officebroker.com

SERVICED OFFICE REVIEW

GREATER LONDON
Q3 2010

GREATER LONDON***

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 Greater 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 from these areas, a detailed overview of the serviced office industry in Greater London was compiled to provide a comparative report of the changes within the serviced office market during Q3 2010 compared to Q3 2009.

****officebroker.com defines the Greater London region as areas located within the following postcode prefixes: BR, CR, E, EN, HA, IG, KT, N, NW, RM, SE, SM, SW, TW, UB, W.*

HIGHLIGHTS

Q3 2010
COMPARED TO Q3 2009:

- **Enquiry levels increased +20%**
- **The number of newly signed serviced office tenants (SOTs) declined by -10%**
- **Average number of workstations per SOT decreased from 7.3 to 4.2 in Q3 10**
- **Average workstation price fell from £292.00 to £262.00**
- **Average license length increased from 6.7 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 Greater London increased to 358

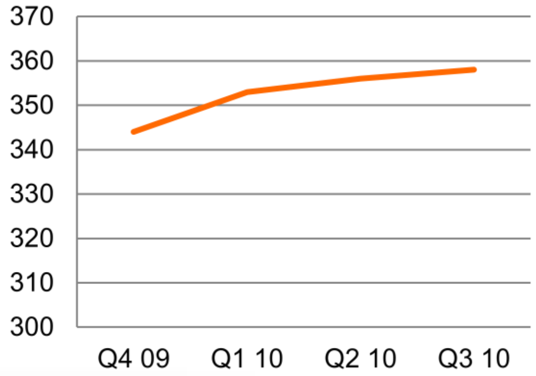
The total number of serviced office buildings registered with officebroker.com in Greater London increased to 358 during Q3 10 – representing a net increase of 2 buildings on the figure of 356 recorded at the close of Q2 10.

As shown in Fig 1, the overall number of serviced office buildings registered with officebroker.com has grown quarter-on-quarter, resulting in a 4% increase in the total number serviced office buildings utilising the officebroker.com site since Q4 09.

officebroker.com currently lists 2,544 active serviced office buildings in the UK, the 358 serviced office buildings listed within the Greater London region accounts for 14% of the total UK supply offered / available through the officebroker.com service.*

Information correct at time of publication

Fig 1: Greater London: Serviced Office Buildings



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DEMAND FOR SERVICED OFFICE SPACE

Enquiry levels in Q3 10 exceeded those of Q3 09 by +20% overall.

Quarterly Activity – The total number of serviced office space enquiries received by officebroker.com for Greater London increased by +20% in Q3 10 compared to Q3 09.

Year-to-Date Activity – The additional enquiries generated in Q3 10 build-upon increases recorded in the preceding financial quarters of 2010, with the combined effect of these rises resulting in the total number of serviced office space enquiries channelled through the officebroker.com service in 2010 exceeding 2009 levels by +37% overall.

National Comparison – During Q3 10 the overall number of enquiries received by officebroker.com in the UK increased by +16% compared to Q3 09, indicating that the number of new leads officebroker.com has been able to generate in Greater London is slightly higher than in other areas of the UK during Q3 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: Q3 10 Greater London Enquiry Levels: 2009 vs 2010

