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SPOTLIGHT
Savills Research

Life Sciences: Trends & Outlook



Venture Capital • Life Sciences



Global & UK trends

What are the future prospects for the UK?

In the UK, the life science sector has created significant opportunities for real estate developers and investors across the UK and indeed the globe. However, the past few months has shown a much larger real estate interest in the life science sector than any time during the past 20 years.

The post-Brexit business and economic environment remains an unknown, but one pledge that was very clear, following the EU referendum in 2016, was the importance of research and development (R&D). In particular, the UK would remain a 'go-to' place for scientists and global talent. In parallel to this pledge, and a more recent announcement, the UK will look to pursue "high-risk, high-reward" investment via a new state-backed agency. Whatever the role of government in this sector, the UK is a key global location, but remains cognisant of the dominance of the US as a key location for identifying investment and future companies. This relationship needs to be reinforced and grown.

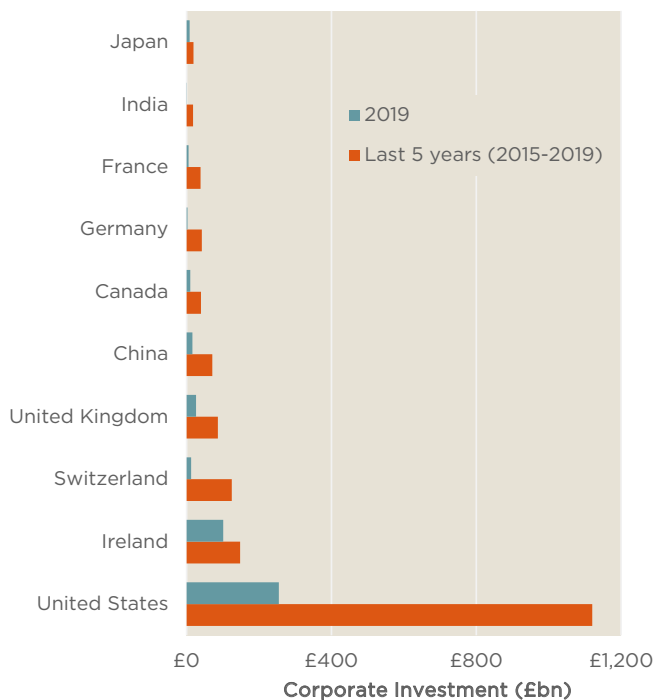
The UK is a major player in the global life sciences market. Predominantly driven by London, Cambridge and Oxford, the UK 'scorecard' for life sciences shows that the sector contributes £74bn to the UK economy, with UK companies spending billions R&D and placing them in the top ranks in the world. Whilst Cambridge and Oxford are leading the way for life science and discovery, it is clear that the amount of available laboratory and R&D space in our cities is small compared to other global locations. Currently, London has c.90k sq ft and Manchester has 360k sq ft of available space compared to Boston (US) and New York which has 14.6m and 1.36m sq ft available, respectively. The delivery of more R&D workspace is vital for the UK's growth in this important sector going forward.

The continued growth of clusters in the UK is key (see map opposite). Like-minded and complementary companies, within the life science sector, want to be co-located, to a certain extent, to take advantage of shared

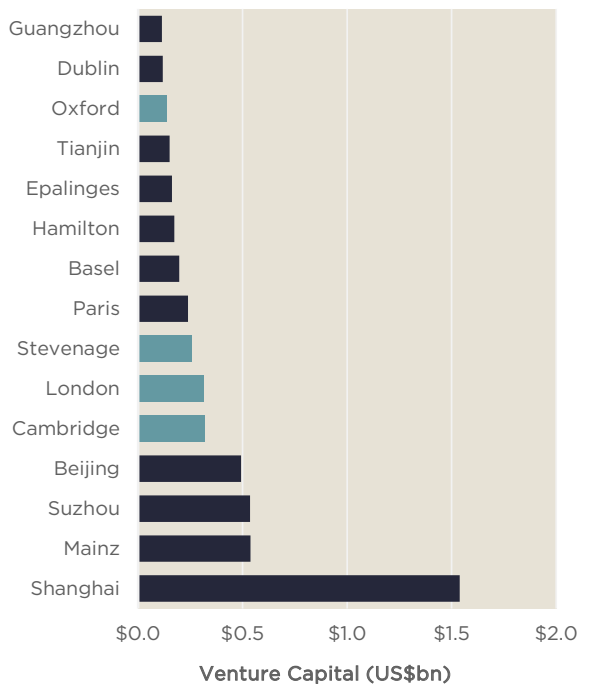
knowledge and business synergies and to be near to knowledge gateways, often academic institutes. Some landlords and developers have recognised that owning various commercial buildings in close proximity creates opportunities for a new science/tech cluster. However, to do so, successfully, requires an exciting vision, curation of the right tenants and a longer-term strategic commitment to deliver the right space.

Finally, to understand trends in this sector, an analysis of the level of capital raising (including Mergers & Acquisitions (M&A) and venture capital (VC) transactions) by UK headquartered life science companies was £27.6bn in 2019, which was 135% higher than 2018. At 58%, a high proportion of the total level for 2019 was accounted for by M&A; it was significantly higher in 2019, at £16bn, compared to the £2.5bn total in 2018. The VC trends indicate growth at the discovery end of the life science ecosystem. VC grew by 44% in 2019 and has grown at a similar level consistently for the past three years.

