

officebroker.com

SERVICED OFFICE REVIEW

NORTH EAST
Q4 2010



NORTH EAST***

INTRODUCTION

The following report utilises statistics for Q4 10 from officebroker.com, the UK's leading independent broker of serviced office space, to present activity in the serviced office market during Q4 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 Q4 10 compared to Q4 09.



*** officebroker.com defines the North East region as areas located within the following postcode prefixes: DH, DL, NE, SR, TS

HIGHLIGHTS

Q4 2010 COMPARED TO Q4 2009:

- Enquiry levels increased by +53% in Q4 10
- The number of newly signed serviced office tenants (SOTs) decreased by -22%
- Average number of workstations per SOT increased to 4.7
- Average workstation price decreased from £196.00 to £171.00
- Average license length increased from 7.3 months to 8.0 months

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SUPPLY OF SERVICED OFFICE SPACE

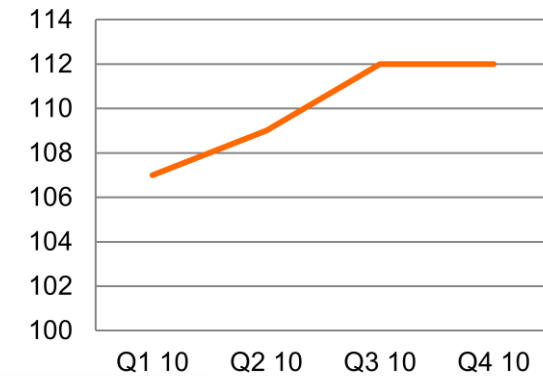
The number of serviced office buildings remained unchanged at 112

The total number of serviced office buildings registered with officebroker.com in the North East remained unchanged at 112 during Q4 10.

officebroker.com currently lists 2,616 active serviced office buildings in the UK, with the 112 serviced office buildings listed within the North East region accounting for 4.2% of the total UK supply offered / available through the officebroker.com service.*

***Information correct at time of publication**

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



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DEMAND FOR SERVICED OFFICE SPACE

Enquiry levels increased by +53% in Q4 10

Quarterly Activity – The number of enquiries received by officebroker.com for serviced office space in the North East was +53% higher in Q4 10 than in Q4 09.

Year-to-Date Activity – Having recorded increased enquiry levels in the opening and closing third of 2010, the total number of enquiries generated by officebroker.com in the North East has risen by +44% overall during 2010.

National Comparison – During Q4 10 the total number of enquiries received by officebroker.com throughout the UK increased by +42% compared to Q4 09.

This national activity indicates that the percentage increase seen in the North East (+53%) during Q4 10 was greater than the national average (+42%).

** 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: Q4 10 North East Enquiry Levels: 2009 vs 2010

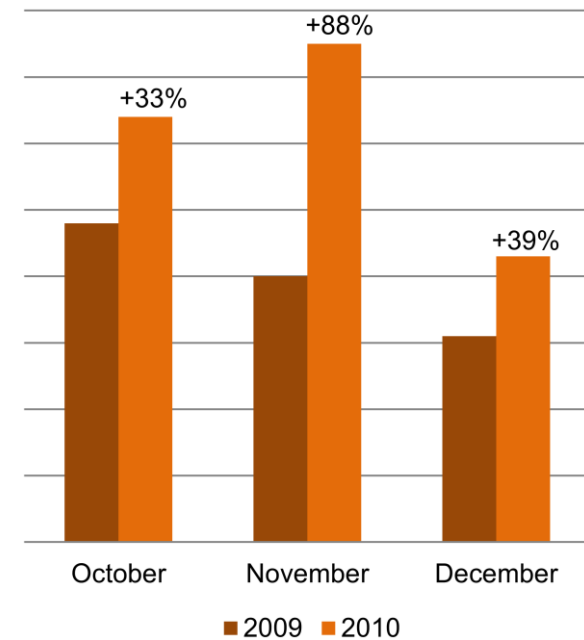
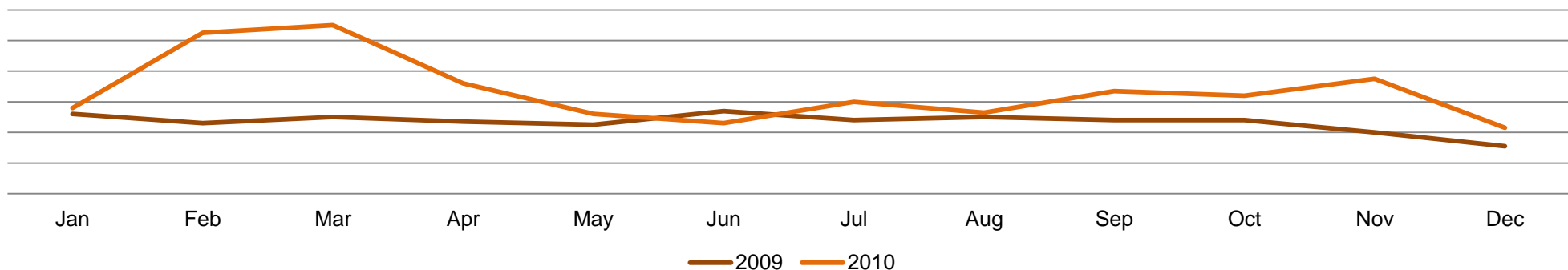


