

officebroker.com

SERVICED OFFICE REVIEW

WEST MIDLANDS
Q3 2010



WEST MIDLANDS***

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 West Midlands*** 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 West Midlands 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 West Midlands region as areas located within the following postcode prefixes: B, CV, DY, HR, ST, SY, TF, WR, WS and WV

HIGHLIGHTS

Q3 2010 COMPARED TO Q3 2009:

- Enquiry levels increased +9%
- The number of newly signed serviced office tenants (SOTs) decreased by -19%
- Average number of workstations decreased from 4.1 to 3.8
- Average workstation price decreased from £205.00 to £156.00
- Average license length decreased to 7.7 months

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SUPPLY OF SERVICED OFFICE SPACE

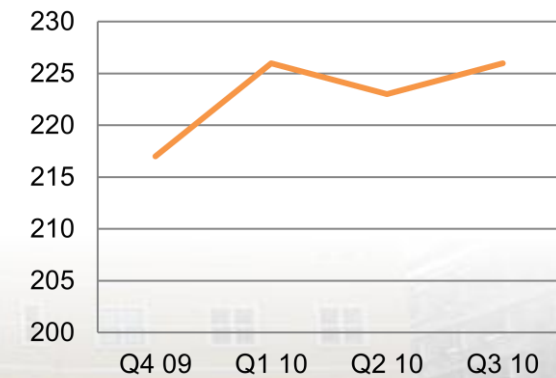
The number of serviced office buildings registered with officebroker.com in the West Midlands increased to 226

The total number of serviced office buildings registered with officebroker.com in the West Midlands increased to 226 during Q3 10, representing a net increase of 3 buildings since the close of Q2 10.

officebroker.com currently lists 2,544 active serviced office buildings in the UK, the 226 serviced office buildings listed within the West Midlands region accounts for 8.8% of the total UK supply offered / available through the officebroker.com service.*

***Information correct at time of publication**

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



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DEMAND FOR SERVICED OFFICE SPACE

Enquiry Levels exceeded those of Q3 09 by +9% overall

Quarterly Activity – The number of enquiries received by officebroker.com for the West Midlands increased by +9% in Q3 10 compared to Q3 09.

Year-to-Date Activity – This latest increase completes a nine-month period (Jan – September 2010) in which officebroker.com successfully increased enquiry levels in the West Midlands, with the number of enquiries generated through the officebroker.com service currently standing +40% 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% compared to Q3 09, meaning that the percentage increase seen in the West Midlands was lower than that of UK nationally average 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 West Midlands Enquiry Levels: 2009 vs 2010

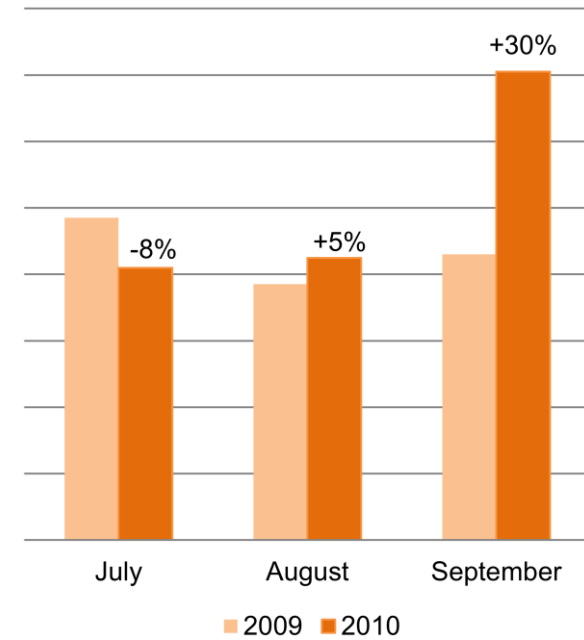
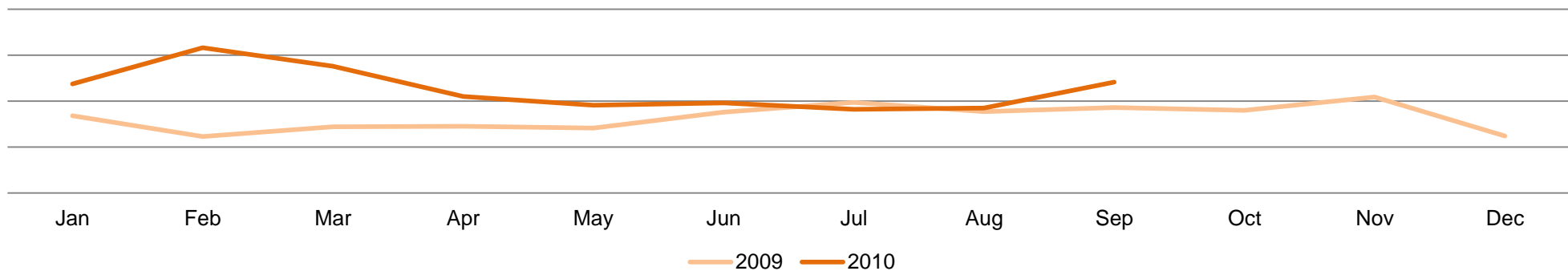


