

Q4 2024



# UK Life Sciences & Innovation Insight Report

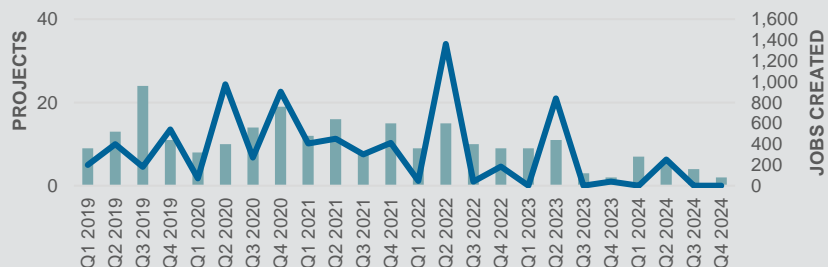
# Sector performance

Q4 2024



## FDI: UK ranks first in Europe for inbound investment

UK INBOUND FDI PHARMA AND HEALTHCARE

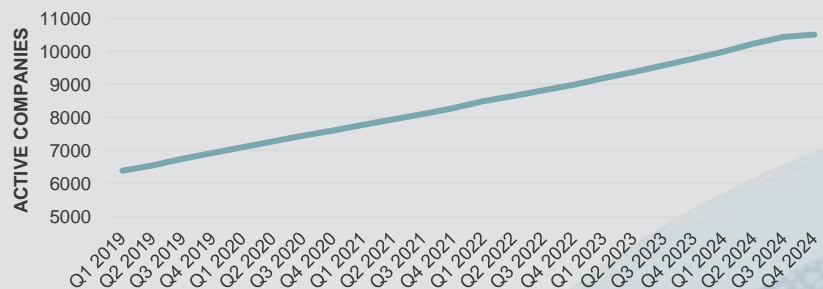


Source: GlobalData and Knight Frank Research. Parent company only.

At the year-end, the UK ranked fourth as an inbound location for investment, following the US (68), India (31), and China (20). It is the number one destination in Europe. Notable Q4 announcements included French startup Aqemia, an AI-powered drug discovery company, which plans to open an office in London, and QualitecFarma SL, a Spain-based Contract Research Organisation (CRO), are also setting up operations in London.

## Active companies: Second-best year for life sciences startups

NUMBER OF ACTIVE UK LIFE SCIENCES COMPANIES



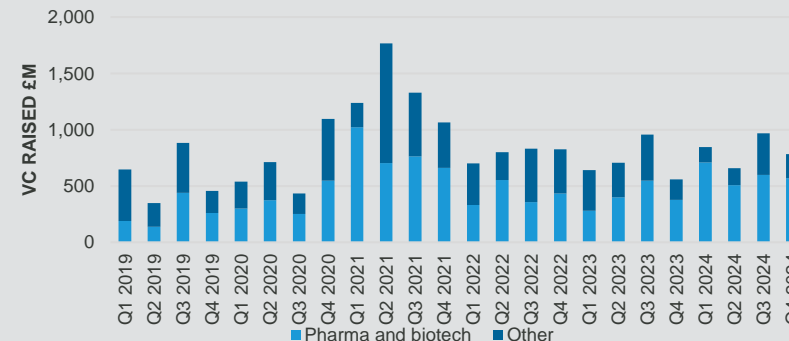
Source: Beauchurst and Knight Frank Research.

730 life sciences companies that are still active were incorporated in the UK in 2024. This is a decrease of 8.1% from last year but it is the second-best year on record for incorporations.

257 companies were incorporated in London, followed by 103 in the North-West, 79 in the South-East and 74 in the East of England.

