Size Income Statements

Common size income statements are a valuable means of comparing different size firms. The table shows the income statement based on a percentage of net fee income.

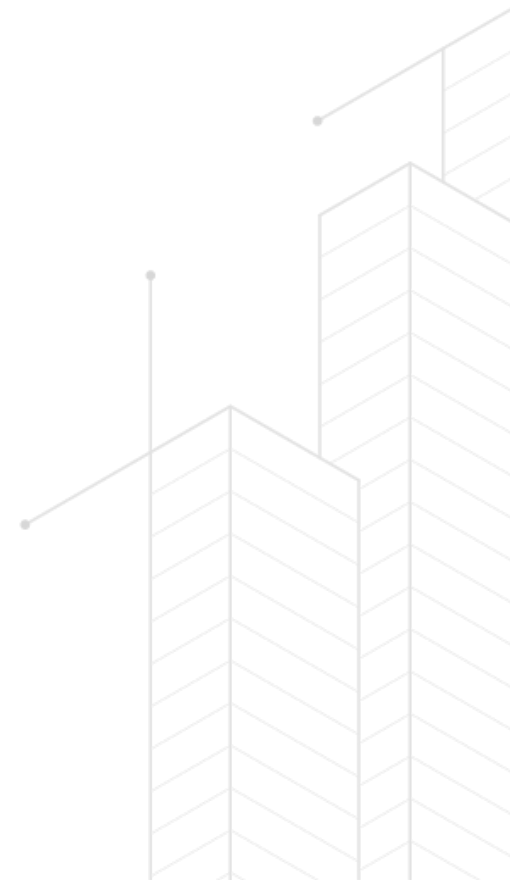
| | 2024 | | | 2023 |
|--------------------------------------|---------------|------------------------|---------------|---------------|
| | Study Average | Range of Studied Firms | | Study Average |
| | | High | Low | |
| Gross fee income | 100.0% | | | 100.0% |
| Direct consultants and reimbursables | <u>35.3%</u> | 50.8% | 7.0% | <u>35.7%</u> |
| Net fee income | <u>64.7%</u> | <u>93.0%</u> | <u>49.2%</u> | <u>64.3%</u> |
| | | | | |
| Net fee income | 100.0% | | | 100.0% |
| Direct labor | <u>30.3%</u> | 44.4% | 16.7% | <u>30.1%</u> |
| Gross margin | <u>69.7%</u> | 83.3% | 55.6% | <u>69.9%</u> |
| Indirect payroll | 19.4% | 31.9% | 5.6% | 18.5% |
| Staff bonuses | 3.3% | 15.2% | 0.0% | 3.6% |
| Employee and fringe benefits | 10.3% | 14.4% | 4.2% | 9.5% |
| Rent and utilities | 5.0% | 9.9% | 2.2% | 5.1% |
| Other indirect | <u>17.7%</u> | 21.7% | 4.6% | <u>17.4%</u> |
| Total | <u>55.7%</u> | 71.8% | 18.6% | <u>54.1%</u> |
| Profit (loss) from operations | <u>14.0%</u> | <u>32.8%</u> | <u>-16.3%</u> | <u>15.8%</u> |



