

London office market continues to outperform the rest of the UK

- Nationally, occupier demand and availability increase at broadly the same pace
- London office sector rental outlook is buoyed by rising occupier demand and falling availability
- Rental outlook for retail and industrial, while much weaker than offices, is also stronger in London than elsewhere

The RICS 2011 UK Commercial Market Survey highlights that moderate increases in both occupier demand and availability took place during Q2. However, rental value expectations remain negative at the all property level, albeit only moderately.

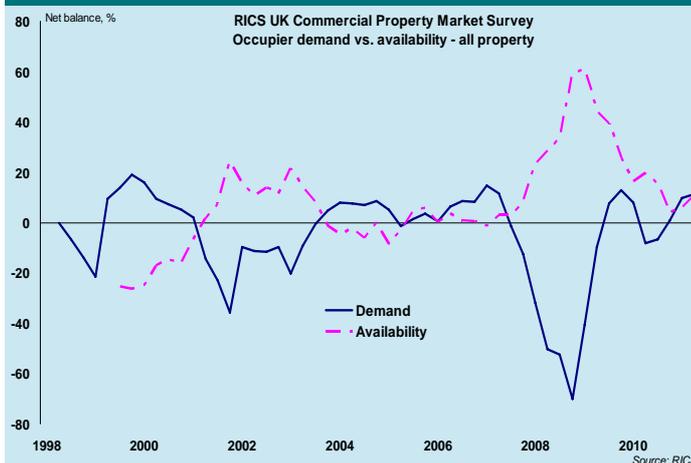
Regionally, rental expectations are the most elevated in London. Moreover, the survey detail continues to emphasise that it is the office sector which is, by and large, buoying the London picture; occupier demand is growing rapidly and availability is falling in this segment of the market.

Outside of the office sector, the strength of occupier demand in the London retail and industrial sectors is moderate and broadly comparable to the rest of the country. However, London retail and industrial availability is generally not increasing as fast as it is in the rest of the country. Consequently, surveyors are more upbeat about the rental prospects for these two sectors in London than elsewhere. Two consequences of the strength of the London office market are that landlord inducements are falling rapidly while new development starts are now rising strongly.

Meanwhile, capital value expectations remain in negative territory despite a second successive increase in investment demand.

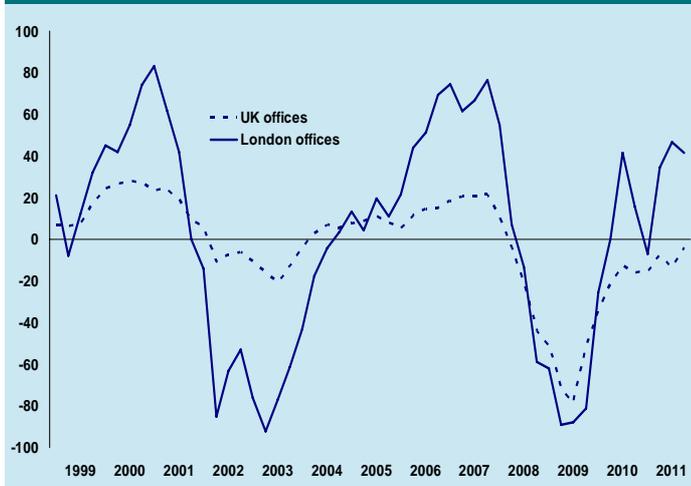
Occupier demand, England and Wales

% Balance



Rental expectations (1 quarter ahead) - UK versus London offices

% Balance, non seasonally adjusted



All commercial property : England and Wales

Change during the quarter

Expected next quarter

% balance*	Available space for occupiers	Occupier demand for space	Capital values	Rental levels
	Q2	19	-8	-10
Q3	16	-7	-12	-16
Q4	4	1	-18	-8
2011 Q1	6	10	-11	-12
Q2	11	11	-3	-3

* Net balance = Proportion of surveyors reporting a rise in prices minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the unadjusted net balance will be 25%)



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Commercial property - all sectors