## VC funding: Best performance since 2021 peak

VC FUNDING INTO UK LIFE SCIENCES COMPANIES £M

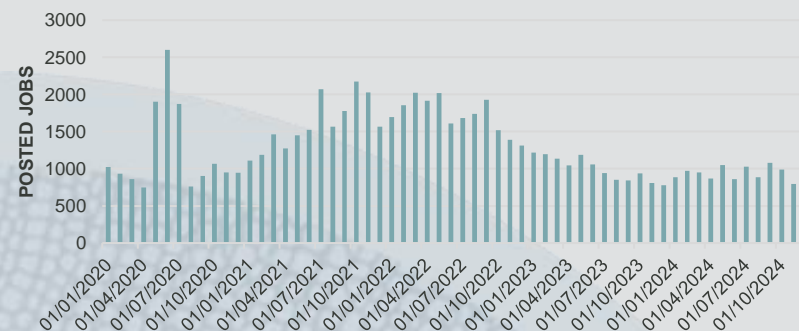


Source: PitchBook and Knight Frank Research. HQ only. Completed deals and full transactions only. Covers: Biopharma, MedTech and Digital health. Data as at 05/01/2025. The data in PitchBook is continuously updated to reflect the most current information. As a result, historical data may change over time.

UK life sciences venture capital funding closed the year at £3.25bn, marking its second-highest level ever, surpassed only by the pandemic peak of £5.40bn. This represents a 13.6% increase compared to the previous year. However, investment was concentrated in a smaller number of companies. Pharma and biotech companies continued to dominate funding, accounting for 73% of the total deal value in 2024.

## Vacancies: Job postings decline as CROs dominate top recruiters in 2024

POSTED JOBS – PHARMA SECTOR ONLY



Source: GlobalData and Knight Frank Research. Data is sourced from company websites.

The number of posted jobs decreased by 6.1% year-on-year when comparing 2024 to 2023, reflecting a more competitive global landscape for hiring and the ongoing challenges posed by higher operating costs and fundraising challenges.

Contract Research Organisations (CROs) remained top recruiters, with six CROs featuring among the top ten companies by the number of posted jobs in 2024.

# Occupier prospecting

Q4 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

This quarter's report highlights the companies receiving the highest levels of funding in 2024. In terms of value, Oxford, Cambridge, and London accounted for 67% of volumes, with Manchester and Edinburgh following. Later-stage investments dominated, representing 80.5% of the total, while early-stage investments made up 10.8%, and angel and seed funding contributed 8.7%.

## Largest fundraisings 2024

COMPANY	AMOUNT RAISED £M	SUB-SECTOR	CITY
Apollo Therapeutics	205.28	Pharmaceuticals and Biotechnology	Cambridge
Flo Health	155.53	Femtech	London
Ottimo Pharma	110.52	Pharmaceuticals and Biotechnology	Sandwich
Pheon Therapeutics	95.61	Pharmaceuticals and Biotechnology	Harpenden
Myricx Bio	89.76	Pharmaceuticals and Biotechnology	London

Source: PitchBook and Knight Frank Research.

