UK Commercial – April 2025

SPOTLIGHT
Savills Research

Life Sciences: Trends & Outlook

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Scaling up • Future-proofing • Place-based innovation

US$260 billion
Annual R&D spend in 2023 of 360 pharmaceutical & biotechnology companies

Global & UK trends

Patents, M&A, R&D spending, clinical trials

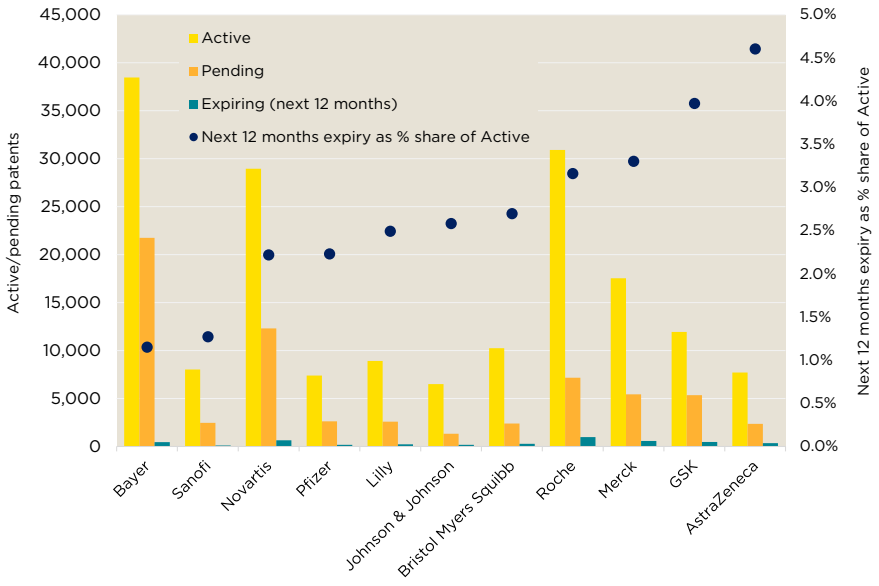
This edition of Trends & Outlook looks at various aspects that have an impact on commercial real estate, ranging from policy and planning through to the consideration for residential for scientists.

For all sectors across the world, it has been more difficult and, at least, uncertain since the beginning of April this year. The largest pharmaceutical and biotechnology companies will be thinking what is next and what is the plan going forward. On the real estate side, the focus for all owners of science-related real estate remains on the occupational demand and what encouraging trends are emerging.

The chart (top right) presents the differing potential fortunes of some of the largest pharmaceutical companies. Some of the biggest names in pharma could do with more patent success. This aligns with companies like AstraZeneca which have grown R&D spend significantly and has one of the highest levels of research intensity at 23% (intensity calculated by R&D spend as a share of net sales). It has been estimated that US$183 billion in revenues is at risk through to 2030 (Morgan Stanley) for the largest pharmaceutical companies. This risk will come from generics and biosimilar offerings. Mergers & Acquisitions (M&A) will be a preferred growth strategy for the largest companies, and both biopharmaceutical and MedTech companies were signing big deals last year. Novo, J&J, Vertex Pharmaceuticals, DB, Lilly and Boston Scientific are all in the top 10 of mega deals completed in 2024. There is an anticipation of increased M&A this year as the big companies and private equity have historically high levels of 'dry powder' to spend (estimated at US$2 trillion). The big biopharma are looking forward for innovative assets that will plug the patent cliff - this has been the trend for many years, and it is not stopping anytime soon. The cloud on the horizon, with a fair wind, is the geopolitical outlook and tariffs. McKinsey's December 2024 survey of 2,000 executives shows that 35% place geopolitics at the top in terms of risk to economic growth. Trade policies are a close second - we would suspect that such policies would dominate the next survey results.

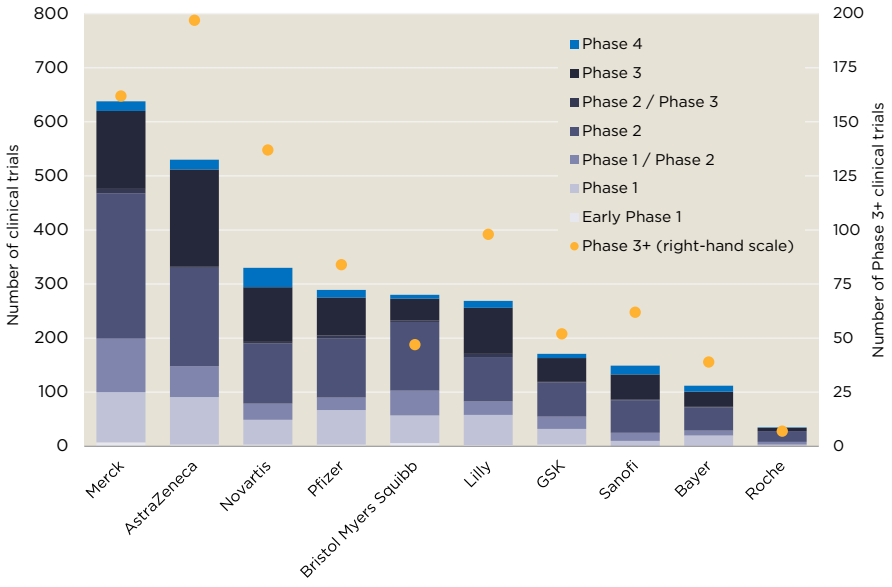
From reviewing the top 2,000 companies, in terms of their Research & Development (R&D) spending shows that the intensity for pharmaceutical and biotechnology companies remains intensive. The sector accounts for 18% of the £1.1 trillion spent by the top 2,000 companies annually, whilst only employing 5% of the total number of employees. The Top 20 pharmaceutical & biotechnology companies employ around 2.8 million people, globally. There are certainly pressures on the top 20 companies to ensure cost control is maintained, and the latest data shows that employment growth was just over 1%; this is lower that the 5% average for the rest of the companies in the top 100. Therefore,

The major pharmaceutical patents Some companies have relatively healthy patent profiles



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

The major pharmaceutical companies clinical trials The bedrock of future success shows varying activity across the major companies



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> **“Whilst space take-up in the first quarter of 2025 was relatively subdued, there are signs of recovery, and we anticipate growing momentum throughout the rest of the year”**

growth and occupier demand must be focussed on the mid-ranged pharmaceutical & biotechnology companies. Within the analysis, 33 companies have been identified that have seen 50%+ growth in R&D spending with nine seeing a doubling of R&D spend - these are not necessarily small companies, they employ 4,000 people between them and have a market capitalisation of around US$6 billion. The reasonable hypothesis is that higher growth in R&D is likely to create additional commercial real estate demand in the short term. It is these companies that require further investigation.