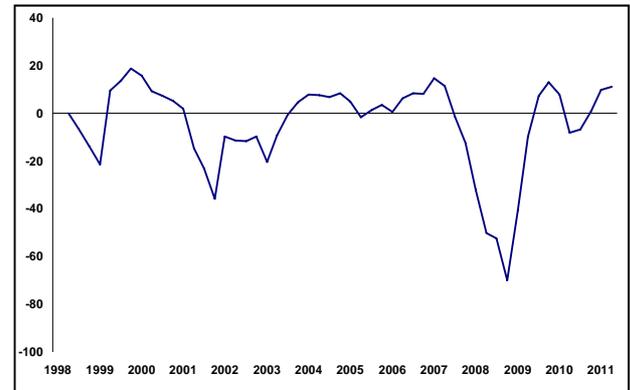
Demand

At the national level, demand from occupiers increased over the quarter, as 11% more surveyors indicated a rise in demand than a fall. At a sector level, it appears office and retail space is marginally more sought after than industrial space, though regional differences are marked; demand for London offices is increasing at the fastest pace, while retail space in the South East is also picking up smartly. Demand for industrial properties improved most in the North.

Current	Previous	Long Run Average
11	10	-5

Change in sales & lettings of commercial space to occupiers over the past quarter

% Balance, seasonally adjusted



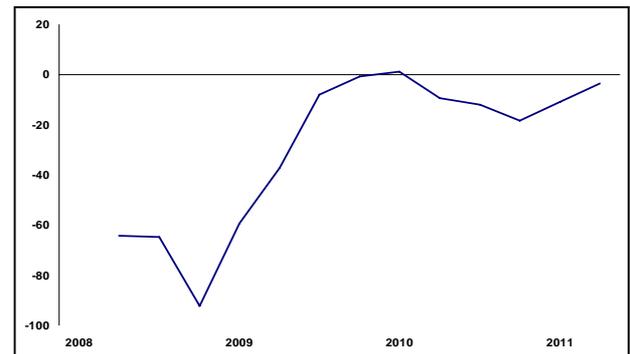
Capital Value expectations

Expectations for capital values remain negative, but the net balance of -3 shows that values are starting to flatten out. The sector breakdown showed prices for all categories stabilising, with the net balance for office space moving into positive territory for the first time in 18 months.

Current	Previous	Long Run Average
-3	-11	-29

Capital values of commercial real estate over the previous three month period

% Balance, non seasonally adjusted



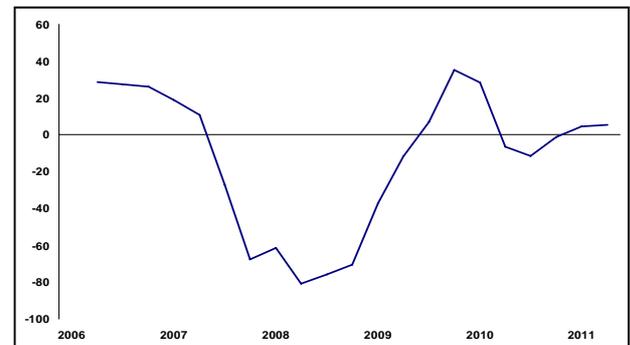
Investment Demand

Demand from investors continued to edge up ever so slightly over the quarter, mainly driven by demand for good quality office property. The regional breakdown shows that increasing demand in the capital is by far the biggest contributor across all three sectors.

Current	Previous	Long Run Average
5	4	-12

Change in investment purchases of commercial real estate over the past quarter

% Balance, non seasonally adjusted



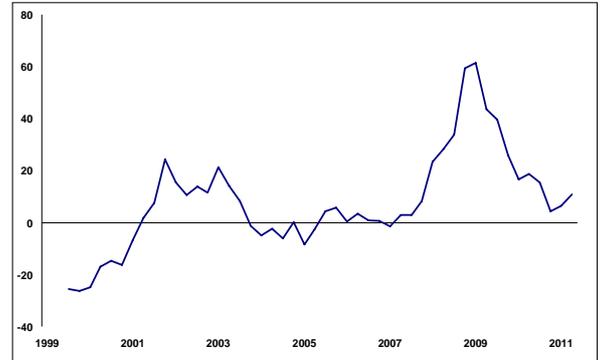
Floor space availability

Available space for occupation continued to increase over the period, but at the national level the net balance remained largely unchanged. Space for offices increased at the fastest pace in the North, while the supply of central London offices fell for the 6th consecutive quarter. Retail units continued to edge up across the nation.

