

Investment News



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August 2011

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1. ECONOMIC INDICATORS

UK

- Gross Domestic Product (GDP) increased by 0.2% in the second quarter of 2011, following an increase of 0.5% in the first quarter of 2011.
- CPI annual inflation was 4.2% in June 2011, down from 4.5% in May. In the year to June, RPI annual inflation was 5.0%, down from 5.2% in May.
- Year on year, output of the Service sector for May 2011 rose 1.4% compared with May 2010.
- Year on year, overall production output in April 2011 was 1.2% lower than in April 2010.
- Total manufacturing output increased by 1.3% in April 2011 compared to the same month a year ago.
- Output price 'factory gate' annual inflation for all manufactured products rose 5.9% in July 2011.
- The unemployment rate for the three months to May 2011 was 7.7% of the economically active population, down 0.1 on the quarter. The employment rate for those aged from 16 to 64 for the three months to May 2011 was 70.7%, unchanged on the quarter.
- Average earnings growth including bonuses increased in the year to May 2011, from the April 2011 rate of 2.0% to 2.3% in May 2011.

Growth in average earnings excluding bonuses (regular pay) increased from the April 2011 rate of 2.0% to 2.1% in May 2011.

- Over the period June 2010 to June 2011, the value of sales increased by 4.0% and the volume of sales increased by 0.4%.
- In March to May 2011, the number of visits by overseas residents to the UK grew by 8% when compared with the previous three months. Associated spending by overseas residents on visits to the UK increased by 7%. Over the same period, the number of visits abroad by UK residents increased by 11%, and associated spending grew by 7%.
- During the 12 months to May 2011, the number of visits by overseas residents to the UK increased by 3% when compared with the 12 months to May 2010, from 29.5 to 30.2 million – an increase of 0.7 million. In the 12-month period to May 2011, the number of visits abroad by UK residents remained broadly the same when compared with the 12 months to May 2010, at 56.0 million.
- Total net investment by insurance companies, pension funds and trusts was provisionally estimated to have been £17.0 billion in the first quarter of 2011, a similar level to that in the two previous quarters.
- The UK's deficit on trade in goods and services was £2.8 billion in April, 2011 unchanged from March, (originally published as a deficit of £3.0 billion).
- The UK current account recorded a deficit of £9.4 billion in the first quarter of 2011, down from a revised deficit of £13.0 billion (originally published as a deficit of £10.5 billion) in the previous quarter. The first quarter balance is equivalent to -2.5% of GDP, compared to -3.5% in the previous quarter.

For previously released UK economic indicators visit National Statistics <http://www.statistics.gov.uk/default.asp>

LONDON

- London's annual growth in output increased to 2.7% in Q4 2010 from a downwardly revised 2.4% in Q3 2010.
- London's annual employment growth increased to -1.0% in Q4 2010 from a downwardly revised -2.3% in Q3 2010.
- Annual house price inflation in London was 2.9% in Q2 2011, up from 2.1% in Q1 2011.
- The percentage of the resident working age population who are unemployed and claiming Jobseeker's Allowance in London was 4.2% in June 2011. There were 226,400 unemployment claimants in London in June 2011 compared with an upwardly revised 223,600 in May 2011.
- The Purchasing Managers' Index (PMI) of business activity recorded 57.2 in June 2011 compared to 54.00 in May 2011.

- The PMI for new orders for London firms recorded 57.9 in June 2011 compared to 56.8 in May 2011.
- The PMI for level of employment in London firms was 51.8 in June 2011 compared to 51.0 in May 2011.
- The RICS survey shows a positive net balance of 21 for London house prices over the past three months to June 2011.
- The net house price expectations balance in London was 9 in June 2011.
- 10.7 million passengers travelled through London's Airports in May 2011.
- The moving average annual rate of growth in passenger journeys increased to 2.2% from 2.0% in the previous period.

