

Q1 2024



UK Life Sciences & Innovation Insight Report

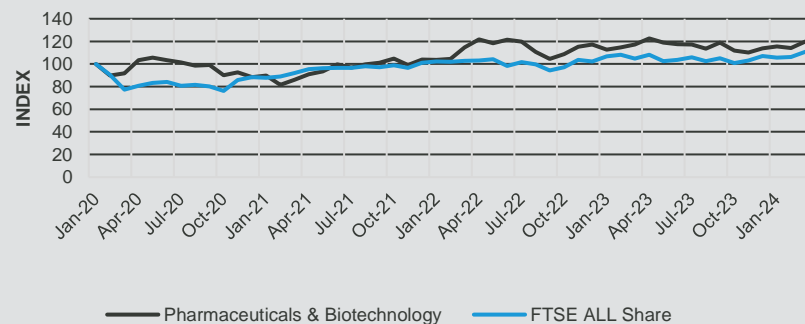
Sector performance

Q1 2024



Share price: FTSE pharma & biotech index holds steady

FTSE ALL SHARE, PRICE RETURN INDEX. JAN 2020=100. GBP

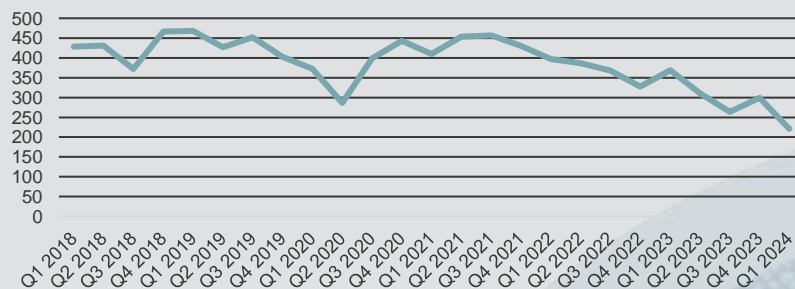


Source: Macrobond and Knight Frank Research.

As of March 2024, the FTSE pharmaceuticals & biotechnology index outperformed the broader market represented by the FTSE All Share index.

Clinical trials: Drop in the number of new clinical trials in the UK

NUMBER OF CLINICAL TRIAL STUDIES STARTED IN THE UNITED KINGDOM



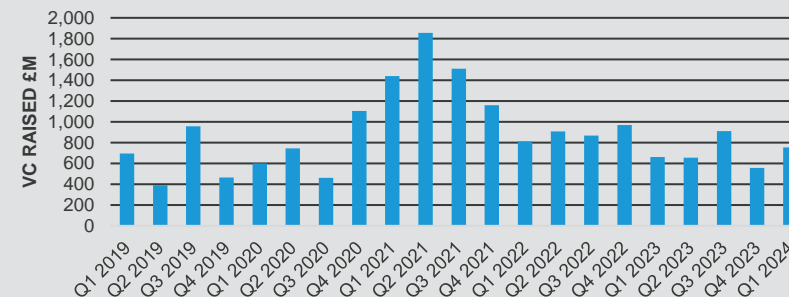
Source: Clinicaltrials.gov. Based on study start date.

In Q1 2024, the UK commenced 221 clinical trial studies, a 26% decrease from the previous quarter and a 40% year-on-year decline. The leading three entities for Q1 studies in the UK were King's College London, AstraZeneca and Imperial College London.

The government has committed to enacting the five main pledges from Lord O'Shaughnessy's review into commercial clinical trials in the UK.

VC funding: UK life sciences VC funding grows, defying a broader downturn

VC FUNDING INTO UK LIFE SCIENCES COMPANIES £M



Source: PitchBook and Knight Frank Research. HQ only. Completed deals and full transactions only. Covers: Biopharma, MedTech and Digital health. Data as at 08/04/2024. The data in PitchBook is continuously updated to reflect the most current information. As a result, historical data may change over time.