As shown in the chart bottom left, there are comparatively differing potential fortunes for some of the largest pharmaceutical companies. This chart illustrates why, for some, the need to acquire companies that are at the clinical trial phase is important. Of course, this is positive news, as smaller companies get the injection of capital that is required to push forward the discovery. Clinical trials are key, and the environment in the UK to maintain a strong global position is critical for the future prospects of biopharma in the UK. The first-ever analysis of the UK clinical trial landscape by the Medicines and Healthcare products Regulatory Agency (MHRA) and the University of Liverpool confirms that the UK is a global leader in clinical research. The UK is a hub for pioneering research, with one in eight trials testing treatments in humans for the first time. There is strong commercial investment in UK trials, with 85% industry-sponsored. A smaller share (15%) comes from universities, hospitals, and charities.

Throughout 2025, AI will remain the buzzword of the sector, with a focus on clinical trials. 90% of clinical trials end in failure, but companies like Ignota Labs, based in Cambridge UK, see an opportunity to sift through vast amounts of data to discover the connection between trials data and bring new life to abandoned projects. Only a small company at present, but one to watch and have successfully raised capital in Q1 this year.

Overall, it must be remembered that the science sector is incredibly broad and whilst the pharmaceutical sector is important to watch, there are hundreds of sub-sectors and 'emerging spaces' that will create demand for real estate in the short-to-medium-term.

A view from Head of UK Science

Venture capital (VC) funding challenges have made some companies more cautious over the last 18–24 months. Although it is too early to predict the impact of the recent US tariff policy, this could well disrupt global supply chains for more mature companies unless resolved quickly. However, we are seeing more VC-backed businesses able to access new investment and reactivate space requirements. Whilst space take-up in the first quarter of 2025 was relatively subdued, there are signs of recovery, and we anticipate growing momentum throughout the rest of the year.

The biggest pharma companies were already making plans in the US well before the tariffs issue arose. For example, Novartis plans to spend US$23 billion on building or expanding ten facilities in the US, touting the creation of up to 1,000 skilled jobs, directly, including scientists and engineers. The new facilities will include a biomedical research hub in California (San Diego) and four new manufacturing sites. Lilly and J&J committed to manufacturing investments earlier this year. There is a chance 'big pharma' may have already sidestepped some of the disruption from the tariffs as they have already had plans in place before early April. Some have made more recent announcements, including Roche. Towards the end of April, they announced committing US$50 billion over the next five years, creating 12,000 jobs (half of which will be the construction sector for developing the facilities).

We look to the US for indications of what a successful and market-leading market looks like, both in terms of R&D, scientific discovery and commercial success. However, some commentators have said that there are opportunities for global growth coming from the current US government policies around departmental funding and tariffs. Such policies may create enough disruption, or the threat of disruption, that the discovery aspect may be better placed elsewhere, outside of the US. The early-stage biotech startups are likely to be the ones that are impacted more by tariffs, with rising R&D costs and disrupted supply chains.

The big question for the UK will be, "Are the unknowns enough for earlier-stage companies to head to the UK?" Time will tell, but arguably, the outlook looks like it could be a positive. The environment in the UK is as strong as anywhere in the world. The talent is here, the academic underwrite is world-class, we have a transforming NHS and an incredibly strong (and therefore potentially strengthening) clinical trials environment. All factors that would still be attractive to science companies at all stages of their growth phase.

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> **“The UK stands at the threshold of an exciting and transformative era”**

The UK’s Innovation Dilemma

Why startups are struggling to scale - and how to fix it

The UK has long been recognised as a global leader in pioneering research at the very cutting edge of scientific discovery. It has a formidable reputation in creating exciting new companies developing products that look to solve some of the world’s most challenging problems, yet it consistently seems to struggle to scale these startups into major global organisations.

If this trend continues, does the UK risk becoming simply an “incubator economy”, excelling at creating new innovative ideas but ultimately seeing the larger economic benefit and our best and brightest thinkers landing elsewhere in the world?

So what are the key challenges currently facing UK startups?

- Access to capital: While early-stage investment is strong, ‘doing’ science is becoming increasingly expensive. The UK falls behind other countries when it comes to later-stage funding, forcing companies to look to foreign investment or relocate to markets with better financial support.
- Investor appetite to risk: UK investors can be more risk-averse than their contemporaries in other global ‘Science & Tech hot spots’ such as Silicon Valley, where high-risk investment drives innovation.
- Regulatory challenges: The UK’s regulatory environment is complex, making it difficult for early-stage companies to navigate compliance requirements. Additionally, the UK’s relatively small market means companies must look abroad early in their growth journey, leading to further challenges in managing differing international regulations.
- Talent shortages: The UK faces a critical shortage of highly skilled workers, particularly in AI and creative technology. Immigration barriers and slow visa processes further restrict access to global talent.
- Fragmented government support: While the UK government offers various funding and support programs, the landscape is overly complex and lacks coordination. Many companies struggle to identify the right support, reducing the effectiveness of these initiatives.

Having identified some of the key challenges facing UK startups, it is now worth considering what can be done to try and overcome these obstacles and provide actionable solutions.

- Unlocking domestic growth capital: One area currently being considered by the government is to accelerate financial reforms to encourage pension funds and institutional investors to invest in early-stage UK companies. Streamlining tax incentives for VC and R&D investment will also make the UK more attractive for tech innovation. Whilst these types of reforms could unlock capital, it must be remembered that investment in early-stage startups is high risk and an investor will need specialist scientific knowledge to properly assess opportunities as well as being prepared to accept a total loss on investment. VCs spread this risk across multiple investments, it is unclear whether more traditional investors would be able to take this same approach.
- Encouraging an entrepreneurial culture: More must be done to celebrate British entrepreneurial success and shift the national mindset towards risk-taking and long-term growth. Government-backed investment in high-risk ventures could also help change investor attitudes.
- Regulatory and procurement reform: Simplifying regulatory requirements and making government procurement more accessible to startups would provide a crucial boost, particularly in areas such as AI, where we are seeing the EU undertaking a deregulatory push. The UK should adopt a proportionate approach to regulation, ensuring homegrown companies can innovate without excessive restrictions.
- Improving access to talent: Introducing fast-track visas and reducing bureaucracy in hiring international talent would help address the skills gap. Further investment in domestic education and leadership training is also needed.
- A unified industrial strategy: The government must streamline and coordinate innovation support programs, ensuring startups have a clear path to growth. AI must be recognised as a priority sector, with targeted funding and policy support.

