

Following acquisition by Property Intelligence Limited in June 2004, Scottish Property Network is now part of the FOCUS group, the UK's leading supplier of commercial property information. We also join the international CoStar Group, the world's largest provider of information and analysis on commercial property.

Access to the expertise and technology available within the wider group will allow Scottish Property Network to consolidate its position as the primary source of data on Scottish commercial property markets and to further develop the range and quality of its services to the Scottish property industry.

The following summary is derived from SPN's database of supply and take-up in the main Scottish commercial property markets covering the 10 Scottish Enterprise LEC areas in Central and North-East Scotland, continuing our previous series.

The RICS in Scotland has now discontinued publication of its quarterly commercial survey for Scotland, so we are no longer able to provide our usual summary of those findings.

Industrial Availability

The slow decrease in the availability of industrial floorspace since March 2003 has continued, despite a slight upturn in Q1 2004. Supply of floorspace fell by 7% in Q2 of 2004.

At the end of June, available industrial floorspace totalled 2.17 million sq m, 7% lower than at June 2003. Despite this recent decline, recorded available floorspace at June was 6% above the 5-year average. However, the number of available units was 6% below the 5-year average, reflecting a trend towards supply in larger sizes of unit.

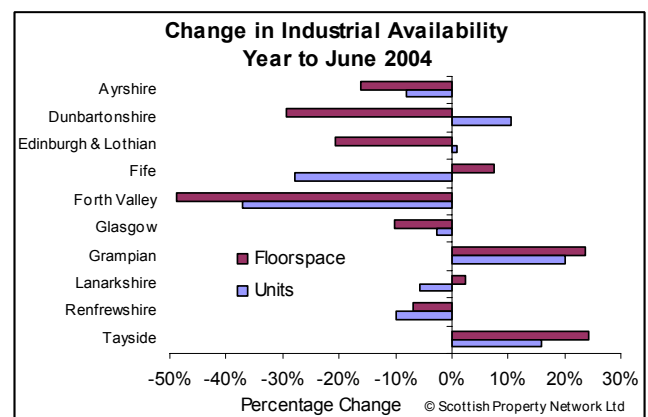
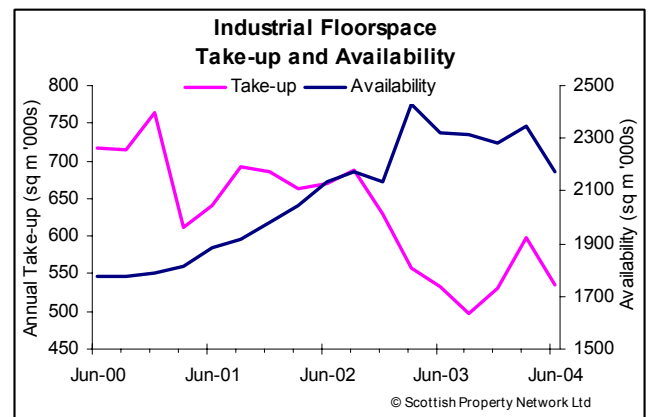
Over the year to June 2004 only the Tayside and Grampian areas recorded a significant increase in available industrial supply. Supply in Lanarkshire was substantially unchanged, while Edinburgh & Lothian recorded a fall in available floorspace of over 20%.

The availability of modern (post-1990) floorspace increased by 12% over the year to June, although the number of units in this age-band fell by 6%.

Industrial Take-up

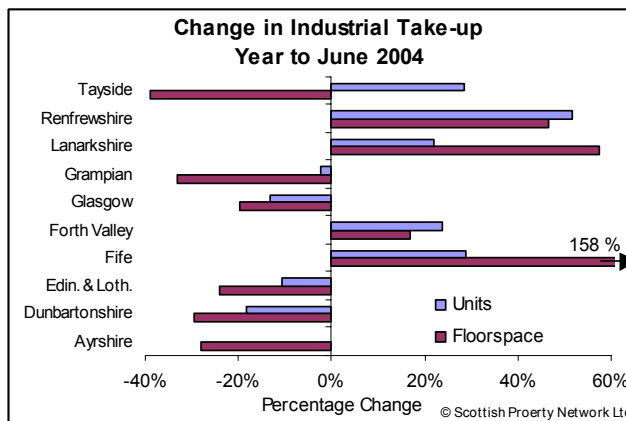
Recorded take-up rose strongly in Q4 2003 and in Q1 2004, but fell back a bit in Q2 2004. Take-up of floorspace in the 12 months to the end of June was just 4% higher than in the previous year, and was 11% below the 5-year average.

