Knight Frank

The Cardiff Report

2026/27



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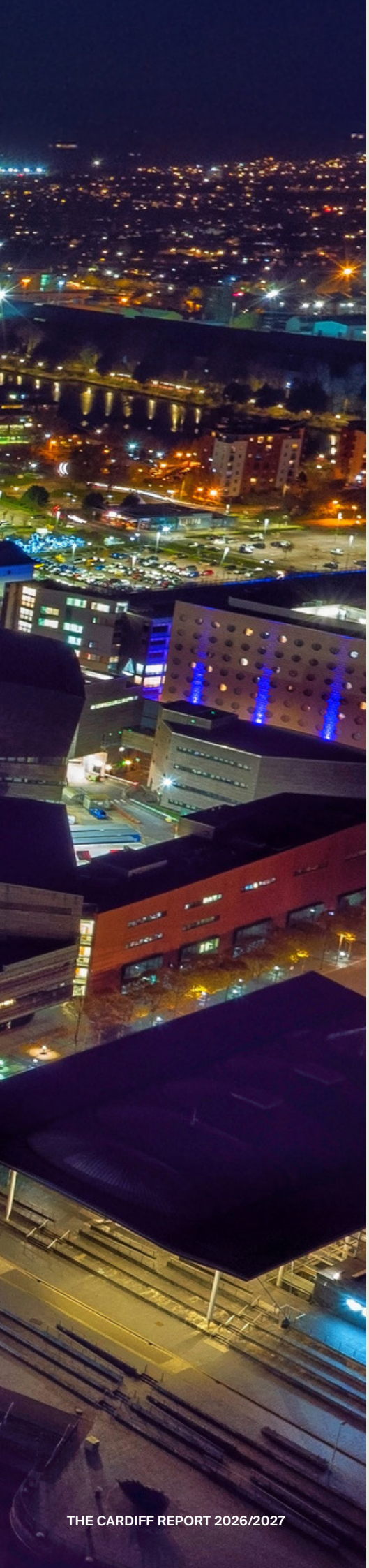
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Foreword



BY MATT PHILLIPS
Office Head – Cardiff Commercial

It has been a busier year in Wales than many expected. Twelve months ago, caution dominated conversations in Cardiff. High costs and accumulating headwinds continued to cloud the outlook for occupier demand and weigh heavily on business decisions. Those concerns have not disappeared, but the mood has shifted. Confidence is improving, and there is more evidence to support it.

The clearest sign is at the top end of Cardiff's office market. After sitting at £25 per sq ft for seven years, prime rents have reached £33.50 per sq ft. That reflects increasing competition for the best space as Grade A availability becomes scarce. With no new-build schemes on site, refurbishment will provide much of the next wave of supply.

The investment market tells a similar story. Buyers remain selective, but confidence in the right assets is returning. Active capital has returned to the Cardiff office market, with investor interest strongest for opportunities offering secure income. Pricing stability is helping, but Cardiff also benefits from its status as a capital city with strong universities and access to talent.

Industrial has different drivers. Wales already has a strong manufacturing base, while investment in advanced manufacturing and the pursuit of more resilient supply chains are creating new requirements. Location decisions are increasingly influenced by access to labour and infrastructure as much as the building itself. This shift presents an opportunity, but for now, the availability of suitable sites remains a market constraint.

This more positive picture in Cardiff is not uniform across the city. Much of the available office stock is secondary and does not match what occupiers increasingly want. Development viability remains challenging, with elevated build costs and the cost of capital difficult to reconcile with prevailing rents and exit yields, while planning can add further cost and uncertainty. The result is a polarising market, with competition intensifying around the best buildings and locations, rather than one rising evenly.

What strikes me most is how much the conversation has broadened. Property is increasingly part of a bigger discussion about how Wales grows. Policy is supportive of new investment, while technology is reshaping how businesses operate and the space they need. Skills will help shape where that growth lands, but stronger intervention may also be needed to bridge the viability gap and ensure new commercial space can be delivered.

Those are the themes running through this report. Wales has more going for it than is sometimes recognised, but opportunity needs to translate into activity. The next step is turning greater confidence and business investment into development, expansion and sustained demand for commercial property.

The office market



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How would you describe the market right now?

The market is becoming increasingly supply-constrained, with occupier demand focused on prime locations and Grade A buildings. The steady rate of take-up over the past 24 months reflects sustained demand for the best-quality space, but Grade A availability has tightened considerably, and competition for the remaining options is increasing. At the same time, demand for fitted space is growing, with occupiers prepared to pay higher rents to reduce upfront capital expenditure and simplify the relocation process. However, despite this demand, relatively little fitted space is currently being delivered on a speculative basis.

Who is active in the market?

Most demand continues to come from indigenous occupiers, although Cardiff has also attracted several new entrants. Professional services firms have been particularly active, with the legal sector providing notable momentum. Notably, Lewis Silkin, Knights and Browne Jacobson all committed to new or expanded office space during 2026. Requirements vary considerably in size, but the broad trend remains towards businesses occupying less space while placing greater emphasis on quality, location and specification. Decision-making has generally become more protracted, with greater due diligence and more extensive internal approval processes resulting in transactions typically taking longer to progress.

What do occupiers want?

The flight to quality is firmly established, with location, building quality and the overall occupier experience at the forefront of decision-making. High-quality end-of-trip facilities are increasingly regarded as a basic requirement rather than a differentiator. Flexibility remains important, although rising fit-out costs are encouraging some businesses to consider more traditional lease commitments to amortise those costs over a longer period. With fewer Grade A options available, occupiers are also becoming more willing to compromise on factors such as floor level or the exact amount of space to secure accommodation in their preferred building.

What does the supply landscape look like?

