



Quarterly Scottish Commercial Property Sales Report

1st January 2015 to 31st March 2015 SPF analysis of value and volume of commercial property sales in Scotland with annual update

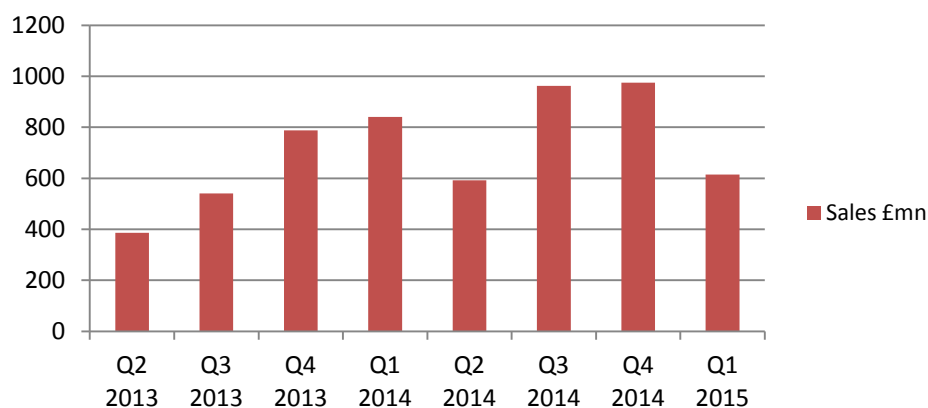
Headlines

- Value of commercial property sales in Scotland drops by a third quarter on quarter
- Volume of sales also drops by a third quarter of quarter
- Edinburgh sees significant drop in sales value from £417mn in Q4 2014 to £112mn in Q1 2015
- Aberdeen strengthens from £70mn in Q4 2014 improving to £120mn in Q1 2015
- Aberdeen (9) records as many £5mn plus sales as Edinburgh (3) and Glasgow (6) combined in Q1 2015, but overall number of £5mn+ sales falls again.

Value of commercial property sales in Scotland: 1st January 2015 to 31st March 2015

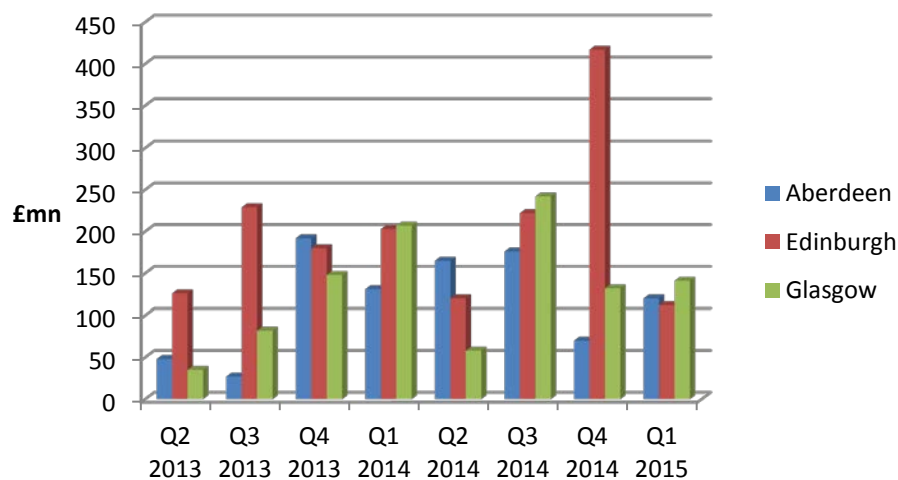
In the first quarter of 2015 the total value of Scottish commercial property sales reported by the Registers of Scotland (RoS) dropped significantly to £615mn from its previous quarter total of £975mn. This drop in the value of sales was particularly felt in Edinburgh where a previous sales total of £417mn fell to £112mn quarter on quarter.

**Table 1: Value of Sales
Q2 2013 - Q1 2015**



In contrast to Edinburgh’s experience, in Aberdeen the value of commercial property sales grew markedly with some £120mn transacted in the month, up from £70mn the previous quarter (Q4 2014). This was a strong performance in the wake of the significant reduction in the price of Barrel of Oil and amidst a number of high profile job cuts by energy companies in the region. Indeed Aberdeen managed as many £5mn plus commercial property sales (9) in the quarter as did Edinburgh and Glasgow combined (3 and 6 respectively).

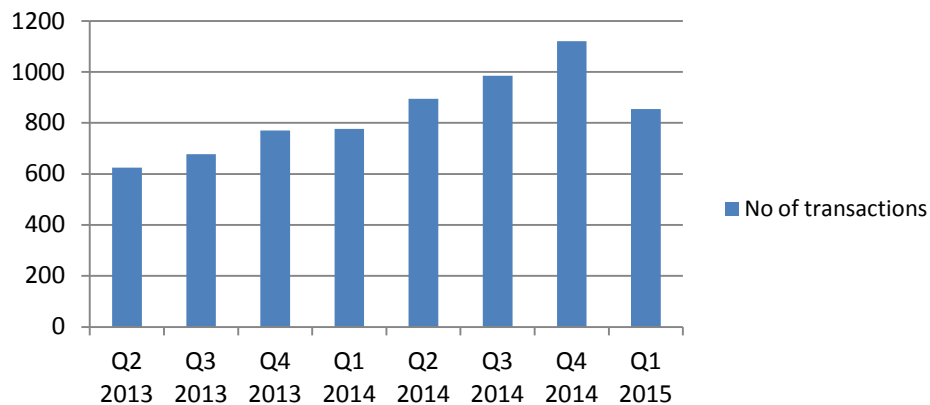
**Table 2:
Aberdeen-Edinburgh-Glasgow
Value of Sales Q2 2013 - Q1 2015**