In Q1, UK life sciences companies secured £751.6m in venture capital, marking a 35% increase from Q4 2023, as well as a 14% rise from Q1 2023.

This figure falls 14% short of the five-year quarterly average but it's 69% higher than the pre-pandemic five-year quarterly average.

In contrast, UK VC funding declined 43% from Q4 2023..

Vacancies: London leads life sciences hiring, despite a national fall

SCIENTIFIC & QA WEEKLY JOB ADVERTS: INDEX 100: AVERAGE FEBRUARY 2020



Source: Adzuna and ONS experimental job advert indices.

Online life sciences vacancies have decreased 26% year-on-year and are down by 9% since the start of January.

Adzuna reports that London is the number one location for current vacancies, with over 1,000 advertised roles. Danaher Corporation, Thermo Fisher Scientific and IQVIA are the top hirers in the sector.

Occupier prospecting

Q1 2024



A data-led approach, to identify and qualify life sciences prospects

Knight Frank are actively tracking the following metrics in order to maintain a watch list of the most promising UK life sciences occupiers:

- Venture capital funding
- Private equity financing
- Changes in employment
- Changes in financial performance
- Corporate announcements (such as restructuring or expansion plans)
- University spin-outs
- Clinical trials activity
- Patents
- New company registrations
- M&A activity
- IPO listings
- Public funding
- Other sources of research funding, such as via charities and industry

In this quarter's analysis, we're focusing on the growing demand originating from the education sector. This sector is crucial to the innovation economy through its contribution of skilled talent and engagement in R&D, in addition to nurturing spin-off enterprises. In the South East market, take-up from the education sector has risen significantly from 20,411 sq. ft in 2020 to 177,853 sq. ft in 2023, while in London, take-up reached 384,458 sq. ft during 2023. This trend is mirrored in UK regional cities as well, where take-up has increased 226% since 2020, totalling 300,542 sq. ft in 2023.

Key leasing deals 2023 to Q1 2024

DATE	OCCUPIER	BUILDING	CITY	SIZE (SQ FT)	RENT IF AVAILABLE (£ PSF)
Q1 2024	University of Sunderland	HX4, 4 Harbour Exchange, E14	London	57,431	£31.50
Q3 2023	Northeastern University - London	1 Portsoken Street, E1	London	98,138	£50.76
Q3 2023	Oxford Business College	Edridge Place, Direct Line House	Croydon	49,870	Confidential
Q1 2023	QA Higher Education	Louisa Ryland House	Birmingham	45,180	Confidential
Q3 2023	Arden University	2 Hardman Street	Manchester	42,944	£35.00
Q3 2023	University Academy 92	Riverside	Manchester	36,751	£25.00