Grade A availability has fallen to 1.5%, with supply particularly constrained in the prime city core around Central Station. Importantly, only a proportion of headline availability is genuinely competitive, and just one Grade A building currently able to accommodate an immediate requirement of 50,000 sq ft or more. Buildings with poor common areas, limited amenities or a weaker overall occupier experience are proving increasingly difficult to let. This is widening the divide between prime and secondary stock. At the same time, owners of Grade B buildings

5 Callaghan Square



> "Grade A availability has fallen to around 1.5%, with supply particularly constrained in the prime city core."

face the challenge of balancing the significant capital expenditure required for comprehensive refurbishment against the lower rents achievable on secondary space.

Is enough new space being delivered?

No. The development pipeline remains very limited, and we expect continued pressure on Grade A supply over the short to medium term. Viability remains the principal barrier, with prime rents still approximately £20 per sq ft below the level required to support new development. There are currently no major new-build office schemes live on site, with One Central Quay, at around 170,000 sq ft, likely to be the next significant new office development. The refurbishment pipeline includes The Brewhouse Central Quay (55,000 sq ft), No. 4 Callaghan Square at (69,000 sq ft), and the proposed mixed-use redevelopment of the former Howells department store, which could potentially include up to 50,000 sq ft of offices.

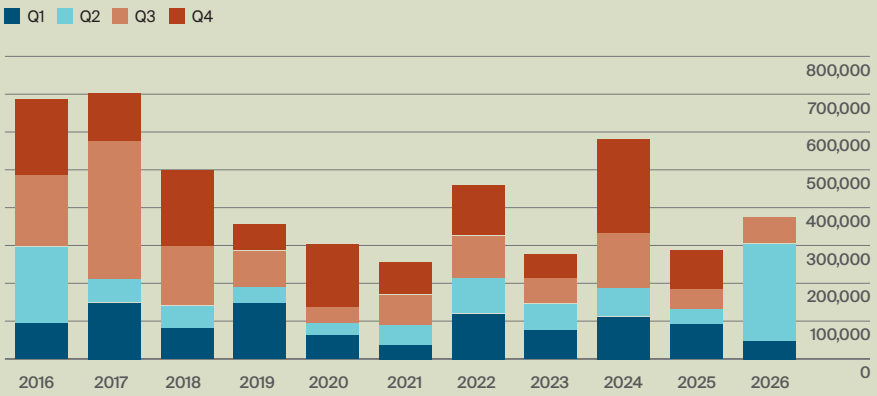
Where are rents heading?

Prime rents currently stand at £33.50 per sq ft, with several buildings now quoting £35-£37 per sq ft for the best space. With Grade A availability continuing to tighten, prime rents should reach £38-£40 per sq ft in 2027. Over the longer term, rents will need to rise significantly to support viable new development. Incentives are also beginning to tighten on prime accommodation, supporting stronger net effective rents and further widening the rental differential between the best and secondary stock.

What next?

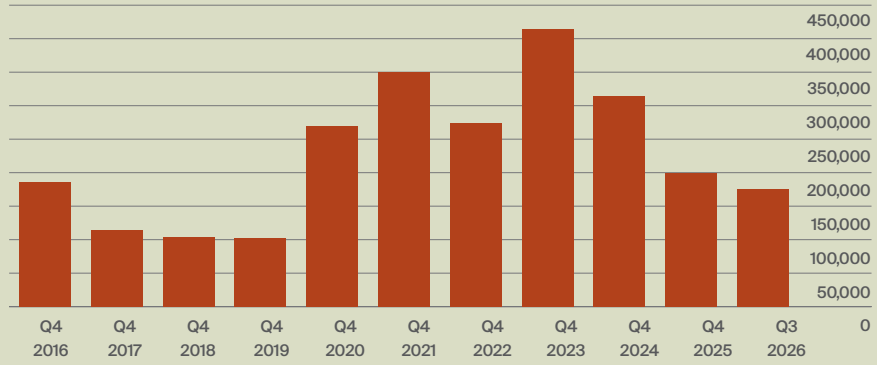
There are reasons to be positive about Cardiff's longer-term demand outlook. Continued investment across the Cardiff Capital Region, alongside growth in sectors such as financial services, technology and advanced industries, should support future occupier demand. The latest forecasts point to an additional 6,400 office-based jobs over the next five years, but translating that growth into take-up will depend on the market providing the quality and choice of space that occupiers increasingly require. With Grade A availability already constrained and the development pipeline limited, this presents both a challenge and an opportunity. In the near term, competition for the best space should support further rental growth, while regeneration around Cardiff Central, Central Quay and Callaghan Square has the potential to provide the next generation of Cardiff offices. Over time, higher rents will also be important in improving development viability and supporting a broader supply-side response.

Take-up
sq ft



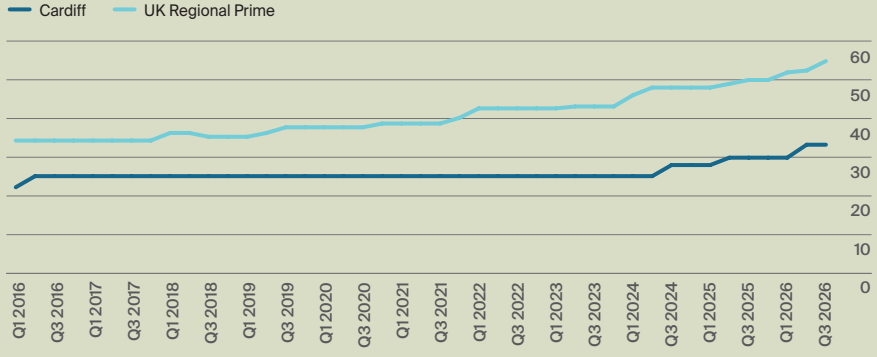
Source: Knight Frank Research

Grade A Availability
sq ft



Source: Knight Frank Research

Prime Rent
£ per sq ft



Source: Knight Frank Research

The industrial market



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How would you describe the market right now?