Fig 3. West Midlands Enquiry Levels: Jan 2009 - Sep 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

The number of SOTs decreased by -19% in Q3 10

Quarterly Activity – The number of businesses taking serviced office space through officebroker.com in the West Midlands was -19% lower in Q3 10 than in Q3 09.

Year-to-Date Activity – Between January - September 2010 the number of businesses entering serviced office space through the officebroker.com service has remained within 1% of 2009 levels overall.

As shown in Fig 5 new SOT levels have remained above 2009 levels in 7 out of 9 months in 2010 to-date. In spite of this however the decreases recorded between June – July have off-set the previous increases and resulted in an overall decrease of 1% in SOTs for the year-to-date.

National Comparison – During Q3 10 the number of SOTs taking serviced office space through officebroker.com nationally decreased by -17% on Q3 09 levels.

At -19%, the decrease recorded in the West Midlands demonstrates that regional activity remained in-line with the rest of the UK during Q3 10.

In comparison however, the neighbouring East Midlands region recorded a +37% increase in the number of new SOTs entering serviced office space during Q3 10.

Fig 4: Q3 West Midlands - SOT Levels 2009 vs 2010

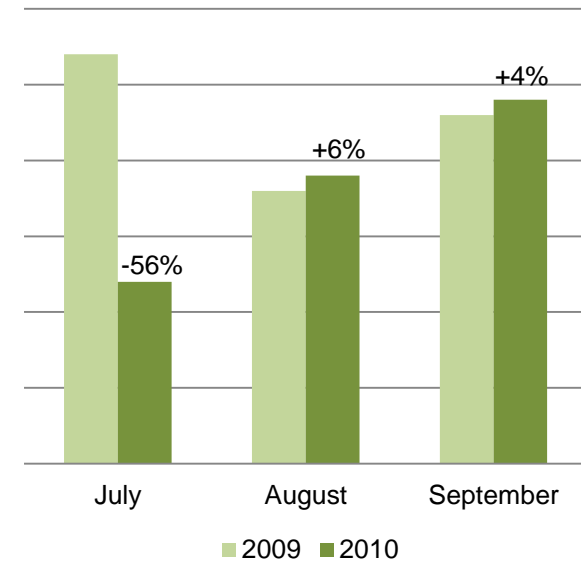
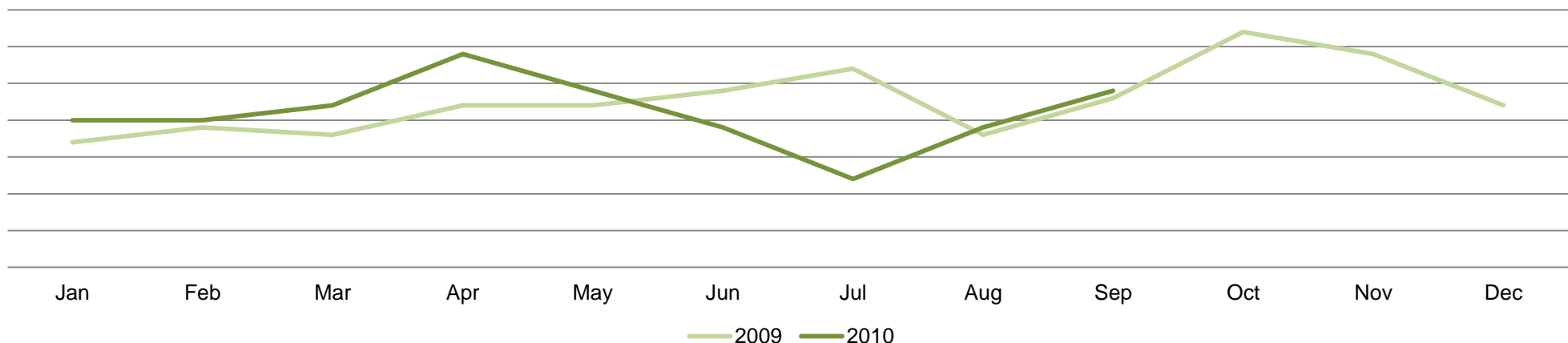


