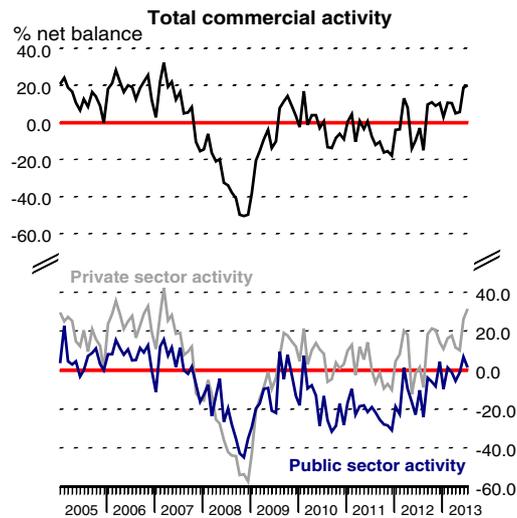


# Growth of total commercial activity strongest in over six years

August 2013

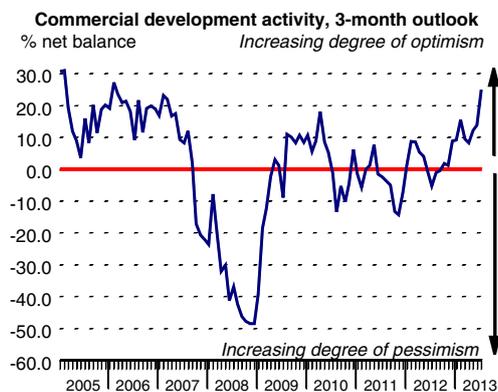
## KEY FINDINGS

- July's Total Commercial Development Activity Index – a net balance monitoring the overall performance of the UK commercial property sector – registered +20.1%, up from +18.9% in June.
- The latest reading indicated that the rate of expansion was sharp and the fastest since May 2007.
- Whereas private commercial work rose markedly, the rise in public sector projects was only marginal.
- Growth of commercial activity accelerated across all three monitored UK regions, and was the strongest in London.



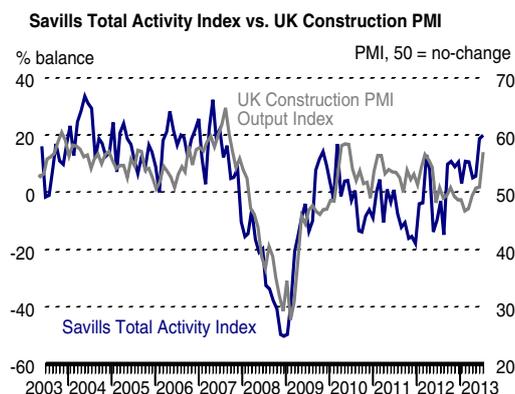
## FUTURE EXPECTATIONS

- Commercial developers in the UK remained upbeat about the prospects for commercial development growth in three months' time.
- Up from +14.0% in June to +25.1% in July, the net balance indicated the strongest degree of positive sentiment in almost seven-and-a-half years.
- Positive sentiment was linked by panellists to improving client confidence, better weather conditions and higher enquiry numbers. There were also mentions of increased availability of bank financing.



## 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.
- Faster growth of activity was signalled by both the PMI and Savills data during July.
- Higher levels of business activity were signalled in all three monitored categories of the PMI survey, with residential building leading the rise.