US

- Real gross domestic product (GDP) grew at an annual rate of 1.3% in the second quarter of 2011, according to today's advance estimate. This follows a growth rate of 0.4% in the first quarter of 2011, according to revised estimates.
- Personal income increased \$36.2 billion, or 0.3%, and disposable personal income (DPI) increased \$29.2 billion, or 0.2% in May. Personal consumption expenditures (PCE) increased \$4.6 billion, or less than 0.1%.
- Corporate profits grew 2.3% in the fourth quarter of 2010 and grew 29.2% in 2010 overall.
- The May 2011 international trade deficit increased 15.1% to \$50.2 billion. Exports fell 0.5% to \$174.9 billion, while imports rose 2.6% to \$225.1 billion.
- The U.S. current-account deficit increased to \$119.3 billion, or 3.2% of GDP in the first quarter of 2011, up from \$112.2 billion in the fourth quarter of 2010, or 3.0% of GDP.

For previously released US economic indicators visit US Bureau of Economic Analysis (BEA) <http://www.bea.gov/index.htm>

NY

- Private employment rose by 1,000 in May 2011, after an increase of 12,300 jobs in April. (Source: New York State Dept. of Labor)
- The unemployment rate remained at 8.6% between April and May. (Source: New York State Dept. of Labor)
- The Manhattan hotel occupancy rate in May 2011 was 89.2%, down from 91.9% in May 2010. (Source: New York State Dept. of Labor)
- The Manhattan Class A office vacancy rate was 8.3% in June 2011, while the average asking rent was \$65 PSF. (Source: New York State Dept. of Labor)
- Passengers in NYC area airports totaled 8.9 million in April 2011, up

- 4.2% from April 2010. (Source: New York State Dept. of Labor)
- In June 2011, the Midtown Class A direct vacancy rate fell to 8.6% and the rental rate rose to \$71 PSF. (Source: Cushman and Wakefield)
- The Manhattan Class A sublease vacancy rate fell to 1.8% in June 2011 from 1.9% in May. (Source: Cushman and Wakefield)
- For the four months ending May 2011: Building projects (including new, additions and alterations) that started construction in NYC increased by 32.9% and, infrastructure (non-building) project starts increased by 4.8% from the four months ending May 2010. (Source: McGraw Hill Construction)
- Planned space for building project starts increased by 25.1% from the same period in 2010. (Source: McGraw Hill Construction)
- 587 residential building projects started construction, an increase of 0.3% from the previous year. These starts contained 2,221 units of housing, a 24.4% decrease over the same period. (Source: McGraw Hill Construction)
- Total Broadway attendance was approximately 1.3 million during the five weeks ending July 3, 2011, up 4.9% from the same period last year. Broadway revenue during this period was about \$110.4 million, up 4.3% from last year. (Source: The Broadway League)
- Domestic air carriers accounted for 5.9 million passengers, a 0.8% increase from the same month last year. (Source: Port Authority of New York and New Jersey)
- 3.1 million passengers traveled with international air carriers in April 2011, an 11.4% increase from April 2010. (Source: Port Authority of New York and New Jersey)
- In May 2011 the average daily hotel room rate was \$275, a 6.4% increase from May 2010. (Source: PKF Consulting)
- The average daily hotel room rate increased the most in mid-priced hotels (charging between \$225 and \$300 per night). (Source: PKF Consulting)
- Total ridership on MTA subways, trains and buses in May 2011 was 226.9 million, an increase of 0.5% from May 2010. In May 2011, subway ridership was 140.2 million, an increase of 2.5% from May 2010. (Source: Metropolitan Transportation Authority)

2. INVESTMENT INDICATORS

UK Inward Investment report 2010/11

During the year ending March 2011 the UK received 1,434 foreign direct investment (FDI) projects. More than 94,500 jobs were associated with these investments. Compared to the previous year, associated jobs are up. Project numbers are down - even so, this is one of the highest levels of FDI

projects ever recorded in the United Kingdom

Underlining the United Kingdom's status as a springboard for global growth, FDI came from 54 source countries – a repeat of the previous year's record performance. Other highlights include:

- The USA remains by far the biggest source of investment projects, accounting for 27 per cent of all investment and almost 40 per cent of created or safeguarded jobs.
- Associated jobs were up for the majority of our leading investor economies.
- Project numbers were down for many countries, but there were increases for markets such as India, Canada, Spain, Switzerland and the Netherlands.
- Among the high growth markets, India and China are still the two principal sources of inward investment by project numbers.
- The rest of the top twelve source countries are mainly the major developed economies, highlighting their continued importance to the United Kingdom.

