



The Office & Life Sciences Landscape

London, Cambridge & Oxford

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London: A Global city and Gateway to Europe



Access to highly skilled workforce

- **World-leading universities**
- **#2** behind U.S. in no of universities in global top 20



Clear and transparent

- **#1** for Real Estate Transparency
- **Conviction** in market strength, resilience



Ongoing infrastructure improvements

- **National**; Elizabeth Line, HS2
- **London**; Thameslink and Bakerloo and Northern Line extensions



Diverse occupier base

- Leading **global financial centre**
- Significant growth from **tech** and **life sciences**



Leading levels of capital flows & attractive pricing

- **Most traded** city globally in 7 of the past 10 years
- Leading **cross-border capital flows**
- Prime **yield advantage** over other global cities



Favourable supply and demand dynamics

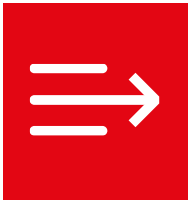
- Low vacancy rate of **7.6%**
- Constrained development pipeline which is **majority pre-let**

GDP growth to slow but remain stable in 2022

Diminishing stimulus will set growth rates back on the path toward their natural rates



As stimulus fades post-pandemic, GDP growth rates are slowing toward trend rates



The Ukraine crisis will cause growth rates to soften, but still remain positive

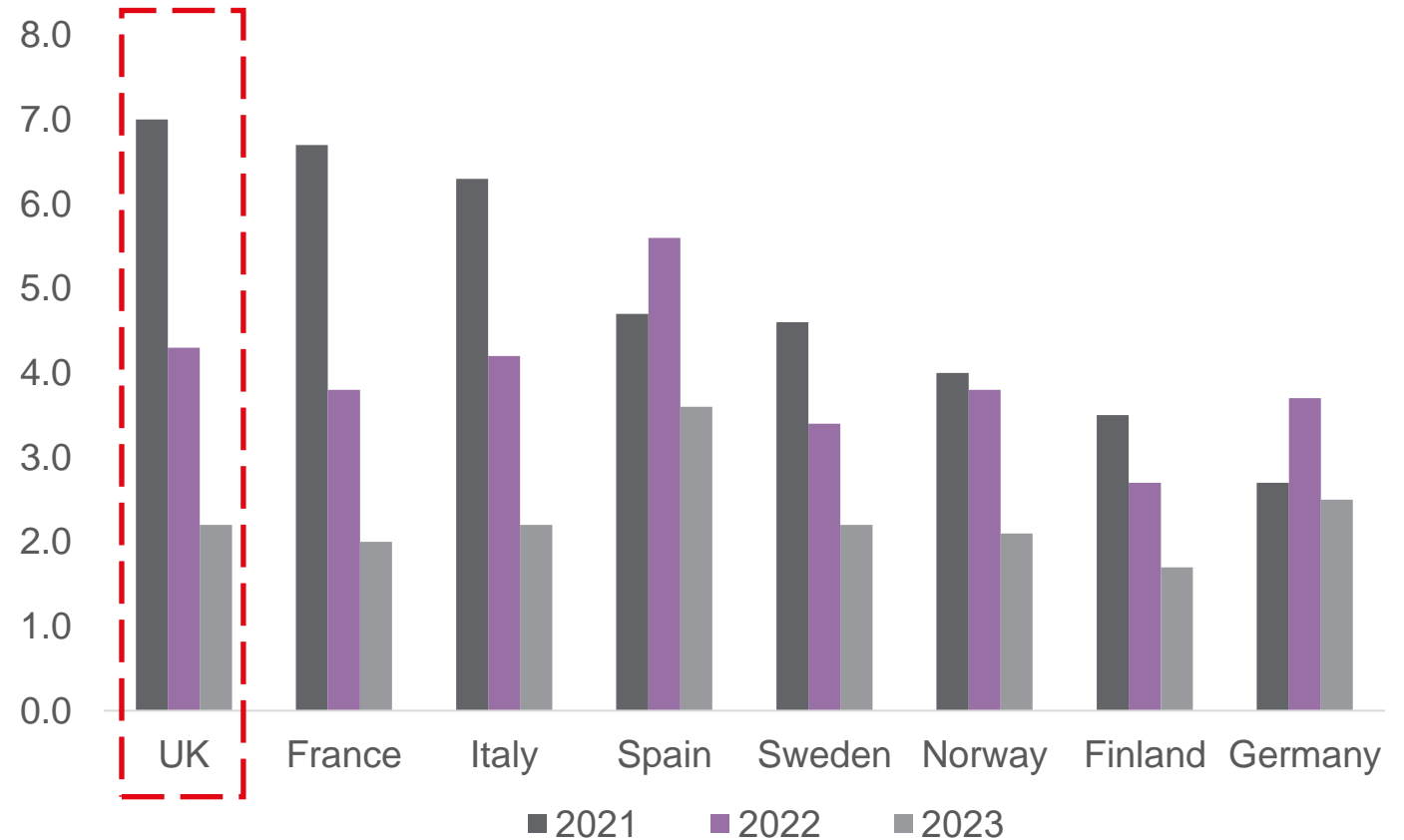


Inflation is likely to be higher and for longer, amplified by the crisis



Office employment expected to recover in 2022 (growing 2.2%)

