

# officebroker.com

## SERVICED OFFICE REVIEW

SOUTH EAST  
Q2 2010



# SOUTH EAST\*\*\*

## 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 in the serviced office market during Q2 10.

The report focuses on the following key areas in the South 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 South East 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 South East region as areas located within the following postcode prefixes: BN, CT, DA, GU, ME, MK, OX, PO, RG, RH, SL, SO, TN.

## HIGHLIGHTS

### Q2 2010 COMPARED TO Q2 2009:

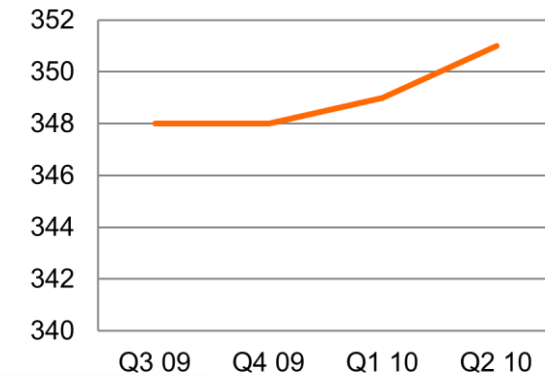
- Enquiry levels increased +37%
- The number of newly signed serviced office tenants (SOTs) increased by +13%
- Average number of workstations per SOT rose from 4.2 to 4.3
- Average workstation price increased from £230 to £244
- Average license length increased from 5.6 months to 6.7 months

## SUPPLY OF SERVICED OFFICE SPACE

### The number of serviced office buildings registered with officebroker.com in the South East increased from 349 to 351

The total number of serviced office buildings registered with officebroker.com in the South East increased to 351 during Q2 10 – representing a net increase of 2 buildings on the figure of 349 recorded at the close of Q1 10.

**Fig 1: South East:  
Serviced Office Buildings**



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# DEMAND FOR SERVICED OFFICE SPACE

## Q2 10 Enquiry Levels exceeded those of Q2 09 by +58% overall.

**Quarterly Activity** – The total number of enquiries received by officebroker.com for serviced office space in the South East increased by +58% in Q2 10 compared to Q2 09.

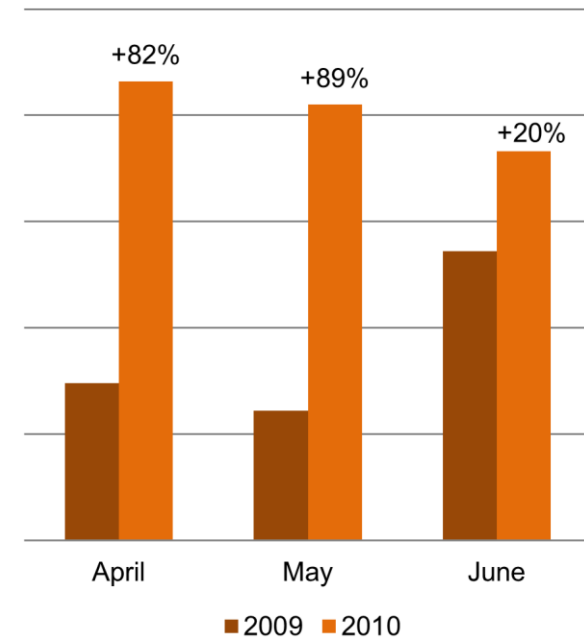
**Year-to-Date Activity** – This additional +58% increase in enquiries recorded by officebroker.com in Q2 10 follows a +61% increase in Q1 10, meaning the number of enquiries received by officebroker.com for serviced office space in the South East during the first half of 2010 was +60% higher than in 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 percentage increases seen in the South East were substantially higher than this Q2 10 national average.

