2020 OUTLOOK AND STATE OF INTERIOR DESIGN
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXECUTIVE SUMMARY</strong></td>
<td>1</td>
</tr>
<tr>
<td><strong>INTRODUCTION</strong></td>
<td>5</td>
</tr>
<tr>
<td><strong>STATE OF INTERIOR DESIGN</strong></td>
<td>7</td>
</tr>
<tr>
<td><strong>INTRODUCTION</strong></td>
<td>7</td>
</tr>
<tr>
<td><strong>INDUSTRY &amp; BUSINESS</strong></td>
<td>8</td>
</tr>
<tr>
<td>• Services</td>
<td>9</td>
</tr>
<tr>
<td>• Firms</td>
<td>13</td>
</tr>
<tr>
<td>• Firm Revenues/Sales</td>
<td>17</td>
</tr>
<tr>
<td><strong>PROFESSION</strong></td>
<td>19</td>
</tr>
<tr>
<td>• Employment</td>
<td>20</td>
</tr>
<tr>
<td>• Professional Characteristics</td>
<td>26</td>
</tr>
<tr>
<td>• Salary &amp; Wages</td>
<td>29</td>
</tr>
<tr>
<td>• Education</td>
<td>32</td>
</tr>
<tr>
<td>• NCIDQ Certification</td>
<td>35</td>
</tr>
<tr>
<td><strong>CONCLUSION</strong></td>
<td>37</td>
</tr>
<tr>
<td><strong>ECONOMIC OUTLOOK</strong></td>
<td>38</td>
</tr>
<tr>
<td><strong>OVERVIEW</strong></td>
<td>38</td>
</tr>
<tr>
<td><strong>U.S. ECONOMY</strong></td>
<td>40</td>
</tr>
<tr>
<td>• Employment</td>
<td>42</td>
</tr>
<tr>
<td>• Inflation</td>
<td>45</td>
</tr>
<tr>
<td>• Monetary &amp; Fiscal Policy</td>
<td>47</td>
</tr>
<tr>
<td><strong>TRADE &amp; TARIFFS</strong></td>
<td>50</td>
</tr>
<tr>
<td><strong>HOUSING MARKET</strong></td>
<td>51</td>
</tr>
<tr>
<td><strong>CONSTRUCTION</strong></td>
<td>54</td>
</tr>
<tr>
<td>• Residential Construction</td>
<td>55</td>
</tr>
<tr>
<td>• Single-family Construction</td>
<td>55</td>
</tr>
<tr>
<td>• Multifamily Construction</td>
<td>57</td>
</tr>
<tr>
<td>• Improvements</td>
<td>59</td>
</tr>
<tr>
<td>• Commercial &amp; Institutional Construction</td>
<td>61</td>
</tr>
<tr>
<td>• Workplace</td>
<td>61</td>
</tr>
<tr>
<td>• Hospitality</td>
<td>63</td>
</tr>
<tr>
<td>• Retail</td>
<td>64</td>
</tr>
<tr>
<td>• Education</td>
<td>65</td>
</tr>
<tr>
<td>• Healthcare</td>
<td>67</td>
</tr>
<tr>
<td><strong>SUMMARY &amp; CONCLUSIONS</strong></td>
<td>69</td>
</tr>
<tr>
<td><strong>TRENDS &amp; IMPLICATIONS</strong></td>
<td>70</td>
</tr>
<tr>
<td><strong>INTRODUCTION</strong></td>
<td>70</td>
</tr>
<tr>
<td><strong>ECONOMICS AND BUSINESS</strong></td>
<td>72</td>
</tr>
<tr>
<td>• The Economy &amp; U.S. Construction</td>
<td>72</td>
</tr>
<tr>
<td>• Business &amp; Investments</td>
<td>75</td>
</tr>
<tr>
<td><strong>DEMOGRAPHICS AND SOCIETY</strong></td>
<td>78</td>
</tr>
<tr>
<td>• U.S. Population</td>
<td>78</td>
</tr>
<tr>
<td>• Lifestyles</td>
<td>82</td>
</tr>
<tr>
<td><strong>CONSUMER AND TECHNOLOGY</strong></td>
<td>84</td>
</tr>
<tr>
<td>• Efficient &amp; Effective Design</td>
<td>84</td>
</tr>
<tr>
<td>• Smart &amp; Intelligible Design</td>
<td>86</td>
</tr>
<tr>
<td><strong>HEALTH AND WELLNESS</strong></td>
<td>90</td>
</tr>
<tr>
<td>• Quality of Life</td>
<td>90</td>
</tr>
<tr>
<td>• Responsible &amp; Inclusive Design</td>
<td>92</td>
</tr>
<tr>
<td><strong>CONCLUSION</strong></td>
<td>96</td>
</tr>
<tr>
<td><strong>FUTURE INSIGHTS: CULTURAL REFLECTIONS</strong></td>
<td>97</td>
</tr>
<tr>
<td><strong>ONWARD INTO 2020+</strong></td>
<td>106</td>
</tr>
<tr>
<td><strong>AUTHORS &amp; CONTRIBUTORS</strong></td>
<td>108</td>
</tr>
<tr>
<td><strong>REFERENCES</strong></td>
<td>109</td>
</tr>
</tbody>
</table>
Powerful and meaningful strides have brought us into 2020 with notable accomplishments, but also with motivating challenges to keep us progressing forward. Advances in drawing diversity and inclusivity into multiple facets of our world, especially in areas most lacking, have crept along, yet acknowledging these existing differences has also realized further fragmentation and/or polarization. Wellness has been embraced and embedded in the lifestyles of many; however, struggles in maintaining behavioral and mental health have surfaced with the rise in stress, burnout, addiction, and chronic diseases. Technology continues to add layers of convenience, but has also emanated concerns for privacy and security. Climate change and extreme weather have forced us to acknowledge the reality of the Earth’s poor health condition, and have led organizations to address environmental, social, and governance (ESG) issues, while design is making headway into responsible, healthy, and sustainable materials, manufacturing, products, and processes.

As we reflect on our endeavors and proceed into the new decade, we look at ways we can be equipped with resources to keep us enlightened. The American Society of Interior Designers (ASID) 2020 Outlook and State of Interior Design report presents a comprehensive collection of essential knowledge needed to keep a pulse on the constant changes surrounding us, to continue honing competitive knowledge and skills for design practice, and to lead efforts in advancing the interior design industry and profession. The report reviews the state of interior design (including a decade in review), the U.S. economy, U.S. construction activity, and provides an outlook for 2020+, guiding interior designers on how the critical moving parts surrounding us can apply to their business and practice. The report also includes an extensive scan and summary of trends found in society and the world, with implications of how these intersect with interior design. Relevant knowledge, skills, and applications are referenced to further enrich professionals in their career and towards their developmental goals. The report ends with a reflective thought piece on culture and its manifestation through design of the built environment.

Here are some highlights from each section of the report:
STATE OF INTERIOR DESIGN

The interior design industry, business, profession, and practice is in a healthy state as we begin a new decade.

• **Industries employing interior designers have diversified over time.** Although interior designers are primarily employed by the professional, scientific, and technical services industries, a growing number of interior designers are employed in other industries indicating penetration across multiple markets and recognition of its importance.

• **Projected firm revenues/sales have seen an average eight percent annual growth rate during the past decade.** The interior design industry experienced steady growth in the U.S. economy, and will continue, but at a slower rate.

• **Average annual salary and hourly wages increased, but slightly below the average inflation rate.** The annual hourly wage is still well above the national average, putting interior designers in a positive position overall. Further efforts in communicating the value of design through its measurable outcomes may add to these increases.

• **The total number of interior design students have decreased over time,** following the general trend in higher education and the overall U.S. population. Challenges arise throughout the profession: educators and interior design programs will need to offer skills-training and innovative resources to stay competitive, firms will need to attract and retain top talent, and the industry and profession as a whole will need to come together to prepare for a talent shortage.

ECONOMIC OUTLOOK

The U.S. economic outlook for 2020 is positive and the threat of an immediate recession has subsided. Growth in 2020 will slow down, but to a sustainable level. Further projections rely on consumer spending as their economic activity has been the major source for maintaining positive growth.

• **Tariffs on products have significantly impacted the interior design industry.** Increased costs have been passed on or absorbed by manufacturers and suppliers, and other sources if too burdensome. Tariffs, dependent on negotiation results, will continue to disrupt the industry.

• **The housing market is generally healthy** indicating prospective business for interior design services. The market continues to be affected by availability and price of land, finding, hiring, and retaining skilled labor, lending standards, and local regulations.

• **Construction spending activity will increase in 2020 for single-family construction, residential improvements, and educational facilities.** Other sectors are projected to grow below the rate of increase in construction costs, flatten, slightly decline, or pick up in 2021.
TRENDS & IMPLICATIONS

Interior design continues to be recognized as an essential component of quality of life regarding how we live, work, play, learn, and heal. Macro-trends that occur around the world and the U.S., and those that relate to changes in lifestyles, are pertinent for interior designers to understand and apply in practice. Knowledge, skills, and applications interior designers should keep up with in order to stay competitive are also included in this section. A few trends to highlight are:

• **Organizations are focusing on human-oriented outcomes as part of their business agenda and are turning to design for solutions.** This is in response to a growing employee demand that work be purposeful and companies invest more in human development. Firms are challenged to find and keep top talent, especially with the low unemployment rates, and must be prepared to offer competitive compensation and benefits packages to different generations of workers.

• **Choices in living styles are transcending generations.** More people are choosing to rent than buy, and communal and co-living arrangements are increasing in popularity, appealing to both Millennials and the aging population. Age-targeted communities may emerge, but so may inclusive communities that create new types of encounters and socializations.

• **New (and smart) technologies are improving productivity, management, and the occupant experience.** For example, “multiexperience,” which links human-machine interfaces across multiple channels (e.g., augmented reality (AR), virtual reality (VR), mixed reality, and sensing technologies) to create immersive experiences and “people-centric smart spaces.”

• **Wellness has become a way of life, with potential towards good health, optimism, productivity, and social engagement.** Measures of well-being can vary by generation, but this sense of well-being or proactive approach towards well-being are changing behaviors and lifestyles, and providing designers with the opportunity to reposition their value proposition and redefine the elements of good design.

• **Designers are accessing neuroscience research to better understand how and why humans react to environmental stimuli in built spaces.** With particular consideration of persons with neurodivergent conditions, research will further inform design strategies and decisions to avoid using elements that could cause anxiety, stress, and overstimulation.
FUTURE INSIGHTS: CULTURAL REFLECTIONS

Changes in society and our surroundings are somewhat revealed in the shifting definition and emergence of culture. Designing for culture is a challenge due to the constant changes and the evolving nature of our understanding of time, experiences, and identities. A few excerpts from a panel of thought leaders are:

“Translating culture through architecture and design involves a process of creating spaces that enrich and excite, rather than just providing function.”

“[Culture] is inclusive” yet, “has also resulted in [a fragmentation of society as it provides] virtually limitless opportunities for people to connect with cultures to find a sense of belonging.”

“Physical space...has the potential to reinforce [culture], bringing diverse [characteristics] together in more meaningful ways.”

These sections, in culmination, become a resourceful tool that will spark motivation and action in making a difference through design. All literature and data sources are cited at the end of the report for reference.
Introduction

The start of 2020 came with celebrations of achievements from the past decade, and excitement for innovative advancements to come in the new decade. The current economic climate adds its challenges, but with steady, yet slow, economic growth projected and talk of a recession subsided, we are in a good place. The growing recognition of design’s importance in resolving complex problems and elevating the quality of life puts interior designers who are demonstrating the impact of design in a favorable position.

Overall, we have seen interesting shifts happening around the world: some radical, some more incremental, some that exceeded our expectations of 2020, and some that fell a bit short. Nevertheless, we see evolution and growth overall.

In efforts to course correct and employ more sustainable solutions, grassroots movements have emerged adding thoughtful perspectives, salient questions, practical solutions, and resulting actions when approaching these issues. For example, concern for the environment has heightened, especially as more and more people have experienced the consequences of climate change, and in response, widespread movements like the mass removal of plastic straws, increased use of recycled materials, and mindful decisions in material and product sourcing have become mainstream. Environmental, social, and governance (ESG) issues have been at the forefront of organizations leading this charge and have seen positive financial impact as a result.

Focus on people and their well-being—physical, mental, emotional, social, financial—has become central. Society has become more sensitive to emerging issues brought forth by the community, population, and environment. This movement towards being grounded in the fundamentals of humanity has put humancentric and universal design at the core of the design conversation. As the next expansion of design for humanity continues to cultivate with more purposeful and inclusive objectives, the need for research to establish design guidelines continues to grow.

Accepting the reality that the only constant in this world is change, we have adapted to the moving forces that continue to disrupt our lives and have learned to exercise and apply agility in every aspect. With these ongoing adjustments and shifts, we need to consistently nourish ourselves with relevant and novel knowledge, skills, and applications to continue towards a positive future.
The ASID 2020 Outlook and State of Interior Design is a comprehensive review of essential information interior design professionals should know about and respond to with flexibility and resiliency in order to stay competitive in 2020 and beyond.

**STATE OF INTERIOR DESIGN**

Review of the interior design industry, business, and profession, including a snapshot of where we are at the top of 2020, a review of historical trends and highlights from the last decade, and insights into the future.

**ECONOMIC OUTLOOK**

Key factors in the U.S. Economy that every interior designer should monitor, including a special report on tariffs and the housing market, and a review of construction activity in each market sector, with historical references, risk factors, implications, and outlook.

**TRENDS & IMPLICATIONS**

Compilation of economic, business, demographic, societal, consumer, technology, and health and wellness trends in relation to design and the built environment, including outlook and implications for interior designers to apply in practice, and a list of key knowledge, skills, and applications needed to stay relevant and competitive.

**FUTURE INSIGHTS**

Reflections on the evolution of culture and the role design plays for interpreting and supporting diverse cultures. Perspectives from respective design professionals who share their cultural insights, including design approaches, considerations, and challenges.

Each section has a unique focus; however, ASID recommends reading this report in its entirety to get a complete view of the industry and profession, alongside the surrounding economic impact factors. All literature and data sources are cited at the end of the report for reference. Additional changes may have likely occurred between the time we have gathered and published the content; however, the overall message is relevant in understanding the state and future direction of the design industry and profession.
Introduction

As we start a new decade in 2020, we examine where interior design is now, take a look back at how it has come to be, and comment on what to expect in the future. The State of Interior Design can be seen through the lens of the Industry & Business (the structure which fosters interior design services) and the Profession (the composition of people and environment that perform professional services and expertise).
Industries employing interior designers have diversified over time.

The majority of interior design firms tend to be smaller in size (less than four employees).

The highest percentage of interior designers are employed in medium-sized firms (five to 99 employees).

Firm revenues/sales are projected to continue rising.
SERVICES

U.S. industries are categorized into sectors (i.e., distribution of services) and further divided into industries. The services that interior designers provide are still predominately within the Professional, Scientific, and Technical Services sector, accounting for 60 percent of what interior designers do. However, the number of industries employing interior designers continue to be vast with interior designers not exceeding 40 percent of any industry: interior designers were most dominant in the Specialized Design Services industry, making up just over one-third.

