

officebroker.com

SERVICED OFFICE REVIEW

WEST MIDLANDS
Q2 2010



WEST MIDLANDS***

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 West Midlands*** 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 West Midlands 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 West Midlands region as areas located within the following postcode prefixes: B, CV, DY, HR, ST, SY, TF, WR, WS and WV

HIGHLIGHTS

Q2 2010 COMPARED TO Q2 2009:

- Enquiry levels increased +29%
- The number of newly signed serviced office tenants (SOTs) increased by +6%
- Average number of workstations per SOT rose from 3.7 to 4.0
- Average workstation price decreased from £194 to £177
- Average license length increased from 7.6 months to 8.1 months

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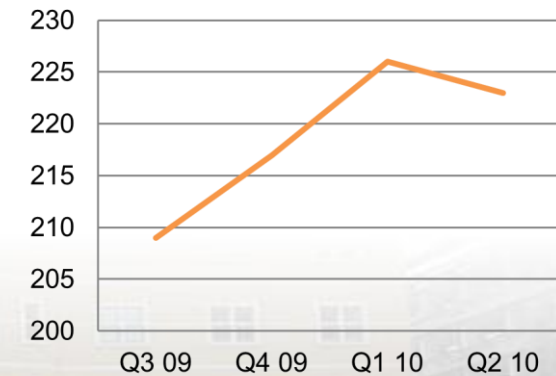
SUPPLY OF SERVICED OFFICE SPACE

The number of serviced office buildings registered with officebroker.com in the West Midlands decreased to 223

The total number of serviced office buildings registered with officebroker.com in the West Midlands fell to 223 during Q2 10, representing a net decrease of 3 buildings since the close of Q1 10.

Despite a reduction in the number of buildings registered between Q1 10 and Q2 10, the overall number of serviced office buildings choosing to advertise through the officebroker.com service in the last 12 months has increased, with an additional 14 buildings now registered with the service compared to Q3 09.

Fig 1: West Midlands:
Serviced Office Buildings



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DEMAND FOR SERVICED OFFICE SPACE

Q2 10 Enquiry Levels exceeded those of Q2 09 by +29% overall

Quarterly Activity – The number of enquiries received by officebroker.com for the West Midlands increased by +29% in Q2 10 compared to Q2 09.

Year-to-Date Activity – This latest increase completes a six-month period (Jan – June 2010) in which officebroker.com successfully increased enquiry levels in the West Midlands, with the number of enquiries generated through the officebroker.com service currently standing +45.6% 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, meaning that the percentage increase seen in the West Midlands was lower than that of UK nationally average 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 West Midlands Enquiry Levels: 2009 vs 2010

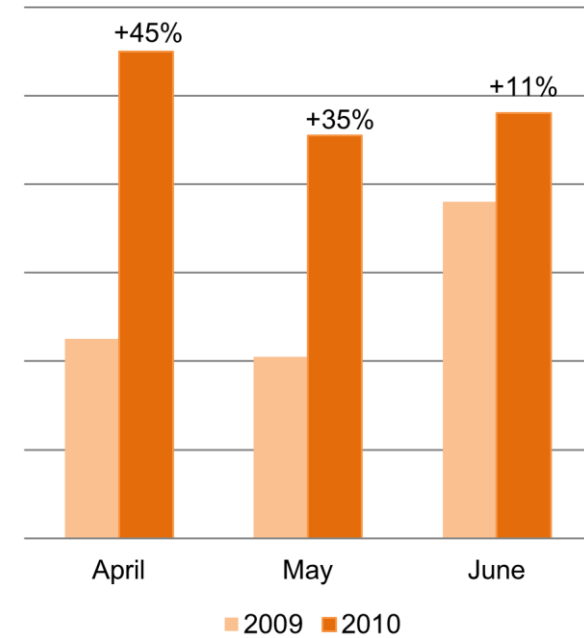
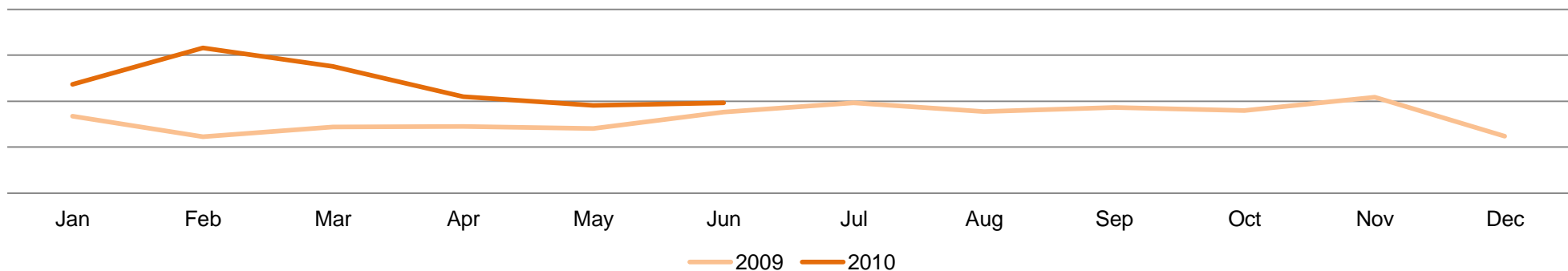


