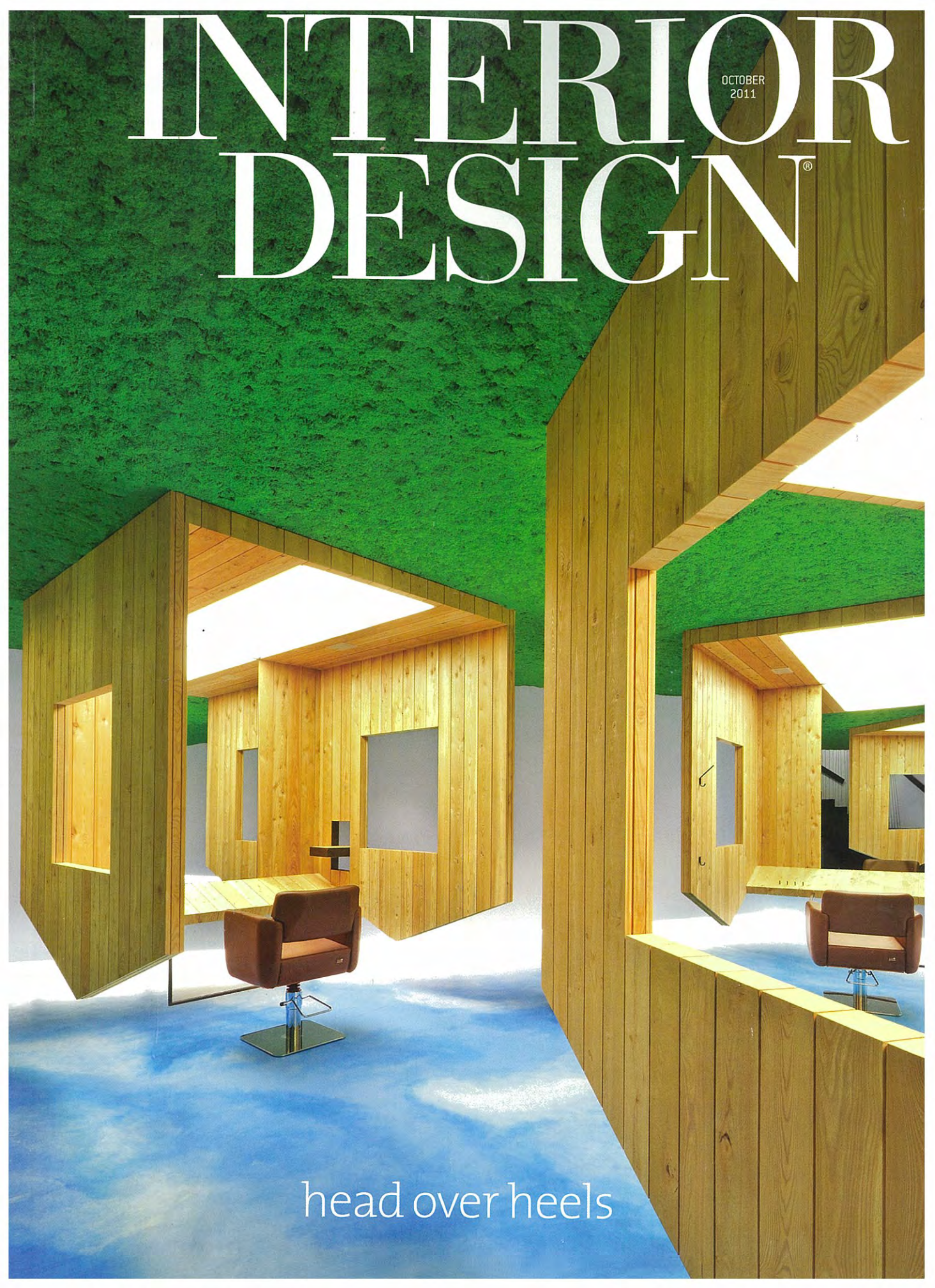


INTERIOR DESIGN®

OCTOBER
2011

head over heels





GIANTS

HOSPITALITY

welcome news

If there is one refrain among the top 75 *Interior Design* hospitality Giants, it's the same one we've been hearing 24/7 as the next election cycle ramps up. *Jobs, jobs, jobs.* Please, pause before you roll your eyes. While our leaders tussle over the best way to create jobs, these 75 firms managed to hire 851 staffers from July 2010 through June 2011—with only 197 laid off. To give you an idea of just how big that is, consider that a mere two reporting periods ago, the hospitality Giants dismissed 857 and hired only 98. Even better, 47 of the Giants didn't lay off a soul. As someone who works in hospitality might greet this trend, "Enjoy your stay!"

Indeed, the news is generally good. Hospitality remains a massive financial driver for interiors firms. For 56 of the hospitality Giants, at least half of every dollar comes from hospitality fees. Total hospitality revenue is up 10 percent, to \$444 million, the first gain after two declines. Firms project \$458 million in the next 12 months.

Increasingly important are high-end projects. A third of all hospitality fees, \$146 million, came from luxury hotels, particularly those adding spas. Of the current hospitality Giants, 66 percent say their clients now recognize a spa as a major attraction, and 42 percent say they're designing more spas now versus a few years ago. (As if anyone can argue with a mud bath and a massage.) Going forward, boutique hotels seem to be getting in on the act. The percent of hospitality Giants expecting to work in this sector jumped from 60 to 68. These Giants also forecast better prospects for resorts and country clubs; restaurants, bars, and nightclubs; and even gaming. However, only 43 percent of hospitality work was new construction, a five-year low. Renovation, in fact, represented 50 percent or more of revenue for 48 firms.

Wilson Associates designed the Armani Hotel Dubai in the United Arab Emirates.

An interesting question as these updates are delivered: Has "green" peaked? A vast majority of hospitality Giants and their clients still pursue sustainability, but the numbers have retreated for the first time. Firms listing sustainability as a driving philosophy dropped from 81 percent to 79. Clients integrating sustainable elements also dropped from 86 percent to 81. ➤