The US has dominated life science corporate investment volumes This includes M&A, IPO, venture capital and private equity deals (£bn)



Global VC volumes in to life sciences Four UK markets are in the top 15 (excluding US) for the last two years (2018-2019; US\$bn; annual average)

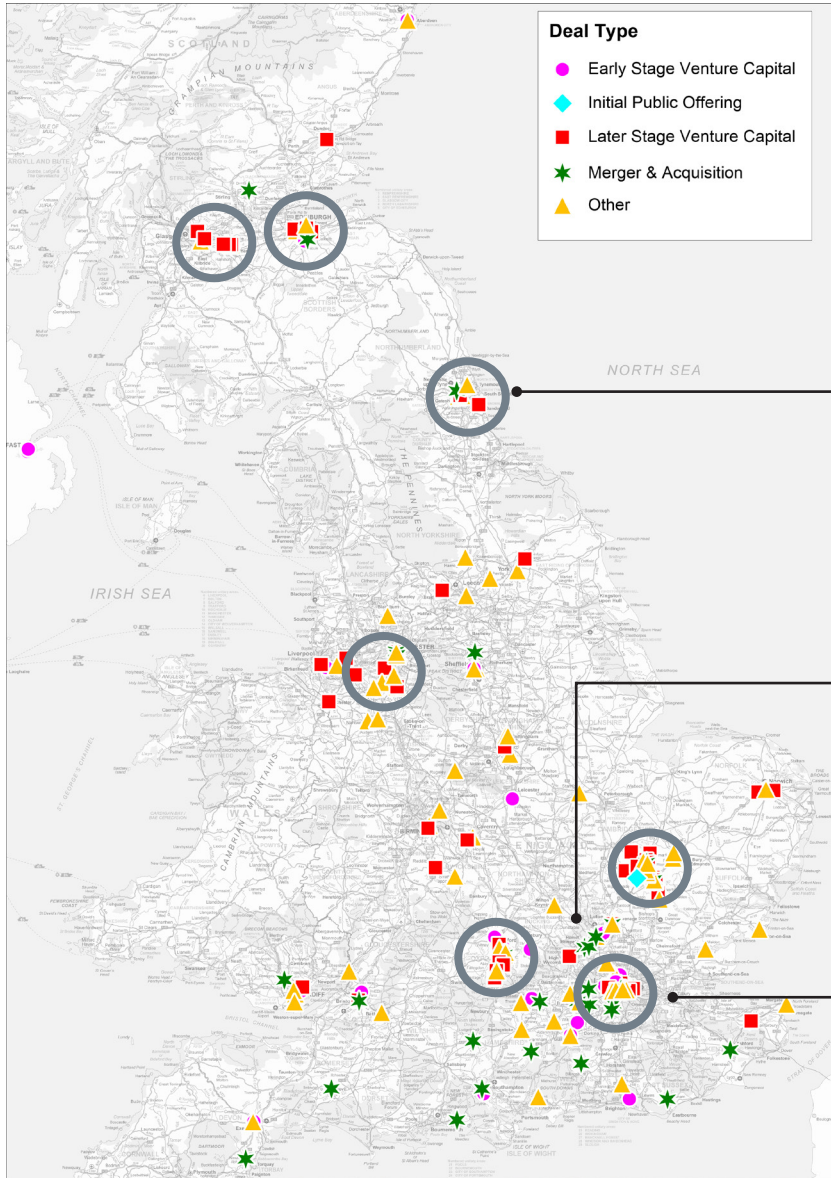


Source PitchBook, Savills Research

Source PitchBook, Savills Research

The UK has seen £32.6bn of all types of capital raised since the beginning of 2018

All types of capital raised in the UK (£500k+ deals only)



There are various clusters of life sciences in the north east of England. In Newcastle, the target of delivering 14,000 new jobs by 2030, the Helix development will be home to big business, academia, including the business school, and start-ups. Later stage venture capital is occurring in the city region, which is a very good sign for expanding companies.

The Oxford-Cambridge Arc is a clear opportunity, as presented in the Savills report in 2019. The 'band' of funding to the north west of London highlights the strength of companies, who are attracting some form of capital raise and sit between the centres of global academic excellence.

London is the dominant cluster in the UK and Europe in terms of capital raising. However, it does suffer from a shortage of appropriate science-related workspace, particularly laboratories, to accommodate company demand as a result of capital being raised and headcount growth increasing. We have seen a global shift to city centre locations. London is no exception with the growth of White City and Euston Road cluster.

Source PitchBook, Savills Research

The charts to the left show the relative strength of the UK for corporate investment and capital raising. At a city level, of the top locations for VC funding, the UK has four markets. China has clearly dominated as it increases its appetite for discovery significantly.

The map above illustrates the geographic locations of the occupiers who have raised venture capital since 2018. Distinct clusters are evident. The first round of VC investment (Series A Funding) will predominantly be a smaller sum, which will then increase once there are further rounds of fundraising as the company grows and achieves success. However, the data shows that 85% of the occupiers raised between £1 million and

