

# Scottish Property Federation Commercial Property Market Report Q2 (Apr-Jun) 2018

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## KEY TRENDS

- **SCOTLAND – Total value of sales:** The total value of commercial sales in Q2 (April-June) 2018 was **£684m**. This is **29% down** on Q1 (Jan-Mar) 2018 and **13% down** on Q2 (April- June) 2017.
- **SCOTLAND – Number of sales:** The number of commercial property sales in Q2 2018 was **1,095**. This is **9% up** on Q1 2018 but **8% down** on Q2 2017.
- **SCOTLAND – £5m+ Sales:** There were **22** commercial sales transacted at or above £5m in Q2 2018, with a combined value of **£270m**. The combined value of sales at this section of the market is **52% less** than the previous quarter and **30% less** than Q2 2017.
- **SCOTLAND – Investment:** Industry data experts CoStar have reported that **£584m** was invested across all commercial property sectors in Q2 2018, taking the total investment into the Scottish commercial real in 2018 so far to **£1.4bn**.
- **ABERDEEN:** Total sales values in the city totalled **£123m** – higher than both Edinburgh and Glasgow. While this figure is **26% less** than the total from the previous quarter, it is **68% greater** than Q2 2017.
- **EDINBURGH:** The total value sales in the Scottish Capital in Q2 2018 was **£122m**. This is **19% down** on the previous quarter and is also **46% down** on Q2 2017. There were **110** commercial property sales in Edinburgh during Q2 2018.
- **GLASGOW:** In Q2 2018, there were **129** commercial sales in Glasgow, totalling **£104m**. The value of commercial sales in Glasgow **rose 8%** compared to Q1 2018 but was **down 42%** on the same quarter in 2017.

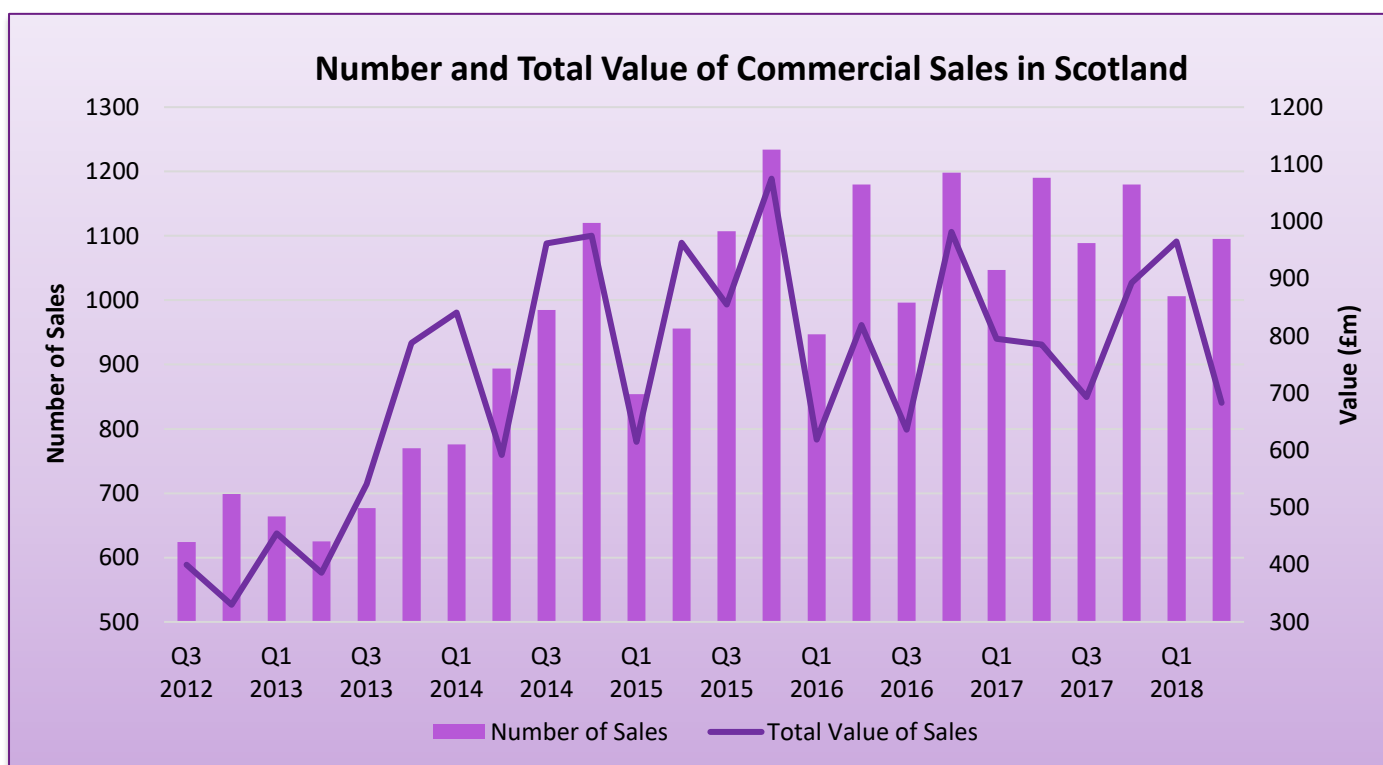
*Unless otherwise stated, all transactional data is from Registers of Scotland.*

