

UK Commercial - March 2022

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SPOTLIGHT
Savills Research

Life Science Capital Raising in Cambridge



Life Sciences • Venture Capital • Global Comparison

“ Understanding the flow of money into and between companies is vital to understand the future direction and quantum of occupier demand within the Cambridge life science commercial property market. The capital ignites headcount growth and real estate need in the short to medium-term. ”

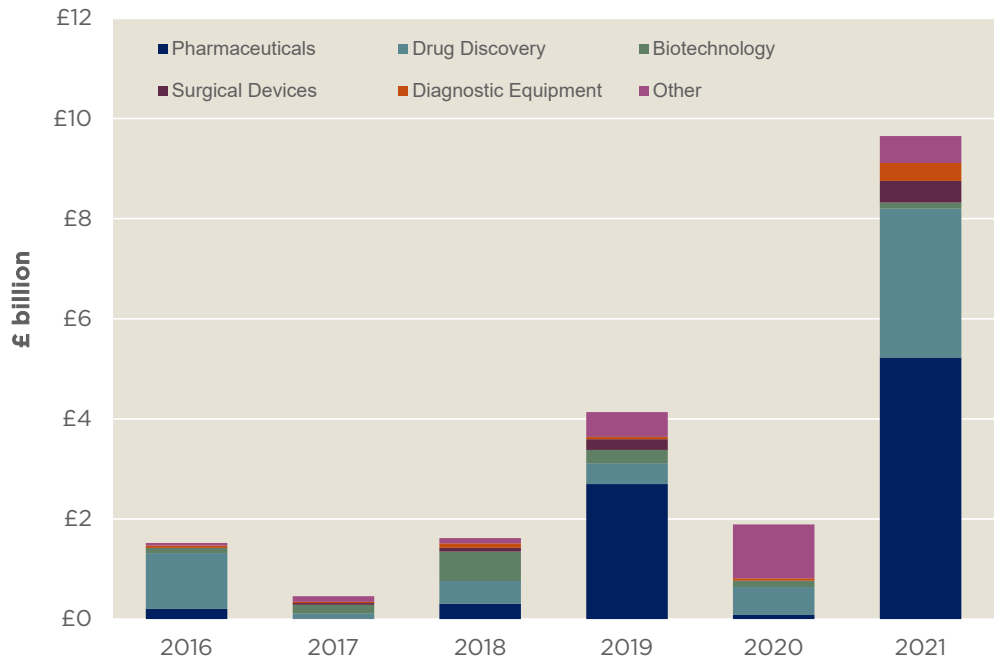
Corporate investment in Cambridge in 2021

In total, corporate investment raised by companies headquartered in the Cambridge area totalled around £12.6 billion during 2021, of which over 77% was related to life sciences. Companies in this sector include ‘pharmaceuticals’ and ‘drug discovery’, a category that BenevolentAI, who did a couple of corporate deals last year, sits within. Two large M&A deals were Kymab and GW Pharmaceuticals. Early and later-stage fundraising, for start-up and scale-up life science companies, often involves venture capital (VC) funding. Capturing and assessing the opportunities of this type is important to track the growth and formation of future companies. In total, during 2021, around £1.5 billion of VC was recorded for Cambridge HQ’d companies. It is also good to see significant later-stage VC occurring in the city with CMR Surgical raising over £430m. Other key deals include Artios, Centessa Pharmaceuticals and bit.bio, the latter of which completed a third round VC fundraise in early-2020, before taking around 37,000 sq ft of laboratory space, at Babraham Research Campus, in the first half of the same year. Only as recent as 2017, was bit.bio at the grant and seed funding stage.

The bottom bar chart shows the 2021 VC raised for the life science sector but global city. For Cambridge, sitting in the global ‘top ten’ is significant for the reputation of the city and the UK. It underlines the city’s global recognition as a centre of life science and technology research and development. This will support the real estate markets in the future.

