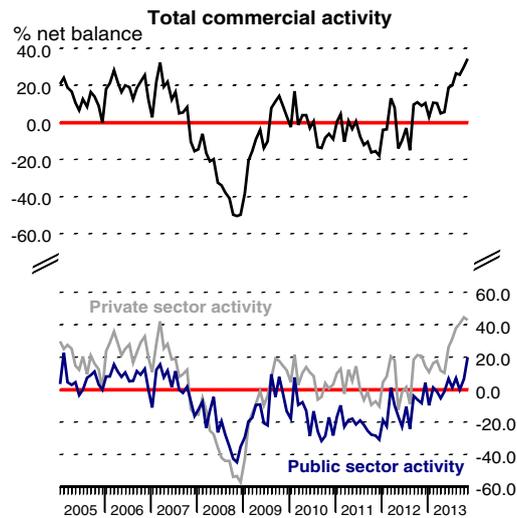


Survey-record rise in total commercial activity across the UK

December 2013

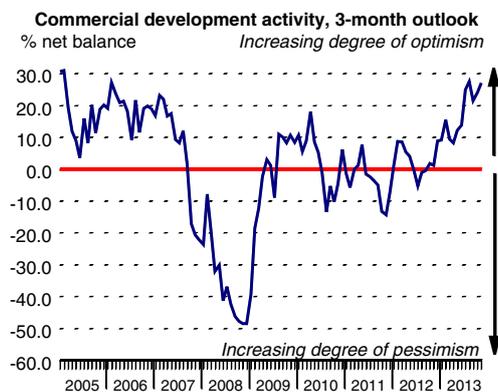
KEY FINDINGS

- Up from +30.2% in October to +34.5%, the headline Total Commercial Development Activity Index – a net balance monitoring the overall performance of the UK commercial property sector – reached a survey peak in November.
- Whereas private commercial projects rose at a weaker pace than seen in the previous month, the growth rate for public commercial work accelerated to the strongest in almost nine years.
- Eight of the nine sub-sectors monitored by the survey registered higher output, the exception being public retail & leisure.



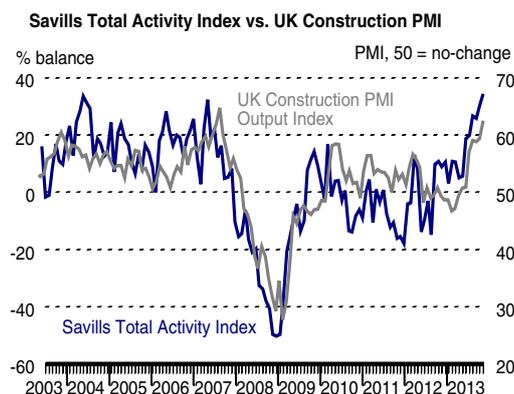
FUTURE EXPECTATIONS

- As has been the case in each month since October 2012, optimism was signalled by UK commercial developers in November.
- At +27.1%, the net balance for the three-month outlook for commercial activity rose to its highest since August's eight-and-a-half year peak (+27.7%).
- Panellists commented on improved client confidence, increased availability of financing and forecasts of better economic conditions.



COMMERCIAL ACTIVITY AND UK ECONOMY

- The chart to the right shows the Savills Total Activity Index against PMI® survey data measuring UK construction-sector output.
- The Markit/CIPS UK Construction PMI® registered 62.6 in November, up sharply from 59.4 in October. The latest reading was well above the long-run series average (54.1) and indicated the steepest expansion of overall business activity for just over six years.
- Output rose in all three categories monitored by the PMI® survey, with the strongest growth noted in housing building.

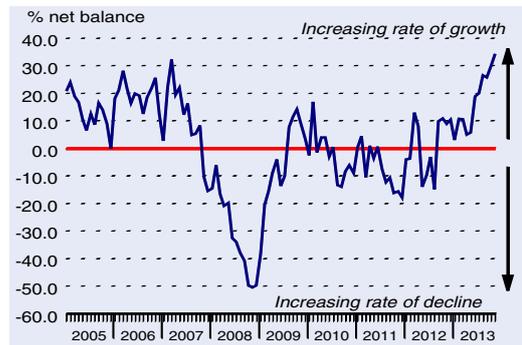


Commercial Development Activity

Total level of commercial activity

compared with one month ago

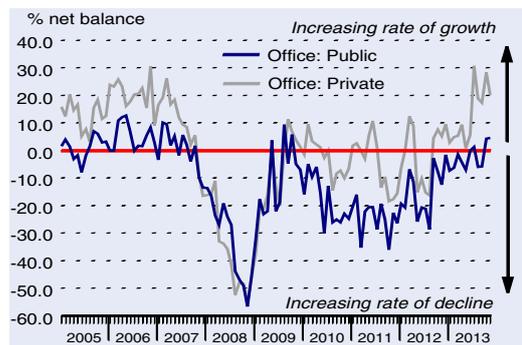
- Total commercial activity across the UK continued to expand at a robust pace in November and one that was the strongest in the survey history.
- Public commercial projects increased at the strongest rate in almost nine years, while growth of private commercial work remained strong.



