officebroker.com
SERVICED OFFICE REVIEW

CENTRAL LONDON
Q3 2010

CENTRAL LONDON**

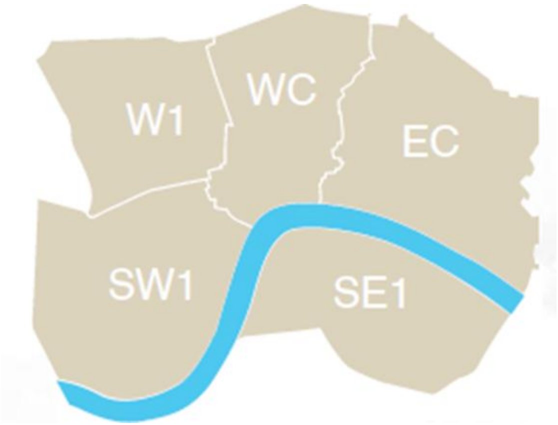
INTRODUCTION

The following report utilises statistics for Q3 10 from officebroker.com, the UK's leading independent broker of serviced office space, to present activity from the serviced office market during Q3 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 Q3 10 compared to Q3 09.



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

HIGHLIGHTS

Q3 10
COMPARED TO Q3 09:

- **Enquiry levels increased by 36%**
- **The number of newly signed serviced office tenants (SOTs) remained within 1% of Q3 09 levels.**
- **The average number of workstations per SOT rose from 4.6 to 5.5**
- **Average workstation price increased from £509.00 to £569.00**
- **Average license length increased from 7.3 months to 8.9 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 225 to 228

The total number of serviced office buildings registered with officebroker.com in Central London increased to 228 during Q3 10 – representing a net increase of 3 buildings on the figure of 225 recorded at the close of Q2 10.

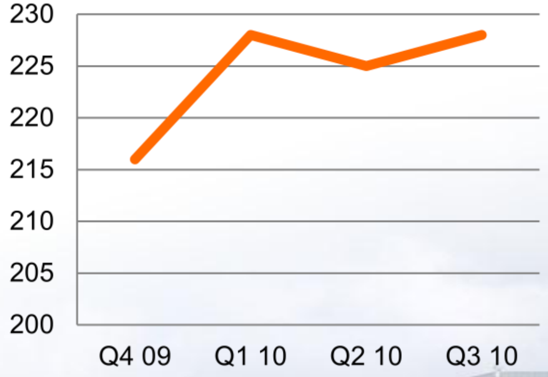
Fig. 1 illustrates that this Q3 10 increase returns the number of serviced office buildings registered with officebroker.com to the level previously recorded in Q1 10.

This most recent increase in the number of serviced office providers utilising the officebroker.com service, means that since the close of Q4 09 the total number of serviced office providers choosing to advertise their buildings in Central London through the officebroker.com service has increased by 5.5% overall.

officebroker.com currently lists 2,544 active serviced office buildings in the UK, the 228 serviced office buildings listed within the Central London area accounts for 9% 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

Q3 10 enquiry levels exceeded those of Q3 09 by +36% overall.

Quarterly Activity – The number of enquiries for serviced office space within the Central London region received by officebroker.com increased by +36% in Q3 10 compared to Q3 09.

Year-to-Date Activity – This Q3 10 increase marks the 3rd 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 is currently +43% higher than in the same period of 2009.

National Comparison – During Q3 10 the total number of enquiries received by officebroker.com throughout the UK increased by +16%, indicating that the increases seen in Central London are higher than in other areas of the UK during Q3 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: Q3 10 Central London Enquiry Levels: 2009 vs 2010

