

officebroker.com

SERVICED OFFICE REVIEW

GREATER LONDON
Q2 2010



GREATER LONDON***

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 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 Q2 2010 compared to Q2 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

Q2 2010 COMPARED TO Q2 2009:

- Enquiry levels increased +29%
- The number of newly signed serviced office tenants (SOTs) declined by -10%
- Average number of workstations per SOT rose from 4.0 to 5.5
- Average workstation price decreased from £310 to £267
- Average license length increased from 6.6 months to 7.0 months

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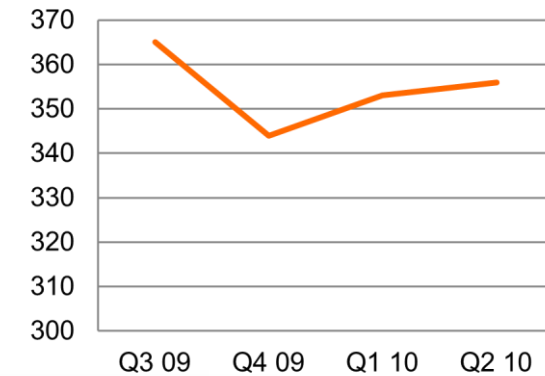
SUPPLY OF SERVICED OFFICE SPACE

The number of serviced office buildings registered with officebroker.com in Greater London decreased to 356 from 365

The total number of serviced office buildings registered with officebroker.com in Greater London fell to 356 during Q2 10 – representing a net decrease of 9 buildings on the figure of 365 recorded at the close of Q2 09.

Despite the overall decline between Q2 09 and Q2 10, Fig. 1 illustrates that the total number of buildings registered with officebroker.com in Greater London has recovered slowly between Q4 09 and Q2 10, resulting in the total supply registered with the officebroker.com service returning to within 2.5% of the higher levels seen in Q2 09.

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



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DEMAND FOR SERVICED OFFICE SPACE

Q2 2010 Enquiry Levels exceeded those of Q2 2009 by +29% overall.

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

Year-to-Date Activity – This additional +29% increase in enquiries recorded by officebroker.com in Q2 10 follows a +62% increase in Q1 10, means the number of enquiries received by officebroker.com for serviced office space in Greater London during the first half of 2010 was +45% 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 Greater London are slightly lower than in other areas of the UK 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 Greater London Enquiry Levels: 2009 vs 2010

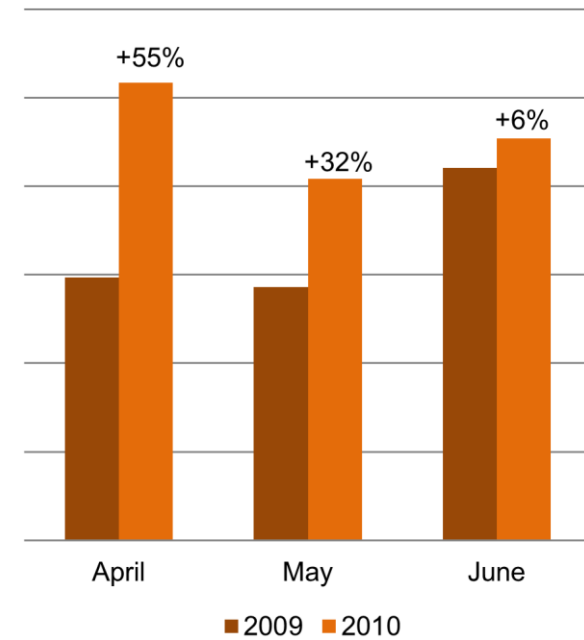
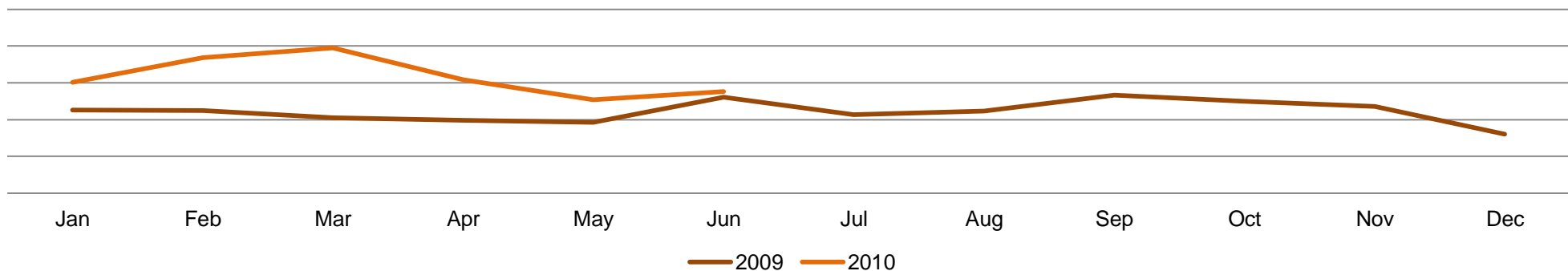


