

Opportunities To Invest In Glasgow



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David Coyne

Head of Business
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Glasgow City Council



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GLASGOW
CHAMBER OF COMMERCE



CBRE

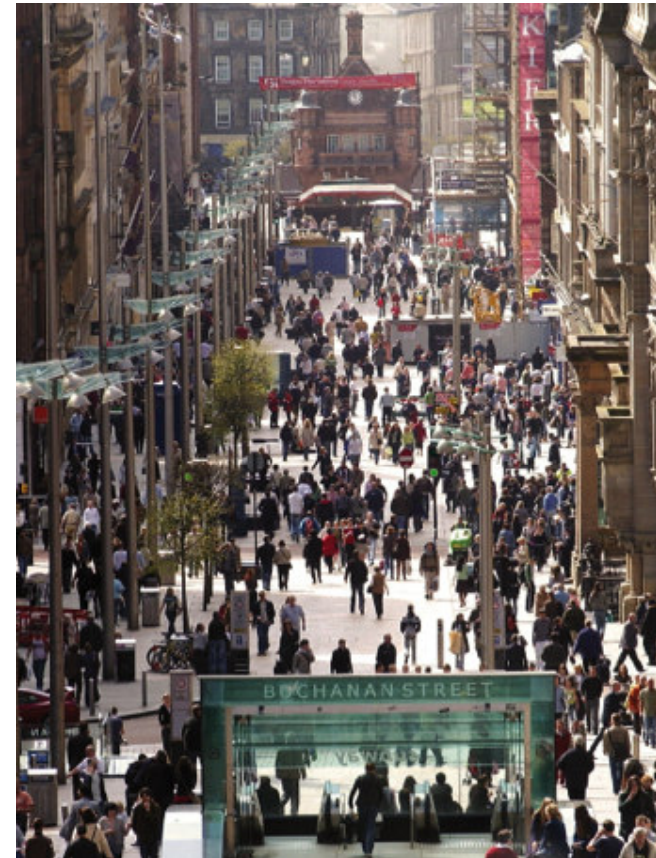


the Glasgow economy

Stuart Patrick, chief executive

Glasgow key facts

- largest metropolitan city in Scotland (population 600,000)
 - city region population 2,500,000
- combined Glasgow and Edinburgh is the second largest job market in the UK
 - 408,400 jobs in Glasgow (2010)
- position in the UK:
 - 2nd largest shopping centre in the UK
 - 3rd largest centre of education
 - 4th largest for overseas tourists
- 2014 Commonwealth Games host city



economic position in Scotland

	Glasgow	Glasgow City Region	Scotland
Population	11%	34%	5.22m (2010)
Jobs	17%	35%	2.42m (2008)
Business stock	11.5%	30%	150,900 (2009)
GVA	16%	32%	£103.5bn

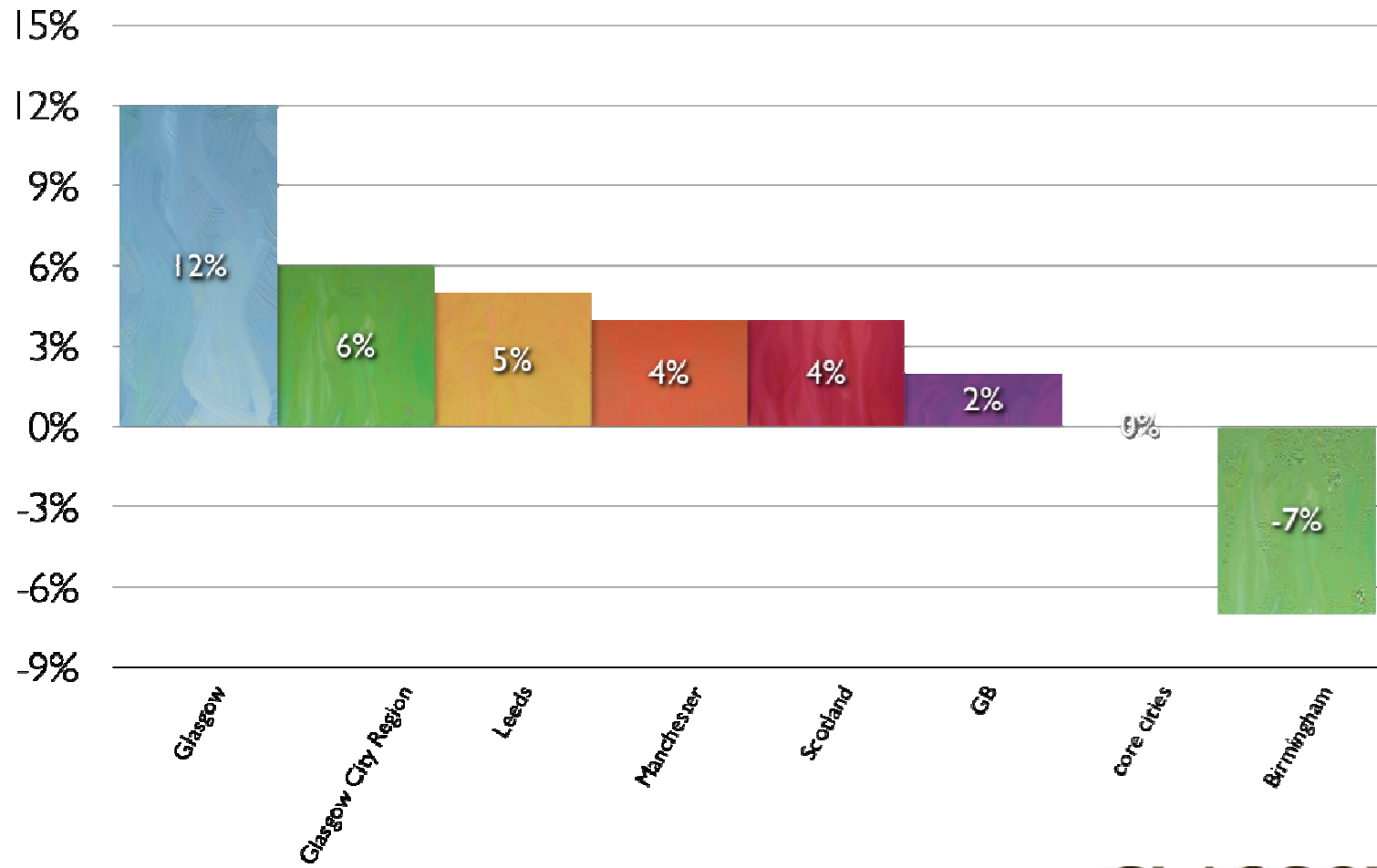
Glasgow economic commission

- independent commission to review the city's Economic Strategy and Action Plan in the light of rapid and significant changes in world, UK and Scottish economic affairs
- identify current or anticipated opportunities for economic and employment growth in Glasgow
- private sector led
- identify opportunities to deliver and drive growth over next 5 years
- strategic recommendations:
 - I. private sector leadership
 - II. focus on key growth sectors
 - III. global promotion of Glasgow
 - IV. connectivity to national and international markets
 - V. innovative funding of infrastructure investment
 - VI. further and higher education in support of key sectors
 - VII. skills to aid the growth ambitions of key sectors



