

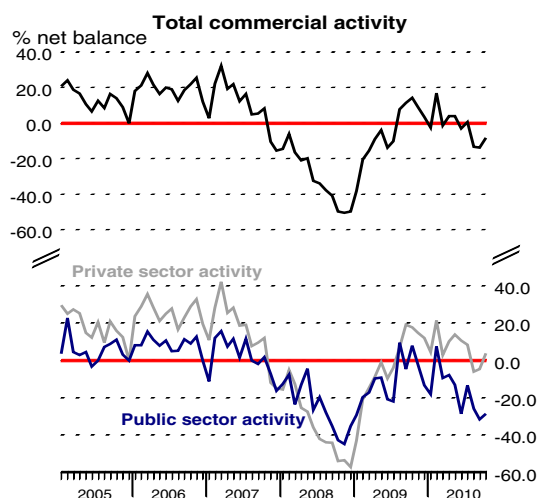
# Commercial Development Activity

## PRESS RELEASE

### Commercial development activity continued to contract in October, but at weaker rate

#### KEY FINDINGS

- Commercial development activity fell for a third successive month in October.
- Public sector activity contracted sharply, with decreases now recorded for eight successive months. However, private sector development ended a two-month sequence of decline, as moderate growth was recorded in October.
- Approximately 26% of commercial developers recorded a fall in overall activity in the month, compared to 18% indicating a rise.
- The Total Commercial Development Activity Index, a net balance monitoring the overall performance of the UK commercial property sector, posted -8.3% in October, improving from -13.8% in September.



#### FUTURE EXPECTATIONS

- Commercial developers expect activity levels to fall over the next three months. Moreover, the degree of negative sentiment worsened in October, but remained above August's eighteen-month low.
- Survey respondents anticipate lower levels of activity in all three categories monitored. However, panellists are the most downbeat about opportunities for office development over the next three months.
- Commercial developers indicated that concerns over the lack of available credit, the general economic outlook and cuts in public spending all contributed to the pessimistic outlook.

Commenting on the October survey, Michael Pillow, Head of Building Consultancy at Savills said:

*"This month saw a recovery in private sector activity, but continued falls in development activity for the public sector. In this age of public sector austerity this trend is likely to be sustained."*

#### SUMMARY OF ACTIVITY

- October data signalled lower levels of activity in eight of the nine broad areas of commercial development monitored by the survey.
- Industrial/warehouse activity was the only category to record a rise.
- Public sector new build and public sector office development continued to indicate the sharpest contractions in activity.
- Panellists indicated that the weakest decreases in activity were in private sector new build projects and refurbishment.

# United Kingdom

## 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
2007	+10.1	+2.1	+14.6	+13.5	+6.7	+15.7	+5.7	+8.7	+2.3	+6.4
2008	-31.0	-24.4	-34.7	-26.1	-29.5	-32.5	-35.3	-38.5	-33.7	-33.6
2009	-5.3	-10.9	-2.6	-4.5	+3.9	-7.5	-2.3	-7.0	-1.4	+1.4
May '10	+4.1	-13.0	+14.0	+10.8	+11.9	+9.7	+8.6	+5.5	+5.4	+14.9
Jun	-2.8	-28.6	+10.6	+9.3	+10.0	+8.2	+5.3	+3.9	+5.4	+6.8
Jul	+0.6	-13.3	+8.3	+15.9	+9.3	+7.1	-1.2	-5.7	-1.2	+3.4
Aug	-13.3	-25.9	-6.0	-2.3	+2.0	-6.6	-13.4	-17.3	-7.6	-15.4
Sep	-13.8	-31.6	-4.5	+16.7	+0.0	-9.4	-5.1	-8.2	-3.7	-3.5
Oct	-8.3	-28.6	+3.9	+8.3	+9.2	-5.9	-10.2	-17.1	-12.9	-0.9

### Sectors

	Office		Retail & leisure		New build		Industrial/warehouse	Refurbishment	Office fit-out
	Public	Private	Public	Private	Public	Private			
2007	+0.4	+9.2	-4.8	+4.7	+4.8	+15.8	+7.7	+11.1	+5.2
2008	-32.7	-36.4	-30.4	-30.3	-27.3	-33.9	-32.9	-24.2	-33.6
2009	-11.1	-8.9	-17.7	-7.0	-15.2	-10.3	-4.8	-0.1	-4.8
May '10	-15.4	+1.2	-13.0	+8.1	-20.4	+11.1	+7.0	+2.6	-6.2
Jun	-30.0	-2.5	-18.2	+5.4	-19.6	+0.0	+8.8	+9.0	+3.1
Jul	-12.7	+0.0	-4.0	+7.2	-17.9	+2.1	+13.8	+17.1	+0.0
Aug	-26.0	-14.5	-14.0	-2.6	-33.3	-5.6	-4.1	+5.0	-11.9
Sep	-25.0	-8.2	-20.0	+1.1	-28.8	-2.2	-3.8	+3.7	-9.5
Oct	-26.0	-7.3	-25.0	-3.2	-29.9	-0.9	+5.1	-1.0	-14.3

### PRESS INFORMATION

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#### 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 26 countries and key regions including the Eurozone and BRIC. The PMIs have become 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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