Fig 3. Greater London Enquiry Levels: Jan 2009 - June 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

-10% decrease 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 -10% lower 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 fell below 2009 levels by -10%, meaning that the number of SOTs taking space via officebroker.com in Greater London has decreased for the 2nd consecutive quarter.

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 (+62%), a result of the increased marketing activity outlined in the previous section of this report, are yet to result in a greater number of SOTs taking office space in Greater London through officebroker.com.

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 -10% the decrease in SOTs recorded in Greater London is somewhat behind that of the national average during this same period, with Greater London being one of five regions in which the number of newly signed SOTs decreased between Q2 09 and Q2 10.

Fig 4:Q2 Greater London - SOT Levels 2009 vs 2010

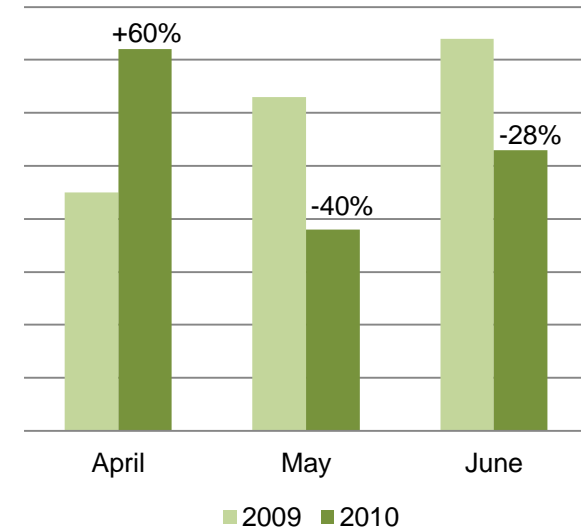
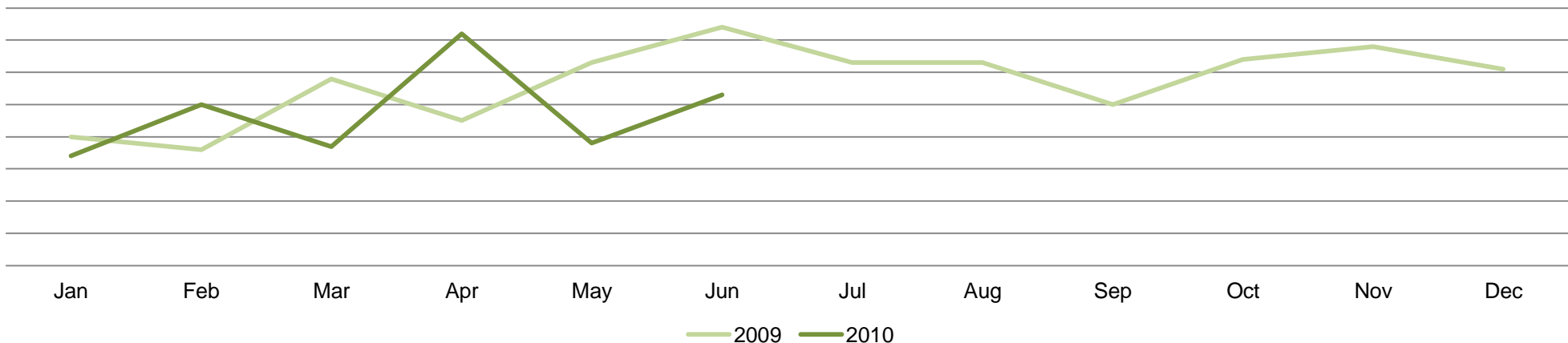