Fig 3. West Midlands Enquiry Levels: Jan 2009 - June 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

+6% 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 in the West Midlands was +6% higher in Q2 10 than in Q2 09.

Year-to-Date Activity – Between January-June 2010 the number of businesses entering serviced office space through the officebroker.com service has increased overall by +10% in the West Midlands.

With the officebroker.com sales cycle averaging 59 days from initial enquiry to placement, it would appear that the additional enquiries generated in Q1 10 (+91%), driven by the increased marketing activity outlined in the previous section of this document, have resulted in a greater number of SOTs taking serviced office space in the West Midlands through officebroker.com during Q2 10.

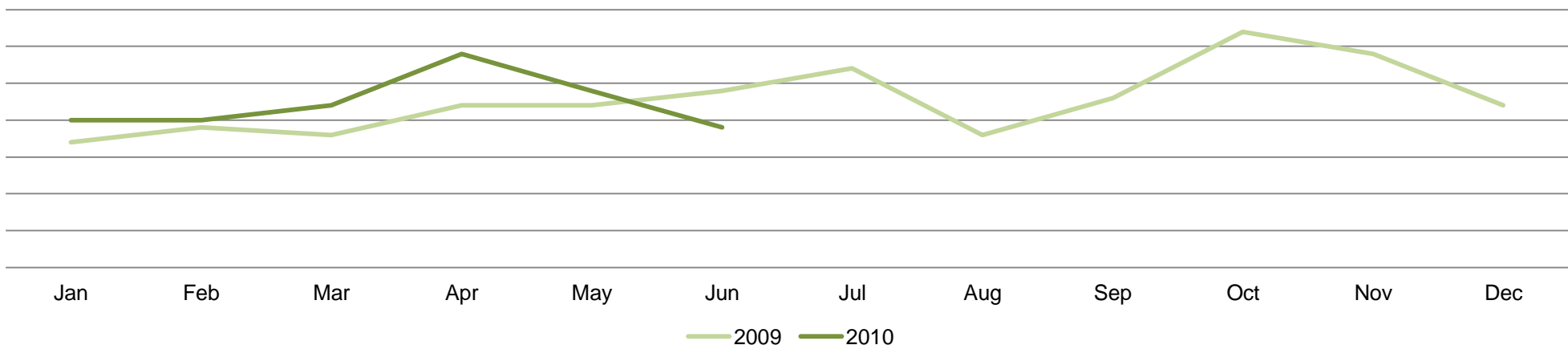
National Comparison – During Q2 10 the number of SOTs taking serviced office space through officebroker.com nationally increased by +5% on Q2 09 levels.

At +6% the increase recorded in The West Midlands demonstrates that regional activity remained in-line with the rest of the UK during Q2 10.