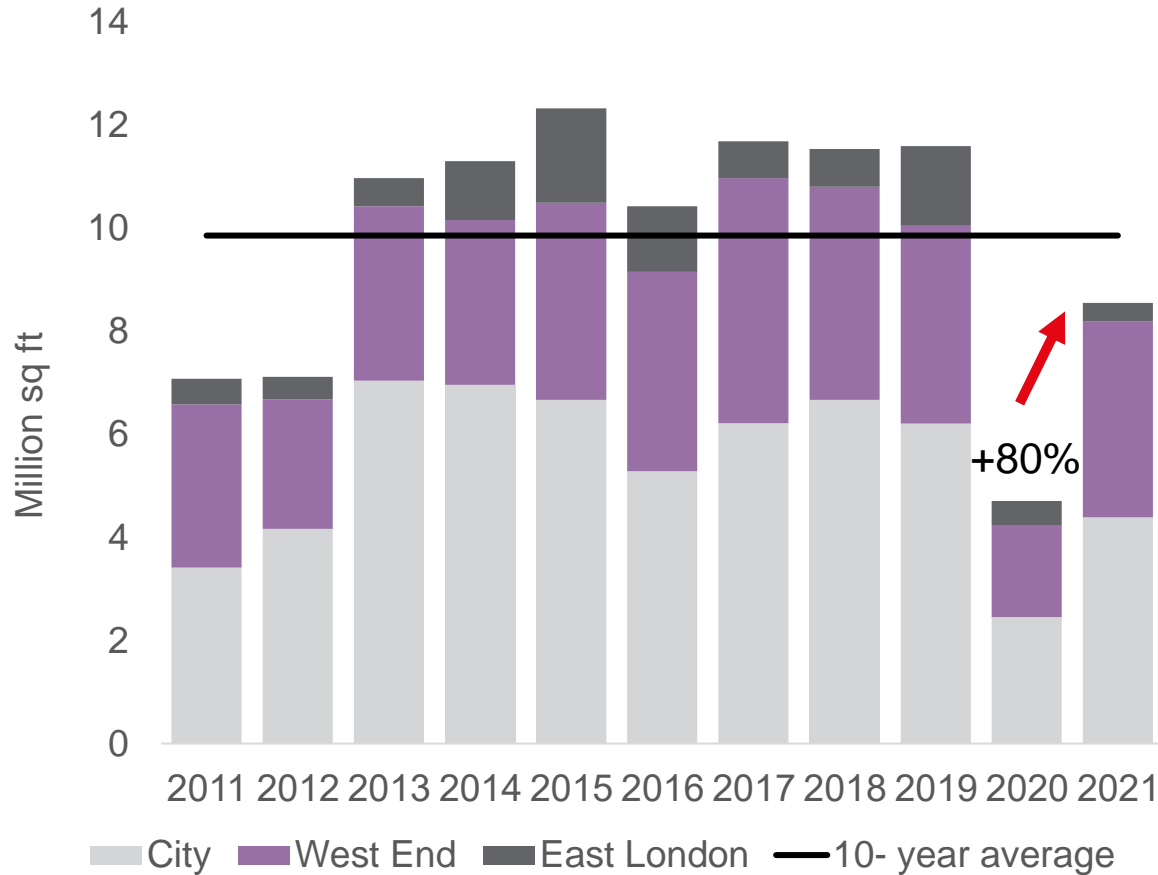
GDP forecast (% YoY)



Strong rebound in office demand in 2021



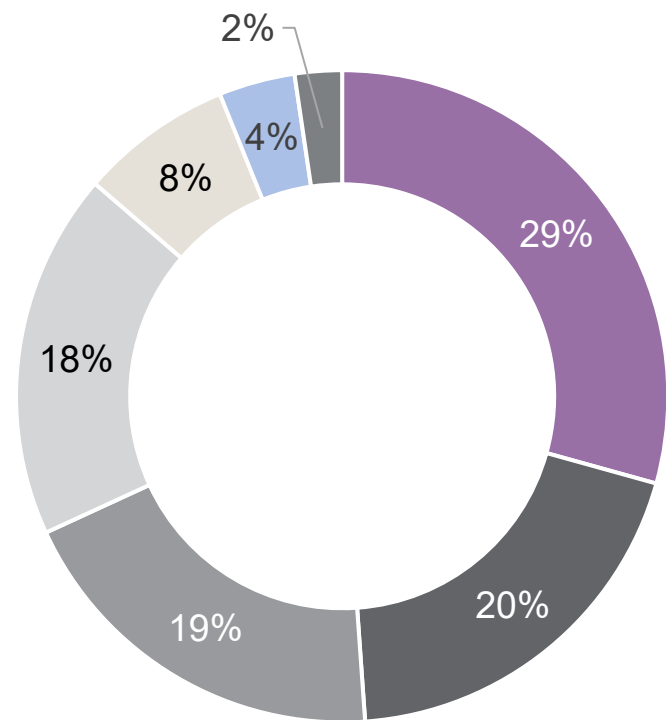
Office take-up by market



Central London at a glance

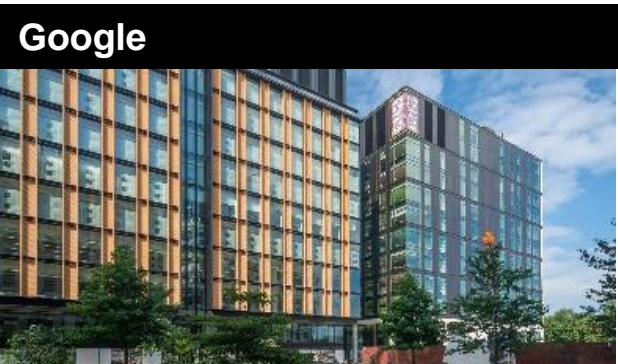
	2021	10-year average
Quarterly take-up (sq ft)	8.5 million	2.5 million
Annual take-up (sq ft)		10.0 million
Under offer (sq ft)	2.9 million	2.5 million
Active demand (sq ft)	8.3 million	8.8 million
Overall vacancy	7.6%	5.1%
New build vacancy	1.7%	1.1%
Speculative under construction (sq ft)	9.6 million	7.5 million
Quarterly Investment volumes	£13.7 billion	£3.8 billion
Annual Investment volumes		£15.0 billion

Tech and media are reshaping and diversifying London



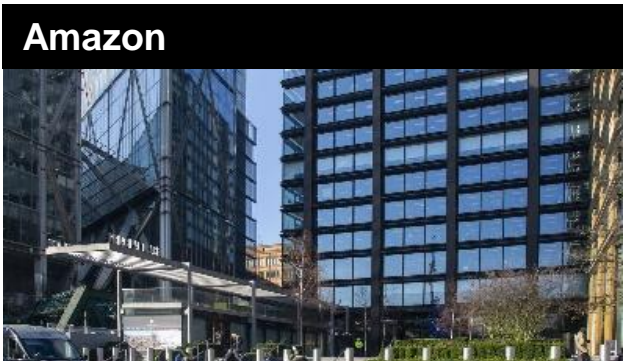
- Tech & Media
- Professional Services
- Banking & Finance
- Service Industry
- Public admin
- Manufacturing
- Other

