Reactive agility in a volatile business world
Deloitte CFO Survey

Anthony Duggan
Head of Real Estate Research
aduggan@deloitte.co.uk
Twitter: @anthonyrduggan

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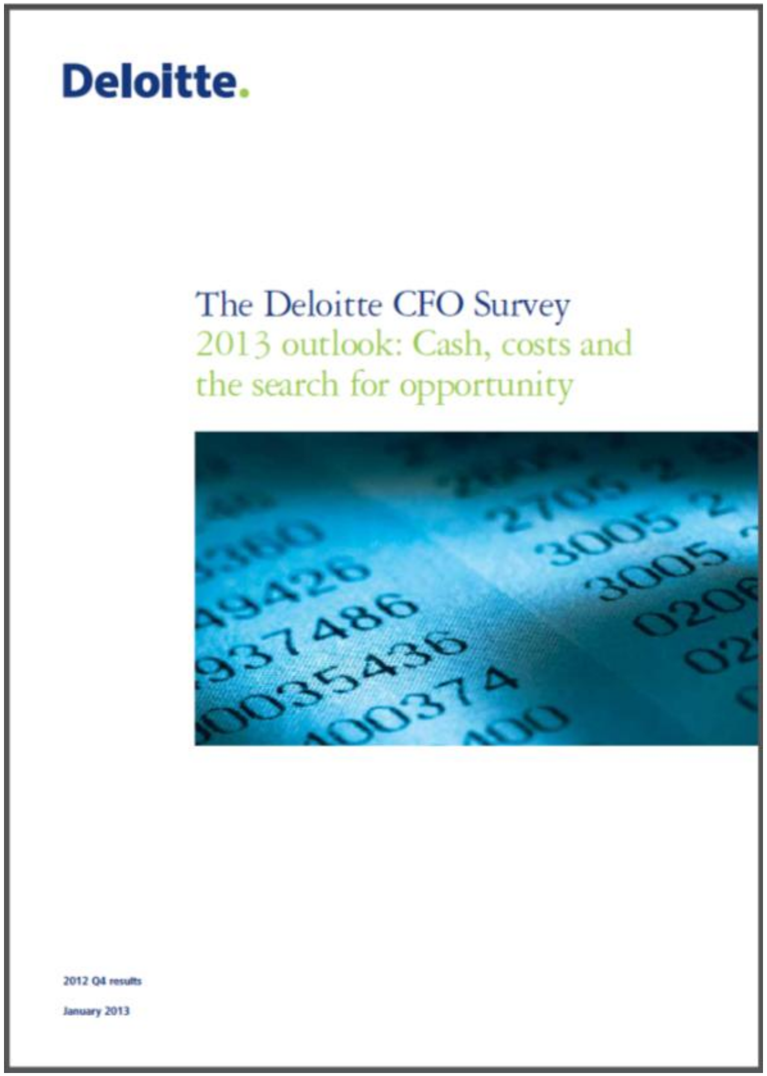
The Deloitte CFO Survey

- **Results from 112 CFOs**
  - 36 FTSE 100
  - 38 FTSE 250
  - £672Bn or 35% of UK quoted market

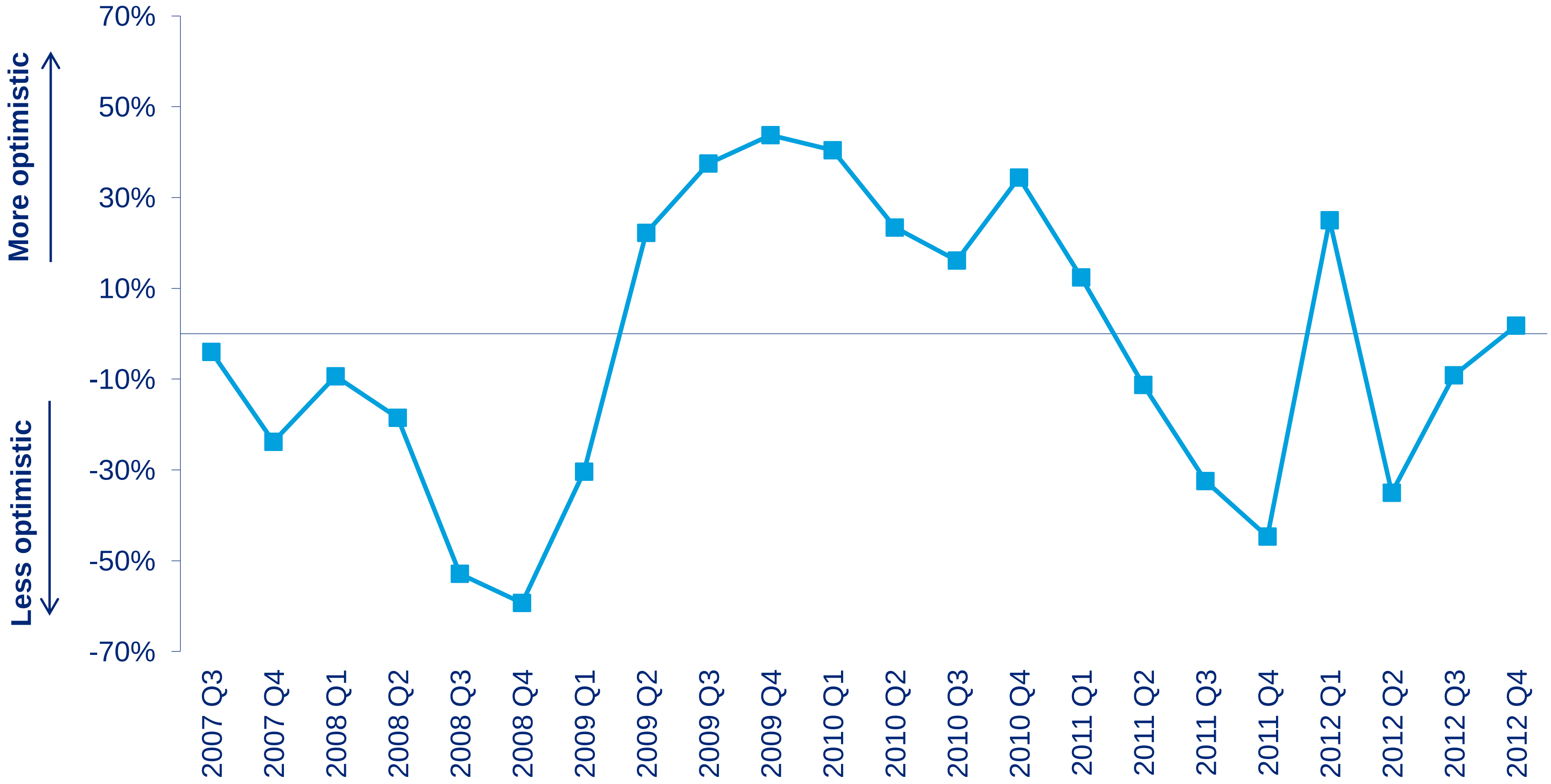
- Benchmark for CFO sentiment
- Widely quoted in the media
- Used by the Bank of England