Current	Previous	Long Run Average
11	6	8

Change in available commercial space for occupation over the past quarter

% Balance, seasonally adjusted



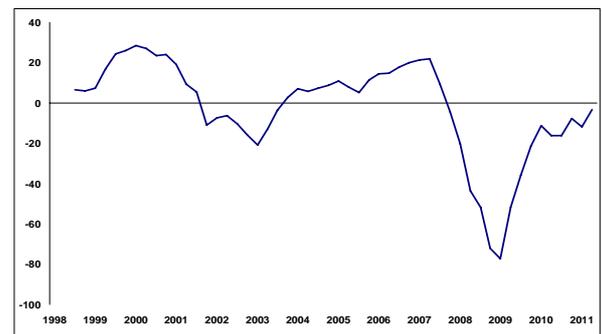
Expected rents

Rents at the headline level are still expected to fall over the coming quarter, but the pace of decline is clearly moderating; the net balance score of -3 is the lowest in just under three years. Offices are once again the only sector where rents are expected to pick up, and this is most prominent for London office space. Elsewhere in the capital, retail and industrial rents are largely stabilising. The outlook appears most bleak for retail units in the midlands, where the pace of falling rents increased.

Current	Previous	Long Run Average
-3	-12	-2

Surveyor expectations for the change in rents for the next quarter

% Balance, seasonally adjusted



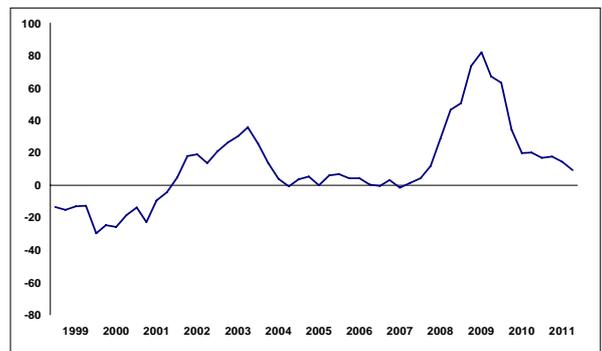
Inducements

Incentive packages offered by landlords to secure a letting continued to increase in Q2, though at the slowest pace since the third quarter of 2007. At a regional level, inducements in the Midlands and Wales increased the most, particularly for offices, while they fell in London; this decline was mainly driven by the office sector. Inducements picked up across all regions for industrial space.

Current	Previous	Long Run Average
9	14	11

Change Inducements over the past quarter

% Balance, seasonally adjusted



Chartered surveyor market comments

EAST MIDLANDS

NORTHAMPTON

Brendan Bruder BSc MRICS
Abbey Ross
"Details of the new station and Grosvenor Centre extensions have been published in recent months giving Northampton a little bit of something to aim for. The now Tory-led Borough Council have moved very quickly to establish the framework for a planning application early next year in respect of the shopping extension with talks ongoing with the owners Legal & General and physical work finally heading toward commencement in 2014."

NORTHAMPTON

Ben Coleman BSc FRICS
Ben Coleman Associates
"Mixed fortunes, certain sectors - industrial in particular are showing good levels of interest (compared to this time last year. Offices are currently in the doldrums."

NORTHAMPTON

Ian Leather
Lambert Smith Hampton
"Retail: More activity from both investors and occupiers - but very much opportunistic."

GRANTHAM

Chris Roper BSc MRICS
Chesterton Humberts
"Since the start of the New Year their have been positive signs of increased activity particularly within the industrial market. Transactions are still taking quite some time from commencement through to completion largely down to tenants being cautious about the market and not wanting to commit easily."

NORTHAMPTON

Stephen Smith BSc FRICS
King West Blacklee Smith
"There has been a small improvement in the level of new enquiries, particularly for small/medium sizes industrial space. However the lack of bank lending continues to frustrate business expansion."

SPALDING & SOUTH
LINCOLNSHIRE

John A Smith
R Longstaff & Co
"The market remains challenging and there are, therefore, few transactions taking place. We have, however, been successful in letting some secondary retail shops in Spalding."

EASTERN

PETERBOROUGH

Anthony Barker BSc FRICS
Barker Storey Matthews
"There is continued demand for larger warehouse/industrial and office floor space. By contrast demand for small sized industrial/warehouse and office floor space remains weaker. SME's remain cautious and continue to find difficulty in raising bank finance."

HARLOW

Simon Beeton MRICS
Derrick Wade Waters
"Demand for industrial units in excess of 10,000 sq.ft. has improved as take-up reduced stock levels. Demand for small units (2000 sq.ft. - 3000 sq.ft.) remains weak with limited demand from small/start up business. Offices that are the best in their location (based on our experience in 'small' towns) has improved as tenants 'trade up' but still pay historically low rents. Poorly presented and/or secondary stock is very difficult to let (offices). Overall we believe rents are no longer under downward pressure for good industrial stock nor properly specified offices but demand is thin. Agents need to properly engage with their clients and those applicants that are in the market but there are deals to be done."

