

1 Introduction

This report reviews business property market activity in the Scottish Enterprise Dunbartonshire area. Supply and take-up figures have been updated to 31st December 2000.

The profile of industrial supply and take-up in the Dunbartonshire area has been compared with SPN figures for Central Scotland¹ (CS) to highlight any significant variations from the average. Similarly the report compares patterns of supply in the local authority areas of East and West Dunbartonshire.

Details of the composition of any data set in this report or further analysis can be provided by SPN. For assistance, please contact Norman MacMillan or Janet Asquith-Charlton on 0141-561 7300.

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¹ Central Scotland figures are derived from the following LEC areas: Scottish Enterprise – Ayrshire, Dunbartonshire, Edinburgh & Lothian, Fife, Forth Valley, Glasgow, Lanarkshire and Renfrewshire.

2 Economic and Property Market Summary

The Scottish Executive provisionally estimate that GDP in Scotland increased by 1% in the fourth quarter of 2000 and by 1.5% over the whole year, as shown by Table 1. Despite a change of only 0.3% in the last quarter of the year, annual growth in UK GDP was stronger, at 2.9%.

Table 1

	% Change Q4 on Q3 2000	% Change Year to Q4 2000
Scotland	1% (0.3%)	1.5% (2.9%)
Production	-0.6%	0.2% (1.5%)
Construction	1.4%	5.6% (1.6%)
Services	1.7%	1.7% (3.4%)
Note: UK figures in brackets. Source: Scottish Executive		

Both the production and services sectors in Scotland under performed the UK as a whole in 2000. After an increase in Q2, the production sector has recorded 2 successive quarterly declines in output of 1% (Q3) and 0.6% (Q4). Over the year output rose by just 0.2% compared to 1.5% across the UK. Within the production sector, manufacturing output fell by 0.2% in the fourth quarter although, over the year to the same date, an increase of 0.4% was recorded. Comparative figures across the UK were increases of 0.6% and 1.6% respectively.

Despite an increase of 1.7% over the year to Q4, output in the services sector lagged behind the UK where the equivalent figure was 3.4%. After a fall in Q3, the construction sector recorded an increase of 1.4% in Q4. The annual increase of 5.6% is significantly higher than the equivalent figure of 1.6% for the whole of the UK.

The Fraser of Allander Institute cite the world economic slowdown and the future market prospects for the Scottish electronics sector as being reasons for reducing it's 2001 forecast for Scottish economic growth from 2% to 1.6%. This is lower than the 2.4% forecast for the whole of the UK.

The Bank of England's Monetary Policy Committee reduced the repo rate by 0.25% in early May, the third such reduction in 2001. They also point to weakening world economic prospects, with the extent and duration of the slowdown being uncertain, amongst the reasons for the reduction. The Bank also report that domestic demand has remained firm although UK output growth for the first quarter of 2001 was slower than expected and business confidence has weakened.

The ONS report that the employment rate in Scotland increased by 1.7% to 73.9% in the year to March 2001. The seasonally adjusted unemployment rate at the same date was 5.9% down 1.7% over the year.

Business Property Market

Industrial

Ryden¹ report that there has been limited industrial investment activity with yields stabilising after having fallen for a number of years. The RICS in Scotland² echo this view recording unchanged yields in most of the main markets in year 2000. According to Insignia Richard Ellis³, total industrial returns in the year to February 2001 were 12.2% with rental growth of 1.3%.

Offices

Insignia Richard Ellis report that offices was the top performing sector in the year to February 2001 with total returns of 18.8%. Ryden suggest that the strong performance in 2000 has been led by activity in Edinburgh where rental growth is being driven by strong demand from good covenants and limited supply of Grade A space.

¹ The Scottish Property Review, April 2001 - Ryden

² Commercial Property Survey, December 2000 - RICS in Scotland

³ Scottish Monthly Index, February 2001 - Insignia Richard Ellis

3 Industrial Stock

SPN now holds information on just under 360,000 sq m of 'standard' industrial accommodation in 636 units within the Dunbartonshire area. The proportion of total industrial stock within each of the two ULAs within Dunbartonshire is shown below:-

Table 2

	Units	Floorspace
East Dunbartonshire	27%	30%
West Dunbartonshire	73%	70%

Figure 1 shows the overall distribution of Dunbartonshire stock by size and age. The pattern of distribution of stock by location, size and age has not changed significantly since March 2000. Dunbartonshire has a higher proportion of post 1980 units under 200 sq m, at 57%, but is lower, at 24%, for larger stock (>999 sq m) than the averages across Central Scotland of 46% and 28% respectively.

