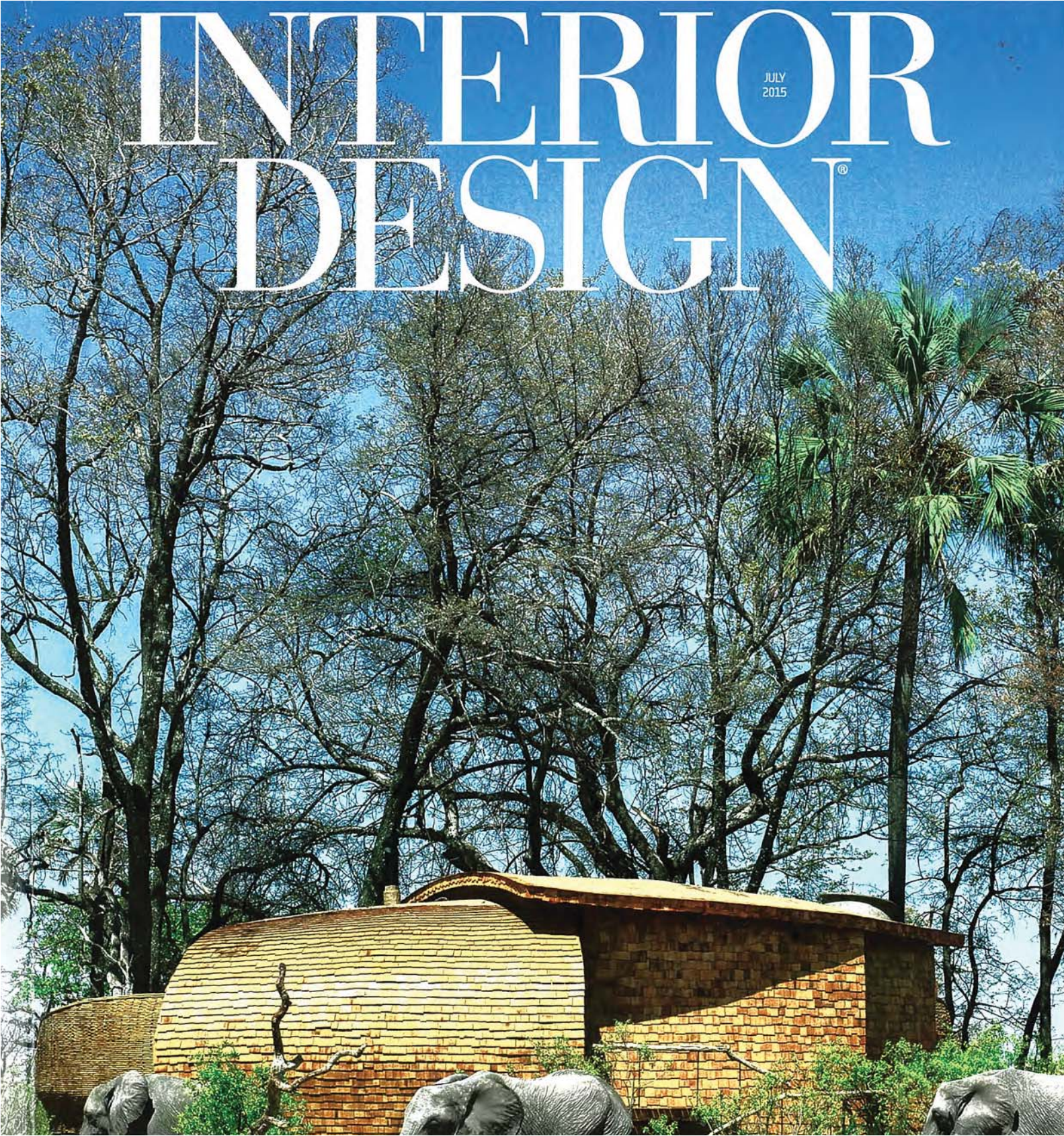


# INTERIOR DESIGN®

JULY  
2015





**RISINGgiants**

*they soar  
to new  
heights*

*Kasian (4) designed Surrey City Hall in British Columbia. ➤*

## RISINGgiants

The lobby of the 141 Portland office building in Cambridge, Massachusetts, is by SMMA Symmes Mami & McKee Associates (20).

It's always pleasant to be the bearer of good news, and the annual business-trends survey tracking *Interior Design's* Rising Giants, the 100 firms right behind the top 100 Giants, shows that the risers continue to rise. Total design fees increased a robust 10 percent, to \$471 million, in the most recent reporting period, and the Rising Giants are now forecasting another 14 percent jump, to \$536 million. If those numbers play out, fee revenue for this group will have doubled in five years. Good news, indeed.

Other numbers tell the same story. Average fees per employee have reached \$246,000, up from \$213,000, with that number growing three years straight. Firms worked on a total of 13,700 projects and expect to approach 15,000 this year. All those jobs added 37 million square feet to the group's previous total, 203 million. And fees per square foot? Up from \$85 to \$103, the highest we've seen since we began tracking this data.

