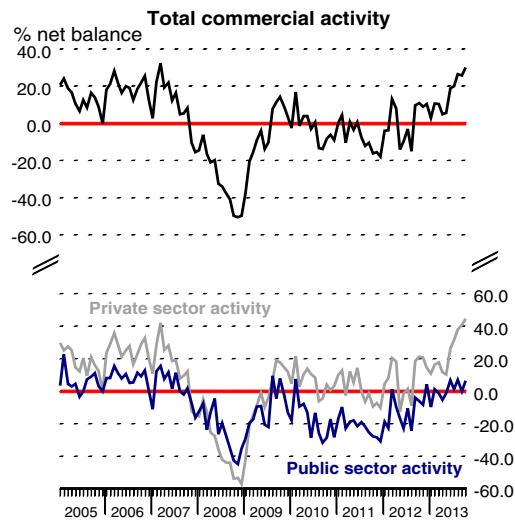


# Growth of UK total commercial activity at 79-month high

November 2013

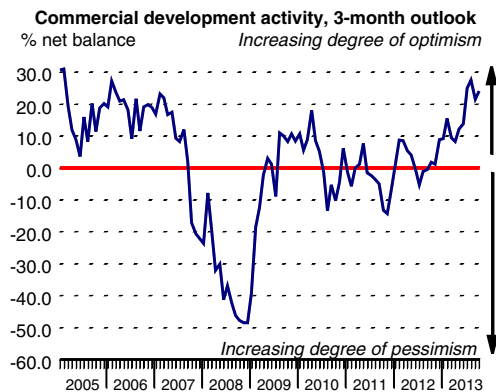
## KEY FINDINGS

- The headline Total Commercial Development Activity Index – a net balance monitoring the overall performance of the UK commercial property sector – posted +30.2% in October (79-month high).
- The stronger performance of the commercial property sector was supported by a return to growth in public commercial projects, while the pace of expansion in private commercial work reached a survey peak.
- For the first time in over six years, all nine categories monitored by the survey recorded growth, led by private new build.



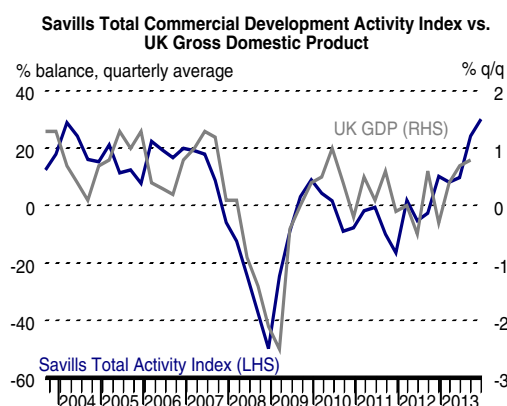
## FUTURE EXPECTATIONS

- Panellists remained optimistic around commercial activity growth over the next three months.
- Up from +21.6% in September to +24.1% in October, the net balance for future expectations was consistent with a strong level of positive sentiment.
- Evidence from commercial developers highlighted improved client confidence, easier access to funds, an upturn in the UK economy and stronger demand.



## COMMERCIAL ACTIVITY AND UK ECONOMY

- The chart to the right shows the Savills Total Activity Index against UK GDP data. Q4 data for the Savills Total Activity Index is based solely on the October figure.
- Improving trends in activity were seen in both the Savills and GDP data during Q3.
- October data on commercial development activity showed an acceleration in the rate of expansion, which if sustained for the rest of the quarter, could bode well for overall economic growth.

