

**BUSINESS PROPERTY BULLETIN
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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 2002. 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 Summary

Growth in the UK and Scottish economies has slowed significantly since our last review.

Provisional estimates of seasonally adjusted Gross Domestic Product (GDP) for Scotland, published by the Scottish Executive in May 2003, indicate growth of 0.7% in the fourth quarter of 2002, compared to growth of 0.3% in the UK. However Scotland records no change in GDP in the four quarters to Q4 2002, compared to growth for the UK as a whole of 1.3%.

Output in the production sector continues to decline in Scotland, down by 9.9% over the year to Q4, compared to a decrease of 3.5% across the UK. Manufacturing in Scotland declined by 11.9% in the four quarters to Q4, compared to a fall of 4.0% for the UK.

The construction sector in Scotland recorded a decline in output of 2.9% in 2002, compared to growth of 7.5% across the UK.

Over the year to Q4 2002, Scottish services outperformed the UK, growing by 4.2% compared to 2.7% for the UK as a whole. More recent figures from the Royal Bank of Scotland's PMI Scotland Report¹, however, signal a slow down in the Scottish service sector after fourteen months of growth, with falling activity levels in the first three months of 2003.

Table 1

GDP Seasonally Adjusted	% Change Q4 2002 on Q3 2002	% Change Year to Q4 2002
Scotland	0.7% (0.3%)	0.0% (1.3%)
Production	-1.1% (-0.8%)	-9.9% (-3.5%)
Construction	0.3% (1.9%)	-2.9% (7.5%)
Services	1.3% (0.5%)	4.2% (2.7%)
Note: UK Figure in brackets.		
Source: Scottish Executive May 2003 / UK Economic Accounts Q4 2002		

The Bank of England reduced interest rates in February 2002 to 3.75%, the lowest level since 1955 and the first change since November 2001. This reduction, which surprised financial markets, reflects concerns about a contracting manufacturing sector, a slowing services sector and below-trend economic growth. Interest rates were unchanged in March and April.

Despite the weakening economic conditions, unemployment has continued to fall. Scottish claimant count unemployment rate in April 2003 was 3.8%, down by 0.4% over the year. The Labour Force Survey average total employment in the year to February 2003 was 74%

The unemployment rate in April 2003 was 2.1% in East Dunbartonshire and 5.3% West Dunbartonshire, compared to an overall Scotland rate of 3.8%. Total employment rate for the year to February 2003 is estimated at 76% for East Dunbartonshire and 73% for West Dunbartonshire.

Table 2

	Claimant Count Unemployment April 2003	Average Total Employment Mar 02 - Feb 03
Scotland	3.8%	74%
East Dunb.	2.1%	76%
West Dunb.	5.3%	73%
Source: Scottish Executive April 2003		

¹ Purchasing Managers' Index Scotland Report, Royal Bank of Scotland/ NTC Research, April 2003

Scottish Industrials

Across the total area monitored², the volume of available industrial floorspace recorded by SPN increased by 7% in the year to December 2002, while the number of available units fell by 7%. This reflects a shift in available supply towards larger units, with increased availability mainly in units over 999 sq m, and a falling supply of smaller units. Since 1998 the number of available units of less than 200 sq m has fallen by around 20%, while the supply of units over 999 sq m has risen by over 38%.

Take-up of industrial floorspace during 2002 was 8% lower than in the previous year. The biggest percentage fall was in the 500-999 sq m size band (-21%), while take-up of units in the 200-499 sq m band increased marginally.

Take up of Post 1990 floorspace fell by 12% over the year, although the number of units taken up in this age band fell only marginally by 3%.

Insignia Richard Ellis³ record total returns of 10.2% in the year to December 2002 for Scottish Industrials, slightly out-performing the UK average of 10%. However, their Scottish Quarterly Index shows no rental growth for industrials in Q3 and Q4 of 2002.

