

SCOTLAND

Logistics and Industrial Commentary



Simon Capaldi, Scotland Industrial Agency
+44(0)131 222 9621
simon.capaldi@knightfrank.com

H2 2014 Review

- Following a busy summer period and most importantly, the Scottish Referendum, take up of units above 50,000 sq ft across Scotland totalled 990,000 sq ft in H2. This represented a decline of 39% on H1 and was 12% below the five year half yearly average. Nonetheless, following a strong first half, this brings the total for the whole of 2014 up to 2.6m sq ft, up 2% on 2013.
- The majority of transactions above 50,000 sq ft in H2 2014 were in Glasgow and focused on older stock. There were no 50,000 sq ft plus transactions recorded in Edinburgh.
- While the sharp fall in oil prices has impacted most directly on the Aberdeen office market, a number of industrial requirements in Aberdeen have been put on hold due to uncertainty over the future of the oil and gas sector. Occupiers in the process of acquiring facilities have also been attempting to re-negotiate more favourable terms. However, supply remains constrained and there is a healthy level of requirements, with increased demand from occupiers at the smaller end of the market, in the 10,000 – 30,000 sq ft bracket.
- In Glasgow, availability of modern units over 50,000 sq ft has remained unchanged since H1, with only four units currently available with a combined total space of 727,054 sq ft, and the vast majority of available stock comprises poor quality second hand units.
- Despite the shortage of modern stock across all size brackets and the strength of existing demand, there is no speculative development under construction in Glasgow. One speculative development which may begin in Glasgow in the near future however is Plot Y, Condor Glen, Eurocentral. Fusion Assets and their joint venture partner, CBC, are proposing to develop a total of 38,000 sq ft of industrial space, with unit sizes ranging from 2,000 - 9,000 sq ft.
- In Aberdeen five speculative developments are due to commence in 2015, three extending to approximately 15,000 sq ft, one of circa 25,000 sq ft and one of circa 35,000 sq ft. There is potential for two further speculative units to the south of the city, however, planning permission is yet to be obtained.

Q4 2014 Prime headline rents (£ per sq ft)			
▼ / ▲ - movement expected to Q4 2015			
Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Aberdeen	£9.00 ◀ ▶	£8.75 ◀ ▶	£8.10 ◀ ▶
Edinburgh	£6.50 ◀ ▶	£5.00 ◀ ▶	£4.00 ◀ ▶
Glasgow	£6.25 ◀ ▶	£5.50 ◀ ▶	£5.25 ◀ ▶



In December 2014 TOTAL E&P UK took occupation of 181,000 sq.ft on the south side of the city at Aberdeen Gateway Business Park. Knight Frank acted on behalf of the Landlord, Muir Aberdeen Ltd.

Selected Scotland transactions in H2 2014

Address	Occupier	Size (sq ft)	Rent / Price (per sq ft)	Date
Aberdeen Gateway	TOTAL E&P UK	181,000	£8.00	Dec-14
Big Blue Shed, Bellshill	Kast Retail	143,000	£7.70*	Sep-14
D2 Business Park, Dyce	BP	100,000	£8.00	Jul-14
5-9 Easter, Glasgow	Stax	81,485	£19.00*	Aug-14
120 Springhill Parkway, Glasgow Business Park	DFS	65,275	Confidential	Sep-14

*Heritable Purchase

Regional outlook

- With the economic climate improving across Scotland, enquiries and take-up levels are expected to increase throughout 2015.
- Due to the limited availability of modern stock, pre-let announcements are likely to increase, as occupiers struggle to meet their requirements
- Prime rents and land values are likely to remain unchanged in the first half of 2015.