officebroker.com

SERVICED OFFICE REVIEW

NORTH EAST
Q3 2010

NORTH EAST***

INTRODUCTION

The following report utilises statistics for Q3 10 from officebroker.com, the UK's leading independent broker of serviced office space, to present activity in the serviced office market during Q3 10.

The report focuses on the following key areas in the North East *** region:

- Supply of and demand for serviced office space - In terms of the number of enquiries, the size and shape of those enquiries and the number of placements
- New Serviced Office Tenants (SOTs) - In terms of workstation prices and initial license length commitment

Using the statistics from these areas, a detailed overview of the serviced office industry in the North East was compiled to provide a comparative report of the changes within the serviced office market during Q3 10 compared to Q3 09.

**** officebroker.com defines the North East region as areas located within the following postcode prefixes: DH, DL, NE, SR, TS*

HIGHLIGHTS

**Q3 2010
COMPARED TO Q3 2009:**

- **Enquiry levels increased by +23% in Q3 10**
- **The number of newly signed serviced office tenants (SOTs) increased by +52%**
- **Average number of workstations per SOT decreased to 3.2**
- **Average workstation price increased from £146.00 to £184.00**
- **Average license length increased from 4.4 months to 8.2 months**

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SUPPLY OF SERVICED OFFICE SPACE

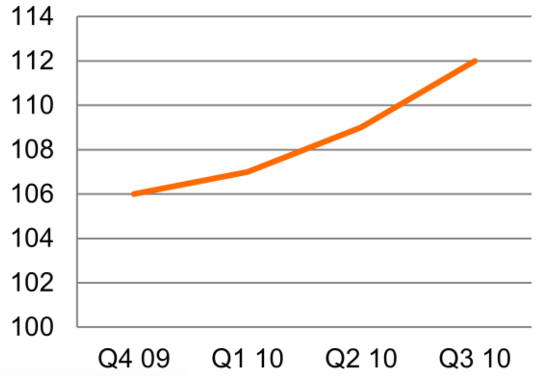
The number of serviced office buildings registered with officebroker.com in the North East increased from 109 to 112

The total number of serviced office buildings registered with officebroker.com in the North East increased to 112 during Q3 10 – representing a net increase of 3 buildings on the figure of 109 recorded at the close of Q2 10.

officebroker.com currently lists 2,544 active serviced office buildings in the UK, the 112 serviced office buildings listed within the North East region accounts for 4% of the total UK supply offered / available through the officebroker.com service.*****

****Information correct at time of publication***

Fig 1: North East:
Serviced Office Buildings



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DEMAND FOR SERVICED OFFICE SPACE

Enquiry levels increased by +23% in Q3 10

Quarterly Activity – The number of enquiries received by officebroker.com for serviced office space in the North East was +23% higher in Q3 10 than in Q3 09.

Year-to-Date Activity – Having also generated increased enquiry levels in Q1 and Q2 of 2010, the additional rise which occurred during Q3 10 has resulted in an overall increase of +41% in the number of serviced office space enquiries received to date by officebroker.com in 2010.

National Comparison – During Q3 10 the total number of enquiries received by officebroker.com throughout the UK increased by +16% compared to Q3 09.

This national activity indicates that the percentage increase seen in the North East (+23%) during Q3 10 was greater than in other areas of the UK during this same period.

** Effective from 1st February 2010, officebroker.com extensively expanded its online marketing and affiliate program.*

As a direct result of this activity the number of enquiries received by officebroker.com increased substantially from February 2010 onward. Such increases, while generating abnormally large changes when placed against previous data, will ensure that the statistics reported by officebroker.com are an even more accurate assessment of the serviced office market here in the UK.

