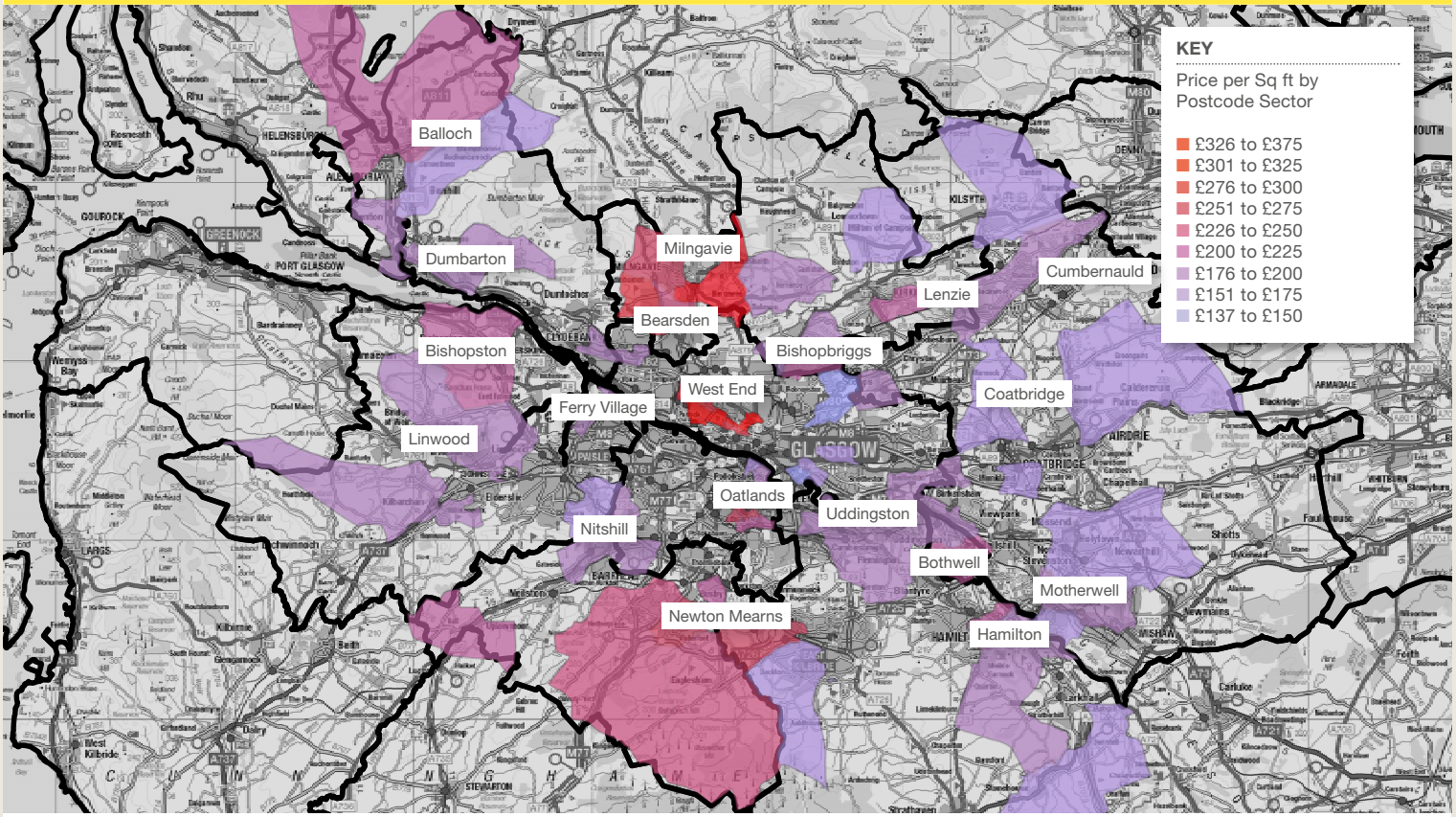
savills

Spotlight
Residential Development in Glasgow and the Surrounding Areas

Summer 2016



SUMMARY

An active residential development market has seen an increase in both starts and completions

■ The residential development market in Glasgow and the surrounding areas has continued to be very active as confidence continues to return to both developers and consumers.