Significant footprint growth by big tech



Google
King's Cross / Covent Garden / Victoria

800,000 sq ft | New c1.0m sq ft HQ
underway in King's Cross



Amazon
Shoreditch / Midtown

825,000 sq ft



Facebook
Noho / King's Cross / Euston

1.6 million sq ft



Apple
Battersea / City / Regent Street

270,000 sq ft | Pre-let 500,000 sq ft in
Battersea for new HQ

London's submarkets are evolving with the changing needs of occupiers

1980's

Canary Wharf

- Creation of London's secondary CBD
- Demand for London offices from global financial services firms



1990's

Paddington

- Regeneration of redundant canal basin and goods yard
- Resulted in increased economic activity



2000's

Victoria

- Regeneration prompted by large scale movement of Government
- Now one of the largest markets in West End



2010's

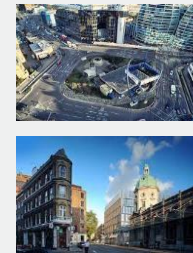
King's Cross

- Mixed use regeneration targeting TMT sector
- Home to Google's new London HQ



Shoreditch and Farringdon

- New hub for tech and creative firms, emergence of 'Silicon Roundabout' and 'Tech City'
- Set to benefit from Crossrail



Stratford

- Regeneration of areas around London's Olympic venue
- New location for many public sector organisations



2020's

White City

- Mixed use regeneration
- Life sciences cluster with Imperial College



Battersea / Nine Elms

- New residential, leisure and commercial destination
- Home to Apple's new London HQ and the US Embassy



Southbank

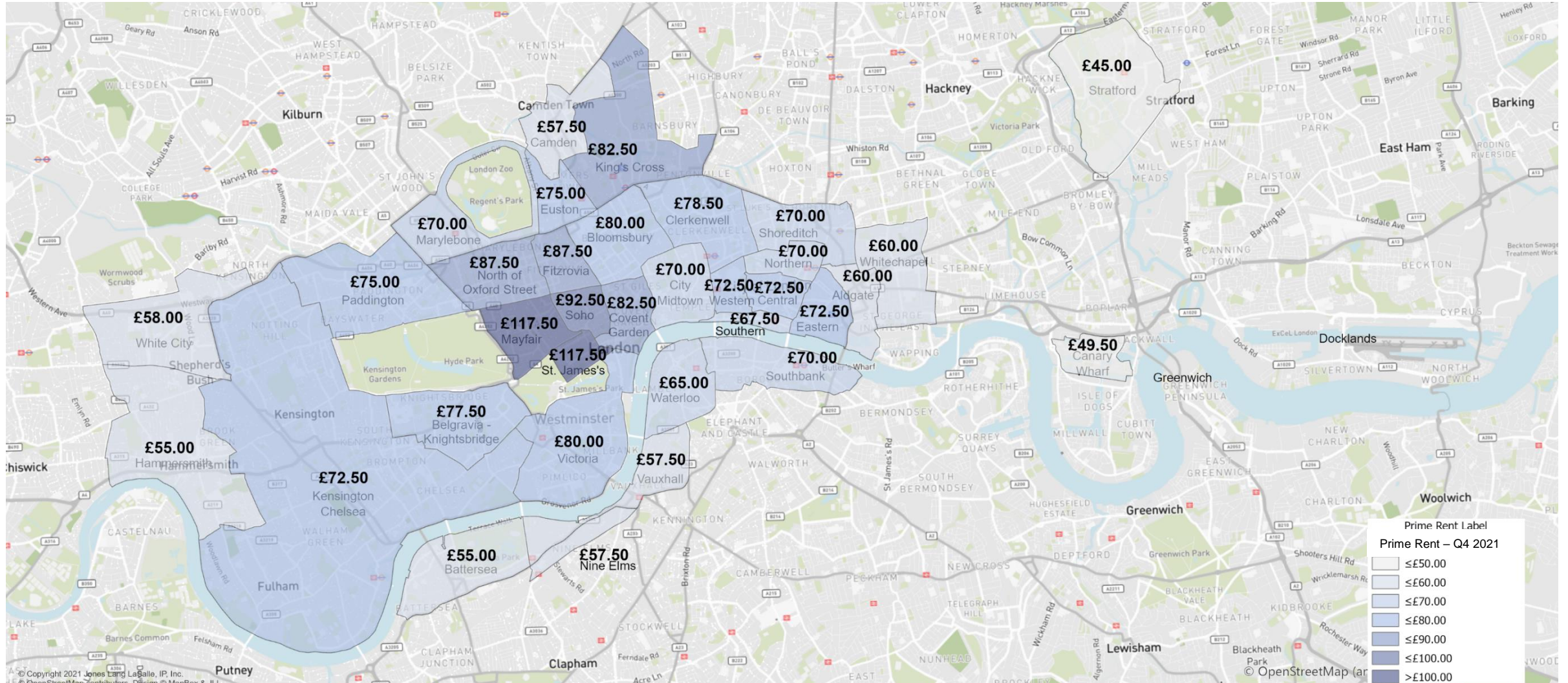
- Dynamic mixed-use area undergoing next wave of redevelopment
- Boosted by redevelopment of/and around London Bridge & Waterloo stations