Latest UK/US Trade & Investment Facts and Figures

UK and US are each others' single largest foreign investors, biggest partners in trade, and most important partners in science and innovation. The US is the UK's largest export destination, and the UK is the US' 6th largest trade partner.

4.5 million British nationals visited the US last year, and 2.87 million Americans visited the UK the previous year.

678,000 British citizens live in the US, 130,000 Americans in the UK.

UK investment stock in the United States is £ 252 billion (2009). US investment stock in the UK is £159 billion (2009). Over a quarter of the new investment projects in the UK in 2009/10 were from the US – 484 out of 1,619, creating 31,500 new jobs in sectors as diverse as life sciences, the creative industries, ICT and professional services (more than the next five largest investors put together – Japan, France, India, Germany and China).

The UK accounts for 20% of total FDI in the US. UK/US bilateral trade in goods and services in 2010 was £119 billion (\$65.6 billion in goods; £53.5 billion in services), a 7% increase from 2009.

Almost a million people in the US go to work each day for British companies there, and over a million go to work for US companies in the UK.

The US and the UK have the largest venture capital markets in the world with significant US investment being made into innovative UK companies and UK investment being made into innovative US companies.

The UK is the perennial top destination for Americans who study temporarily outside of the US. In November 2009, the annual Institute for International Education once again cited the UK as the number one destination for study abroad, rising almost 2% with 33,333 Americans studying in England, Scotland, Wales and Northern Ireland in the 2007-2008 school year (14% of overall study abroad students). More than 10,000 more Americans study in the UK as full-time international students, in undergraduate, graduate, and doctoral programs.

European Investment Monitor 2011

The UK remains Europe's top destination for foreign direct investment (FDI) with its highest number of investments since 1997, according to Ernst & Young's annual European Investment Monitor.

The data, which is researched and powered by Oxford Intelligence, analyzes inward investment into Europe. It shows that the UK attracted 728 FDI projects in 2010, up 7% on the previous year, compared with 562 projects in France and 560 in Germany – whose projects rose by 34%, bolstered by its position as the number one location for Chinese investment in Europe since 2007.

London by itself attracted more projects than all but France, Germany and Russia, with 289 FDI projects in 2010 up from 263 in 2009.

Although the UK and France remained the most attractive countries for investors, the real success story for 2010 among the major European economies was Germany whose project numbers rose by 34% to 560 in 2010 challenging France for second place.

Countries in Central and Eastern Europe saw strong growth in 2010 with Russia, Poland, Hungary and the Baltics all recording double digit growth in the numbers of projects reflecting the strong economic recovery in the region and its growing attractiveness to business.

Portugal, Greece and Spain all saw a decline in project numbers and the latter was overtaken by Russia as the fourth largest recipient for FDI in Europe. By contrast Ireland saw a 36% growth in projects in 2010 underlining its long term competitiveness in terms of tax rates and a highly skilled workforce.

EU27 Foreign Direct Investment

Following the economic crisis, EU27 FDI (foreign direct investment) in the rest of the world (outflows) declined significantly in 2010, falling by 62%, from 281 billion euros in 2009 to 107 billion in 2010, while FDI into the EU27 from the rest of the world (inflows) dropped by 75%, from 216 billion to 54 bn. This continues the trend of recent years, with EU27 outflows in 2010 standing at more than five times lower than in 2007, and inflows around eight times lower.

The strong fall in EU27 investments in the rest of the world in 2010 is explained by the significant declines recorded with the offshore financial centres (from 89 billion euro in 2009 to 21 billion in 2010), the USA (from 79 billion to 12 billion) and Switzerland (from 44 billion to disinvestment of 7 billion).