2020 SNAPSHOT

DISTRIBUTION OF SERVICES BY SECTOR

- **Professional, Scientific, & Technical Services**: 59.94%
- **Retail Trade**: 17.10%
- **Wholesale Trade**: 7.45%
- **Management of Companies & Enterprises**: 2.44%
- **Manufacturing**: 1.49%
- **Accommodation & Food Services**: 0.19%
- **Transportation & Warehousing**: 0.07%
- **Finance & Insurance**: 0.14%
- **Health Care & Social Assistance**: 0.33%
- **Real Estate & Rental & Leasing**: 1.40%
- **Federal, State, & Local Government (OES Designation)**: 0.72%
- **Educational Services**: 0.47%
- **Construction**: 7.32%
- **Arts, Entertainment, & Recreation**: 0.09%
- **Retail Trade**: 17.10%
HIGHEST EMPLOYED INDUSTRIES
FOR INTERIOR DESIGNERS

**Specialized Design Services**
- 20,580
- 36.1%
- -0.6% since 2017

**Architectural, Engineering, and Related Services**
- 13,320
- 23.3%
- +2.8% since 2017

**Furniture Stores**
- 4,500
- 7.9%
- -0.1% since 2017

**Residential Building Construction**
- 2,770
- 4.9%
- +0.5% since 2017

**Merchant Wholesalers, Durable Goods (related to interior design)**
- 3,820
- 6.7%
- +1.5% since 2017

**Building Material and Supplies Dealers**
- 2,200
- 3.9%
- -0.7% since 2017

**Home Furnishing Stores**
- 2,070
- 3.6%
- -1.3% since 2017

**Management of Companies and Enterprises**
- 1,390
- 2.4%
- -0.1% since 2017
DECADE IN REVIEW

• The Professional, Scientific, and Technical Services sector has been at the top for interior designers, averaging 59 percent, followed by Retail Trade, Wholesale Trade, and Construction sectors.

• The top three industries where interior designers work have remained the same:
  1. Specialized Design Services
  2. Architectural, Engineering, and Related Services
  3. Furniture Stores

• Specialized Design Services and Architectural, Engineering, and Related Services combine for, on average, 60 percent of interior designers.

• Interior designers were the predominant group in the Specialized Design Services industry, but continue to see shifts: highest proportion was in 2012 (40 percent) and lowest proportion in 2018 (36 percent).

• Interior designers employed in the Architectural, Engineering, and Related Services industry had their lowest level in 2015 (18 percent), but then achieved their highest percentage toward the end of the decade in 2018.

TOP 5 HIGHEST EMPLOYED INDUSTRIES

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SPECIALIZED DESIGN SERVICES</th>
<th>ARCHITECTURAL, ENGINEERING, AND RELATED SERVICES</th>
<th>FURNITURE STORES</th>
<th>MERCHANT WHOLESALERS, DURABLE GOODS</th>
<th>RESIDENTIAL BUILDING CONSTRUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>38.2%</td>
<td>21.3%</td>
<td>8.3%</td>
<td>6.0%</td>
<td>3.2%</td>
</tr>
<tr>
<td>2012</td>
<td>39.9%</td>
<td>21.2%</td>
<td>7.8%</td>
<td>6.1%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2013</td>
<td>39.3%</td>
<td>20.2%</td>
<td>9.5%</td>
<td>6.9%</td>
<td>4.4%</td>
</tr>
<tr>
<td>2014</td>
<td>39.1%</td>
<td>19.5%</td>
<td>10.4%</td>
<td>6.8%</td>
<td>4.8%</td>
</tr>
<tr>
<td>2015</td>
<td>38.8%</td>
<td>17.9%</td>
<td>9.5%</td>
<td>6.3%</td>
<td>4.8%</td>
</tr>
<tr>
<td>2016</td>
<td>37.8%</td>
<td>19.1%</td>
<td>9.1%</td>
<td>5.9%</td>
<td>4.3%</td>
</tr>
<tr>
<td>2017</td>
<td>36.7%</td>
<td>20.5%</td>
<td>8.0%</td>
<td>6.1%</td>
<td>4.4%</td>
</tr>
<tr>
<td>2018</td>
<td>36.1%</td>
<td>23.3%</td>
<td>7.9%</td>
<td>6.7%</td>
<td>4.9%</td>
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INSIGHTS FOR 2020+

Interior design is interdisciplinary in nature. Recognition for its connection and collaboration with other disciplines has been shown through the increased diversification of service sectors and industries practiced by interior designers. We may continue to see this trend where interior designers are penetrating beyond traditional design service industries and are in positions that can demonstrate the impact of design from a multitude of industries. The importance of interior design and its impact may be more widely communicated to communities and industries that result in changed perceptions of the industry and profession.
The number of interior design firms continues its stronghold with over 14,000 during the first two quarters of 2019, after reaching this milestone for the first time at the end of 2018.
DECADE IN REVIEW

- A greater number of interior design firms exist at the end of the decade (14,417 projected in 2019) than at the beginning (12,423 in 2010).

- After a downward trend from the Great Recession, the number of interior design firms began to pick up starting in 2013 and recovering pre-recession numbers in 2017.

- The annual change in the number of interior designs firms has been more volatile than the overall change of all U.S. firms.

- Firms with less than four employees consistently account for over 80 percent of interior design firms while firms with greater than 20 employees have not extended past two percent.

- The percentage of employees working for firms with less than four employees decreased over eight percent from 2010 to 2016, while firms with 20 to 99 and 100 to 499 employees combined for an increase of six percent over this same time period.

- The percentage of employees at firms with 5-9, 10-19, 20-99, 100-499, and greater than 500 employees varied less than one percent during the past decade.

TOTAL NUMBER OF FIRMS

+16.1% INCREASE since 2010

* most recent data available for analysis
ANNUAL CHANGE:
INTERIOR DESIGN FIRMS VS U.S. FIRMS

PERCENTAGE OF EMPLOYMENT BY FIRM SIZE
The growth in the number of interior design firms has been outpacing the total number of firms in the U.S. economy; however, there is an imbalance between the size of firms and the percentage of total employment—firms with less than four employees account for over 80 percent of firms but only about one-third of employment. Although smaller firms are more susceptible to a changing economy by the nature of their size, this year is projected to be a good time to invest in business improvements, due to low small business loan rates. Overall, with a good pulse on the economy and relevant trends, the profession must be vigilant in order to continue the great progress made in the past decade.
The interior design industry continues its growth, measured by firm revenues/sales. Projected revenue figures for 2020 reflect a 7.5 percent increase from the projected revenue figures for 2019.

**2020 SNAPSHOT**

**DOLLAR VALUE OF SALES FROM INTERIOR DESIGN SERVICES INDUSTRY**

- **2017:** $12.6 billion
- **2018:** $13.5 billion
- **2019:** $14.7 billion
- **2020 (estimated):** $16.0 billion
- **2021 (projected):** $17.4 billion

**2.8% increase from 2016**

**DECade in Review**

- **Firm revenues/sales figures will almost double** what was achieved in 2012, based on projected 2021 revenue figures.

- **The greatest increase in firm revenues** has occurred from firms employing more than two employees (employer-based sales) compared to the self-employed (non-employer-based sales).

- **The interior design industry continues its steady growth** in the U.S. economy with an average growth rate of eight percent in the projected amount of revenues/sales during the 2010-2019 decade (as a comparison, retail revenues/sales figures from the U.S. Census Bureau only average one percent for the same period).
The Federal Reserve Board is projecting that the overall economy will grow at a slower rate than previous years; however, note that slowing growth is still, by its very nature, increasing with positive momentum. Growth in interior design firm revenue/sales continues to be projected, indicating a positive outlook for the industry, but at a slower rate. Several economic factors should be monitored closely (e.g., construction costs, tariffs, housing market, etc.) and strategies to respond with nimbleness should be considered. The rise in project costs and construction prices will most likely impact gross margins for firms. Tariffs may further impact firms purchasing products and/or providing product mark-ups: increased costs that had been absorbed in part or entirely by manufacturers and suppliers in the past may now be reflected in product costs as tariffs persist. These firms will need to find alternatives to maintain costs and/or adjust business models to stay competitive. As interior design firms plan and make budgets for their upcoming year, they should keep the larger economy in proper focus.
Profession

The number of interior designers continue to increase, but with volatility over the years.

Large, highly populated states and metropolitan areas continue to have the highest employment levels and greatest concentration of employees.

The West is the most represented region for having higher average annual salary and hourly wage, followed by the Northeast.

Traditional education is changing—the cost of going to college/university will impact enrollment figures and how one experiences higher learning might change from in-person classroom to online or virtual presence.

National Council of Interior Design Qualification (NCIDQ) holders are still increasing, but at a slower rate.
EMPLOYMENT

Total employment for interior designers surpassed 74,000 for the first time in 2018, a seven percent increase from 2017. Smaller populated states and areas, like the District of Columbia, Rhode Island, and North Dakota had the greatest concentration of interior designers in 2018, along with larger states like California, New York, and Florida.

2020 SNAPSHOT

GEOGRAPHICAL DISTRIBUTION OF INTERIOR DESIGNERS

* most recent data available for analysis
**TOP FIVE HIGHEST EMPLOYED STATES**

- **California**: Employment: 8,460, Location Quotient: 0.50
- **New York**: Employment: 4,780, Location Quotient: 0.51
- **Florida**: Employment: 4,210, Location Quotient: 0.49
- **Texas**: Employment: 4,230, Location Quotient: 0.35
- **Illinois**: Employment: 2,250, Location Quotient: 0.38

*Note: The location quotient is the ratio of the area concentration of occupational employment to the national average concentration. A location quotient greater than one indicates the occupation has a higher share of employment than average, and a location quotient less than one indicates the occupation is less prevalent in the area than average.*

**TOP TEN HIGHEST EMPLOYED METROPOLITAN AREAS**

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>Employment</th>
<th>Location Quotient*</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York-Newark-Jersey City, NY-NJ-PA</td>
<td>5,420</td>
<td>0.57</td>
</tr>
<tr>
<td>Los Angeles-Long Beach-Anaheim, CA</td>
<td>3,680</td>
<td>0.60</td>
</tr>
<tr>
<td>San Francisco-Oakland-Hayward, CA</td>
<td>2,060</td>
<td>0.85</td>
</tr>
<tr>
<td>Chicago-Naperville-Elgin, IL-IN-WI</td>
<td>2,030</td>
<td>0.85</td>
</tr>
<tr>
<td>Dallas-Fort Worth-Arlington, TX</td>
<td>1,920</td>
<td>0.54</td>
</tr>
<tr>
<td>Atlanta-Sandy Springs-Roswell, GA</td>
<td>1,740</td>
<td>0.65</td>
</tr>
<tr>
<td>Washington-Alexandria, DC-VA-MD-WV</td>
<td>1,710</td>
<td>0.55</td>
</tr>
<tr>
<td>Miami-Fort Lauderdale-West Palm Beach, FL</td>
<td>1,570</td>
<td>0.61</td>
</tr>
<tr>
<td>Minneapolis-St. Paul-Bloomington, MN-WI</td>
<td>1,370</td>
<td>0.70</td>
</tr>
<tr>
<td>Seattle-Tacoma-Bellevue, WA</td>
<td>1,210</td>
<td>0.61</td>
</tr>
</tbody>
</table>

*Note: The location quotient is the ratio of the area concentration of occupational employment to the national average concentration. A location quotient greater than one indicates the occupation has a higher share of employment than average, and a location quotient less than one indicates the occupation is less prevalent in the area than average.*
GEOGRAPHICAL CONCENTRATION OF INTERIOR DESIGN JOBS

TOP FIVE CONCENTRATED STATES

NORTH DAKOTA
EMPLOYMENT: 270
LOCATION QUOTIENT: 1.63

CONNECTICUT
EMPLOYMENT: 960
LOCATION QUOTIENT: 1.47

COLORADO
EMPLOYMENT: 1,930
LOCATION QUOTIENT: 1.87

DISTRICT OF COLUMBIA
EMPLOYMENT: 580
LOCATION QUOTIENT: 2.07

RHODE ISLAND
EMPLOYMENT: 330
LOCATION QUOTIENT: 1.75
### TOP TEN HIGHEST CONCENTRATED METROPOLITAN AREAS

<table>
<thead>
<tr>
<th>METROPOLITAN AREA</th>
<th>EMPLOYMENT</th>
<th>LOCATION QUOTIENT*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naples-Immokalee-Marco Island, FL</td>
<td>250</td>
<td>4.32</td>
</tr>
<tr>
<td>Savannah, GA</td>
<td>270</td>
<td>3.89</td>
</tr>
<tr>
<td>Boulder, CO</td>
<td>180</td>
<td>2.48</td>
</tr>
<tr>
<td>Cape Coral-Fort Myers, FL</td>
<td>260</td>
<td>2.44</td>
</tr>
<tr>
<td>Bridgeport-Stamford-Norwalk, CT</td>
<td>360</td>
<td>2.21</td>
</tr>
<tr>
<td>San Francisco-Oakland-Hayward, CA</td>
<td>2,060</td>
<td>2.16</td>
</tr>
<tr>
<td>Hilton Head Island-Bluffton-Beaufort, SC</td>
<td>60</td>
<td>2.05</td>
</tr>
<tr>
<td>Denver-Aurora-Lakewood, CO</td>
<td>1,190</td>
<td>2.04</td>
</tr>
<tr>
<td>Nashville-Davidson-Murfreesboro-Franklin, TN</td>
<td>770</td>
<td>2.01</td>
</tr>
<tr>
<td>North Port-Sarasota-Bradenton, FL</td>
<td>220</td>
<td>1.89</td>
</tr>
</tbody>
</table>

*Note: The location quotient is the ratio of the area concentration of occupational employment to the national average concentration. A location quotient greater than one indicates the occupation has a higher share of employment than average, and a location quotient less than one indicates the occupation is less prevalent in the area than average.
DECADE IN REVIEW

• While the annual change in employment for the overall U.S. economy has been positive and less varied, the annual change in employment of interior designers has experienced more volatility, ranging from a five percent decrease in 2012 to a 12 percent increase in 2015.

• Employment of interior designers saw a greater increase from 2010 to 2018 (31 percent) than the total employment for the U.S. economy (13 percent).

• California, New York, Texas, and Florida have consistently been within the top five highest employed states for interior designers from 2010 to 2018.

• New York, Los Angeles, and Chicago have consistently been within the top five highest employed metropolitan areas for interior designers from 2010 to 2018.

• The District of Columbia (D.C.) and Colorado were within the top five highest location quotient areas throughout the past decade (2010 to 2018), with D.C. at the top of the list every year.

• The gap between D.C. and other top location quotient states narrowed toward the end of the previous decade.
Forecasts project the unemployment rate to maintain its current level in 2020 before increasing to four percent in 2021, which should apply to interior designers and help continue the growth trend. However, the Bureau of Labor Statistics (BLS) expects overall job market growth to be slower than previous years due to an aging population impacting the labor force. The profession will need to continue to communicate the role of interior designers and the impact design has on the human experience to attract and retain creative talent. Large, highly populated states will likely be among those with the most interior designers; however, the concentration (i.e., location quotient) of interior designers may change according to changes in “hot” markets.
Consistent annual demographical data on interior designers has been a challenge. This section uses the most recent data from the ASID 2019 Interior Design Salaries & Benefits report for the 2020 Snapshot and the 2014 and 2017 Universe Study by Interior Design magazine for the Decade in Review.

Interior designers are predominately female. With the largest proportion of interior designers in the 25 to 34 years of age category, the profession is seeing a steady influx of emerging professionals that will lead the industry and profession into the future.