# Real estate activity

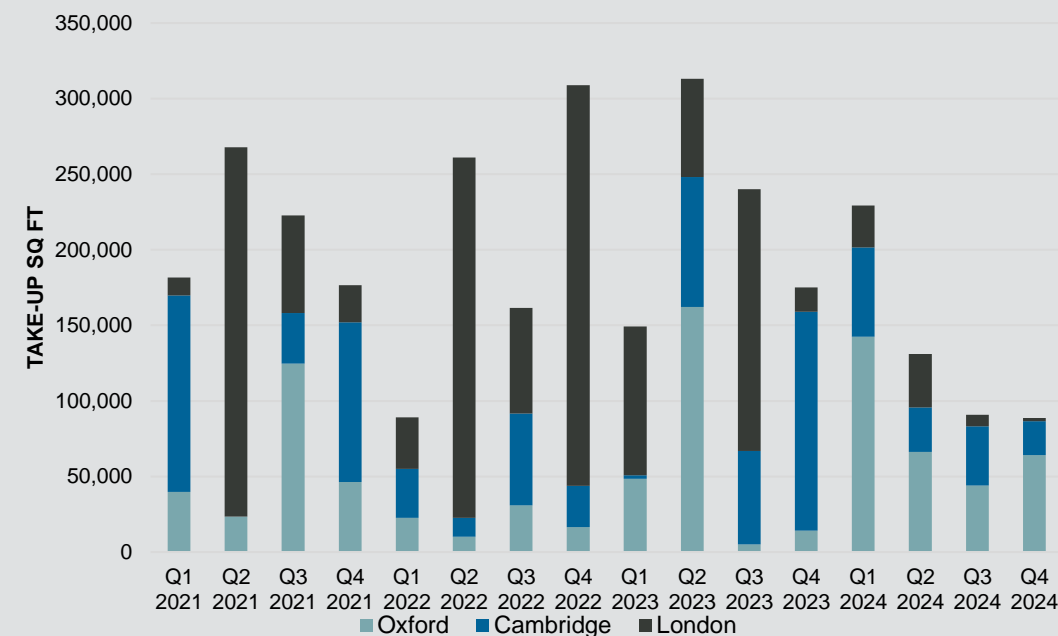
Q4 2024



## Select leasing deals Q4 2024

OCCUPIER	PROPERTY TYPE	BUILDING	CITY	SIZE (SQ FT)	RENT IF AVAILABLE (£ PSF)
Novo Nordisk	Lab Enabled	The Iversen Building	Oxford	61,020	Approx £55
ProCam	Pure Office	2030 Cambourne Business Park	Cambridge	7,400	£25.00
Antibodies.com Limited	Pure Office	Unit 6, Cambridge Technopark	Cambridge	4,378	£ 19.00
Syndex Bio	Lab Enabled	Unit 3, The Press	Cambridge	4,101	£47.50
Ellison Institute of Technology	Lab Enabled	The Lodge Littlemore	Oxford	3,000	Freehold VP
Cooper Surgical	Fitted Lab	10 Brandon Road	London	2,000	Conf.

## Life sciences leasing volumes, Golden Triangle



	Q4 2024 TOTAL	2024 TOTAL	2023 TOTAL
<b>Golden Triangle</b>	88,586 SQ FT	539,747 SQ FT	877,472 SQ FT
<b>Cambridge</b>	22,566 SQ FT	150,272 SQ FT	295,272 SQ FT
<b>London</b>	2,000 SQ FT	72,808 SQ FT	352,412 SQ FT
<b>Oxford</b>	64,020 SQ FT	316,667 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.