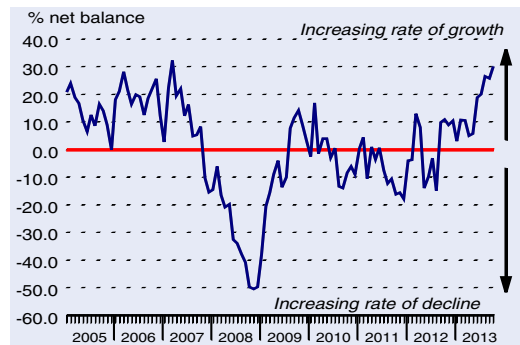


## Commercial Development Activity

### Total level of commercial activity

compared with one month ago

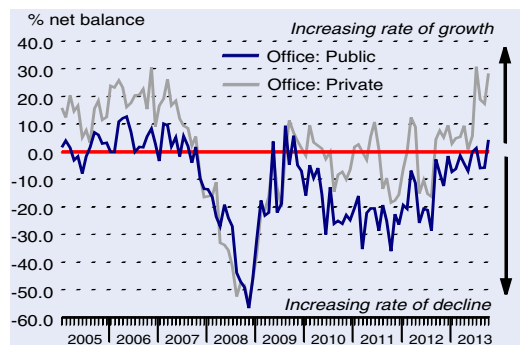
- UK total commercial activity rose at the strongest rate since March 2007, with the net balance registering +30.2% during October.
- Public commercial projects expanded at a modest pace, whereas growth of private commercial work hit a survey record.



### Office activity

compared with one month ago

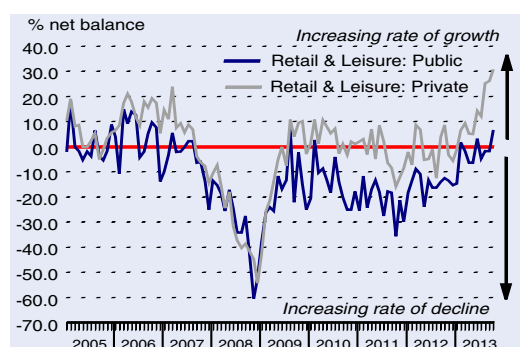
- UK commercial developers indicated that both public and private commercial office activity increased during the latest month.
- At +28.4%, the net balance for private office projects was at a three-month high, while the net balance for public office activity climbed to its highest mark in four years (+4.3%).



### Retail & leisure activity

compared with one month ago

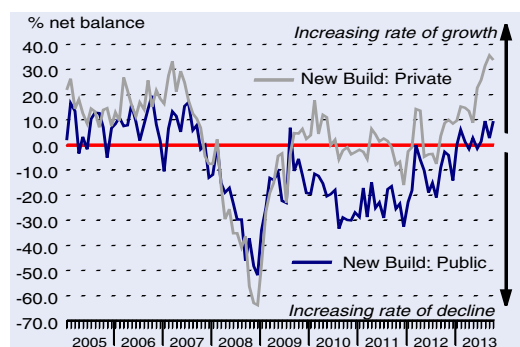
- October data indicated that private retail & leisure activity grew at the strongest pace in the survey history, with the net balance posting +30.9%.
- At +6.8% in October, the net balance for public retail & leisure projects indicated the first expansion in four months.



### New build activity

compared with one month ago

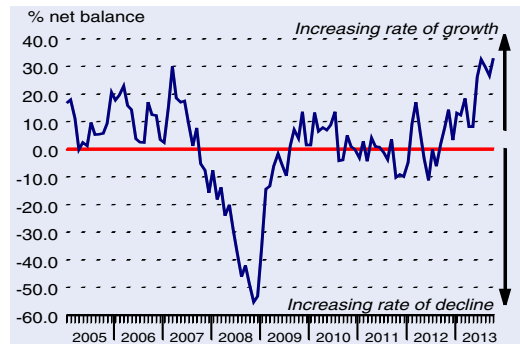
- Both public and private new build activity across the UK rose in October, with the fastest growth noted at the latter.
- The rate of expansion for public new build work was the sharpest in more than six years, but still slower than seen for private new build work.



### Industrial/warehouse activity

compared with one month ago

- Almost 39% of UK commercial developers indicated higher industrial/warehouse activity in October, compared with under 6% that noted a contraction.
- Subsequently, the overall growth rate soared to its strongest since the survey began in March 2003.

