Ryden

86TH SCOTTISH PROPERTY REVIEW 2021

3 SUMMARY AND OUTLOOK
4 ECONOMY
6 PLANNING
8 RESIDENTIAL DEVELOPMENT
11 OFFICES
19 INDUSTRIAL
27 RETAIL AND LEISURE
29 INVESTMENT

CONTENTS

SUMMARY AND OUTLOOK

THE COVID-19 PANDEMIC IS FORCING ADAPTATION TOWARDS AGILE WORKING AND ONLINE SERVICES WHICH IS STILL WASHING THROUGH THE PROPERTY MARKETS. Although cities and regions remain critical, the pandemic is rebalancing the markets towards a more sectoral emphasis.

The Scottish residential property market is comparatively resilient. New-build sales have increased and the market for well-located sites is back to pre-COVID-19 levels. The build-to-rent (BTR) sector is faring particularly well and has positive prospects.

Office take up fell dramatically during lockdowns as occupier requirements were postponed or adjusted. Occupiers planning a return to the office signal market recovery, albeit with more widespread adoption of agile working and in some instances reduced space requirements.

Rapid growth in service sector demand, allied to ageing stock and low vacancies, is creating a strong industrial property market, although the full economic effects of the pandemic may cool demand a little.

Structural change in the retail property market is upon us, as concentration into prime locations is exacerbated by the rapid acceleration of online shopping and services. While multi-channel retailing will work for some, a major reshaping of retail locations now looms.

The property investment market has picked up again. Although it is hampered by current restrictions and once again a degree of political uncertainty, there is ample money for investment into industrial and alternative property and opportunistic potential elsewhere.

DR MARK ROBERTSON
MANAGING PARTNER

ECONOMY

GROWTH

During the third quarter of 2020 Scotland's economy grew by 16.0% in real terms. This leap in economic output reflects a sharp recovery from the contraction of 19.4% suffered during the second quarter due to the pandemic lockdown. Recovery is incomplete however and economic output during the third quarter of 2020 was still 9.5% below the same period in 2019. By sector, output in services grew by 13.8% during the third quarter, production by 18.6% and construction by 52%.

Provisional data for November 2020 suggests that output fell by 1.4% after six consecutive months of growth, due to renewed tightening of pandemic restrictions. The fall in output was entirely in the service sector, notably accommodation, retailing, services and culture as those activities were restricted again.

On a more positive note, the trade deal reached with the European Union in December 2020 avoided the worst case Brexit scenario, although industry-specific trading costs are now beginning to emerge.

At the time of writing Scotland is in a further lockdown which is again acting as a blockage to economic activity, particularly once again in consumer sectors such as retail, entertainment and leisure, and travel.

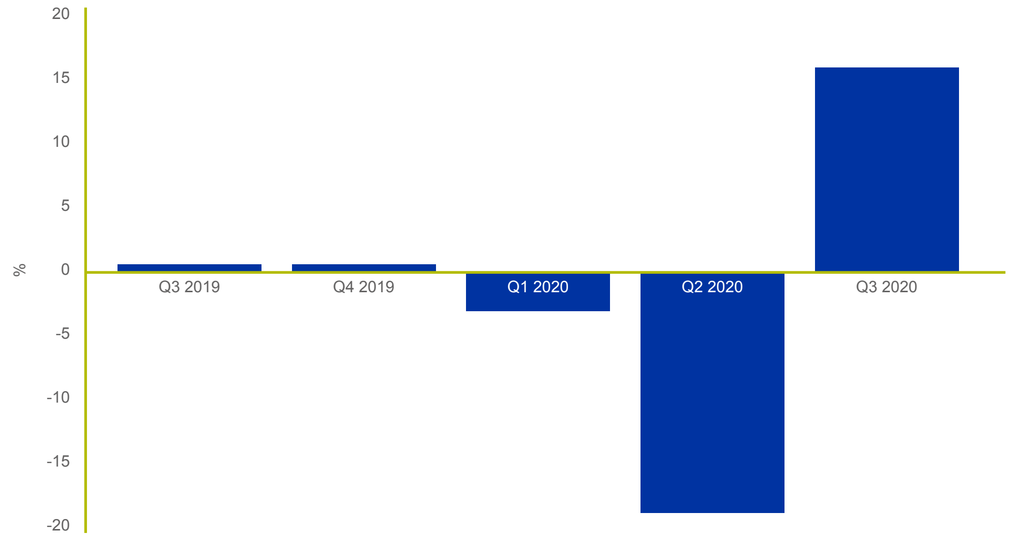
The RBS Purchasing Managers' Index for December 2020 showed a marginal fall in Scottish business activity to 47.3. This was unchanged on November 2020 and continued to indicate a moderate contraction in Scottish private sector activity. Provisional survey figures from other sources for the UK indicate similar trends into January. The outlook for 2021 as a whole is however optimistic and at its highest level since February 2020 before lockdown.

EMPLOYMENT

Scotland's unemployment numbers for the three months to November 2020 fell by 1,000 to stand at 123,000, equivalent to an unemployment rate of 4.4%. This was during a period when COVID-19 restrictions were eased. The rate is down by 0.1% on the previous three months and is now below the UK rate of 5%. Scotland's overall employment rate of 74.4% was however below the UK figure of 75.2%.

The Bank of England suggests that the real unemployment rate is being masked by the UK Government's income support schemes, mainly furlough but also payments to some self-employed people, and is closer to 7.5%. Unemployment is expected to increase when this support is wound-down. In Scotland there are notable job losses in the retail and leisure sectors as well as some in the offshore industry, and across wider sectors including manufacturing and financial services.

GDP GROWTH COMPARED TO LAST QUARTER (%)



Source: Scottish Government

ECONOMY

OUTLOOK

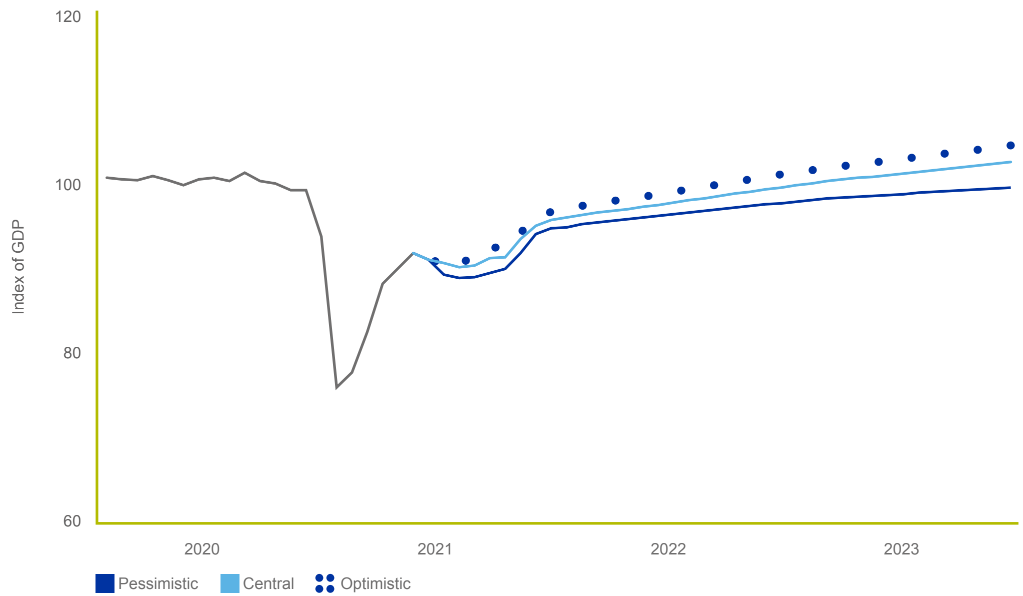
The most likely immediate outlook is for a further economic contraction across late 2020/ early 2021 due to the ongoing pandemic restrictions suppressing economic activity. This would yield a double-dip recession, but with the second later dip being much shallower than the slump experienced during Q2 2020.

Fraser of Allander Institute provides a range of scenarios for medium term economic growth. Each of the scenarios anticipates -11.3% growth in 2020 followed by between 5.4% to 7.5% growth in 2021. As lockdowns continue, recovery has been pushed out, as is seen in the most recent forecasts from the Scottish Fiscal Commission which now anticipate only 2% growth during 2021 due to a further decline in output of 5% projected for Q1 2021. Current economic forecasts are reasonable indicators of the anticipated shape of the recovery, but less so of the exact timing although as the vaccination programme progresses at pace the prospects of a strong recovery this year are improving.

Property market recovery in Scotland is expected to follow a slow path to normalisation, with variation in impacts and timing by sector due to the specific effects of the pandemic, and easing of restrictions over time. Full recovery to pre-crisis levels of market activity in Scotland is likely to take until 2023 on a mid-range scenario, within a range of 2022 to 2024.

> “AS LOCKDOWNS CONTINUE, RECOVERY HAS BEEN PUSHED OUT.”

SCOTTISH ECONOMIC GROWTH SCENARIOS: 2020 TO 2025 BASED UPON PRE-CRISIS LEVELS.



Source: Fraser of Allander Institute Economic Commentary December 2020

PLANNING

In response to the pandemic Scotland's planning system has experienced delays to the national planning reform agenda and significant legislative changes.

The Coronavirus (Scotland) Act 2020 (the Act) was passed in April 2020. The measures in the Act were originally limited for the duration of the pandemic and were due to expire on 30 September 2020, but were extended through additional legislation to 31 March 2021 and can be extended for a further 6 months if required.

The Act extends the life span of unimplemented planning permissions. Those due to expire during the emergency period now have 12 months extension beginning with the date that the Act came into force. This was intended to prevent planning permissions expiring in circumstances where developers are powerless to implement them. A similar length of extension applies to the time periods for making applications for the approval of Matters Specified in Conditions.

The Scottish Government's priority through the Act is to maintain a functioning planning system, including encouraging a reasonable and pragmatic view on enforcement action, flexibility of staged payments of Section 75 contributions, changes in the Development Management Regulations 2013 to suspend the requirement to carry out a public event as part of pre-application consultation, and the use of virtual committee meetings as well as increased delegated decision-making powers to officers.

37.5
WEEKS
Major housing applications decided on average*

9.1
WEEKS
Average decision time for Local Development planning decisions

33.5
WEEKS
Major Development planning decisions were quicker on average

307
DECISIONS
Total number of Major Development decisions

*Figures exclude major applications subject to processing agreements (just over a third) where timescales for decisions are agreed in advance.

A significant and arguably positive outcome is the use of digital pre-application consultation.

The Town and Country Planning (Miscellaneous Temporary Modifications) (Coronavirus) (Scotland) Regulations 2020 temporarily suspends the requirement for a public event as part of the Pre-Application Consultation (PAC) process. This came into effect on 24 April 2020 and contains provisions to allow alternative online consultation to take place. Digital consultation has primarily taken the form of a live, online chat event based around a bespoke website hosting the exhibition proposals. This change in approach has been received positively, with members of the public able to access the internet from home. Ryden's own experience has also been positive, suggesting that perhaps more people who may not otherwise have attended a public exhibition have taken time to go online. While this has not translated into substantial feedback, digital consultation seems likely to have a place in the future of the public consultation process.

Meetings with interested parties, statutory consultees and planning authorities have also taken place online. These have largely worked well as a supplementary approach but their effectiveness is limited. The ability to discuss proposals face-to-face with potential objectors and consultees should, and undoubtedly will, be brought back once the COVID-19-related restrictions are lifted sufficiently.

Planning reforms continue to progress but have also suffered delays due to the pandemic. A Position Statement for National Planning Framework (NPF) 4 was published in November 2020 and a draft is expected to be laid before Parliament in Autumn this year. Opportunities set out in the Statement are geared towards the primary goal of net-zero emissions by 2045. NPF4 will become part of the statutory Development Plan and it will also incorporate Scottish Planning Policy (SPP).

