

# Property

There are companies looking for increased cost-effectiveness, not wanting to invest their own capital in creating an office space  
**Filippo Sarti, Regus Asia Pacific**



**Upturn:** Servcorp executive director Taine Moufarrige

## VIRTUAL OFFICE A REALITY

Serviced offices allow SMEs to maintain a professional approach and cut costs without cutting corners to meet the demands of the downturn. **Report: Ainslie Chandler**

● The growth in virtual-office services has shot up as businesses seek to keep property costs to a minimum.

The virtual office is a close relation of the serviced office. It allows businesses operating from home, out of town or even in another office to access services such as a professional telephone-answering service, a central business district mailing address and a suite of boardroom and meeting-room facilities.

Servcorp and Regus, the largest providers of serviced office space in Australia, report growth in virtual-office business. Regus saw customer numbers for its virtual-office service jump 24 per cent in the 12 months to January.

Enquiry levels have increased around the region, Regus Asia Pacific chief executive Filippo Sarti says. "We are seeing evidence that there are companies looking for increased flexibility. There are companies looking for increased cost-effectiveness, not wanting to invest their own capital in creating an office space."

While demand for virtual offices has mushroomed, both organisations report that demand for serviced offices, where businesses can take a short-term physical presence in a building, has remained constant.

Proponents of the serviced office say that it allows small and medium enterprises to maintain a professional veneer even when cutting costs.

While serviced offices vary in quality, cost and the services they offer, a good-quality serviced office allows businesses to choose which services they will use, paying only for what they need, making it easier to control spending.

Aside from putting a professional face

on a small business, serviced offices can be about a third cheaper than normal rented office spaces. They also offer tenants the advantage of shorter-term leases, which can be appealing during tough economic times, as is access to established offices in good locations without spending money on fit-outs.

Servcorp executive director Taine Moufarrige says the company's serviced-office space business has remained steady despite the downturn.

A good-quality serviced office can give small businesses the ability to access the kind of infrastructure used by bigger companies, including commercial-grade voice-over-internet-protocol phone systems and high-quality internet access, without paying the extra costs of capital, he says.

"We've had an upturn in our business and we think at this time serviced offices are a real advantage to businesses who are looking to control their costs a bit more," Moufarrige says.

By saving money on property costs by using serviced offices, small businesses can cut costs without cutting staff or cutting corners, he says.

The company's Australian offices have tenants including small legal firms, project teams working for bigger companies – and an occupancy level of about 80 per cent. Most tenants have up to 10 people working in their office space.

At Regus, Sarti agrees that serviced office space is set to expand. "In a hard economic environment, more companies will look to serviced office space than will look to traditional office space," he says. "We saw it in the last recession to some extent and we're seeing it again. Our enquiry levels are literally as high as they have ever been."

Some of the growth has been from individuals looking to set up in business after finding themselves out of work due to the economic downturn, he says. The cost-effective nature of the service – saving tenants 30 to 40 per cent over the life of a three-year office lease – makes it attractive.

"The idea of coming to a serviced office, whether it is ourselves or any of our competition, having the potential to walk in to start work immediately is a benefit." **BRW**

### ADVANTAGES FOR SMEs OF QUALITY SERVICED OFFICES

1. Easier to control costs.
2. Easy to set up in new markets quickly and with low capital costs.
3. Allows staff to focus on core business.
4. Using secretarial staff provided means not having extra employees on the books.
5. Shorter leases than customary offices.

## Why it is a good idea

For executive coach Peter Hislop, the advantages of working in a serviced office are obvious.

"If I can outsource a number of core-business things within an area that I am working in and I don't have to take responsibility for them, then I'm loving it," he says.

"And I can control my costs and what I use and what I don't use. I get to sit in a really nice office with a really good view."

"I get to have people who are professional and who are trained – not by me

– greeting my clients answering my phone."

The principal of the Hislop Group has been working from Servcorp's serviced offices in the MLC Centre in Sydney's central business district for five months.

Previously, he used the company's virtual-office service, which allows clients to work from elsewhere but use various services such as telephone answering and meeting rooms.

Hislop decided to move into a serviced office because he could see the value in outsourcing

tasks that were not his strong suit.

Working from the Servcorp office saves him from committing to hiring staff, training them and monitoring their performance, so it makes economic sense, he says.

"To get the same quality of service and the same quality of people and to train them and then to have a process where I'd be monitoring that would be expensive. They monitor all that themselves."

"I can concentrate on my business and what I do."