# Capital markets real estate activity

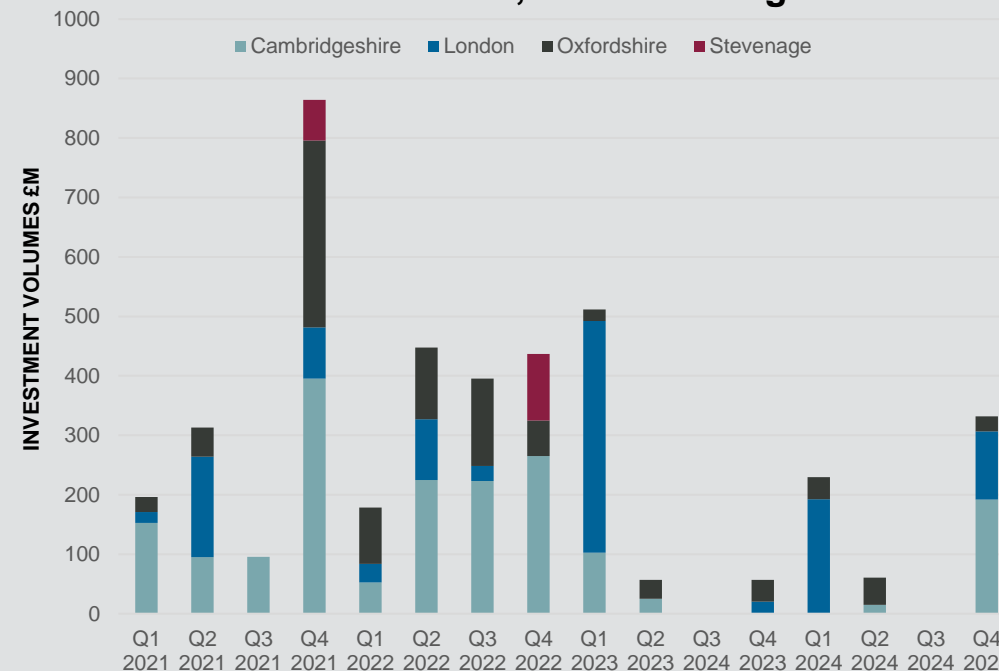
Q4 2024



## Select investment transactions Q4 2024

ADDRESS	CITY	SIZE (SQ FT)	PRICE £M	AGREED NIY %	VENDOR	PURCHASER
Cambridge Biomedical Campus	Cambridge	102,543	£125.00	4.60%	Tesco Pension Fund	Danaher
SEGRO Park, Victoria Road, Park Royal	London	435,600	£115.00	2.61%	SEGRO	Imperial College London
1000, 2000 and 9000 Cambridge Research Park	Cambridge	120,450	£44.07	5.49%	Zurich Assurance	RLAM
Clarendon Quarter	Oxford	172,377	£25.30	Vacant possession	Lothbury IM	Goldmoney.
Radio House and St Andrew's House	Cambridge	85,488	£22.75	9.15%	Orchard Street	Lateral   HIG

## Investment volumes, Golden Triangle £m



Q4 2024 TOTAL	2024 TOTAL	2023 TOTAL
£332.12M	£622.53M	£624.92M

Source: Knight Frank Research. Completed deals only.