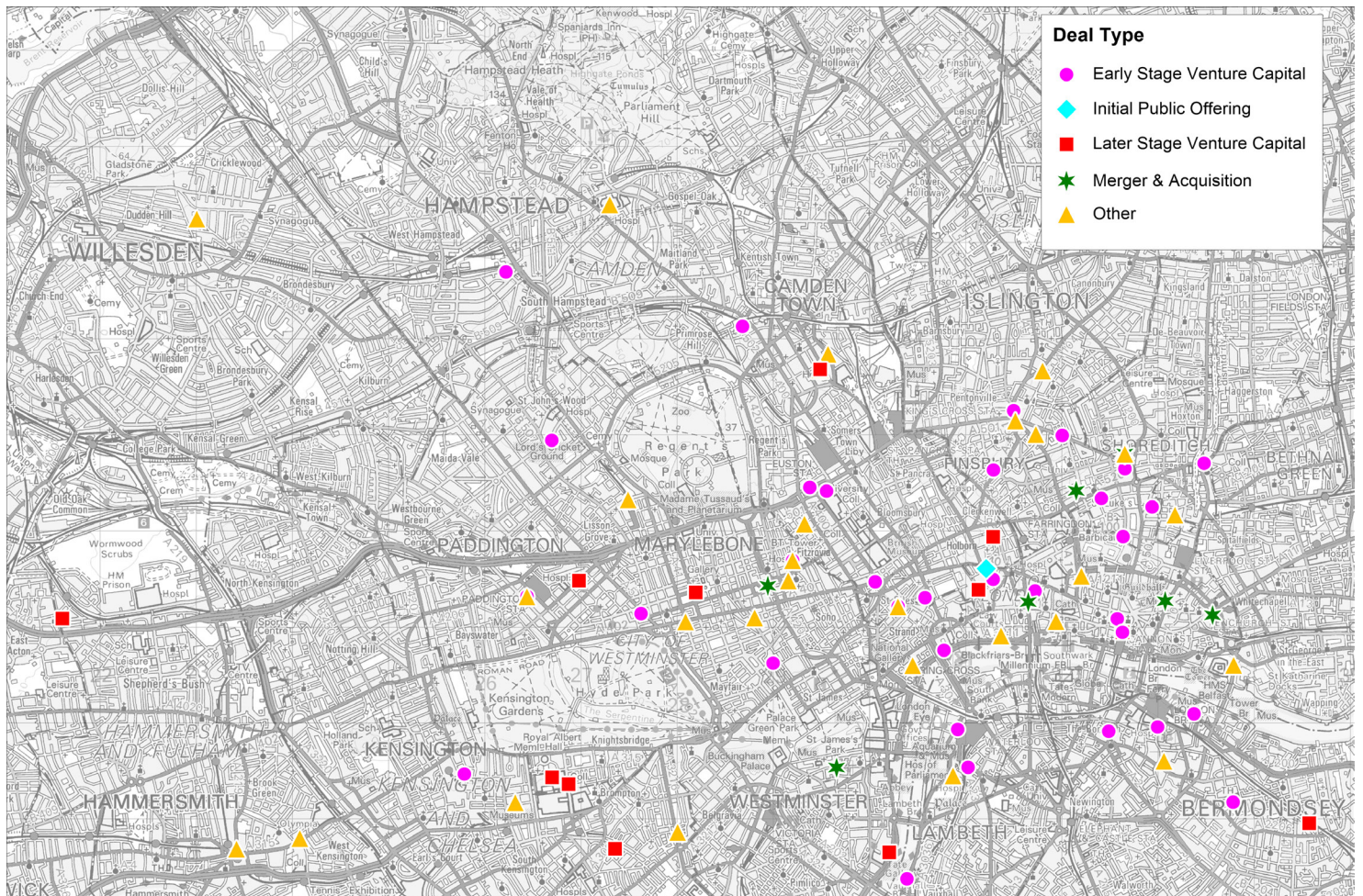
£9 million of venture capital, a relatively narrow band. So for the UK, the capital raised illustrates a strong start-up environment. This earlier stage investment is focussed in distinct and established clusters in the UK; later-stage, and therefore maturing companies, are more dispersed across the regions.

The clusters of Oxford and Cambridge have attracted 62% of venture capital total investment since the beginning of 2018 and provides a strong future occupier pool for landlords to target for existing schemes and future developments. The remaining investment is relatively dispersed across the South East and East of England as shown in the above map. This provides future opportunities

for new clusters to emerge. Infrastructure improvements such as the opening of the Elizabeth Line (Crossrail) and a new East-West rail link and/or road between Oxford and Cambridge will increase the connectivity of the region and allow new clusters to develop.

London in focus

Life science/healthcare-related capital raising since the beginning of 2018 (£500k+ deals only)



Source PitchBook, Savills Research

The drive in demand from life science occupiers to be located in London is being spearheaded by the expansion in specific sectors. For example, a large and growing part of biomedical research is being underpinned by the expansion of cell and gene therapies which are attempting to treat diseases such as cancer, cystic fibrosis, heart disease, diabetes and AIDS. The sector is growing at an exponential rate. In 2012, there were only 500 people employed in the cell and gene therapy industry in the UK. The Cell and Gene Therapy Catapult forecast that employment in the sector to reach over 6,000 jobs by 2024 which is 12x above 2012 employment levels. London is the leading location in the UK for this type of treatment. There are seven Medicines and Healthcare products Regulatory Agency

(MHRA) licensed manufacturing facilities in the region, which is the largest cluster in the UK. The attraction of being located near the manufacturing facilities as well as the large graduate talent pool (29,600 life science graduates in London) has culminated in life science occupiers relocating or expanding in London. Furthermore, there is a growing demand from technology occupiers to be located near life science occupiers as technology is being used to establish greater efficiencies in clinical trials.

The expertise of the sector has been internationally recognised which has resulted in venture capitalists actively targeting the UK life science sector. The initial sums of capital invested into these companies is rising. This has been exemplified by Autolus who raised over £170 million in

venture capital and subsequently offered an initial public offering (IPO) in 2018 and are now listed on the Nasdaq stock exchange. Furthermore, Achilles Therapeutics and DNA Electronics have raised £117.8 million and £40.8 million, respectively. There have been examples of early-stage life science start-ups being able to expand quickly and commit to large quantities of space. Quell Therapeutics leased 12,000 sq ft at I-HUB in December 2019. The start-up was only founded in March 2019 and raised £35 million of Series A venture capital finance.