By addressing these challenges and supporting startups to scale and flourish, the UK can position itself as a global leader in science and technology, fostering economic growth and retaining its best talent and businesses.

The UK stands at the threshold of an exciting and transformative era. With a rich history of innovation, a thriving startup ecosystem, and world-class talent, we have all the ingredients necessary to turn ambitious ideas into globally competitive businesses. However, success will require a shift from words to decisive action - streamlining support for innovation, fostering a culture that celebrates entrepreneurial success, and ensuring that UK startups have the resources and infrastructure to flourish. This has the potential to unlock immense economic and societal benefits for generations to come, the opportunity is here - now is the time to act.

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> “Historically, the lack of large available stock has hindered the ability of the region to accommodate the growth of large occupiers”

UK Golden Triangle

Overview of the demand and supply dynamics

The knowledge and innovation ecosystem across the Golden Triangle was boosted by the recent news of the UK government’s recommitment to the Oxford-Cambridge Growth Corridor, which is estimated to be worth £78 billion to the UK economy by 2035. This announcement has helped improve sentiment across the region after a mixed picture of leasing activity in Q1 2025. Take-up recorded at the end of the first quarter was 321,000 sq ft, across offices and laboratories, which was 26% below Q1 2024.

Cambridge, however, recorded the highest take-up level for the first quarter in the last five years, with 204,000 sq ft transacted. This can be attributed to greater corporate activity, demonstrating the maturity of science occupiers in the city. The largest transaction being Arm pre-letting 95,000 sq ft at Optic, Peterhouse Technology Park. The wider macroeconomic uncertainty impacted the VC funding market and subsequently resulted in occupiers delaying relocation decisions. The region has predominantly been reliant on deriving demand from smaller VC-backed startups which is reflected in the composition of deals recorded, with 78% of transactions across both offices and laboratory specifications being below 10,000 sq ft in the last five years.

VC investment activity into the science sector is unlikely to return to the record levels experienced in 2021 and 2022 in the short-to-medium term amidst ongoing economic headwinds and competition from other sectors. There is, however, growing evidence of smaller occupiers being able to access new investment and reactivate space requirements. Savills is currently tracking 1.1 million sq ft of demand from both smaller and large occupiers across the region. Corporate expansion and attracting large inward movers whose requirements are not as intrinsically linked to the VC markets will be critical to sustaining the expansion of the knowledge and innovation cluster based in the Golden Triangle.

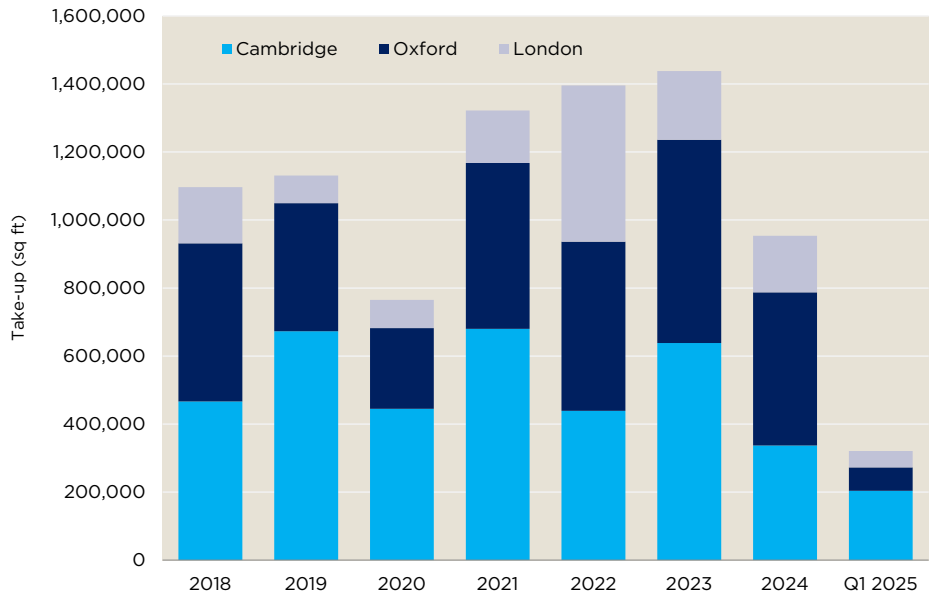
The region’s ability to attract international new entrants can be a source of improving demand levels. Oxford and Cambridge are both well placed to attract this type of demand with the existing talent pool and discounted labour costs. This trend is notable for the Artificial Intelligence (AI) sector. According to Glassdoor, the average AI engineer salary in Oxford and Cambridge is 47% and 44% below the average US salary, which will appeal to US occupiers seeking a new site in the UK. The AI sector in the UK is currently worth $92 billion and is projected to reach $1 trillion by 2035, making it the second highest value AI nation only behind the USA. The UK’s Technology Secretary, Peter Kyle, spoke at Nvidia’s annual conference to highlight the potential for further collaboration between the UK and US AI industries. The formation of dedicated AI growth zones within the UK that have access to dedicated infrastructure and streamlined regulations are designed to attract significant AI investment. Culham Science Centre, Oxford, has been announced as the first AI growth zone, which will benefit the wider Golden Triangle region. The ongoing expansion of the AI sector, both domestically and internationally, will present significant inward investment opportunities from the sector into the Golden Triangle region which can support take-up volumes going forward.

Historically, the lack of large available stock has hindered the ability of the region to accommodate the growth of large occupiers. Developers are responding to the need and are being rewarded for undertaking speculative developments. GIC and Magdalen College’s speculatively developed Iversen Building, located at Oxford Science Park, was fully let within 12 months. Novo Nordisk leased 60,000 sq ft in Q4 2024, and the remaining 26,000 sq ft has been let to Ellison Institute of Technology in Q1 2025. This trend has also been evident in Cambridge with Arm pre-letting the entirety of British Land’s, Optic, Peterhouse Technology Park during construction which comprises 95,000 sq ft. The semiconductor design company occupies all of the existing space at the scheme, totalling 330,000 sq ft. The city centre market has also experienced corporate demand: Brookgate’s 10 Station Road speculative development, which comprises 60,000 sq ft and achieved practical completion in Q4 2024, was under offer to a single occupier. This transaction has since fallen through but is indicative of the corporate demand present in the market.