Rents in core return to pre-pandemic levels



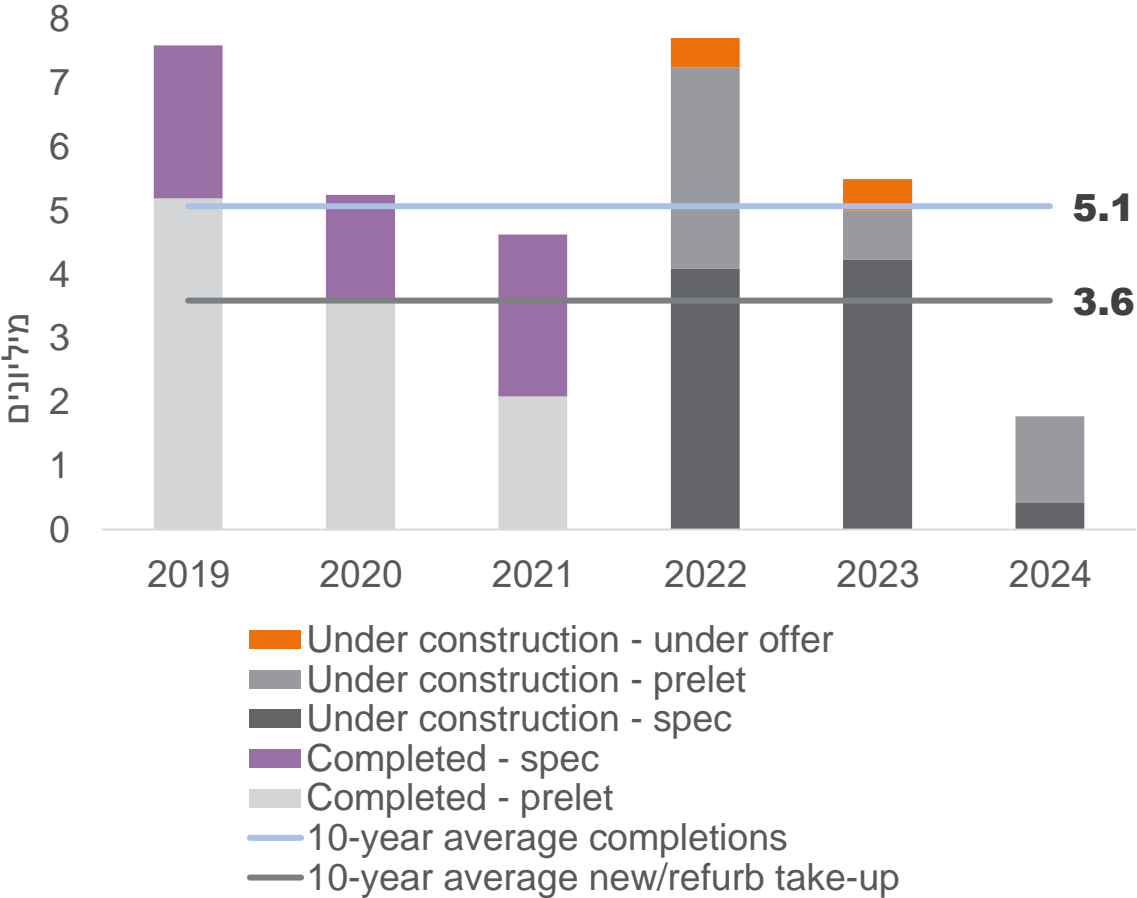
Prime rent by sub-market, Q4 2021 (£ per sq ft)



Source : JLL Research

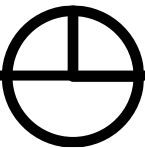
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Development pipeline: Limited new committed supply



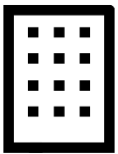
9.6 million sq ft

Under construction speculatively



50%

Located in the City



2021 completions totalled

4.6 million sq ft

45% was pre-let / owner occupied



2022 total space under construction

7.7 million sq ft

41% 3.2m sq ft (pre-let)

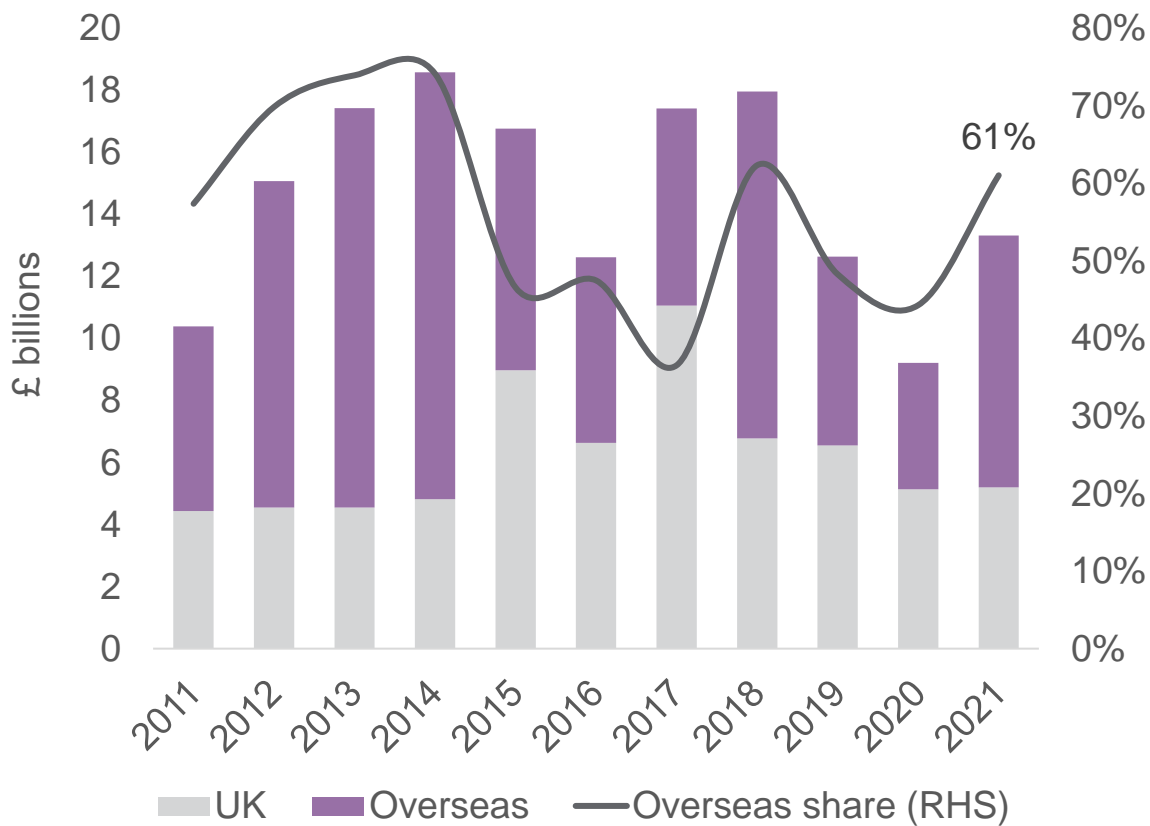
6% 0.4m sq ft (under offer)

53% 4.1m sq ft (speculative)