The expansion of the industry has resulted in a number of potential life science clusters emerging in London, predominantly close to the city's world class academic campuses and leading teaching hospitals. West London in particular is emerging as a key location

“ In London, life science VC funding has grown by 24% per annum, on average, during the past five years ”

London lagging, for now

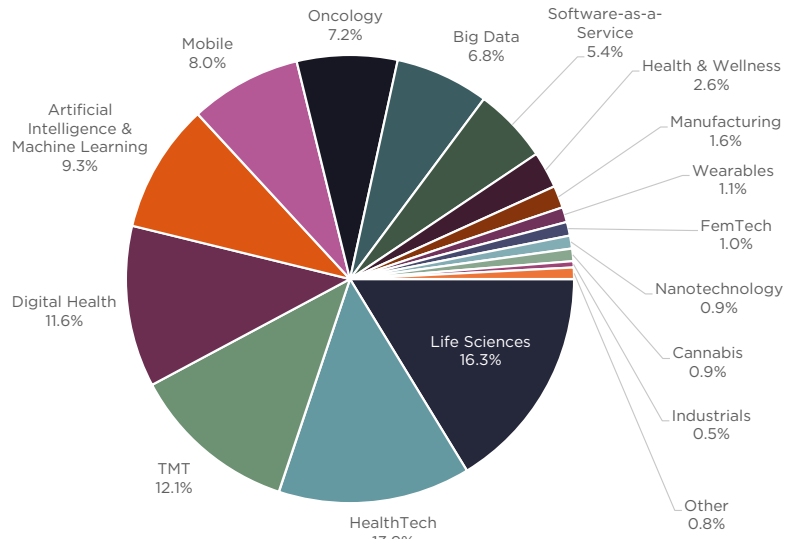
There is very little existing or short term pipeline commercial lab space, although more schemes are considering adapting offices as a response to tenant demand. Analysis of planning data shows the dearth of new laboratory space coming through in the next couple of years. For the UK, by value, there are over £2.5bn of lab/R&D projects, at various stages, that could be delivered in the 2020-2022 period. London only accounts for a 5% share of this total. This may change as there is significant interest in delivering more R&D type commercial real estate in the next few years in Central London (including this potential for office-to-lab conversions - see page 8).

As shown to the right, the analysis of capital raising in London, where life science is part of the companies' description, shows a significant variety of associated sub-sectors. The largest proportion (16.3%) are 'pure' life science related, but other areas it mixes with include software, digital health and wearable technology. Therefore, not all of the companies within the wider sector will have intensive wet lab requirements.



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Life sciences in London mixes with so many sub-sectors Analysis of capital raised in 2018 and 2019 by companies located in London



Source PitchBook, Savills Research

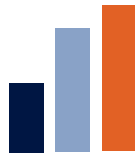
in London's life science landscape. The catalyst for this new cluster developing is Imperial College's White City Campus. The Translation & Innovation Hub (I-HUB) which comprises 187,000 sq ft was developed by Imperial College London and achieved practical completion in 2016. The scheme incorporates a range of fully serviced laboratory, write-up, incubator and office spaces, providing scalable, high specification accommodation to commercialise research and ideas. Scale Space which is located on Imperial College's White City Campus South Site comprises 200,000 sq ft of innovation space which is being developed across three phases. The joint venture from Imperial College London and Blenheim Chalcot is over 50% pre-let and the three phases are expected to complete by 2021. Notable life science occupiers who have moved to and expanded in West London include the aforementioned Autolus who leased 33,000 sq ft (14,000 sq ft of this was laboratory space) at Mediaworks, White City Place. The increasing pull of West London to life science occupiers was highlighted by multinational pharmaceutical firm Novartis relocating their UK headquarters from Frimley in Surrey to lease 54,000 sq ft at Westworks, White City Place.

The demand from life science occupiers for purpose-built laboratory space is outpacing supply which has resulted in some pharmaceutical occupiers fitting out their own laboratory space in conventional office buildings. To accommodate this growing trend landlords may need to incorporate flexible floorplates into their buildings, in the future, which can be easily sub-divided into laboratory space. Autolus and Novartis who both relocated to Stanhope and Mitsui Fudosan's White City

Place development, have fitted out laboratory space; the remainder of the building is multi-let to other tenants who occupy conventional office space. Overall, the flexibility demonstrated by the landlord has resulted in the scheme appealing to a variety of occupiers.

Due to the dearth of laboratory space available in the market, we envisage the trend of life science occupiers retrospectively fitting out laboratory space in conventional offices continuing. The demand for laboratory space from life science occupiers will continue, shown by the fact that 98% of companies surveyed by the Cell and Gene Therapy Catapult indicated that they would increase their headcount in the next five years.

Landlords and funders have the opportunity to capitalise on the expanding life science sector. Start-ups from the life science sector are predominantly well funded companies who have the resources to expand quickly. The expansion of these start-ups is evidence of acceleration of cell and gene therapies towards commercialisation. Landlords and funders need to be comfortable with engaging with such start-ups in order to capitalise on the opportunities the sector presents. This, however, is a challenge in the context of both London's competitive occupier market and the relatively nascent nature of the commercial life science sector in the capital.



79%
Europe (excluding UK) life sciences venture capital investment has increased by 79% since 2016

Unlocking growth in Europe

Could the UK’s departure from the European Union create new life sciences hubs across Europe?

The EU (Withdrawal Agreement) Bill passed in December 2019 has removed the possibility of the UK extending the EU transition period past 2020, despite mounting concerns surrounding whether a trade deal can be agreed by the end of the year. Analysis from PwC shows that the UK was the beneficiary of 16% of Horizon 2020’s €80 billion research and innovation funding. We expect more EU funding to be available for the rest of the union post 2020 and new emerging hotspots to create new demand for prime laboratory space.

Examining venture capital investment across the rest of Europe, we have already witnessed more funding targeting the life sciences sector. A record €3.7 billion of venture capital funding into life sciences was raised for companies headquartered in Europe outside the UK during 2019, 23% above the previous record in 2018 and 79% above the level recorded in 2016 when the UK voted to leave the EU.

Ever since 2008, Germany (20%), France (17%) and Switzerland (16%), have received

the highest proportion of life sciences venture capital (VC) investment activity across Europe. This indicates key hotspots for future demand of office space growth as many VC funded start-ups and growth companies require follow on space, usually 12-18 months after initial funding has been secured.

