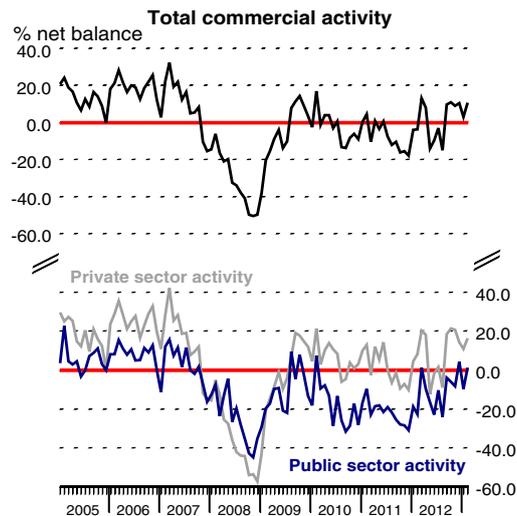


Total commercial activity increases for sixth successive month

March 2013

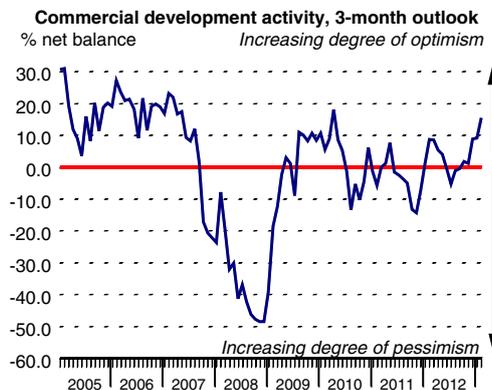
KEY FINDINGS

- Total commercial activity in the UK expanded solidly and at the fastest rate in four months.
- The Total Commercial Development Activity Index, a net balance monitoring the overall performance of the UK commercial property sector, posted +10.9% in February, up from +3.1% in the previous month.
- Commercial projects expanded in both the private and public sectors, as the public sector recorded a return to growth.
- The pace of growth in refurbishment activity across the UK accelerated to the joint-fastest in almost six years.



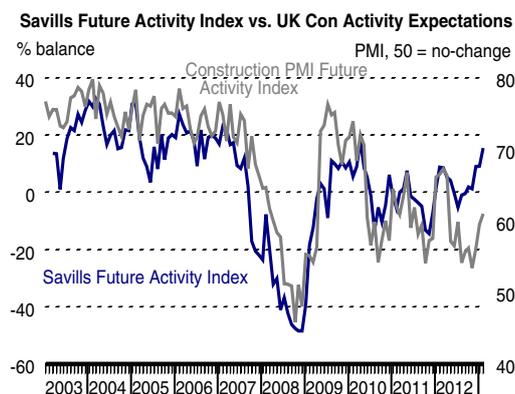
FUTURE EXPECTATIONS

- Positive sentiment was signalled by commercial developers in the UK during February.
- The degree of positive sentiment was the strongest recorded in 34 months, as signalled by the net balance of +15.6%.
- Anecdotal evidence suggested that improved confidence in the economy, the launch of new projects and increased marketing are all expected to lead to higher activity in the upcoming three months.



COMMERCIAL ACTIVITY AND UK ECONOMY

- The chart to the right shows the Savills Future Activity Index against PMI® survey data measuring expectations for business prospects over the next 12 months in the UK construction sector.
- The PMI and Savills data both indicated an improvement in confidence during February.
- Moreover, the latest PMI reading (61.0) signalled that the degree of positive sentiment was the strongest in ten months.

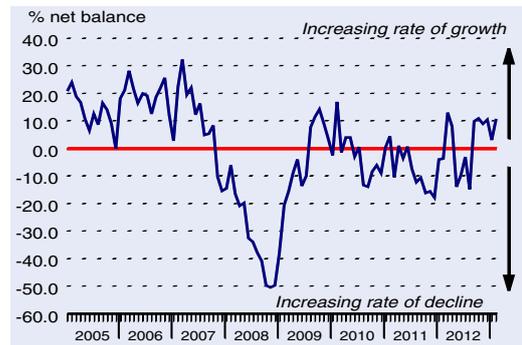


Commercial Development Activity

Total level of commercial activity

compared with one month ago

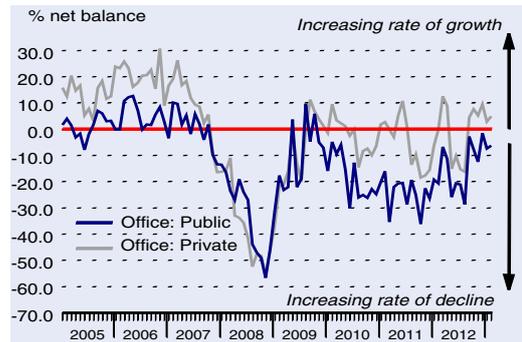
- A further rise in total commercial activity was registered in the UK during February. Moreover, the pace of growth accelerated to the fastest in four months.
- Activity increased in both the private and public sectors, as indicated by the net balances posting +16.4% and +1.4% respectively.



