

officebroker.com

SERVICED OFFICE REVIEW

SCOTLAND
Q3 2010



SCOTLAND***

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 Scotland ***:

- 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 Scotland 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 Scotland region as areas located within the following postcode prefixes: AB, DD, EH, FK, G, IV, KA, KW, KY, ML, PA, PH

HIGHLIGHTS

Q3 2010 COMPARED TO Q3 2009:

- Enquiry levels increased +9%
- The number of newly signed serviced office tenants (SOTs) decreased by -15%
- Average number of workstations per SOT increased to 4.3
- Average workstation price decreased from £220.00 to £219.00
- Average license length increased from 8.4 months to 9 months

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SUPPLY OF SERVICED OFFICE SPACE

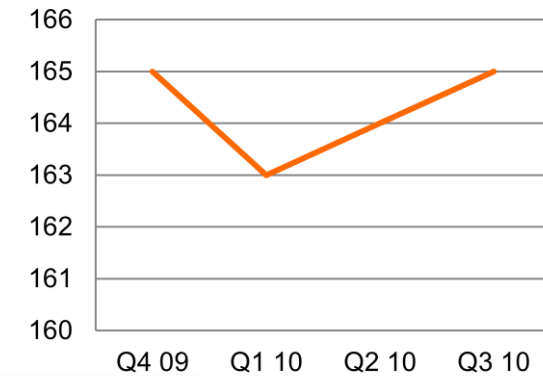
The number of serviced office buildings registered with officebroker.com in Scotland increased from 164 to 165.

The total number of serviced office buildings registered with officebroker.com in Scotland increased to 165 during Q3 10 – representing a net increase of 1 building on the figure of 164 recorded at the close of Q2 10.

officebroker.com currently lists 2,544 active serviced office buildings in the UK, the 164 serviced office buildings listed within Scotland accounts for 6% of the total UK supply offered / available through the officebroker.com service.*

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

**Fig 1: Scotland:
Serviced Office Buildings**



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DEMAND FOR SERVICED OFFICE SPACE

Enquiry levels increased by +9% overall in Q3 10

Quarterly Activity – The number of enquiries received by officebroker.com for serviced office space in Scotland increased by +9% in Q3 10 compared to Q3 09.

Year-to-Date Activity – The additional rise in enquiry numbers recorded by officebroker.com in Q3 10 builds upon the increases that also occurred in Q1 and Q2, resulting in the year-to-date enquiries received by officebroker.com for serviced office space in Scotland being +24% higher than in 2009.

National Comparison – During Q3 10 the total number of enquiries received by officebroker.com throughout the UK was +16% higher than in Q3 09, indicating that the increases seen in Scotland, while still positive, are slightly lower than in other areas of the UK during the third quarter of 2010.

** 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 Scotland Enquiry Levels: 2009 vs 2010

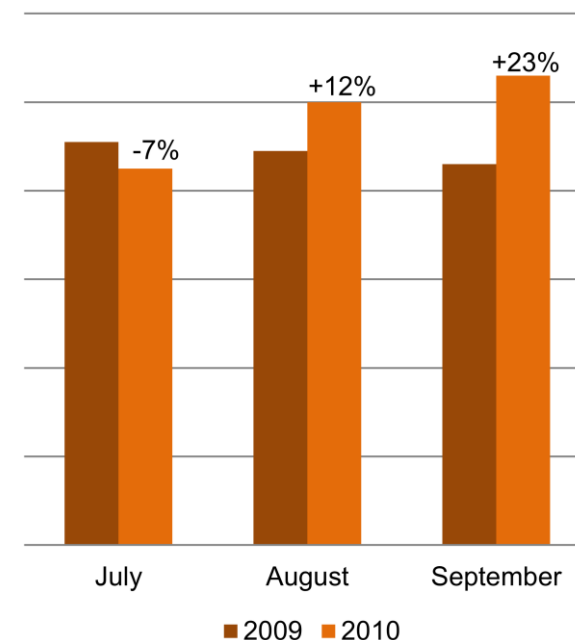
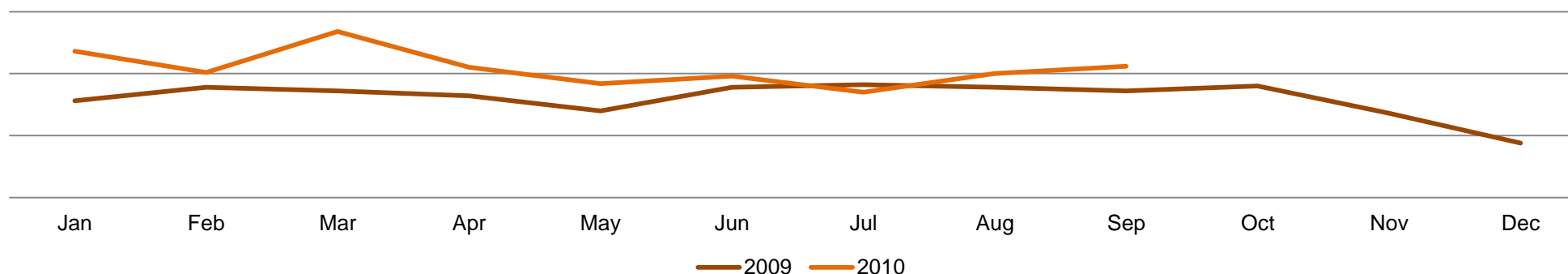


