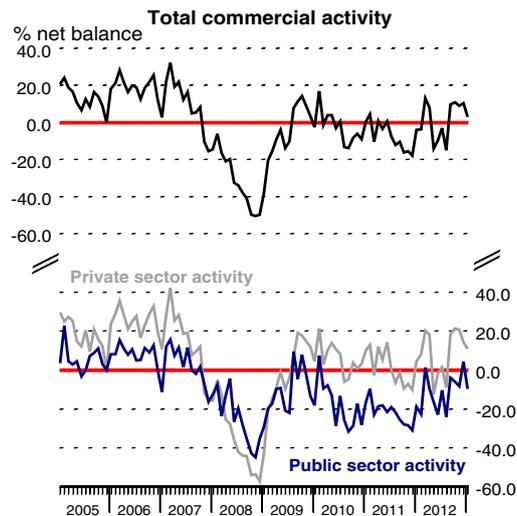


# Growth in total commercial activity eases

February 2013

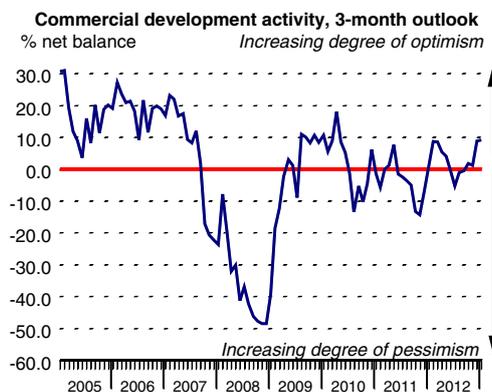
## KEY FINDINGS

- Despite rising for the fifth successive month, total commercial activity in the UK expanded only slightly, and at the slowest pace in the current sequence of growth.
- The Total Commercial Development Activity Index, a net balance monitoring the overall performance of the UK commercial property sector, posted +3.1% in January, down from +10.6% in December.
- Whereas private sector work rose solidly, public projects fell.
- At -9.7% (down from +4.2%), the decrease in public sector activity was the fastest recorded since August 2012.



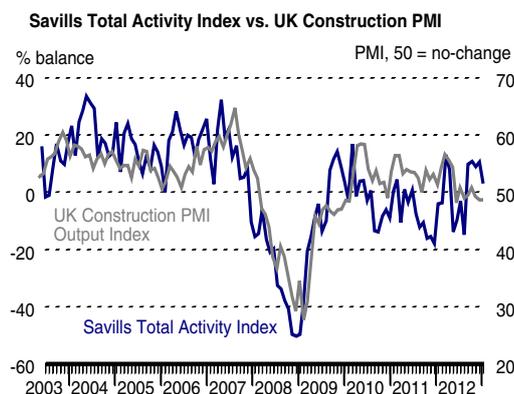
## FUTURE EXPECTATIONS

- Further optimism was signalled by commercial developers in the UK during January.
- Moreover, the degree of confidence as indicated by a net balance of +9.2% was the strongest registered since April 2010.
- Monitored companies stated that the launch of new projects is anticipated to result in higher activity over the next three months.



## 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.
- The UK Construction PMI Output Index posted 48.7 during January, unchanged from December's reading.
- The latest reading signalled a slight contraction in output, contrasting with a slight rise indicated by the Savills Total Activity Index.