## NATIONAL PICTURE

<i>Scotland</i>	Q2 2018	Q1 2018	Q2 2017	Q-Q (Q2 2018 v Q1 2018)	Y-Y (Q2 2018 v Q2 2017)
Value	£683m	£965m	£784m	↓29%	↓13%
Number	1,095	1,006	1,190	↑9%	↓8%

Figures released by Registers of Scotland and analysed by the Scottish Property Federation have shown that Q2 (April – June) 2018 was a mixed quarter for Scottish commercial property sales.

The figures reveal that the total value of commercial property sales in Q2 2018 totalled £683m, down 29% on the previous quarter. This is the first fall in total commercial sales value since Q3 2017. Despite this drop, the number of commercial property transactions actually increased - from 1,006 in the previous quarter to 1,095 in Q2 2018, a rise of 9%. In comparison to the same quarter last year, the total value of sales fell by 13% from £784m, while the number of sales also declined by 8%.



### SALES £5M+

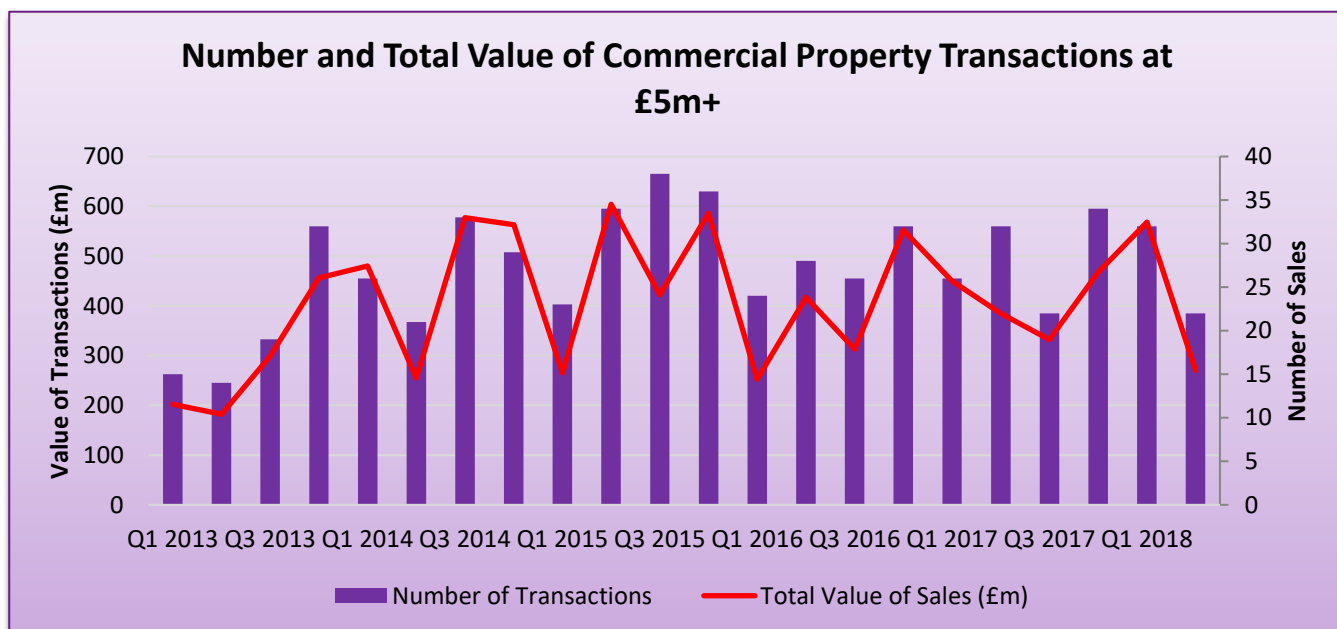
One of the main factors behind the fall in the total value of commercial property sales across Scotland in Q2 2018 was that there was a lower number of high value sales. 22 sales were recorded at or above £5m, worth a combined value of £270m. This is 52% down on the previous quarter's total, which saw 32 sales totalling £568m, and against Q2 2017 there was a 30% drop.

