

OXFORDSHIRE COMMERCIAL PROPERTY SURVEY REPORT



Review of 2007



East Point Business Park, Oxford Road.

Refurbishment of five office buildings on the Eastern Ring Road comprising 73,000 sq ft by Frontier Estates plc. 9,000 sq ft let in 2007 to Carrier Group.



4-10 The Quadrant, Abingdon Science Park.

An acquisition by VSL in 2007 of 22,500 sq ft on behalf of biotech company, Syntaxin who benefited from two year's rent free proving good tenant deals still remain possible.

Summary

Demand

- Grade A office transactions totalled 46,500 sq ft representing a decrease of 62% from 2006 reflecting a lack of opportunities and fall in pre-let activity.
- Total office take-up however increased by 40% since 2006 with activity spread over the whole of Oxfordshire but a decrease of activity around the Ring Road.
- Industrial activity increased slightly by 2% on 2006 with good take up in South Oxfordshire and healthy levels of take up throughout the County.
- Rental levels increased slightly in the industrial market but remained static for offices.

Supply

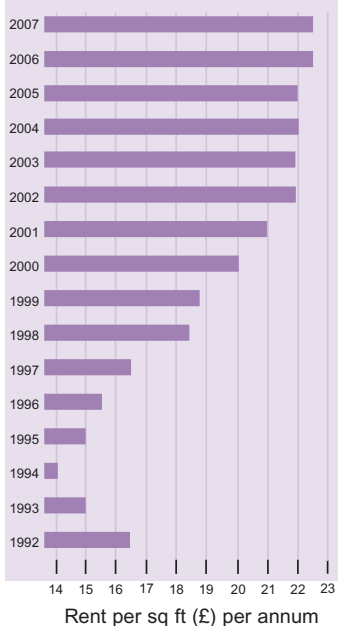
- Grade A supply remains static at approximately 110,000 sq ft but with new speculative development at the Oxford Science Park and Milton Park.
- Total office stock remained static at 850,000 sq ft.
- Total vacant industrial stock decreased by 13% to 1.7 million sq ft comprising almost entirely secondary stock.
- Speculative industrial development continues to focus on small unit schemes.
- 2007 saw a number of land sales with high prices being achieved.

Top Rents

Grade A rental levels have remained static at £22.50 per sq ft but limited Grade A stock has led to an increase in quoting rents which is in turn likely to lead to an increase in rents in 2008.

Oxford 16 Year Rental Graph

Grade A office headline rents, 1992 -2007



25 Milton Park.
16,000 sq ft acquired by VSL for Brookstreet Des Roches

Office Market in 2007

- Office take up in 2007 was 523,500 sq ft an increase of 40% compared with 374,000 sq ft in 2006. Activity was spread throughout the County but there was a lack of large pre-lets which had been present in 2006.
- Grade A office take up was 46,500 sq ft a decrease of 62% over the year from 122,500 sq ft in 2006.
- Activity around the Ring Road totalled 130,000 sq ft a decrease of 39% from 2006. In Oxford City Centre the take up was 26,500 sq ft again a decrease of 18% from 2006. Abingdon recorded a significant increase in activity with 44,000 sq ft of lettings showing a dramatic increase over 2006 when only 3,500 sq ft was recorded.
- Summertown also recorded a good level of transaction with over 30,000 sq ft of accommodation being let from the refurbished Oxfam stock.

Major office deals in 2007 - Over 10,000 sq ft

Amey PLC	Winchester House, Oxford Science Park	27,900 sq ft
Constella	20 Park Gate, Oxford	24,926 sq ft
Syntaxin	Units 4-10 The Quadrant, Abingdon	22,500 sq ft
Oxfordshire County Council	Between Towns Road, Oxford	23,000 sq ft
Brook Street Solicitors	25 Milton Park	16,222 sq ft
UK AEA	Manor Court, Chiltern	14,500 sq ft
Doctors.Net	90 Milton Park	17,000 sq ft
ResMed	96 Milton Park	17,566 sq ft

Current Office Market Conditions

Grade A stock remains static at 110,000 sq ft in the County. Speculative office development under construction comprises 22,000 sq ft at Eagle Works, Oxford and 103 Milton Park, comprising two buildings of 25,000 - 30,000 sq ft. Both these developments will be available by late 2008. A development of 45,000 sq ft at Langford Locks, Kidlington by Kilmartin and Roget

Square is Oxford Ring Road's only plan speculative development in 2008.

Second hand stock remains static at 740,000 sq ft. The supply of city centre offices continues to be very limited at only 22,000 sq ft and there is strong competition from occupiers keen to take any good quality space that is available here.



Torus, Abingdon Business Park, Abingdon. ABINGDON BUSINESS PARK



IVG/Asticus/AXA are shortly to commence the refurbishment of the 40,000 sq ft of Oxford Instruments building at Abingdon Business Park which VSL sold in 2007 for £5.46 million.

Industrial Market in 2007

The industrial market put in another strong performance with total take up of 1,063,000 sq ft, equaling the 2006 take up. South Oxfordshire again showed the highest levels of activity with 253,000 sq ft of take up in Milton Park and Didcot. The largest letting was to Ryobi who acquired 167,000 sq ft at ProLogis, Didcot.

Witney also put in a strong performance with over 100,000 sq ft of take up at the Windrush Park estate mainly comprising secondary stock.