Indeed, the European Commission’s EU Industrial R&D Investment scoreboard tracks the 2,500 companies investing the largest sums into research and development (R&D) across the world. EU headquartered companies invested a total of €40bn into Pharmaceutical and Biotech R&D in 2017/18, comprising 27% of the total - only US companies invested more. Sanofi (€5.5bn, France) and Bayer (€5.2bn, Germany) were among the largest contributors. Swiss companies, however invested €16.7bn during the same period, more than any other European country, boosted by Roche (€8.9bn) and Novartis (€7.3bn).

One of the vital ingredients for a successful life sciences environment is a collaborative working relationship between universities,

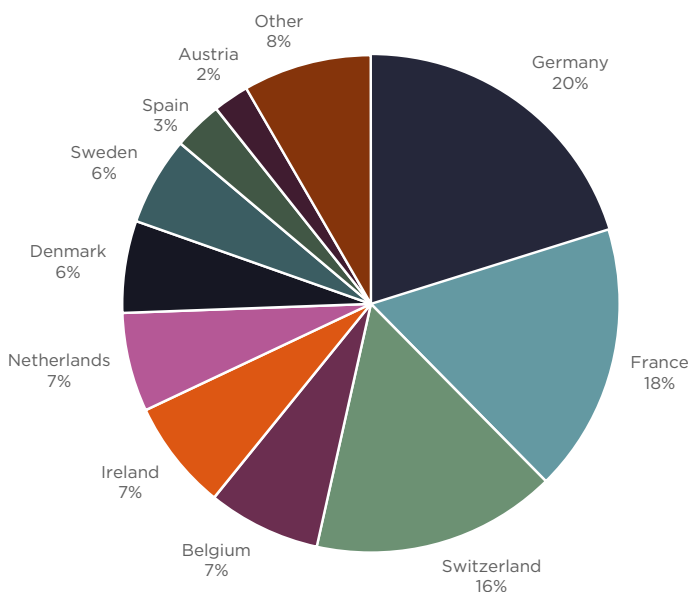
governments and companies. This makes the clustering of businesses in the life sciences sector so important to both startups and multinationals, in order to gain access to the best university talent, state-of-the-art infrastructure and industry knowledge.

Although Cambridge and Oxford universities ranked first and third respectively for life sciences study in the Times Higher Education rankings 2020, ETH Zurich, Switzerland rose to 11th and Wageningen University in the Netherlands also rose into the top 20 this year. Sweden’s Karolinska Institute, Stockholm ranks 25th in the sector, and the Hagastaden development is designed to host a new university hospital and cancer therapy clinic with €6.5 billion of investment. Currently 50% of the region’s life science companies are within a seven km radius of Hagastaden.

However, a study commissioned by Sanofi in 2015 shows that the current challenges facing the sector in Europe include a lack of tax incentives for companies investing in R&D in Switzerland, a lack of venture capital in Berlin and Munich and a need for organisational simplification in Paris. Introducing further tax breaks to companies’ in-house R&D, approving clinical trials and investing further in university research to develop talent will be the key to driving Europe’s life sciences growth.

European (excluding UK) life sciences venture capital

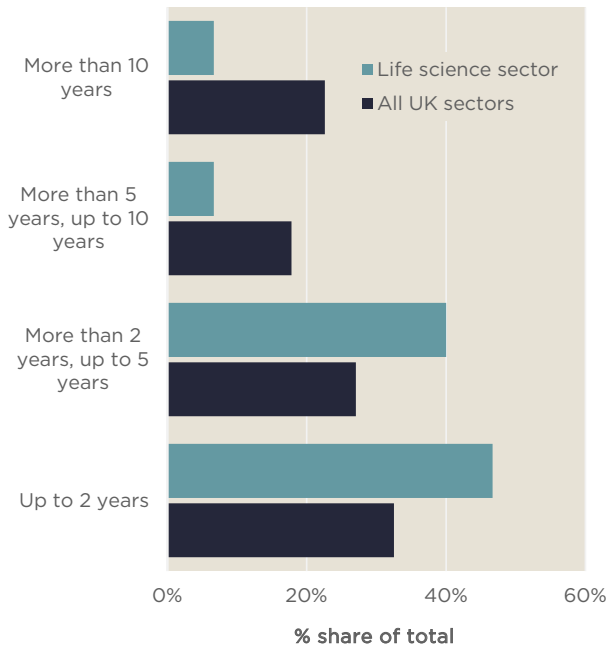
Investment since 2008 (% share of total)



What Scientists Want

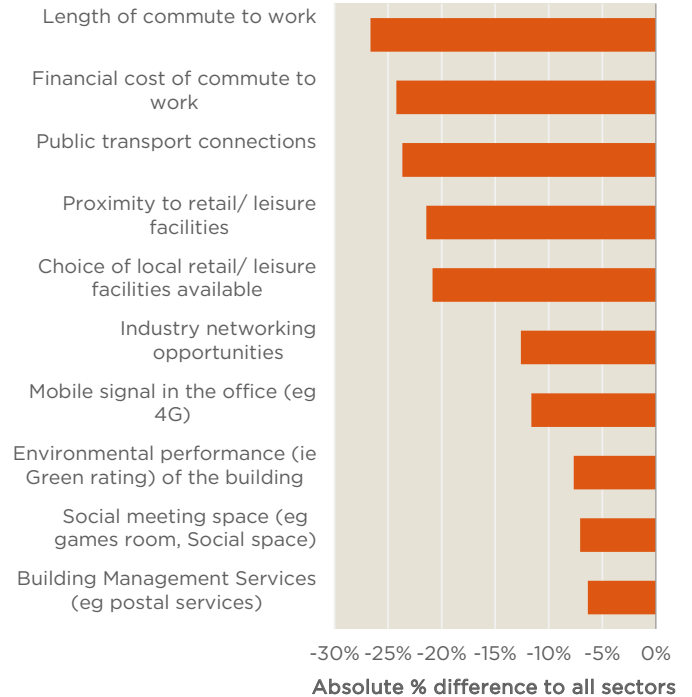
How loyal are life science workers? Is keeping the life science worker happy more difficult?

