

Bristol Offices



- Tech
- Affordable Workspace
- Science

The role of the affordable workspace in Bristol

Covid-19 and the accompanying lockdowns have encouraged more community-focused thinking and a greater sense of civic belonging, which feeds into the co-working agenda and what it can offer in terms of community and culture. With small and medium-sized enterprises (SMEs) leading much of the UK's future innovation and enterprise, the availability of affordable, flexible office space is vital for their innovation and growth by supporting entrepreneurs in the early stages of their businesses and contributing towards the wider economy. By providing low-cost workspaces, there is more likelihood of business survival, growth and success for start-ups. Beyond physical workspace, these spaces often provide mentoring, training and access to investors and financing.

The Government is starting to encourage local authorities and property owners to make spaces available for cultural activities and associated businesses in this area, assisted by Arts Council England which supports artists' spaces through funding and brokering partnerships. For example, Bristol's Spike Island, backed by the Arts Council and Bristol City Council, provides subsidised workspace and offers opportunities to make national and international connections as well as peer support and collaboration.

Led by the University of Bristol in collaboration with Bristol City Council and the West of England Local Enterprise Partnership (LEP), Engine Shed is another great example of a hub where businesses, entrepreneurs, academics, social innovators and corporates collaborate. Engine Shed showcases the strengths and innovations of the region by providing space, creating encounters, and running projects that inspire, enable and challenge.



Image: The Engine Shed

Spotlight on science

How has Bristol fared in the last decade based on capital raising?

Opportunities in the life sciences and human health sectors are significant in Bristol - the pandemic has highlighted this, with companies in these sectors becoming household names.

How has Bristol fared in the past decade based upon local companies' capital raising? At just over £700 million, the total value of life science-related capital raises, including mergers & acquisitions (M&A), Initial public offerings (IPOs), private equity, including venture capital (VC), is relatively low. Compare this to the £1.5 billion raised in Cambridge in 2021 alone.

Overall, it's early days for Bristol, but the prospects are good. Just under 86% of the total is a single deal with Ziylo being acquired by Novo Nordisk in 2018 for US \$800m. On the face of it, this might not seem to show a strong ecosystem in Bristol, but it's likely that this is just the beginning for Bristol. The founder of Ziylo established Science Creates Ventures, a VC company, based in Bristol, to focus on technologies that have the potential to improve healthcare, quality of life and the environment. Picking up on the healthcare theme, coupled with the ever-growing big data/AI/ML impact on the drug discovery

and delivery markets, Bristol is in a strong position to prosper. The "wet" laboratories will remain a vital element of discovery, but the computational "dry" laboratories will have an increasing role to play in ideation, evolution, testing and production for the well-being of human health.

It's no surprise that human health is at the forefront of strategy for the large technology companies. On the West Coast of the USA, life sciences were always known as "the other tech"; now it's the leading tech - technologists are becoming biologists.

We look to Bristol to be the UK's West coast success story and leading the way in evolving an ecosystem that nurtures life science progress. The University of Bristol is a key player in this and has proven success in the achieved returns from its spin-out activity. There is precedent.

Graphcore, established in 2016, spun out from the university and has raised around £528m in seven rounds. Reportedly, it now has a 100,000 sq ft requirement in Bristol after only six years.

The prospects are good for the science sector in Bristol



Image: Bristol and Bath Science Park

👉 The city continues to see a flight to quality with prime rents increasing by 12% in Q1 2022 👉

How universities are promoting innovation and growth

Universities play a unique role in business start-up support. They not only finance incubators to support start-ups and contribute to their survival and growth, but these incubators are also managed by the university alongside spin-outs with other local businesses.

Universities have started to become more and more entrepreneurial in their outlook, and companies now have a greater appreciation for the expertise of academic researchers and how they can contribute to their business success.

