

officebroker.com

SERVICED OFFICE REVIEW

CENTRAL LONDON
Q2 2010



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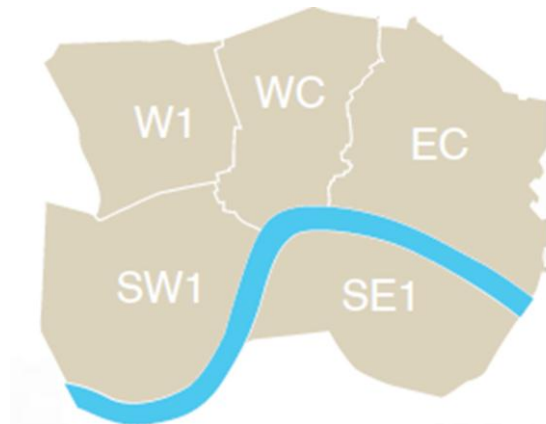
INTRODUCTION

The following report utilises statistics for Q2 10 from officebroker.com, the UK's leading independent broker of serviced office space, to present activity from the serviced office market during Q2 10.

The report focuses on the following key areas in the Central London** 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 in these areas, a detailed overview of the serviced office industry in Central London was compiled to provide a comparative report of the changes within the serviced office market during Q2 10 compared to Q2 09.



**** officebroker.com defines the Central London region as areas located within the following postcode prefixes: EC, SE1, SW1, WC, W1.**

HIGHLIGHTS

Q2 10 COMPARED TO Q2 09:

- Enquiry levels increased +38%
- The number of newly signed serviced office tenants (SOTs) grew by +59%
- The average number of workstations per SOT rose from 5.4 to 5.5
- Average workstation price rose from £475 to £501
- Average license length fell from 8.6 months to 8.3 months

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SUPPLY OF SERVICED OFFICE SPACE

The number of serviced office buildings registered with officebroker.com in Central London decreased to 225 from 228

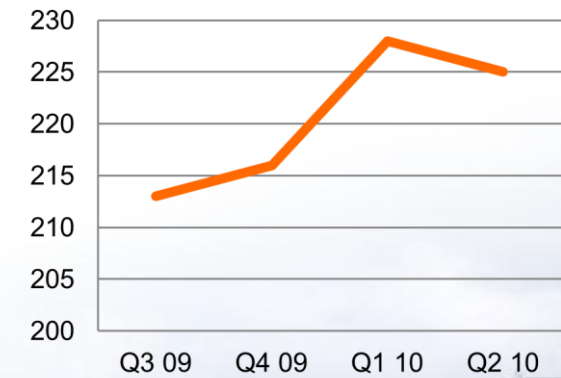
The total number of serviced office buildings registered with officebroker.com in Central London fell to 225 during Q2 10 – representing a net decrease of 3 buildings on the figure of 228 recorded at the close of Q1 10.

Fig. 1 illustrates that this is the first time a decrease has been recorded in the last 12 months, equating to a reduction of 1.3%.

Since Q3 09 there has been a continuous increase (+5.6%) in the total number of serviced office buildings registered with officebroker.com.

The slight decrease in Q2 10 therefore may indicate a stabilising in the number of serviced office providers utilising the officebroker.com service.

Fig 1: Central London: Serviced Office Buildings



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DEMAND FOR SERVICED OFFICE SPACE

Q2 2010 Enquiry Levels exceeded those of Q2 2009 by +38% overall.

Quarterly Activity – The total number of enquiries received by officebroker.com for the Central London region increased by +38% in Q2 10 compared to Q2 09.

Year-to-Date Activity – The Q2 10 increase marks the 2nd consecutive quarter in which officebroker.com generated a higher number of enquiries for serviced office space in Central London.

Taking into account the Q1 10 (+55%) and Q2 10 increase (+38%), the overall number of enquiries generated by officebroker.com for Central London in the first 6 months of 2010 are currently +46.5% higher than in the same period of 2009.

