

Commercial Property

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'The Grid', a leader in architecture and connectivity

Featuring a sky garden and roof-level communal business lounge, south facing terraces on the top three floors, 'oversized' stairs that can double as an auditorium and events' space, a fitness studio and 'spa quality' changing facilities, The Grid in Glasgow's Cadogan Street will be, says its developer, Scotland's "healthiest workspace". M&G Real Estate is targeting a Gold WELL certification from the International WELL Building Institute, and EPC A and BREEAM Excellent ratings for the £100m development, designed by Glasgow architects Cooper Cromar. Demolition of the existing structure is planned for later this year, with completion scheduled for late 2021. JLL and Knight Frank have been appointed as letting agents.

Scotland's best head for autumn showdown

Regional work place winners prepare to compete with UK peers

BY WILLIAM PEAKIN

Designers of work places in Aberdeen, Edinburgh, and Glasgow will be competing with their peers

throughout the UK this autumn at the annual British Council for Offices' (BCO) Awards.

At a regional ceremony in Glasgow last week, the Silver Fin Building in Aberdeen's Union Street came top in the Best Commercial Workplace category. It was praised by judges for revitalising the streetscape and its "brave approach", which included locally sourced materials inside and out for the 132,000sq ft development.

Standard Life Aberdeen and Greenside in Edinburgh were winners in Best Corporate Workplace and Refurbished/Recycled categories respectively. There were three winning buildings in Glasgow, one of which was Itison House, designed by Surface ID, which took the top award for projects up to 1,500sq m.

Registrars of Scotland - SVP Platform at St Vincent Plaza, designed by Graven was named winner of the

Fit-out of Workplace category. Based at 100 Queen Street, the Edrington Group was crowned winner in the Innovation category, in conjunction with Form Design Consultants.

At the awards ceremony last week Ian Manson, chief executive of Clyde Gateway, was presented with the Chairman's Award for his outstanding contribution to the property industry in Scotland.

Regional awards are taking place

throughout England and Wales this month and in May. In London last week, the winning workplaces were Bloomberg's office at 3 Queen Victoria Street (Best Corporate Workplace), the White Collar Factory (Best Commercial Workplace), HAVAS UK (Best Fit Out of a Workplace), Here East (Best Refurbished / Recycled Workplace), and 10 Lower James Street (Best Project up to 1,500m2).

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Inverclyde? Why it's a smart choice

Stunning location, modern infrastructure, and a tradition of leading-edge skills

BY WILLIAM PEAKIN

Riverside Inverclyde, the urban regeneration company, celebrated its 10th anniversary last year. In that time, it has invested more than £75m in the area; combined with the work of key partners, the positive impact is being felt.

"We were created, in part, because of 'market failure'," said Andrew Bowman, head of business investment and operations, "but, alongside public sector investment, we are now beginning to see investment from the private sector as a result of what Inverclyde can now offer in terms of location, infrastructure, and skills."

The company organises tours for representatives from key industry sectors. "Inverclyde is relatively young as a geographical entity," said Bowman, "and the aim is to showcase the area to a wider audience. This is a great opportunity for businesses; not just for their own futures, but also for them to be an integral part of a real success story."

Among the sectors in which Inverclyde believes it can excel are life

sciences, food and drink, tourism, and digital.

International life science engineering firm Peak Scientific recently located a research and development hub at Kelburn Business Park. "Scotland's life sciences sector is growing rapidly, with a turnover of £4bn and aims to double this by 2025," said Bowman. "We feel that Inverclyde is uniquely placed to provide the facilities, infrastructure, transport links and skills required to help support this target."

Kelburn was also the choice for production premises of The Start-Up Drinks Lab, which specialises in bringing craft sodas to market via its bespoke trial kitchen, and manufacturing and bottling facilities. The Lab, whose clients will cater for luxury hotels, venues, and retailers, is financially backed by the Scotmid Co-operative.

Bowman said businesses like The Lab complement its plans for 'Baker Street', Riverside Inverclyde's new food and drink incubator, in Greenock, which will be completed next year. The first of its kind in Scotland, it forms part of Inverclyde's bid to support the nation's ambition to double the value of the food and drink sector to £30bn by 2030.

Riverside Inverclyde also launched Taste Inverclyde, a forum for manufacturers, restaurants, cafes, and farms



The Greenock Ocean Terminal will expand cargo and cruise facilities and include a state of the art visitor centre

to collaborate in creating products that can be sold across the UK and abroad. "The sector offers Inverclyde a fabulous opportunity to increase the manufacturing and production of local produce, offering a critical jobs and skills boost to the area," said Bowman.

Tourism is another key sector for Inverclyde. Glasgow's £1.13bn City Region Deal includes funding for three infrastructure projects across worth almost £27m; key amongst these is the multi-million development of Greenock Ocean Terminal. It will significantly expand the cargo and cruise facilities and see the creation of a state of the art visitor centre to give tourists a world class welcome to Scotland.

