

Investment News



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October 2011

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1. ECONOMIC INDICATORS

UK

- CPI annual inflation was 4.5% in August, up from 4.4% in July. RPI annual inflation was 5.2% in August, up from 5.0% in July.
- Year on year, all retail sales saw: no growth in the volume of sales between August 2010 and August 2011, the value of sales increase by 4.7% between August 2010 and August 2011. Month on month, all retail sales saw: the volume of sales decreased by 0.2% between July 2011 and August 2011, no growth in the value of retail sales over the same period.
- The employment rate for the three months to July was 70.5% and there were 29.17 million employed people. The unemployment rate was 7.9% and there were 2.51 million unemployed people.
- Total pay (including bonuses) rose by 2.8% on a year earlier. Regular pay (excluding bonuses) rose by 2.1% on a year earlier.
- The seasonally adjusted number of visits to and from the UK rose in the three months May to July 2011 when compared with the previous three months. However, visits abroad completed in July alone were down compared with July 2010. May to July 2011, the number of visits to the UK by overseas residents increased by 2% to 7.9 million. Earnings from visits to the UK by overseas residents increased by 4% to £4.5 billion. The number of visits abroad by UK residents

increased by 3% to 14.3 million. Expenditure on visits abroad by UK residents increased by 5% to £7.9 billion

- Business investment for the second quarter of 2011 was estimated to be 11.6% higher than the previous quarter and 3.8% higher than the same period last year.
- The UK's seasonally adjusted deficit on trade in goods and services was £4.5 billion in July, unchanged from the deficit in June.

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

LONDON

- London's annual growth in output decreased to 2.5% in Q1 2011 from 2.7% in Q4 2010.
- London's annual employment growth increased to -0.6% in Q1 2011 from -1.0% in Q4 2010.
- Annual house price inflation in London decreased to 2.2% in Q2 2011, from 4.4% in Q1 2011.
- The percentage of the resident working age population who are unemployed and claiming Jobseeker's Allowance in London was 4.4% in August 2011. There were 234,600 unemployment claimants in London in August 2011 compared with 231,200 in July 2011.
- The Purchasing Managers' Index (PMI) of business activity recorded 53.7 in August 2011 compared to 59.5 in July 2011.
- The PMI for new orders for London firms recorded 55.9 in August 2011 compared to 60.1 in July 2011.
- The PMI for level of employment in London firms was 50.0 in August 2011 compared to 50.9 in July 2011.
- The RICS survey shows a positive net balance of 39 for London house prices over the past three months to August 2011.
- The net house price expectations balance in London was 10 in August 2011.
- 12.7 million passengers travelled through London's airports in July 2011. The number of passengers using London's airports increased by 1.8% from July 2010 to July 2011.
- The moving average annual rate of growth in passenger journeys fell to 2.1% from 2.3% in the previous period.

US

- Real gross domestic product (GDP) grew at an annual rate of 1.3% in the second quarter of 2011. This follows a growth rate of 0.4% in the first quarter of 2011.
- Personal income increased \$18.7 billion, or 0.1%, and disposable personal income (DPI) increased \$16.3 billion, or 0.1%, in June, Personal consumption expenditures (PCE) decreased \$21.9 billion,

or 0.2% .

