

# officebroker.com

## SERVICED OFFICE REVIEW

NORTH EAST  
Q2 2010



# NORTH EAST\*\*\*

## 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 North 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 North East 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 North East region as areas located within the following postcode prefixes: DH, DL, NE, SR, TS

## HIGHLIGHTS

### Q2 2010 COMPARED TO Q2 2009:

- Enquiry levels increased +16%
- The number of newly signed serviced office tenants (SOTs) remained unchanged.
- Average number of workstations per SOT rose from 3.3 to 9.0
- Average workstation price decreased from £183 to £172
- Average license length increased from 4.1 months to 6.4 months

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## SUPPLY OF SERVICED OFFICE SPACE

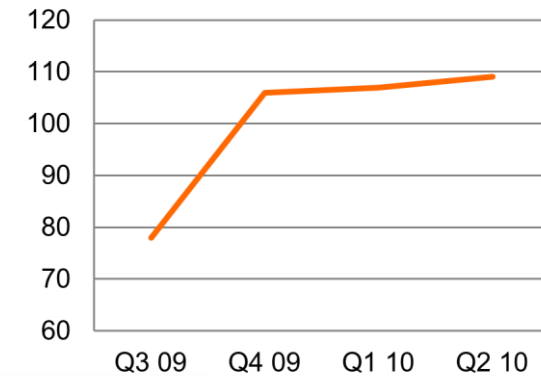
### The number of serviced office buildings registered with officebroker.com in the North East increased from 107 to 109.

The total number of serviced office buildings registered with officebroker.com in the North East increased to 109 during Q2 10 – representing a net increase of 2 buildings on the figure of 107 recorded at the close of Q1 10.

As shown in Fig 1, the total number of serviced office buildings registered with the officebroker.com service has grown continuously during the last 12 months, rising from 78 in Q3 09 to 109 by the close of Q2 10.

This means that the overall number of serviced office buildings choosing to register with officebroker.com has increased by 31 buildings (+39%) within this 12 month period.

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



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# DEMAND FOR SERVICED OFFICE SPACE

## Q2 10 Enquiry Levels exceeded those of Q2 09 by +16% overall.

**Quarterly Activity** – The total number of enquiries received by officebroker.com for serviced office space in the North East increased by +16% in Q2 10 compared to Q2 09.

**Year-to-Date Activity** – This additional +16% increase in enquiries recorded by officebroker.com in Q2 10 follows a +83% increase in Q1 10, meaning the overall number of enquiries received by officebroker.com for serviced office space in the North East during the first half of 2010 was +50% higher than in 2009.

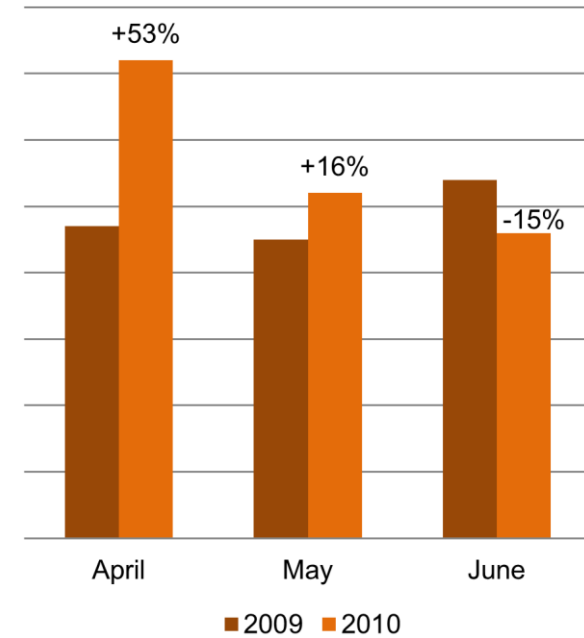
**National Comparison** – During Q2 10 the total number of enquiries received by officebroker.com throughout the UK increased by +33% compared to Q2 09.

This national activity indicates that the percentage increase seen in the North East (+16%) during Q2 10 was below that of the national average recorded by officebroker.com.