BURY ST EDMUNDS

Robert Houlton-Hart c/o Simon Burton FRICS
Barker Storey Matthews
"The market is still quiet, lack of finance and lending by banks is still an issue."

NORWICH

Craig Knights BSc(Hons) MRICS
Arnolds Chartered Surveyors
"Secondary offices & retail remain the most problematic sectors. We are unlikely to see an increase in secondary office rents this year, may be even Q2 2012."

SOUTH HERTFORDSHIRE

David Linnell MA FRICS
David Linnell Chartered Surveyors Property Adviser
"The demand from occupiers has fallen again even in the sectors that are traditionally the strongest. Small businesses seem to find it almost impossible to obtain funding."

HUNTINGDON

Alan Matthews BSc FRICS

Barker Storey Matthews

"The low point in value terms which was the first half of 2009 has passed and capital values have improved somewhat. The SMG market is still difficult but there are more large shed enquiries about. We do not expect a significant improvement overall in the next 12 months but think that the worst is now behind us."

STEVENAGE

Mike Phoenix BSc MRICS
Brown & Lee
"The market continues to remain very fragile and although some deals going through, there is no real depth or trend. The deals reflect a tenant/purchaser market rather than a landlords/vendor market."

CAMBRIDGE

Philip Woolner MA MRICS
Cheffins
"There is now a shortage of good quality office and industrial property which will lead to some rental and capital growth. There are more investment properties coming to the market but investment funds appear to be limited as a result of lack of affordable bank finance. There are some signs that this situation is slowly beginning to improve."

NORWICH

Sam Kingston
Roche Chartered Surveyors
"The over supply of office accommodation is leading to a fall in values as landlords become more competitive in their quest to attract occupiers. Empty rates are driving this price pressure. Industrial accommodation appears to be fairing far better."

CENTRAL LONDON

WEST-END

Christopher Burrows BSc FRICS
DTZ
"In the core West End supply remains tight but demand is also limited hence a limited number of transactions. There is more demand and activity for good quality space at circa £50 per sq.ft. e.g. central St Giles and more recently London's scheme at the Angel."

WEST-END

Paul Cockburn MRICS
Savills Commercial Ltd
"New sales and completed deals were particularly muted in April with the 'April/Christmas break triggered by the flurry of Bank Holidays."

KENSINGTON & CHELSEA

Phillipa Jeal MRICS
Retail Property Consultants
"The commercial market in Kens and Chelsea holds up. There is also a lot of foreign individual investors in the area as well as others generally which helps to bolster the market and also demand."

WEST-END

Neil Prince BSc MRICS
Matthews & Goodman
"The West End office leasing market is polarised into new prime buildings in Mayfair where rents approaching £100psf are being paid, albeit with generous rent free periods, and the rest of the office market which is generally at 50% of this level. An unusual market driven mainly by supply shortage with no let up likely in the short term."

WEST-END

Christopher Pryke MRICS
George Trevor & Associates
"The rental increases in the West End are a function of a lack of supply for quality stock and thin demand. It may, however, look like a gold rush when rental growth is hard to find elsewhere!"

CITY

Kim White BSc MRICS
Kinney Green
"Limited Grade A availability and ongoing economic uncertainty may lead to a hiatus in activity."

NORTH EAST

MIDDLESBROUGH

David Jackson
Sanderson Weatherall
"The market is stagnant, empty rates and a lack of finance are stifling any movement!"

NEWCASTLE

Robert Patterson
Sanderson Weatherall
"In the last quarter we completed the sale of Vigo 2 circa 130000 sq ft of prime industrial space in Washington Tyne and wear. Looking ahead the North East is rapidly running out of large modern manufacturing facilities and as demand in this sector looks set to continue their is concern in the market as to how this imbalance will be addressed."

NEWCASTLE

Andrew Curran
BNP Paribas Real Estate



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"Enquiries have increased but it is still proving a tough battle to get lettings completed."

NEWCASTLE

Martin Acton
Cushman & Wakefield LLP
"The city is stabilising since St Andrew's Way has opened - the Eldon Square extension and this is now the prime focus for International and National fashion retailers. Northumberland Street is still regarded as prime and demand is 'holding up' for prime real estate."

