

Scottish Property Federation Commercial Property Sales Update Q1 (January - March) 2019

Summary

- **TOTAL VALUE OF SALES:** The total value of Scottish commercial property sales in Q1 (January to March) 2019 was **£763m**. This is **up £48m (7%)** on Q4 (October to December) 2018 but **down £203m (21%)** on the same quarter (Q1) in 2018.
- **NUMBER OF SALES:** The number of commercial property sales in Q1 2019 was **1,086**. This is **down 171 (14%)** on Q4 2018 but **up by 80 (8%)** on the same quarter in 2018.
- **£5M+ SALES:** There were **28** commercial property sales transactions at or above £5m in Q1 2019, with a combined value of **£394m**. The combined value of sales at this section of the market is **£101m (34%) more** than Q4 2018 but **£174m (31%) down** on the same quarter in 2018.
- **ABERDEEN:** The value of commercial property sales in Aberdeen **rose by £27m (193%)** against Q4 2018 to **£41m**; however, against the same quarter in 2018, the total value was a **down by £125m (75%)**.
- **EDINBURGH:** At **£264m**, the total value of commercial property sales in the Capital were **£85m (47%) higher** than in Q4 2018 and **£114m (76%) higher** than on the same quarter in 2018.
- **GLASGOW:** The total value of commercial property sales **fell by £26m (15%)** in Q1 2019, with sales totalling **£171m**.
- **COSTAR INVESTMENT DATA:** Costar UK has reported that **£378m** was invested in Scottish commercial property in 2019, which is considerably **down** on the quarter and the year, by **41%** and **54%** respectively.