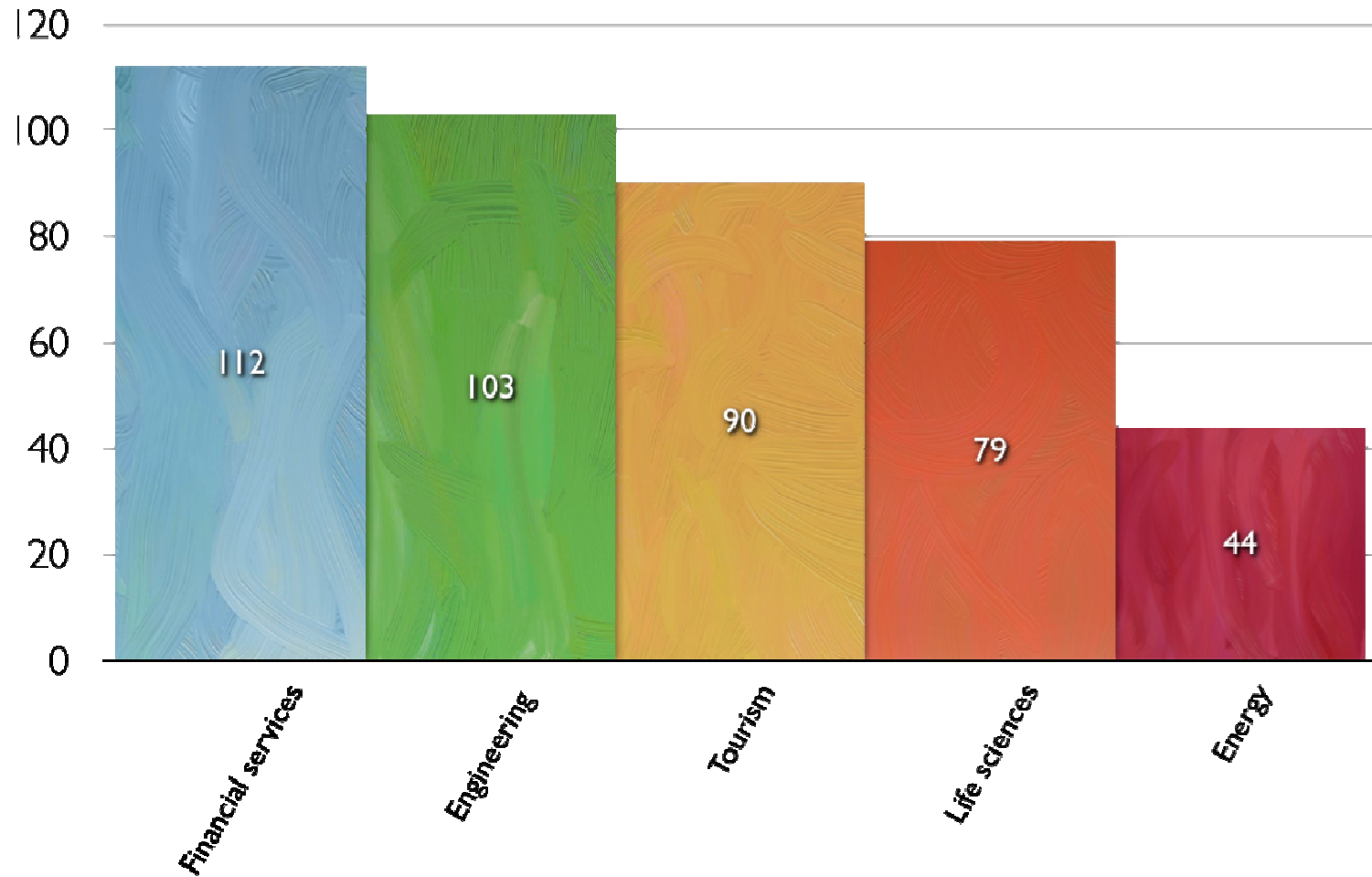
private sector growth

jobs growth in private sector 2000 - 2008



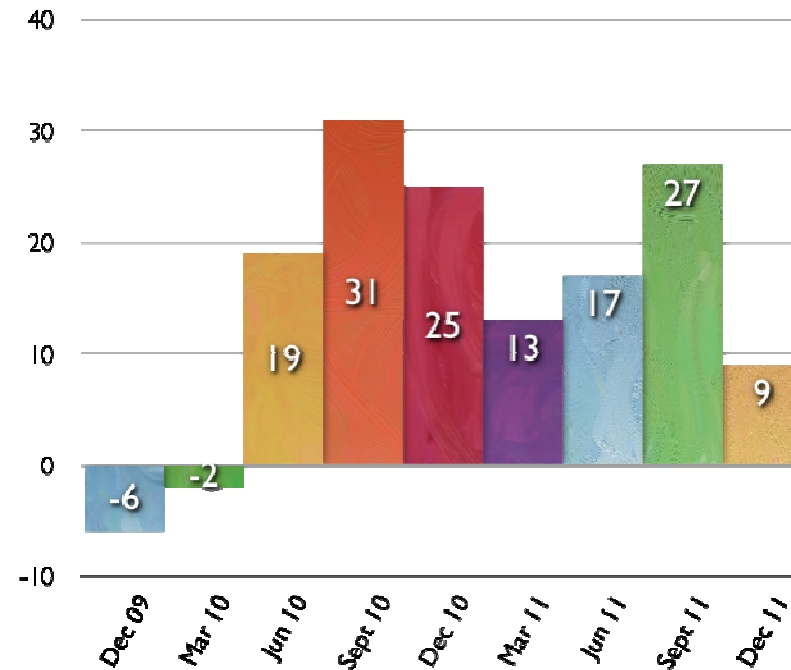
key sectors

specialisation scores



engineering / manufacturing

- strong heritage
- major UK location:
 - BAE systems
 - Weir Group
 - Rolls Royce
 - Clyde Blowers
 - Doosan Babcock
 - Thales
- international export driver
- collaboration between universities and major companies:
 - Advanced Forming Research centre: University of Strathclyde, Rolls Royce, Boeing, Metis Aerospace, Albert et Duval



source: Scottish Engineering Quarterly review OUTPUT

financial / business services

climbed 13 places in Global Financial Centres Index 2010 and entered European top 10

IFSD:

- £1bn investment programme launched 2001
- 15,500 net new jobs created
- 2.75m sq ft new or upgraded grade A office space created

key companies:

- Morgan Stanley
- JP Morgan
- Barclays Wealth
- Santander
- BNP Paribas
- Clydesdale Bank HQ

Glasgow Economic Commission recommendation:

- “In Financial & Business Services, the Commission recommends that Glasgow’s economic development partners plan and implement an IFSD-2, build on Glasgow’s strengths in Financial Services and grasp opportunities emerging from the restructuring of the sector.”



