

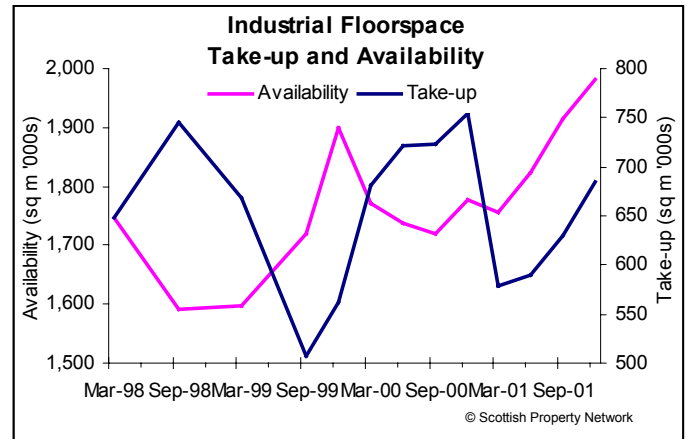
The following summary is derived from Scottish Property Network's database of supply and take-up in the 10 Scottish Enterprise LEC areas in Central and Northeast Scotland, and from the Royal Institution of Chartered Surveyors in Scotland's Commercial Property Survey. In this issue, additional commentary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

Industrial Availability

- The volume of available floorspace increased by 12% across Central and Northeast Scotland in the year to December 2001. However, there was a marginal decline in the supply of units.
- Post 1990 floorspace availability increased by 34% over the year, mainly in sizes over 999 sq m.

Industrial Take-up

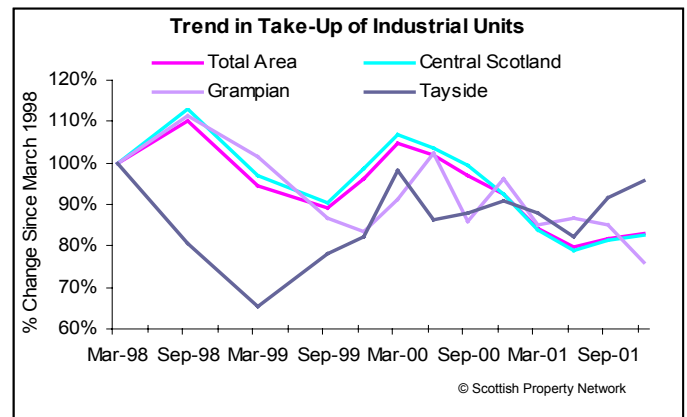
- Despite an increase in the second half of the year, take-up of industrial accommodation declined by around 12% (units and floorspace) in 2001.
- While there was an increase in floorspace taken up, of 7%, in Tayside, there was a sharp decline in Grampian, down by 25%, over the year.



Industrial Investment Focus



- Purchasers, seeking to take advantage of low cost finance, are being hampered by a lack of available investment product with owners reluctant to sell as they are unable to reinvest at such attractive yields.
- Institutions, requiring good investment and prime speculative development opportunities, and private buyers, seeking £20 million plus packages, have both been evident in recent months.
- Attractive finance packages are also cited as a reason for the continued buoyancy in the market to owner occupy rather than to lease.
- Occupational demand is still evident in sizes up to 1,858 sq m (20,000 sq ft) with average lease lengths on secondary stock being 3-5 years.
- Average rentals continued to increase in most main markets in the year to September 2001 although at a slower rate than the 3 year average, according to the RICS in Scotland. There was also evidence of limited downward pressure on average yields in most main markets over the year.



For further information on the composition of this report please contact Norman MacMillan or Janet Asquith-Charlton at;

Tel. +44 (0)141 561 7300
 Fax. +44 (0)141 561 7319
 E mail info@scottishproperty.co.uk
 Website www.scottishproperty.co.uk

Industrial – Average Rent and Yield

New Unit 5-15,000 sq ft	Rent £/psm (£/psf)		Average Growth (p.a.) Sept. 98 – Sept. 01	Yield	
	Sept. 2000	Sept. 2001		Sept. 2000	Sept. 2001
Aberdeen	£54.04 psm (£5.02 psf)	£54.36 psm (£5.05 psf)	2.1%	9%	8.8%
Dundee	£40.26 psm (£3.74 psf)	£40.90 psm (£3.80 psf)	0.4%	9.5%	9.4%
Edinburgh	£63.72 psm (£5.92 psf)	£64.48 psm (£5.99 psf)	3.7%	7.1%	7%
Glasgow	£52.31 psm (£4.86 psf)	£54.36 psm (£5.05 psf)	2.3%	7.9%	7.8%