### 2020 SNAPSHOT

**Characteristics of Interior Design Practitioner**

<table>
<thead>
<tr>
<th>Age</th>
<th>&lt;25 Years</th>
<th>25-34 Years</th>
<th>35-44 Years</th>
<th>45-54 Years</th>
<th>55+ Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>8%</td>
<td>29%</td>
<td>22%</td>
<td>20%</td>
<td>21%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Work Experience</th>
<th>&lt;5 Years</th>
<th>5-10 Years</th>
<th>11-20 Years</th>
<th>21-30 Years</th>
<th>30+ Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>8%</td>
<td>18%</td>
<td>27%</td>
<td>21%</td>
<td>27%</td>
</tr>
</tbody>
</table>

- **87% Female**
- **13% Male**
**DECADE IN REVIEW**

- **Interior designer demographics** have increased among men and the younger population.
- **Interior designers above the age of 45 who have at least 11 years’ experience** have composed over half of the profession in the past decade.

**CHARACTERISTICS OF INTERIOR DESIGN PRACTITIONERS**

### AGE

<table>
<thead>
<tr>
<th></th>
<th>&lt;25 Years</th>
<th>25-34 Years</th>
<th>35-44 Years</th>
<th>45-54 Years</th>
<th>55+ Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3%</td>
<td>22%</td>
<td>21%</td>
<td>28%</td>
<td>27%</td>
</tr>
<tr>
<td>2017</td>
<td>6%</td>
<td>23%</td>
<td>20%</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>+3%</td>
<td>+1%</td>
<td>-1%</td>
<td>-2%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

### WORK EXPERIENCE

<table>
<thead>
<tr>
<th></th>
<th>&lt;3 Years</th>
<th>3-5 Years</th>
<th>6-10 Years</th>
<th>11-19 Years</th>
<th>20+ Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>6%</td>
<td>9%</td>
<td>20%</td>
<td>21%</td>
<td>43%</td>
</tr>
<tr>
<td>2017</td>
<td>7%</td>
<td>17%</td>
<td>17%</td>
<td>19%</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>+1%</td>
<td>+8%</td>
<td>-3%</td>
<td>-2%</td>
<td>-3%</td>
</tr>
</tbody>
</table>
Due to the multiple sources referenced for this section, having a clear view of the characteristics of interior designers is somewhat difficult. However, the combined data lean toward an overall positive view for the profession: less skew in gender balance and solid numbers for emerging professionals. As the reach of interior design continues to broaden, more people are expected to show interest in the profession and engage in the scope of work. This may result in increased diversity and inclusivity within the profession and further ensure that design solutions reflect the diverse population occupying and experiencing the space.
SALARY & WAGES

The average annual salary for interior designers surpassed $59,000, an increase of about $900, representing a 1.5 percent increase—this is below the average inflation rate which is just over two percent. The average hourly wage for an interior designer increased to $28.42.

2020 SNAPSHOT

ANNUAL AVERAGE SALARY AND HOURLY WAGE

$59,120

Annual Average Salary in 2018

$28.42

Hourly Average Wage in 2018

GEOGRAPHICAL DISTRIBUTION OF INTERIOR DESIGN SALARIES

ANNUAL MEAN WAGE

$39,890 - $50,410

$51,030 - $55,230

$56,430 - $60,550

$60,570 - $79,230

Data not available
**DISTRICT OF COLUMBIA**
HOURLY MEAN WAGE: $38.09
ANNUAL MEAN WAGE: $79,230

**ARKANSAS**
HOURLY MEAN WAGE: $32.14
ANNUAL MEAN WAGE: $66,840

**ALASKA**
HOURLY MEAN WAGE: $34.21
ANNUAL MEAN WAGE: $71,150

**RHODE ISLAND**
HOURLY MEAN WAGE: $36.11
ANNUAL MEAN WAGE: $75,110

**TOP FIVE HIGHEST PAYING STATES**

**TOP TEN HIGHEST PAYING METROPOLITAN AREAS**

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>Hourly Average Wage</th>
<th>Annual Average Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fayetteville-Springdale-Rogers, AR-MO</td>
<td>$42.80</td>
<td>$89,020</td>
</tr>
<tr>
<td>Los Angeles-Long Beach-Anaheim, CA</td>
<td>$37.12</td>
<td>$77,220</td>
</tr>
<tr>
<td>Santa Rosa, CA</td>
<td>$35.98</td>
<td>$74,850</td>
</tr>
<tr>
<td>Providence-Warwick, RI-MA</td>
<td>$35.62</td>
<td>$74,080</td>
</tr>
<tr>
<td>Syracuse, NY</td>
<td>$35.22</td>
<td>$73,260</td>
</tr>
<tr>
<td>Baltimore-Columbia-Towson, MD</td>
<td>$33.60</td>
<td>$69,880</td>
</tr>
<tr>
<td>Huntsville, AL</td>
<td>$33.02</td>
<td>$68,680</td>
</tr>
<tr>
<td>San Francisco-Oakland-Hayward, CA</td>
<td>$32.92</td>
<td>$68,470</td>
</tr>
<tr>
<td>Hartford-West Hartford-East Hartford, CT</td>
<td>$32.69</td>
<td>$68,000</td>
</tr>
<tr>
<td>Pittsfield, MA</td>
<td>$32.62</td>
<td>$67,850</td>
</tr>
</tbody>
</table>
DECADE IN REVIEW

- Highest average annual salary by state and metropolitan area correspond with the highest average hourly wage.
- D.C. was consistently within the top five highest annual salary areas during the past decade and had the highest average over this period.

ANNUAL CHANGE IN SALARY

**AVERAGE**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$52,100</td>
<td>+1.4%</td>
<td>+0.3%</td>
<td>+2.3%</td>
<td>+1.2%</td>
<td>+1.2%</td>
<td>+3.5%</td>
<td>+1.6%</td>
<td></td>
</tr>
</tbody>
</table>

In 2018, average salary was $59,120

**MEDIAN**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$46,280</td>
<td>+2.9%</td>
<td>+0.0%</td>
<td>+1.9%</td>
<td>+0.2%</td>
<td>+0.9%</td>
<td>+2.0%</td>
<td>+3.4%</td>
<td>+3.6%</td>
</tr>
</tbody>
</table>

In 2018, median salary was $53,370

INSIGHTS FOR 2020+

The consensus from the Federal Reserve is projecting that the core inflation rate will hover between 1.9-2.0 percent over the next three years. Average hourly wages for interior design services was 17 percent higher than overall average hourly earnings as of November 2019, putting interior design salary and wages in a positive position. With the average salary growth at one-half percent until 2028, interior designers can still be optimistic, but cautious on real value of any increases in salary and wages.
According to the College Board, over 300 universities offer interior design as a major discipline and 179 are accredited by the Council for Interior Design Accreditation (CIDA). Business-related courses continue to be included in the interior design curriculum, which has been identified as vital knowledge for the profession.

### 2020 SNAPSHOT

#### INTERIOR DESIGN PROGRAMS & STUDENTS (CIDA ACCREDITED)*

<table>
<thead>
<tr>
<th>NUMBER OF INTERIOR DESIGN PROGRAMS BY CIDA INSTITUTION</th>
<th>NUMBER OF INTERIOR DESIGN STUDENTS BY CIDA INSTITUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public 59%</td>
<td>Public 65%</td>
</tr>
<tr>
<td>Private (For-Profit) 13%</td>
<td>Private (For-Profit) 17%</td>
</tr>
<tr>
<td>Private (Non-Profit) 28%</td>
<td>Private (Non-Profit) 28%</td>
</tr>
</tbody>
</table>

179
Council for Interior Design Accreditation (CIDA) Programs*
(includes Bachelor and Master’s degrees, U.S. and international locations, and online programs)

17,969
Students Enrolled in CIDA Programs*
(includes full-time and part-time students)

Work Experience
(internship, co-op) required by 74% of programs*

Business courses from outside of the program required by 19% of programs*

FEMALE 87%
MALE 13%

87%

*Note: Data reflects most recent reports, but some information does not include all programs.
DECADE IN REVIEW

- **The total number of interior design students** have decreased over time (a general trend in higher education).

- **Interior design programs (both Bachelor's and Master's degrees)** have been predominately female.

- **The proportion of male students completing Master's degrees** (Interior Architecture or Interior Design) has increased over time.

### COMPLETED INTERIOR DESIGN DEGREES

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012-2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013-2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014-2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015-2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016-2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Male: Bachelor's, Female: Bachelor's, Bachelor's: Master's, Master's: Bachelor's, Bachelor's: Master's
INSIGHTS FOR 2020+

Diversity is moderately increasing among interior design students and in interior design programs. The importance of work experience coupled with business will continue to enrich the educational experience and prepare graduates for the profession. Technology has also changed the way students interact with their professors and is changing the traditional learning experience.

The interior design profession is ever-changing, and with the overall number of interior design degrees conferred decreasing, colleges and universities will have to take on the challenge of offering skills-training and innovative resources to prepare students to be successful upon graduation, to compete in this current economic environment, and to remain a strong program within higher education.
NCIDQ CERTIFICATION

National Council of Interior Design Qualification (NCIDQ) holders are continuing to increase, surpassing 33,000 in 2019, and maintaining representation among the highest employed interior designer states.

2020 SNAPSHOT

NCIDQ HOLDERS 2019 33,439

+1.8% INCREASE SINCE 2018

TOP FIVE NCIDQ STATES

CALIFORNIA 2,968
NEW YORK 1,442
FLORIDA 2,527
TEXAS 2,851
ILLINOIS 1,424
DECADE IN REVIEW

• The past decade saw positive year-over-year growth in the number of NCIDQ holders, with an average annual growth rate of three percent. However, 2019 showed the slowest growth of the decade, almost one percentage point lower than the average.

• The top five states with most NCIDQ certifications are the same as the top five states with the most interior designers (California, Texas, Florida, New York, Illinois).

ANNUAL GROWTH OF NCIDQ HOLDERS

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NCIDQ Holders</td>
<td>26,947</td>
<td>+2.1%</td>
<td>+2.7%</td>
<td>+2.4%</td>
<td>+2.2%</td>
<td>+2.9%</td>
<td>+3.8%</td>
<td>+3.8%</td>
<td>+1.8%</td>
</tr>
<tr>
<td>INCREASE SINCE 2011</td>
<td>33,439</td>
<td>+24.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

INSIGHTS FOR 2020+

The pace of increase in the number of NCIDQ holders has subsided, but continues to see growth. The slow pace of growth may continue as the number of interior designers slow as well; however, with increasing recognition of the significant role interior designers play and the impact design has on the human experience, the importance of certification will continue, if not grow.
Conclusion

The interior design industry and profession has made tremendous progress over the past decade—from the increase in the number of designers and firms to the gains in salary and wages. The future is looking positive. However, there are opportunities for improvement, including a push for the industry to become more resilient, especially when it comes to demographics, distribution of financial gains, and diversity of sectors and services. The markets are forecasted to slow down rather than heat up over the next few years, but with persistence, the potential for growth is great.
Overview

The longest U.S. economic expansion on record is forecast to extend into 2020, albeit at a slower growth rate than in recent years. Recession risk is low for 2020.
Trade issues continue to be the biggest potential stumbling block for the economy. However, recent agreements with Canada, Mexico, and China reduce some of the trade tensions and potential issues. Nonetheless, many tariffs on Chinese goods will remain in place throughout 2020 and could extend beyond. Some of these tariffs negatively impact the interior design industry. Also, there is no guarantee that there won’t be new tariffs imposed unexpectedly.

**U.S. ECONOMY ACTIVITY HIGHLIGHTS:**

- Employment and average hourly earnings have generally been growing throughout the economy, including construction and interior design services. The increase in average hourly earnings was slow at first, but has improved more recently. Employment growth has slowed in recent months, but is expected to continue, though at a slower rate throughout 2020 and 2021.

- Inflation has been moderate and is expected to remain that way.

- Monetary policy is on hold at present and is expected to remain on hold throughout this year. As a result, interest rates, which are low by historical standards, will remain around their current levels in 2020.

- Large deficits as a result of the 2017 tax cuts are a challenge for fiscal policy. This could prove to be a problem in the ability to provide fiscal stimulus in the next recession.

**CONSTRUCTION ACTIVITY HIGHLIGHTS:**

- The housing market is generally healthy, but faces a number of challenges. Single-family construction remains below the long-term needs of the economy. That shortfall is being met in the multifamily market, which is building at a stable, sustainable level. There is no indication of overbuilding in either category. Tight restrictions on builders by lenders keep supply and demand in equilibrium over a reasonable time period.

- Spending on residential improvements is forecast to pick up in 2020.

- Construction spending in hospitality and workplace will flatten.

- Retail construction, already down in 2019, will decline a bit more in 2020 and 2021.

- Construction activity for educational facilities is set to increase in 2020 and 2021.

- Construction of healthcare facilities will not show real improvement until 2021.
U.S. Economy

The economic outlook for 2020 is positive, suggesting that the current expansion (the longest U.S. expansion on record, lasting over 10 years and counting) will continue throughout this year. The threat of an immediate recession appears to have receded. Real (inflation-adjusted) gross domestic product (GDP) rebounded from a low rate of growth of 1.6 percent in 2016 to 2.4 percent in 2017 and 2.9 percent in 2018. Some of that improvement was due to the 2017 tax cut enacted by the U.S. Congress. The initial boost from those cuts has waned. Growth in 2019 slowed to 2.3 percent.

Outlook

Growth in 2020 will slow further to what appears to be the current sustainable level of around 2 percent. A similar result is anticipated for 2021. Although no recession is expected in 2020, the risk of recession does rise throughout 2021. Much depends on the consumer who continues to be the major engine of this expansion.
Real spending on furnishings and durable household equipment has been strong throughout the current expansion: only two down quarters—the second quarter 2012 and fourth quarter 2018. The latter is likely the result of recent tariffs. However, spending has since rebounded: in the second and third quarters of 2019, real spending on these items was up nine and six percent, respectively, but slowed to three percent in the fourth quarter.

Real spending on furnishings and durable household equipment will grow at a healthy rate,—three and one half percent in 2020 and three percent in 2021. Tariffs will be the main force holding down spending in this area.
Growth in U.S. employment has produced the lowest unemployment rate in just over 50 years. As of December 2019, the unemployment rate stood at 3.5 percent. The prolonged expansion brought in slow but steady employment growth that began in October 2010. Since then, the economy added just under an average of 200,000 nonfarm jobs per month (198,000 jobs). In 2019, the average increase in employment was a bit slower—175,000 per month for the year, though it did improve to 189,000 per month in the second half of the year.

**Construction employment has been on the upswing** since early 2011, despite a few down months, increasing a little over 19,000 jobs per month since January 2011. However, this rate of increase has slowed in recent months as construction spending has slowed. For 2019, the average increase was 12,600 jobs per month and for the second half of 2019, just 8,200 jobs per month.

From the trough in January 2011, construction employment is up 39%.
Interior design services employment has risen steadily after hitting a low in late 2010. As of November 2019, it stood near a record high of 49,500 on a seasonally adjusted basis. This represented almost an 11 percent increase from November 2018.