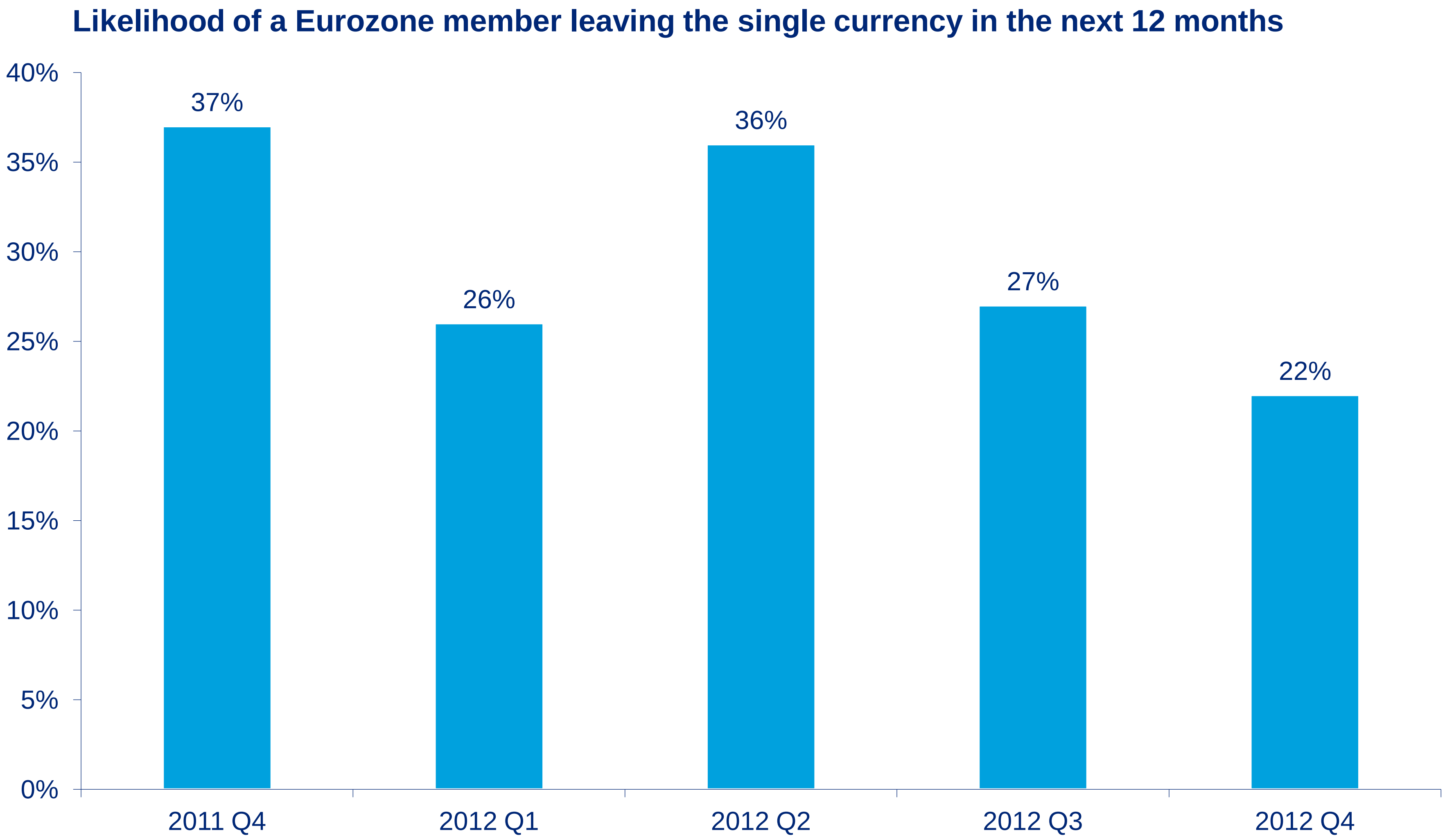
The CFO’s view

Business confidence on the rise (again!)

CFOs who are more optimistic about their company's financial prospects than 3 months ago