Bringing in 60 percent of all fees, the primary rainmakers for the Rising Giants are still corporate offices (\$150 million) and hospitality

New construction, versus renovation, has been an interesting trend. Four reports ago, the split was 50/50. Last time, renovations dominated 62/38. Now, new construction is staging a comeback of sorts, ticking up to 42 percent. The value of furniture/fixtures and construction products installed also grew 14 percent, to \$12 billion.

As for where all this work happens, the Rising Giants stay primarily in the U.S. For several years, firms flying strictly domestic hovered around 87 percent. This time, the percentage hit 90—in comparison to the 78 percent of the top 100 Giants who work only at home. Going forward, the Rising Giants continue to see the U.S. as the biggest source of growth, with particular hotbeds in the Northeast, South, and West. (Sorry, Heartland.)

Another trend that's notable though gradual is the drift away from LEED-accredited work. After an all-time high of a third of all projects, the number now sits at a quarter, generating just 23 percent of fees, about \$100 million. Sustainable products account for 40 percent of all products specified, down from 42 last time. And green projects made up 34 percent of square footage, down from the mid-40s only two years ago. Is this a "sustainable" trend? We'll see.

You'd guess that the overall positive news is also positive for staff. You'd be right. The Rising Giants have experienced the largest hiring increase since the Great Recession. More than 2,800 designers are currently employed, as opposed to 2,400 a couple of years ago. Even better, firms anticipate expanding to 3,200.

Designer-level salaries, long stagnant in the \$60,000 to \$65,000 range, have spiked to \$75,000. Project manager or job captain salaries rose from \$85,000 to \$100,000. Meanwhile, principal or partner take-home stayed flat at \$150,000. That ties in with what firms claim to be the most important issue facing them: recruiting, retaining, and training staff. Does this mean a seller's market for employees? Possibly, as the percentage of firms focusing on this issue has been growing consistently. Being busy is good—for everyone.

That leads to the other subject on Rising Giants' minds: clients. Getting them to understand design value and dealing with their increasing demands are top concerns for a majority of firms. Oh, and 82 percent said that "earning appropriate fees" was the biggest issue of all.

As usual, we like to save one of the best points for last. Of the 100 firms, 57 saw growth, and the additional \$46 million produced is the highest number since before the recession. But here's the thing. Even firms with flat incomes or losses are feeling optimistic. A whopping 90 out of the 100 Rising Giants see a better year ahead. From our point of view, there isn't much more to add except to say, "Let the good news roll." —Mike Zimmerman ➔



### "Risers continue to rise"

(\$136 million). The former rose a modest 7 percent, while the latter was about even. Growth areas have been health care and assisted living, up 68 percent, and residential, up 46—accounting, combined, for 20 percent of all fees.

Government work has dwindled to its lowest point in five surveys, with 56 percent of the Rising Giants reporting no work in that sector at all. Of those who did take in government dollars, most came from office projects. Only 47 firms worked in the education sector, with colleges and university projects predominating.

## RIISING giants

RANK 2015	FIRM	headquarters, web site	WORK INSTALLED				RANK 2014
			DESIGN FEES <i>(millions)</i>	VALUE <i>(millions)</i>	SQ. FT. <i>(millions)</i>	DESIGN STAFF	
51	KAMUS + KELLER INTERIORS/ARCHITECTURE	Westlake Village, California, kkaia.com	\$4.312	\$40.350	1.20	40	69
52	RD JONES & ASSOCIATES	Baltimore, rdjones.com	\$4.300	NR	NR	25	61
53	DAVIS, CARTER, SCOTT	McLean, Virginia, dcsdesign.com	\$4.230	NR	3.50	18	48
54	NICHOLSBOOTH ARCHITECTS	San Francisco, nicholsbooth.com	\$4.225	\$6.000	0.30	15	44
55	MCCALL DESIGN GROUP	San Francisco, mccalldesign.com	\$4.000	NR	NR	16	46
56	SHEA	Minneapolis, sheadesign.com	\$3.915	\$43.500	0.26	28	53
57	J BANKS DESIGN GROUP	Hilton Head Island, South Carolina, jbanksdesign.com	\$3.793	\$9.750	0.95	23	73
58	FAULKNER DESIGN GROUP	Dallas, faulknerdesign.com	\$3.780	\$8.780	0.75	27	75
59	VERMILION ZHOU DESIGN GROUP	Shanghai, vermilionzhou.com	\$3.758	\$34.008	0.11	30	-
60	JOI-DESIGN	Hamburg, Germany, joi-design.com	\$3.750	\$50.000	NR	15	47
61	DESIGN DEVELOPMENT COMPANY	Agoura Hills, California, designdevelopment-group.com	\$3.750	\$30.000	NR	14	65
<b>62</b>	<b>ROWLAND + BROUGHTON ARCHITECTURE AND URBAN DESIGN</b>	<b>Aspen, Colorado, rowlandbroughton.com</b>	<b>\$3.722</b>	<b>\$45.000</b>	<b>0.70</b>	<b>29</b>	<b>52</b>