In short, consistently inconsistent. Demand remains healthy, particularly from occupiers seeking 30,000 to 100,000 sq ft, with more than 700,000 sq ft currently under offer. However, the shortage of good-quality stock continues to constrain take-up, meaning the headline figures understate the true depth of demand.

Business failures have added some second-hand stock, while expansion from national trade counter operators has slowed. At the same time, transactions are taking longer to complete, with lease negotiations often extending to around six months and funded sales to nine months or more. As the pipeline of deals currently under offer begin to complete later this year and early next, we expect this to provide a meaningful boost to take-up and help absorb some of the available second-hand stock.

Who is active in the market?

Demand is broad-based, but occupiers are increasingly selective. Established B8 and 3PL operators continue to drive the mid-box market, while owner-occupiers are competing strongly for units below 2,000 sq ft, supporting further growth in capital values.

We are also seeing expanding businesses relocate from locations such as Treforest, Cardiff and Caerphilly in search of modern HQ facilities that can support future growth and better reflect their corporate identity. This was evidenced by lettings at the last phase of Indurent Park where three units were leased by occupiers moving from these areas.

That said, decision-making has become more considered, with boards undertaking significantly greater due diligence before committing to a transaction.

What does the supply landscape look like?

The supply picture is increasingly polarised. Grade A vacancy for units above 50,000 sq ft fell to just 0.5% in Q3, while the availability of good-quality mid-box space above 30,000 sq ft remains extremely tight. At the other end of the market, units of 3,000 to 10,000 sq ft on multi-let estates are comparatively well supplied.

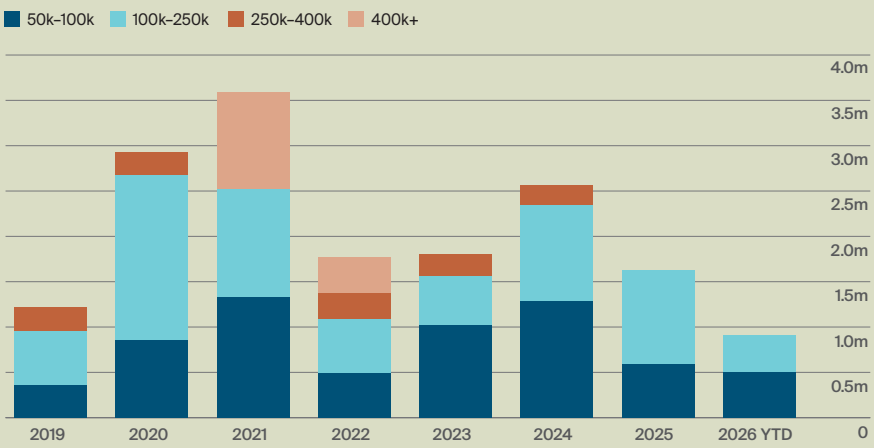
This is encouraging landlords to invest in existing stock, as units requiring significant work are increasingly difficult to let without a meaningful discount. We are involved with two buildings where more than £1.5 million has been invested in refurbishment, including stripping back and roof overcladding.

This investment is helping narrow the gap between new and second-hand space, although there are limits to what refurbishment can achieve. Older buildings will often struggle to compete with modern stock on fundamentals such as eaves height, loading capacity and yard depth.

Where are rents heading?

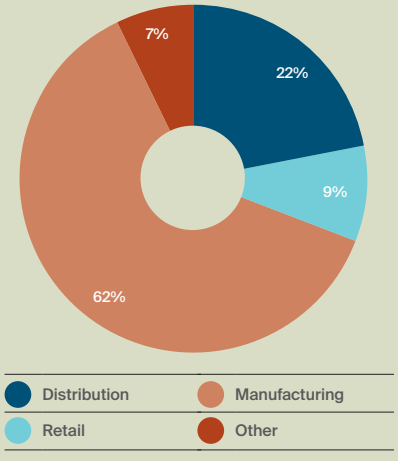
Prime rents remain firm, with the shortage of modern space continuing to support pricing. Mid-box rents in Cardiff have reached £11.25 per sq ft, and for equivalent space coming to market today, we would expect £12.00 per sq ft or more to be achievable. In Newport, rents around £11.50 per sq ft are expected.

Industrial take-up by size-band
sq ft



Source: Knight Frank Research

Industrial take-up by sector
%



Source: Knight Frank Research

Over the next 12 months, we expect rents to remain resilient, with further growth over the medium term potentially pushing prime rents towards the upper end of the £12-£13 per sq ft range.

The premium attached to the best stock remains significant. Good-quality second-hand mid-box space in Newport is typically achieving around £7.00 to £7.50 per sq ft. Incentives are also increasingly polarised. New-build terms have remained relatively stable, typically at 9 to 12 months rent-free on a 10-year term depending on covenant strength, while landlords of more secondary multi-let stock are offering greater incentives and increasingly tenant-friendly terms.

What do occupiers want?

Occupier requirements have become increasingly quality-led, and the flight to quality remains firmly in place. Height and power are among the key requirements most consistently raised, and buildings that cannot provide both can struggle to generate meaningful interest.

Priorities inevitably differ by occupier. Established businesses are generally prepared to pay a premium for quality, efficiency and operational suitability, while smaller local businesses remain more focused on cost, continuity and profitability.

In the mid-box market, however, there is increasingly little appetite for compromise. Where the right building is not available, many occupiers are prepared to wait rather than commit to space that does not meet their operational requirements.

Is enough new space being delivered?

No. The mid-box development pipeline remains limited and, in our view, falls short of anticipated demand.

Beyond the next phase at Indurent Park, Hillwood is progressing a 57,000 sq ft scheme in Bridgend, while Starburst has schemes of around 70,000 sq ft and 100,000 sq ft. Smaller units of around 1,500 sq ft and below are also planned or underway in locations including Waterton, Tonyrefail and Nelson.