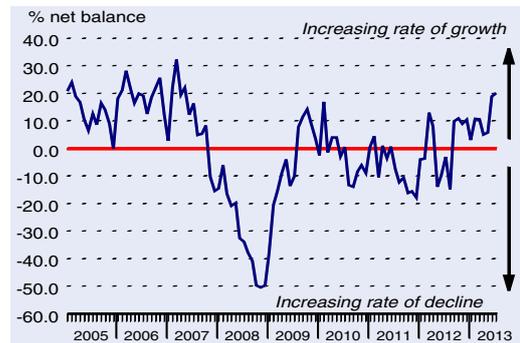


## Commercial Development Activity

### Total level of commercial activity

compared with one month ago

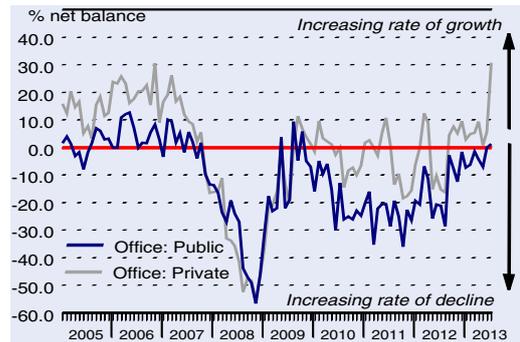
- Total commercial activity across the UK increased sharply in July. At +20.1%, the net balance indicated the fastest growth since May 2007.
- Both public and private commercial work rose, with the net balances registering +1.4% and +31.4% respectively.



### Office activity

compared with one month ago

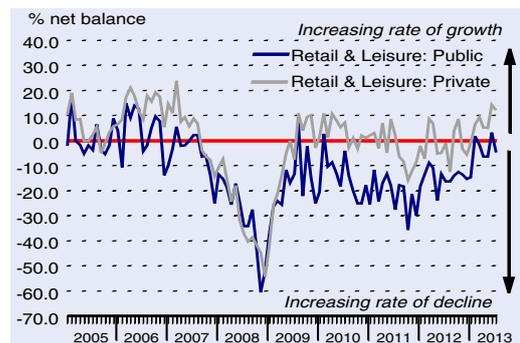
- Following a stagnation registered in June, public office projects increased during the latest month, although slightly.
- The net balance for private office activity posted +30.8% in July and was indicative of a sharp rise, one that was the strongest in over nine years.



### Retail & leisure activity

compared with one month ago

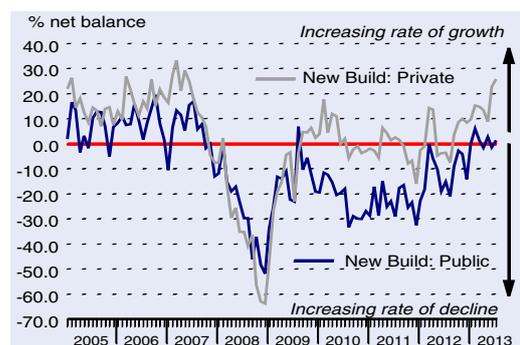
- Whereas private retail & leisure activity expanded, a marginal reduction was recorded in the public sector.
- The net balance for private retail & leisure work fell slightly from +14.3% in June to +12.2% in July, but was consistent with a solid expansion nevertheless.



### New build activity

compared with one month ago

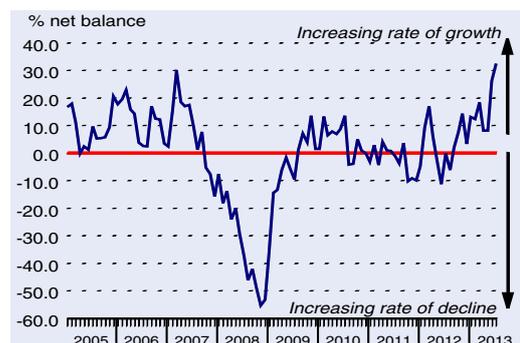
- Both private and public new build activity rose in July, with the respective net balances posting +25.9% and +1.4%.
- Growth of private new build work was sharp, and the strongest recorded since May 2007.



### Industrial/warehouse activity

compared with one month ago

- Commercial developers across the UK indicated a sharp and accelerated rise in industrial/warehouse activity in July.
- Up from +26.3% to +32.6% in July, the net balance reached a survey record.