Fig 5. West Midlands SOT Levels: Jan 2009 - Sep 2010



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

AVERAGE WORKSTATIONS PER SOT

Average workstations decreased to 3.8 per SOT

Quarterly Activity – The average number of workstations per SOT totalled 3.8 at the close of Q3 10, a decrease of 0.3 workstations (-6%) on the average requirement of 4.1 per SOT recorded in Q3 09.

Year-to-Date Activity – Having recorded small increases in average workstation requirements in the preceding quarters of 2010, the decrease recorded in Q3 10 represents the first quarterly decrease in average workstation requirements within the West Midlands during 2010.

As shown in Fig 7, the principle factor in this overall decrease was an absence of the larger workstation requirements that occurred within the market during August 2009.

National Comparison – The average number of workstations per SOT decreased from 4 to 3.9 (-2%) throughout the UK during Q3 10.

Comparing this activity with that of the West Midlands, both the percentage change (-6%) and the average workstation requirement (3.8) appear to be trending in line with that of the national activity during Q3 10.

Fig 6: Q3 West Midlands - Average Workstations 2009 vs 2010

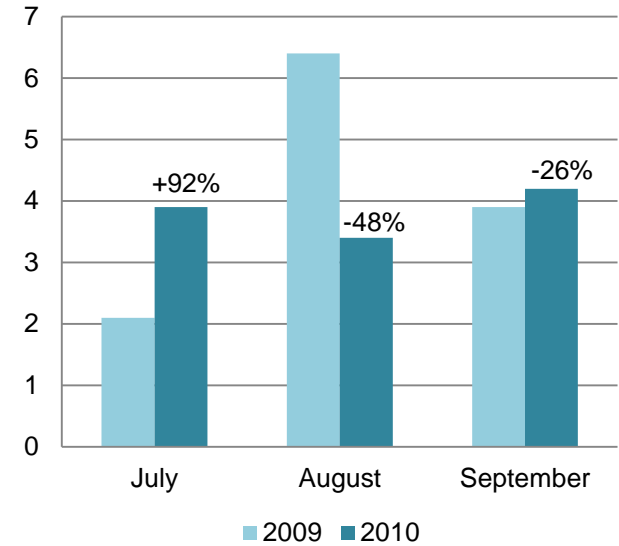
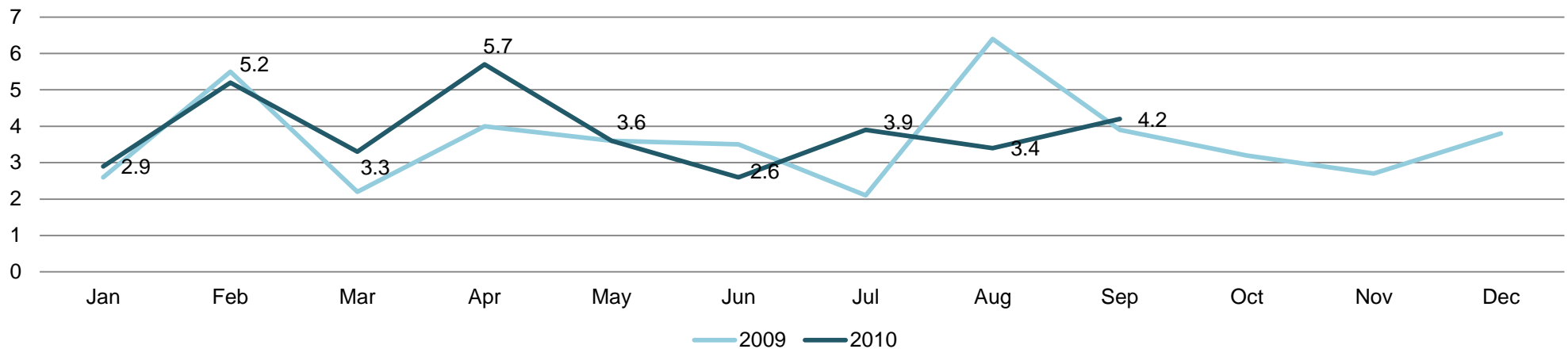