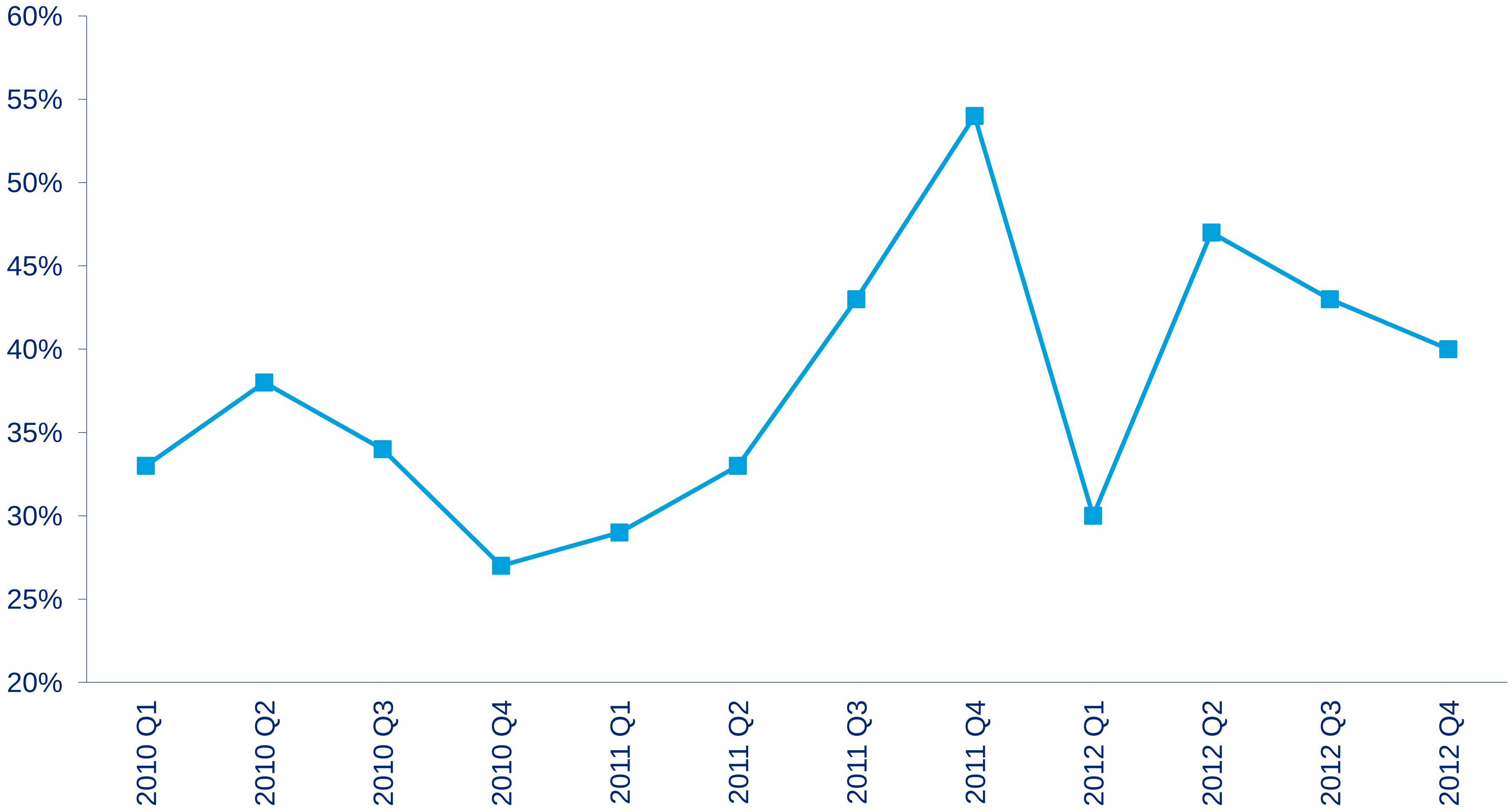


Risk of euro secession continues to ease



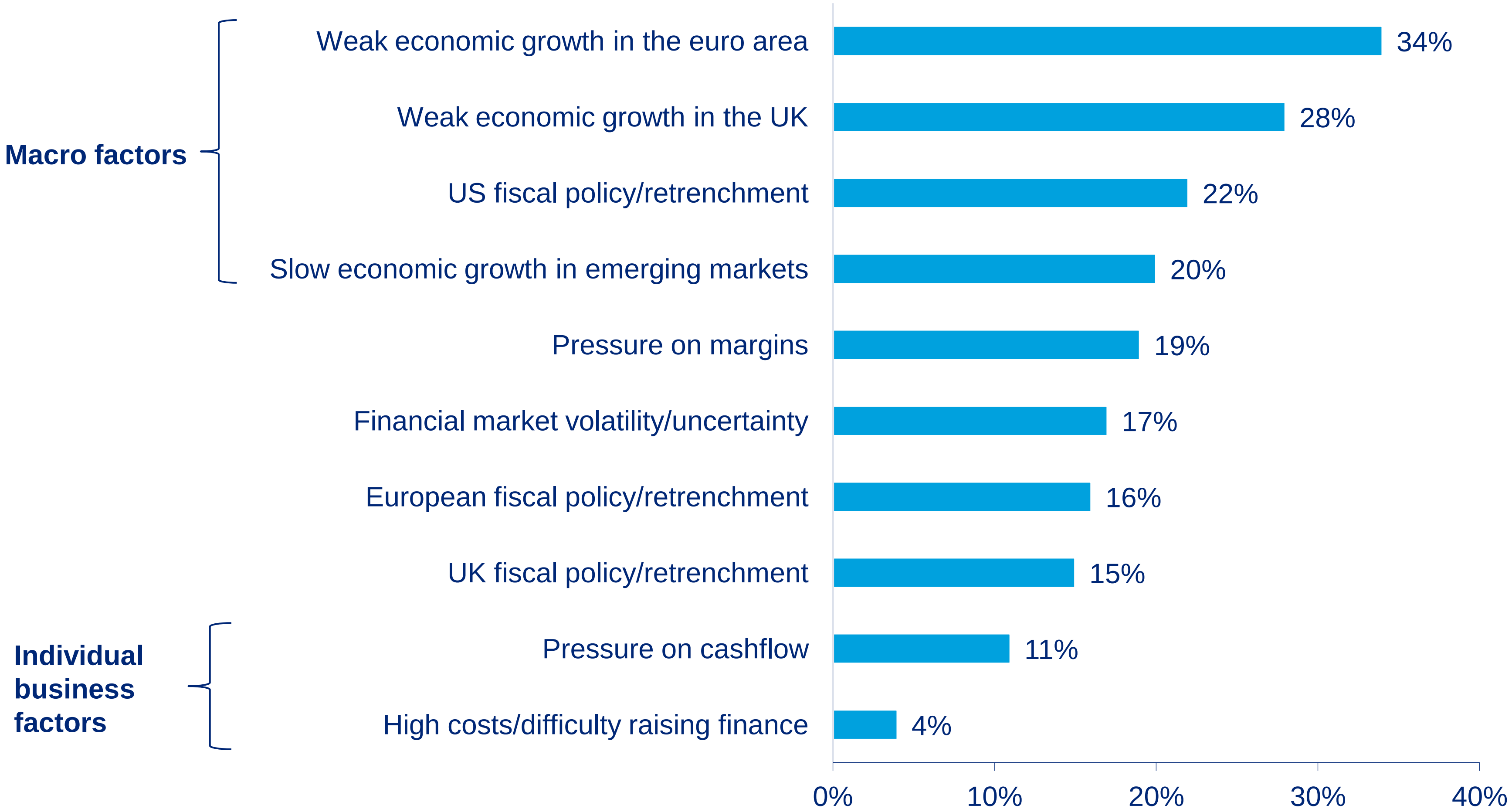
Recessionary concerns have eased too

Average probability assigned by UK CFOs of a continuing recession in the next two years



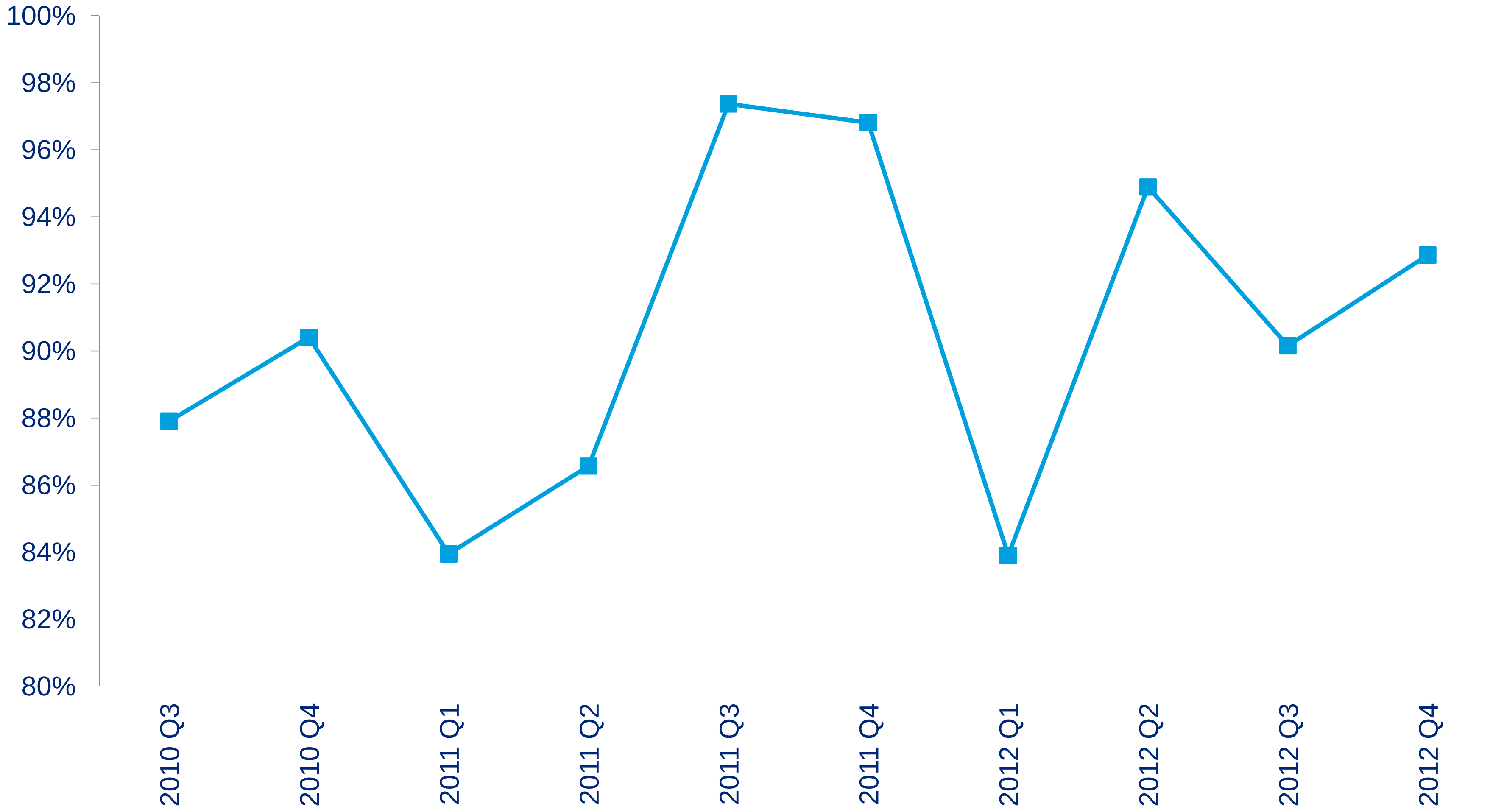
Economic growth greatest concern for CFOs