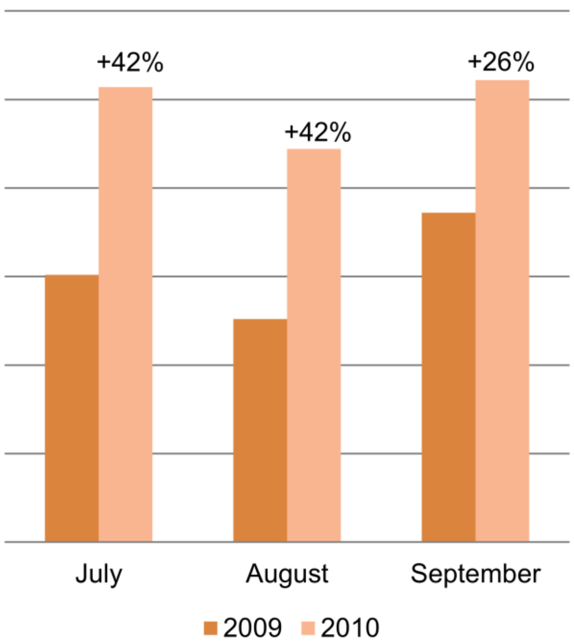
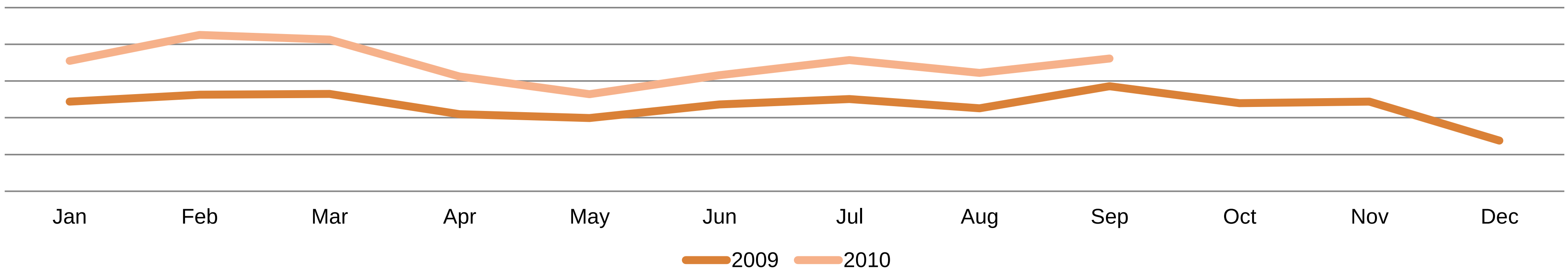


Fig 3. Central London Enquiry Levels: Jan 2009 - Sep 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

The number of new SOTs remained within 1% of Q3 09 levels during Q3 10

Quarterly Activity – The total number of businesses entering serviced office space in Central London through the officebroker.com service remained within 1% of Q3 09 levels during Q3 10

Year-to-Date-Activity – Despite little change in the activity recorded in Q3 10, the overall number of SOTs entering serviced office space in Central London through officebroker.com during 2010 continues to exceed 2009 levels, with the total number of new SOTs currently +26% higher than in the same period of 2009.

National Comparison – During Q3 10 the overall number of SOTs taking serviced office space through the officebroker.com service in the UK decreased by -17% compared to Q3 09.

Having seen less than a 1% change in new SOT levels during Q3 10, Central London would appear to have performed better than much of the UK.

However, even though Central London did not see the decreases in new SOTs reflected in the national average, regions such as the East Midlands (+37%) and the North East (+52%) outperformed the capital in terms of securing new SOTs during this 3 month period.

Fig 4: Q3 SOT Levels 2009 vs 2010

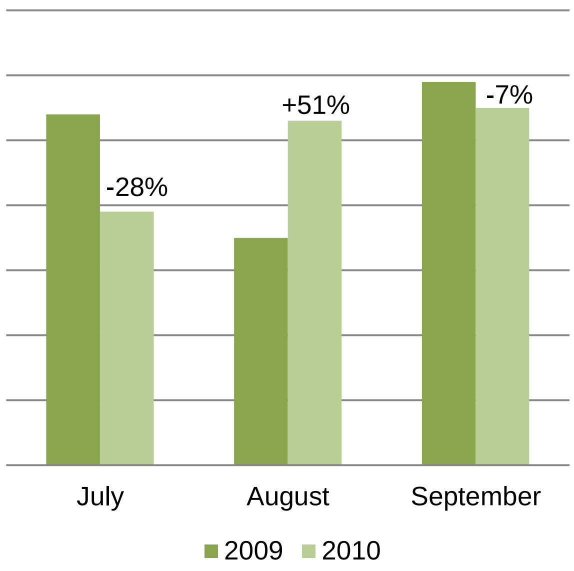
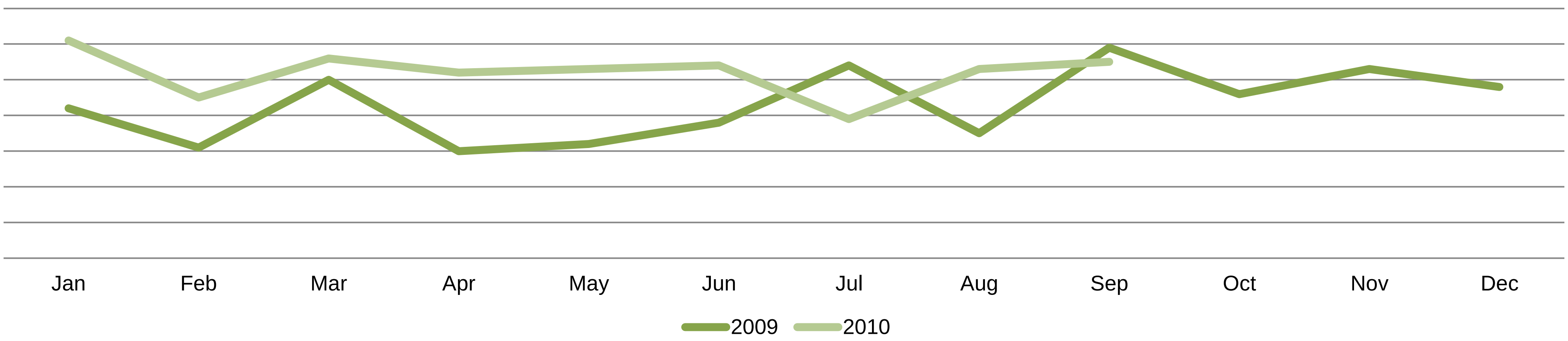