Average hourly earnings for interior design services were near a record high in November 2019—$33.20 per hour. This is up 19.5 percent from their low in August 2016 or 5.6 percent per year at a compounded annual growth rate (CAGR). That compares to average hourly earnings for all employees increasing by 9.9 percent or three percent per year (CAGR) over the same period. As of November 2019, average hourly earnings for interior design services were 17 percent higher than overall average hourly earnings.
Slower employment growth is expected in 2020 and 2021. Overall employment will increase an average of 165,000 jobs per month in 2020 and 155,000 jobs per month in 2021. Construction employment will increase an average of 8,700 jobs per month in 2020 and 8,800 jobs per month in 2021. Shortages of skilled workers will continue to be a challenge for the industry.

Interior design services employment will benefit from continued economic expansion, but at a slower pace with some fluctuations.
INFLATION

General inflation has remained moderate over this expansion. Inflation as measured by the consumer price index (CPI) is around the Federal Reserve’s target of two percent. However, the broader personal consumption expenditures (PCE) price index, which is the Fed’s preferred measure of inflation and what the Fed uses for measuring its success targeting inflation, has remained persistently below their desired two percent target, except for brief periods. As of fourth quarter 2019, it was up 1.5 percent on a year-over-year basis.

Threats to energy prices have subsided as the recent events in the Middle East have abated. As in the past, energy prices remain one area where prices could change rapidly in a short period of time. Middle Eastern events remind us that surprises may arise quickly with ramifications for oil supplies and the U.S. economy. More recently, the outbreak of the coronavirus led to a sharp drop in the price of oil due to expectations that China will consume less oil while its quarantine policies remain in place.

The U.S. is now less dependent on foreign oil. Nevertheless, our nation operates in a global economy where oil and other energy prices are set by global supply and demand. Higher oil prices, while not the threat they once were, are still a net negative for the U.S. economy.

Overall construction prices continue to rise, with most project costs increasing between three to five percent. Many suppliers absorbed most of the cost from tariffs imposed by the current administration. This has limited the feed through to final inflation. Where possible, importers found similar products elsewhere, which may have been more expensive than the pre-tariff products, but they were less expensive than the post-tariff prices. Also, some threatened tariffs have not yet been imposed, though they may be in the future.
Suppliers may no longer be able to absorb any future increases in tariffs. They will be forced to pass on their higher costs. Any increase in price will be limited by the ability of suppliers to secure other, cost-efficient sources for their goods.

Although to date the administration has held off imposing some tariffs that were threatened, there is no guarantee that those tariffs won’t eventually be levied. As new and renewed trade agreements are secured and the details finalized, many of the tariffs already in place will remain—possibly for years.

Interior designers should plan on the possibility of future price increases for many of the products they use. Part of that plan should be determining if there are other, less expensive sources for like products of an equal quality. As always, interior designers should be looking for ways to cut costs without sacrificing quality so that they can absorb any cost increases, whether from tariffs or other sources. This may entail exploring the use of smaller vendors and local suppliers or even suppliers from different countries than in the past.
2020 started the year with a federal funds target rate of 1.5-1.75 percent. The target federal funds rate is one of the Federal Reserve’s major tools for affecting interest rates. Rates have fluctuated in the past with multiple adjustments within the year. For example in 2019, concerns over the strength of the economy amid growing negative fallout from the continuing trade wars had prompted the Fed to reverse its previous course (i.e., four adjustments in 2018 leaving the range at 2.25-2.5 percent) and reduce its target rate by a quarter percent three times.
OUTLOOK

The Fed will likely hold interest rates at their present level (1.5-1.75 percent) for this year, based on various statements. As always, the Fed is data dependent, reacting as appropriate to data that indicate the economy is slowing or accelerating too rapidly.

RISK

A significant loosening of trade restrictions, along with other indications that the economy is receiving a boost from those actions, would lead the Fed to raise rates. Any significant ramping up of trade restrictions either domestically or abroad (aimed at the U.S. economy) or any other indication of a major slowdown in economic growth would prompt the Fed to lower its target rate range.

REFERENCE

Starting in the latter part of 2007 and throughout 2008, the Federal Reserve lowered its target federal funds rate that stood near zero by the end of 2008. This covered the Great Recession and the subsequent slow recovery. It wasn’t until December 2015 that the Fed felt that the economy was showing sufficient strength that the unusual amount of stimulus implied by a near zero federal funds target rate could be reduced. The Fed was cautious, raising its target range by only a quarter percent from 0.0-0.25 percent to 0.25-0.5 percent. In December 2016, the Fed raised its range by another quarter percent to 0.5-0.75 percent. In 2017, the Fed made three similar adjustments, ending the year with a target range of 1.25-1.5 percent.
The Tax Cuts and Jobs Act of 2017 did not pay for itself, with the positive stimulus now largely absent, leaving an even larger deficit in its wake. Subsequent political compromises to keep the government running and fund operations may have only added to the deficit. One disappointment in the effects of the tax cut is that the promised increase in investment due to lower taxes on companies has for the most part not occurred. Investment actually fell in the second, third, and fourth quarters of 2019. The diminution of the stimulative effects of the tax cut is one reason that overall economic growth is settling back to around two percent.

**OUTLOOK**

The large deficits and accumulated debt will prove to be a major problem when the next recession hits. They will reduce the ability of the federal government to provide the stimulus necessary to limit a downturn and help boost the economy.

**RISK**

Any uptick in interest rates (which is to be expected at some point in the next few years) will only add to the deficit through higher interest payments on the debt (i.e., the accumulation of all previous deficits), regardless of the low interest rates enabling the financing of the federal deficit at relatively low cost. Even without an increase in interest rates, debt service is rising due to the large increase in the debt itself. Federal debt relative to GDP stands at its highest level post World War II—107 percent as of fourth quarter 2019.

**IMPLICATION**

When interest rates do move higher, partly due to financing the debt, construction will be one of the major industries to feel the negative effects of those higher rates. This could limit the number of projects that go forward. The result may well be that it will be harder for construction projects to obtain the necessary financing to proceed with projects.
Trade has been the biggest economic disruptor over the past few years.

Some positive results have emerged in the last few months surrounding trade:

- The United States–Mexico–Canada Agreement (USMCA or NAFTA 2.0), which replaces the North American Free Trade Agreement (NAFTA), has been approved and signed by the President.
- A “Phase 1” agreement with China has been signed preventing escalation of the trade war with that country and providing benefits for both sides.

However, several problems persist:

- The USMCA is a relatively modest update (despite the clear need to update NAFTA which has existed for 25 years) and imposes some new restrictions that are likely to hurt the U.S. economy—most notably, content rules for automobiles (i.e., an increased percentage of automobile content must be from North America).
- Many of the tariffs on Chinese products remain in place.

Tariffs have also been placed on many products from other traditional trading partners such as various European countries. Some of these tariffs have been reduced or removed, but many remain.

Tariffs continue to be a major tool used by the current administration in international negotiations on a variety of topics, not all of which are trade related. This creates great uncertainty as to where new tariffs might be imposed and if existing tariffs will be removed. The administration has threatened to increase tariffs on Chinese products numerous times only to delay that imposition. The Phase 1 agreement further delays those proposed tariffs, but does not take them completely off the table.

The design industry has definitely felt the impact of tariffs on products ranging from lighting to cabinets to furniture. Tariffs have been placed on underlying components used to manufacture products used by the design industry such as the quartz in countertops. Producers have either passed on these increased costs or absorbed some or all of the increase. When the increases have been too onerous, producers have sought other sources, disrupting their supply chain and in many cases leading to delivery delays and/or cost increases. On occasion, quality has also suffered. These implications may continue to exist depending on tariff negotiations.
Housing Market

Parts of the housing market are still recovering from the bursting of the housing bubble in 2008. The market continues to be beset by four “L’s”: land, labor, lending, and laws.

**LAND**

Now, after more than ten years since the bursting of the housing bubble in 2008, developers have begun to acquire and develop land for their projects. [Coming out of the Great Recession, builders had little developed land, or even undeveloped land to draw upon for projects. Many land holders, remembering the high prices land commanded during the housing bubble generally continued to demand high prices that most developers were unwilling or unable to pay.] Multifamily projects in particular have largely overcome this hurdle. Meanwhile, single-family projects continue to be handicapped in many markets by either the unavailability of land for development or the high price of such land, limiting builders’ ability to build houses at a reasonable cost.

**LABOR**

Finding, hiring, and retaining skilled construction workers has been and continues to be an issue for most construction companies regardless of whether they are in residential or commercial and institutional building construction. During the Great Recession, many skilled workers left the industry and never returned. The normal influx of new, younger workers to be trained, slowed to a trickle, resulting in a net loss of skilled workers over the past several years. This situation is slowly improving as various training and apprenticeship programs have increased over the past several years and are producing good results. However, the industry is still losing many qualified workers as older workers (baby boomers) with significant skills retire. That trend will continue for the next several years, a challenge for the construction industry.

**LENDING**

Lending standards have eased a bit, yet the still relatively tight control over lending for multifamily projects keeps market supply aligned with market demand. Any overbuilding in a local market results in an immediate drop in funding for new projects, with few if any proceeding until the excess supply is absorbed by normal growth in demand—generally in six to 18 months.
[Lending was a problem area for both builders and buyers immediately after the end of the Great Recession. Lenders were strict with builders, only funding the most promising projects. Multifamily developers were often able to bypass traditional bank lending and tap into other areas of the financial markets. The access to various lending sources allowed the multifamily housing market to recover fairly quickly.]

Borrowing for single-family projects is more difficult. Only a handful of large, national builders can go directly to the financial markets for their lending needs. Smaller, local builders still rely on local financial institutions, which maintain tight restrictions on building. This limits any spec building of houses to a very limited number, keeping supply and demand in close balance.

Single-family home buyers also face tough lending standards. Although these standards have eased over the past decade, they remain tight compared to the pre-bubble standards in the late 1990s and early 2000s. Also, younger buyers seem less interested in owning a home. At minimum, they are buying at a later age than their parents did. Many potential buyers are weighed down by student loan debt, limiting both their ability and willingness to obtain a mortgage.

Many localities have piled on zoning requirements that increase the cost of building houses. Although some regulations may be worthwhile, such as to limit potential fire or wind damage from using substandard materials, older requirements that are superseded by new materials or techniques often are left in force, driving up cost with little or no benefit. Many areas also allow only single-family housing with minimum lot size to be built in areas where multifamily projects would make good sense or more single-family houses could be built on smaller lots. Changing these restrictions would allow for lower cost, more affordable houses.

One area of regulation that will adversely affect the multifamily market is rent control. Many states and cities, California in particular, are enacting rent control laws. At the moment, most of these limits are fairly loose (i.e., allow for large rent increases) but are likely to be tightened over time. That will reduce the financial return from owning and operating multifamily buildings, which will dampen demand for new multifamily projects. Ironically, these rent control laws are seen as a response to tight supply and high costs, but their effect will be to limit new supply, making the problem worse.

Another approach is to require a certain percentage of apartments in a new multifamily project be “affordable” (the definition varying by locality). This is a boon to the lucky households that are able to rent these apartments (often determined by lottery since demand exceeds supply due to below market rents for these units), but drives up rental costs for the other units in order to obtain a reasonable rate of return for the owner of the building. Again, limiting overall supply and leading to higher rents, the opposite of the stated goal of these laws.
For the interior designer, these developments paint a mixed picture. To the extent that these forces limit supply, they tend to drive up prices of both single-family houses and multifamily projects. In both cases, the builder is more likely to use an interior designer to help justify the higher cost. Rent control, however, tends to keep returns on projects down, leading developers to look for ways to cut costs. The interior designer is likely to be one of the first casualties of this effort.
Construction spending was down a bit in 2019, with current dollar spending slipping slightly (down 0.3 percent). However, adjusting for inflation, spending was down a moderate amount. There was notable shifting among categories, which is expected to continue in 2020 and 2021.

### CONSTRUCTION SPENDING

**BILLIONS OF DOLLARS / % CHANGE FROM DECEMBER 2018**

<table>
<thead>
<tr>
<th>Category</th>
<th>Spending</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESIDENTIAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Single-family</td>
<td>$272,155</td>
<td>-6.0%</td>
</tr>
<tr>
<td>New Multifamily</td>
<td>$67,900</td>
<td>+2.7%</td>
</tr>
<tr>
<td>Residential Improvements (Home Improvement)</td>
<td>$180,815</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Total Residential</td>
<td>$520,869</td>
<td>-4.6%</td>
</tr>
<tr>
<td><strong>COMMERCIAL &amp; INSTITUTIONAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workplace</td>
<td>$79,144</td>
<td>+6.3%</td>
</tr>
<tr>
<td>Hospitality</td>
<td>$33,407</td>
<td>+6.1%</td>
</tr>
<tr>
<td>Retail</td>
<td>$84,595</td>
<td>-11.3%</td>
</tr>
<tr>
<td>Education</td>
<td>$98,014</td>
<td>+0.2%</td>
</tr>
<tr>
<td>Health Care</td>
<td>$44,093</td>
<td>+3.4%</td>
</tr>
<tr>
<td>Total Commercial and Institutional</td>
<td>$380,135</td>
<td>-0.6%</td>
</tr>
</tbody>
</table>
Residential construction spending, after growing strongly from 2012 through 2017, slowed in 2018 and fell in 2019. However, the outlook is for a rebound in 2020 and decent growth in 2021.

Single-family construction was surprisingly slow. Construction spending was down 6 percent in 2019. This occurred despite continued low interest rates and somewhat easier lending standards.

Higher building materials costs due to tariffs, scarcity of skilled labor, limited affordable land, and zoning restrictions likely contributed to the slowdown in construction of single-family houses. The pace of construction of single-family houses has been and remains well below the nation’s long-term needs for housing. There is no overbuilding of single-family houses, with plenty of room for more construction to meet demand.
Single-family construction spending is likely to increase by seven percent in 2020 and five percent in 2021, a bit faster than rising costs. Labor availability will be the main constraint on single-family home construction. Also, the mix will be focused more towards lower cost houses aimed at first-time buyers. Building for luxury homes will grow more slowly. Most of the increase in housing construction will be in the South and the West.
MULTIFAMILY CONSTRUCTION

_Spending on multifamily construction was up 3 percent_ in 2019, roughly in line with the increased cost of construction. Multifamily starts have generally ranged between 350,000 and 400,000 starts at an annual rate since 2014, when multifamily housing starts returned to their pre-recession level. Under current market conditions, this is a sustainable level of activity. Population growth and employment growth along with the weak single-family housing market helps sustain demand for multifamily housing.

MULTIFAMILY CONSTRUCTION SPENDING

![Bar chart showing multifamily construction spending from 2002 to 2021 with a forecast for 2020 and 2021.](chart.png)
Multifamily construction spending bottomed in late 2010, then began a rapid increase as projects found funding to meet strong demand as the economy recovered from the Great Recession. This continued until mid-2016 when spending on multifamily projects leveled off. There was a bit of a jump from third quarter 2018 through second quarter 2019, then a drop back to the previous level of spending.

Spending on multifamily projects will be down a small amount in 2020 and up a modest amount in 2021. This is not so much due to fewer multifamily starts, though they are forecast to drop a bit, back into the 350,000 to 375,000 range, but that much of the building will be outside of major cities (this is already happening), where the projects are somewhat smaller and not as expensive to build.

