

15 May 2024

SAVILLS PLC
("Savills" or "the Company")
Trading update

Ahead of its Annual General Meeting (AGM) to be held at 12 noon today at Savills, 33 Margaret Street, London W1G 0JD, Savills plc, the international real estate advisor issues the following trading update:

For the year to date, Savills has traded in line with expectations and comfortably ahead of the comparable period last year.

Highlights:

- Whilst global capital transaction activity is improving, volumes remain subdued ; however values have adjusted in some markets such as the UK and are recalibrating elsewhere.
- Leasing markets have remained more resilient across most sectors, although office take up remains heavily skewed to prime stock with strong sustainability credentials which continues to drive rental growth.
- Most prime residential markets have remained resilient with volumes traded marginally lower than last year, as expected .
- Savills' less transactional businesses have performed in line with expectations, underpinning our overall performance.
- As previously indicated, H1 2024 will be impacted by the ongoing recalibration of values but underlying activity levels are improving, and we continue to expect progressive improvement in the second half of the year as market recovery takes hold.

Mark Ridley, Chief Executive, commented:

"I am delighted with the performance of our teams worldwide in helping clients facing challenging circumstances and in seeking longer term business development initiatives, which our strong balance sheet enables us to pursue. The strength of our less transactional businesses continues to underpin our performance overall and we continue to anticipate progressively improving volumes through the second half of the year."

Trading Update

In the Asia Pacific region, Vietnam, Japan and Korea have traded well. We have increased market share again in Hong Kong, albeit off small volumes and markets are correcting to the prevailing level of interest rates. Our substantial Property and Facilities Management business in the region continues to perform well.

In the UK, we have continued to perform well, and we have maintained market share gains made in 2023 in prime transactional markets. This has mitigated the impact of reduced transaction volumes compared with the same period last year. Meanwhile, our less transactional service lines have performed in line with our expectations. During the period we have bolstered our WorkThere flexible office advisory business with the acquisition of Situu, a largely landlord-facing flex advisory business.

Overall, our Continental Europe and Middle East (CEME) business has shown marginal improvement year on year in line with our expectations. Savills is highly dependent upon transactional activity in CEME where capital transaction volumes, particularly in the major markets of Germany and France, remain very compromised. Leasing momentum is a little stronger due to demand for prime stock. In the Middle East market conditions are much stronger and we have grown our Prime Residential brokerage in UAE during the period. In addition, we raised our equity stake in Riviera Estates, a prime residential business in the South of France, to 75%.

In North America, where the Group is substantially dependent upon leasing activity by corporate occupiers, our business performance has been in line with our expectations and substantially improved year-on-year. We have concluded a number of significant "HQ" type transactions and continue to take advantage of dislocation in the markets with the hiring of individuals and teams in Canada and the more active markets of Texas and Florida.

Savills Investment Management has traded in line with our expectations in an environment which remains challenging for the deployment of equity capital as valuations continue to adjust. We have successfully held first closes on two new funds; an equity fund and Registered Provider focused on the UK affordable homes sector and a pan European whole loan debt fund, both benefiting from initial seed capital from Samsung.

Outlook

Savills has traded in line with our expectations for the period to date and comfortably ahead of the same period last year. Our less transactional businesses continue to provide a solid platform for the Group with a resilient earnings stream

There remains significant investor interest in the secure income characteristics of real estate, where pricing has corrected sufficiently. While we have yet to see a significant amount of re-financing driven activity, we do expect that to increase through the second half of the year. Meanwhile occupiers are clearly focused on improving the sustainability characteristics of their portfolios as well as creating environments in which their work forces can thrive.

We continue to develop our business through selective recruitment and acquisitions supported by a strong balance sheet and we maintain our expectation of continued improvement in market conditions through the second half of the year.

We anticipate announcing the Group's Half Year Results for the six months to 30 June on 8 August 2024.

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