Fig 3. North East Enquiry Levels: Jan 2009 - Dec 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

The number of newly signed SOTs decreased by -22%

Quarterly Activity – The number of businesses taking serviced office space via the officebroker.com service during Q4 10 was -22% lower than during Q4 09.

Year-to-Date Activity – Between January – December 2010, the total number of SOTs entering serviced offices via the officebroker.com service remained -11% below 2009 levels.

As shown in Fig 5, SOT levels have recovered from the low levels seen at the beginning of 2010, with increased activity in April, July and September allowing some ground to be gained on the previous lulls recorded by officebroker.com.

National Comparison – During Q4 10 the total number of SOTs taking serviced office space via officebroker.com reduced nationally by -26% compared to Q4 09.

Having recorded a -22% decrease in new SOTs during Q4 10 in the North East, the activity within this region of the UK has remained largely in-line with the national average during the final quarter of 2010.

Fig 4: Q4 North East - SOT Levels 2009 vs 2010

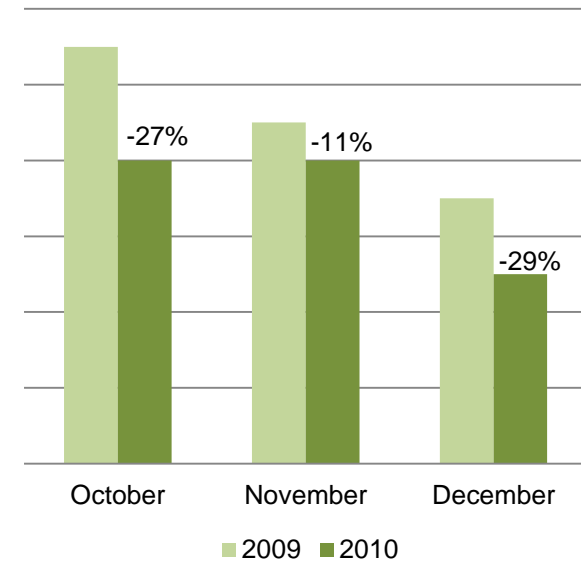
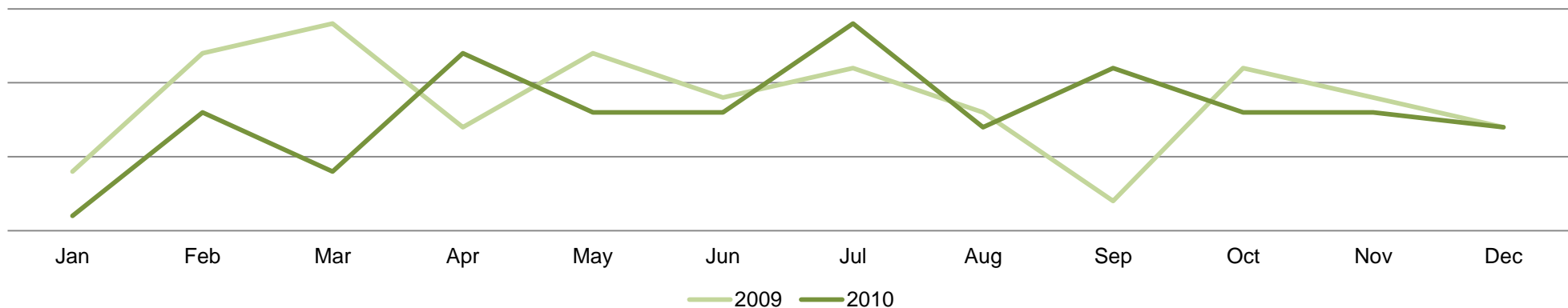


Fig 5. North East SOT Levels: Jan 2009 - Dec 2010



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AVERAGE WORKSTATIONS PER SOT

Average workstations per SOT increased to 4.7 in Q4 10.