% of CFOs very concerned about the following issues affecting their business in 2013

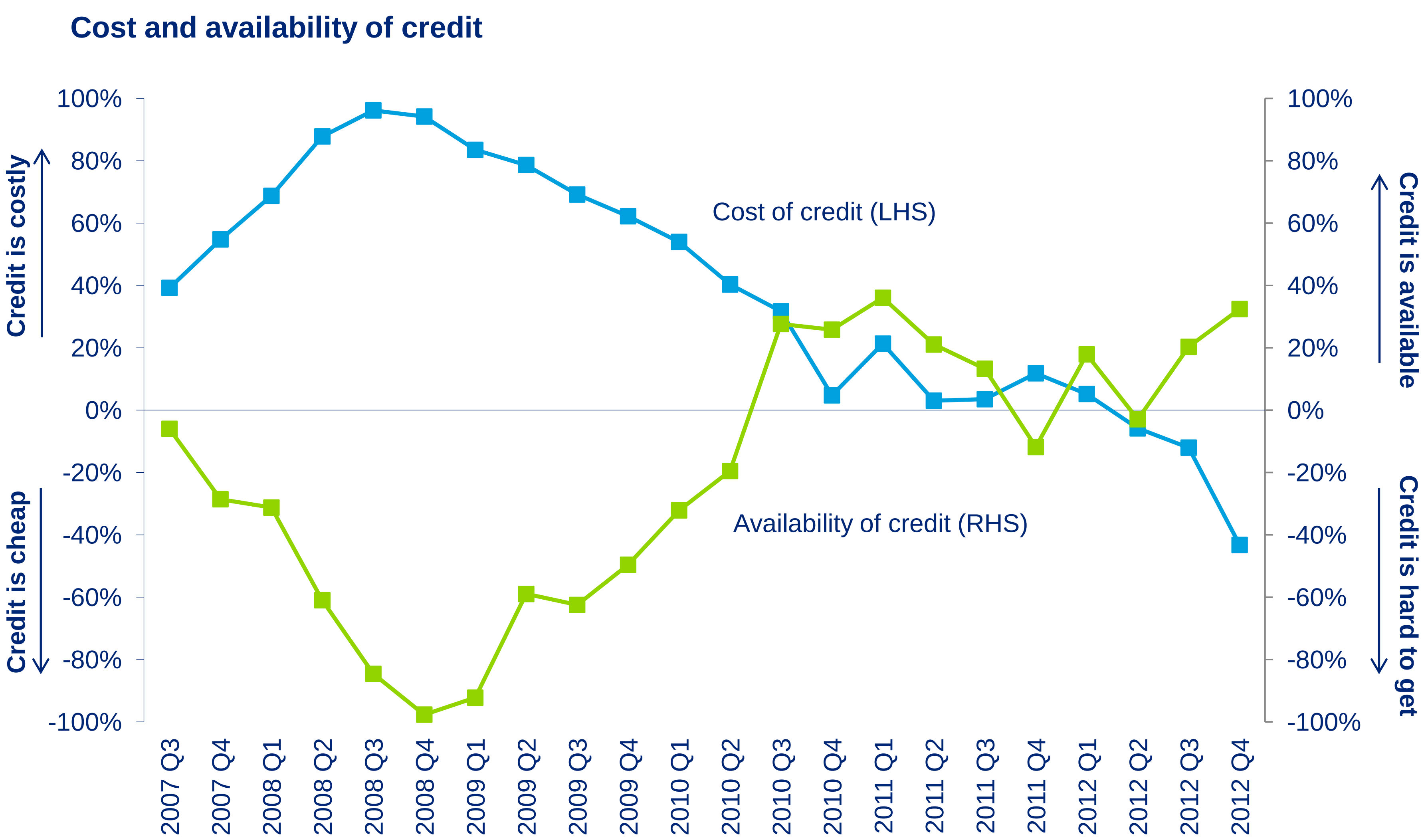


Levels of uncertainty remain elevated

% of CFOs who rate uncertainty as being above normal, high or very high

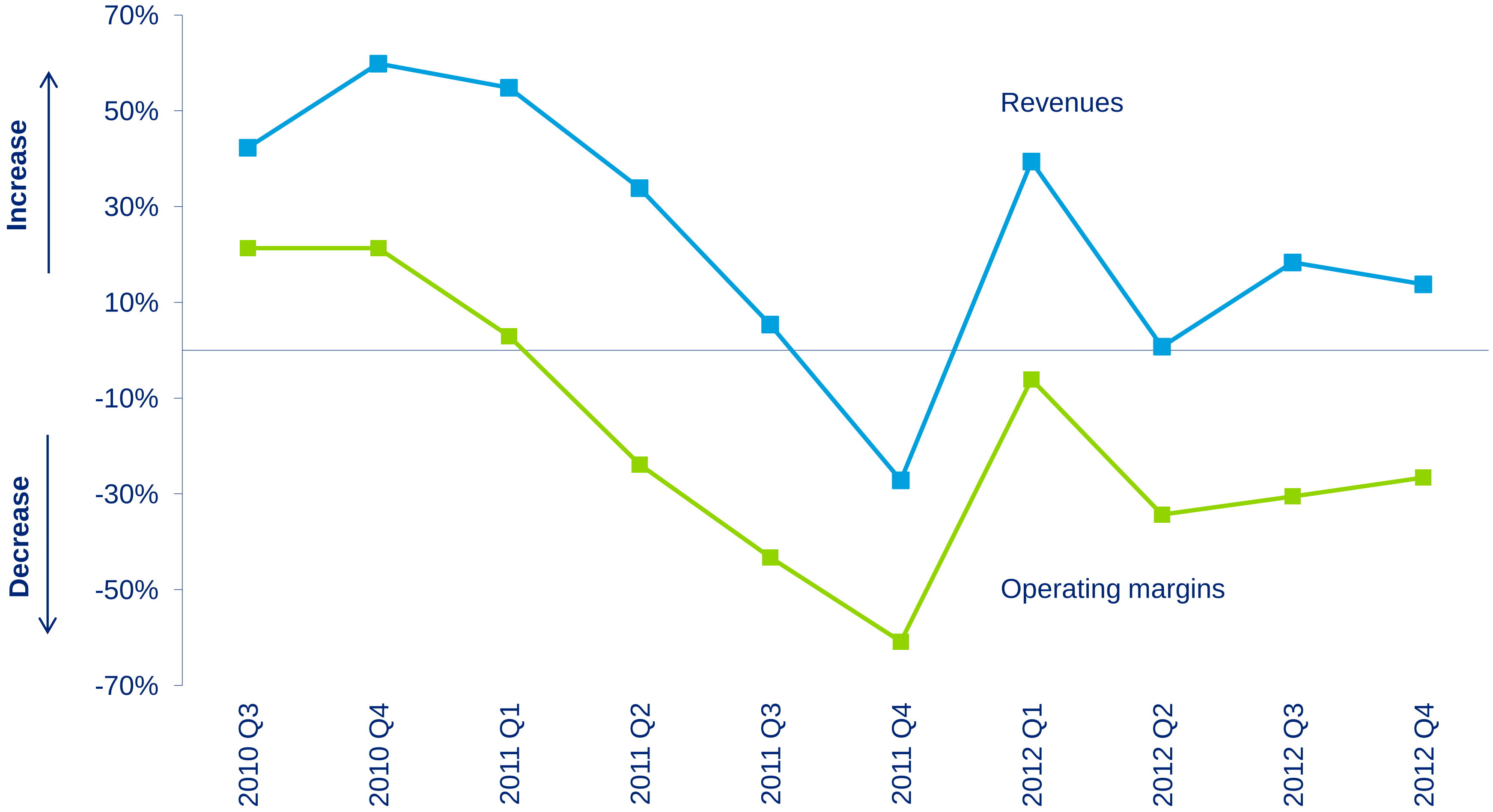


Cost of credit at five-year low



Operating margins remain under pressure

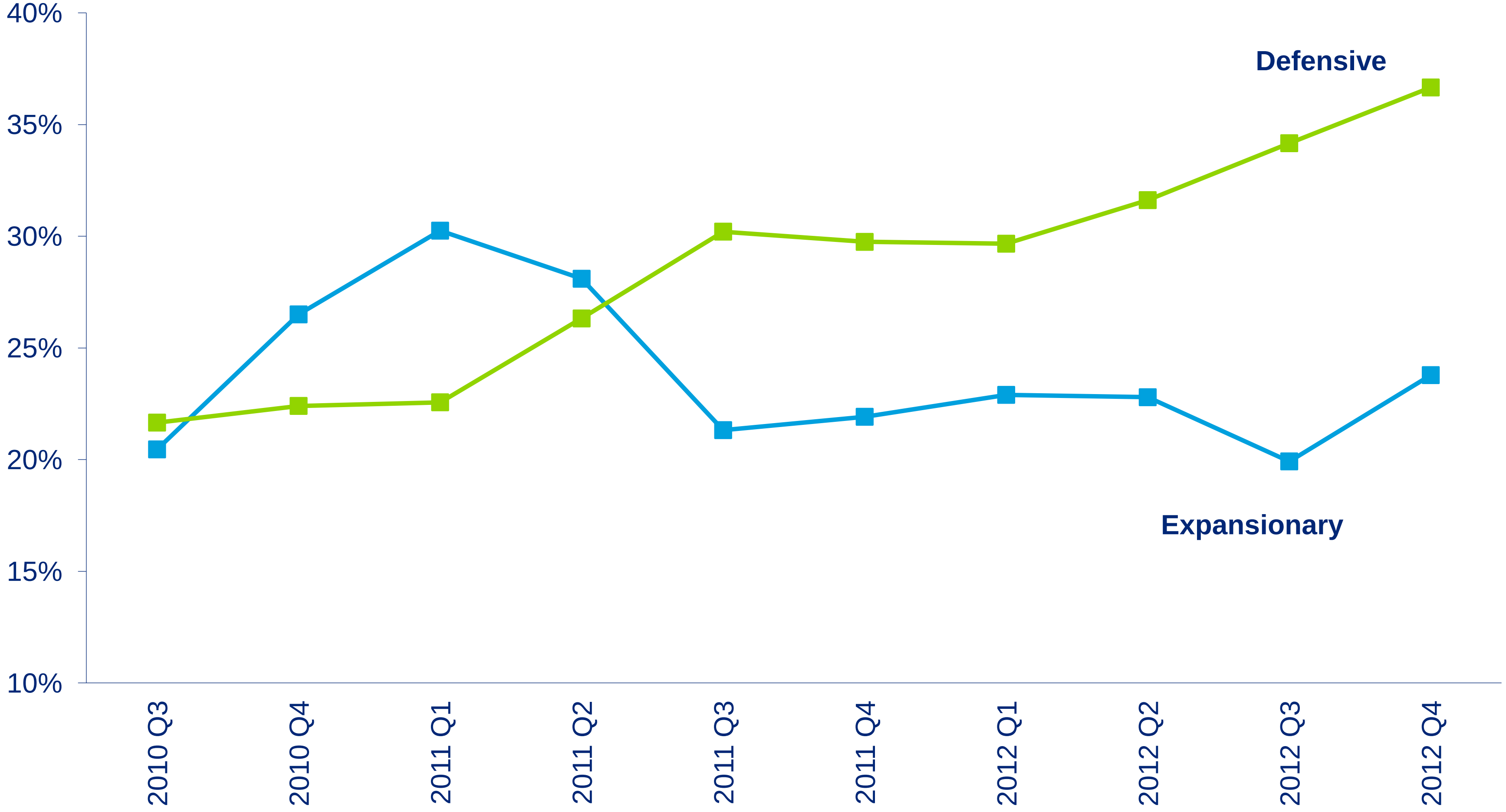
% of CFOs who expect revenues and operating margins to increase over the next 12 months



What are the current priorities?