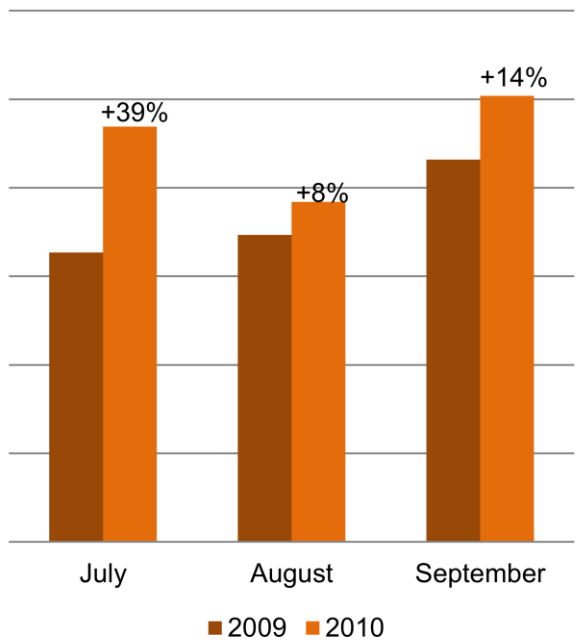
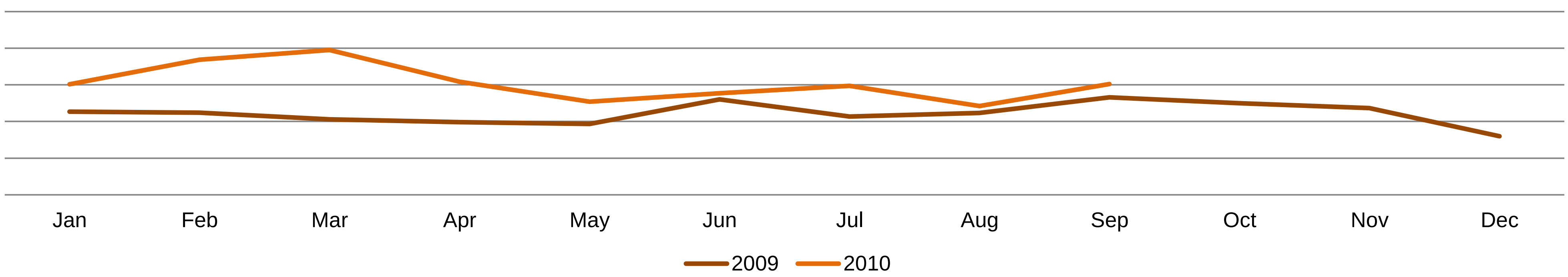


Fig 3. Greater London Enquiry Levels: Jan 2009 - Sep 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

New SOT levels decreased by -10% in Q3 10 compared to Q3 09

Quarterly Activity – The number of businesses entering serviced office space through the officebroker.com service in Greater London was -10% lower in Q3 10 than in Q3 09

Year-to-Date Activity – The number of new SOTs taking space through the officebroker.com service also fell below 2009 levels during the two previous quarters of 2010, meaning that the number of SOTs taking space via officebroker.com in Greater London decreased for the 3rd consecutive quarter.

The result of these decreases between January and September 2010 is that the overall number of SOTs taking space via officebroker.com in Greater London remains -10% below 2009 levels in 2010 to-date.

National Comparison – During Q3 10 the total number of SOTs taking serviced office space through officebroker.com was -17% lower than in Q3 09.

At -10%, the decrease in new SOT levels recorded in Greater London is lower than that of the national average during this same period, indicating that Greater London has performed better than many other areas of the UK during Q3 10.

