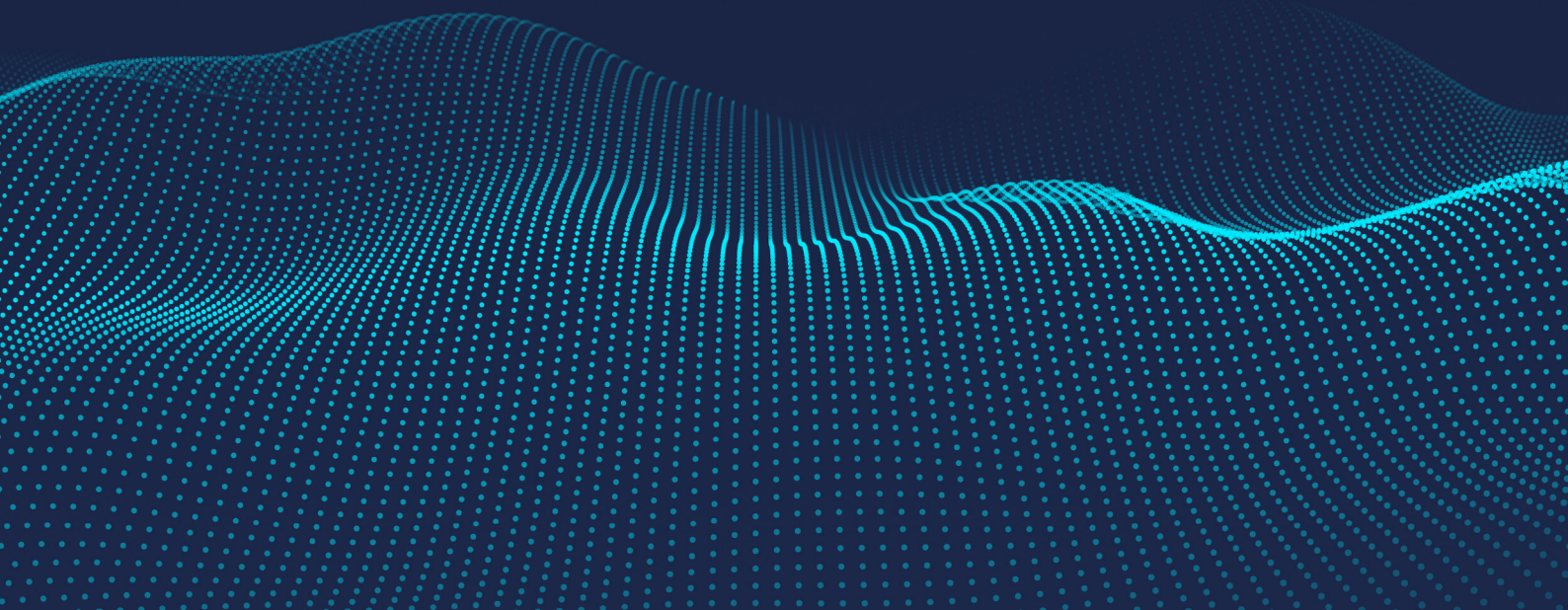


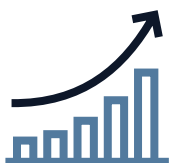
OFFICES & LIFE SCIENCE

INVESTMENT & LEASING
OXFORDSHIRE MARKET REVIEW



5

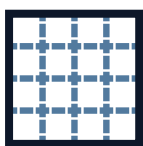
Things You Need to Know About Life Sciences & Offices in Oxfordshire



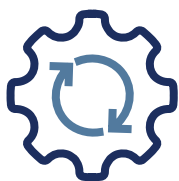
H1 office and laboratory take up was **67%** above the equivalent period in 2022



DTRE are tracking **480,000 sq ft** of named laboratory demand



Total investment volumes reached **c.£51 million in H1 2023**



£104 million of life science development opportunities were under offer, with **£50 million available** at the close of the second quarter