Scottish Offices

Despite a fall in quarter 4, the total volume of available office floorspace at December 2002 was 10% higher than at the end of 2001. The number of available premises actually fell by 6% over the year, reflecting a shift towards larger sizes, with growth mainly in sizes above 999 sq m and reduced availability in sizes under 500 sq m.

SPN recorded an increase in new office completions in the second half of 2002, but a reduction in schemes under construction at the end of the year, and a reduced number of development proposals.

Take-up of office floorspace fell by 27% in 2002 to the lowest level recorded in the last four years.

Insignia Richard Ellis³ report a total return on Scottish offices of 10.3% in 2002, compared to only 3.8% for the UK as a whole. Rental stability, with 0.2% rental growth over the year, pushed capital growth in Scottish offices to a reported 2.0% in 2002, compared to a fall in UK capital values of 3.8%. However, the Scottish Quarterly Index shows negative rental growth of -0.4% in Q4 2002.

Figure 1

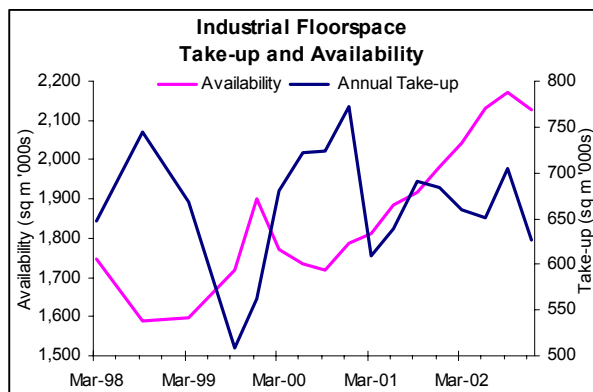
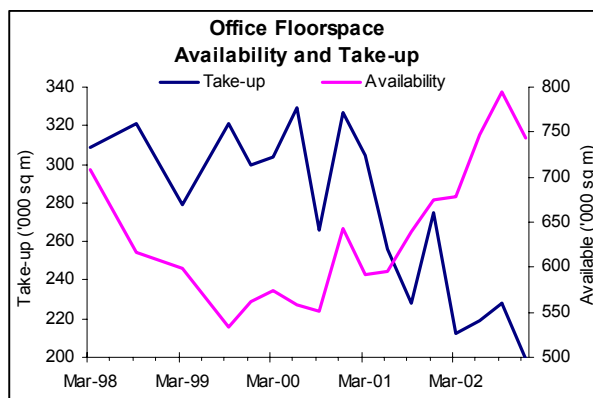


Figure 2



² Total figures are derived from the 10 LECs covered by SPN (Scottish Enterprise – Ayrshire, Dunbartonshire, Edinburgh & Lothian, Fife, Forth Valley, Glasgow, Grampian, Lanarkshire, Renfrewshire and Tayside).

³ Scottish Quarterly Index, 4th Quarter 2002, Insignia Richard Ellis

Business Property Market – Dunbartonshire

Industrial Stock

SPN holds information on just under 360,000 sq m of 'standard'⁴ industrial accommodation in 643 units in SE Dunbartonshire. Just over 70% of this stock is in West Dunbartonshire and the remainder in East Dunbartonshire.

Both council areas have a relatively young stock, with just under 50% built since 1980, compared to 38% on average across Central Scotland. East Dunbartonshire has a high proportion of post 1990 units at 26%, compared to 22% in West Dunbartonshire and 16% on average in Central Scotland.

Dunbartonshire stock is heavily biased towards smaller units, with 62% of units in East Dunbartonshire and 54% in West Dunbartonshire under 200 sq m. The proportion of large units is correspondingly low, with only 11% in East Dunbartonshire and 10% in West Dunbartonshire over 999 sq m. Central Scotland has 46% of units under 200 sq m and 17% over 999 sq m (Figure 3).