National Comparison – During Q2 10 the total number of enquiries received by officebroker.com throughout the UK increased by +33% compared to Q2 09, indicating that the increases seen in Central London are higher than in other areas of the UK during Q2 10.

** 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: Q2 10 Central London Enquiry Levels: 2009 vs 2010

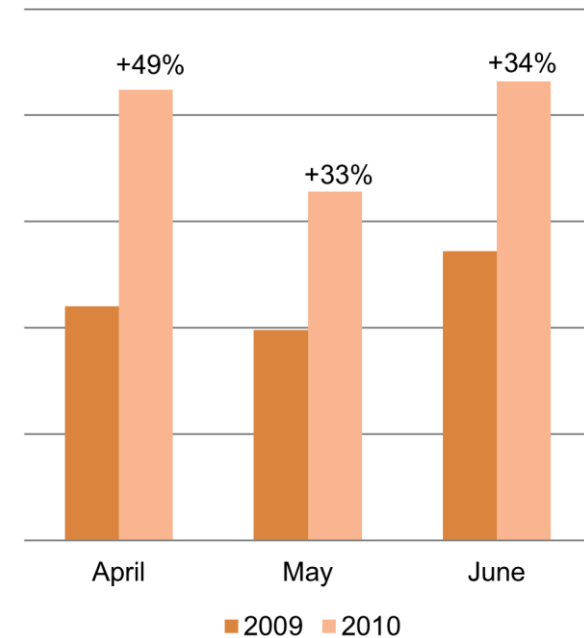
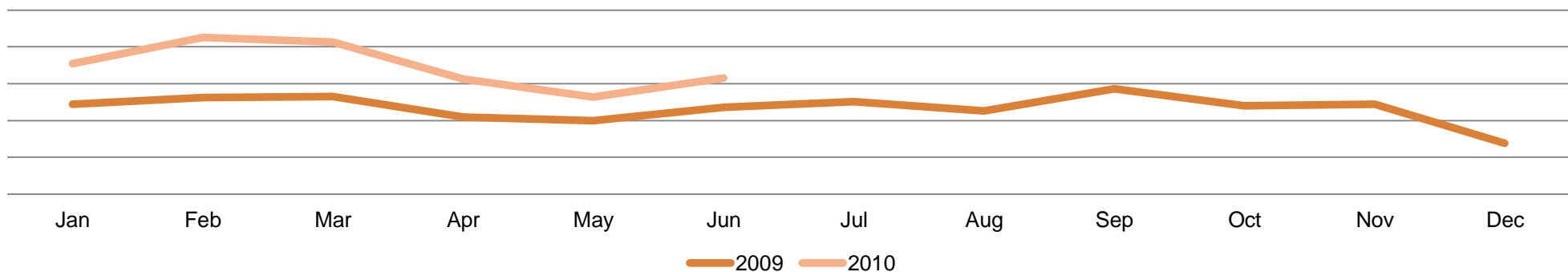


Fig 3. Central London Enquiry Levels: Jan 2009 - June 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

+59% increase in the number of new SOTs in Q2 10 compared to Q2 09

Quarterly Activity – The number of businesses taking serviced office space through officebroker.com in Central London was +59% higher in Q2 10 than in Q2 09

Year-to-Date-Activity – The increase in SOTs recorded in Q2 10 has resulted in quarter-on-quarter rises being recorded by officebroker.com in both Q1 and Q2 of 2010.

With officebroker.com’s sales cycle averaging 59 days from initial enquiry to placement, it would appear that the additional enquiries generated in Q1 10 (+55%), as a result of the increased marketing activity by officebroker.com, are now resulting in a greater number of SOTs taking office space in Central London through officebroker.com in Q2 10.

National Comparison – During Q2 10 the total number of SOTs taking serviced office space through officebroker.com in the UK increased by +5% on Q2 09 levels.