Office activity

compared with one month ago

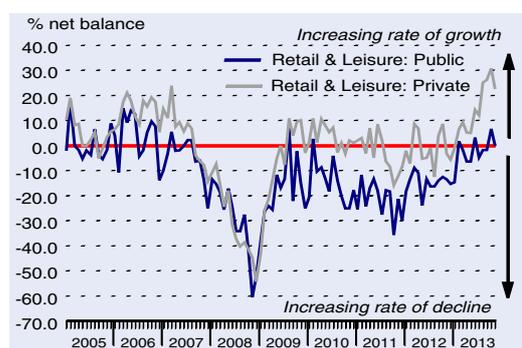
- For the second month running, both private and public office activity increased during November.
- A net balance of +20.2% of UK commercial developers signalled higher private office work, compared with +4.6% that indicated growth of public office projects.



Retail & leisure activity

compared with one month ago

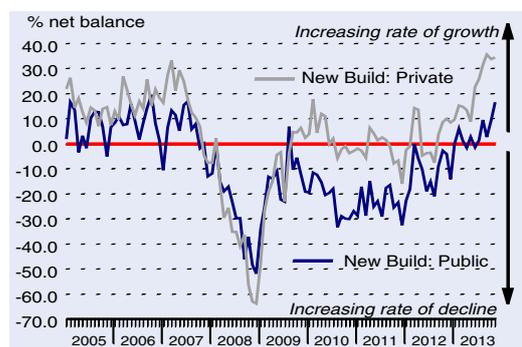
- Whereas private retail & leisure projects increased in November, public retail & leisure activity stagnated.
- Despite falling to its lowest mark in four months, the net balance for private retail & leisure activity still indicated a sharp increase overall.



New build activity

compared with one month ago

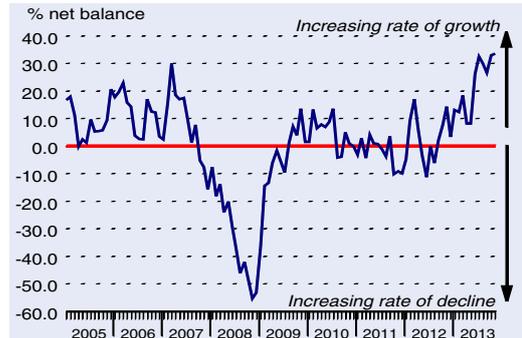
- At +34.5% in November, the net balance for private new build activity was consistent with a marked pace of growth and one that was among the strongest in the history of the series.
- The net balance for public new build work posted +16.7% in November, indicating the quickest rate of expansion since July 2007.



Industrial/warehouse activity

compared with one month ago

- November data highlighted another sharp expansion in industrial/warehouse activity across the UK.
- Up from +33.0% in October to +33.7% in November, the net balance climbed to its highest level in the survey history.

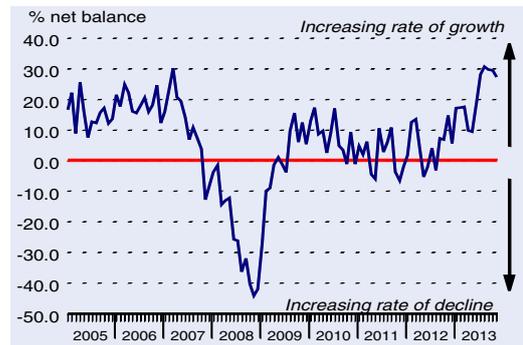


Commercial Development Activity

Refurbishment activity

compared with one month ago

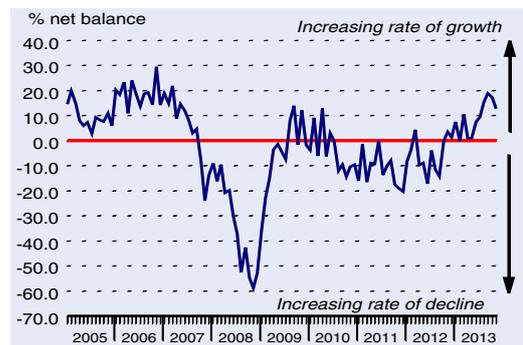
- Refurbishment activity in the UK increased in November, stretching the current sequence of growth to 15 months.
- The rate of growth as indicated by the net balance registering +27.5% was sharp, although the slowest since June.



