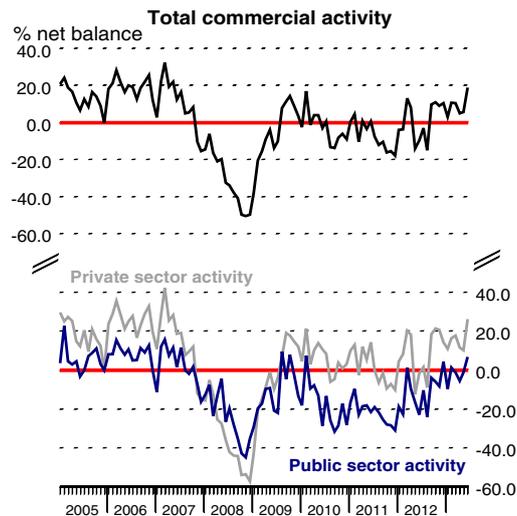


Total commercial activity grows at fastest rate in six years

July 2013

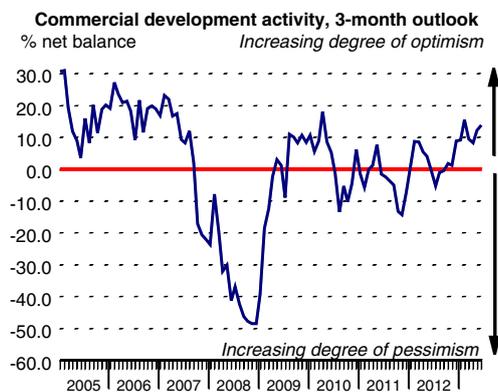
KEY FINDINGS

- The Total Commercial Development Activity Index – a net balance monitoring the overall performance of the UK commercial property sector – rose from +5.8% in May to +18.9% in June.
- The latest reading indicated a sharp expansion, and one that was the fastest in six years.
- Private commercial work rose for the tenth successive month, while an increase in public sector projects was the first since February.
- All three monitored UK regions registered sharp rises in commercial work.
- Growth of activity was generally linked by panellists to new contract wins, improved weather conditions and easier access to borrowing funds.



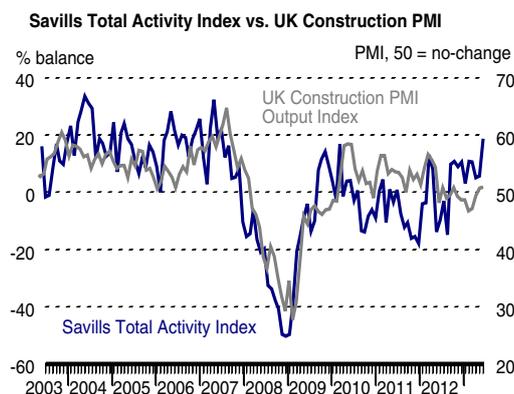
FUTURE EXPECTATIONS

- Optimism was signalled by commercial developers for the ninth consecutive month in June.
- The net balance rose to +14.0%, from +12.3% in May.
- The degree of positive sentiment was the most marked since February.
- Evidence suggested that commercial activity is projected to rise in line with forecasts of better economic conditions, strengthening client demand and improved confidence.



COMMERCIAL ACTIVITY AND UK ECONOMY

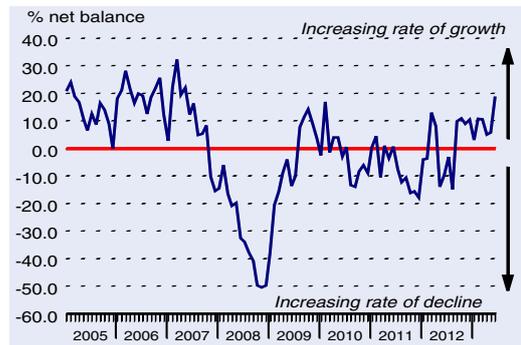
- The chart to the right shows the Savills Total Activity Index against PMI® survey data measuring UK construction-sector activity.
- Both the PMI and Savills data showed an improvement in activity across the UK.
- However, the strength of the upturn signalled by the Savills' survey was considerably more pronounced, with the rate of growth reaching a six-year high.