NEWCASTLE

Jonathan Sykes
Jones Lang LaSalle
"There is a level of uncertainty in the market reflecting the current economic climate in mainland Europe and how this might effect the UK economy. Occupier demand is static and availability of funds from the banks for investment and development is limited. There is a lack of investment stock coming to the market in general however there is a slight increase in the number of smaller retail investments available. The above issues are worse in the regional market as opposed to London and the South East."

NORTH WEST

LIVERPOOL

Charles Arden
Knight Frank
"The general market is still very difficult and is likely to be for the next twelve to eighteen months. There are limited buyer enquiries and only one speculative development completing this month. There are a few training organisations searching for accommodation but looking for extremely competitive deals. Rental levels remain relatively static but incentives are still high."

WARRINGTON

Malcolm Brymer BSc Hons MRICS
Corporate Property Partners
"Increased distribution/storage/logistics demand - only small increase but noticeable."

CHESTER

J S Evans c/o Tom Creer FRICS
Beresford Adams Commercial
"Some confidence returning."

SOUTHPORT

Antony Hill FRICS
Antony Hill Partnership
"Empty rates hitting the market. Landlords giving incentives to achieve lettings/sales. Banks - not lending. 35/50% deposit required."

MANCHESTER

Chris Lloyd MRICS
DTZ
"A definite change in sentiment over the last 3 months, but without any significant transactions. A more positive property market going into the second half of the year."

BOLTON

Mike Redshaw MA (Cantab) FRICS
Nolan Redshaw
"Market conditions remain difficult in all sectors but we are seeing some improvement in occupier demand within the industrial sector."

WIGAN

Mike Redshaw MA (Cantab) FRICS
Nolan Redshaw
"Despite difficult conditions we have seen some improvement within the industrial sector from occupiers looking for modern space at competitive prices."

SOUTH EAST MANCHESTER

Chris Stubbs BSc (Hons) MRICS
Greenham Partnership
"A large oversupply of available offices still make this a challenging and competitive market place."

NORTH EAST CHESHIRE

Chris Stubbs BSc (Hons) MRICS
Greenham Partnership
"A slight increase in demand for good secondary retail. Also a few office transactions however these tend to be relocations rather than new starts."

TAMESIDE

Martin Andrew Walton BSc FRICS
Waltons
"Vacant rate has caused many landlords to enter into 'panic leases'. To avoid liability this might undermine rental growth for some time to come."

LIVERPOOL

Anthony Kulp
Arrowcroft Group Ltd
"Retail demand getting weaker. I have been in the Shop Letting, Investment and Development market at the 'Top End' for 40 years. I can't see it getting better for 10 years. Average + families are having money taken out of their pay packet every month through increased taxes, NI, Food, Travel, Energy costs, Petrol, ...not by 1% or 2% but by huge increase of 19% / 20%....this is before interest rates increases coming in the Autumn. + increases in University Tuition Fees. NO pay rises, no bonuses.....where are the ordinary people going to find the money?"

SOUTH EAST

EPSOM

Nigel William Angus FRICS
Huggins Edwards & Sharp
"Retail properties letting at a steady pace. Small office space - some demand; medium/large office suites - hard to let. Industrial - very little activity in the secondary market. Reasonable level of interest in investment properties."

SOUTHAMPTON

Andrew Archibald BSc MRICS
Keygrove Chartered Surveyors
"Occupier demand is weak and empty rates are putting pressure on landlords to accept concessionary terms."

HIGH WYCOMBE

Stephen Bailey-Kennedy FRICS
Duncan & Bailey-Kennedy
"After an active first 3 months of 2011 the level of enquiries has dropped substantially."

HOVE

Colin Brades MRICS
Cluttons
"Q2 activity in Hove's commercial sectors has been limited with few indications of variance in the near future."

BRIGHTON

Colin Brades MRICS
Cluttons
"Brighton's office and industrial sectors remain flat. In retail there are some indications of an increase in vacancies, but rents remained static in Q2 and demand, whilst down, is still reasonable. A trend towards the sale of cheaper goods is evident in secondary shopping streets."

BRIGHTON

Colin Davies FRICS
Graves Son & Pilcher
"The office market is challenging. Rentals look likely to drop to entice potential tenants. Recent completion of new stadium at Falmer and the nearing completion of the new Amex European HQ will hopefully boost the local economy."

SOUTHAMPTON

Russell Mogridge MRICS
Hughes Ellard
"Supply of quality industrial falling fast. Office demand remains weak, but the supply of Grade A space is low."

