



Webinar

ULI France: Understanding the Life Sciences Sector

Date: March 10, 2022

00:00:07 --> 00:00:08: I would wait for two seconds.

00:01:29 --> 00:01:34: OK, so let's start so welcome everyone to this show

00:01:34 --> 00:01:35: live event.

00:01:35 --> 00:01:40: Very international or with global connections with local impact and

00:01:40 --> 00:01:42: lightweight format.

00:01:42 --> 00:01:46: I wanted to pick understanding the life sciences sector.

00:01:46 --> 00:01:49: Why is this event? Why now and why phones some

00:01:49 --> 00:01:50: first answers?

00:01:50 --> 00:01:55: Now this event follows the publication last year of the

00:01:55 --> 00:01:59: Ulic 20 case understanding the life science sector.

00:01:59 --> 00:02:05: Available knowledge Finder. Stephen Lang from service involved on the

00:02:05 --> 00:02:05: report,

00:02:05 --> 00:02:08: which presents a key finding.

00:02:08 --> 00:02:10: There is a fast growing.

00:02:10 --> 00:02:13: This is a fast growing sector in USA and in

00:02:13 --> 00:02:14: Europe.

00:02:14 --> 00:02:18: Map from reality and Steven we develop further on that.

00:02:18 --> 00:02:21: So in the second part in how to network proximity

00:02:21 --> 00:02:23: will do in the French market.

00:02:23 --> 00:02:26: So as the emergence of this sector,

00:02:26 --> 00:02:29: which is why the unknown phones with us.

00:02:29 --> 00:02:34: Rent one table with involvement and partnership of between.

00:02:34 --> 00:02:37: Thank you. Good winner for for,

00:02:37 --> 00:02:40: for the support and this event you will have the

00:02:40 --> 00:02:44: possibility to ask your questions in the Q&A tool now.

00:02:44 --> 00:02:48: Please note that the virtual part will be recorded with

00:02:48 --> 00:02:52: a slide and will be available in the next week

00:02:52 --> 00:02:53: in Knowledge Finder.

00:02:53 --> 00:02:56: Now I turn to Tebow Western Smith,

00:02:56 --> 00:02:59: who will moderate and introduce the speakers.

00:02:59 --> 00:03:01: Thanks a lot people. All your questions,
00:03:01 --> 00:03:05: some assistance on organizing without this event,
00:03:05 --> 00:03:05: the floor is yours.
00:03:07 --> 00:03:10: Thank you Madam. Hello everyone,
00:03:10 --> 00:03:12: they're pleased to welcome you for this new event organized
00:03:12 --> 00:03:13: by Your Life.
00:03:13 --> 00:03:15: France. As a quick introduction,
00:03:15 --> 00:03:18: my name is Thibaut Weston Smith and I'm an active
00:03:18 --> 00:03:20: member of the ULI.
00:03:20 --> 00:03:24: On the professional side, I'm a principal at Realty
00:03:24 --> 00:03:28: Corporation,
00:03:28 --> 00:03:29: an advisory and private equity firm focused on real estate
00:03:29 --> 00:03:33: in Europe and the US.
00:03:29 --> 00:03:33: Life Sciences is one of our conviction themes for 2022
00:03:33 --> 00:03:36: and we are keen to deploy capital in this asset
00:03:36 --> 00:03:39: class either in the UK or in France.
00:03:39 --> 00:03:42: I'm thrilled to introduce you to our first two speakers
00:03:42 --> 00:03:43: who joined us from the UK,
00:03:43 --> 00:03:45: Steve Lang and Matt Smith.
00:03:45 --> 00:03:49: They were both contributors to the ULI report understanding
00:03:49 --> 00:03:52: the
00:03:49 --> 00:03:52: life Sciences and life science sector that was published last
00:03:52 --> 00:03:53: year.
00:03:53 --> 00:03:54: We start with Steve, Steve.
00:03:54 --> 00:03:57: Join Steve Lang is a research director.
00:03:57 --> 00:04:02: Savills Steve joins Savills and the UK Commercial Research
00:04:02 --> 00:04:02: Department
00:04:02 --> 00:04:02: in 2002.
00:04:02 --> 00:04:06: Day today, Steve is dealing with all aspects of research
00:04:06 --> 00:04:09: and consultancy for the commercial real estate markets,
00:04:09 --> 00:04:12: with queries coming from across the globe as well as
00:04:12 --> 00:04:15: running as a team of three analysts.
00:04:15 --> 00:04:18: He has a completed. He has completed a wide variety
00:04:18 --> 00:04:22: of data and research consultancy projects and all real estate
00:04:22 --> 00:04:23: sectors.
00:04:23 --> 00:04:26: Primarily offices globally for investors,
00:04:26 --> 00:04:30: developers, owners and occupiers. Steve is currently
00:04:30 --> 00:04:33: spending a lot
00:04:30 --> 00:04:33: of time leading in the real estate industry research into
00:04:33 --> 00:04:35: the life sciences and digital health sectors,
00:04:35 --> 00:04:38: a sector that he has been analyzing for the past
00:04:38 --> 00:04:38: 20 years.
00:04:38 --> 00:04:42: He's also a member of Savile's Tech innovation team that

00:04:42 --> 00:04:46: was tasked with identifying new trends for the entire real estate sector and for all clients.

00:04:46 --> 00:04:48:

00:04:48 --> 00:04:50: Today we also have Matt Smith,

00:04:50 --> 00:04:55: director of Leasing UK for markets at BIO Med Realty.

00:04:55 --> 00:04:58: Matt joined Bio Med Realty in 2019 as the director

00:04:58 --> 00:05:02: of Leasing and he is accountable for the company's 1,000,000

00:05:02 --> 00:05:04: square foot Yucaipa failure.

00:05:04 --> 00:05:07: He's also the market lead for the UK.

00:05:07 --> 00:05:11: In his previous role, Mattress is responsible for running for

00:05:11 --> 00:05:13: the running of a multi asset Multi Sector,

00:05:13 --> 00:05:17: UK commercial real estate portfolio that was valued at ??1

00:05:17 --> 00:05:20: billion of behalf of institutional investors.

00:05:20 --> 00:05:23: Matt also oversaw the creation of the London office of

00:05:23 --> 00:05:28: A PAN European real estate asset management company as managing

00:05:28 --> 00:05:28: director.

00:05:28 --> 00:05:32: Matt has over 18 years experience in leasing,

00:05:32 --> 00:05:35: acquisition, valuation and asset management functions.

00:05:35 --> 00:05:39: He received his bachelor with engineering degree at the University

00:05:39 --> 00:05:39: of Leeds,

00:05:39 --> 00:05:44: his postgraduate, the permit from London South Bank University and

00:05:44 --> 00:05:46: is also a chartered surveyor.

00:05:46 --> 00:05:49: Without any further ado, Steve over to you for the

00:05:49 --> 00:05:50: presentation

00:05:51 --> 00:05:55: Steve. Oh, thank you very much and good afternoon to

00:05:55 --> 00:05:56: everybody.

00:05:56 --> 00:05:59: I'll just share my screen so bear with me for

00:05:59 --> 00:06:00: a few moments.

00:06:07 --> 00:06:09: I had an unstable Internet just now,

00:06:09 --> 00:06:12: so I'm hoping that that's not gonna.