Fig 3. Scotland: Enquiry Levels: Jan 2009 - Sep 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

The number of newly signed SOTs was -15% lower in Q3 10

Quarterly Activity – The number of newly signed SOTs taking serviced office space through officebroker.com was -15% lower in Q3 10 than during Q3 09.

Year-to-Date Activity – Between Q1 10 and Q3 10, the total number of newly signed SOTs taking serviced office space via the officebroker.com service was -3% lower than in the same nine month period of 2009.

As shown in Fig 5, the largest variance between 2009 and 2010 levels occurred during Q1, with the early increase in new SOTs during January and February being diminished as a result of the high number of SOTs recorded in March and April of 2009 failing to appear in the market during 2010.

National Comparison – During Q3 10 the overall number of SOTs taking serviced office space through officebroker.com was -17% lower than in the same period of 2009.

Having recorded SOT levels -15% lower than in 2009 within Scotland during Q3 10, it would appear that the activity recorded remained in-line with the national trend which occurred during this financial quarter.

Fig 4: Q3 Scotland - SOT Levels 2009 vs 2010

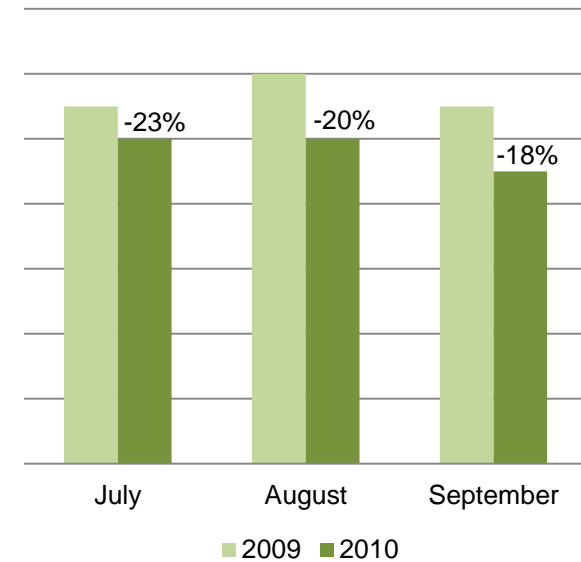
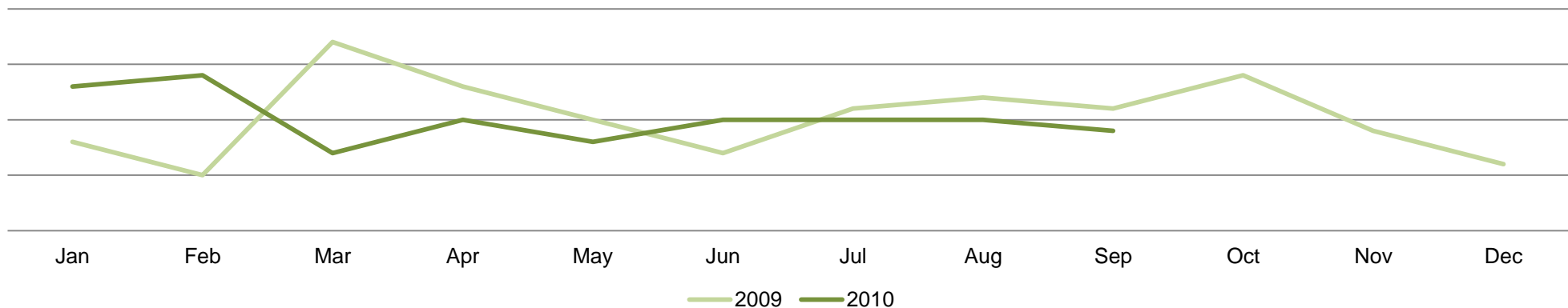


