

officebroker.com

SERVICED OFFICE REVIEW

EAST MIDLANDS
Q2 2010



EAST 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 East Midlands ***:

- 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 East 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 East Midlands region as areas located within the following postcode prefixes: DE, LE, NG, NN

HIGHLIGHTS

Q2 2010 COMPARED TO Q2 2009:

- Enquiry levels increased +36%
- The number of newly signed serviced office tenants (SOTs) increased by +23%
- Average number of workstations increased to 4.3 per SOT
- Average workstation price decreased from £233.00 to £166.00
- Average license length increased from 6.4 months to 7.3 months

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SUPPLY OF SERVICED OFFICE SPACE

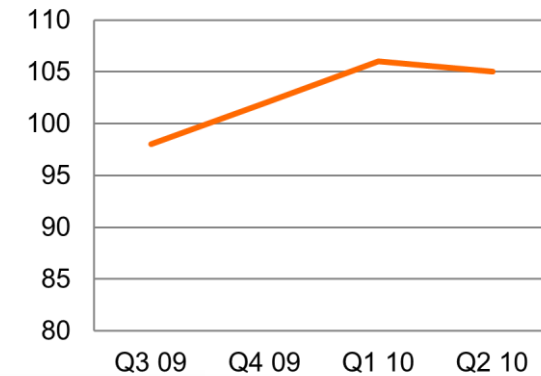
The number of serviced office buildings registered with officebroker.com in the East Midlands decreased from 106 to 105.

The total number of serviced office buildings registered with officebroker.com in the East Midlands decreased to 105 during Q2 10 – representing a net decrease of 1 building on the figure of 106 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 increased overall during the last 12 months, rising from 98 in Q3 09 to 105 by the close of Q2 10.

This means that the overall number of serviced office buildings choosing to register with officebroker.com in the East Midlands has increased by a total of 7 buildings within this twelve month period.

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



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DEMAND FOR SERVICED OFFICE SPACE

Q2 10 Enquiry Levels exceeded those of Q2 09 by +36% overall.

Quarterly Activity – The total number of enquiries received by officebroker.com for serviced office space in the East Midlands increased by +36% in Q2 10 compared to Q2 09.

Year-to-Date Activity – This additional +36% increase in enquiries recorded by officebroker.com in Q2 10 follows a +58% increase in Q1 10, meaning the overall number of enquiries received by officebroker.com for serviced office space in the East Midlands during the first half of 2010 were +47% 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 increases seen in the East Midlands are in-line with that of the UK national average during this same period.

** 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 East Midlands Enquiry Levels: 2009 vs 2010

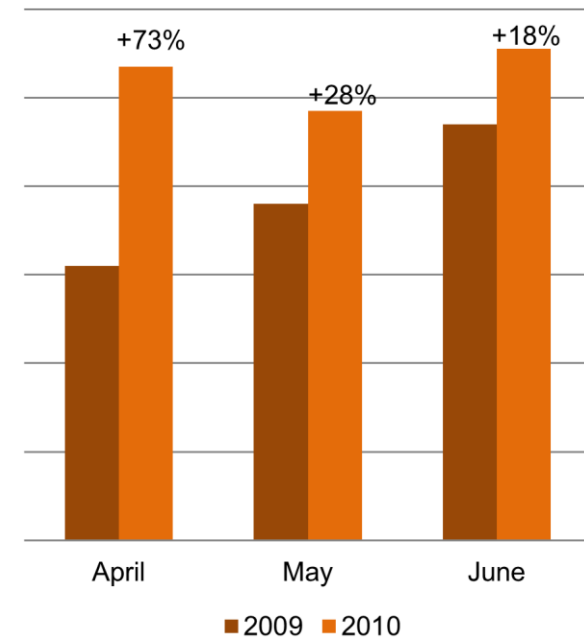
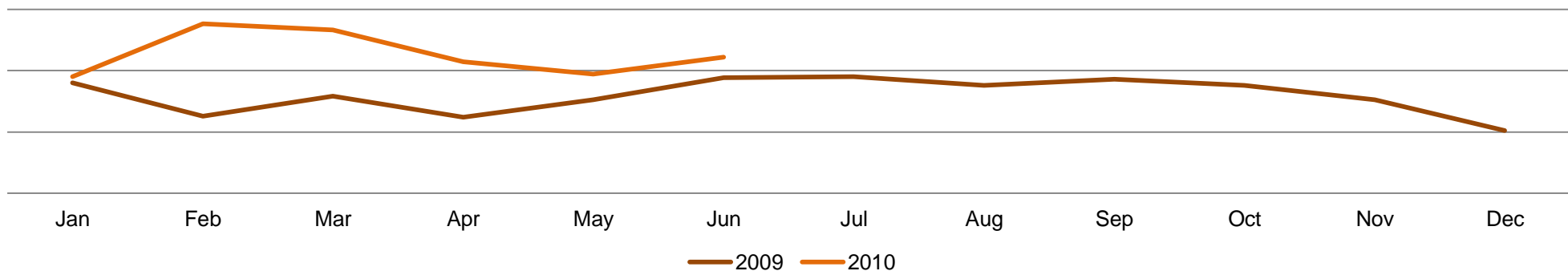