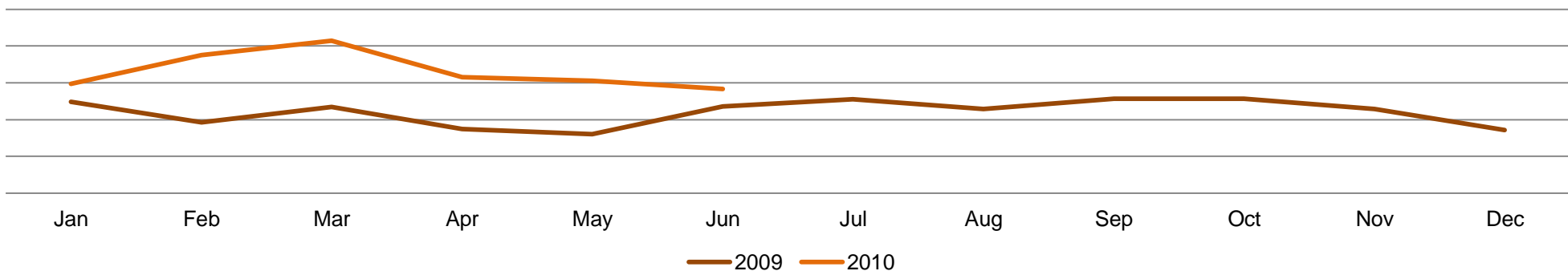
*\* Effective from 1<sup>st</sup> February 2010, officebroker.com extensively expanded its online marketing and affiliate program.*

*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 South East Enquiry Levels: 2009 vs 2010**



**Fig 3. South East Enquiry Levels: Jan 2009 - June 2010**



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# NEW SERVICED OFFICE TENANTS (SOTs)

## +15% increase in the number of SOTs in Q2 10 compared to Q2 09

**Quarterly Activity** – The number of businesses taking serviced office space through officebroker.com was +15% higher in Q2 10 than in Q2 09

**Year-to-Date Activity** – During Q1 10 the number of new SOTs taking space through the officebroker.com service also exceeded 2009 levels (+24%), meaning that the number of SOTs taking space via officebroker.com in the South East has increased for a 2<sup>nd</sup> consecutive quarter and was 20% higher than in the same period of 2009.

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 (+61%), a result of the increased marketing activity outlined in the previous section of this report, has helped to secure a greater number of SOTs taking office space in the South East region through officebroker.com during Q2 10.

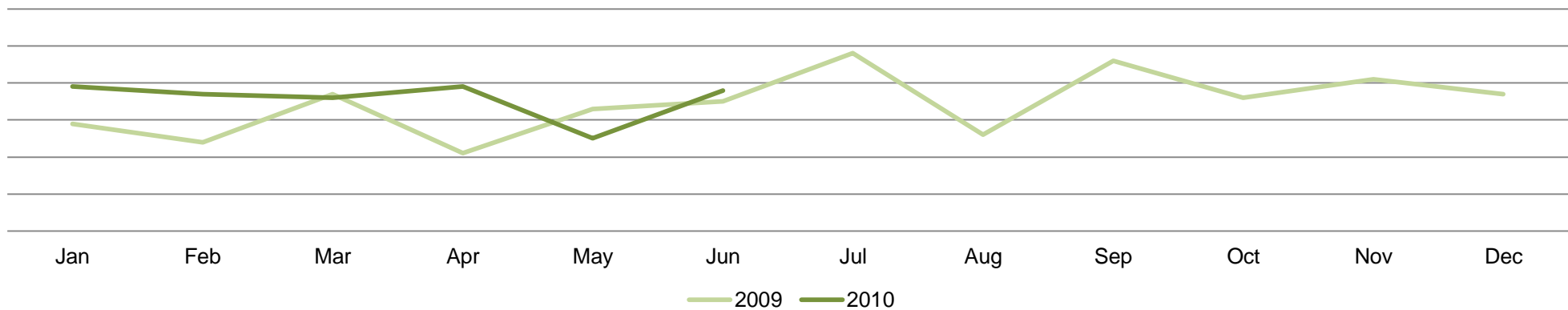
**National Comparison** – During Q2 10 the total number of SOTs taking serviced office space through officebroker.com increased nationally by +5% on Q2 09 levels.

At +15% the increase in SOTs recorded in the South East is higher than the national activity recorded by officebroker.com during this same period.

**Fig 4: Q2 South East - SOT Levels 2009 vs 2010**



**Fig 5. South East SOT Levels: Jan 2009 - June 2010**



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# AVERAGE WORKSTATIONS PER SOT

## Average workstations per SOT rose from 4.2 in Q2 09 to 4.3 in Q2 10

**Quarterly Activity** – The average number of workstations per SOT totalled 4.3 at the close of Q2 10, an increase of +2% on the average workstation requirement of 4.2 per SOT recorded in Q2 09.