As previously noted, lenders maintain a tight rein on lending to these projects. If excess supply begins to emerge, funding for new projects quickly dries up until the excess supply is absorbed by the market—typically in six to 18 months.
Spending on improvements increased as some recent home buyers made improvements on their purchases and other homeowners took advantage of lower interest rates to make desired changes to their houses, yet spending on improvements in 2019 fell five percent. Existing home sales had moved back up and stabilized, and new home sales had rebounded as interest rates had fallen since 2018.
In 2017, spending on improvements rose an impressive 19 percent. However, in 2018, there was a sharp drop in spending on improvements. From peak to trough, there was a 28 percent plunge in spending. This decline could be expected after such a significant increase; however, the drop is unusually large. The sharp decrease coincides with a decline in both new and existing home sales that began in 2017 and continued over most of 2018 as interest rates were rising. From their respective peaks to their troughs, new home sales fell 22 percent and existing home sales fell 13 percent. Since a large amount of spending on improvements occurs in the year following the purchase of a new or existing home, the drop in improvements spending is understandable. Moreover, higher interest rates made home equity loans to finance improvements more expensive, further discouraging undertaking these projects. Thus, the fallout from lower housing sales starting in 2017, coupled with higher interest rates, resulted in lower spending on home improvements throughout 2018.

Recovering from the previous two years, improvements spending is forecast to jump 10 percent in 2020 and a more modest 3.5 percent in 2021. With interest rates expected to remain low this year and next, sales of both new and existing homes are expected to increase. This, along with healthy new home sales in 2019, indicate that spending on improvements will rise further. Note, however, that sales of high-priced homes ($400,000 and above) will be flat while most of the increase in new home sales will be in mid-range priced homes ($200,000 to $400,000).
COMMERCIAL & INSTITUTIONAL CONSTRUCTION

Commercial and institutional building construction spending turned up in 2012, but only showed strong growth for three years—from 2014 through 2016. Spending grew moderately in 2017 and 2018, then flattened in 2019. The outlook is for modest spending growth in 2020 and 2021.

Commercial construction activity is winding down after performing well over the past few years and will be weak in 2020 and 2021.

Institutional construction spending is holding its own and will show some improvement in 2020 and 2021. After turning in reasonable growth from 2015 through 2017, roughly a 6.5 percent increase per year, spending growth slowed to 1.4 percent in 2018 and one percent in 2019.

WORKPLACE

Workplace construction spending has been surprisingly strong the past few years, especially given the forces tending to reduce the amount of space needed per employee. Telecommuting and the great reduction in the need to store information on paper are just two factors tending to put downward pressure on the necessity for physical office space. Growing employment in office-related occupations along with the desire for updated buildings that incorporate the latest technology has kept spending steady in this area.
Slower growth is projected, somewhat less than the increase in the cost of construction. Most businesses are meeting their current needs. Also, there is plenty of vacant office space to absorb a lot of future growth in the sector—particularly in the suburbs. Construction spending will be up a modest two percent in 2020 and 1.5 percent in 2021, below the rate of increase in the cost of construction.
HOSPITALITY

**Construction spending in the sector trended downward** over much of 2019, but was still up six percent for the year. After cutting back substantially on investment in their properties during the Great Recession and immediately following it, lodging companies reversed course and undertook large investments in both renovating existing properties and constructing new facilities starting in 2012. Since then, the need for large amounts of spending in the sector has abated.

**Renovation activity** over the last few years resulted from the consolidation of ownership of properties (through mergers and acquisitions) and the segmentation of property brands into various niches aimed at different types of travelers (from inexpensive to luxury budgets).

**HOSPITALITY CONSTRUCTION SPENDING**

<table>
<thead>
<tr>
<th>$ Billions</th>
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<tbody>
<tr>
<td>02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20 '21</td>
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</table>

**OUTLOOK**

As shifts in the hospitality industry slow down, a decline in spending is projected for 2020, down four percent with modest growth in 2021, up two percent. Both growth rates are still below the rate of increase of construction costs.
The de-malling of America due to e-commerce continues. Spending on retail construction fell throughout most of 2019 before flattening at the end of the year (down 11 percent). Most of the activity in 2019 has focused on refurbishing and renovating existing retail space. This has included cutting former anchor store space into smaller, rentable space. Restaurants have been one of the prime users of the renovated space along with boutique stores. Businesses that might attract foot traffic, such as fitness centers and other athletic centers (e.g., rock climbing gyms), have rented the refurbished areas.

Small physical stores from some e-commerce businesses have opened, increasing overall business and cutting the cost of operations, such as the cost of returns. Some traditional large retailers are opening smaller, scaled down operations. In some cases, stores have their products on display to be viewed and tried out, but ask customers to order the products at the store or over the internet. Some malls are even adding residential units on their land.

For now, the adjustments have largely been made, thus, the outlook is for small declines in spending on retail construction in 2020 and 2021, roughly down one percent each year. The spending that will occur will continue to be largely concentrated on renovating existing mall space, with most of the spending aimed at creating venues for restaurants and attractions that create foot traffic such as grocery stores and experience-oriented establishments. Most large multifamily construction projects in urban areas will include retail and office space.
Construction spending on educational facilities represents over half of all institutional building spending, with close to 80 percent on public educational facilities. Total educational construction spending of $98 billion in 2019 was still below its peak of $104.9 billion in 2008.
Public education construction spending had accelerated by the end of 2019, after continued slow growth at the beginning of the year. However, it has yet to top its 2009 peak spending of $86.4 billion.


Private educational construction spending exceeded its previous 2008 annual spending record of $18.6 billion in 2016 with $20 billion in annual spending. However, based on the most recent data for 2019, spending was down 11 percent (November 2019 compared to November 2018).

Spending on private educational construction was much quicker to revive, with an increase beginning in 2011. However, overall spending was held down until 2014 due to public education spending’s dominance largely determining the growth of total educational construction spending.

Total educational construction spending is projected to finally exceed its 2008 peak in 2021. However, note that these are current dollar figures, not adjusted for inflation. Therefore, in real (inflation-adjusted) terms, educational construction spending will still be below the 2008 level. Overall construction spending on education facilities is forecast to increase five percent in 2020 and six percent in 2021. Public educational construction spending is projected for a return to healthy growth in 2020 and 2021.
HEALTHCARE

Spending increased in 2019 with much volatility. Construction spending on healthcare facilities represents roughly a quarter of institutional building spending.

The post-recession turnaround did not occur until 2010. That was followed by two up years (2011 and 2012) and then by two down years (2013 and 2014), which were then followed by increased spending from 2015 through 2017. After backsliding in 2018, spending increased again in 2019, up three percent.

The volatility in spending on healthcare facilities is partly due to the uncertainty around whether the Affordable Care Act (ACA) would remain in force. Although the popularity of the ACA has grown over time, the constitutionality of the act is still tied up in the courts. There is a distinct possibility that the entire act could be declared unconstitutional by the Supreme Court. The lack of support for the ACA by the current administration and Republicans in congress has resulted in reduced funding for the ACA in addition to changes to the law that have tended to undermine it.
Since healthcare providers depend on insurance payments for much of their revenues, questions about the amount and the dependability of those payments create uncertainty. The net result is that providers are less willing to invest in new facilities.

**Hospitals and medical practices have also been engaged in acquisitions** and consolidation of those acquisitions over the past few years. Sometimes new facilities are needed, but not as much as if those acquisitions had not occurred. The process also ties up resources that might otherwise have been engaged in expansion, including building new facilities.

The movement towards consolidation seems to be drawing to a close. Thus, there will be fewer acquisitions in the future and providers can begin the process of determining what new facilities they will need. At the same time, uncertainty surrounding the ACA will act as a deterrent to those plans. The net result is for steady, but moderate increase in spending on healthcare facilities in 2020 and 2021—up 1.5 percent in 2020 and five percent in 2021.
Summary & Conclusions

After receiving a boost from the 2017 tax cut, U.S. economic growth is returning to its current long-term growth potential of about two percent, and that means steady growth in 2020 and 2021. Construction forecasts mentioned in the previous section are dependent on moderate economic growth coupled with continued growth in employment. As of now, there is a low risk of a recession in 2020. That risk rises throughout 2021, but still remains relatively low—i.e., no recession in 2021 either.

However, there are factors that could disrupt this relatively benign forecast. They include the following:

- **Trade issues remain the biggest risk to the forecast.** The U.S. has reached a temporary cease fire with China on trade that will likely last through the end of 2020. After that, it is unclear where the trade dispute with China is headed. Most tariffs against Chinese products remain in place and could be increased in 2021. Beyond China, the trade war with Europe continues. New tariffs have now been placed on products from those countries on top of older tariffs. Similarly, there are tariffs that have been imposed on products from other countries and there remains the possibility of new ones being levied. Although these tariffs have been disruptive for certain businesses, they have had only a modest impact to date on overall economic growth. However, their impact on supply chains, which is ongoing, has larger and longer-term effects. Additional tariffs imposed by the U.S. and resulting retaliatory tariffs could push the U.S. economy into recession.

- **Consumer spending has been the major underpinning of economic growth throughout this expansion.** If the consumer should step back for any reason, such as higher prices from tariffs or a fall in employment, the economy would slip into recession.

- **Weak growth/recession in the rest of the world would hurt U.S. exports** and could trigger a U.S. recession. Already, some European countries are either in recession or have experienced much slower growth. Chinese growth has slowed markedly over the last few years, mainly due to the trade war with the U.S. Presumably, the recent trade agreement between China and the United States will reverse that trend and help economic growth in both countries.

- **Energy prices are always a risk to economic growth.** They can move dramatically in either direction in a short period of time. At present, the greatest risk is from sharply higher prices for a prolonged period of time. Although the negative impact on the U.S. economy from higher energy prices is not as great as in the past, they would still exert a net negative influence on the economy mainly by reducing consumer spending on non-energy products as people spend more on gasoline and other energy products.

- **The Federal Reserve could misjudge the strength of the economy and raise interest rates too quickly and too high** in an attempt to fight inflationary pressures that would tip the economy into recession. This possibility has a fairly low probability.

- **A sharp drop in federal spending or large increase in federal taxes** would send the economy into recession. This possibility has an extremely low probability.
Introduction

At the start of a new decade, the state of interior design is strong in its numbers, growth, and areas of impact. As to be expected, business is not as robust as it was at the height of the economic recovery. Still, growth in all sectors has remained positive, buoyed by a solid economy and low unemployment. And, interior design continues to be discussed in the media as a critical component of quality of life and business success.
Designers are likely to experience some challenges in the year ahead, however. Indicators point to slowing growth in the global and domestic economies, and with it, some easing in construction. Contrary to U.S. government expectations, last year’s tax code changes did not result in substantial investment in business building and infrastructure, and that is likely to be the case in 2020 as well. Some economists worry there could be a readjustment in the U.S. stock market and/or housing industry that could further impact the economy for the worse. Other factors that may affect designers are whether there is resolution to the current trade disputes, concerns arising from the presidential election, and disruptions arising from ongoing conflicts and the United Kingdom’s withdrawal from the European Union.

Demographic shifts are also having a major impact on the nation and the interior design industry. Population growth has slowed, life expectancy is decreasing, and the population as a whole is becoming more ethnically and racially diverse yet more economically and culturally polarized. As Millennials move into their prime adult years, the last of the Baby Boom generation approaches traditional retirement age. Those two seismic demographic shifts are causing disruptions in the workplace, the housing market, and society as a whole. To some extent, these cohorts have different needs and different values that will need to be accommodated in whatever interior environments they occupy. This situation potentially has both positive and negative consequences for designers, depending on how homeowners, builders, developers, and businesses respond to these pressures.

The spread of digital technology through smart and interactive technologies, with its innovations in computer chips, wireless communications, artificial intelligence and machine learning, and robotics, are pervading all arenas of our lives, from the home and the workplace to retail and hospitality. From Peloton and the iWatch 5 to mindfulness and veganism, wellness trends also continue to make news. In the built environment, wellness has joined sustainability as a priority for building performance as owners and employers recognize the value and importance of occupant-centered design. These trends are changing not only what gets designed into spaces, but also how they are being designed and by whom.

How these and other trends may impact designers in the year ahead are discussed in more detail below. Each of the following sections presents major trends that are or may impact the industry or design practice. At the end of each section is a discussion of what those trends might mean for designers. Plus, for each section, we have identified relevant knowledge areas, skills, and applications designers will need to respond to the design and business challenges resulting from these trends.
Major economies around the world are expected to continue their slow down in 2020. In its most recent Global Economic Outlook report, the Organisation for Economic Co-operation and Development (OECD) states, “Global trade is stagnating and is dragging down economic activity in almost all major economies. Policy uncertainty is undermining investment and future jobs and incomes. Risks of even weaker growth remain high, including from an escalation of trade conflicts, geopolitical tensions, the possibility of a sharper-than-expected slowdown in China, and climate change.”

The U.S. economy is projected to maintain its current moderate pace in 2020, with unemployment at a near-historic low, and low inflation and interest rates. Concerns that the U.S. could be headed for a recession in 2020 have mostly subsided. The nation’s economy, while experiencing slowing in some sectors, remains one of the world’s strongest. Certain factors currently in play—such as final enactment of the U.S./Canada/Mexico trade agreement, a resolution of U.S.-China trade tensions, the withdrawal of the United Kingdom from the European Union, containment of political conflicts disrupting global commerce, strong consumer spending, and continued government deficit spending—could help to revive growth if the outcomes are positive. Growth, however, has been unevenly distributed among different regions of the country, industries, and socioeconomic groups, which is impacting the housing market and construction.

Nonresidential construction starts to ease. The slowdown in the U.S. economy, trade tensions, and a lack of skilled labor will have a broad-based dampening effect on the construction industry in 2020 with nonresidential construction starting to ease.
**New home construction and sales are rebounding.** Revisions to earlier forecasts show demand for new homes surged in the second half of 2019, boosted by lower mortgage rates, recorded sizable jumps in permit requests, new home starts and completions, fresh supplies of more affordably-priced homes, and decreased inventory of existing homes for sale.

**RESIDENTIAL CONSTRUCTION & SALES (YEAR-OVER-YEAR)**

- **New Home Starts**: +10%
- **New Home Sales**: +5%
- **Existing Home Sales**: +1.5%

**Foreclosures are at an all-time low due to the improved economy and a more proactive approach.** The broader economy has remained healthy, with wages rising, interest rates dropping, and the stock market continually reaching new highs, eliminating factors that lead to foreclosures (represents 0.36 percent of the total housing market). The drop-off rate is dramatic—for every 10 foreclosures that had followed the housing market crash a decade ago, the rate is now reduced to one.10 Another reason is that banks are being more careful about who they are lending money to and being more collaborative with homeowners to give them more time to catch up on their payments so the banks don’t need to foreclose on the property.10 Additionally, more first-time buyers are unable to purchase a home and so are renting instead because of higher home prices. Higher home prices have made it more attractive for investors who have purchased foreclosed properties to sell them, which can help boost available inventories.

*activity predicted to be stronger in the second half of the year*
Slowly of the economy will likely cause some softening in the demand for interior design services, especially in the first half of the year, when economic and political uncertainty will be greater. Additionally, weak sales of existing homes and changing attitudes toward luxury properties will impact residential designers in some areas. However, luxury homes will bloom in more livable areas and lose value in over-priced, over-stocked areas. Mega spaces (in size and opulence) will have less appeal than natural spaces (in location and materials). Designers seeking more affluent clients should have more opportunities as new pockets of luxury homes spring up across the country.