Europe	city	global (2010)	global (2009)
1	London	1	1
2	Zurich	8	8
3	Geneva	13	9
4	Frankfurt	16	14
5	Munich	22	25
6	Paris	24	20
7	Stockholm	28	33
8	Luxembourg	29	21
9	Edinburgh	32	29
10	Glasgow	33	46

tourism

host city of the 2014 Commonwealth Games

- £900m investment
- Athletes village, new venues including National Indoor arena and Velodrome
- 1,000 new jobs
- net economic benefit of £26m

business tourism:

- ranked 29th in the International Congress and Convention Association world ranking (2nd only to London in UK)
- £155m conference sales in last financial year
- attracted more international delegates last year than Melbourne, Toronto, Boston, Bangkok and Dublin

Scottish hydro arena:

- £120m investment on site of SECC
- set to be ranked in top 5 arenas in the world
- 12,000 seats
- completion scheduled 2013



tourism - well connected

3 major airports serving over 130 UK and International destinations

- Glasgow Airport served 6.9m passengers in 2011, an increase of 5% on 2010
- new routes:
 - Eastern Airways – Stavanger, September 2011
 - easyJet - Amsterdam, October 2011
 - Air Nostrum – Madrid, November 2011
 - Jet2.com – Rome, March 2012
 - Jet2.com – Barcelona, March 2012
 - BA – Heathrow, additional 20 flights per week, January 2012
 - Emirates – Dubai, June 2012, Double Daily

four main motorways to access the UK

west coast main line with high speed rail aspirations

city centre travel

- £110m fastlink project
- £300m subway modernisation programme

BRITISH AIRWAYS

Emirates

easyJet.com

Jet2.com
Friendly low fares



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low carbon / renewables

International Technology and Renewable Energy Zone:

- the creation of a renewables hub in Glasgow
- collaboration of education and industry in the development of renewable technologies
- £100m GVA in first ten years and creation of 700 new jobs
- hub includes £89m Technology Innovation Centre at the centre



Glasgow: A leading international force in the renewable energy sector



The Future of Business 2011

HSBC Business

HSBC 
The world's local bank



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life sciences

key strengths:

- leading university research facilities
 - Beatson institute for cancer research, Glasgow university
 - £36m research centre at Strathclyde university to develop new medicines
- investment in south Glasgow hospital
 - £1bn investment
 - one of the largest acute hospitals in the UK
 - home to a range of specialist services i.e. renal medicine, transplantation and vascular surgery
 - due for completion 2015

Glasgow Economic Commission
Recommendation:

- In Life Sciences, the Commission recommends greater commercial exploitation of university / NHS research and of the wider economic and commercial potential of the £1bn + investment in the South Glasgow Hospitals Campus.



whisky

- contributes £2.7bn GVA to the Scottish economy employing over 10,000 workers directly and with a wider economic benefit of 35,000 jobs / £3.9bn GVA
- top Scottish export is food and drink of which whisky makes up 82%
 - Glasgow is the world capital of Scotch whisky business with 85% of total Scotch output whisky managed, bottled and exported by companies in Glasgow city region



conclusion

- successful track record
- one Glasgow collaboration between business and public sector
- steady investment flow
- optimistic for the future with strategy to deliver

Opportunities To Invest In Glasgow



Doug Smith

Chairman, Scotland


CBRE






GLASGOW'S OFFICE MARKET

Can the past help us to predict the future?



“The office market in Glasgow is poised on the brink of an interesting new phase; with little current choice of development space, none coming on the market this year, and the alternative of existing units drying up as the market [supply] moves into deficit. The identification of past trends may assist in our assessment of the outlook”.



“The ability to provide more Grade A space in the key locations is now a major issue and on its outcome will depend not only the future course of the office market but also very largely the success of current attempts to attract prestige businesses to the city”.



“No new speculative development under construction..... Supply of Grade A stock dwindling..... Rental levels stabilising..... Investment suffering from lack of prime product.

An increasing trend towards larger floor plate requirements from corporate restructuring and inward investors – those seeking Grade A space will find their choice increasingly restricted”.



