

officebroker.com

SERVICED OFFICE REVIEW

SOUTH EAST
Q3 2010



SOUTH EAST***

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 in the serviced office market during Q3 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 Q3 10 compared to Q3 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

Q3 2010 COMPARED TO Q3 2009:

- Enquiry levels increased +11%
- The number of newly signed serviced office tenants (SOTs) decreased by -28%
- Average number of workstations per SOT rose from 3.2 to 4.0
- Average workstation price decreased from £238 to £221
- Average license length increased from 5.9 months to 8.8 months

SUPPLY OF SERVICED OFFICE SPACE

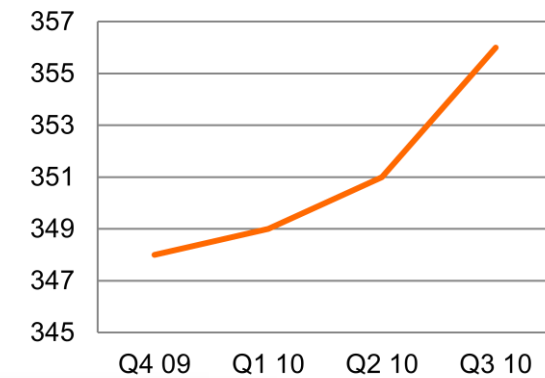
The number of serviced office buildings registered with officebroker.com in the South East increased to 356

The total number of serviced office buildings registered with officebroker.com in the South East increased to 356 during Q3 10 – representing a net increase of 5 buildings on the figure of 351 at the close of Q2 10.

officebroker.com currently lists 2,544 active serviced office buildings in the UK, the 356 serviced office buildings listed within the South East region accounts for 13.9% of the total UK supply offered / available through the officebroker.com service.*

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

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



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DEMAND FOR SERVICED OFFICE SPACE

Enquiry levels exceeded those of Q3 09 by +11% overall.

Quarterly Activity – The number of enquiries received by officebroker.com for serviced office space in the South East has increased by +11% in Q3 10 compared to Q3 09.

Year-to-Date Activity – This +11% increase in enquiries during Q3 10 follows additional increases of 61% and 58% in Q1 and Q2 respectively, meaning the total number of enquiries received by officebroker.com for serviced office space in the South East during 2010 is currently +41% higher than in the same period in 2009.

National Comparison – During Q3 10 the total number of enquiries received by officebroker.com throughout the UK increased by +16%, indicating that the number of additional enquiries officebroker.com has been able to generate in the South East was slightly lower than in other areas of the UK in 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 South East Enquiry Levels: 2009 vs 2010

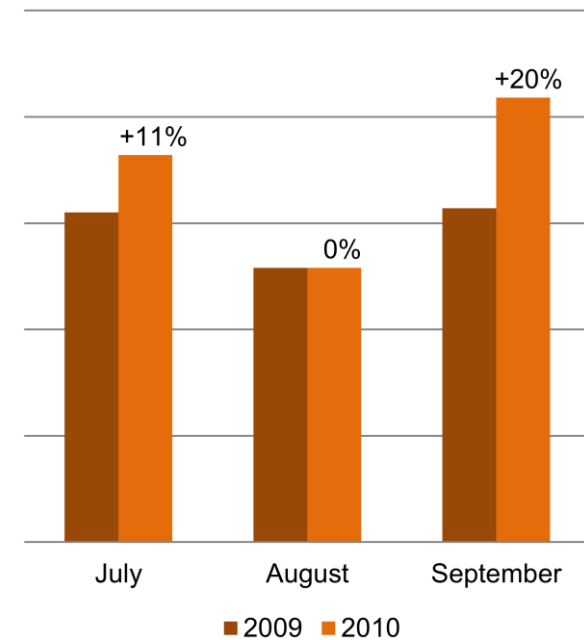
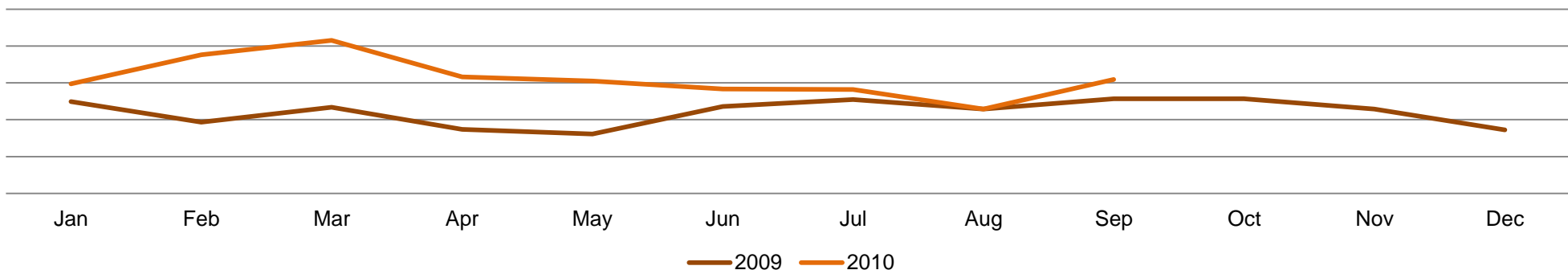