Real estate activity

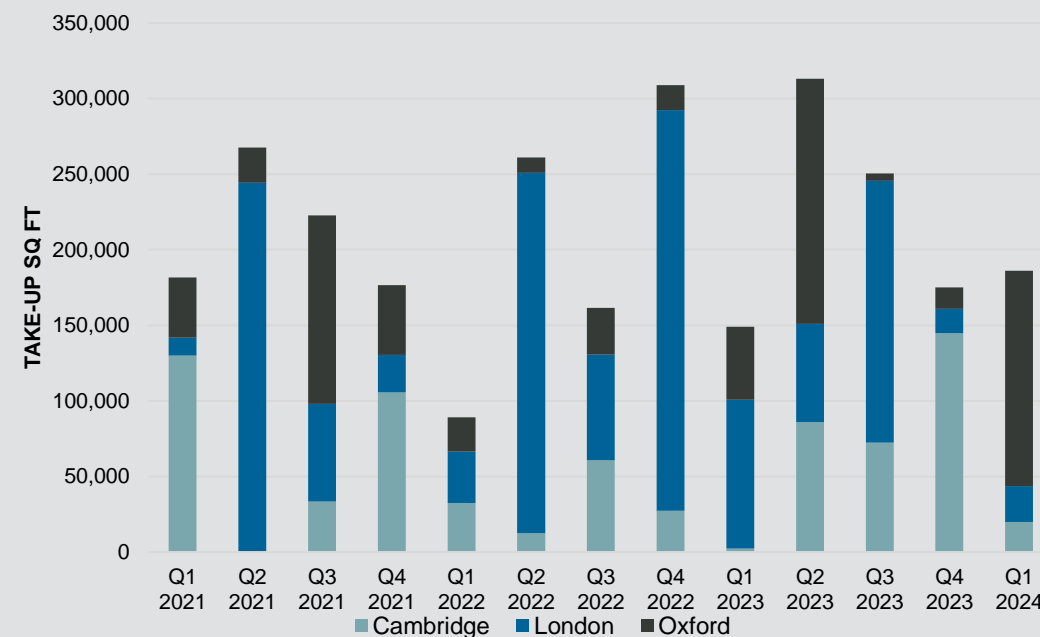
Q1 2024 - Leasing market



Select leasing deals Q1 2024

OCCUPIER	PROPERTY TYPE	BUILDING	CITY	SIZE (SQ FT)	RENT IF AVAILABLE (£ PSF)
Diamond Light	Lab Enabled Office	Diamond Light Source Expansion at the Harwell Campus	Didcot/Oxford	64,325	Confidential
invoX	Lab Enabled Office	Franklin Building at Granta Park	Cambridge	20,000	Confidential
OrganOx	Lab Enabled Office	Building 3500 at Arc Oxford	Oxford	17,746	£ 38.50
Oxford Gene Technology	Tech Box	Innovation Quarter at Oxford Technology Park	Kidlington	10,765	£ 22.00
Shionogi	Office	50 Eastbourne Terrace, W2	London	13,268	£87.50
Idexx Laboratories	Office	Swan Court, SW19	London	7,814	£52.50

Life sciences leasing volumes, Golden Triangle



	Q1 2024 TOTAL	Q4 2023 TOTAL	2023 TOTAL
Golden Triangle	186,043 SQ FT	175,063 SQ FT	887,972 SQ FT
Cambridge	20,000 SQ FT	144,930 SQ FT	305,772 SQ FT
London	23,585 SQ FT	15,979 SQ FT	352,412 SQ FT
Oxford	142,458 SQ FT	14,154 SQ FT	229,788 SQ FT

Source: Knight Frank Research. Take-up includes both offices and lab space. In London, take up includes life sciences, office and lab take-up + healthcare + academic space, if there is a life sciences component. It also covers tech companies with a life sciences focus.