Fig 5. Greater London SOT Levels: Jan 2009 - June 2010



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AVERAGE WORKSTATIONS PER SOT

Average workstations per SOT rose from 4.0 in Q2 09 to 5.5 in Q2 10

Quarterly Activity – The average number of workstations per SOT totalled 5.5 at the close of Q2 10, an increase of +27% on the average workstation requirement of 4.0 per SOT recorded in Q2 09.

Year-to-Date Activity – Having also recorded an increase in average workstation requirements during Q1 10 (+34% or 3.9 to 5.2 workstations), the subsequent rise in Q2 10 completes a six month period in which the overall number of SOTs entering serviced office space through officebroker.com showed increased workstation requirements.

As a result of this activity average workstation requirements in Greater London were +35% higher in the opening six months of 2010 than during the same period of 2009.

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 Greater London in Q2 10, it is clear that both the percentage increase (+27%) and the average number of workstations taken (5.5) in Greater London during Q2 10 were substantially higher than that of the national averages for this same period.

Fig 6. Greater London Workstations 2009 vs 2010

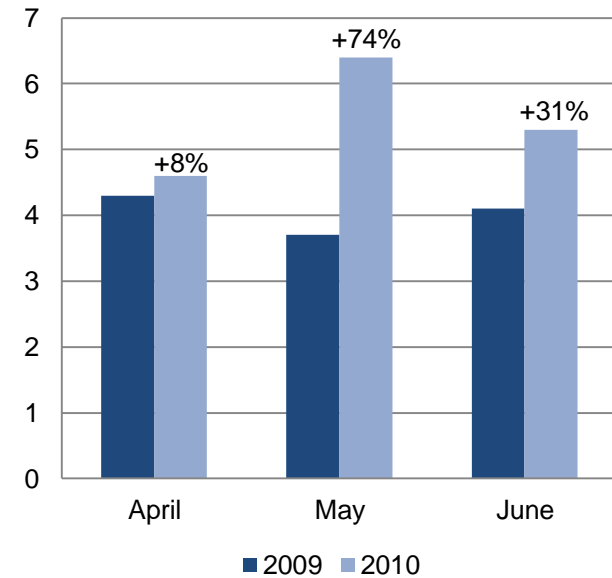
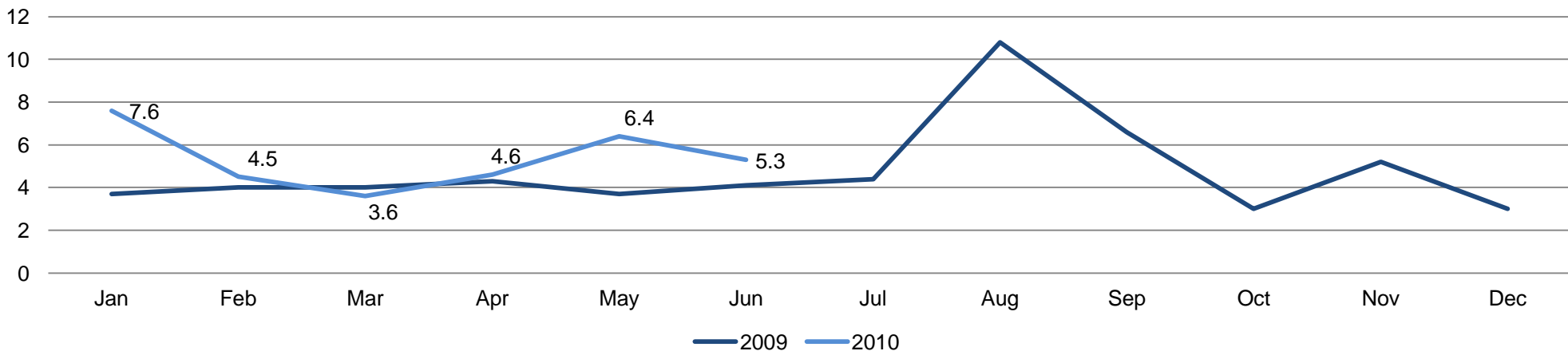


Fig 7. Greater London: Average Workstations Per Sot - Jan 2009 - June 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation decreased by -14% in Q2 10 compared to Q2 09

Quarterly Activity – The average price per workstation in Greater London was £267.00 in Q2 10, a decrease of -14% on the average price of £310.00 recorded in Q2 09.