Overhead Rates Per Direct Hour

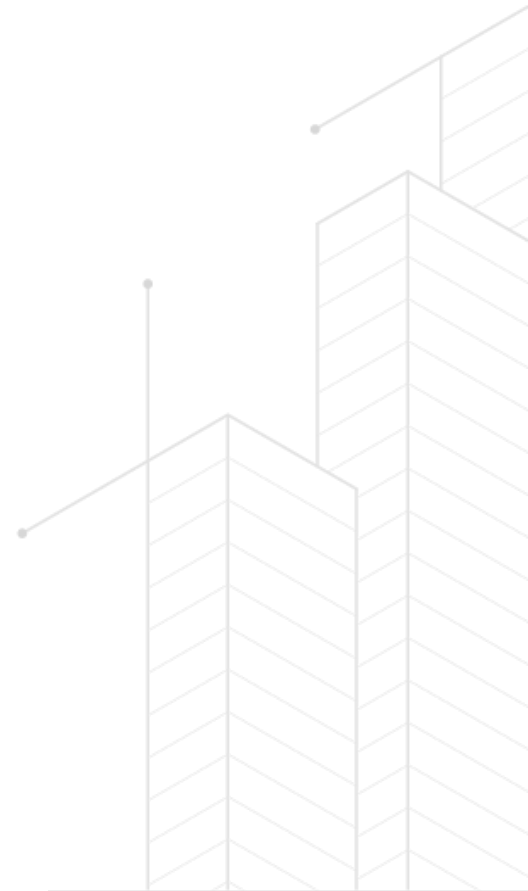
The overhead rate per direct hour equals total indirect expenses divided by direct labor hours. It represents the amount of overhead a firm is sustaining in order to support its volume of business.

| | Study Average | |
|--|---------------|---------------|
| | 2024 | 2023 |
| Labor | | |
| Indirect labor | \$33.51 | \$33.32 |
| Staff bonuses | <u>5.59</u> | <u>5.86</u> |
| | <u>39.10</u> | <u>39.18</u> |
| Employee and fringe benefits | | |
| Employee and fringe benefits, other | 0.24 | 0.16 |
| Insurance, health | 6.39 | 5.90 |
| Retirement plan contribution | 3.07 | 3.06 |
| Severance | 0.06 | 0.03 |
| Taxes, payroll | <u>6.91</u> | <u>6.80</u> |
| | <u>16.67</u> | <u>15.95</u> |
| Bid & proposal and marketing | <u>1.99</u> | <u>1.59</u> |
| Depreciation and amortization | <u>1.37</u> | <u>1.25</u> |
| Insurance, professional liability and other | | |
| Insurance, other | 0.56 | 0.52 |
| Officers' life and disability insurance | 0.16 | 0.15 |
| Professional liability insurance | 2.79 | 2.62 |
| Workers' compensation | <u>0.24</u> | <u>0.23</u> |
| | <u>3.75</u> | <u>3.52</u> |
| Occupancy costs | | |
| Rent | 6.42 | 6.26 |
| Utilities | <u>0.36</u> | <u>0.35</u> |
| | <u>\$6.78</u> | <u>\$6.61</u> |



Overhead Rates Per Direct Hour (continued)

| | Study Average | |
|-------------------------------|----------------|----------------|
| | 2024 | 2023 |
| Other indirect | | |
| Administrative service fees | \$0.36 | \$0.33 |
| Computer and IT | 7.34 | 6.19 |
| Contributions | 0.36 | 0.28 |
| Credit loss expense | 0.35 | 0.44 |
| Dues and subscriptions | 0.88 | 0.89 |
| Office supplies and expenses | 1.79 | 1.46 |
| Postage and shipping | 0.06 | 0.04 |
| Printing and reproduction | 0.38 | 0.35 |
| Professional fees | 4.07 | 3.67 |
| Recruiting | 0.54 | 0.54 |
| Repairs and maintenance | 0.16 | 0.13 |
| Seminars and conferences | 0.38 | 0.37 |
| Taxes, other | 0.17 | 0.15 |
| Telephone | 0.54 | 0.56 |
| Temporary employment and fees | 0.11 | 0.08 |
| Travel and entertainment | 1.69 | 1.39 |
| Expense recovery | (0.02) | (0.03) |
| Miscellaneous and rounding | <u>1.04</u> | <u>1.13</u> |
| | <u>20.20</u> | <u>17.97</u> |
| Total | <u>\$89.86</u> | <u>\$86.07</u> |