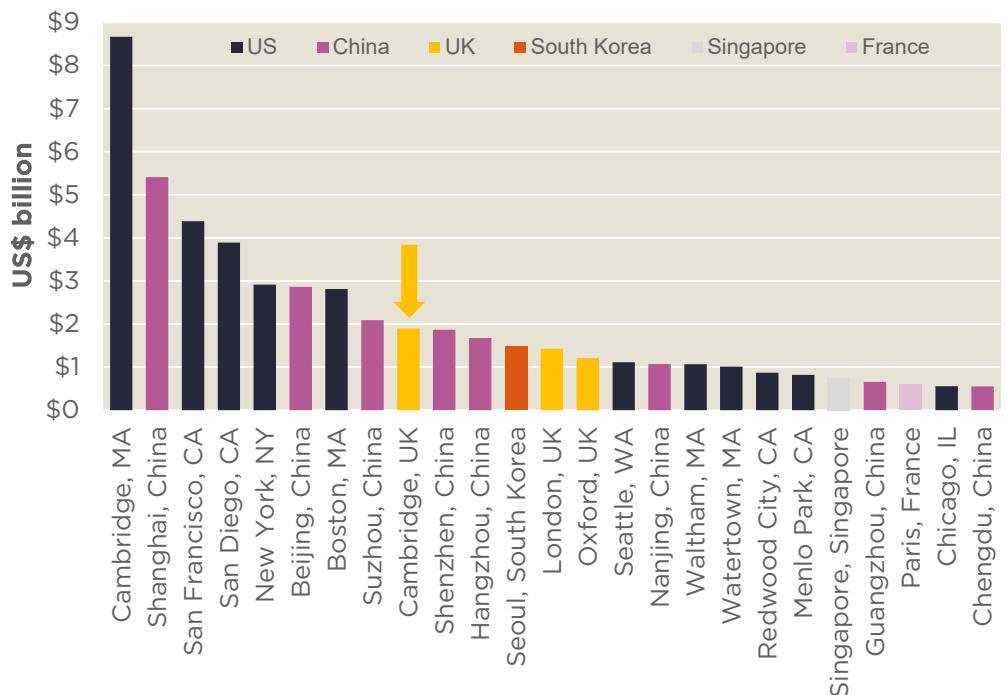
The map shows distinct clustering of capital raises in 2021. Note that the deal symbols in some locations have been spread out to show the quantum rather having the deals sitting on top of each other.

Cambridge capital raises, including IPOs, M&As and Venture Capital by ‘life science’ related companies The total increased an impressive 411% in 2021



Source Savills, PitchBook Data, Inc. (Data has not been reviewed by PitchBook analysts)