The SPP was subject to critical amendments introduced by the Scottish Government in January this year. Those amendments were originally set out in a consultation paper entitled Scottish Planning Policy (SPP) and Housing – Technical Consultation. This was a far-reaching proposal which sought to fundamentally change the terms of SPP (2014), but, rather than clarifying, it represented a change to national policy including the presumption in favour of sustainable development and the definition and calculation of the 5 years effective housing land supply. The proposed amendments were founded on a persistent misunderstanding regarding how development delivery, particularly residential development, operates in practice. This gives rise to policy frameworks which act as stumbling-blocks rather than as a stepping-stones.

Following consultation, the Scottish Government did indeed implement changes to the SPP in January 2021. The presumption in favour of development that contributes towards sustainable development was retained in an amended format. The key change is that the 'presumption' will no longer apply if Local Development Plan (LDP) policies are out of date and/or there is a shortfall in the housing land supply. The method for calculating the effective housing land supply will no longer take account of shortfalls over previous plan periods. In essence, this means reduced opportunities to demonstrate a shortfall and, when it is demonstrable, greater difficultly converting that position into a planning permission because of the increased weight given to the development plan.

In the future, Scottish Ministers will have to consider adopted Regional Spatial Strategies (RSS) in the preparation, revision or amendment of the NPF. Planning authorities must also have regard to them in the preparation of LDPs. It may take some time for fully finalised RSS to emerge. Some authorities have established ways of regional working, whilst for others this may involve new partnerships, collaborations and a fresh perspective on strategic planning matters. The statutory duty to produce RSS has not yet been enacted. The review of the NPF presents an opportunity for early thinking on RSS, so that initial strategic priorities can be built into the emerging statutory development plan.

> “PLANNING REFORMS CONTINUE TO PROGRESS BUT HAVE ALSO SUFFERED DELAYS.”

RESIDENTIAL DEVELOPMENT

DEVELOPMENT

Despite the turmoil caused by COVID-19, and in particular the inability for housebuilders to develop out consented sites at previously anticipated timescales, the Scottish residential development market has remained resilient compared with many other sectors.

Data on new home completions is currently unavailable for 2020 but sales volumes for new build homes from HM Land Registry indicate a notable increase in the second half of the year from a low point of 128 units in May 2020 to 825 units in August 2020. This has no doubt been fuelled by pent up demand and home buyers reassessing their property requirements during lockdown.

The latest figures provided by HM Land Registry indicate that Scottish house prices increased by 6.0% in the 12 months to October 2020, outperforming the UK rate of 5.4%. The annual volume of sales transactions (all properties) in Scotland decreased by 33% which is in line with the remainder of the UK.

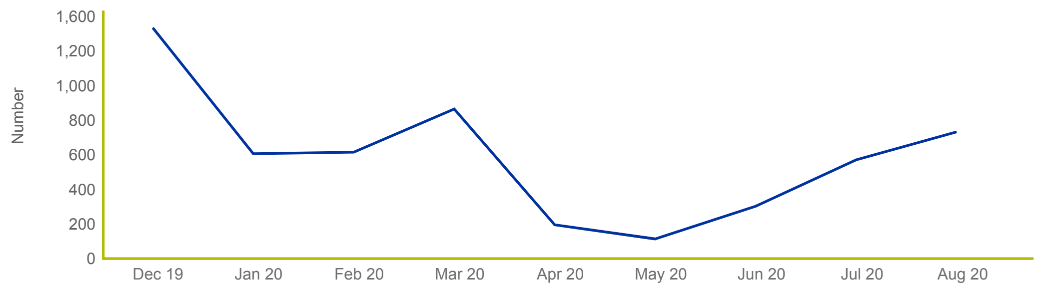
LAND MARKET

While the first half of 2020 understandably saw housebuilder demand for new land stall, more recent site sales suggest that the market for well-located sites is back to pre-COVID-19 levels.

For example a site in Midlothian with planning consent for 94 units attracted eight bids in December 2020. Highest land values remain in and around Edinburgh with greenfield rates per acre ranging from £1.0 to £2.0 million. In Glasgow, this range is lower at £0.5 to £1.0 million per acre. In Aberdeen, £0.5 to £0.8 million per acre is being offered. These greenfield rates apply to larger sites with capacity for in excess of 50 units.

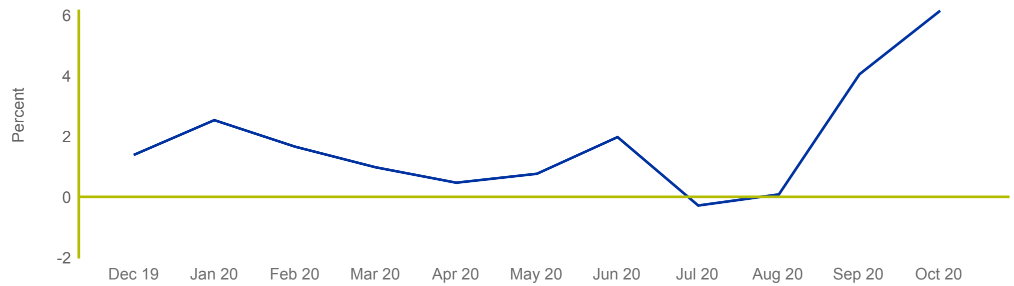
The Build To Rent (BTR) sector continues to compete with the mainstream housebuilding market, particularly for in-city locations. This is driving land values for flatted developments. The increasing targets being set by local authorities for the provision of affordable housing continues to generate developer interest with investors also keen to participate in this growing market.

NEW BUILD HOMES SALES VOLUME



Source: HM Land Registry

PERCENTAGE CHANGE (YEARLY) IN AVERAGE HOUSE PRICES IN SCOTLAND (ALL HOUSE TYPES)



Source: HM Land Registry

PIPELINE DEVELOPMENTS

BTR DEVELOPMENT	DETAILS
KELVIN LIVING, GLASGOW	424 UNITS IN THE WEST END OF GLASGOW HAS A LIVE DETAILED PLANNING APPLICATION BY KR DEVELOPMENTS WITH FUNDING PARTNERS CURRENTLY BEING SOUGHT
CANDLERIGGS SQUARE, GLASGOW	DRUM PROPERTY GROUP AND STAMFORD PROPERTY INVESTMENTS JOINT VENTURE IN THE MERCHANT CITY WITH PLANNING PERMISSION IN PRINCIPLE FOR MIXED-USE DEVELOPMENT. A DEAL FOR THE BTR ELEMENT HAS BEEN SIGNED WITH LEGAL & GENERAL AND A DETAILED APPLICATION FOR 342 UNITS WILL BE SUBMITTED SHORTLY. COMPLETION IS EXPECTED JUNE 2022
HOLLAND PARK, GLASGOW	MODA LIVING SECURED A FUNDING PACKAGE FROM APACHE CAPITAL AND HARRISON STREET FOR THEIR 433 UNIT CITY CENTRE DEVELOPMENT. THE APPOINTMENT OF A CONTRACTOR IS REPORTED TO BE IMMINENT
EDINBURGH PARK, EDINBURGH	PARABOLA SECURED DETAILED PLANNING CONSENT FOR 1,737 UNITS OF WHICH C. 1,180 ARE LIKELY TO BE BTR. DISCUSSIONS WITH POTENTIAL PARTNERS FOR THIS ASPECT OF THE SCHEME ARE UNDERWAY
FREER STREET, EDINBURGH	VASTINT ARE ON SITE WITH THE CONSTRUCTION OF 175 UNITS AS PART OF THEIR MIXED-USE DEVELOPMENT THAT ALSO INCLUDES A MOXY HOTEL AND OFFICE SPACE
BONNINGTON, EDINBURGH	PLATFORM HAS LODGED A DETAILED APPLICATION FOR A 527-BED BTR DEVELOPMENT ON THE SITE OF THE FORMER JOHN LEWIS DEPOSITORY AND A FURTHER SITE ACQUIRED FROM THE CITY OF EDINBURGH COUNCIL

BUILD TO RENT (BTR)

Developer and investor interest in the BTR sector continues to build momentum. The development pipeline is increasing, however the delivery of operational developments is painfully slow. During 2020, ignoring Mid Market Rent (MMR) developments, there was only one BTR development completed. The Point, Schoolhill, Aberdeen comprises 342-units in the city centre developed and operated by Dandara Living providing studios, apartments and suites. Lettings are reported to be in line with expectations.

Scotland’s BTR pipeline is sitting at c.9,000 units. Significant site starts during 2020 included Moda Living’s prime city centre Springside in Edinburgh: Phase 1 comprises 337 apartments in two buildings with anticipated completion dates of Autumn 2021 and Spring 2022, while the 139 apartment Phase 2 has an anticipated completion date of early 2023. Legal and General’s Buchanan Wharf in Glasgow’s Tradeston just south of the River Clyde and city centre is also on site to deliver 324 units on completion in June 2022.

During 2020, a number of further, high profile large scale BTR developments made progress towards delivery by securing funding, and/or moving through the planning system.

BTR OUTLOOK

Based on the progress made on these schemes and others at pre-planning stages, the prospects for a significant increase in completions over the next few years looks positive. The sector has fared particularly well during the pandemic with rent collections across the UK holding up well and occupier demand increasing as tenants seek better quality accommodation. Market sentiment suggests that yield compression is likely in 2021 given the weight of investment money targeting the sector.

The Point, Schoolhill, Aberdeen

CITY CENTRE TAKE UP

Office take up in Glasgow city centre in 2020 totalled 256,000 sq.ft. comprising 60 deals. This is only 30% of 2019's take up and half as many transactions (although one large transaction on the boundary of the city centre market area is noted below).

Many occupier requirements were placed on hold as result of the sudden impact of the lockdown. This in turn reduced transactional activity, although some occupiers progressed revised requirements to a conclusion, and some took the opportunity to secure flexible lease extensions.

The resultant 5-year average take up is now 758,000 sq.ft. (reduced from 827,000 sq.ft.).

All office take up during 2020 in Glasgow was in refurbished stock and in buildings with floorplates smaller than 10,000 sq.ft.

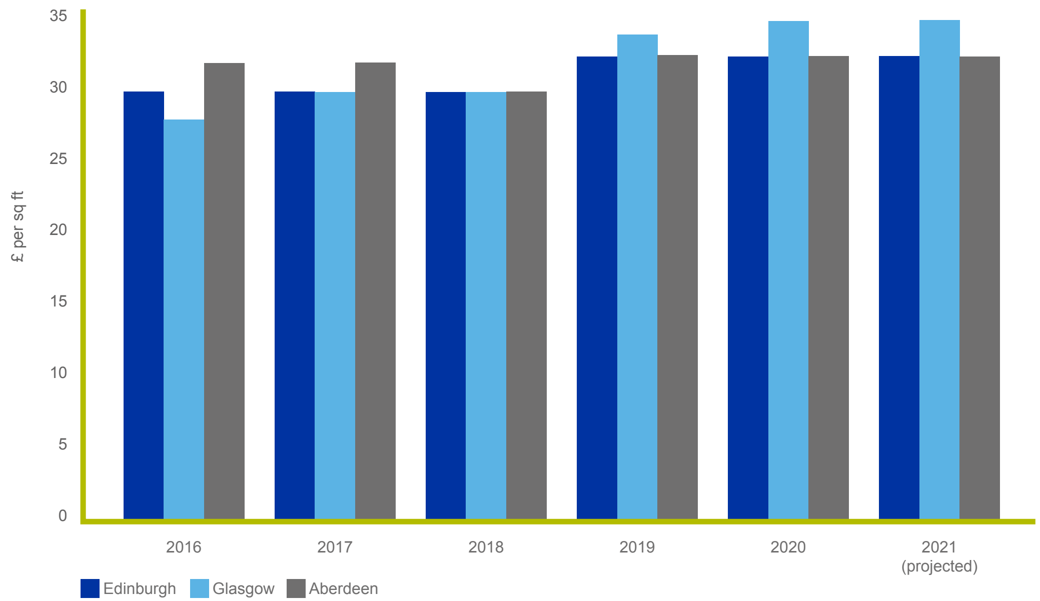
DEMAND

Unsurprisingly, the level of immediate demand has been impacted by the pandemic. Many occupiers are taking the opportunity to review future office requirements and pausing their acquisitions. Some are benefiting from flexibility offered by existing landlords who are keen to retain the rental income, even on a short term basis.

