HOW DO WE ENSURE THE LIFE SCIENCES SECTOR LIVES UP TO EXPECTATIONS?

BENEWS

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INDUSTRY GUESTS:

Hannah Davies, chief executive, Northern Health Science Alliance

Peter Farrelly, regional development director, PM Group

Peter Henry, director of sustainability, Harworth Group

Matt Lee, partner, head of science and technology, Carter Jonas

Josh Palmer, global head of real estate transaction lead, head of real estate and capital projects, GSK *(keynote speaker)*

Jo Pisani, chair of London's MedCity and of Birmingham's Precision Health Technology Accelerator and the West Midlands Health Technology Innovation Accelerator *(keynote speaker)*

Gareth Roberts, head of development, innovation and life sciences, British Land

Priya Shah, associate director, life sciences UK and Europe, Linesight

Earlier this year, the government announced plans to bolster the UK's international standing in the life sciences sector by building 'Europe's Silicon Valley' between Oxford and Cambridge.

The statement came on the back of its recently launched AI Opportunities Action Plan and the opening of a £520m Life Sciences Innovative Manufacturing Fund.

The government ultimately wants the UK to become a global life sciences superpower. The challenges and opportunities facing the life sciences sector and the built environment industry were debated at *BE News*'s Spotlight on Life Sciences event, sponsored by British Land, Linesight and Carter Jonas, and held at British Land's Impact Hub, at the Regent's Place campus in London.

The event got under way with a keynote speech delivered by Jo Pisani, chair of London's MedCity. She said the UK life sciences industry had displayed "tremendous resilience in terms of demonstrating growth despite the [recent] challenges", but there were exciting opportunities the UK could "double down on" going forward.

But providing the right type of space to support this growth is critical, according to Pisani. She said that MedCity had run studies that identified a shortfall of up to 1m sq ft of life sciences space in some of the UK's key hubs. Upgrading existing, outdated stock and repurposing other space into life sciences space could help address the shortfall.

"The green agenda is critical to these developments in terms of reducing operational carbon and embodied carbon," said Pisani. On the topic of repurposed space, Pisani said it was an "attractive" idea, but she cautioned: "There is variable-quality across the UK, and you must make sure this is quality space you're putting in place. Also with the amount of space that we see coming on stream, I predict this is going to become more of a buyers' market soon if it isn't already. So just be wary about that."

However, she added: "Companies will still pay a premium to be in what they perceive to be hot clusters."

According to the second keynote speaker, GSK's Josh Palmer, "the golden age of the single-tenant private campus may be behind us now" and significant decisions about what campuses and R&D space look like need to be made, "because every pound you now spend on your physical real estate campus is a pound that could be going towards directly supporting business activities".

Jo Pisani

> ***Companies will still pay a premium to be in what they perceive to be hot clusters***
>
> *Jo Pisani*

Palmer identified a number of issues that have had a major impact on the sector's growth: "Power is a huge piece. It stops the development of new sites and emphasises why the existing hubs continue to be the focus areas when they have so much of the existing resources in place."

He also highlighted planning challenges. "Clearly getting a planning system that works well, that really supports life sciences real estate development and doesn't put too many hurdles in place, is essential. And it sounds like steps are soon to be taken to hopefully ease that process through."

Gold standard places

Palmer added that Oxford, Cambridge, and London will remain the "absolute gold standard" of places for companies to go because of the quality of space, availability of infrastructure and certainty of the speed of real estate delivery.


Gareth Roberts

"I'm absolutely passionate and hope public and private bodies will work together to really drive infrastructure consistently across the UK, but that will take time and there's no guarantee that it will work [in uniformity]," he said.

Investment appetite

The first question put to the panel concerned the government's ambition to create Europe's Silicon Valley between Oxford and Cambridge and doubling the economy of the region by 2035. British Land's Gareth Roberts said he believes there is an appetite for investment in real estate projects and that British Land has been able to recycle significant capital in the past three to six months for future investment.

He added that the occupational side is where British Land would like to see more activity. "We have seen some activity recently with our letting to global tech firm ARM [at Peterhouse Technology Park], which is positive," Roberts added.

Matt Lee, from Carter Jonas, said it was important developers continued to deliver a pipeline of high-quality space to the market. "We need the right quality of space in the right areas, and that's both in Oxford, Cambridge and in London along with the wider national regions," he explained. "It's important that high spec commercial research space continues to be delivered across the wider national hubs, where there are a lot of specialisms for companies looking

Liz Hamson

to collaborate."

Linesight's Priya Shah said there had been an artificial peak in the real estate development market post-Covid, but things had since returned to normal, "leaving developers who truly understand the requirements of occupiers and who talk to occupiers as to what their requirements are, and not just for today, but how their requirements will look in future as well. They are then building that adaptability into the spaces that they're developing."

Shah added the UK life sciences sector may always be 5-10 years behind the US but it has grown significantly over the last five years. The two markets naturally differ in size due to turnover, funding and employment size but the UK has lots of opportunities. The UK should focus on capitalising on its strengths and not always measure its success based on the US being the benchmark.

Hannah Davies, from the Northern ⊳

Health Science Alliance, touched on the disparity of funding in the UK. She said some buildings in the South East receive more infrastructure funding than the entirety of the northern region. "When it comes to funding, we can't build up the north unless we can build up the infrastructure," added Davies. "We would like to see investment that will enable us to grow, and I'm talking a lot about human infrastructure as well, such as housing."

As to whether the UK could become Europe's Silicon Valley, PM Group's Peter Farrelly said the pharma manufacturing sector in the UK had suffered from relative stagnation over the past decade, so he welcomed the government's recent commitments to the sector.

"The important thing, more than the announcements themselves, is to provide [transparency] to the companies operating in the life sciences sector, so they can make long term investment decisions," he added.

Farrelly said that over the past couple of years, due to the political changes in the UK, he is "not sure that clarity existed, but it should be possible to receive it now". He added: "We've certainly seen recent examples where that clarity has already led to certain investments either proceeding or being stopped."

To round up the debate, the panel of experts were asked if the sector would live up to expectations this year and whether the ▷

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>
> *Peter Farrelly*


Peter Farrelly


Priya Shah

UK would become a global life sciences superpower.

Roberts gave his answer using a culinary metaphor: "The UK has the right ingredients and roughly the right recipe and cooking is under way, and we've made a small batch and there's more batches of cakes to come."

There is a lot of growth to be had, and a lot of opportunity, according to Lee, who said he is "absolutely" optimistic about the future prospects of the sector. His wish is that Labour will be "a great government, and all the promises will come through and we'll be sitting here in 10 years' time talking about what we've achieved".

Farrelly said he was "reasonably optimistic" about the chances of the UK life sciences sector becoming a global powerhouse. "It depends on how you define the life sciences sector," he added. "It's a somewhat nebulous term and [its] performance depends on which part you're looking at. For example, R&D space is performing quite differently to pharma manufacturing."

In conclusion, Palmer said the UK life sciences real estate environment already is a superpower – "maybe a slightly worn down and tatty superpower [in places] that's got a just a bit rusty". He added: "A superpower is often defined as America, but we should focus on being the UK version of superpower – taking a little bit of something from every market and mixing it with our own strengths is part of what makes the British market unique."

The UK should "take the best bits and really focus on them, and hopefully, if that's wrapped up in a consistent, calm real estate environment for 10 years or so, we can get back to being a shiny, polished superpower," he said. □