Fig 3. South East Enquiry Levels: Jan 2009 - Sep 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

The number of new SOTs decreased by -28% in Q3 10.

Quarterly Activity – The number of new businesses taking serviced office space through officebroker.com was -28% lower in Q3 10 than in Q3 09.

Year-to-Date Activity – In spite of the decrease in SOTs recorded during Q3 10, the overall number of SOTs placed through the officebroker.com during 2010 is slightly higher (1%) than in the same period of 2009.

As shown in Fig 5, the overall increase in new SOTs that took place during the opening 6 months of 2010 was negated by the lower-levels of activity that occurred during Q3 10.

National Comparison – During Q3 10 the total number of SOTs taking serviced office space through the officebroker.com service decreased nationally by -17%.

Having recorded a decrease of -28% in new SOT levels during Q3 10, the South East would appear to have experienced a greater decrease than other areas of the UK during the financial quarter.

Fig 4: Q3 South East - SOT Levels 2009 vs 2010

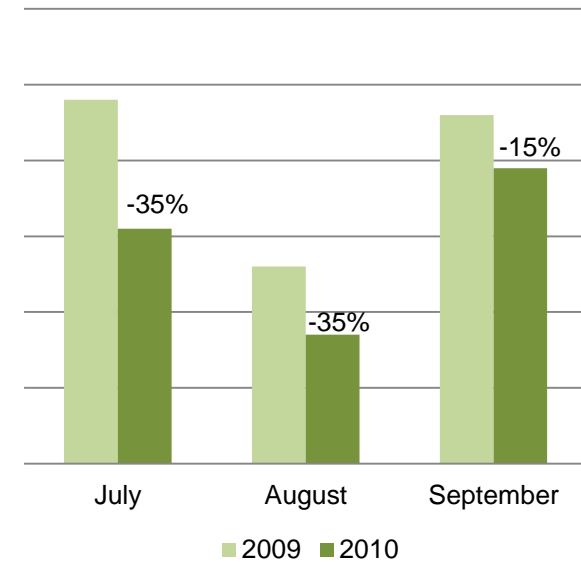
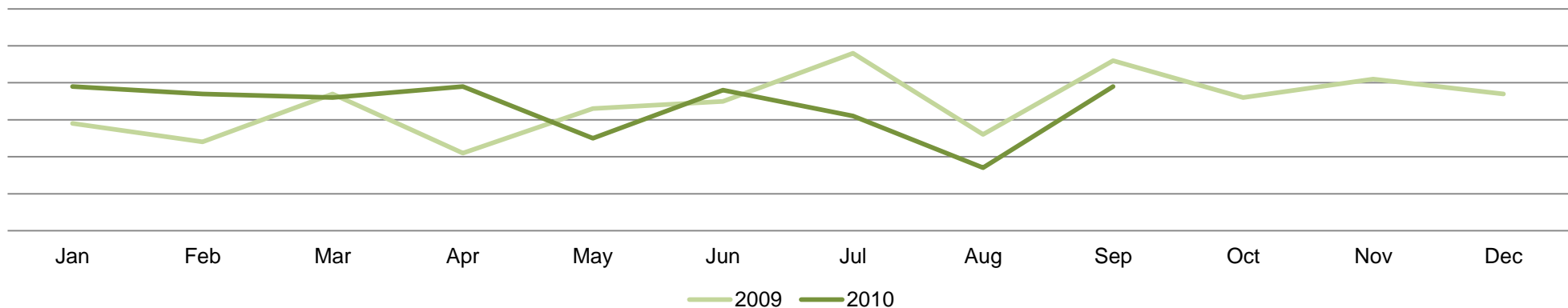