RANK 2011	FIRM (HEADQUARTERS WEB SITE)	WORK INSTALLED			DESIGN STAFF	RANK 2010
		HOSPITALITY FEES (MILLIONS)	VALUE (MILLIONS)	SQ. FT. (MILLIONS)		
1	HBA/Hirsch Bedner Associates (LOS ANGELES hba.com)	\$76.950	\$4,540.05	43.24	644	1
2	Wilson Associates (DALLAS wilsonassoc.com)	\$42.075	\$3,000.00	NR	284	2
3	Gensler (SAN FRANCISCO gensler.com)	\$37.137	\$570.00	7.90	1,100	3
4	Bilkey Llinas Design (PALM BEACH GARDENS, FLORIDA bilkeyllinas.com)	\$22.538	NR	NR	122	4
5	Leo A Daly (OMAHA leodaly.com)	\$18.987	NR	NR	80	5
6	Rockwell Group (NEW YORK rockwellgroup.com)	\$15.232	\$76.38	1.14	102	6
7	Daroff Design + DDI Architects (PHILADELPHIA daroffdesign.com)	\$13.440	\$170.00	3.00	46	7
8	Pierre-Yves Rochon (CHICAGO pyr-design.com)	\$11.685	\$275.00	10.76	70	12
9	HOK (ST. LOUIS hok.com)	\$10.195	\$1,137.00	4.65	317	8
10	DiLeonardo International (WARWICK, RHODE ISLAND dileonardo.com)	\$9.844	NR	NR	82	9
11	Baskervill (RICHMOND, VIRGINIA baskervill.com)	\$7.484	\$202.38	6.18	20	11
12	Callison (SEATTLE callison.com)	\$7.400	NR	NR	77	19
13	KNA Design (LOS ANGELES knadesign.com)	\$7.020	\$756.00	3.80	28	13
14	BBG-BBGM (NEW YORK bbg-bbgm.com)	\$6.740	NR	NR	44	10
15	FRCH Design Worldwide (CINCINNATI frch.com)	\$6.720	NR	NR	120	16
16	Gettys (CHICAGO gettys.com)	\$6.500	\$90.00	NR	45	21
17	KlingStubbins (PHILADELPHIA klingstubbins.com)	\$6.080	\$155.00	0.65	129	--
18	Stonehill & Taylor Architects (NEW YORK stonehilltaylor.com)	\$5.760	\$150.00	1.40	33	15
19	BraytonHughes Design Studios (SAN FRANCISCO bhdstudios.com)	\$5.155	NR	NR	38	27
20	Forrest Perkins (DALLAS forrestperkins.com)	\$5.042	NR	NR	48	17
21	HFS Concepts 4 (LOS ANGELES hfsc4.com)	\$5.000	\$50.00	NR	28	25
22	Design Duncan Miller Ullmann (DALLAS designdmu.com)	\$4.992	\$35.00	3.00	75	24
23	Space Matrix Design Consultants (SINGAPORE spacematrix.com)	\$4.930	\$309.00	5.50	340	26
24	Chambers (BALTIMORE chambersusa.com)	\$4.450	\$45.00	1.10	12	18
25	JOI-Design (HAMBURG, GERMANY joi-design.com)	\$4.180	\$60.00	NR	34	20
26	Looney & Associates (DALLAS looney-associates.com)	\$3.757	\$750.00	3.50	36	33
27	WATG (IRVINE, CALIFORNIA watg.com)	\$3.744	\$95.00	0.32	33	23
28	Smallwood, Reynolds, Stewart, Stewart & Associates (ATLANTA srssa.com)	\$3.645	NR	NR	23	32