00:06:12 --> 00:06:13: That's not gonna stop my presentation,

00:06:13 --> 00:06:16: but if I disappear, there's a that'd be the reason

00:06:16 --> 00:06:16: why.

00:06:16 --> 00:06:18: But that's still no excuse.

00:06:18 --> 00:06:20: So yes, good afternoon everyone.

00:06:20 --> 00:06:22: So yes, my name is Steve Lang.

00:06:22 --> 00:06:27: I'm just going to present the the the ULI report

00:06:27 --> 00:06:30: that was written last year by the Adobe.

00:06:30 --> 00:06:34: They did a very good job of of just understanding

00:06:34 --> 00:06:37: the life science sector for for the industry.

00:06:37 --> 00:06:41: Generally the case for real estate investment and there's a
 00:06:41 --> 00:06:44: list of the of the sponsors for the report on
 00:06:44 --> 00:06:46: the right hand side,
 00:06:46 --> 00:06:50: one of which is bio Med and and obviously who
 00:06:50 --> 00:06:51: who Matt works for.
 00:06:51 --> 00:06:54: So I just have a quick answer through through the
 00:06:54 --> 00:06:54: findings.
 00:06:54 --> 00:06:56: Of course. Have a look at the report at your
 00:06:56 --> 00:06:57: leisure.
 00:06:57 --> 00:06:59: It's a, it's a. It's a very good read even
 00:06:59 --> 00:07:02: for these say so myself now in terms of the
 00:07:02 --> 00:07:05: life science sector and the key drivers.
 00:07:05 --> 00:07:08: One of the key sort of aspects or the key
 00:07:08 --> 00:07:11: points that people have made to me over the last
 00:07:11 --> 00:07:12: few years is what?
 00:07:12 --> 00:07:13: What are the key drivers?
 00:07:13 --> 00:07:17: And I think the fundamentals for the life science real
 00:07:17 --> 00:07:21: estate sector or life science sector in general are incredibly
 00:07:21 --> 00:07:22: strong.
 00:07:22 --> 00:07:25: It's not just driven by COVID-19,
 00:07:25 --> 00:07:31: although that certainly increased the interest in the early part
 00:07:31 --> 00:07:32: of 2020,
 00:07:32 --> 00:07:36: but overall there are sort of key drivers for this
 00:07:36 --> 00:07:36: market,
 00:07:36 --> 00:07:39: as was outlined in the report.
 00:07:39 --> 00:07:44: Demographic aging healthcare spend generally across the
 globe are increasing
 00:07:44 --> 00:07:46: governments becoming much,
 00:07:46 --> 00:07:48: much more depth of understanding the sector,
 00:07:48 --> 00:07:52: growing it in terms of government funding has been growing.
 00:07:52 --> 00:07:55: As well, but also there's a big sort of technology
 00:07:55 --> 00:08:01: push and we're seeing increasing trends around
 technologists becoming biologists.
 00:08:01 --> 00:08:03: When you look at companies like Apple,
 00:08:03 --> 00:08:06: you know their number one priority is around human health,
 00:08:06 --> 00:08:10: so it's fascinating to see how that how that side
 00:08:10 --> 00:08:14: of the the tech market has increased and grown life
 00:08:14 --> 00:08:16: science sector generally.
 00:08:16 --> 00:08:19: So there are lots of lots of key factors that
 00:08:19 --> 00:08:22: need to be understood in terms of in terms of.
 00:08:22 --> 00:08:25: Going out and analyzing and working out what's happening
 in
 00:08:25 --> 00:08:27: the life science market generally,

00:08:27 --> 00:08:30: but overall and as Matt would would,

00:08:30 --> 00:08:31: would would agree with is.

00:08:31 --> 00:08:34: It's it's a massive sector that covers so many disciplines

00:08:35 --> 00:08:36: and so many different areas,

00:08:36 --> 00:08:39: so it's not just like a one size fits all

00:08:39 --> 00:08:41: in terms of real estate.

00:08:43 --> 00:08:47: Now another big key drivers around personalization.

00:08:47 --> 00:08:49: You know we all love to see things to be

00:08:49 --> 00:08:50: very personal to us,

00:08:50 --> 00:08:54: and perhaps the past model around life sciences,

00:08:54 --> 00:08:57: pharmaceuticals, drug delivery, discovery, etc.

00:08:57 --> 00:09:01: Was broadly around. Let's let's create a medicine and then

00:09:01 --> 00:09:04: it will probably be effective on about 30 to 60%

00:09:04 --> 00:09:09: of the patients. But clearly on what we've seen with

00:09:09 --> 00:09:12: with DNA genomics merna the bin.

00:09:12 --> 00:09:15: Much bigger drive around personalization,

00:09:15 --> 00:09:17: so this is also a big push in terms of

00:09:17 --> 00:09:20: a huge amount of capital being raised in terms of

00:09:20 --> 00:09:24: companies looking for that individual characterization,

00:09:24 --> 00:09:28: understanding what can be tailored for particular patients.

00:09:28 --> 00:09:31: So as we've seen in the UK Markets,

00:09:31 --> 00:09:34: Cambridge, London, Oxford and everywhere in between has been a

00:09:34 --> 00:09:36: big push around that personalization,

00:09:36 --> 00:09:40: so this is another key driver in terms of capital

00:09:40 --> 00:09:44: coming into the sector and and sort of creating.

00:09:44 --> 00:09:47: Therapeutics medicines for the greater good,

00:09:47 --> 00:09:51: but are much more effective in terms of dealing with

00:09:51 --> 00:09:53: disease and illness,

00:09:53 --> 00:09:56: etc. So there's sort of big drivers like this that

00:09:56 --> 00:09:59: that that's that's pushing the sector forward.

00:10:01 --> 00:10:04: Just so, picking up on that point where I talked

00:10:04 --> 00:10:07: about the sort of technologists becoming much more akin to

00:10:07 --> 00:10:08: to biologists.

00:10:08 --> 00:10:11: So when you think of life sciences,

00:10:11 --> 00:10:13: lots of people think and rightly so,

00:10:13 --> 00:10:16: and it is an important sector around a wet laboratory.

00:10:16 --> 00:10:22: Chemistry Labs biology labs. Into people in white lab coats.

00:10:22 --> 00:10:23: You know, dealing with chemicals,

00:10:23 --> 00:10:28: etc. But increasingly we're seeing big trends and push

00:10:28 --> 00:10:30: towards

00:10:28 --> 00:10:30: what we can call dry laboratories.

