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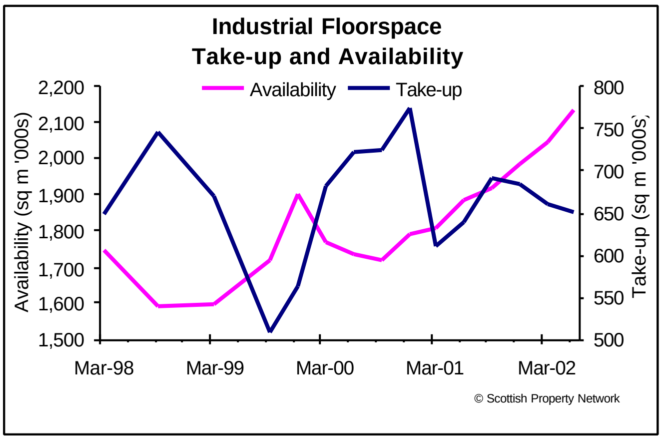
The following summary is derived from Scottish Property Network's database of supply and take-up in the 10 Scottish Enterprise LEC areas in Central and Northeast Scotland, and from the Royal Institution of Chartered Surveyors in Scotland's Commercial Property Survey. In this issue, additional commentary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

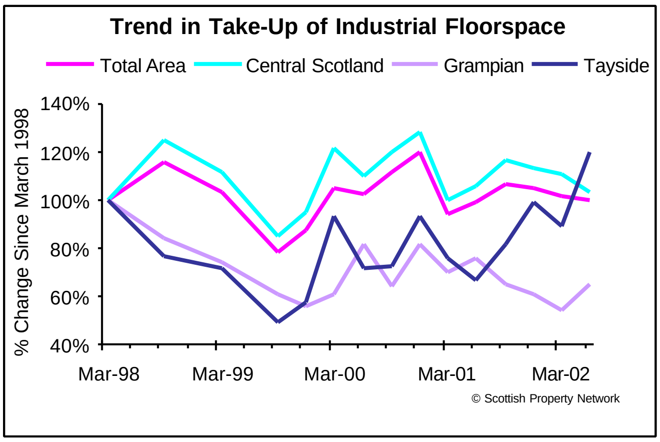
Industrial Availability

- Total volume of available floorspace increased by 4% in Q2 2002 to just over 2.13 Million sq m. In the year to June 2002, SPN recorded a 13% rise in available floorspace, while the number of units on offer fell by 2%.
- The supply of available floorspace increased in every age band with modern (Post 1990) recording the largest increase (40%) in the year to June. Most of this growth has been in units over 999 sq m.
- The RICS in Scotland's Commercial Property Survey suggests rental growth during the year to March 2002 was highest in Edinburgh at 3.8%, with Aberdeen recording 1.8% and Glasgow and Dundee 1.2% and 1.1% respectively.



Industrial Take-up

- Take-up of industrial floorspace increased by 2% overall in the year to June 2002, although the number of units taken up fell by 6%. Take-up of floorspace in Q2 2002 recorded a marginal fall on the previous quarter.
- In Central Scotland take-up of floorspace declined by 3%.



King Sturge & Co

Industrial Focus

- The leasehold market has been somewhat patchy over the last 12 months, heightened by the events of 11th September, with many service companies and manufacturers reported to be carefully assessing expansion plans to allow a move or to put these plans on hold. The strongest demand has, however, been in both the small unit / workshop sector and for large distribution space.
- Availability of new floorspace fell marginally over Q1 and Q2 2002, but remains at 4% of total stock.
- Demand for modern detached buildings for owner occupation has been extremely healthy, particularly in the West of Scotland, fuelled partly by low interest rates. Demand for owner occupation is expected to continue with companies uncertain of the likelihood of short-term growth in the money markets and private pension shortfalls.
- Prime investment yields lie between 7.5%-8% along the M8 corridor.

Industrial – Average Rent and Yield

New Unit 5-15,000 sq ft	Rent £/psm (£/psf) Mar. 2001	Rent £/psm (£/psf) Mar. 2002	Growth Mar. 01 – Mar. 02	Average Growth Mar. 99 – Mar. 02	Yield Mar. 2001	Yield Mar. 2002
Aberdeen	£53.82 psm (£5.00 psf)	£54.79 psm (£5.09 psf)	1.8%	1.5%	8.9%	8.8%
Dundee	£40.37 psm (£3.75 psf)	£40.80 psm (£3.79 psf)	1.1%	0%	9.4%	9.4%
Edinburgh	£62.86 psm (£5.84 psf)	£65.22 psm (£6.06 psf)	3.8%	3.7%	7.1%	7.1%
Glasgow	£54.04 psm (£5.02 psf)	£54.68 psm (£5.08 psf)	1.2%	2.5%	7.8%	7.7%

Source: Royal Institution of Chartered Surveyors in Scotland

- The RICS in Scotland Commercial Property Survey records rental growth in Glasgow offices (open plan) of 5.5% during the year to March 2002, below the three-year average of 8.2%. Marginal rental growth of 0.3% was recorded in Aberdeen while Edinburgh saw a decline of 0.3%

Office Availability

- The total volume of available office floorspace recorded by SPN increased by 25% over the year to June 2002, with Central Scotland recording an increase of 32%.
- Total supply in Lothian increased by 57% (floorspace) over the year to June, mainly reflecting an increase in units over 500 sq m. There was an increase of 39% in Glasgow over the same period, mainly accounted for by units in excess of 1,000 sq m.

