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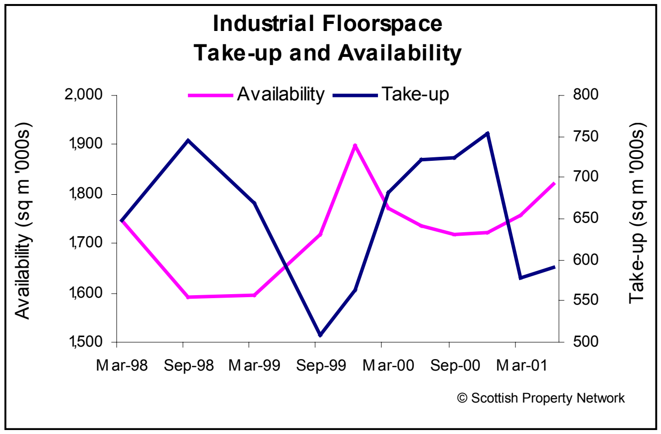
The following summary is derived from Scottish Property Network's database of supply and take-up in the 10 Scottish Enterprise LEC areas in Central and Northeast Scotland, and from the Royal Institution of Chartered Surveyors in Scotland's Commercial Property Survey. In this issue, additional commentary on the retail property sector was provided by NAI Gooch Webster.

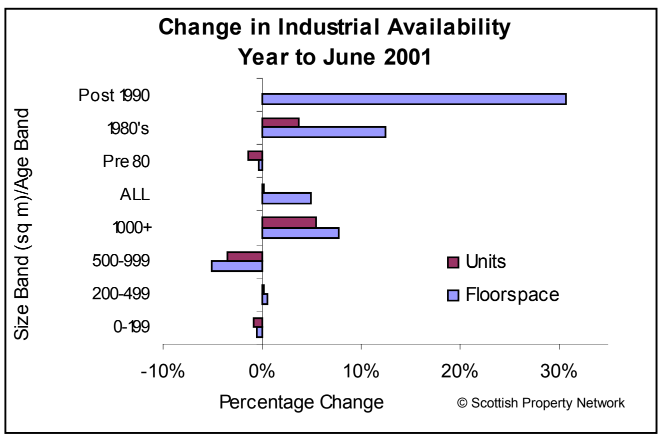
Industrial Availability

- Over the year to June 2001, the volume of available floorspace increased by 5% although there was no change recorded in the supply of units.
- The availability of post 1990 floorspace increased by 30%.
- Only accommodation in sizes over 999 sq m showed any significant increase in supply over the year to June, up by 8% for floorspace and 5% for units.
- Since March 1998, the availability of units under 200 sq m has fallen by 19%. In the same period, by contrast, the supply of units over 999 sq m has risen by 12%.



Industrial Take-up

- Take-up of industrial accommodation declined sharply in the year to June, down by 18% for floorspace and 22% if measured in unit transactions. The fall in take-up has been steeper in the first six months of 2001.
- Transactions of units under 500 sq m fell by around 25% while there was also a decline, of 14%, in take-up of larger units (>999 sq m).



Key Letting deals : Industrial - Q1 & Q2 2001

Property	Size. sq m (sq ft)	Occupier.	Headline rental rate. £/per sq m (£ per sq ft)
J4M8 Dist. Park, West Lothian	13,935 sq m (149,996 sq ft)	Scottish Courage	£54.90 psm (£5.10 psf)
Burnbrae Road, Linwood	11,756 sq m (126,540 sq ft)	Geo-Logistics	£59.20 psm (£5.50 psf)
Collussus, Eurocentral, Bellshill	8,733 sq m (94,000 sq ft)	P & O Trans European	c £53.82psm (£5 psf)
Axis Park, Westfield Ind. Estate, Cumbernauld.	3,716 sq m (40,000 sq ft)	Anglo Overseas Ltd.	£48.44 psm (£4.50 psf)
Phase 4, Unit B, Hamilton International Tech. Park.	3,187 sq m (34,305 sq ft	CTS (UK) Ltd.	£56.51 psm (£5.25 psf)
Unit BP9, Riverside Business Park, Irvine	2,340 sq m (25,188 sq ft)	Excel Multimedia	£48.44 psm (£4.50 psf)

Source: SPN Survey of Agents

Industrial – Average Rent and Yield

New Unit 5-15,000 sq ft	Rent £/psm (£/psf) June 2000	Rent £/psm (£/psf) June 2001	Average Growth (p.a.) Jun. 98 – Jun. 01	Yield June 2000	Yield June 2001
Aberdeen	£53.39 (£4.96)	£53.93 (£5.01)	1.9%	9%	8.9%
Dundee	£39.72 (£3.69)	£41.23 (£3.83)	0.5%	9.6%	9.5%
Edinburgh	£62.22 (£5.78)	£64.26 (£5.97)	3.3%	7.1%	7%
Glasgow	£52.53 (£4.88)	£54.25 (£5.04)	1.9%	7.9%	7.7%

