

LIFE SCIENCES – LIFE BEYOND THE OXFORD- CAMBRIDGE ARC

BE News recently brought together a group of experts for a panel discussion – sponsored by EEDN, Introba and Mace – on the health of the UK's life sciences sector and what needs to happen for it to become a global superpower



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INDUSTRY GUESTS

Mark Adey, architect and managing director, The Fairhursts Design Group

Devi Clark, managing director, Impact Hub London

Ed Crabtree, director of business development, technologywithin

Justin Cratty, principal and global head of sciences, Gensler

Joanne Henderson, executive director, head of life sciences, EMEA, CBRE

Elad Levin, head of consultancy, EEDN

Eugene Sayers, associate partner, Sheppard Robson

Paul Sharp, director – research, life sciences and health, Mace/Mace Interiors

Andy Stanton, head of sustainability, UK and Europe, Introba

John Steele, science and research director, Hoare Lea

Galvin Tarling, global head of life sciences and director, Gleeds

Rob Thompson, partner and head of UKIME real estate, Dentons

Sophie White, regeneration sector head, Aviva Capital Partners

Noella Pio Kivlehan, journalist, *BE News*

Liz Hamson, editor-in-chief, *BE News*



The life sciences sector is currently one of the hottest sectors in real estate, and while investment has slumped across the Oxford-Cambridge Arc, a host of new locations are now jostling for position. At the same time, new methods of construction are being explored and demand for flexible lab space is growing.

But it's not just a case of 'if we build it, they will come'. The sector faces a host of obstacles including a challenging insurance and regulatory landscape. To really compete

on the global stage, it also needs to get to grips with repositioning existing space as well as developing new space.

So, which new locations have what it takes to become the life sciences hubs of the future, what role can modular play and how well positioned is the UK to become a global life sciences superpower?

Figures from across the life sciences sector gave their answers at a discussion chaired by *BE News* editor Liz Hamson and sponsored by design consultants EEDN and Introba and contractor Mace.

QUESTION: Where is the sector currently?

HENDERSON: VC [venture capital] investment into the sector has taken a dip, but the pandemic years were anomalies. Investors who were cautious about the more traditional asset classes looked to alternatives, and the life sciences sector was, at the time, the centre of every news story.

Now, we see a more normalised VC market. Yes, it is harder right now than it was two years ago to get late-stage funding if you are a young company, but many are still actively pursuing opportunities.

The narrative from a real estate perspective for several years has been very much the supply-demand imbalance, which still exists today. But CBRE is seeing circa 20m sq ft of lab space in the pipeline between now and 2030, predominantly across London, Cambridge and Oxford, with other pockets too such as Stevenage, Manchester and Edinburgh.

The tide is shifting. The real estate sector has stepped up, with investors and developers taking note of the opportunities. Next year, in 2024, there will potentially be 2m sq ft of lab space becoming available.

More needs to happen, however, for the UK to realise its ambitions as a scientific superpower. The industry has focused on the needs of the smaller end of the market – the start-ups, scale-ups, younger growing companies – but the UK has become a



Joanne Henderson

difficult environment for pharma companies for several reasons, including drug pricing policies, that have really been turning off these large companies.

Meanwhile, other countries are developing their capabilities. France, and Paris specifically, is forging a compelling life sciences offering. It is doing it at pace, supported by the government, so the UK really needs to make sure it remains a competitive market.

SAYERS: [The sector] does extend outside the 'golden triangle', with very strong scientific centres in Scotland and in Bristol, making it an industry that depends on a wider ecosystem, with universities and hospitals. But what's remarkable is our government's lack of desire to direct it in places. While it



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Eugene Sayers

is happy to let it thrive, it is not prepared to make it thrive.

QUESTION: How do we build in flexibility to allow change within buildings?

ADEY: Developers building life sciences space speculatively is a very recent phenomenon. Speculative life sciences development wasn't a thing 10 years ago, and it certainly wasn't a thing without government – or some kind of public money – fuelling it.

The good thing is there's a lot of development coming through, although some of the proposed space won't get built and some of the space will be built but it will be the wrong sort of space. This means we're going to spend a lot of our time dealing with new buildings that are not fit for what we

want them to do, and we'll end up making many changes to them.

SHARP: We might embark on a programme of one, two or three years from starting on site to handing over a finished facility, and invariably, the first thing we get are instructions to retrofit the space. We've seen it recently with some of our clients where we approach the end of the build programme and day-two changes are instigated prior to completion of the original intent.