PORTSMOUTH

Russell Mogridge MRICS
Hughes Ellard

"Industrial supply very low, with no speculative development on the horizon for 12 months...Highcross' Lakeside Business Park, is filling up fast with 60000sf let in April, and a further 30 000 sf under offer. The next phase of development here will begin for retail, creche, car dealership & Hotel in the next 12 months."

SURREY

Matthew Pellereau FRICS
Matthew Pellereau Ltd
"Market steady. Still lack of finance. viewings have increased but conversion rate is still very poor!"

PORTSMOUTH

Craig Powell BSc (Hons) MRICS
Holloway Iiffee & Mitchell
"Tenants are paying much closer attention to all property costs in addition to just rent and it is important to ensure that properties are being properly managed to ensure service charges provide value for money"

SOUTHAMPTON

Christopher Ridge MSc FRICS
London Clancy
"Very flat market across the board. Offices remain in oversupply with continuing pressure on landlords to secure tenants at any cost to avoid business rates and holding costs."

WESTERHAM

David Robinson MRICS
Karrison Commercial
"The gradual improvement in office occupier demand is leading to the slow take up of office space throughout the region. However, rental levels have yet to show any signs of improvement as the remaining space is, on the whole, competitively priced, with plenty of tenant incentives on offer."

BANBURY

Ian Sloan FRICS
Bankier Sloan
"May be a shortage of industrial by year end."

FARNHAM

Iain Steele FRICS
Park Steele
"Our market is at the smaller end and this continues to be stagnant. Uncertainty in the future makes the decision process slow and lack of genuine funding from banks hampering sales/purchases."

CHICHESTER

Simon Waugh BSc MRICS
Montagu Evans
"Retail market has become more stable."



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BICESTER

Christopher J White BSc MRICS
White Commercial Ltd
"emand is average to poor although we have little available supply of accommodation. Industrial property shortages apparent"

BANBURY

Christopher J White BSc MRICS
White Commercial Ltd
"Although general demand is average to poor demand for industrial accommodation over 100,000 is good. We are becoming increasingly concerned about supply constraints in industrial and even office accommodation in the regional area"

SOUTH WEST**YEOVIL**

A R Edgcumbe FRICS
Larkman Edgcumbe Ltd
"Rental levels have stabilised after recent falls. There still remain voids in the main retail pitch."

TAUNTON

A R Edgcumbe FRICS
Larkman Edgcumbe Ltd
"Deals are slowly proceeding, but the market is fairly dormant."

GLOUCESTER

Peter Foyle FRICS
Bruton Knowles
"There is a shortage of larger modern industrial buildings above 20,000sqft but smaller units below 6,000sqft are plentiful in number with attractive incentive packages available."

TORBAY

Andrew Hosking BSc MRICS
Stratton Creber Commercial
"The retail market in Torbay remains challenging although various industrial premises which have been on the market for some time are beginning to be occupied again."

EXETER

Andrew Hosking BSc MRICS
Stratton Creber Commercial
"Exeter remains a popular location for companies and investors. There are signs that the oversupply of property is beginning to be mopped up."

BARNSTAPLE

Andrew Hosking BSc MRICS
Stratton Creber Commercial
"Barnstaple is characterised by demand which mainly comes from

within the immediate area and difficulties in securing bank funding are still hampering purchasers."

SWINDON

Andrew Kilpatrick BSc FRICS
ACI Arb IRRV
Thompsons
"Whilst conditions across all 3 main sectors of Swindon's commercial market remain challenging, Q2 has seen progress, with B&Q's new 796,000 sq ft distribution warehouse completed ahead of schedule, British Home Stores moving into their new 45,000 sq ft department store in the Parade and a new drive-thru Costa Coffee opening by J16. Nearby a 7.8 acre site, formerly occupied by Motorola, has been acquired by the Dick Lovett Group. All of these show Swindon is still very much open for business!"

PLYMOUTH

Peter Luff FRICS
Edward Symons & Partners
"Activity is still very slow but with a little more property coming to the market through distressed sales there is a prospect (and a hope) that this activity will increase, making life better for agents and valuers alike"

TRURO

Michael Nightingale MRICS
Miller Commercial
"On the face of it it would appear that there is little change in the level of activity in the local market place which is fairly reflective of the overall state of the general economy. Growth levels remain disappointing."