The challenge remains delivery. Viability, funding and construction costs of £130 per sq ft or more continue to restrict speculative development, while lengthy planning and regulatory processes are adding further delays.

The schemes to watch include Hillwood's Catalyst development at Brocastle, which could provide confidence for further speculative development on this business park, and ABP's plans in Cardiff, which could bring much-needed Grade A industrial space to the capital.

What next?

The outlook is more challenging than it was 12 months ago. A combination of macroeconomic pressures and occupier-specific cost pressures means businesses are approaching property decisions with greater caution.

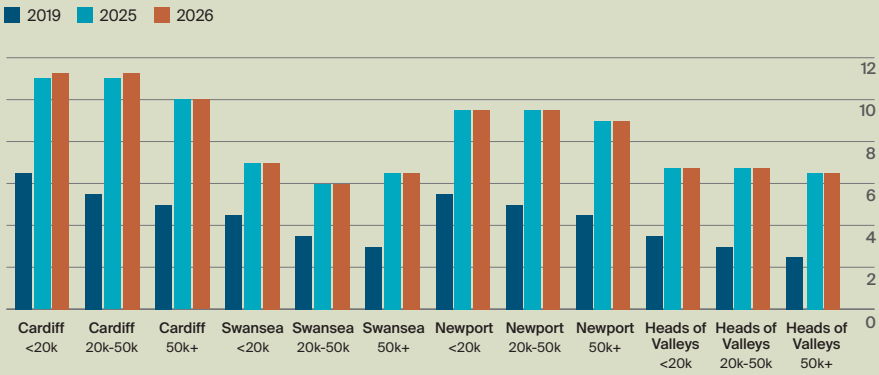
Established occupiers with a genuine operational requirement and the financial strength to move will continue to do so. Others facing pressure from labour, utilities, business rates and wider operating costs are more likely to focus on protecting their existing position.

We expect to see increased enquiries from defence-related businesses, alongside greater consideration of build-to-suit where the existing market cannot provide the right product. In the near term, quicker decision-making and a more efficient legal process could make a material difference to the level of completed transactions.

Looking over the next three years, we expect more new development across the region, but unlocking it will require a more supportive environment for delivery. If effectively structured and appropriately resourced, the proposed Welsh Development Agency could play an important role in improving development viability and creating the confidence required to bring forward more speculative schemes.

Prime rent

£ per sq ft



Source: Knight Frank Research

Axis 32



Capital Markets



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What does the commercial property investment market look like currently?

Investor sentiment remains selective but resilient despite ongoing geopolitical volatility. Transaction volumes broadly reflect underlying appetite, and each completed deal provides price evidence, giving investors more confidence to transact at what many see as near the bottom of the cycle. The most notable change over the past 12 months has been the gradual return of institutional capital. This remains limited in the office market, but deals involving KFIM, WIP via Schroders and Borders to Coast, alongside one or two others, represent activity that was not happening a year ago.

Who is active in the market?

Private capital remains active, alongside investment managers targeting well-located offices with repositioning potential and French funds seeking income-led assets that need minimal management. UK fund appetite remains limited, although there are signs of improvement. Larger UK funds require larger lots but target a narrow segment of the market, while French funds are most active in the £5 million to £20 million range, with only a few able to go above this. Both new and returning investors are entering the market, although higher borrowing costs continue to constrain debt-backed buyers.

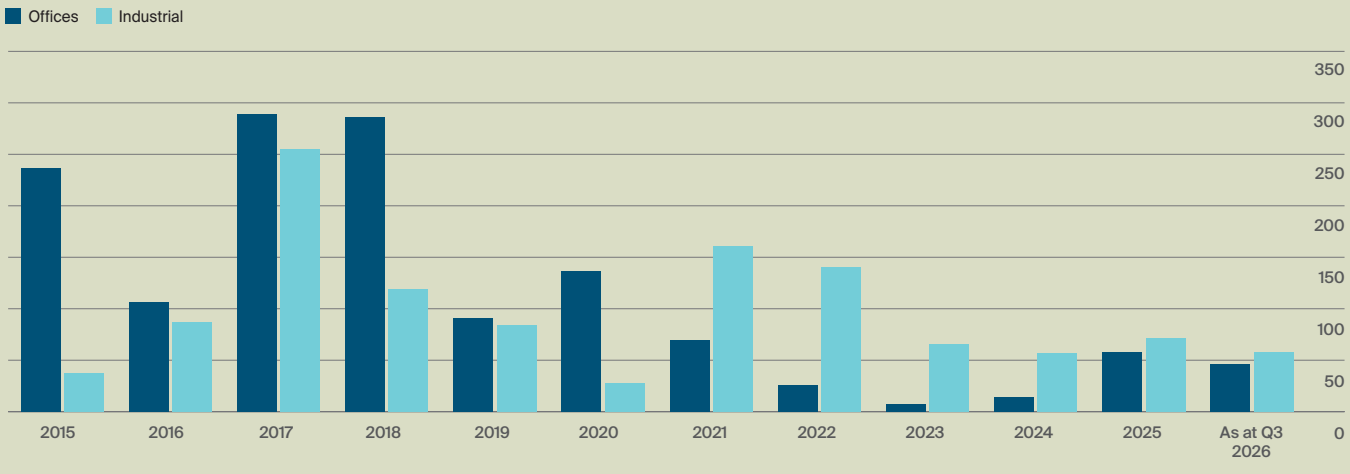
What is happening to pricing?