# Development pipeline

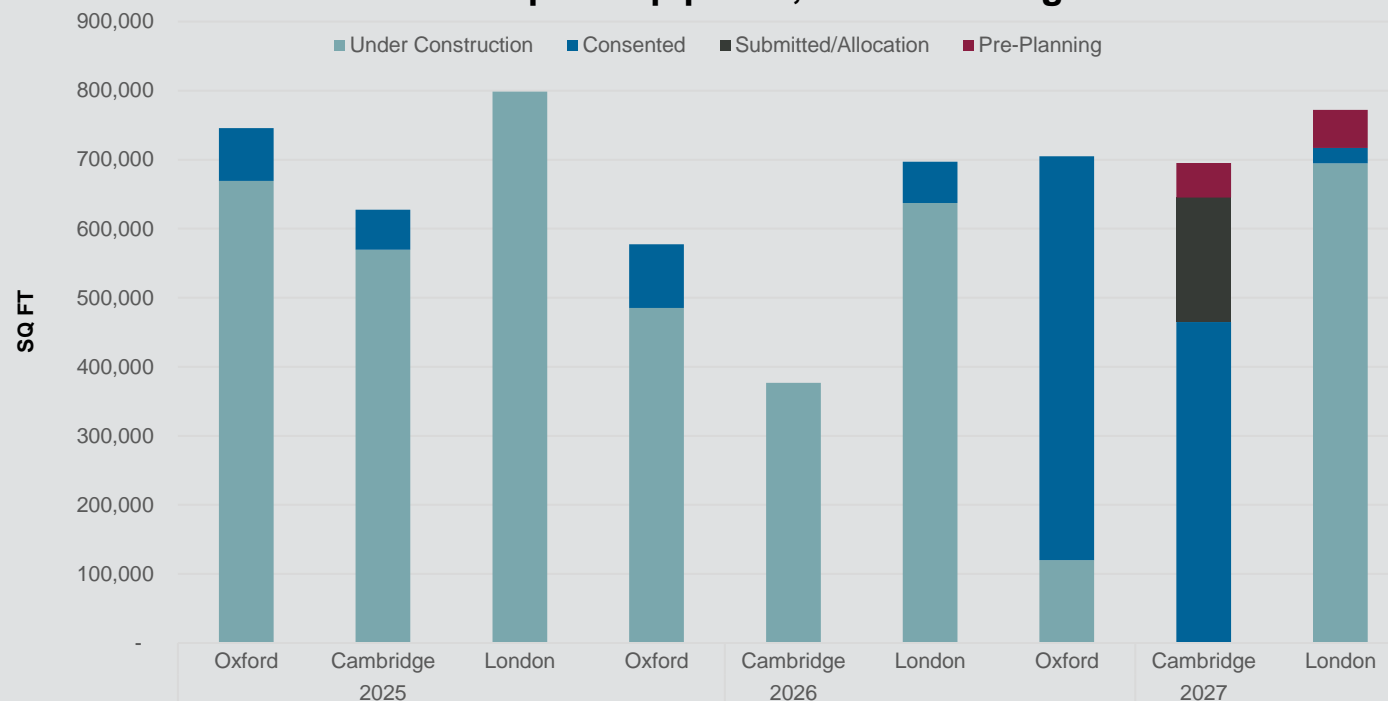
Q4 2024



## Schemes under construction and due to complete in Q1 2025

SCHEME	CITY	SIZE (SQ FT)	COMPLETION DATE	DEVELOPERS
Victoria House (Phase 1)	London	200,000	Q1 2025	Oxford Properties /Pioneer Group
Oxford Tech Park (7,8,9)	Oxford	168,887	Q1 2025	Life Science REIT
Apex, Tribeca	London	112,526	Q1 2025	Reef Group / GIC/ BlackRock
Peterhouse Technology Park (The Optic)	Cambridge	95,000	Q1 2025	British Land
The Press (Phase 2)	Cambridge	64,400	Q1 2025	Mission Street