At +59% the increase in SOTs recorded in Central London is substantially ahead of the rest of the UK and was a significant factor in driving the overall increase in the number of new SOTs entering serviced office space through officebroker.com during Q2 10.

Fig 4: Q2 SOT Levels 2009 vs 2010

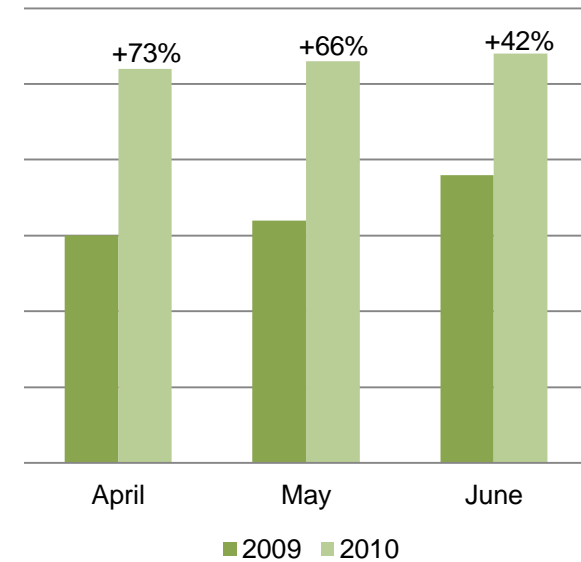
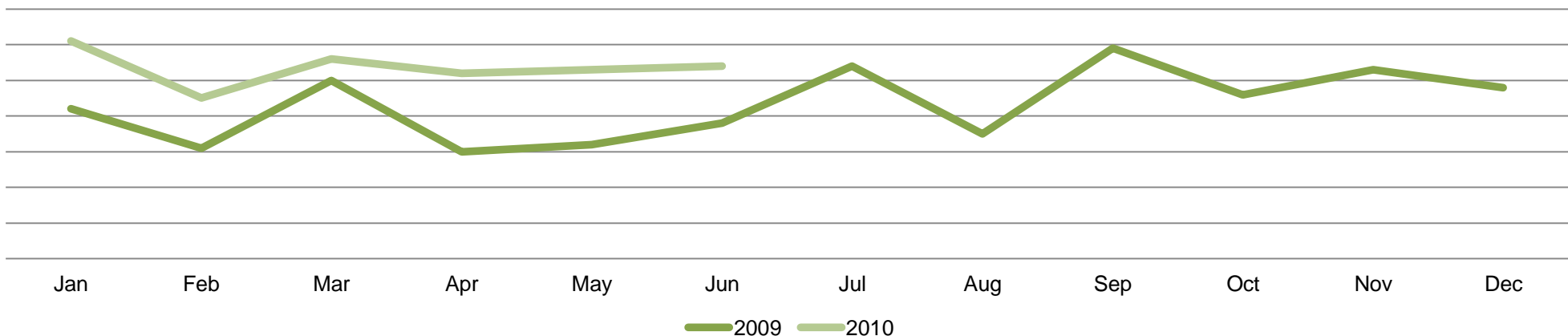


Fig 5. Central London SOT Levels: Jan 2009 - June 2010



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AVERAGE WORKSTATIONS PER SOT

Average workstations per SOT rose from 5.4 to 5.5 in Q2 10 compared to Q2 09

Quarterly Activity – The average number of workstations per SOT totalled 5.5 at the close of Q2 10, an increase of +3% on the average of 5.4 workstations per SOT recorded in Q2 09.

With only a 3% difference between Q2 09 and Q2 10, the average number of workstations being taken by businesses entering serviced office space through officebroker.com in Central London in 2010 has remained relatively stable.

The average number of workstations per SOT does however still remain -21% below the average workstation requirements of Central London in Q2 08 (7.0 workstations).

National Comparison – The average number of workstations per SOT throughout the UK increased from 3.8 in Q2 09 to 4.5 at the close of Q2 10, a rise of +16%.

