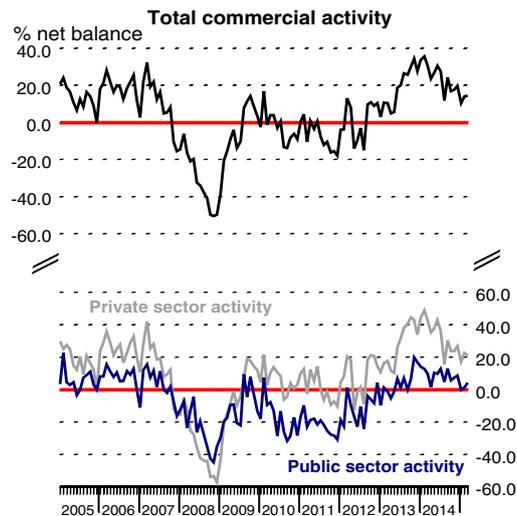


UK commercial activity rises markedly

April 2015

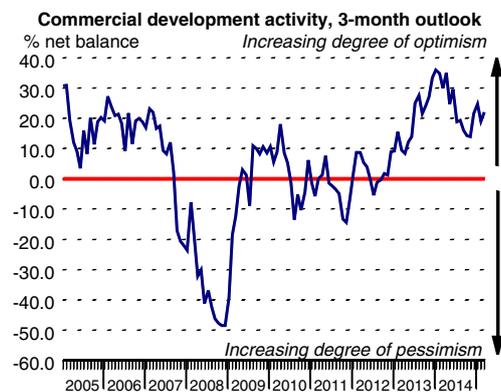
KEY FINDINGS

- The headline Total Commercial Development Activity Index – a net balance monitoring the overall performance of the UK commercial property sector – rose from +14.2% in February to +14.7% in March.
- This indicated a marked rate of expansion that was the strongest since last December. Growth of commercial projects has now been recorded for 31 successive months.
- The acceleration in the rate of expansion reflected a faster increase in public work, as private projects rose at a weaker pace. Nonetheless, the net balance for private activity (+21.0%) remained well above that for public work (+4.2%).



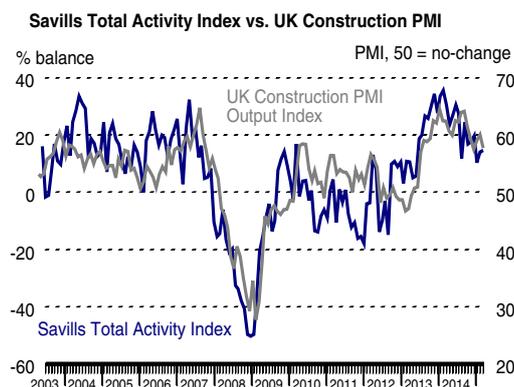
FUTURE EXPECTATIONS

- UK commercial developers remained optimistic in March that activity will increase over the next three months.
- Moreover, a net balance of +22.1% of panellists anticipate growth, compared with +19.1% in the prior month.
- Positive sentiment was linked to improved client confidence, low interest rates and better economic conditions.



COMMERCIAL ACTIVITY AND UK ECONOMY

- The chart to the right shows the Savills Total Activity Index against the UK Construction PMI®.
- The UK Construction PMI posted 57.8 in March, down from 60.1 in February and the lowest for three months. Nonetheless, the latest reading pointed to a strong rate of overall construction output growth.
- All three broad areas of construction activity saw a loss of momentum since February. Housing remained the best performing sub-sector, followed by commercial activity.