Fig 5. South East SOT Levels: Jan 2009 - Sep 2010



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AVERAGE WORKSTATIONS PER SOT

Average workstation requirement increased to 4.0 per SOT

Quarterly Activity – The average number of workstations per SOT totalled 4.0 at the close of Q3 10, an increase of 0.8 workstations on the average requirement of 3.2 per SOT recorded in Q3 09.

Year-to-Date Activity – Having recorded a decrease in average workstation requirements throughout Q1 and much of Q2 (Fig 7), the increase in average workstation requirements that occurred during the majority of Q2 and Q3 has helped to raise average requirements back to within 2% of the 2009 levels.

National Comparison – The average number of workstations per SOT throughout the UK decreased slightly (-2%) during Q3 10, falling from 4.0 workstations in Q3 09 to 3.9 by the close of Q3 10.

Comparing this national activity to that of the South East in Q3 10, it would appear that those businesses entering serviced office space in this region through officebroker.com were trending in-line with the national activity recorded by officebroker.com.

Fig 6. South East Workstations 2009 vs 2010

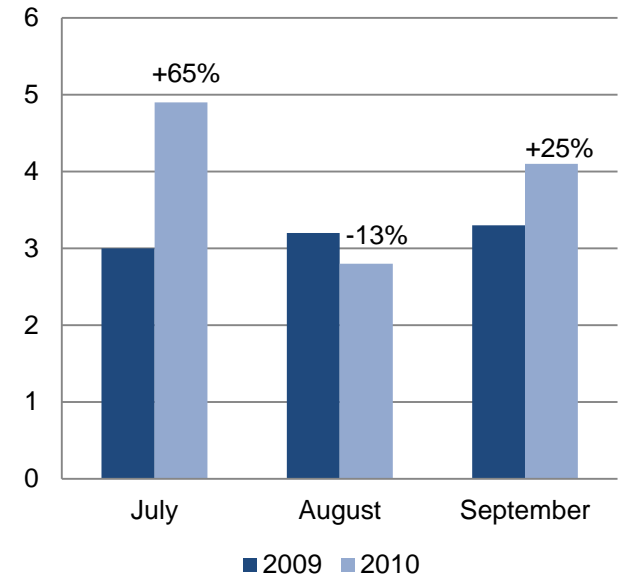
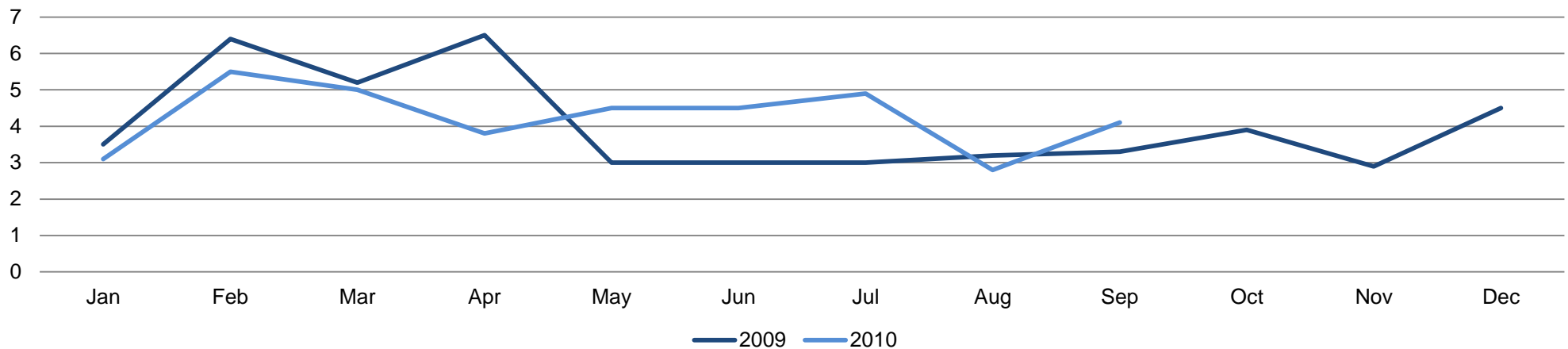


Fig 7. South East: Average Workstations Per Sot - Jan 2009 - Sep 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation decreased to £221.00 in Q3 10

Quarterly Activity – The average price per workstation in the South East was £221.00 in Q3 10, a decrease of £17.00 (-7%) on the average price of £238.00 recorded in Q3 09.