00:10:30 --> 00:10:34: So looking at computational laboratories,
00:10:34 --> 00:10:36: much more, probably akin to a sort of a data
00:10:36 --> 00:10:37: center,
00:10:37 --> 00:10:42: meets an office, so AI data etc around that part
00:10:42 --> 00:10:46: of the equation within life sciences.
00:10:46 --> 00:10:50: So big names. Google Alphabet with deep mind.
00:10:50 --> 00:10:53: Microsoft etc. And as I've already mentioned,
00:10:53 --> 00:10:57: companies like Apple and indeed another key aspect is
around
00:10:57 --> 00:10:58: logistics retail,
00:10:58 --> 00:11:01: but also what's probably missing from here is the
manufacturing
00:11:01 --> 00:11:02: side of the equation as well.
00:11:02 --> 00:11:07: So all across the spectrum of commercial real estate there
00:11:07 --> 00:11:11: is an impact of life sciences having an impact along
00:11:11 --> 00:11:14: along that that strata of real estate overall.
00:11:14 --> 00:11:17: So it's a fascinating sector to look at how it
00:11:17 --> 00:11:20: impacts on each one of those individual asset.
00:11:20 --> 00:11:22: Classes within the real estate sector,
00:11:22 --> 00:11:26: so again, these are like big drivers that's pushing the
00:11:26 --> 00:11:28: market forward.
00:11:28 --> 00:11:31: But also it's important to understand the big what I
00:11:31 --> 00:11:34: would call household names and what they are doing in
00:11:34 --> 00:11:35: terms of discovery.
00:11:35 --> 00:11:40: Now what I'm showing on this chart here is effectively
00:11:40 --> 00:11:44: the R&D spend per annum by by the top companies.
00:11:44 --> 00:11:47: Now no real surprise in terms of the in terms
00:11:47 --> 00:11:51: of the top two and a half thousand companies across
00:11:51 --> 00:11:51: the globe,
00:11:51 --> 00:11:54: the likes of Alphabet, Microsoft,
00:11:54 --> 00:11:57: Samsung, you know they are leading the way in terms
00:11:57 --> 00:11:59: of the overall quantum.
00:11:59 --> 00:12:02: Of R&D money spent each year,
00:12:02 --> 00:12:05: but it's interesting to look at that top 30 and
00:12:05 --> 00:12:08: a third of those are still the farmer in the
00:12:08 --> 00:12:09: biotechnology markets,
00:12:09 --> 00:12:11: and indeed across those two,
00:12:11 --> 00:12:14: two and a half thousand companies in terms of their
00:12:15 --> 00:12:15: R&D spend 19%
00:12:16 --> 00:12:20: share of the overall total spent is still the farmer
00:12:20 --> 00:12:21: in the bio sector.
00:12:21 --> 00:12:24: Now that's more than the overall sectors like technology,
00:12:24 --> 00:12:28: accounting for 16% and also the automobile sector

accounted for

00:12:29 --> 00:12:29: 16.

00:12:29 --> 00:12:32: Percent so this sector is still big spenders,

00:12:32 --> 00:12:34: why do we care? Well,

00:12:34 --> 00:12:37: R&D means there's a requirement for real estate,

00:12:37 --> 00:12:39: but as a world already alluded to,

00:12:39 --> 00:12:42: that personalization changes in terms of how discovery,

00:12:42 --> 00:12:47: drug delivery, drug discovery has changed over the last couple

00:12:47 --> 00:12:50: of decades that there's a slight difference.

00:12:50 --> 00:12:52: There's a shift in terms of where those companies want

00:12:52 --> 00:12:52: to be,

00:12:52 --> 00:12:56: where they want to locate to to find the next

00:12:56 --> 00:12:57: big therapeutic.

00:12:57 --> 00:13:00: The next big drug, and so that's that's been fascinating.

00:13:00 --> 00:13:02: Seeing how that's evolved over the last decade or so.

00:13:02 --> 00:13:06: And some of that's been both a push into city

00:13:06 --> 00:13:07: center urban locations.

00:13:07 --> 00:13:10: Being increasingly, it's still important for them to have a

00:13:10 --> 00:13:12: campus type real estate as well.

00:13:12 --> 00:13:15: So it's it's not saying one's preferred over the other,

00:13:15 --> 00:13:18: but it is fascinating to see how how the dynamics

00:13:18 --> 00:13:19: have changed,

00:13:19 --> 00:13:22: and indeed, how the types types of real estate and

00:13:22 --> 00:13:24: how the buildings have evolved over that time.

00:13:27 --> 00:13:31: Now looking at the other end of the funding rounds,

00:13:31 --> 00:13:34: really picking up on venture capital,

00:13:34 --> 00:13:37: it's important to follow the capital to understand how much

00:13:37 --> 00:13:41: money is being raised by these companies and what I've

00:13:41 --> 00:13:44: just put together here is just just looking for the

00:13:44 --> 00:13:50: the venture capital raised in life science related companies across

00:13:50 --> 00:13:50: Europe.

00:13:50 --> 00:13:54: Now I think the key point to take from this

00:13:54 --> 00:13:56: stat is this chart is really.

00:13:56 --> 00:13:59: There's a big split in terms of the type of

00:13:59 --> 00:14:03: life science that that that's being performed.

00:14:03 --> 00:14:05: Uhm, there's a big other on here,

00:14:05 --> 00:14:06: and there will probably be.

00:14:06 --> 00:14:09: There are dozens and dozens of sort of micro verticals

00:14:09 --> 00:14:12: that sit within the life science sector,

00:14:12 --> 00:14:14: but overall it's still about drug discovery.

00:14:14 --> 00:14:16: But in terms of the key point,
 00:14:16 --> 00:14:18: you know, last year, 64%
 00:14:18 --> 00:14:21: increase in the overall quantum again.
 00:14:21 --> 00:14:23: Why do we care? Well,
 00:14:23 --> 00:14:25: these companies are raising capital.
 00:14:25 --> 00:14:28: They're gonna have venture capitalists who's gonna want to see
 00:14:28 --> 00:14:29: results they need to recruit?
 00:14:29 --> 00:14:32: People they need to get on with their science and
 00:14:32 --> 00:14:35: there is a real estate need either immediately or what
 00:14:35 --> 00:14:37: we tend to find up to about 18 months down
 00:14:37 --> 00:14:41: the line in terms of having somewhere to for them
 00:14:41 --> 00:14:43: to locate to get on with their science.
 00:14:43 --> 00:14:46: So tracking this type of money is a fantastic lead
 00:14:46 --> 00:14:51: indicator into understanding where those companies are gonna evolve and
 00:14:51 --> 00:14:53: how they're gonna evolve going forward.
 00:14:53 --> 00:14:57: Now it's really important to understand the triple Helix now.
 00:14:57 --> 00:14:59: If you're a geographer, you've probably seen this before.
 00:14:59 --> 00:15:02: Understanding how the three areas of government,
 00:15:02 --> 00:15:06: university and business overlap is a is a 20 year
 00:15:06 --> 00:15:09: old model and really you want to put your life
 00:15:09 --> 00:15:12: science somewhere in the middle of those interactions.
 00:15:12 --> 00:15:15: It's not always a model that has to be in
 00:15:15 --> 00:15:15: place.
 00:15:15 --> 00:15:18: Sometimes you can have a couple of these factors,
 00:15:18 --> 00:15:21: but it's really, really important to understand and there's some
 00:15:21 --> 00:15:23: fantastic examples across the world,
 00:15:23 --> 00:15:28: although no real surprise that that the models being adapted
 00:15:28 --> 00:15:30: so the societal impact.
 00:15:30 --> 00:15:32: Has also been added, and again you've got to put
 00:15:32 --> 00:15:35: your real estate in the middle and then there's been
 00:15:35 --> 00:15:36: the environmental rapper.
 00:15:36 --> 00:15:40: Of course, with ESG is important to also adhere to
 00:15:40 --> 00:15:42: the ESG credentials,
 00:15:42 --> 00:15:45: and again the quadruple has turned into the quintuple Helix
 00:15:45 --> 00:15:48: and having your real estate somewhere in the middle of
 00:15:48 --> 00:15:49: that.
 00:15:49 --> 00:15:54: Overall that overall sort of ecosystem is absolutely critical.
 00:15:54 --> 00:15:56: But like I say, it's not always.
 00:15:56 --> 00:15:57: It's not always the case,
 00:15:57 --> 00:16:00: but that some of the best examples across the world

00:16:00 --> 00:16:01: absolutely adhere to this.

