

officebroker.com

SERVICED OFFICE REVIEW

SCOTLAND
Q4 2010



SCOTLAND***

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 Scotland ***:

- 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 Scotland 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 Scotland region as areas located within the following postcode prefixes: AB, DD, EH, FK, G, IV, KA, KW, KY, ML, PA, PH

HIGHLIGHTS

Q4 2010 COMPARED TO Q4 2009:

- Enquiry levels increased **+39%**
- The number of newly signed serviced office tenants (SOTs) grew by **+7%**
- Average workstation requirement decreased to **3.6**
- Average workstation price rose from **£221.00 to £254.00**
- Average license length remained unchanged at **8.3 months**

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SUPPLY OF SERVICED OFFICE SPACE

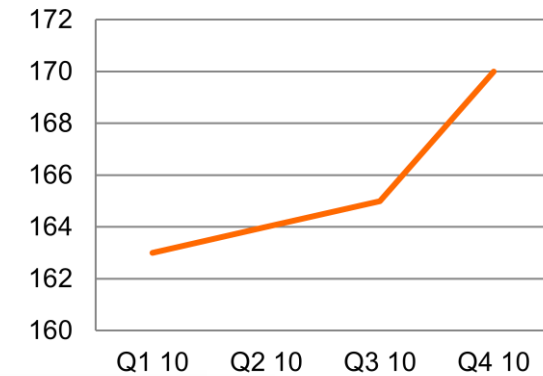
The number of serviced office buildings registered with officebroker.com in Scotland increased from 165 to 170.

The total number of serviced office buildings registered with officebroker.com in Scotland increased to 170 during Q4 10 – representing a net increase of 5 buildings on the figure of 165 recorded in Q3 10.

officebroker.com currently lists 2,616 active serviced office buildings in the UK, the 170 serviced office buildings listed within Scotland accounts for 6.4% of the total UK supply offered / available through the officebroker.com service.*

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

**Fig 1: Scotland:
Serviced Office Buildings**



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DEMAND FOR SERVICED OFFICE SPACE

Enquiry levels increased by +39% in Q4 10

Quarterly Activity – The number of enquiries received by officebroker.com for serviced office space in Scotland was +39% higher in Q4 10 than in the same period of 2009.

Year-to-Date Activity – Increased enquiry levels have been generated in each quarter of 2010, resulting in a year-on-year rise of +27% being recorded by officebroker.com.

As shown in Fig 3, the largest increase in enquiries occurred during the opening and closing third of 2010, with the middle period of 2010 displaying activity more comparable to that recorded during 2009.

National Comparison – During Q4 10 the total number of enquiries received by officebroker.com throughout the UK was +42% higher than in Q4 09, indicating that the increases seen in Scotland remained largely in-line with national levels during the closing months of 2010.

** 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 Scotland Enquiry Levels: 2009 vs 2010

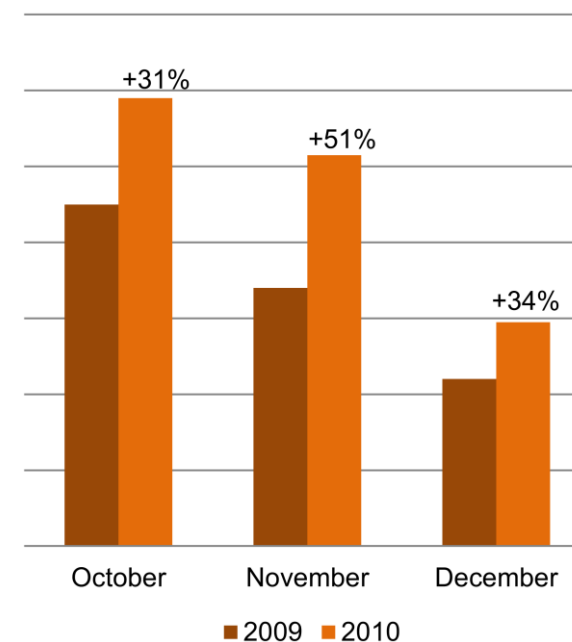
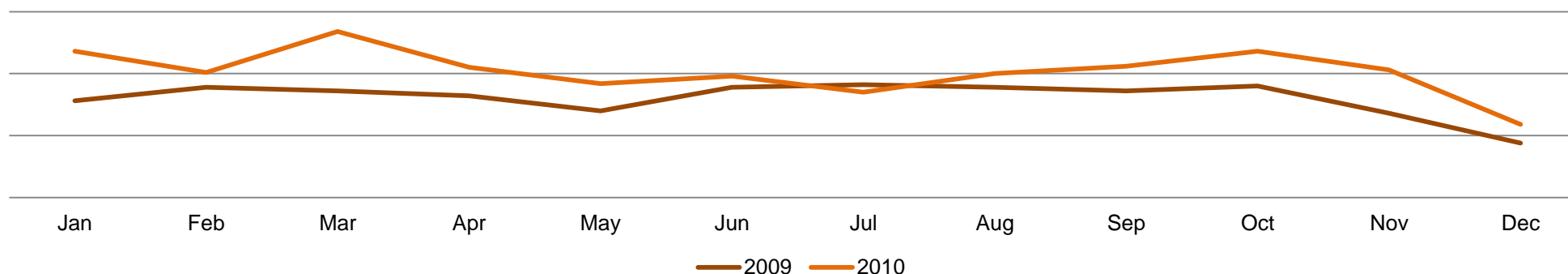