Luxury home investment is shifting to secondary markets. A combination of affordable property values, lower taxes, new job opportunities, and a more sustainable lifestyle has resulted in migration away from the major metropolises to secondary markets: communities such as Jacksonville, Charlotte, Nashville, Cincinnati, Boise, and Kansas City drew more luxury real estate investment in 2019, joining cities such as Dallas, Houston, Denver, Seattle, and Las Vegas that have been growing since 2018. Major markets such as New York, Los Angeles, San Francisco, and Miami have struggled in recent years due to escalating prices and oversupply of ultra-luxury properties, and may not see much relief if economic growth slows. The Metro Study 2019 fourth quarter housing forecast projects that the biggest demand will be in new homes priced at more than $400,000, and for “Ultra Prime” second homes.
U.S. employment growth strong but slowing, with the total in 2019 over 2.1 million jobs. Low-wage workers experienced salary gains, and many more will be helped when new minimum-wage laws go into effect across 21 states and 26 cities and counties this year. However, salaries for mid- and upper-grade workers have stalled, despite the fact that many employers say they are having trouble attracting and retaining qualified workers.15

Interest rates are low and steady making it a good time to invest. The Federal Reserve cut interest rates to a range of 1.5 to 1.75 percent and subsequently announced holding them for the remainder of 2019 and most likely throughout 2020. As a result, small business loans are now available at highly attractive rates. With the economy on a strong footing and unemployment low, banks and other lenders have increased their approvals of small business loans in recent months.16 Small banks will continue to approve more loan requests (both traditional and SBA) than they reject. Forbes expect that small business lending at regional and community banks will be strong into the foreseeable future.17

Organizations recognizing the importance of addressing environmental, social, and governance (ESG) issues are increasingly emerging as public pressure and shareholder demands grow. Unlike social responsibility investments, ESG investment focuses only on “material” ESG issues that impact a firm’s valuation, thus tying more directly to the bottom line.18 Companies prioritizing ESG issues have generated superior long-term financial performance across a range of metrics—including sales growth, return on equity (ROE), return on invested capital (ROIC), and alpha (market outperformance).19
New business agenda focus on human-oriented outcomes. CEOs of some the world’s top corporations participating in the 2019 Business Roundtable announced that they had changed their statement of “the purpose of a corporation” from giving priority to shareholder returns to achieving five people-oriented goals. The new statement, reports Gallup, reflects the decline in positive views of the ability of capitalism to improve quality of life for the greatest number and the growing employee demand that work be purposeful and companies invest more in human development.

CORPORATIONS’ COMMITMENT TO ALL STAKEHOLDERS

Improving employee morale, engagement, and leadership development are top human resource trends for 2020. Nurturing employee mental health and work-life balance also ranked high among respondents. In a nutshell, improving support for workers will be the top priority for employers, says SmartBrief: “We anticipate initiatives that open opportunities for growth, such as leadership-development programs or professional learning courses. These are the types of programs employees say help them feel valued by and connected to their employers.”
OUTLOOK & IMPLICATIONS

Low unemployment means firms will continue to have difficulty finding qualified candidates to fill vacancies. They will also need to be prepared to offer competitive compensation and benefits packages for new hires. Firms also will need to do more to retain current high-performing employees: Millennial employees are seeking more leadership and professional development opportunities whereas GenZ employees are more focused on salary and compensation. Employers giving more attention to workers’ morale and well-being will help fuel demand for work environment improvements, including more supportive design solutions.

#KNOWLEDGE

• economic and business trends in practice locales and industries served
• construction and architecture business trends
• business planning and management
• finance
• cash flow planning and management
• human resource management
• ESG issues

#SKILLS

• business development
• strategic planning
• networking
• leadership
• negotiation

#APPLICATIONS

• business and cash flow plan
• staffing and compensation plan
• human resource policies and procedures manual
• recruitment and retention plans/strategies
• employee engagement opportunities in design
Demographics & Society

U.S. Population

U.S. population growth is at its lowest level in decades.
The latest estimates from the U.S. Census Bureau find the nation’s population grew by less than one million in 2019, the lowest level in decades, possibly the lowest level in a century. Among the leading causes of population stagnation were a decrease in the number of new immigrants and fewer births due to delayed marriages, smaller families, and the aging of the Baby Boom generation.24

Life expectancy among Americans has been on the decline from 2015 to 2017, largely due to higher death rates among people in their prime of life, ages 25 to 64. A recent study found that the increased death rates among people in midlife extended to all racial and ethnic groups, and to suburbs and cities.25 Among the main causes are suicides, drug overdoses, alcoholism, and chronic health conditions. The study also found high incidences of midlife mortality correlated with areas of the country that have been hard-hit economically by the loss of manufacturing jobs and closure of steel mills and auto plants. Most recent federal data reports life expectancy ticked up slightly in 2018, from 78.6 to 78.8 years, due to a decline in drug deaths.

“We are losing people in the most productive period of their lives. Children are losing parents. Employers have a sicker work force.”

― Dr. Steven Woolf of Virginia Commonwealth University, quote from New York Times25

MORE PEOPLE OVER 60 THAN UNDER 18
MORE PEOPLE OVER 30 THAN UNDER 30

2019
2020

Population diversity is occurring faster in some parts of U.S. The white share of the U.S. population (currently 60 percent) is declining, with it falling below 50 percent in 109 counties with populations of 10,000 or more between 2000 and 2018. Most of these counties are concentrated in California, the South, and the East Coast. Hispanics make up the majority in most of these counties, except in the county which contains Detroit, where blacks are in the majority.

Millennials move to the demographic center as they approach their prime adult years at the same time the last of the Baby Boom generation approach traditional retirement age. Now, as the oldest approach age 40 and the bulk have passed the age of 30 threshold, millennials are making their numbers and views felt in the marketplace, workplace, media, politics, social institutions, and in technological implementation and innovation. Compared to previous generations in the past 50 years, millennials as a cohort are:

• better educated and more racially and ethnically diverse;
• more likely to delay household formation, marriage, and having children;
• female millennials are more likely to be college educated and participating in the workforce;
• more active in voting (i.e., more have turned out to vote with each election cycle);
• better represented in government and politics (i.e., in the 2018 elections, they won a significant number of seats in the U.S. House of Representatives); and
• largely responsible for the focus on climate change, economic inequality, and social justice issues dominating the recent presidential debates.
A substantial income gap exists between college-educated and less-educated millennials, resulting in a bifurcation of lifestyles and values. While wages in the past decade have remained fairly stagnant for younger workers, many millennials carry higher levels of debt than did previous cohorts at their age. About one in two millennials has at least one second job or “side hustle” to help make ends meet, and many younger millennials still live with their parents or a relative.

For higher-earning millennials (those with annual household incomes of $150,000 or more), their circumstances are often very different, although some high-earners living in expensive urban centers also struggle to make ends meet. High-earners are better able to pay down student loan debt and contribute toward savings and/or a retirement account. About two in three own their homes and one in four owns a vacation home. High-earners also are more likely to spend money on travel and other leisure activities. The U.S. has more than 600,000 millennial millionaires—millennials as a group will be five times wealthier in the next decade, largely due to wealth transfers from older generations.

The ’20s will be the decade of the “young old” (or “yolds”), as the last members of the second wave of the Baby Boom generation will turn age 65 before the end of the decade. Unlike those of previous generations, these “young old” individuals have much to contribute to the economy and their communities, despite the attention given to the potential negative impacts of this demographic shift.

This group, compared to previous generations, are:

- healthier,
- better educated,
- more purpose driven,
- more likely to be in the workforce either full or part time,
- more likely to start or own their own business,
- more engaged in volunteering and other civic activities, and
- mostly living in their own home and plan to do so for some time to come.

With more older Americans continuing to work past the traditional retirement age of 65, a report by Boston College states that the share of workers aged 55 and older will increase from about 22.4 percent in 2016 to 24.8 percent by 2024, potentially contributing to higher productivity and higher GDP.
Low population growth results in fewer people contributing to the economy overall: fewer people working, fewer people buying goods and buying homes, fewer people paying taxes. In the long run, this can impact the labor force—i.e., not enough people to fill the number of needed positions—and impact social services—i.e., fewer people paying into Social Security, Medicare, and other federal, state, and local programs via taxes, fees, etc. In addition, you have fewer people attending educational institutions, and in some areas it could mean that communities are no longer socially and financially sustainable.

Changes in population composition, social attitudes, and global mobility are bringing together more diverse groups of occupants—ethnic, racial, cultural, gender, and other. In addition to being inclusive for persons of all abilities, built environments must also be designed for equality,33 with sensitivity to different cultures.34

Public and hospitality spaces will need to adapt to an aging population. Workplaces will need to accommodate the fitness regimens of younger workers, family demands of midlife workers, and ability changes of older workers. Healthcare facilities will become smaller and more distributed to treat more outpatients with chronic conditions than those in need of acute care. Senior living communities will need to re-design and re-brand themselves in order to attract younger seniors or risk turning into care facilities for only the frail elderly.
LIFESTYLES

Americans are staying put in record numbers. In the last few years, the rate of Americans on the move has been slowing, with the mobility rate reaching its lowest level on record, 9.8 percent (from March 2018 to March 2019), compared to around 20 percent annually in the 1950s. Several factors appear to account for the decline: the aging of the population, low or stagnant wages, high rents and home prices, delayed household formation, and the concentration of wealth and higher-paying jobs in fewer urban centers. If this continues, the trend could significantly exacerbate income inequality and the housing crisis.

More consumers are choosing to rent than buy. More than eight in 10 of all renters say renting is more affordable than owning, even with rents rising each year. One study found the number of U.S. households earning at least $150,000 annually that chose to rent rather than buy had skyrocketed 175 percent between 2007 and 2017. Apartment rentals among millennials have soared in the past year, as they most likely prefer renting due to growing up in the post-recession sharing culture. Baby Boomers who once owned a home are also enjoying the lifestyle of renting, with many taking advantage of communities offering walkable access to recreational amenities. The number of built-to-rent homes has been on the increase in recent years, reaching some 42,000 homes in 2018. Consumers are choosing to rent not just homes, but furnishings, too. New furniture subscription services are partnering with popular high-quality brands to offer affordability and flexibility to renters who don’t want to be tied down to furnishing their living spaces.

Communal and co-living choices increase in popularity. High rents, a shortage of available properties, large numbers of single adults, mobile working, and new models of community (actual and virtual) are driving the trends of communal and co-living housing. Co-living spaces are complexes of residences with communal facilities, such as a pool, gym, cafe, shared workspaces, and even a movie theater, that guests can rent on a temporary basis for short or extended stays and have ample opportunity to socialize with others. Co-housing or “intentional communities,” are a small group of apartments or houses built around a central square or common area that has residents come together to prepare common meals, share a common garden, or take part in other community activities, and provide assistance to one another when needed. These communities promote socialization and provide residents with an additional sense of security. Others forms of co-living are also gaining popularity, from empty-nesters renting out a bedroom, to groups of young adults living in dormitory-like spaces that are mainly a place to sleep and shower.

People are becoming increasingly worried about how various technologies are intruding on their privacy and how they can maintain better control over their digital privacy. According to a recent Pew Research Center survey, roughly six in 10 U.S. adults say they do not think it is possible to go through daily life without having data collected about them by companies or the government. More than eight in 10 expressed concern about lack of control over use of their personal data, and the same proportion say they believe the potential risks of misuse or misappropriated data outweighs the benefits of the services that collect them.
As demographics change, new lifestyle patterns are emerging and with them the need to adapt the physical environment accordingly. In the coming years, the millennial and GenZ demand for rental properties, especially in ever-denser urban centers, will drive increased multifamily and built-to-rent single-family construction. To appeal to younger buyers, singles (both young and old), and those needing more affordable options, builders will construct more small homes, replacing in-home amenities with communal amenities, such as shared cooking and entertaining spaces, dog washing stations, and monitored playgrounds. Developers and real estate investors seeking to profit from older millennials' desire for homeownership and Baby Boomers wanting to downsize will take existing single-family homes, remodel them, and create updated homes, in some instances dividing them into multiple units. Whether new or remodeled, these homes will require designers' skills, as younger buyers place a high value on good design.

Built environments of every type will need to ensure occupant safety and privacy. This will require changes to layout and materials, as well as the integration of security systems and ways to give occupants more control over how smart technologies are collecting and storing their data.

### OUTLOOK & IMPLICATIONS

As demographics change, new lifestyle patterns are emerging and with them the need to adapt the physical environment accordingly. In the coming years, the millennial and GenZ demand for rental properties, especially in ever-denser urban centers, will drive increased multifamily and built-to-rent single-family construction. To appeal to younger buyers, singles (both young and old), and those needing more affordable options, builders will construct more small homes, replacing in-home amenities with communal amenities, such as shared cooking and entertaining spaces, dog washing stations, and monitored playgrounds. Developers and real estate investors seeking to profit from older millennials’ desire for homeownership and Baby Boomers wanting to downsize will take existing single-family homes, remodel them, and create updated homes, in some instances dividing them into multiple units. Whether new or remodeled, these homes will require designers’ skills, as younger buyers place a high value on good design.

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### KNOWLEDGE
- demographic and psychographic trends, housing trends, hiring and mobility trends, relative to client populations; aging process (physical and mental changes and their progressions)
- universal design principles/methods
- solutions, products and materials to improve occupant safety
- solutions, products and innovations for small spaces

### SKILLS
- market analysis
- marketing
- business development
- empathy
- research and data analysis

### APPLICATIONS
- design for aging at different life/ability stages
- design for multigenerational-use environments
- design for occupant safety
Service robots have become more affordable and reliable, increasing their utility and functionality due to advances in wireless connectivity (5G technology) and in new types of computing chips. In contrast to industrial robots, professional service robots are mainly used outside of manufacturing, and they usually assist humans rather than replace them. Currently, the demand has been greatest in the retail, hospitality, healthcare, and logistics (warehousing and fulfillment services) industries, but they may prove useful in others as well to perform tasks potentially hazardous to humans or to supplement where there are shortages of needed personnel. Some models have been designed to serve as home personal and healthcare aides for elderly persons living alone or persons with disabilities.

The construction industry is turning to new technologies to improve productivity, project management and safety. 3D modeling and 3D printing to create prefabricated, standardized components for modular construction; robots for bricklaying and welding; self-driving heavy-machinery; drone-enabled inspections; and wearable robotics to improve worker mobility and safety. Other industry sources have reported the construction of the world’s largest 3D printed building, in Dubai; growing use of AI technologies to improve project planning and scheduling; and new applications that will allow users to access BIM data, 2D drawings, and 3D models in the field on their iPhones and iPads.

Rising costs and complexity push demand for multifunctional and flexible spaces. Today’s activity-oriented spaces need to serve multiple purposes to get the most out of real estate. Flexibility can be implemented through movable/mobile walls, roll-up doors, lightweight mobile furniture, and adjustable lighting and technology, especially in multi-use spaces, to change and accommodate various groups and their needs.