Industrial Availability

At December 2002, SPN recorded 62 available industrial units in the Dunbartonshire area totalling 55,382 sq m. The proportion of stock currently available is close to the average for Central Scotland, as shown in table 3.

Table 3

Industrial Availability - Dunbartonshire		
	Rate of Availability	
	Units	Floorspace
Dunbartonshire	10%	15%
Central Scotland	10%	14%
Glasgow	12%	16%
East Dunbartonshire	5%	22%
West Dunbartonshire	11%	13%

During 2002, the volume of available floorspace in Dunbartonshire increased by 22%, although the number of available industrial units fell by 18% (14 units). As shown by Figure 5, supply fell for units under 500 sq m but increased in larger sizes. It should be noted, however, that the number of units in individual size-bands is small and the number of available units over 499 sq m increased by only one. The increase in floorspace was entirely due to the release of over 18,000 sq m of surplus space at the Harper Collins Warehouse in Bishopbriggs. Discounting that one property, available floorspace fell in Dunbartonshire by 19% and in East Dunbartonshire by 62%.

⁴ 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 been excluded from this analysis

Figure 3

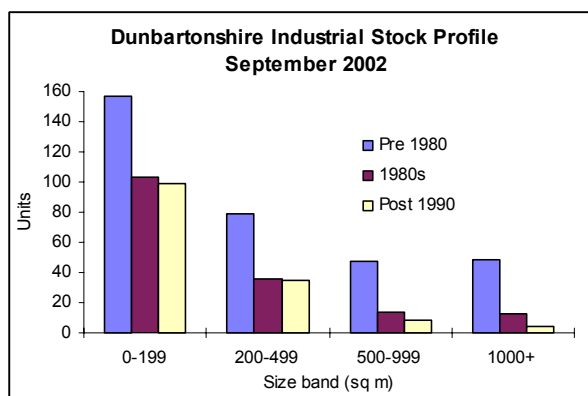


Figure 4

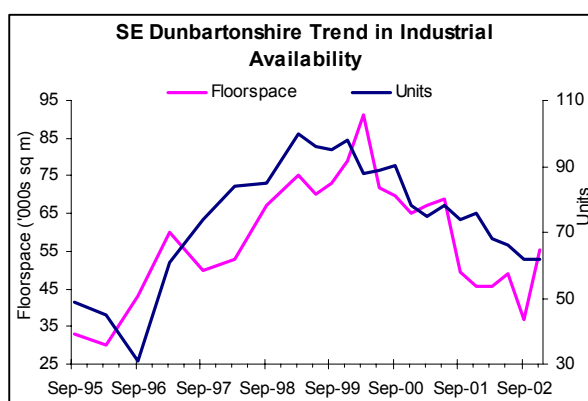


Figure 5

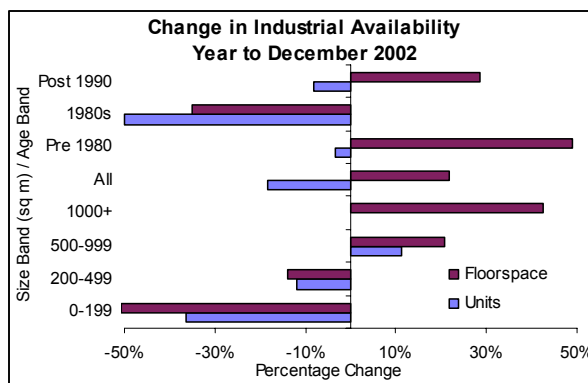
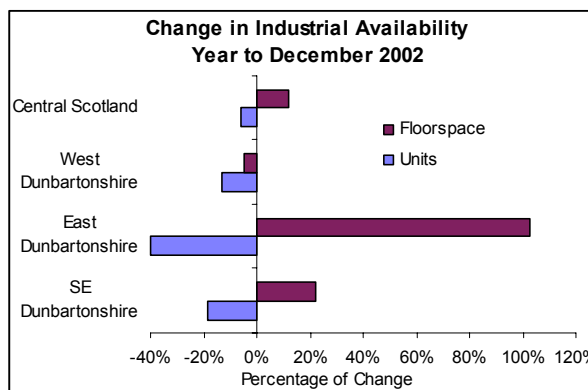


Figure 6



West Dunbartonshire recorded a small decrease in available floorspace of 5% to 32,458 sq m and a reduction of 13% in units to fifty-three.