There remains however a positive pipeline of occupiers progressing relocation projects, with further Grade A space presently under offer.

The headline rental for the city centre remains £32.50 per sq.ft. (secured at 177 Bothwell Street).

PRIME OFFICE RENTS



CITY CENTRE DEALS

ADDRESS	SIZE (SQ.FT.)	OCCUPIER	SECTOR
2F - 4F, 310 ST VINCENT STREET	28,216	WESCOT CREDIT SERVICES	OUTSOURCING
5F - 6F, SENTINEL, 103 WATERLOO STREET	18,268	SEDGEWICK INTERNATIONAL UK	LOSS ADJUSTERS
1F - 2F, SENTINEL, 103 WATERLOO STREET	18,252	CHUBB SE	INSURANCE
GF - 2F, 220 ST VINCENT STREET	14,035	OREGA	BUSINESS CENTRE

OFFICES GLASGOW

SUPPLY

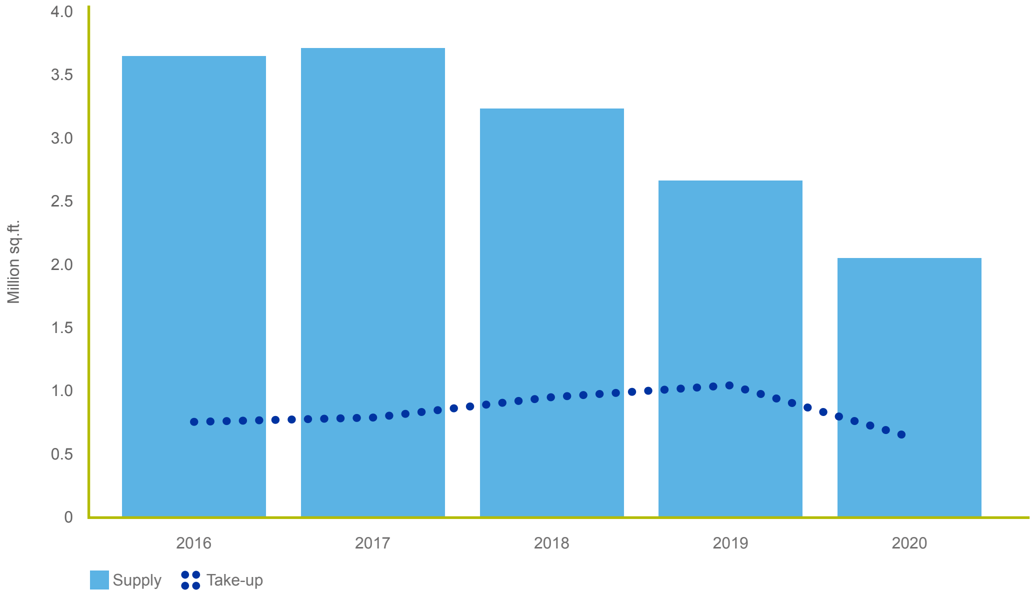
The supply of Glasgow's city centre existing prime Grade A office stock is very limited, with only 6,400 sq.ft. remaining at 1 West Regent Street.

This total will be replenished by three buildings under construction in the city centre totalling 496,000 sq.ft. Noting that 46% of this stock has been pre-let, the availability of Grade A space will be c. 272,000 sq.ft. upon completion, minus any further pre-lets.

There are no further new builds scheduled to start on site in 2021 at the time of writing.

The total vacancy for the city centre is in the order of 1.042 million sq.ft. (5.3% vacancy rate) down from 1.28 million sq.ft, in 2019.

SUPPLY AND TAKE UP (CITY WIDE)



CITY CENTRE NEW BUILDS

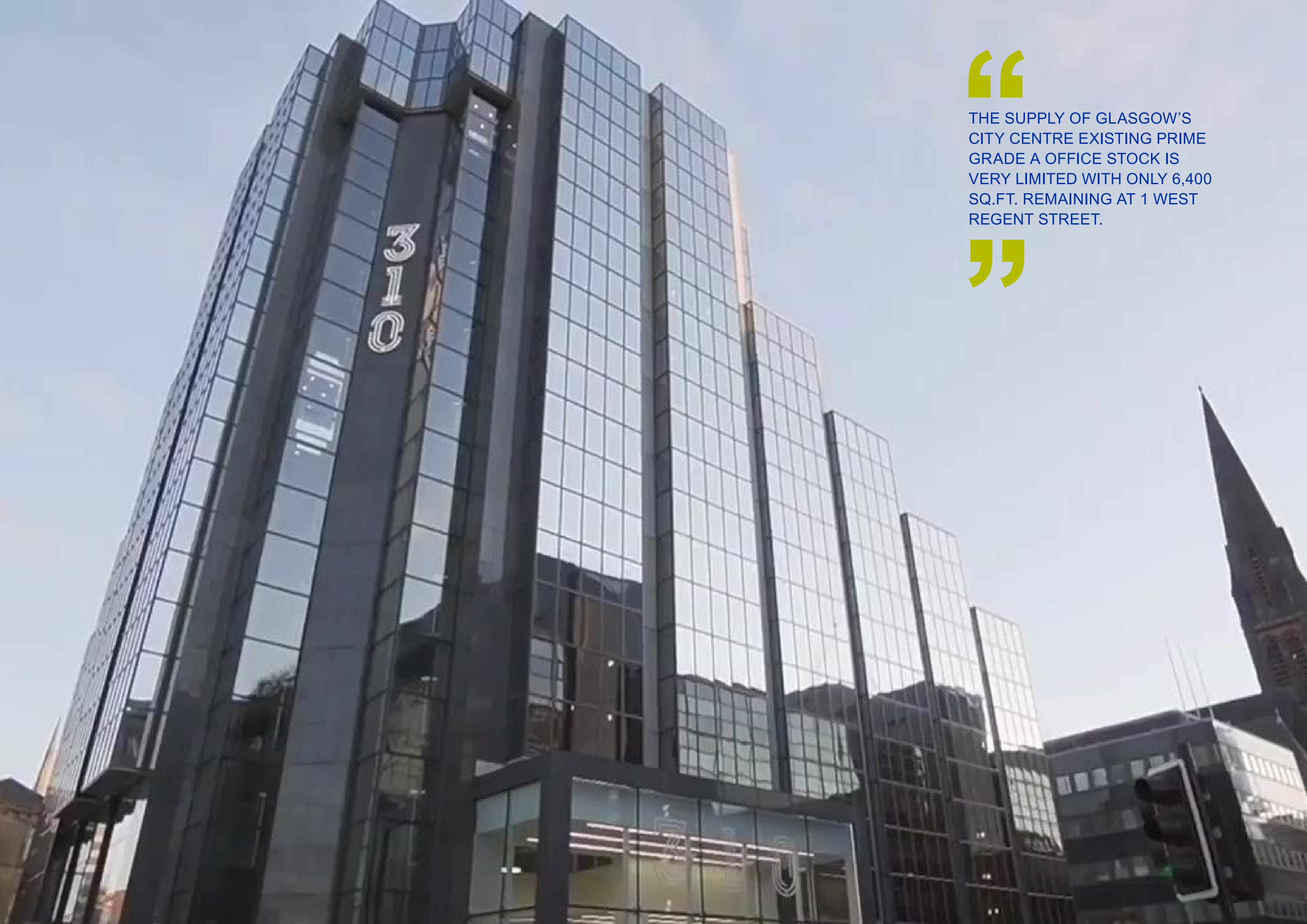
ADDRESS	SIZE (SQ.FT.)	ESTIMATED DELIVERY DATE	DEVELOPER
2 ATLANTIC SQUARE	96,650	Q2 2021	BAM PROPERTIES/ TAYLOR CLARK
CADWORKS	94,431	Q3 2021	FORE PARTNERSHIP
177 BOTHWELL STREET	305,000 (76,860 REMAINING)	Q3 2021	HFD

A NUMBER OF SIGNIFICANT FULL BUILDING REFURBISHMENTS COMPLETED IN 2020

ADDRESS	SIZE (SQ.FT.)	DELIVERY DATE	DEVELOPER
55 DOUGLAS STREET	85,390	Q1 2020	SIGNAL INVESTMENTS
THE INK BUILDING, DOUGLAS STREET	34,495	Q1 2020	AMBASSADOR GROUP
ONYX, 215 BOTHWELL STREET	57,018	Q2 2020	CEG
124 ST VINCENT STREET	36,459	Q4 2020	SHELBORN INVESTMENTS

FURTHER REFURBISHMENTS WILL COMPLETE OR COMMENCE IN 2021

ADDRESS	SIZE (SQ.FT.)	DELIVERY DATE	DEVELOPER
6 ATLANTIC QUAY	78,459	Q3 2021	HORIZON CAPITAL
200 BROOMIELAW	79,300	Q4 2021	AM ALPHA
69 BUCHANAN STREET	22,873	Q1 2022	WARBURG
THE MET TOWER, NORTH HANOVER STREET	120,000	2022	OSBORNE+CO



"THE SUPPLY OF GLASGOW'S CITY CENTRE EXISTING PRIME GRADE A OFFICE STOCK IS VERY LIMITED WITH ONLY 6,400 SQ.FT. REMAINING AT 1 WEST REGENT STREET."

PERIPHERAL MARKET

Take up in Glasgow's peripheral office market equated to 204,057 sq.ft. in 23 deals during 2020.

This is a marked increase on 2019's floorspace take up, but with half of the number of deals. The floorspace take up is boosted by the letting to the Scottish Government at 220 High Street, which is in fact on the immediate edge of the city office market area and within the wider defined city centre.

The figures are bolstered by occupier expansion at Skypark by Spire Global and One Search Direct, and University of Glasgow's acquisition of Vodafone's surplus accommodation in Berkeley Square.

OUT OF TOWN MARKET

Take up in Glasgow's out of town office market beyond the city boundary was 155,690 sq.ft. in 38 deals during 2020. Notably, the overall take up exceeded that of 2019 with a comparable number of transactions concluded.

There continues to be extensive supply of accommodation to the east, however significant lettings were secured at Maxim Office Park and further take up at Hamilton International Park and Trilogy, Eurocentral.

Opportunistic owner occupier purchases continue to be popular in the out of town market with a number of buildings changing hands.

OUTLOOK

Coinciding with the COVID-19 vaccine roll-out and an assumed gradual easing of office working restrictions, a recovery of the market is anticipated from Q2 2021 onwards. While greater flexibility and more agile working may in some cases reduce the size of future office requirements, equally many occupiers seek a return to the office to enhance productivity and combat some of the negative experiences that many workers are encountering working solely from home.

There is an expectation of tenant 'grey' (surplus) space returning to the market. So far there have only been relatively limited examples of this, which is hopefully an encouraging sign that most occupiers will seek to retain their current footprint, but it is also anticipated that further occupiers may seek to offload surplus space in the short to medium term.

Best in class office space remains in short supply. This will continue throughout 2021 and assist with rental growth at the upper end of the market. In the absence of further speculative development, a shortage of new build office space in the medium term is forecast.