With an average of 4.5 workstations per SOT across the UK in Q2 10, the total of 5.5 workstations per SOT recorded in Central London shows that the number of workstations required by businesses in Central London remained higher than in other areas of the UK during this period.

Fig 6: Q2 Average Workstations 2009 vs 2010

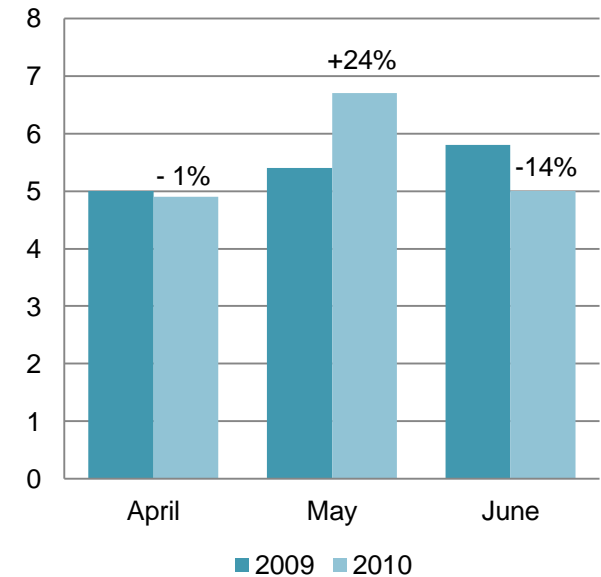
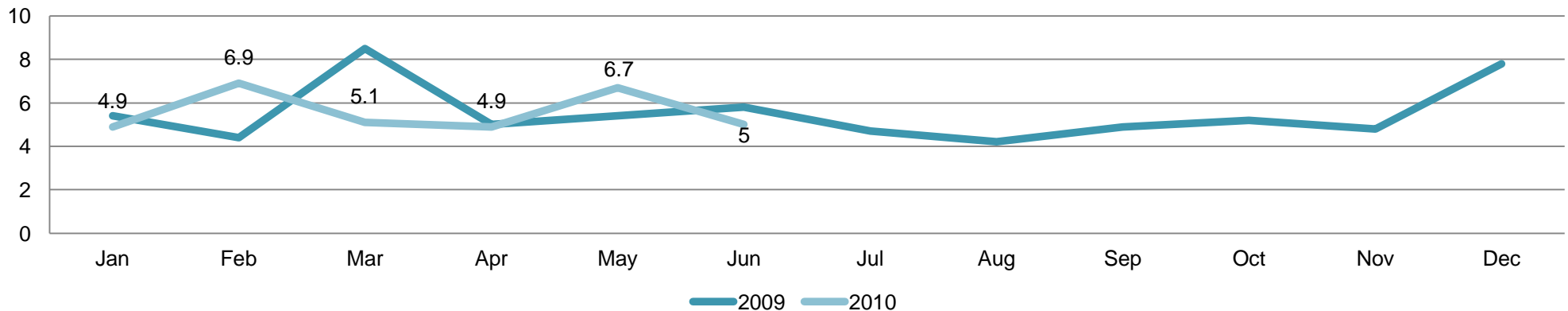


Fig 7. Central London: Average Workstations Per Sot - Jan 2009 - June 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation increased by +5% in Q2 10 compared to Q2 09

Quarterly Activity – The average price per workstation in Central London was £501.00 in Q2 10, an increase of +5% on the average price of £475.00 recorded in Q2 09.

Year-to-Date Activity – This Q2 10 increase builds upon the +23% increase in average prices also recorded in Q1 10 and marks the 2nd consecutive quarter in which average workstation prices exceeded those of the previous year.

National Comparison – During Q2 10 the average price per workstation fell nationally by -13%, from £274.00 in Q2 09 to £238.00 by the close of Q2 10. Central London and the South East Region (+6%) were the only UK regions not to record a decrease in average workstation prices in Q2 10.