Fig 4: Q2 West Midlands - SOT Levels 2009 vs 2010



Fig 5. West Midlands SOT Levels: Jan 2009 - June 2010



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

AVERAGE WORKSTATIONS PER SOT

Average workstations per SOT rose from 3.7 to 4.0 in Q2 10 compared to Q2 09

Quarterly Activity – The average number of workstations per SOT totalled 4.0 at the close of Q2 10, an increase of +7% on the average workstation requirement of 3.7 per SOT recorded in Q2 09.

Year-to-Date Activity – Having also recorded an +11% increase in average workstation requirements per SOT in Q1 10, this Q2 10 rise marks the 2nd consecutive quarterly increase in average workstation requirements within the West Midlands according to officebroker.com.

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%.

This means that the percentage growth quarter-on-quarter in the West Midlands (+7%) was lower than this national figure (+16%), while the average number of workstations being taken within the region also remained slightly below the national average based on officebroker.com data.

Fig 6: Q2 West Midlands - Average Workstations 2009 vs 2010

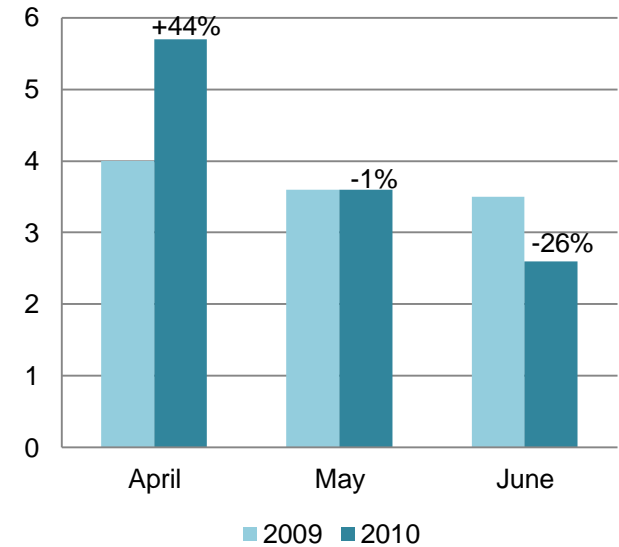
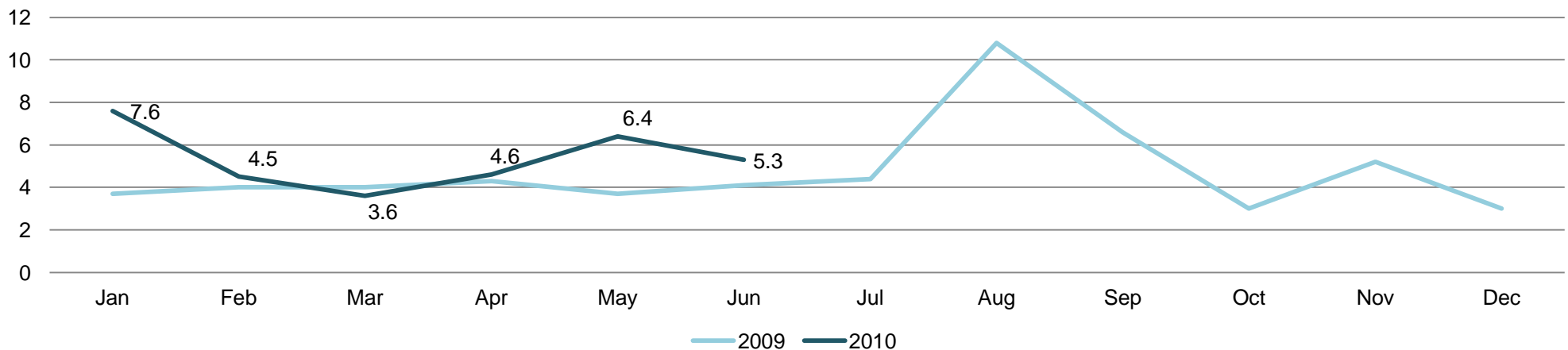


Fig 7. West Midlands: Average Workstations Per Sot - Jan 2009 - June 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation decreased by -9% in Q2 10 compared to Q2 09

Quarterly Activity – The average price per workstation in the West Midlands was £177.00 in Q2 10, a decrease of -9% on the average price of £194.00 recorded in Q2 09.