Time period expectation to be with current employer



Source Savills Research

How satisfied? Which factors are life science employees relatively less satisfied with compared to all sectors



Source Savills Research

Unique insight

The Savills What Workers Want 2019 survey (fourth edition), has created a unique dataset and analysis of the needs and wants of workers across Europe. The views at 'desk level' provides Savills with the ability to capture and provide advice based upon the preferences of workers within life science-related companies. The analysis here provides a very brief snapshot.



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Savills What Workers Want 2019 data enables a review of the facts that make those workers, within the life science sector, happier and more satisfied with their workplace. The data is split by business sectors and the analysis on this page is for those respondents working within the 'pharmaceutical & biotechnology' sub-sector (which we have termed life science throughout). The sub-sector respondents includes a range of job roles from pure office to wet laboratory employees.

Firstly, as shown in the chart above, we gauged the length of time that employees expect to be with their current employer. The provision of the most appropriate, and often best, quality of workspace is vital to ensure employees are in a happy and productive working environment. Interestingly, within the context of 'war for talent', life science employees are much more transient than the average office employee. 47% expect to be with their current employer for two years or less. The question

for employers is what role does the real estate play to increase the retention rate.

To answer this, Savills asked what is important to employees. Asking questions direct, helps to understand key factors and then drill down to the micro factors that may influence the loyalty and satisfaction of life science employees.

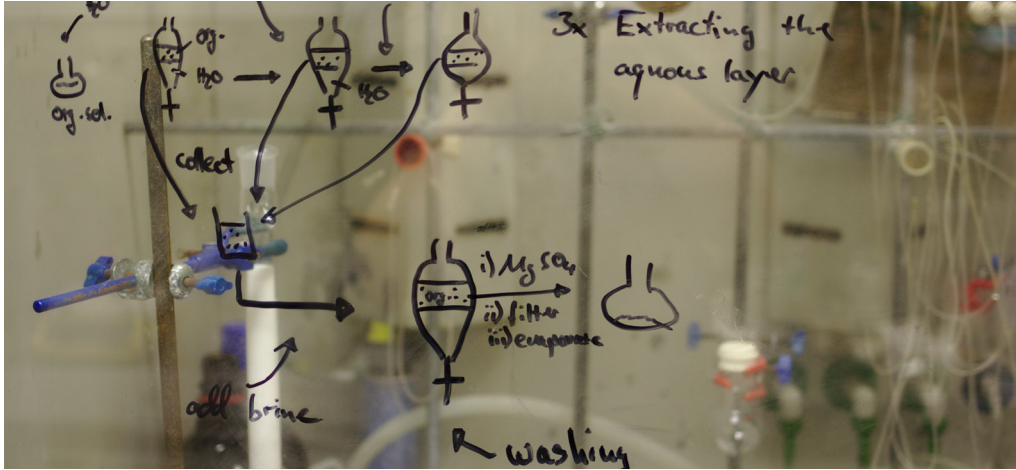
In terms of location, it is interesting to note the preference for a city centre location and the desire to reduce their length of commute. There will always be a need for the science and technology park locations, often as a campus-style setting, but as seen in London (page 5) and indeed markets across the world, the rise of city centre life science real estate requirements has increased. Some companies want to be part of a wider ecosystem that includes much closer proximity to funding, educational and hospitals.

The survey also asked the respondents for their views regarding 49 variables including commuting, lighting, air quality

and social meeting space.

Understanding and reacting to the needs of the employee is key to attracting the best talent. Not all workers within offices and research & development workspace can be treated the same. Our analysis initially ranked the variables by the percentage that rated it as 'high satisfaction'. However, it is pertinent to review the absolute percentage difference to the 'all office' responses and for landlords and developers to respond accordingly. The second chart above shows the difference between the science-related responses and the 'all office' sample. The commute and accessibility to amenity is clearly lacking for life science employees. The market has seen significant improvement in amenity provision on science and technology park locations in recent years, but more can be done. There are also some surprising differences. The lower satisfaction for networking opportunities is a surprise, as it's much more important within a sector predicated on discovery.

“Inclusion of a ‘dirty corridor’ means scientists don’t need to un-gown and gown up when moving between labs”



Changing the urban lab-scape

Institutional investors and landlords are looking towards the life sciences as a way to fill empty commercial space

Increasingly, life sciences firms have set their sights on the capital as they look to snap up the best talent.

Consequently, life sciences firms have been seeking out new office space, particularly in key emerging hubs around White City and King’s Cross. Yet for these occupiers it isn’t quite as easy as simply finding a building. At present, landlords and developers have yet to pick up on this trend, meaning ready-made laboratory space is still scarce.

With no other option but to do it themselves, how easy is it for occupiers to install lab space into a generic office building? The existing structure can be the most limiting factor for repurposing commercial offices for laboratories. The two biggest issues here to consider are the floor to ceiling height and structural loading capacity.

In the first instance, floor to underside of slab heights of the existing building needs to be considered. The servicing of a laboratory is typically a lot more intensive than for an office due to ventilation and fume extract requirements and so a ceiling void

depth of at least 1m will be needed. If future flexibility is required, and it should be, a ceiling void depth of 1.5m is preferable.

In terms of the floor, the BCO guidance advises a general floor loading of 2.5kN/m² and it is the normal that a CAT A fit out will include a raised floor, which are unsuitable for wet labs. Commonly, a lab floor finish will be either vinyl or resin, typically laid on a screed base. If the floor was previously a raised floor, adding a screed will introduce additional loading onto the slabs (potentially over 1kN/m²), which could overload the designed loads of the slab. However, if the slab has been reinforced in discreet areas, the wet labs could be placed just in these areas but the trade-off is reduced floor plate flexibility.

