Bulletin No.23
March 2007

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

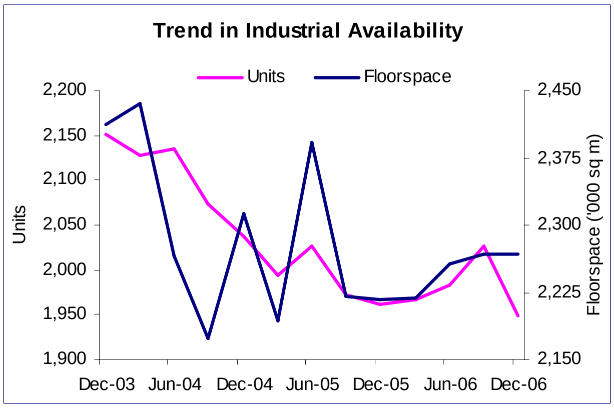
Industrial Availability

Supply of available industrial floorspace in Scotland was unchanged during Q4 2006, at 2.27 million square metres. Available floorspace at the end of December was just over 2% higher than at the end of 2005, and was close to the 3-year average.

Despite a fall of 4% in the final quarter of 2006, the number of units on offer (1,949) was similar to the level recorded a year earlier.

Such growth in supply as there was in 2006 was mainly in modern space, with a rise of 23% in floorspace built post-2000 and of 17% in 1990s accommodation. Over the same period, supply of older (pre-1980) floorspace fell by 6%.

Supply did not change substantially during 2006 in Central Scotland or in Grampian, while Highlands & Islands recorded and increase of 43% in available floorspace. There was no significant change in supply in Glasgow, but Lanarkshire recorded a fall of 22% in available floorspace over the year, while supply increased in Edinburgh & Lothian by 12%.



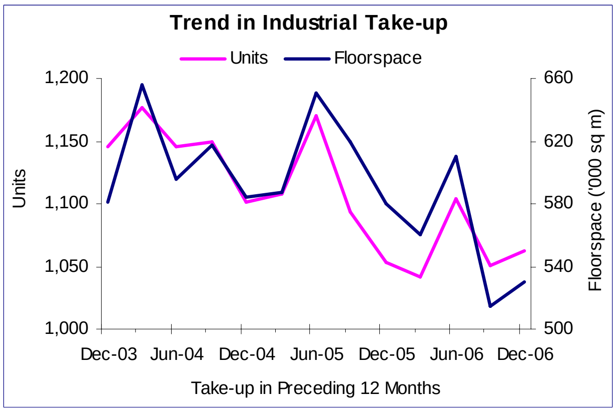
Industrial Take-up

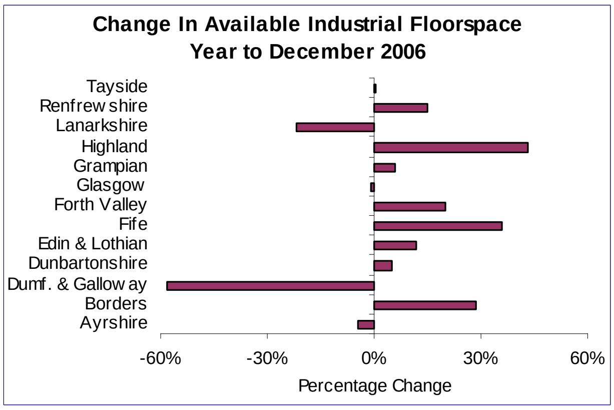
In the 12 months to December 2006, SPN recorded take-up of over 530,000 sq m of industrial floorspace across Scotland in 1,062 transactions. This was 8% below the level recorded in the previous year and 6% lower than the 3-year average. The annual rate of take-up to the end of Q4 was, however, 3% higher than in the previous quarter.

Take-up in Central Scotland decreased by 6% over the year. Against the general trend, Lanarkshire recorded a 47% increase in floorspace taken up, with smaller rises in Tayside (12%) and Forth Valley (7%). Take-up declined in all other areas.

Significant lettings recorded during Q4 2006 are shown in the table below:

Address	Sq Metres	Lessee
Block 3, 53 Clydesmill Road, Cambuslang Investment Park	2,454	St Gobian
50 Cambuslang Road, Gateway Glasgow, Cambuslang Investment Park	3,902	Booksource
1 MacAdam Square, Brucefield Industry Park, Livingston	2,742	IBM United Kingdom Ltd
7 Nettlehill Road, Houstoun Industrial Estate, Livingston	9,005	Tesco Stores Ltd
Block J5, Porterfield Road, Westway, Renfrew	2,607	Amey Highways