29	Steelman Partners (LAS VEGAS steelmanpartners.com)	\$3.325	\$225.00	0.30	66	14
30	VOA Associates (CHICAGO voa.com)	\$3.304	NR	NR	96	55
31	DLR Group (OVERLAND PARK, KANSAS dlrgroup.com)	\$3.202	NR	NR	33	--
32	S.K.I.N. Design Studio (SAN DIEGO skindesignstudio.com)	\$3.112	NR	NR	10	28
33	SFA Design (SANTA BARBARA, CALIFORNIA sfadesign.com)	\$3.107	\$72.39	0.70	26	22
34	Design Development Company (AGOURA HILLS, CALIFORNIA designdevelopment-group.com)	\$3.100	\$35.00	0.60	10	34
35	EDG (SAN RAFAEL, CALIFORNIA edgdesign.com)	\$2.871	\$14.00	0.40	26	39
36	Perkins Eastman (NEW YORK perkinseastman.com)	\$2.816	\$16.90	0.66	171	30
37	Design Continuum (ATLANTA designcontinuuminc.com)	\$2.782	NR	NR	33	38
38	Heitz Parsons Sadek (WEST PALM BEACH, FLORIDA heitz-parsons-sadek.com)	\$2.696	\$48.00	1.25	33	37
39	Montgomery Roth Architecture & Interior Design (HOUSTON montgomeryroth.com)	\$2.523	NR	NR	14	53
40	J/Brice Design International (BOSTON jbricedesign.com)	\$2.295	\$320.00	1.30	14	29
41	ABA Design Studio (LAS VEGAS abalv.com)	\$2.283	NR	NR	13	40
42	Kay Lang + Associates (LOS ANGELES kaylangassocs.com)	\$2.250	NR	NR	18	41
43	TVSDesign (ATLANTA tvs-design.com)	\$2.233	NR	NR	42	50
44	RTKL Associates (BALTIMORE rtkl.com)	\$2.113	\$500.00	10.00	85	36
45	Puccini Group (SAN FRANCISCO puccinigroup.com)	\$2.040	\$25.00	0.08	19	45
46	Rottet Studio (HOUSTON rottetstudio.com)	\$2.016	\$300.00	1.20	28	66
47	Indidesign (LOS ANGELES indidesign.com)	\$2.000	\$200.00	NR	12	46
48	J Banks Design Group (HILTON HEAD, SOUTH CAROLINA jbanksdesign.com)	\$1.989	\$4.18	0.03	20	47
49	DAS Architects (PHILADELPHIA dasarchitects.com)	\$1.944	\$37.00	0.17	14	48
50	CBT Architects (BOSTON cbtarchitects.com)	\$1.760	NR	NR	30	--
51	Design Directions International (MARIETTA, GEORGIA ddi.cc)	\$1.675	\$27.00	1.68	6	44
52	Cleo Design (LAS VEGAS cleo-design.com)	\$1.610	NR	NR	12	--
53	Cagley Tanner Design (LAS VEGAS cagleyandtanner.com)	\$1.590	\$25.00	0.04	14	--
54	Hopping Kovach Grinnell Design Consultants (VANCOUVER, BRITISH COLUMBIA hkgdesign.com)	\$1.475	\$35.00	0.78	47	--
55	Simeone Deary Design Group (CHICAGO simeonedearry.com)	\$1.445	\$0.25	0.06	15	51