In addition to the potential loading limitations, the floor slabs should be checked for protection against vibration as it will be important to the lab users that there is no impact on their experiments. If there are question marks over this, localised vibration mitigation may be appropriate but will add costs to the project.

In addition to this, consideration of how people move between spaces will need to be considered to improve productivity (i.e. inclusion of a dirty corridor means scientists don’t need to un-gown and gown up when moving between labs).

Linked to the increased servicing requirements of a lab is that there will be the increase the number of flues leaving the building. This will need to be considered in respect of Local Planning Policy and a planning application may need to be submitted to gain permission to install these on the building. In addition, the impact on neighbouring properties should be considered as neighbours may raise objections during the planning process. In both these cases, early engagement and education is crucial to winning support for any alterations that need to be made.

Key to all of this is having a set of good existing structural information as it will allow for an initial appraisal to be undertaken to understand the suitability of the building for conversion.

The perfect laboratory environment

Providing the perfect lab environment in existing buildings starts with the fabric, which may need to be upgraded to improve the transference of heat into the laboratories. This is particularly pronounced in laboratories where the internal climate needs to be controlled, and trend data demonstrated stability as part of validation requirements. The solution to this is either to provide shading on the glass using a film or blinds; or to increase the throughput of conditioned air, which in itself raises questions regarding sustainability, energy use and also deeper ceiling voids. The answer will most likely be a combination of all of these but a clear strategy will need to be established early on as it will affect the wider building services strategy.

Another area for consideration is the space allocated to plant will need to increase over that provided for an office. If the building is to be multi-tenanted, the space dedicated to plant will increase further as each tenant space will need separate ventilation and extract.



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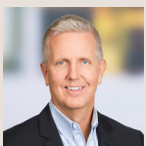
“Providing the perfect lab environment in existing buildings starts with the fabric”

“ The region boasts over 26 million square feet of life science focused inventory while new demand for space continues to outpace supply ”

View from the US

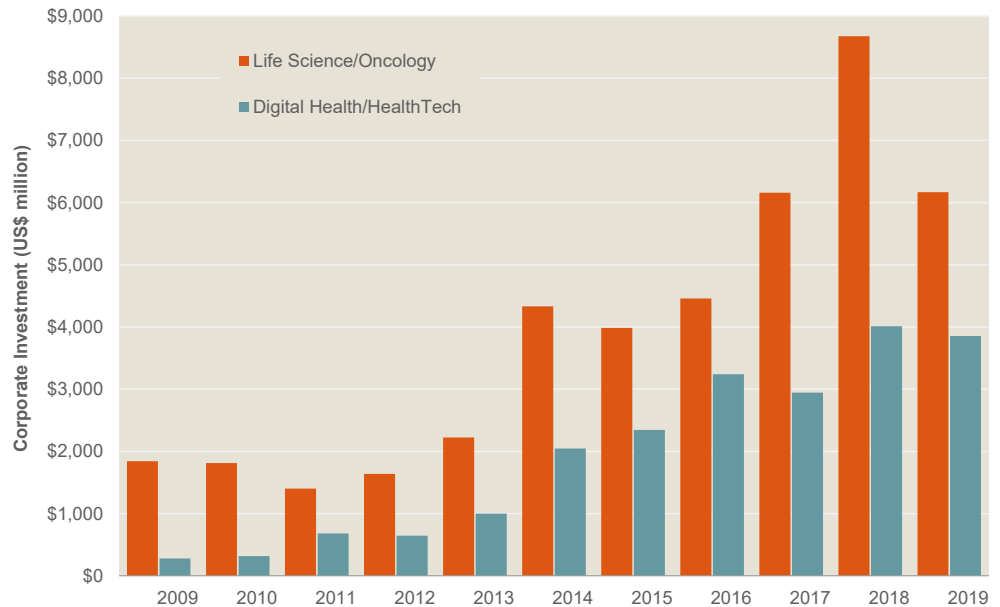
The San Francisco Bay area is the birthplace of the biotech industry and continues to be the sector’s dominant region. Home to biotech titans Genentech and Gilead along with a major presence of Southern California based Amgen, the region has also recently seen international pharma companies Merck, Eli Lilly and AbbVie establish significant footholds in the market. The region boasts over 26 million square feet of life science focused inventory while new demand for space continues to outpace supply.

In 2019, the San Francisco Bay Area life science community racked up over \$5.5 billion in VC funding with another \$3.6 billion in digital health VC investment. It is expected that the region’s top tier research universities, including UC Berkeley, UCSF and Stanford will continue to provide a pipeline of talent to bolster future growth.



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Life science venture capital raised in the Bay Area The technology/digital side of health is growing fast



Source PitchBook, Savills Research

Watching the West Coast

The US is the key market for attracting corporates to the UK

When Savills are discussing real estate requirements with companies based in the UK, the connectivity to East or West coast in the US is the most important.

McKinsey describes a digitization of life sciences and highlights the symbiotic relationship between technology (mostly software, data, analytics, Artificial Intelligence (AI)) and the more traditional discovery for life sciences. The “turning point” of this relationship for the future growth of the life science sector will benefit those locations where science and technology have clustered. The Bay Area, Cambridge, MA as well as Cambridge, UK, closer to home, will all benefit from this relationship and evolving model of discovery. MIT announced in February they have discovered

a new type of antibiotic from using AI to analyse 100 million compounds in a matter of days.

So, looking to the US provides an early indication of the rapidly evolving landscape of biomedical innovation. The chart above presents the corporate investment, of all types, that have taken place in the San Francisco Bay Area during the past decade. On average, during the past five years, the capital raised within the life science/oncology sector has grown by 12%; in comparison, during the same period, the burgeoning Digital Health/HealthTech sector has grown by double this amount, at 24% per annum.

This highlights the new model of discovery to include software-based modelling for the research or AI techniques to enhance the clinical trials, which are all rooted

in the tech sector.