Q2 2018 also had the lowest number of transactions at £5m or above since Q2 2014 (where there were 21 sales).

As well as lower total sales values and numbers, the geographic spread of commercial sales at or above £5m was down on previous quarters and fewer local authority areas saw sales in this section of the market. In Q2 2018, 8 local authority areas saw sales at this section of the market, compared to 12 in the Q1 2018.

Sales of commercial properties at or over £5m, which occurred outwith Edinburgh, Glasgow and Aberdeen totalled £56m (or 20% of the total value). This is a drop from Q1 2018, where £295m (52% of the total value) came from outside of Scotland's three largest cities.

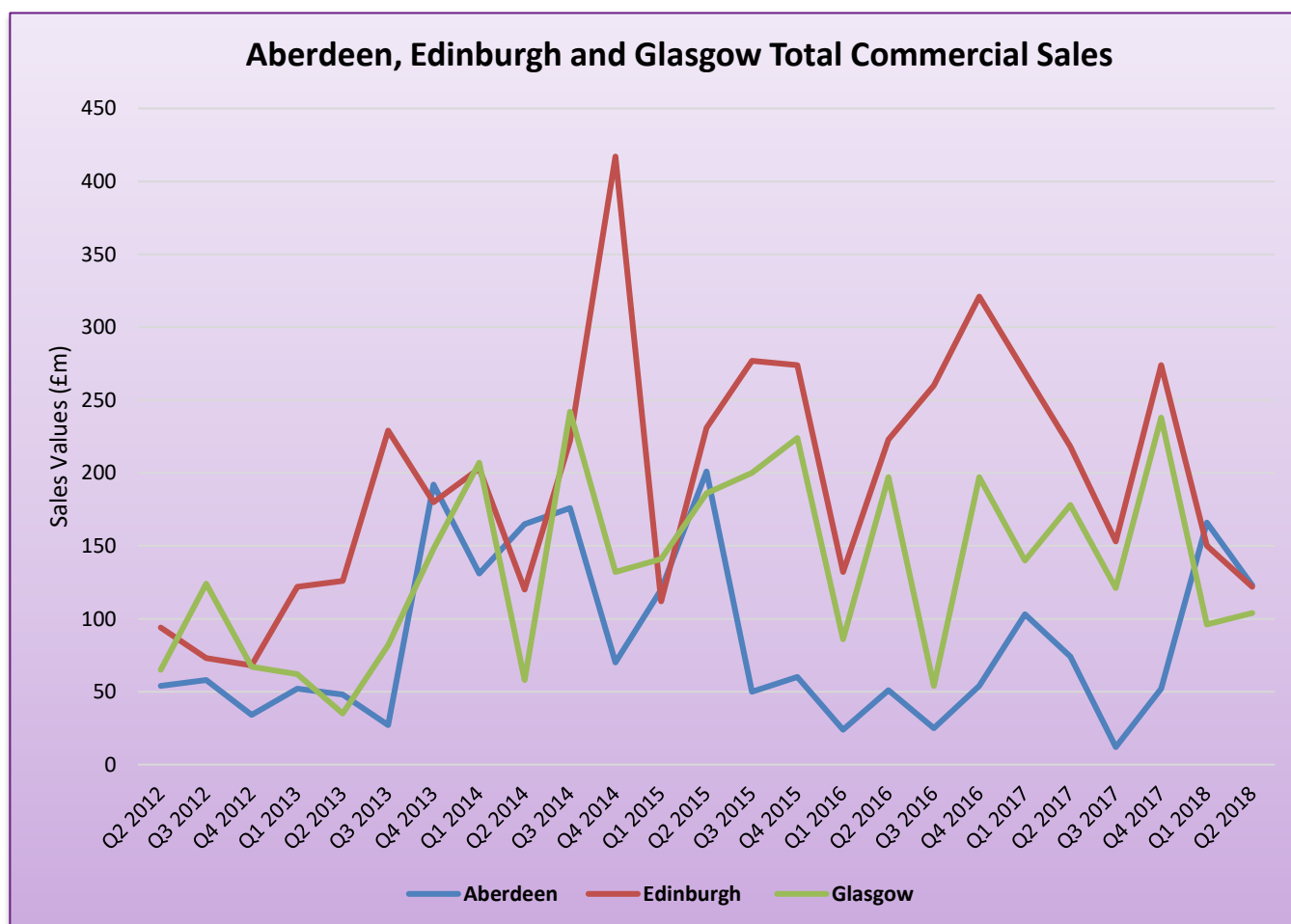
Sales £5m+	Number of Sales	Total Value of Sales (£m)
<b>Scotland</b>	<b>22</b>	<b>270</b>
Aberdeen City	5	90
Aberdeenshire	1	5
Edinburgh, City of	6	69
Glasgow City	4	54
Inverclyde	1	6
Renfrewshire	2	17
South Ayrshire	1	15
South Lanarkshire	2	14



## THE CITIES

Two of Scotland’s three largest cities – Aberdeen and Edinburgh - saw the total value of their commercial sales fall in Q2 2018, with only Glasgow seeing a slight increase. When combined, the total value of sales across the