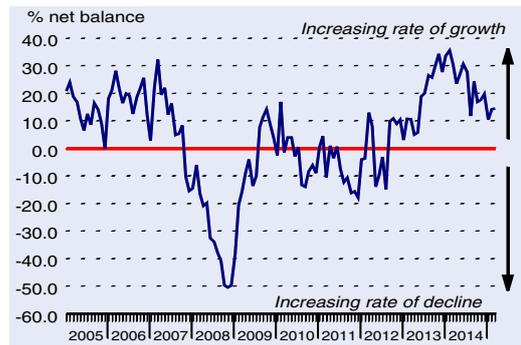


Commercial Development Activity

Total level of commercial activity

compared with one month ago

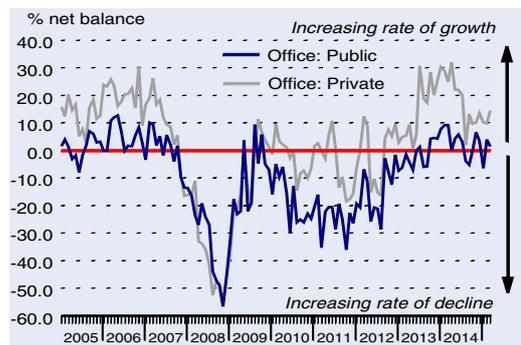
- Up from +14.2% in February to +14.7% in March, the net balance for total commercial activity indicated the strongest growth rate in 2015 so far.
- Both public and private commercial projects rose, with the net balances registering +4.2% and +21.0% respectively.



Office activity

compared with one month ago

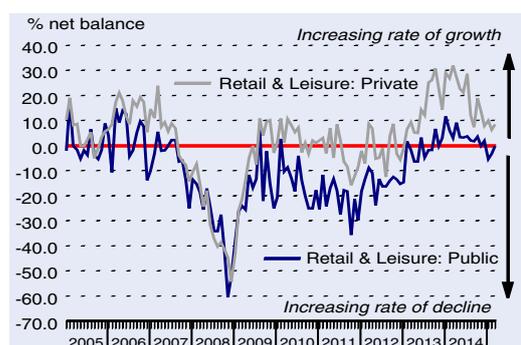
- March saw growth of private office work accelerate to the strongest since July 2014, with a net balance of +14.6% of companies reporting rises.
- Conversely, public office projects increased at a weaker pace, with the net balance dropping from +4.1% in February to +1.5% in March.



Retail & leisure activity

compared with one month ago

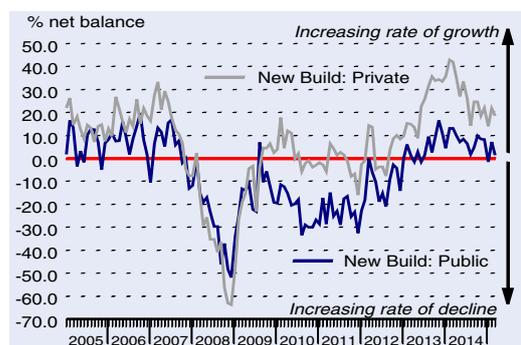
- Public retail & leisure activity stabilised in March after falling in each of the previous two months.
- Private retail & leisure projects rose further in March, marking a 26-month sequence of expansion. The rate of growth was solid and stronger than in February.



New build activity

compared with one month ago

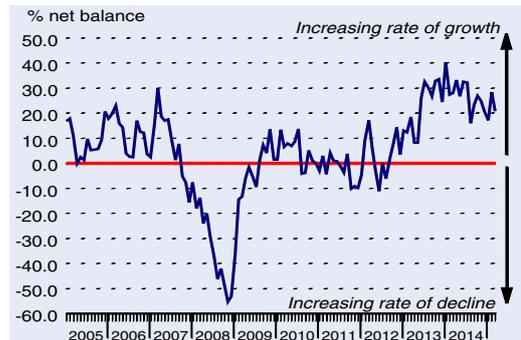
- Public new build work rose for the second month in succession during March. However, the rate of expansion eased since February.
- Private new build activity also increased at a weaker rate, with the net balance decreasing from +21.9% to +18.5%.



Industrial/warehouse activity

compared with one month ago

- Industrial/warehouse activity continued to expand in March, thereby extending the current period of growth to 31 months.
- A net balance of +20.8% of commercial developers signalled increases, compared with +28.6% in February.