Fig 5. Central London SOT Levels: Jan 2009 - Sep 2010



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AVERAGE WORKSTATIONS PER SOT

Average workstations per SOT rose from 4.6 to 5.5 in Q3 10 compared to Q3 09

Quarterly Activity – The average number of workstations per SOT totalled 5.5 at the close of Q3 10, an increase of +19% on the average of 4.6 workstations per SOT recorded in Q3 09.

Year-to-Date-Activity – Despite the +19% increase in average workstation requirements during Q3 10, fluctuations in workstation demand during the previous quarters of 2010 have resulted in the average workstation requirement within Central London remaining unchanged overall, with the year-to-date average of 5.4 workstations per SOT in 2010 equal to that of the same period in 2009.

National Comparison – The average number of workstations per SOT throughout the UK decreased during Q3 10, falling from 4.0 in Q3 09 to 3.9 at the close of Q3 10.

With an average of 3.9 workstations per SOT across the UK in Q3 10, the total of 5.5 workstations per SOT recorded in Central London shows that the number of workstations required by businesses in Central London remained higher (41%) than the UK national average during this period.

Fig 6: Q3 Average Workstations 2009 vs 2010

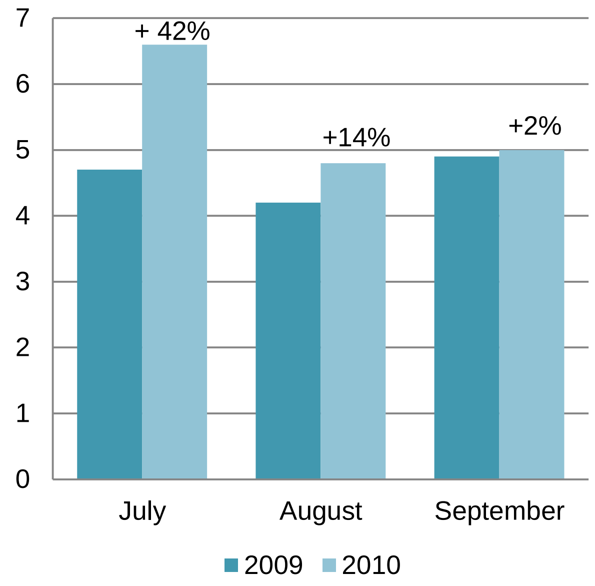
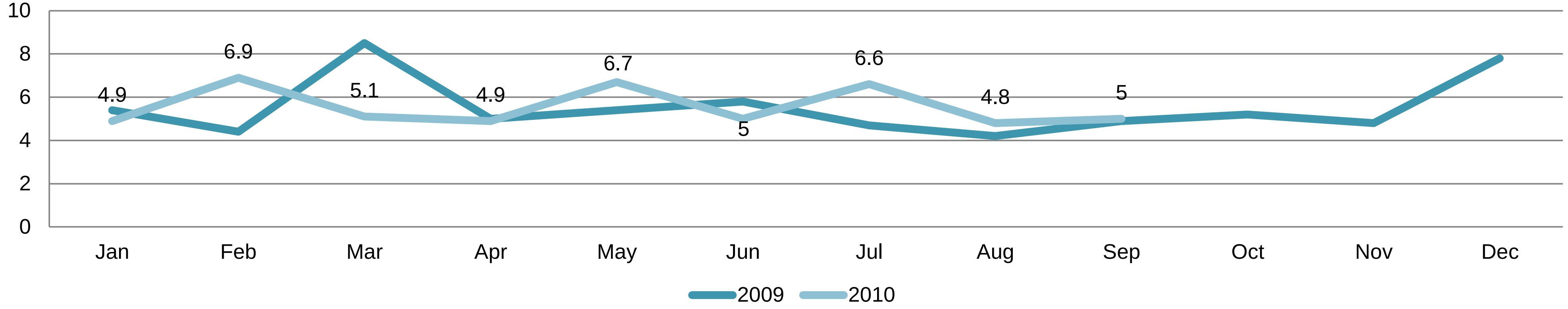