PERIPHERAL DEALS

ADDRESS	SIZE (SQ.FT.)	OCCUPIER	SECTOR
220 HIGH STREET	90,528	SCOTTISH GOVERNMENT	PUBLIC SECTOR
PAVILIONS 3 & 4, BERKELEY SQUARE	30,742	UNIVERSITY OF GLASGOW	EDUCATION
SKYPARK, 64-68 FINNIESTON SQUARE	29,511	SPIRE GLOBAL	SPACE TECHNOLOGY

OUT OF TOWN DEALS

ADDRESS	SIZE (SQ.FT.)	OCCUPIER	SECTOR
BUILDING 8 (PART), MAXIM OFFICE PARK	30,123	AVIVA	INSURANCE
BUILDING 9 (PART), MAXIM OFFICE PARK	28,485	LUMIRAR DX	LIFE SCIENCE
ROYAL BURGH HOUSE, RUTHERGLEN	24,606	EASY HEAT SYSTEMS (PURCHASE)	FACILITIES MANAGEMENT
LIGHTYEAR, GLASGOW AIRPORT BUSINESS PARK	22,369	NHS	PUBLIC SECTOR

> "WITH THE COVID-19 VACCINE ROLL OUT AND AN ASSUMED GRADUAL EASING OF OFFICE WORKING RESTRICTIONS, A RECOVERY OF THE MARKET IS ANTICIPATED FROM Q2 2021 ONWARDS."

OFFICES EDINBURGH

CITY CENTRE DEALS

ADDRESS	SIZE (SQ.FT.)	OCCUPIER	SECTOR
THE HAYMARKET	280,000	BAILLIE GIFFORD (PRE-LET)	FINANCIAL SERVICES
10 GEORGE STREET	20,072	ARUP GROUP	ENGINEERING
QUARTERMILE 3	14,641	SMARTSHEET	TECHNOLOGY
QUARTERMILE 1	9,565	PARSLEY BOX	FOOD

TAKE UP

In 2020 Edinburgh's office market delivered a total of 301,801 sq.ft. of take up across 100 deals. This is a 34% decrease in the number of deals and a 48% reduction in floorspace taken up against 2019, and is 65% below the 5-year average.

These statistics do not include the landmark letting of 280,000 sq.ft. at The Haymarket to Baillie Gifford. This is Edinburgh's largest ever pre-let deal and notably was signed halfway through the year despite the pandemic. This building will complete in 2022 and will be included in the statistics 6-months pre-completion. If included in 2020 then floorspace take up would have declined by only 7% year-on-year.

CITY CENTRE

181,927 sq.ft. was transacted in the city centre, representing 60% of city-wide take up. Grade A and high quality accommodation accounted for 52% of city centre take up.

Prime rents for Grade A accommodation remain consistent at c. £35 per sq.ft. with incentives holding at around 12-15 months for a 10-year lease commitment to the highest quality covenant. There have been examples of specific floors exceeding this tone, such as the top floor lease on 40 Princes Street taken by Cadence CPC at £37.50 per sq.ft.

PERIPHERAL

The West Edinburgh office market attracted only 52,916 sq.ft. take up across 13 deals in 2020. Prime rents are steady at around £20 per sq.ft. for refurbished options in the South Gyle area, rising to above £23 per sq.ft. for refurbished Grade A space on Edinburgh Park. The only notable deal in excess of 10,000 sq.ft. was the letting of 13,197 sq.ft. at The Curve, Heriot-Watt Research Park to Fugro GB Marine.

In North Edinburgh a total of 13,675 sq.ft. transacted across 9 deals with prime rents sitting at around £18 per sq.ft. The most notable transaction was the letting of 4,828 sq.ft. at Links House to Abaco Systems.

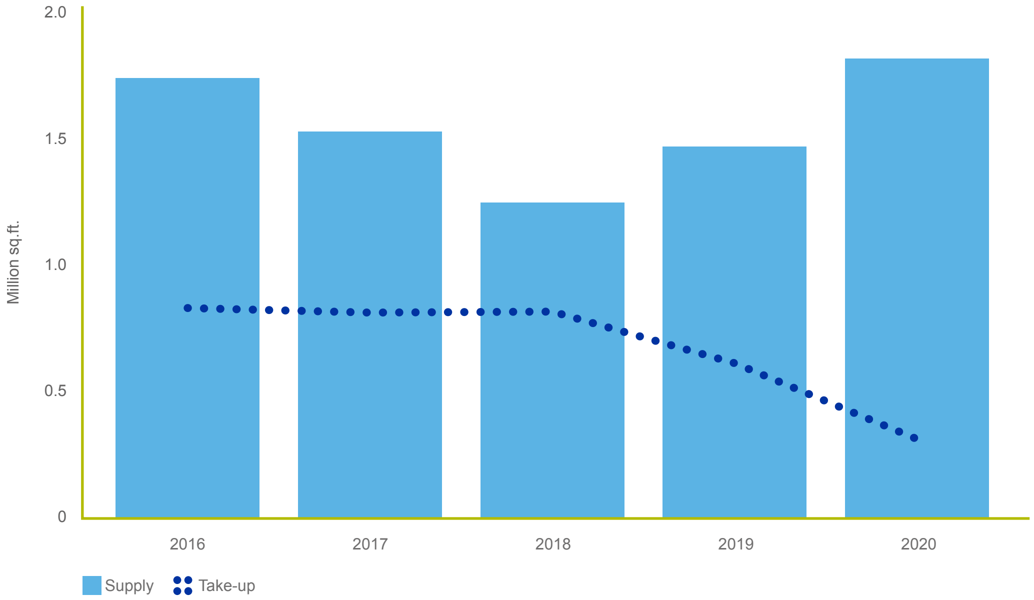
SUPPLY

Total office supply across Edinburgh at end Q4 2020 was 1,842,446 sq.ft., of which 588,717 sq.ft. or 32% comprises Grade A or good quality refurbished Grade B space. This is an increase of 20% since the beginning of 2020, although some of the risk within this supply may potentially be redeveloped.

As in Glasgow, there is not yet any dramatic upswing in release of 'grey' (surplus) office space. Most occupiers are still reviewing the effects of COVID-19, however some have already reduced their density of occupation and footprint, embracing a more agile style of working.

The current city development pipeline will deliver much needed Grade A supply through 2020 - 2022, while further opportunities on the horizon include notable buildings such as Aviva's redevelopment of Roseberry House at Haymarket.

SUPPLY AND TAKE UP



PERIPHERAL DEALS

ADDRESS	SIZE (SQ.FT.)	OCCUPIER	SECTOR
THE CURVE, HERIOT-WATT RESEARCH PARK	13,197	FUGRO GB MARINE	ENGINEERING
LINKS HOUSE, LINKS PLACE	4,828	ABACO SYSTEMS	TECHNOLOGY

OUTLOOK

As in Glasgow, the Edinburgh office market is adjusting to the anticipated post-pandemic world. Some of the specific outcomes already emerging are reductions in density and occupation, increased lease flexibility and alternative solutions such as serviced offices and bespoke options. This is allied to reviews of all occupational costs particularly service charges and increased awareness of environmental impacts, wellbeing and use of technology.

In that context, occupiers continue to commit to a physical office environment and supply remains constrained in Edinburgh with limited new developments being delivered this year. Rents have largely held at pre-pandemic levels due to competition for the best space as a result of the constrained supply dynamic in the city centre. 'Grey' space release within city centre buildings is expected and in West Edinburgh has already started with 60,000 sq.ft. released by Sainsbury's Bank at Edinburgh Park.

PRIME CITY CENTRE AVAILABLE SPACE

ADDRESS	LANDLORD	TENANTS	AVAILABLE (SQ.FT.)
2 SEMPLE STREET	GSS DEVELOPMENTS	WOMBLE BOND DICKINSON HUAWEI	18,288
10 GEORGE STREET	STANDARD LIFE ABERDEEN (HEAD-TENANT)	ARUP GROUP	49,332
1-7 EXCHANGE CRESCENT	STANDARD LIFE ABERDEEN (HEAD-TENANT)	SHEPHERD & WEDDERBURN AMAZON JLL RYDEN	28,809
SALTIRE COURT, CASTLE TERRACE	TIGON 7	CMS KPMG CLOSE BROTHERS SHOOSMITHS DELOITTE	31,401
20 WEST REGISTER STREET	BAILLIE GIFFORD (HEAD-TENANT)	SUITES UNDER OFFER	30,000
24-25 ST ANDREW SQUARE (REFURBISHMENT)	ARDSTONE CAPITAL	DEVELOPMENT OPPORTUNITY	48,047

CITY CENTRE NEW BUILDS

ADDRESS	DEVELOPER	SIZE (SQ.FT.)	DELIVERY DATE
CAPITAL SQUARE, 62 MORRISON STREET	BAM PROPERTIES/ HERMES INVESTMENT MANAGEMENT	54,012 (50% PRE-LET)	Q2 2020
2 FREER STREET	VASTINT	59,554	Q2 2021
THE HAYMARKET (PHASE 1)	M&G REAL ESTATE	90,000	Q4 2021/Q1 2022
EXCHANGE PLACE 4	EP3 DEVCO	18,840	Q1/Q2 2022

WEST EDINBURGH NEW BUILDS

ADDRESS	DEVELOPER	SIZE (SQ.FT.)	DELIVERY DATE
1 NEW PARK SQUARE, EDINBURGH PARK	PARABOLA	84,990	Q4 2021

DEALS

ADDRESS	SIZE (SQ.FT.)	OCCUPIER	SECTOR
B1 ABERDEEN INTERNATIONAL BUSINESS PARK	102,331	BP	OIL & GAS
THE QUAD, HOWEMOSS AVENUE, DYCE	55,527	STORK TECHNICAL SERVICES (PURCHASE)	OIL & GAS
WELLHEADS CRESCENT	19,233	C7 HEALTH LTD (PURCHASE)	TECHNOLOGY
PROSAFE HOUSE, GREENWELL ROAD, TULLOS	16,936	ARNOLD CLARK AUTOMOBILES LTD (PURCHASE)	AUTOMOBILES
KIRKHILL HOUSE, DYCE DRIVE	16,212	EXPRO	OIL & GAS
THE FOURCOURT OFFICES, PRIME FOUR BUSINESS PARK	15,015	EQUINOR	OIL & GAS

OFFICES ABERDEEN

TAKE UP

In 2020 Aberdeen's office market delivered a total of 424,797 sq.ft. of take up across 53 deals. This is a 37% decrease in the number of deals, but is only a 17% reduction in overall floorspace take up when compared to 2019. Take up remained 12% above the 5-year average. This is a reasonable performance in the context of the pandemic and subdued oil prices during 2020.

The majority of office deals in 2020 were smaller, with only nine in excess of 10,000 sq.ft. The largest deal was at Aberdeen International Business Park where BP sub-leased 102,331 sq.ft from Aker Solutions.

The West End, Dyce and city centre are the most popular locations with 26%, 19% and 17% by number of lettings respectively.

Prime rents for Grade A accommodation remain consistent at £32.50 per sq.ft. and are likely to remain at that level with large incentives still being provided.

SUPPLY

Total office supply across Aberdeen at the end of 2020 was 2.648 million sq.ft. This is an increase of 9% since the beginning of 2020 and reflects a high vacancy rate as there continue to be many redundant office properties.

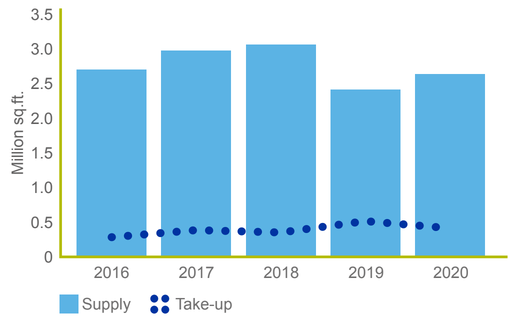
No new developments are planned at the time of writing, and with another lockdown in place many organisations are continues to review how they will operate post-pandemic.