Components of the Overhead Rate

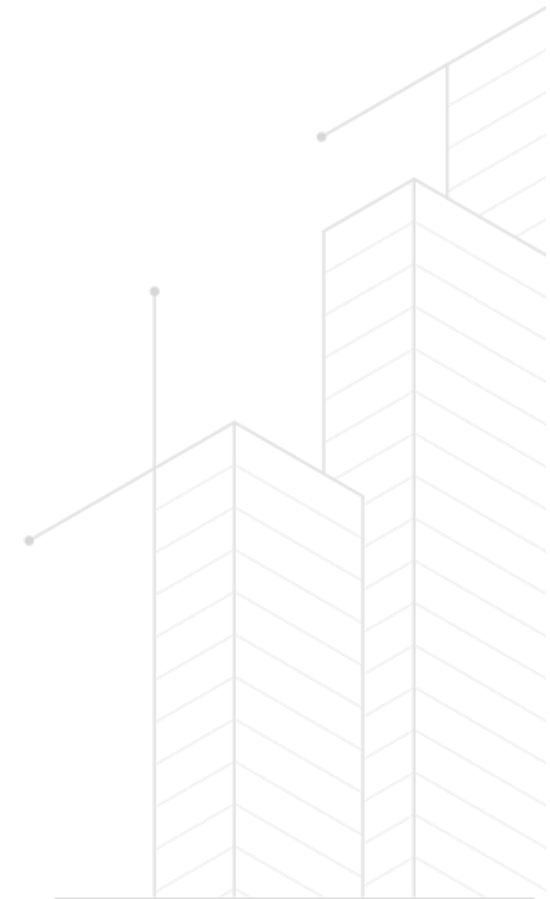
The overhead rate percentage equals indirect expenses divided by direct labor cost.

The following chart shows how each indirect expense category contributes to the overall overhead rate.

| | Study Average | |
|--|---------------|--------------|
| | 2024 | 2023 |
| Labor | | |
| Indirect labor | 70.3% | 70.9% |
| Staff bonuses | <u>13.8%</u> | <u>14.6%</u> |
| | <u>84.1%</u> | <u>85.5%</u> |
| Employee and fringe benefits | | |
| Employee and fringe benefits, other | 0.5% | 0.7% |
| Insurance, health | 12.7% | 12.5% |
| Retirement plan contribution | 6.8% | 6.8% |
| Severance | 0.1% | 0.2% |
| Taxes, payroll | <u>14.3%</u> | <u>14.2%</u> |
| | <u>34.4%</u> | <u>34.4%</u> |
| Bid & proposal and marketing | <u>4.2%</u> | <u>4.0%</u> |
| Depreciation and amortization | <u>2.8%</u> | <u>2.5%</u> |
| Insurance, professional liability and other | | |
| Insurance, other | 1.0% | 1.0% |
| Officers' life and disability insurance | 0.6% | 0.6% |
| Professional liability insurance | 5.9% | 6.4% |
| Workers' compensation | <u>0.2%</u> | <u>0.2%</u> |
| | <u>7.7%</u> | <u>8.2%</u> |
| Occupancy costs | | |
| Rent | 17.0% | 17.8% |
| Utilities | <u>0.7%</u> | <u>0.5%</u> |
| | <u>17.7%</u> | <u>18.3%</u> |

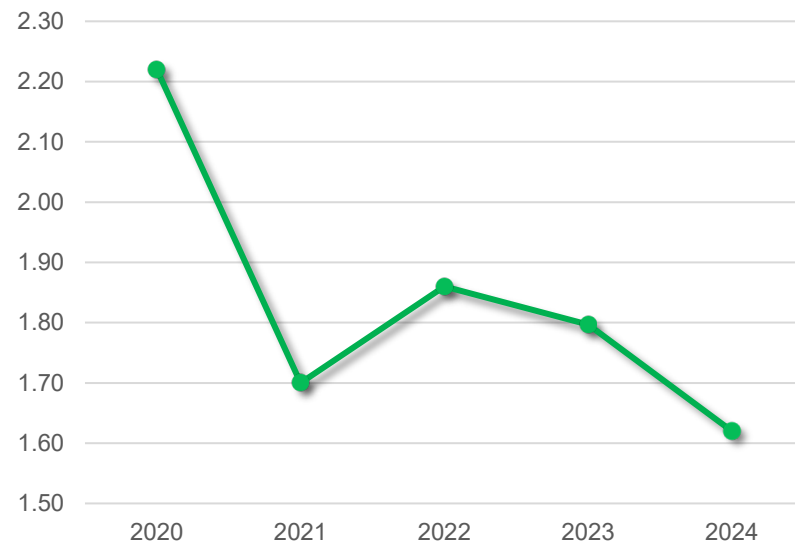
Components of the Overhead Rate (continued)