Fig 7. Central London: Average Workstations Per SOT - Jan 2009 - Sep 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation increased by +12% in Q3 10 compared to Q3 09

Quarterly Activity – The average price per workstation in Central London was £569 in Q3 10, an increase of £60.00 (+12%) on the average price of £509.00 recorded in Q3 09.

Year-to-Date Activity – The increase recorded in Q3 10 builds upon the rise in average workstation prices recorded in the previous two quarters of 2010, increasing from an average of £467.00 in 2009 to £528.00 per workstation in 2010.

With an increase on the previous year's prices having occurred in 7 out of 9 months during 2010, average workstation prices within Central London are currently +13% higher than during the same 9 month period of 2009.

National Comparison – During Q3 10 the average price per workstation fell nationally by £27.00 (-11%), decreasing from £251.00 in Q3 09 to £224.00 by the close of Q3 10. Central London is the only UK region to have recorded in increase in average workstation price in all three quarters of 2010.

While the average workstation price of £569.00 recorded in Central London during Q3 10 is over double that of the UK average, this average workstation price still remains £89.00 (-13%) below the prices recorded prior to the UK entering recession, with the average workstation price in Q3 08 averaging £658.00 in Central London.

Fig 8: Q3 Average Workstation Prices 2009 vs 2010

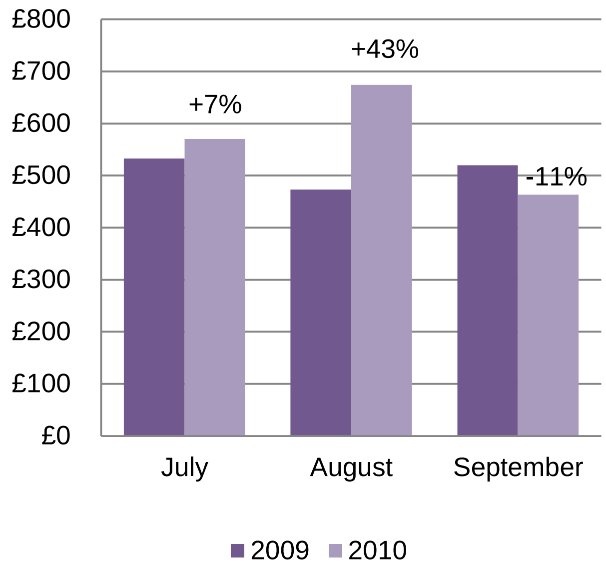
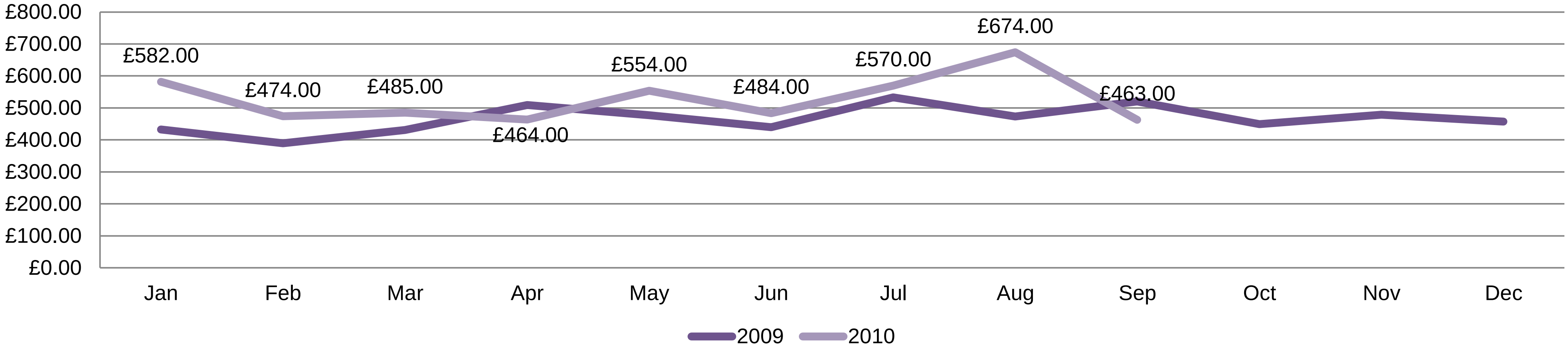