- Corporate profits grew 2.3% in the fourth quarter of 2010 and grew 29.2% in 2010 overall.
- The July international trade deficit decreased 13.1%, to \$44.8 billion. Exports rose 3.6%, to \$178.0 billion, while imports fell 0.2%, to \$222.8 billion.
- The U.S. current-account deficit decreased to \$118.0 billion or 3.1% of GDP, in the second quarter of 2011 -- down from \$119.6 billion in the first quarter of 2011, or 3.2% 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 19,300 in July 2011, after an increase of 5,800 jobs in June. (Source: New York State Dept. of Labor)
- The unemployment rate remained at 8.7% between June and July 2011. (Source: New York State Dept. of Labour)
- The Manhattan hotel occupancy rate in July 2011 was 89.0%, up from 88.2% in July 2010. (Source: New York State Dept. of Labor)
- The Manhattan Class A office vacancy rate was 8.3% in August 2011, while the average asking rent was \$65 PSF. (Source: New York State Dept. of Labor)
- Passengers in NYC area airports totaled 9.7 million in June 2011, up 2.4% from June 2010. (Source: New York State Dept. of Labor)
- In August 2011, the Manhattan Class A direct vacancy rate fell to 8.3% from 8.4% in July and the average rental rate remained at \$65 PSF. (Source: Cushman and Wakefield)
- In August 2011, the Midtown South Class A direct vacancy rate fell to 3.6% and the rental rate rose to \$57 PSF. (Source: Cushman and Wakefield)
- The Manhattan Class A sublease vacancy rate rose to 1.8% in August 2011 from 1.6% in July. (Source: Cushman and Wakefield)
- For the four months ending July 2011: Building projects (including new, additions and alterations) that started construction in NYC increased by 23.8% and, infrastructure (non-building) project starts fell by 3.6% from the four months ending July 2010. (Source: McGraw Hill Construction)
- Planned space for building project starts increased by 0.7% from the same period in 2010. (Source: McGraw Hill Construction)
- 910 residential building projects with 3,148 units of housing started construction, increases of 25.2% and 17.3% respectively over the period. (Source: McGraw Hill Construction)
- Total Broadway attendance was approximately 788,100 during the four weeks ending August 28, 2011, down 3.9% from the same period last year. Broadway revenue during this period was about \$73.1 million, up 0.1% from last year. (Source: The Broadway League)
- In June 2011, 9.7 million passengers flew into and out of the region's airports, an increase of 2.4% from June 2010. (Source: Port Authority of New York and New Jersey)
- Domestic air carriers accounted for 6.3, million passengers, a 2.5% increase from the same month last year. (Source: Port Authority of New York and New Jersey)
- 3.4 million passengers traveled with international air carriers in June

2011, a 2.2% increase from June 2010. (Source: Port Authority of New York and New Jersey)

- In July 2011 the average daily hotel room rate was \$243 a 6.8% increase from July 2010. (Source: PKF Consulting)
- Hotel occupancy was 89.0% in July 2011, up from 88.2% in July 2010. (Source: PKF Consulting)
- The average daily hotel room rate increased the most in mid-priced hotels (charging between \$200 and \$275 per night). (Source: PKF Consulting)
- Total ridership on MTA subways, trains and buses in July 2011 was 210.3 million, a decrease of 2.1% from July 2010. In July 2011, subway ridership was 131.1 million, a decrease of 2.1% from July 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.

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, analyses 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 bn in 2010, while FDI into the EU27 from the rest of the world (inflows) dropped by 75%, from 216 bn 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 centers (from 89 bn euro in 2009 to 21 bn in 2010), the USA (from 79 bn to 12 bn) and Switzerland (from 44 bn to disinvestment of 7 bn).

The USA was the main source of investment in the EU27, although down strongly from 97 bn euro in 2009 to 28 bn in 2010. Investments in the EU27 also decreased significantly from Switzerland (from 25 bn to 6 bn). However, investments increased strongly from Canada (from 12 bn to 28 bn), Hong Kong (from 1 bn to 11 bn) and Brazil (from 0.4 bn to 4 bn), and to a lesser extent from Japan and China.

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

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

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% below their pre-crisis average and nearly 37% 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.

US Investment Position: Second Quarter 2011

In the second quarter of 2011, Income receipts on U.S.-owned assets abroad increased to \$191.6 billion from \$178.9 billion. Income payments on foreign-owned assets in the United States increased to \$128.2 billion from \$124.0 billion.

Net financial inflows were \$25.7 billion in the second quarter of 2011, down from \$156.1 billion in the first.