| | Study Average | |
|-------------------------------|---------------|---------------|
| | 2024 | 2023 |
| Other indirect | | |
| Administrative service fees | 0.7% | 0.6% |
| Computer and IT | 12.6% | 13.9% |
| Contributions | 0.5% | 0.4% |
| Credit loss expense | 0.1% | 0.3% |
| Dues and subscriptions | 1.5% | 1.5% |
| Office supplies and expenses | 3.1% | 2.7% |
| Postage and shipping | 0.1% | 0.1% |
| Printing and reproduction | 0.6% | 0.6% |
| Professional fees | 7.6% | 7.0% |
| Recruiting | 1.0% | 1.0% |
| Repairs and maintenance | 0.2% | 0.2% |
| Seminars and conferences | 0.7% | 0.6% |
| Taxes, other | 0.1% | 0.3% |
| Telephone | 0.8% | 0.8% |
| Temporary employment and fees | 0.2% | 0.1% |
| Travel and entertainment | 2.9% | 2.8% |
| Expense recovery | -0.1% | -0.2% |
| Miscellaneous and rounding | <u>1.2%</u> | <u>-0.7%</u> |
| | <u>33.8%</u> | <u>32.0%</u> |
| Total | <u>184.7%</u> | <u>184.9%</u> |



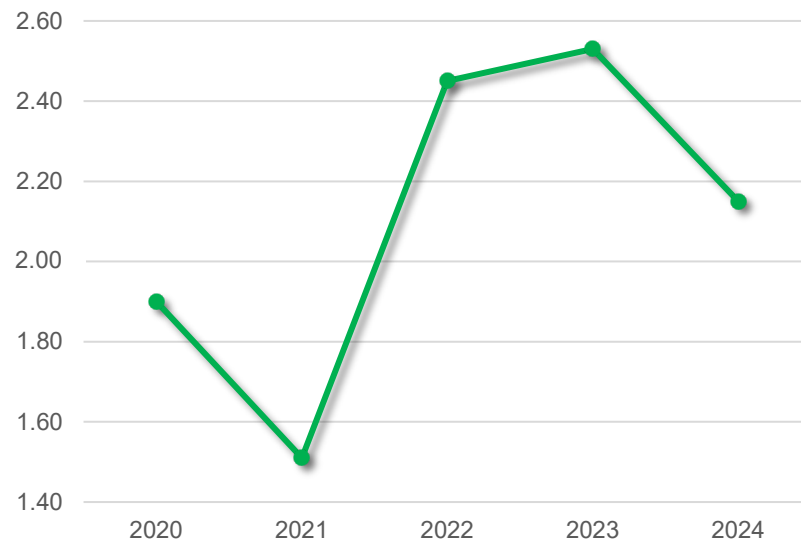
Balance Sheet Ratios

| Current Ratio | | | | |
|---------------|------|------|------|------|
| 2020 | 2021 | 2022 | 2023 | 2024 |
| 2.22 | 1.70 | 1.86 | 1.80 | 1.62 |



The current ratio is calculated as current assets divided by current liabilities and is an indicator of a firm's ability to meet its current obligations.