Grade A offices within the city centre are filling up. The Capitol is almost full at c. 88% let; Marischal Square (9,553 sq.ft.) is now 65% let having attracted new tenant NESPF; and Silver Fin is c. 40% let with new tenants Neo Energy (12,722 sq.ft.) and Prosafe Offshore Ltd (6,080 sq.ft.).

OUTLOOK

As with Glasgow and Edinburgh, the pandemic will continue to hinder demand and take up over the short term. The market is expected to stabilise later in the year and many organisations are embracing new working patterns which may change their office needs and bring new requirements to the market. This in turn with the loss of obsolete stock should hopefully see a lower, more balanced supply in the Aberdeen office market by early 2022.

SUPPLY AND TAKE UP



INDUSTRIAL

GLASGOW AND WEST OF SCOTLAND

> QUITE SIMPLY, AN INCREASING NEED FOR WAREHOUSING IS MEETING A LIMITED SUPPLY OF AVAILABLE BUILDINGS AND DEVELOPMENT LAND.

TAKE UP

Our 2020 report commented that the industrial market was enjoying a purple patch. It is fair to say that the patch is now an even deeper shade of purple. The pandemic has turbo charged the market and accelerated many longer term trends. The total take up in Glasgow and west central Scotland for 2020 is c. 3.54m sq.ft.

Quite simply, an increasing need for warehousing is meeting a limited supply of available buildings and development land. Demand is rising as Brexit creates a need for more warehousing to accommodate increased stock levels, while a wider range of businesses transferring from other sectors such as traditional retailing require warehousing to service an increased online presence, and to accommodate the massive increase in demand from the delivery sector servicing these businesses. The pandemic has fast tracked what was a gradual transformation and achieved in 12 months what may otherwise have taken 5 to 10 years.

With restaurants closed, many will have tried home delivery options. Cue the emergence of 'dark kitchens', commercial kitchens within industrial properties delivering food. This sector is here to stay as most restauranteurs will tap into the growing market to some degree.

DEALS

ADDRESS	SIZE (SQ.FT.)	OCCUPIER	SECTOR
GLASGOW BUSINESS PARK	144,000	AMAZON	FULFILMENT
EVOLUTION COURT, HILLINGTON PARK, GLASGOW	67,000	DOUGLAS LAING & CO LTD	DRINK
WESTWAY, RENFREW	60,000	NMIS – NATIONAL MANUFACTURING INSTITUTE SCOTLAND	MANUFACTURING
1 FULLARTON DRIVE, CAMBUSLANG	74,560	SGN	ENERGY
TREEBY HOUSE, OLD QUARRY ROAD, CUMBERNAULD	36,000	DPD	LOGISTICS
TITAN, EUROCENTRAL.	129,000	STANFORD LOGISTICS (PURCHASE)	LOGISTICS
GARTCOSH BUSINESS PARK	18,000	DX NETWORK	LOGISTICS
44 FULLARTON DRIVE, CAMBUSLANG	38,360	SIEMENS	ENGINEERING
120 CAMBUSLANG ROAD, GLASGOW	29,287	FERRARIS PISTON SERVICES	WHOLESALE AND DISTRIBUTION

There has been a rise in demand for trade counter units from retailers closing high street shops and moving online. Technology means that the sales floor is now on Facebook, Instagram and Twitter. Deals have completed with florists, party gift retailers, beauticians and a raft of others. The converts find it easier to hold a larger variety and quantity of stock in a shed than in a traditional shop. Loading and dispatch tasks are also easier as is access for click-and-collect.

There has also been increased demand from the home improvement industry; bathrooms, kitchens, carpets and flooring. Many people have identified improvement projects after months of being forced to spend more time in their own homes.

These various strands of demand are displacing market activity onto secondary and tertiary locations and older stock. This is also as a result of some landlords adopting a far more stringent tenant selection policy and excluding sectors such as motor trade.

Overall, the market is heading towards a position where the vacancy of some properties will be due to location or a need for improvement works, rather than a lack of demand.

The most active occupier in the market is Amazon. The number of requirements from the company is astonishing and clearly demonstrates the explosion in online shopping and their market dominance. At Glasgow Business Park, Hermiston Securities is completing a 144,000 sq.ft. bespoke facility to service Amazon's last mile demand. The retailer also has further active requirements for the city and other strategic towns throughout Scotland.

As the same time, courier companies are struggling to secure enough existing space to cope with immediate demand and are likely to transition to bespoke facilities in time once future demand levels are more fully understood. In the interim, they are taking serviceable units such as the 36,000 sq.ft. Treeby House in Cumbernauld which has been leased by DPD at £6 per sq.ft. to serve the Stirling area, and Hermes taking the 94,000 sq.ft. Colossus II at Eurocentral. Meanwhile at Clyde Gateway East, DHL is now in occupation of a new 50,000 sq.ft. bespoke facility which will be used as an exemplar project for their wider UK ambitions.

Not all requirements lead to lettings however, there is an unprecedented number for Greater Glasgow and a good proportion of these are likely to take space over the next 18 months if it can be identified either from the remaining existing stock, the limited new build product on site, or via pre-lets. Increasing activity in the re-modelling of existing space to meet emerging demand is also expected as well as redevelopment of outmoded buildings and estates, particularly as energy performance becomes more important.

SUPPLY

According to CoStar, the Greater Glasgow market has a vacancy rate of 4.3% which rises to a total availability rate of 5.8% with the inclusion of occupied premises which are potentially available. However, this includes proposed projects which have planning consent but which are not on site and also obsolete properties. Excluding these, the vacancy rate is around 1% lower. Consequently, the Glasgow market does not have sufficient space to satisfy current business requirements, demonstrated by occupiers with requirements failing to identify suitable premises.

The development response to this increased demand is building up, however such interests struggle to find readily developable land in and around Glasgow. Despite areas of derelict land remaining, the costs of remediating and delivering some of these remains prohibitive for the private sector. Rental levels would require to be even higher than current new build levels to have any prospect of the private sector taking on such additional costs. For now the market will remain constrained and larger businesses may find it difficult to secure new premises.

Rental growth continues to be strong given the high levels of occupancy and renewal terms are frequently accepted with relatively little negotiation. Recently achieved rents range from £4 - £11.25 per sq.ft. dependent on quality and location. According to CoStar, the average rent across the entire leased stock is c. £5.50 per sq.ft.

"THE VACANCY OF SOME PROPERTIES WILL BE DUE TO LOCATION OR A NEED FOR IMPROVEMENT WORKS, RATHER THAN A LACK OF DEMAND."

OUTLOOK

The pandemic has had positive consequences for the West of Scotland industrial property market, however its full effects on the economy may cool some of the current demand. Furthermore, the pandemic has not been good for traditional manufacturing and there is for example, a direct line between the reduction in air travel and the decision by Rolls Royce to contract at Inchinnan and lay off 700 staff. The consequences of Brexit may also lead to further contraction in the economy. However, with such a tight supply and limited new build, demand for warehousing is sufficiently robust to weather all but a severe contraction from the manufacturing sector.

EDINBURGH AND EAST OF SCOTLAND

INDUSTRIAL

TAKE UP

Take up of industrial property in Edinburgh and East Central Scotland has been gradually reducing over the past few years. This is largely due to diminishing supply which is not being replenished rather than lack of demand.

2020 was a particularly sporadic year with a relatively strong start in the first quarter followed by a slow Q2 which saw only 99,730 sq.ft. transacted during the initial pandemic lockdown. Q3 saw a return to normal trading levels and take up in Q4 was extremely high, albeit this is mainly due to a couple of large industrial property sales. An annual total of 913,610 sq,ft. of take up for 2020 was recorded.

While the volume of floorspace transacted has varied, the number of deals has been steady at around 30 each quarter, again with the exception of Q2. The market continues to rely on the churn of units under 5,000 sq.ft.

SUPPLY

The current vacancy rate is 4.9% and this figure has remained consistently low for the past few years. There is currently 4.61 million sq.ft. of industrial space available on the market and this figure is roughly comparable with other years.

The quality of industrial space is variable and heavily influenced by achievable local rental levels. Examples of good quality refurbishments are shown in the table on page 23.

Small to medium multi-let industrial property remains extremely sought after in the investment market underpinned by the resilience of occupational demand. This is encouraging new developments and conversions; projects are underway across East Central Scotland including in West Lothian, Falkirk and Fife.

> “THE QUALITY OF INDUSTRIAL SPACE IS VARIABLE AND HEAVILY INFLUENCED BY ACHIEVABLE LOCAL RENTAL LEVELS.”

In Edinburgh there is now a significantly reduced industrial supply due to the increased demand from developers seeking higher value uses, particularly to meet the city's growing residential market. Bucking this trend, the pending purchase of Grayfield House (7.5 acres) on Sighthill Industrial Estate by Chancerygate will be a significant step in the city's industrial market, with planning consent being sought for over 160,000 sq.ft. of industrial accommodation and a proportion of this accommodation to be built on a speculative basis. At the closing date there were 14 offers received for this site, of which 13 were from willing industrial developers, which is a very encouraging sign for the market going forward.

Rental levels are gradually increasing as landlords continue to improve existing stock. There is however still a large gap between rents in prime and secondary locations suggesting that there is scope for rents to continue to increase on average.

Prime industrial rents remain at £9 - £9.50 per sq.ft. and are likely to remain at that level until a new development sets the benchmark. These levels are typically within Edinburgh, although prominent, good quality trade counter units can achieve rents in excess of £10 per sq.ft. regardless of location.

REFURBISHMENTS AND NEW DEVELOPMENTS

DEVELOPMENT	DEVELOPER/LANDLORD	DETAILS
DEANS INDUSTRIAL ESTATE, LIVINGSTON	MILEWAY	GOOD QUALITY REFURBISHMENT OF ENTIRE TERRACES
SOUTHFIELD INDUSTRIAL ESTATE, GLENROTHES	LONDON & CAMBRIDGE PROPERTIES	GOOD QUALITY ONGOING REFURBISHMENT OF UNITS
BELLEKNOWES INDUSTRIAL ESTATE, INVERKEITHING	RECENTLY SOLD TO CAISSON	GOOD QUALITY REFURBISHMENT OF UNITS
BARONS COURT, EARLS GRANGE BUSINESS PARK GRANGEMOUTH	NORTHERN TRUST	TEN NEW-BUILD UNITS TOTALLING 18,247 SQ.FT. IN UNITS FROM 1,095 - 2,210 SQ.FT.
LIVINGSTON TRADE PARK, LIVINGSTON	CHANCERYGATE DEVELOPED AND RECENTLY SOLD TO NORTHWOOD INVESTORS	EIGHT NEW BUILD TRADE COUNTER UNITS FROM 3,582 - 10,282 SQ.FT.
QUEENSWAY INDUSTRIAL ESTATE, GLENROTHES, FIFE	FIFE COUNCIL	NINE NEW BUSINESS UNITS FROM 1,044 - 2,131 SQ.FT, PART OF FIFE'S INDUSTRIAL INNOVATION INVESTMENT PROGRAMME. COMPLETION SPRING 2021
ICON BUSINESS PARK, LIVINGSTON	PRIVATE DEVELOPER	SUBDIVISION OF INDUSTRIAL FACILITY INTO 11 UNITS RANGING FROM C. 1,000 - 2,000 SQ.FT.
ABBOTSFORD BUSINESS PARK, BANKSIDE INDUSTRIAL ESTATE, FALKIRK	SPRINGFIELD REAL ESTATE	10 NEW INDUSTRIAL UNITS RANGING FROM 1,000 - 1,500 SQ.FT. CURRENTLY UNDER CONSTRUCTION
SEVEN HILLS BUSINESS PARK, EDINBURGH	UBS ASSET MANAGEMENT	CONTINUES TO OFFER THE BEST QUALITY ACCOMMODATION WITHIN THE CITY, BEING ONE OF THE ONLY NEW BUILD INDUSTRIAL DEVELOPMENTS TO COMPLETE IN RECENT YEARS
TURNHOUSE COURT, 1-14 BROWNRIGG YARDS/CLIFTONHALL ROAD, NEWBRIDGE	NORTHERN TRUST	PHASE 1 UNDER CONSTRUCTION TOTALS 28,413 SQ.FT. IN 14 UNITS FROM 1,045 SQ.FT. THE SECOND PHASE WILL COMPRISE 47,909 SQ.FT.