00:16:01 --> 00:16:04: General model and it's something you need to identify in

00:16:04 --> 00:16:06: terms of when you're looking at.

00:16:06 --> 00:16:10: If you were looking to invest into the life science

00:16:10 --> 00:16:13: sector in terms of real estate.

00:16:13 --> 00:16:15: So where are the best examples in the world now?

00:16:15 --> 00:16:18: Lots of people talk about Kendall Square in in Cambridge,

00:16:18 --> 00:16:21: MA. I mean I, I would always say sort of

00:16:21 --> 00:16:23: look the other side of the Charles River,

00:16:23 --> 00:16:26: the Longwood Medical area. You know,

00:16:26 --> 00:16:28: absolutely adheres to that triple Helix model.

00:16:28 --> 00:16:32: Incredibly strong. I think this will make Matt quite happy.

00:16:32 --> 00:16:35: 'cause bio Med of got a built-in slap bang in

00:16:35 --> 00:16:37: the middle of of this location?

00:16:37 --> 00:16:40: Absolutely world class and well worth looking at the Center

00:16:40 --> 00:16:41: for Life Sciences.

00:16:41 --> 00:16:42: If you do get a chance.

00:16:42 --> 00:16:45: But it just shows you what a true ecosystem looks

00:16:46 --> 00:16:49: like now this will not be replicated all across the

00:16:49 --> 00:16:49: world,

00:16:49 --> 00:16:52: but if you get something like this or the opportunity

00:16:52 --> 00:16:54: to purchase buildings in this type of ecosystem,

00:16:54 --> 00:16:56: then you absolutely need to.

00:16:56 --> 00:17:00: But of course the competition is relatively high.

00:17:00 --> 00:17:05: Now moving slightly closer is it's important to understand the

00:17:05 --> 00:17:09: lifecycle of how the real estate lifecycle meets that triple

00:17:09 --> 00:17:10: Helix.

00:17:10 --> 00:17:12: So in the middle on this charge you can see

00:17:12 --> 00:17:13: the university,

00:17:13 --> 00:17:16: the government funding and what tends to happen is,

00:17:16 --> 00:17:17: as that venture capital comes in,

00:17:17 --> 00:17:20: the type of real estate really as it moves through

00:17:20 --> 00:17:22: the startup phase for the company,

00:17:22 --> 00:17:26: you're in, more accelerator incubator type space where you

00:17:26 --> 00:17:28: need

00:17:26 --> 00:17:28: perhaps more help around business services,

00:17:28 --> 00:17:33: legal, marketing, etc. You become part of networks,

00:17:33 --> 00:17:35: which is really important for these startup companies,

00:17:35 --> 00:17:38: but gradually, overtime and as we've seen with many of

00:17:39 --> 00:17:41: the clients that we've sort of acted for in terms

00:17:41 --> 00:17:43: of companies that started up,

00:17:43 --> 00:17:45: some of them are only about 8 years old,

00:17:45 --> 00:17:48: but they've already got to that stage where their real
 00:17:48 --> 00:17:49: estate has become really mature,
 00:17:49 --> 00:17:52: so they've moved through this cycle very quickly,
 00:17:52 --> 00:17:55: and that's another key point to to consider in terms
 00:17:55 --> 00:17:57: of life science,
 00:17:57 --> 00:17:58: real estate is the needs,
 00:17:58 --> 00:18:01: and the wants of the organisations or the companies will
 00:18:01 --> 00:18:01: change.
 00:18:01 --> 00:18:05: Very very rapidly overtime, but of course there's always the
 00:18:05 --> 00:18:08: big organizations that are much,
 00:18:08 --> 00:18:10: much, much more mature, and they will also need to
 00:18:10 --> 00:18:13: have a slightly different type of real estate through time,
 00:18:13 --> 00:18:16: so so it's sort of a continual cycle.
 00:18:16 --> 00:18:21: How these companies evolve and the real estate needs to
 00:18:21 --> 00:18:23: match those needs going forward.
 00:18:23 --> 00:18:25: In terms of the occupier needs,
 00:18:25 --> 00:18:27: now this this was in the report and it was
 00:18:27 --> 00:18:30: taken sort from a from the previous Ulr report 2015,
 00:18:30 --> 00:18:34: but absolutely again, critical and key to the types of
 00:18:34 --> 00:18:38: needs that that that life science companies need flexibility
 early
 00:18:38 --> 00:18:41: on is is is quite is is pretty important,
 00:18:41 --> 00:18:46: but that ability of the workspace their companies will change
 00:18:46 --> 00:18:49: over time very quickly but grow on space protection of
 00:18:49 --> 00:18:51: their intellectual property,
 00:18:51 --> 00:18:54: the IP collaboration. Vibrant mix,
 00:18:54 --> 00:18:58: use, surroundings as well. You know scientists want to have
 00:18:58 --> 00:18:59: fun as well as you know you.
 00:18:59 --> 00:19:03: You can't just put them somewhere completely isolated,
 00:19:03 --> 00:19:07: so it's important to provide the right type of amenity
 00:19:07 --> 00:19:11: and there's some fantastic examples across the UK and
 again
 00:19:11 --> 00:19:12: to keep keep Matt happy.
 00:19:12 --> 00:19:15: You look at some of the amenity provision that they've
 00:19:15 --> 00:19:16: put on their parks in Cambridge,
 00:19:16 --> 00:19:20: Granta Park, in particularly, you know massive investment,
 00:19:20 --> 00:19:22: but I'm sure, for for Matt will say that you
 00:19:22 --> 00:19:25: know a massive payoff in terms of attracting.
 00:19:25 --> 00:19:27: Fake occupiers to to their park,
 00:19:27 --> 00:19:31: so it's it's absolutely critical and it's no real difference
 00:19:32 --> 00:19:34: to what you'd find in a in a in a
 00:19:34 --> 00:19:38: standard office requirement or need from occupiers.
 00:19:38 --> 00:19:41: Now just touching upon the investment activity,

00:19:41 --> 00:19:44: and again this was this was in in the report.

00:19:44 --> 00:19:48: Just looking in terms of the top destinations in the

00:19:48 --> 00:19:48: UK.

00:19:48 --> 00:19:52: Pretty much accounting for about 1/4 of investment over the

00:19:52 --> 00:19:56: period sore from 2015 and I guess to roughly around

00:19:56 --> 00:19:59: the end of 2020 when the report was written and

00:19:59 --> 00:20:04: the key markets across across key markets in terms of

00:20:04 --> 00:20:05: by country.

00:20:05 --> 00:20:07: As you can see there that it's UK,

00:20:07 --> 00:20:12: France, Switzerland, Germany, Netherlands. No real surprise in terms of

00:20:12 --> 00:20:16: those core locations and just to update UM where where

00:20:16 --> 00:20:19: we are in terms of the last three years just

00:20:19 --> 00:20:22: to pick up the 2021 data and excluding the US

00:20:22 --> 00:20:24: and looking across the globe,

00:20:24 --> 00:20:28: the UK still pretty much accountant for around 1/4 of

00:20:28 --> 00:20:32: overall investment volumes within the real estate.