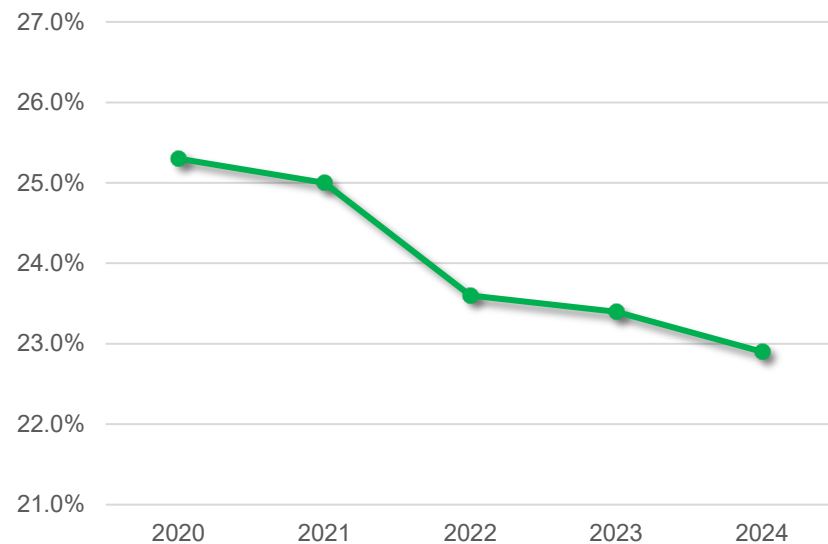
| Debt to Equity | | | | |
|----------------|------|------|------|------|
| 2020 | 2021 | 2022 | 2023 | 2024 |
| 1.90 | 1.51 | 2.45 | 2.53 | 2.15 |



The debt to equity ratio is calculated as total liabilities divided by equity. A high debt to equity ratio indicates that a firm has been aggressive in financing its operations with debt.

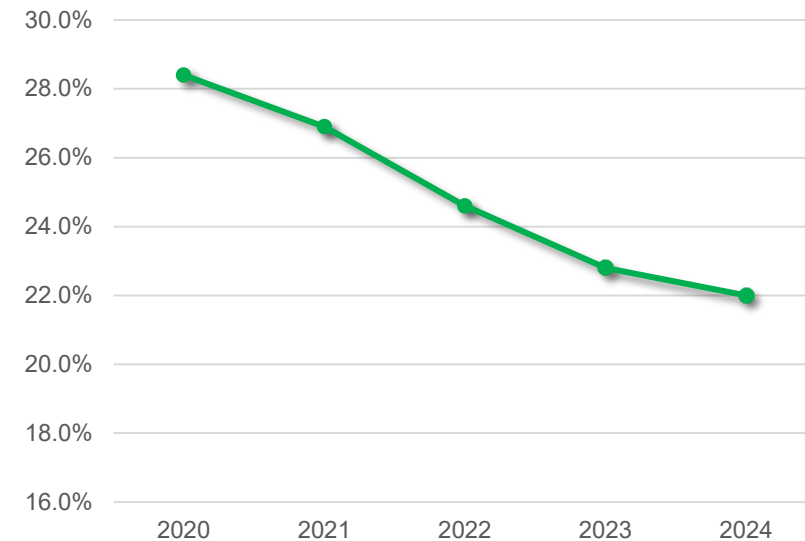
Balance Sheet Ratios (continued)

| Receivables as a Percentage of Gross Fee | | | | |
|--|-------|-------|-------|-------|
| 2020 | 2021 | 2022 | 2023 | 2024 |
| 25.3% | 25.0% | 23.6% | 23.4% | 22.9% |



Receivables as a percentage of gross fee show the portion of the year's sales that remain uncollected as of the end of the year. A higher percentage can be due to the nature of a firm's customer base or collection issues.

