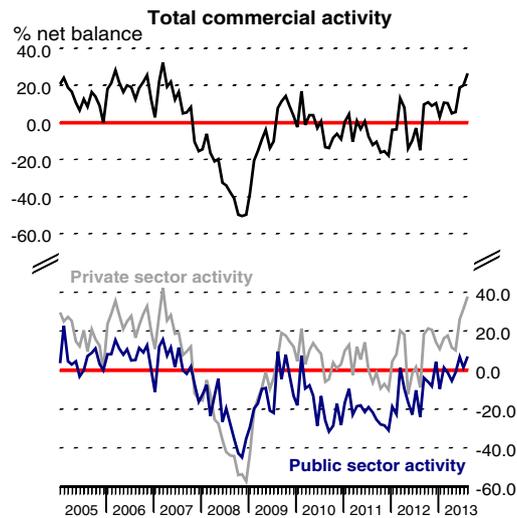


Commercial activity expands at fastest pace since March 2007

September 2013

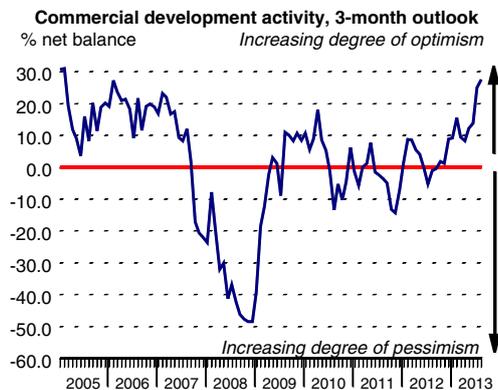
KEY FINDINGS

- The Total Commercial Development Activity Index – a net balance monitoring the overall performance of the UK commercial property sector – recorded +26.7% in August, up from July's +20.1%.
- The latest reading pointed to the strongest growth rate since March 2007.
- The net balances for private and public commercial activity posted +37.9% (77-month high) and +7.0% (42-month high) respectively.
- Seven of the nine monitored sectors recorded higher activity, the exceptions being public retail & leisure work and public office projects.



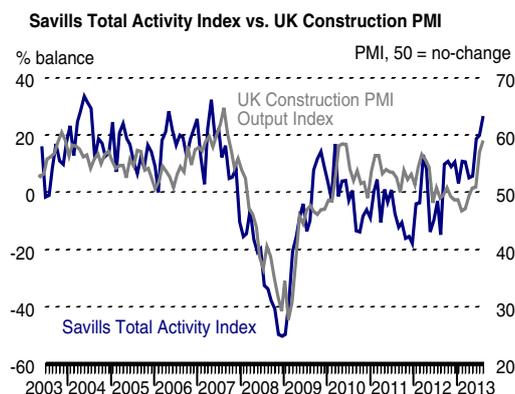
FUTURE EXPECTATIONS

- Positive sentiment with regards to activity in three months' time was signalled by commercial developers in the UK.
- At +27.7% in August, up from +25.1% in the previous month, the net balance indicated the strongest degree of optimism in eight-and-a-half years.
- Panellists expect stronger client confidence, increased availability of bank financing and an overall improvement in the UK economy to lead to higher activity levels in the coming three months.



COMMERCIAL ACTIVITY AND UK ECONOMY

- The chart to the right shows the Savills Total Activity Index against PMI® survey data measuring UK construction-sector activity.
- At 59.1 in August, the UK Construction Activity Index rose to its highest level in nearly six years.
- Faster rates of growth were recorded across all three monitored categories of the PMI survey, with residential building leading the rise again.

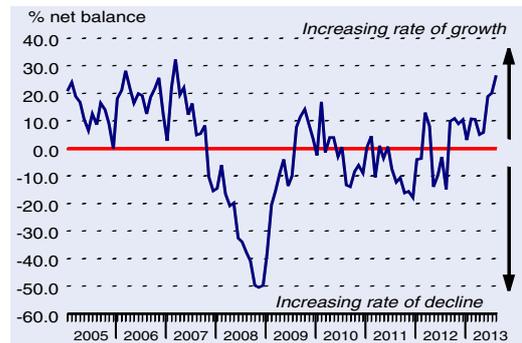


Commercial Development Activity

Total level of commercial activity

compared with one month ago

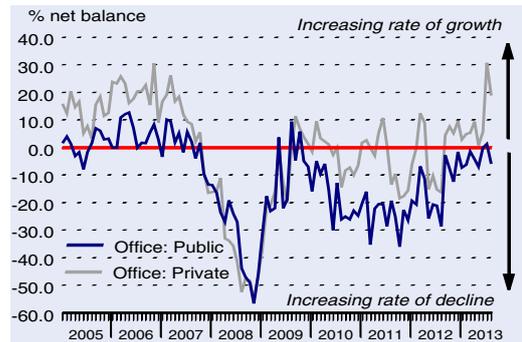
- Total commercial activity in the UK expanded at a sharp and accelerated rate in August. Up from +20.1% in July to +26.7%, the net balance recorded its highest reading in over six years.
- Public commercial projects rose at the fastest pace in three-and-a-half years, while private work growth was the strongest since March 2007.



