# officebroker.com
## SERVICED OFFICE REVIEW

## CENTRAL LONDON
## Q4 2010

# CENTRAL LONDON**

## INTRODUCTION

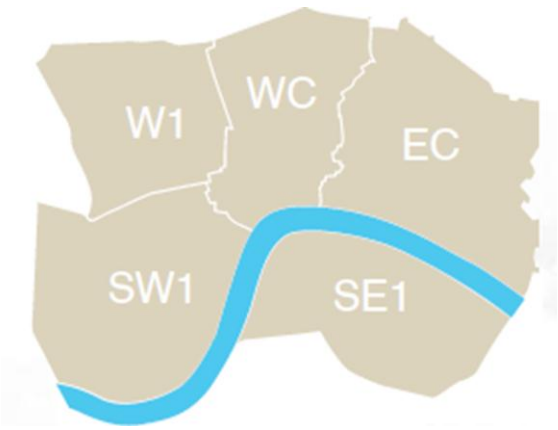
The following report utilises statistics for Q4 10 from officebroker.com, the UK's leading independent broker of serviced office space, to present activity from the serviced office market during Q4 10.

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 Q4 10 compared to Q4 09.




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

## HIGHLIGHTS

**Q4 10**
**COMPARED TO Q4 09:**

- **Enquiry levels increased by 61%**
- **The number of newly signed serviced office tenants (SOTs) reduced by -12%.**
- **The average number of workstations per SOT fell from 5.9 to 5.0 workstations.**
- **Average workstation price increased from £462.00 to £470.00**
- **Average license length increased from 7.5 months to 9.1 months**

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# SUPPLY OF SERVICED OFFICE SPACE

## The number of serviced office buildings registered with officebroker.com in Central London increased from 228 to 249

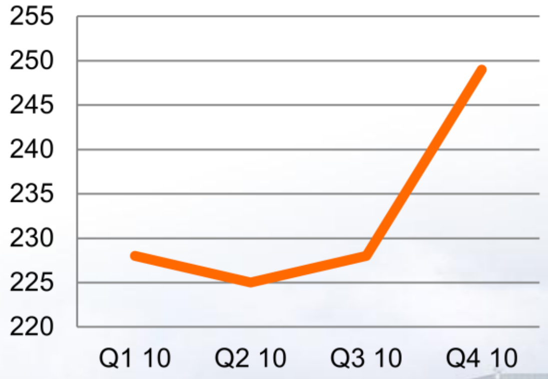
The total number of serviced office buildings registered with officebroker.com in Central London increased to 249 during Q4 10 – representing a net increase of 21 buildings on the figure of 228 recorded at the close of Q3 10.

Fig. 1 illustrates that the changes recorded in Q4 10 represent a notable increase in the overall level of serviced office supply available in Central London via the officebroker.com service (9%).

officebroker.com currently lists 2,616 active serviced office buildings in the UK, the 249 serviced office buildings listed within the Central London area accounts for 9.5% of the total UK supply offered / available through the officebroker.com service.*****

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

**Fig 1: Central London: Serviced Office Buildings**

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# DEMAND FOR SERVICED OFFICE SPACE

## Q4 10 enquiry levels exceeded those of Q4 09 by +61% overall.

**Quarterly Activity** – The number of enquiries for serviced office space within the Central London region received by officebroker.com increased by +61% in Q4 10 compared to Q4 09.

**Year-to-Date Activity** – This Q4 10 increase marks the 4th consecutive quarter in which officebroker.com has successfully generated a greater number of enquiries for serviced office space in Central London.

The impact of this consistent growth in lead generation means that the overall number of enquiries channelled through the officebroker.com service was +48% higher than in 2009.

**National Comparison** – During Q4 10 the total number of enquiries received by officebroker.com throughout the UK increased by +42%, indicating that the increase seen in Central London is notably higher than in other areas of the UK during Q4 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: Q4 10 Central London Enquiry Levels: 2009 vs 2010**