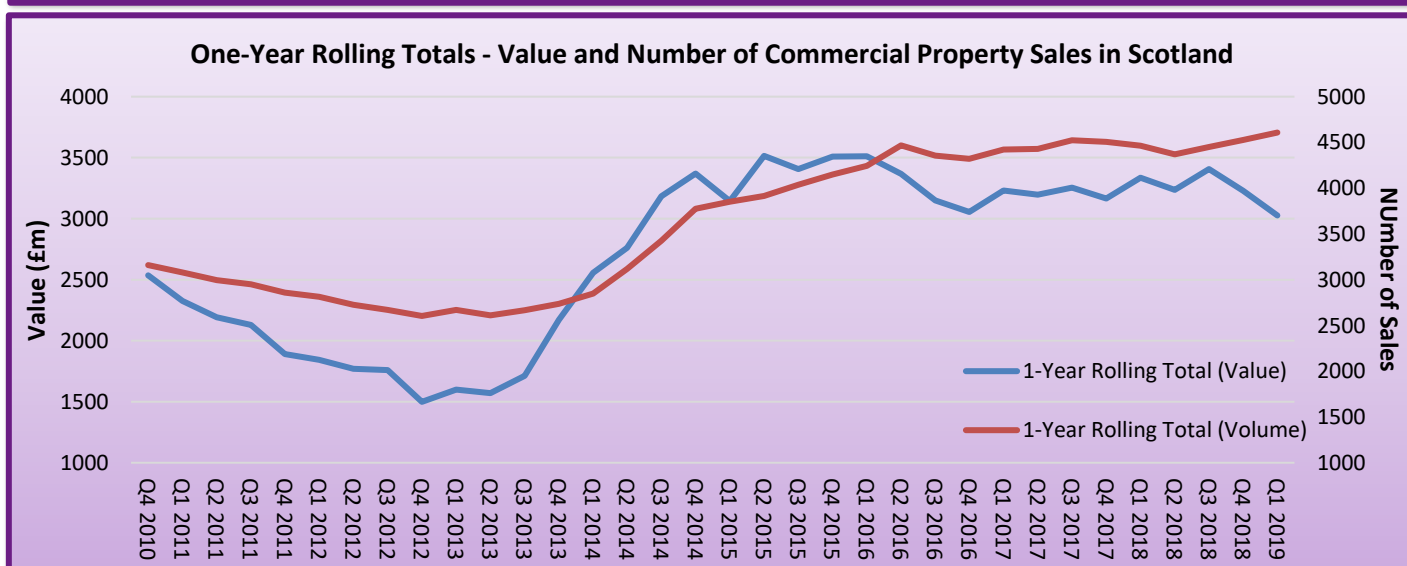
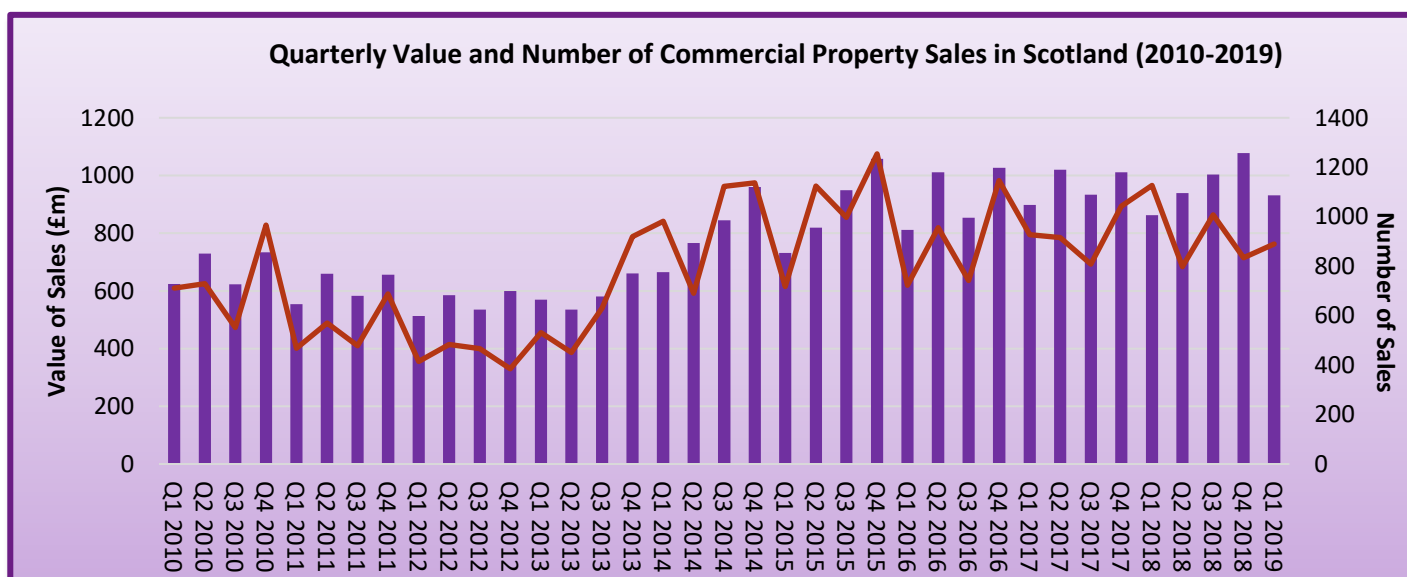
Unless otherwise stated, all data is from Registers of Scotland.

Commercial Property Sales in Q1 2019

Following immediately after the most subdued fourth quarter since 2012, the first quarter of 2019 saw the total value of Scottish commercial property sales pick up by £48m (7%) to £763m. The number of commercial property sales, however, fell by 171 (14%) against Q4 2018.

A comparison of the total value of commercial property sales in Q1 2019 with the same quarter in 2018 shows a fall of £203m (21%) year-on-year - this is despite the number of transactions increasing by 80 (8%). Fewer high-value transactions are likely to be responsible for the drop in total values, with the number of transactions of commercial properties above £5m falling by 13% year-on-year.