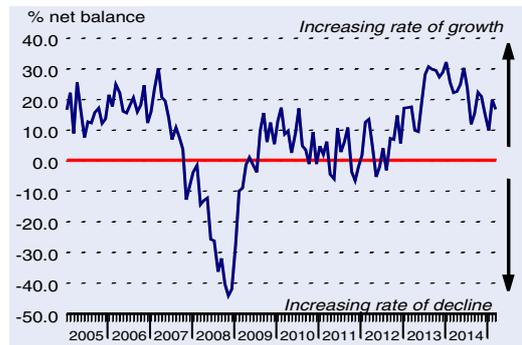


Commercial Development Activity

Refurbishment activity

compared with one month ago

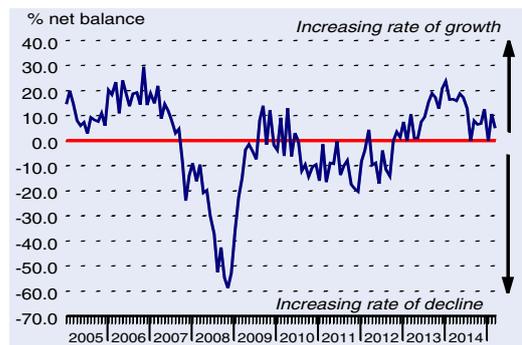
- March data indicated that refurbishment activity across the UK rose further, marking a 31-month expansionary sequence.
- That said, the overall pace of growth eased, with the net balance falling from +20.0% to +16.8%.



Office fit-out activity

compared with one month ago

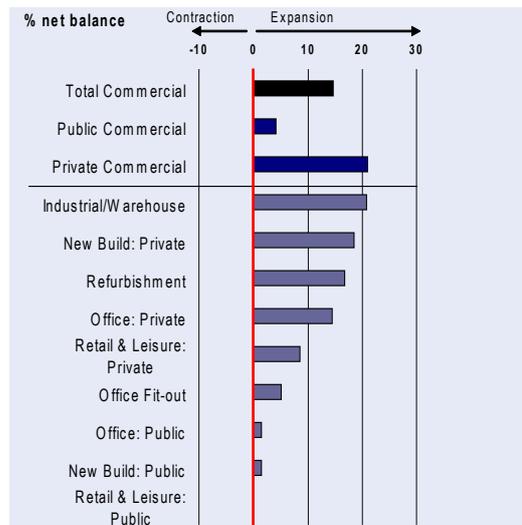
- Commercial developers across the UK indicated that office fit-out projects rose for the second straight month in March.
- Down from +10.7% in February to +5.1% in March, the net balance was indicative of a modest rate of increase.



Summary of activity in March

tables of data on page 4

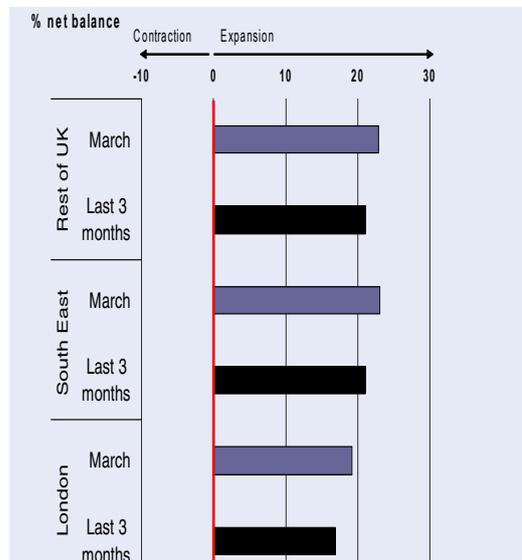
- Total commercial activity across the UK expanded at the quickest pace in the year-to-date during March.
- Whereas public commercial work increased at a faster rate, growth of private projects softened.
- Eight of the nine broad sectors monitored recorded growth, the exception again being public retail & leisure activity.
- For the third consecutive month, the strongest rise was seen for industrial/warehouse work.