Office activity

compared with one month ago

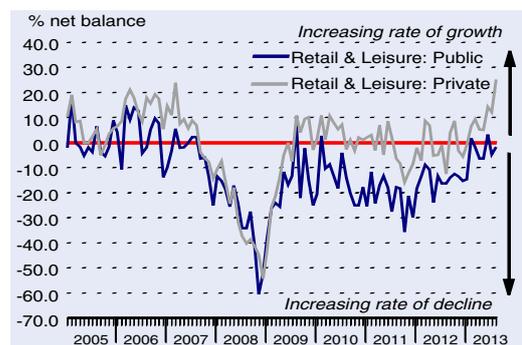
- After increasing in July for the first time since October 2009, public office work fell in August.
- The net balance for private office activity fell from July's nine-year high of +30.8% to +18.9% during the latest month.



Retail & leisure activity

compared with one month ago

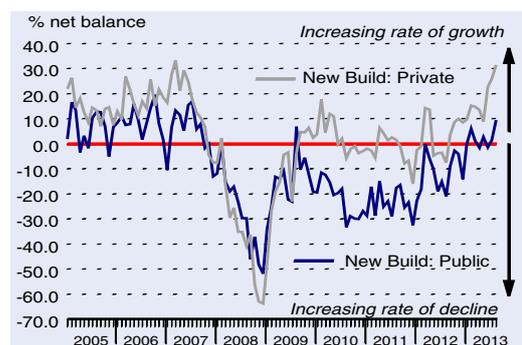
- Private retail & leisure activity increased for the seventh consecutive month in August, while a marginal contraction was recorded in the public sector.
- At +25.3% in August, the net balance for private retail & leisure activity indicated the fastest growth rate since March 2004.



New build activity

compared with one month ago

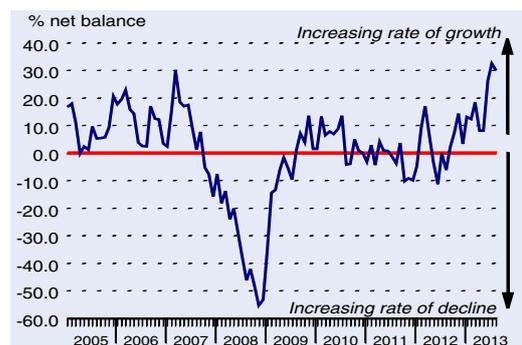
- For the second month running, both private and public new build projects rose in August, with the former registering the strongest growth.
- The net balance for private new build activity posted +31.5% in the latest month, indicating the quickest expansion since March 2007.



Industrial/warehouse activity

compared with one month ago

- Although still sharp, growth of industrial/warehouse activity eased from July's survey record.
- A net balance of +30.1% of commercial developers indicated higher industrial/warehouse activity in August, compared with +32.6% in the previous month.

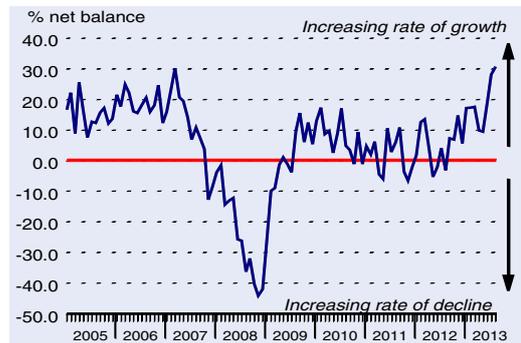


Commercial Development Activity

Refurbishment activity

compared with one month ago

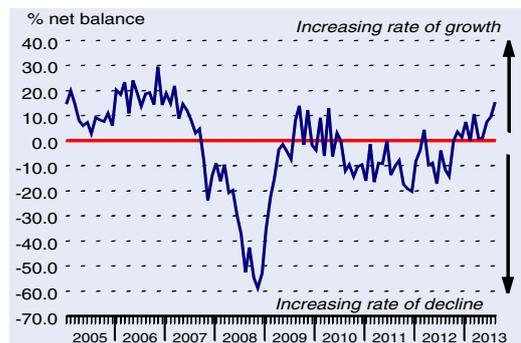
- August data indicated that refurbishment projects in the UK rose at the second-strongest rate in the survey history.
- The net balance increased from +28.3% in July to +30.8% (the highest since February 2004).



