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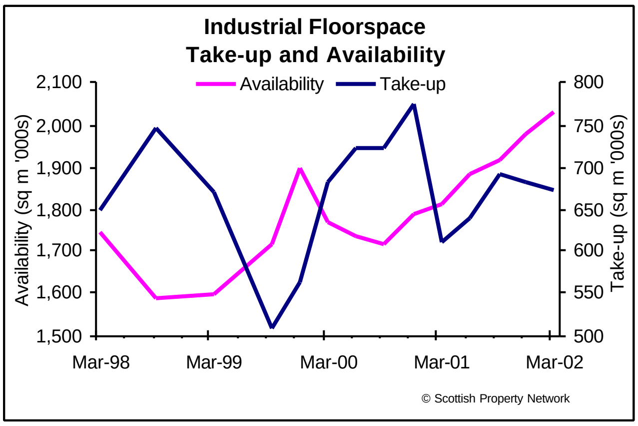
The following summary is derived from Scottish Property Network's database of supply and take-up in the 10 Scottish Enterprise LEC areas in Central and Northeast Scotland, and from the Royal Institution of Chartered Surveyors in Scotland's Commercial Property Survey. In this issue, additional commentary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

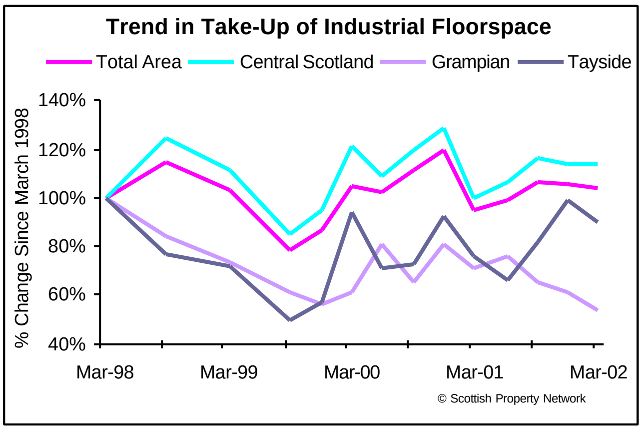
Industrial Availability

- Total volume of available floorspace increased in Q1 2002 by 2%. In the year to March 2002, SPN recorded a 12% rise in available floorspace, although there was little change in the number of units on offer.
- The increase in supply of modern (post 1990) floorspace has been greater at almost 40% over the year to March. Most of this growth has been in units over 999 sq m.
- The RICS in Scotland's Commercial Property Survey suggests rental growth during 2001 of 3.9% in Edinburgh, 2.7% in Dundee, 0.6% in Glasgow and 0.4% in Aberdeen.



Industrial Take-up

- Take-up of industrial floorspace increased by 10% overall in the year to March 2002, although there was a fall of 8% in the number of units taken up. In Q1 2002, take up fell marginally by 2% on the previous quarter.
- The Grampian area recorded a 23% decline in take-up over the year to March, compared to a 13% increase in the Central Belt.



Office Focus

GVA Grimley
International Property Advisers

- The office market in Edinburgh has slowed in recent months. Many potential occupiers appear to be waiting until the prevailing global economy improves before committing themselves to new space. Demand for space in the 150 to 500 sq m range remains relatively healthy and there is an underlying demand from some occupiers for expansion space that is limited by existing leases.
- The key to long-term growth is the continued strength of service sector employment in Edinburgh. In this context, office supply is likely to match demand in the next two years. Thereafter, however, the supply pipeline is significantly short of proposals to meet long-term demand forecasts.
- A different picture has emerged in Glasgow over recent months. The market has continued to enjoy a steady level of activity and there remains a lack of Grade A space available within the central core, fuelling development activity.
- Demand for accommodation in the second-hand market in Glasgow remains strong. Enquiries remain at good levels across all size ranges from both the public and private sectors.

Industrial – Average Rent and Yield

New Unit 5-15,000 sq ft	Rent £/psm (£/psf)		Growth Dec. 00 – Dec. 01	Average Growth Dec. 98 – Dec. 01	Yield	
	Dec. 2000	Dec. 2001			Dec. 2000	Dec. 2001
Aberdeen	£54.25 psm (£5.04 psf)	£54.47 psm (£5.06 psf)	0.4%	2.1%	8.8%	8.8%
Dundee	£40.37 psm (£3.75 psf)	£41.44 psm (£3.85 psf)	2.7%	0.1%	9.4%	9.4%
Edinburgh	£62.65 psm (£5.82 psf)	£65.12 psm (£6.05 psf)	3.9%	4.0%	7.0%	7.1%
Glasgow	£53.28 psm (£4.95 psf)	£53.60 psm (£4.98 psf)	0.6%	1.6%	7.8%	7.8%

Source: Royal Institution of Chartered Surveyors in Scotland

- The RICS in Scotland Commercial Property Survey records rental growth in Glasgow offices (open plan) of 6.4% during 2001, below the three-year average. Rental growth in Edinburgh and Aberdeen was significantly lower at 1.9% and 1.2% respectively.