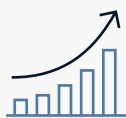


VC funding in Oxford reached **£315 million** in H1, according to Beauhurst, bringing total raised over the past 5 years to **£2.98 billion**

Oxfordshire Q2 2023 Report



WRITTEN BY
Florence Weston
Research Analyst



▲ 12%

Office & laboratory
take up remains
above the H1 5-year
average

FIG 1 →

Combined Office & Lab Take Up

- ◆ Office & Lab
- 5 Year Average (2018-2022)

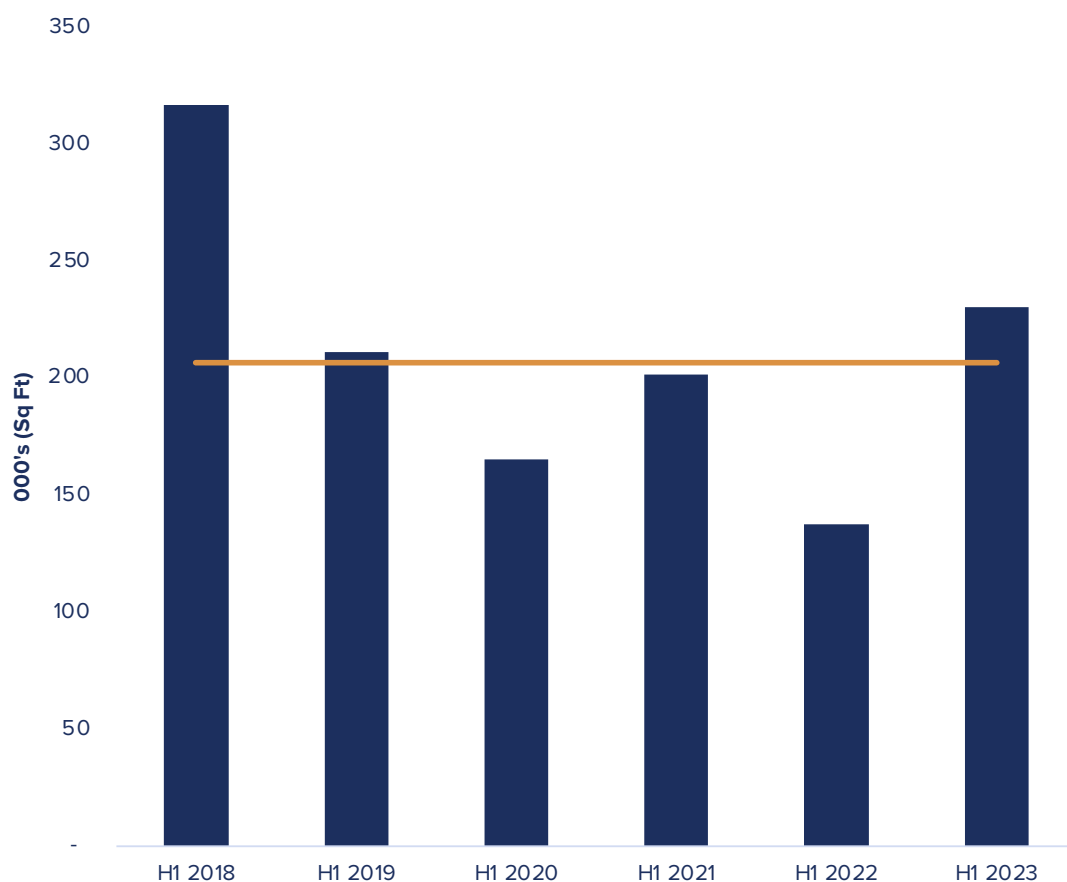
Source: DTRE Research

Total office and laboratory take up for space over 5,000 sq ft in the first half of 2023 totalled 231,000 sq ft, 12% above the H1 5-year average of 206,700 sq ft. This was led by Moderna at Harwell Science and Innovation Campus taking 145,000 sq ft. Despite the acute shortage of laboratory and Grade A office space, this combined take up is 67% above the equivalent period in 2022.