Year-to-Date Activity – This Q2 10 decrease follows the stabilising of workstation prices in Q1 10 which ended +2% above Q1 09 levels, which represented the first increase in average workstation prices in Greater London since 2008.

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.

Despite officebroker.com recording a larger percentage decrease in average workstation price in Greater London compared to this national average, the average price per workstation in Greater London still remained £29.00 above that of the national average during Q2 10.

Fig 8: Q2 Average Workstation Prices 2009 vs 2010

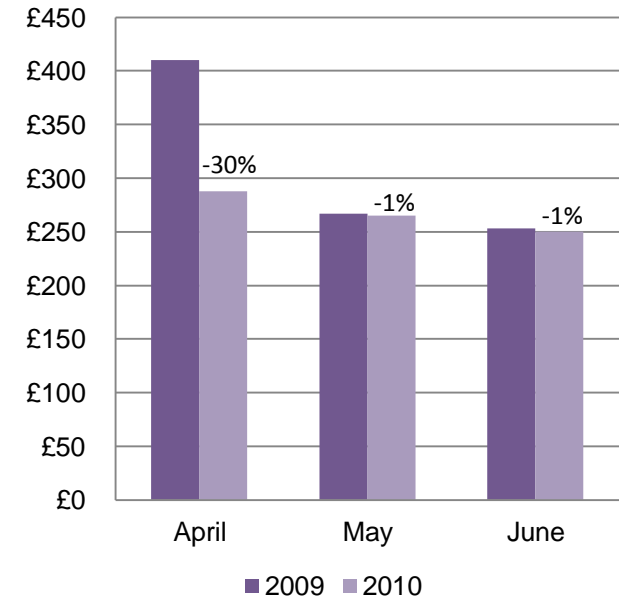
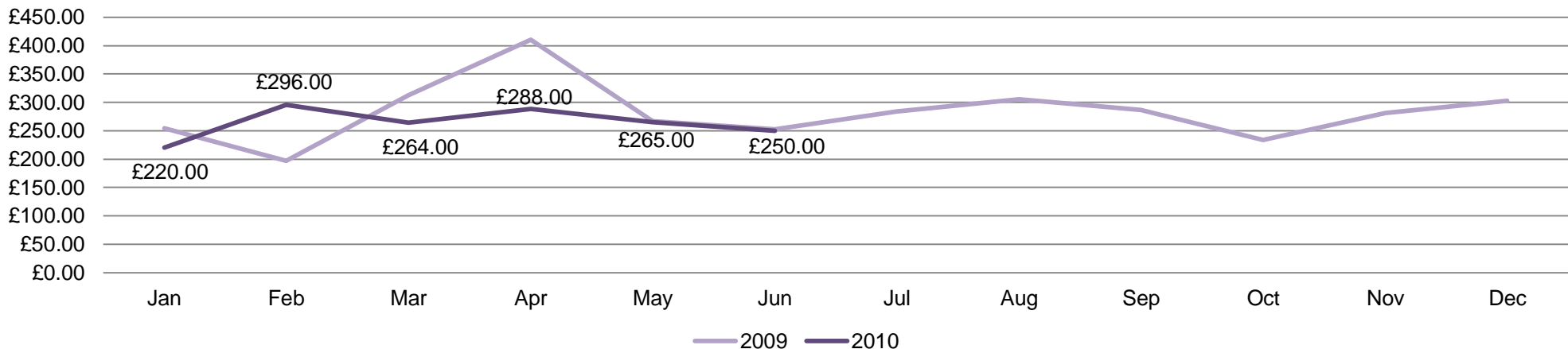


Fig 9. Greater London: Average Price Per Workstation - Jan 2009 - June 2010



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AVERAGE LICENSE LENGTHS

Initial license lengths increased to 7.0 months in Q2 10 from 6.6 in Q2 09

Quarterly Activity – In Q2 10 new SOTs entering serviced office space in Greater London through officebroker.com were signing average license lengths of 7.0 months, an increase of 0.4 months (+6%) on the average license length of 6.6 months recorded during Q2 09.