- **When were these comments made?**

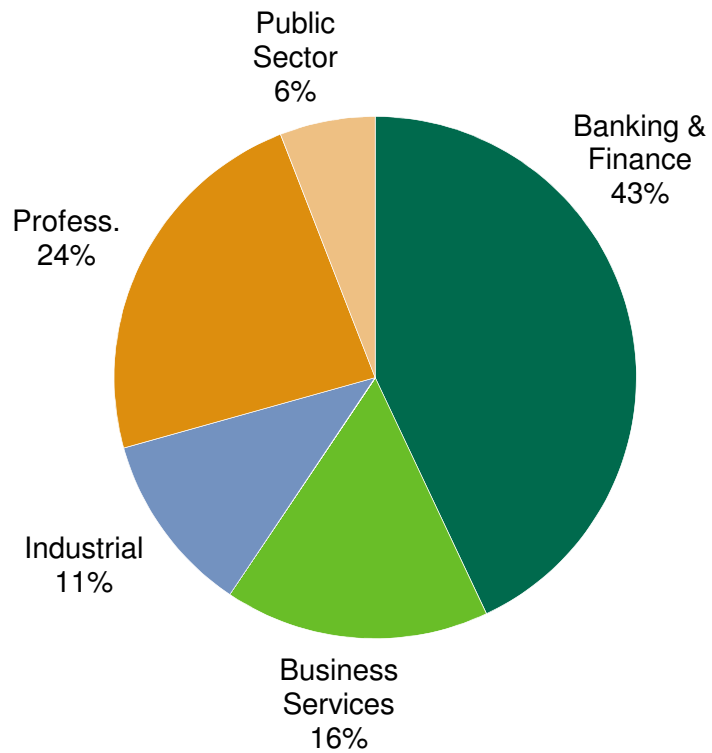
- 1980?**

- 1986?**

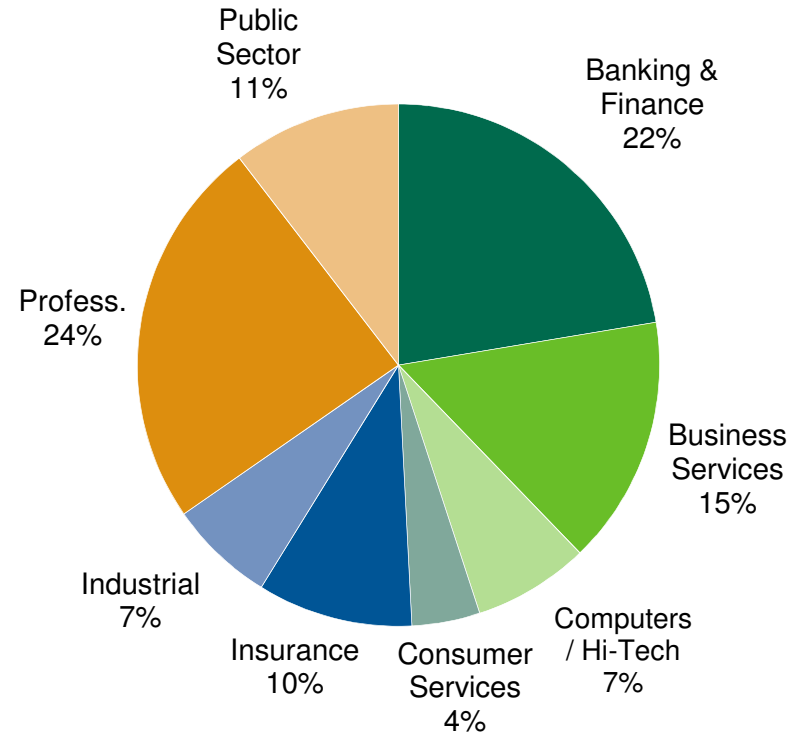
- 1993?**

Glasgow Office Occupiers

1986 Occupier Base



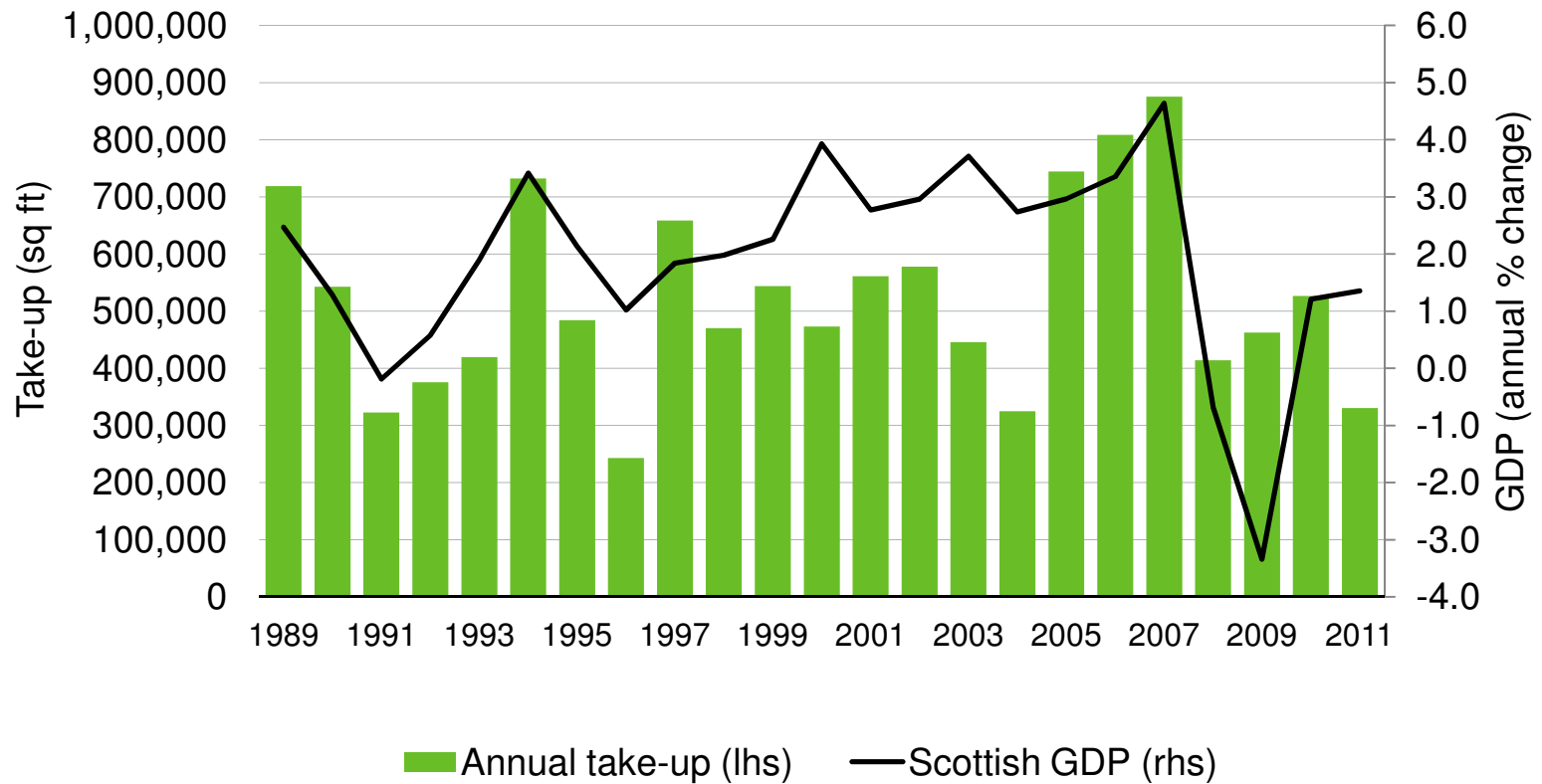
Last Five Years' Take-up



Source: CBRE (2011) and Richard Ellis (1986)