Dunbartonshire continues to exhibit a younger age profile, with 49% of units post 1980 and 23% of the total post 1990, compared to equivalent figures of 38% and 15% for Central Scotland (Figure 2).

Both East Dunbartonshire and West Dunbartonshire have a similar proportion of post 1980 units to the LEC area as a whole although East Dunbartonshire has a marginally higher proportion of post 1990 units at 26%.

As shown by Figure 3, Dunbartonshire has a higher proportion of units under 200 sq m, at 56%, compared to 46% across Central Scotland. Only 10% of units in Dunbartonshire are over 999 sq m.

West Dunbartonshire exhibits a broadly similar size profile to the LEC area with East Dunbartonshire having a higher proportion of units under 200 sq m, at 62%.

Figure 1

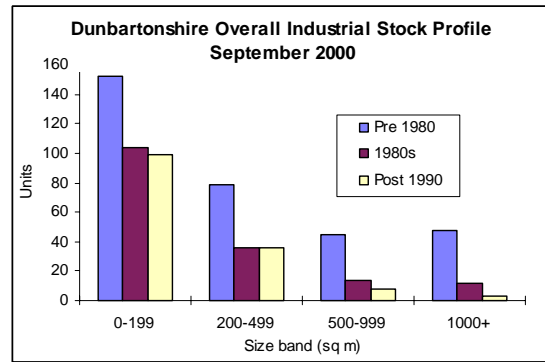


Figure 2

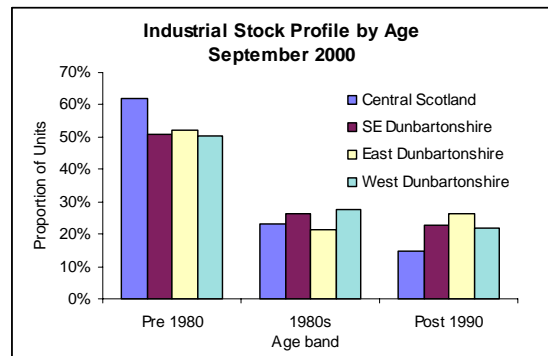
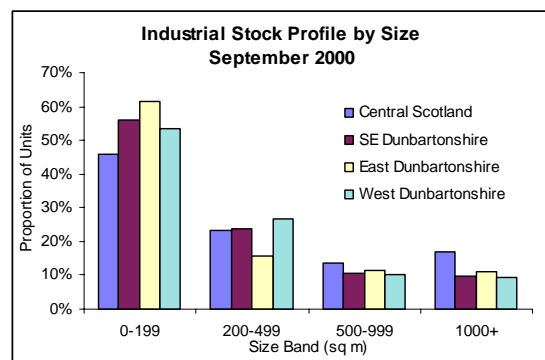


Figure 3



4 Industrial Availability

At 31st December 2000, SPN recorded 78 available units in the Dunbartonshire area, representing a total floorspace of just over 65,000 sq m. Since December 1999, the rate of availability has fallen to 12% in terms of units but is similar at 18% for floorspace. The average rate for Central Scotland is the same for units at 12% but lower at 11% (floorspace). The rate of availability for each local authority area is shown below.

Table 3

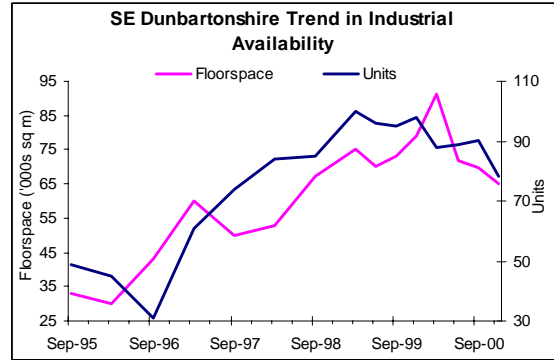
Industrial Availability- Dunbartonshire		
	Rate of Availability	
	Units	Floorspace
Dunbartonshire	12%	18%
East Dunbartonshire	11%	11%
West Dunbartonshire	13%	21%
Central Scotland	12%	11%

As shown by Figure 4, the rising trend in the availability of industrial accommodation in Dunbartonshire evident since 1996 has been reversed with declines of 20% in unit availability and 17% for floorspace in the year to December 2000. Figure 5 illustrates that the decline in available accommodation has been evident across all age and size bands.