DEALS

ADDRESS	SIZE (SQ.FT)	OCCUPIER	SECTOR
12 DUNNET WAY, BROXBURN	91,804	CAPITAL COOLING	REFRIGERATION
GRANGE ROAD, HOUSTOUN INDUSTRIAL ESTATE, LIVINGSTON	65,992	MCLAREN PACKAGING	PACKAGING
22 HOUSTOUN ROAD, HOUSTOUN INDUSTRIAL ESTATE, LIVINGSTON	32,077	DRUMMOND DISTRIBUTION	LOGISTICS
OAKBANK PARK ROAD, LIVINGSTON	32,222	VALNEVA SCOTLAND LTD	MANUFACTURING
6 HUTTON SQUARE, BRUCEFIELD, LIVINGSTON	12,346	SPRING ENGINEERING SERVICES	ENGINEERING
UNITS 1 & 2, QUEEN ANNE DRIVE, NEWBRIDGE	21,950	THE ALTERNATIVE PARCELS COMPANY LTD	LOGISTICS

OUTLOOK

East Central Scotland is delivering increased demand for available industrial units, steady rents and perhaps growth, and a significant increase in investment values due to the sheer weight of money seeking access to the sector. Market fundamentals of low voids, high conversion rates and a strong land market continue to characterise and underpin the market.

For 2021, the general level of rents across the region is expected to be maintained and indeed increased where proactive landlords refurbish vacant properties. This applies in particular to the wider region where the majority of existing stock is now over 40 years old and presenting significant challenges to modern occupiers seeking quality buildings, ideally with good sustainability credentials.

“FOR 2021, THE GENERAL LEVEL OF RENTS ACROSS THE REGION IS EXPECTED TO BE MAINTAINED AND INDEED INCREASED WHERE PROACTIVE LANDLORDS REFURBISH VACANT PROPERTIES.”

INDUSTRIAL

ABERDEEN

TAKE UP

The industrial property market in Aberdeen faced a unique mix of challenges in 2020 due to COVID-19, the associated lockdown restrictions and a fall in the oil price. Despite these market conditions, annual take up totalled 720,780 sq.ft. which was a 2% increase on 2019 and fully 10% above the 5-year average of 652,500 sq.ft.

The 72 lettings in 2020 was a fall from 2019's total of 91, however the average deal size rose from 7,799 sq.ft. to 10,010 sq.ft. Particularly notable were the 25 deals larger than 10,000 sq.ft. in 2020, which was a 38% increase on 2019's total.

As expected the vast majority of deals related to the oil and gas industry, although in line with distribution sector market trends in Central Scotland notable deals also included a 47,000 sq.ft. letting to Fedex/TNT at Aberdeen One and a site leased to Amazon at Cairnrobin Business Park where they built out their own premises totalling 52,463 sq.ft. The largest deal was Schlumberger investing at Birchmoss Business Park in Echt where the landlord tabled very competitive rental terms so that the company did not renew leases with their existing landlords.

DEALS

ADDRESS	SIZE (SQ.FT.)	OCCUPIER	SECTOR
BIRCHMOSS BUSINESS PARK, ECHT	72,500	SCHLUMBERGER	OIL AND GAS
M1 & M2, MINTO DRIVE, ALTENS	52,723	GRAMPIAN CONTINENTAL LTD (PURCHASE)	LOGISTICS
PLOT 1, CAIRNROBIN BUSINESS PARK, PORTLETHEN	52,463	AMAZON (UK) SERVICES LTD	FULFILMENT
FORMER RICHARD IRVIN HOUSE, HARENESS ROAD, ALTENS	47,710	AGD DUFF & PARTNERS FISH MERCHANT (PURCHASE)	FOOD AND DRINK
UNIT 1, ABERDEEN ONE, CRAWPEEL ROAD, ALTENS	47,000	FEDEX/TNT	LOGISTICS
HARENESS ROAD, ALTENS	29,082	OPTIMA SOLUTIONS (UK) LTD	OIL AND GAS

SUPPLY

Industrial property supply in Aberdeen has increased from 2.86 million sq.ft. to 2.95 million sq.ft. However, occupiers are increasingly gravitating to new build properties and less than 100,000 sq.ft. of the current supply meets the criteria, indicating critically low supply.

A significant proportion of the marketed stock is towards the end of its beneficial life. This explains the large number of auction sales during 2020 as landlords became frustrated by the holding costs of vacant property and the subdued occupier demand for poorer quality buildings. Developers have taken the opportunity to buy up long term vacant properties and sites to build out new industrial premises to meet market demand.

While there is underlying demand for such new build facilities in Aberdeen, speculative development has been limited to new build terraces of small industrial units of around 1,000 - 2,500 sq.ft. Until the oil industry recovers and certainty returns to the market occupiers are reluctant to commit to lease lengths in excess of 5 years.

Prime rents remain at £9 per sq.ft. for workshop space, £18 per sq.ft. for offices and £2 per sq.ft. for concrete yards. Rents for second hand buildings have historically been closely behind those new build premises but this was due to a low level of industrial stock being available in the market. As the supply has increased significantly in recent years the gap between new build and second hand buildings has widened. This is also partly due to the higher holding costs for vacant buildings as the empty rates relief for industrial buildings no longer exists. Consequently, landlords are being more flexible on lettings and lease renewals of second hand stock. This will continue until a significant proportion of the existing supply is soaked up. To remain competitive in this market landlords are also having to refurbish vacant buildings in order to stand a chance of landing an active occupier requirement.

OUTLOOK

As the oil and gas market recovers due to a rising oil price in recent months, and as lockdown restrictions are eased, it is anticipated that occupier demand will improve as increased certainty returns to Aberdeen's industrial property market.

> “AS THE SUPPLY HAS INCREASED SIGNIFICANTLY IN RECENT YEARS THE GAP BETWEEN NEW BUILD AND SECOND HAND BUILDINGS HAS WIDENED.”

SPECULATIVE DEVELOPMENT

DEVELOPMENT	DEVELOPER	SIZE/ NUMBER OF UNITS	DELIVERY DATE
UNITS 8, 9 & 10, KINGSHILL COMMERCIAL PARK, WESTHILL	**KNIGHT PROPERTY GROUP**	3 UNITS FROM 9,580 - 12,379 SQ.FT.	CONSTRUCTION TO COMMENCE SHORTLY
ALTENS TRADE PARK, SOUTERHEAD ROAD, ALTENS	**KNIGHT PROPERTY GROUP**	UNITS 1 & 2: 7,666 SQ.FT.	CONSTRUCTION COMPLETE. UNITS 3, 4, 5 AND 6 NOW LET
UNITS 1-15, ABZ BUSINESS PARK, DYCE	**ABZ DEVELOPMENTS LTD**	15 UNITS OF 2,500 SQ.FT.	PHASE 1 COMPLETE – UNITS 3, 8 AND 9 NOW LET. PHASE 2 – UNDER CONSTRUCTION
9A, ABZ BUSINESS PARK, DYCE	**ABZ DEVELOPMENTS LTD**	18,138 SQ.FT.	CONSTRUCTION TO COMMENCE SHORTLY
SALTIRE BUSINESS PARK, BADENTOY, PORTLETHEN	**SALTIRE DEVELOPMENTS**	7 UNITS TOTALLING 13,146 SQ.FT.	CONSTRUCTION COMPLETE
THE CRESCENT, WESTHILL	**KNIGHT PROPERTY GROUP**	4 UNITS FROM 2,750 - 3,520 SQ.FT.	CONSTRUCTION DUE TO COMPLETE FEBRUARY 2021. UNITS 1, 2 AND 3 ARE UNDER OFFER
THAINSTONE BUSINESS PARK, INVERURIE	**ANM GROUP/ GSS DEVELOPMENTS**	6 UNITS FROM 1,496 - 5,528 SQ.FT.	CONSTRUCTION TO COMMENCE SHORTLY
CITY SOUTH BUSINESS PARK	**DANDARA**	8 UNITS FROM 1,500 - 2,250 SQ.FT.	PHASE 2 DUE TO COMPLETE END OF APRIL/ EARLY MAY 2021

RETAIL AND LEISURE

According to the Scottish Retail Consortium & KPMG, in December 2020 total sales were 16.6% lower than in December 2019. Food sales were up by 3.3% but non-food fell by more than a third due to the well-documented impacts of lockdowns.

At a UK level, the Office for National Statistics reports that consumer expenditure under the current lockdown is 35% below its pre-crisis level. Social expenditure on leisure activities is down by 55%.

The effects on the retail and leisure market are profound and continuing. Convenience retailers have benefitted from their essential status during lockdowns, the provision of staple goods and for many a multichannel offer which includes online click-and-collect and deliveries. Comparison retailers with strong multichannel businesses fared best among their peer group, but against a backcloth of closures during lockdown and a generational switch to online shopping. This sudden rise in online spending has accelerated the long run trend of retail concentration into the largest destinations. Restrictions have had the greatest impact across the leisure sector, although some restaurant operators have shifted to home deliveries through intermediaries such as Just Eat and Deliveroo.

DEMAND

In this context, the physical retail market is contracting through branch closures, CVA's (Company Voluntary Arrangements), pre-pack administrations and acquisitions. Notable losses include Monsoon/Accessorize, M&Co, Edinburgh Woollen Mill, Quiz, Hotter Shoes, Arcadia, Paperchase, Oak Furnitureland and Poundstretcher. Other occupiers such as TM Lewin have abandoned the High Street in favour of online only sales.

New store openings by national multiples mainly involved essential and discount/value-oriented retailers. Meanwhile, store closures were led by fashion brands and retailers reliant on city centre footfall after office workers and tourists disappeared from the streets. CoStar's data shows that for every letting signed last year, three shops were put up for lease.

Those sectors hit hardest are clothing & footwear, health & beauty, homewares and DIY during lockdowns. Those least affected are (digital) entertainment and convenience stores.

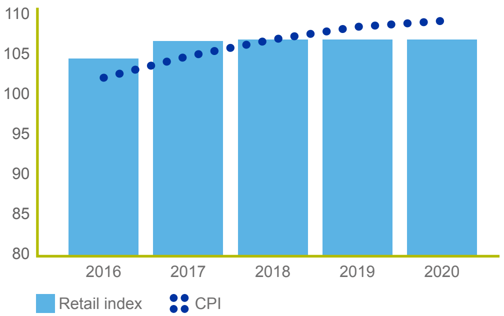
Those occupiers who have sustained their business through lockdowns are looking ahead with sustainable models for the post-COVID-19 world. Sectors looking to expand their physical presence include convenience stores, food stores, discounters and drive-thru operators. There is a distinct bias towards out of town, roadside or community locations, with city centres proving to be a continuing challenge.

A major market inflection is signalled by the acquisitions of Debenhams by Boohoo but without the physical stores, and of the Top Shop, Topman, HIIT and Miss Selfridge brands and stock by Asos, again excluding the shops. These are wholesale moves from physical shops to established, successful online retailing platforms.

Rebasing of rents for physical stores is increasingly common, with some occupiers insisting upon a turnover only arrangement due to the uncertainty of cashflow. This may accelerate the inevitable changes to lease terms to allow for more flexibility over lease length and rental payments. Significant downward pressure on rental values is expected, on the basis there will be limited city centre requirements for additional stores and an increasing supply over the coming months.

> “THE EFFECTS ON THE RETAIL AND LEISURE MARKET ARE PROFOUND AND CONTINUING.”