London’s science market is nascent with a lack of existing corporate occupiers from the sector based in the capital. LifeArc is, however, under offer to lease 70,000 sq ft, and Lilly is set to open a new base in London, with 35,000 sq ft under offer. The trend of “big pharma” seeking to expand or establish a presence in the capital has been gathering momentum in recent years. GSK, Ipsen and MSD have all opened new sites in the market.

The evolution of the demand pool across the Golden Triangle to include existing corporate expansion and large inward movers will be needed to stimulate the delivery of the planned development pipeline across the region which will be required to accommodate this new type of demand.

Take-up a mixed picture across the three core markets



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> **To adapt to industry shifts, life sciences companies should prioritise flexibility, efficiency, and sustainability in their workplace strategies**

Future-proofing pharma real estate

A workplace strategy and occupancy planning approach

Optimizing occupancy strategy in life sciences real estate

A well-planned occupancy strategy is critical for optimising real estate investments, ensuring efficient space utilization, and adapting to workforce needs. In the life sciences sector - where research, operational efficiency, and regulatory compliance are essential - real estate must enhance productivity and collaboration while remaining flexible. Integrating real-time data, space analytics, and smart planning enables organisations to maximise efficiency and respond to industry changes.

Challenges in life sciences real estate

Pharmaceutical companies face growing challenges in managing real estate portfolios while balancing research priorities, workforce expectations, and operational costs. Traditionally, centralised corporate offices, research labs, and manufacturing sites provided structure but also created inefficiencies. Long-term leases, high operating expenses, and limited adaptability pose significant constraints.

Evolving workforce preferences, stringent regulatory requirements, and rapid scientific advancements demand a more flexible approach. Real estate strategies must ensure compliance, support collaboration, and allow long-term scalability while maintaining cost efficiency.

Opportunities in distributed workplaces

The shift toward distributed workplaces presents a major opportunity for life sciences organisations to improve agility and efficiency. A decentralised approach - leveraging regional research hubs, flexible office environments, and adaptable lab spaces - reduces reliance on large, single-location facilities and enhances collaboration.

Placing teams closer to talent pools, regulatory bodies, and supply chain partners improves responsiveness. Smart workplace technologies, space utilisation analytics, and hybrid work models further optimise real estate efficiency while supporting both remote and in-person work.

Strategies for a future-proof real estate model

To adapt to industry shifts, life sciences companies should prioritise flexibility, efficiency, and sustainability in their workplace strategies. Key recommendations include:

- Adaptive Space Management – AI-driven occupancy tracking, and IoT-enabled monitoring help make real estate decisions data-driven and responsive.

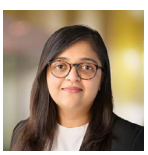
- Modular and Scalable Facilities – Flexible lab and office spaces accommodate evolving R&D demands.
- Smart Workplace Technologies – Space utilisation analytics, digital twin modelling, and automation optimise efficiency.
- Sustainability Initiatives – Energy-efficient buildings, LEED-certified labs, and carbon-neutral operations align with ESG (environmental, social, and governance) goals.
- Distributed Workplace Models – Regional hubs and hybrid work strategies reduce footprint while maintaining collaboration and innovation.

The future of pharma real estate

The future of life sciences real estate will be shaped by technology, sustainability, and evolving workforce trends. AI and machine learning will enhance space planning, creating adaptive workplaces. Hybrid work models will evolve, allowing employees to balance in-office and remote work.

Sustainability will remain a priority, driving investments in energy-efficient labs and manufacturing sites. Corporate real estate strategies will also be influenced by workforce diversity, ESG initiatives, and transparency in clinical trial data. Organisations that adopt a data-driven, agile approach will be best positioned to manage global operations efficiently.

To remain competitive and resilient, life sciences organisations must embrace a real estate model that balances flexibility, operational efficiency, and sustainability. By integrating workplace technologies, optimising space utilisation, and leveraging a distributed workplace approach, companies can foster innovation, enhance employee engagement, and ensure long-term adaptability. The future of pharma real estate lies in dynamic, responsive, and resilient workplace environments that meet the industry's evolving needs.



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> New York State receives the second-highest National Institutes of Health (NIH) funding in the United States

Market snapshot: New York City

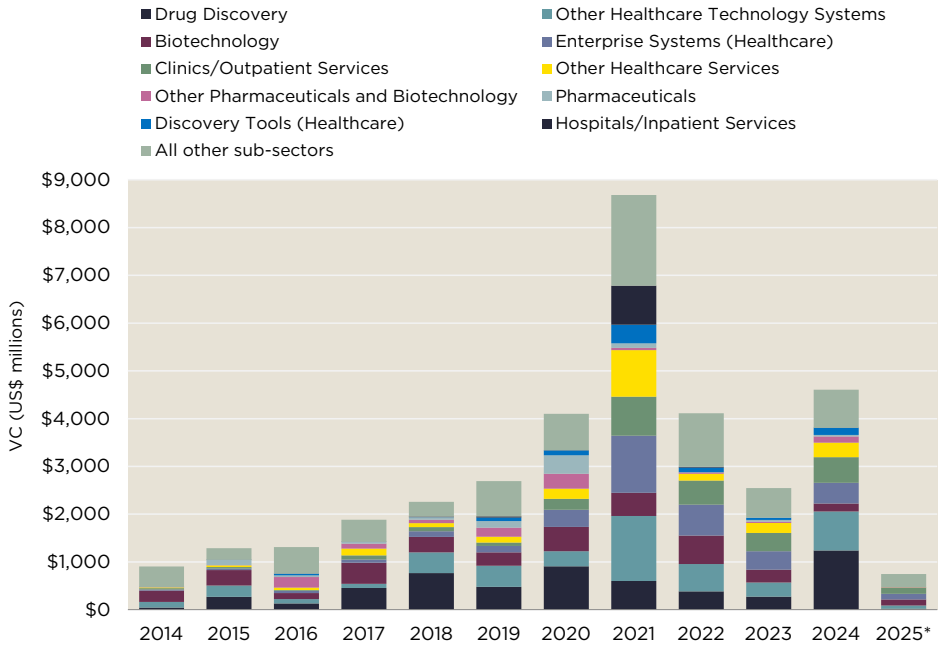
A key and mature life science market in the US

New York City has been a growing hub in the life sciences industry, competing with top regions nationwide. Driven by some of the largest government funding in the country, proximity to prestigious institutions, a world-class workforce, and an expanding pipeline of laboratory developments, the sector has experienced significant growth. As a result, both startups and industry giants like Bristol Myers Squibb and Eli Lilly have established a strong presence in the city.