Across Central Scotland, unit availability has declined by only 11% since March 1998, as illustrated by Figure 6. In Dunbartonshire, the fall has been less steep at only 7%, mainly accounted for in mid range sizes (200-999 sq m). The availability of units under 200 sq m has risen by 20% over this period.

The availability of units in West Dunbartonshire have fallen by only 2% since March 1998 although the decline has been steeper in the year to December 2000, at 14%, mainly accounted for in the 500-999 sq m size band. Despite an increase in the second quarter, there was also a fall, of 34%, in unit availability in East Dunbartonshire over the year to December.

Figure 4



Note: in Fig.4, change in availability is plotted at half-yearly intervals to Mar '99, then quarterly thereafter.

Figure 5

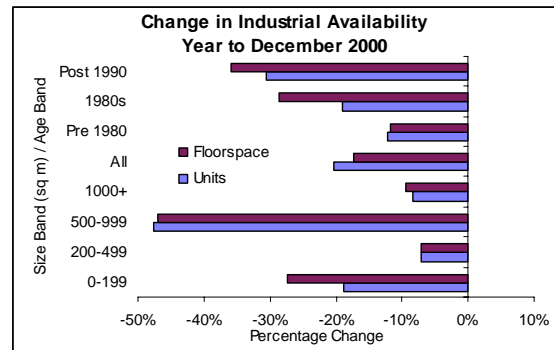
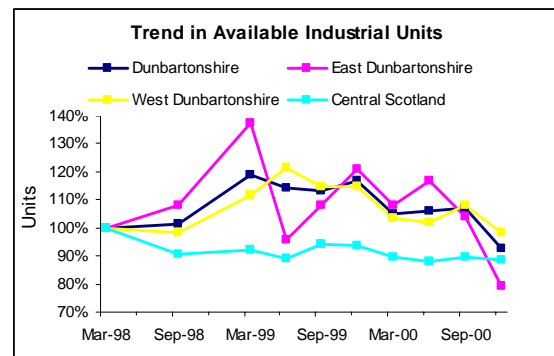


Figure 6



Dunbartonshire exhibits a bias towards availability in smaller sizes, as shown by Figure 7, with 72% under 500 sq m and only 14% over 999 sq m. Across Central Scotland, the equivalent figures are 66% and 19%.

East Dunbartonshire has a particularly high supply of units under 200 sq m at 63%. In West Dunbartonshire, by contrast, availability is higher than average in the 200-499 sq m range at 39%.

Dunbartonshire continues to exhibit a higher proportion of available post 1990 units, at 32%, compared to the 15% average across Central Scotland. However 88% of the total post 1990 units in Dunbartonshire are under 500 sq m and there are no available units over 999 sq m in this age band (Figure 8).

Approximately half of the total available units in East Dunbartonshire are post 1990, exclusively in sizes under 500 sq m. West Dunbartonshire has a higher proportion of older stock (pre 1980) but still less than the Central Scotland average of 60%.

Figure 7

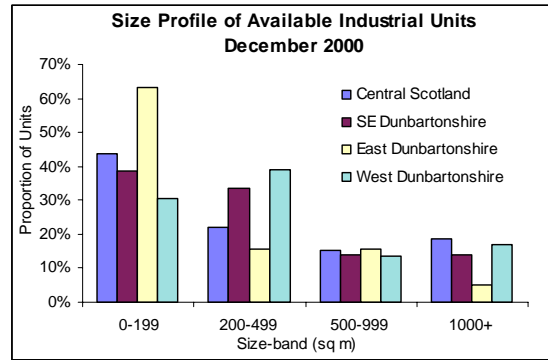
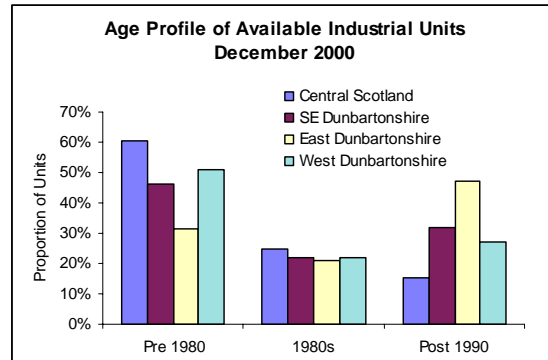