Comparing Q3 activity over a longer time frame, the average price of £211.00 per workstation achieved in 2010 remains £111.00 (-33%) lower than the average price recorded by officebroker.com in Q3 08.

Year-to-Date Activity – As shown by Fig 9 the average workstation prices recorded by officebroker.com in the South East region has fluctuated above and below 2009 levels during 2010.

The overall result of this ebb and flow is a £7.00 (+3%) increase in average workstation prices within the region to-date, altering from £240.00 in 2009 to £247.00 in 2010.

National Comparison – During Q3 10 the average price per workstation fell nationally by £27.00 (-11%) from £251.00 in Q3 09 to £224.00 by the close of Q3 10.

Comparing this national activity to that of the South East in Q3 10, it would appear that this regional activity is in-line with that of the national activity based on the data recorded by officebroker.com.

Fig 8: Q3 Average Workstation Prices 2009 vs 2010

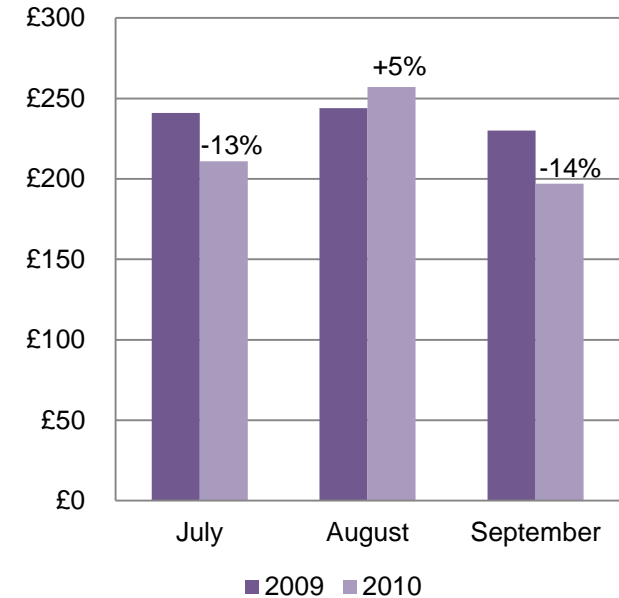
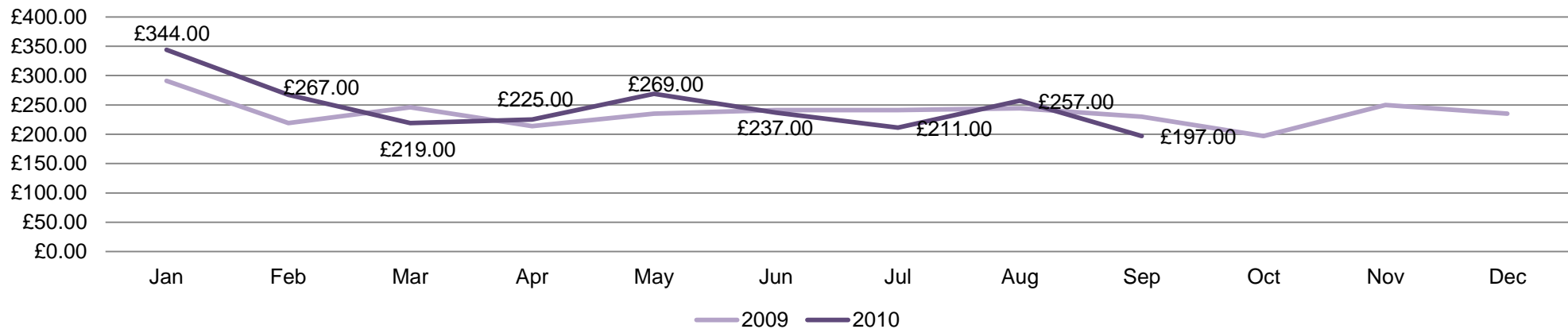


Fig 9. South East: Average Price Per Workstation - Jan 2009 - Sep 2010



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AVERAGE LICENSE LENGTHS

Initial license lengths increased to 8.8 months

Quarterly Activity – In Q3 10 new SOTs entering serviced office space in the South East through officebroker.com were signing average license lengths of 8.8 months, an increase of 2.9 months (+48%) on the average license length of 5.9 months recorded during Q3 09.