Quarterly Activity – The average number of workstations per SOT totalled 4.7 at the close of Q4 10, an increase of 2.0 workstations (+74%) on the average requirement of 2.7 workstations per SOT recorded in Q4 09.

Year-to-Date Activity – Average workstation requirements in 2010 throughout the North East are currently 1.6 workstations (+43%) higher than in the same period of 2009, having risen from an average of 3.7 workstation per SOT in 2009 to 5.3 workstations per SOT in 2010.

As shown in Fig 7 however, this overall increase in workstation requirements continues to be driven by the abnormally large requirements recorded during May and December 2010 – highlighting the existence of clients seeking and securing large workstation requirements within the North East region during 2010.

National Comparison – The average number of workstations per SOT throughout the UK increased during Q4 10, rising marginally from 3.6 workstations in Q4 09 to 3.7 workstations per SOT in Q4 10.

Comparing this national activity to that of the North East in Q4 10, both the percentage change and average workstation requirement within the region are higher than the national average recorded by officebroker.com during the same period.

Fig 6. North East Workstations 2009 vs 2010

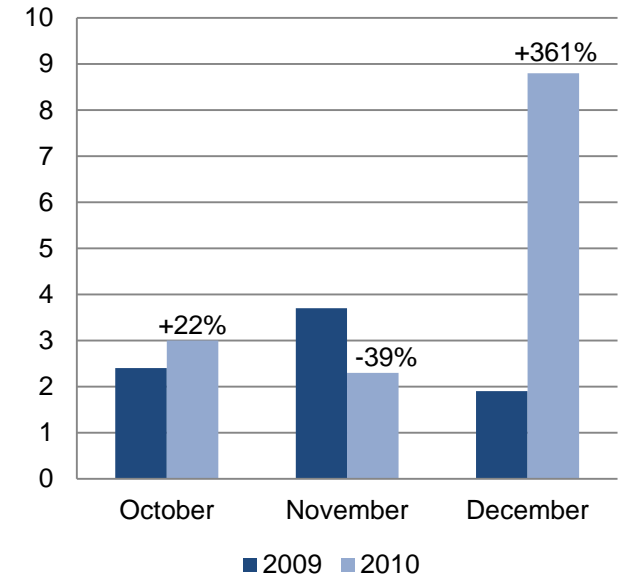
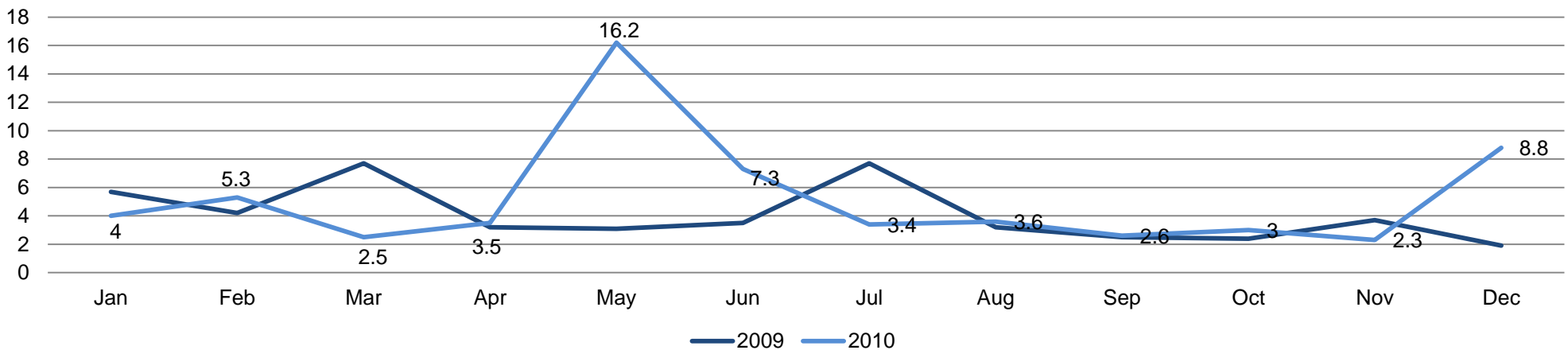


Fig 7. North East: Average Workstations Per SOT Jan 2009 - Dec 2010



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SERVICED OFFICE SPACE COSTS

Average price per workstation decreased to £171.00 in Q4 10

Quarterly Activity – The average price per workstation in the North East was £171.00 during Q4 10, a decrease of £25.00 (-13%) on the average price of £196.00 recorded in Q4 09.