Figure 8



5 Industrial Take-Up and Year's Supply

Take-up directly monitored by SPN (i.e. based on change in recorded availability identified as a lease or sale by the marketing agent) is shown by Figure 9. Despite a fall in the fourth quarter, the number of units taken up rose by 13% in the year to December 2000. The 227% rise in floorspace taken-up over the year is mainly attributed to transactions at the former Harper Collins warehouse (23, 000 sq m) in Bishopbriggs, East Dunbartonshire. The rise in floorspace taken-up in 2000 is still high, at 54%, if this property were excluded.

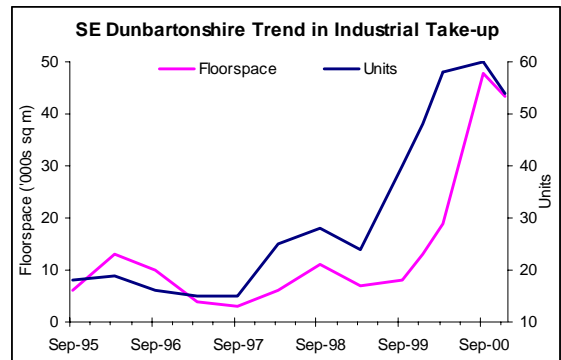
There is a significant time-lag in gathering all relevant transaction information, some of which is derived from the Registers of Scotland. The take-up recorded for the year to December 2000 is, therefore, not yet complete and would be expected to increase as transaction information is received.

The rise in take-up of units in Dunbartonshire in 2000 was almost exclusively in mid range sizes (200-999 sq m) with a fall of 30% recorded in transactions of units under 200 sq m. Across Central Scotland, a fall in transactions of smaller units (<500 sq m) accounted for a 6% decline in take-up although the volume of floorspace transacted increased by 38% over the year.

Average annual take-up for Dunbartonshire is shown in Table 5. The big rises in take-up in 2000 mean that these estimates of average annual take-up are significantly higher than previously recorded with increases of 50% for units and 47% for floorspace in Dunbartonshire since September 1999.

A comparison of estimated average annual take-up with availability at December 2000 is shown in Figure 10. Supply in the Dunbartonshire area now represents 2 year's take-up of units and 4.9 year's take-up of floorspace compared to the last reported figures of 2.3 and 5.8. Across Central Scotland, supply is significantly lower at 1.3 years take-up for units and 2.3 years for floorspace. Supply relative to take up in Dunbartonshire is relatively high across most age and size bands although there is no recorded supply of 1990s accommodation in sizes over 999 sq m.

Figure 9



Note: December figures are plotted for 1999 and 2000 only

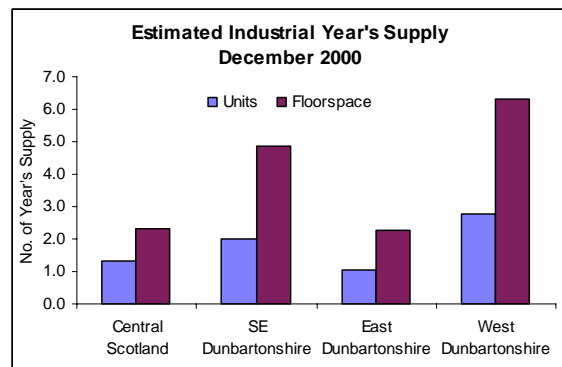
Table 4

Change in Take-up of Industrial Space Year 2000		
	Units	Floorspace
East Dunbartonshire	21%	398%
West Dunbartonshire	7%	97%
SE Dunbartonshire	13%	227%
Central Scotland	-6%	38%

Table 5

Average annual take-up 3 Years to September 2000		
	Units	Floorspace (sq m)
Dunbartonshire	39	13,442
East Dunbartonshire	18	5,077
West Dunbartonshire	21	8,470

Figure 10



6 Office Supply

The office market in Dunbartonshire is small. As at 31st December 2000, SPN recorded a total of just under 12,000 sq m of available office and business floorspace in 56 units in the Dunbartonshire area. This included 3,747 sq m in 4 'business units'. An estimated 46% (5,537 sq m) of all available office floorspace was built in the 1990s. The total available floorspace logged by SPN includes premises that are 'under offer'. At the end of December 2000 these totalled 1,765 sq m, or 15% of the total availability.

