

H2 2018 REVIEW

- Industrial take-up across all size ranges in Aberdeen reached 640,000 sq ft in 2018, albeit there was only one deal over 50,000 sq ft completed. This total was marginally better than 2017 where 630,000 sq ft of industrial space transacted.
- Westhill proved to be popular for occupiers with large industrial requirements. The largest letting of the year was Proserv who took 59,762 sq ft of industrial space on Enterprise Drive, Westhill in September 2018, which was the only letting above 40,000 sq ft. Technip also extended their footprint within Westhill by agreeing to a new lease of 34,233 sq ft of refurbished stock in Enterprise Drive, which sat adjacent to their office HQ.
- Industrial properties between 5,000 and 10,000 sq ft proved to be the most sought after size bracket by occupiers during 2018. In total there were 26 transactions recorded throughout 2018, which is double what was recorded during 2017.
- Other large transactions included both Power Jacks and Texo Group moving to newly built properties within Kingshill Commercial Park, Westhill, developed by Knight Property Group. Power Jacks and

Texo Group leased 22,300 sq ft and 15,500 sq ft of industrial warehousing.

- The majority of demand remains strong for properties sub 10,000 sq ft, which is consistent with the 2018 average transaction size of 8,510 sq ft. Interestingly, take up for properties between 5,000 and 10,000 sq ft was greater than for units sub 5,000 sq ft. This is perhaps an indication of occupiers looking at growth and taking advantage of "the tenant friendly" market conditions.

REGIONAL OUTLOOK



Scott Hogan

Surveyor
+44 (0) 1224 415 956
scott.hogan@knightfrank.com

The industrial market continues to be Aberdeen's most resilient sector with continued demand from occupiers, which has created "cautious optimism" moving forward. Demand is still at a historically high level, however, a lot of the supply would be deemed no longer fit for purpose by the market.

In Glasgow and Edinburgh further erosion of the existing supply is anticipated, particularly at the smaller end of the market (less than 10,000 sq ft) as the last remaining best options are taken.

Moreover, with limited new build supply coming through the development pipeline, we would expect headline rents to continue to rise beyond their current level for existing stock. In addition, we would anticipate secondary locations to continue to benefit from the overspill of demand.



With limited new build supply in the West of Scotland, established locations, including Hillington, continue to see good levels of demand

H2 2018 PRIME HEADLINE RENTS

(£ per sq ft) ▲/▼ - movement expected to H2 2019

Market	Under 20,000 sq ft	20,000-50,000 sq ft	50,000 sq ft
Aberdeen	£9.00 ◀	£8.50 ◀	£7.00 ▶
Edinburgh	£8.50 ▲	£6.50 ◀	£4.50 ▶
Glasgow	£8.50 ▲	£6.50 ◀	£4.50 ▶

SELECTED OCCUPIER TRANSACTIONS, H2 2018

Address	Occupier	Size sq ft	Rent / price (per sq ft)	Date
Enterprise Drive, Westhill	Proserv	59,762		Sep-18
Unit 7 Minto Commercial Park, Minto Place	Control Valve Solutions	19,486	£17.50	Aug-18
Unit 8 Miller Street	MKM Building Supplies	26,829	£13.00	Dec-18



Occupiers are demanding properties in good condition and with a high specification.