Glasgow City Centre Take-up

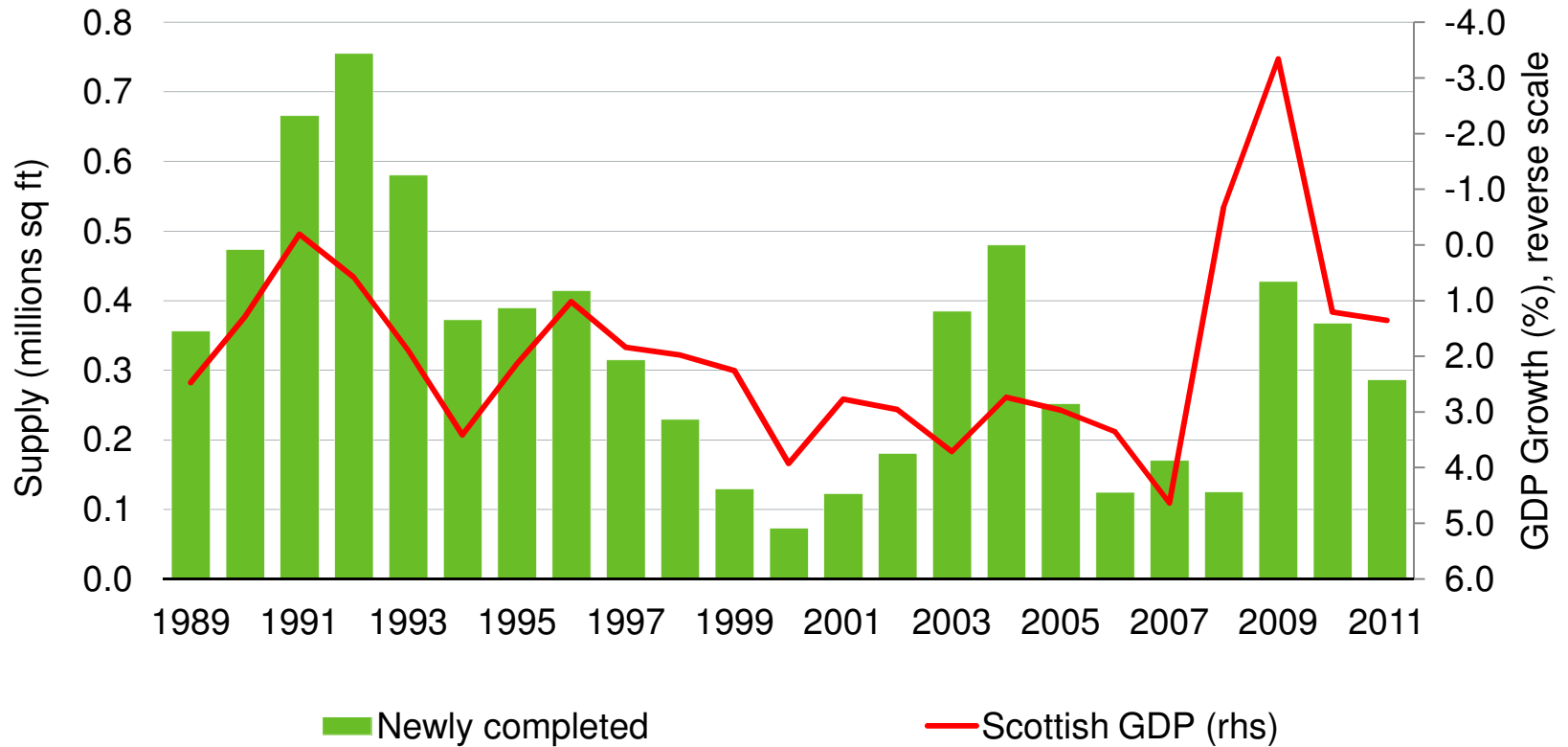
1989 – 2011



Source: CBRE, Oxford Economics

Glasgow City Centre Office Completions

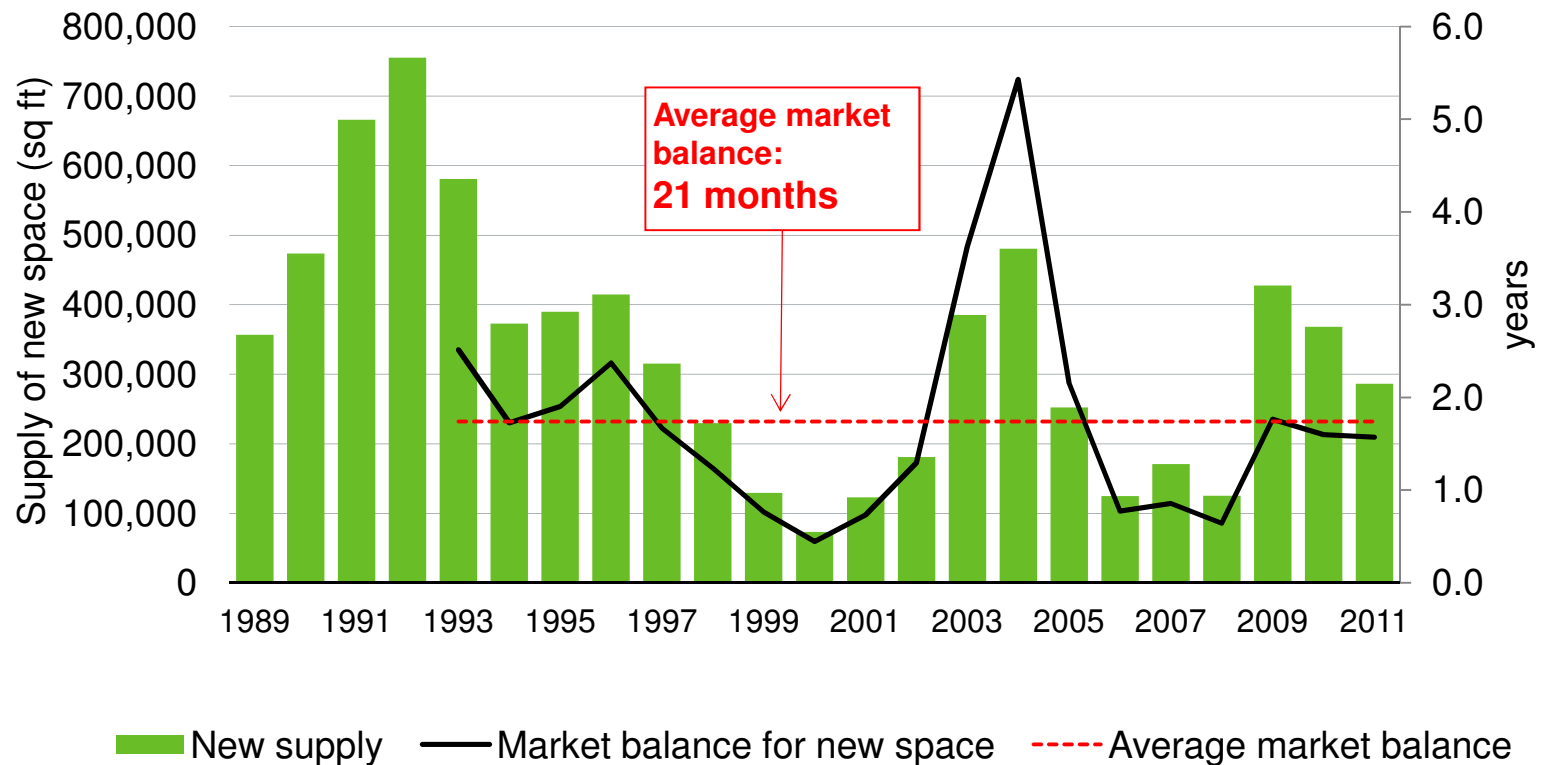
1989 – 2011



Source: CBRE

Glasgow Office Supply – Feast and Famine