Fig 2: Q3 10 North East Enquiry Levels: 2009 vs 2010

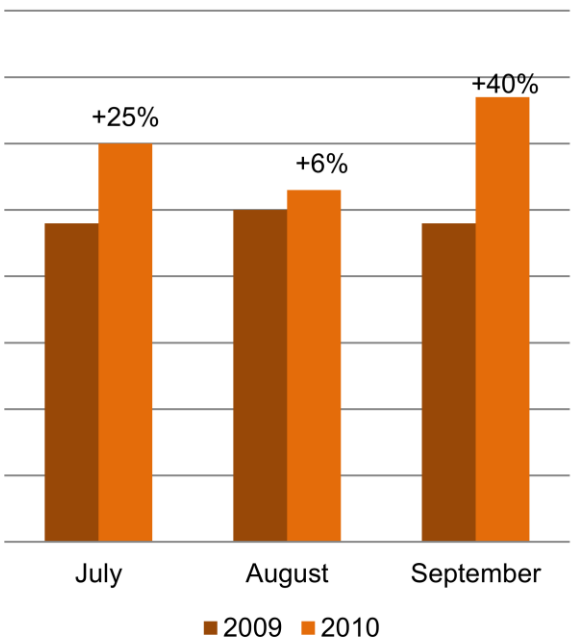
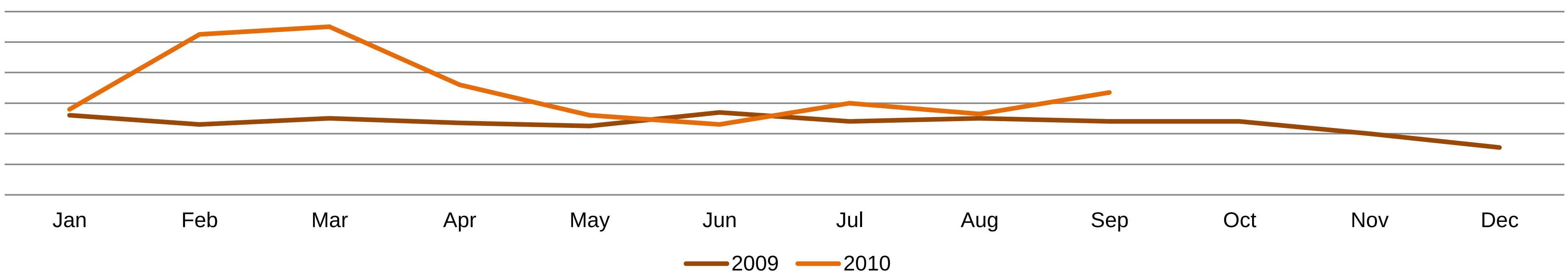


Fig 3. North East Enquiry Levels: Jan 2009 - Sep 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

The number of newly signed SOTs increased by +52%

Quarterly Activity – The number of businesses taking serviced office space through officebroker.com during Q3 10 exceeded Q3 09 levels by +52%.

Year-to-Date Activity – Between January – September 2010 the total number of SOTs entering serviced offices via the officebroker.com service remains -8% below 2009 levels.

As shown in Fig 5, SOT levels in Q2 and Q3 of 2010 were largely positive, trending in-line or above 2009 levels. In Q1 10 however the number of SOTs entering the market failed to match the higher levels experienced during Q1 09, the effects of which have impacted upon the year-to-date total.

National Comparison –

During Q3 10 the total number of SOTs taking serviced office space through officebroker.com decreased nationally by -17% compared to Q3 09.

Having recorded a +52% increase in SOTs during Q3 10 in the North East, the activity within this region of the UK has significantly exceeded national activity during Q3 10.