Commercial Development Activity

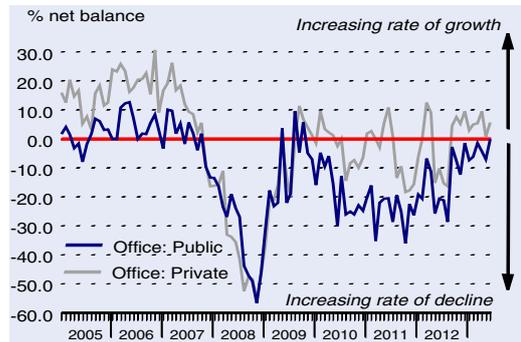
Total level of commercial activity compared with one month ago

- Total commercial activity across the UK expanded sharply in June, with public and private work both rising. At +18.9%, the net balance reached a six-year peak in June.
- Public commercial activity increased for the first time since February, while the rise in private sector projects was the tenth in successive months.



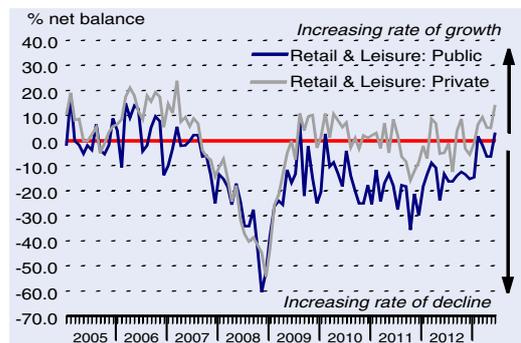
Office activity compared with one month ago

- Commercial developers across the UK indicated that private office activity increased in June, with the pace of growth accelerating from May.
- After contracting for over three-and-a-half years, office activity in the public sector stabilised in June.



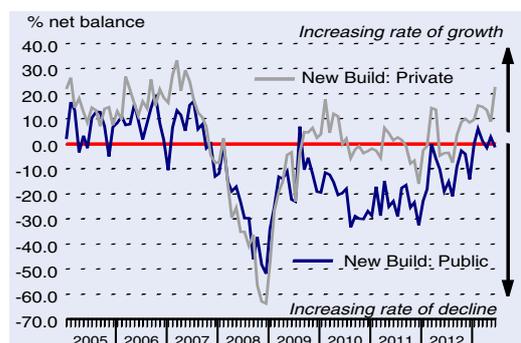
Retail & leisure activity compared with one month ago

- Retail & leisure projects expanded in both the public and private sectors in June. Growth of private retail & leisure work accelerated to the quickest since March 2007.
- The net balance for public retail & leisure posted +3.2% in June, indicating the first expansion since February.



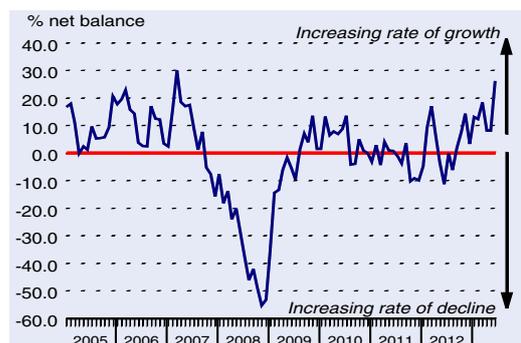
New build activity compared with one month ago

- Private new build projects increased sharply in June. At +22.7%, the net balance was at a six-year high.
- Meanwhile, the net balance for public sector new build activity fell from +2.8% in May to -1.4%, signalling a contraction.



Industrial/warehouse activity compared with one month ago

- June data highlighted a further expansion of industrial/warehouse activity across the UK, extending the current period of growth to ten months.
- The net balance posted +26.3% in June, indicating the sharpest rise since March 2007.