three cities was £349m, down from the previous quarter (Q1 2018) when sales for the cities totalled £412m. As a percentage of the total value of sales in Scotland, Aberdeen, Edinburgh and Glasgow had 51% of the total value of sales in Scotland for Q2 2018, up from 43% in the previous quarter.

Interestingly, Aberdeen continued to have marginally higher sales than both Edinburgh and Glasgow, with £123m compared to Edinburgh’s £122m and Glasgow’s £104m. This is especially note-worthy as Aberdeen had just 48 sales, compared to 110 in Edinburgh and 129 in Glasgow.



## Aberdeen

<b>Aberdeen</b>	<b>Q2 2018</b>	<b>Q1 2018</b>	<b>Q2 2017</b>	<b>Q-Q (Q2 2018 v Q1 2018)</b>	<b>Y-Y (Q2 2018 v Q2 2017)</b>
Value	£123m	£166m	£74m	↓26%	↑68%
Number	48	27	57	↑78%	↓16%

For the second quarter running Aberdeen had a higher total sales value than both Edinburgh and Glasgow in Q2 2018. With sales totaling £123m, this is 1% higher than Edinburgh's total and 18% higher than Glasgow's. Compared to the previous quarter, the value of Aberdeen's sales fell by 26%, however, the number of sales in Q2 2018 rose by 78%. Generally, recent data for Aberdeen points to a significant improvement on the figures from late 2015 through to 2017.