## Lab development pipeline, Golden Triangle



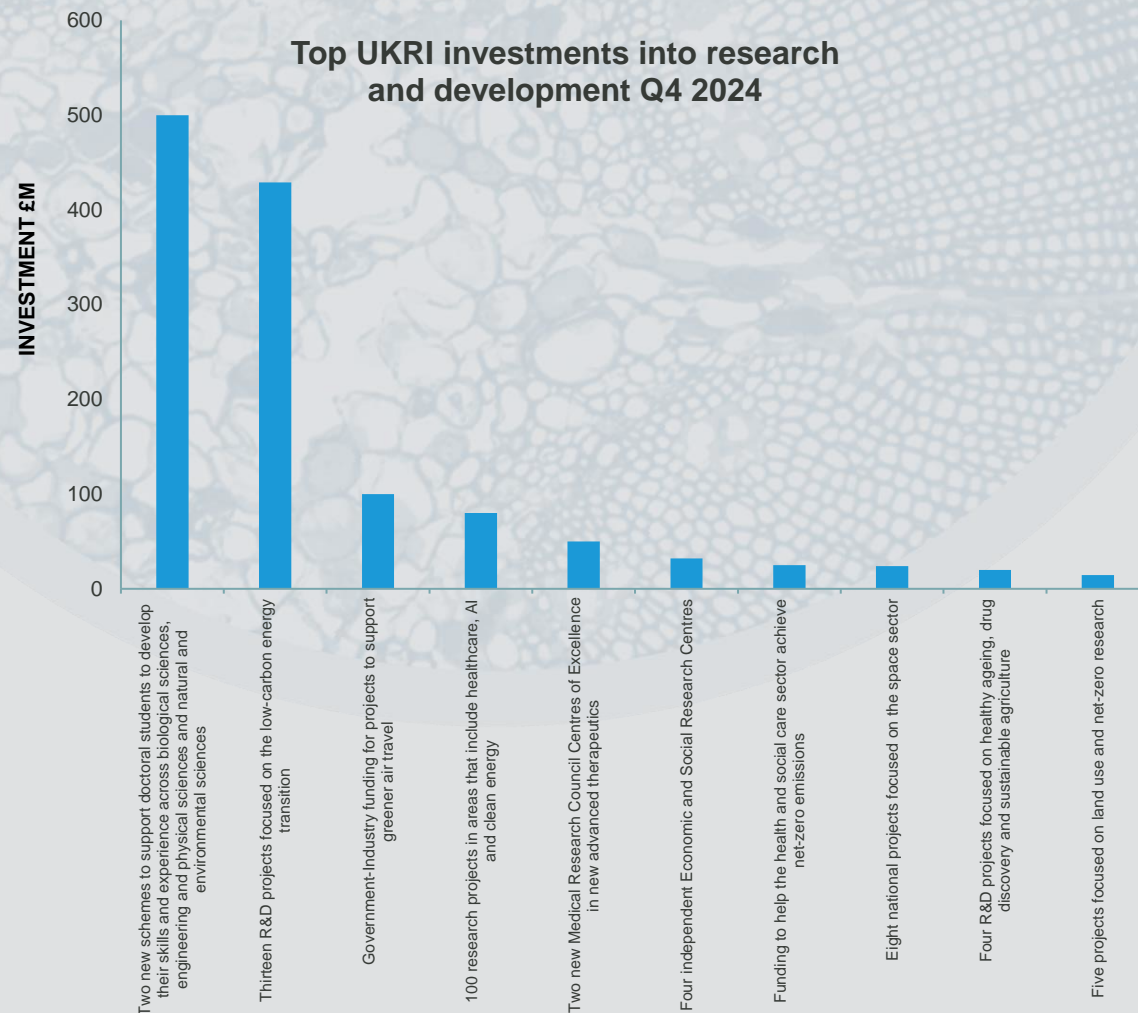
Source: Knight Frank Research.

### TOTAL UNDER CONSTRUCTION AND DUE TO COMPLETE BETWEEN NOW AND 2027

GOLDEN TRIANGLE	4.35M SQ FT
OXFORD	1.27M SQ FT
CAMBRIDGE	946,324 SQ FT
LONDON	2.13M SQ FT

# Government investment tracker

Q4 2024



## Autumn Budget

The latest budget preserved record R&D investment, with £20.4bn allocated for 2025-26, including £6.1bn for biotech, engineering, and medical sciences. The extension of the Enterprise Investment Scheme and Venture Capital Trusts to 2035 and £520m for a Life Sciences Innovative Manufacturing Fund underscore the government's commitment to supporting the life sciences sector. Small businesses gained the opportunity to tap into a £250m loan pot through the British Business Bank, and £40m over five years will bolster university spin-outs and proof-of-concept projects. Yet, limited details on supporting the struggling Higher Education sector and higher national insurance contributions remain points of contention.

Investors found solace in restrained changes to capital gains tax and less aggressive tax hikes for private equity managers, assuaging some fears of diminished deal-making.

The budget revisited key initiatives such as a new Office for Investment to attract more inbound investment, the launch of a National Wealth Fund, the £8.3bn GB Energy initiative and pension fund reforms, with the potential to unlock £80bn in startup funding. Infrastructure announcements included updates on projects like the East-West rail link between Oxford and Cambridge aimed at bolstering innovation clusters.

The NHS emerged as a priority, receiving funds for surgical hubs, diagnostic tools and centres, and the start of planning for a decade-long plan that will emphasise prevention, collaborative R&D, digital transformation and community-based care.

## Other Initiatives

A new Regulatory Innovation Office promises to reduce bureaucratic hurdles for high-growth innovation sectors. More specifically, bespoke regulations will facilitate the production of therapies at or near the patient's point of care.