GIANTS HOSPITALITY

RANK 2011	FIRM (HEADQUARTERS WEB SITE)	HOSPITALITY FEES (MILLIONS)	WORK INSTALLED		DESIGN STAFF	RANK 2010
			VALUE (MILLIONS)	SQ. FT. (MILLIONS)		
56	RD Jones & Associates (BALTIMORE rdjones.com)	\$1.400	\$50.00	NR	18	64
57	OPX (WASHINGTON opxglobal.com)	\$1.380	NR	NR	40	49
58	RDH & Associates (FRISCO, TEXAS rdhinterests.net)	\$1.343	\$19.00	3.00	6	70
59	Shea (MINNEAPOLIS shealink.com)	\$1.332	\$15.30	0.17	18	69
60	Dawson Design Associates (SEATTLE dawsondesignassociates.com)	\$1.306	\$42.00	NR	15	--
61	Studios Architecture (WASHINGTON studiosarch.com)	\$1.306	\$106.00	0.62	115	42
62	Stephen B. Jacobs Group/Andi Pepper Interior Design (NEW YORK sbjgroup.com)	\$1.300	\$20.00	0.40	15	72
63	SOSH Architects (ATLANTIC CITY sosharch.com)	\$1.200	\$30.00	0.33	19	--
64	AECOM (LOS ANGELES aecom.com)	\$1.184	\$87.20	2.00	125	--
65	Rowland + Broughton Architecture and Urban Design (ASPEN, COLORADO rowlandbroughton.com)	\$1.143	\$33.72	0.13	16	--
66	Graham Downes Architecture (SAN DIEGO grahamdownesarchitecture.com)	\$1.140	NR	NR	12	60
67	HDC Interior Architecture + Design (LOS ANGELES hdc-srl.com)	\$1.124	\$125.00	NR	8	--
68	Core Group (WASHINGTON coredc.com)	\$1.120	\$14.00	0.06	15	--
69	BG Studio International (NEW YORK bgstudio.com)	\$1.105	\$18.00	0.03	12	68
70	Lawrence Group (ST. LOUIS thelawrencegroup.com)	\$1.098	\$24.00	0.26	42	--
71	CMMI (ATLANTA cmmi-redlines.com)	\$1.062	\$35.00	0.98	15	--
72	Hatch Design Group (COSTA MESA, CALIFORNIA hatchdesign.com)	\$1.061	\$42.00	0.15	17	58
73	Judd Brown Designs (PAWTUCKET, RHODE ISLAND jbd.cc)	\$1.037	\$30.58	0.19	14	74
74	Seifert Murphy (DALLAS seifertmurphy.com)	\$1.035	NR	NR	10	--
75	C2 Limited Design Associates (FAIRFIELD, CONNECTICUT c2limited.com)	\$1.025	\$52.00	NR	7	75