TAUNTON

John C O Plimmer FRICS
Chesterton Humberts
"Remains hard work. Offices are not in demand with limited enquires."

CHELTENHAM

Simon J Pontifex FRICS
S P A Chartered Surveyors
"The effects of public sector cuts is starting to feed through the economy making uncertainty for a number of businesses. The number of applicant enquiries has fallen over the last quarter and consequently there has been a reduced level of market transactions."

WESTON-SUPER-MARE

Michael T Ripley FRICS
Stephen & Co
"Demand is reasonable but tenants and investor/buyers are seeking very keen terms."

BOURNEMOUTH

Simon Walsham BSc FRICS
James & Sons
"Some high prices paid at auction reflecting strong investment demand.

Yields decreasing as interest rates stay "on hold".

POOLE

Simon Walsham BSc FRICS
James & Sons
"Some high prices paid at auction reflecting strong investment demand. Yields decreasing as interest rates remain "on hold". Increasing retail and industrial leasehold demand in Poole."

BOURNEMOUTH

Alastair Warwick-Smith
Goadsby
"Demand up slightly, but from a very low base and yet to have a positive impact on price."

SOUTHAMPTON

Jeremy Braybrooke
Osmond Brookes
"A very difficult start to the year, deals more complicated and slower than 2010. Empty rates impact greatly affecting landlords. Tenants uncertain and tentative, prepared to take their time."

PORTSMOUTH

Tom Holloway
Holloway Iliffe & Mitchell
"The market remains flat with signs of more activity in the industrial sector. Business Rates are forcing Landlords to soften and agreed to weak deals which will further damage the market."

GLOUCESTER

Adrian Rowley
Alder King
"Stock levels continue to diminish across the office and industrial sectors. This could lead to an upward pressure on rents and a hardening of terms in the short to medium term. It could also kick-start renewed activity in the design and build sector."

WEST MIDLANDS**STOKE-ON-TRENT**

David Heywood FRICS
Louis Taylor
"Market is very fragile with little confidence. Developer clients have stopped building unless to order, and build costs are impacting on the profitability and viability of some schemes."

LICHFIELD

Graham Jones BSc MRICS
Kingston Commercial Property Consultants
"There are some early signs of

improvement in terms of the level of enquiries and deals being done. However, the situation remains fragile and occupiers remain nervous about making commitments for any length of time."

BURTON-ON-TRENT

J A Nichols BSc MRICS
Gadsby Orridge Ltd
"Slight increase in the number of enquiries. Market still cautious. The lack of bank finance is still a major issue."

COVENTRY

David John Penn BA BSc MRICS
Shortland Horne
"Availability of bank/debt funds for new rather than re-gear, lending seems to have worsened. We now have a development supply problem. There will be a big quality shortage within 18 months/2 years."

COVENTRY

Robert Rae BSc FRICS
North Rae Sanders
"Industrial stock slowly going down with more completion. Improved demand from manufacturers and good demand with limited stock for good quality freehold s plus more d and b enquiries. Office Market still slow but some activity for the best units."

EVESHAM

Anthony Rowland FRICS
Timothy Lea & Griffiths
"Overall market conditions are tough. There doesn't seem to be much in favour of business start-ups and 20% VAT does seem to have a depressant effect on trade."

WALSALL

Stephen Smith MRICS
Fraser Wood Mayo & Pinson
"The market remains challenging with funding being the biggest issue."

WORCESTER

Roger Wilkins FRICS
Wilkins Chartered Surveyors
"There appears to be an increase in viewings, mainly in industrial premises, but some increase in offices also, although that market remains weak. Still very challenging times."

NORTHAMPTONSHIRE

Adrian Forsell
T.Forsell & Son Properties Ltd
"My business is commercial property rental and the office market is very weak presently due to an over supply. Also rents are down due to the onerous charges of Business Rates on Empty Properties which maybe in the short term may mean lower rents but in the longer term

due to cut backs on speculative supply that may well reverse?"

YORKS HUMBER

LEEDS

Richard Corby BSc(Hons) MRICS
Edward Symmons LLP
"We seem to experience a busy month then a quiet month, with little predictability. We need to see a sustained period of activity to lift confidence and to generate momentum."

YORK

Barry Crux FRICS
Barry Crux & Company
"The market is still fragile and uncertain particularly the office section in York and North Yorkshire. Short term lettings across the board are becoming the norm. There are a few signs of increased demand with more enquiries for small shops and businesses in general. Overall prospects for improvement are worrying."