Office fit-out activity

compared with one month ago

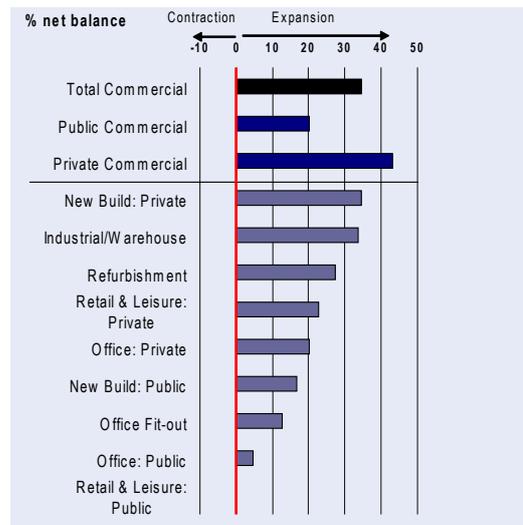
- Office fit-out work across the UK rose solidly during November, with the net balance posting +12.8%.
- That said, the overall rate of expansion eased further from September's six-and-a-half year high to the weakest in four months.



Summary of activity in November

tables of data on page 4

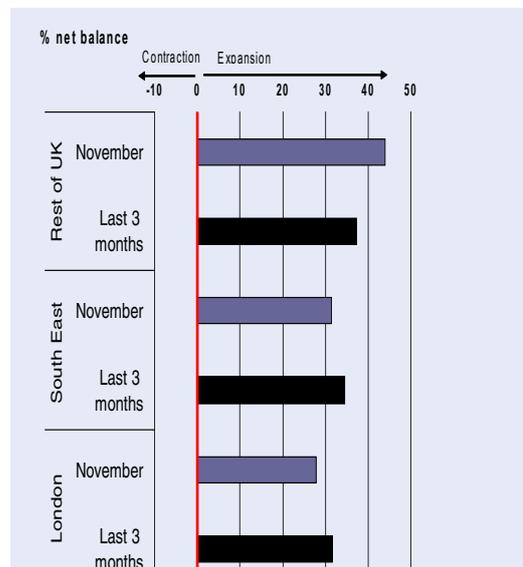
- The growth rate for total commercial activity in the UK reached a record high in November.
- While private commercial projects increased at a weaker pace than seen in October, public commercial work rose at the quickest rate in almost nine years.
- Growth was recorded in eight of the nine categories monitored by the survey, the exception being public retail & leisure.
- The fastest expansion was seen on private new build work, followed closely by industrial/warehouse activity.



Regional commercial activity

compared with one month ago

- November data indicated broad-based growth of commercial activity in the UK, with all three regions monitored by the survey registering expansion.
- The strongest increase was noted in the 'Rest of UK', followed by the South East and London respectively.
- Although below their respective three-month averages, the net balances for London and the South East were indicative of robust growth.
- At +44.0% in November, the net balance for the 'Rest of UK' reached a survey record.



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
Jun'13	+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
Sep	+25.9	+0.0	+40.7	+29.6	+38.2	+32.4	+21.6	+13.7	+25.3	+25.7
Oct	+30.2	+6.6	+44.4	+37.3	+33.8	+35.4	+24.1	+20.8	+19.6	+31.7
Nov	+34.5	+20.0	+43.0	+27.8	+31.4	+44.0	+27.1	+23.5	+26.3	+31.2

	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
Jun'13	+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
Sep	-5.7	+17.4	-1.6	+26.3	+2.8	+35.8	+26.8	+29.8	+19.0
Oct	+4.3	+28.4	+6.8	+30.9	+9.6	+33.9	+33.0	+29.6	+17.3
Nov	+4.6	+20.2	+0.0	+22.7	+16.7	+34.5	+33.7	+27.5	+12.8

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
Building Consultancy
t. +44 (0) 20 7409 8985
e. mpillow@savills.com
Marie Hickey
Commercial Research
t. +44 (0) 20 3320 8288
MLHickey@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

The intellectual property rights to the Commercial Development Activity Report provided herein is owned by Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are registered trade marks of Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited.