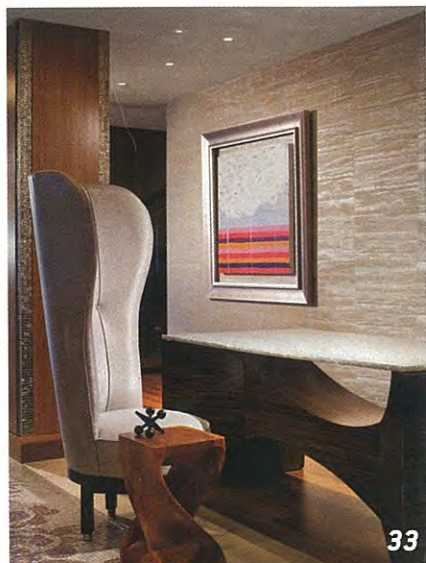
Moving from "what" to "where," interior design continues to become a global profession, albeit one in flux. The Middle East, not including the United Arab Emirates, is officially on the wane as a project hub, with only 17 percent of hospitality Giants foreseeing growth there—a 50 percent drop since a year ago. The UAE itself fell off less sharply though still by around 21 percent. China remains the place where 57 percent of firms foresee the greatest opportunities. That's a number that has steadily risen from 33 percent back in 2007. But how about looking at the home front? Compared to the last time we asked, more hospitality Giants see the U.S. as ripe for growth, especially the Northeast and South.

The real test for future prosperity will be salaries, which stayed flat despite increased hiring. And the influx of talent has resulted in average fees-per-employee dropping 23 percent, to \$120,000. Per our report in 2008, when attrition was the name of the game, the average used to be \$168,000. Still, that doesn't mean new hires are hanging out playing

Angry Birds. When asked if workload prevents design staff from meeting product reps or attending trade shows, 77 percent of firms said, "Absolutely."

It's good to be busy, and *optimism* seems to be the word of the day. The hospitality Giants see business remaining strong. Total hospitality projects have jumped from 1,887 to 2,467, and square footage is expected to rise from 155 million to 171 million. All we can say to these good numbers is: "Stay a while, why don't you?"

—Mike Zimmerman



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From left: DAS Architects designed 41 North, a hotel and marina in Newport, Rhode Island. Namibia's Hilton Windhoek hotel is by SFA Design.



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FIRMS WITH THE MOST FOREIGN HOSPITALITY PROJECTS

Pierre-Yves Rochon (8)	100%
Space Matrix Design Consultants (23)	100%
JOI-Design (25)	100%
Heitz Parsons Sadek (38)	100%
Hopping Kovach Grinnell Design Consultants (54)	100%
DiLeonardo International (10)	98%
Bilkey Llinas Design Associates (4)	97%
Wilson Associates (2)	90%
Steelman Partners (29)	90%
VOA Associates (30)	85%



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GIANTS HOSPITALITY

NEW TO THE HOSPITALITY GIANTS

FEES	FIRM
\$6,080,000	KlingStubbins (17)
\$3,201,600	DLR Group (31)
\$1,759,500	CBT Architects (50)
\$1,610,400	Cleo Design (52)
\$1,590,000	Cagley Tanner Design (53)
\$1,475,000	Hopping Kovach Grinnell Design Consultants (54)
\$1,306,000	Dawson Design Associates (60)
\$1,200,000	SOSH Architects (63)
\$1,184,000	AECOM (64)
\$1,142,884	Rowland + Broughton Architecture and Urban Design (65)
\$1,123,700	HDC Interior Architecture + Design (67)
\$1,120,000	Core Group (68)
\$1,097,987	Lawrence Group (70)
\$1,061,764	CMMI (71)
\$1,035,000	Seifert Murphy (74)