The USA was the main source of investment in the EU27, although down strongly from 97 billion euro in 2009 to 28 billion in 2010. Investments in the EU27 also decreased significantly from Switzerland (from 25 billion to 6 billion). However, investments increased strongly from Canada (from 1 billion to 28 billion), Hong Kong (from 1 billion to 11 billion) and Brazil (from 0.4 billion to 4 billion), and to a lesser extent from Japan and China.

Luxembourg, with outflows of 38 billion euros, was the largest investor outside the EU27 in 2010, followed by Belgium (36 billion), Germany (29 billion) and France (23 billion). Luxembourg (48 billion) was also the main recipient of FDI inflows from outside the EU27, ahead of the United Kingdom (28 billion), Ireland (21 billion) and Germany (14 billion).

As in previous years, the EU27 was in 2010 a net investor in the rest of the world, with outflows higher than inflows by 53 billion euro. Among the EU Member States, Belgium was the largest net investor outside the EU27 in 2010, with net investment of 38 billion, followed by Sweden (22 billion), the Netherlands (19 billion), France (15 billion) and Germany (14 billion). With inflows higher than outflows by 16 billion, the United Kingdom was the largest net recipient of FDI from outside the EU27, followed by Ireland (14 billion) and Luxembourg (9 billion).

Global FDI Increases 5% in 2011

Global foreign direct investment (FDI) inflows rose five per cent to \$1.24 trillion in 2010, UNCTAD's annual investment survey reports. The study indicates, however, that FDI flows at the end of the year were still some 15 per cent below their pre-crisis average and nearly 37 per cent below their peak in 2007. Overall, investment continues to lag behind recoveries in global industrial output and world trade, which are already back to their

pre-crisis levels.

The World Investment Report predicts that the recovery of FDI flows will continue in 2011 and will reach a total of some \$1.4 to \$1.6 trillion, thus returning to the pre-crisis average. Thereafter, flows are forecast to rise to \$1.7 trillion in 2012 and \$1.9 trillion in 2013.

3. NEW INVESTMENTS

US Investments into the UK

ISI Relocates UK Offices

Pennsylvania-based Innovative Systems, Inc. (ISI), a leading global provider of data management and regulatory compliance software solutions for the construction and maintenance of customer-centric initiatives announced the relocation of its European offices from Woking, Surrey to the City of London. ISI's relocation of its European headquarters will bring the company closer to its increasing client base and enable enhanced customer communications and support. ISI chose the location of the new office, near Liverpool Street, to allow for further expansion, as the company predicts an even greater increase in business in the coming years.

Innovative Systems, Inc. 790 Holiday Drive, Pittsburgh, PA 15220-8127
Tel: 412-937 9300 Fax: 412-937 9309 Website:
www.innovativesystems.com

Innovative Systems Incorporated, 4 Crown Place, Sun Street, London EC2A 4BT Tel: +44 (0) 207 422 6310

Rocket Fuel Launches European HQ in London

Rocket Fuel Inc., the company bringing rocket science to display advertising, announced its expansion into the UK market, the availability of its bespoke real time behavioral profiling technology to UK agencies and brand advertisers, and the appointment of its UK management team to spearhead growth and drive market share. Based at its new European headquarters in London, the company has appointed digital advertising specialist, Dominic Trigg as Vice President and Managing Director for Rocket Fuel UK.

Rocket Fuel Inc. 350 Marine Parkway, Second Floor, Marina Park Center, Redwood City, CA 94065 Tel: 650- 595 1300 Fax: 650- 517 8780 Email:
info@rocketfuel.com Website: www.rocketfuelinc.com

Rocket Fuel Ltd. 7-10 Adam Street, The Strand, London WC2N 6AA Tel:

+44(0) 207 520 9075 Email: infouk@rocketfuel.com

Scanbury Opens London Office

New York-based Scanbuy, Inc., the global leader in mobile barcode solutions, has announced the opening of its new office in London and addition of David Marutiak as the Managing Director of their UK office located in London. The news comes as part of Scanbuy's aggressive international expansion in 2011 that has also included office openings in France and Mexico. Scanbuy is headquartered in New York with local offices in London, Mexico, Chile, France, Spain, Denmark, and China.