Fig 5. Scotland - SOT Levels: Jan 2009 - Sep 2010



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AVERAGE WORKSTATIONS PER SOT

Average workstations per SOT increased from 3.5 in Q3 09 to 4.3 in Q3 10.

Quarterly Activity – The average number of workstations per SOT totalled 4.3 at the close of Q3 10, an increase of +25% on the average workstation requirement of 3.5 per SOT recorded in Q3 09.

Year-to-Date Activity – In spite of the fluctuations that have occurred in average workstation requirements to-date in 2010, average workstation requirements are currently +8% higher in Scotland than during the same nine-month period of 2009.

As shown by Fig 7, the principle factor in this overall rise in the year-to-date workstation requirement is the activity recorded in September 2010, when a number of SOTs with larger workstation requirements entered the market. Despite an increase / peak also being recorded in September 2009, the requirement levels that occurred in 2010 were significantly higher.

National Comparison – The average number of workstations per SOT throughout the UK decreased from 4 in Q3 09 to 3.9 at the close of Q3 10 - a change of -2%.

Comparing this national activity to that of Scotland in Q3 10, both the percentage change (+25%) and average workstation requirement (4.3) were higher than the national average recorded by officebroker.com during this same period.

Fig 6. Scotland - Workstations 2009 vs 2010

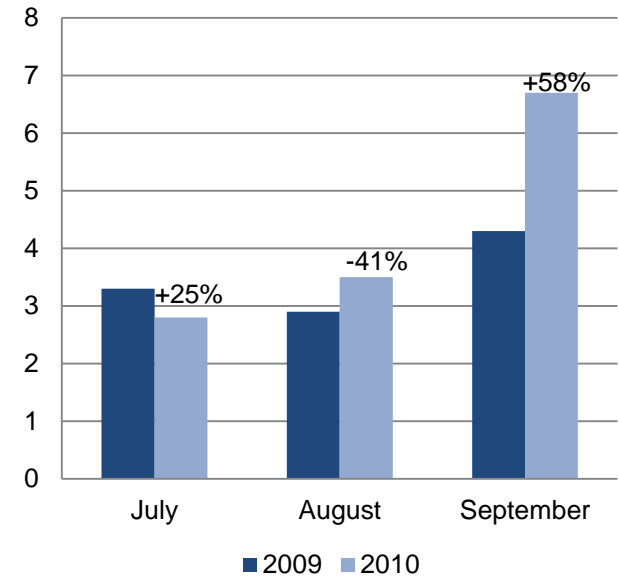
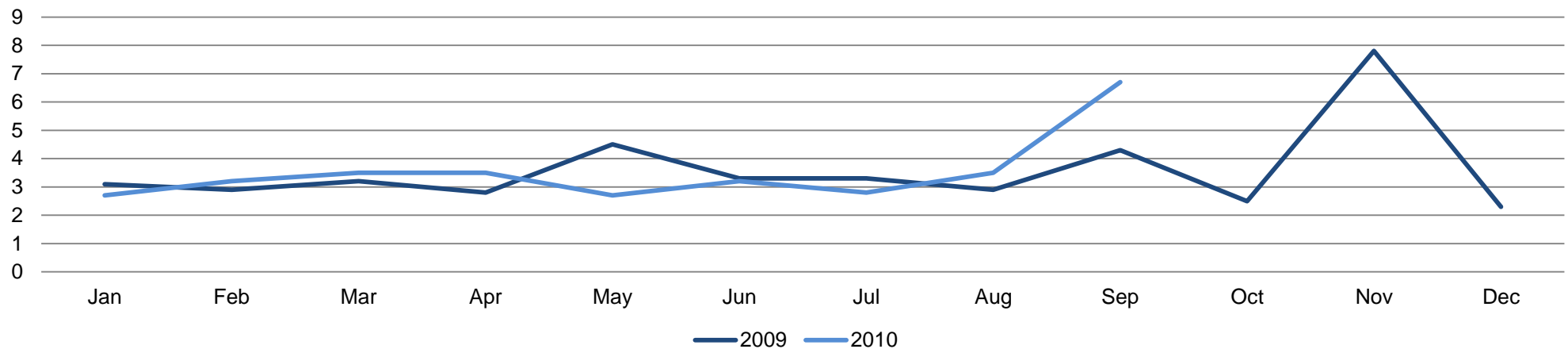