### Recent Sales in Aberdeen:

- **City Wharf** - sold for £11.35m
- **Travelodge, Justice Mill Lane** - sold for £9.8m
- **Unit 5A, ABZ Business Park** - sold for £3.32m
- **Unit 5B, ABZ Business Park** - sold for £3.11m
- **Ikea, Wellington Circle** - sold for £22.5m
- **196-206 Union Street** - sold for £5m

*Recent Sales Data Courtesy of Ryden*

## Edinburgh

<b>Edinburgh</b>	<b>Q2 2018</b>	<b>Q1 2018</b>	<b>Q2 2017</b>	<b>Q-Q (Q2 2018 v Q1 2018)</b>	<b>Y-Y (Q2 2018 v Q2 2017)</b>
Value	£122m	£150m	£227m	↓19%	↓46%
Number	110	104	131	↑6%	↓16%

The Scottish Capital is usually the city to beat on commercial sales, however, the city has struggled to meet the heights of 2017 so far this year. Edinburgh generated £122m of commercial sales, a 19% drop on the previous quarter, although, there was a 6% increase in the number of sales during Q2 2018. Year-on-year, Edinburgh performed relatively poorly in terms of both the total value and the number of commercial transactions. Total sales values dropped by 46% (or £105m) from Q2 2017 and the number of sales was 16% down.

### Recent Sales in Edinburgh:

- **Princes Exchange / New Uberior House - Earl Grey Street** - sold for £71m
- **11-13 Randolph Crescent** - sold for 4.5m (*for conversion to residential*)
- **B&M, 113 Glasgow Road** - sold for £8.3m

*Recent Sales Data Courtesy of Ryden*

## Glasgow

<i>Glasgow</i>	Q2 2018	Q1 2018	Q2 2017	Q-Q (Q2 2018 v Q1 2018)	Y-Y (Q2 2018 v Q2 2017)
Value	£104m	£96m	£178m	↑8%	↓42%
Number	129	121	151	↑7%	↓15%

The total value of commercial sales in Glasgow totalled £104m in Q2 2018, which is an 8% rise on the previous quarter. The number of sales also increased from 121 in the previous quarter to 129 in Q2 2018 (a rise of 7%). However, year-on-year, the total value of sales fell by a 42%, with the number of sales falling by 15% from the 151 recorded in Q2 2017.

### Recent Sales in Glasgow:

- **The Hub, Pacific Quay** - sold for £10.25m
- **Portland House, Renfield Street** - sold for £4.5m
- **GO Urban Hotel, Paisley Road West** - sold for £10m
- **Clyde Gateway East** - sold for £10.65m

*Recent Sales Data Courtesy of Ryden*

## INVESTMENT DATA

CoStar UK has reported that a total of £584m was invested across all commercial property sectors in Scotland during Q2 of 2018, which brings total investment in 2018 so far to £1.4bn. This is ahead of the £1.16bn invested in the same period in 2017 and is up significantly on the £779m invested in the first two quarters of 2016. Additionally, investment is up by 1.6% on Q1-Q2 of 2014, which CoStar had reported as a record year.

On a rolling annual basis, investment increased in Q2 2018 with £3.05bn invested over the last four quarters. This is the highest rolling annual total for three years and was aided by a strong Q4 2017 and Q1 2018.

Office has been the most active sector in 2018 so far, accounting for 49% of all investment, while investment in the retail sector (£307m) accounted for a 22% share of the total invested in the first half of 2018. M&G's purchase of a 50% stake in Fort Kinnaird Retail Park in Edinburgh for £167.25m - one of Scotland's largest ever retail park transactions - heavily boosted volumes in Q2.

### Quarterly Commercial Property Investment Volumes - Scotland

Investment (£m)