New York State receives the second-highest National Institutes of Health (NIH) funding in the United States, totalling over $3.6 billion in fiscal year 2024. California leads with $5.2 billion, while Massachusetts follows New York with $3.5 billion. This funding plays a critical role in supporting groundbreaking research, and enabling advancements in drug discovery, medical treatments, and overall global health. Among New York's top research institutions, Columbia University secured 18.4 percent of the state's NIH funding, amounting to $645.2 million for 1,084 projects, with a strong focus on Alzheimer's disease, diabetes, and other major health challenges. New York University (NYU) School of Medicine followed, receiving $499.4 million, or 14.2 percent of the state's funding. However, recently proposed NIH funding cuts could have serious consequences for research institutions and startups. If approved, Columbia University alone could face a reduction of over $100 million, while overall cuts for New York institutions are estimated to exceed $600 million. Ultimately, research facilities may be forced to reallocate funds and scale back projects to offset these losses.

Startups, which heavily rely on NIH funding to expand their research capabilities, could be particularly vulnerable, potentially leading to business closures and slowed innovation. Given New York City's high laboratory and life sciences space costs, reduced funding may also weaken demand for such facilities. Many companies may seek more affordable regions with lower operational costs, potentially shifting research and development efforts away from the city. Despite these challenges, New York City has approved its largest hub for innovation, healthcare, career development, and public health. The Science Park and Research Campus (SPARC) Kips Bay is set to feature up to one million square feet of life sciences space, transforming Hunter College's Brookdale campus while integrating three CUNY schools: Hunter College School of Nursing, the CUNY Graduate School of Public Health & Health Policy, and the Borough of Manhattan Community College (BMCC). The project will also include a health and science-focused high school and a NYC Health + Hospitals training centre.

Life science VC raised in New York City



Source Savills, PitchBook Data, Inc. (Data has not been reviewed by PitchBook analysts) *as at mid-April

The development will significantly expand the city's life sciences infrastructure. The Alexandria Center for Life Science, developed by Alexandria Real Estate Equities, will become New York City's first commercial life sciences campus, featuring 720,000 square feet of lab and office space across two towers. Innovation East at 455 First Avenue, developed by Taconic Partners, will add 460,000 square feet of life sciences lab space. Additionally, Cure at 345 Park Avenue South will contribute 300,000 square feet of lab space dedicated to life sciences and digital health innovation.

SPARC Kips Bay is anticipated to generate thousands of jobs, provide incubator space for startups, and support workforce training programs. However, without commitments from major life sciences anchor tenants and amid ongoing funding constraints, its construction timeline may be delayed. While these investments aim to solidify New York City's role as a leading life sciences hub, high development costs and anticipated cuts to federal funding continue to pose challenges to long-term industry growth.

New York City continues to position itself at the forefront of the life sciences industry, offering substantial opportunities for companies as the sector grows. Institutional funding, strategic infrastructure development, and a highly skilled talent pool from leading academic institutions reinforce the city's status as a rising life sciences hub. However, high operating costs remain a key challenge, particularly amid tightening funding environments. While investments like SPARC Kips Bay reflect a strong public commitment to industry growth, some companies may still explore more cost-effective markets. With sustained collaboration between the public and private sectors, New York City is well-positioned to drive scientific innovation, advance medical breakthroughs, and support long-term economic growth.

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> **While London boasts one of the highest graduate retention rates, Oxford and Cambridge each lose over 10,000 graduates a year while attracting only 5,000**

The role of co-living

Accommodating future talent as part of science-led development

The UK government is committed to supporting economic growth, with the life sciences sector identified as one of the key 'growth-driving' sectors in their industrial strategy. For the sector to thrive and for the long-term sustainability and success of life sciences and R&D clusters in the UK, innovation, collaboration, and investment in infrastructure are essential. One of the most crucial needs is housing, which is vital for attracting and retaining the right workforce. The leading life sciences clusters are located in cities with high housing costs, and co-living could be the solution, providing affordable, flexible, and attractive housing necessary to create a thriving ecosystem for the sciences sector.

What is co-living?

Co-living has emerged in the UK as a new housing solution aimed at addressing both the housing supply and affordability crises. It is a form of purpose-built, managed rental housing, generally consisting of studio units alongside extensive high-quality communal amenities, such as co-working spaces, lounges, gyms, and cinemas. While similar to Build to Rent, co-living units are typically smaller, with higher levels of amenities and more flexible terms. These developments generally offer all-inclusive rents, are fully furnished, and provide flexible tenancies starting from as little as three months.

The co-living sector is growing rapidly, with increasing investment as it matures, attracting institutional investors such as BlackRock, Realstar, and APG. Savills analysis shows that there are over 9,000 operational co-living units in the UK, with 5,500 more under construction, the majority of which are in London. While this stock and pipeline could potentially support the life sciences sector in London, none have been specifically developed or promoted for this purpose. There is also a limited supply or pipeline of co-living developments outside London, particularly in other parts of the Golden Triangle, including Cambridge and Oxford.

The benefits of co-living

Looking specifically at the Golden Triangle, Savills' analysis reveals that in the last five years, the supply of private rented accommodation has declined. In the same cities, median rents have risen by over 30% in the past three years. These factors present significant barriers to attracting and retaining the specialist workforce needed for a 'growth-driving' sector. Co-living can help address these issues by delivering purpose-built, high-quality rental housing.

Moreover, Savills' analysis of the Golden Triangle also highlights the dual challenge of housing supply and high rents. Co-living all-inclusive rents offer a more affordable rent, and result in savings to residents, compared to studios in the wider market, and residents benefit from fully furnished rooms, as well as added extras like gyms or co-working spaces. Additionally, the locations of co-living schemes often allow individuals to live closer to their workplace, reducing commuting costs.

Savills further indicates that co-living can support graduate retention, as post-graduate students are a key target, particularly those who have spent a significant portion of their university lives living in purpose-built student accommodation and have become accustomed to professionally managed housing. While London boasts one of the highest graduate retention rates, Oxford and Cambridge each lose over 10,000 graduates a year while attracting only 5,000. Recent graduates in the science and R&D sectors from world-leading universities could be encouraged to stay in cities such as Oxford and Cambridge, home to established and growing life sciences clusters, if more high-quality and affordable housing options like co-living were more widely available.

