

**BUSINESS PROPERTY BULLETIN  
May 2004**

[www.scottishproperty.co.uk](http://www.scottishproperty.co.uk)

Scottish Enterprise  
Dunbartonshire

This report is prepared by SPN on behalf of Scottish Enterprise Dunbartonshire. It reviews industrial and office market activity in the year to December 2003. The report begins with an overview of general economic conditions and of activity in Scottish industrial and office markets, before focussing on supply, take-up and market performance in the Dunbartonshire area.

**Scottish Economic Review**

Provisional estimates of seasonally adjusted Gross Domestic Product (GDP) for Scotland, published by the Scottish Executive in April 2004, indicate growth of 0.2% in the fourth quarter of 2003 and 1.7% over the year to Q4 2003. Published figures for the UK as a whole show stronger growth in Q4 of 0.8% and growth of 1.8 % over the year to Q4.

Q4 saw a significant change from the recent trend, with growth of 1.6% in the production sector and growth of 0.6% in manufacturing, compared to a decline in output of 0.2% in the service sector. However, over the whole of 2003 output fell in the Scottish production sector by 1.6% and manufacturing declined by 2.2%, compared to growth of 2.3% in the service sector.

Across the UK, output in services grew by 2.2% in 2003, while the production sector recorded a decline of 0.5% and manufacturing output fell by 0.2%.

The construction sector in Scotland performed well in 2003, recording 5.7% growth in output, compared to 5.0% across the UK.

Recent figures from the Royal Bank of Scotland's PMI Scotland Report for April<sup>1</sup> indicate 10 successive months of growth in the Scottish private sector economy, with April recording the highest level of output for 4 years and indications of expanding employment in all sectors. However the report warns that growth in Scotland continues to lag the rest of the UK, including the predominantly manufacturing regions of the Midlands and North West.

Above trend economic growth in the second half of 2003, together with underlying inflationary pressure, prompted the Bank of England MPC to raise base rates to 3.75% in November 2003 and to 4.0% in February 2004. Continuing rapid house price inflation and increasing retail sales prompted a further rise to 4.25% in May.

The Chancellor in his March Budget statement predicted growth in the UK economy of 3% to 3.5% in 2004, but the Fraser of Allander Institute maintained its forecast for growth in Scottish output at 2.1%.

Scottish claimant count unemployment rate in March 2004 was 3.6%, down by 0.1% over the year. The Labour Force Survey average total employment in the period Spring to Winter 2003 was unchanged at 74%.

East Dunbartonshire's unemployment rate at 1.8% has fallen 0.3% over the year to April, and remains under the Scottish average. Unemployment has also fallen in West Dunbartonshire but remains relatively high at 4.9%.

Table 2

	<b>Claimant Count Unemployment</b>	<b>Average Total Employment</b>
<b>Scotland</b>	3.6%	74%
<b>East Dumb.</b>	1.8%	75%
<b>West Dumb.</b>	4.9%	72%

Source: Scottish Executive

Table 1

<b>GDP Seasonally Adjusted</b>	<b>% Change Q4 2003 on Q3 2003</b>	<b>% Change Year to Q4 2003</b>
<b>Scotland</b>	0.2 (0.8)	1.7 (1.8)
<b>Production</b>	1.6 (-0.1)	-1.6 (-0.5)
<b>Construction</b>	1.2 (1.4)	5.7 (5.0)
<b>Services</b>	-0.2 (1.0)	2.3 (2.2)

Note: UK Figure in brackets.  
Source: Scottish Executive April 2004

<sup>1</sup> Purchasing Managers' Index Scotland Report, Royal Bank of Scotland/ NTC Research, April 2004

**Scottish Industrials – Overview**

The overall supply of available industrial floorspace in Scotland peaked in the first quarter of 2003, and declined slowly over the nine months to December. Despite this decline, the volume of available floorspace remains relatively high at 7% above the 3-year average. By contrast, the number of units on offer is at the lowest level for six years, reflecting a shift in supply towards larger units.

During 2003, the fall in available floorspace was confined mainly to Forth Valley (-47%), Glasgow (-26%), Grampian (-15%) and Tayside (-14%). Supply also fell marginally in Renfrewshire, but increased in all other areas including Edinburgh & Lothian (+16%) and Lanarkshire (+25%).