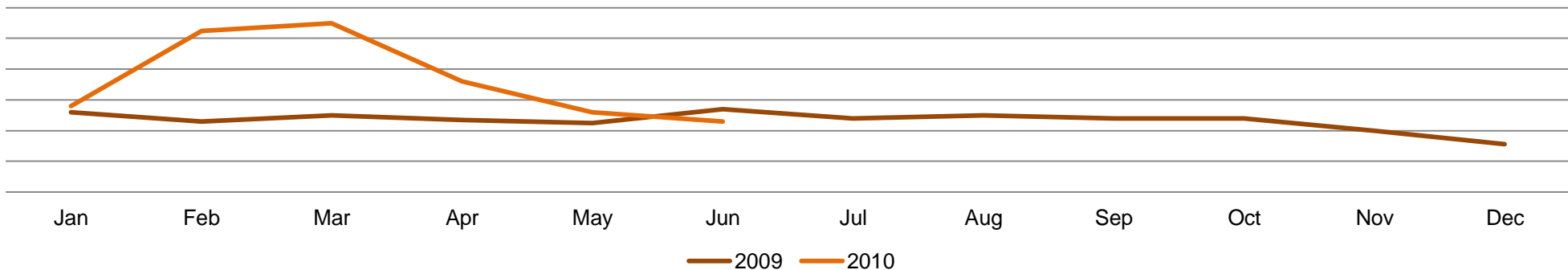
*\* Effective from 1<sup>st</sup> February 2010, officebroker.com extensively expanded its online marketing and affiliate program.*

*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 North East Enquiry Levels: 2009 vs 2010**



**Fig 3. North East Enquiry Levels: Jan 2009 - June 2010**



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## NEW SERVICED OFFICE TENANTS (SOTs)

### 0% change 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 remained unchanged in Q2 10.

**Year-to-Date Activity** – During Q1 10 the number of new SOTs taking space through the officebroker.com service was lower than in Q1 09 (-57%), meaning that the overall number of SOTs taking space via officebroker.com in the North East is -46% lower in the opening 6 months of 2010 than in 2009.

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 (+83%), a result of the increased marketing activity outlined in the previous section of this report, are yet to help secure a greater number of SOTs taking office space in the North East region through officebroker.com during Q2 10.

**National Comparison** – During Q2 10 the total number of SOTs taking serviced office space through officebroker.com increased nationally by +5% compared to Q2 09. Having recorded a 0% change in SOT numbers during Q2 10 in the North East, national activity during this same period is shown to be higher.

Fig 4: Q2 North East - SOT Levels 2009 vs 2010

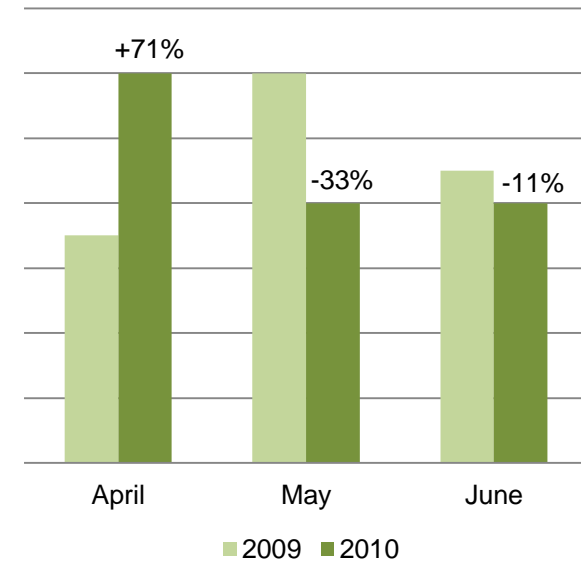
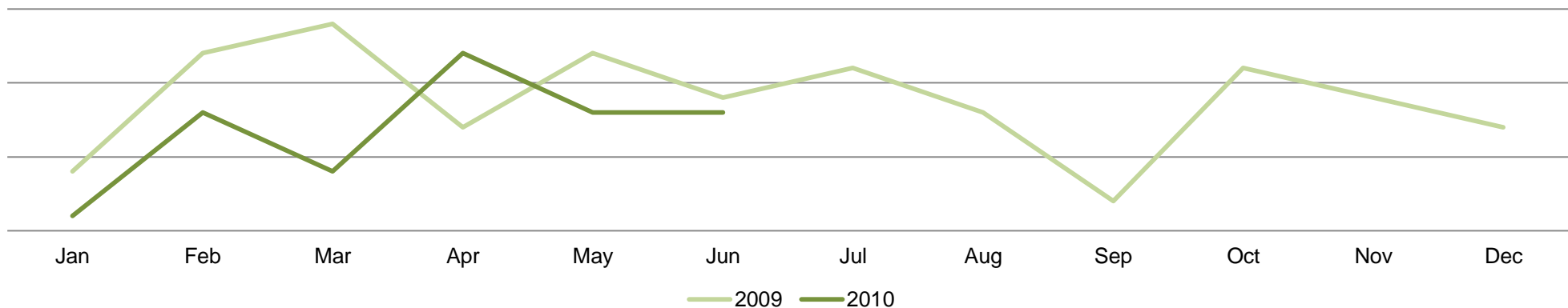