Consultation regarding the UK's industrial strategy closed. The strategy is set to be launched in Spring 2025.

Following the end of the quarter, the Government announced a series of major infrastructure projects, including the revival of plans to develop the Oxford-Cambridge growth corridor.



# Other news/trends



The UK attracted significant investment from major life sciences leaders, reinforcing its position as an attractive innovation hub. Eli Lilly announced a £279m investment in the UK. Similarly, Novo Nordisk committed £18.5m to deepen its collaboration with the University of Oxford, funding 20 postdoctoral fellows over nine years to focus on diabetes, obesity, and cardiovascular diseases. A government-backed partnership with Oxford Nanopore Technologies, UK Biobank, NHS England, and Genomics England will create the first-ever "epigenetic map" of the human genome, analysing 50,000 samples to drive breakthroughs in cancer and dementia treatments.

Other notable investments included a £16m UK-Swiss research collaboration targeting healthcare and green energy challenges. Qatar pledged £1bn to climate innovation partnerships. Meanwhile, Saudi Arabia's NEOM Giga-Project pledged £250m to Greater Manchester, generating 1,000 jobs and driving advancements in transportation and medicine through a partnership with Graphene Innovation Manchester. Additionally, the Ellison Institute of Technology is investing at least £100m in joint research programs with the University of Oxford.

Additionally, the quarter saw a flurry of announcements about new centres and upgraded facilities. A £100m public-private initiative will establish 20 Commercial Research Delivery Centres to fast-track clinical trials. At the same time, Oxford University will lead two Medical Research Council centres exploring genomics-driven treatments for untreatable diseases, supported by £50m over 14 years. Tokamak Energy will enhance its Oxfordshire fusion reactor through a £40.5m UK-US collaboration, and Imperial College London, in partnership with Rio Tinto, has launched a \$150m Centre for Future Materials to drive sustainable material innovation.

Real estate operators deeply integrated into the life sciences ecosystem are best positioned to get ahead of such announcements and capitalise on these opportunities.

The British Business Bank reported that UK venture capital funds are now delivering returns comparable to US funds, with life sciences VC funds outperforming broader markets. However, further funding is essential, and accelerating pension fund reforms will be crucial. These reforms could unlock significant opportunities for mid-cap businesses to scale within the UK rather than relocating to the US.

The UK remains a global leader in innovation, ranking third for the number of highly cited researchers. Additionally, Cambridge was recognised as the world's most intense cluster for patent applications and research output. Despite operating in a highly competitive global market, the UK's strengths in innovation and research present a compelling investment case.

The Jefferies Healthcare Conference and recent financial filings reveal key challenges and opportunities for big pharma. Major concerns include drug pricing pressures, geopolitical risks, patent expiries, and evolving regulatory landscapes, such as the BIOSECURE Act, alongside demands for faster innovation in a more cost-effective way and delivering on ESG commitments. Big data and AI remain transformative forces, offering promise in drug discovery, though full optimisation is a long-term ambition. GLP-1 weight loss drugs continue to disrupt markets, with \$70bn still contested. Real World Evidence (RWE) is expected to drive drug development while outsourcing in manufacturing and clinical trials will foster industry collaborations and growth. Healthcare is increasingly shifting towards personalised and preventive treatments, reshaping big pharma's traditional business models. These trends are expected to drive increased demand for real estate..

Despite previously announced cuts in funding, there were some advancements in supercomputing and quantum technology. A new supercomputer based on the Bristol and Bath Science Park came online. Designed for clean energy research, it boasts six times the performance and efficiency of its predecessor, Isambard 2. In quantum computing, a new £93m National Quantum Computing Centre (NQCC) at Harwell, Oxfordshire, was opened. The facility will house 12 advanced quantum computers and foster breakthroughs in AI, healthcare, and energy. Post the quarter end, the Government launched an AI action plan, which includes plans to develop a new supercomputer.



# 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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