Private sector endorsement of Inverclyde as a place to invest was underlined by Clyde Blowers Capital's purchase of Ferguson Shipbuilders in 2014 and the subsequent win by the company, renamed Ferguson Marine

Engineering, of a £97m order to build two new dual-fuel ferries and another for a £12.3m hybrid ferry. Last year, a partnership between Peel Holdings and Riverside Inverclyde handed over the long-term operation of the James

Watt Dock Marina at Greenock to an international firm experienced in maritime complexes.

Riverside Inverclyde also has ambitions for the area to be a pioneer in digital connectivity. With 'smart' cities proliferating, the regeneration company believes it can lead the way for Inverclyde to be on a par. Greenock is set to become a test-bed for how town centres can use digital to revitalise business, retail, hospitality, and tourism.

"We have a tradition of connectivity," observes Bowman. "14 railway stations, the ocean terminal, we're 20 minutes from Glasgow Airport, with great access to the M8, M74 and M6. Digital will be an added advantage. The beautiful coastal location, the skills of the people here and an affordable lifestyle makes it a pretty compelling prospect for any business looking to grow."

“

"We have a tradition of connectivity ... it is a pretty compelling prospect for any business looking to grow"

Andrew Bowman

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New LBTT requirements in force

Affects commercial tenants entered into a lease on or after 1 April 2015

BY JENNIFER MURRAY

It's been almost three years since the Land and Buildings Transaction Tax (LBTT) was introduced in Scotland, replacing Stamp Duty Land Tax (SDLT). From the beginning of this month the first cycle of three-yearly LBTT returns - payable to Revenue Scotland, the body responsible for the management and collection of Scotland's devolved taxes - fell due.

Whilst the LBTT regime in many ways reflects its SDLT predecessor, there is one notable difference in relation to non-residential leases. Under LBTT, not only must a tenant submit an LBTT return to Revenue Scotland within 30 days of the 'effective date' (normally the date of entry), but they must also now submit subsequent returns at the following times:

Every three years from the effective date;

When an LBTT notifiable lease is assigned to a new tenant;

When an LBTT notifiable lease is terminated or renounced (there are

caveats attached to conditions two and three; see <https://bit.ly/2HNPzeg>).

Three-yearly LBTT returns affect commercial tenants who entered into a lease on or after 1 April 2015 which was notifiable at the time for LBTT purposes. Pre-2015 leases can also be pulled into the LBTT regime if they have been varied after 1 April 2015 to extend their term. The requirement to submit the return applies throughout the term and the relevant date will always be the original effective date of the lease.

Tenants must submit the return to Revenue Scotland within 30 days of the third anniversary of the effective date and three-yearly after that until its expiry. Failure to submit the returns or late payment of any tax due will result in penalties, and interest. Penalties under LBTT are much higher than those charged under the SDLT regime.

If you entered into a lease or an assignment of a lease on or after 1 April 2015 and think you may be affected, please do not hesitate to get in touch with a member of our commercial property team.

Jennifer Murray is a solicitor in the commercial property team at Wright, Johnston & Mackenzie LLP. www.wjm.co.uk

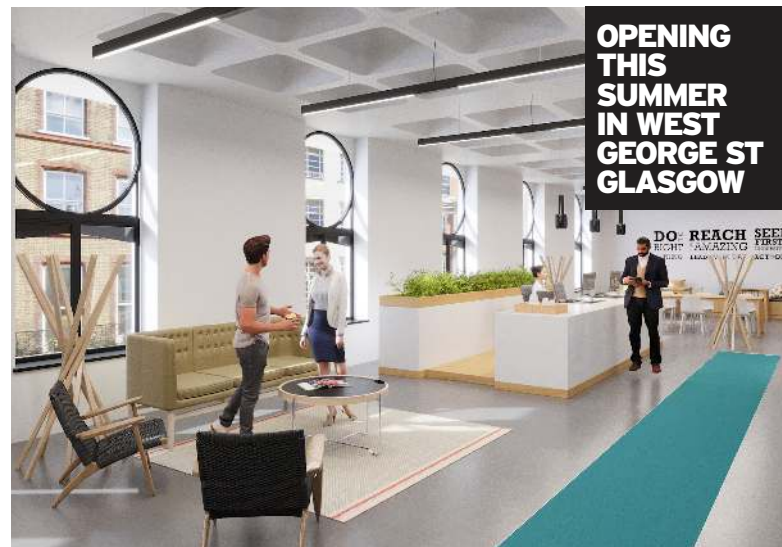


Exceptions to LBTT

No three-yearly returns are required in the following circumstances:

- Where the lease was not originally notifiable for LBTT purposes (for example, it was for less than 7 years at a rent that does not trigger LBTT liability);
- Where the lease has never been subject to LBTT (i.e. leases which were and continue to be subject to the old SDLT or older Stamp Duty regimes); and
- Where an LBTT lease enjoyed the benefit of full tax relief at the time of submission of the initial return (for example, where the lease enjoyed charities relief or group relief).