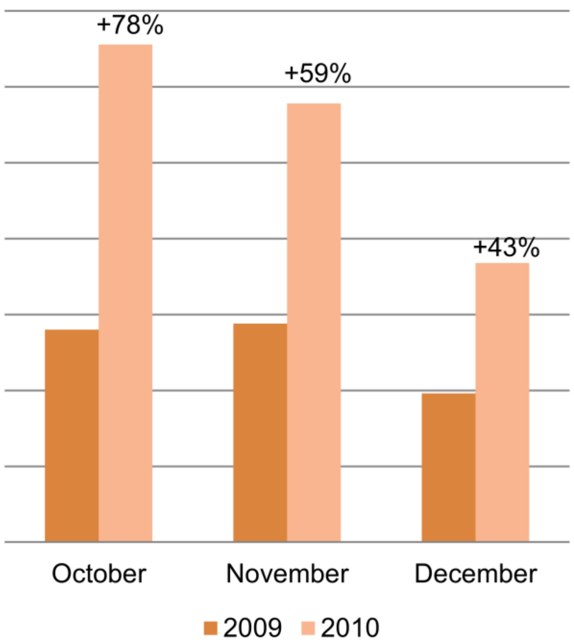
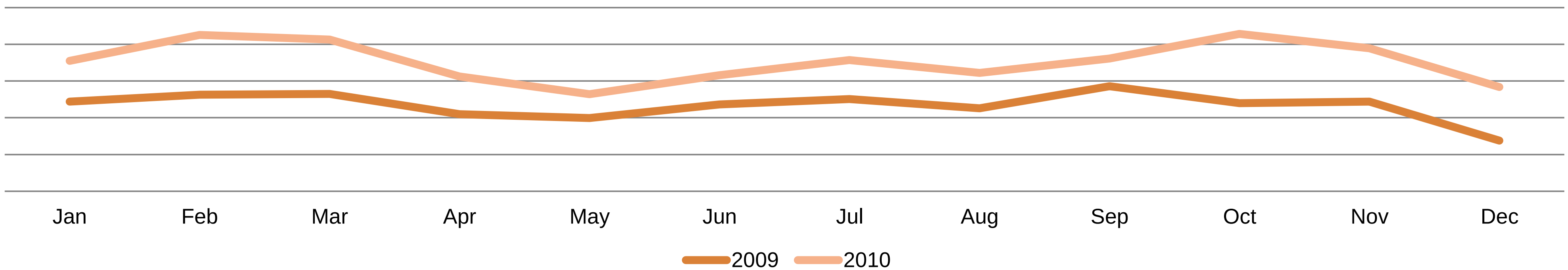



**Fig 3. Central London Enquiry Levels: Jan 2009 - Dec 2010**

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# NEW SERVICED OFFICE TENANTS (SOTs)

## The number of new SOTs reduced by -12% in Q4 10 compared to Q4 09

**Quarterly Activity** – The total number of businesses entering serviced office space in Central London through the officebroker.com service was -12% lower in Q4 10 than in the same period in 2009.

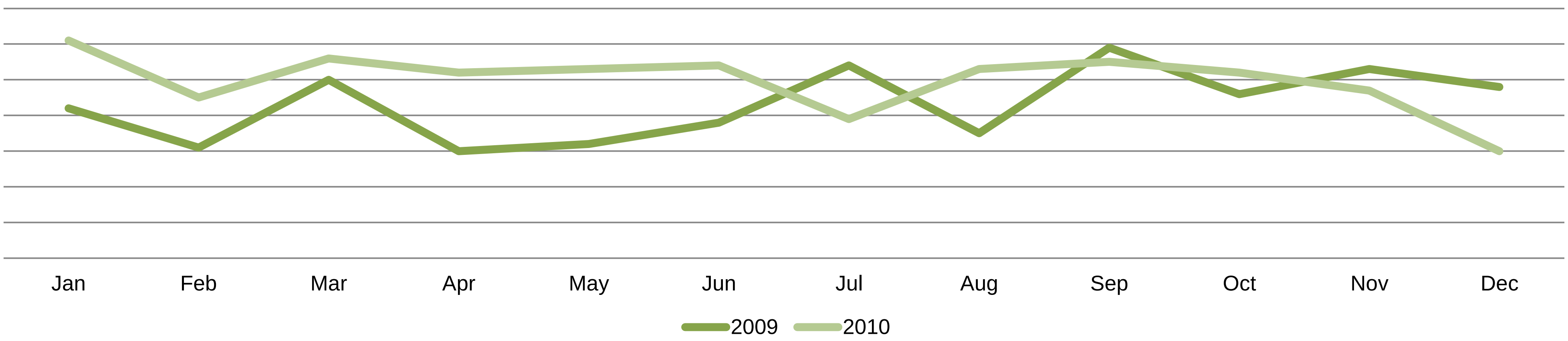
**Year-to-Date-Activity –** Despite a decrease in SOT numbers being recorded during the final quarter of 2010, the overall number of SOTs entering serviced office space in Central London through the officebroker.com serviced has exceeded 2009 levels, with an overall increase of 15% being recorded by officebroker.com during the course of 2010.