Knight Frank Life Sciences and Innovation

Capital markets real estate activity

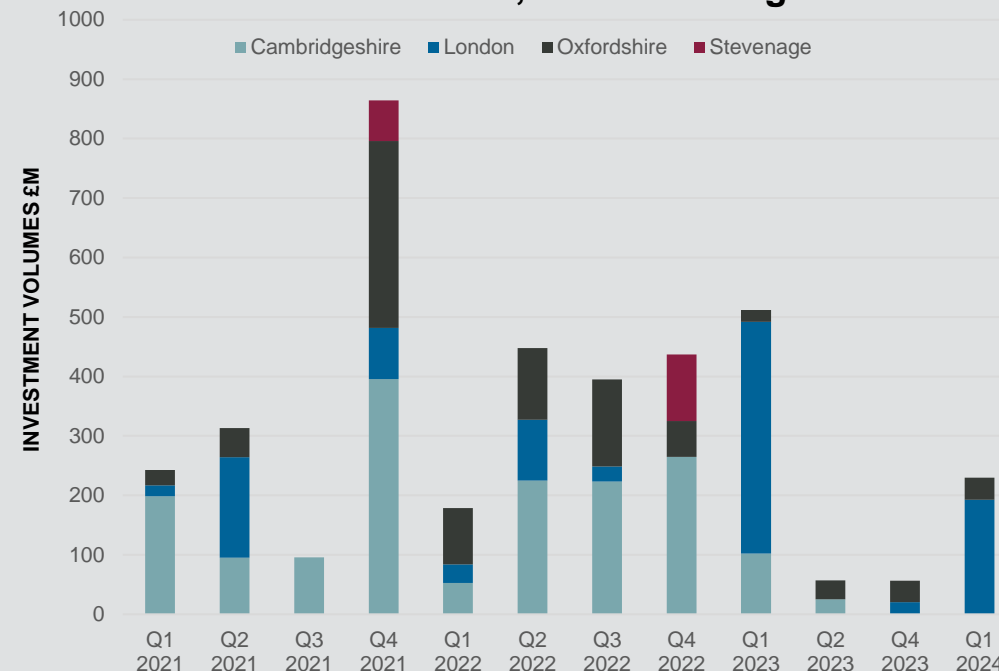


Select investment transactions Q1 2024

ADDRESS	CITY	SIZE (SQ FT)	PRICE £M	AGREED NIY %	VENDOR	PURCHASER
Oxfam House, Oxford Business Park	Oxford	88,324	£37.10	4.27%	Sutton Council	Oxtec Developments
1 Triton Square, NW1	London	366,000	£192.50	N/A	British Land	RLAM

British Land sold a 50% stake in 1 Triton Square. The two parties have formed a 50:50 joint venture to transform 1 Triton Square into a building dedicated to science and innovation at Regent's Place in Euston, London.

Investment volumes, Golden Triangle £m



Q1 2024 TOTAL	Q4 2023 TOTAL	2023 TOTAL
£229.60M	£56.65M	£0.62BN

Source: Knight Frank Research. Completed deals only.

Real estate activity

Q1 2024 – Other real estate activity



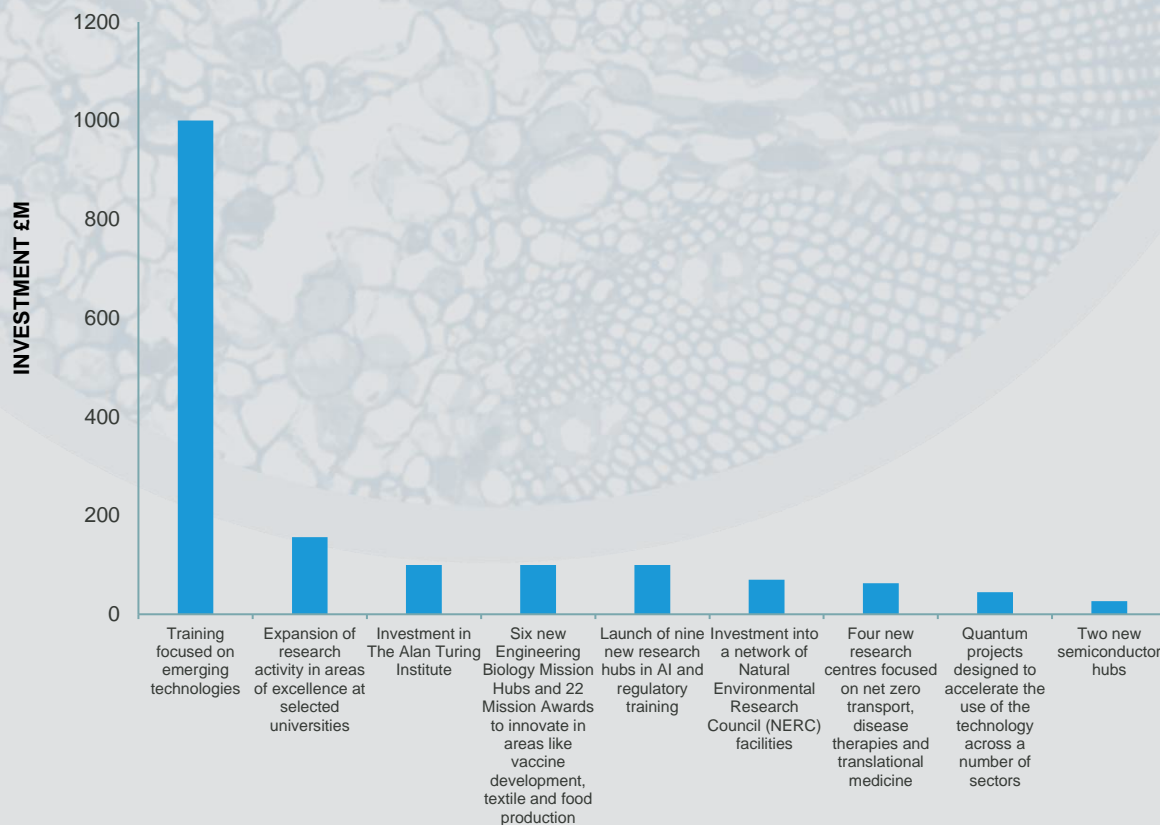
Funding, operating models and partnerships in Q1 2024