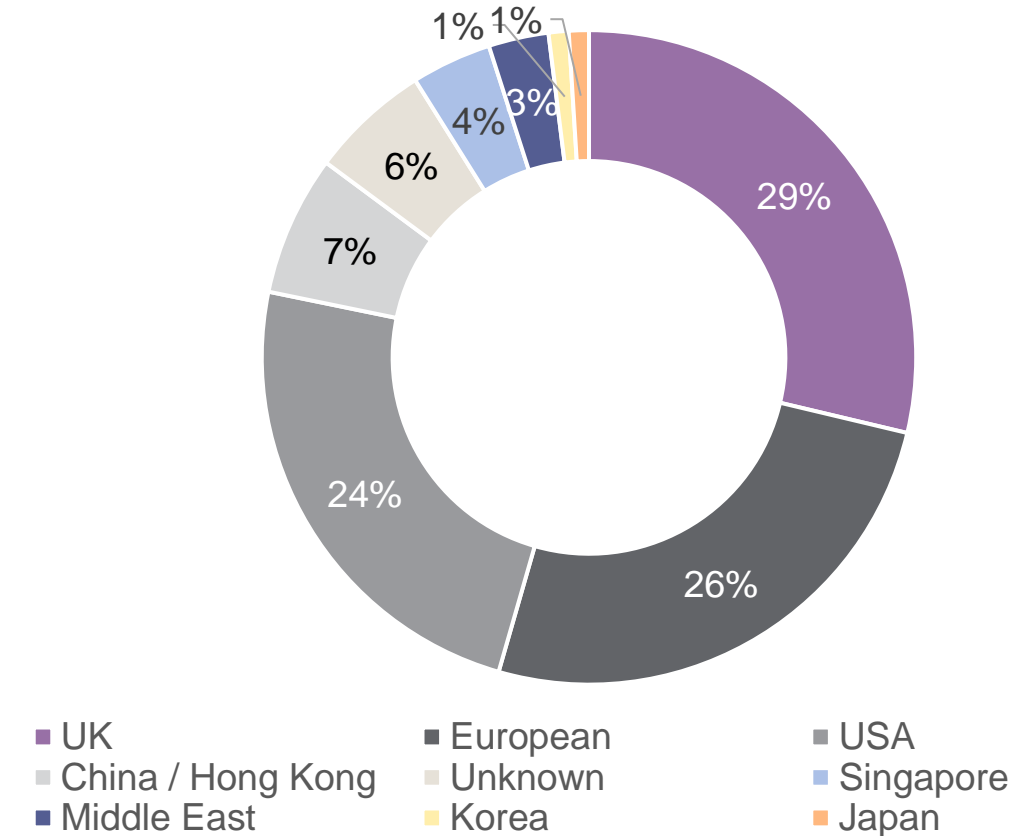
Resurgent investment market in 2021



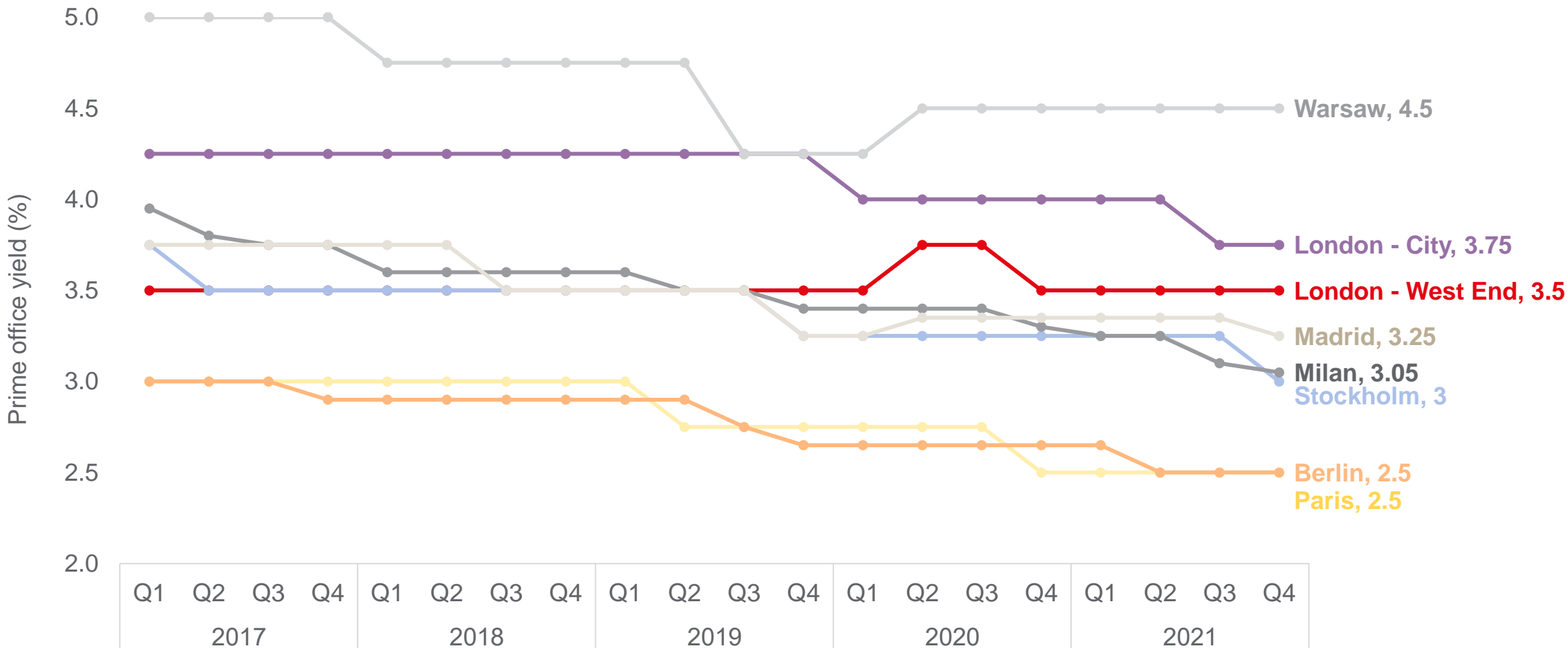
Central London office investment turnover, 2011 – 2021