**National Comparison** – During Q4 10 the overall number of SOTs taking serviced office space through the officebroker.com service in the UK was -11% lower than in Q4 09.

Having recorded a decrease of -12% in new SOT levels during Q4 10, Central London would appear to have trended in-line with national activity during the final quarter of 2010. This decrease represents the first occasion during 2010 that new SOT levels in Central London have failed to exceed 2009 levels.

**Fig 4: Q4 SOT Levels 2009 vs 2010**


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

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# AVERAGE WORKSTATIONS PER SOT

## Average workstations per SOT fell from 5.9 to 5.0 in Q4 10

**Quarterly Activity** – The average number of workstations per SOT totalled 5.0 at the close of Q4 10, a decrease of -16% on the average of 5.9 workstations per SOT recorded in Q4 09.

**Year-to-Date-Activity –** Despite overall workstation requirements having increased in the second (3%) and third (19%) quarters of 2010, the overall average workstation requirement of new SOTs in Central London has decreased, falling from an average of 5.6 workstation per SOT during 2009 to 5.3 (-5%) in 2010.

**National Comparison** – Unlike in Central London, the average number of workstations per SOT throughout the UK remained largely unchanged during Q4 10 compared to the same period in 2009, rising from an average of 3.6 workstations per SOT in Q4 09 to 3.7 (3%) workstations per SOT in Q4 10.

With an average of 3.7 workstations per SOT across the UK in Q4 10, the total of 5.0 workstations per SOT recorded in Central London shows that the number of workstations required by businesses in Central London remained higher (1.3 workstations or +35%) than the UK national average during this period.

**Fig 6: Q4 Average Workstations 2009 vs 2010**

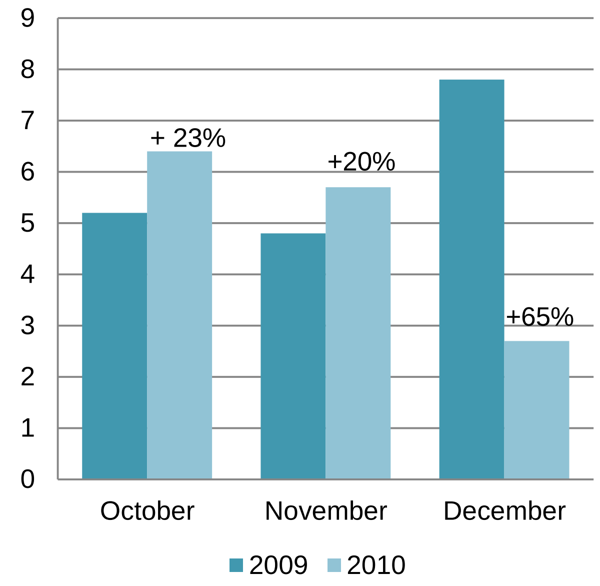
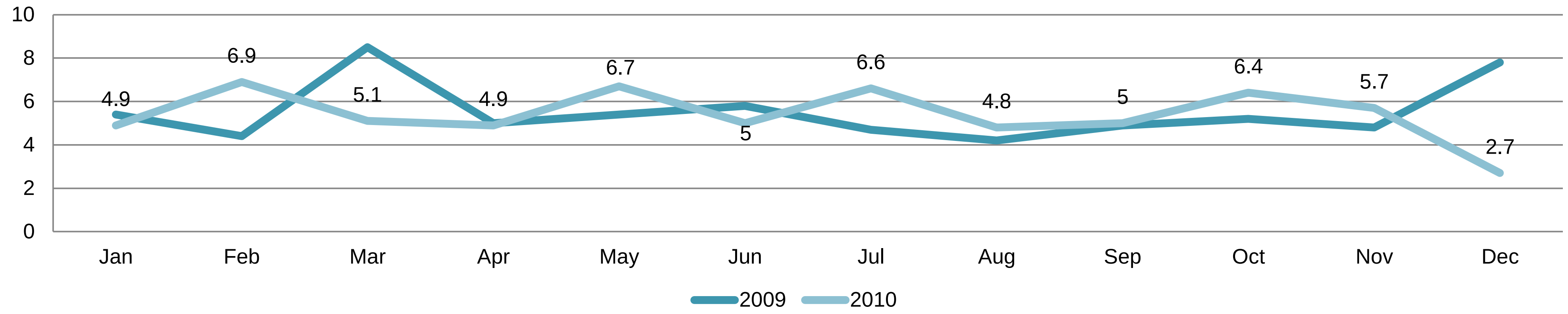



**Fig 7. Central London: Average Workstations Per SOT - Jan 2009 - Dec 2010**

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# SERVICED OFFICE SPACE COSTS

## Average price per workstation increased by +2% in Q4 10 compared to Q4 09

**Quarterly Activity** – The average price per workstation in Central London was £470.00 in Q4 10, an increase of £8.00 (+2%) on the average price of £462.00 recorded in Q4 09.