Fig 4: Q3 North East - SOT Levels 2009 vs 2010

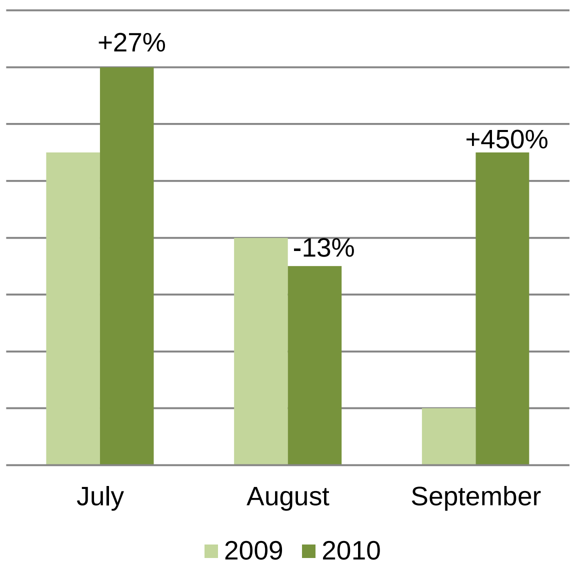
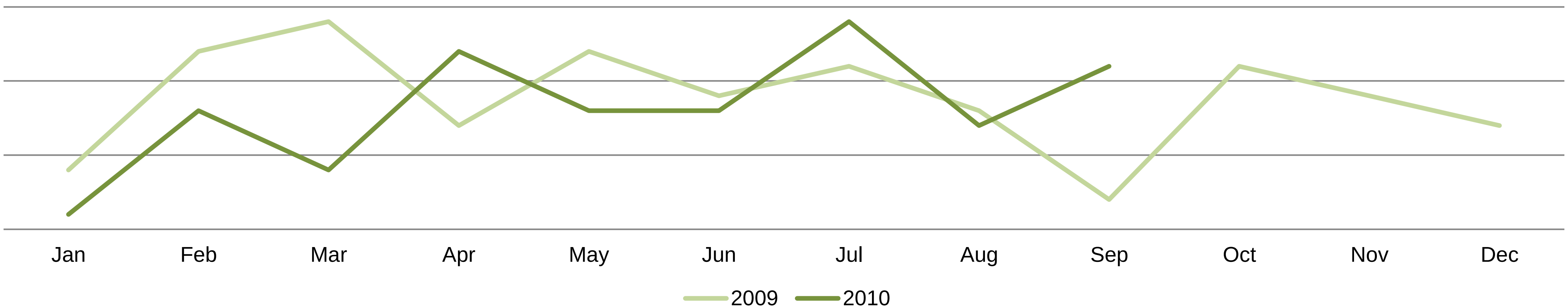


Fig 5. North East SOT Levels: Jan 2009 - Sep 2010



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AVERAGE WORKSTATIONS PER SOT

Average workstations per SOT decreased to 3.2 in Q3 10.

Quarterly Activity – The average number of workstations per SOT totalled 3.2 at the close of Q3 10, a decrease of 1.3 workstations (-29%) on the average requirement of 4.5 workstations per SOT recorded in Q3 09.

Year-to-Date Activity – Average workstation requirements to date in 2010 within the North East region are currently 1.5 workstations (+36%) higher than in the same period of 2009, having risen from an average of 4.1 workstation per SOT in 2009 to 5.6 workstations per SOT in 2010.

As shown in Fig 7 however, this overall increase in workstation requirements continues to be driven by the abnormally large requirements recorded during May 2010. Comparing year-to-date activity in the North East without the May 2010 surge, workstation requirements have decreased by -14%.

National Comparison – The average number of workstations per SOT throughout the UK decreased during Q3 10, falling from an average of 4 workstations per SOT in Q3 09 to 3.9 (-2%) at the close of Q3 10.

Comparing this national activity to that of the North East in Q3 10, the percentage change and average workstation requirement within the region are lower than the national averages recorded by officebroker.com during the same period.