New available office space

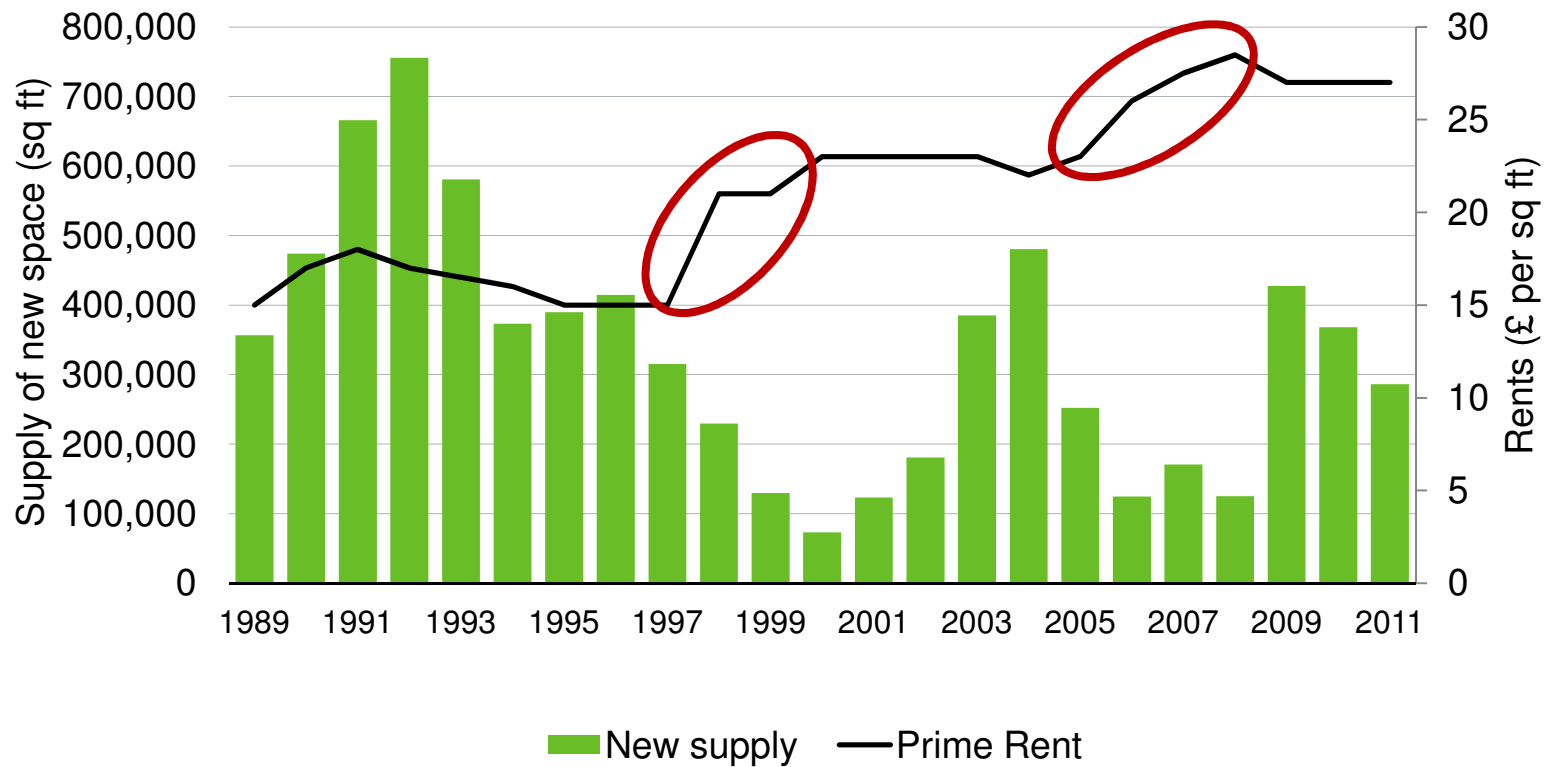


Market balance is the availability divided by the average annual take-up for the preceding five years. Chart shows supply and demand for new completed space only – i.e. excludes pre-lets and early marketed space