**Year-to-Date Activity** – Having recorded a decrease in average workstation requirements during Q1 10, which fell from 5.0 workstations in Q1 09 to 4.5 workstation in Q1 10 (-10%), the overall workstation requirements of those entering space through the officebroker.com service in the South East were -4% below 2009 levels in the opening 6 months of 2010.

**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%.

Comparing this national activity to that of the South East in Q2 10 (+2%), it would appear that those entering serviced office space through officebroker.com were trending lower than the national activity recorded by officebroker.com during this same period in terms of average workstation requirements.

Fig 6. South East Workstations 2009 vs 2010

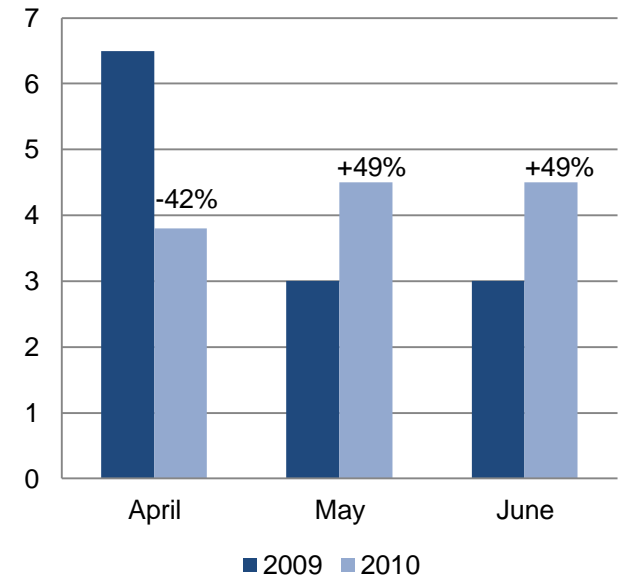
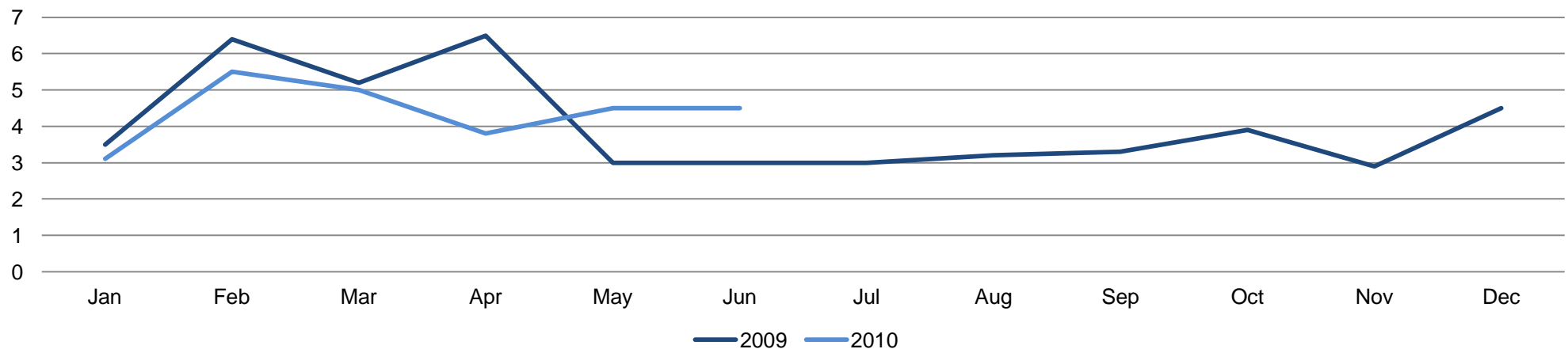


Fig 7. South East: Average Workstations Per Sot - Jan 2009 - June 2010



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# SERVICED OFFICE SPACE COSTS

## Average price per workstation increased by +6% in Q2 10 compared to Q2 09

**Quarterly Activity** – The average price per workstation in the South East was £244.00 in Q2 10, an increase of +6% on the average price of £230.00 recorded in Q2 09.