Office prime yields have softened by around 25 basis points over the past 12 months, reflecting higher inflation and borrowing costs, although expectations a year ago were arguably too bullish given the limited transactional evidence available. More recently, the geopolitical backdrop has encouraged vendors to price more realistically, allowing deals to complete and showing where prime yields sit. The sale of 1 John Street in Cardiff to a private investor at c.£36 million, reflecting a net initial yield of 7.75% for a building let entirely to Lloyds Banking Group, is a useful recent benchmark. Prime industrial yields have also moved out slightly, but buyer and seller expectations are now much better aligned. The strongest pricing is being achieved for assets in the strongest markets that meet the criteria of the larger LGPS funds. Beyond these, demand is concentrated on income-led opportunities suited to French funds and well-located older offices where investors can reposition the asset and capture recent rental growth, although entry pricing remains critical.

What are investors looking for?

Location remains fundamental, alongside the characteristics needed to keep an asset attractive to occupiers through existing or future voids. Fire safety is also paramount. Building quality, income security, covenant strength and ESG credentials can all be reflected in pricing, but investors repositioning offices must be confident the finished product will satisfy these fundamentals to ensure liquidity on exit. Investors will take greater risk in the strongest locations, where they are more confident of attracting the best

Investment Volumes



Source: Knight Frank Research

occupiers and rents, while appetite for secondary and value-add assets remains location-dependent, with much less willingness to compromise where occupational fundamentals are weaker.

Where is liquidity strongest and weakest?

Liquidity varies significantly by sector, location and asset quality. Retail warehousing is attracting strong interest, at the prime end and for secondary assets with good income that appeal to French funds. Well-located industrial assets and offices with credible repositioning potential are also drawing demand. Prime assets must meet specification, ESG and wider requirements to attract UK institutional capital. By contrast, secondary out-of-town offices remain particularly illiquid because of weak occupational demand and limited investor appetite, so they must be priced very attractively to trade. The pricing gap between prime and secondary or capital-intensive assets remains wide, reflecting the returns required by investors taking on repositioning risk. Lower borrowing costs and greater depth of capital at the prime end would help improve liquidity further down the quality spectrum as opportunistic investors move towards secondary stock in search of stronger returns.

What is coming to market?

There is scope for more stock to come to market, but buyers remain highly selective, so new supply must be of the type and quality current capital is seeking. There is little evidence of widespread distress, but a growing number of realistic sellers need to transact and have stopped waiting for conditions to improve. This should continue to generate opportunities, but there is no clear pipeline large enough to suggest a material increase in transaction volumes over the next 12 months.

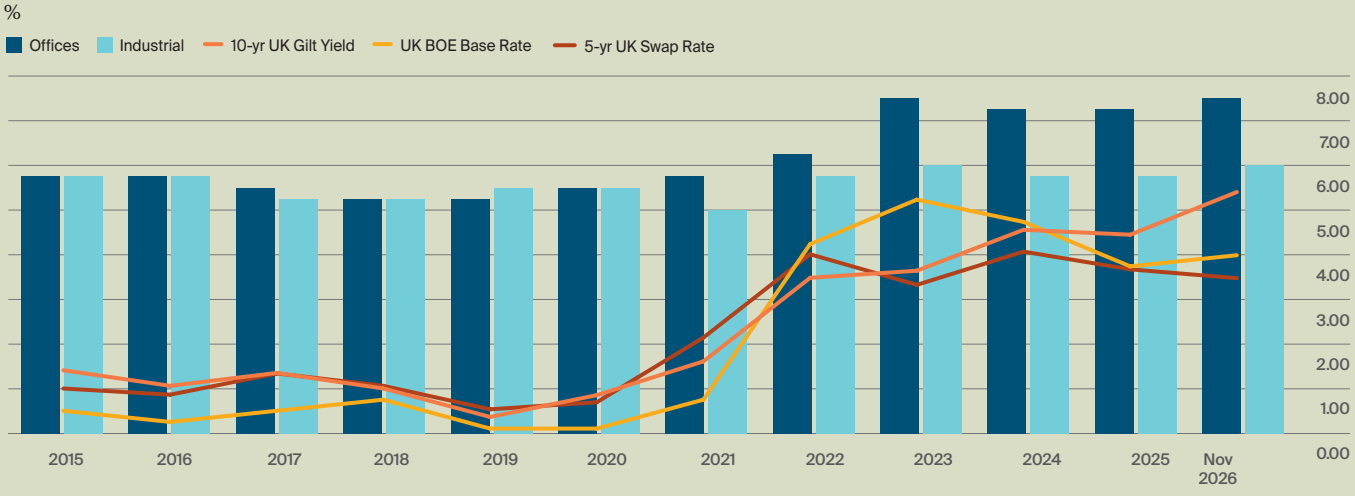


1 John Street

What next?

The outlook is one of gradual improvement rather than rapid recovery. A sustained increase in investment activity is likely to require a prolonged period of geopolitical stability alongside swaps falling below 3.5%. That looks difficult to achieve over the next 12 months, although there is greater potential over a 24 to 36-month horizon. Overall, the market feels broadly similar to a year ago: geopolitical volatility remains a concern, but a noticeably greater depth of buyers provides grounds for optimism. Debt costs and the availability of correctly priced stock are likely to have the greatest influence on activity and yields and capital values are expected to remain relatively stable over the next 12 months.

Prime Yields



Source: Knight Frank Research





Navigating the Forces of Change

Politics meets property

Geopolitical tensions and shifting alliances are creating a more uncertain landscape for business, while changing devolved priorities are reshaping the picture at home. The result is a shift in locational advantage, favouring places with the infrastructure and skills to capture growth.

Wales is better placed than its size might suggest. Its manufacturing base, AI Growth Zones and growing policy support provide a strong platform for investment. The test is conversion, ensuring that ambition is matched by the infrastructure and occupier demand needed to make projects viable.

Supply chains are where geopolitical pressure is most visible. A 2026 survey of European aerospace firms found that 55% were still experiencing material disruption, while more than half were changing or considering changes to their supply networks. Around two-thirds had moved towards more diversified or "local-for-local" models, although few considered the transition complete.

