



EDINBURGH

EXECUTIVE SUMMARY

- The retail and leisure sectors in Edinburgh will be completely changed by two schemes opening in 2020 at either end of Princes Street.
- Edinburgh is suffering from an acute lack of grade A office supply with new developments seeing strong pre-letting activity.
- There continues to be rental growth in the industrial market. Scotland's largest speculative industrial development is underway and nearing completion at Seven Hills, Sighthill, Edinburgh.
- The investment market is performing particularly well and we expect significant overseas investor activity to continue into 2020, with strong appetite in particular from Asia and North America.

Edinburgh has a thriving financial sector with several major players such as Standard Life Aberdeen and RBS headquartered in the city. The tech sector has also boomed over the last decade with global giants Amazon and Cirrus Logic establishing a significant presence alongside home grown companies such as Skyscanner, Fanduel and Nucleus Financial.

2020 will see the delivery of two schemes at either end of Princes Street that will revitalise the retail and leisure offering of the city, with Johnnie Walker's new global flagship in the former Fraser's department store. At the other end of Princes Street Edinburgh St James is providing 850,000 sq ft of leisure and retail space including 30 restaurants, 85 shops, 152 apartments, three public squares, a 12-storey hotel (W Edinburgh), as well as a 75 room Roomzzz Aparthotel.

The development of 'mini Murrayfield' next to the national stadium continues after an initial planning delay. This will have a capacity of 7,800 and is expected to be ready in time for Edinburgh to play their home games there for the 2020/21 season.

Similar to many other cities, Edinburgh is suffering from an acute lack of grade A office supply, with new development seeing strong pre-letting.

Limited availability is expected to affect take-up levels in 2020 with occupiers likely to consider re-gears instead of relocating. Reduced availability is also supporting increased out-of-town take-up activity and in turn, this has led to increased development and refurbishment. CEG plans to refurbish the 68,000 sq ft Haston House it has purchased while Parabola has broken ground on a speculative 85,000 sq ft new office building that has very strong environmental credentials.

KEY MARKET METRICS – 2020 EXPECTATIONS

Annual growth rates, estimated for year-end 2020 vs year-end 2019.

	OFFICE	RETAIL	INDUSTRIAL
Rental Growth	↑	↓	↑
Vacant Space	↓	↑	↓
Construction Levels	↓	↑↑	→
Leasing Volume	↑↑	↑	↑↑
Investment Volume (all sectors)		↓	

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The Edinburgh industrial market continues to experience rental growth. Scotland's largest speculative industrial development is underway and nearing completion in Edinburgh at Seven Hills, Sighthill. This will provide 76,000 sq ft of industrial and trade space with several occupiers already confirmed.

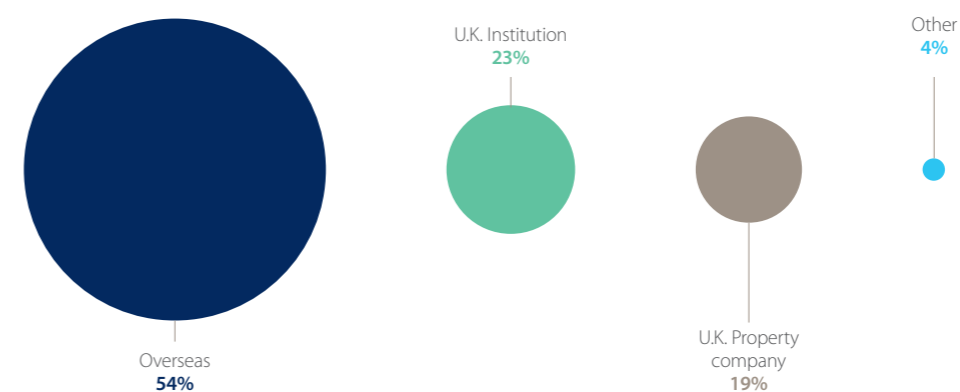
The £1.3 billion Edinburgh and South East Scotland City Region Deal, finalised in 2018, includes £270 million to be used for data-driven innovation to help make Edinburgh the 'data capital of Europe'. Furthermore, this deal will help fund skills and infrastructure and includes the building of 41,000 new homes.

Edinburgh Airport's £75 million terminal expansion opened during the summer. This is part of a wider £200 million investment programme that enhances the airport's connectivity options and will support passenger growth to 20 million passengers. Fuelled by international tourism, the hotel market in Edinburgh is strong and expanding. It is the second best performing hotels market in terms of overall average room rates after London.

The Planning (Scotland) Act was passed in 2019 and includes a wide range of reforms to be implemented by 2021 that will heavily shape the planning system for the future.

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EDINBURGH INVESTMENT VOLUMES 2019 BY PURCHASER



Source: PropertyData