LEVIN: Even if you looked at a single building, that adaptability, that thing about a building as an infrastructure platform rather than a building, is important because otherwise you're refurbishing. And if you walk into a building and refurbish, it's a fail. Alternatively, you could say if you start refurbishment of a new building as you completed it that is failure.

WHITE: Having the ability to ensure you're future-proofing the estate is key to investors. It's getting the design right and understanding [the need] to be flexible, so we know we can build the infrastructure to support the investment in the longer term.

We all know the systemic change in the occupational market for offices following Covid, for example. There is also the need to recognise the challenges for life sciences occupants in terms of floor-



Elad Levin

to-ceiling heights, key service provision including critical energy supply and capacity and even how strong the benches are so that occupiers can put critical, and often heavy, kit on them.

STEELE: There's always a bit of a nuance when designing a building within an ecosystem that typically would have a typology of science where you can, by and large, make an educated guess as to what



Paul Sharp

the technical specifications would be, and then translate it into a building.

The nuances are that you would put in cost-effective upgrade paths to future-proof the building, meaning from a development perspective you're not oversizing things on day one as you don't want to go too big too soon due to the sustainability credentials.

You can build a building, which is everything to everyone, but then you lose on the sustainability side as well.

QUESTION: We talk about hubs, but should it be hubs with spokes, concentrating on specialisms?

LEVIN: The evolution of the large city model starts with hubs – where we are now. The individual hubs can be more focused on certain disciplines or activities, in a similar model to universities sharing resources like Bristol, Cardiff, Exeter and Bath. The city will develop innovation corridors linking the hubs, linking activities and increasing the flexibility.

TARLING: Currently our hub-and-spoke models are focused on R&D [research and development] specialisms. Looking geographically beyond the Oxford-Cambridge Arc, and linking into levelling up, it will be interesting to see how the role of the freeports will influence the sector's growth in manufacturing and production.

The freeports are strategically located around mature labour and talent pools, established transport routes or hubs that are essential for manufacturing and logistics. They are also close to academia supporting R&D. We are seeing the freeport models beginning to establish outside the UK.

From a UK government perspective, the sector play for levelling up has high-value manufacturing sitting at the heart of its initiative. We are not yet far enough progressed through these freeport programmes to realise the benefits of them.



Galvin Tarling



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Rob Thompson

QUESTION: What are the legal challenges and opportunities?

THOMPSON: Planning, which isn't just related to the life sciences sector. The issue with power is something we've seen. It's becoming a major challenge in deals where we are part way through a development, then there is a capacity issue and a whole lag on dealing with utilities.

There are the more macro real estate challenges as well, from the investment side, and the economics and headwinds facing us in the context of investors being cautious of where they are now going to deploy capital.

QUESTION: Should the name 'life sciences' be changed?

HENDERSON: Consider the purpose of what the sector is trying to do. It centres around patients, and patient outcomes. Ultimately, you've still got to make money from it to keep shareholders happy. But in five years' time, we'll probably be talking more about health innovation combining life sciences, healthcare and technology.

CRATTY: 'Life sciences' is currently a narrow term to describe the sector that I believe will expand to cover 'sciences' more broadly in years to come. Twenty-five years ago, the term 'tech' had a narrow definition of what



Sophie White

was a tech company. Yet today, I'm noticing about five Apple watches here, which are classified as medical devices. So, is Apple now a medi-tech company? Is it a healthcare company?

We have also seen a shift in other areas such as synthetic biology, which is easing out of doing biological solutions for healthcare purposes and is moving into the EV (electric vehicle) game, the agriculture, how to optimise petrol, by using biological processes instead of chemical.

Life sciences essentially is where tech was 25 years ago and I believe this will develop as it starts to influence all aspects of our everyday lives.



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Sophie White

LEVIN: The phrase 'life sciences' is misused, covering large parts of other disciplines. The actual life science is a very, very small part of this market. We should call it 'technological real estate'.

SAYERS: There are phases. Ten years ago, 'bio' or 'bio nano' were used, but in a wider sense it's innovation and technology. We call it the 'knowledge economy'.

QUESTION: Where are the hotspots going to be in five years' time, and will the UK be a life sciences superpower?

WHITE: There are obviously existing places that are currently recognised. Stevenage is interesting because it has got incredible infrastructure: flights out of Luton; on the A1, M1; 17 minutes to King's Cross; 30 minutes to Cambridge. It has a lot of connectivity.

HENDERSON: For emerging hotspots, I love Manchester, and the demographics there. You've got one of the largest populations of science graduates in the UK coming out of Manchester University and they want to stay and live in the city, which is a significant direction of travel. There is also the tech capabilities element, and a lot of clinical trials happening in the city.