Year-to-Date Activity – Having remained within 6% of 09 levels between January and June 2010, the average license length of SOTs entering serviced offices via the officebroker.com service would appear to have remained largely stable.

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 average license lengths in Greater London only slightly below national averages (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: Q2 Initial License Length 2009 vs 2010

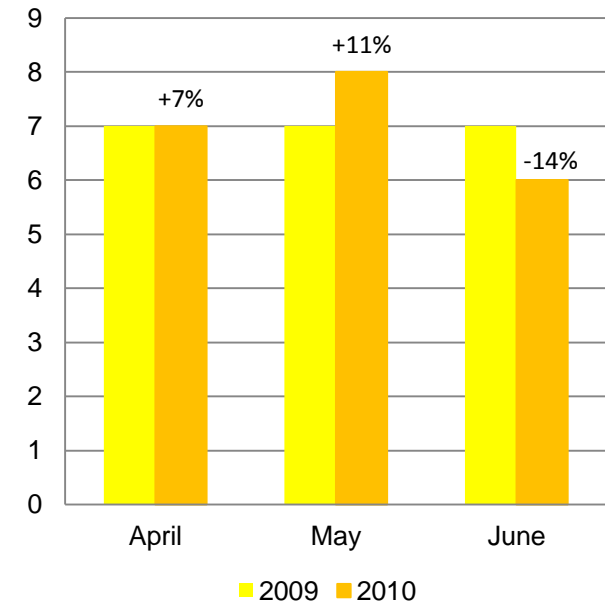
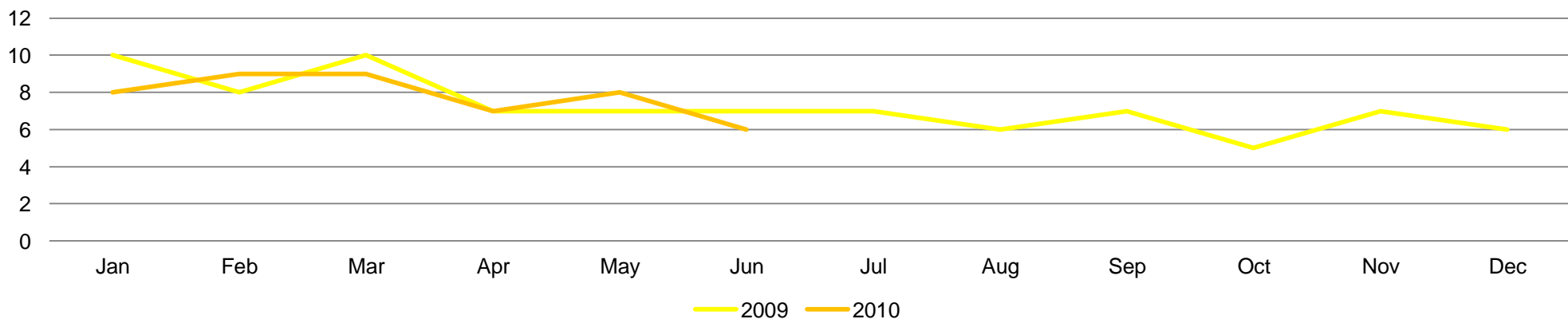


Fig 11. Greater London: Average License Lengths - Jan 2009 - June 2010



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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% during Q2 10, building upon an increase in Q1 10.
- The overall number of new serviced office tenants decreased for the 2nd consecutive quarter.
- Average workstation price, having risen for the first time since 2008 in Q1 10, returned to an overall pattern of decline within Greater London.
- Average license lengths remained stable and in-line with the activity recorded nationally by officebroker.com.

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RESEARCH

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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.

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