Office fit-out activity

compared with one month ago

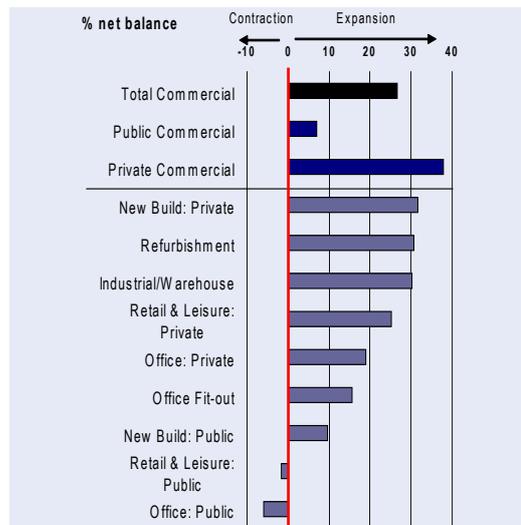
- UK commercial developers indicated that office fit-out projects rose for the sixth consecutive month in August.
- Up from +9.6% in July to +15.6%, the net balance was consistent with a sharp increase and one that was the strongest in over six years.



Summary of activity in August

tables of data on page 4

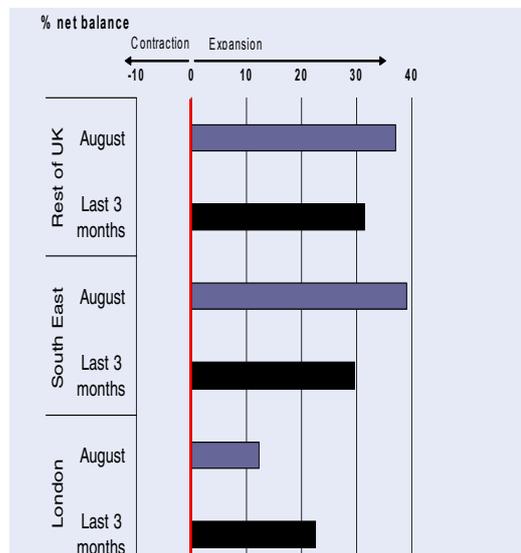
- Total commercial activity across the UK expanded at the strongest rate in over six years during August.
- Public commercial work increased at the quickest pace in three-and-a-half years, whereas growth of private activity was the strongest since March 2007.
- Seven of the nine monitored sectors recorded growth, the exceptions being public office work and public retail & leisure projects.
- The strongest growth was seen on private new build work, followed closely by refurbishment and industrial/warehouse projects.



Regional commercial activity

compared with one month ago

- Commercial activity expanded across all three surveyed UK regions in August, as has been the case for a year.
- The strongest growth rate was recorded in the South East, followed by the 'Rest of UK' and London respectively.
- The net balance for the South East posted +39.1% in August, its highest reading in the ten-and-a-half year series history.
- At +37.1% in August, the net balance for the 'Rest of UK' was at a 77-month high.



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
2010	-2.6	-17.8	+5.8	+7.9	+10.5	+3.2	+2.4	-1.9	+2.8	+6.3
2011	-7.2	-21.7	+1.5	+8.6	+3.7	-5.3	-3.7	-9.0	-2.3	+0.0
2012	+1.1	-11.5	+8.8	+9.5	+5.4	+6.8	+2.8	-1.3	+2.8	+6.9
Mar'13	+10.6	-1.3	+17.8	+30.5	+16.9	+19.6	+9.5	+6.0	+8.1	+14.3
Apr	+5.1	-5.4	+11.6	+15.5	+17.8	+9.1	+8.4	+3.9	+9.3	+12.2
May	+5.8	-1.3	+10.2	+21.0	+7.9	+11.5	+12.3	+8.6	+9.7	+18.2
Jun	+18.9	+6.8	+26.2	+23.6	+21.4	+26.5	+14.0	+10.6	+12.0	+19.2
Jul	+20.1	+1.4	+31.4	+31.6	+28.2	+30.9	+25.1	+17.6	+24.0	+33.7
Aug	+26.7	+7.0	+37.9	+12.3	+39.1	+37.1	+27.7	+24.8	+29.3	+29.0

Sectors

	Office		Retail & leisure		New build		Industrial/warehouse	Refurbishment	Office fit-out
	Public	Private	Public	Private	Public	Private			
2010	-18.2	-2.8	-14.5	+3.6	-22.1	+3.0	+4.8	+7.8	-3.8
2011	-24.3	-4.6	-21.6	-3.0	-23.4	-2.1	-2.3	+1.8	-11.6
2012	-14.8	-1.2	-14.6	-1.1	-11.8	3.0	2.9	5.1	-5.6
Mar'13	-1.4	+5.5	-1.7	+9.5	+1.3	+14.9	+18.6	+17.7	+10.7
Apr	-4.3	+9.5	-6.3	+5.3	-1.4	+13.5	+8.2	+10.0	+1.1
May	-6.9	+0.9	-6.3	+5.1	+2.8	+8.8	+8.3	+9.6	+1.1
Jun	+0.0	+5.7	+3.2	+14.3	-1.4	+22.7	+26.3	+19.2	+7.5
Jul	+1.4	+30.8	-4.7	+12.2	+1.4	+25.9	+32.6	+28.3	+9.6
Aug	-5.9	+18.9	-1.6	+25.3	+9.5	+31.5	+30.1	+30.8	+15.6

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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