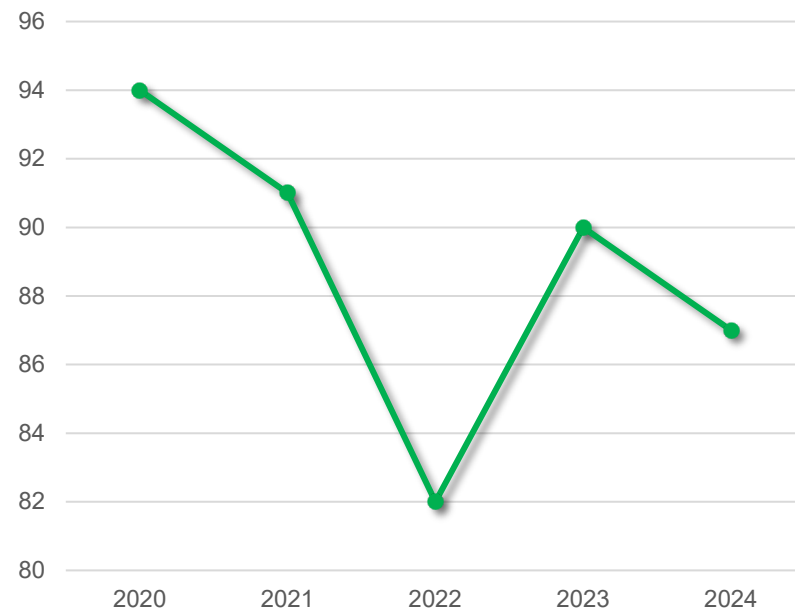
| Working Capital to Net Fee Income | | | | |
|-----------------------------------|-------|-------|-------|-------|
| 2020 | 2021 | 2022 | 2023 | 2024 |
| 28.4% | 26.9% | 24.6% | 22.8% | 22.0% |



The working capital to net fee income ratio is calculated by dividing working capital (current assets less current liabilities) by net fee income. The ratio is an indicator of whether a firm has retained a sufficient level of capital and liquidity to fund its annual operations. It also helps to assess whether a firm can achieve growth without incurring additional debt.

Balance Sheet Ratios (continued)

| Days Fees in Accounts Receivable | | | | |
|----------------------------------|------|------|------|------|
| 2020 | 2021 | 2022 | 2023 | 2024 |
| 94 | 91 | 82 | 90 | 87 |



Days fees in accounts receivable represent the average collection period for a firm's receivables.

Key Takeaway

The average collection period for accounts receivable was 87 days in 2024 — three days faster than the prior year. Firms should monitor this ratio closely and understand the trend to maintain sufficient cash flow for operations.

Our A&E Team

We leverage our expansive industry expertise to design solutions tailored to your firm. With unique specialization in the A&E industry, our experienced team of advisory, tax and financial statement specialists delivers strategic guidance aligned with your operational and growth objectives — supporting your continued success in today's complex business environment.

Through our dedicated A&E University, we provide team members hands-on, industry-specific training throughout the year — reinforcing our commitment to delivering best-in-class service and timely strategic insights.



Summit Highlights

We had the pleasure of gathering with you at our Architectural & Engineering Summit this June at The Langham, Boston. We enjoyed our valuable in-person discussions on the industry's growth and opportunities.

This year's program explored critical topics shaping the future of the A&E industry. Highlights included:

- The growing role of AI, challenges facing the U.S. and global economies, emerging economic risks and the evolving impact of public policy.
- An insightful economic and industry outlook from Dr. Anirban Basu, our featured keynote speaker.
- An engaging presentation by Partners David Sullivan and Nicholas Tamvaklis on key performance indicators and metrics leveraged by management teams to drive successful operations and make crucial strategic decisions.
- A forward-looking panel discussion featuring Joseph Bates of the ACEC Research Institute, Robert S. Belitz, President of Tighe & Bond and Michele Russo of The American Institute of Architects.

Thank You!

Thank you to everyone who joined us for the 2025 Summit. Your enthusiasm as industry leaders and stakeholders was inspiring. We're confident that the connections you made, the expertise shared by our specialists across the A&E business lifecycle and the insights in this year's Study will support your long-term growth strategies.



The Excitement Continues in 2026!

We look forward to next year's Summit and continuing to help your firm expand and flourish. Subscribe to our Architecture and Engineering e-newsletter at pkfod.com to receive event invitations, studies and more!

Our Architecture & Engineering Practice

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- Design of Internal Control and Financial Reporting Systems
- FAR Compliance, Documentation Evaluation and Agency Audit Support

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