Scanbury Inc, 54 West 39th Street, 4th Floor, New York, NY 10018 Tel: 212-278 0178 Fax: 212-764 0269 Website: www.scanbuy.com

Pace Global Relocates UK Office

Pace Global, a leading energy consulting and management company announces the relocation of its UK office to Guildford. This new location in the UK's South East, close to London, will serve as Pace Global's primary sales and service center covering the UK and, in conjunction with their Moscow office, will augment the service support they provide to continental Europe.

Pace Global, 4401 Fair Lakes Court, Fairfax, VA 22033 Tel: 703- 818 9100. Email: info@paceglobal.com Website: www.paceglobal.com

Pace Global, 1 Farnham Road, Guildford, Surrey GU2 4RG Tel: +44 (0)1483433 410 Fax: +44(0)1483 549 100 Email: info@paceglobal.com Website: www.paceglobal.com

MKP Capital Opens London Office

Diversified alternative asset manager MKP Capital Management, has opened a new London office. The new office, which is situated at 3 St James's Square, is expected to help enhance the firm's ability to service clients in Europe and the Middle East.

MKP Capital Management, 600 Lexington Avenue, New York, NY 10022 Tel: 212-303 7100 Email: InvestorRelations@mkpcap.com Website: www.mkpcap.com

TeleSign Opens European HQ in UK

California-based TeleSign Corporation, a market leader in phone-based authentication and verification services, announced the opening of a new

European headquarters in London and the appointment of Craig Whitney as vice president, EMEA (Europe, Middle East and Africa.) This expansion and new leadership outside the U.S. will enable TeleSign to more efficiently service its international clients and will support the company's rapidly growing global operations.

TeleSign Corp. 4136 Del Rey Ave, Marina Del Rey, CA 90292 Tel: 310-882 6538 Fax: 310- 593 2796 Email: information@telesign.com Website: www.telesign.com UK: Tel: +44 (0) 330 808 0081

Keller Fay Group Opens UK Office

The Keller Fay Group, a market research consultancy focused on word of mouth (WOM) marketing, announces the opening of its UK office in London. The UK office will be headed by Steve Thomson.

Keller Fay Group, 65 Church Street, 3rd Floor, New Brunswick, NJ 08901
Tel: 732- 846 6800 Email: info@kellerfay.com Website: www.kellerfay.com

Steve Thomson, Managing Director, UK Tel: +44 7769 289 590
Email: sthomson@kellerfay.com

SilkRoad Technology Opens Office in UK

Illinois-based SilkRoad Technology, Inc., a provider of talent management solutions, announced it has expanded its global operations with a new corporate office in London. Giles Hodson, Managing Director, Northern Europe, will lead the office, which will enable the firm to better meet the increasing needs of corporations throughout the United Kingdom, Nordics and Netherlands looking to advance their talent management capabilities.

SilkRoad Corporate Headquarters, 20 West Kinzie Street, Suite 1220, Chicago, IL 60654 Website: www.silkroad.com

SilkRoad Technology UK Ltd, Queensberry House, 106 Queens Rd, Brighton BN1 3XF Tel: +44 0 1273 862381

State Street Establishes Centre in UK

Global financial services leader State Street is to establish a European Centre of Excellence in Edinburgh, creating 90 new jobs. State Street, which provides financial services to institutional investors, is expanding its Scottish operations by creating a European Centre of Excellence for cash servicing. The announcement will increase the company's Scottish

workforce from 750 to 840 employees and the new posts will be professional and administrative roles. State Street operates in 26 countries and more than 100 markets and has had a presence in Scotland since 1998.