Source: CBRE

Glasgow Office Supply – Feast And Famine

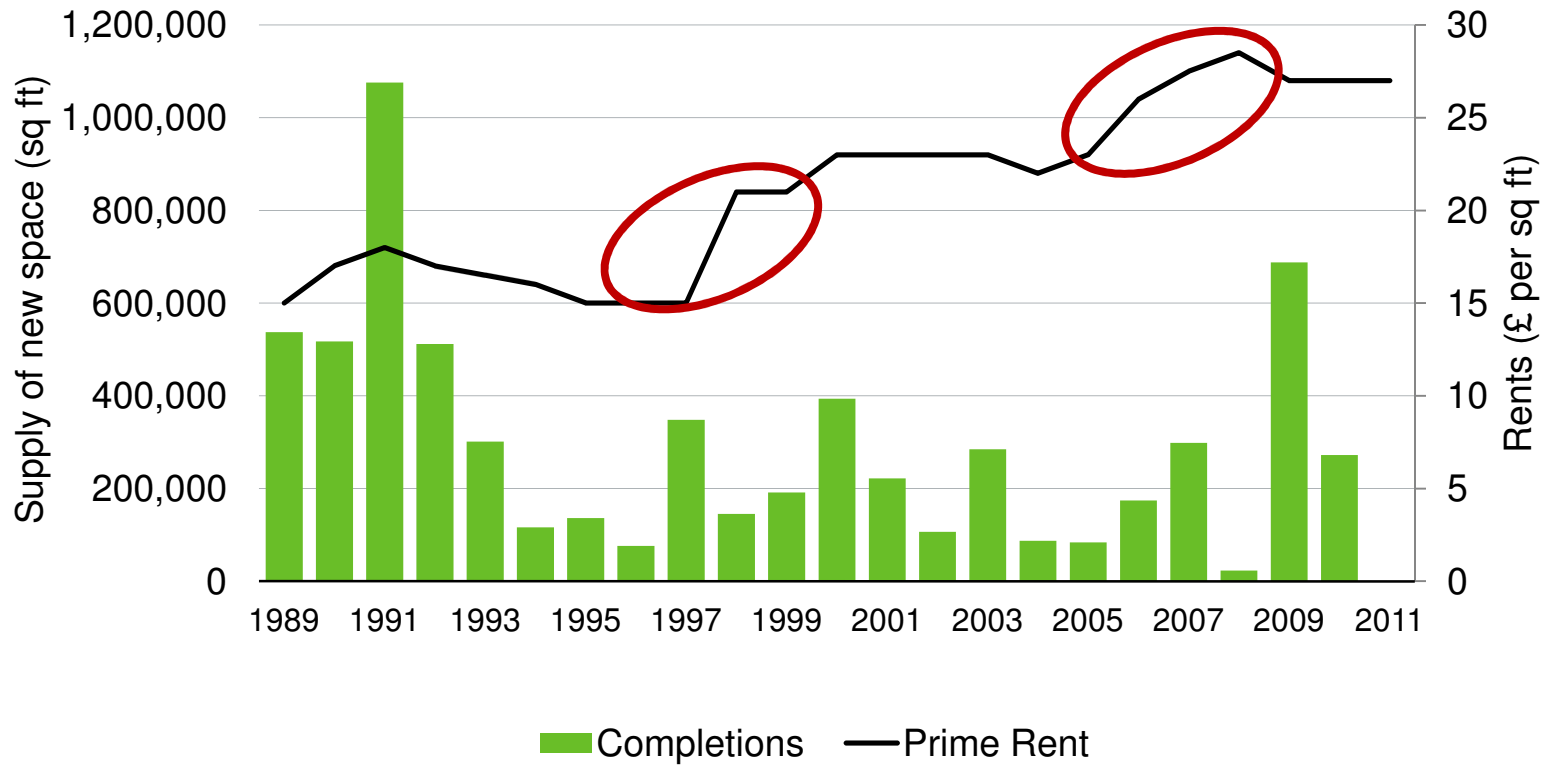
New available office space and prime rents



Source: CBRE

Glasgow Office Completions

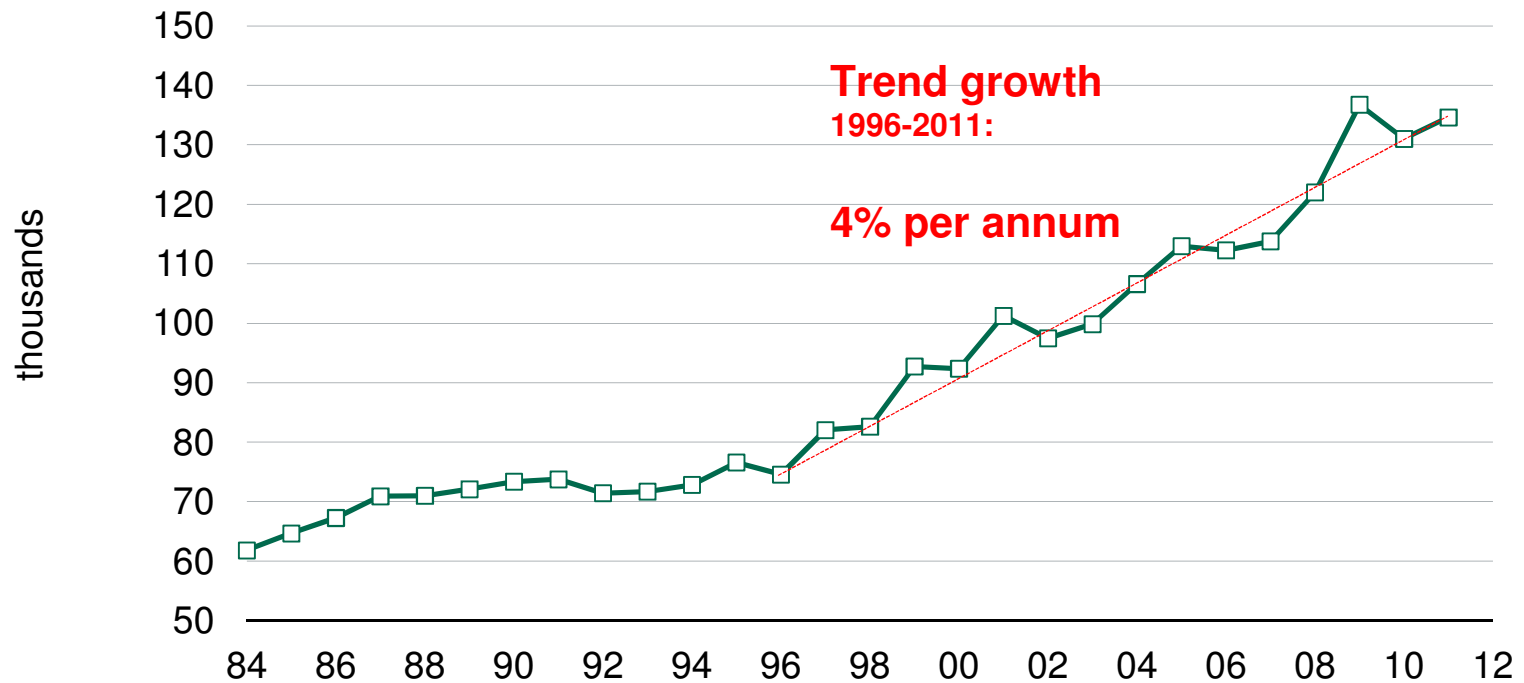
Annual development completions and prime rents



Source: CBRE

Financial & Business Services Employment

Glasgow City





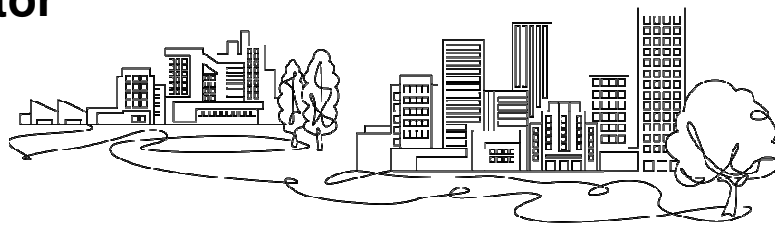
SO WHAT HAPPENS NEXT?