25



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% OF FEES BY PROJECT TYPE

ACTUAL (7/10-6/11)		FORECAST (7/11 - 6/12)
\$443,936,836	Hospitality	\$454,023,098
\$287,443,160	Office	\$290,108,632
\$97,646,820	Government	\$71,973,516
\$78,324,513	Health Care/Assisted Living	\$47,613,249
\$59,567,859	Retail	\$67,544,376
\$59,037,982	Educational	\$56,471,528
\$32,871,642	Residential	\$37,647,685
\$19,505,434	Transportation	\$26,574,837
\$14,706,137	Cultural	\$24,360,267
\$12,776,681	Technological	\$12,180,133
\$9,706,603	Other	\$18,787,535
\$1,115,523,667	Total	\$1,107,284,855



THE MOST ADMIRED FIRMS (VOTED BY THE TOP 75 HOSPITALITY GIANTS)

Yabu ⁽¹⁾
Pushelberg
⁽²⁾ **Tonychi and Associates**
Rockwell Group ⁽³⁾

From top: The Hong Kong restaurant Mamoz is by Gettys. HOK designed the Green Grind in Toronto. The InterContinental Dallas is by Forrest Perkins.

GIANTS_{HOSPITALITY}



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GIANTS HOSPITALITY

FIRMS WITH THE LARGEST INCREASE IN HOSPITALITY FEES

- (\$50,010,986 - \$76,950,000) HBA/Hirsh Bedner Associates (1) •
- (\$32,383,000 - \$37,137,100) Gensler (3) • •
- (\$7,050,000 - \$11,684,650) Pierre-Yves Rochon (8) • •
- (\$15,794,649 - \$18,986,805) Leo A Daly (5) • •
- (\$5,040,000 - \$7,400,000) Callison (12) • •
- (\$4,664,800 - \$6,500,000) Gettys (16) • •
- (\$1,592,108 - \$3,304,147) VOA Associates (30) • •
- (\$3,710,012 - \$5,155,417) BraytonHughes Design Studios (19) • •
- (\$5,340,000 - \$6,720,000) FRCH Design Worldwide (15) • •
- (\$3,794,294 - \$4,930,000) Space Matrix Design Consultants (23) • •

● 2010
● 2011

Methodology The annual business survey of *Interior Design* hospitality Giants ranks the largest design firms by hospitality design fees for the 12-month period from July 2010 through June 2011. Hospitality design fees include those attributed to:

1. All hospitality interiors work.
 2. All aspects of a firm's hospitality design practice, from strategic planning and programming to design and project management.
 3. Fees paid to a firm for work performed by employees and independent contractors who are full-time staff equivalent.
- Hospitality design fees do not include revenues paid to a firm and remitted to subcontractors that are not considered full-time staff equivalent. For example, certain firms attract work that is subcontracted to a local firm. The originating firm may collect all the fees and retain a management or generation fee, paying the remainder to the performing firm. The amounts paid to the latter are not included in fees of the collecting firm when determining its ranking. The data was compiled and analyzed by the *Interior Design* market research staff, led by Wing Leung, research director.



JEFF ZARUBA



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Clockwise from left:
 EDG designed the Hilton Anatole in Dallas. JW Marriott Indianapolis is by the Simeone Deary Design Group. Pierre-Yves Rochon designed the Four Seasons Hotel London at Park Lane.

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8



Principal/Partner
 \$137,500

Project Manager
 \$82,333

Designer
 \$65,000

Other Billable
 \$43,309

MEDIAN ANNUAL SALARY

MEDIAN HOURLY RATE

**Principal/
 Partner**
 \$225

**Project
 Manager**
 \$155

Designer
 \$125

**Other
 Billable**
 \$90



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