This does not signal a wholesale return of manufacturing to the UK. Reshoring and friend-shoring are more selective, aimed at reducing dependence on individual markets and securing critical components. But even selective change has property implications. Businesses may require greater inventory, alternative production capacity and more sophisticated facilities.

Wales has the industrial base to capture some of this demand. More than 5,000 manufacturers employ around 150,000 people, while established clusters in aerospace and compound semiconductors provide genuine industrial depth. Airbus in North Wales and the semiconductor ecosystem around Cardiff and Newport are important anchors. The challenge is converting those strengths into new investment, particularly where it depends on specialist facilities that need committed occupiers to be viable.

Data presents a similar opportunity. The UK GDPR does not generally require personal data to remain in the UK, but control over sensitive information is becoming increasingly important. The October 2026 Budget reinforced this direction, placing greater emphasis on the security of critical data and infrastructure in the UK. For Wales, existing data-centre capacity around Cardiff and Newport and AI Growth Zone status provide a platform for further investment. Yet growth will depend heavily on deliverable power, with large-scale development adding to existing pressure on grid capacity.

Devolution adds another dimension, giving Wales greater influence over planning and development while leaving key areas of economic and energy policy dependent on co-ordination with Westminster. The Cardiff Capital Region Investment Zone demonstrates how the two can work together, targeting growth sectors such as advanced manufacturing and digital technologies. Government is also shaping demand more directly through Places for Growth, with Cardiff emerging as a major Civil Service hub. Together, these interventions can strengthen investment, skills and local decision-making.

"More than 5,000 manufacturers employ around 150,000 people, while established clusters in aerospace and compound semiconductors provide genuine industrial depth."

Over the next decade, location decisions are likely to become more infrastructure-led and resilience-conscious. That potentially favours parts of Wales where established industries, energy infrastructure and policy support intersect. Different locations will play different roles, from Cardiff and Newport's digital economy to North Wales manufacturing and emerging energy opportunities around the ports.

The opportunity ultimately lies not in policy labels themselves but in the places where policy strengthens existing market fundamentals. For investors and developers, the strongest Welsh locations will be those capable of converting political support into infrastructure, viable development and sustained occupier demand.



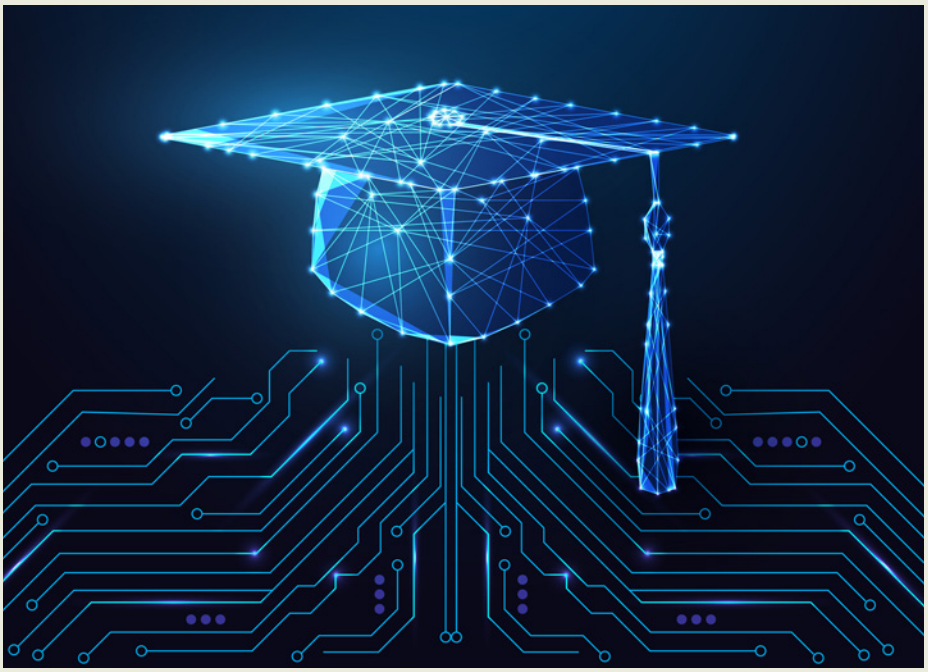
Brains, not bodies

Demography is often seen as a story about numbers. In Wales, the more useful question is about skills. The population is projected to grow by 0.8% by 2035, almost entirely through migration, as deaths now exceed births. Much of that increase will come in older age groups, which does little for an economy that needs workers. However, the increase in younger adults offers more promise. Projections show a 7% increase in the number of people aged 20 to 24 across Wales and a 6% increase in Cardiff. That presents an opportunity to deepen a young skills base and build a strong economic foundation.

A larger population does not guarantee a richer one. What links the two is skills and the businesses that use them. Skilled workers make it easier for firms to start up and grow. Growing firms create the better-paid jobs that keep graduates at home and attract experienced workers from elsewhere. A deeper pool of talent, in turn, helps win the next investor. Once this cycle gets going, it largely sustains itself.

Here the evidence is more encouraging than the familiar talk of a "brain drain" suggests. Medr's latest graduate data show that 88% of Welsh students who studied at a Welsh university stayed in Wales to work. Among Welsh students who studied elsewhere in the UK, 45% returned for their first job. The weak point is students from the rest of the UK; only 18% stayed after graduating. In short, Wales does a good job of keeping its own young people. It does much less well at keeping the people it attracts.

Universities therefore are central to this process. Cardiff, Swansea, Bangor, Aberystwyth and the University of South Wales supply graduates, research and laboratory space. They increasingly help launch new companies. Cardiff University's multi-million-pound Innovation Campus is the clearest example. At its centre is the 129,000 sq ft Translational Research Hub, where the university's



semiconductor and catalysis institutes work alongside commercial partners. Next door, sbarc|spark gives spinouts and start-ups a place to grow.