Fig 5. North East SOT Levels: Jan 2009 - June 2010



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# AVERAGE WORKSTATIONS PER SOT

**Average workstations per SOT rose from 3.3 in Q2 09 to 9.0 in Q2 10.**

**Quarterly Activity** – The average number of workstations per SOT totalled 9.0 at the close of Q2 10, an increase of +176% on the average workstation requirement of 3.3 per SOT recorded in Q2 09.

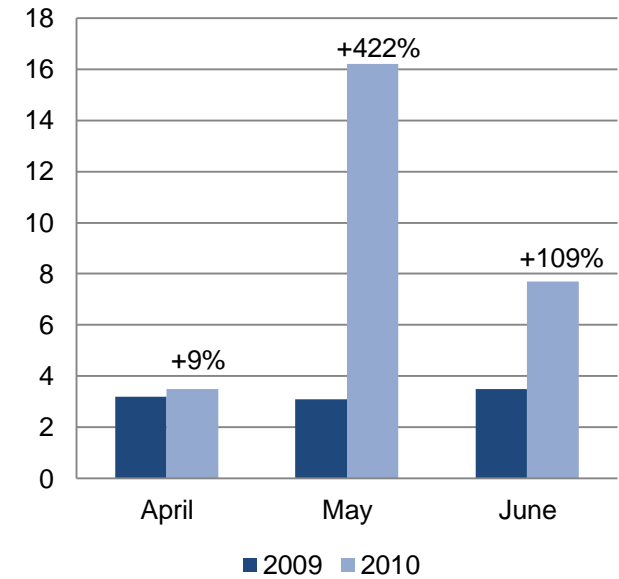
This abnormally large change, as shown in Fig 6, was however skewed by a series of deals with larger workstation requirements - unmatched in the North East during Q2 09.

**Year-to-Date Activity** – Despite recording a decrease in average workstation requirements during Q1 10, which fell from 5.8 workstations in Q1 09 to 3.9 workstation in Q1 10 (-33%), the overall workstation requirements of those entering space through the officebroker.com service in the North East were +43% higher, rising from an average of 4.5 workstations in 2009 to 6.5 workstations during the opening 6 months of 2010.

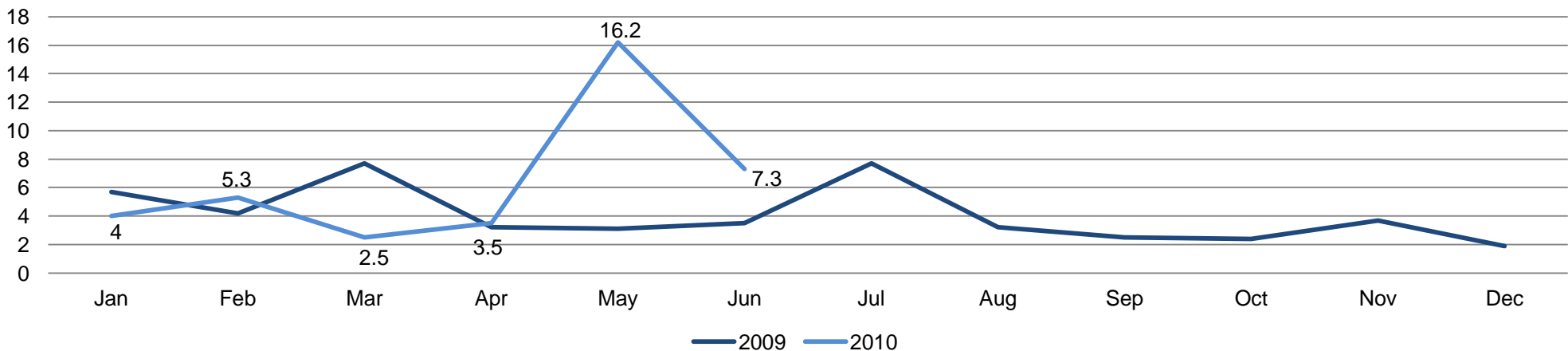
**National Comparison** – The average number of workstations per SOT throughout the UK increased from 3.8 in Q2 09 to 4.5 at the close of Q2 10 - a rise of +16%.