US owned assets abroad decreased \$22.9 billion in the second quarter, following an increase of \$334.4 billion in the first. Foreign-owned assets in the United States increased \$2.8 billion in the second quarter, following an increase of \$487.2 billion in the first.

U.S. direct investment abroad was \$134.1 billion in the second quarter, up from \$89.2 billion in the first. Foreign direct investment in the United States was \$47.7 billion in the Second quarter, following investment of \$28.5 billion in the first.

3. NEW INVESTMENTS

US Investments into the UK

Allison & Partners Opens London Office

US-based PR company Allison & Partners, has opened its first overseas office in London, U.K., marking three years of solid growth and expansion that includes an increase in the level of business the firm is managing in the European Union. The new location will help the firm's U.S. clients expand into European markets and provide European clients with the resources they need to successfully enter the U.S. market. The office is one part of a broader global expansion initiative that will explore a presence in Asia, Latin America and other vital European locations. Allison & Partners has appointed Susanna Hughes as director to lead the office.

Allison & Partners, 505 Sansome Street, 7th Floor, San Francisco, CA 94111. Tel: 415-217 7500

Scott Allison, President & CEO, Email: scott@allisonpr.com Website: www.allisonpr.com

Allison & Partners, 8/9 Carlisle Street, 2nd Floor London W1D 3BP .

Contact: Susanna Hughes phone: +44 (0)203.463.2108 Email: Susie@allisonpr.com

Buddy Media Opens European HQ in London

New York-based Buddy Media, the WPP-backed Facebook page and campaign management system, has opened its European headquarters in London as it continues its global expansion plans. Buddy Media, which launched in the US in 2007, provides a platform for brands to launch, maintain and monitor their Facebook presence. It claims to currently manage social media for eight of the world's top 10 global advertisers. The European team, based in London, will be led by Luca Benini, as Managing Director. Erinn Marzo, who is Vice President of International Sales at Buddy Media, will be also based in its European office.

Corporate Headquarters, Buddy Media, 360 W. 31st Street, 12th Floor, New York, NY 10001

Tel: 646-380 7300 Website: www.byddymedia.com

European Headquarters , Buddy Media, Golden Cross House,8

Duncannon Street, Strand, London WC2N 4JF. Tel: +44 (0) 20748 45436

Verocel Opens Office in UK

Verocel, Inc., an independent software verification company serving the global safety-critical software industry, announced that it has incorporated a new subsidiary, Verocel Limited, based in Trowbridge, UK, to pursue business opportunities in the aerospace, railway, medical, and process industry sectors in the UK. Industry veteran Dewi Daniels has been named Managing Director of Verocel Limited. The new subsidiary extends the company's physical presence in the expanding European market for safety-critical software verification services and products.

Verocel, Inc. 234 Littleton Road, Suite 2A, Westford, MA 01886. Tel: 978-392 8850

Fax: 978-392 8501, George Romanski, President:
romanski@Verocel.com, Email: Info@Verocel.com Website:
www.verocel.com

Verocel Limited, UK , Grangeside Business Support Centre, 129 Devizes Road, Hilperton, Trowbridge BA14 7SZ Tel: +44 1225 718912, Dewi Daniels, Managing Director: ddaniels@verocel.com

YuMe Chooses UK for First European Office

YuMe, a California-based video advertising technology company, has announced the launch of YuMe Europe with its first office in London. YuMe Europe provides advertisers and publishers with the platform to manage advertising campaigns across all screens – PC, mobile, connected TV, offering the most effective and comprehensive solution for advertisers and publishers looking to reach today's consumers with video. The European headquarters will serve as the base for further expansion across Europe.

YuMe, Corporate Headquarters, 1204 Middlefield Road, Redwood City, CA 94063. Tel: 650-591 9400 Fax: 650-591 9401 Website:
www.yume.com

YuMe, 14 Rathbone Place, Lower Ground Floor, London W1T 1HT. Tel: +44 (0)207 580 2834

UK Investments into the US

Sedex Establishes First US Office in New York

UK-based Sedex, the Supplier Ethical Data Exchange, has announced the opening of its first office in New York. As the leading global data exchange, it is important that Sedex has a presence in key markets. With

a growing membership base in the US specifically, this new office will ensure that they are able to effectively and efficiently support both their existing and potential members.

