

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 2005.

Industrial Availability

The available supply of industrial floorspace in Scotland increased by almost 9% during Q2 2005, to just over 2.39 million sq m. At the end of June, available floorspace was 6% higher than the level recorded a year earlier, and close to the 3-year average.

The number of units on offer also increased marginally in Q2, but fell by 5% over the year to June, to stand 5% below the 3-year average.

The increase in supply was, however, confined to older accommodation, including a number of large manufacturing facilities. The available supply of post-1990 floorspace declined slightly over the year. The number of available units built since 2000 increased by 30% over the year to June, but floorspace in this age-band fell by 2%.

Growth in supply was strongest in the west of Scotland, with a rise of 17% in available floorspace in Strathclyde, compared to an increase of just 6% in Edinburgh & Lothian over the year. Available floorspace fell in Fife (-30%) and in Grampian (-11%).

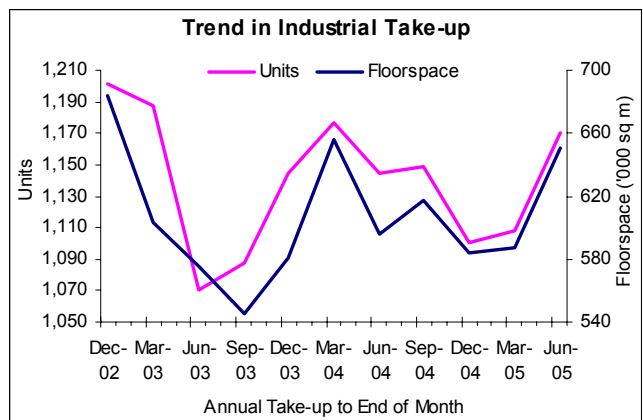
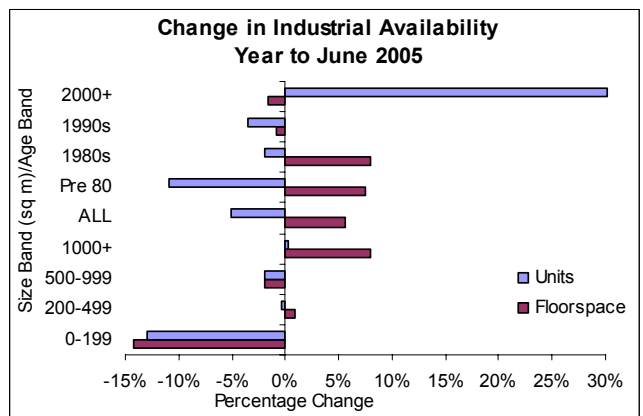
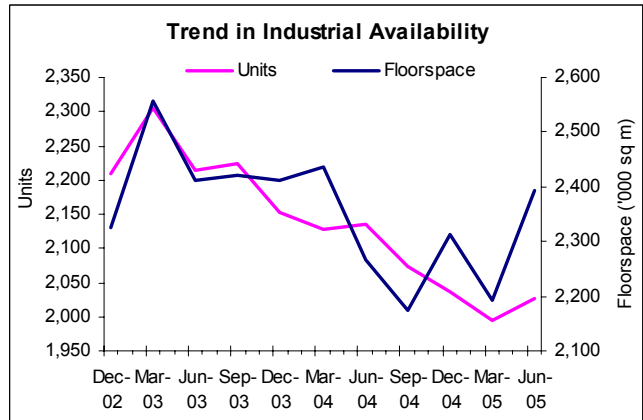
Industrial Take-up

The rate of annual take-up of industrial floorspace across Scotland increased by 11% in Q2 2005. In the 12 months to June, SPN recorded take-up of 651,000 sq m, 9% higher than in the previous year and 7% above the 3-year average. The total number of transactions increased by just 2% over the year.

Take-up of floorspace increased by 10% in Central Scotland over the year, compared to a fall of 40% in the Highlands & Islands.

Growth in take-up was mainly in larger units and in recently built space. Take-up of units bigger than 999 sq m increased by 32%, while take up of units under 100 sq m fell by 8%. Take-up of floorspace built since 2000 increased by 118% over the year.

Significant deals recorded in the second quarter of 2005 included two lettings to Wm Morrison Supermarkets of 10,962 sq m at Pyramids Business Park, Bathgate and 12,175 sq m at Europoint, Eurocentral.