COMPANY / ENTITY / LOCATION	ACTIVITY
Bruntwood SciTech	Bruntwood SciTech and Thermo Fisher Scientific entered into a strategic collaboration. This collaboration will offer startups at Alderley Park's Open Access Lab access to Thermo Scientific equipment and industry support. Additionally, the partnership extends benefits to occupiers across other Bruntwood SciTech campuses.
GLA	GLA is searching for a partner to develop the 4.3m sq. ft Royal Albert Dock project. This site offers an opportunity to incorporate various uses, including potentially life sciences.
Royal London and British Land	British Land and Royal London Asset Management Property have formed a 50:50 joint venture to transform 1 Triton Square into a building dedicated to science and innovation at Regent's Place in Euston, London.
Imperial College Healthcare NHS Trust	Imperial College Healthcare NHS Trust is looking for a development manager to oversee the St Mary's Hospital campus transformation in London.
Breakthrough Properties	Breakthrough Properties has secured development finance from BentallGreenOak (BGO) for a life science and lab project at St John's Innovation Park in Cambridge. Construction of the Vitrum Building commenced on a speculative basis.
Brockton Everlast	NatWest has underwritten a loan of close to £70m, secured against Brockton Everlast's Waterside House office in Paddington. In November, Brockton launched a consultation on the refurbishment and extension of the building ahead of Marks & Spencer's lease expiry in 2028. The plans include additional space for flexible labs and office space.

Government investment tracker



Top UKRI investments into life sciences research and development Q1 2024



Other significant government announcements:

- The government entered into several science and research agreements with a range of countries including France, Germany, and Saudi Arabia.

The Spring Budget spotlighted life sciences. Key components included:

- **Significant business investments** such as AstraZeneca's further expansion in Cambridge and Speke (NW UK), and capital grants to support Almac and Ortho Clinical Diagnostics who are expanding their manufacturing plants in the UK.
- **Major R&D funding announcements** included £45m support for early career researchers and £14m to be allocated for infrastructure used by public sector research and innovation organisations.
- **Investments into Canary Wharf (£118m), Euston, and Cambridge**, focusing on expanding life sciences infrastructure, building new homes, and improving local amenities and transportation.
- **Investment zones will be extended from 5 to 10 years in Scotland and Wales**, matching the extension announced for England at the Autumn Statement 2023.
- The government is launching a **consultation for a new fast-track planning service** and allocating £3m to bolster skills and education for future local planners.
- HMRC is setting up an **advisory panel to enhance R&D tax relief administration**, alongside a commitment to updating legislation for full expensing and raising the VAT registration threshold, effectively reducing the tax burden on 28,000 SMEs.
- Further steps are being taken to encourage more institutional investment into UK high-growth companies as well as make it easier to IPO in the UK.
- The government accepted the findings of the independent review of university spinouts. It has also begun **consulting on a £20m proof-of-concept fund and a pilot approach to supporting the establishment by universities of shared Technology Transfer Offices**.
- Funding to **fast-track digital transformation in the NHS**.