Fig 4: Q3 Greater London - SOT Levels 2009 vs 2010

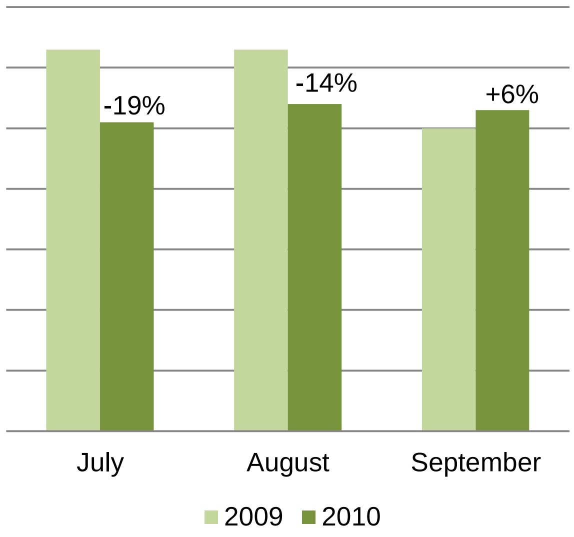
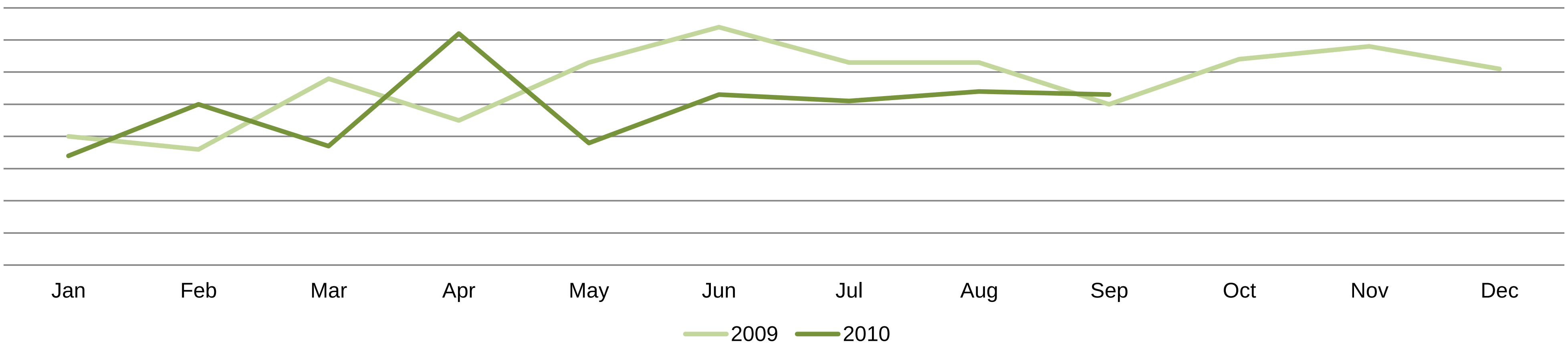


Fig 5. Greater London SOT Levels: Jan 2009 - Sep 2010



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AVERAGE WORKSTATIONS PER SOT

Average workstations per SOT decreased from 7.3 in Q3 09 to 4.2 in Q3 10

Quarterly Activity – The average number of workstations per SOT totalled 4.2 at the close of Q3 10, a decrease of 3.7 workstation (-42%) on the average workstation requirement of 7.9 per SOT recorded in Q3 09.

Year-to-Date Activity – Despite having recorded an overall increase of +35% in average workstation requirements in the opening two quarters of 2010, the decrease that occurred in Q3 10 has resulted in an overall decline (-3% or 5.1 to 5 workstations per SOT) in the average workstation requirement within the Greater London region.

As shown by Fig 7, the impact of the earlier increases during 2010 were muted due to the larger requirements recorded in August 2009 remaining absent from the market in 2010.

National Comparison – The average number of workstations per SOT throughout the UK also decreased (-2% or 4 to 3.9 workstation per SOT) during Q3 10, demonstrating the Q3 activity recorded by officebroker.com within Greater London was in line with national trends.

In spite of the drop off in increased workstation requirements seen during the first half of 2010, average workstation requirements within Greater London have remained above national averages throughout 2010.