Take-up of industrial floorspace continued to fall in the first three quarters of 2003, but increased by 7% in Q4. Despite this increase at the end of the year, take-up of industrial space in 2003 was 14% below the three-year average.

During 2003, only Forth Valley and Renfrewshire recorded an increase in take-up. All other LEC areas have seen a decline in take-up of floorspace compared to the previous year. In the three years to December 2003, only Renfrewshire has recorded growth in take-up.

The RICS in Scotland's Commercial Property Survey for Q3 2003 reports little movement in industrial rents in most areas. Reported rental growth in the year to September was marginally negative in most areas and positive only in Livingston, Perth and Dundee. Growth in the three years to September was highest in Glasgow at only 1.6%.

The CB Richard Ellis Scottish Quarterly Index reports a return to limited rental growth in Q4 of 2003 at 0.6% and growth for the year of 0.1%, which is weaker than the UK.

**Scottish Offices – Overview**

Following a dip in supply in the first half of 2003, the steady rise in available office accommodation since 2001 resumed in the second half of the year. Available office floorspace at December 2003 was at the highest level yet recorded by SPN, 13% higher than at December 2002 and 21% above the five-year average.

During 2003, only Grampian and Tayside recorded a fall in available office supply, while all other areas recorded an increase. The biggest rise in available floorspace was in Lanarkshire at 70%, while Edinburgh & Lothian recorded a rise of 22%. Both Glasgow and Edinburgh cities recorded a rise in available office floorspace in 2003 of 12%.

Office take-up rose in the second half of 2003 for the first time in 2.5 years. During 2003, take-up of floorspace was 17% higher than in 2002, although the number of transactions was marginally down.

There was considerable regional variation, with growth confined to Edinburgh & Lothian, Fife, Lanarkshire and Renfrewshire.

Take-up in Glasgow was virtually unchanged from the previous year, while Edinburgh City recorded a rise of 45% in floorspace taken up.

The RICS in Scotland's Commercial Property Survey at September 2003 suggests falling rental values in Edinburgh over the previous year, particularly for business park space. Returns for Glasgow indicate a slight fall in rental values for city centre open plan space, but some marginal growth for business parks and traditional space. Returns for Aberdeen (west end) and Dundee suggest growth of 4% - 4.5% over the year.

The CB Richard Ellis Scottish Quarterly Index reports positive rental growth for offices in Q4 of 2003 (0.2%), for the first time in two quarters, bringing their annual growth for 2003 to -1.9%.