While the average workstation price of £501.00 recorded in Central London during Q1 10 is far higher than any other area of the UK, this average workstation price still remains £159.00 (-24%) below the prices recorded prior to the UK entering recession, with Q2 08 prices averaging £660.00 in Central London.

Fig 8: Q2 Average Workstation Prices 2009 vs 2010

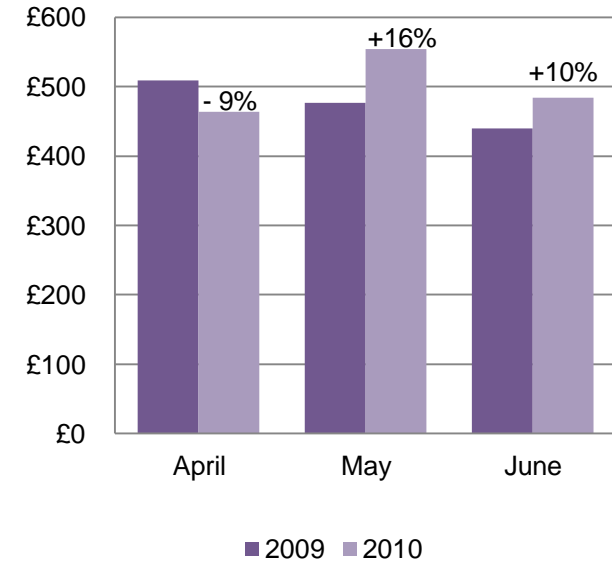
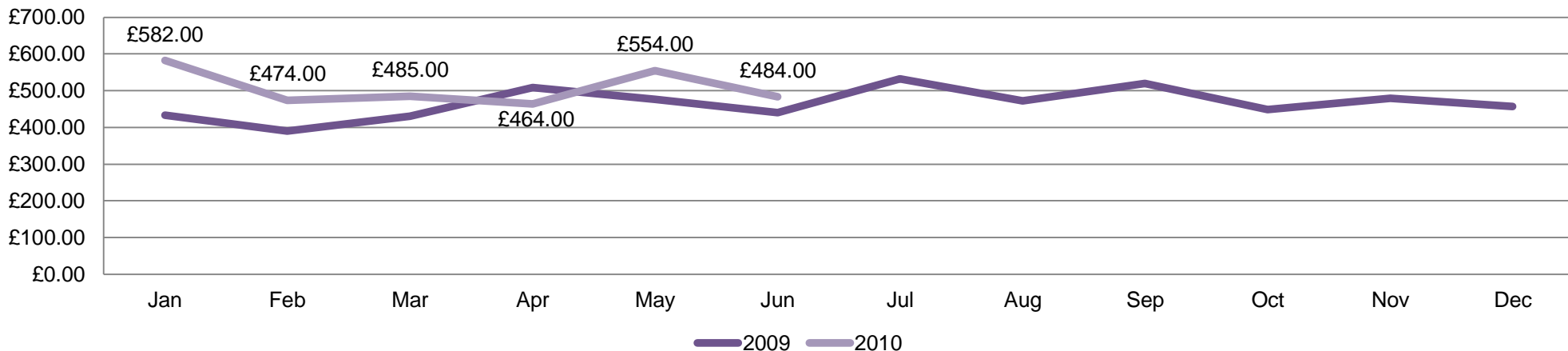


Fig 9. Central London: Average Price Per Workstation - Jan 2009 - June 2010



AVERAGE LICENSE LENGTHS

Initial license lengths decreased to 8.3 months in Q2 10 from 8.6 in Q2 09

Quarterly Comparison – In Q2 10 new SOTs entering serviced office space in Central London through officebroker.com were signing an average license length of 8.3 months, a decrease of 0.3 months (-4%) on the average license length of 8.6 months recorded during Q2 09.

Year-to-Date Comparison – During the opening 6 months of 2010 the average license length of businesses entering serviced office space in Central London through officebroker.com averaged 8.0 months. In the same period of 2009 however average license lengths stood at 9.0 months, a year-on-year decline of 12.5%.