On a rolling one-year basis, there was £3.03bn of commercial property sales in Scotland up to the end of Q1 2019. This is the lowest total since Q2 2014, with Q1 2019 also seeing the second consecutive quarterly drop for the rolling one-year figure. Conversely, the number of commercial property sales, on a rolling one-year basis, increased to its highest levels in recent times, with 4,608 sales in the year to the end of Q1 2019.



Commercial Property Sales at £5m and Over

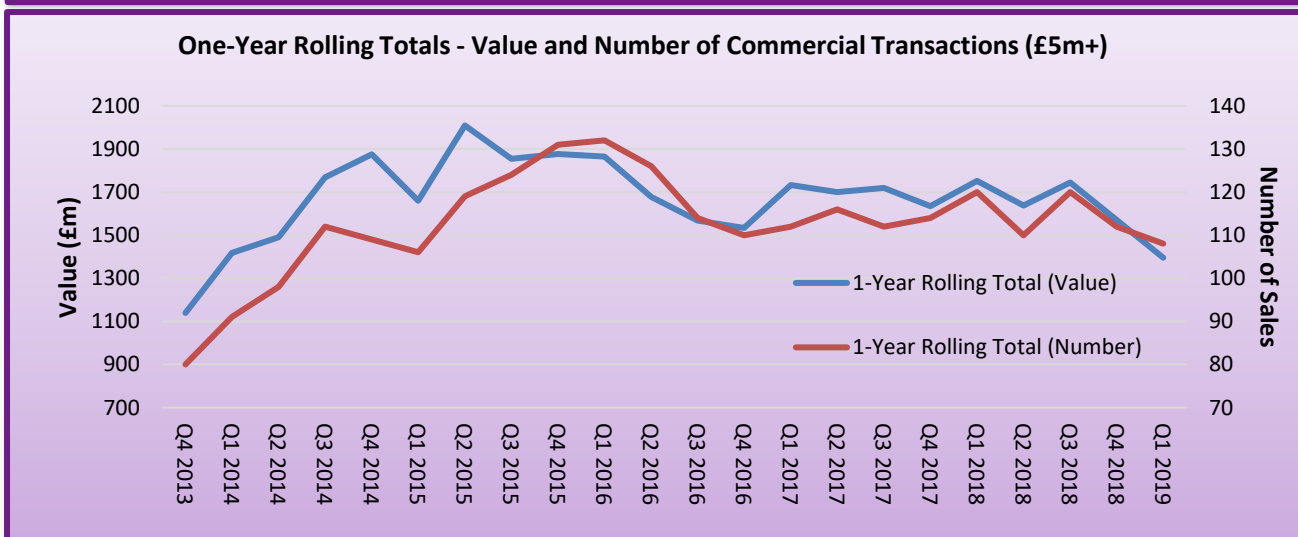
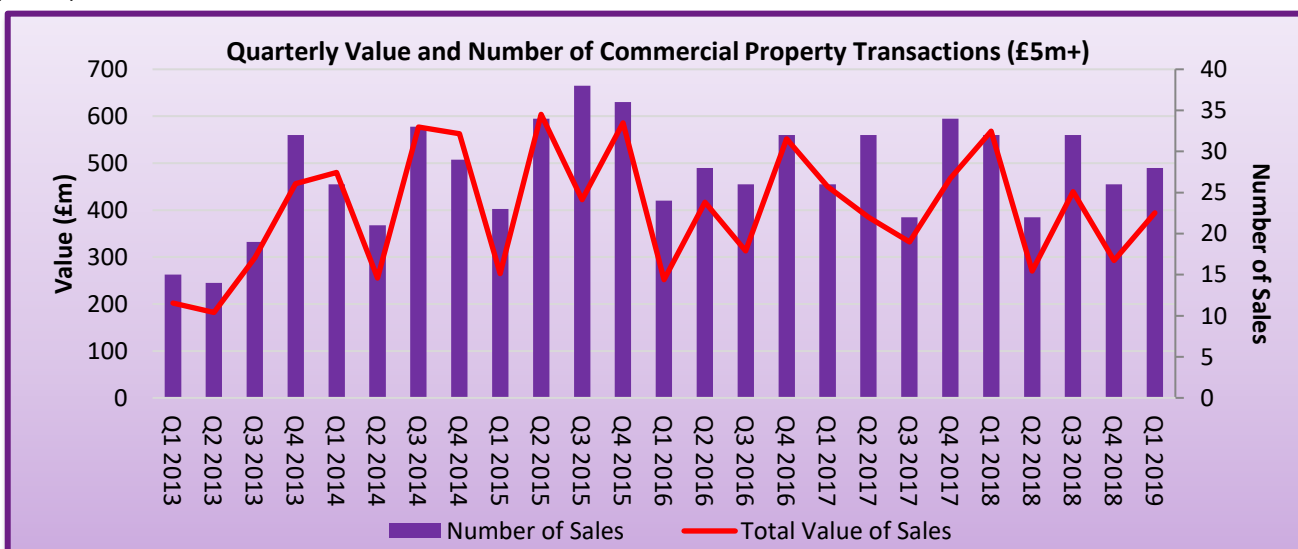
When compared to the previous quarter, the number of commercial property sales in Q1 2019 that transacted at a value of £5m or more increased by two (8%) to 28. The combined value of these sales was £394m, which represents an increase of £101m (34%) on Q4 2018.

