

UK Office Occupier Enquiries Analysis

Overview Q2 2010

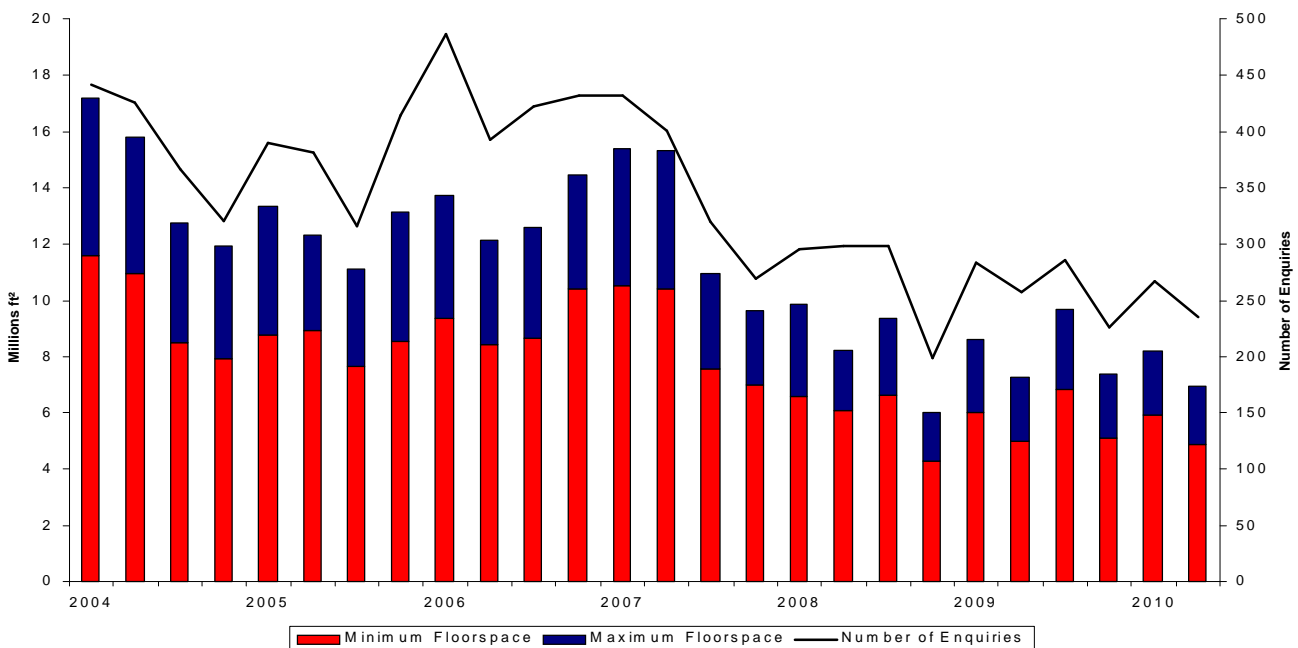
No Sustained Upward Trend in New Enquiries

Following a promising start to the year, the level of office space demand in the UK has weakened. During the second quarter of 2010, a 12% (q-on-q) decrease in the number of significant* enquiries was recorded across the King Sturge UK network. Correspondingly, there was a decrease of 14% (q-on-q) in the amount of floor-space required by occupiers.

Despite the quarterly decrease, the number of enquiries and volume of space required were still up from the low point of Q4 2008 (by 20% and 15% respectively). From an annual perspective, the picture also looks brighter than the quarterly figures suggest, with the requirements volume for the last 12 months up 4.5% from the previous year, whilst the number of enquiries registered was almost identical. So it appears that although there is no upward trend yet to be established, the underlying trend is stable.

In the last 12 months there have been six centres which have registered an increase in the number of enquiries from the previous year. These were Nottingham, the City and West End of London, Newcastle, the South East and Edinburgh. The most notable of these was Nottingham, where a 174% rise in the number of enquiries was recorded. The City of London and Newcastle also registered large increases, with both up by 45% (y-on-y).

In the past, any movement in total enquiries has usually been mirrored in take-up after a few months' lag. Since mid-2009, office take-up has recovered strongly, despite considerable economic and political uncertainty, while the level of new enquiries has moved sideways. The concern is that, until actual demand is underpinned by a solid improvement, it could quickly fizzle out.



* City, West End & South East: new enquiries over 1,858m² (20,000 ft²)

* Regional centres: new enquiries over 929m² (10,000 ft²)