Fig 7. West Midlands: Average Workstations Per Sot - Jan 2009 - Sep 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation decreased by -24% in Q3 10

Quarterly Activity – The average price per workstation in the West Midlands was £156.00 in Q3 10, a decrease of £49.00 (-24%) on the average price of £205.00 recorded in Q3 09.

An interesting point when considering the Q3 10 price within a historical context, is that the Q3 10 average price of £156.00 per workstation is £88.00 lower (-36%) than that of the pre-recession price of £244.00 recorded in Q2 08.

Year-to-Date Activity – Despite exceeding 2009 levels during a number of months, the average workstation price within the West Midlands region has decreased by £13.00 (-7%) overall in 2010 to-date, falling from £192.00 in 2009 to £179.00 during the same period of 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.

At the close of Q3 10 workstation prices in the West Midlands were on average £68.00 below this national average (£224.00), meaning that workstation prices in the West Midlands region are 30% below that of the national average during this period.

Fig 8: Q3 West Midlands Average Workstation Prices 2009 vs 2010

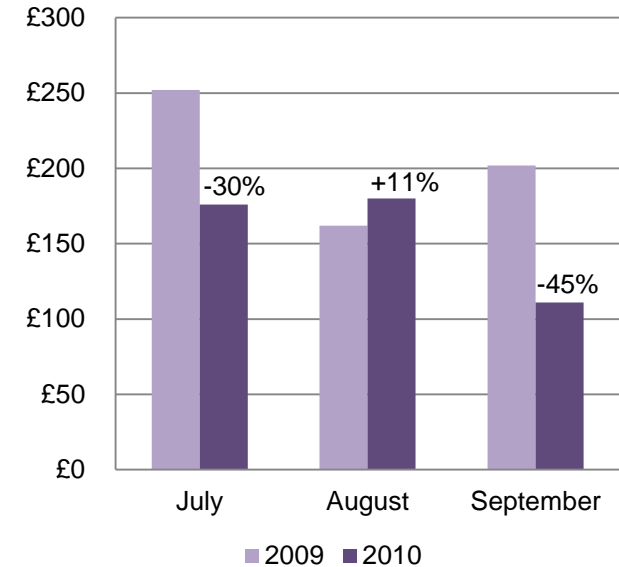
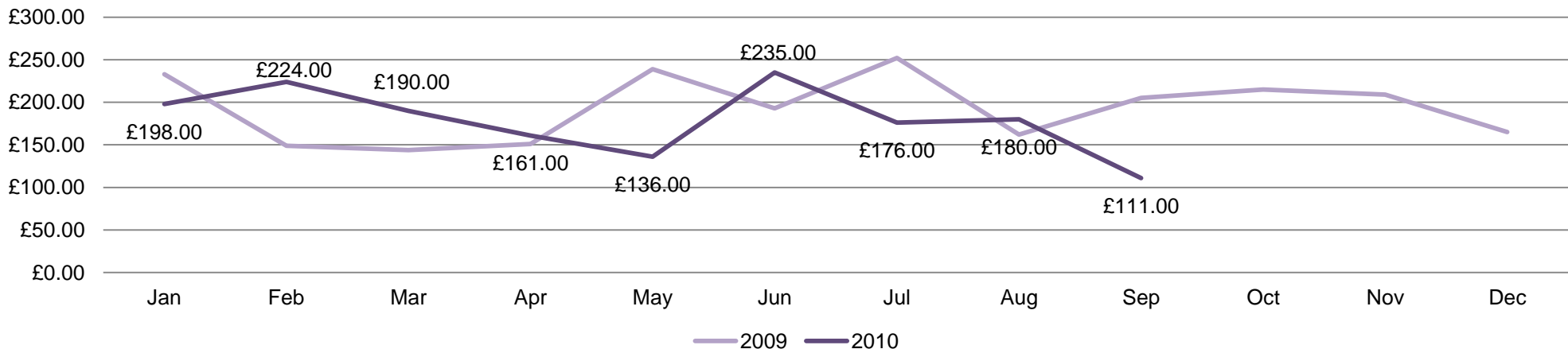