Fig 7. Scotland: Average Workstations Per SOT - Jan 2009 - Sep 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation was £219.00 in Q3 10

Quarterly Activity – The average price per workstation in Scotland was £219.00 in Q3 10, a decrease of just £1.00 on the average price of £220.00 recorded in Q3 09.

Year-to-Date Activity – Despite month-on-month decreases in the average workstation price being recorded in 5 out of 9 months to date in 2010, the year-to-date average workstation price remains £25.00 (+12%) higher than in the same nine month period of 2009.

As shown in Fig 9, the year-to-date price increase was and remains driven by the higher value deals which were completed during February, March and July 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.

Comparing this national activity to that of Scotland in Q3 10, it is clear that while the percentage change in average workstation prices altered little (-1%) in comparison, the workstation price within Scotland (£219.00) was slightly below that of the national average (£224.00).

Fig 8: Q3 Average Workstation Prices 2009 vs 2010

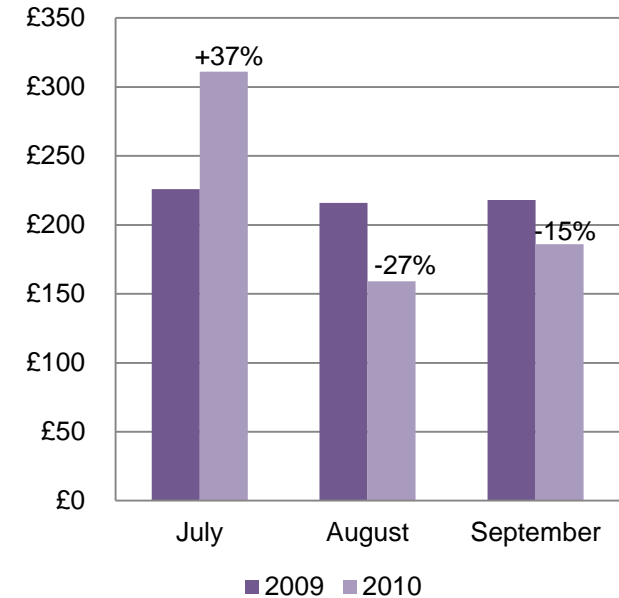
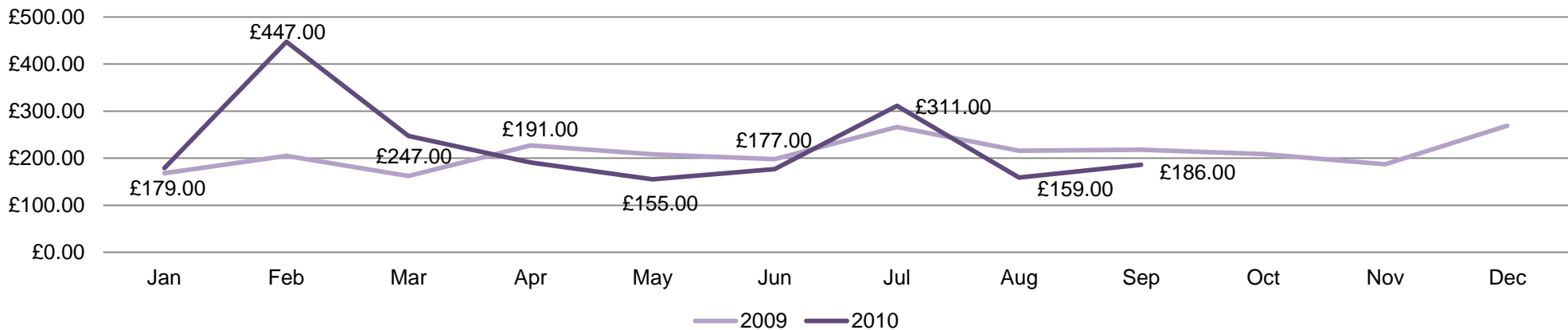


Fig 9. Scotland: Average Price Per Workstation - Jan 2009 - Sep 2010



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AVERAGE LICENSE LENGTHS

Initial license lengths increased to 9 months in Q3 10 from 8.4 in Q3 09

Quarterly Activity – In Q3 10 new SOTs entering serviced office space in Scotland through officebroker.com were signing average license lengths of 9 months, an increase of 0.6 months (+7%) on the average license length of 8.4 months recorded during Q3 09.