Year-to-Date Activity – According to officebroker.com data, the average workstation price in the North East during 2010 was £168.00, a difference of less than 1% on the price of £169.00 recorded during 2009.

As shown by Fig 9, this small decrease in the average price per workstation occurred despite increases being recorded in 6 of the 12 months of 2010.

National Comparison – During Q4 10 the average price per workstation fell nationally by £6.00 (-3%), from £232.00 in Q4 09 to £226.00 by the close of Q4 10.

Comparing this activity to that recorded in the North East during Q4 10, it would appear that the price decreases taking place within the region were more prominent than that experienced nationally during the final quarter of 2010.

During Q4 10, the average workstation price in the North East was £55.00 lower than the national average.

Fig 8: Q4 Average Workstation Prices 2009 vs 2010

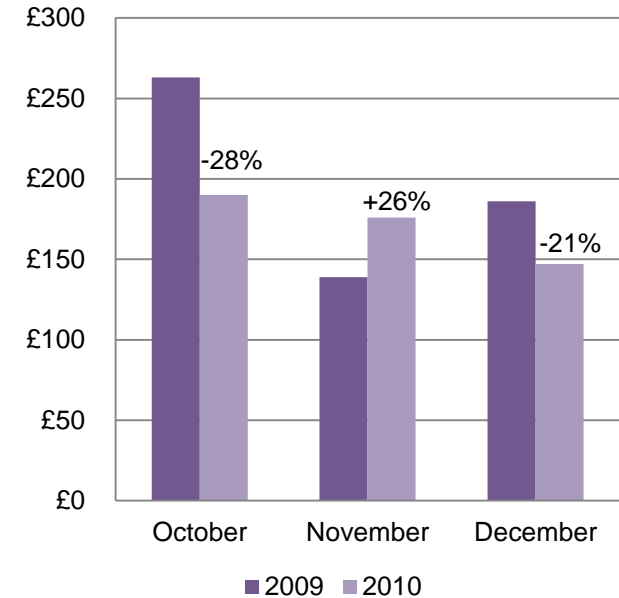
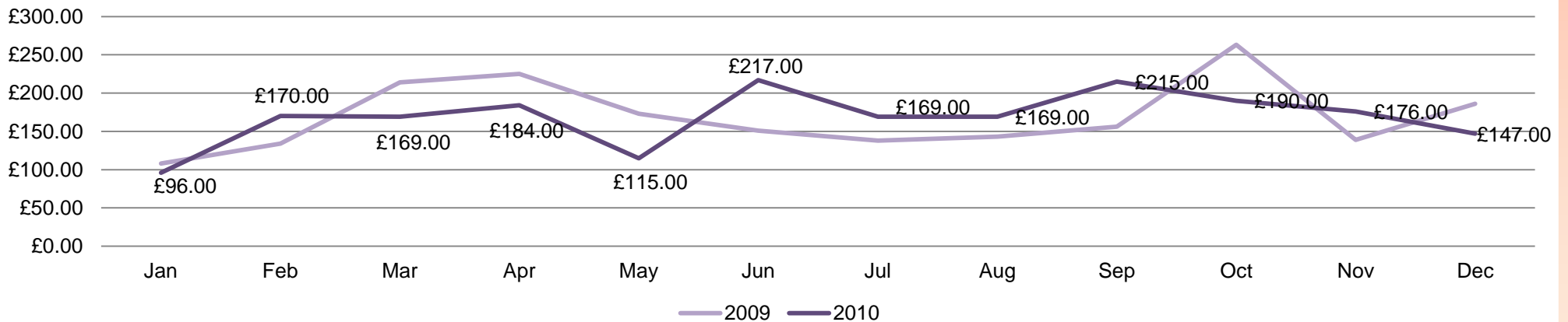


Fig 9. North East: Average Price Per Workstation - Jan 2009 - Dec 2010



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AVERAGE LICENSE LENGTHS

Initial license lengths increased to 8.0 months in Q4 10

Quarterly Activity – In Q4 10 new SOTs entering serviced office space in the North East through officebroker.com were signing average license lengths of 8.0 months, an increase of 0.7 months (+10%) on the average license length of 7.3 months recorded during Q4 09.