Office activity

compared with one month ago

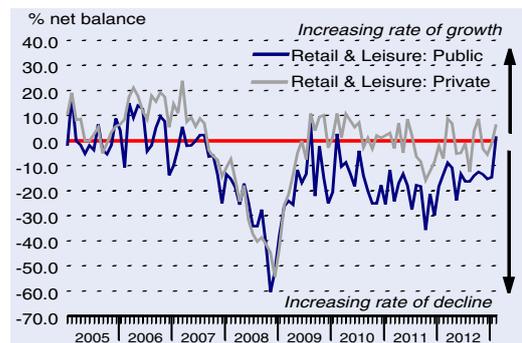
- Whereas office activity in the private sector rose for the sixth successive month during February, in the public sector a fortieth consecutive monthly decline was recorded.
- Despite indicating only a moderate increase, the net balance for private sector office activity (+5.0%) was higher than in January.



Retail & leisure activity

compared with one month ago

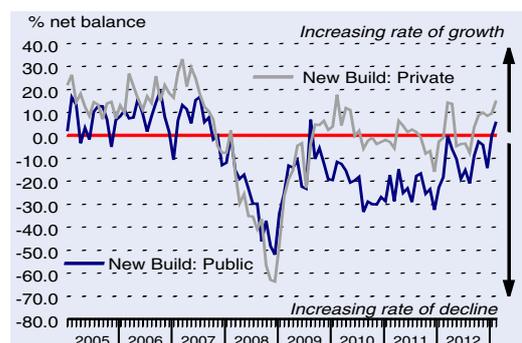
- February data indicated that private retail and leisure activity increased for the first time in four months. The pace of expansion as signalled by the net balance of +6.5% was moderate.
- Public retail and leisure projects also increased, ending a 35-month sequence of declines. Nevertheless, the pace of growth was only slight.



New build activity

compared with one month ago

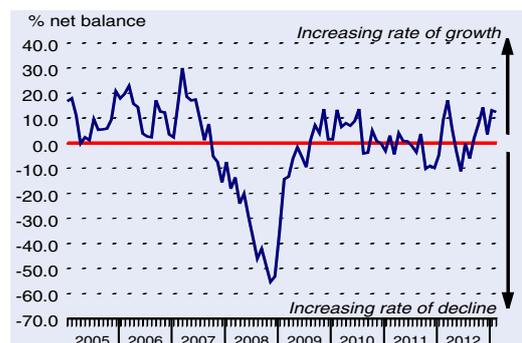
- New build projects in the private sector rose during February. At +15.3%, the net balance indicated a sharp increase, and one that was the quickest in three years.
- Public new build activity rose for the first time in three-and-a-half years during February, albeit only moderately.



Industrial/warehouse activity

compared with one month ago

- Commercial developers signalled increasing industrial/warehouse activity across the UK during February.
- The net balance posted +12.5%, slightly down from +13.2% in January. Nonetheless, the latest reading indicated another solid rise in industrial/warehouse projects.

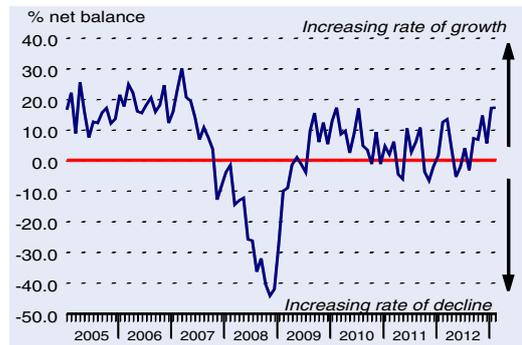


Commercial Development Activity

Refurbishment activity

compared with one month ago

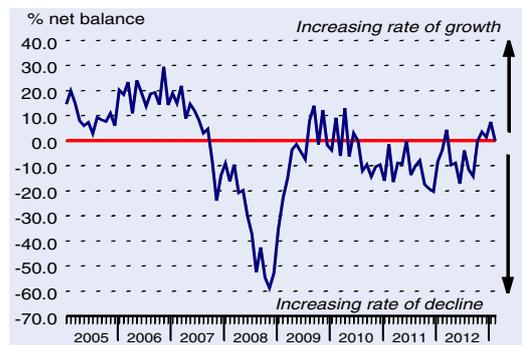
- As has been the case since September last year, refurbishment activity in the UK expanded during February.
- The net balance posted +17.4%, indicating a sharp rise, and one that was joint-fastest in almost six years.