The average price of £177.00 per workstation recorded in the West Midlands by officebroker.com during Q2 10 is £100.00 lower (-36%) than that of Q2 08.

Year-to-Date Activity – The Q2 10 decrease follows a recovery in workstation prices during Q1 10, which rose +16% above Q1 09 levels.

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.

At the close of Q2 10 workstation prices in the West Midlands were on average £61.00 below this national average (£252.00), meaning that workstation prices in the West Midlands region are 25% below that of the national average during this period.

Fig 8: Q2 West Midlands Average Workstation Prices 2009 vs 2010

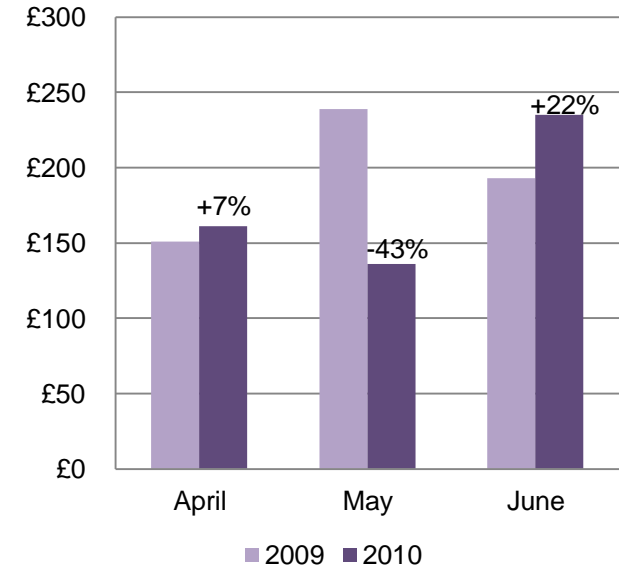
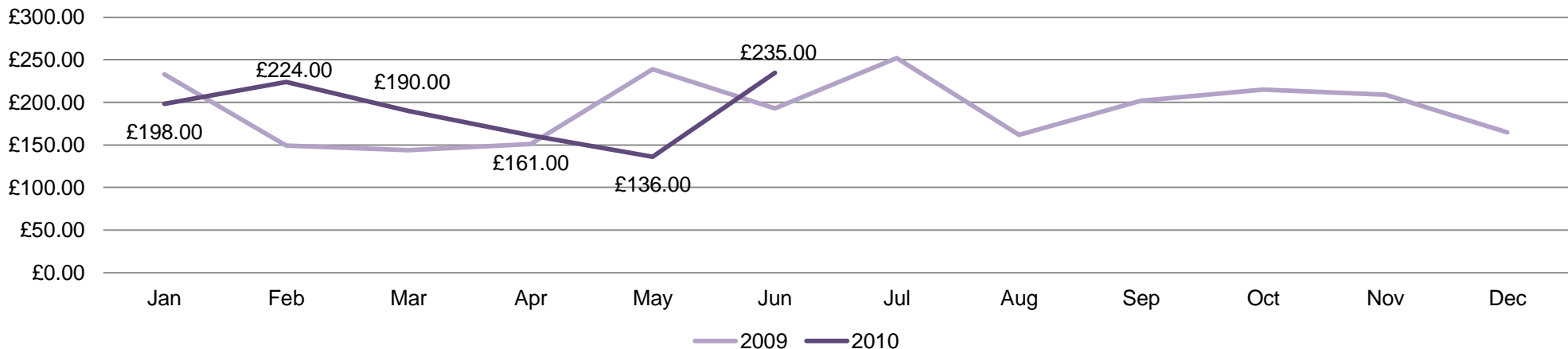


Fig 9. West Midlands: Average Price Per Workstation - Jan 2009 - June 2010



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AVERAGE LICENSE LENGTHS

Initial license lengths increased to 8.1 months in Q2 10 from 7.6 in Q2 09

Quarterly Activity – In Q2 10 new SOTs entering serviced office space in the West Midlands through officebroker.com were signing average license lengths of 8.1 months, an increase of 0.4 months (+6.5%) on the average license length of 7.6 months recorded during Q2 09.