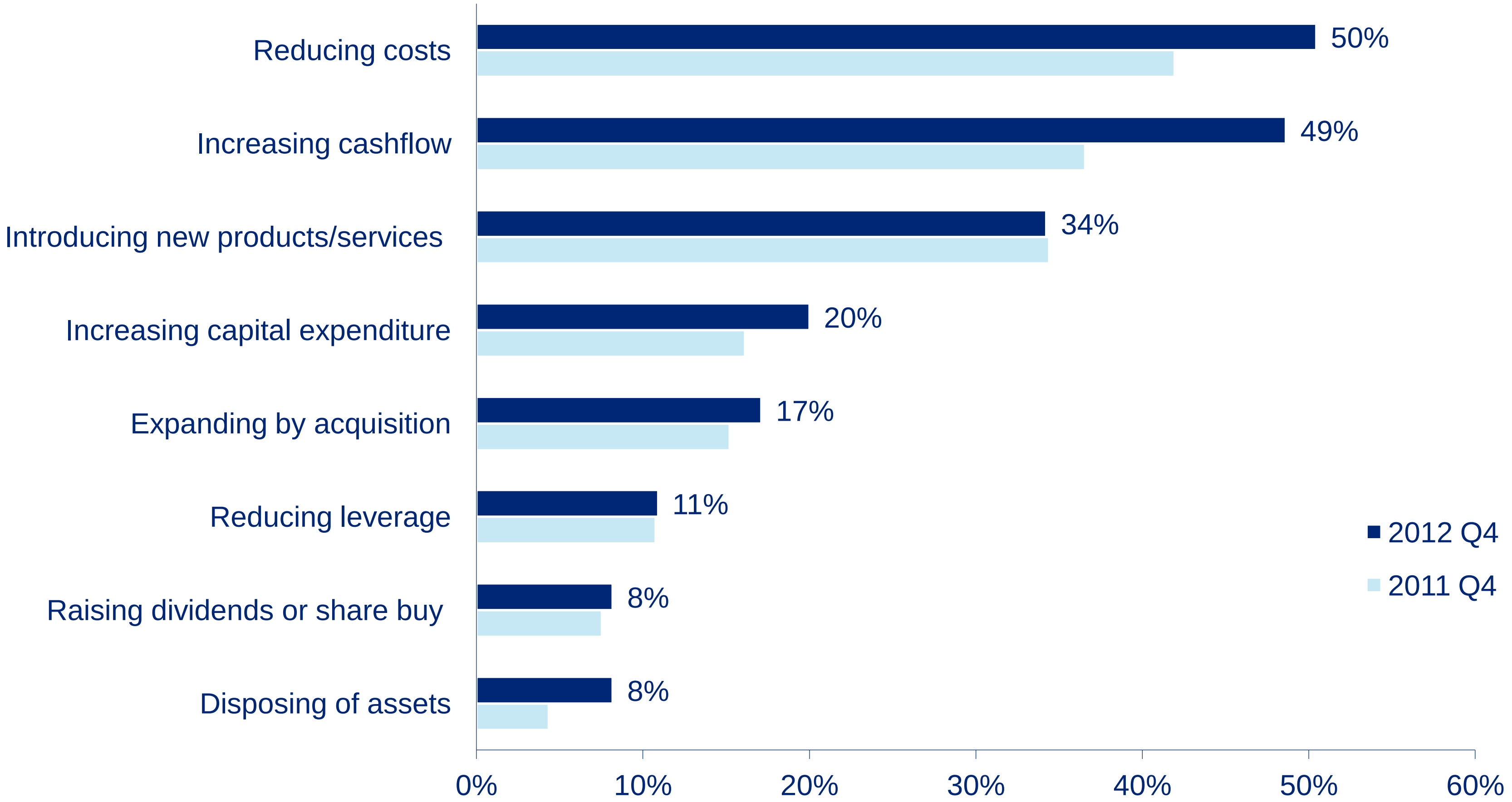
Corporates remain defensive

CFO priorities: Expansionary vs. defensive strategies



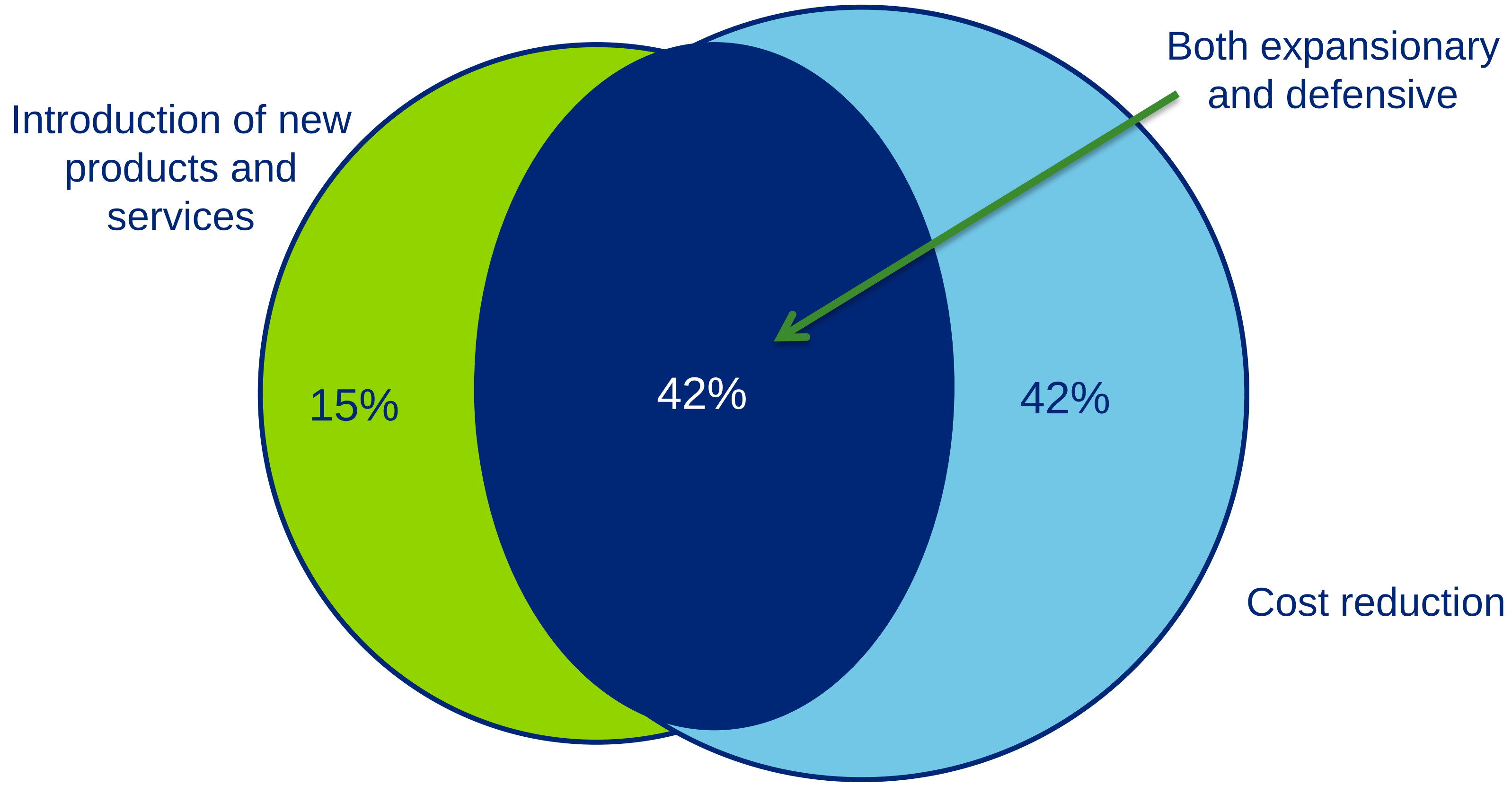
Cost control and increasing cash flow top priorities

% of CFOs who rated the following as strong priorities for their business in the next 12 months