The best evidence that this model works is in compound semiconductors. Supported by the £43m CSconnected programme, the South Wales cluster has supported a rise in jobs from 2,085 in 2020 to 3,140 in 2025. Its contribution to the Welsh economy more than doubled, from £172m to £436m, and most of its sales are exports. Its target of a 6,000-strong workforce by 2030 is ambitious and depends almost entirely on skills.

The picture is not entirely positive. Small and medium-sized firms dominate the Welsh economy, and few employers are large enough to run graduate schemes. Policy is trying to close the gap. The Cardiff Capital Region's Venture Graduates programme places graduates with growing local firms. An external review of the programme projected that it could deliver benefits worth up to £4.20 for every £1 invested, although this depends on assumptions about faster recruitment and higher productivity. In one extension phase, 70% of the 46 graduate jobs it created were outside Cardiff. Producing graduates is not enough to keep them, so Wales also needs firms that are growing fast enough to hire them.

The implications for property are clear. Access to talent increasingly determines where businesses locate. Offices near universities, good transport links and city-centre amenities make recruitment easier. Laboratories do best near universities and hospitals, while advanced manufacturing requires not only technical workers but also land and infrastructure. Businesses' needs also change as they grow. A start-up wants a small, flexible unit with shared equipment. A maturing firm needs a headquarters, research space or a factory.

Wales's opportunity, then, is to turn academic strength into commercial growth. Where universities, skills, infrastructure and growing industries combine, demand for space should follow. But property need not simply follow growth. Providing the right space at each stage of a company's life can help create that growth.

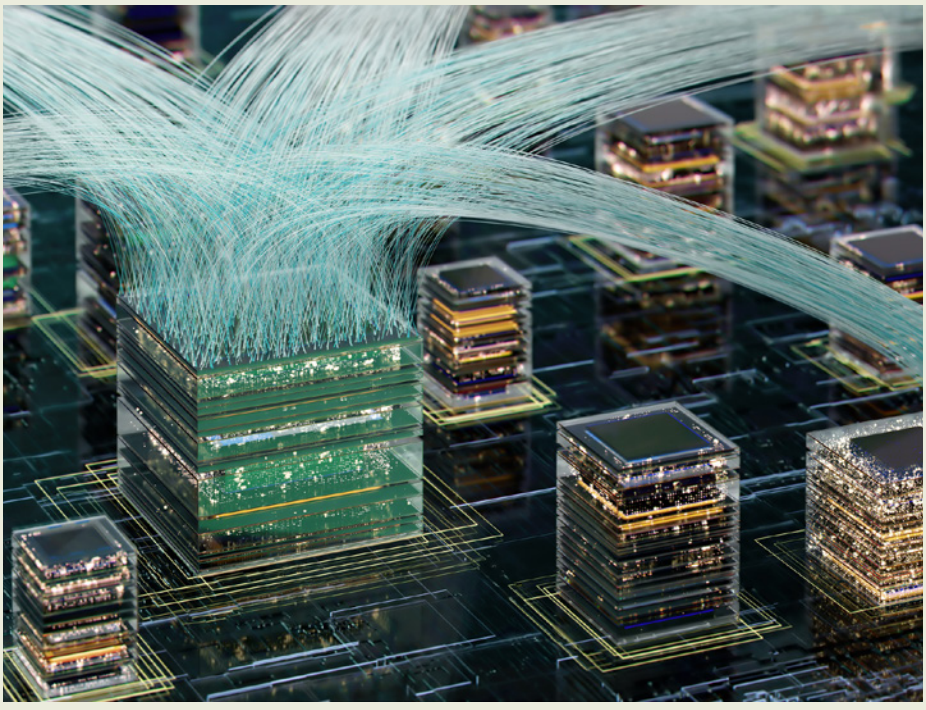
Silicon valleys

Technology has stopped being an industry in isolation and has become a fundamental component of every type of business. It is now central in shaping operations, efficiency and productivity and can dictate where businesses invest and hire. Wales is a case in point. In the north-east, advanced manufacturing is going digital. On Anglesey, new energy technologies promise fresh opportunities. Along the M4 corridor, a mix of semiconductor firms, cybersecurity companies, data centres, fintechs and creative businesses is broadening the country's technological base.

Investment is gathering momentum. Since 2017, the Development Bank of Wales has put almost £90m into 292 Welsh tech firms. That has attracted more than £195m in co-investment and supported over 2,000 jobs. Interestingly, the number of equity deals rose by 7.2% in 2024, even as it fell by 15.1% across the UK. The 2025 figure is a little more modest at £152m, up 1%.

Politicians are keen to leverage growth. Wales hosts two of the UK's AI Growth Zones. The southern zone stretches from Newport to Bridgend and comes with talk of £10bn of investment and at least 5,000 jobs. The northern zone, centred on Anglesey and Trawsfynydd, has been linked to more than 3,400 jobs. Investment Zones add another layer. The Cardiff Capital Region's £160m programme aims to attract more than £500m in private investment and create up to 4,000 jobs. Flintshire and Wrexham are aiming for £1bn and 6,000 jobs, mostly in advanced manufacturing. In the south-west, the Celtic Freeport is meant to support floating offshore wind and its supply chains.

None of this starts from scratch. The compound semiconductor cluster in South Wales makes chips used in telecoms, transport, energy and defence, giving the country an internationally significant foothold. The Cyber Innovation Hub aims to expand the Welsh cyber sector by 2030. Energy may be next. Plans for small modular reactors at Wylfa could bring investment, skilled jobs and supply-chain work. The north-east has a solid manufacturing base anchored by Airbus and JCB, while Cardiff adds fintech, digital services and the creative industries.



> "Technology guarantees nothing. But it now reaches into every industry and cannot be ignored as a fundamental engine of change and growth."

