

## Commercial Development Activity

## PRESS RELEASE

## Sharpest rise in commercial development activity since May 2007

## KEY FINDINGS

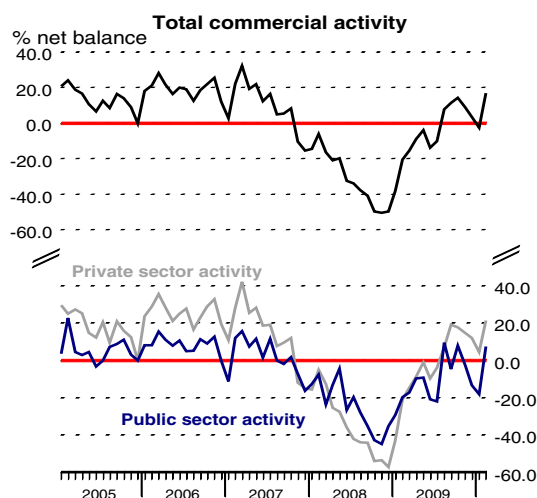
- Commercial developers signalled a rise in overall business activity in February, and the rate of expansion was the fastest since May 2007.
- The increase in development activity was linked to improved economic conditions and a rebound following weather-related disruptions in January.
- Around 28% of survey respondents indicated a rise in total commercial activity in February, compared to 11% that reported a decline. As a result, the Total Commercial Development Activity Index posted +16.9%, up sharply from -2.4% in January.
- February data indicated that growth of overall activity was largely driven by increased work on private sector projects.

## FUTURE EXPECTATIONS

- Survey respondents indicated a positive outlook for commercial development activity in the next three months.
- However, business sentiment was slightly weaker than the long-run series average and the lowest since July 2009.
- Developers were the most confident about the prospects for industrial/warehouse projects and remained least optimistic about office activity.
- Expectations of growth were linked to improving client demand, although some firms noted that the forthcoming UK general election had created some uncertainty about public sector work.

## SUMMARY OF ACTIVITY

- Growth momentum was much stronger in the private sector than the public sector in February.
- Higher levels of business activity were recorded in seven of the nine areas of the commercial development sector monitored by the survey.
- The sharpest rates of growth were in private sector new build, followed by refurbishment and industrial/warehouse activity.
- Public sector office activity and public sector new build both continued to decline in February.



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

*"A mix of better weather and improved confidence about the economy led to a sharp pick-up in development activity this month. Improvements in the office leasing market in London in particular have focused many developer's eyes on the potential for a pick-up in demand for Grade A space over the next few years."*

# 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
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
2009	-5.3	-10.9	-2.6	-4.5	+3.9	-7.5	-2.3	-7.0	-1.4	+1.4
Sep'09	+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
Nov	+9.2	-2.3	+14.8	+10.5	+24.4	+2.9	+10.7	+7.4	+13.0	+11.8
Dec	+3.6	-13.3	+12.0	+20.0	+30.0	-1.4	+8.6	+4.2	+14.3	+7.4
Jan'10	-2.4	-17.9	+4.6	-2.7	+18.6	+7.1	+10.7	+4.5	+13.6	+14.1
Feb	+16.9	+7.5	+21.4	+10.8	+20.5	+3.1	+5.6	+1.5	+3.2	+11.9

### Sectors

	Office		Retail & leisure		New build		Industrial/warehouse	Refurbishment	Office fit-out
	Public	Private	Public	Private	Public	Private			
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
2009	-11.1	-8.9	-17.7	-7.0	-15.2	-10.3	-4.8	-0.1	-4.8
Sep'09	-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
Nov	-4.9	+3.9	-15.0	+10.1	-11.9	+6.5	+13.6	+12.5	+12.3
Dec	-7.0	+1.3	-25.0	-2.9	-19.0	+2.5	+1.6	+5.5	-1.7
Jan'10	-15.8	-1.4	-20.6	+1.5	-19.4	+3.9	+1.6	+13.0	-3.7
Feb	-4.8	+9.6	+2.7	+10.9	-11.4	+17.8	+13.4	+17.4	+9.3

### 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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