HUDDERSFIELD

Alex McNeil MRICS
Bramleys
"The market remains tough. The number of ongoing and new requirements is an encouraging sign, but occupiers remain reluctant to commit to new purchases/leases. Trend of established tenants seeking to force existing landlords to negotiate more favourable lease terms at or close to lease end continues to put downward pressure on rents."

YORK

Richard Peak BSc Hon MRICS
Reeves & Co
"Very little variation in supply or demand."

LEEDS

Alex Munro
Knight Frank LLP
"Industrial market is improving and before long there will be a shortage of supply which will stimulate the development market. Offices have some way to go yet before any noticeable improvement. Good retail is highly sought after."

SELBY

John Reeves
Reeves and co
"Selby areas in real trouble in ALL sectors."

YORK

John Reeves
Reeves and co
"Market in all sectors with exception of retail very subdued Office demand v poor both occupier and investment. Rents lower than they were 15 years ago due to empty rates and desperate landlords Modern offices at £5.00 sq ft!!"

WALES

NEWPORT

Chris Sutton BSc MRICS
King Sturge LLP
"The recent appointment by Newport City Council and Newport Unlimited (URC) of Queensberry as preferred developer for the Newport city centre shopping re-development is positive news should lead to other investors and developers to look again at the city. Out of town, the first phase of residential development land at the 500 acre Glan Llyn re-development being led by St Modwen will shortly be completed to Persimmon. In the industrial market, Blyweert Beaufort Ltd has leased 132,750 sq ft at Imperial Park, Newport (adjacent to Junction 28, M4) at a rental of £4 per sq ft being the market leading transaction in Wales in 2011 to date."

SWANSEA

Chris Sutton BSc MRICS
King Sturge LLP
"Occupier demand for the Swansea Bay conurbation has weakened with a particular downturn in public sector led projects. However, the proposed Swansea University development on Fabian Way remains a key project for the region whilst St Modwen's co-ordination of the Coed D'Arcy and Baglan regeneration sites illustrates the importance of the cash-strapped Welsh Government working with well funded players who can deliver projects on the ground."

CARDIFF

Chris Sutton BSc MRICS
King Sturge LLP
"Cardiff remains the strongest market within South Wales with a number of national and international investors not looking at other centres outside the capital. The May elections to the National Assembly for Wales has brought in a new, Labour-led Welsh Government and the initial policy ambitions are now being set out. The property market awaits to see how the Government responds to calls for Enterprise Zones to be introduced in Wales as well as a longer period of 'vacant rates' exemption for business rates on new speculative development, as a way of

encouraging speculative development."

NORTH WALES

Gareth Williams FRICS
Gareth Williams Commercial
"We continue to experience reasonably good demand for small to medium size industrial/business space with lettings and sales being achieved. However, the office market continues to be very sluggish and the retail sector continues to be at a low ebb."

SWANSEA

Jason Thorne
Lambert Smith Hampton
"Market activity is on the increase. The recovery is very fragile as witnessed via downturns in Christmas and the extended April holiday. Banks are starting to lend to owner occupiers."

SCOTLAND

GLASGOW

Roy Durie c/o Karen Forsyth FRICS
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Ryden
"Office deals slow to complete but still good number of enquiries above 10,000 sq.ft. for Glasgow. Office take-up will further reduce supply of Grade A and B+ stock over next 12 months. No new development pipeline starts anticipated for the next 6 - 12 months (speculative development) minimum. Next new completions would be 2014/15 at earliest. Retail occupier demand remains relatively strong in value sector both in and out-of-town. Rents remain static with incentives on offer"

EDINBURGH

Ian Hannon MRICS
J & E Shepherd
"answers to 12 & 13 all very dependent on how the banks deal with their distressed properties and aspirations on pricing"

GLASGOW

Allan Lapsley BSc FRICS MCI Arb
Speirs Gumley
"Continuing shortage of Grade A office space."

ABERDEEN

Paul Richardson
Ryden
"Oil tax implications affecting demand. Oil price still high so positive sentiment in market but decisions taking longer to make by companies. Rent, rent free periods, incentives remain the same due to

poor supply in market."

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Methodology

Questionnaires were sent to real estate organisations on 3rd June 2011, with responses received up until the 22nd of June 2011. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 262 responses were received.

Responses have been amalgamated across the three real estate sub-sectors of offices, retail and industrial property at a country level, to form a net balance reading for the commercial market as a whole.

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