Comparing this national activity to that of the North East in Q2 10, both the percentage increase (+176%) and average workstation requirement (9.0) within the region were significantly higher than the national averages recorded by officebroker.com during the same period.

**Fig 6. North East Workstations 2009 vs 2010**



**Fig 7. North East: Average Workstations Per Sot - Jan 2009 - June 2010**



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# SERVICED OFFICE SPACE COSTS

## Average price per workstation decreased by -6% in Q2 10 compared to Q2 09.

**Quarterly Activity** – The average price per workstation in the North East was £172.00 in Q2 10, a decrease of -6% on the average price of £183.00 recorded in Q2 09.

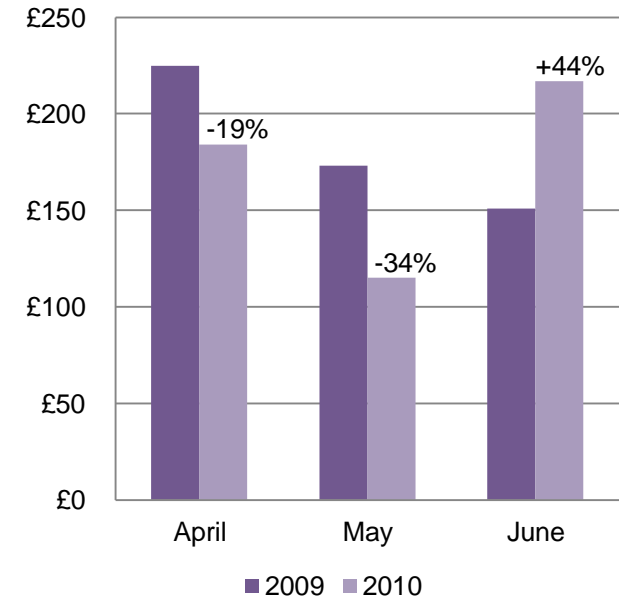
**Year-to-Date Activity** – Having also recorded a decrease of -5% in average workstation prices during Q1 10, average workstation prices in the North East are -5.3% lower between January – June 2010 compared to the same period of 2009 according to the data collected by officebroker.com.

**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.

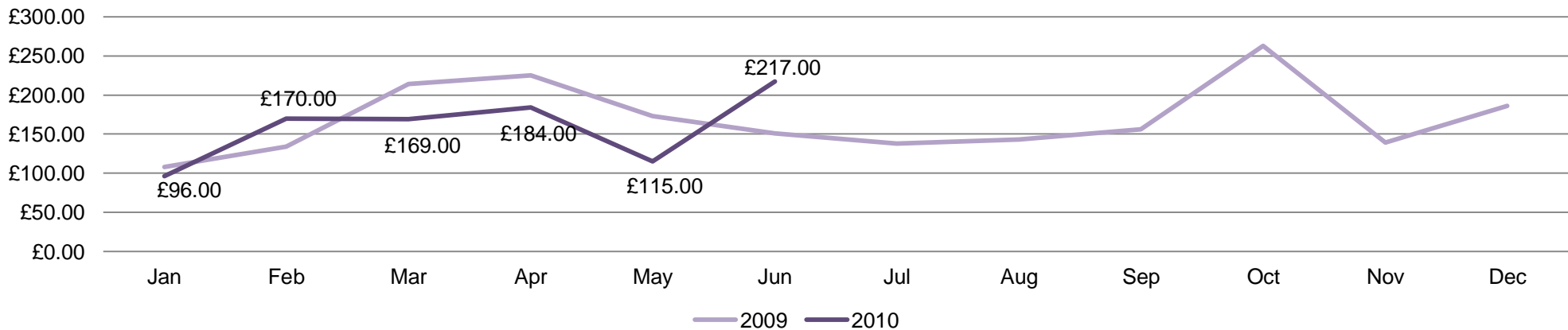
While the percentage decrease recorded by officebroker.com in the North East (-6%) is lower than the national average (-13%) during this same period, the average workstation price within the North East (£183.00) is substantially lower than that of the national average (£238.00).

This means that during Q2 10 average workstation prices in the North East were £55.00 (-23%) lower than that of the national average recorded by officebroker.com in Q2 10.