Fig 9. West Midlands: Average Price Per Workstation - Jan 2009 - Sep 2010



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AVERAGE LICENSE LENGTHS

Initial license lengths increased to 7.7 months in Q3 10

Quarterly Activity – In Q3 10 new SOTs entering serviced office space in the West Midlands through officebroker.com were signing average license lengths of 7.7 months, an increase of 0.9 months (+14%) on the average license length of 6.8 months recorded during Q3 09.

Year-to-Date Activity – Average license lengths in the West Midlands remained within 1% of the average license lengths recorded during the same nine-month period in 2009.

National Comparison – During Q3 10 license lengths averaged 8 months nationally, an increase of +26% on the average license length of 6 months recorded in Q3 09.

With an average license length of 7.7 months being recorded in the West Midlands, businesses entering serviced office space via officebroker.com during this period were committing average license lengths that are in-line with national activity.

Fig 10: Q3 Initial License Lengths 2009 vs 2010

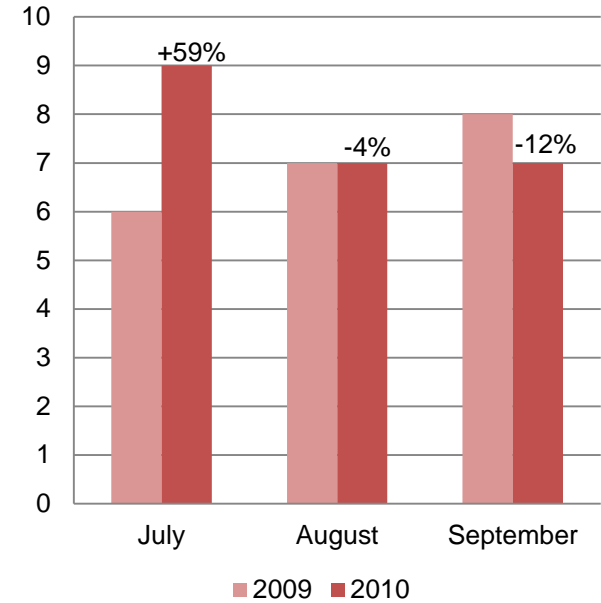
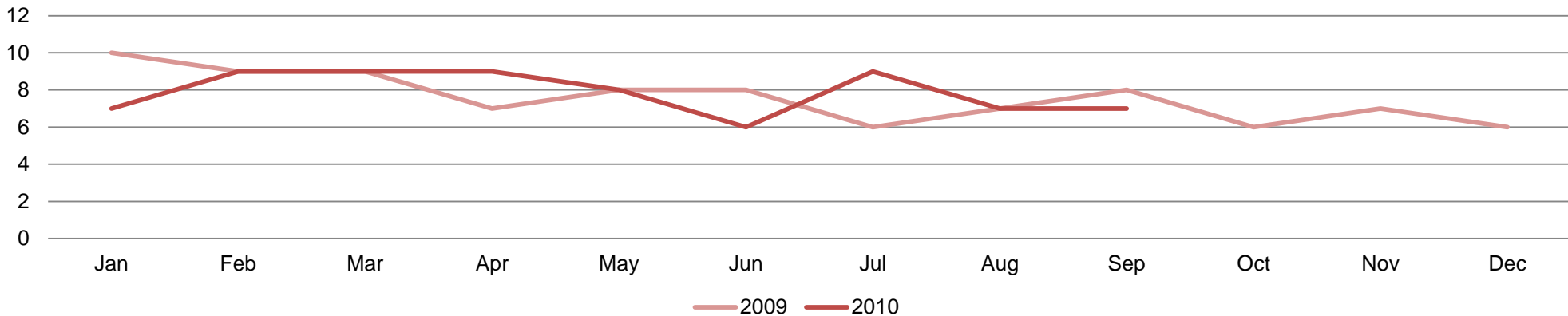


Fig 11. West Midlands: Average License Lengths - Jan 2009 - Sep 2010



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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 across the West Midlands region.
- Average workstation price decreased.
- Initial license lengths increased and remained close to the national average during Q3 10.

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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.

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