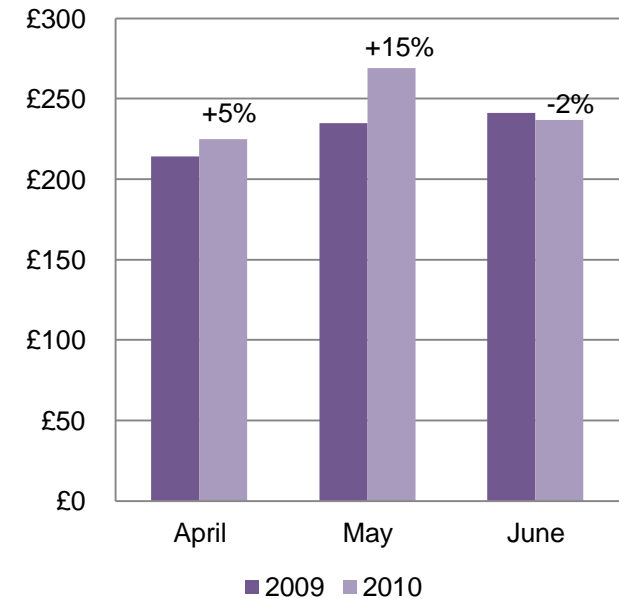
**Year-to-Date Activity** – This Q2 10 increase follows a previous rise in workstation prices being recorded by officebroker.com in Q1 10, which ended +10% above Q1 09 levels.

Based on this 6 month period in which average workstation prices exceeded 2009 levels overall, average workstation prices in the South East during the opening 6 months of 2010 were +8% higher than in the same period of 2009.

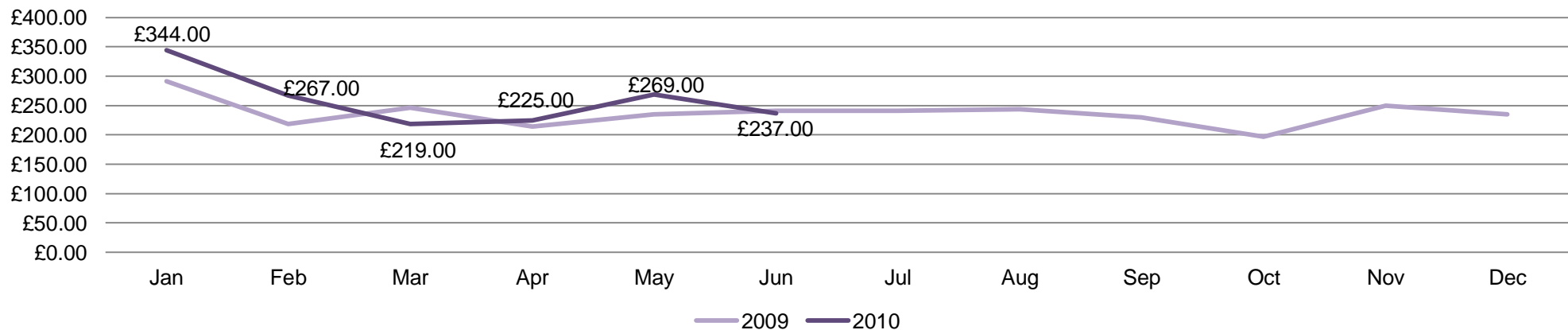
**National Comparison** – During Q2 10 the average price per workstation fell nationally by -13%, from £274.00 in Q2 09 to £238.00 by the close of Q2 10.

Comparing this national activity to that of the South East in Q2 10, both the percentage increase (+6%) and the average workstation price (£244) recorded by officebroker.com exceed that of the national activity recorded during Q2 10.

**Fig 8: Q2 Average Workstation Prices 2009 vs 2010**



**Fig 9. South East: Average Price Per Workstation - Jan 2009 - June 2010**



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# AVERAGE LICENSE LENGTHS

## Initial license lengths increased to 6.7 months in Q2 10 from 5.6 in Q2 09

**Quarterly Activity** – In Q2 10 new SOTs entering serviced office space in the South East through officebroker.com were signing average license lengths of 6.7 months, an increase of 1.1 months (+19.6%) on the average license length of 5.6 months recorded during Q2 09.