Fig 3. East Midlands: Enquiry Levels: Jan 2009 - June 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

+23% 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 increased by +23% in Q2 10 compared to Q2 09.

Year-to-Date Activity – During Q1 10 the number of new SOTs taking space through the officebroker.com service also increased (+44%). Taking into account the overall activity recorded in the opening 6 months of 2010, the total number of SOTs entering serviced office space via officebroker.com is currently +32% higher 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 (+58%), a result of the increased marketing activity outlined in the previous section of this report, have helped to generate an increase in the number of SOTs taking office space in the East Midlands 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 +23% increase in SOT numbers during Q2 10, the activity in the East Midlands is significantly above the national activity recorded by officebroker.com during this same period.

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

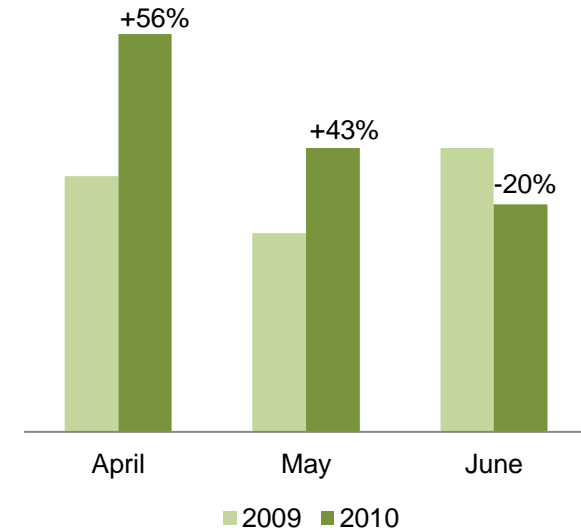
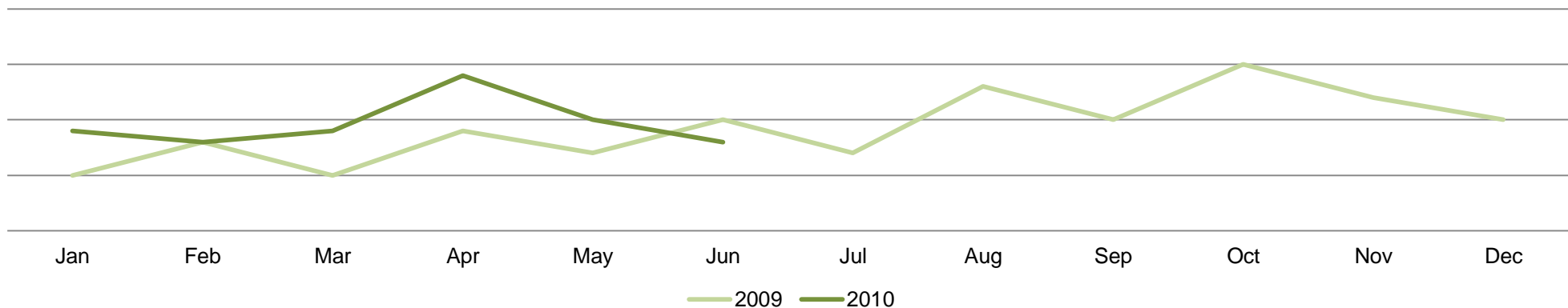


Fig 5. East Midlands - SOT Levels: Jan 2009 - June 2010



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AVERAGE WORKSTATIONS PER SOT

Average workstations per SOT increased from 2.8 in Q2 09 to 4.3 in Q2 10.