Volumes of purchaser source of capital, 2021



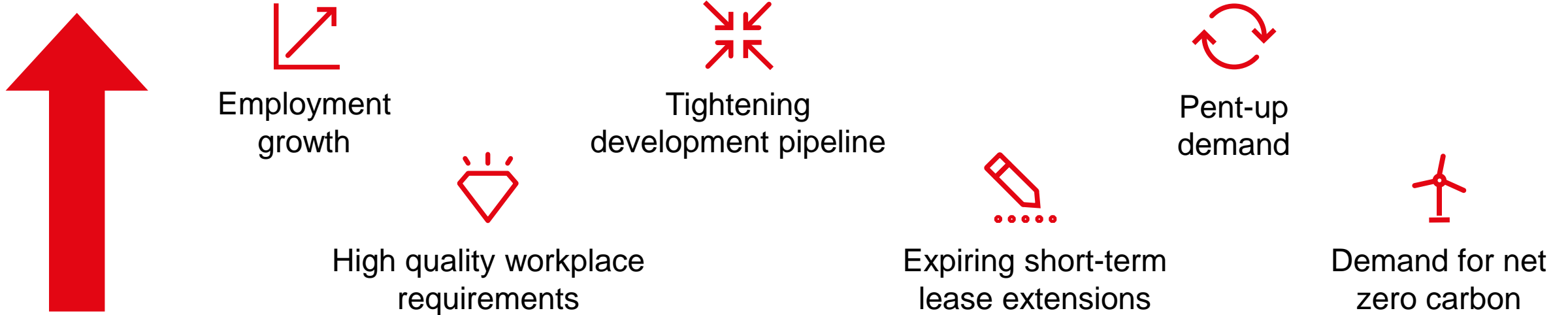
Prime office yields remain flat or compressed



Source : JLL Research
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Office market revival

Demand drivers to outweigh pandemic-related uncertainty and portfolio reductions



Changing market dynamics will trigger supply-demand imbalances, fueling rental growth upside for quality spaces

The next opportunity

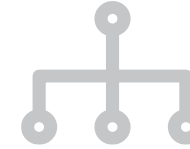
Life Sciences in the Golden Triangle



Defining the life sciences sector

Life Sciences is a **critical part** of Knowledge Intensive Industries that includes Tech and High-Tech Manufacturing

The Office for Life Sciences (OLS), a UK central government body defines Life Sciences as ‘the application of biology and technology to health improvement’



Diverse sector with multiple subsectors



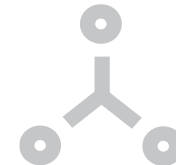
Important to understand growth characteristics and facility needs

Sub sectors	Who (examples)	Needing
Pharma, Therapeutics & diagnostics	  	Offices Wet labs (high & low spec) Dry labs
R&D Service - Discovery & development	  	Wet labs (high & low spec)
Medtech	 	Dry labs Offices
Pharmatech & Healthtech	  	Offices

Life sciences demand drivers



A range of non real estate data points provide insight on current and future trends that will underpin real estate performance across different geographies and clusters

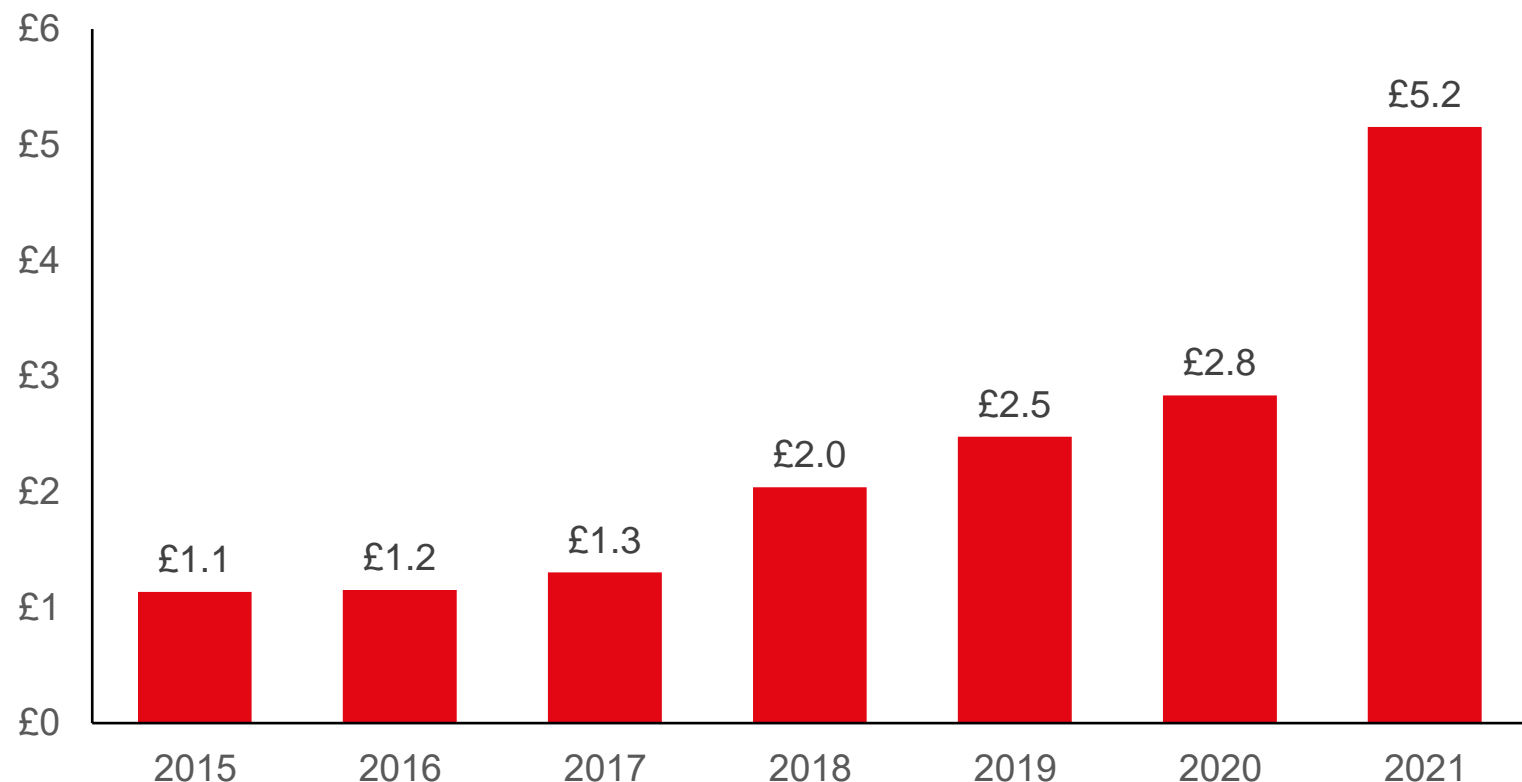


Indicator	Proximity to talent	Access to intellectual property	Availability of finance	Company ecosystem	Supportive political environment	Specialist infrastructure
Data	Companies and Employment	Education strength Publications	Venture capital and public funding	Start ups and spin-out activity	Public sector	Current supply and development pipeline
Outcome	Primary determinant for location	Driver of innovation and R&D	Drives early and mid-stage growth	Dictates growth and innovation	Allows anchoring and development	Facilitates growth and retention