Fig 6. North East Workstations 2009 vs 2010

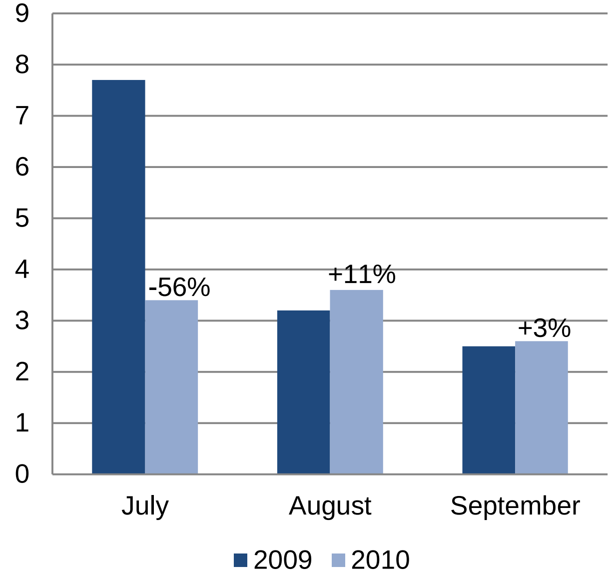
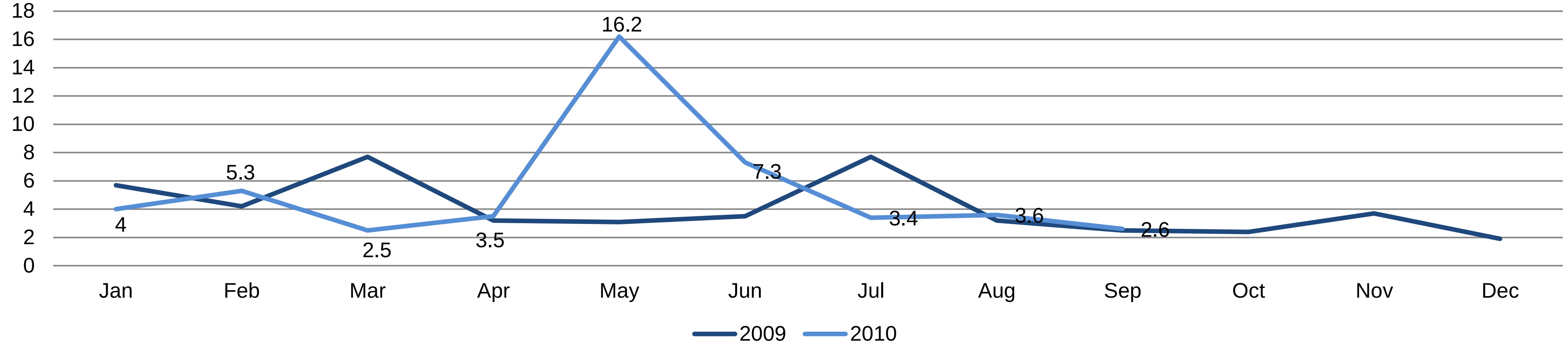


Fig 7. North East: Average Workstations Per SOT Jan 2009 - Sep 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation increased to £184.00 in Q3 10

Quarterly Activity – The average price per workstation in the North East was £184.00 in Q3 10, an increase of £38.00 (+27%) on the average price of £146.00 recorded in Q3 09.

Year-to-Date Activity – According to officebroker.com data, the average workstation price in the North East between January – September 2010 was £167.00, a £7.00 (+4%) increase on the price of £160.00 recorded throughout the same period of 2009.

As shown by Fig 9, this overall increase in the average year-to-date workstation price has been driven by the higher prices registered between June – September 2010, counteracting the lower workstation prices recorded in the North East during the earlier stages of 2010.

National Comparison – During Q3 10 the average price per workstation fell nationally by £27.00 (-11%), from £251.00 in Q3 09 to £224.00 by the close of Q3 10.

While the percentage increase recorded by officebroker.com in the North East (+27%) was significantly higher than the national average (-11%) during this same period, the average workstation price within the North East (£183.00) remained lower than that of the national average (£224.00).

This means that during Q3 10 average workstation prices in the North East were £40.00 lower than that of the national average recorded by officebroker.com in Q3 10.