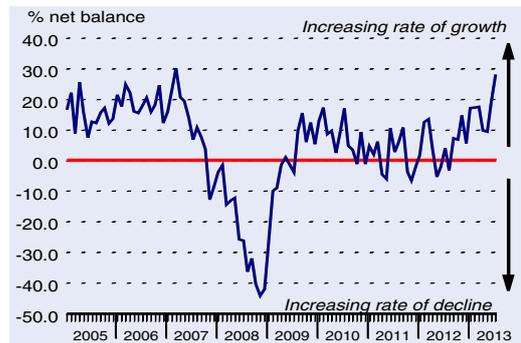


## Commercial Development Activity

### Refurbishment activity

compared with one month ago

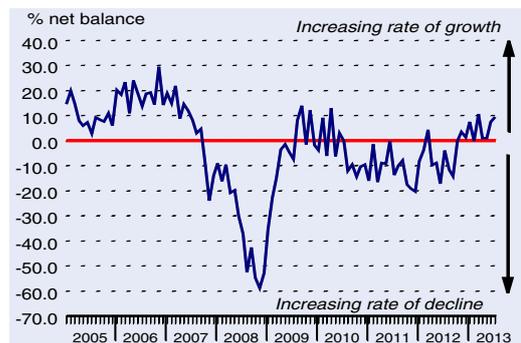
- Refurbishment projects across the UK expanded for the eleventh consecutive month in July.
- At +28.3% in July, the net balance rose to its highest since March 2007 and was indicative of a sharp growth of refurbishment work.



### Office fit-out activity

compared with one month ago

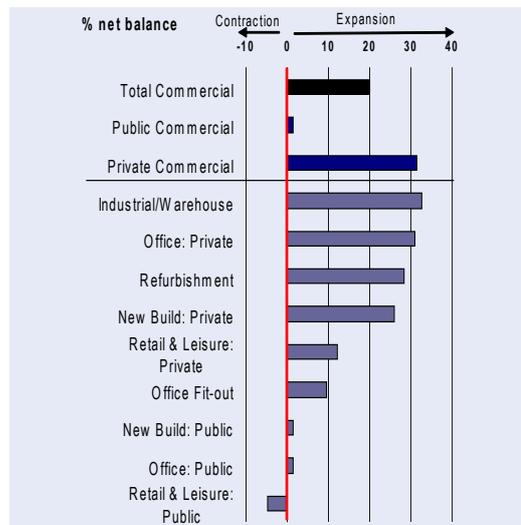
- July data pointed to a further rise in office fit-out activity in the UK.
- A net balance of +9.6% of companies signalled higher office fit-out work during the latest survey period, compared with +7.5% in June.



### Summary of activity in July

tables of data on page 4

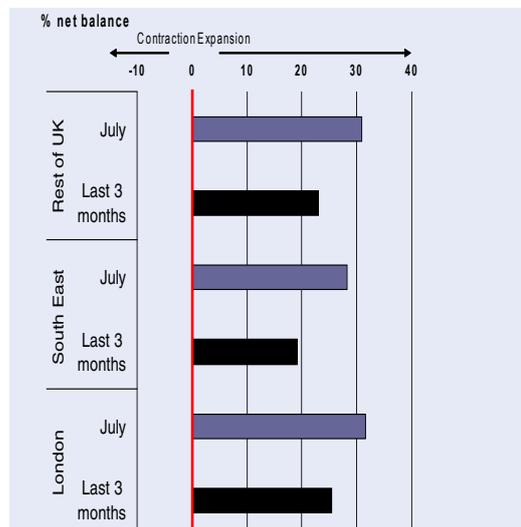
- July data indicated that total commercial activity in the UK expanded at the sharpest rate since May 2007.
- Both public and private commercial work expanded, with the latter leading the rise again.
- Eight of the nine monitored sectors recorded growth, the only exception being public retail & leisure.
- At +32.6% in July, the net balance for industrial/warehouse activity was the highest among the nine sectors and the highest in the series history.



### Regional commercial activity

compared with one month ago

- For the eleventh month running, commercial activity rose across all three surveyed UK regions in July.
- The fastest expansion was signalled in London, followed by the 'Rest of UK' and the South East respectively.
- The net balance for London posted +31.6% in July, signalling the strongest growth in activity for almost seven years.
- The net balances for the South East and the 'Rest of UK' recorded +28.2% (43-month high) and +30.9% (75-month high) respectively.



## 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
Feb'13	+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
Jul	+20.1	+1.4	+31.4	+31.6	+28.2	+30.9	+25.1	+17.6	+24.0	+33.7

### 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
Feb'13	-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
Jul	+1.4	+30.8	-4.7	+12.2	+1.4	+25.9	+32.6	+28.3	+9.6

### 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.

### Contacts

Savills  
Michael Pillow  
Building Consultancy  
t. +44 (0) 20 7409 8985  
e. mpillow@savills.com  
Mat Oakley  
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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