



**UK
SERVICED
OFFICE
REVIEW
2012**

Instant

23%

London's share of the UK market; up from 21% in 2011



35.5%

UK global market share.

0.5%

decrease over past 12 months.

ABERDEEN

Highest % growth in number of centres and average workstation rates

75

NEW CENTRES

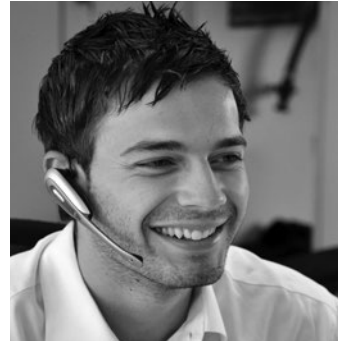
added in London. Over 11,500 new workstations added to market

£273

Average workstation rate in the UK.

3%

up over the past 12 months.



-12%

Decrease in workstation rates in Manchester;

-3%

fall in Birmingham.

23%

increase in number of centres in London's West End. 22 centres added over past 12 months



42%

of contracts signed for an initial 12 month term.

2%

 of contracts greater than 12 months.

1 IN 10

Contracts in the UK on a rolling monthly basis.



5.6

WORKSTATIONS

Average UK contract size. Down from 6.5 in Q1 2011.

31 MILLION SQ.FT.

Total serviced office space in the UK. 7% growth over the past 12 months.

NORTHAMPTON READING OXFORD MILTON KEYNES

UK locations with a decrease in open centres

SUMMARY

The serviced office market in the United Kingdom has witnessed steady growth over the past year in terms of both new centre openings and increased average workstation rates. As the country enters into a double-dip recession, the number of locations throughout the country has risen by almost 7% in addition to a 3% increase in average rates.

In parallel with the overall UK economy, the serviced office sector in London has outperformed the country's other markets with growth of 18% and a market share increase of 2% points – now comprising 23% of the entire UK market. The increase in overall supply has not surpassed demand, and average rates in the capital

UK LARGEST PROVIDERS

Rank	Provider	Centres
1	Regus	153
2	Bizspace*	78
3	MWB Business Exchange	64
4	Evans Easyspace*	56
5	Citibase	34
6	Executive Office Group	34
7	Basepoint	28
8	Serviced Office Group	24
9	Forsyth Business Centres	23
10	Oxford Innovation	20

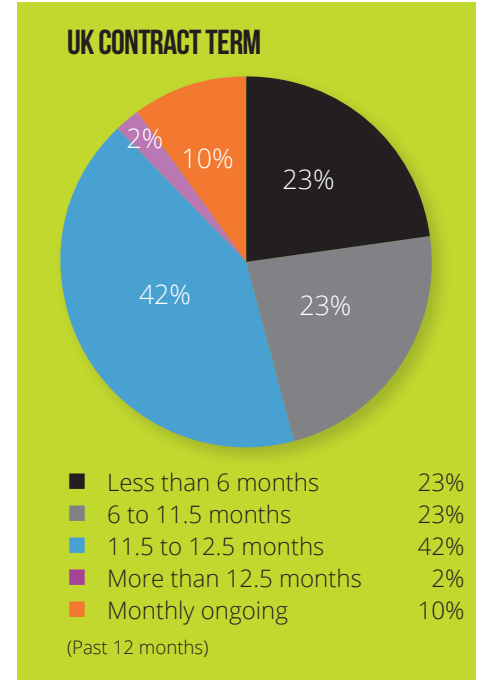
* Centre count only includes providers' locations with office accommodation

have risen to levels not seen since the height of the market in 2008.

With the economic outlook still plagued by uncertainty, the serviced office sector has proven its resilience and appears to have scope for further growth.

Elsewhere in the UK, nearly all of the largest markets have experienced modest growth with the exception of Northampton, Reading, Oxford and Milton Keynes which have seen an overall net loss in centres. This is likely attributed to a correction in supply and average rates have rebounded in most of these markets. The Birmingham market has remained flat in terms of growth and rates have decreased by 3.3%, indicating a potential oversupply here. Growth in Aberdeen has been fuelled by the expansion of the oil and gas industry, and both supply and rates have increased by the highest levels in any UK market, 23% and 12% respectively. With a lack of vacant space and demand increasing, this market is well positioned for substantial growth.

Over a third of all contracts signed in the past year – primarily in markets with stagnant growth – have incorporated generous rent free periods and resulted in a significant impact on average rates.



The UK's 3% increase in average rates has been somewhat masked by these incentives, and headline rates in many markets are higher than the average suggests. Throughout the remainder of 2012 and into 2013, as contracts are renewed with the exclusion of rent free periods, we expect to see average workstation rates for new contracts increase at a faster pace.

2012 UK FIGURES

Location	Open centres	% change year on year	Average monthly workstation rates	% change year on year	Average workstations per contract
UNITED KINGDOM	2105	6.74%	£273	3.0%	5.6
London	489	18.12%	£536	3.7%	6.7
- City/Docklands	126	11.50%	£546	6.0%	7.7
- West End	118	22.92%	£645	1.4%	5.6
- Midtown	41	17.41%	£541	7.6%	11.6
- Other London	204	20.00%	£327	3.8%	3.9
Manchester	65	4.84%	£244	-11.6%	3
Birmingham	61	0.00%	£202	-3.3%	2.7
Bristol	48	2.13%	£240	6.2%	5.4
Glasgow	43	2.38%	£215	-8.5%	2.7
Edinburgh	41	5.13%	£289	-6.5%	5.5
Leeds	41	5.13%	£244	-12.5%	6.4
Sheffield	34	13.33%	£181	0.0%	2.2
Nottingham	32	3.23%	£215	-7.3%	4.4
Liverpool	23	15.00%	£202	-11.0%	2
Milton Keynes	21	-8.70%	£231	-8.7%	4.3
Belfast	20	5.26%	£197	-15.5%	2.2
Croydon	19	18.75%	£188	3.9%	2.5
Newcastle	19	5.56%	£180	4.0%	2.4
Aberdeen	16	23.08%	£398	12.4%	4.9
Oxford	14	-12.50%	£302	1.3%	4.9
Reading	14	-6.67%	£340	6.9%	7.9
Northampton	13	-13.33%	£183	4.6%	3.9

Location Postcode Inclusions: London – N, NW, SW, SE, W, WC, E, EC City/Docklands – EC1, EC2, EC3, EC4, E1, E14, E16
West End – W1, W2, SW1, SW3, SW7, SW8 Midtown – WC1, WC2 Other London – Other N, NW, SW, W, E

Note: All figures in this report were collated using Instant's proprietary data comprised of all provider details regarding centre and workstation numbers and sales data as at May 2012.

Instant
WWW.INSTANTOFFICES.COM

Instant

The Blue Fin Building, 1st floor, 110 Southwark Street, London SE1 0TA
+44 (0) 20 7298 0600
hq@instantoffices.com

MEMBER
bca