Year-to-Date Activity – The increase in average license lengths recorded in Q3 10 follows the up and down nature of average license lengths during the previous six months of 2010, as shown in Fig 11.

Despite average license lengths exceeding 2009 levels in five out of the nine months to date in 2010, the differences that occurred in the remaining four months have neutralised this activity and resulted in an overall average license length of 8.4 months - a license length precisely the same as that of 2009.

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 9 months being recorded in Scotland, not only did this license length exceed the national average for the same period but it was also amongst the longest average license length recorded in any area of the UK during.

The average license length of 9 months in Scotland was the third longest recorded in any UK region during Q3 10, with only Yorkshire & Humberside (9.7) and the East Midlands (9.1) recording a highest average license length in Q3 10.

Fig 10: Q3 Initial License Length 2009 vs 2010

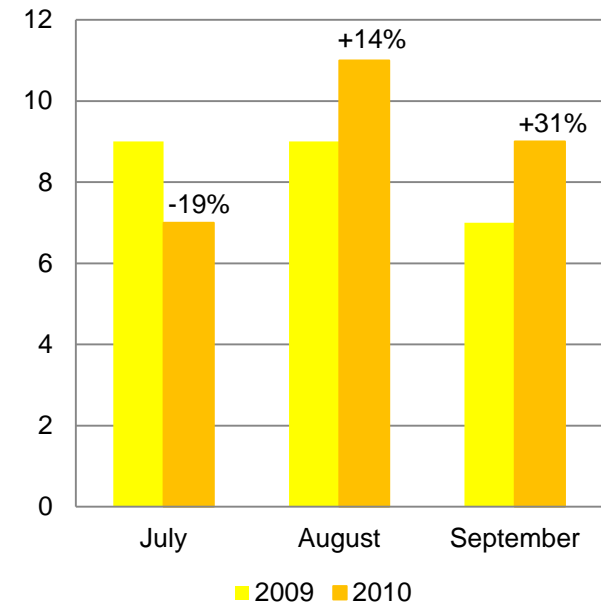
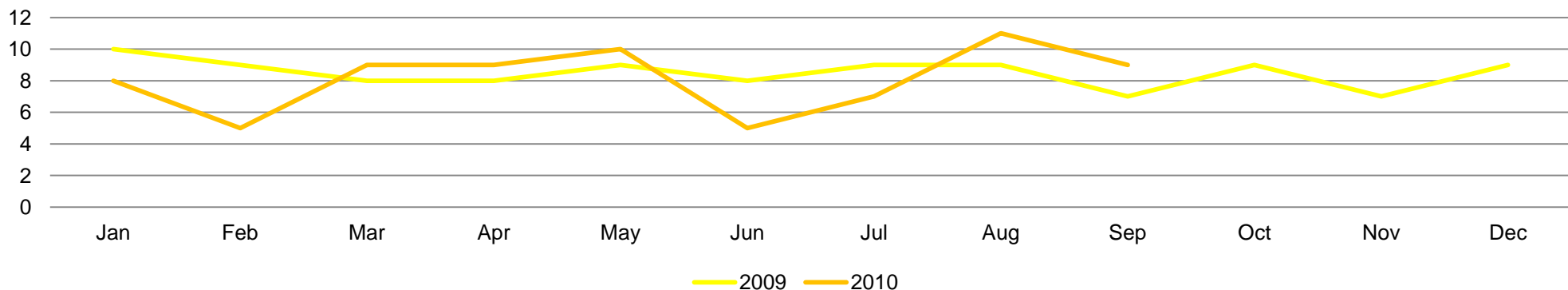


Fig 11. Scotland: Average License Lengths - Jan 2009 - Sep 2010



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SUMMARY

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

- Enquiry levels continued to increase during Q3 10.
- The overall number of new serviced office tenants was -15% lower than during Q3 09.
- Average workstation price remained within 1% of the Q3 09 price.
- Average license lengths increased and were amongst the highest recorded in any UK region.

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RESEARCH

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officebroker.com research is also available online at:

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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.

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