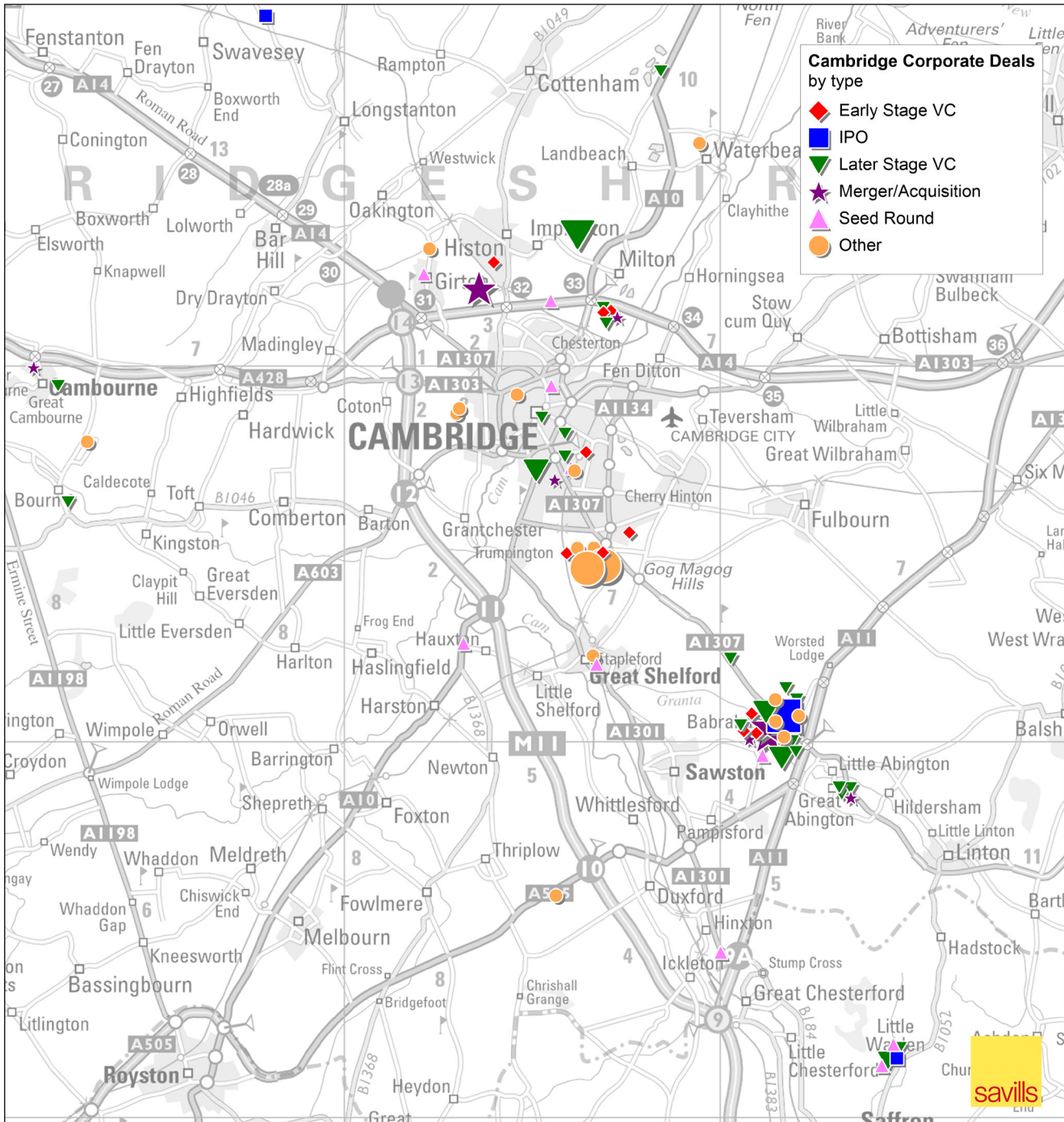
Global perspective Looking outside of the UK is key to understanding this market. Savills global network enables a deeper understanding of trends that will affect ‘home’ markets - The US dominates VC raised, but China has seen significant deals



Source Savills, PitchBook Data, Inc. (Data has not been reviewed by PitchBook analysts)

“ One of the biggest challenges for the city in the short-term is the supply of laboratory space to accommodate those companies successfully fundraising and hiring. ”

Cambridge(shire) corporate investment in 2021 Investment activity was strong around Babraham, but also Chesterford Research Park, Granta Park and Cambridge Biomedical Campus



Office market summary

Despite being a city with a population of only around 120,000, the level of take-up in 2021, at just under 700,000 sq ft, is on par with a key UK regional city. The total level of take-up was 53% higher in 2021, compared to 445,000 sq ft total in 2020. The level of take-up was assisted by the Cambridge market seeing one of the largest deals signed on Cambridge Science Park in the last 10 years. The US-based streaming company Roku, which is NASDAQ-quoted, took over 116,000 sq ft at Cambridge Science Park. Whilst the office availability ratio sits around 10%, the laboratory availability ratio is barely above zero. There are significant plans, from schemes across the city, to deliver more laboratory space, but there will be a time lag in getting this to the market. Rents in Cambridge are expected to rise throughout the forecast period and will remain some of the highest outside of London. The presence of science and technology companies, coupled with a relatively limited supply of office and laboratory stock, will ensure rents continue to rise.

Source Savills



Savills Science

Science, R&D and technology sectors all demand specific types of real estate, Savills, using data and expertise across all markets and disciplines will help clients make the best real estate decisions. Savills have established offices, with life science capability, within the key markets across the UK. 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 all types of clients, including occupiers, investors, developers and landlords.



Savills Commercial

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.

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