■ The city of Glasgow has witnessed a particularly strong resurgence in development. The number of private sector starts in the year to September 2015, the latest figures available, were more than double the previous year at 645. Similarly, the number of completions increased by 137% annually to 944.

■ The discord between completions and starts within the city of Glasgow reflects the role of large developments such as the Commonwealth Village, which has provided much needed and well received new supply for the city. However, the majority of these sites have now been fully developed, and going forward the city will need to maintain new housing supply.

■ The majority of local authorities surrounding Glasgow have witnessed reasonable growth in both starts and completions, yet remain below peak levels of development.

■ East Dunbartonshire and East Renfrewshire are the exceptions, where in the year to September 2015 starts exceeded peak by 39% and 169% respectively. Within East Dunbartonshire, both starts and completions have reduced year on year.

FIGURE 1

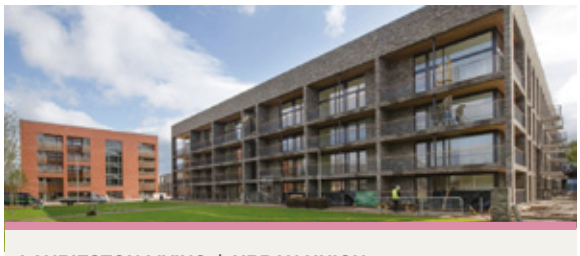
Glasgow at a glance

Starts and completions in Glasgow and East Renfrewshire surge upwards.
Glasgow continues to be composed of smaller individual markets.
The Victorian suburbs are likely to expand as demand and premium prices encourage developers and purchasers to look beyond the core areas.
We anticipate an increasing number of flatted schemes in suburban locations to accommodate first steppers and downsizers.
Regeneration areas are gaining momentum, with increased consumer confidence.

Source: Savills Research

BROOMHILL CAMPUS | KELVIN PROPERTIES
72 unit scheme offering a mix of new build and conversion.
Launching Autumn 2016.

MATTHEW COURT | DICKIE AND MOORE
28 two bedroom new build units, with only four remaining to sell, located in close proximity to a train station and amenities



LAURIESTON LIVING | URBAN UNION
A mix of 800 social rented and privately owned units
New build master plan of Laurieston area

RESIDENTIAL DEVELOPMENT MARKETS

The residential market in Glasgow is composed of many small markets, each with their own dynamic and traits.

Residential development is important for providing new supply, but it can also be pivotal in changing the structure and demographics of markets, expanding established areas beyond their current boundaries, rejuvenating areas or providing supply for different age groups and budgets.

Victorian City Suburbia

Development continues to focus on the Victorian suburb of the West End with a number of active developments. Whilst conversions continue to be the mainstay of the market, there have been a number of new build developments, ranging from Noah's six unit townhouse scheme to David Wilson Home's 94 unit Botanics development.

Despite this shift towards new build, developments have remained relatively small in scale. The average size of development analysed was 37 units, with an average of 35 units reserved. Yet of those sites still active, there were on average seven units for sale. We can therefore conclude that supply in the core areas of the West End are condensed into a few developments.

The average property size is 1,314 square feet, with the average transaction value at £430,802, equating to an average price per square foot of £331. The average rate of sale here is 2.8 per month.

Due to prime values and high demand, we anticipate more focus on sites beyond the Byres Road core, including a number of potential developments in North Kelvinside, Broomhill, Finnieston and Woodlands.

Furthermore, with The Victoria Hospital and The Mansionhouse Unit coming forth for development, we expect renewed focus on the Victorian suburbs in the Southside.

Established Suburbia

Glasgow's suburbs play a vital role in providing family housing within the city. Located within highly desirable school catchments, and offering excellent value for money, many suburban developments also offer excellent transport links into the city.

The average development size within Glasgow's suburbs is 95 units, with an average of 47 sold and four available for sale. The average new build property here is 1,186 square foot, priced at £224,948 with an average price per square foot of £193.

