

# It is right to be concerned but now is not the time to panic

28 June 2016 | By Nicholas Thompson

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Residency rules, lack of political leadership and a slowing economy. Problems from the Brexit fallout are piling up but the UK's world economy status will eventually pull us through, says Aukett Swanke's Nicholas Thompson



When I wrote in our Interims on June 7, in the context of our UK performance, that "the current slowdown may be impacted more by the [EU] Referendum than previously thought" I wasn't really expecting the nation to vote "Leave". However, I was expecting our share price to fall. I got one right.

So what does this vote mean for our industry?

The first concern is with architectural colleagues who have come to the UK from other EU countries either for experience or lack of opportunities at home.

Either way, they are worried because there has been no precedent in their lifetimes of such an event. By way of some comfort we have at least 24 months, and maybe 30 months or longer, to determine new residency rules if indeed they change at all. And, remember, we all employ non-EU and EU nationals. At Aukett Swanke some 40% of our staff is non-UK and, of those, three-quarters are EU nationals. We have a shared problem to solve as it concerns highly skilled professionals in roles that we could not fill from the UK alone.

The political landscape is far more uncertain. The current lack of leadership - in both major parties - is bad for business. When the Russian government faced economic sanctions and Turkey had no political majority, clients deferred major project work that was already in our studios. Turkey recovered quite quickly, Russia did not.

This is the biggest issue for our industry and we will closely monitor new opportunities and continuing instructions over the summer months. As a principle in our industry we follow work - we don't create it. If the commercial markets do falter, then the government (of the day) may have to invoke Keynesian economics and support major projects such as HS2 and Crossrail 2, to maintain wider employment in the construction industry - as commercial employers have no such obligation.

The third issue is economic activity. Financial markets always react first - property is usually well back in the queue due to the project life cycle. Architects have some time to react but even so not much. It is also usually the case that it is the casualties that hit the headlines, not the projects that continue. We must not overreact.

But what is clear is that the already slowing UK economy will continue to level out and that may affect employment. We will all need to re-adjust to the new activity metric. But even if GDP actually falls the basic premise that there is an under-supply of both housing and office space will remain. What firms should be doing is looking abroad - as we have always done - to provide some balance to their work portfolios. Island economics is great when there are good times - not so when uncertainty looms.

However, I do feel confident in the UK economy, whether in or out of Europe, as we are a world economy and our resilience has been tested many times - we have always succeeded.

**Postscript:**

Nicholas Thompson is the chief executive of the country's only listed architect, Aukett Swanke

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