Regional commercial activity

compared with one month ago

- As has been observed in each month since September 2012, commercial activity rose in all three monitored UK regions.
- Rates of expansion eased in London and the South East, whereas an acceleration was recorded in the 'Rest of UK'.
- The fastest increase was registered in the South East, followed closely by the 'Rest of UK'.
- The net balances for all regions were above their respective three-month averages.



Commercial Development Activity

Summary data

all data shown are % net balances (+/-)

	Total			Regions			Expectations			
	Public	Private		London	Rest of the South East	Rest of the UK	Total	Office	Retail & leisure	Industrial/warehouse
2012	+1.1	-11.5	+8.8	+9.5	+5.4	+6.8	+2.8	-1.3	+2.8	+6.9
2013	+18.3	+3.5	+27.0	+24.1	+24.2	+25.4	+19.0	+14.4	+18.4	+24.1
2014	+25.0	+9.2	+34.1	+21.2	+28.5	+30.3	+24.6	+20.5	+23.3	+29.7
Oct'14	+16.9	+5.6	+23.7	+3.9	+21.4	+30.5	+14.4	+10.5	+9.4	+22.8
Nov	+17.7	+7.4	+23.7	+17.0	+11.8	+22.9	+14.0	+10.6	+12.0	+19.2
Dec	+19.8	+8.6	+26.8	+18.8	+21.5	+22.8	+21.7	+16.5	+20.9	+27.4
Jan'15	+10.5	0.0	+17.3	+8.0	+14.3	+17.8	+24.8	+21.5	+23.1	+29.6
Feb	+14.2	+1.3	+22.6	+23.5	+25.7	+22.3	+19.1	+18.8	+18.2	+20.4
Mar	+14.7	+4.2	+21.0	+19.2	+23.1	+22.9	+22.1	+18.2	+21.3	+26.7

Sectors

	Office		Retail & leisure		New build		Industrial/warehouse	Refurbishment	Office fit-out
	Public	Private	Public	Private	Public	Private			
2012	-14.8	-1.2	-14.6	-1.1	-11.8	3.0	2.9	5.1	-5.6
2013	-1.9	+14.2	-1.8	+14.3	+4.9	+23.4	+22.3	+22.2	+10.3
2014	+3.4	+19.1	+4.2	+20.7	+8.1	+28.9	+27.8	+22.4	+13.0
Oct'14	0.0	+9.7	+3.6	+18.9	+10.0	+24.8	+27.1	+22.5	+6.6
Nov	+6.8	+10.2	0.0	+13.8	+8.6	+18.5	+25.0	+21.1	+6.9
Dec	+3.5	+13.7	+2.0	+8.0	+8.3	+22.1	+20.9	+15.5	+12.7
Jan'15	-6.3	+10.2	-5.4	+10.0	-1.5	+14.2	+17.2	+10.0	0.0
Feb	+4.1	+9.9	-3.2	+6.4	+7.1	+21.9	+28.6	+20.0	+10.7
Mar	+1.5	+14.6	0.0	+8.6	+1.4	+18.5	+20.8	+16.8	+5.1

Savills Building & Project Consultancy

Savills Building & Project Consultancy, the sponsor of the research, is active in providing development and construction advice throughout the UK and Mainland Europe. The team focus on commercial property primarily within the office, retail and industrial sectors. Specific services include due diligence, development monitoring, project management & rights to light consultancy. Savills undertake a full range of services including Agency, Investment, Valuation, Planning and Property Management.

About the report

The Commercial Development Activity report is derived from a monthly questionnaire to a panel comprising leading developers and contractors. The results show the percentage of respondents reporting an improvement, deterioration or no-change since the previous month. A positive net balance signals an increase (or improvement), a negative net balance a decrease (or deterioration). The higher/lower the net balance, the greater the rate of change signalled.

Markit Economics

The survey is compiled by Markit Economics on behalf of Savills. Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index® (PMI®) series, which is now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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