Quarterly Activity – The average number of workstations per SOT totalled 4.3 at the close of Q2 10, an increase of +53% on the average workstation requirement of 2.8 per SOT recorded in Q2 09.

The large increase in average workstation requirements recorded in Q2 10 was driven by a number of higher volume deals taking place which had not been present in the East Midlands during Q2 09.

Year-to-Date Activity – With the +53% increase recorded in Q2 10 helping to counter the -32% decrease in average workstation requirements previously recorded during Q1 10, overall workstation requirements in the East Midlands during the opening 6 months of 2010 remain within 3% of 2009 levels overall.

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 East Midlands in Q2 10, the percentage increase recorded within the region (+53%) is significantly higher than the national average during this same period, with the resulting workstation requirement (4.3) falling in-line with national levels.

Fig 6. East Midlands - Workstations 2009 vs 2010

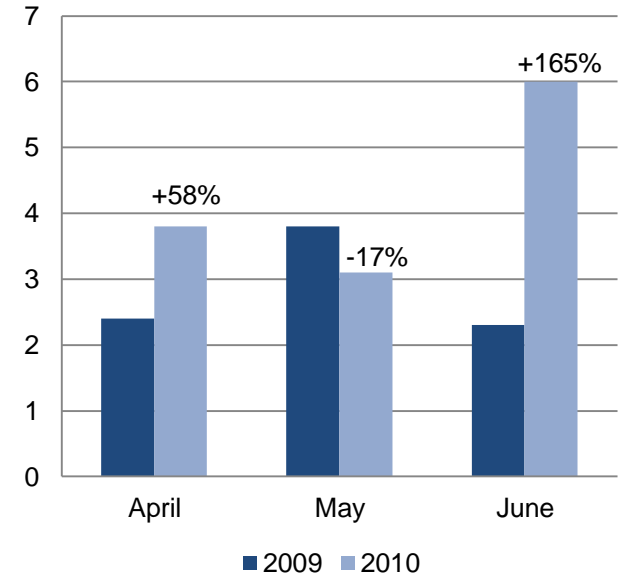
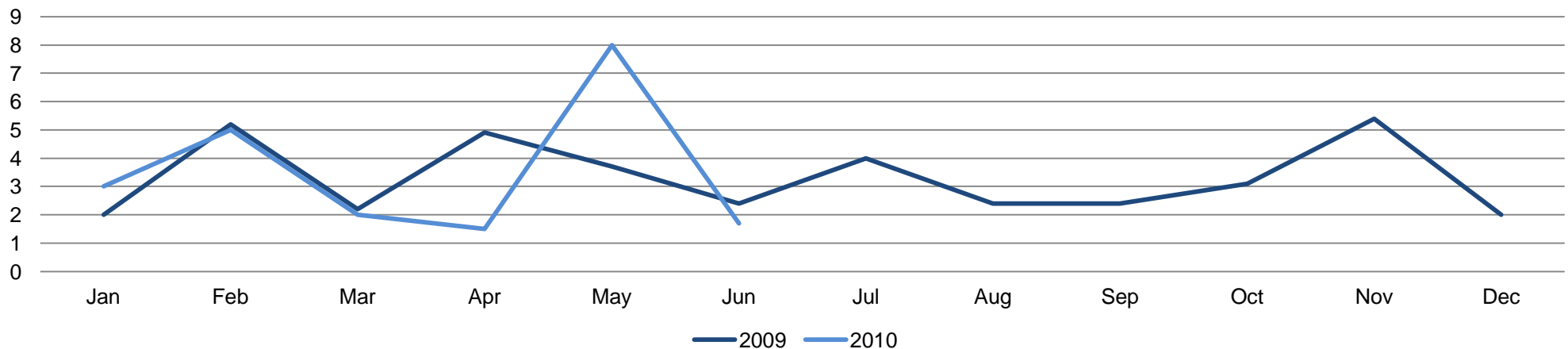


Fig 7. East Midlands: Average Workstations Per Sot - Jan 2009 - June 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation decreased by -25% in Q2 10 compared to Q2 09.