00:20:32 --> 00:20:36: A life science R&D sector Eben Creasing Lee MORE also

00:20:36 --> 00:20:39: within the Chinese markets.

00:20:39 --> 00:20:41: Now I think the big opportunity is around sort of

00:20:41 --> 00:20:41: Germany.

00:20:41 --> 00:20:44: And also France, I think what I've seen in the

00:20:44 --> 00:20:45: last six months,

00:20:45 --> 00:20:48: much, much higher levels of interest gradually as the lights

00:20:48 --> 00:20:49: are going off in this room,

00:20:49 --> 00:20:52: 'cause I'm not moving enough.

00:20:52 --> 00:20:54: There we go. It's back on,

00:20:54 --> 00:20:57: uh, so we're seeing much more interesting in in the

00:20:57 --> 00:20:58: French market,

00:20:58 --> 00:21:02: so particularly particularly Paris and the venture capital funding that's

00:21:02 --> 00:21:05: been happening in Paris is significant on part of what

00:21:05 --> 00:21:06: we've seen in London.

00:21:06 --> 00:21:11: So I think it's it's certainly a a key market

00:21:11 --> 00:21:12: to watch.

00:21:12 --> 00:21:15: Now the final slide from me and these again taken

00:21:15 --> 00:21:18: from the report and just looking in terms of the

00:21:18 --> 00:21:21: summary overall from from from what what the what the

00:21:21 --> 00:21:24: findings were now I think in terms of as a

00:21:24 --> 00:21:24: sector,

00:21:24 --> 00:21:28: and I think there's a big challenge for us analysts

00:21:28 --> 00:21:33: to start looking at data and understanding what is actually

00:21:33 --> 00:21:37: happening in the sector overall product.
 00:21:37 --> 00:21:39: You know the need for more product investment.
 00:21:39 --> 00:21:40: Stock levels are fairly low,
 00:21:40 --> 00:21:42: but I think that will come from good levels of
 00:21:42 --> 00:21:46: searching and understanding what opportunities are out there for investors

 00:21:46 --> 00:21:49: and having conversations with occupiers and existed owners,
 00:21:49 --> 00:21:53: particularly on the public sector side to see what their
 00:21:53 --> 00:21:55: appetite is for them to sell,
 00:21:55 --> 00:22:00: because certainly there's a huge amount of capital chasing this

 00:22:00 --> 00:22:03: sector across Europe and also the UK.
 00:22:03 --> 00:22:05: Just in terms of the strengths and opportunities,
 00:22:05 --> 00:22:06: I think I've outlined those.
 00:22:06 --> 00:22:10: I think you know that the fundamentals are are a
 00:22:10 --> 00:22:13: very a very strong the venture capital.
 00:22:13 --> 00:22:17: As I've already mentioned the the the real estate investment
 00:22:17 --> 00:22:22: appetite is significant and also from government level.
 00:22:22 --> 00:22:25: The policy priorities are certainly there around human health and

 00:22:25 --> 00:22:29: coupled with what I've already talked about the technology sectors

 00:22:29 --> 00:22:32: that are keen to get into this sector as well
 00:22:32 --> 00:22:35: just means that overall. Which you seem much more interest.
 00:22:35 --> 00:22:38: The last three years has been incredibly busy,
 00:22:38 --> 00:22:41: like, like Thibaut says, I've been covering the sector for
 00:22:41 --> 00:22:42: 20 years now.
 00:22:42 --> 00:22:45: Certainly that's been on and off over that over those
 00:22:45 --> 00:22:46: 20 years,
 00:22:46 --> 00:22:48: but within the last two and a half years is
 00:22:48 --> 00:22:49: been incredibly busy.
 00:22:49 --> 00:22:51: As an analyst working in this sector.
 00:22:51 --> 00:22:56: So that gives you a snapshot of the report.
 00:22:56 --> 00:22:59: Hope I'm on time. Please do have a read,
 00:22:59 --> 00:23:01: but thank you very much and I'll hand over to
 00:23:01 --> 00:23:04: Thibaut or probably hand straight over to.
 00:23:04 --> 00:23:04: Automatically,
 00:23:04 --> 00:23:07: yeah, thank you Steve, for this insightful presentation.
 00:23:07 --> 00:23:10: Yes, we're gonna we're gonna move on to Matt Smith.
 00:23:10 --> 00:23:13: From Bio Med Realty. In the meantime,
 00:23:13 --> 00:23:17: just I encourage everyone who is connected to ask questions
 00:23:17 --> 00:23:20: on the Q&A box and we will do our best
 00:23:20 --> 00:23:22: to respond to these questions.

00:23:22 --> 00:23:26: After Matt's presentation, we will have a short Q&A session
00:23:26 --> 00:23:31: and then we will move to the in person presentation.
00:23:31 --> 00:23:32: Max over to you.
00:23:32 --> 00:23:37: Thank you and thank you Steven for those bringing
endorsements
00:23:37 --> 00:23:38: much appreciated.
00:23:38 --> 00:23:41: Good afternoon everyone. I'd just like to start by thanking
00:23:41 --> 00:23:43: you and I France for inviting me to speak to
00:23:43 --> 00:23:44: you all today.
00:23:44 --> 00:23:47: My name is Matt Smith and said I am the
00:23:47 --> 00:23:51: leasing director and market lead for Bio Med grill T
00:23:51 --> 00:23:52: in the UK.
00:23:52 --> 00:23:55: For those that don't know,
00:23:55 --> 00:23:56: excuse me. For those who don't know,
00:23:56 --> 00:24:00: bio Med Realty is a leading global provider of real
00:24:00 --> 00:24:02: estate solutions for life science,
00:24:02 --> 00:24:08: biotech and technology. Companies are active portfolio is
located in
00:24:08 --> 00:24:09: the core.
00:24:09 --> 00:24:11: Innovation hubs and apologies for my camera here.
00:24:11 --> 00:24:13: They know what's going on there.
00:24:13 --> 00:24:16: The sort of core innovation hubs on the West Coast
00:24:16 --> 00:24:19: and East Coast in United States and in Cambridge and
00:24:19 --> 00:24:21: the United Kingdom.
00:24:21 --> 00:24:24: And you know, Steven touched on this about what makes.
00:24:24 --> 00:24:28: A core innovation. Hodge, a hub which I will come
00:24:28 --> 00:24:31: on to later on in the in the presentation we
00:24:31 --> 00:24:36: have a fully integrated franchise which provides mission
critical real
00:24:36 --> 00:24:39: estate or research and development,
00:24:39 --> 00:24:43: biotech, life, science and technology companies and we have
created
00:24:43 --> 00:24:45: a portfolio which you can see here.
00:24:45 --> 00:24:48: 14 and a half million square foot.
00:24:48 --> 00:24:53: A platform of 280. Professionals dedicated to life science and
00:24:54 --> 00:24:59: a development pipeline of three point 1,000,000 square foot.
00:24:59 --> 00:25:03: Now these three things all work in tandem and mean
00:25:03 --> 00:25:07: that you know we are able to build and expand
00:25:07 --> 00:25:12: our relationships and you know just this slide just shows
00:25:12 --> 00:25:15: a snapshot of some of the 280 tens that we
00:25:15 --> 00:25:17: we count across our portfolio.
00:25:17 --> 00:25:21: I've highlighted in orange the ones that are under my
00:25:21 --> 00:25:23: purview in the UK.