Looking ahead, we anticipate more flatted developments within the most established and popular suburban locations. Apartment schemes offer first time buyers and downsizers an opportunity to purchase in their local neighbourhoods, benefitting from the community and infrastructure that come with it.

Dickie and Moore's Matthew Court has had a mix of buyers, assisted by accessible pricing and Help to Buy, yet it has also commanded some of the highest prices per square foot of all suburban developments analysed.

New Regeneration Neighbourhoods

Regeneration is playing a pivotal role within Glasgow by breathing new life into previously dilapidated areas. In doing so, it is providing much needed attainably priced large scale supply, often in accessible locations and offering desirable amenities such as parking and outside space.

The average scale of developments here is 367 units, with an average of 181 either sold or reserved. Many of these developments have been active for a number of years, but recently they have witnessed a resurgence in demand due to Help to Buy, pent up demand and increasing confidence.

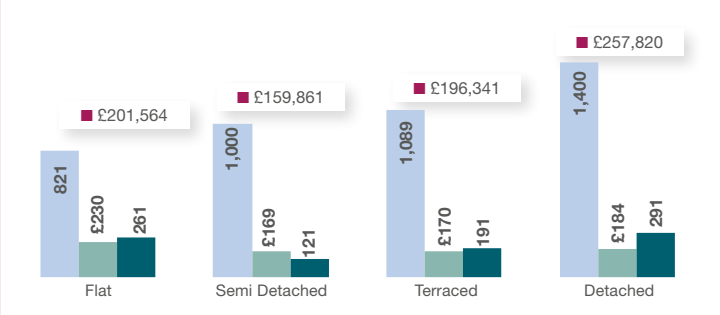
The average property in these areas is 968 square foot, priced at £139,560 and £148 per square foot, with terraced housing and flats commanding a slight premium.

We anticipate demand continuing in the more established developments, however many of these are nearing completion, such as the sold out Commonwealth Games Village development. We expect other sites to come forward with a combination of property types and tenures.

AREA FACT SHEETS

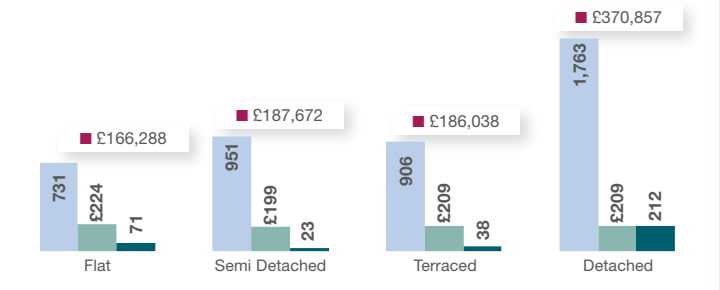
Data from Glasgow and surrounding areas

Average sq ft | Average price per sq ft | Size of Dataset | Average Price



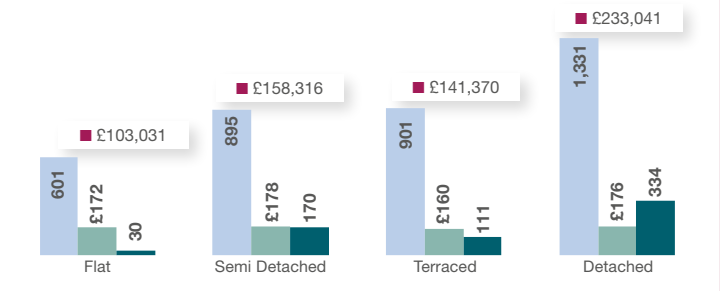
Glasgow City

- Glasgow has on average the largest and most expensive flats of areas analysed due to the number of conversions in the West End.
- Glasgow has the largest difference between semi detached and terraced properties, reflecting the need for terraced townhouses in affluent areas.