The advancement of tech is changing what businesses want from buildings. Office tenants now expect robust connectivity, smart building systems and flexible space suited to hybrid working. Energy efficiency and real-time building data used to be nice extras and are becoming standard. Industrial occupiers are equally demanding. Automation and robotics require higher power levels, stronger floors and different layouts. Chipmakers and advanced manufacturers increasingly want space that combines research with production. Much of the existing stock cannot provide it.

Power is quickly becoming a location factor in its own right. Energy-intensive occupiers, from automated factories to data centres, are competing for scarce grid capacity. A reliable supply can decide where a firm invests and whether a scheme gets built at all.

Technical skills complete the picture. Advanced facilities are of little use without workers able to run them, and further education is starting to respond. Coleg Cambria and Wrexham University are developing training tied to the northern Investment Zone. In the south, Cardiff and Vale College's Advanced Technology Centre is intended to strengthen technical and vocational provision.

Technology guarantees nothing. But it now reaches into every industry and cannot be ignored as a fundamental engine of change and growth.

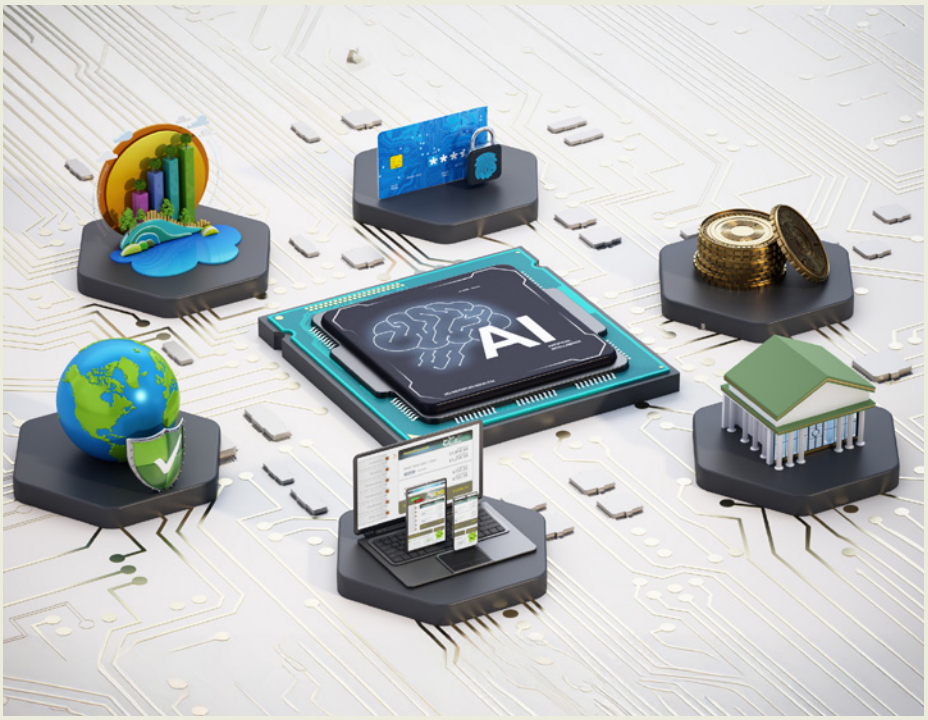
The scale-up test

Industrial strategy is back in fashion in the UK. For decades, governments avoided picking winners. Ministers now name the sectors they want to back and the places they expect to grow them. They reason that the UK has plenty of ideas but struggles to scale them. Cardiff is a useful test of whether that diagnosis and the remedy work outside south-east England.

The city's strongest asset is compound semiconductors. South Wales has an established cluster, and Cardiff and Swansea universities have agreed to explore a country-first multi-institution pilot foundry. A pilot foundry is unglamorous but important. It sits between the laboratory and the factory, so firms can prove a process works before they commit to full production. That step is too costly and risky for most start-ups to fund on their own, and it often comes too early for private investors. This is where industrial policy is supposed to earn its keep.

Space Forge, a Cardiff firm, wants to go further by making semiconductor materials in orbit. It has raised £22.6m in its series A. Investors are backing a manufacturing proposition rather than a research project, which is exactly the shift the strategy wants to encourage.

Life sciences show the state acting as co-investor. Draig Therapeutics was set up in 2024 by Cardiff University and SV Health Investors to develop treatments for neuropsychiatric disorders. It raised a $65m Series B round, with the British Business Bank participating. Public money that draws in private capital, rather than replacing it, is industrial strategy working as intended. Across Wales, the wider opportunity covers precision medicine, genomics, medical technology, clinical trials and health data.



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Wales is also one of five places chosen for the first Defence Growth Deals, securing a £50m share of a national £250m pot. The Welsh bid focussed on drones, autonomous systems and testing facilities. Because the money is shared with four other regions and spread across Wales, Cardiff's direct share may be small. The lasting value is more likely to come from testing infrastructure and supply-chain contracts than from the headline sum.

Finance completes the picture. Cardiff University is part of SETsquared, a six-university network whose spinouts raised £273m in 2024. A new £300m vehicle launched with Qantx could add to that. But the fund serves the whole network, so Cardiff's firms will have to compete for it.

Property is where policy documents tend to go quiet. These industries need laboratories, cleanrooms, engineering workshops and pilot production lines, not just offices. Such space is scarce in Wales and expensive to build. Specialist fit outs are also hard to re-let, which makes developers and lenders cautious about building before tenants are signed. Funding rounds and university agreements make good headlines, but they do not automatically become leases. Closing that gap is likely to need phased schemes, adaptable buildings that combine light industrial and laboratory space, and some public-sector support with early risk.

The stakes are clear. A firm that cannot find suitable space when it is ready to grow will expand wherever the buildings already exist. An industrial strategy can name the sectors it wants to back, but it cannot build cleanrooms. Whether Cardiff passes the scale-up test may depend as much on its property market as on its laboratories.

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