Other news



- Recent announcements highlighted advancements in the climate tech and space sectors: In 2023, the UK's net zero economy saw a 9% growth, generating £74bn in GVA from over 23,000 businesses and supporting 765,700 jobs, nearly 3% of total UK employment, with a 6.4% increase in full-time sector jobs from the previous year. The UK is set to establish the first UN-backed International Centre of Excellence for Sustainable Resource Management within the Circular Economy. Moreover, the UK Space Agency is launching its new headquarters at the Harwell Science Campus Space Cluster in Oxfordshire, as well as opening offices in Scotland, Wales, and the Midlands. The UK space economy has a turnover of £65bn, employs over 300,000 people and encompasses over 2,000 companies.
- Regional life sciences cluster development is progressing, highlighted by initiatives like the addition of Sanofi as an industry partner at the University of Strathclyde's medicines manufacturing research centre and public investments in semiconductor innovation centres at Bristol and Southampton. Additionally, significant funding has been allocated to the UK Biobank (to be based in Manchester) and an advanced materials centre in Manchester, while Liverpool City Region has outlined its Life Sciences Investment Zone plans expected to generate 8,000 jobs.
- The Labour party unveiled its new life sciences sector plan which it says could increase R&D expenditure in the UK's pharma sector by £10bn a year. The strategy centres on giving the sector a stronger voice in government in part by strengthening the Office for Life Sciences, establishing 10-year budgets for key R&D institutions to provide greater certainty, increasing the number of spinouts coming out of universities, structuring the innovation funding system to ensure more spinouts successfully scale-up, harnessing the power of data, creation of a regulatory innovation office, continuing with the £520m life sciences manufacturing fund, establishing a British 'Tibi' scheme and planning reforms to make it easier to build lab space.
- Analysis of recent financial reports and the main discussion points at the annual JPMorgan healthcare conference in San Francisco highlights some key sector trends: looking at financial reports the largest life sciences companies are strategically focused on mergers and acquisitions, AI and technology investments, business transformation, growing R&D spend and purposeful action. At the JPMorgan conference, focus areas included AI's role in accelerating drug discovery, investor focus on clinical validation, and the prominence of cell and gene therapy, which faces biomanufacturing challenges due to costs, quality, and speed. Additionally, numerous mergers and acquisitions were announced.
- Beyond the Spring Budget, significant corporate investments in the UK include GSK's £200m in manufacturing, Novo Nordisk's AI research hub, Gilead Sciences' Oxford research centre, Microsoft's £2.5bn AI infrastructure investment, and BioNTech's Cambridge expansion and London AI centre. Flagship Pioneering, a bio platform company, is establishing its first UK base in London, having launched over 100 ventures valued at \$90bn since 2000. A memorandum of understanding with the UK government seeks to identify potential UK manufacturing sites for Flagship's life sciences ventures.
- The UK Biobank has unveiled the world's most extensive single sequencing data set, resulting from five years of effort and over 350,000 hours of genome sequencing. The data will aid the advancement of new diagnostic and therapeutic discoveries and it showcases the UK's expertise in genomics.

Knight Frank Life Sciences & Innovation team contacts



Our UK network of offices is aligned to the Life Sciences and Innovation sector, operating across London, the Golden Triangle and the UK Cities markets where innovation and research ecosystems thrive. These teams connect with our wider global platform. Whatever your requirements, our team of market experts, supported by deep research capabilities, can help meet your real estate demands within the Life Sciences and Innovation sector.

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