In the same period, however, take-up of modern (post 1990) space increased by 82%.



Growth was mainly in Lanarkshire, where take-up of floorspace in the year to June was 57% higher than in the previous 12 months.

Renfrewshire and Fife also recorded big increases in take-up of industrial floorspace, with more modest growth in Forth Valley, but all other areas recorded a fall in take-up. Glasgow and Edinburgh & Lothian recorded reductions in take-up of floorspace in the year to June of 20% and 24% respectively.

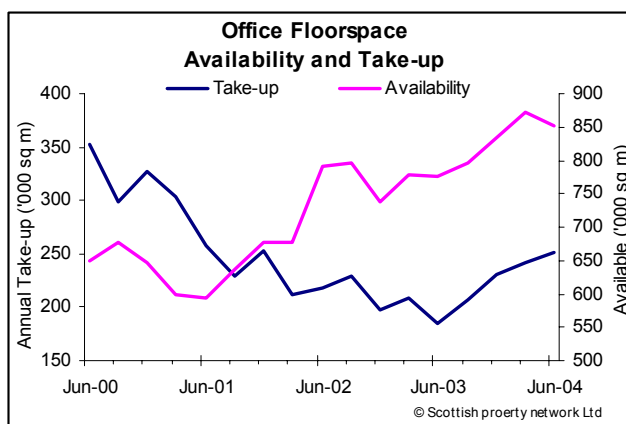


Office Availability

Available office floorspace peaked in Q1 2004 at the highest level yet recorded by SPN, but fell marginally in Q2. Total available office space at the end of June was 12% above the level recorded at June 2003 and 17% above the 5-year average.

Availability of floorspace built since 2000 increased by 34% over the year, to just under 290,000 sq m.

Glasgow recorded an increase in available office floorspace of 11% over the 12 months to June, compared to a rise of only 5% in Edinburgh City. Available office floorspace in both Lanarkshire and Grampian increased by around 30%.

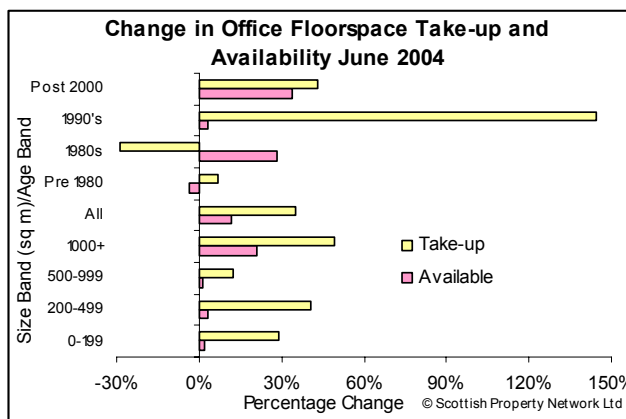


Office Take-up

Office take-up has continued to increase over the four quarters to June 2004. Take-up of floorspace in the year to the end of June was 35% higher than in the previous 12 months and just 1% below the 5-year average.

Take-up of post-1990 floorspace rose over the year by 78%, including a 43% rise in post-2000 space, compared to a fall of almost 30% in take-up of 1980s floorspace.

Only the Grampian area recorded a fall in take-up of office space, with the largest percentage increases in Renfrewshire and Tayside, albeit from relatively low levels in the previous year. Glasgow recorded an increase of only 6%, while Edinburgh City saw an increase of 38% in floorspace taken up.



Edinburgh and Glasgow Cities each account for approximately 25% of all office take-up.

This report provides only a broad overview of movements in industrial and office markets as recorded by Scottish Property Network, and no responsibility is accepted by Scottish Property Network Limited for any errors or omissions. All of the material in this report is copyright and should not be reproduced in whole or in part without prior written permission.

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