Oxonian Park, Kidlington.
All units now let by VSL on behalf of SERGO with 2007 transactions to Walters OEP, Ridgeway Audi, Khatmandu and Oxford University Press

Major industrial deals in 2007 - Over 10,000 sq ft

Ryobi	ProLogis, Didcot	167,000 sq ft
WS Supplies	Old Station Way, Eynsham	50,800 sq ft
Corndell	4 Windrush Park, Witney	42,800 sq ft
Pride Mobility	Launton Road, Bicester	40,000 sq ft
Eco Pack	Hangar 2, Westcott Venture Park	30,000 sq ft
Fort Box	Horspath Trading Estate, Oxford	28,800 sq ft
Fine Print	Unit 9, Windrush Park	22,000 sq ft
Fresh Direct	Bicester Park	17,000 sq ft

Current Industrial Market Conditions

Available floor space decreased by 13% to 1,700,000 sq ft. There is now no Grade A accommodation available. Availability has decreased in all areas. Oxford Ring Road supply decreased by 60% to 111,000 sq ft; Banbury remained static at 200,000 sq ft; Bicester increased



Nuffield Centrum, Abingdon.
Refurbished units by ING. Lettings in 2007 included Sally Hair & Beauty, BSS, Southern Brick & Tile and Leeches Printers. Rents achieved between £6.50 and £8.50 psf

34% to 348,000 sq ft and Abingdon /Didcot decreased 34% to 670,000 sq ft.

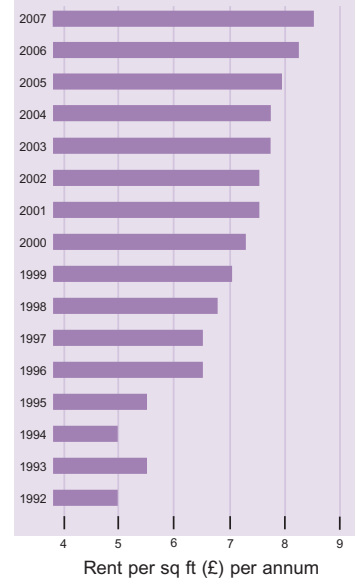
Developer appetite for Oxfordshire remains strong. There were over 25 bids for the 6.5 acre site sold at Sandy Lane, Oxford Ring Road in July 2007 although the credit crunch is likely to limit the number of potential purchasers in the future.

Top Rents

Prime rental levels increased slightly again in 2007 to reach £8.50 per sq ft again as Grade A stock declined.

Oxford 16 Year Rental Graph

Grade A industrial headline rents, 1992 -2007



Chancerygate, Kidlington.
A development of 20 new industrial units from 2,000 - 7,400 sq ft



Nimrod, Witney.
A small unit industrial scheme of 40,000 sq ft in Witney by Abacus Developments. 5 units sold prior to practical completion



Eagle House, Oxford.
A new development of 22,000 sq ft Grade A offices by Lucy Properties. A BREEAM rated 'very good' building due for completion by end of 2008



OX1.
A proposed new landmark office building on Oxford Ring Road comprising 14,000 sq ft by Jewson Ltd

Development Land & Investment Market

For the investment market 2007 was a year of two halves. The impact of the credit crunch has had a significant effect on investment values and re-adjustments of 100 base points on valuations are likely, not just effecting Oxfordshire but the whole of the UK. The strength of the Oxford market and lack of investment opportunities should ensure Oxfordshire remains more insulated to these corrections.

There are a number of development land sales in 2007. VSL acquired a 6.5 acre site in Sandy Lane Oxford for Naus/Albion Land following strong competition paying price of £1.14 million per acre. This

former DHL site is already receiving strong interest with 30,000 sq ft pre-let already achieved and new record rents for Oxford proving the value of the site.

An eight acre site was also sold at Standlake in West Oxfordshire to a waste transfer company at a price of approximately £600,000 per acre. This reinforces the price for more marginal secondary sites in Oxfordshire.

Other activity of note include the acquisition of Oxford Airport, Kidlington by the Reuben Brothers for a reported £40 million.

Commercial Property Forecast for 2008

Occupiers and landlords are still taking stock of the uncertain economic and financial climate at the beginning of 2008. Despite this we have already recorded a take up of 80,000 sq ft of offices in January including the acquisition of 35,000 sq ft refurbished office building at Littlemore Park, Oxford by SAE Institute, which significantly reduces the available Ring Road stock. City Centre activity also remains strong for good quality offices and we anticipate good demand for the new Eagle Works building which will be available later this year.

2008 saw the completion of sales at a number of the smaller unit schemes at OYO Thame and Wallingford. We gauge the take up of small unit industrial schemes is weakening as the credit crunch impacts on smaller company's ability to fund purchases.

In Oxford City Centre the commencement of the Westgate Shopping Centre continues to be a somewhat drawn out saga, although planning permission has been granted and the final logistics are still to be sorted but it is intended to commence construction later in 2008. Other retail development is taking place at Marriotts Close, Witney and Bicester town centre illustrating the strength of the consumer demand in Oxford Market towns.

VSL & Partners

We are an independent property consultancy offering advice in respect of all aspects of commercial property,

including valuation, landlord & tenant, rating, management, investment, development and agency work.

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