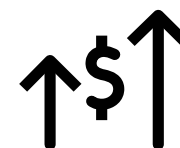
Venture capital investment fueling start-up activity and increasing demand



Total Venture Capital Investment to UK Life Science Companies (£Bn)



Between 2015-2021, Life Science companies in the UK raised **£16.0 bn**

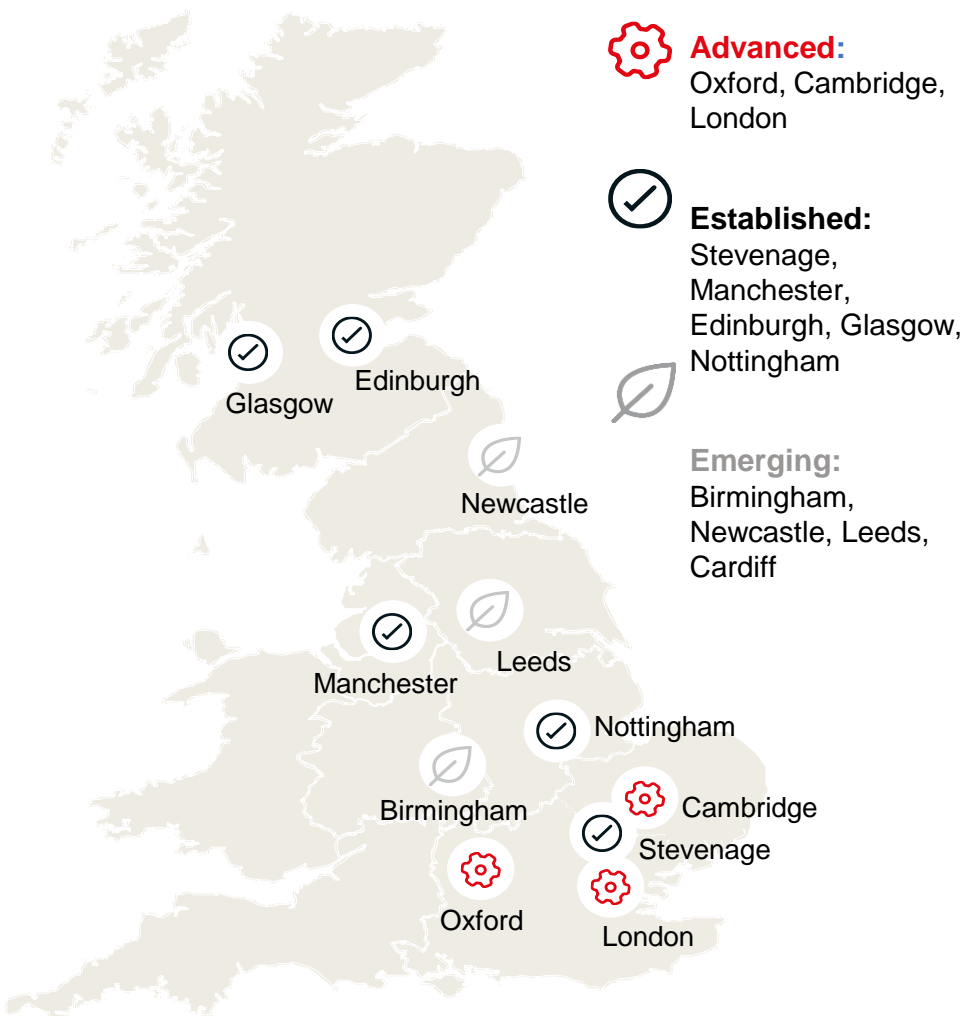


Near doubling of venture capital investment in 2021, reaching **£5.2 bn**



UK is the leading European market for life sciences, accounting for **41%** of the continent's total funding

London, Cambridge & Oxford present significant opportunity



Cluster	USP	Company Numbers	Employment	VC Investment (£M)	Leading Universities	High Quality Publications
London	Digital Health					
Cambridge	Antibody/Advanced Therapeutics & AI					
Oxford	Therapeutics & Regenerative Medicine					
Stevenage	Cell & Gene Therapy					
Edinburgh	MedTech & Genetics					
Manchester	Advanced Materials					
Glasgow	Precision Medicine & AgTech					
Birmingham	Medical Technology					
Newcastle	Ageing					
Nottingham	Pharmacology, Chemistry, Regen Medicine					
Leeds	Digital Health					

Source : JLL Research
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Golden Triangle outperforming UK market-at-large