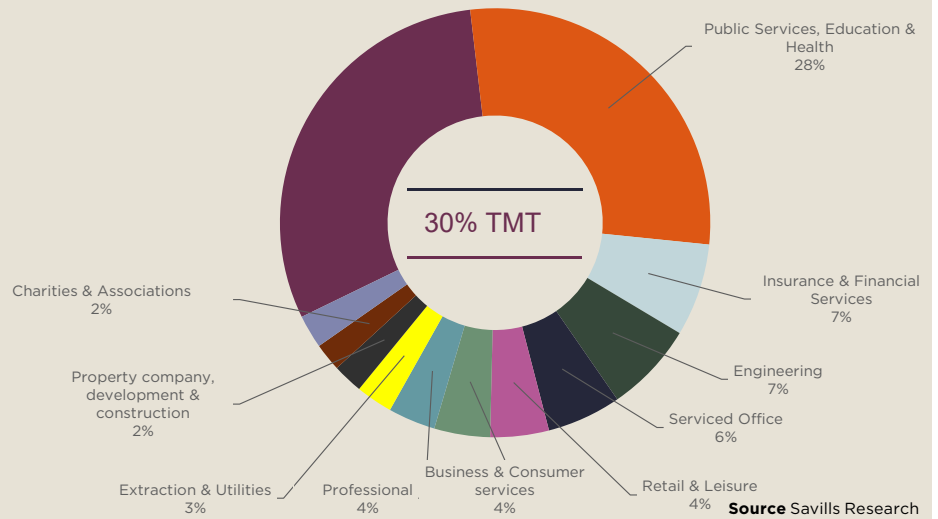
This can be achieved through offering free desk space through initiatives such as Launch Space, part of UWE Bristol's initiative to support start-ups, to business incubation programmes such as SETsquared, a long-standing enterprise partnership between the universities of Bath, Bristol, Exeter, Southampton and Surrey, specialising in growing technology start-ups.

However, all eyes are on the University of Bristol's relaunch of its pre-incubator programme in a bid to help create more deep tech start-ups in the UK. The QUEST programme will be run by the university's Quantum Technology Enterprise Centre (QTEC), which provides training, skills and support to researchers to commercialise their businesses. The sixth-month scheme will support the rapid generation of new quantum, engineering and scientific technology companies. Selected founders will receive skills and training for the creation of deep-tech companies, plus mentoring from industry leaders, regular road-mapping sessions with a team of entrepreneurs in residence, and the potential to pitch for capital from a network of UK and European angel investors and VCs.



30%

of take-up was for the tech sector over the last five years



Bristol needs to create the right balance of affordable and prime space for the city's maturing tech sector

Up until the mid-2010s, the tech sector had been growing in line with the wider rate of UK economy growth. But the official figures show that in 2015 the tech sector's growth started to outstrip the economy as a whole and has continued on an upward trajectory since.

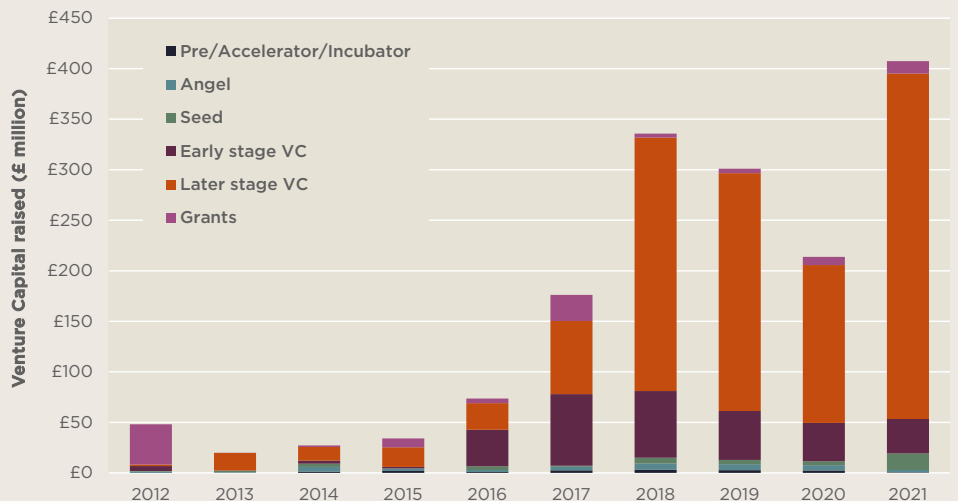
Growth in the sector is nearly six times larger than growth across the whole economy, with Bristol gaining a reputation as one of the UK's fastest-growing tech cities. These businesses employ 8,000 people - more than any other industry in Bristol - and offer higher-than-average salaries, according to the report by Tech Nation,

Bristol's growing tech sector is also driving employment in the region

and demand for office space. Over the last five years, the technology sector has been responsible for almost a third (30%) of all take-up, and the city has seen significant growth in the number of tech companies starting small and growing big very rapidly in the city (Graphcore, Ultraleap and Cookpad). The average deal size has also increased as technology firms expand and increase their spatial demands in the city centre. In 2017, the average letting stood at 4,474 sq ft. By 2021, this had increased by an impressive 41% to 6,318 sq ft. This demand has had an impact on rents with top rents in the sector between 2016 and 2021, growing an impressive 38%. Significant rental

growth has already been achieved in the first quarter of the year, where prime rents have increased by 12% in Q1 2022. The quality of building is one of the most important things to today's young workforce. Consequently, today's occupiers expect a workplace that puts people first to help them perform to the best of their ability. Pivotal to the emergence of start-up and scale-up technology companies in the city are innovation hubs such as the Engine Shed, Future Space and Unit DX. However, with the tech sector in Bristol maturing at a significant rate, creating desirable prime Grade A stock is also essential.