Blended environments inspire cross-functional furniture and materials. Manufacturers are introducing lines designed to function in more than one environment, promoting new products or reconfigured existing product lines to emphasize their applicability to multiple environments. A related trend is the incorporation of ancillary furniture to create a more informal ambiance, especially in workplace settings such as lounges, cafes and lunchrooms, lobbies, and outdoor areas.
Digital printing is replacing traditionally printed fabrics. In order to keep pace with a base of customers who expect on-demand services and instant delivery, custom furniture manufacturers are looking to the latest technological innovations. For example, manufacturers now need only stock white rolls of fabric which they can transform on-demand into any design, pattern, image, or motif requested. The process produces less waste, decreases overhead, and increases productivity and turn-around times. By combining digital printing with design software, manufacturers can easily accommodate custom orders that before disrupted production and caused delivery delays.53

Designers will have access to new tools to design and manage projects. For example, an engineer in China has developed a prototype of a system that combines virtual reality (VR) technology with interior design software to enhance real-time modeling.54 Researchers at Cornell University created a human-robot collaborative system consisting of a touchscreen interface, a robotic arm, and an artificial intelligent (AI) agent (i.e., interactive computer) that allowed for an interior designer and the AI agent to collaborate on a design task (in this case, deciding on the layout for an office space).55 Gensler’s Design Forecast 2019 highlights that next-wave digital technologies—such as augmented reality (AR), AI, and IoT-enabled devices—will evolve and become more widely adopted, with people and organizations seeking digital experience design that will smoothly integrate and enrich their daily experiences.56
Technologies are being combined to perform in new and more complex ways, which up to now have operated in large part separate from one another. A number of “cutting edge” technologies brought to market in the past decade have evolved to the point where they are now economical and able to be used in combination to perform more complex operations. Among the technology trends for 2020 highlighted by research and advisory company Gartner, for example, is “hyperautomation,” integrating AI software with machine learning (ML) and robotics to create more sophisticated systems to automate processes that previously could only be performed by humans, including certain kinds of decision-making.57 Another trend is “multiexperience,” which links human-machine interfaces across multiple channels such as, AR, VR, mixed reality, and sensing technologies to create immersive experiences. Eventually, this melding of technologies will lead to “people-centric smart spaces,” such as highly integrated smart environments, buildings, and city spaces.

Interactive intelligent spaces blend smart technologies and robotics to make environments responsive and adaptive to occupants. Researchers at the Architectural Robotics Lab at Cornell University are applying psychology to the use of sensors, voice-activated agents, and other smart technologies in conjunction with robotics to develop interactive intelligent spaces that adapt themselves in response to programmed stimuli (such as changes in daylighting or persons entering or exiting a room), voice commands, and even changes in occupants’ mood or activity. One study involves a prototype of a “space agent,” sort of like a Siri or Alexa, but capable of more complex responses and with the ability to reconfigure an office space to suit different tasks and uses throughout the work day.58
Smart technologies are entering into every aspect of the built environment, from controls for lighting, water, HVAC, security, and audiovisual systems, to all types of appliances and gadgets. Increasingly, consumers are coming to expect that “smart” spaces will be Standard Operating Procedure (SOP) and that all the various parts will work together seamlessly through the Internet of Things (IoT) accessible via high-speed (5G) wi-fi everywhere. Among 2020 hotel trends, the number one is Smart Rooms, which include digital features such as access to streaming services, a room key on your smartphone, concierge services, temperature controls at the push of a button (or tap of a finger), and voice-activated controls. Trials are also being conducted to determine how smart devices along with cameras and sensors can best be used to monitor patients in healthcare facilities and elderly persons living alone or in senior living facilities.

Smart materials can adjust automatically to optimize occupant experience. Also called intelligent or responsive materials, these designed materials have one or more properties that can be significantly changed in a controlled fashion by external stimuli, such as stress, moisture, light, or temperature. These materials have the potential to revolutionize interior design through the development of interactive and actuated surfaces, furnishings, and decorative artifacts. For example, smart windows are made from glass that intelligently changes its tint based on cloud cover and the angle of the sun, maximizing healthy daylight throughout the day while reducing uncomfortable heat and glare. With daylight having multiple benefits including health and well-being, accelerated patient recovery, positive mood, and productivity, these windows are being installed in office buildings and healthcare facilities.
Spaces are rapidly becoming more interactive due to advances in computer engineering, AI, cloud computing, digital communication, and robotics. Within the decade, fully connected smart homes, smart workplaces and smart hospitality accommodations will be the norm. Builders are already incorporating house-wide wi-fi networks and smart systems into their new projects. Designers will need to work in close conjunction with technological specialists to integrate these technologies while maintaining the overall design integrity of the space. Designers will also need to give consideration to the practical and ethical issues related to the collecting, storage, and use of personal data generated from interactive interior environments.

Global commerce and online shopping have exploded the range and availability of product interior designers can access. However, difficulties can arise when inventories are inadequate or shipments are delayed due to extenuating circumstances. New on-demand and just-in-time manufacturing methods can help reduce shortages and order-to-delivery times, as well as offer greater opportunities for customization.
#KNOWLEDGE

- emerging technology trends
- built environment technologies and applications
- occupant-centered design
- multi-functionality
- materials properties
- smart materials
- interactive/smart technology integration
- data collecting devices and methods (e.g., apps, sensors, wearables)
- enhanced visualization technologies (e.g., virtual reality (VR), augmented reality (AR), 4D)
- 3D printing methods
- copyright and intellectual property law

#SKILLS

- marketing and communication
- client acquisition and management
- design thinking
- design and design management software and digital tools
- research and analysis
- teamwork
- [interdisciplinary] team management
- building information modeling (BIM) software and other data-enhanced digital tools
- 3D printing

#APPLICATIONS

- design for smart spaces
- digital experience design
- creating digital environments and client presentations using VR and AR technologies
- digital, cloud-based design development, project management and team collaboration
- designing robot-compatible spaces
A greater sense of well-being leads to higher levels of good health, optimism, productivity, and social engagement. Americans in 2019 were feeling somewhat better about their personal circumstances, and that has helped to improve their overall sense of well-being. According to the Gallup annual Well-being Index survey measuring perceived levels of physical, community, finance, social, and career well-being, career and social scores, which have declined substantially in recent years, have improved slightly compared to 2018. Measures of well-being can vary by generation: Millennials are more likely to report a high level of physical well-being but a low level of financial well-being; many Gen-Xers are now in “sandwich” mode, caring for children and aging parents, and thus feeling a strain on their financial, career, and social well-being; and as more boomers reach or approach retirement age, they have concerns about their career and financial well-being.

For many Americans, wellness has become a way of life, affecting not only their health behaviors and fitness routines, but also diet, use of transportation, and choices of recreation and travel. This is a result of several factors, including rising health care costs, an aging population, and evolving consumer health risks. As Americans are living longer, chronic diseases are also on the rise, meaning consumers are looking to new, affordable, and convenient formats to address their ailments, such as in-store retail clinics. In addition, consumers now have access to an array of tools to monitor their health and wellness indicators, allowing them to assess and improve their health on their own, without waiting for an annual physical checkup.

Wellness is surpassing high-end goods in luxury spending. An article in Forbes on the retailing of luxury wellness products and services states, “Consumers are placing more value on health and wellness than on material objects these days, and the definition of health and wellness has evolved... And in an era in which so many catalog their lives on social media, looking great, feeling good, and sleeping well are the new luxuries that consumers want to enjoy and flaunt.”
As the aging population increases, so does the demand for healthcare in the home. Within the past decade, changes in healthcare delivery, paying for healthcare, and attitudes toward healthcare institutions have driven more consumers to opt for acute and subacute care in the home. In 2010, more than 12 million patients received care at home, and that number has grown as the population ages and people are living longer with multiple chronic conditions. CNBC reported the U.S. spent an estimated $103 billion on home health care last year, according to the Centers for Medicare & Medicaid Services. Overall employment of in-home aides is projected to grow 41 percent from 2016 to 2026, even though there is already a shortage of workers to meet demand.

Interior designers are uniquely trained and qualified in the health, wellness, and safety of built environments. With the increased emphasis to build real estate that is eco-sensitive, environments that provide well-being, natural elements, and healthy amenities, clients are looking to have spaces that appeal to users’ sense of wellness, as well as to ensure occupant health and wellness, regardless of space type. Designers have an opportunity to reposition their value proposition to focus on wellness rather than on sole aesthetics, and to redefine the elements of good design.

More patients are being cared for at home, yet most homes are not well suited for the provision of care. A white paper from the Center for Health Design notes, “But as a newer model of care, there is not a well-established base of knowledge for undertaking this type of service or for supporting it through the built residential environment.” To assist interior designers, the white paper presents evidence-based strategies to facilitate healthcare at home across a range of design factors that address the needs of patients and caregivers.
Design is the prescription for patient well-being. With healthcare costs skyrocketing, healthcare professionals and administrators are turning toward preventative health strategies to improve well-being before individuals develop illnesses or chronic conditions. One of those strategies is designing healthcare environments to promote wellness, such as by reducing stressors, incorporating biophilic elements, and giving patients more control over lighting and other ambient factors. Another approach gaining attention is salutogenic design, which emphasizes an individual’s whole health and wellness, not just treatment and recovery. Some healthcare facilities today are adding on fitness centers, outdoor recreation areas, health spas, healing gardens, training kitchens, and healthy cafes to support patients’ and staffs’ well-being.73

Holistic design calls for the use of both sustainable and responsibly sourced products and materials. As responsible stewards for the health and wellness of our planet, sustainability is a requirement as we face a natural resource crisis.74 Sustainability involves not just the content of the product and whether it can be repurposed or recycled, but also its shipping and delivery carbon footprint, post-consumer waste, and durability. Ethical sourcing entails how the product is manufactured, the type of labor used, and how the material is obtained.

Greater use of repurposed materials and conspicuous use of renewable resources as well as products that reduce waste or carbon footprint were noted for growing in popularity among 2019 trends in commercial interior design.75 Whether because clients request it or their own principles demand it, designers have been specifying eco-friendly and sustainable products, finishes, and materials for over two decades. Now, as more people experience the effects of environmental degradation and seek change, organizations wanting to appear socially and environmentally responsible are touting their green policies and practices.
Resilient design is essential in responding to climate change and other environmental issues. These design strategies add adaptation to sustainable design strategies by approaching design to protect occupants, provide shelter during emergencies, and adapt to the changing pressures of increased heat, cold, drought, and rainfall. RELi, a resilient rating system, helps identify and reduce the risk of damage in the event of a natural disaster, economic disruption, resource depletion, or other crisis.

Persons with neurodivergent conditions such as Autism Spectrum Disorder (ASD), Attention Deficit Hyperactivity Disorder (ADHD), and Dyslexia, with some estimating this classification includes one in eight persons, has long been overlooked in regards to functioning in the built environment. Due to their conditions, these individuals may find navigating and interacting with the physical environment challenging. How the space is designed can have a profound impact not just on mood and perception, but on cognitive function as well. To that end, a researcher has developed a Sensory Design Assessment Tool to aid understanding of how a space can affect the sensory nervous system by causing anxiety, stress, or being overstimulating.
Biophilic design has become mainstream, along with humancentric lighting or circadian lighting, in workplace and healthcare design, and now its benefits are being promoted in residential, hospitality, and education design as well. Clients are becoming more educated about biophilia and the body of research demonstrating its positive effects, and therefore, all designers should understand the set of principles and strategies to incorporate biophilia into their designs, along with other standards of wellness.

Along with physical health, spaces today need to take into account cognitive and behavioral health. People of all ages are experiencing high levels of stress, anxiety, depression, and distraction. The more stimuli introduced into a space, the more risk the space may have a negative behavioral impact on some users. Designers need to be familiar with the research on the physical environment and behavioral health, as well as include indicators of behavioral health issues in their programming.

The trend toward occupant-centered design has raised awareness that physical environments today must be accommodating, nurturing, and supportive of people of all abilities. Designers can help to eliminate or reduce elements that create barriers for or negative responses in persons with neurodivergent conditions. Findings from ongoing research on “neuroarchitecture” (the application of neuroscience to the practice of architecture), which seeks to add to our understanding of how and why humans react to environmental stimuli in built spaces, also will increasingly inform design strategies and decisions. Designs need to be universal, accessible, and all-encompassing to be welcoming and inclusive for each and every user.
[+] #KNOWLEDGE
- health and wellness trends
- environmental psychology
- materials properties
- sustainable design practices and products, materials and finishes
- aging process and progress
- common types of disabilities and neurodivergent conditions
- principles of biophilia
- principles of universal design
- research on neuroscience and architecture
- WELL Building standard
- ergonomics
- wayfinding
- diverse ethno-cultural uses, values, and preferences

#SKILLS
- research and analysis
- evidence-based design
- programming
- [healthy] products and materials specification
- empathy

#APPLICATIONS
- sustainable / green / eco-conscious design
- multifunctional space design
- cross-specialty design
- design for equality
- inclusive design
- biophilic design
- WELL Building certification
- design for healthcare in the home
- design for aging; design for behavioral health
Climate change, environmental degradation, income and social inequality, diversity, inclusivity, aging populations, health and wellness, and public safety are some of the biggest challenges facing humanity today. Interior designers are equipped with the knowledge, skills, and applications to make a difference. Through their practice and professional influence, they can change how and where we live, work, play, and heal. They can create solutions that will make interior environments more healthy, more sustainable, more inclusive, and more safe. They can also offer solutions to make them more affordable, functional, and efficient. Perhaps at no other time have clients and industries been more willing to explore and invest in design to address these issues.

The very nature of interior environments and how we relate to them is changing. Two of the biggest business challenges for interior designers are the changing nature of client relationships and increased competition. Clients today have access to a wide range of sources to gather information about design approaches, solutions, and products. Some have sought to educate themselves about interior design methods and want to be active participants in the design process. Others simply want to hire a professional to serve as a consultant, resource, and sounding board for their plans. Designers will need to decide their level of comfort in dealing with different kinds of clients and adapt their business practices accordingly, offering a menu of services or packages supported by clear and thorough contracts or letters of agreement specifying the duties and responsibilities of the designer and those of the client.

With fewer clients wanting to pay for the full range of interior design services, designers are facing more competition from contractors, e-design providers, specialists, vendors, and retailers offering free in-house design assistance, and manufacturers developing do-it-yourself design applications. To distinguish themselves, designers need to re-think and re-market their unique value proposition. They also should consider exploring new business models, such as partnering with related professionals or establishing co-ops, co-working spaces, or professional networks to expand their range of services and flexibility.

Clients and occupants will nevertheless look to designers to ease the transition and provide solutions that will make these new spaces more accommodating. They will also call on designers’ expertise to guide them on how these changes can be implemented to improve quality of life, occupant experience, and productivity and profit.

In the decade ahead, designers will have new tools, products, and materials to help them respond to their clients’ needs and aspirations. With more people needing and wanting the benefits of good design, they may also have to develop new business models and forms of collaboration.
Design as a Lens for Interpreting and Supporting Diverse Cultures

“Without memory, there is no culture. Without memory, there would be no civilization, no society, no future.”

–Elie Wiesel, Nobel laureate, Auschwitz survivor
In any discussion of culture—past, present, or future—a myriad of impressions may surface of people, places, symbols, language, foods, artifacts, traditions, and shared values. These elements of culture are as varied as the ideas and images they represent. But they share in common a connection to memory, to history, to the landmarks we’ve erected as societies to remember who we have been, who we are now, and who we are becoming.

It’s in this intersection of creation and preservation that design plays an essential role. It is a tangible expression of our collective desire to not only thrive in the present, but also to be remembered for the legacy we’re leaving behind. Far from a static or prescriptive process, designing for culture is in many ways a moving target. It evolves with our understanding of time, our experiences, our identities, and the things we value and create in support of them.

So, what does designing for culture mean today, and how will it inform our processes and perspectives in the future? For this report, ASID spoke with several respected members and practitioners in the industry to define culture and explore its implications for the practice of design.