**Year-to-Date Activity** – The increase recorded in Q4 10 marks the 4th consecutive quarterly rise in average workstation prices for Central London during 2010, with the average of £466.00 per workstation recorded during the course of 2009 increasing to £513.00 per workstation at the close of 2010

With an increase on the previous year's prices having occurred in 9 out of 12 months during 2010, average workstation prices in Central London ended +10% higher in 2010 than during 2009.

**National Comparison** – During Q4 10 the average price per workstation fell nationally by £6.00 (-3%), decreasing from £232.00 in Q4 09 to £226.00 by the close of Q4 10. Central London is the only UK region to have recorded an overall increase in average workstation price during each financial quarter of 2010.

While the average workstation price of £470.00 recorded in Central London during Q4 10 remains double that of the UK average, this average workstation price still remains £100.00 (-17%) below the prices recorded prior to the UK entering recession, with the average workstation price in Q4 08 averaging £570.00 in Central London.

**Fig 8: Q4 Average Workstation Prices 2009 vs 2010**

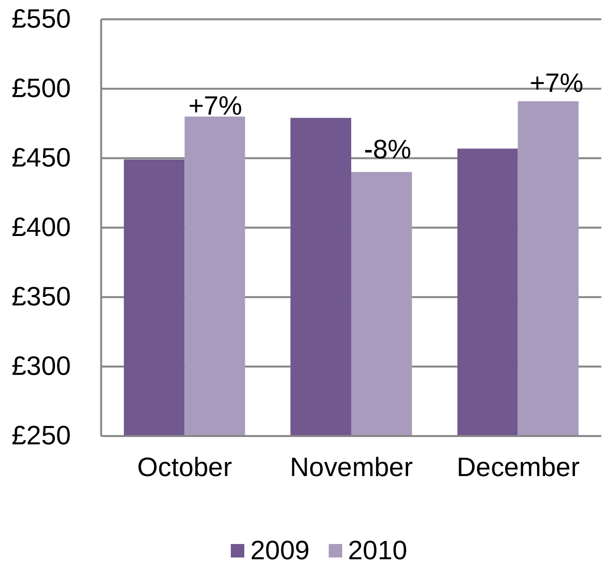
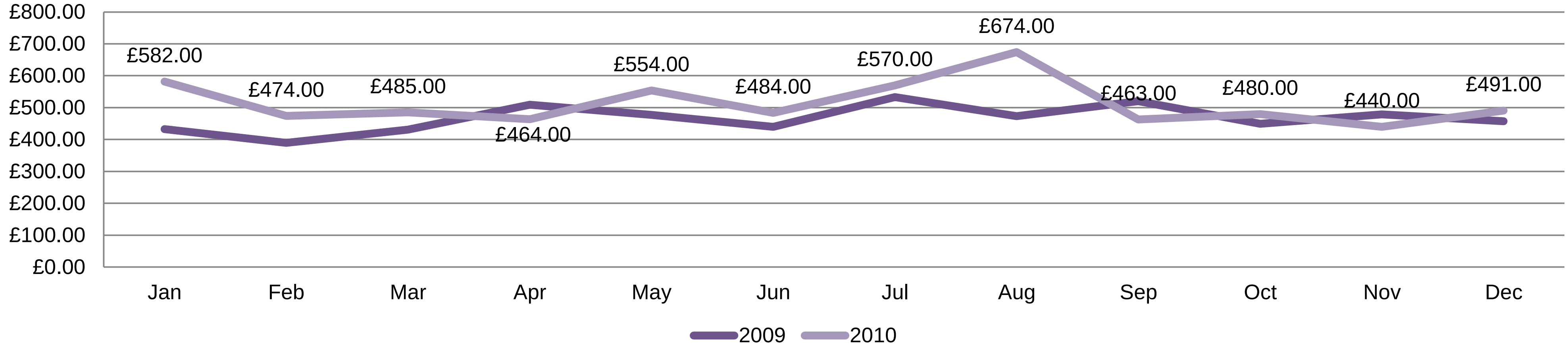



**Fig 9. Central London: Average Price Per Workstation - Jan 2009 - Dec 2010**



# AVERAGE LICENSE LENGTHS

## Initial license lengths increased to 9.1 months in Q4 10

**Quarterly Comparison** – In Q4 10 new SOTs entering serviced office space in Central London through officebroker.com were signing an average license length of 9.1 months, an increase of 1.6 months (+21%) on the average license length of 7.5 months recorded during Q4 09.