Figure 1

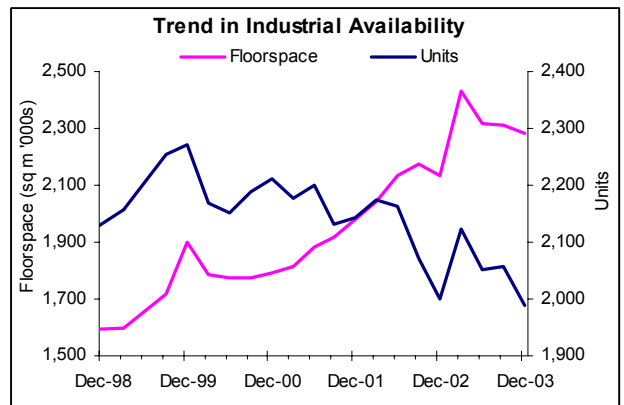


Figure 2

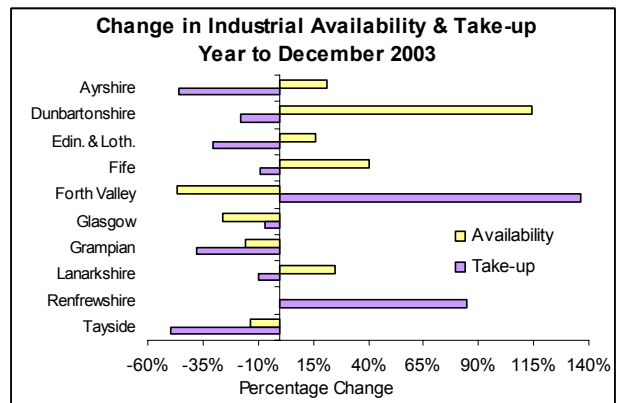
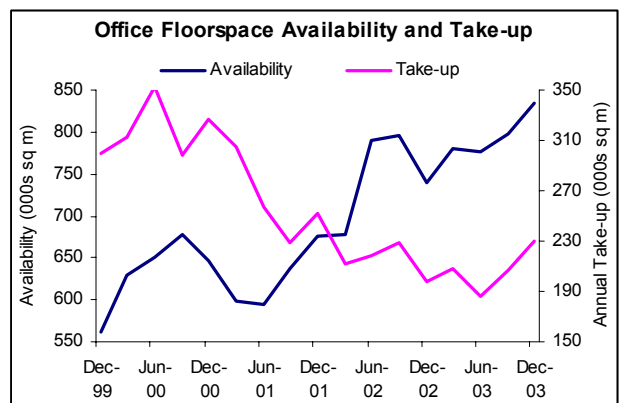


Figure 3



## Business Property Market – Dunbartonshire

### Industrial Stock

SPN holds information on 470,000 sq m of 'standard'<sup>2</sup> industrial accommodation in 657 units in Dunbartonshire. West Dunbartonshire contains 474 of these units and 80% of the total floorspace.

Dunbartonshire has a relatively high proportion of industrial stock in small units, with 55% of units under 200 sq m and 11% over 999 sq m. This compares to an average distribution across Central Scotland of 45% under 200 sq m and 17% over 999 sq m. Stock in East Dunbartonshire is even more heavily weighted towards small sizes.

Industrial stock in Dunbartonshire is older than average, with 80% of floorspace built pre-1980 and only 8% built post-1990. On average across Central Scotland, 13% of floorspace is post-1990 and only 69% pre-1980. Most of the large units in Dunbartonshire are pre-1980s, with very few units over 499 sq m built since 1990.

### Industrial Availability

At December 2003, SPN recorded 92 available industrial units in Dunbartonshire that totalled 118,748 sq m. The proportion of recorded stock currently available has increased since our last report, as shown in Table 3 below.

Table 3

Industrial Availability - Dunbartonshire		
	Rate of Availability	
	Units	Floorspace
Dunbartonshire	14%	26%
Central Scotland	11%	15%
Glasgow	11%	12%
East Dunbartonshire	15%	32%
West Dunbartonshire	14%	24%

Industrial availability has increased steadily since September 2002 as shown in Figure 5. Available floorspace rose dramatically in the first quarter of 2003 due to several large units coming onto the market, as previously reported. In the year to December 2003 the supply of floorspace increased by 114% and the number of units on offer rose by 48%.

At December, the supply of floorspace was 63% above the 5-year average and 62% above the 3-year average.

Most of the growth in floorspace was in West Dunbartonshire (172%), but the small East Dunbartonshire market saw a rise in available units from 9 to 27 (200%), mainly in small workshops at Woodilee Industrial Estate.

<sup>2</sup> This includes all industrial units within recognised industrial estates or industrial areas, but excludes single user facilities and 'non' standard premises. In addition, premises identified as 'business units', 'yards' and 'open storage' have also been excluded from this analysis.