00:25:23 --> 00:25:25: But these are obviously big,
00:25:25 --> 00:25:30: established household names. It's Gilead Illumina apple Biogen,
00:25:31 --> 00:25:36: Astra Zeneca etc. But we have companies from all stages
00:25:36 --> 00:25:38: of the lifecycle,
00:25:38 --> 00:25:41: from the spin out to the scale up to the
00:25:41 --> 00:25:45: sort of global pharma guys which which was shown on
00:25:45 --> 00:25:46: this slide.
00:25:46 --> 00:25:49: I mentioned that we have a platform and in essence
00:25:50 --> 00:25:52: what that means is that we we take care of
00:25:52 --> 00:25:56: everything in House and that is a benefit to our
00:25:56 --> 00:25:59: tenants because they they can basically worry about the science
00:25:59 --> 00:26:02: and let us worry about the real estate we we
00:26:02 --> 00:26:05: control everything internally so the property management,
00:26:05 --> 00:26:08: facilities management, the design of the buildings,
00:26:08 --> 00:26:13: leasing, acquisitions, all taken care of by a knowledgeable group
00:26:13 --> 00:26:16: who are able to make sure that the mission critical
00:26:16 --> 00:26:17: real estate.
00:26:17 --> 00:26:21: Continues to operate at its peak performance and that
00:26:21 --> 00:26:24: basically
00:26:24 --> 00:26:28: a tenant isn't going to lose six months worth of
00:26:28 --> 00:26:30: experiments because the air conditioning shuts down or there's a
00:26:30 --> 00:26:33: power loss at the building.
00:26:33 --> 00:26:34: I mentioned a pipeline of three point,
00:26:34 --> 00:26:38: 1,000,000 square foot and this just this slide,
00:26:38 --> 00:26:43: just kind of highlights the the labs and the office
00:26:43 --> 00:26:45: that we have in various stages of construction across our
00:26:45 --> 00:26:48: core markets of Seattle.
00:26:48 --> 00:26:51: Sounder Francisco, San Diego, Boston,
00:26:51 --> 00:26:55: Cambridge and Cambridge in the UK.
00:26:55 --> 00:26:58: Together they will deliver. Three point,
00:26:58 --> 00:27:01: 1,000,000 square foot and there's another sort of seven and
00:27:01 --> 00:27:02: a half million square foot behind that in earlier stages
00:27:02 --> 00:27:04: of planning.
00:27:04 --> 00:27:08: With planning and picking up on Stevens Point,
00:27:08 --> 00:27:13: about the quintuple Helix with the sort of environmental
00:27:13 --> 00:27:17: rapper
00:27:17 --> 00:27:21: that goes around the the more traditional cause.
00:27:21 --> 00:27:22: Typically, you know the ESG agenda is becoming increasingly important
00:27:22 --> 00:27:25: to to everyone,

00:27:22 --> 00:27:27: and our tenants. Life, science biotech companies are no different

00:27:27 --> 00:27:29: to the rest of the world.

00:27:29 --> 00:27:32: You know it is. It is something that affects us

00:27:32 --> 00:27:35: all and so we are designing all of our buildings

00:27:35 --> 00:27:39: with the highest standards of energy efficiency and BREEAM ratings

00:27:39 --> 00:27:41: that we can get. You know,

00:27:41 --> 00:27:42: we've delivered the port we're building here,

00:27:42 --> 00:27:45: which was the first building in the UK or the

00:27:45 --> 00:27:46: first lab building in the UK?

00:27:46 --> 00:27:49: To achieve a well building standard of gold and we

00:27:49 --> 00:27:53: are looking to better that with the next developments coming

00:27:53 --> 00:27:57: through in Cambridge but also on granted park where we

00:27:57 --> 00:28:00: were targeting breann of excellent and a minimum of world

00:28:00 --> 00:28:01: standard of gold.

00:28:03 --> 00:28:07: Bio Med is a Blackstone portfolio company and we are

00:28:07 --> 00:28:11: incredibly lucky to have a world class capital sponsor,

00:28:11 --> 00:28:14: but Blackstone is a has a a number of different

00:28:14 --> 00:28:18: arms which we kind of plug into and benefit with

00:28:18 --> 00:28:20: get synergistic value from.

00:28:20 --> 00:28:22: I'm not gonna spend a great deal of time on

00:28:22 --> 00:28:25: this slide but that kind of Venn diagram just shows

00:28:25 --> 00:28:27: how we can benefit from the data from Blackstone data

00:28:27 --> 00:28:29: science and their life sciences,

00:28:29 --> 00:28:32: on which is a VC fund.

00:28:32 --> 00:28:37: So turning now to the United Kingdom and why a

00:28:38 --> 00:28:45: predominantly American company decided in 2012 to buy grants apart.

00:28:45 --> 00:28:47: The answers are basically on this slide.

00:28:47 --> 00:28:50: You know all of the top 25 global fire global

00:28:50 --> 00:28:53: biopharma companies are in the UK.

00:28:53 --> 00:28:56: All of the top 30 global Medtech companies are represented

00:28:56 --> 00:28:57: here.

00:28:57 --> 00:29:00: We've got four of the top ten global universities in

00:29:01 --> 00:29:02: the United Kingdom,

00:29:02 --> 00:29:07: the UK Government's commitment to spend and RnB,

00:29:07 --> 00:29:08: this second in the world,

00:29:08 --> 00:29:12: first in EU behind only the United States.

00:29:12 --> 00:29:17: You know we have a really robust set of fundamentals.

00:29:17 --> 00:29:20: If you're looking at that sort of that triple Helix

00:29:20 --> 00:29:21: quadruple Helix,

00:29:21 --> 00:29:23: you'll see a lot of those accounted for on this

00:29:23 --> 00:29:24: slide,

00:29:24 --> 00:29:28: and that and that is why you know the UK

00:29:28 --> 00:29:28: has.

00:29:28 --> 00:29:32: And the Golden Triangle in particular has got such a

00:29:32 --> 00:29:34: prominence on the world stage.

00:29:34 --> 00:29:38: Again, this is just drilling down into that that triple

00:29:38 --> 00:29:39: Helix.

00:29:39 --> 00:29:45: See we have added. We think there's another important part.

00:29:45 --> 00:29:48: The foundation of any sort of life science eco cluster

00:29:48 --> 00:29:51: or innovation hub and that is the the VC aspect.

00:29:51 --> 00:29:55: You know the the funding universe that that that supports

00:29:55 --> 00:29:59: and builds the spin out companies and the scale up

00:29:59 --> 00:30:00: companies.

00:30:00 --> 00:30:04: And, you know, compared last year was a record breaking

00:30:04 --> 00:30:07: year in the UK for VC funds have raised my

00:30:07 --> 00:30:11: life science companies with more than four and a half

00:30:11 --> 00:30:14: billion pounds raised directly into life,

00:30:14 --> 00:30:19: science and biotech companies. There were also 17 IPO's of

00:30:19 --> 00:30:23: UK companies and just to put that in context.

00:30:23 --> 00:30:26: In 2020, there were only two.

00:30:28 --> 00:30:35: So. Our corporate ethos and philosophy is very much to

00:30:35 --> 00:30:39: build an industry and support.