Stevenage has done a brilliant job cementing itself as a cell and gene therapy hub. But for US companies right now that

are looking to expand into the UK, they still see Cambridge, Oxford and King's Cross in London as the most obvious destinations.

And I'm a massive London evangelist – it has all the ingredients to be one of the best life sciences hubs in the world.

We've got three world-class universities in the top 20 globally, and some of the top research and teaching hospitals in the world, a diverse population for clinical trials and a talent pool with science and digital skills that is massive.

For other places in the UK, there are several cities with plans to grow life sciences capabilities, like Bristol, Edinburgh and Birmingham. Scalability is the challenge, though, and it's going to take some time for VC investors to place bets there compared with the established golden triangle.

CLARK: While I don't pretend to know the hotspots, I will say London is underestimating people. Diversity is a source of research opportunity and insight. We've run entrepreneurship programmes for people from the lowest socio-economic backgrounds and the quality of their ideas and insights is no worse than anybody else, but they are not seen as investable or entrepreneurial, and yet they are both.

So opportunity is based on whether we are willing to think more broadly, and how we involve everybody.

People sort problems if they understand



Devi Clark

the problem well. When I work with entrepreneurs, 90% have a solution, but they haven't really understood the problem first. We are missing a trick to really comprehend people's issues from their perspective more deeply. If we solve the problems of the people at the sharpest end, we are solving all of our problems.

CRATTY: The UK has huge potential to become a life sciences superpower and this is dependent on a number of factors including its international partnerships.

The UK should be working to deepen its relationships with countries like India, which has one of the largest populations in the world. Countries like these have been historically underrepresented in the



Justin Cratty



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Ed Crabtree

development of medical research, but this must change to create more equity in the medical field.

The foundations already exist for a meaningful partnership between India and the UK, so we should establish this in earnest to develop integrated thinking and co-creation to help solve new problems that the world faces today.

TARLING: India could become a threat when we're competing for investment; competing for resource. I was in Hyderabad earlier in the year – its innovation districts have every major pharmaceutical organisation represented.

THOMPSON: For hotspots, it's hard to look past Oxford and Cambridge, for international

capital. I hope it percolates much more broadly than that and it is good to see that already. And yes, the UK will lead in life sciences, because it's got a great opportunity, academic presence and resonance globally, which really counts for a lot, and which we slightly underestimate living among it.

We also have an adaptable real estate industry that can provide the innovative solutions we need.

CRABTREE: Hotspots wise, I look at talent. Everybody has touched upon talent coming out of universities, retaining talent and the changing workplace requirements of talent these days. And young [graduates] don't want to be based out of town on massive developments. They want to be somewhere they can walk to, to have dinner with their



Andy Stanton



With hotspots, the challenges are around net zero, and how we combine any activities in keeping that in focus

Andy Stanton

friends, as everybody who has worked in finance has been able to do for the last 50 years. It's the social element.

Also, the retention of talent is based on the place. There is an expectation that when we talk about people who work in life sciences, we imagine older people in lab coats, rather than young, vibrant professionals who want all the aspects that place can provide.

So those hotspots are based around the amenities that are present for them, not just the building and the university they came out of. Can the UK be a global superpower? Why not?

STANTON: With hotspots, the challenges are around net zero, and how we combine any activities in keeping that in focus. It's



easy to say it's top of people's agenda, but I still see little evidence driving that change to make buildings better, whether that is short-term or long-term involvement. At the same time, there is an opportunity about disclosure and how we measure what they're doing. I think that's a crucial component, and from what I can see, it's only going to become more important.

STEELE: I'd like to see Sutton developed, as there is a lot of potential there. We've spoken about all the hotspots in London, but that's probably the most untapped area currently.

Unfortunately, the UK is very good at doing itself down, so everyone's doom and gloom. But I think we'll be doing pretty good in five years. Even if we are the number one in

the world, we will probably still say we're a bit rubbish.

ADEY: My hope is it's not just about 'what is the next one'; it's all of them finding their own place, because we've got great universities across the UK and different expertise, historical and new. Also, the importance of placemaking is needed to attract the right people: it's not just about a building.

SHARP: City centres will always be the hotspots. But the handbrake is someone unlocking the planning rules because that is what is robbing us: European countries are starting to recognise that and are unlocking theirs. In the UK, we've got a demographic that is going to be populating these spaces who want accessibility to see life around

them, and if we don't provide that, and the councils don't wake up and try to streamline the planning and approval processes, we could fall behind the rest of Europe.

In terms of whether we are a superpower: absolutely. We're decades behind the US, and always will be. Now it's whether we can stay in front of the rest of Europe and further afield like India. □



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