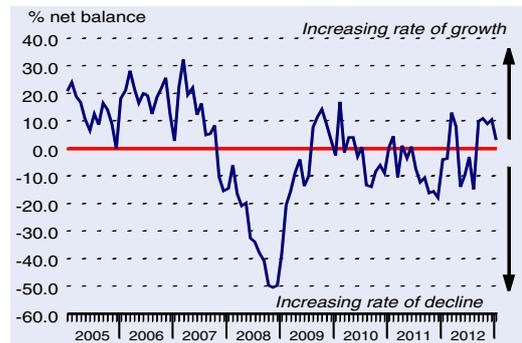


## Commercial Development Activity

### Total level of commercial activity

compared with one month ago

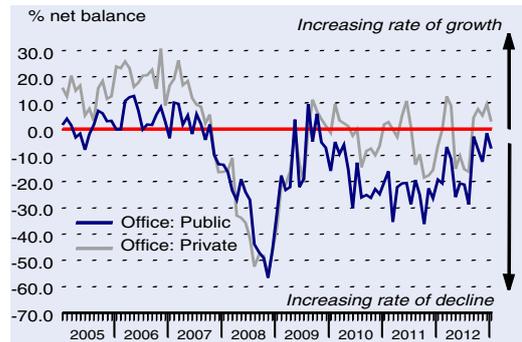
- Total commercial activity in the UK increased during January, amid reports of new development projects and stronger tenant demand.
- Following an expansion registered in December, public sector activity fell during January. Moreover, the net balance of -9.7% pointed to the fastest decline registered in five months.



### Office activity

compared with one month ago

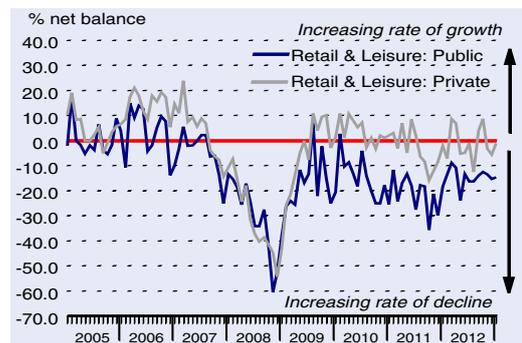
- As has been the case since September last year, office activity in the private sector increased during January. However, the net balance fell from +9.6% in December to +3.0%, indicating only a slight rise.
- Meanwhile, public office activity fell again, with the net balance of -7.2% indicating a solid decrease, and one that was faster than seen in December.



### Retail & leisure activity

compared with one month ago

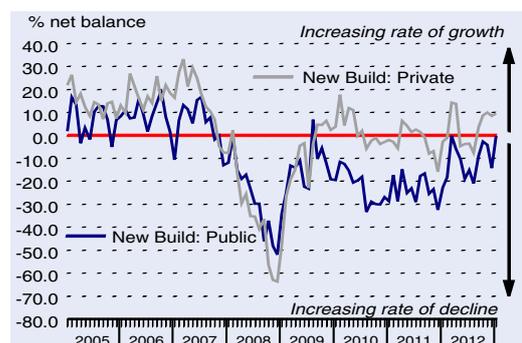
- Commercial developers indicated that retail and leisure activity fell in both the private and public sectors. The rates of decrease were slight and sharp respectively.
- At -1.1% in January (up from -5.5%), the net balance for private sector retail and leisure activity was the highest in three months.



### New build activity

compared with one month ago

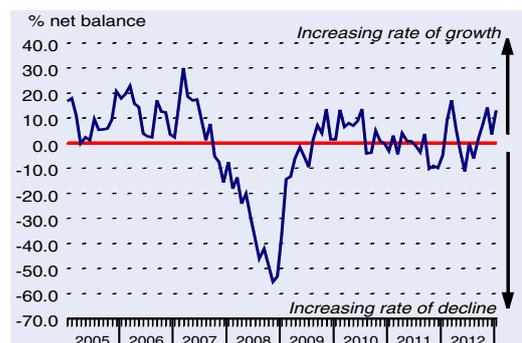
- New build projects in the private sector increased for the fifth successive month during January. Moreover, the net balance of +9.7% indicated a solid rise.
- Following a nine-month sequence of declines, new build activity in the public sector stagnated in January.



### Industrial/warehouse activity

compared with one month ago

- As indicated by a net balance of +13.2% (up from +3.5%), industrial/warehouse activity in the UK increased sharply during January.
- Growth in industrial/warehouse activity has now been sustained for five consecutive months.