Year-to-Date Activity – As shown in Fig 11, average license lengths have exceeded 2009 levels in the South East since March 2010.

The result of these increases is that the average license length within the region during 2010 now stands at 8.1 months, an increase of 2.9 months (+24%) on the license length of 6.6 months recorded in 2009.

National Comparison – During Q2 10 license lengths averaged 8.0 months nationally, an increase of +26% on the average license length of 6.0 months recorded in Q3 09.

With an average license length of 8.8 months being recorded in the South East, businesses entering serviced office space via officebroker.com during this period were committing to an additional 0.8 months compared to the national average during Q3 10.

Fig 10: Q3 Initial License Length 2009 vs 2010

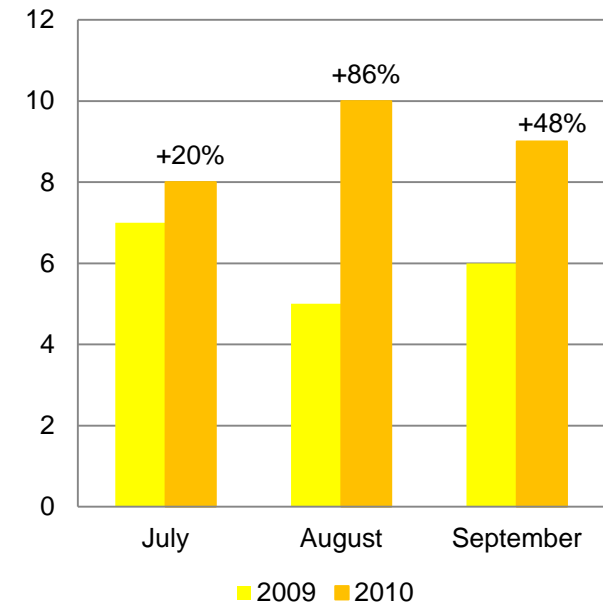
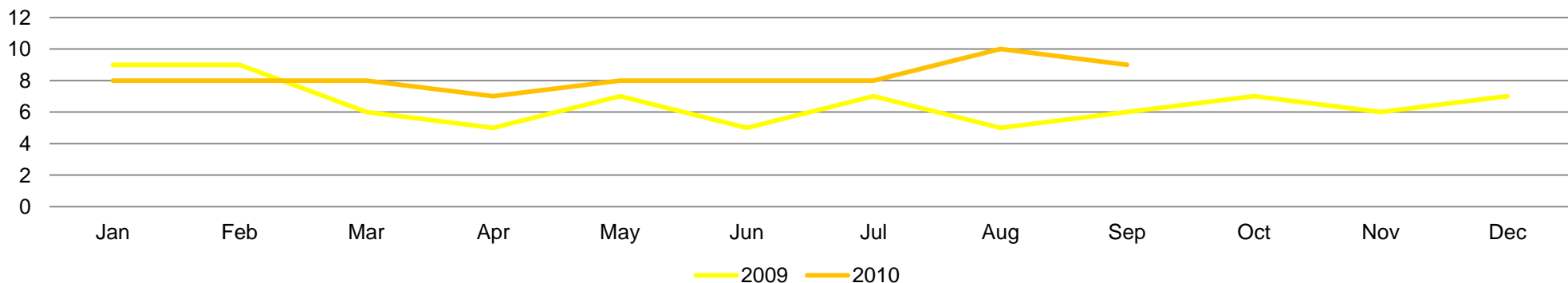


Fig 11. South East: Average License Lengths - Jan 2009 - Sep 2010



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SUMMARY

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

- Enquiry levels increased for the 3rd consecutive quarter of 2010.
- The overall number of new serviced office tenants decreased during Q3 10 but remain above 2009 levels overall to-date in 2010.
- Average workstation price decreased during Q3 10 but have increased overall to-date in 2010.
- Average licence lengths exceeded national averages and continued the increases which began in March 2010.

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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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