Tenants must submit the return to Revenue Scotland within 30 days of the third anniversary



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International investors reap benefit of novel technology

Pioneering agency Singer Vielle has introduced a cutting-edge sales platform to the Scottish market

BY WILLIAM PEAKIN

International investors are taking advantage of caution amongst their peers in Scotland to snap up commercial properties here. Reticence on the part of both domestic sellers and buyers – a lingering legacy of the crash 10 years ago combined with more recent political uncertainty – is behind the phenomenon.

Overseas buyers ploughed £300m into Glasgow's office market alone in 2017, significantly outpacing domestic buyers during the city's busiest 12 months for office investment since the financial crash. A total of £461m was spent across 23 office deals in 2017, Glasgow's highest volume for investment deals since 2006, when a total of £367m was spent.

Ten of Glasgow's 23 deals last year involved international buyers, accounting for 65% of 2017's total volume, showing the prominence of global currency in the largest sales. In 2016, when £208m was transacted across 14 deals, foreign buyers made up 52% of the volume. Of the 11 deals transacted in 2006, only one was a led by a European investor, and two Irish Investors with the rest accounted for by UK investors.

Glasgow has witnessed a significant increase in interest from investors in Asia, New Zealand, the Middle East, Europe and America in recent years. The city's appeal for international investors is due to a number of factors including reduced competition from UK Institutions, value for money, a weakened pound, and strong local market fundamentals.

They are recognising the value in Scotland and are willing to buy based on quality of covenant, income stream and return



It mirrors a trend in Edinburgh where 93% of investment into offices in 2016 came from overseas, highlighting the capital's profile amongst international buyers. For overseas investors, faced with volatility in America, eastern Europe, and the Middle-East, the UK and Scotland offers a relatively safe and stable environment.

So, where are the Scottish buyers? "There are some active investors," said Graham Waddell, Director of Singer Vielle Scotland. "but our experience tells a different story. In many cases, they are sitting on cash but don't have the appetite to spend. We've experienced a healthy run of transactions in the past six months, and the majority of buyers are from England, Ireland, or overseas.

"Are Scottish buyers too close to the market, too cautious and in conjunction with agents suffering from paralysis by analysis? With the

more pro-active investors coming from outwith Scotland, that would seem to be the case. They are recognising the value in Scotland and are willing to buy based on quality of covenant, income stream and return."

Analysis conducted by the Scottish Property Federation (SPF) on commercial property sales figures for Q3 (July – September) 2017 revealed the total value of transactions in Scotland fell for the third quarter in a row. The figures, which were released by the Registers of Scotland, show that there was just £693m worth of sales in Scotland during the quarter, down 12% on Q2 2017.

The number of sales also dipped between Q2 2017 and Q3 2017 with 1,089 commercial property sales in Scotland, down 8% (101 sales). Furthermore, Q3 2017 saw a big drop in the number of £5m+ commercial properties sold

in Scotland, with transactions at this level of the market at their lowest since Q2 2014. There were 22 commercial properties sold at the £5m+ level, securing a total value £332m. This figure is significantly down on the previous quarter (Q2 2017), which saw 32 sales with a combined total of £385m.

"I am sure this came as no surprise to many commercial agents, particularly those working in the investment sector," said Waddell. "But we are well positioned when marketing commercial investments for sale."

Singer Vielle has developed a modern and unique sales platform, which combines cutting edge technology with proactive due diligence and high-quality marketing material comprising photography, video, and aerial imagery to create a bespoke 'shop window' for each property. It achieves greater value for both sides in a transaction, and

About Singer Vielle

Since its launch, the company has gained recognition, from buyers and sellers alike, as industry leaders in delivering a superior marketing service for the disposal of commercial property investments. Its unique and modern approach delivers significant and proven advantages over the traditional methods. Benefits of its market leading approach include:

- Unrivalled quality of presentation with UK and global reach
- Speed to market with proven results
- Highly cost-efficient marketing

See www.singerviellesales.com (visited by viewers in 143 countries over the last year) and if you wish a discussion relating to any commercial property assets in Scotland email graham@singervielle.co.uk

faster completion of sales. The company also has true international reach.

"Our database gives us access to a wealth of investors throughout the UK and worldwide, with our sales particulars being translated into six languages. The high quality of our marketing allows potential purchasers to clearly understand the assets we are selling, enabling us to transact very quickly once a property is brought to market. Whereas traditional agents can take three to four months, we look to complete sales within four weeks of marketing.

"I'm excited about the next 12 months as we continue to build brand awareness within the Scottish market on the back of a very successful 2017. We continue to pick up sales instructions from a variety of clients, including property companies, private investors, and pension funds, ranging in value from £350,000 to more than £1.7m".



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Since its launch, singerviellesales.com has gained increasing recognition, from buyers and sellers alike, as industry leaders in delivering a superior marketing service for the disposal of commercial property investments. Our unique and modern approach delivers significant and proven advantages over the traditional methods.

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