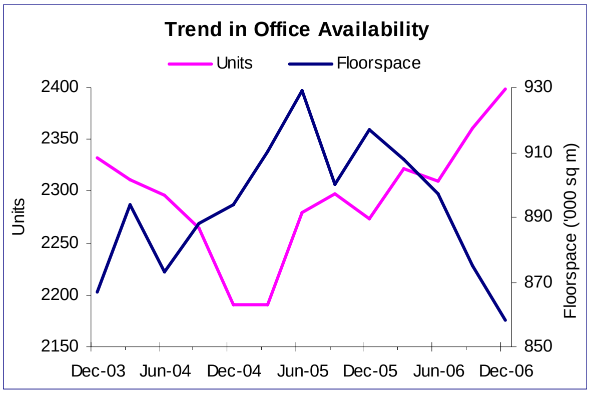
Office Availability

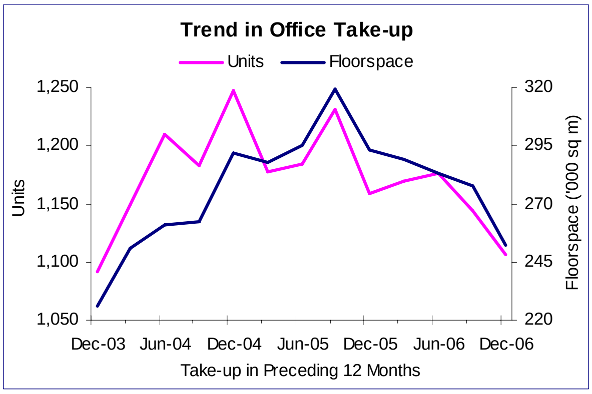
At the end of December 2006, SPN recorded 857,000 sq m of available office and business floorspace in Scotland in 2,398 units. This is 7% lower than the level recorded at December 2005 and the lowest level of floorspace recorded by SPN in the last 3 years.

Most of the decline in supply was in medium to large sizes, with increased availability in sizes under 200 sq m. The number of premises on the market increased by 5% over the year.

At the end of 2006, both Edinburgh & Glasgow cities recorded reduced supply of office floorspace, down by 16% and 21% respectively, compared with the previous year. Glasgow has very marginal increases in supply of post-1990 space, but with significant falls in older space. In Edinburgh, supply of floorspace built in the 1980s grew by 50%, while all other age-bands had reduced supply.

In Glasgow, supply fell across all size-bands. Edinburgh, by comparison, had increased supply (32%) in small units under 200 sq m, but with reduced supply in all larger sizes.





Office Take-up

During 2006, SPN recorded take-up of over 252,000 sq m of office floorspace in 1,106 transactions across Scotland. This was 14% lower than the level recorded in the previous 12 months and 10% below the 3-year average. The reduction in take-up was most significant in large units, over 1,000 sq m, with a 36% fall in floorspace taken up and a 24% fall in transactions.

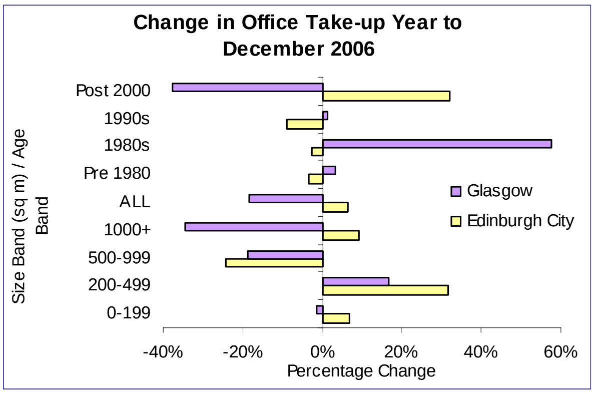
In Glasgow, take-up of office floorspace fell by 18% from the high levels recorded the previous year. The fall in take-up was most evident in space built post-2000 and in premises greater than 1,000 sq m.

In 2006, take-up of floorspace in Edinburgh City was 7% higher than in the previous 12 months. Growth of 32% was recorded in floorspace built post-2000, with a 39% increase in take-up in premises under 500 sq m in size.

Both Grampian and Tayside recorded a fall of around 25% in floorspace taken up, while Lanarkshire had a 44% decrease. In Forth Valley, take-up in 2006 increased by 79%.

Some of the more significant office lettings recorded during Q4 2006 are detailed below.

Address	Sq Metres	Lessee
Pentad 1, South Gyle, Edinburgh	2,257	Lothian Valuation Joint Board
3rd - 6th Floors, Aurora, 120 Bothwell Street, Glasgow	7,145	Barclays Wealth
Part 5th & 6th Floor, Guild Hall, 57 Queen Street, Glasgow	2,028	News International Plc
The Hub, Nova Technology Park, Glasgow	3,047	Wood Group
Ground, 1st & 2nd Floors, 38 Cadogan Street, Glasgow	1,540	First Data International



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