Over the same period, Central Scotland saw a 12% increase in available floorspace but a 6% decline in unit numbers.

A relatively high proportion of available units in Dunbartonshire are modern, with 35% of units built post 1990 compared to 21% in Central Scotland as a whole. Over half the available units in East Dunbartonshire are post 1990. However most modern units are in small sizes and in terms of available floorspace, only 12% is in post 1990 accommodation overall. The 1970s Harper Collins warehouse space accounts for one third of all available floorspace in Dunbartonshire.

Dunbartonshire has a relatively high proportion of available units in the 200-499 sq m size-band (34%) and a low proportion (15%) in the 1,000+ sq m band compared to the Central Scotland average, as shown in Figure 8.

Industrial Take-up

During 2002 industrial take-up in Dunbartonshire increased by 75% in unit numbers to 42, and by 14% in floorspace to 9,065 sq m (Figures 9 and 10).

Take-up increased in all size-bands under 1,000 sq m, as shown by Figure 10. In the largest size-band the number of units taken up was unchanged at two, with a 41% reduction in floorspace. Take-up of Post 1990 space remained virtually unchanged at 1,561 sq m in 12 units.

Growth was confined to West Dunbartonshire, where take-up of units increased by 143%, to 34, and take-up of floorspace rose to by 26% to 9,224 sq m, reflecting a shift towards smaller sizes. East Dunbartonshire recorded a fall in take-up, down by 20% for units and by 49% for floorspace.

Over the same period, take-up in Central Scotland as a whole decreased by 6% in units and by 13% in floorspace.

Average annual take-up for Dunbartonshire, estimated from total recorded take-up over 3 years to March 2003 is shown in table 4 below. It should be noted that in terms of floorspace, recent take-up has been well below this average.

Table 4

Average Annual Take-up	Units	Floorspace (sq m)
Dunbartonshire	48	23,997
East Dunbartonshire	20	13,371
West Dunbartonshire	28	10,626