Against the same quarter in 2018, however, the value of £5m+ sales in Q1 2019 fell by £174m (31%) – with the number of sales over the same period also falling by four (13%).

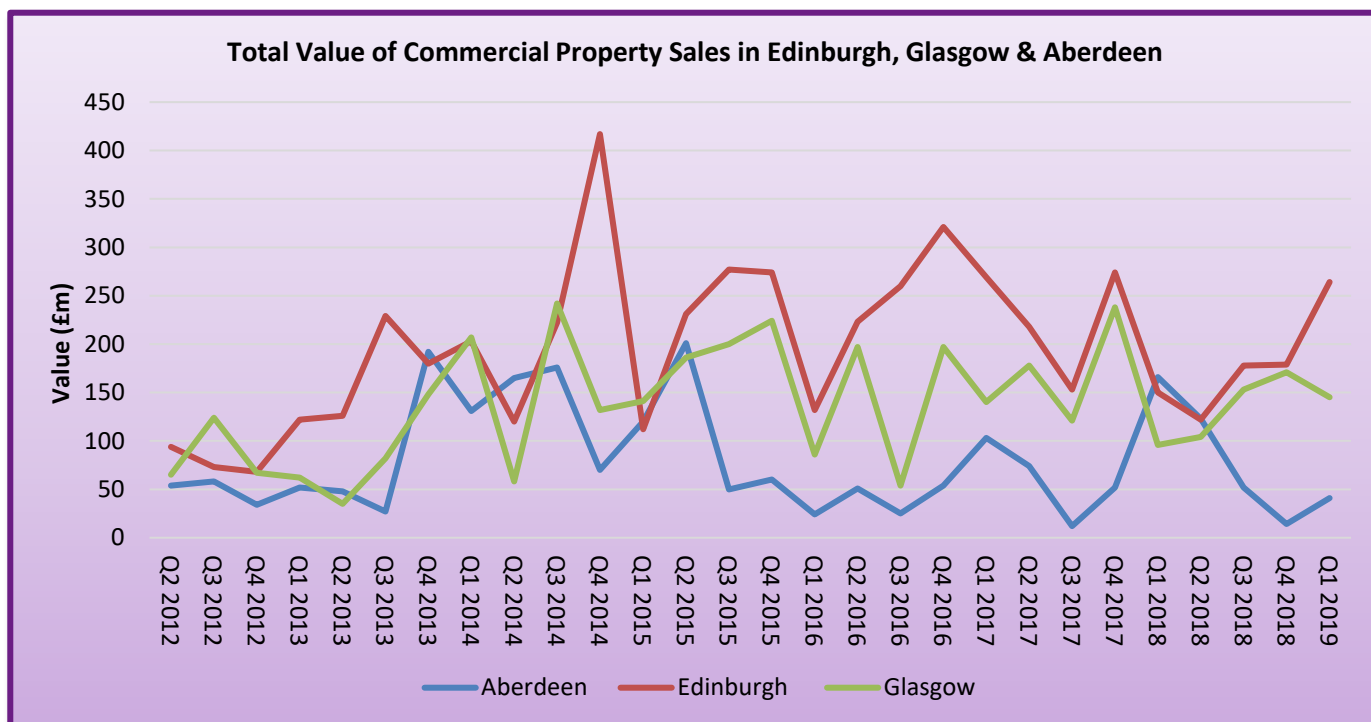
On a rolling one-year basis, the total value of commercial property sales at £5m+ in Scotland fell for the second consecutive quarter. At £1.4bn, the one-year rolling total in Q1 2019 is the lowest since Q4 2013.