**WHAT DO WE MEAN BY CULTURE?**

The word “culture” is a difficult one to pin down because it can mean different things to different people. In fact, it earned the designation as Merriam-Webster’s 2014 Word of the Year based on the number of searches it received on their website. It’s no wonder; Merriam-Webster lists six definitions for culture in noun form (two in verb form), the first of which identifies it as “the customary beliefs, social forms, and material traits of a racial, religious, or social group.”

An article in The New Yorker summed it up this way:

“*The problem is that ‘culture’ is more than the sum of its definitions. If anything, its value as a word depends on the tension between them.*”

The author notes there are generally three divergent categories of culture:

1. As a process of enrichment (to be “cultured”);
2. As a way of life among people, groups, or organizations; and
3. As an activity (museums, theater, the arts, books, etc.)
The design industry reflects a similar array of interpretations around its meaning, ranging from personal to brand-specific with many nuances in between.

“Culture embodies all aspects of a person’s life experience or a place’s historical context,” says David Kozak, director of EXPlore, principal at HKS in Dallas, Texas. He notes that culture is most relatable to comfort in that “When you have an experience that you can identify as within your own culture, a certain sense of comfort ensues. The experience isn’t necessarily good or bad, but it evokes a reaction simply because it is familiar.”

In other words, it is essentially about people and a sense of place, according to Charlton Hutton, associate director, Design at M Moser in New York.

“Culture is the fusion of the brand identity of a business and the way that company interacts internally, as well as the physical location or region of the business’ people and office.”

He says a business’ culture takes on unique local and regional perspectives depending on its geography and that culture encompasses both people and brand values. “Additionally, we see the culture of a business really as a series of sub-cultures existing amongst different social groups that have similar business goals and established foundations,” he points out.

Translating culture through architecture and design involves a process of creating spaces that enrich and excite, rather than just providing function, according to Lois Wellwood, director and interior design practice leader for Skidmore Owings & Merrill LLP (SOM) in New York. “We want our work to go beyond the quotidian—to go further by honoring and amplifying it in all its definitions, while also bringing forward new ideas and experiences that are both compelling and beneficial.”

For Steven Upchurch, hospitality leader, managing director and principal in Gensler’s Dallas office, it’s important to make the distinction between the tangible and intangible elements of culture. The values, beliefs, customs, and heritage of particular groups (intangible) can help form ideas for appropriate design solutions that are represented through physical expressions of culture (tangible) such as indigenous materials, climate and topography, or architecture and the arts.

“As a designer I think the built environment and creative arts represent the material aspects of culture that most people can see and experience without actually having an understanding of the culture,” he explains. “When we design buildings or if we produce a film or you’re reading literature, these are designed material things that are easy for the layman—who doesn’t understand the business of design—to see how culture can actually influence the end product of what we see, feel, and touch.”
In other words, architecture and design are the physical embodiment of culture. They communicate meaning in ways that appeal to the senses and bring clarity to the expressed values of people or the unique characteristics of a place.

While it’s certainly helpful to view culture in a constructive light, it can be equally revealing to consider it from a starker perspective. Kay Sargent, senior principal and director of WorkPlace at HOK in Washington, D.C., recalls someone defining it this way:

“Your culture is the worst behavior you tolerate.”

Although initially disconcerting, there is truth to the statement. “There are companies out there that profess all kinds of wonderful things, but if that’s not how they act, if that’s not what they do, if that’s not what they support, that’s not their culture,” Sargent observes. “You can say all the right things, but it’s what you do [that counts]. ‘Do you walk the walk?’ I think is a really important question.”

Because the answer reveals more about culture than mere platitudes. Organizations must act on their values; otherwise, they lose significance and are perceived as inauthentic.

CULTURE OVER TIME

Regardless of how culture is defined, there’s consensus around the notion that it is relatively fluid, changing with different groups, norms, and social and technological progression over time. Historically speaking, culture—in the “high culture” sense of the word—was reserved for the aristocracy and upper classes, presenting a high bar to entry. “High culture is, or at least once was, for an intellectual and artistic elite, which could not only appreciate what it was reading, hearing, or seeing, but also had a sophisticated appreciation of how great art is made,” according to a Washington Examiner article. “Serious advocates of high culture specialized in discrimination,” the author continues. “An artist’s putatively lofty intentions did not by themselves get him past the gate.”

The best literature, fine art, and theater could only be accessed in “massive, masonry buildings that undoubtedly felt inaccessible to huge swaths of the population,” Wellwood says. That’s changed, thankfully. Culture can be accessed virtually anywhere—on the sidewalk, in a hotel, in a workplace, or even on the Internet, she notes, thanks in large part to the democratization of culture and design through technology. “You can access culture through your computer now. You don’t have to be wealthy. You don’t have to be [...] highly educated.”
Rather, anyone can participate and contribute to culture because of globalization. “By virtue of culture being more global and this democratization of it, if you will, it has broken down barriers that existed before,” Wellwood says. “We think that’s really powerful. It’s no longer exclusive—it’s inclusive, and that’s a really big shift in our minds that is positive.”

This leveling of the playing field has also resulted in a sort of fragmentation as well, in that there are now virtually limitless opportunities for people to connect with cultures to find a sense of belonging, Kozak says. Where traditionally one’s culture was largely formed by their location, their vocation, and their demographics, he says,

“Today, people make virtual connections with others from all over the world, forming cultures based on anything from hobbies to sports to video games.”

The power of choice cannot be understated, however, and is a driving force in the culture of the contemporary workplace. In fact, Hutton suggests work cultures needs to include autonomy—allowing social groups within a business to interpret and innovate upon the existing culture. “The focus has shifted on the business side to focus on the people in the company—whether through wellness, et cetera—and they are reinvesting in their company through their people,” he says. “This investment is now forming culture, instead of a company trying to enforce the culture they wanted to create.”

Changes in company culture aren’t unusual in the least. As an organization matures and grows, so does its ethos. “Culture often evolves and matures as a company ages,” Sargent observes.

“And culture can be influenced by what region you are in; the industry you are part of; work styles; organizational structure; and even demographics. All these elements work together to define a company’s DNA.”
APPROACHES TO DESIGNING FOR CULTURE

The significance of culture and its evolution can help form the basis for how to utilize design in better service of it. Various factors play into the way designers can approach culture, including (but not limited to) location, time, experience, technology, and demographics. Each can be viewed in isolation, but together, they form the foundation for a more holistic approach to creating, supporting, and ultimately, preserving culture.

In fact, Kozak says the question isn’t so much how these variables influence culture, but rather, how is it not influenced by them and others? The reality is that culture permeates every facet of the lives of people and organizations, and as such, he suggests designers dig deep into culture “at a more granular level” to uncover important nuances. He explains,

“The trick is finding the balance between those overarching cultural conditions and specific beliefs that can give a finer edge to design.”

“I find that by combining experience, data, and my own observations as an impartial outsider, I can begin to get a good sense of the design direction.”

Hutton echoes the sentiment, indicating that design cues can be uncovered among the many factors that influence culture. For example, different value systems, interests and personalities are all localized and can be represented in the workplace through team activities and outreach programs. “We refer to this as ‘regional resonance,’ which we can show in the workplace through local restaurants catering pop-up events, environmental branding, identifying iconic elements of the city, and utilizing local materials that speak to the city construct.”

Likewise, he says getting a firm grasp on a company’s or brand’s history can help determine the direction it wants to go in the future as far as both culture and design. In other words, a clear understanding of how these factors influence an organization can help design firms create, shift, or amplify culture as needed.

Wellwood recalls a project tasked with designing a building to accommodate a transformation in the company’s structure from a traditional, hierarchical model to a more horizontal, collaborative way of working. “We responded by creating an open office environment with interactive spaces and amenities that provide opportunities for informal meetings and encounters,” she recalls. “Creating a community through design and establishing a new culture as a result, was the goal.”

At HOK, Sargent says the firm believes every company, regardless of market segment, has its own unique organizational DNA that is made up of six elements that can help inform the design process: 1. Industry; 2. Region; 3. Demographics; 4. Organizational structure; 5. Work styles; and 6. Culture. “We believe that if you understand those six things about [the client], then the solutions start to become kind of self-evident.”
On a macro scale, globalization, mass urbanization and migration of people into cities require big-picture solutions to contend with the cultural and logistical challenges these phenomenon present. “Our designers at Gensler are obsessed with solving these problems of urban growth and globalization, and there’s so much movement and blending of cultures that are part of that because people are migrating,” Upchurch says. “It’s not just people migrating within a country to a city; people are migrating and moving around the world and that has a huge influence [on design].”

To that end, Gensler has pinpointed four key drivers where design teams can make the biggest impact in terms of design and culture:

• **INCLUSIVITY.** Expectations of inclusivity will tip the balance toward community and transparency. The boundary between the public realm and private or exclusive may be more porous and nuanced, especially when public-serving open space or cultural elements are involved.

• **DIVERSITY.** The desire for urbanity will favor a richer, denser, and less expected mix of people and activities. The embrace of a startup, freelance, maker, artisanal, farm-to-market economy will give rise to hybrid settings, used intensively, that change from day to night.

• **STEWARDSHIP.** The places in between can easily slip off public and private maps. The role of a steward to these ‘forgotten’ spaces will transform them into settings intrinsic to the everyday and making them more visible.

• **FLOW.** Part of people’s desire to shape experience is the expectation that it will be accessible to them. It means that experience will be designed to compensate for differences in sensory perception. It will enable people to navigate the unfamiliar.

While there may be other categories at play, Upchurch says, “If you try to stick to those four key drivers, you can come up with some good solutions.”
CULTURAL CHALLENGES & DESIGN CONSIDERATIONS

Designing to accommodate various cultures isn’t easy or straightforward, but it can carry significant implications for clients. In the workplace, for example, toxic cultures have driven 20 percent of U.S. employees out of their jobs in the past several years at a turnover cost greater than $223 billion, according to a report from the Society for Human Resource Management. Likewise, companies that choose to ignore their culture may realize a 33 percent decrease in operating income and an 11 percent decrease in earnings growth, according to Building Design+Construction.

Further, Gallup’s State of Global Workplace report notes that 85 percent of employees are either not engaged or actively disengaged, with economic losses estimated at $7 trillion in lost productivity.

While physical space doesn’t create culture, per se, it has the potential to reinforce it, bringing diverse personalities, styles, values and identities together in more meaningful ways. “Designing for neurodiversity is important—understanding these people and understanding different personality types. Thus, creating unique space types where people of all types are encouraged to be able to use them the way they need,” Hutton explains. “The way people use these spaces will be different based on personality and mentality – identifying the cultural alignment and also identifying where personalities split. Inclusivity is not just designing for everyone but designing for everyone’s work styles.”
The danger in trying to accommodate every personality and culture, however, is that the design can get muddled in the process. Designers must consider that as cultural cues become diversified and abundant, it is easy for the resulting design strategy to become confused and watered down, according to Kozak.

“If we want to create meaningful design, we must not forget that all people inherently want the same things—safety, beauty, and self-actualization. If you can remove the discomfort of uncertainty, inspire with beauty and awe, and at the same time make people feel seen and valued, then you have created a lasting design solution.”

When an organization suffers from poor culture and seeks to shift it, Sargent says a multi-faceted approach is required, with space being just one facet of it. “Changing the space alone won’t change the culture of an organization,” she explains. “People, Place, Process, and IT all need to be in alignment and each reflect the unique personality, or culture, of an organization to achieve success.”

On the other hand, Wellwood suggests the best designers must be engineers of culture in every sense of the word.

“We have to have our fingers on the pulse of what’s happening in the world and incorporate the culture that we experience—and that our clients have experiences and would like to experience—into our work. All of which is to say that culture and architecture can—and should—influence each other.”

Clearly, the design community has an immense opportunity to interpret, support and preserve culture, and with it, the memory, wisdom, and ideas we value as a society. It wields the influence to help shape culture and space in service of humanity so that generations to come will not forget who we are and the contributions we made to the world they’ll inhabit.
We are in an exciting era as we make a jump start into 2020 and the new decade. Looking back at the past decade, much progress has been made with many advancements, milestones, and scientific evidence that all inform the way we approach projects. We have moved from taking singular approaches to multi-faceted ones, generating sophisticated complex systems to assist us in doing work efficiently, effectively, and intelligibly.
People have advanced, too. More informed, we are in an advantageous position to make thoughtful decisions about the best strategic and tactical approach to our work. The challenge we face now is to remove ourselves from voracious consumption of information, media, and other happenings in the world in general to provide the space to take thoughtful actions in order to avoid burnout. Contrary to projections for a long life due to technological and medical advances, high levels of stress and the extremities we are exposed to have reversed the course leading to chronic illnesses, addictions, and other disorders. Trends that put focus on health and wellness and take on human-centered approaches may re-route this back to a positive direction.

**There will always be room for improvement, more problems to solve, and new challenges arising—there’s still much to achieve.**

Issues that have been eminent in the past continue to take a stance today such as, diversity and inclusion. As these issues find their ground and continue to demand change, further dissension may arise, but hopefully with the right genuine intentions, purposeful goals will be reached.

**The sustainability of people, organizations, and the environment lie in the hands and minds of us.**

Design thinking, now ingrained in most processes, and a part of a designer’s DNA, will be implemented to ideate innovative strategies and solutions that will help grow into a healthy and viable future. Coupled with the necessary knowledge, skills, and applications, designers can lead the way in creating a future that fulfills purpose through mindful design solutions, establishes cultures with meaningful connections and experiences, and reveals value for all humanity.
Authors & Contributors

STATE OF INTERIOR DESIGN
Eric Lynch, Senior Associate, Research and Knowledge Management, ASID
Susan Chung, Ph.D., Director, Research and Knowledge Management, ASID

ECONOMIC OUTLOOK
Bernard M. Markstein, Ph.D., is president and chief economist with Markstein Advisors, an economic consulting company providing analysis and forecasts of the national economy and construction activity. Dr. Markstein’s experience includes analysis and research in residential and nonresidential construction, housing, real estate, financial markets, macroeconomic issues, and regional markets.

TRENDS & IMPLICATIONS
Michael J. Berens, Ph.D., is a freelance writer, editor, and researcher, with 30 years’ experience in association management, writing, editing, communications, research, and knowledge management. He served for over 14 years as the director of research and knowledge resources for the American Society of Interior Designers (ASID), and for nearly 15 years with AARP as an editor, writer, and associate director of research for dissemination and knowledge management. In addition to serving clients in the interior design industry, he also contributes weekly articles on interior design business and research, housing trends, and management and leadership topics.

FUTURE INSIGHTS: CULTURAL IMPLICATIONS
Robert Nieminen is an award-winning freelance writer and the editor-at-large of interiors+sources. He is also a frequent contributor to i+D (the official publication of the American Society of Interior Designers), retrofit and Retail Environments magazines, and a former tech writer for The Architect’s Newspaper. Additionally, he develops CEUs, web content, and PR for several commercial ceiling, flooring, furniture, and textile manufacturers.

EXECUTIVE EDITOR
Susan Chung, Ph.D., Director, Research and Knowledge Management, ASID

CONTRIBUTING EDITORS
Susan Wiggins, CAE, Hon. IDC, Chief Operating Officer, ASID
Laurie Enceneat, Director, Marketing and Communications, ASID

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NOTE:
Data used in the State of Interior Design section references the Occupational Employment Statistics (OES), produced annually by the Bureau of Labor Statistics (BLS). OES data allows for in-depth analysis of interior designers and the profession in comparison to the monthly Current Employment Statistics (CES) data, also produced by BLS.

Most recent data available from each data source was used for this report.