Year-to-Date Activity – Between January – December 2010, new SOTs entering serviced offices in the North East via officebroker.com signed average license lengths of 8.7 months, an increase of 2.6 months (+43%) on the average of 6.1 months recorded in 2009.

Comparing month-on-month activity during this period (Fig 11), it is clear that the increase in average license length during 2010 was the result of SOTs entering into longer initial licenses on a continued and consistent basis, with average license lengths exceeding 2009 levels in 9 months of 2010.

At 8.7 months, the North East had the longest average license length of any UK region in 2010.

National Comparison – During Q4 10 license lengths averaged 8 months nationally, an increase of 1 month (+14%) on the average license length of 7 months recorded in Q4 09.

With an average license length of 8.0 months being recorded in the North East, businesses entering serviced office space appeared to be trending in-line with national activity during Q4 10.

Fig 10: Q4 Initial License Length 2009 vs 2010

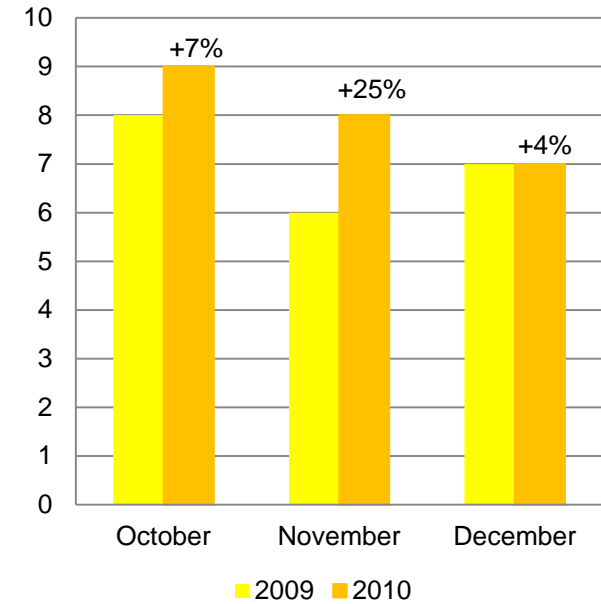
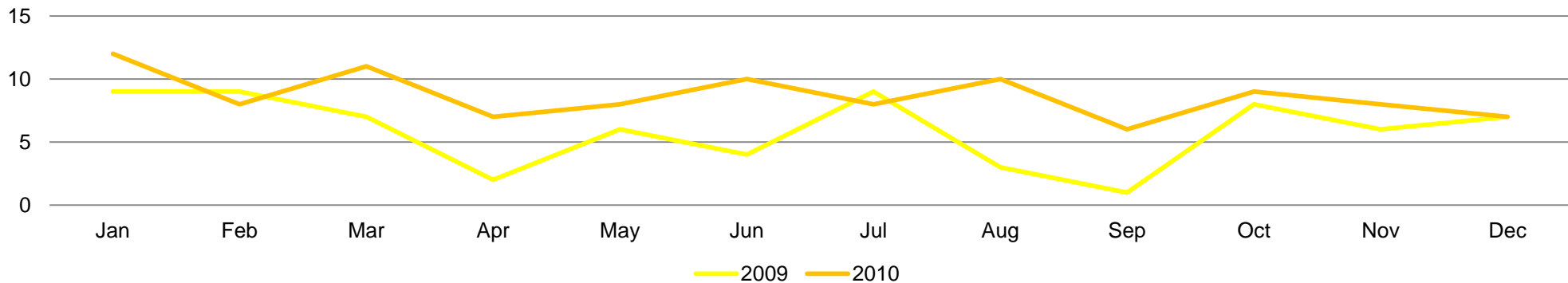


Fig 11. North East: Average License Lengths - Jan 2009 - Dec 2010



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SUMMARY

When taking into account all the information for Q4 10, the following key findings can be drawn:

- Enquiry levels increased by +53% during Q4 10, building upon the previous increase recorded in 2010.
- The overall number of new serviced office tenants reduced in Q4 10.
- Average workstation price fell below the levels recorded in Q4 09.
- Average license lengths exceeded Q3 09 levels and were the highest of any UK region in 2010.

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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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