Quarterly Activity – The average price per workstation in the East Midlands was £166.00 in Q2 10, a decrease of -25% on the average price of £223.00 recorded in Q2 09.

Year-to-Date Activity – Having recorded a +27% increase in average workstation prices during Q1 10, the result of the activity in Q2 10 means that overall average workstation prices in the East Midlands are currently -4% lower in the opening 6 months of 2010 than in the same period of 2009.

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.

Having recorded a larger percentage decrease in average workstation price in the East Midlands (-25%) compared to this national average, the average price per workstation in the East Midlands also remained £72.00 (-30%) below that of the national average during Q2 10.

Having recorded an average workstation price of £166.00, workstation prices within the East Midlands were the second lowest of any UK region during Q2 10, with only the North East (£164.00) recording a lower average workstation price during Q2 10.

Fig 8: Q2 Average Workstation Prices 2009 vs 2010

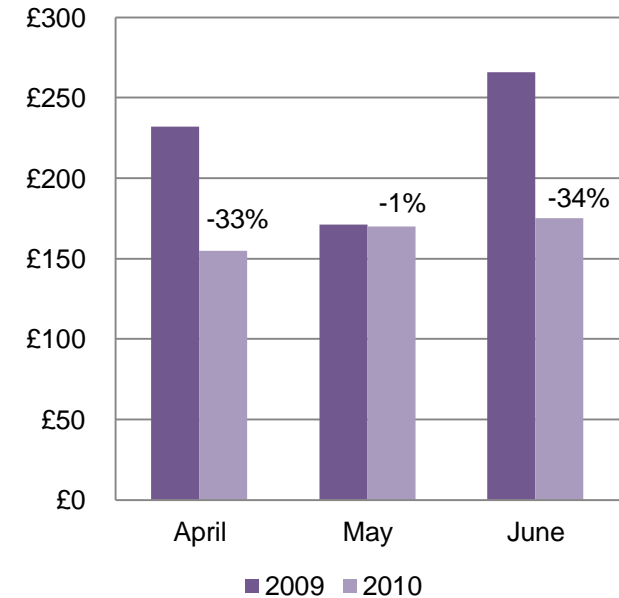
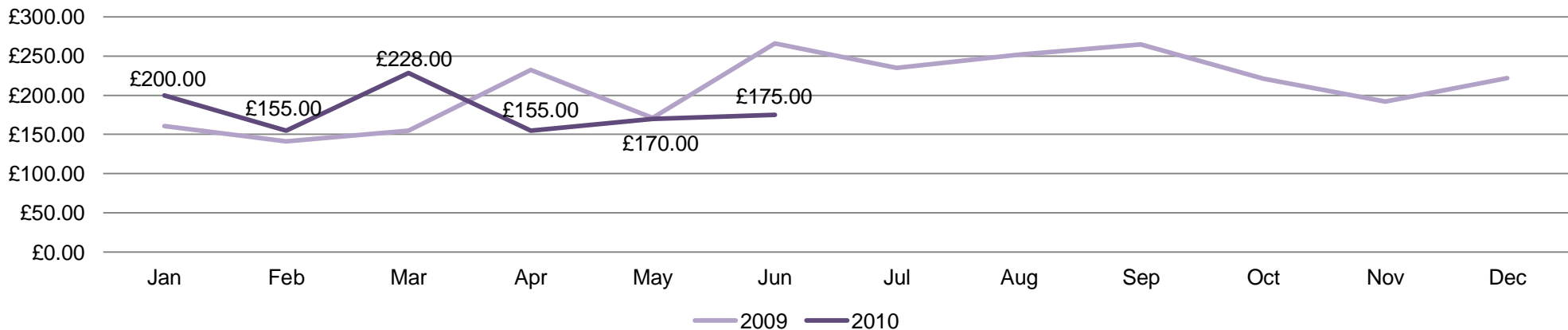


Fig 9. East Midlands: Average Price Per Workstation - Jan 2009 - June 2010



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AVERAGE LICENSE LENGTHS

Initial license lengths increased to 7.3 months in Q2 10 from 6.4 in Q2 09

Quarterly Activity – In Q2 10 new SOTs entering serviced office space in the East Midlands through officebroker.com were signing average license lengths of 7.3 months, an increase of 0.9 months (+14%) on the average license length of 6.4 months recorded during Q2 09.