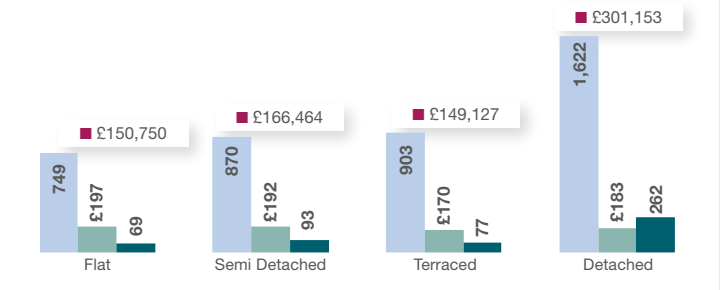
Dunbartonshire

- Dunbartonshire has marginally the highest price per square foot for flats of all areas analysed, as the downsizer market is willing to pay a premium in desirable areas.
- The role of premium neighbourhoods is also apparent when we consider detached properties, which were on average the largest and most expensive of all areas analysed.



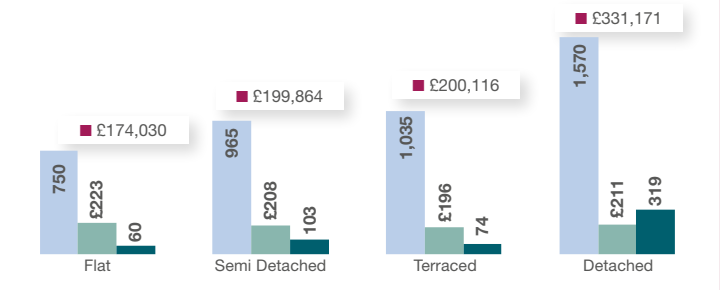
North Lanarkshire

- North Lanarkshire has on average the smallest and lowest priced properties per square foot across nearly all house types, except semi detached houses.
- Semi detached and detached properties account for the majority of units analysed and also achieve the highest prices per square foot on average.



South Lanarkshire

- Flats achieve the highest price per square foot in South Lanarkshire, due to a number of flatted schemes in desirable, well connected locations.
- Semi detached properties, despite being the smallest on average, achieve the second highest price per square foot, reflecting the popularity of entry point properties in established areas.
- Detached houses are on average the second largest of the areas analysed but are mid priced on average.



Renfrewshire

- Renfrewshire has on average the most expensive and largest flats outside Glasgow.
- Semi detached and terraced properties are the most expensive of the areas analysed, with entry level properties in good school catchment areas lifting values.
- Detached properties achieve the highest price per square foot of all areas analysed, once again reflecting the influence of school catchment areas.

Source: Savills

LOOKING FORWARD: DEVELOPMENT LAND

As reported last year, Savills is continuing to see signs of improvement in the development land market. There are increasing numbers of bidding parties for sites in prime areas which has provided competitive closing dates.

In the last year, improved funding conditions has allowed a greater number of developers to enter the development market. An example of this is the return of more smaller to medium sized housebuilders to the market since the economic downturn.

The Government's recent commitment to investment in affordable housing in Scotland has increased the interest in market locations which may not be as attractive for private for sale development. This investment is likely to see sites which have lain vacant for several years regenerated.

Victorian City Suburbia

Following a very active reorganisation of public sector assets, there has been a slow-down of sites of significant scale being brought to the market in 2016. In the West End of the city, the University of Glasgow is set to appoint a lead strategic advisor for their property portfolio, which may create some exciting new opportunities for the development market as they look to redevelop their campus. This will also have a positive implications for the wider West End market.

Established Suburbia

As the market remains strong, these established communities are continuing to experience an increase in land values and competition for sites due to the strength of the established local sales markets.

Whilst many of these locations are experiencing a strong development market, sites which are constrained technically, and which require significant up front money to be expended prior to development commencing are still lying undeveloped.

New Regeneration Neighbourhoods

Many of Glasgow's regeneration areas are re-establishing the development market and are becoming attractive communities in which people want to live, for example Pacific Quay, Tradeston and Oatlands.

Words: **Gillian Schoneville**

"There are increasing numbers of bidding parties for sites in prime areas which has provided competitive closing dates"

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