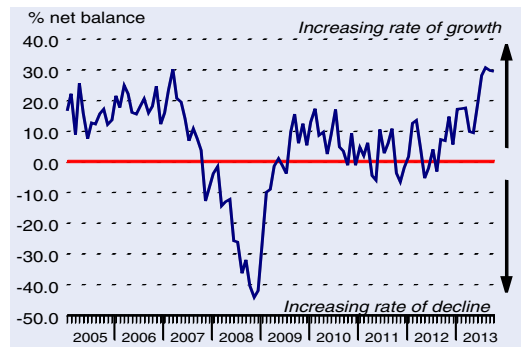


## Commercial Development Activity

### Refurbishment activity

compared with one month ago

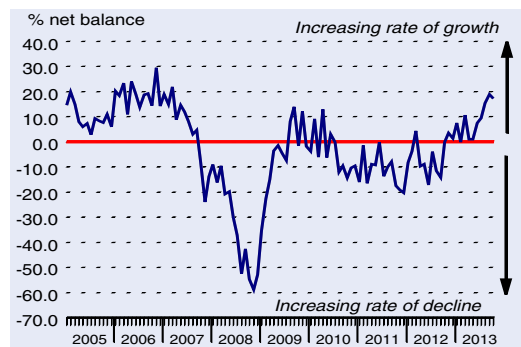
- As has been the case in each month since September 2012, refurbishment activity in the UK increased during October.
- The rate of growth remained sharp, with the net balance falling only fractionally from +29.8% in September to +29.6%.



### Office fit-out activity

compared with one month ago

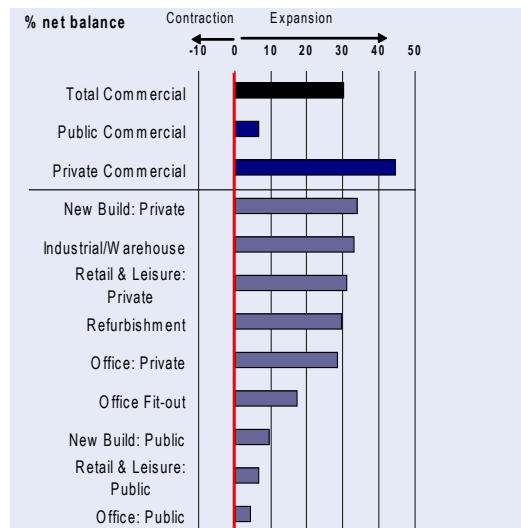
- October data indicated that the rate of growth in office fit-out projects remained close to September's six-and-a-half year high.
- Almost one-quarter of survey respondents indicated higher office fit-out activity, compared with 7% that noted a decline.



### Summary of activity in October

tables of data on page 4

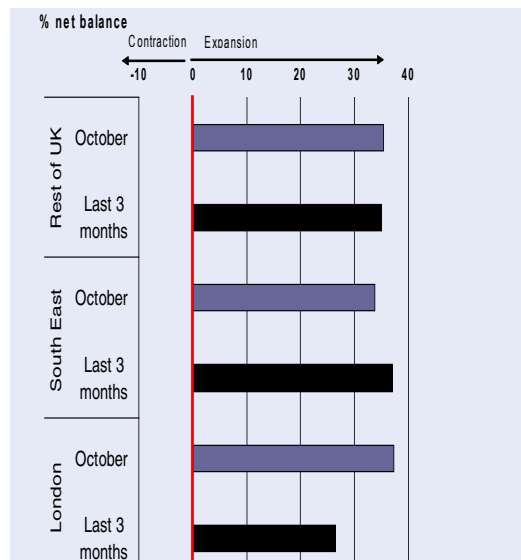
- At +30.2% in October, the net balance for total commercial activity in the UK indicated the strongest growth rate since March 2007.
- Both public and private commercial activity rose in the latest month, with the latter posting the sharpest rise in the survey history.
- For the first time in over six years, all nine sub-sectors covered by the survey recorded growth, led by private new build.
- The weakest rises were noted at public office, public retail & leisure and public new build activities.



### Regional commercial activity

compared with one month ago

- October data indicated that the expansion in commercial activity was broad-based with all three regions monitored by the survey signalling growth.
- Rates of expansion accelerated in London and the 'Rest of UK', while a moderation was noted in the South East.
- The net balance of +37.3% for London climbed to the highest in the survey history, and was the strongest among the three regions.
- A net balance of +33.8% of commercial developers indicated higher activity in the South East during October, compared with +38.2% in the previous month.



## 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
May'13	+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
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

### 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
May'13	-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
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

### 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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