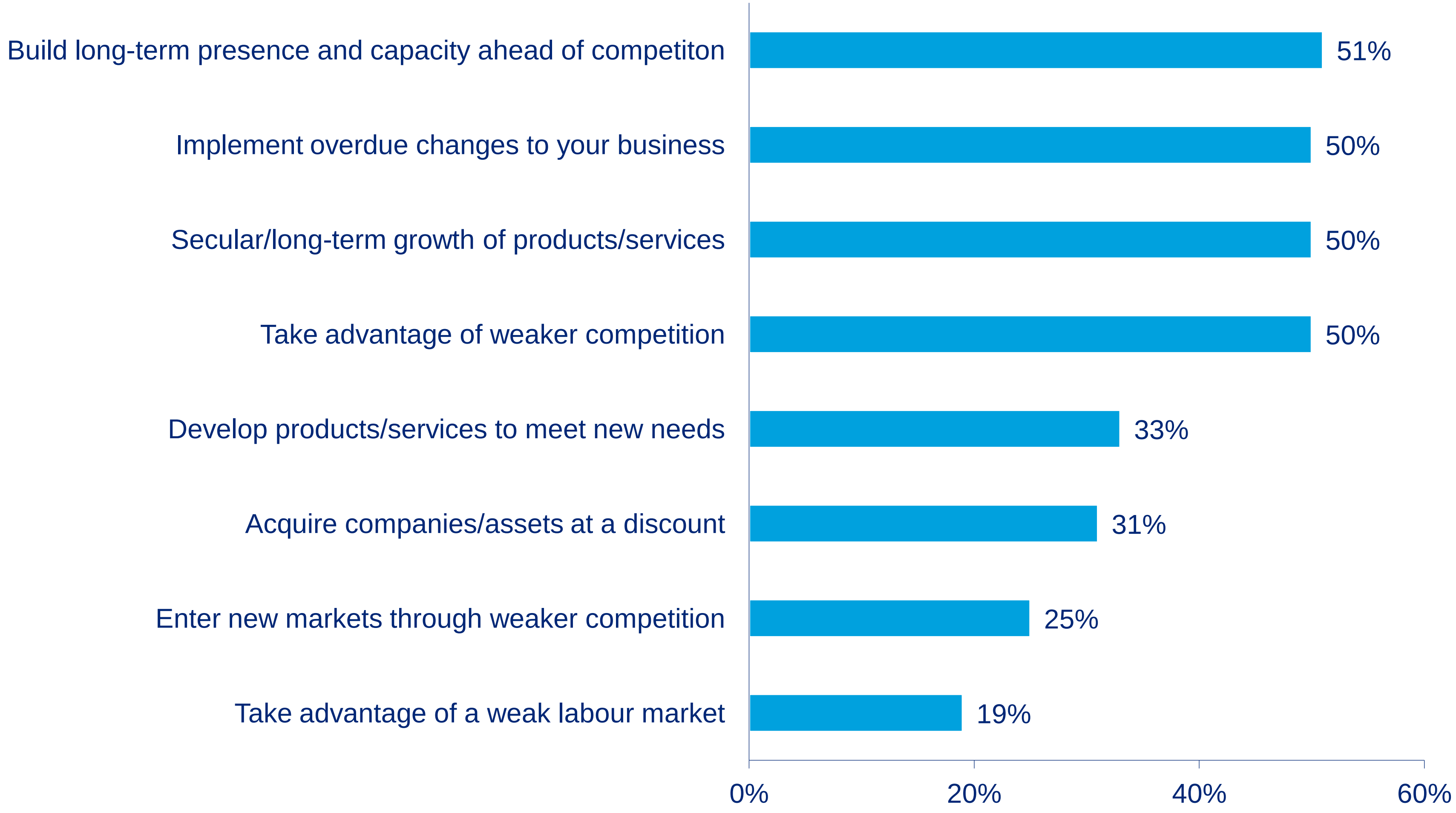
Corporates can be defensive and expansionary

Many firms identify both cost reduction and introducing new products/services as strong priorities



