



FOR IMMEDIATE RELEASE DECEMBER 2010

Commercial Office Construction Market – UK 2010-2014

New AMA report provides a major new review of the commercial office construction market

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A brief summary of the report is included on the following page.

Priced at £650, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at sales@amaresearch.co.uk.

Editors Note:

Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

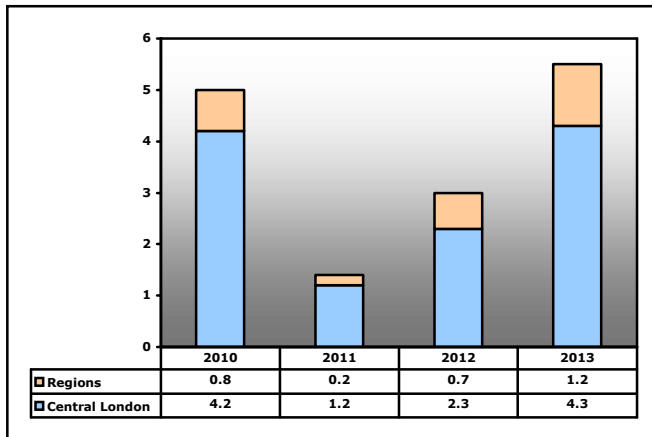
If you would like to receive an extended summary or would like to speak to an author of this report, please contact Chris Moore or Andrew Hartley on (01242) 235724.

Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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COMMERCIAL OFFICE CONSTRUCTION MARKET UK 2010-2014

UK Office Development Pipeline – Central London / Regions – 2010 – 2013 (Sq. ft. m)



Over the last two years, the commercial office market in the UK has experienced a significant downturn in activity and demand has reduced significantly. **Take-up** for 2009 was around 30% below average levels and totalled around 17m sq ft. The slowdown in activity has been most significant in the South, particularly south eastern, south western and eastern regions, where take-up has been down by as much as 40%. By contrast, the Midlands, Scotland and Northern regions have shown a greater resilience to the slowdown, with take-up levels down by between 4% and 20%.

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Despite economic difficulties, the **financial and business services sector** continued to perform relatively well and drive commercial office activity. This sector accounted for an estimated 23% of total take-up across the UK and around 46% of space transacted in the City of London where there is already evidence of an upturn in the market.

Public sector office demand has been a major driver behind office market take-up over the past decade, but with the recently announced cuts to public sector spending, demand in this sector is forecast to fall over the next year, particularly with the abolition of a wide range of 'Quangos'.

The **Coalition Government's programme** outlines a wide range of new measures that will influence and shape commercial development activity and impact on the property industry including the radical shake up of the planning system, centered on devolving greater powers from Whitehall to local government and removing regional governance.

However, the experience is not uniform across the country, with centres such as London indicating some upward movement in average rentals and increased demand for both new and refurbished office space. However, even in London it is likely to be another 12 months before any significant numbers of projects reach the construction stage, though several major projects have been given the 'green light' to proceed.

Although the more positive performance for the private sector in early 2010 seemed to indicate a return to growth for the office sector, the decline in private commercial activity in Q2 2010, coupled with the ongoing spending cuts in the public sector, both point to further decline in office output over the next three years. Forecasts indicate a decline in commercial construction output values to around £7.3bn before expectations of growth in 2013-14 push output value to around £7.8bn – though still 43% below pre-recession peak.

AMA Research's report "**Commercial Office Construction Market – UK 2010-2014**" is available in hard copy or electronic format for £650 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.