As a result of the size of the private rooms and the mix of amenities, co-living can be adapted to suit various contexts and can deliver more housing on sites than traditional housing. Co-living can also be delivered through retrofitting and adaptation of existing buildings. This is particularly beneficial in constrained sites or locations close to key institutions, such as science parks or hospitals, where the ability to deliver more homes should be a focus and priority to support growth of life science clusters. Co-living also promotes collaboration and community, supporting knowledge sharing, innovation, and networking opportunities. Additionally, the flexible, shorter tenancies can support companies and institutions by providing housing options for training placements or internships.

Co-living supporting high-value employment

Globally, there are successful examples where co-living housing has supported the growth of science hubs by attracting top talent and providing high-quality housing in close proximity to workplaces. For instance, InnoCell at Hong Kong's Science and Technology Park, offers studio units (14-23 sqm) alongside a range of amenities that mirror the co-living model seen in the UK. InnoCell fosters a shared living environment, promoting a sense of community and collaboration among like-minded talents while being located close to the Science Park.

Similarly, Station F in Paris, one of the world's largest startup incubators with over 1,000 startups, developed Flatmates to provide a co-living product. This product ranges from studios to shared flats and includes various amenities, designed to address the affordability challenges faced by startups and their talent.

In conclusion, we believe that co-living has the potential to contribute to the ongoing growth and success of life science clusters in the UK. Co-living, due to its purpose-built and managed nature, offers a unique opportunity for those delivering life sciences and R&D schemes to include co-living as an integral part of the infrastructure to support further growth. This coordinated approach not only addresses housing supply and affordability challenges in the market for the workforce, but can also add value to the income and investment value of schemes for developers and investors.

Key statistics	London	Cambridge	Oxford
Median house price to income ratio	12.7	12.1	12.0
Average house price (November 2024)	£685,000	£578,000	£600,000
Median rent (£pcm; December 2024)	£2,275	£1,750	£1,700
Graduate retention rate	59%	11%	15%
Total number of graduates entering employment per year	158,000	4,600	4,900

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> **“The UK's diverse science clusters are instrumental in driving the innovation economy”**

A shift from UK sector-based to place-based

Key UK science clusters with potential to drive the innovation economy

The UK has long been a global hub for scientific and technological innovation. The publication of the new Industrial Strategy in mid-2025 will focus on the importance of continuing to invest in and develop our world-class science base to drive economic growth. Governments recognise that investment in diverse science clusters that promote collaboration with researchers, the public and private sectors, and attract investment is essential for translating research into profitable products.

When considering powerhouse UK scientific clusters, we tend to first think about the larger universities, particularly Oxford and Cambridge. Indeed, recent announcements by government have focussed on reviving the Oxford-Cambridge corridor. This will mean investing in infrastructure such as transport, water and housing and specific science sectors such as life sciences, AI, and semiconductors with an ambition to turn the corridor into Europe's Silicon Valley. The revival of this plan is expected to add an additional £78 billion to the UK economy by 2035.

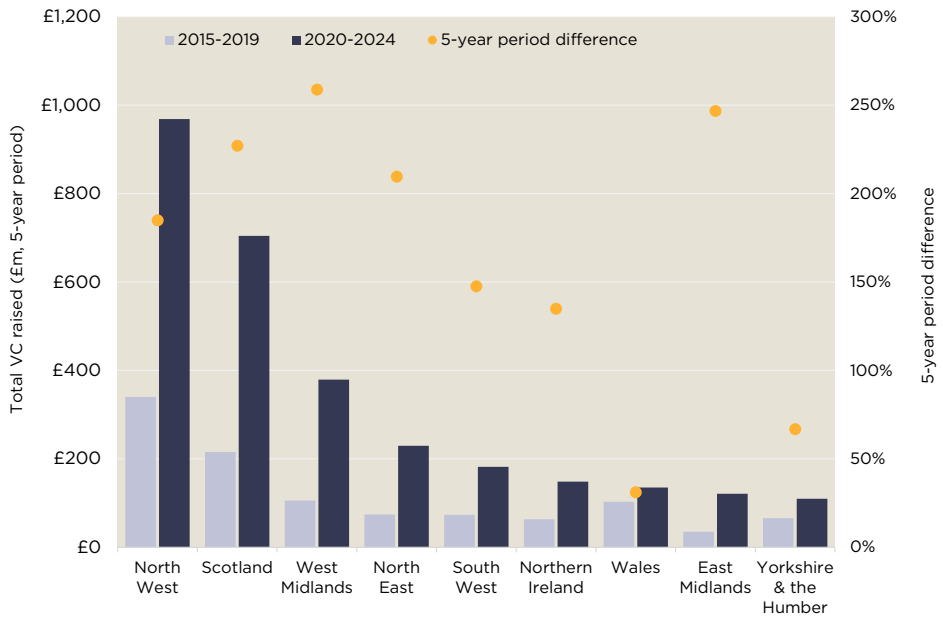
Thirty UK-wide specialist science clusters (at different scales) have also been identified by the previous government and continue to be promoted as being key to the innovation economy. These cut across several different fields such as materials, manufacturing, supercomputing, satellite technology, Digital, AI, biofuels, automated vehicles, clean technology, food security as well as life sciences and Medtech. Some of these are highlighted below:

- The Department of Materials at Manchester University is one of the largest clusters of its kind in Europe. They recently unveiled a breakthrough in quantum nanotechnology, spintronics, which represents a revolutionary alternative which will exceed the limitations of traditional electronics by using the spin of electrons (rather than their charge) to transfer and store information.
- South Wales is also a global leader in compound semiconductor manufacturing, with a cluster of academic institutions, manufacturing facilities, and supply chains. The region's expertise in this technology is helping the UK become a leader in the design and manufacturing of compound semiconductor wafers.
- The University of Sheffield Advanced Manufacturing Research Centre is at the centre of another cluster of excellence focussed on Digital technology to transform manufacturing, future propulsion, supply chain resilience, sustainable manufacturing and skills and training. It is partnered with the High Value Manufacturing Catapult and Innovate UK.
- The Liverpool Institute of Child Health and Wellbeing is a developing cluster bringing together experts from diverse fields including data science, AI, climate science and life sciences to tackle complex child health challenges such as mental health and obesity.
- Glasgow's satellite cluster is at the forefront of the European industry. It has established itself as a leader in the space race and has built more satellites than any other city in Europe, and with Sutherland selected to be the site for the UK's first spaceport, this is only likely to accelerate.
- BioYorkshire is building on an innovation cluster which is driving the bioeconomy. It is a partnership which includes the University of York and a range of private sector partners. Its aim is to create a world-leading bioeconomy cluster translating science to deliver bio-based chemicals, material and fuels, net zero food, animal feed and land use practices.
- The Bristol Cleantech cluster is a dynamic and innovative hub focused on clean technology and sustainable solutions. It brings together researchers and a diverse range of companies including startups and established firms working on renewable energy, energy efficiency, waste management and sustainable transport.

