



SCOTLAND

Logistics and Industrial Commentary H2 2012

Knight Frank



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H2 2012 market commentary

- Take-up in units above 50,000 sq ft was 767,486 sq ft across nine deals in H2 2012, down 17% on the H1 total. Just two of the deals involved new space, both of which took place at Eurocentral, Glasgow.
- Here, following Eddie Stobart's lease in H1, ACS Clothing and Stapleton's Tyre Services secured the Orion and Apex units respectively in H2, while the smaller unit development at Eurocentral also secured tenants.
- Further speculative development is being considered at Clyde Gateway East, Glasgow and it is understood that discussions on potential pre-lets are underway. While there are other new developments planned in Central Scotland, such as Dundyvan Industrial Estate, Coatbridge and Orchardton Woods, Cumbernauld, the development market remains comparatively weak.
- Around Glasgow, the market for 15,000 sq ft+ continues to show signs of improved activity with increasing enquiry levels. However, choice is limited with few new developments planned and limited good quality secondhand space returning to the market.
- Partly due to the lack of supply of modern accommodation, headline rents have remained steady across the Central Belt with occupiers continuing to focus their negotiations on lease flexibility and incentive packages. However, rents for secondary and tertiary properties/locations continue to be negatively affected by economic conditions and lack of demand.
- The Aberdeen market saw record take-up of 800,000 sq ft across all unit sizes in 2012, with the buoyancy of the energy sector fuelling significant occupier demand. At £8.50 per sq ft, Aberdeen's prime industrial rents are the highest in the UK outside London and the Thames Valley. Moreover, strong demand has also seen the rental discount between good quality secondhand space and prime accommodation narrow to just 15%.

Selected Scotland transactions in H2 2012

Address	Tenant	Size (sq ft)	Rent / Price (per sq ft)	Date
Orion, Dovecote Road, Centralpoint, Eurocentral	ACS Clothing	85,340	£5.00	Sep 12
Unit 3, Minto Commercial Park, Altens Industrial Estate, Aberdeen	Pipelines 2 Data	15,161	£8.50	Sep 12
Apex, Condor Glen Eurocentral	Stapletons Tyre Services	71,452	£5.85	Nov 12
Unit 2, Kingsthorpe Park, Houstoun Industrial Estate, Livingston	Schuh	25,700	£3.65	Nov 12
Unit 2, Clyde Gateway East, London Road, Glasgow	PF Cusack (Tools) Ltd	16,255	£73.82*	Dec 12

*Freehold transaction

Q4 2012 Prime headline rents (£ per sq ft)

▼ / ▲ - movement expected to Q4 2013

Market	under 20,000 sq ft	20,000 to 50,000 sq ft	50,000 + sq ft
Aberdeen	£8.50 ▲	£8.50 ▲	£8.00 ◀▶
Edinburgh	£7.00 ◀▶	£7.00 ◀▶	£5.50 ◀▶
Glasgow	£6.25 ◀▶	£5.50 ◀▶	£5.25 ◀▶



In September 2012, Pipelines 2 Data leased Unit 3, Minto Commercial Park, Altens at a headline rent of £8.50 per sq ft. Knight Frank acted for the landlord.

Regional outlook

- The relatively limited availability of modern facilities and speculative development underway points to an increase in pre-lets and design and build arrangements in 2013. While there were no design and build deals in H2 2012, they are anticipated to feature more prominently in Scotland's industrial and logistics market.
- Otherwise, with many of the key drivers unchanged, market pricing and levels of occupier activity across Central Scotland are expected to remain largely similar to that witnessed during the past two years.
- We expect 2013 to see several exceptional deals in Aberdeen with rental rates perhaps reaching £9.00 per sq ft, albeit these will be confined to the most sought-after locations.