Glasgow...time to invest



David Smith, Regional Director



**Lambert
Smith
Hampton**

www.lsh.co.uk

The Basics – City Centre

- City centre total stock 16m sq ft
- Vacancy rate 14%
- 10 year average take-up 500,000 sq ft per annum
- Highest rent achieved £29.50 per sq ft (G1 George Square 2009)
- Typical floorplate 5,000-8,000 sq ft



City Centre 2011/12

- 2011 Take-up: 305,000 sq ft
- 24% of take-up Grade A
 - Mercer 34,000 sq ft
 - Morgan Stanley 18,000 sq ft
- Headline rents £25.00-28.50 per sq ft
- Q1 2012, 35,000 sq ft let to Hero TSC

G1 George Square



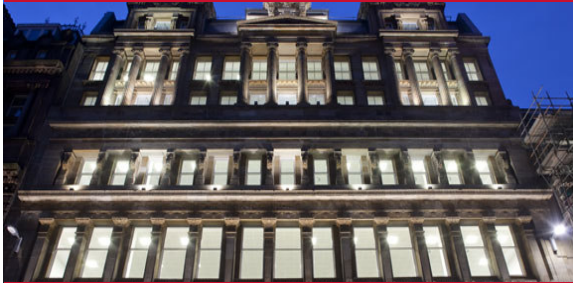
- 95% let

Current Grade A City Centre Availability

Address	Available Accommodation (sq ft)	Owner/ Developer	Quoting Rent (psf)	Comments
4 Atlantic Quay	32,337	Credit Suisse	£23.50	Part let to BDO/ Balfour Beatty/ Vertex
Cuprum Argyle St	96,616	Tristan Capital	£22.50	16,000 sq ft floorplates
Capella 5 Atlantic Quay	65,703	BA Pension Fund	£26.00	34,000 let to Macroberts LLP
Centenary House, Wellington St	23,681	NFU	£25.00	Part owner occupied
2 West Regent St	44,450	City Site Estates	£24.50	
TOTAL	262,787			

Grade A refurbished availability

Grosvenor Building, Gordon Street



Size: 51,057 sq ft

Owner: Ignis

Quoting Rent: £21.50 per sq ft

George House, George Square



Size: 90,000 sq ft

Owner: Redevco

Quoting Rent: N/A

151/155 St. Vincent Street



Size: 72,000 sq ft

Owner: Hermes

Quoting Rent: N/A

Demand

- Financial Services

- 22% Take-up last 5 years
- 71% Grade A take up 2011

- Energy

- | | | |
|--------------------|--------------|------|
| – SSE | 58,950 sq ft | 2010 |
| – Wood Group | 40,000 sq ft | 2011 |
| – Gamesa | 17,500 sq ft | 2011 |
| – FMC Technologies | 26,000 sq ft | 2011 |

} **Business Parks**

- Inward Investment

- **‘Northshoring’ 350,000 sq ft active enquiries**



Demand – Lease Events 2012-2016

- 1.8m sq ft lease expiries at 25%
 - 450,000 sq ft demand
- 800,000 sq ft lease breaks at 20%
 - 160,000 sq ft demand
- 610,000 sq ft demand



Opportunities



Broadway2

Size: 151,316 sq ft

Developer: IVG/Ediston



Atlantic Square

Size: 150,000 sq ft

Developer: Capella



110 Queen Street

Size: 143,000sq ft

Developer: BAM Properties



Bothwell Plaza

Size: 170,000 sq ft

Developer: Europa



St. Vincent Plaza

Size: 170,000 sq ft

Developer: Abstract Securities



Paramount, 1 West Regent St

Size: 150,000 sq ft

Developer: Duddingston House

Forecast 2012

- Take-up 375,000 sq ft
- Increasing interest in development land
- Pre-let demand growing
- Take-up likely to increase for refurbished space
- Continuing investors interest
- Developers/Investor who speculate will be rewarded



Scottish Enterprise/ Scottish Development International

Our Role in Attracting Investment

Allan McQuade
Director of Business Infrastructure
Scottish Enterprise

Attracting Investment

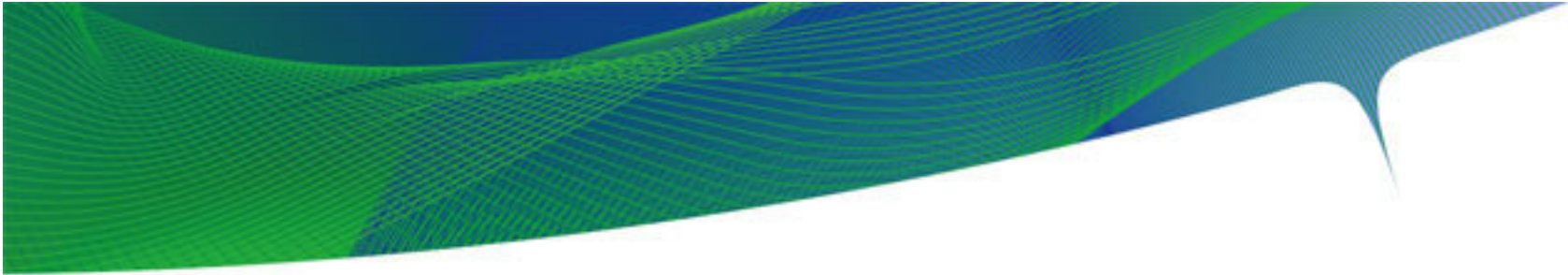
- Scottish Development International (SDI) is the specialist inward investment and trade arm of the Scottish Government
- Single point of contact for all international business development needs
- Objectives of promoting Scotland overseas as a business location and assisting Scottish based companies access international markets
- Scottish Enterprise can also offer property support to prospective investors
- Liaison with property developers and location consultants





What We Offer

- Regional Selective Assistance (RSA)
- National Programmes – Training Assistance
- International Business Development
- Location Analysis
 - Skills Availability & Cost
 - Property Options
 - Statistics
 - Testimonial Visits
 - 3rd Party Liaison – Recruitment, solicitors, accountants etc
- Ongoing Support – Account Manager



Successful Track Record of Attracting Investment

Morgan Stanley

JPMorgan

BNP PARIBAS
bnpparibas.com

STATE STREET

BLACKROCK

citi

Virgin money

AEGON

TESCO Bank

BARCLAYS
WEALTH

ignis

HSBC

SCOTTISH
WIDOWS INVESTMENT
PARTNERSHIP

ALLIANCE TRADIS

AVIVA

First State
Investments

STANDARD LIFE

Aberdeen

THE BANK OF NEW YORK MELLON

Scottish Enterprise

Opportunities To Invest In Glasgow



Questions



Opportunities To Invest In Glasgow