The UK's diverse science clusters are instrumental in driving the innovation economy, they foster collaboration, attract investment, and propel the nation to the forefront of global scientific and technological advancements. As the world faces unprecedented challenges, the continued growth and success of these science clusters will be crucial in shaping a sustainable and prosperous future.

The chart above illustrates the relative growth in life science-related VC attracted by companies headquartered in the region. The North West has seen a considerable amount of VC invested in the last five years compared to the preceding five-year period. However, in terms of growth, the West Midlands has seen over 250% increase of their five-year total VC invested in 2020-2024 compared to the 2015-2019 period. Overall, all regions have seen growth, in the recent five-year period, which is positive for the UK's life science market as the companies that attracted the capital will likely expand their companies and increase headcount.

Growth in VC across UK regions (excluding Golden Triangle regions)



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

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> **Historically, the planning process has posed a significant risk for developers, with resultant changes to designs and massing potentially impacting project viability**

Revolution or repetition?

A closer look at how the government's new strategies could reshape Oxford and the UK's innovation hubs

In light of the recent change in government, Labour leaders are eager to leave their mark on the economy, with a sharp focus on growth. This ambition has sparked a flurry of new strategies, policies, and promises aimed at boosting the UK's thriving science and technology sector. But are these changes truly revolutionary, or are they simply rebranding old ideas? And what is at stake for Oxford in this shifting landscape? As Einstein famously proclaimed, insanity is doing the same thing repeatedly while expecting different results. We take a closer look at the government's latest moves and consider whether they are insanity or inspirational for Oxford and the UK's innovation economy.

In October of last year, the government launched its industrial strategy, identifying key areas for improvement. Among its goals were the commercialisation of more UK-based R&D and the need to unlock investment capital for higher-risk ventures. The strategy also emphasised providing targeted support to 'growth-driving sectors,' many of which align with Oxford's strengths, such as life sciences, digital technology, clean energy, and advanced manufacturing. These sectors are crucial to the UK's innovation economy and its commercialisation ambitions.

To stimulate growth, the strategy proposes regulatory and structural changes aimed at unlocking more capital from pensions, making it easier to fund higher-risk ventures like science and technology. This is essential for fostering continued growth in innovation in the UK, unlocking the potential for science companies and encouraging their pursuits towards a commercialised product.

Following the release of the Industrial Strategy, the government aimed to further facilitate growth and development by proposing reforms to the National Planning Policy Framework (NPPF) and introducing a Devolution White Paper. These changes are designed to streamline the planning process, and both create and empower strategic authorities to make more cohesive, area-specific decisions.

Historically, the planning process has posed a significant risk for developers, with resultant changes to designs and massing potentially impacting project viability. The uncertainty surrounding approval parameters and the lengthy process to secure planning decisions have long been obstacles to development. However, the need for a robust planning system to safeguard the built environment, preserve heritage, and align with the area's overall vision is widely acknowledged.

The proposed planning reforms aim to foster better collaboration, reduce approval timeframes, and place greater emphasis on critical infrastructure projects—moves that developers are likely to welcome. At the same time, these reforms seek to maintain necessary oversight and control over the local built environment.

In parallel, the Devolution White Paper calls for the establishment of broader combined strategic authorities, granting them more autonomy in decision-making.

In contrast to Cambridge, which has a directly elected mayor, Oxford is currently a non-mayoral city composed of several local authorities with varying political leanings, leadership styles, and strategic priorities. The government's latest devolution plans could reshape the public sector governance structure in Oxford, potentially introducing a mayor in the future and creating a more unified approach to local governance.

The proposal to grant more autonomy to mayoral and strategic authorities, along with a reduction in bureaucracy, has the potential to significantly enhance efficiency. If implemented effectively, these changes could allow for better prioritisation of local needs, empowering leaders to drive meaningful solutions and improvements tailored to the specific needs and potential of their communities.

"There is a potential opportunity here for Oxford to put forward a strategic vision to enable decisions to be made about infrastructure investment and the supporting elements required to realise its full potential as a key hub of economic growth" says Emma Andrews (Savills' Planning Director and Divisional Science Lead).

Sarah Haywood (Managing Director of Advanced Oxford) warns "From an Oxfordshire perspective, what we absolutely need to see is that it progresses, and it does not drag on for a long time, with disagreement on what the landscape looks like and the different geographies, for example. If we get all of our local government mired in years of reorganisation then that is not going to help us with our growth"

Ben Copithorne (Managing Director of Camargue) commented "My hope is that there can be a sensible response to it that ultimately does create a better mechanism than the one we've got at the moment, because we have too much of a disconnect between the local authorities, the partners and the neighbours. I think that is a barrier. But, if I am being positive about it, this is a great opportunity to rescope"

In late March 2025, Oxfordshire proposed three options for the strategic authority boundary for consideration, with the restructuring targeted to complete in 2028.

Early this year, Rachel Reeves attended the Siemens magnet technology manufacturing facility in Oxfordshire, to reiterate the government's commitment to key strategies and announcing measures pertinent to the support of Oxford's, and the Oxford-Cambridge Growth Corridor's, growth and development.

Among the most notable announcements were efforts to eliminate barriers to valuable real estate development, including addressing infrastructure issues, reducing judicial review delays, and streamlining the planning process through the introduction of the Planning and Infrastructure Bill in spring 2025.

Reeves also proposed reducing environmental requirements for developers contributing to the Nature Restoration fund instead, "so they can focus on getting things built and stop focusing on the bats and the newts."

Simplifying some of the current barriers to development will help drive growth, as real estate plays a crucial role in this process. Without the right physical spaces in the right locations, growth will inevitably plateau.