Sedex Information Exchange, 24 Southwark Bridge Road, London, SE1 9HF. Tel: 020 7902 2300 Website: www.sedex.org.uk

Sedex Information Exchange, 26th Floor, 405 Lexington Avenue, New York 10174. Tel: 212- 829 4328 Website: www.sedexglobal.com

Micrositez Announces US Expansion

UK-based digital marketing agency, Micrositez, has announced its expansion into the US market by opening a new Office in Orlando, Florida. Expansion into the USA allows them to better service their current US clients.

Micrositez Ltd, The Hub, Pacific Quay, Digital Media Quarter, Glasgow, G51 1EA. Tel: 0141 419 9952 Email: enquiries@micrositez-seo.co.uk
Website: www.micrositez-seo.co.uk

Micrositez Ltd, 29th Floor, One Canada Square, Canary Wharf, London, E14 5DY. Tel: 0844 357 1499

Micrositez, 605 Crescent Executive Court, Lake Mary, FL, 32746. Tel: 407 878 7802 Email: enquiries@micrositez.us

4. TRADE SHOWS

UK

October 19-20, 2011 - IP Expo - Earls Court 2, London

Website: <http://www.ipexpo.co.uk/>

"IP EXPO is a true end-to-end IT infrastructure event. Visitors can learn about IP, Virtualization, the Cloud, Wireless and Storage technologies - and see how they connect together."

Contact: Andrew Williams, Commercial Specialist Tel: +44 (0)20 7894 0417 Email: Andrew.Williams@trade.gov

November 7-10, 2011 - World Travel Market - Excel, London

Website: www.wtmlondon.com

World Travel Market (WTM) is the largest annual travel trade show in the UK and regularly attracts over 46,000 participants, including 25,000 attendees and over 5,500 exhibitors from more than 200 countries with 200 plus from the U.S.

Contact: Stewart Gough, Commercial Specialist Tel: +44 (0)20 7894 0419 Email: Stewart.Gough@trade.gov

US

October 22-27, 2011 - High Point Market-Fall 2011 - High Point, NC

Email: bcasey@highpointmarket.org

Website: <http://www.highpointmarket.org>

"See the world's most comprehensive product selection, including more new products than all other markets combined. Connect to the hottest home trends and business best practices with leading researchers and industry experts."

Contact: Marcella Marcheso, Commercial Specialist Tel: +44 (0)20 7894 0433 Email: Marcella.Marcheso@trade.gov

October 25-27, 2011 - Louisiana Gulf Coast Oil Expo (LAGCOE) - Lafayette, LA

Website: <http://www.lagcoe.com/>

"For more than 57 years, LAGCOE has been providing unprecedented access to key decision makers, state-of-the-art technologies and the very latest in offshore and onshore drilling capabilities."

Contact: Claudia Colombo, Commercial Specialist Tel: +44 (0)20 7894 0443 Email: Claudia.Colombo@trade.gov

November 1-4, 2011 - Automotive Aftermarket Industry Week 2011 (AAIW): SEMA Show/AAPEX - Las Vegas, NV

Website: <http://www.aaiwshow.com/>

"Meet over 4,000 innovative U.S. and international exhibitors from all parts of the world. Be a part of the 100,000+ industry professionals who come to Las Vegas every year to exchange ideas and build their businesses. Visitors came from 113 countries last year! Preview over 7,500 new products that will set trends for tomorrow. Learn about tomorrow's aftermarket at more than 100 educational seminars, workshops and product demonstration clinics. "

Contact: Sara Jones, Commercial Assistant Tel: +44 (0)20 7894 0451 Email: Sara.Jones@trade.gov