State Street Corporation, 1 Lincoln St. Boston, MA 02111 Tel: 617-786 3000 Website: www.statestreet.com

State Street Bank & Trust, 525 Ferry Road, Edinburgh, Scotland EH5 2AW Tel: +44 131 479 2500 Fax: +44 131 315 2999

ColorMatrix Opens UK-based Technology Center

Ohio-based ColorMatrix, a supplier of liquid colorants and additives, has opened a technology center at its UK site. The £1m investment will allow the company to enhance its R&D capabilities and materials analysis. The Global Technology Centre will house a suite of instruments for material analysis and product testing, including major expansion to the spectroscopy and microscopy analysis laboratory.

ColorMatrix, 680 North Rocky River Drive, Berea, Ohio 44017-1628 Tel: 216-622-0100 Fax: 216-622-0502 Email: info@colormatrix.com Website: www.colormatrix.com

ColorMatrix, Unity Grove, Knowsley Business Park, Knowsley, Merseyside, L34 9GT Tel: +44 (0)151 632 8800 Fax: +44 (0)151 548 3800 Email: info@colormatrix.co.uk

UK Investments into the US

Talent Works International Opens First Office in the US

Market mapping and talent pooling specialists Talent Works International (TWI) have continued their global expansion by opening their first office in the US. The move is part of the firm's continued drive to commit to supporting its clients' businesses in identifying and engaging with the world's leading talent. The new office will open in Miami this week. The Florida operation will be the first of a number of planned openings in the US.

Talent Works International (HQ), The Old Granary , South Bridge Road, Northampton, NN4 8HP Tel: +44 (0) 1327 320 980 Email: info@mytalentworks.co.uk Website: www.mytalentworks.co.uk

AorTech International Relocates Manufacturing Operations to US

UK-based medical technology firm AorTech International has relocated its primary manufacturing operations to the Minneapolis/St Paul area in the US. AorTech anticipates the relocation will be beneficial in a number of ways. Firstly, it will allow for the growth of AorTech's polymer and component businesses. Secondly, the MSP area is the hub for the largest concentration of medical technology companies in the world and includes many of AorTech's current and potential customers.

Corporate Headquarters, AorTech International plc, Level Two Springfield House, 23 Oatlands Drive, Weybridge, Surrey KT13 9LZ Website: www.aortech.com

Brady Opens New Office in New York

Brady plc, the leading supplier of trading and risk management solutions for the metals, energy and soft commodities markets, announces the opening of its New York office this month. New York is Brady's second office in North America and is a demonstration of the company's continued commitment to its clients and its global markets. This expansion follows the strong growth Brady has continually delivered in recent years. The new office is at 41 E. 11th Street, 11th Floor, New York, NY 10003. Sebastian Esposito, President of Brady Americas, will be heading the new office.

Head Office, Brady plc, 281 Cambridge Science Park, Milton Road, Cambridge CB4 0WE Tel: +44 (0)1223 479479 Fax: +44 (0)1223 472510 Website: www.bradyplc.com

London office: Brady plc, 60 Cannon Street, London EC4N 6NP Tel: +44 (0)20 7002 1619 Fax: +44 (0)20 7002 1100

Brady plc, Four Tower Bridge, 200 Barr Harbor Drive, Suite 400, West Conshohocken, PA 19428 Tel: 610-660 7797 Fax: 610-941 2990

Brady plc, 41 E. 11th Street, 11th Floor, New York, NY 10003

TNS Opens New Office in Miami

UK-based TNS, the world's largest custom research company, has announced the opening of a new office in Miami to serve regional clients across Latin America. This new office will be led by Gustavo Alvarez, who joins TNS as Regional Accounts Director, Latin America. TNS has been conducting research in Latin America for more than 30 years and it has one of the largest operations in this high growth region employing over 600 people and covering 15 countries.

TNS Global Market Research company, 222 Gray's Inn Road, London
WC1X 8HB

Tel: +44 (0)20 7160 5500 Website: www.tnsglobal.com

TNS Global Market Research company, 11 Madison Avenue, 12th Floor,
New York, NY 10010 Tel: 877-541 9930 Email: info-us@tns-global.com