Office Take-up

- Over the year to June 2002, take-up of office floorspace fell by 17% in Central Scotland, with Glasgow and Edinburgh recording declines of 16% and 21% respectively.
- Take-up of office units in Glasgow fell in every size and age band, with post 1990 office floorspace recording a decline of 37%. The volume of lettings within Edinburgh for post-1990 units fell by 56%.

Retail Overview – City Centre

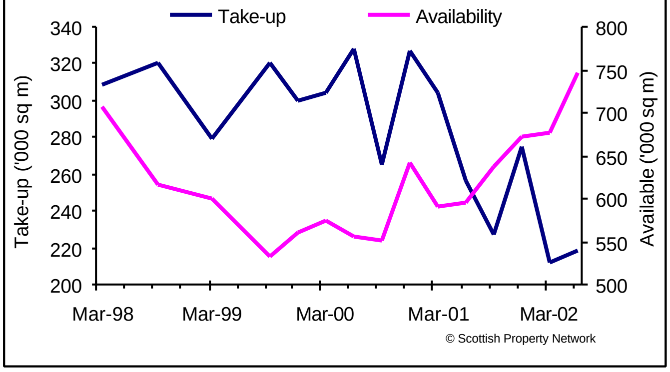
- The RICS in Scotland survey shows continued upward movement in retail yields in all main centres. Falling rentals are reported in all of the main markets in the year to March 2002 with the exception of Union St, Aberdeen, where rents are reported to have risen by 2.8%. The largest rental decline of 3.8% was reported in Princes St, Edinburgh.

Retail – Average Rent and Yield

2,000 sq ft unit in prime position.	Rent £/psm (£/psf) Mar. 2001	Rent £/psm (£/psf) Mar. 2002	Growth Mar. 01 – Mar. 02	Average Growth Mar. 99 – Mar. 02	Yield Mar. 2001	Yield Mar. 2002
Argyle St. Glasgow	£1,968.31 (£182.86)	£1,943.33 (£180.54)	-1.3%	0.4%	5.7%	6.1%
Buchanan St. Glasgow	£2,336.54 (£217.07)	£2,329.65 (£216.43)	-0.3%	1.2%	5.5%	5.9%
Princes St. Edinburgh	£2,414.69 (£224.33)	£2,321.90 (£215.71)	-3.8%	-0.8%	5.4%	5.8%
Union St. Aberdeen	£1,331.18 (£123.67)	£1,368.53 (£127.14)	2.8%	7.6%	6.0%	6.3%
Murraygate Dundee	£1,079.95 (£100.33)	£1,072.52 (£99.64)	-0.7%	0.6 %	6.4%	7.1%

Source: Royal Institution of Chartered Surveyors in Scotland

Office Floorspace Availability and Take-up



Offices – Average Rent and Yield

City Centre Open Plan	Rent £/psm (£/psf) Mar. 2001	Rent £/psm (£/psf) Mar. 2002	Growth Mar. 01 – Mar. 02	Average Growth Mar. 99 – Mar. 02	Yield Mar. 2001	Yield Mar. 2002
Aberdeen	£179.01 (£16.63)	£179.54 (£16.68)	0.3%	2.0%	8.0%	8.0%
Edinburgh	£300.96 (£27.96)	£300.10 (£27.88)	-0.3%	6.9%	6.2%	6.4%
Glasgow	£225.83 (£20.98)	£238.31 (£22.14)	5.5%	8.2%	6.7%	6.7%

Source: Royal Institution of Chartered Surveyors in Scotland

Key Letting deals : Industrial - 2nd Quarter 2002

Property	Size. sq m (sq ft)	Occupier.	Headline rental rate. £/per sq m (£ per sq ft)
Units 10/11, Phase 2, A1 Industrial Park, Edinburgh	1,205 sq m (12,967 sq ft)	Westinghouse Rail Systems	£53.82 psm (£5.00 psf)
Unit 5, Rutherford Place, Brucefield Industry Park, Livingston	287 sq m (3,089 sq ft)	Richardson & Starling	£59.20 psm (£5.50 psf)
Unit 25C Anniesland Village Business Park Glasgow	111 sq m (1,200 sq ft)	Advanced Cold Store Technologies	£59.20 psm (£5.50 psf)

Source: SPN Survey of Agents

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