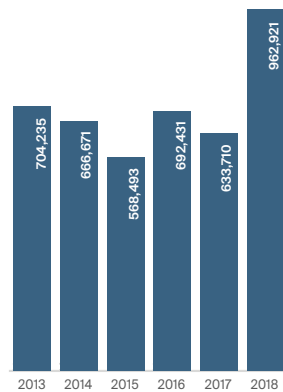


OCCUPIER HEADLINES

- Occupier take-up increased by 52% in 2018 to reach 962,921 sq ft by year end. This total is 63% above the 10-year average, and represents a record year for leasing in Glasgow city centre.
- The 187,205 sq ft pre-let at Atlantic Square agreed by the Government Property Unit was the largest occupier transaction to complete. Notably, this deal was one of four by public organisations during 2018. As such, the Public Sector accounted for 31% of total take-up. The financial services accounted for 25% of take-up, with the 110,955 sq ft deal completed by Clydesdale Bank at 177 Bothwell Street, the largest of the year. The new site will allow consolidation of three existing offices in Glasgow.
- New grade A availability stock stands at just 0.6% of total supply. As a consequence, there has been significant pre-letting activity in Glasgow over the past 18 months, a trend which underpinned 2018 take-up.

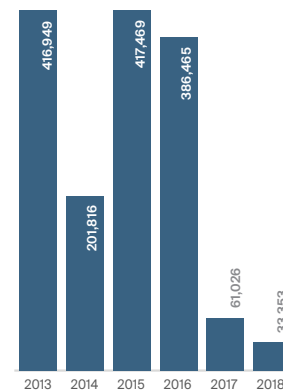
TAKE-UP (sq ft)

Year End 2018 **962,921**
2018 vs 10 year average **+63%**



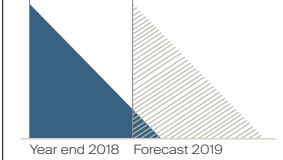
GRADE A SUPPLY (sq ft)

Year End 2018 **33,353**
2018 vs 10 year average **-90%**

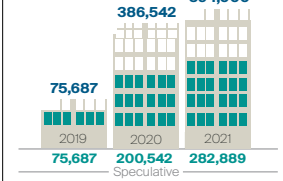


PRIME RENT (£ per sq ft)

Year end 2018 **£31.00** Forecast 2019 **£31.00**



DEVELOPMENT PIPELINE (sq ft)



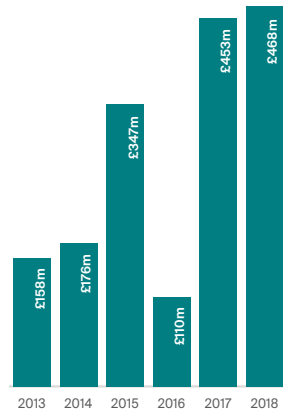
Dates indicate the potential completion date of schemes under construction as at Q4 2018. Development schemes are inclusive of both new and comprehensive refurbishment.

INVESTMENT HEADLINES

- Investment volumes increased by 3% to reach £468m in 2018. This total is 87% ahead of the 10-year average and is the highest level of investment recorded since 2006.
- Four deals in excess of £50m were completed during the year, the highest number on record. The largest was £105.8m forward funding deal of Atlantic Square by Legal & General (L&G). Once completed the building will house HMRC. Earlier in 2018, L&G had also bought 3 Atlantic Quay for £50m. In April, Hermes REIM acquired Skypark for £78m. The building is home to BBC, Capital Radio and other media firms. In October, Darin Partners bought 1 Atlantic Quay for £54.75m. Atlantic Quay 1 is a 121,737 sq ft recently refurbished Grade A prime office.
- Domestic investors dominated the market in 2018 accounting for 76%. UK institutions returned to the market aggressively accounting for 54% of the year end total.

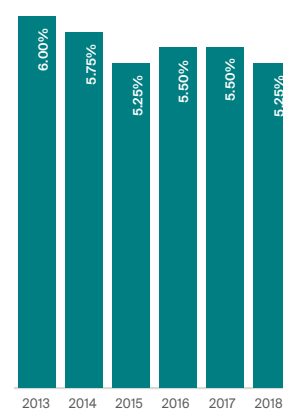
INVESTMENT VOLUMES (£)

Year End 2018 **£468m**
2018 vs 10 year average **+87%**

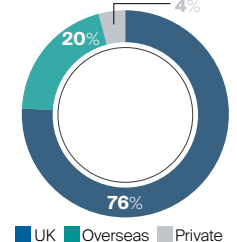


PRIME YIELD (NY)

Year End 2018 **5.25%**
Forecast 2019 **5.25%**

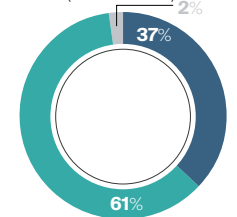


PURCHASERS (last 12 months)



■ UK ■ Overseas ■ Private

VENDORS (last 12 months)



KNIGHT FRANK VIEW



Colin Mackenzie
Partner

While occupier take up is not going to match the previous year, there has been a positive start with several large occupier requirements being activated. With almost no new Grade A Space available the majority of these requirements are focused on refurbished buildings so we expect a lot of activity in this sector.

The completion of these refurbished buildings is weighted towards the end of the year or early 2020 so occupiers are selecting buildings that match their immediate requirements or lease events if further out.

Two new speculative office schemes that are on site at 177 Bothwell Street and Atlantic Square are already attracting pre-letting interest and we would further pre-lettings to be announced. The Broomielaw area adjacent could again be a focal point with significant activity expected from ownership consolidation to occupier interest.

We also expect Glasgow to remain of keen interest to foreign investors with a selection of quality assets and slightly more attractive pricing than other U.K. Cities.