Year-to-Date Activity – The increase in average license lengths recorded in Q2 10 follows a -24% decrease in the average license lengths in Q1 10. The overall result of this activity means that average license lengths in the East Midlands during the first 6 months of 2010 are currently -8% lower 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 7.3 months being recorded in the East Midlands, businesses entering serviced office space via officebroker.com during this period were trending in line with that of the national average during Q2 10.

Fig 10: Q2 Initial License Length 2009 vs 2010

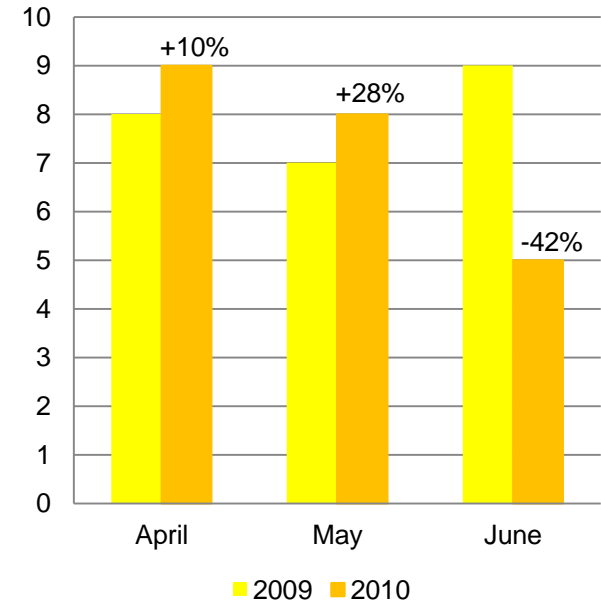
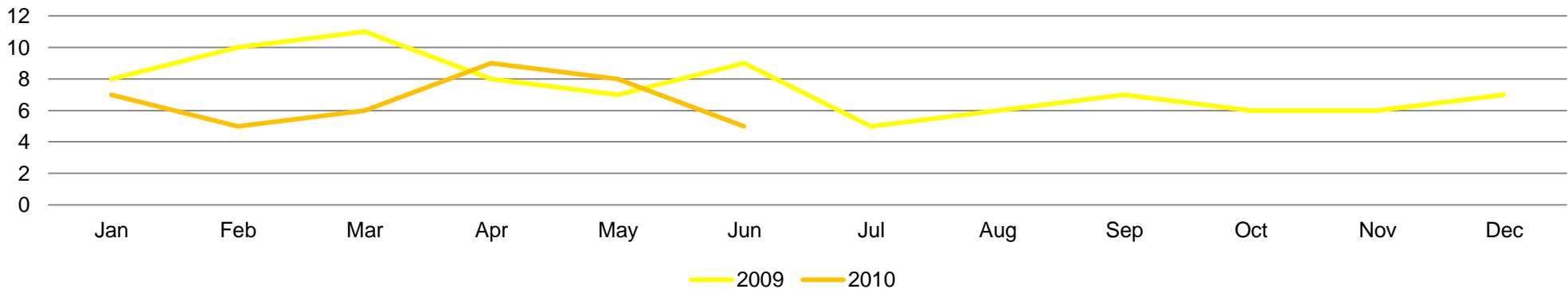


Fig 11. East Midlands: Average License Lengths - Jan 2009 - June 2010



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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 +36% during Q2 10, building upon the previous increase recorded in Q1 10.
- The overall number of new serviced office tenants increased by +23%.
- Average workstation price decreased in Q2 10 and were significantly below national levels.
- Average license lengths increased in line with the national activity recorded during Q2 10.

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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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