Figure 4

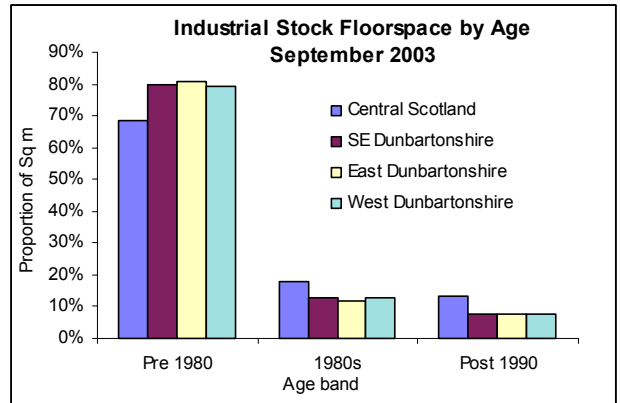


Figure 5

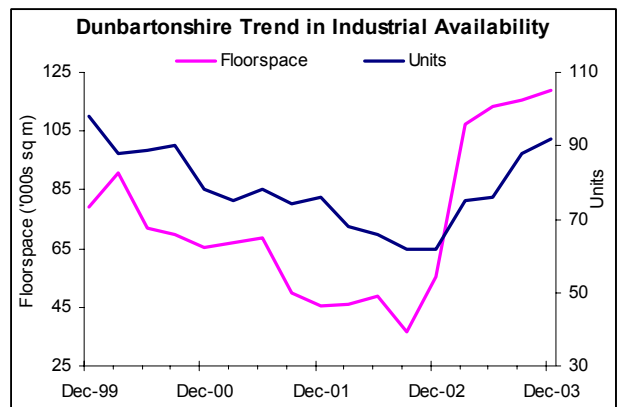


Figure 6

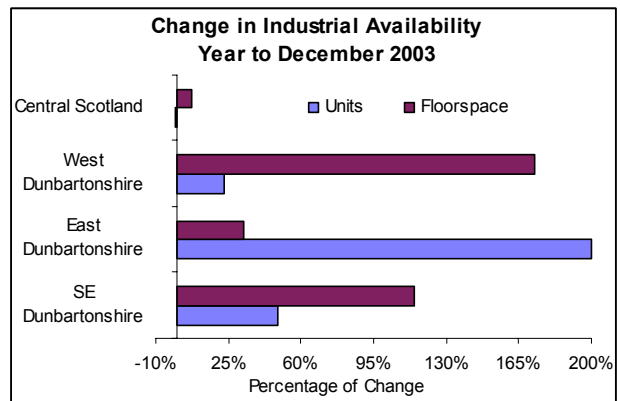
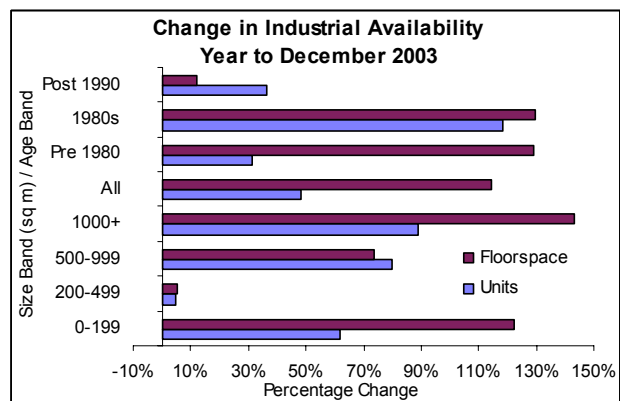


Figure 7



Central Scotland over the year recorded a rise in available floorspace of 7%, but a marginal decrease of available units (Figure 6).

Available supply increased in all age and size bands, as shown in figure 7, with the largest increases in older space. The only size range that did not record significant growth was 200-499 sq m, but this band still accounts for 25% of units in Dunbartonshire and 31% in West Dunbartonshire, compared to only 20% on average in Central Scotland

Only 18% of units in Dunbartonshire are over 999 sq m, compared to 27% in Central Scotland.

A high proportion of available units in East Dunbartonshire (48%) are under 200 sq m and only 4 units over 1,000 sq m.

**Industrial Take-up**

In the year to December 2003, SPN recorded take-up of 33 units in Dunbartonshire that totalled 8,178 sq m. This was a decrease on the previous year's take-up of 21% in unit numbers and of 18% in floorspace. Take-up of floorspace in 2003 was 51% below the 5-year average while the number of transactions was 18% below the 5-year average.

Only modern (post-1990) space recorded any significant growth in take-up over the year and only for space in the 200-499 sq m size-band. There was no take-up in the 500-999 sq m size band in 2003 and only 2 units taken up in this band in the previous year.

The small East Dunbartonshire market recorded a significant increase in take-up over the year from a relatively low base in 2002. In West Dunbartonshire take-up fell by 38% in terms of floorspace and by 47% in units.

Central Scotland, over the year to December 2003 recorded a fall of 8% in the volume of floorspace taken up, with no change in the number of transactions.

Average annual take-up for Dunbartonshire, estimated from the total recorded take-up over 3 years to September 2003 is shown below.

Table 4

Average Annual Take-up	Units	Floorspace (sq m)
Dunbartonshire	35	10,129
East Dunbartonshire	12	1,983
West Dunbartonshire	24	8,146

Availability at December 2003 is expressed in Figure 11 as a number of years average take-up. On this basis, Dunbartonshire has 2.6 years supply of units and nearly 12 years supply of floorspace, largely due to the recent increase available floorspace. Central Scotland as a whole has 1.6 years supply of units and 3.6 years supply of floorspace.

