



GLASGOW

EXECUTIVE SUMMARY

- FORE Partnership has started construction on the speculative 94,500 sq ft Cadworks on Cadogan Street, providing green, sustainable workspace that puts Glasgow at the forefront of Scotland's environmental revolution.
- We anticipate strong occupational office demand continuing as the city benefits from some very large public sector requirements, >50,000 sq ft private sector enquiries and a healthy spike in lease events.
- Multi-let industrial estates have largely been letting well with requirements over 30,000 sq ft in abundance.
- Construction of the £115 million 'Avenues' programme will continue in 2020, aiming to make the streetscape of the city centre greener and more economically competitive.

Glasgow is Scotland's largest city and plays host to a wide range of strong sectors. Sitting alongside a vibrant cultural offering is a robust retail sector and impressive financial industry. We expect 2020 to see increased focus on wellness and sustainability, whilst also anticipating it to be the year that city living arrives in style as residential development takes hold.

The Glasgow office market continues to attract large occupiers. JP Morgan Chase were recently given permission for a 272,800 sq ft headquarters on Argyle Street, that along with the Barclays deal 12 months ago is a big boost to Glasgow's financial services sector. With some large public sector requirements and various >50,000 sq ft private sector enquiries, we predict strong occupational demand to continue in the city.

There continues to be a limited level of speculative office development. While there is more than 1 million sq ft under construction, two-thirds is currently pre-let. FORE Partnership has started construction on the speculative 94,500 sq ft Cadworks on Cadogan Street. This will provide green, sustainable workspace with advanced electric vehicle charging and cycling facilities that puts it at the forefront of the environmental revolution sweeping across Scotland. We expect strong occupier interest in this development, especially in light of the low levels of grade A stock in Glasgow. Elsewhere 97,000 sq ft will complete next year at the speculative 2 Atlantic Square and there is 70,000 sq ft remaining at 177 Bothwell street.

It should be noted that after years of expansion in office supply northwards in the city, there is now expansion occurring in the south by riverside areas as well as the west. The Drum development, Buchanan Wharf, along the river at Tradeston is a notable area of mixed-use regeneration of a previously derelict site.

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)	→		

The Drum site in Tradeston was largely derelict in the 1960's/1970's apart from some underused commercial and residential uses. The site has quarter of a mile of riverfront access with unrivaled views across to the existing IFSD (International Financial Services District).

Unlike other cities, Glasgow has much needed brownfield expansion land at the edge of the existing city centre core, predominantly along the Clyde - once famous for its shipping heritage and associated merchants' warehouses.

The hotel sector remains robust despite almost 1,000 new rooms opening since early 2018. With more than 2,000 rooms to be added over the next few years, there will likely be a short-term impact on occupancy levels. Nevertheless the significant commercial developments and broad range of event, sporting and leisure tourism drivers should see demand continue to grow.

There is speculative industrial development on-going at Clyde Gateway East. Well established industrial locations in Glasgow's hinterland have proposals to expand by way of new industrial development at Glasgow Business Park Westway Park, Nova Technology Park and others.

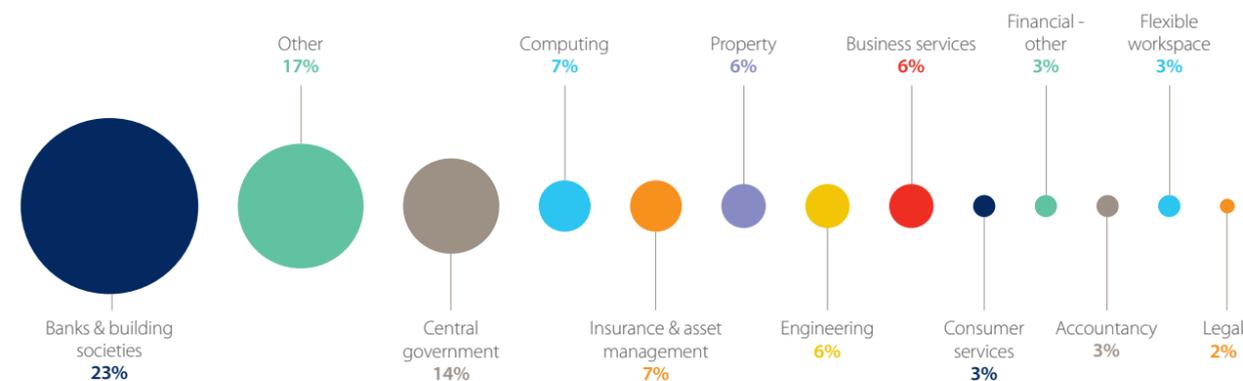
New demand is established from industrial users in the 30,000 - 100,000 sq ft size bracket with demand outstripping supply at present.

Following completion of phase 1 of the Avenues programme on Sauchiehall St, Glasgow City Council has announced expansion of this project to introduce more trees, safer and better cycling segregation, bus gates and improvement to the public realm. As well as lowering carbon emissions and improving health, the Avenues aim is to reinvigorate the retail offer and city centre amenities, boosting economic regeneration in the process.

Furthermore, the implementation of Glasgow's Low Emission Zone will continue in 2020, while Queen Street railway station's £60 million upgrade will be complete by 2020. The Glasgow City Innovation District is building on the city's engineering history by creating a hub for innovation and collaborative entrepreneurship.

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GLASGOW OFFICE DEMAND BY SECTOR – DEALS >5,000 SQ FT (2014 - 19)



Source: Avison Young