BULLETIN No.21
September 2006

The following summary is derived from analysis of the Scottish Property Network database of supply and take-up in industrial and office markets throughout Scotland as at June 2006.

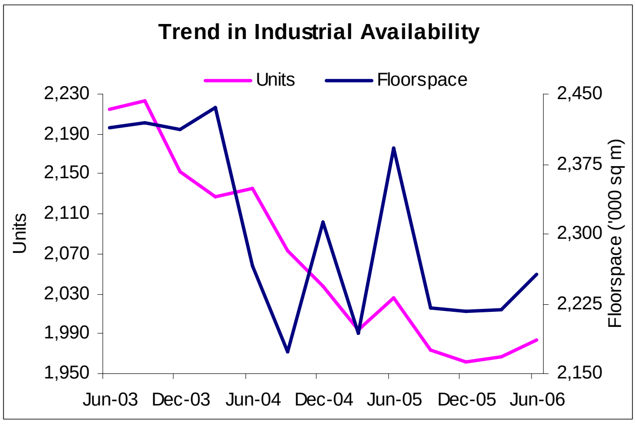
Industrial Availability

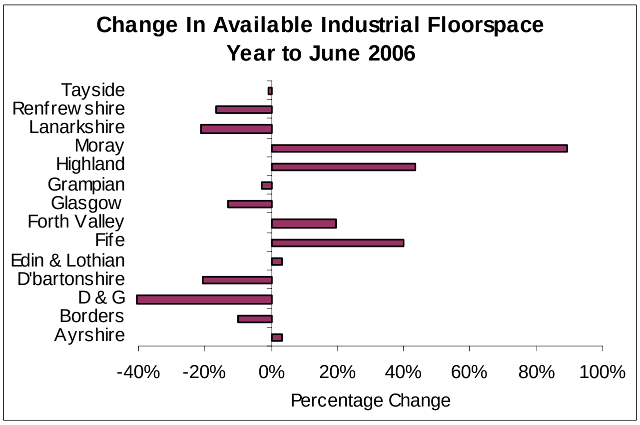
The supply of available industrial floorspace in Scotland rose slightly by 2% during Q2 2006 to just over 2.25 million square metres. However, this small rise followed a decline in each of the previous three quarters, so that available floorspace at the end of June was 6% below the level recorded a year earlier and 2% below the 3-year average.

The number of available units rose again marginally in Q2 to 1,984, but remains 3% below the 3-year average.

There was a significant increase in the supply of premises built post 2000, but mainly in small sizes and the total volume of available post-2000 floorspace fell by 9%. Available 1990s space increased by 13%, but supply of older floorspace decreased by 9%.

In the year to June 2006, available floorspace across Central Scotland fell by 7%. By contrast, the Moray and Highlands & Islands areas recorded rises of 89% and 44% respectively. Available floorspace was substantially unchanged in Edinburgh & Lothian, but decreased in Lanarkshire, Glasgow and Renfrewshire by 21%, 13% and 16% respectively. In Central Scotland, only the Fife and Forth Valley areas recorded any significant rise in supply.





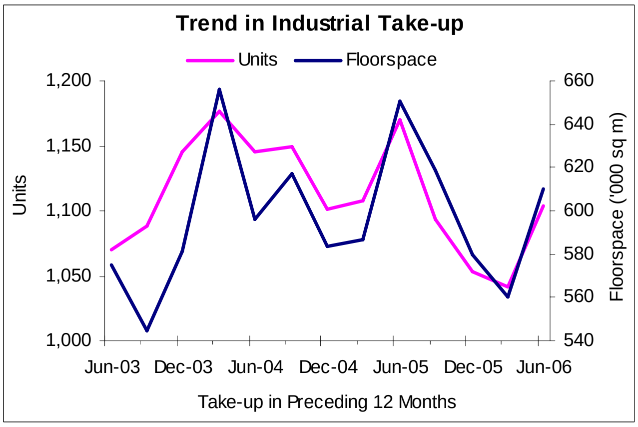
Industrial Take-up

In the 12 months to the end of June 2006, SPN recorded take-up of almost 610,000 sq m of industrial floorspace across Scotland in 1,104 transactions. This represents a fall in take-up of 6% compared with the previous year, although take-up rose in Q2 2006.

In Central Scotland as a whole, take-up of floorspace was substantially unchanged from the level recorded in the previous year. However, only Lanarkshire and Fife recorded any significant increase, of just over a third in both cases, while take-up fell substantially in Edinburgh & Lothian, Forth Valley and Grampian.

Take-up of floorspace built post-2000 fell by 37%, despite an increased number of transactions in this age-band. Take-up of older (pre-1980s) space increased by 16%.

Two of the most significant industrial lettings recorded in Q2 2006 were the 22,110 sq m warehouse unit at Centrelink 5 in Shotts, let to TDG and a 3,530 sq m unit at Helen Street, Glasgow, let by J Smart & Co to Ceramic Tile Distributors.