Fig 6. Q3 Greater London Workstations 2009 vs 2010

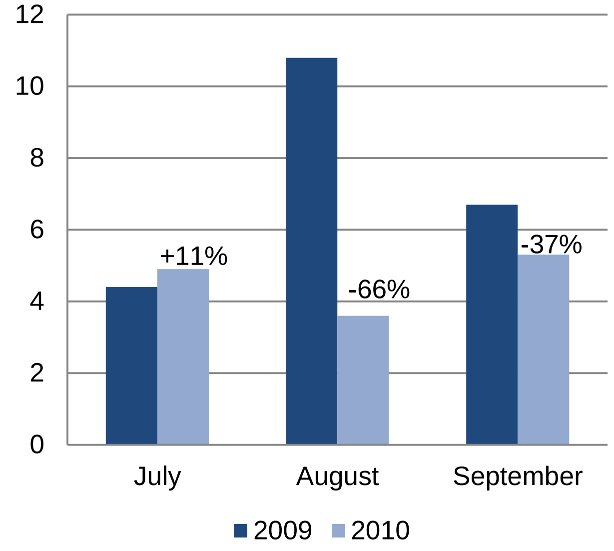
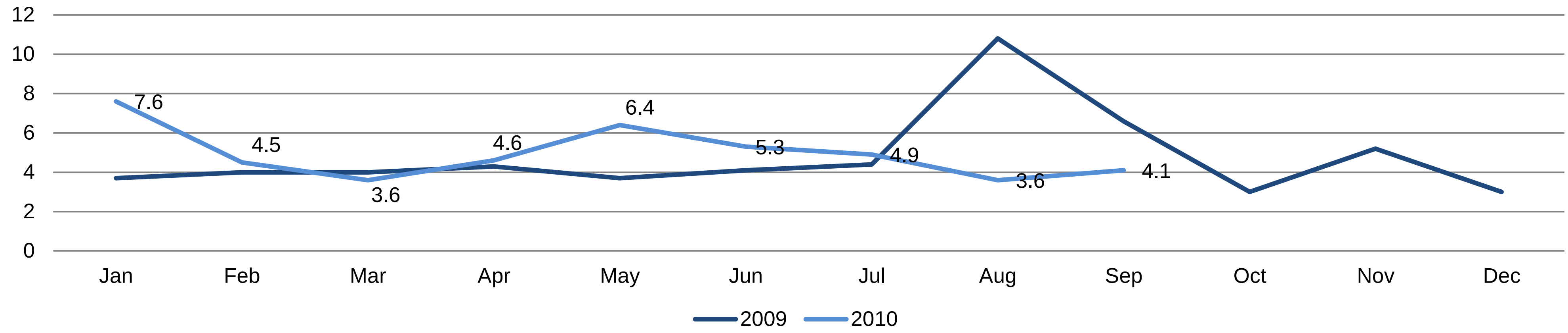


Fig 7. Greater London: Average Workstations Per Sot - Jan 2009 - Sep 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation decreased to £262.00 in Q3 10

Quarterly Activity – The average price per workstation in Greater London was £262.00 in Q3 10, a decrease of £30.00 (-10%) on the average price of £292.00 recorded in Q3 09.

Year-to-Date Activity – The reduction in average workstation prices during Q3 10 represents the second quarterly decrease in average workstation prices recorded by officebroker.com in the Greater London region during 2010

As a result of these decreases, the average workstation price within Greater London remains -8% below 2009 levels during 2010, falling from £286.00 per workstation in 2009 to £263.00 in 2010.

What is of particular note is that the year-to-date average of £263.00 per workstation in 2010 is £76.60 (-22%) below the average price of £339.60 recorded in the same period of 2008.

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.

Despite having recording a larger percentage decrease in average workstation price in Greater London, the average price per workstation in Greater London still remains £38.00 above that of the national average during Q3 10.

Fig 8: Q3 Average Workstation Prices 2009 vs 2010

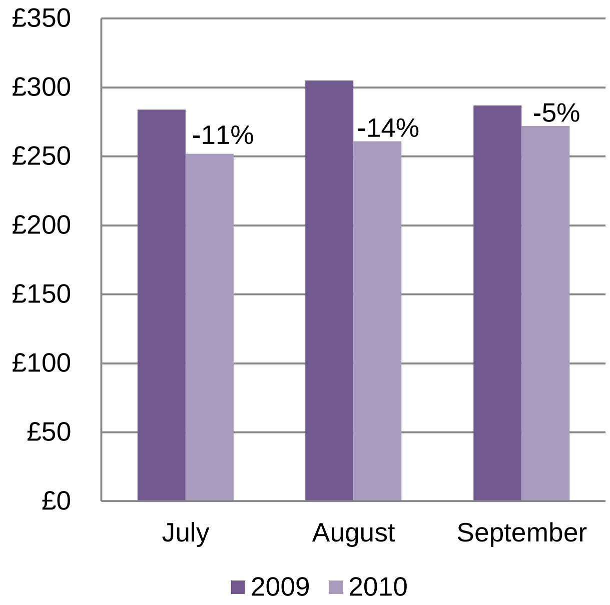

Fig 9. Greater London: Average Price Per Workstation - Jan 2009 - Sep 2010

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AVERAGE LICENSE LENGTHS

Initial license lengths increased to 8.3 months in Q3 10

Quarterly Activity – In Q3 10 new SOTs entering serviced office space in Greater London through officebroker.com were signing average license lengths of 8.3 months, an increase of 1.6 months (+24%) on the average license length of 6.7 months recorded during Q3 09.