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 8.1 months being recorded in the West Midlands, businesses entering serviced office space via officebroker.com during this period were committing to an additional 0.8 months (10.9%) compared to the national average during this same period.

The license length of 8.1 months within the West Midlands was amongst the highest of any UK region during Q2 10, with only the North West (8.4 months) and Central London (8.3 months) recording a higher average license length during this same period.

Fig 10: Q2 Initial License Lengths 2009 vs 2010

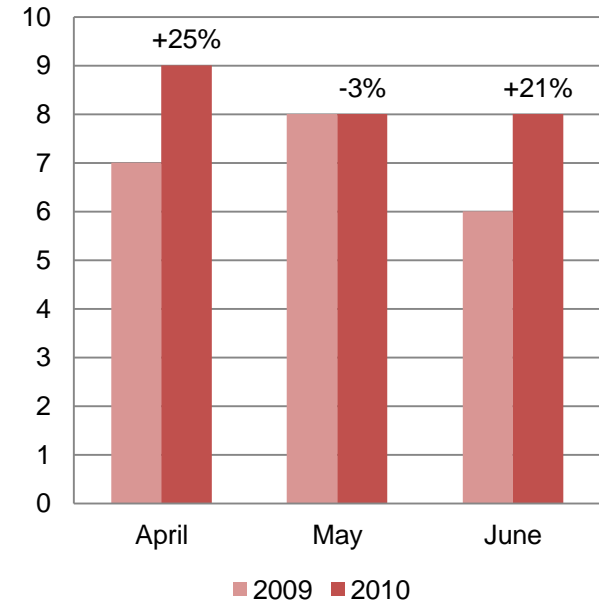
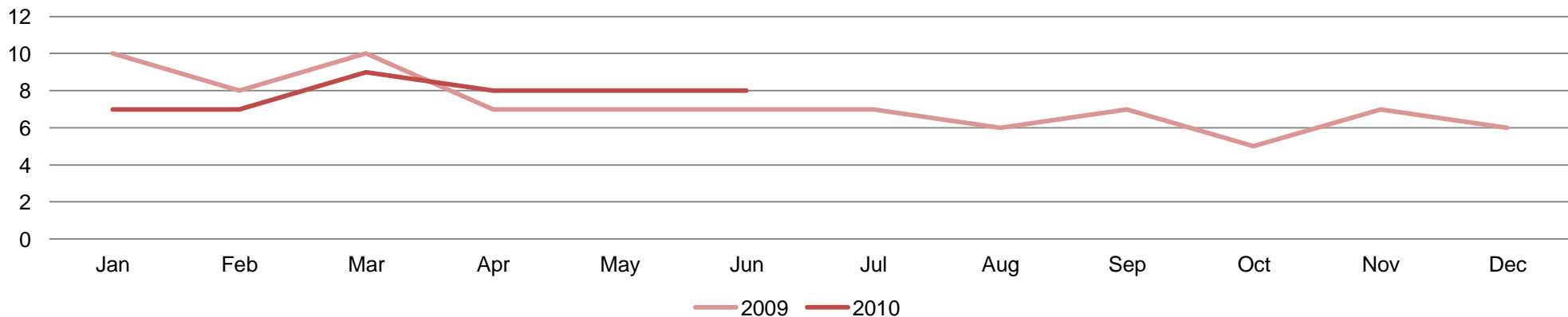


Fig 11. West Midlands: Average License Lengths - Jan 2009 - June 2010



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SUMMARY

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

- Enquiry levels increased by +29% and for the second consecutive quarter of 2010.
- The overall number of new serviced office tenants continued to increase and grew in-line with the activity recorded nationally
- Average workstation price, having risen for the first time since 2008 in Q1 10, returned to a pattern of decline within the West Midlands.
- Initial license lengths in the West Midlands increased and were amongst the highest throughout the UK.

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RESEARCH

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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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