Office Availability

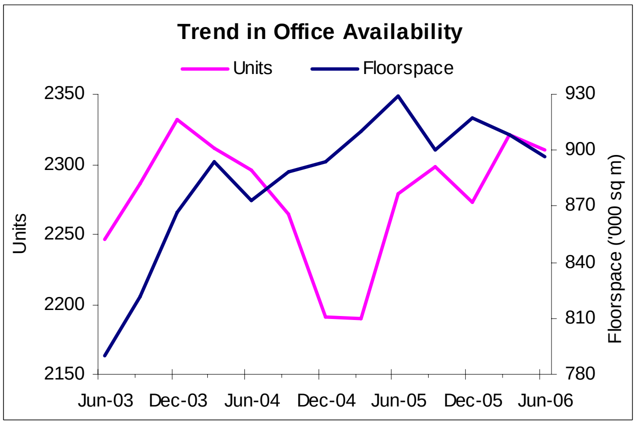
At the end of June 2006, SPN recorded just over 897,000 sq m of available office and business floorspace in Scotland in 2,310 units. Supply of floorspace was just 3% lower than at June 2005 and the number of premises on offer was substantially unchanged.

Supply of pre-1980 floorspace decreased by 14% over the year, while the supply of more modern space increased slightly.

Availability in small sizes of less than 500 sq m increased by 8%, while supply of floorspace in larger premises decreased by a similar percentage.

Glasgow recorded a fall of 22% in available office floorspace over the year, reflecting continuing high levels of take-up. The decline in supply was most significant in modern space and in larger sizes.

In Edinburgh, available supply fell only marginally, by just 2% overall. Supply of post-2000 floorspace fell in Edinburgh by 13%, but there was significant growth in supply of floorspace built in the 1990s and 1980s.



Office Take-up

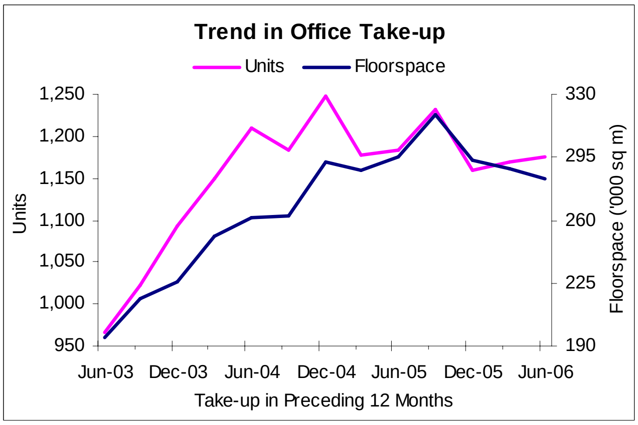
In the year to June 2006, SPN recorded take-up of 283,000 sq m of office floorspace in 1,176 transactions across Scotland. This was just 4% below the level recorded in the previous 12 months and marginally above the 3-year average.

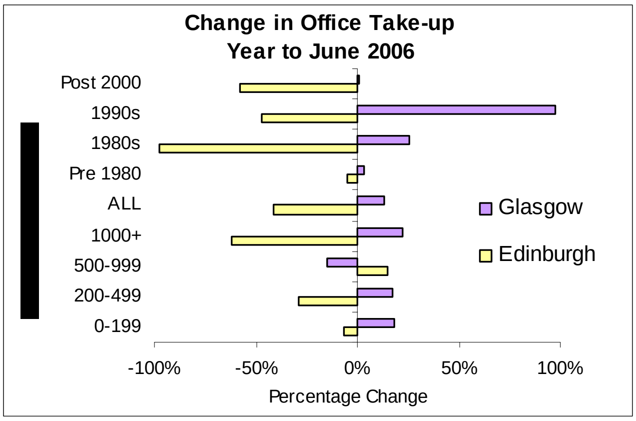
Take-up of floorspace built post 2000 fell by 14%, but there was significant growth in take-up of 1990s floorspace (31%).

In Glasgow, take-up of office space increased by 13% over the year, with significant growth in take-up of 1990s floorspace and of large floorplates. By comparison, Edinburgh City recorded an overall decline of 41% in take-up, with a decrease of 62% in sizes over 999 sq m.

Growth of around 50% in take-up was recorded in both Grampian and Tayside.

Some of the more significant office lettings recorded during Q2 2006 are listed below.





Address	Sq Metres	Lessee
6th Floor, 123 St Vincent St, Glasgow	1,441	Moneyquest
2nd Floor, St Vincent's Gate, Bath St, Glasgow	1,347	Faber Maunsell
Ground - 4th Floors, 200 Broomielaw, Glasgow	4,072	ACE INA UK Ltd
Quattro 1 & 3, Quattro Business Park, Aberdeen	4,506	AMEC

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