**Fig 8: Q2 Average Workstation Prices 2009 vs 2010**



**Fig 9. North East: Average Price Per Workstation - Jan 2009 - June 2010**



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# AVERAGE LICENSE LENGTHS

## Initial license lengths increased to 6.4 months in Q2 10 from 4.1 in Q2 09

**Quarterly Activity** – In Q2 10 new SOTs entering serviced office space in the North East through officebroker.com were signing average license lengths of 6.4 months, an increase of 2.3 months (+55%) on the average license length of 4.1 months recorded during Q2 09.

**Year-to-Date Activity** – The increase in average license lengths recorded in Q2 10 follows an overall increase of +7% in the average license length recorded in Q1 10, meaning that average license lengths in the North East during the opening 6 months of 2010 are +23% (1.4 workstations) higher than during the same period of 2009.

**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 6.4 months being recorded in the North East, businesses entering serviced office space via officebroker.com during this period were committing to 0.9 months less (-12%) compared to the national average during Q2 10.

The average license length of 6.4 months within the North East was the second lowest of any UK region during Q2 10, with only the South West (6.3) region recording a lower average license length in Q2 10.

Fig 10: Q2 Initial License Length 2009 vs 2010

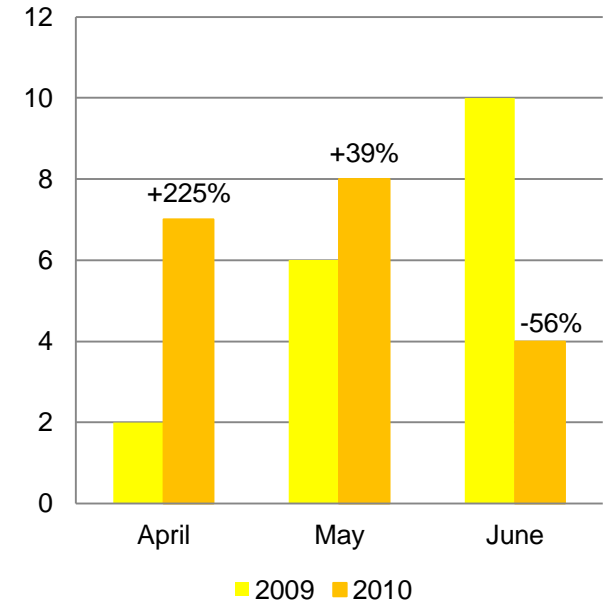
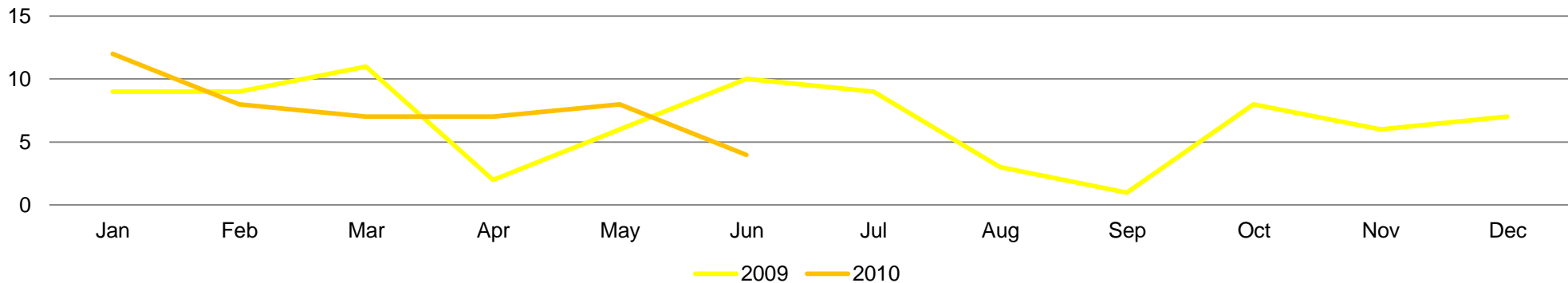


Fig 11. North East: Average License Lengths - Jan 2009 - June 2010



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## SUMMARY

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

- Enquiry levels increased by +16% during Q2 10, building upon the previous increase recorded in Q1 10.
- The overall number of new serviced office tenants remained unchanged.
- Average workstation price fell below 09 levels for the 2<sup>nd</sup> consecutive quarter.
- Average license lengths exceeded Q2 09 levels in Q2 10 but were one of the lowest average levels recorded in any UK region.

### NEED TO KNOW MORE DETAIL?

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## RESEARCH

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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:

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## EDITORS NOTES

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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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