To understand the other areas that will drive the global life science market during the next decade it will be prudent to look at primary leading indicators of future investments. This includes the National Institute of Health (NIH) in the US, who are the largest global public funder of biomedical research (US\$39bn+ per annum). So if there are “ones to watch” it will emerge from the funding signals of the NIH. So many areas, including regenerative medicine, gene editing, precision medicine and pain management, to name a few, will lead to new companies emerging in the next 10 years. As a real estate industry advisor, Savills will need to remain vigilant of the growing diversity of needs of the resulting emergent companies.

“ The region’s top tier research universities will continue to provide a pipeline of talent to bolster future growth ”

“ Various planned schemes in and around Oxford, including Oxford North, will undoubtedly help Oxford to reach its potential as a global tech hub ”

View from the ground

At present Oxford is renowned globally for its world-class university, but in comparison its reputation as a burgeoning tech and life science hub still remains relatively unknown.

As a historical city with numerous restrictions when it comes to new development, there remains limited room to grow. However, with plans for as much as 9.6 million sq ft of new commercial office and R&D space as part of the Oxford-Cambridge Innovation Arc, the chance for this cluster to reach its full potential is huge.

The tech and life science sectors are already significant, with a number of firms including Oxford Nanopore and Oxford Biomedica having made international names for themselves. This is largely due to both the University of Oxford and Oxford Brookes University, which are hotbeds for talent and have been instrumental in funding spin-out businesses that focus primarily on these areas. To aid this the Oxford Sciences Innovation fund was formed in 2015, providing over £600 million to invest in new specialist companies.



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The growth of Oxford

A review of a scheme that has recently received permission

Oxford has garnered global attention from a number of firms, particularly in the US, who are starting to realise the potential of this emerging market. As the clusters continue to grow and hone their offers, we are likely to see demand from companies based on both the East and West coasts of America who are looking for an ideal springboard into Europe (see page 9). These businesses will be able to capitalise on the comparably cheaper rents, lower staff costs (for high quality scientific skills!) and living costs when compared to similar clusters in US locations such as Boston and San Francisco.

There is no doubt that this has already started. If you look at the numbers, in 2016, just 8% of Oxford’s take-up could be attributed to the life science and tech sectors. Fast forward to 2017

and not only did transactions double, but this figure jumped as high as 80% and has remained constant to this day. This major shift is undoubtedly down to the significant investment that has been made into facilities in the Oxford(shire) area such as Harwell.

So where does Oxford go from here? There is increasingly positive sentiment towards Oxford driven by many factors including the strategic corporate relationships being fostered with the university and the significant unmet requirements from companies looking to locate in the city. So the recent permission for Oxford North is certainly a very positive step in the right location to send a message to corporates that the city is open for business.

Developing sites like Oxford North would enhance the UK’s

attractiveness to life science and tech occupiers, who want to be part of a centre of academic excellence.

Delivering new floorspace in Oxford will be crucial to retaining talent. So what is clear is that if Oxford and its hinterland cannot cater for these rapidly expanding businesses, they won’t hesitate to go somewhere that can. For many that could mean upping sticks and moving out of the UK and back to countries such as the US.

In short, the various schemes around Oxford, including Oxford North, will undoubtedly help the city to reach its potential as a global tech hub, but in the meantime the seeds have already been sown for considerable growth.

“ Given its global educational reputation, Oxford is emerging as a location for the large global corporates in life sciences ”

Outlook

What are the top five takeaways from this report?

1 Regardless of the final version of Brexit, the strength and importance of life sciences in the UK will not diminish. It will continue to grow and requires the delivery of all types of commercial floorspace to accommodate growth and meet future demand. Despite the break away from Europe, it will still remain a key trading partner and collaborator for life science and discovery.

2 Future demand will be underwritten by the volume of capital raised during the past couple of years. New areas of life science discovery, driven by the symbiotic relationship with the tech sector, including hardware and software, will enable key locations around the UK to strengthen on a global basis. This includes Oxford and Cambridge.

3 Furthermore, the pull factors of locating in London will strengthen giving life science occupiers the ability to cluster with others and produce synergies and the access to a highly existing and future talent pool. This pool will be driven by graduates from Imperial College London and University College London. However, one must not lose sight of the burgeoning opportunities across the UK, in terms of real estate provision, to capitalise on the growing companies that sit outside of the South East

of England. Back to London, the office-to-lab conversation will continue and we will see increasing appetite to convert office space that may not be fit for original purpose.

4 There will be increasing investment appetite for life science related real estate in the UK. It's not going to be at the top of the 'shopping list' of all investors, as the more traditional sectors of retail, offices and industrials move through their varying cycles. However, there has been increasingly interaction, within the past six months, with large global funds looking more closely at deploying capital in the life science real estate sector in the UK and Europe.

5 Importantly, the whole of the UK will need to benefit and create economic growth from the life science sector. Opening up the sector, in terms of collaborations, is key for the UK market going forward. Attracting global organisations, particularly from the US is key as it remains the most globally significant market and source of financial and intellectual capital. The Government has a key role to play in all of this. Then, with even stronger foundations and commitment, the real estate industry will respond to meet the resulting continued growth in the life science sector and create employment and economic growth opportunities.



Savills

We provide bespoke services for landowners, developers, occupiers and investors across the lifecycle of residential, commercial or mixed-use projects. We add value by providing our clients with research-backed advice and consultancy through our market-leading global research team that has been covering the life science sector for more than 18 years.

Savills have established offices, with life science capability within the key markets across the UK including Oxford, Cambridge, Manchester, Birmingham, Edinburgh and London. However, Savills also has significant expertise in dealing with all aspects of life science real estate, particularly for occupiers, within the key markets in North America and Asia. Having a global understanding of these international markets, with experts 'on the ground', means that Savills can provide an enhanced offering to clients.

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