Figure 8

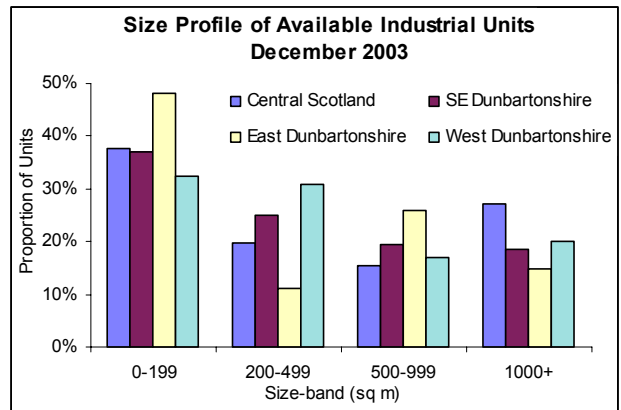


Figure 9

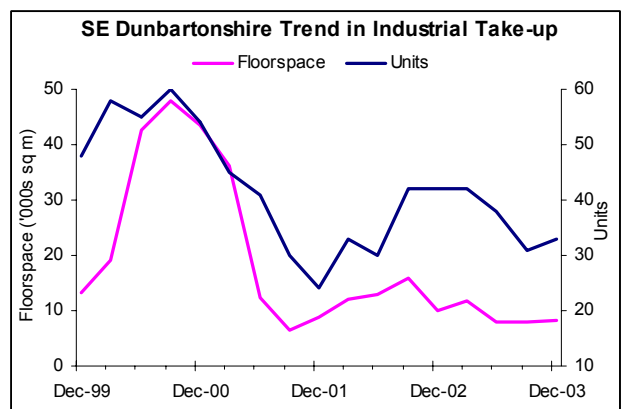


Figure 10

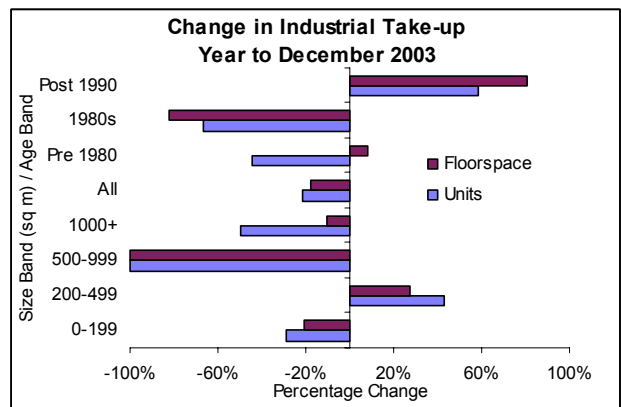
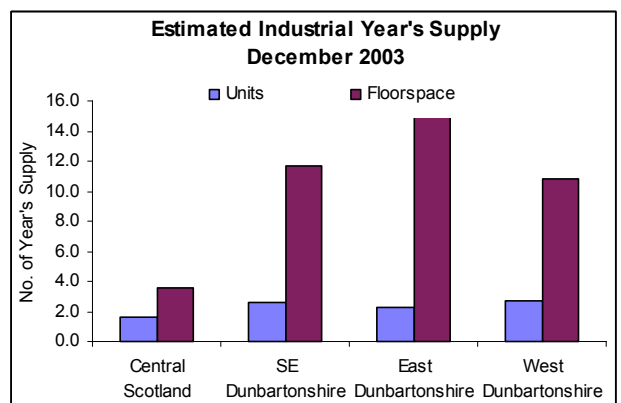


Figure 11



**Office Availability**

On 31<sup>st</sup> December 2003, SPN recorded 31 available office and business units in Dunbartonshire that totalled 12,170 sq m. Approximately two-thirds of this space is in West Dunbartonshire.

Roughly half (51%) of available floorspace (6,190 sq m) was built post 1990, with three-quarters (73%) of this modern space in West Dunbartonshire.

Total office availability at December includes 4 premises (1,474 sq m) that were under offer at the time.