The geographical spread of sales at this section of the market increased against the previous quarter, with nine of Scotland's 32 local authorities having at least one commercial property sale at, or above, £5m. This is up from six local authorities in Q4 2018 but down from 12 in Q1 2018. Edinburgh had half of the total number of £5m+ transactions in Q1 2019, while Glasgow was the only other local authority to see multiple sales (seven).

Sales £5m+ Area	Number of Sales	Total Value of Sales (£m)
Aberdeen City	1	13
Aberdeenshire	1	13
Edinburgh, City of	14	207
Fife	1	27
Glasgow City	7	102
Highland	1	10
North Lanarkshire	1	7
South Lanarkshire	1	7
West Dunbartonshire	1	6
Scotland	28	394



Commercial Property Sales in Aberdeen, Edinburgh & Glasgow



Aberdeen

When compared to the previous quarter, the total value of commercial property sales in Aberdeen rose slightly, to £41m, in Q1 2019. This is an increase of £27m (193%). However, year-on-year sales were significantly lower, with Q1 2019 generating £125m (75%) less than in the same quarter in 2018.

Edinburgh

In Q1 2019, Edinburgh had the highest combined value for commercial property sales of any city in Scotland, for the third quarter in a row. At £264m, the city's sales were up £85m (47%) on the previous quarter and £114m (76%) on Q1 2018 (which saw sales total £150m). Significantly, Edinburgh had a 35% share of the total value of commercial property sales in Scotland in Q1 2019.

Glasgow

The total value of commercial property sales in Glasgow fell by £26m (15%) in Q1 2019 against the previous quarter, with sales totalling £145m. However, against the same quarter in 2018, the total value of sales in Glasgow rose by £49m (51%). Glasgow had a 19% share of the total value of commercial property sales in Scotland in Q1 2019.

Commercial Property Investment

Property data experts Costar has reported that £378m was invested in Scottish commercial property in Q1 2019, which is considerably down on Q4 2018 and against the year, by 41% and 54% respectively.

Costar point to investment into **alternative** assets as the key drivers of activity in Q1 2019 - with notable investments including L&G's forward-funding for 324 built-to-rent apartments at Glasgow's Buchanan Wharf and the purchase of Clifton and Stewart House for £22m.

Investment in **offices** was said to be low in Q1 2019, with investment dropping to 2012 levels. Costar suggests that this could be a 'blip', however, as there are a number of high value office deals in the pipeline, which could boost Q2 2019.

It was also reported that **industrial** investment came in well below average, with the majority of the total investment coming from the sales of the Air Cargo Centre at Glasgow Airport (for £11.1m) and the Seven Hills Business Park (for c.£15m).

Retail investment picked up slightly in Q1 2019, both on the quarter and the year. However, volumes remained low, with just £71m spent in the quarter – well below the five-year average of £196m.