Fig 3. Scotland: Enquiry Levels: Jan 2009 - Dec 2010



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NEW SERVICED OFFICE TENANTS (SOTs)

The number of newly signed SOTs was +7% higher in Q4 10

Quarterly Activity – The number of newly signed SOTs taking serviced office space through officebroker.com was +7% higher in Q4 10 than during the same 3 month period of 2009.

Year-to-Date Activity – Over the duration of 2010, SOT levels throughout Scotland have remained within 1% of 2009 levels, suggesting a level of stability within Scotland’s serviced office market.

As shown in Fig 5, the lower SOT levels recorded between March – May 2010 were counteracted by increased SOT levels during other periods of 2010, most notably January, February and October. This helped to level-out the overall number of SOTs entering the market via officebroker.com during 2010.

National Comparison – During Q4 10 the overall number of SOTs taking serviced office space through officebroker.com reduced by -26% compared to Q3 09.

Having recorded a +7% increase in Scotland during this same period, it would appear that the serviced office market in Scotland has enjoyed a more favourable environment than the UK as a whole during the final quarter of 2010.

Scotland was the only region of the UK to record an overall increase in SOTs during Q410.

Fig 4: Q4 Scotland - SOT Levels 2009 vs 2010

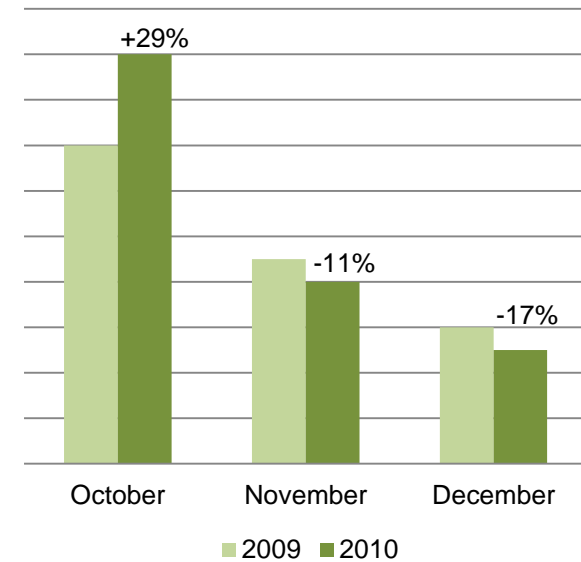
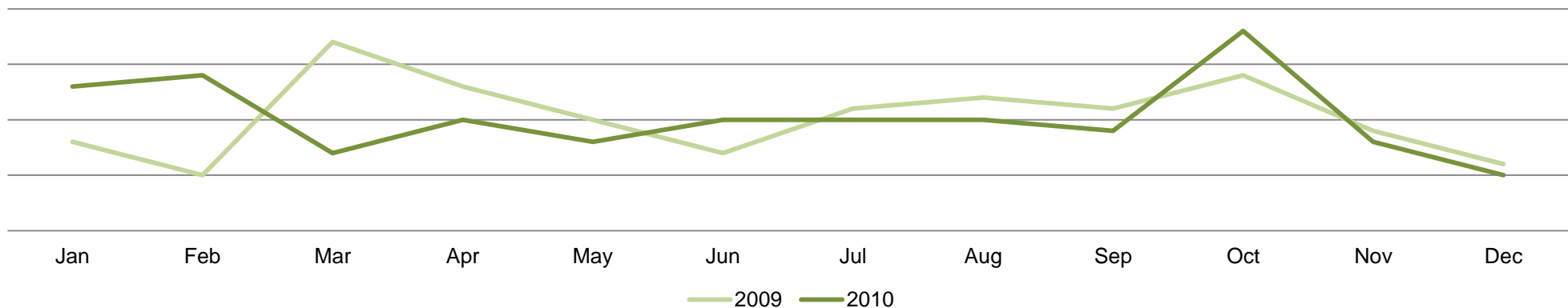