Office Availability

The total supply of office floorspace continued to rise steadily during the second quarter of 2005, up by 2% on the previous quarter and by 6% on the level recorded 12 months earlier. At the end of June 2005, SPN recorded 929,000 sq m of available office floorspace across Scotland, 8% above the 3-year average.

Growth in supply was, however, largely in older (pre-1980) floorspace, which increased by 20% over the year, compared to a rise of just 3% in floorspace built since 2000.

The major office markets of Edinburgh and Glasgow recorded increases in supply of floorspace of 21% and 15% respectively over the year to June. Grampian recorded a rise in supply of 6%, while supply of floorspace fell by 21% in Lanarkshire.

Office Take-up

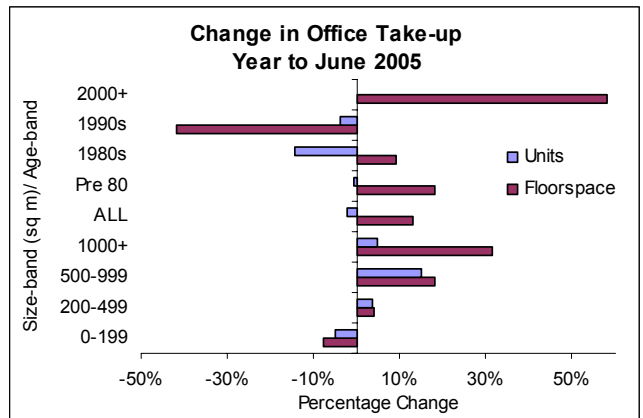
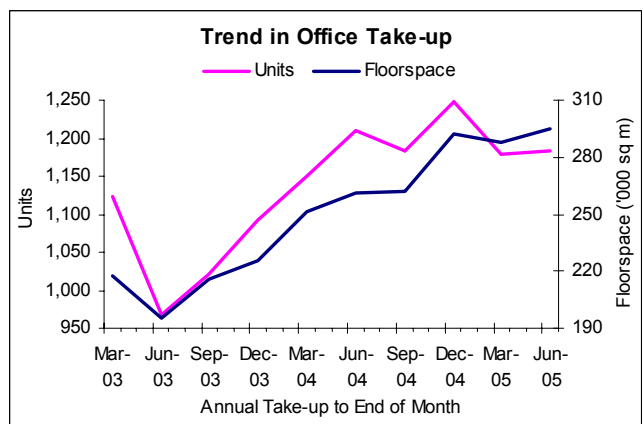
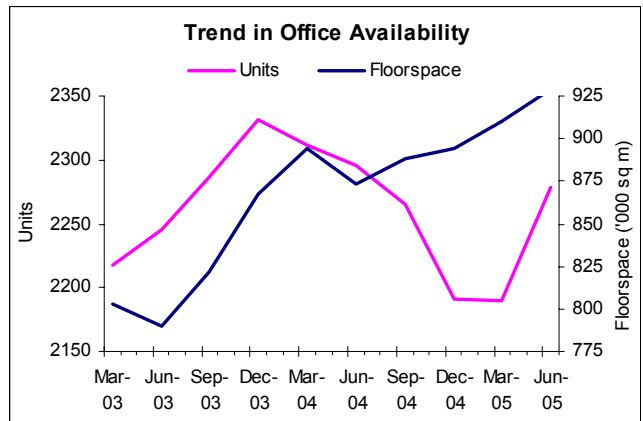
In the year to June 2005, SPN recorded take-up of over 295,000 sq m of office floorspace in Scotland. This was 13% higher than in the previous 12-month period and 18% above the 3-year average. The number of transactions recorded during the year was marginally down on the previous year.

Most of the increase in take-up was in recently built floorspace (post-2000), which increased by 58% over the year, but with no change in the number of transactions in this age-band. Take-up of 1990s floorspace fell by 42%.

The main office markets of Glasgow and Edinburgh both recorded significant increases in take-up, of 52% and 42% respectively, over the year. Grampian recorded growth of 17% in office take-up, while in Lanarkshire, take-up fell by 25%.

Major lettings recorded in Q2 2005 included:

The Exchange, Aberdeen - 1,699 sq m to Petrofac;
 Caledonian Exchange, Edinburgh - 1,605 sq m to Lindsays WSt;
 Sentinel, Glasgow - 1,719 sq m to Aon; and
 Skypark, Glasgow - 10,219 sq m to O2 (UK) Ltd.



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