00:30:39 --> 00:30:42: Our tenants and companies growth at every stage of the

00:30:42 --> 00:30:45: life cycle and that means that from the early stages

00:30:45 --> 00:30:49: of innovation and spin out companies all the way through

00:30:49 --> 00:30:51: to the Astra zeneca's of this world.

00:30:53 --> 00:30:58: And I'll get into more detail on kind of each

00:30:58 --> 00:30:59: of those.

00:30:59 --> 00:31:01: Each of those times in the life cycle,

00:31:01 --> 00:31:04: the next slides. But you know we have in in

00:31:04 --> 00:31:06: the United Kingdom in Cambridge.

00:31:06 --> 00:31:10: Here we really do. We have supported company grows from

00:31:10 --> 00:31:12: from beginning all the way through.

00:31:12 --> 00:31:16: It started with the paper Ham Research Institute paper,

00:31:16 --> 00:31:21: and research campus. So which is an axis of academia,

00:31:21 --> 00:31:25: industry and sort of entrepreneurial spirit?

00:31:25 --> 00:31:28: Quite frankly here they run a.

00:31:28 --> 00:31:34: World renowned best in class incubator for life science

00:31:34 --> 00:31:38: companies

00:31:34 --> 00:31:38: and they've got about 60 companies on the park and

00:31:38 --> 00:31:42: these generally speaking are small up to five people.

00:31:42 --> 00:31:45: Companies where a great idea has been spun out of

00:31:45 --> 00:31:49: the University of Cambridge and they're kind of testing the
00:31:49 --> 00:31:49: hypothesis.
00:31:49 --> 00:31:53: Seeing if it works and coming to those stages.
00:31:53 --> 00:31:55: Now there are some on the bottom right slide you
00:31:56 --> 00:31:59: got their star Bicycle Therapeutics who listed on the
NASDAQ.
00:31:59 --> 00:32:02: A couple of years ago for most and kind Mab
00:32:02 --> 00:32:06: who just been acquired by or acquired by Sanofi last
00:32:06 --> 00:32:06: year.
00:32:06 --> 00:32:10: All of these tenants started life in some stage at
00:32:11 --> 00:32:13: the incubator on the campus.
00:32:13 --> 00:32:15: But as these companies grow,
00:32:15 --> 00:32:19: and as they raise their Series A funding round from
00:32:20 --> 00:32:21: VC backers,
00:32:21 --> 00:32:24: they need grow on space graduation labs,
00:32:24 --> 00:32:26: sort of. They are at the next stage of their
00:32:26 --> 00:32:27: life,
00:32:27 --> 00:32:29: and as as Steve alluded to,
00:32:29 --> 00:32:32: you know they. They grow quickly and when they need
00:32:32 --> 00:32:32: to scale up,
00:32:32 --> 00:32:36: they need to scale up from 5 people to 25
00:32:36 --> 00:32:40: people and maybe 1000 square foot to 15,000 square foot.
00:32:41 --> 00:32:46: So in conjunction with the Babraham Research Campus
which is
00:32:46 --> 00:32:48: part funded by the UK Government,
00:32:48 --> 00:32:51: UK Research and Innovation Department,
00:32:51 --> 00:32:55: who pumped up ??7 billion into the research.
00:32:55 --> 00:33:00: And development in the sector we developed 100,000 square
foot
00:33:00 --> 00:33:04: of what we like to call graduation labs and in
00:33:04 --> 00:33:07: essence that is labs that are fully fitted.
00:33:07 --> 00:33:11: These are wet labs so they were fully fitted and
00:33:11 --> 00:33:15: we took the challenge of fitting out what is quite
00:33:15 --> 00:33:18: technical space from the scientists.
00:33:18 --> 00:33:21: We took that on and we delivered them space that
00:33:21 --> 00:33:24: they could walk into on a Thursday and literally start
00:33:24 --> 00:33:26: running their first batch of experiments.
00:33:26 --> 00:33:31: On a Friday and this was pre lit.
00:33:31 --> 00:33:34: All of the 100,000 square foot was gone before it
00:33:34 --> 00:33:37: completed the the actual works completed.
00:33:37 --> 00:33:40: And you know a lot of these companies are now
00:33:40 --> 00:33:42: this this sorry this.
00:33:42 --> 00:33:45: This development completed in 2020.

00:33:45 --> 00:33:49: Some of these companies listen the bottom right this slide
00:33:49 --> 00:33:52: or are now coming to us looking to double their
00:33:52 --> 00:33:54: headcount again in two years.
00:33:54 --> 00:33:58: Having raised, you know, in excess of \$100 million worth
00:33:58 --> 00:33:59: of Series B,
00:33:59 --> 00:34:02: and that's where you come to Grant Park.
00:34:02 --> 00:34:07: And this is a sort of much larger 750,000 square
00:34:07 --> 00:34:08: foot.
00:34:08 --> 00:34:11: Purpose built Science Park was our first acquisition in the
00:34:11 --> 00:34:14: UK and here we have some of the global farmer
00:34:14 --> 00:34:14: names,
00:34:14 --> 00:34:16: but we've also got bicycles.
00:34:16 --> 00:34:19: Therapeutics, whose name you might remember from the
00:34:19 --> 00:34:20: Bay Brown
00:34:19 --> 00:34:20: researchers.
00:34:20 --> 00:34:22: Do you know they have grown?
00:34:22 --> 00:34:25: And have now just taken a 50,000 square foot,
00:34:25 --> 00:34:29: letting in our most recent property which again fully fitted
00:34:29 --> 00:34:32: labs and that was at the Portway building,
00:34:32 --> 00:34:35: which is kind of in the middle of the slide
00:34:35 --> 00:34:36: down on the right.
00:34:38 --> 00:34:42: This slide I thought was interesting just to put some
00:34:42 --> 00:34:46: context around Cambridge as a in the UK as a
00:34:46 --> 00:34:50: life science cluster in comparison with its namesake on the
00:34:50 --> 00:34:53: other side of the Atlantic and San Francisco,
00:34:53 --> 00:34:57: which were obviously world renowned innovation hubs.
00:34:57 --> 00:35:01: And in truth, the story for Cambridge,
00:35:01 --> 00:35:04: and indeed the UK as a whole is one of
00:35:04 --> 00:35:05: of gross.
00:35:05 --> 00:35:08: Yes, the market might be smaller.
00:35:08 --> 00:35:10: But you have the government backing.
00:35:10 --> 00:35:12: You have the BC universe.
00:35:12 --> 00:35:17: You have 100 plus life science cost companies already here,
00:35:17 --> 00:35:22: and you've got some global pharma companies who are
00:35:22 --> 00:35:24: committing
00:35:22 --> 00:35:24: to put their global headquarters.
00:35:24 --> 00:35:28: In Cambridge and that you own will only have the
00:35:28 --> 00:35:33: effect of nucleating the cluster and attracting the smaller
00:35:33 --> 00:35:36: earlier
00:35:33 --> 00:35:36: stage companies to surround themselves.
00:35:39 --> 00:35:40: And then this is, you know,
00:35:40 --> 00:35:44: really just a summary of our views on on the
00:35:44 --> 00:35:48: the UK market and why we are so excited and

00:35:48 --> 00:35:50: conviction about IT sector.

00:35:50 --> 00:35:55: As a general you know the market fundamentals are strong.

