

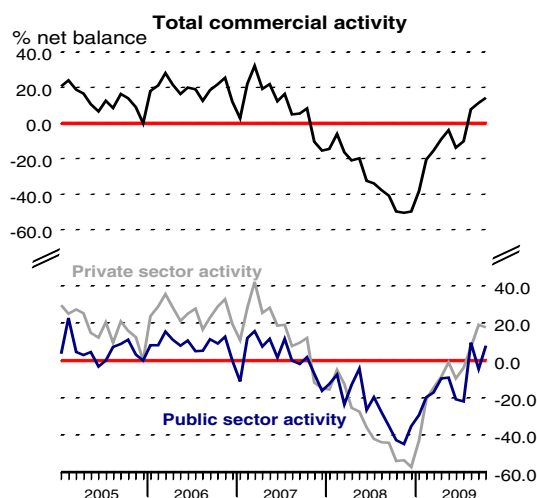
Commercial Development Activity

PRESS RELEASE

Commercial development rebound continued as total activity rose at sharpest pace since July 2007

KEY FINDINGS

- October survey data from Savills indicated a third consecutive monthly increase in UK commercial development.
- Around 26% of survey respondents noted an expansion over the month, compared to less than 12% that signalled a fall.
- At +14.3% in October, up from +11.6 in September, the resultant net balance, the Total Commercial Development Activity Index, was the highest for twenty-seven months.
- Private sector activity, which saw a deeper fall than public sector activity during the downturn, continued to lead the rebound in October. Private sector office and retail development registered particularly marked rises over the month.



FUTURE EXPECTATIONS

- Commercial developers remain optimistic that activity will rise in the next three months.
- However, at +8.4 in October, the net balance measuring the three-month business outlook was the lowest since July.
- Confidence was strongest regarding retail & leisure and industrial/warehouse activity. Business sentiment was only just in positive territory for office development over the next three months.
- Reports from survey respondents suggested that improving economic conditions had supported optimism in October, but the availability of bank lending remained a concern in the sector.

SUMMARY OF ACTIVITY

- Six of the nine areas of commercial development monitored by the survey registered growth in October.
- The strongest rises were in private sector retail & leisure, followed by work on private sector office development projects.
- Meanwhile, latest data signalled that public sector new build was the worst performing area of development.
- Lower levels of activity were also recorded in office fit-out and public sector retail & leisure activity during October.

Commenting on the October survey, Mat Oakley, head of Savills' Commercial Research department said:

"The recovery is still fragile and we would concur with our respondents' concerns about the availability of bank finance for speculative development. Until tenant demand begins to recover and vacancy rates fall, we expect lenders to remain cautious about projects with no pre-let in place."

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
2006	+19.7	+8.8	+26.0	+24.2	+18.0	+20.2	+19.3	+23.3	+16.1	+18.6
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
May'09	-4.0	-9.3	-1.0	-7.8	0.0	-1.2	+3.1	-3.9	+4.0	+9.6
Jun	-13.6	-20.8	-9.6	+8.2	0.0	-9.0	+1.3	-9.3	+6.3	+6.5
Jul	-10.0	-22.0	-4.0	-2.2	+1.9	-6.2	-8.8	-9.0	-12.3	-5.0
Aug	+7.8	+9.5	+7.0	+7.1	+12.8	+2.8	+11.1	+2.9	+14.7	+15.3
Sep	+11.6	-4.5	+19.1	+2.4	+23.4	+10.7	+10.1	+5.7	+6.8	+17.6
Oct	+14.3	+7.8	+17.7	+16.7	+15.1	+6.7	+8.4	+1.3	+12.7	+11.1

Sectors

	Office		Retail & leisure		New build		Industrial/warehouse	Refurbishment	Office fit-out
	Public	Private	Public	Private	Public	Private			
2006	+5.3	+20.8	+4.0	+14.0	+9.5	+17.6	+12.2	+19.0	+18.9
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
May'09	+3.8	-1.1	-11.5	-5.1	-10.9	-4.3	-1.4	+1.2	-1.4
Jun	-22.0	-12.9	-16.7	0.0	-22.2	-3.3	-5.4	-1.2	-4.4
Jul	-18.9	-20.0	-13.3	-7.5	-23.1	-22.8	-9.5	-3.8	-7.4
Aug	+9.5	0.0	+7.3	+10.8	+7.0	-3.7	+1.4	+9.9	+8.2
Sep	-4.7	+11.4	-22.0	+4.1	-10.2	+4.8	+7.2	+15.6	+14.1
Oct	+5.9	+6.9	-2.2	+9.6	-5.6	+4.5	+4.1	+6.2	-1.6

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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