Source: Royal Institution of Chartered Surveyors in Scotland

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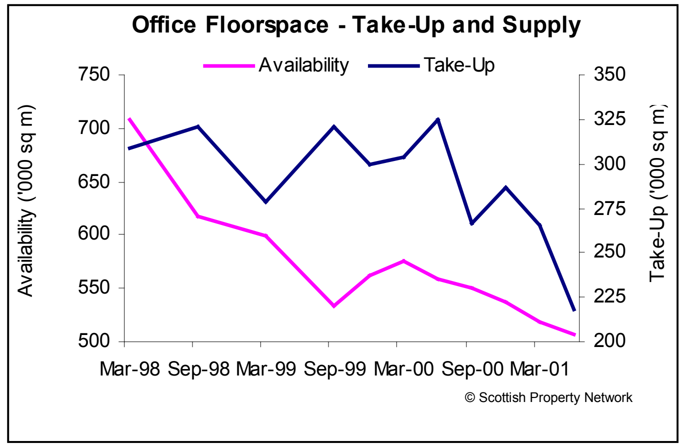
Office Availability

- The volume of available floorspace declined by 9% in the year to June 2001 continuing the general downward trend noted since March 1998. The fall in supply of post 1990 floorspace over the year is steeper at 25%.
- Glasgow recorded a fall of 28% in the volume of available floorspace in the year to June, mainly as a result of a halving of supply in larger sizes (>999 sq m). In Edinburgh City, there was only around 7,000 sq m of Post 1990 accommodation available as at June 2001.
- The volume of office floorspace under construction fell by 10% during the first six months of 2001. In the same period, SPN recorded a 45% increase in completions, around 60% of which is reported by agents to be speculative.



Office Take-up

- Despite a small increase in the last quarter of 2000, take-up of floorspace has declined by 34% over the year to June. The fall in unit transactions has been less steep at 10%.
- Post 1990 office floorspace recorded a fall in take-up of around 38% while transactions of accommodation in the largest size band (>999 sq m) declined by 48%.

Offices June 2001	Schemes	Floorspace (sq m)	% Change from Dec. 2000	% Speculative Floorspace
Proposed	75	371,600	20%	83%
Under Construction	59	283,000	-10%	62%
Completions Yr to Jun. 01	99	285,300	45%	61%
				Source: Glenigan/SPN

Retail Overview – Scottish Towns

- According to the RICS in Scotland, average rentals are levelling off in most High Streets, although there is evidence of continued growth in certain shopping centres such as the Thistle Centre, Stirling and the Howgate Centre, Falkirk.
- There is a limited supply of suitable units in the 5,000 –15,000 sq ft range on edge of prime High Street pitches to meet the requirements of fashion and discount retailers.
- Agreed lease lengths tend to be up to 15 years with tenant breaks and varying incentive packages.
- The limited development activity underway in Scottish towns includes 34,374 sq m (370,000 sq ft) at the Plaza, East Kilbride, part of which has been pre-let to Debenhams. An additional 3,716 sq m (40,000 sq ft) at the Thistle Centre, Stirling, due to start in November 2001, has been pre-let to Gap, Next and Superdrug.
- The market for standing investments has been quiet with the RICS in Scotland reporting upward pressure on yields over the year to June. However, interest remains strong from smaller investors for stock that is capable of reconfiguration to add value.

Offices – Average Rent and Yield

Re-furb. Townhouse	Rent £/psm (£/psf)		Average Growth (p.a.) Jun. 98 – Jun. 01	Yield	
	June 2000	June 2001		June 2000	June 2001
Aberdeen	£161.46 (£15.00)	£164.37 (£15.27)	1.3%	8.4%	8.2%
Edinburgh	£180.94 (£16.81)	£191.28 (£17.77)	7.7%	7%	6.9%
Glasgow	£151.88 (£14.11)	£157.48 (£14.63)	4%	7.4%	7.5%

Source: Royal Institution of Chartered Surveyors in Scotland

Retail - Average Rent and Yield

Prime 2,000 sq ft unit on High Street.	Rent £/psm (£/psf)		Average Growth (p.a.) Jun. 98 – Jun. 01	Yield	
	June 2000	June 2001		June 2000	June 2001
Ayr	£753.48 (£70.00)	£762.41 (£70.83)	3.2%	6.4%	6.9%
Dunfermline	£648.32 (£60.23)	£659.73 (£61.29)	2.9%	7.1%	7.5%
Falkirk	£750.47 (£69.72)	£768.76 (£71.42)	4.3%	6.6%	7%
Paisley	£660.48 (£61.36)	£649.93 (£60.38)	-2.4%	8.4%	8.6%

Source: Royal Institution of Chartered Surveyors in Scotland

Scottish Property Network is a joint venture by Scottish Enterprise and the University of Paisley, which has been part financed by the European Community, European Regional Development Fund through the Eastern Scotland Objective 2 and the Western Scotland Objective 2 programmes.