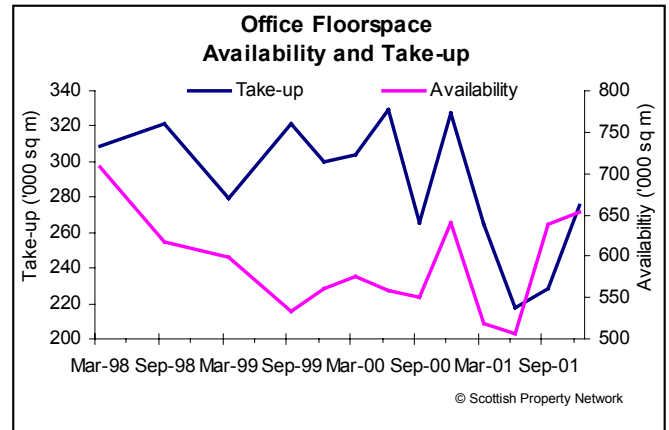
Source: Royal Institution of Chartered Surveyors in Scotland

Office Availability

- Despite a decline in the first half of the year, the volume of available floorspace remained largely unchanged in 2001,
- Total availability in Edinburgh City remained unchanged over the year with the supply of post 1990 floorspace falling by 29%. There was a 10% decline in overall supply across Glasgow in 2001 with post 1990 floorspace falling by 14%.

Office Take-up

- Over the year to December 2001, take-up of office floorspace fell by 16% although the fall in unit transactions was less steep, at 9%.
- Take-up of post 1990 office floorspace halved in Glasgow mainly in sizes over 999 sq m. The equivalent figure in Edinburgh City was a decline of 17% while there was a marginal increase in Grampian.



Retail Overview – City Centre

- According to the RICS in Scotland survey, yields have generally increased by up to 1% over the year to September 2001. Average rental growth in most main markets slowed in the year to September in comparison to the 3 year average.

Retail – Average Rent and Yield					
2,000 sq ft unit in prime position.	Rent £/psm (£/psf)		Average Growth (p.a.) Sep.98 – Sep.01	Yield	
	Sept. 2000	Sept. 2001		Sept. 2000	Sept. 2001
Argyle St. Glasgow	£1,961.42 (£182.22)	£1,977.89 (£183.75)	1.7%	5.2%	6.0%
Buchanan St. Glasgow	£2,346.55 (£218.00)	£2,354.84 (£218.77)	5.4%	4.9%	5.7%
Princes St. Edinburgh	£2,383.15 (£221.40)	£2,426.42 (£225.42)	1.3%	4.8%	5.6%
Union St. Aberdeen	1,276.72 (£118.61)	£1,354.43 (£125.83)	8.9%	5.6%	6.2%
Murraygate Dundee	£1,081.78 (£100.50)	£1,084.69 (£100.77)	2.7%	5.9%	6.9%

Source: Royal Institution of Chartered Surveyors in Scotland

Offices – Average Rent and Yield					
City Centre Open Plan	Rent £/psm (£/psf)		Average Growth (p.a.) Sept. 98 – Sept. 01	Yield	
	Sept. 2000	Sept. 2001		Sept. 2000	Sept. 2001
Aberdeen	£163.94 (£15.23)	£164.15 (£15.25)	0.9%	8.3%	8.2%
Edinburgh	£302.36 (£28.09)	£307.20 (£28.54)	9.1%	5.9%	6.2%
Glasgow	£213.13 (£19.80)	£231.43 (£21.50)	7.6%	6.7%	6.7%

Source: Royal Institution of Chartered Surveyors in Scotland

Key Letting deals : Offices - Q3 & Q4 2001			
Property	Size. sq m (sq ft)	Occupier.	Headline rental rate. £/per sq m (£ per sq ft)
123 St Vincent Street, Glasgow	6,759 sq m (72,754 sq ft)	Hutchison 3G	£239.50 psm (£22.25 psf)
Fairways Business Park, Livingston	2,787 sq m (30,000 sq ft)	Scottish Courage (Pre-Let)	£161.46 psm (£15 psf)
Princes Gate, Hamilton (Part)	1,161 sq m (12,500 sq ft)	Scottish Executive	£135 psm, (£12.50 psf)
The Piazza, Smithhills Street, Paisley	1,511 sq m (16,269 sq ft)	Scottish Executive	£107.60 psm (£10 psf)

Source: SPN Survey of Agents

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