Year-to-Date Activity – Having remained within 1% of 09 levels during Q1 and Q2 of 2010, the increase in average license length during Q3 delivers a notable change to the year-to-date activity recorded by officebroker.com, raising the average license length from 7.4 months in 2009 to 8.2 months 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 average license lengths in Greater London only slightly ahead of this national average (0.3 months), businesses in Greater London would appear to be trending in a similar fashion to the UK nationally in relation to license length commitment.

Fig 10: Q3 Initial License Length 2009 vs 2010

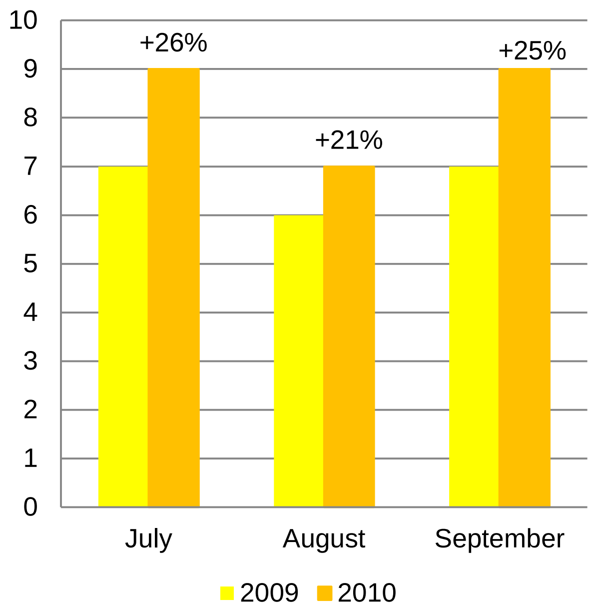
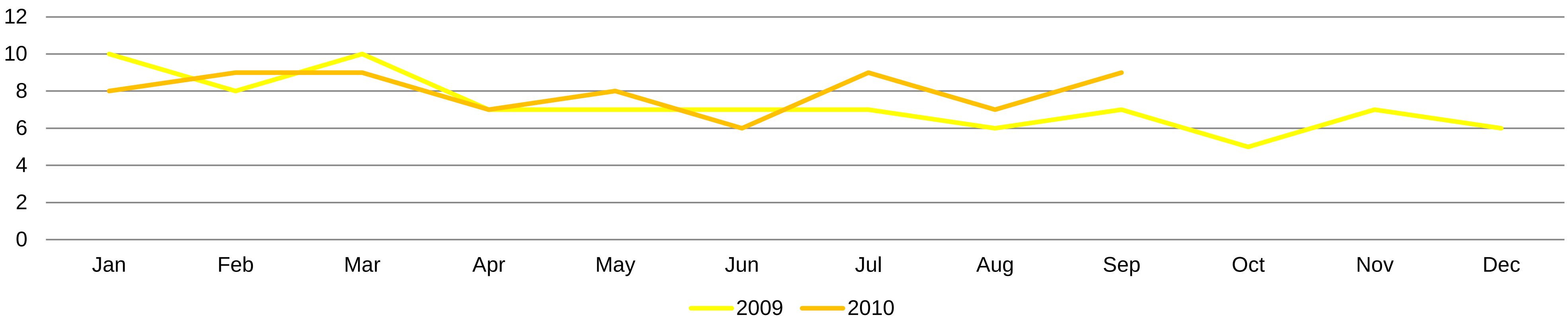


Fig 11. Greater London: Average License Lengths - Jan 2009 - Sep 2010



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SUMMARY

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

- The number of enquiries generated by officebroker.com continued to exceed 2009 levels during Q3 10.
- The overall number of new serviced office tenants decreased for the 3rd consecutive quarter.
- Average workstation price remained behind 2009 levels for the second consecutive quarter but continued to exceed the national average.
- Average license lengths increased during Q3 10 having remained largely unchanged in the previous quarters of 2010.

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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:

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officebroker.com research is also available online at:

www.officebroker.com/resources

EDITORS NOTES

officebroker.com is an independent specialist for serviced office space. Working with over 95% of all UK office space providers, officebroker.com offers free, consultative advice to assist businesses seeking office space in the UK and internationally.

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.

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