Fig 5. Scotland - SOT Levels: Jan 2009 - Dec 2010



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AVERAGE WORKSTATIONS PER SOT

Average workstation requirement was 3.6 during Q4 10

Quarterly Activity – The average number of workstations per SOT totalled 3.6 at the close of Q4 10, decreasing by -14% from the average requirement of 4.2 workstations recorded during Q4 09.

Year-to-Date Activity – Over the course of 2010 the average workstation requirement in Scotland’s serviced office market remained unchanged overall, with the requirement of 3.6 workstations recorded during 2009 being equalled in 2010.

As shown by Fig 7, workstation requirements remained largely in-line with 2009 levels during much of 2010, before expanding and then contracting once again from August onward – when SOTs with larger requirements appeared to return to the serviced office market in Scotland.

National Comparison – The average number of workstations per SOT throughout the UK slightly increased during Q4 10, rising from the 2009 average of 3.6 workstations to 3.7 workstations in Q4 10.

Comparing this national activity to that of Scotland in Q4 10, the larger percentage decrease which occurred across Scotland (-14%) resulted in average workstation requirement in Scotland falling back in-line with the UK national average.

Fig 6. Q4 Scotland - Workstations 2009 vs 2010

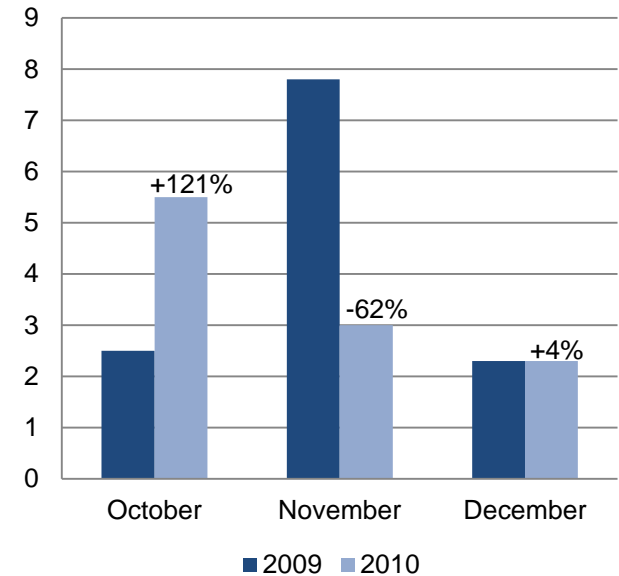
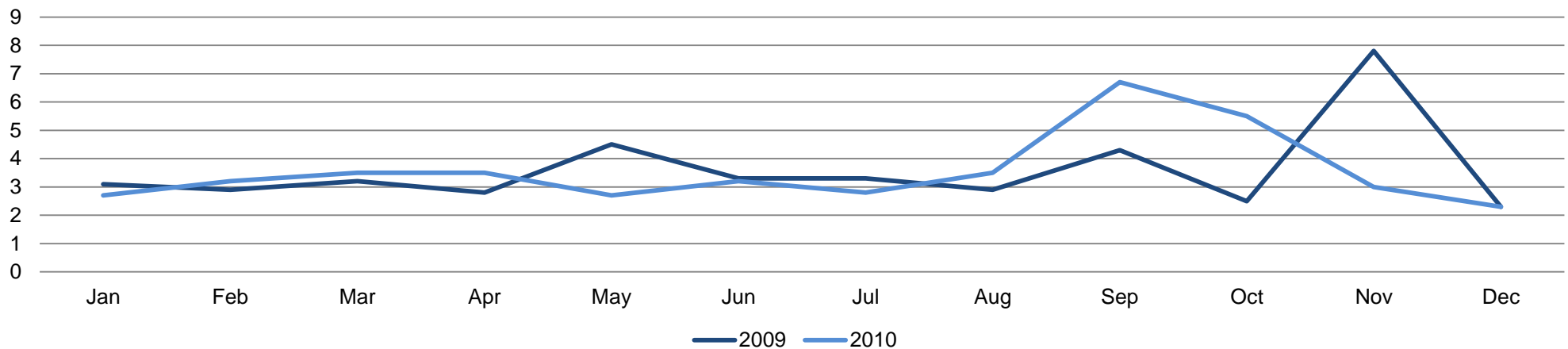