Later stage VC in Bristol at the end of 2021 was up 119% on 2020 and 45% up on 2019





Martin Bysh, Huboo's Co-founder and CEO, said: "Our headcount increase over the past year is an illustration of our rapid growth. One of our main aims at Huboo is to **nurture and support** the best regional talent, which is why we want our offices to be **inspiring and inviting**, all while offering the best opportunities for our employees to thrive."

Huboo has expanded its team by **341 in the past 12 months** which prompted the need to re-evaluate their office needs.

Talking about an evolution

How tech is changing the Bristol landscape

In the fields of technology and innovation, Bristol has a rich and impressive history of technological achievement that is well-documented. It has now entered a new era of technological progress, with homegrown companies looking to write the next chapter for Bristol's success, which will drive the real estate markets.

The 2021 Tech Nation report places Bristol third in the UK. The city accommodates many high-growth and creative industries - it has a diverse mix of businesses that have chosen Bristol for its lifestyle and

accessibility to London, but also the South West coast.

A review of the VC raised during the last three years provide the indication of the 'verticals' (business sectors) that are likely to dominate the Bristol market in the medium term.

Artificial intelligence & machine learning (AIML) and big data take the top two spots in terms of percentage share. The AIML sector plays nicely to the historical dominance of the semiconductor sector in Bristol.

Bristol punches well above its weight in terms of being the home to future growth companies. Despite Bristol accounting for less than 1% of the UK population, excluding London, it has accounted for over 3% of the total capital raised by companies in the past decade.

Bristol is also good at attracting capital. Over three-quarters of VC raised in the past three years has been later-stage, which highlights a maturity of the companies that attracted the seed and early-stage money



£42.50

Prime rent - the highest of the 'Big Six' markets

3rd

The 2021 Tech Nation report places Bristol third in the UK

The occupier view - Huboo, 41 Corn Street, Bristol

Employers have realised they need to react to the demands of the millennial workforce - a generation of people who are becoming less and less likely to go into secondary low-grade buildings. There is a strong case for designing offices for staff wellbeing, with measures including better access to daylight, air quality and acoustics shown to reduce absenteeism and improve staff retention rates.

The trend favouring 'best in class' precedes the Covid-19 pandemic; however mass enforced working from home caused many businesses to re-evaluate the role of the office and recognise the need for the best design to preserve its purpose and attract talent. This, together with the individual ESG priorities held by occupiers, has increased competition for space.

As one of the UK's fastest growing fulfilment technology providers, Huboo has expanded its team by 341 in the past 12 months, which prompted the need to re-evaluate its office needs.

Huboo was recently named

among the top 21 Best Places to Work in Europe for 2022 in a new list compiled by The Best Places to Work organisation, with staff attraction and retention high up on their list of priorities.

Huboo's central Bristol head office provides a collaborative hub, which is a fun and inviting place to work. A triumph in planning and design, it boasts a dedicated breakout space, giant screen, climbing wall, pool table, bar, an events area and a mini studio for its very own in-house radio station. It also has stunning views of Bristol's skyline from its rooftop terrace and penthouse C-suite offices.

A city centre base is not the norm for a fulfilment business, but for an uber ambitious company, it was a vital step for the growth of Huboo. Attracting the best local talent meant not only appealing to would-be employees via the exciting nature of the business, but also through its enticing workspace. Huboo is nestled among some of the city's finest bars and restaurants and is a stone's throw from foodie heaven

St Nicholas Market in the heart of Bristol.

To make room for all its new hires, Huboo recently acquired the lease for Gilbert House, the building next door to its current Corn Street HQ, housing its marketing, finance, customer service, HR and recruitment and operational excellence functions there.

Growth of the Bristol-based business comes as it recently announced a first-of-its-kind partnership deal with regional sporting giant Bristol Sport, while setting out expansion plans for wider Europe after launching in Spain and the Netherlands last year. Martin Bysh, Huboo's Co-founder and CEO, said: "Our headcount increase over the past year is an illustration of our rapid growth. One of our main aims at Huboo is to nurture and support the best regional talent, which is why we want our offices to be inspiring and inviting, all while offering the best opportunities for our employees to thrive."



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