Office Availability

- The total volume of available office floorspace recorded by SPN was virtually unchanged in Q1 of 2002, having increased by 13% over the previous three quarters.
- Total supply in Glasgow remained unchanged over the 12 months to March. However, Edinburgh recorded an increase of 8% in the first quarter of 2002 and a 55% increase in floorspace over the twelve months to end of March.

Office Take-up

- Over the year to March 2002, take-up of office floorspace fell by over 30% in both Glasgow and Edinburgh.
- Take-up of post 1990 office floorspace halved in Glasgow, mainly due to a fall in take-up in larger sizes over 999 sq m. In Edinburgh City take-up in the size range 200-499 sq m was down by 57%.

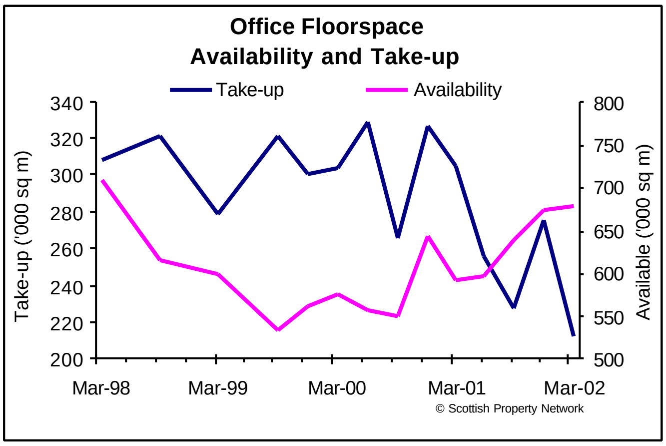
Retail Overview – City Centre

- The RICS in Scotland survey shows continued upward movement in retail yields in all main centres. Rental growth in the main markets in the year to December 2001 was above the 3 year average only in Argyle Street at 1.1%. Survey returns for Union Street, Aberdeen suggest a 5.9% rental growth for 2001.

Retail – Average Rent and Yield

2,000 sq ft unit in prime position.	Rent £/psm (£/psf)		Growth Dec. 00 – Dec. 01	Average Growth Dec. 98 – Dec. 01	Yield	
	Dec. 2000	Dec. 2001			Dec. 2000	Dect. 2001
Argyle St. Glasgow	£1,945.81 (£180.77)	£1,966.48 (£182.69)	1.1%	0.9%	5.5%	6.1%
Buchanan St. Glasgow	£2,343.22 (£217.69)	£2,327.72 (£216.25)	-0.7%	3.1%	5.3%	5.8%
Princes St. Edinburgh	£2,397.04 (£222.69)	£2,401.23 (£223.08)	0.2%	0.7%	5.2%	5.8%
Union St. Aberdeen	1,298.68 (£120.65)	£1,375.10 (£127.75)	5.9%	9.2%	5.8%	6.3%
Murraygate Dundee	£1,080.49 (£100.38)	£1,076.40 (£100.00)	-0.4%	1.5%	6.3%	7.1%

Source: Royal Institution of Chartered Surveyors in Scotland



Offices – Average Rent and Yield

City Centre Open Plan	Rent £/psm (£/psf)		Growth Dec. 00 – Dec. 01	Average Growth Dec. 98 – Dec. 01	Yield	
	Dec. 2000	Dec. 2001			Dec. 2000	Dec. 2001
Aberdeen	£176.53 (£16.40)	£178.57 (£16.59)	1.2%	2.2%	8.0%	8.0%
Edinburgh	£298.06 (£27.69)	£303.65 (£28.21)	1.9%	7.9%	6.1%	6.3%
Glasgow	£217.97 (£20.25)	£231.96 (£21.55)	6.4%	7.8%	6.7%	6.7%

Source: Royal Institution of Chartered Surveyors in Scotland

Key Letting deals : 1st Quarter 2002

Property	Size. sq m (sq ft)	Occupier.	Headline rental rate. £/per sq m (£ per sq ft)
89 Princes Street, Edinburgh	90.30 sq m (972 sq ft) Zone A	Anne Summers	£1,938 psm (£180 psf) (NET RATE)
Unit 4 Edinburgh Interchange, Newbridge, Edinburgh	2,450 sq m (26,376 sq ft)	Scottish Ministers	£64.58 psm (£6.00 psf)
4th –5th Floors, Cerium Building, Cadogan Sq, Glasgow	2,023 sq m (21,776 sq ft)	Ministry of Defence	£209.90 psm (£19.50 psf)
3rd Floor, 180 W George Street, Glasgow	738 sq m (7,944 sq ft)	Standard Life Assurance	£247.57 psm (£23.00 psf)

Source: SPN Survey of Agents

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