

# PMI Commercial Development Activity

The most up-to-date indicator of activity and intentions in UK commercial property

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## PRESS RELEASE

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### June data signalled a sharp rise in UK commercial development activity

The Savills Commercial Development PMI<sup>®</sup> signalled a sharp expansion of total activity in the UK commercial property sector in June. The overall rise in activity was supported by further increases in work on both public and private sector projects.

Commercial construction firms reported higher levels of activity in all nine broad areas of development monitored in June, with the sharpest rise recorded for office fit-out activity.

Robust and broad-based growth across the sector in June contributed to a strong degree of confidence regarding the three-month outlook. Panellists were optimistic that work on new projects would lead to higher levels of activity through Q3.

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

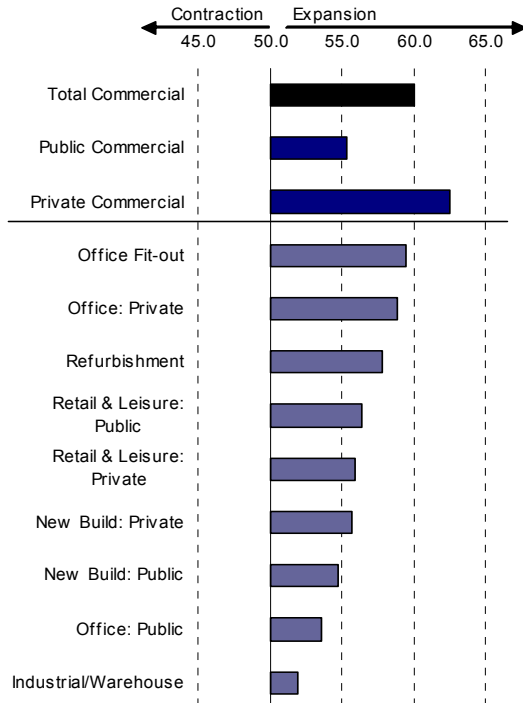
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#### Key findings for June 2006:

- At 60.0 in June, up from 58.3 in May, the **Total Commercial Activity Index** signalled a sharp and accelerated increase in activity in the UK commercial property sector. Around 29% of panel members reported an expansion of activity in June, compared to less than 9% that indicated a decline.
- June data signalled an upturn in both public and private sector construction activity, with the latter continuing to register the sharper rate of growth in the latest survey period.
- Higher levels of commercial development activity were reported across the UK. Growth in London increased at its sharpest pace for twenty-seven months and was the strongest of the three regions monitored by the survey.
- The latest expansion of activity was broad-based across the nine areas of commercial development that were monitored. Panellists reported the strongest rates of growth in office fit-out, private sector office and refurbishment activity. In contrast, the latest rise in industrial/warehouse development was the least marked since June 2005 (and the weakest of the nine areas of development activity).
- Commercial development firms remained highly optimistic that their activity would rise over the coming three months. Business confidence was broad-based across the UK commercial property sector and was strongest for future office construction activity.
- Anecdotal evidence suggested that the start of new commercial development projects would contribute to a marked rise in business activity. Some firms also noted that market conditions would remain favourable and lead to higher levels of new activity in the sector.

## Sectors ranked by growth in June

50.0 = no change on previous month



## Summary of activity

The following table shows the diffusion indexes values for the current month as well as averages of the indexes for the latest three months and the year-to-date.

	Latest month		Latest 3 months		Year-to-date	
	Index	Rank	Index	Rank	Index	Rank
<b>Total Commercial</b>	<b>60.0</b>		<b>59.7</b>		<b>57.8</b>	
<b>Public Commercial</b>	<b>55.4</b>		<b>54.9</b>		<b>53.8</b>	
<b>Private Commercial</b>	<b>62.5</b>		<b>62.5</b>		<b>60.1</b>	
Office Fit-out	59.5	1	59.0	2	56.8	4
Office: Private	58.9	2	59.6	1	58.3	2
Refurbishment	57.8	3	59.0	3	58.4	1
Retail & Leisure: Public	56.4	4	56.0	6	51.9	9
Retail & Leisure: Private	56.0	5	58.5	4	53.9	7
New Build: Private	55.7	6	58.2	5	57.1	3
New Build: Public	54.7	7	55.5	8	54.4	6
Office: Public	53.6	8	55.4	9	52.6	8
Industrial/Warehouse	52.0	9	55.7	7	56.3	5

Full historical data may be obtained from NTC Economics. Contact Luke Thompson on (tel) 01491 418 626 or email [luke.thompson@ntc.co.uk](mailto:luke.thompson@ntc.co.uk).

## Notes on data

The **Savills Commercial Development Activity PMI** report provides original data derived from a monthly questionnaire survey based on a panel of members comprising leading developers and contractors. It covers all broad areas of activity, and provides very timely information of the "production-side" of the sector – the development market. The survey is conducted by NTC Economics Limited on behalf of Savills and data have been collected since March 2003. This research utilises the methodology of the Purchasing Managers' Indices (PMIs) that are used to collect global economic and business data and are closely monitored by central banks in setting interest rates.

The survey results are presented by question asked, showing the percentage of respondents reporting an improvement, deterioration or no-change since the previous month. From these percentages, an index is derived such that a level of 50.0 signals no-change since the previous month. Above 50.0 signals an increase (or improvement), below 50.0 a decrease (or deterioration). The greater the divergence from 50.0, the greater the rate of change signalled.

## Press information

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**Savills Building Consultancy** who are the sponsors of the research are active in providing development and construction advice throughout the UK. The team focus on commercial property primarily within the office, retail and industrial sectors. Specific services include due diligence, development monitoring and management, relocation and fitting out, project management and related professional services. Savills is the trading company for commercial property services and a subsidiary of Savills plc, a leading international property services company. The company undertakes a full range of services including Agency, Investment, Valuation, Planning, Rating, Landlord & Tenant as well as Property Management.

**NTC Economics** is one of the world's leading specialist providers of business research information. Current research includes continuous surveys of economic conditions in all main European countries as well as the Far East. NTC reports are widely used by governments, businesses and financial markets. NTC hold the copyright for the Purchasing Managers Indices (PMI) which is the methodology utilised to collect business data and followed for this report. Speed is an essential attribute and the PMI methodology allows publication of data within 2 weeks of collection of questionnaires so producing up-to-date indicators of activity and future trends.

Further information on the PMI surveys can be obtained from [www.ntceconomics.com](http://www.ntceconomics.com).

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