Figure 7

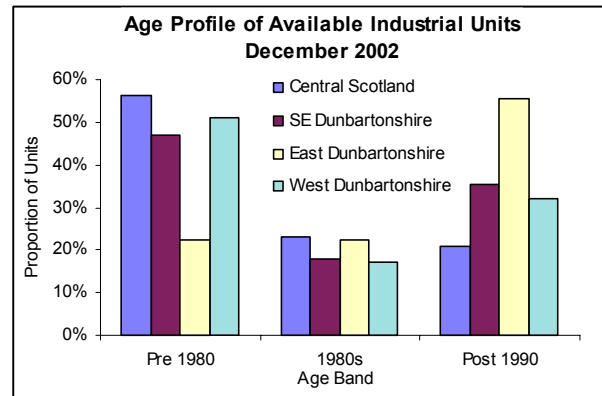


Figure 8

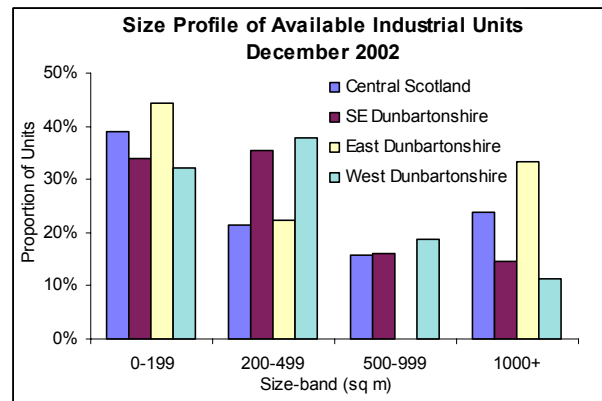


Figure 9

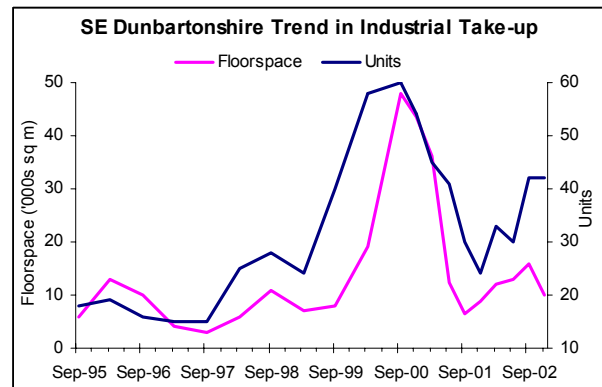
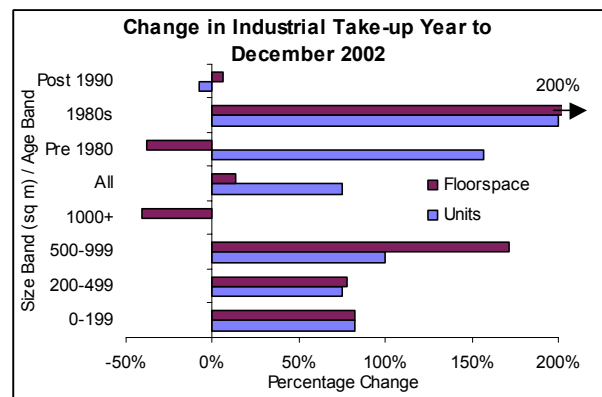


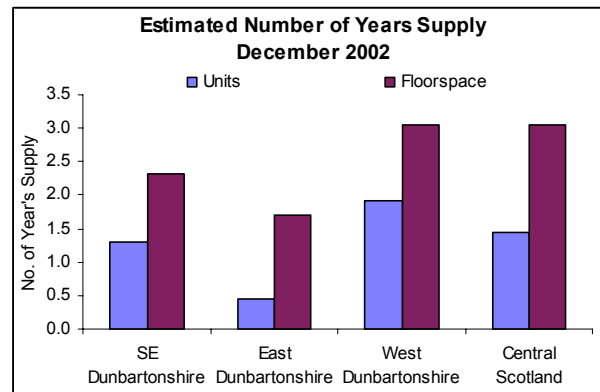
Figure 10



Availability at December 2002 is expressed in figure 11 as a number of year's average take-up. Dunbartonshire as a whole had approximately 1.3 years' supply of units and 2.3 years' supply of floorspace.

This is lower than the Central Scotland average of 1.5 years' supply of units and 3.1 years' take-up of floorspace. However, it should be noted that in a small market, take-up levels are volatile and recent take-up of floorspace has been well below average, while take-up measured in numbers of units has been high.

Figure 11



Office Availability

In December 2002, SPN recorded 36 available office and business units totalling 13,937 sq m in Dunbartonshire. Approximately 55% (7,729 sq m) of all available floorspace was modern (built post 1990). Only 589 sq m in three units was new-build or newly refurbished accommodation.

Total availability includes premises that are 'under offer'. At the end of December these totalled 4,016 sq m in 13 units or 29% of the total floorspace availability.

As Shown by figures 12 and 13 the volume of available office floorspace increased marginally by 4% during 2002, while the number of premises on offer decreased by 20%. West Dunbartonshire recorded a fall of almost a third in the number of units available, but almost no change in volume of floorspace. The small East Dunbartonshire market recorded an increase in supply but this amounted to only two units.