National Comparison – During Q2 10 license lengths averaged 7.3 months nationally, an increase of +6% on the average license length of 7.0 months recorded in Q2 09.

With an average license length 1.0 month longer than that of the national average in Q2 10, Central London was the UK region with the second highest average license length during the quarter, with only the North West region recording a higher average license length (8.4) during this same period.

Fig 10: Q2 Initial License Length 2009 vs 2010

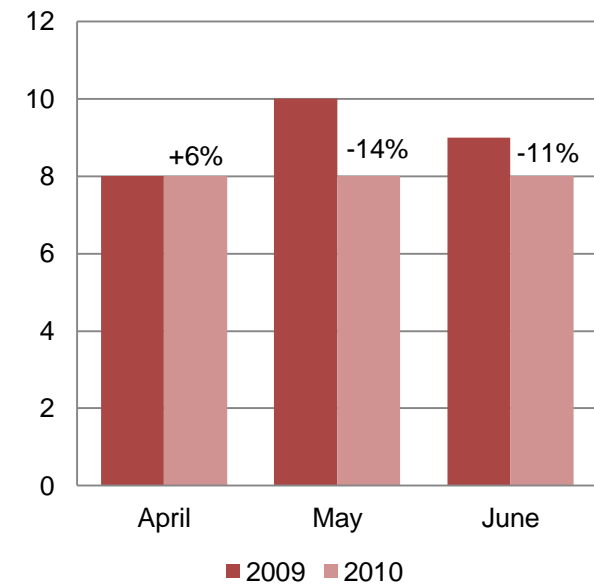
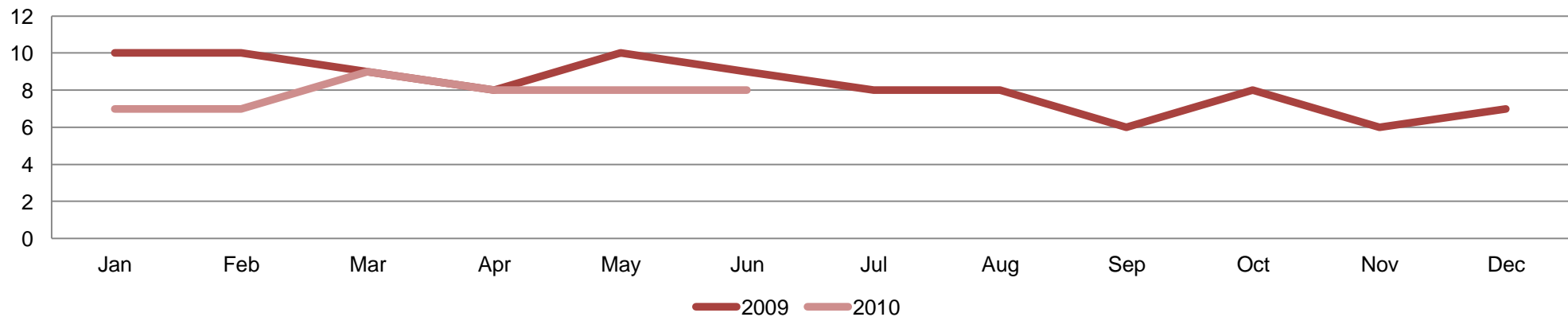


Fig 11. Central London: Average License Lengths - Jan 2009 - June 2010



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SUMMARY

When taking into account all the information for Q2 10, the following key findings can be drawn:

- Enquiry levels rose above previous year's figures for the second consecutive quarter.
- The overall number of new serviced office tenants continued to increase throughout the financial quarter – marking the fourth consecutive quarter in which SOT levels increased.
- Average workstation price has increased for a second consecutive quarter despite an overall decline nationally.
- Initial license lengths continued to fall but remained ahead of the national average.

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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.

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