The volume of available office space fell only marginally over the year and has not changed significantly over the previous two years to stand, at December, just 4% below the 3-year average. However the number of premises on offer has declined steadily to 16% below the 3-year average (Figure 12).

In 2003 West Dunbartonshire recorded a decrease of around 12% in availability of both units and floorspace. Unit numbers in East Dunbartonshire fell by just one, but the volume of floorspace increased by 80% due to one property (1,530 sq m in Exchange House, Bearsden). In 2003, Central Scotland recorded an increase of 19% in available office floorspace and an 11% increase in units.

**Office Take-up**

In the year to December 2003, SPN recorded 19 office transactions in Dunbartonshire that totalled 1,573 sq m. This represents a fall in take-up compared to the previous year of around 58% for both units and floorspace.

Take-up of office space in Dunbartonshire in 2003 was at the lowest level yet recorded by SPN and in terms of floorspace was 53% below the 3-year average.

All take-up in Dunbartonshire in 2003 was in properties of 200 sq m or less. Nearly half of all transactions were for modern, post 1990 space.

Recorded take-up in East Dunbartonshire in 2003 totalled only 174 sq m in 5 units. West Dunbartonshire recorded take-up of 1,399 sq m in 14 units, 38% down on the previous year.

Over the same period Central Scotland recorded a rise of 29% in take-up of office floorspace, but with a marginal fall in transactions.

Based on an estimate of average annual take-up over 3 years to September 2003, the supply of office floorspace in Dunbartonshire at December 2003 represented 3.4 years average take-up. This remains below the average for Central Scotland of 3.7 years supply.

Figure 12

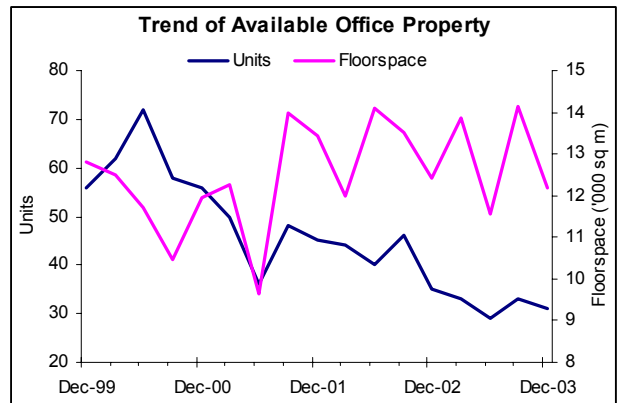


Figure 13

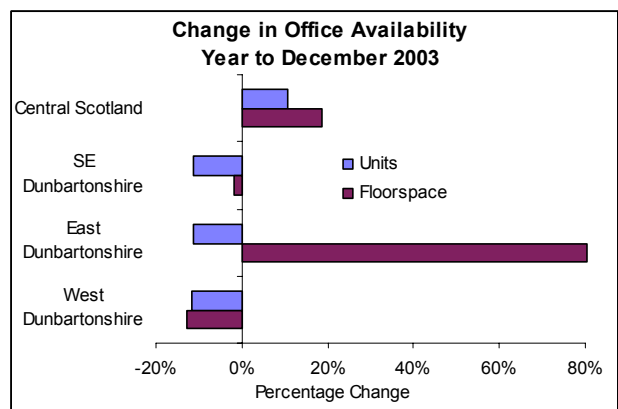


Figure 14

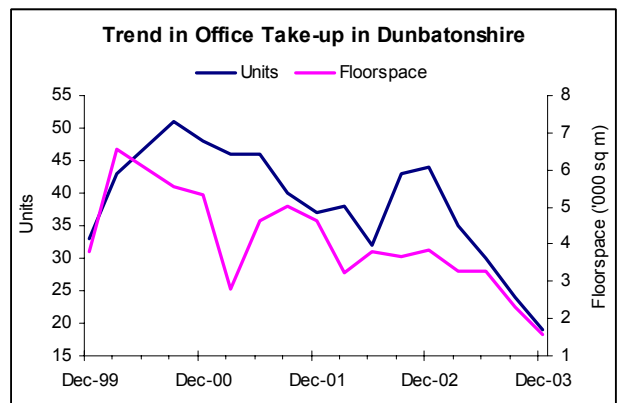


Figure 15