RETAIL INDEX (TOP 20 TOWNS)



This oversupply of retail floorspace within town and city centres will accelerate the need for a response. The SRC reported for Q3 2020 that 1 in every 7 shops across Scotland was vacant. This excludes more recent closures and store-free acquisitions noted above, and does not yet include shops currently closed by lockdown which may yet fail to re-open.

DEVELOPMENT

Exacerbating this challenge at a local level, many service business such as banks and travel agents were already migrating away from physical branches to mainly or entirely online. As is now widely acknowledged and underway, this will demand radical changes to the mix of commercial, community and employment uses in town centres.

In respect of new developments, Glasgow's St Enoch's Shopping Centre is well underway with redevelopment to accommodate a new 9-screen Vue Cinema together with new restaurant operators including Nando's, Smashburger, Cosmo, Delhi Darbar and Donut King.

In Edinburgh, St James Quarter's new centre providing 85 shops, 30 restaurants, 2 hotels and a cinema is due to open around Easter 2021. Retailers include the existing John Lewis Partnership, Next, H&M and Zara, along with more recent announcements by Peloton, Tommy Hilfiger, Calvin Klein, Dune, Mango, Russell & Bromley, Miele and JD Sports. Other lettings include Bonnie and Wild food court, Salerno Pizza, Bross Bagels and Lane7, a boutique bowling and gaming operator.

Costa has opened a new drive-thru at Hermiston Gait Retail Park on the outskirts of Edinburgh and has further sites planned for Scotland, including at Cumbernauld, as part of a 60-site UK expansion. Similarly, Starbucks is opening two drive-thru's in Inverness, along with sites at Rutherglen, Paisley, J24 Retail Park and Forge Retail Park in Glasgow, Westhill in Aberdeen and Inveralmond in Perth.

Hermiston Gait Retail Park has also attracted a new Aldi store. The discount retailer in addition has a further three stores planned in 2021 for J24 Retail Park, Govan; Portlethen Retail Park, Aberdeen; and Thornybank Industrial Estate, Dalkeith.

OUTLOOK

New store requirements continue from Home Bargains, B&M, Aldi, Lidl and drive-thru fast food and coffee operators. Many retailers will invest heavily to ensure that their physical stores interact with their online activities to offer the shopper a full experience and a reason to visit. Set against those success stories is the requirement for a major reshaping of the many town and city centres afflicted by long term and increasing shop vacancies.

DEALS

ADDRESS	SIZE (SQ.FT.)	OCCUPIER	SECTOR
160 BUCHANAN STREET, GLASGOW	1,700	TIMBERLAND	FOOTWEAR
BUCHANAN GALLERIES, GLASGOW	1,200	RADLEY	HANDBAGS
ST JAMES, EDINBURGH	2,600 1,000 1,700	TOMMY HILFIGER JD SPORTS GOLDSMITHS	LIFESTYLE BRAND SPORTS GOODS JEWELLER
TRINITY CENTRE, ABERDEEN	1,121	MOSTYN MCKENZIE	FOOTWEAR

INVESTMENT

OVERVIEW

The Scottish property investment market in 2020 was once again impacted by external forces. This time it was not political uncertainty, but the force of the global COVID-19 pandemic. The dramatic shock to the economy and UK lockdown restrictions effectively brought capital market activity to a standstill. Numerous transactions were abandoned or paused while investors came to terms with the challenging times and looming deep recession. Securing bank debt became extremely difficult with certain sectors avoided entirely.

During the summer, sentiment in the market started to pick up and deals began to flow again, although not right across the board. Investors were selective and certain sectors and locations fared better than others. By year end, investment volumes of c.£1 billion represented a fall of 50% compared to 2019, but this masks a significant rise in trading volumes in Q4. Once again, overseas and private equity investors were dominant in the buying arena when large, prime assets came to the market.

ALTERNATIVES

The continued growth of the Alternative property sector has materialised in transactional numbers and volumes. The range of niche sub sectors and the increasing breadth of market participants continues year-on-year.

The pandemic has accelerated the shift into Alternatives as investors pursue diversification into markets that have potential to deliver robust and sustainable cash flows. Changes to society have highlighted the need to adapt and property is again at the forefront of this change. In addition to the established Purpose Built Student Accommodation (PBSA) sub sector and the fast emerging Build to Rent (BTR) sector, COVID-19 has brought Care, Health, Medical Sciences and Technology to the fore. The shift of activity and investor interest is set to escalate.

Both Glasgow and Edinburgh registered significant BTR transactions during 2020. Legal & General agreed a forward funding transaction at Candleriggs, Glasgow involving 346 apartments and Moda Living has secured funding from Apache Capital Partners and Harrison Street for 476 new homes under construction at Springside, Edinburgh. In addition a number of other schemes in both cities are under active consideration.

Interest in PBSA has been robust in the best of locations, despite the challenges which have faced academic learning. Edinburgh continues to be a focus of activity as the prospect of tighter development planning controls and unfulfilled demand has maintained interest in the city from developers, investors and owner operators. The funding of a 230-bed direct let scheme at Gilmore Place in December 2020 emphasises the continued strength of this market.

ALTERNATIVES DEALS

ADDRESS	PROPERTY	PURCHASER
CANDLERIGGS, GLASGOW	FORWARD FUNDING OF A 346 APARTMENT BTR DEVELOPMENT WHICH TOTALS 325,000 SQ.FT. BUILT OVER 17 STOREYS INCLUDING RETAIL AND COMMERCIAL UNITS AT GROUND FLOOR LEVEL	LEGAL & GENERAL HAVE FORWARD FUNDED THE PROJECT FOR AN END VALUE IN THE ORDER OF £81.5M
SPRINGSIDE, FOUNTAINBRIDGE, EDINBURGH	BTR DEVELOPMENT COMPRISING 476 NEW HOMES AND 48 EXISTING APARTMENTS. START ON SITE MID-2020	APACHE CAPITAL PARTNERS AND HARRISON STREET FUNDING MODA LIVING TO DEVELOP AND OPERATE. ESTIMATED GDV OF £215 MILLION
GILMORE PLACE, EDINBURGH	DIRECT LET STUDENT ACCOMMODATION DEVELOPMENT COMPRISING 230 BEDS	FUNDING TRANSACTION BETWEEN S1 DEVELOPMENTS AND ABERDEEN STANDARD. TOTAL PRICE £29.1 MILLION (5.5%)
VETERINARY HOSPITAL, LIVINGSTON	30,855 SQ.FT. LEASED FOR 20 YEARS TO OPERATOR GUARANTEED BY PETS AT HOME. FIXED RENTAL UPLIFTS	A LOCAL AUTHORITY PENSION FUND FOR C.£6 MILLION (5.9%)

OFFICE DEALS

ADDRESS	PROPERTY	PURCHASER
BERKELEY HOUSE, 285 BATH STREET, GLASGOW	MID-TERRACED REFURBISHED MULTI-LET 25,801 SQ.FT. OFFICE. FULLY LET WITH WAULT OF C. 4.25 YEARS	PRIVATE IRISH INVESTOR FOR £3.925 MILLION (9%)
150 BROOMIELAW, GLASGOW	MODERN 96,759 SQ.FT. OFFICE BUILDING. SINGLE LET TO SCOTTISH ENTERPRISE UNTIL 2024	ELITE PARTNERS CAPITAL FOR C.£40 MILLION (C.7.6%)
GUILDHALL, 45-67 QUEEN STREET, GLASGOW	GRADE B LISTED 145,390 SQ.FT. MULTI-LET OFFICE BUILDING INCLUDING SIX RETAIL/LEISURE UNITS	MAYA CAPITAL FOR £30 MILLION (9.5%)
QUARTERMILE 3, EDINBURGH	73,429 SQ.FT. GRADE A OFFICE BUILDING LET TO STATE STREET BANK AND CIRRUS LOGIC WITH C.8.5 YEARS LEFT TO BREAKS	KANAM GRUND GROUP FOR £45 MILLION (4.61%)
AEGON, 1-3 LOCHSIDE CRESCENT, EDINBURGH	247,500 SQ.FT. HQ OFFICE BUILDING. LET TO SCOTTISH EQUITABLE PLC WITH C.16 YEARS TO EXPIRY	ROEBUCK ASSET MANAGEMENT OBO HYUNDAI ASSET MANAGEMENT FOR £133 MILLION (4.85%)
4NORTH, ST ANDREW SQUARE, EDINBURGH	REFURBISHED 41,234 SQ.FT. OFFICE BUILDING LET TO COMPUTERSHARE WITH C. 9 YEARS TERM CERTAIN	KANAM GRUND GROUP FOR £31 MILLION (4.33%)
CRAIGSHAW BUSINESS PARK, WEST TULLOS, ABERDEEN	MODERN 60,800 SQ.FT. MULTI-LET BUSINESS PARK WITH A WAULT OF C.5.5 YEARS TO BREAKS	PRIVATE BUYER FOR £4.65 MILLION (C.8.15% TRIPLE NET YIELD)


Source: Moda Living/CDA Group

OFFICES

As investors came to terms with the fact that COVID-19 would impact on occupational space requirements and rental payment for the foreseeable future, different sectors of the office market reacted in varying ways. At the prime end of the market, overseas buyers – who continue to dominate – doubled down on investments with blue chip income streams, preferably in Edinburgh, always assuming that travel restrictions didn't prevent an inspection where required. In the speculative development and refurbishment markets, a hiatus in activity led to more cautious reappraisal and a pause, renegotiation on pricing, or both. Meanwhile, buyers in the secondary market preferred to wait in the hope of a softening in values and the potential for some distressed selling in due course. The scarcity of bank debt was also a factor.

Activity levels were strongest in Edinburgh, underpinned by Hyundai Asset Management and Roebuck Asset Management's acquisition of the Aegon building at Edinburgh Park for £133 million. In Glasgow and Aberdeen, activity levels were low in historical terms and this hierarchy is reflected in their respective prime yields: 4.5% in Edinburgh; 5.5% in Glasgow and 6.75% in Aberdeen.

Out of town office markets saw sporadic activity, although with greater occupational activity in certain locations it is likely that transactional activity could become more brisk in 2021.

INDUSTRIAL

The industrial sector was Scotland's star performer in 2020 with investor demand bouncing back after the initial shock of the pandemic. In the second quarter, during the height of the lockdown restrictions, the market ground to a virtual halt, but by the fourth quarter activity was frenzied with trading volumes well ahead of recent years.

The vast majority of the investor demand was directed towards Glasgow, Edinburgh and the M8 corridor where healthy occupier demand is stimulating natural rental growth. In contrast, investor demand for Aberdeen industrials was reduced due to the headlining twin effects of the pandemic and a weak offshore industry.

The popularity of single-let distribution sheds increased significantly during the year as logistics operators benefited from lockdown retailing restrictions. Several properties transacted round the Central Scotland motorway network. South Korea's KB Securities acquisition of Amazon's Scottish Fulfilment Centre in Dunfermline was the standout deal at a price of £65 million, reflecting a yield of 4.80%.

Demand for multi-let industrials was also strong in Glasgow and Edinburgh with some substantial assets changing hands at yields significantly sharper than in 2019. For example the sale of M8 Interlink Estate at Coatbridge, near Glasgow, which was acquired by Northwood Investors for £25m, reflected a yield of c.5.5%. In Edinburgh the most notable deal was Ribston's purchase of Prestonfield Park for £14.45m, reflecting a 4.96% yield.

With limited transactional activity in Aberdeen yield evidence is scarce but prime well let assets are likely to trade at around 6.5% and prime multi-lets at around 8.5%.