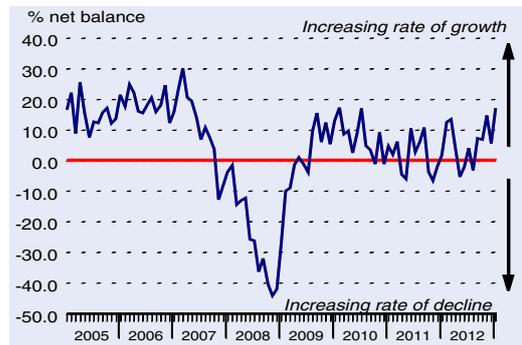


## Commercial Development Activity

### Refurbishment activity

compared with one month ago

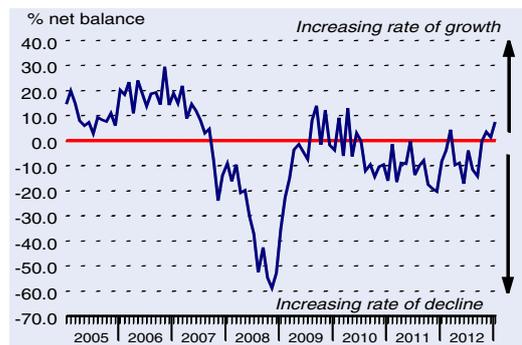
- Continuing the trend that started in September 2012, refurbishment activity in the UK rose during January.
- At 17.2% the net balance indicated a sharp increase, and one that was the quickest registered in three years.



### Office fit-out activity

compared with one month ago

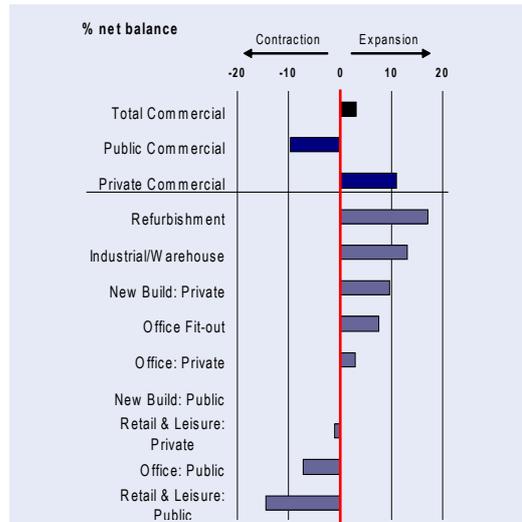
- January data indicated that office fit-out activity in the UK rose solidly.
- The net balance posted +7.5%, (up from +1.4% in December), the highest reading since April 2010.



### Summary of activity in January

tables of data on page 4

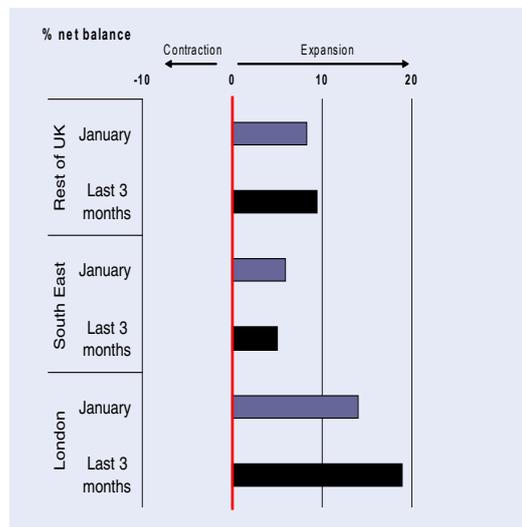
- The total level of commercial activity in the UK increased during January, marking a five-month sequence of expansion.
- Whereas commercial development rose in the private sector, a decrease was signalled for public sector work.
- Retail and leisure activity fell in both the private and public sectors, with rates of contraction slight and sharp respectively.
- Three of the nine monitored sectors posted decreases, with the fastest decline noted at public retail and leisure.



### Regional commercial activity

compared with one month ago

- All three monitored regions registered increasing activity during January.
- The fastest rise was noted in London, although growth eased from December and was below the three-month average.
- In the South East, commercial activity expanded solidly, and faster than the three-month average.
- The net balance for the Rest of UK posted +8.3%, up from +5.4% in December.



## 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
Aug'12	-14.8	-24.1	-8.9	-14.3	-16.0	+8.9	-1.0	-5.0	-1.0	+3.0
Sep	+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

### 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
Aug'12	-28.6	-16.2	-16.2	-12.4	-20.8	-7.5	-6.0	-3.1	-11.4
Sep	-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

### 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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