Fig 8: Q3 Average Workstation Prices 2009 vs 2010

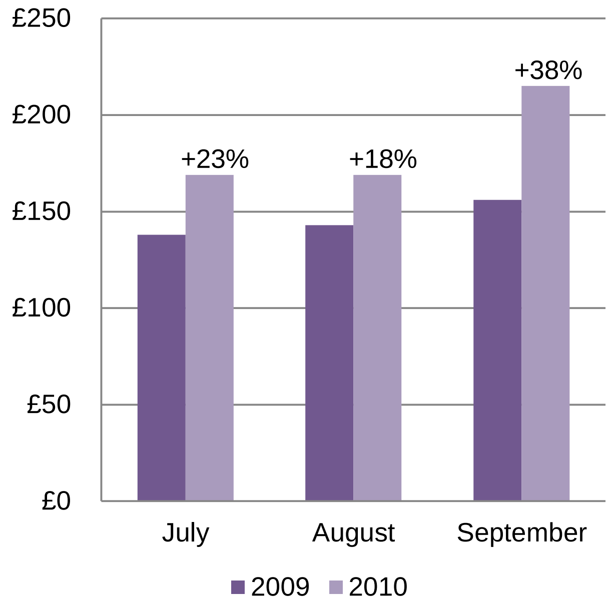
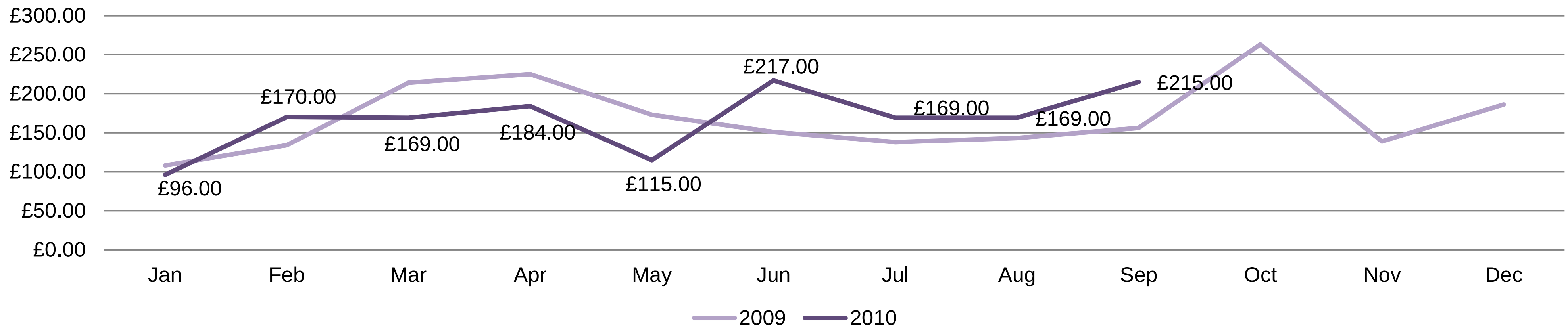


Fig 9. North East: Average Price Per Workstation - Jan 2009 - Sep 2010



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AVERAGE LICENSE LENGTHS

Initial license lengths increased to 8.2 months in Q3 10

Quarterly Activity – In Q3 10 new SOTs entering serviced office space in the North East through officebroker.com were signing average license lengths of 8.2 months, an increase of 3.8 months (+85%) on the average license length of 4.4 months recorded during Q3 09.

Year-to-Date Activity – Between January – September 2010 new SOTs entering serviced offices in the North East via officebroker.com were signing average license lengths of 8.9 months, an increase of 3.2 months (+57%) on the average of 5.7 months recorded in 2009.

Comparing month-on-month activity during this nine month period (Fig 11), it is clear that the increase in average license length during 2010 to-date is the result of SOTs entering into longer initial licenses on a continued and consistent basis, with average license lengths exceeding 2009 levels in seven out of the nine months to-date in 2010.

At 8.9 months, the North East has the longest average license length of any UK region to-date in 2010.

National Comparison – During Q3 10 license lengths averaged 8 months nationally, an increase of 2 months (+26%) on the average license length of 6 months recorded in Q3 09.

With an average license length of 8.2 months being recorded in the North East, businesses entering serviced office space via officebroker.com during this period appear to be trending in-line with the national activity recorded during this same period.