Across Central Scotland as a whole available office floorspace increased by 18%, but the number of premises on offer fell by 3%.

Available office accommodation in Dunbartonshire is relatively modern, with 61% of units built post 1980 and 42% post 1990. Across Central Scotland on average only 38% of available units are post 1980 and 30% post 1990.

Office Take-up

Take-up of office floorspace in Dunbartonshire in the year to December 2002 was 4% lower than the year previous at 4,432 sq m. However, the number of transactions increased over the year by 19% to forty-four.

There was no take-up in sizes over 999 sq m, but take-up of floorspace in the 500-999 sq m band rose by over 80%.

Almost 60% of office take-up (both units and floorspace) was in post 1990 accommodation and of 25 units taken up in this age-band, 23 were in the 0-199 sq m size-band.

Based on an estimate of average annual take-up over 3 year's, the supply of office space in Dunbartonshire at December 2002 represents 0.8 years' take-up of units and 2.7 years' supply of floorspace. This is the same as the Central Scotland average in terms of floorspace (2.7 years' supply) but significantly lower than the Central Scotland average for number of units (1.4 years' supply).

At the end of 2002, Dunbartonshire had only fifteen post 1990 office premises on the market and only seven of those under 200 sq m. During 2002, SPN recorded take-up of twenty-five post 1990 office premises and twenty-three of those were under 200 sq m.

Figure 12

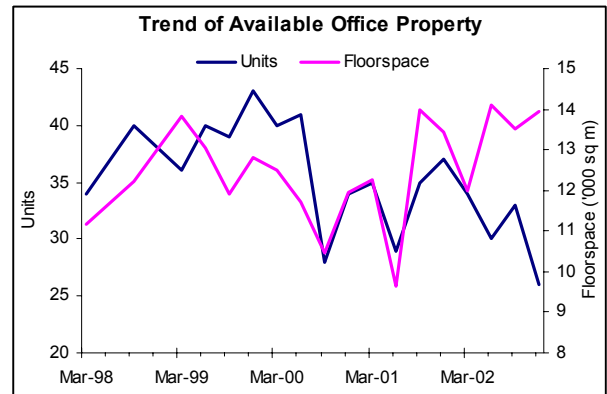


Figure 13

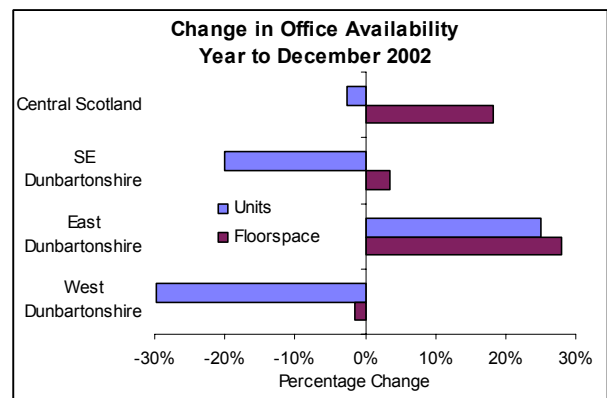


Figure 14

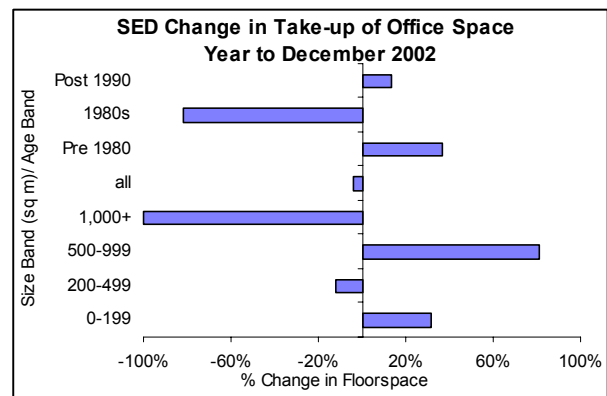


Figure 15