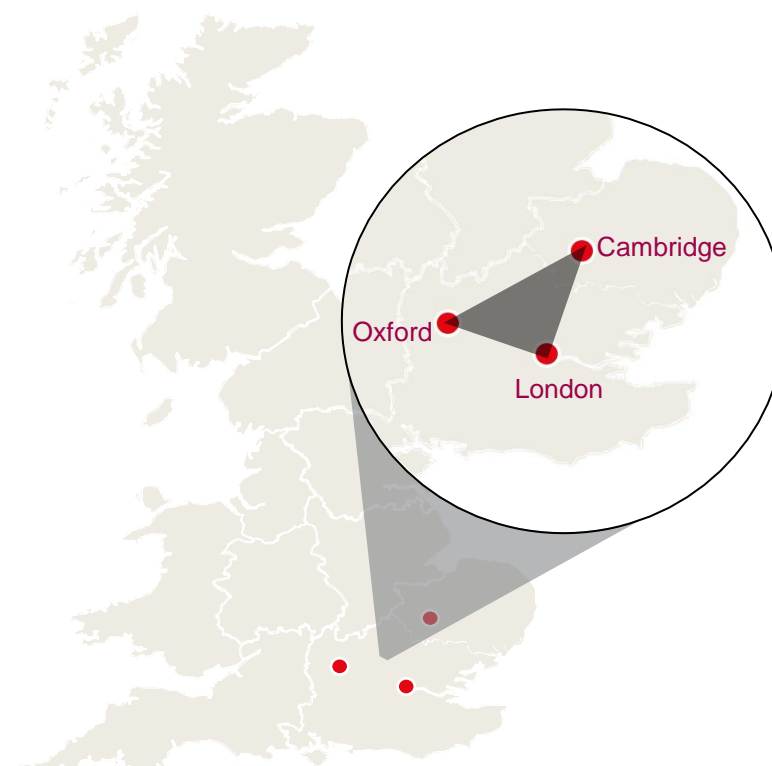
	Cambridge	Oxford	London (Kings Cross)
Occupational / Investor Metrics – Life Sciences			
ERV growth pa 2015-20	6.00%	10.00%	1.00%
Forecasted ERV growth	2.50%	3.00%	3.00%
Prime Life Science yield NIY (2015)	6.00%	5.75%	3.50%
Prime Life Science yield NIY (2021)	4.00%	4.00%	3.50%
Trending	Stronger	Stronger	Stable
Life Science Cap Rate premium*	- 75 BPS	- 75 BPS	- 25 to 50 BPS
Prime Office Rent (psf)	£37.50	£37.50	£82.50
Prime Lab Rent (psf)	£50.00 +	£50.00 +	£100.00 +
Rent premium (%)**	33.00% +	33.00% +	20.00% +

* Life Sciences cap rate premium over prime offices

** Life Sciences rental premium over prime offices

Source : JLL Research

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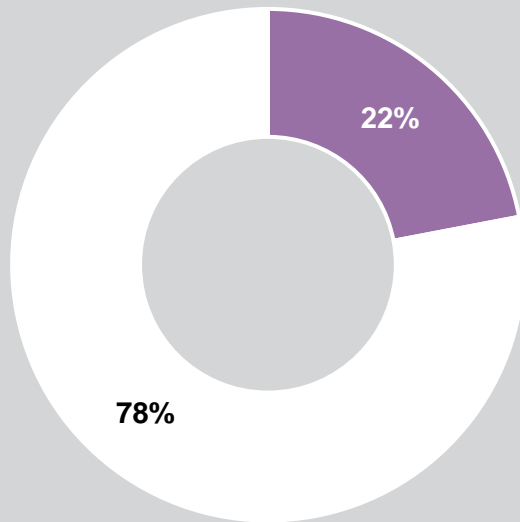
- Strong ERV growth, although London is less mature
- Forecasted ERV growth is positive
- Yield movement positive historically, with a current yield premium to offices up to 75 bps
- Lab rents achieving a 20-30% premium over prime office rents based on location

Three themes for 2022

Sustainability

A shift from talk to action

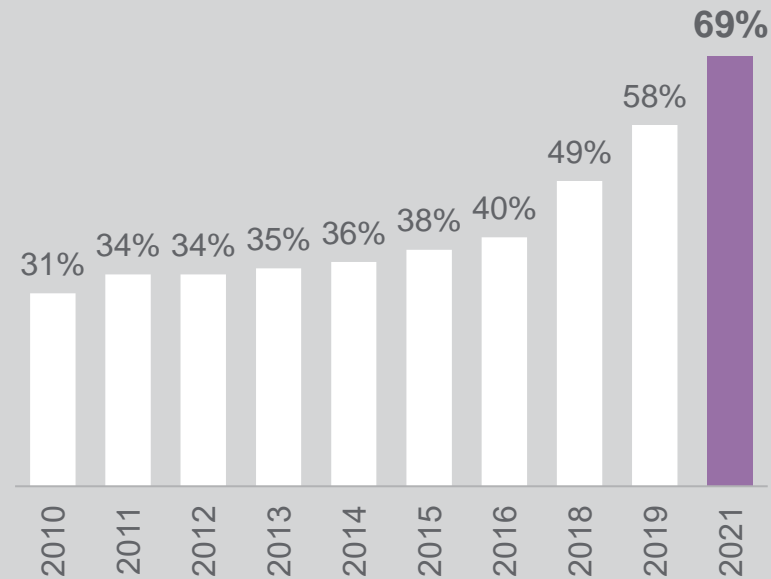
% of stock with EPC A/B



Shortage Economy

Building and space quality in focus

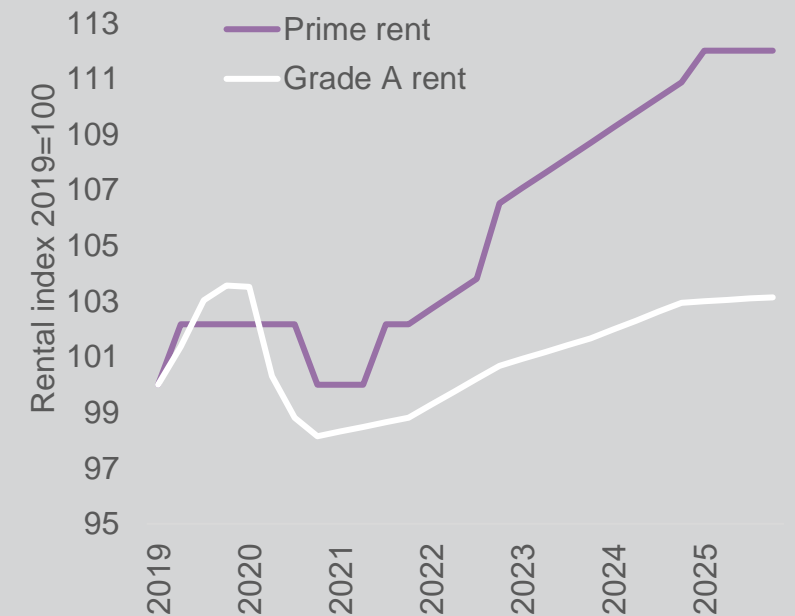
Employers reporting hiring difficulties



Polarisation

Asset performance gap is widening

Rental divergence



Thank you

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