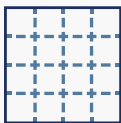
There have been three investment transactions in H1 2023 totalling £51m, with DTRE advising Mayfair Capital on the sale of the 31,600 sq ft Hinshelwood Building at £19.4 million/NIY 3.86%, the only office sale in the first six months of 2023, Kadans Science Partner purchasing the Windrush Innovation Centre, and IM Properties acquiring Nova Oxford.

Furthermore, despite the peak of H1 2022, investment volumes do remain above the H1 average from 2018-2021 of c.£45 million.

According to Beauhurst, life science and bio-tech companies in Oxfordshire have raised £315 million in the first half of 2023, on target to achieve the current 5-year average of £609 million over the remaining six months.



Occupational



480K sq ft
Demand for
laboratory space

FIG 2 →
**Prime Office &
Laboratory Rents
>5K Sq Ft**

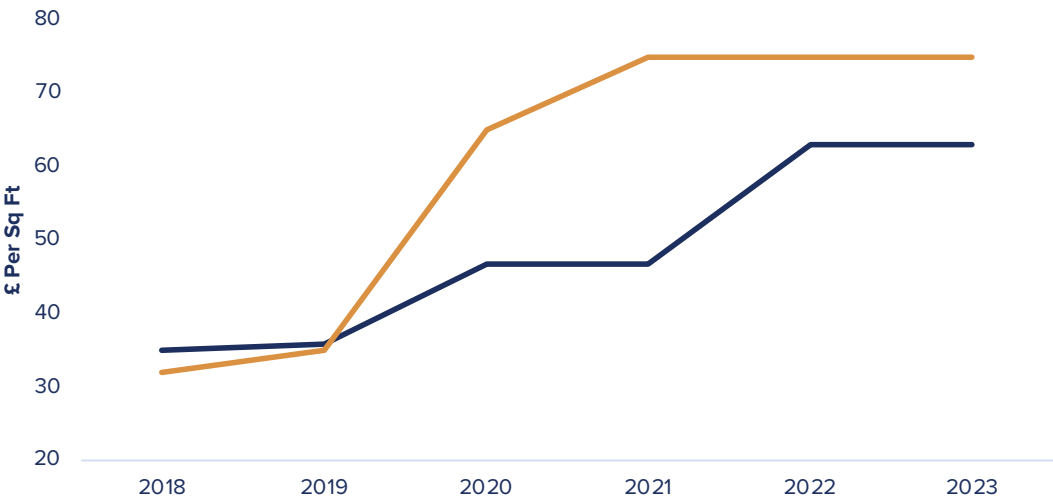
— Office
— Laboratory

Source: DTRE Research

H1 of 2023 was dominated by Moderna deciding on Harwell as the location for its Innovation and Technology Centre. The new 145,000 sq ft development will include a GMP manufacturing facility as well as a clinical biomarker laboratory, and accounts for 63% of total office and laboratory take up so far this year.

The largest office letting in H1 occurred to Ryze Hydrogen at North Bailey House. The c.20,000 sq ft new build letting represents over half of the total office take up in the opening six months of the year.

Let at £62.50 per sq ft, the rent agreed for North Bailey House remained in line with the prime office rents in Oxford and demonstrates the continuous strong demand for prime, best in class, new office space. Since 2018, the prime office rent for space above 5,000 sq ft in Oxfordshire has drastically grown by 80%, driven by the acute lack of supply and the subsequent demand for best-in-class space.



Combined available up and built office and laboratory space totalled c.320,000 sq ft at the close of the quarter, with c.130,000 sq ft currently under offer.

With 480,000 sq ft of active known laboratory demand in Oxfordshire, the persistent supply demand imbalance cannot be supported, and the shortage of laboratory space will roll into the second half of the year.

