

FINANCIAL REVIEW

SE **Property**
HD **Savills homes in on growth**
BY Robert Harley
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Global real **estate group** Savills aims to expand its prime **residential** network both in Australia and around the world.

"There is much more blurring today between **residential** and **commercial**, investors want both," Savills chief executive Jeremy Helsby said.

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His London-listed **group** last week unveiled a strong 2013 result, with revenue at a record high of £904.8 million (\$1.64 billion) and after-tax profit up 38.5 per cent to £51.4 million.

The growth was driven by a big surge in **commercial** and **residential** sales, particularly in Britain. Global revenue from **commercial transactions** rose 11 per cent to £217.5 million, which was enough to deliver a 71.5 per cent jump in pre-tax profit.

In the **residential** sector, revenue rose 21.8 per cent to £140.7 million with underlying pre-tax profit up 32 per cent.

Mr Helsby said Britain had grown strongly on the back of increased international inflows of investment capital.

"In the UK we acted on over 40 per cent of **transactions** involving Asian or Middle Eastern investors," he said. Asia-Pacific rise

Asia-Pacific, where Savills employs 22,000 people across 44 offices, delivered a 7 per cent rise in revenue.

Mr Helsby said in **commercial property**, "substantially increased earnings in Australia, Korea and Japan", had offset a 19 per cent fall in revenue from **Hong Kong**.

In the **residential** sector, Asia-Pacific revenue rose 23 per cent, due to activity in, and between, Australia and **China**.

Savills chief executive in Australia and New Zealand Paul McLean said his business had its best year since 2007. Savills has about 800 staff in Australia and the country produces about 5 per cent to 10 per cent of global revenue.

Mr McLean acknowledged that local leasing was soft but said the rest of his operations had performed better than had been expected.

"We expect continued growth in 2014 in capital markets," he said.

"There is an inflow of Asian capital and strong activity amongst the Australian Real **Estate** Investment Trusts."

Mr McLean said **residential property** had been a key growth area last year and would be again in 2014.

Project marketing is the focus.

Savills will market the 770 apartments on the **site** it **sold** to an Asian developer in Parramatta. Mr McLean predicted more appointments to come.

"We have high leverage in Asia, which provides us with a strong competitive edge," he said.

Mr Helsby predicted further demand for London **property** but weakness in **Hong Kong** in the first half. Globally, Savills aims to expand its cross-border investment advisory activity, enhance its occupier services business, further build investment management, and grow in the United States. Savills, which has a market cap of £859.18 million, will soon open in Indonesia.

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