

EASTERN SCOTLAND

LOGISTICS AND INDUSTRIAL

SPRING REVIEW 2009

Overview

There are now signs that the sharp slowdown in the wider economy is beginning to impact upon the industrial market in Eastern Scotland.

Although majority of demand continues to be sub 10,000 sq ft, there are still unsatisfied larger requirements in the market.

- 2007 take-up: 1.6 million sq ft.
- 2008 take-up: 890,000 sq ft.
- Current availability: 4.5 million sq ft.

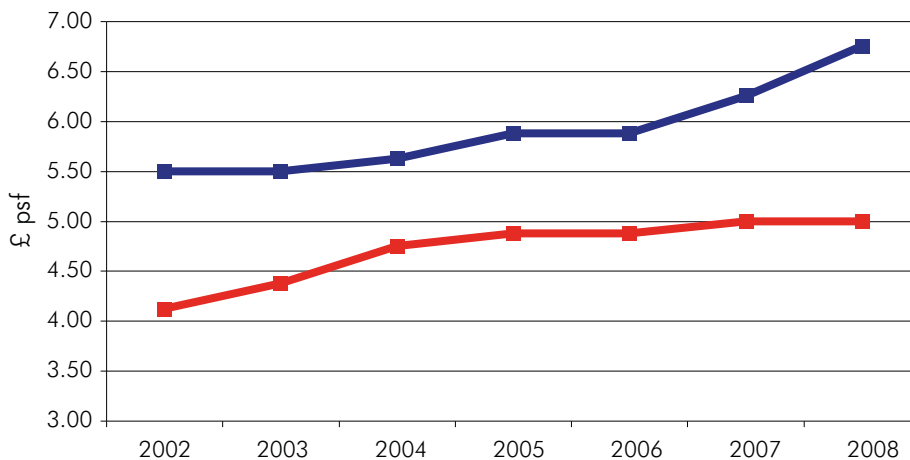
Rents

Rents in Edinburgh and the East of Scotland remain stable due to poor supply levels however landlords are having to be more aggressive in terms of the increased level of incentives being offered to occupiers. As always, location is key, with the prime industrial locations of South Gyle, Sighthill, Newbridge and Livingston commanding the highest figures.

Scottish rental levels are more robust than those South of the border where the affects of empty rates are an additional hindrance to the market conditions.

- Current average prime rents: £6.75 psf.
- Current average secondary rents: £5.00 psf.

Average East Scotland Industrial Rents



Source: Colliers CRE

■ Prime rents ■ Secondary rents



Kerse Trade Park

Supply

Supply is limited with only one speculative scheme underway – J Smart & Co (Contractors) plc who are developing 20,000 sq ft at Bilston Glen.

However, supply levels could potentially increase if manufacturing and retail distribution is hit by receiverships. The number of available development sites with planning is also likely to increase.

- Colliers CRE Edinburgh office is currently marketing 2.6m sq ft of industrial space.
- Advising on over 600 acres of development land.

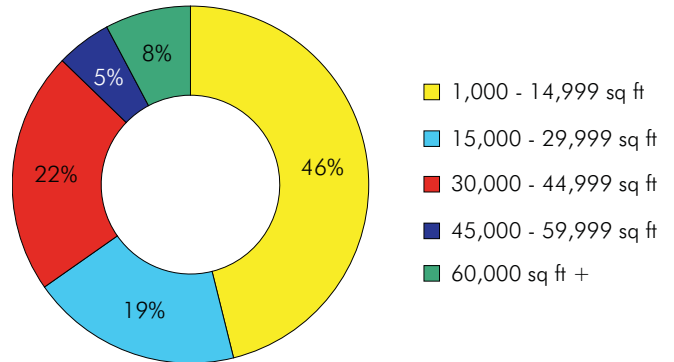
Demand

Despite the economic slowdown, take-up for 2008 remained respectable however there was a defined switch in demand from freehold to leasehold properties, primarily due to lack of funding. Trade counter demand has become restricted as a result of the residential sector decline.

Outlook

Rents are likely to remain static in 2009. Although demand is expected to decrease which would ordinarily suggest a downward pressure on rents, the shortage of quality supply is likely to offset this. Speculative development will be extremely rare with design and builds becoming a feature of the market due to the shortage of new build accommodation.

East Scotland 2008 take-up by transaction size
(Total take-up: 890,000 sq ft)



Source: Colliers CRE / SPN



Halbeath - Freescale Semi-conductor Plant

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