Fig 10: Q3 Initial License Length 2009 vs 2010

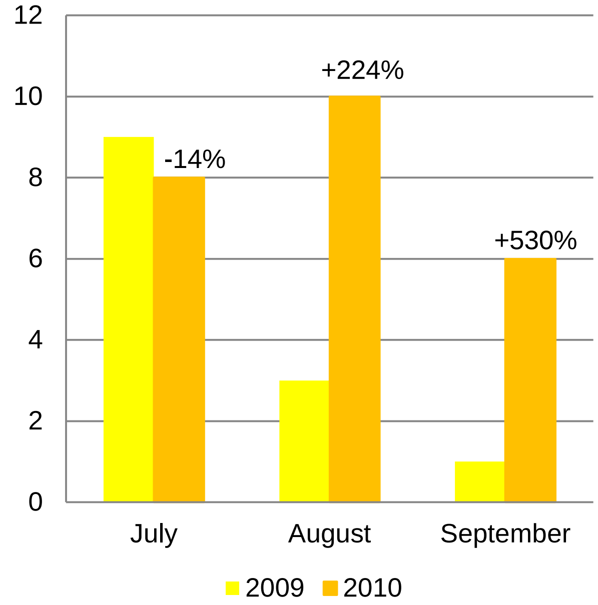
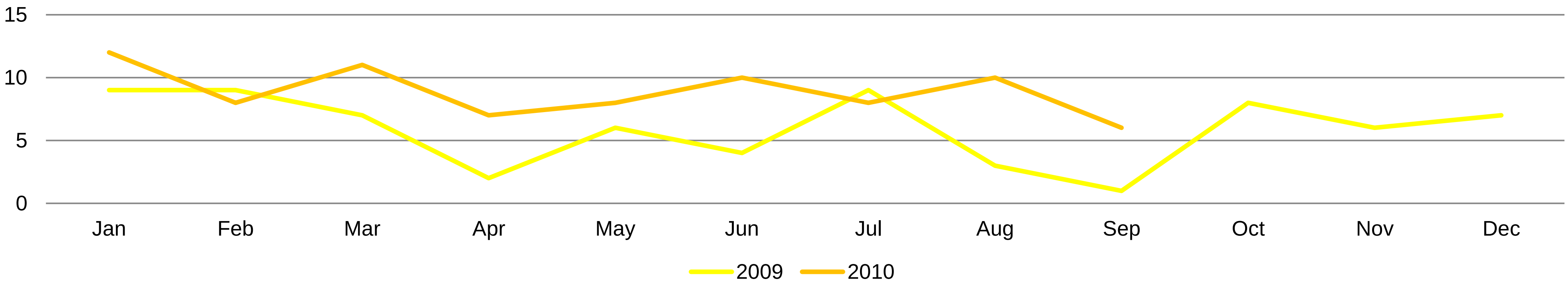


Fig 11. North East: Average License Lengths - Jan 2009 - June 2010



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SUMMARY

When taking into account all the information for Q3 10, the following key findings can be drawn:

- Enquiry levels increased by +23% during Q3 10, building upon the previous increase recorded in 2010.
- The overall number of new serviced office tenants increased by +53%.
- Average workstation price exceeded 2009 levels in Q3 10.
- Average license lengths exceeded Q3 09 levels and were the highest of any UK region in 2010 to-date.

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RESEARCH

For more information in relation to officebroker.com's research, or for further details on any other UK Regions, please contact us via the following channels:

Simon Jones
Simon.jones@officebroker.com
0870 112 3667 (opt 2)
Sir Robert Peel Mill, Mill Lane, Fazeley, B78 3QD

officebroker.com research is also available online at:

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EDITORS NOTES

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Clients receive expert advice from regional consultants, who offer support and guidance throughout the process of finding office space, arranging a tour, and finalising the contract.

Contact officebroker.com for help finding serviced office space, or to advertise a building online.

REFERENCES

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