**Year-to-Date Activity** – The increase in average license lengths recorded in Q2 10 follows a decrease of -10% in average license lengths during Q1 10, meaning that in the opening 6 months of 2010 average license lengths in the South East remained within 2% of the average license lengths recorded during the same period of 2009.

**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 of 6.7 months being recorded in the South East, businesses entering serviced office space via officebroker.com during this period were committing to 0.6 months less (-8%) compared to the national average during Q2 10.

The average license length of 6.7 months within the South East was one of the lowest of any UK region during Q2 10, with only the North East (6.4 months) and South West (6.3) regions recording a lower average license length in Q2 10.

Fig 10: Q2 Initial License Length 2009 vs 2010

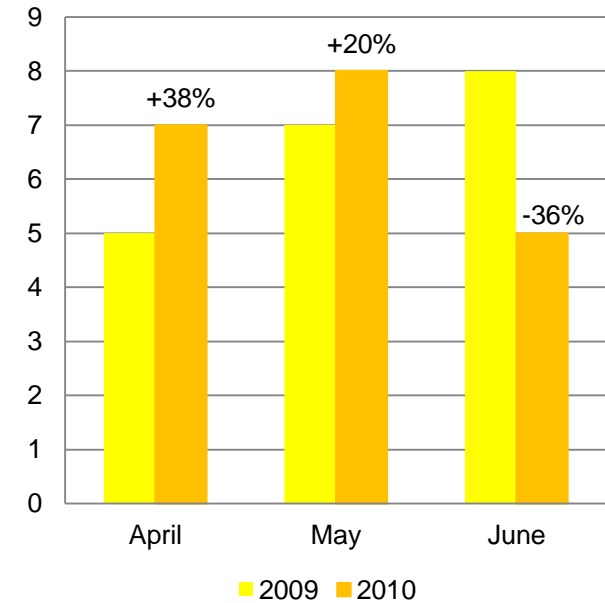
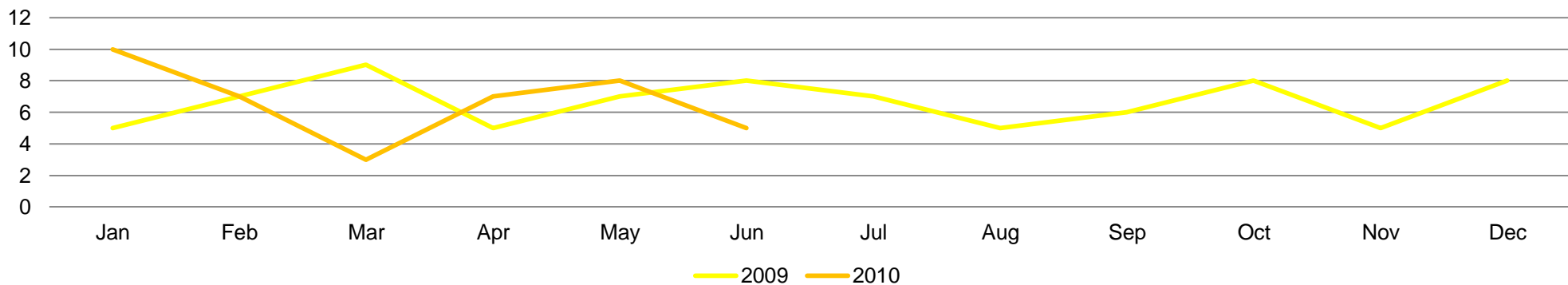


Fig 11. South East: Average License Lengths - Jan 2009 - June 2010



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## SUMMARY

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

- Enquiry levels increased by +58% during Q2 10, building upon an increase in Q1 10.
- The overall number of new serviced office tenants increased for the 2<sup>nd</sup> consecutive quarter.
- Average workstation price exceeded 09 levels for the 2<sup>nd</sup> consecutive quarter in Q2 10.
- Average license lengths exceeded Q2 09 levels in Q2 10 but were one of the lowest average levels recorded in any UK region.

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## RESEARCH

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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](http://www.officebroker.com/resources)

## EDITORS NOTES

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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.

## REFERENCES

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