Volume of commercial property transactions – 1st January 2015 to 31st March 2015

The volume of commercial property transactions fell from 1,120 in Q4 2014 to 854 in Q1 2015 suggesting a drop of around a third in the volume of economic activity in the commercial property market. Table 3 illustrates that this is the first significant decline in quarter on quarter volume of transactions for two years. In our February 2015 quarterly report on Q4 2014 we reported a fall in the number of £5mn + sales and in Q1 2015 we see a further fall in the number of major commercial property transactions of more than £5mn, moving down from 29 such sales in Q4 2014 to just 23 in Q1 2015. Aside from the big three triumvirate of Aberdeen, Edinburgh and Glasgow only the local authority areas of Aberdeenshire (2), Dumfries and Galloway, North Ayrshire and South Lanarkshire experienced commercial property sales for consideration above £5mn.

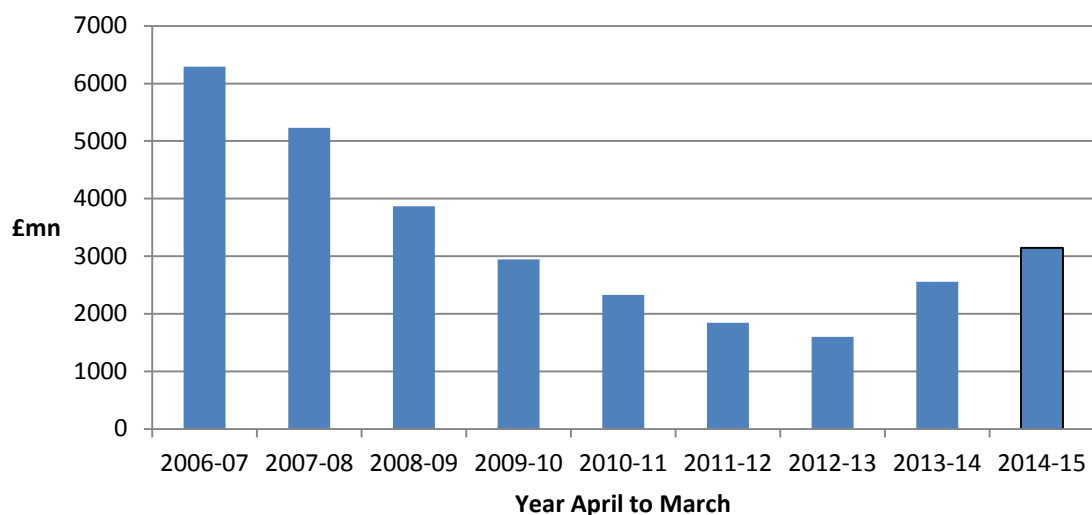
**Table 3: No. of Transactions
Q2 2013 - Q1 2015**



Annual trends - Value of Total Sales of Scottish commercial property 2006 to 2015

With the figures released by registers of Scotland now completing the public financial year 2014-15 we can see from Table 4 below that the total value of commercial sales recorded in Scotland over the past twelve months is £3.1bn, almost exactly half that of the total recorded the year before the recession eight years ago (£6.2bn in 2006-07). Nonetheless, the economic recovery is leading to a gradual return of higher annual values of commercial property sales transactions with the last twelve months recording a second annual increase in total value since the nadir of 2012-13.

**Table 4: Annual Value of Scottish Commercial
Property Sales 2006-15**



Source: Registers of Scotland Extrapolated by Scottish Property Federation

Impact of Scottish Land and Buildings Transaction Tax on commercial sales

Early feedback from members suggests that the quarterly transactions for commercial property in Q1 2015 may have been slightly inflated by purchasers seeking to complete their transaction ahead of the 1 April 2015 introduction of LBTT. It is expected that the additional 0.5% tax for higher value commercial property sales will be compensated for by price alterations. Evidence is however anecdotal and we may not see tangible evidence until the next quarterly figures due in late July / early August 2015 when the April to June 2015 period will be covered.

Summary

The first Q1 2015 shows a sharp reduction in both sales and volume of transactions compared to the previous two quarters recorded by the Registers of Scotland. It is difficult to assign any particular cause for this reduced value and volume of Scottish commercial property sales but it does coincide with a reported slowdown in wider UK economic activity for the first quarter of 2015. The drop off in activity in Edinburgh is perhaps the most marked story coming from this quarter and this may well signify a temporary lack of available product on the market having seen a significant number of transactions in the capital in 2013 and 2014.

Notes

1. All figures quoted are extrapolated by SPF from the Registers of Scotland and subject to crown copyright.
2. Figures for individual local authorities are available for SPF members for both the value of commercial property sales in the authority area and the volume of sales recorded by the Registers of Scotland.

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