The imminent delivery of schemes including the completion of Mission Street's Inventa, Botley Road later in the year, to provide over 65,000 sq ft, and the near completion of Kadans Science Partner's Barton House, Abingdon, to provide 25,600 sq ft, will partially rectify the supply demand imbalance alongside the large future pipeline of activity.

Over the next 2.5 years, there is c.1m sq ft of laboratory space to be delivered of which is currently under construction, has planning granted, or is in for planning. 870,000 sq ft of this pipeline will be delivered in 2025, with nothing expected to be delivered to the market in 2024.

Investment & Development



£104m
Under offer

FIG 3 →
**Half Year Offices
& Labs Investment
Volumes**

◆ H1
◆ H2
— H1 2018-2023
Average

Source: DTRE Research



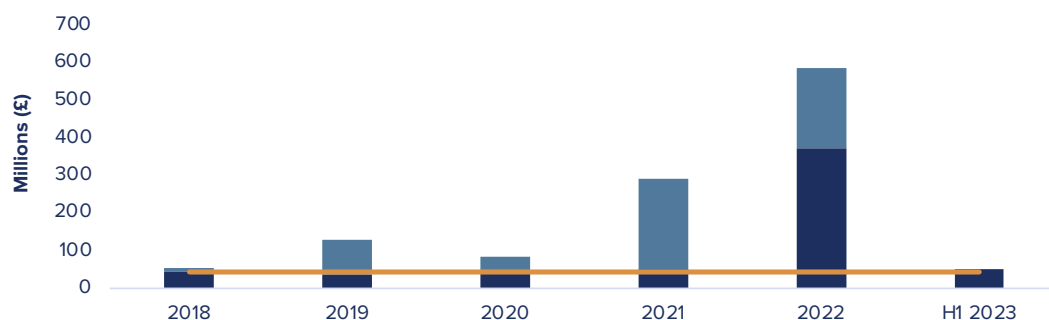
£315m
Raised in 2023 at
the end of June

DTRE

Total office and life science investment volumes in Oxfordshire hit c.£51 million in H1 2023. Despite being 86% down from the record year of H1 2022 of £373 million, the opening quarters of 2023 do remain in line with the recent half year averages from 2018-2021.

Q2 saw IM Properties purchase Nova Oxford for £21.5 million after planning was secured for the 43,573 sq ft mid-tech building available from Q1 2024.

Kadans Science Partner also expanded their presence in Oxfordshire this quarter, with the acquisition of the Windrush Innovation Centre site to be redeveloped for 60,000 sq ft of laboratory and office space for Oxford Biomedica.



Looking to the second half of the year, investment volumes will increase with over £100 million of life science development under offer and £50 million available.

With many life science development owners looking to recapitalise their large schemes, Q2 saw Oxford start to focus on addressing the acute lack of laboratory space in one of the largest property financing deals in the UK this year as Harwell Science and Innovation Campus secured a £300 million loan.

The joint venture between Brookfield, the United Kingdom Atomic Energy Authority and the UK's Science and Technology Facilities Council received the loan from Deutsche Bank, BNP Paribas and AXA IM in a boost to fund critical expansion of the Harwell campus.

The 440,000 sq ft to be built will consist of Tech Foundry, a 220,000 sq ft advanced manufacturing facility, and Motherlabs, ARC's serviced laboratories to support early-stage innovation businesses.

There remains a large sums of capital ready to be deployed into life sciences with Oxfordshire-based companies raising over £315 million by the end of June, according to Beauhurst. This funding total in Oxfordshire is almost equal to the total amount raised by companies in the rest of the UK, excluding the Golden Triangle, of c.£333 million. Furthermore, it is over £50 million more than the pre-covid 5-year average for the full year.

This is significant as it demonstrates that, whilst funding may not be as strong as during and in the wake of the pandemic, there is still VC funding available for LS companies. As this is seen as a leading indicator for demand for occupiers looking to scale up and put their newly raised funds to work, there should be continued growth in the sector and subsequently growth its infrastructure to support it.

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