As shown by Figure 11, the volume of available office floorspace in Dunbartonshire declined by 7% in 2000, mainly in larger sizes (>999 sq m), although the total number of available units remained unchanged.

Dunbartonshire exhibits a younger age profile for available units, at 54% post 1980, compared to an average of only 26% across Central Scotland, as illustrated by Figure 12.

In East Dunbartonshire, the volume of available floorspace doubled mainly due to a 626 sq m unit at Southbank House, Southbank Business Park, Kirkintilloch being offered to the market. The number of available units also increased, by 69%, although it should be recognised that a degree of volatility is expected in small markets such as East Dunbartonshire.

Table 6 shows the office development pipeline in Dunbartonshire at December 2000¹. The only proposal is a 16,000 sq m Learning Centre at Southbank Road, Kirkintilloch which is reported by the agent to be a bespoke development. There were only 2 completions, totalling 720 sq m, in 2000.

¹ Information on Planning Consents on schemes costing over £100,000 is derived from Glenigan Ltd. SPN contacts the agents to monitor the construction programme.

Figure 11

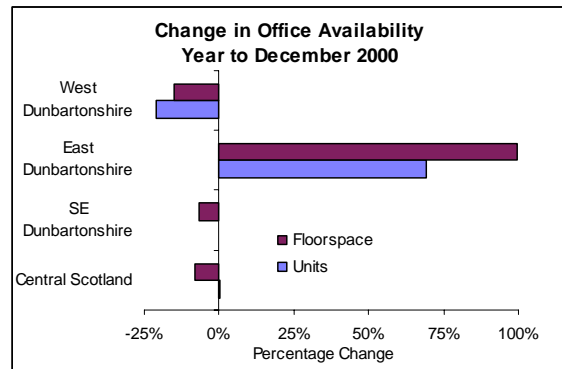


Figure 12

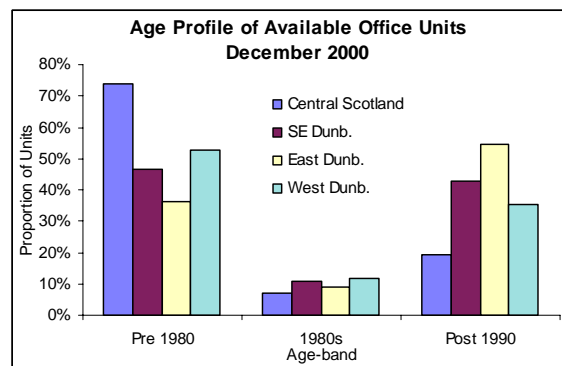


Table 6

Offices - December 2000				
Development Pipeline Dunbartonshire	Schemes	Floorspace (sq m)	% Speculative Floorspace	% Change from Dec 1999
Proposed	1	15,000	0%	0%
Under Construction	0	0	0%	-100%
Completions (Yr 2000)	2	720	0%	-64%

Source: Glenigan/SPN

7 Office Take-up

SPN recorded take-up of 5,318 sq m in 48 units across Dunbartonshire in 2000. This represented increases of 40% in the volume of floorspace taken up and 45% for unit transactions over the year.

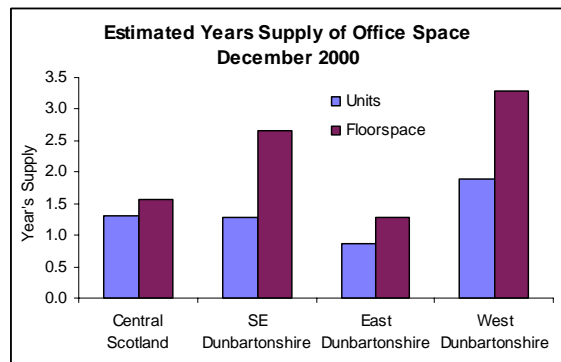
As shown by Table 7, take-up of floorspace was particularly strong in 1990s accommodation, mainly due to various lettings in sizes under 200 sq m and of the 738 sq m Unit 5 at Dunrobin Court, Clydebank. The letting of Unit 4, Rutherford Court, Clydebank, extending to 1,253 sq m, accounted for the significant rise in sizes over 999 sq m.