**Year-to-Date Comparison** – During 2010 the average license length of businesses entering serviced office space in Central London through officebroker.com was 8.6 months, exceeding the average license length of 8.1 months recorded by officebroker.com during the course of 2009.

**National Comparison** – During Q4 10 license lengths averaged 8 months across the UK, an increase of 1 month (+14%) on the average license length of 7 months recorded during Q4 09.

With an average license length over 1 month longer than that of the UK national average during Q4 10, those businesses entering serviced offices in Central London via officebroker.com appeared to be opting for longer license lengths than in other areas of the UK.

**Fig 10: Q4 Initial License Length 2009 vs 2010**

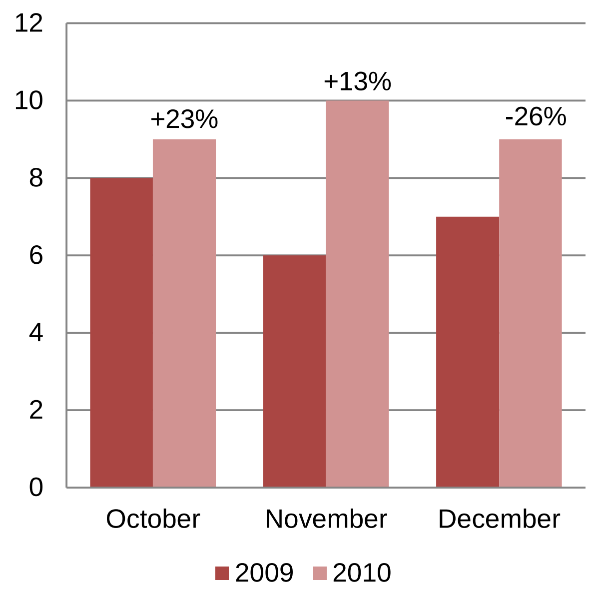
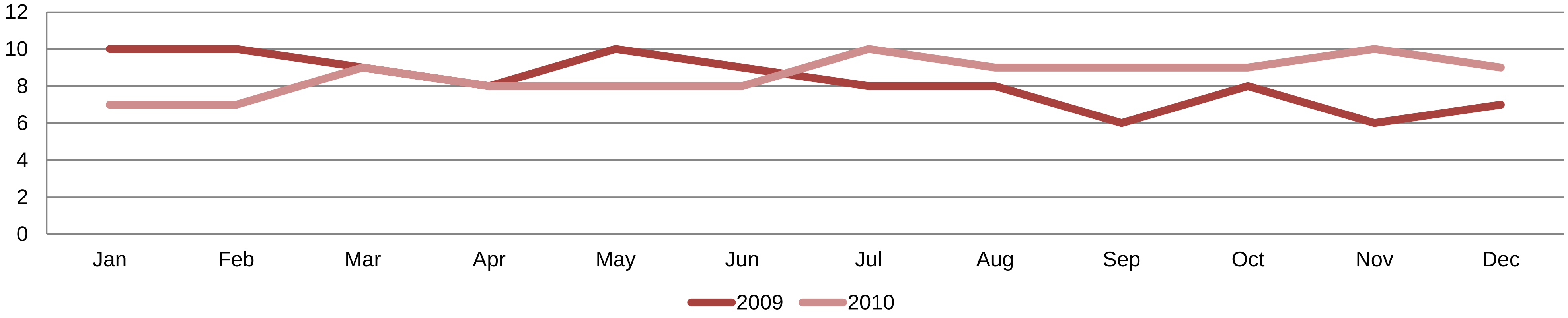



**Fig 11. Central London: Average License Lengths - Jan 2009 - Dec 2010**

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# SUMMARY

When taking into account all the information for Q4 10, the following key findings can be drawn:

- Enquiry levels rose above previous year's figures for the fourth consecutive quarter.
- The overall number of new serviced office tenants decreased for the first time during 2010.
- Average workstation price continued to increase despite an overall decline nationally.
- Initial license lengths increased and remained ahead of the national average.

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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

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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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