INDUSTRIAL DEALS

ADDRESS	PROPERTY	PURCHASER
SAINSBURY'S REGIONAL DISTRIBUTION CENTRE, HURLAWCROOK ROAD, EAST KILBRIDE	PURPOSE BUILT 274,069 SQ.FT. DISTRIBUTION FACILITY LET TO SAINSBURY'S SUPERMARKETS LTD FOR 14.5 YEARS	BLACKBROOK CAPITAL FOR C.£31 MILLION (4.68%)
COLOSSUS 1 & 2, EUROCENTRAL	TWO MODERN DISTRIBUTION UNITS TOTALLING 189,691 SQ.FT. LET TO HERMES PARCELNET (15 YEARS) AND WINCANTON (2 YEARS TO BREAK OPTION)	BLACKSTONE REAL ESTATE FOR £16.1 MILLION (5.95%)
ST ANDREWS INDUSTRIAL ESTATE, GLASGOW	MULTI-LET INDUSTRIAL ESTATE OF 9 UNITS TOTALLING 73,248 SQ.FT	STENPROP FOR £5.5 MILLION (7.3%)
TORISHIMA, CLYDE GATEWAY EAST, GLASGOW	MODERN INDUSTRIAL UNIT OF 27,448 SQ.FT., LET TO TORISHIMA SERVICE SOLUTIONS EUROPE LTD UNTIL 2034 WITH TENANT BREAK OPTION IN 2029	BRADDA CAPITAL FOR C.£3.2 MILLION (C.6%).
AMAZON FULFILMENT CENTRE, DUNFERMLINE	PURPOSE BUILT FULFILMENT CENTRE EXTENDING TO 1 MILLION SQ.FT. LET TO AMAZON C.11.5 YEARS TO EXPIRY. 5 YEARLY RENT REVIEWS GEARED TO CPI (1%-3%)	KFIM OBO KB SECURITIES (SOUTH KOREAN) FOR £65 MILLION (4.8%)
PRESTONFIELD PARK, EDINBURGH	99,835 SQ.FT. PRIME MULTI-LET INDUSTRIAL ESTATE. STRONG TENANT LINE UP. WAULT OF CIRCA 4.3 YEARS TO EXPIRY	RIBSTON FOR £14.45 MILLION (4.96%)
30 SOUTH GYLE CRESCENT, EDINBURGH	30,050 SQ.FT. SINGLE-LET IN TOWN DISTRIBUTION UNIT BUILT IN THE LATE 1970'S. LET TO UPS LIMITED EXPIRING NOVEMBER 2029	PRIVATE INVESTOR FOR £4.1 MILLION (4.82%)
ABERDEEN ENERGY PARK, BRIDGE OF DON, ABERDEEN	10 YEAR SALE & LEASEBACK OF 17,428 SQ.FT. UNIT LET TO CUTTING UNDERWATER TECHNOLOGY	PETER STEVENS ESTATES FOR £1.584 MILLION (9.52%)
AIRPORT COMMERCE PARK, KIRKHILL, ABERDEEN	17,225 SQ.FT. MULTI-LET ESTATE WITH A WAULT OF C.2 YEARS	PRIVATE INVESTOR FOR £1.187 MILLION (11.39%)
WELLHEADS TERRACE, DYCE, ABERDEEN	62,055 SQ.FT. DISTRIBUTION WAREHOUSE LET TO IRON MOUNTAIN WITH 5 YEARS UNEXPIRED	URBAN LOGISTICS FOR £5.52 MILLION (8.5%)
ABERDEEN GATEWAY, NR COVE	MODERN 19,375 SQ.FT. UNIT LET TO ERIKS INDUSTRIAL SERVICES WITH 10.75 YEARS UNEXPIRED	CHARNWOOD BOROUGH COUNCIL FOR £3.325 MILLION (6.75%)

RETAIL AND LEISURE

The retail and leisure sector has been the most volatile part of the market over the past 12 months, as it was particularly affected by the pandemic's restrictions for all but essential retailers. Only those deemed essential, having good online offers or those adapting quickly to 'click-and-collect' have maintained any level of turnover.

Investors are expected to become very selective – either focusing on absolute prime or opportunistic looking for assets to reposition and repurpose with shopping centres and department stores being prime examples of the latter.

Retail warehousing in particular has been active as investors such as Greenridge Investment Management acquired a number of schemes including West End Retail Park in Glasgow and Inshes in Inverness – good performing schemes which were available at discounted pricing.

Foodstores with long leases have been in demand and a number have traded. Pricing has remained strong – a Sainsbury supermarket at Murrayfield, Edinburgh traded at 5.06% and Avignon Capital paid 5% for two Waitrose stores in Glasgow.

High Street retail and leisure have attracted less activity as investors continue to avoid this part of the sector until pricing moves out further or there is an end to the current restrictions.

Valuation practices may have to change with the likelihood of base and turnover rents becoming more prevalent and landlords will need to work more closely with tenants to establish better relationships. Similarly tenants will require to be more honest with landlords, as the increasing use of CVAs has contributed to unease in the relationship. Greater transparency will be required in the way that tenants operate if they want to have developers and institutional investors create the diverse retail and leisure locations required for them to succeed.

Looking forward the market will remain volatile but there will be value to be found within the sector. Pricing has already moved out, especially on the High Street, and canny investors should pick up some bargains in the coming months.

RETAIL DEALS

ADDRESS	PROPERTY	PURCHASER
GLASGOW WAITROSE STORES: BYRES ROAD AND WEST RETAIL PARK, MILNGAVIE	TWIN STORE PORTFOLIO TOTALLING 69,281 SQ.FT. LET TO WAITROSE LTD FOR 9 YEARS AND 20 YEARS RESPECTIVELY	AVIGNON CAPITAL LTD FOR £23.2 MILLION (5%)
RIVERWAY RETAIL PARK, IRVINE	100,000 SQ.FT. MULTI-LET RETAIL PARK, TENANTS INCLUDE M&S FOODHALL, SPORTS DIRECT, CURRYS PC WORLD AND COSTA. WAULT OF 6 YEARS TO BREAKS AND 8 TO EXPIRY	DS PROPERTIES FOR £13.3 MILLION (10.64%)
WESTWAY RETAIL PARK, CUMBERNAULD	135,735 SQ.FT. MULTI-LET RETAIL PARK ON A 43 ACRE SITE. TENANTS INCLUDE B & Q, HALFORDS, CARPETRIGHT AND PETS AT HOME	CONFIDENTIAL BUYER FOR IN EXCESS OF QUOTING PRICE OF £6.5 MILLION (13.67%)
HERMISTON GAIT RETAIL PARK, EDINBURGH	306,000 SQ.FT. MULTI-LET RETAIL PARK. ANCHORED BY TESCO AND B&Q WITH TK MAXX, DECATHLON, WREN KITCHENS AND COSTA	BAUMONT REAL ESTATE CAPITAL WITH EDISTON PROPERTIES FOR £64 MILLION (7.95%)
CORSTORPHINE RETAIL PARK, EDINBURGH	51,400 SQ.FT. MULTI-LET RETAIL PARK. TENANTS INCLUDE PETS AT HOME, MCDONALDS, AND CURRY'S/PC WORLD	HUNTER UK RETAIL UNIT TRUST FOR £11.6 MILLION (8.45%)
SAINSBURY'S MURRAYFIELD, EDINBURGH	SINGLE LET SUPERMARKET COMPRISING 107,654 SQ.FT. AND LEASED UNTIL 2032 AT £18.58 PSF. OPEN MARKET RENT REVIEWS	TESCO PENSION FUND FOR £37.1 MILLION (5.06%)
BERRYDEN RETAIL PARK, ABERDEEN	PRIME 75,350 SQ.FT. MULTI-LET RETAIL PARK WITH A WAULT OF C.5 YEARS TO BREAKS. TWO VACANT UNITS	FRASERS GROUP FOR £8.9 MILLION (C.10%)
STONEYWOOD, DYCE, ABERDEEN	MODERN 5,380 SQ.FT. CONVENIENCE STORE LET TO CO-OP WITH 10 YEARS UNEXPIRED	PRIVATE INVESTOR FOR £1.25 MILLION (6.42%)

OUTLOOK

While the outlook is now more positive, the pandemic continues to feature in 2021. Enforced travel bans disadvantage Scotland and are likely to lead to a postponement of some investment sales, particularly in Q1.

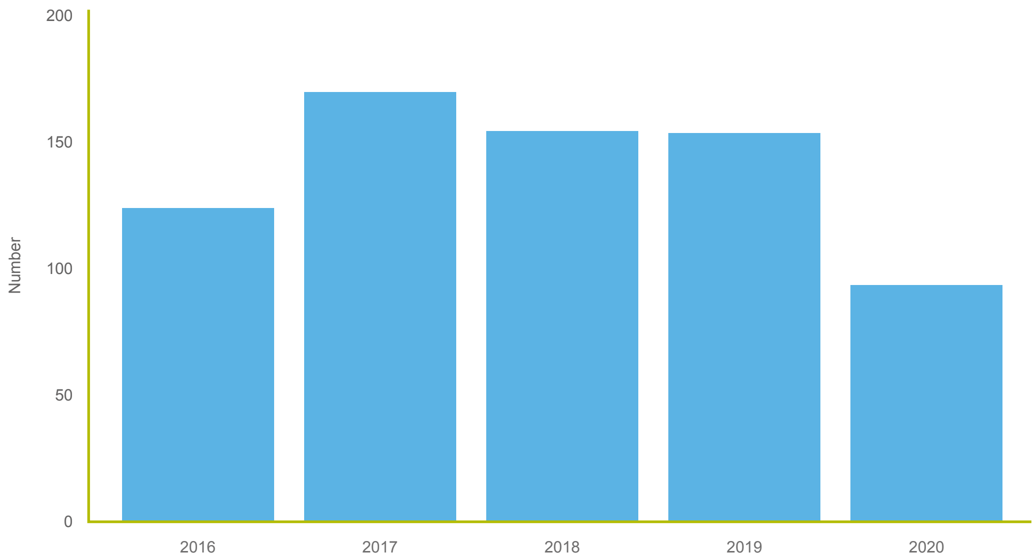
With the uncertainty surrounding a Brexit deal now past, the political focus will turn to the Scottish elections in May. An increased SNP majority may well fuel the independence debate once again but the UK Government has reaffirmed their view that a referendum is a once in a generation event.

Whilst these external factors are likely to cause further interference, certain sectors will show their resilience again and drive market activity up to healthy levels by Summer. Investor demand for opportunities in Glasgow and Edinburgh will remain strong and sentiment for Aberdeen is expected to improve as the local economy stabilises. The industrial and alternatives sectors are set to have another good year with retail and offices facing the greatest challenges. Once the worst of the pandemic is over it will take some time to assess if some of the changes to office working practices will be lasting. This may hamper investment activity in the short term but contrarian investors are expected to take advantage of cheaper pricing of secondary office assets during the year. There is undoubtedly still a wall of money available to invest into property and with investors now conditioned to living with the virus we expect to see a healthy increase in trading volumes by year end.

> “INVESTOR DEMAND FOR OPPORTUNITIES IN GLASGOW AND EDINBURGH WILL REMAIN STRONG AND SENTIMENT FOR ABERDEEN IS EXPECTED TO IMPROVE AS THE LOCAL ECONOMY STABILISES.”

INVESTMENT TRACKER

Number of investment transactions over £1 million in Scotland.



EDINBURGH
7 Exchange Crescent
Conference Square
EH3 8AN
0131 225 6612

GLASGOW
130 St Vincent Street
G2 5HF
0141 204 3838

ABERDEEN
25 Albyn Place
AB10 1YL
01224 588866

LEEDS
3rd Floor Carlton Tower
34 St Pauls Street
LS1 2QB
0113 243 6777

LONDON
4th Floor Langham House
302-308 Regent Street
W1B 3AT
020 7436 1212

MANCHESTER
2nd Floor
28 King Street
M2 6AY
0161 249 9778

DR MARK ROBERTSON
Managing Partner
mark.robertson@ryden.co.uk

KAREN FORSYTH
Research Manager
karen.forsyth@ryden.co.uk

ryden.co.uk

Ryden