Fig 9. Central London: Average Price Per Workstation - Jan 2009 - Sep 2010



AVERAGE LICENSE LENGTHS

Initial license lengths increased to 8.9 months in Q3 10

Quarterly Comparison – In Q3 10 new SOTs entering serviced office space in Central London through officebroker.com were signing an average license length of 8.9 months, an increase of 1.6 months (+23%) on the average license length of 7.3 months recorded during Q3 09.

Year-to-Date Comparison – To-date, the average license length of businesses entering serviced office space in Central London through officebroker.com in 2010 is 8.5 months, equalling the average license length recorded by officebroker.com during the same period of 2009.

National Comparison – During Q3 10 license lengths averaged 8 months across the UK, an increase of 2 months (+26%) on the average license length of 6 months recorded during Q3 09.

With an average license length nearly 1 month longer than that of the UK national average during Q3 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: Q3 Initial License Length 2009 vs 2010

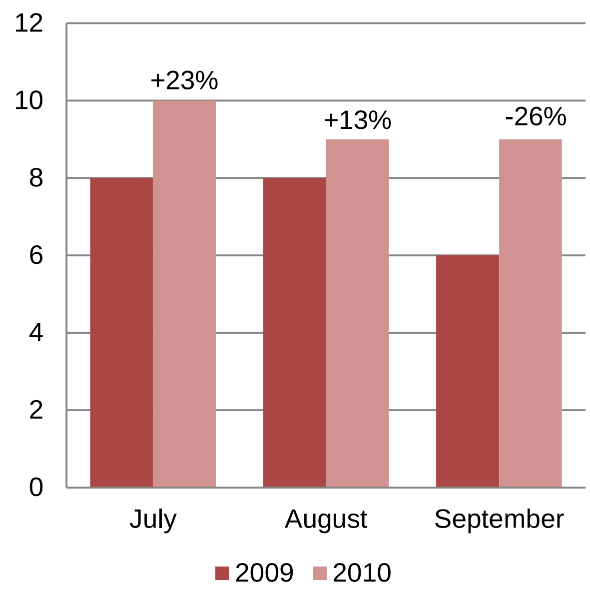
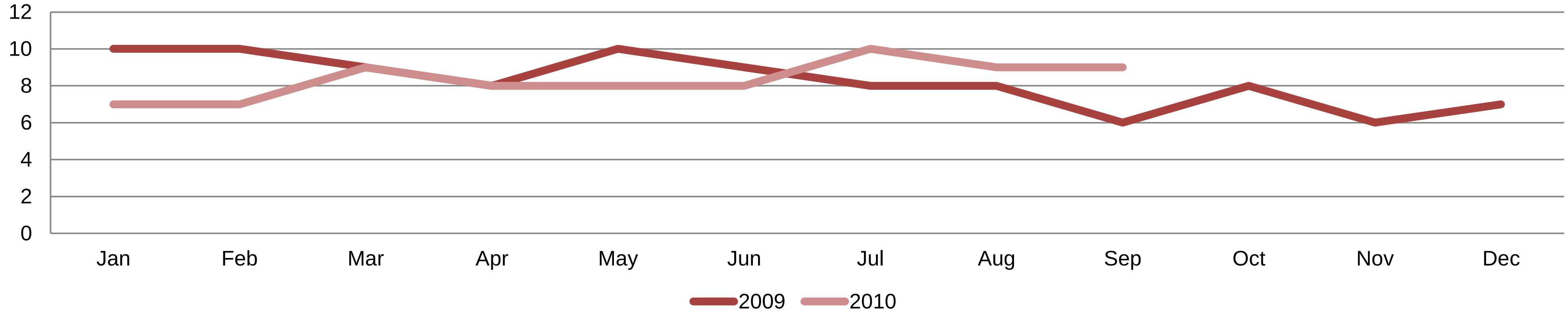


Fig 11. Central London: Average License Lengths - Jan 2009 - Sep 2010



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SUMMARY

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

- Enquiry levels rose above previous year's figures for the third consecutive quarter.
- The overall number of new serviced office tenants remained unchanged during the financial quarter.
- Average workstation price continued to increase for the 3rd consecutive quarter in 2010 despite an overall decline nationally.
- Initial license lengths decreased but 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

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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