In addition to these reforms, Reeves pledged the creation of a Growth Commission for Oxford. Sarah Haywood expressed confidence that this commission would be a positive measure for Oxford and should help identify and prioritise the issues necessary to support Oxford's continued role as a hub of innovation. She noted "There is a set of issues that need to be addressed for Oxfordshire, and I think that is now fairly well understood. Collectively it is recognised that wastewater, water, power, and transport infrastructure require attention. The clear commitment to East-West Rail is really positive for Oxford, but we also need to see some of the other rail infrastructure, such as the Cowley Branch Line, supported to really capitalise on that"

The government committed to key infrastructure projects, including East-West Rail and road improvements between Milton Keynes and Cambridge. These initiatives aim to support the growth of new communities along the Ox-Cam corridor, but much work remains to ensure that basic utilities can keep pace with the region's expansion.

In her speech, Reeves advised a £7.9 billion investment in water resource management across the Growth Corridor, leaving critical wastewater and power issues unaddressed.

No.1: Oxfordshire has the highest concentration of science research facilities in Western Europe

Source: OxLEP

No.1: University of Oxford global ranking for the ninth consecutive year. Driven by increased corporate connectivity.

Source: THE

No.1: University of Oxford has produced the most unicorn founders in Europe

Source: Antler

30% share: At £5.7 bn, the capital raised by University of Oxford spin-outs accounts for the highest share of any other UK universities

Source: Beauhurst

Since then, movement has been seen in respect of wastewater, with the recent Environment Agency approval of plans to upgrade the sewage works, unblocking pipeline developments that were hampered by onerous planning conditions or held without planning approval. The initial phase of upgrade works is due to complete in 2027, with the final solution by 2031.

Furthermore, at the end of March, SSEN announced an investment of £200m to upgrade Oxfordshire's power capacity to support the growing needs of the area, with works due to commence as early as spring this year.

A campaign has also been launched to promote the re-opening of the Cowley Branch Line, so this too is gaining traction.

Oxford is finally experiencing some promising developments in respect of its infrastructure woes. Reeves highlighted the potential of the Ox-Cam growth corridor to become Europe's 'Silicon Valley,' with aspirations for it to contribute an additional £78 billion to the UK economy.

Andrews, emphasised the need for strategic planning along the Growth Corridor to ensure that the centres of excellence, in Oxford and Cambridge, are not diluted, "putting the right things in the right places is critical to the successful growth of the area, be that housing, amenities or commercial buildings. Fundamentally, it is about using the areas of the Ox-Cam Growth Corridor in the logical way, in a strategic planning context, giving it the best chance for success."

Ben Copithorne echoed this sentiment, stressing the importance of working together to realise the region's full potential. Despite past challenges, the opportunity for growth is undeniable, and, with the right leadership, progress is possible.

Lord Vallance, the newly appointed Ox-Cam Growth Corridor champion and Science Minister, will play a critical role in driving these efforts. With direct access to key decision-makers like the Chancellor of the Exchequer and the Deputy Prime Minister, his appointment signals strong prioritisation of the region's development.

As the UK science economy continues to evolve, the government's new initiatives, combined with the lessons learned from previous efforts, offer a more optimistic path forward for Oxford and the surrounding areas.

In conclusion, the government's recent strategies, including the industrial strategy, planning reforms, and devolution white paper, offer a promising vision for Oxford's growth and its role in the Ox-Cam Growth Corridor. While these changes aim to help support the thriving science and technology sectors, they are not without challenges.

The commitment to major infrastructure projects like East-West Rail, alongside the establishment of a Growth Commission for Oxford, is a positive step for growth. However, infrastructure challenges, particularly relating to utilities, continue to pose significant barriers to development in the shorter term. The proposed upgrades to power and wastewater infrastructure must be delivered within the suggested timeframes, to provide developers with the confidence and certainty needed to ensure that the development pipeline is not further delayed.

The proposed reforms, including simplifying planning processes, enhancing local governance and supporting key industries, provide potential for Oxford to further its position as a leader in the UK's innovation industries and contributor to economic growth.

Strategic planning will be essential to ensure that development aligns with the region's long-term goals, placing key sectors and infrastructure in the right locations to foster success.

While optimism surrounds the government's plans, the real test will be in execution. Strong leadership and effective collaboration between local authorities and national government will be crucial to realising the potential of Oxford and the surrounding areas. With the right approach, the Ox-Cam Growth Corridor could emerge as an even more powerful engine for economic growth and technological innovation, propelling the UK to new heights on the global stage.

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Oxford – Unlocking the UK's potential

Globally over the last decade, there has been an increasing trend towards more active and interventionist industrial policies: China (Made in China 2025), the United States (Inflation Reduction Act and the CHIPS and Science Act) and the European Union, both at the EU-level and within member states. Trump's second presidency, however, represents a seismic change in approach to US industrial policy that is having repercussions globally.

In October 2024, the government published Invest 2035, a green paper detailing proposals for a modern industrial strategy. The industrial strategy forms part of the government's mission to achieve the highest rate of sustainable economic growth in the G7.

There is much general optimism about the forthcoming UK industrial strategy, although the changing global economic context and the tight fiscal backdrop means there are concerns there could be a mismatch between business and industry expectations and what the strategy can deliver.

Few were surprised when the Housing and Planning Minister, Matthew Pennycook, re-launched The Oxford-Cambridge Corridor, appointing Lord Patrick Vallance as the Corridor Champion. Government claims the development of business, tech, transport and housing between these two university cities would boost the UK economy by up to £78bn and make it one of the most innovative and economically dynamic areas in the world.

Emily Slupek's article opposite explores the potential of the Oxford end of the Corridor. So far government has:

- Announced a new Oxford growth commission.
- Identified Oxfordshire's Culham Campus as the country's first AI growth zone.
- Accelerated phase 2 of East West Rail, connecting Oxford to Bedford from 2030.
- Agreed water companies' resource management plans, unlocking £7.9 billion of investment in the next five years for projects including Abingdon reservoir.

A campaign led by ARC Oxford, the Ellison Institute of Technology, and The Oxford Science Park has been launched to re-open the Cowley Branch Line. This is aimed at ensuring this transport link is prioritised in regional infrastructure planning.

Also this year, the government will publish three important new plans: the NHS 10-year plan, the Industrial Strategy, and a Life Science Sector Plan. This provides an unprecedented opportunity to align government plans for growth, with Oxford's potential.

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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 science capability, within the key markets across the UK. Savills also has significant expertise in dealing with all aspects of science real estate, particularly for occupiers, within the key markets in EMEA, 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 and landlords.

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