Office fit-out activity

compared with one month ago

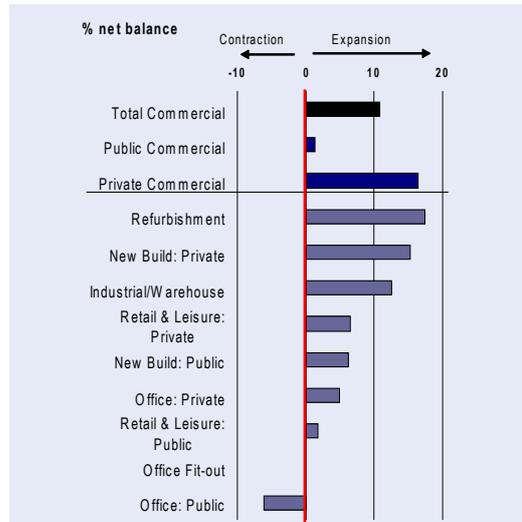
- Following three months of rises, office fit-out activity in the UK stagnated during February.
- The net balance posted +0.0%, down from +7.5% in January.



Summary of activity in February

tables of data on page 4

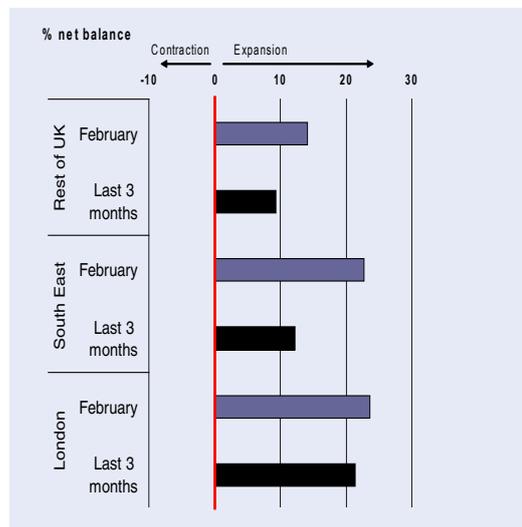
- Total commercial activity in the UK expanded at the fastest rate in four months.
- Commercial development increased in both the private and public sectors.
- Public retail and leisure activity rose for the first time since February 2010.
- Seven of the nine monitored sectors posted increases, with the fastest rise noted in refurbishment.
- Office activity in the public sector decreased for the fortieth straight month.



Regional commercial activity

compared with one month ago

- Activity rose in all three monitored regions during February.
- The fastest increase was signalled in London, where the rate of growth was above the three-month average.
- The slowest expansion was recorded for the Rest of the UK, but at +14.1% the net balance was higher than in January (+8.3%).
- Commercial activity in the South East expanded sharply, and at the quickest pace in over three years.



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
Sep'12	+9.9	-3.9	+18.4	+11.7	+14.9	+7.2	-0.3	-1.0	+1.9	-2.0
Oct	+11.0	-6.0	+21.3	+9.2	+10.3	+18.3	+1.8	-0.9	+0.0	+6.3
Nov	+9.1	-8.3	+20.8	+16.1	+1.3	+14.7	+1.3	-3.7	+5.0	+2.9
Dec	+10.6	+4.2	+14.4	+26.5	+7.9	+5.4	+9.0	+3.2	+4.4	+19.8
Jan'13	+3.1	-9.7	+10.9	+14.0	+6.0	+8.3	+9.2	+3.0	+9.2	+15.6
Feb	+10.9	+1.4	+16.4	+23.6	+22.7	+14.1	+15.6	+14.3	+10.4	+22.3

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
Sep'12	-2.8	+4.5	-13.8	+4.0	-9.0	+3.5	+2.0	+7.4	-14.1
Oct	-7.6	+7.6	-12.5	+8.7	-2.7	+8.7	+7.8	+6.9	+0.0
Nov	-12.3	+5.3	-13.4	-3.1	-4.1	+10.1	+14.4	+14.9	+3.6
Dec	-1.4	+9.6	-15.3	-5.5	-14.1	+8.6	+3.5	+5.7	+1.4
Jan'13	-7.2	+3.0	-14.5	-1.1	+0.0	+9.7	+13.2	+17.2	+7.5
Feb	-6.2	+5.0	+1.8	+6.5	+6.2	+15.3	+12.5	+17.4	+0.0

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.

Contacts

Savills
Michael Pillow
Head of Building Consultancy
t. +44 (0) 20 7409 8985
e. mpillow@savills.com
Mat Oakley
Head of Commercial Research
t. +44 (0) 20 7409 8781
e. moakley@savills.com
www.savills.co.uk
Markit Economics
Henley on Thames
Oxon RG9 1HG, UK
t. +44 (0) 1491 461 000
e. economics@markit.com
www.markit.com

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