

SERVICED OFFICE REVIEW // UK 2015

UK

Instant

The serviced office market is dynamic and fast growing.

An industry built on challenging the traditional office model, it continues to redefine the boundaries of the modern workplace. From environments focussed on encouraging collaboration through to centres featuring the latest technology – the serviced office market is complex and full of variety.

The 2015 UK serviced office review analyses our market leading data over the past 12 months and presents a unique view of flexible property solutions.



The serviced office market in the UK has experienced robust growth over the past year

in respect of both new centre openings and increased average workstation rates. As the economic climate continues to improve, the number of serviced office locations across the country has risen by 3.6%, in addition to an 11.4% increase in workstation rates.

12%

Central London's share of the UK market*

In comparison to the rest of the UK, the serviced office sector in London continues to outperform most other markets across the country, with **Greater London now comprising 30% of the national market.** Central London, the City, West End and Southbank



have all seen serviced office centre growth of over 10%. The increase in overall supply has not surpassed demand, and average rates in the capital have risen beyond levels previously seen at the height of the pre-recession market in 2008.

Elsewhere in the UK, nearly all of the largest markets have experienced growth

with respect to new centres, and corresponding increases in average workstation rates year on year. This consistent growth provides further evidence of the increasing adoption of serviced office solutions amongst entrepreneurs and companies nationally.

The Manchester market has increased by 9%, with workstation rates increasing by 5%. Aberdeen, Bristol, Glasgow, Edinburgh, Belfast, and Cambridge have also shown significant increases in both serviced centres and workstation rates compared to previous years.



The cities with the highest average workstation rate outside of London

Birmingham and Oxford provide examples of the limited exceptions to the general trend, where service centre growth has not necessarily been matched by increases in workstation rates. Rates in these markets are down 0.1% and 11.6% respectively. The numbers are likely a reflection of demand

*Central London defined as - W1, WC, EC.

catching up with the availability of new centres. In summary, the picture remains healthy with the increases in serviced offices being demand driven, as shown by a noteworthy increase in workstation rates, above RPI/CPI nationally.



In contrast to 2012 and 2013, we have seen limited use of rent free periods within serviced office contracts throughout 2014. This is a strong indication of a market in good health and can be further witnessed in the average increase of workstation rates exceeding 10% against 2013.



Contracts signed for an initial 12 month term

We have noticed an increasing trend for some corporate clients to secure serviced offices following identification of



suitable space in advance of their required occupation date, a further indication of a buoyant market. Increasing demand along with limitations in the supply of preferential space configurations are reducing the decision time for some larger, specialised requirements.



This trend also indicates the widening and increasing acceptance of serviced office solutions within the corporate sector, ranging from SMEs and mid-caps through to FTSE 100 /Fortune 500 companies looking for flexible office solutions.

In conjunction with the increasingly varied type of client now using serviced offices, **we are also seeing a wider range of solutions being provided by serviced office operators** (from day offices to coworking space, and high-end luxury space to bespoke office configurations). This range of choice provides clients and the marketplace with significantly more options regarding the optimal serviced office to suit their business requirements.

In short, the UK market is becoming more sophisticated and mature, and clients appear to be embracing this evolution.

From a market report perspective, this does however make the production of average workstation rates for the different regions more difficult to interpret as a consequence of the increasingly varied spectrum of serviced office choice in each location. The Instant Group's detailed market data and knowledge of this dynamic industry can help clients and operators navigate this increasingly sophisticated field.

By way of general summary, with the economic recovery beginning to take hold across all regions and an increasing awareness and acceptance of serviced office solutions, the sector appears to be well placed to benefit from continued growth across the country in 2015 and beyond.

2335
UK CENTRES
+3.6%

£423
UK AVERAGE
WORKSTATION RATE
+11.4%

SCOTLAND

No. of Centres	162	+8.0%
Avg. WS rate	£319	+14.9%

NORTH EAST

No. of Centres	59	-3.3%
Avg. WS rate	£241	+6.7%

NORTHERN IRELAND

No. of Centres	21	+5.0%
Avg. WS rate	£246	+16.9%

YORKSHIRE & THE HUMBER

No. of Centres	165	+3.1%
Avg. WS rate	£232	+10.5%

NORTH WEST

No. of Centres	226	+3.7%
Avg. WS rate	£237	+0.1%

EAST MIDLANDS

No. of Centres	128	+10.3%
Avg. WS rate	£224	+1.8%

WEST MIDLANDS

No. of Centres	175	+8.0%
Avg. WS rate	£294	+29.1%

EAST OF ENGLAND

No. of Centres	151	+4.9%
Avg. WS rate	£293	+12.8%

WALES

No. of Centres	35	+6.1%
Avg. WS rate	£276	+21.2%

SOUTH EAST

No. of Centres	355	-3.3%
Avg. WS rate	£290	+1.5%

SOUTH WEST

No. of Centres	151	+10.2%
Avg. WS rate	£310	+32.4%

OTHER

No. of Centres	17
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Centres located in the Channel Islands, Isle of Man etc..

GREATER LONDON

No. of Centres	690	+2.4%
Avg. WS rate	£574	+11.6%

CENTRAL LONDON (W1, WC, EC)

No. of Centres	277	+9.0%
Avg. WS rate	£689	+7.8%

2014 vs 2013

(YOY UK FIGURES)

City	Number of centres	Centre growth	Avg. Workstation rate (£)	Workstation rate growth
UK	2,335	3.6%	423	11.4%
London	552	4.5%	615	12.9%
- City/Docklands	151	10.2%	661	20.0%
- West End	141	11.0%	717	5.7%
- Midtown	45	-4.3%	679	13.8%
- Southbank	28	16.7%	530	18.8%
- Other London	187	16.7%	446	21.5%
Aberdeen	14	16.7%	502	19.2%
Bristol	42	16.7%	356	37.1%
Brighton	10	0.0%	330	-31.1%
Edinburgh	40	-2.4%	315	1.6%
Newcastle	16	14.3%	311	24.8%
Glasgow	39	18.2%	309	13.6%
Oxford	11	-8.3%	266	-11.6%
Cardiff	12	9.1%	257	7.4%
Manchester (City)	37	8.8%	256	5.0%
Milton Keynes	23	-4.2%	251	11.9%
Birmingham (City)	51	2.0%	249	-0.1%
Nottingham	26	13.0%	248	12.5%
Belfast	20	5.3%	246	16.9%
Leeds	52	8.3%	246	4.9%
Sheffield	34	0.0%	221	22.7%
Northampton	14	16.7%	201	-4.9%
Liverpool	16	0.0%	148	-10.3%

The Instant Group has been delivering innovative property solutions since 1999, redefining the property sector by putting clients and their business strategy at the heart of everything we do.

Partnering with 99% of the world's flexible office providers, The Instant Group's workspace procurement platform Instant Offices lists over 7,800 flexible office options, across 113 countries and 1,504 cities.

From small businesses to mid-caps, corporates to project-led businesses, it's the go to partner for more than 7,000 organisations globally - making it the largest buyer of flexible office space in the world.

The Instant Group

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Location Postcode Inclusions: London - Other N, NW, SW, SE, W, E, EC, WC.
City/Docklands - EC1, EC2, EC3, EC4, E1, E14, E16 **West End** - W1, W2, SW1,
SW3, SW7, SW8 **Midtown** - WC1, WC2 **Southbank** - SE1

Note: All figures in this report were collated using The Instant Group's proprietary data as at December 2014.

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