Fig 7. Scotland: Average Workstations Per SOT - Jan 2009 - Dec 2010



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SERVICED OFFICE SPACE COSTS

Average workstation price was £254.00 in Q4 10

Quarterly Activity – The average price per workstation in Scotland was £254.00 in Q4 10, a £33.00 increase (+15%) on the average price of £221.00 recorded in the same 3 month period of 2009.

Year-to-Date Activity – Despite a reduction in workstation price being recorded in the majority of months during 2010, the presence of higher priced agreements in February, July and November have resulted in a year-on-year increase in the average workstation price recorded in Scotland during 2010. This increased was from £208.00 in 2009 to £234.00 (+13%) by the close 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 national activity to that of Scotland in Q4 10, it is clear that both the percentage increase (+15%) and average workstation price in Scotland (£254.00) outperformed the UK national average during the closing months of 2010.

The average price of £254.00 per workstation was the 3rd highest regional average recorded anywhere in the UK during Q4 10, with only Central London (£470.00) and Greater London (£277.00) registering a higher average workstation price during Q4 10.

Fig 8: Q4 Average Workstation Prices 2009 vs 2010

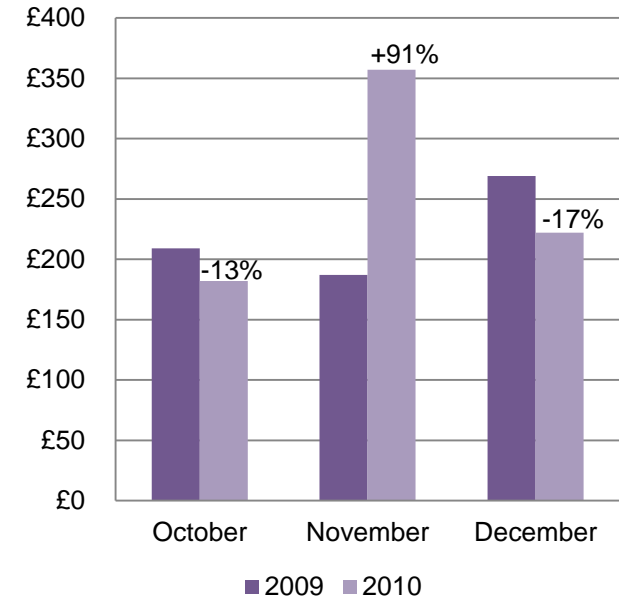
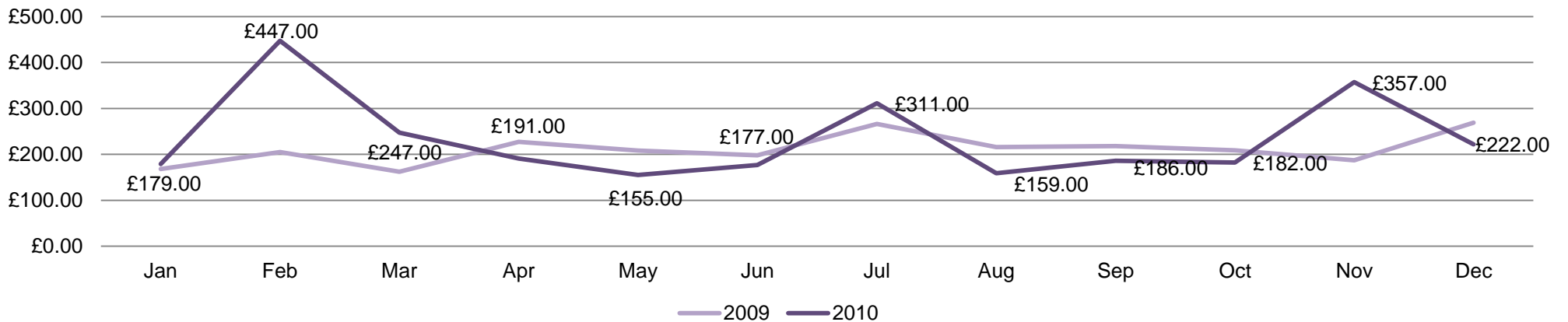


Fig 9. Scotland: Average Price Per Workstation - Jan 2009 - Dec 2010



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AVERAGE LICENSE LENGTHS

Initial license lengths remained unchanged at 8.3 months in Q4 10

Quarterly Activity – In Q4 10 new SOTs entering serviced office space in Scotland through officebroker.com were signing average license lengths of 8.3 months, a license length equalling Q4 09.