Based on the average annual take-up in the three years to September 2000, available supply as at December 2000 represented approximately 2.7 year's take-up of floorspace and 1.3 for units. The number of years supply recorded at December 2000 across Central Scotland was around 1.6 (floorspace) and 1.3 (units). (Figure 13)

Table 7

% Change in Take-up of Office Floorspace Year to June 2000.		
Age Band	1990's	1198%
	1980's	101%
	pre 1980	-52%
	All	40%
Size Band (sq m)	1000+	#DIV/0
	500-999	39%
	200-499	-36%
	0-199	31%

Figure 13



Definitions and Explanatory Notes

Availability	Premises are recorded as 'available' when known to be on offer for sale or to let. This information is obtained primarily from marketing agents and is reviewed on a regular (monthly) cycle. Available industrial and business premises are recorded, when known, regardless of size or location. It is recognised, however, that SPN may not identify some smaller units that are not marketed through normal agency channels.						
Age-Band	Properties are, where possible, classified according to age. For this analysis results have been grouped in three age bands - Pre-1980, 1980-89, Post-1990 or 'unknowns'. Just 2% of recorded properties are of unknown age but experience suggests that most of these 'unknowns' are older properties and are assumed to be pre 1980. The volume of 'unknowns' will diminish over time as the database is reviewed and updated.						
Industrial Space	Premises classified as industrial would include manufacturing space, workshops, warehouse and storage units, distribution space and managed workspace. 'Business units' that are primarily office accommodation within industrial style buildings and sited in industrial locations are recorded as a sub-type of industrial but are excluded from the statistical analysis of supply and take-up. Similarly industrial yards are excluded from the statistics.						
Industrial Stock	Measurement of industrial stock, by floorspace or numbers of units, is based on an aggregation of all units on the SPN database with the exception of any very large single user facilities (e.g. distillery premises). This would include all industrial units within recognised estates or industrial areas, plus any other standard industrial accommodation that has been logged as 'available' since data collection began. Premises which are identified as 'business units', having primarily office accommodation, are excluded from industrial stock, as are yards and open storage. This provides a reasonable estimate of the total stock of standard industrial space, which will become more accurate as the smaller accommodation, outwith estates, is picked up through monitoring availability.						
Office Stock	Stock figures are held only for the central business districts of Edinburgh and Glasgow, totalling approximately 1.3 million sq m in each city, based on an aggregation of all known office premises. Numbers of office units are based on 'units of occupation' which are either in single occupation or offered for sale or lease as a single unit. This takes no account of potential for further subdivision or combination of units within a building.						
Size-Band	<p>For this analysis premises are allocated to one of the following size-bands according to either a known lettable floorspace or an estimated floorspace. Actual lettable floorspace is recorded usually where provided by a marketing or managing agent or by a landlord. Estimated sizes are derived in most cases by site inspection and by rough external measurement. In a minority of cases, size may be estimated from the assessed Net Annual Value.</p> <table><tr><td>Size-bands (sq m): -</td><td>1 - up to 199</td><td>2 - 200 to 499</td></tr><tr><td></td><td>3 - 500 to 999</td><td>4 - 1,000 +</td></tr></table>	Size-bands (sq m): -	1 - up to 199	2 - 200 to 499		3 - 500 to 999	4 - 1,000 +
Size-bands (sq m): -	1 - up to 199	2 - 200 to 499					
	3 - 500 to 999	4 - 1,000 +					
Take - up	Measurement of take-up is based on an aggregation of units or floorspace known to have been let or sold for occupation within the specified period. This is derived primarily from monitoring available accommodation, but also through logging transactions through Registers of Scotland. Premises sold for investment (i.e. not for occupation) would not be included in take-up figures. Take-up statistics must be calculated in arrears, after allowing time for data collection, processing and verification.						