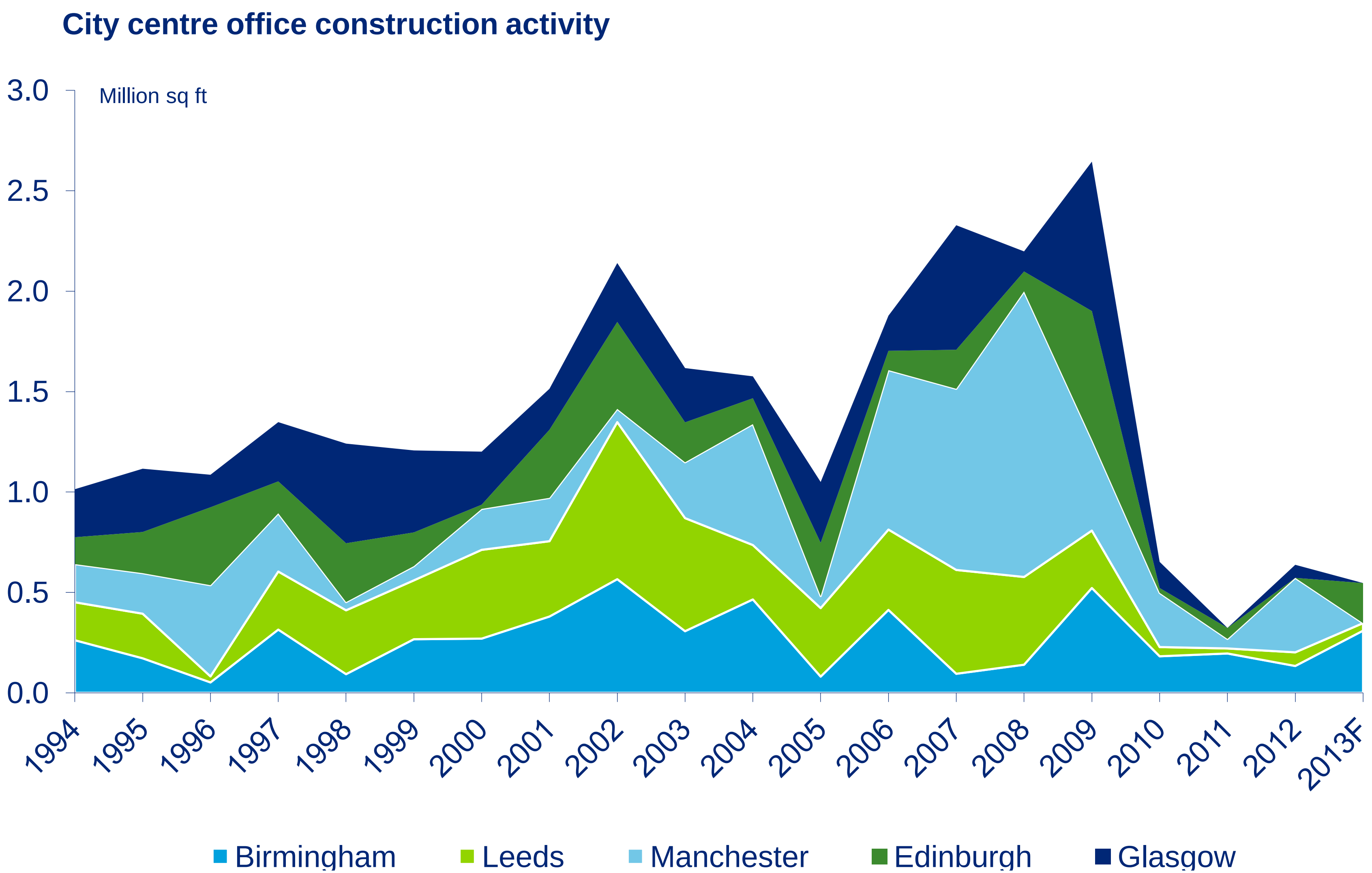
There are opportunities in 2013

Where CFOs see opportunities in 2013



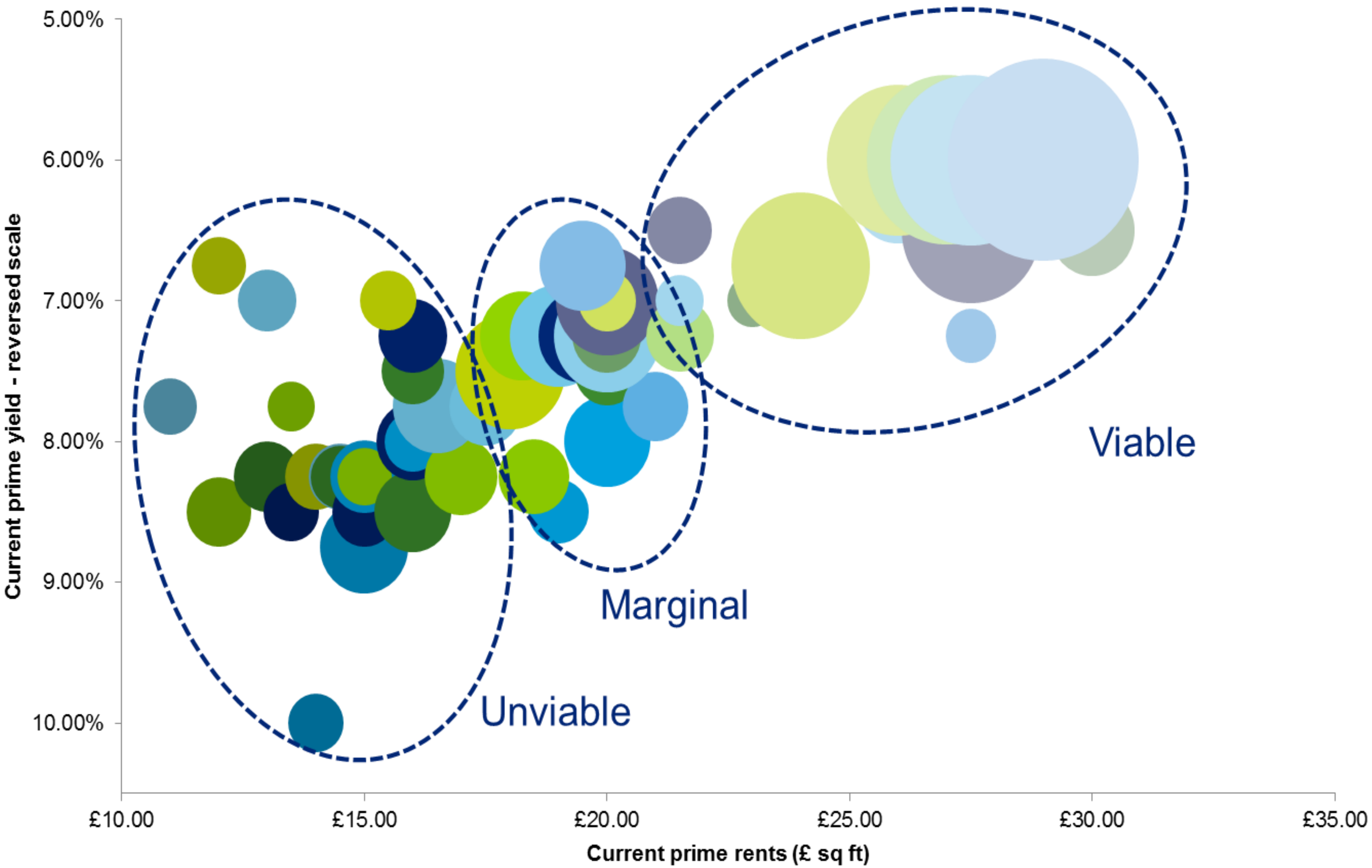
The impact on real estate

Low levels of office construction activity

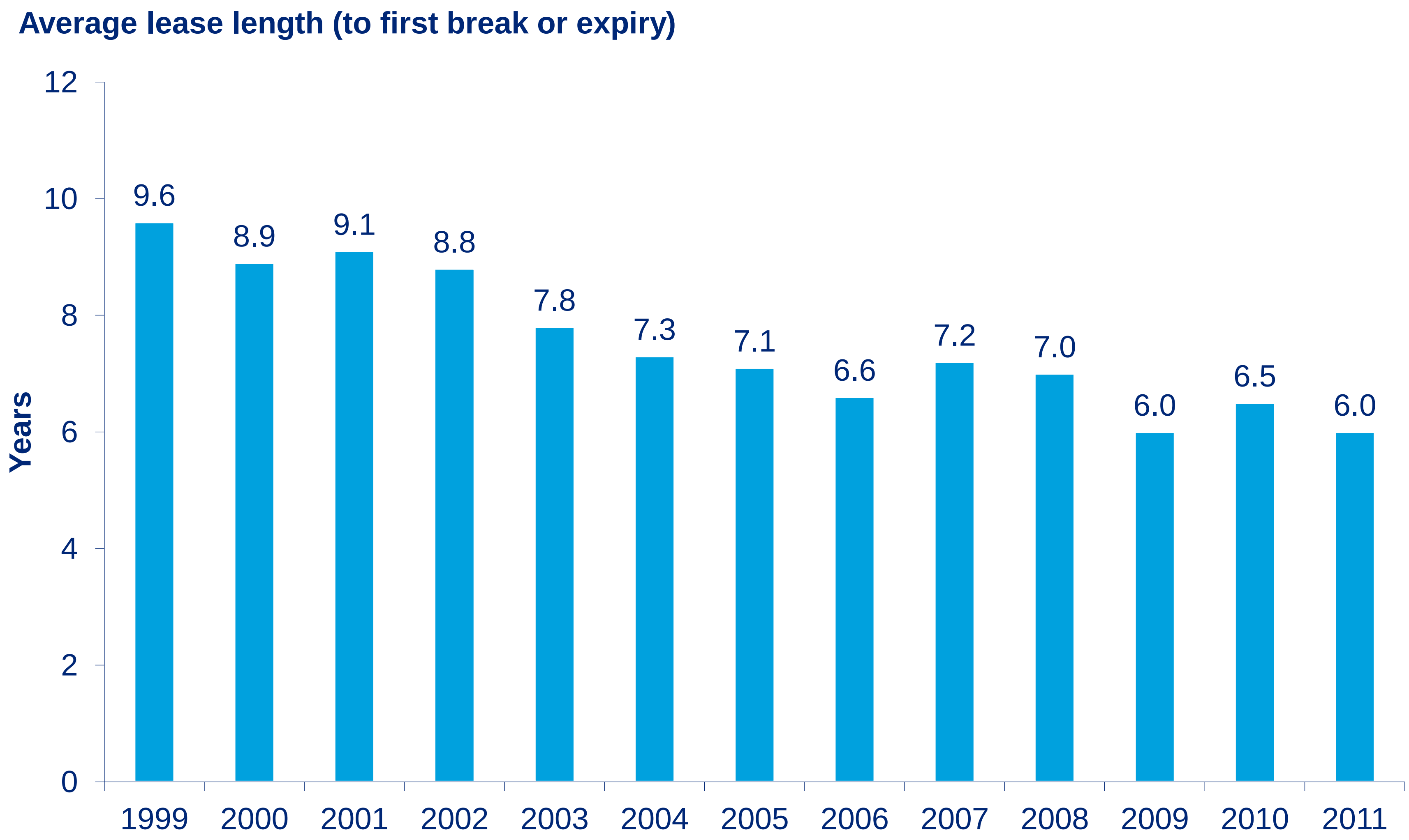


New office development not viable in many UK cities

Office construction viability: End investment value v build costs



Lease flexibility is a key factor



A real focus on the cost of occupying real estate

Average net area per office worker has decreased from **16.6 square metres to 11.8 square metres** in little over a decade

Thoughts

- More optimism
- Worries about economic growth and volatility still dominate
- Increasingly defensive strategies
- Margins remain under pressure
- Top priority is reducing costs

- Uncertainty has real impact on developers and landlords
- Increased flexibility…at what cost?