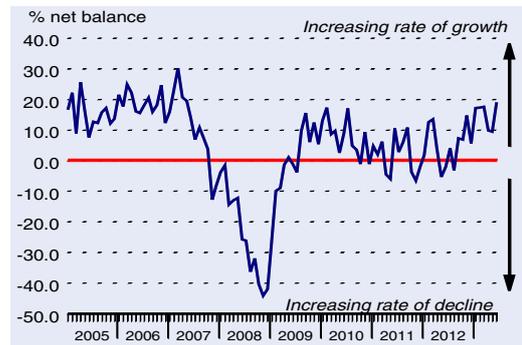


Commercial Development Activity

Refurbishment activity

compared with one month ago

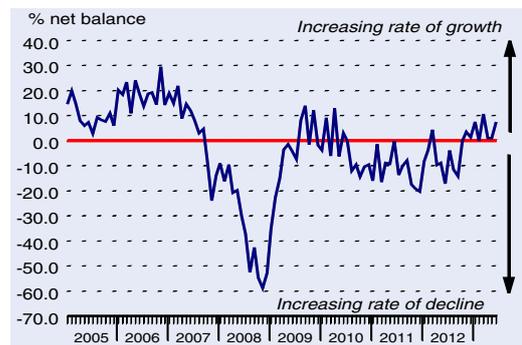
- Commercial developers across the UK indicated increased refurbishment activity for the tenth successive month in June.
- Up from +9.6% in May, a net balance of +19.2% of panellists signalled higher refurbishment work during the latest survey period.



Office fit-out activity

compared with one month ago

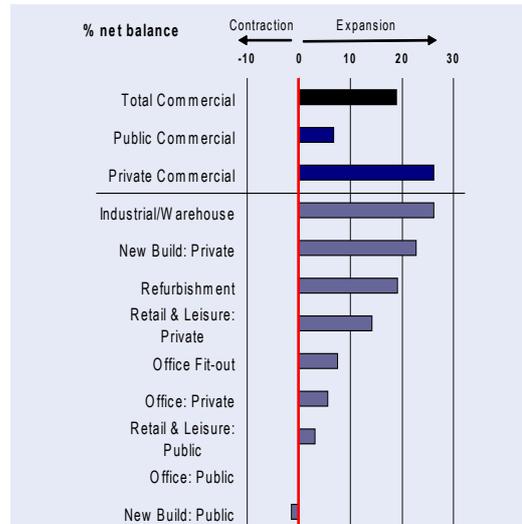
- For the fourth month running, office fit-out activity in the UK rose during June.
- The net balance posted +7.5%, up from +1.1% in May, and signalled a solid rise in office fit-out work.



Summary of activity in June

tables of data on page 4

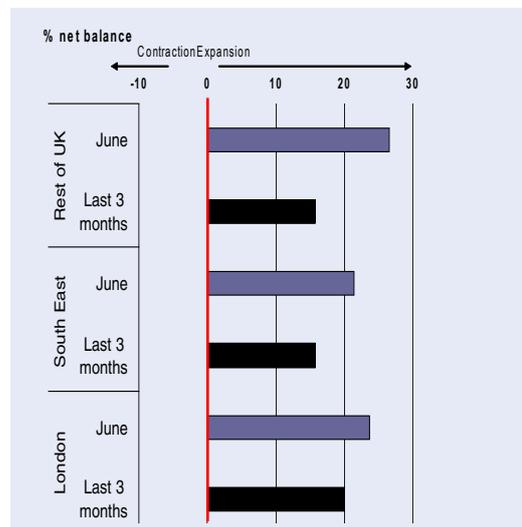
- Total commercial activity in the UK increased sharply in June, and at the fastest pace in over six years.
- Public and private commercial projects both expanded, with the latter leading the rise.
- Of the nine monitored sectors, seven posted growth, the only exceptions being public office work and public new build projects.
- The fastest rise was noted on industrial/warehouse activity, with the net balance posting +26.3% in June.



Regional commercial activity

compared with one month ago

- Commercial activity increased in all three surveyed UK regions during June.
- The rates of growth were sharp across all regions and stronger than their respective three-month averages.
- Up from +11.5% in May, the net balance for the 'Rest of UK' posted +26.5% in the latest month, signalling the strongest expansion in activity since April 2007.
- The net balance for London rose to a three-month high of +23.6%.



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
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
Mar	+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

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
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
Mar	-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

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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