Year-to-Date Activity – As shown in Fig 11, license lengths in Scotland had remained relatively stable (between 7-10 months) throughout the course of 2009. In 2010 however, this range of initial license length has widened (between 5-11 months).

Despite this change, initial license lengths in 2010 have remained on-par with those of 2009 overall – with both 2009 and 2010 recorded an average license length of 8.3 months.

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

With an average license length of 8.3 months being recorded in Scotland, it would appear that the serviced office market in Scotland experienced similar activity to the rest of the UK during Q4 10.

Fig 10: Q4 Initial License Length 2009 vs 2010

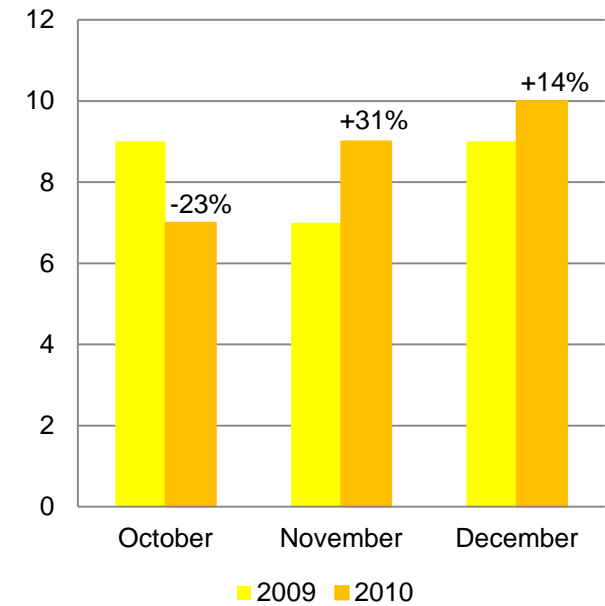
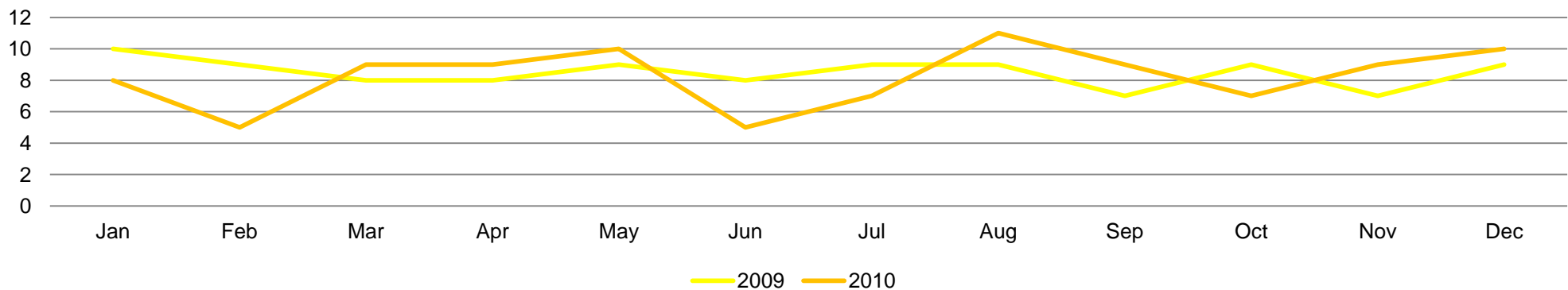


Fig 11. Scotland: Average License Lengths - Jan 2009 - Dec 2010



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SUMMARY

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

- Enquiry levels continued to increase during Q4 10.
- The overall number of new serviced office tenants was +7% greater than during the same period of 2009.
- Average workstation price increased.
- Average license lengths all increased and remained slightly ahead of the UK national average during Q4 10.

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RESEARCH

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officebroker.com research is also available online at:

www.officebroker.com/resources

EDITORS NOTES

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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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