00:35:55 --> 00:35:59: It has government support. There is an established BC universe

00:36:00 --> 00:36:03: there is there are existing life science cuts.

00:36:03 --> 00:36:07: Companies situated there. There are a number of leading academic

00:36:08 --> 00:36:12: institutions which is important not only for the IP generation

00:36:12 --> 00:36:15: and the next round of spin out companies,

00:36:15 --> 00:36:18: but also it. It offers a deep talent pool for

00:36:18 --> 00:36:22: companies to hire the best and the brightest staff from.

00:36:22 --> 00:36:26: We think that technical advances are gonna be coming quick,

00:36:26 --> 00:36:28: thick and fast in the sector,

00:36:28 --> 00:36:32: and again to Steve's point about.

00:36:32 --> 00:36:36: Personalized medicine and personalized delivery methods and we think that

00:36:36 --> 00:36:39: many of the challenges of the 21st century will be

00:36:39 --> 00:36:40: biological.

00:36:40 --> 00:36:45: Whether that's true, aging populations or antibiotic resistant bacterias and

00:36:45 --> 00:36:45: pandemics,

00:36:45 --> 00:36:48: all of these will keep.

00:36:48 --> 00:36:53: Continue that, that appetite for investment into life sciences and

00:36:53 --> 00:36:56: sort of really shine the light in the same way

00:36:56 --> 00:36:58: that the pandemics.

00:36:58 --> 00:37:02: I'm just shine, shine the light on the sector and

00:37:02 --> 00:37:03: it's important.

00:37:03 --> 00:37:06: Globally, quite frankly, we've also got,

00:37:06 --> 00:37:09: you know, the government's commitment to the sector in the

00:37:09 --> 00:37:10: UK,

00:37:10 --> 00:37:11: which is going to drive R&D,

00:37:11 --> 00:37:17: spend and drive innovation. AstraZeneca committing for their global HQ

00:37:17 --> 00:37:18: to be here.

00:37:18 --> 00:37:23: And and I know it's mentioned the VC funding universal

00:37:23 --> 00:37:23: lot,

00:37:24 --> 00:37:28: but you know 3.8 times more funding was raised last

00:37:28 --> 00:37:32: year for companies in Cambridge than in 2020,

00:37:32 --> 00:37:35: and that that is just astounding.

00:37:35 --> 00:37:38: And what that does. Is that will drive demand that

00:37:38 --> 00:37:41: will drive growth that that money is already been raised.

00:37:41 --> 00:37:44: So those companies are looking to expand and with that

00:37:45 --> 00:37:48: expansion comes a greater need for the real estate to
00:37:48 --> 00:37:49: support that.
00:37:49 --> 00:37:56: And currently in Cambridge the availability is close to close
00:37:56 --> 00:37:56: to 0.
00:37:56 --> 00:37:58: And I think that's my time
00:37:59 --> 00:38:03: perfect. Thank you Matt for for this presentation.
00:38:03 --> 00:38:06: I think what would you both you and Steve have
00:38:07 --> 00:38:10: presented to provide us with a a good overview of
00:38:10 --> 00:38:14: international trends and and what your companies are are
00:38:14 --> 00:38:17: covering
00:38:17 --> 00:38:20: is super helpful and I think we we have 5
00:38:20 --> 00:38:23: minutes to just cover a short Q&A.
00:38:23 --> 00:38:25: So perhaps the start Steve with you.
00:38:25 --> 00:38:26: We talk a lot about life Sciences,
00:38:26 --> 00:38:29: obviously, that's why we're having this event.
00:38:29 --> 00:38:31: Today, what is your view?
00:38:31 --> 00:38:31: Why is it different today than it was ten years
00:38:31 --> 00:38:38: ago?
00:38:38 --> 00:38:38: 20 years ago? Steve, are you still there?
00:38:39 --> 00:38:42: I am still here. Hello my analyst responses.
00:38:42 --> 00:38:44: I think it's been under,
00:38:44 --> 00:38:49: everyone knows, but it's only like the smarter organizations
00:38:49 --> 00:38:51: that
00:38:51 --> 00:38:51: have been invested in this sector.
00:38:52 --> 00:38:54: So you look at someone like bio Med or any
00:38:54 --> 00:38:58: of their sort of US REIT competitors that they enjoyed
00:38:58 --> 00:39:01: time of very few people or investors looking at this
00:39:01 --> 00:39:04: sector and investing and doing very well now I think.
00:39:04 --> 00:39:07: Not that there used to be 6.
00:39:07 --> 00:39:09: Six companies, probably 10 years ago now.
00:39:09 --> 00:39:11: There's probably like 26 companies,
00:39:11 --> 00:39:14: so I think it's just more awareness has has changed
00:39:14 --> 00:39:16: over time and I think there's just.
00:39:16 --> 00:39:20: There's just more opportunities. There's more built stock up,
00:39:20 --> 00:39:22: and investable market has just got larger,
00:39:22 --> 00:39:25: so I think overall and an acceptance of it as
00:39:25 --> 00:39:27: an investment investment class.
00:39:27 --> 00:39:29: Bit like how data centers emerged 20 years ago.
00:39:29 --> 00:39:32: I think that's probably the key thing that's changed.
00:39:32 --> 00:39:38: I think also that the pandemic has played a big
00:39:38 --> 00:39:39: role in this.
00:39:39 --> 00:39:41: It's highlighted the importance of the sector.
00:39:41 --> 00:39:43: It's highlighted, its resilience. I mean we,

00:39:43 --> 00:39:45: you know we were able to keep all of our
 00:39:45 --> 00:39:47: science parts fully operational,
 00:39:47 --> 00:39:50: so the science continue and you know whilst the world
 00:39:50 --> 00:39:54: was working on solving or finding a vaccine for COVID
 00:39:54 --> 00:39:58: research into Cancer Research into dementia into
 Parkinson's,
 00:39:58 --> 00:40:00: you know that that all continues at the same time.
 00:40:00 --> 00:40:04: So I think that that has just having so many.
 00:40:04 --> 00:40:06: Rise on the sector has has naturally meant that the
 00:40:07 --> 00:40:09: lot more people trying to get into it.
 00:40:10 --> 00:40:13: If you had to to briefly just aren't meant to
 00:40:13 --> 00:40:16: stay with you on on a manipulation standpoint like people
 00:40:16 --> 00:40:18: are very familiar with office buildings,
 00:40:18 --> 00:40:20: if you had to make a boat like a short
 00:40:21 --> 00:40:21: comparison
 00:40:21 --> 00:40:24: between office building and a life science building,
 00:40:24 --> 00:40:26: what would that be? Is it more negative?
 00:40:26 --> 00:40:28: Is it more? SG staff,
 00:40:28 --> 00:40:29: the logistics?
 00:40:29 --> 00:40:32: I mean, I think in the interest of time,
 00:40:32 --> 00:40:36: the shortest response for that is that every lab building
 00:40:36 --> 00:40:38: could be an office building,
 00:40:38 --> 00:40:40: but not every office building can be a lab building.
 00:40:40 --> 00:40:42: You know they are highly differentiated,
 00:40:42 --> 00:40:46: just in terms of the services and infrastructure mechanically
 that
 00:40:46 --> 00:40:48: needs to run through the building.
 00:40:48 --> 00:40:51: So you your typical lab is going to have a
 00:40:51 --> 00:40:55: much greater floor to ceiling height than your typical office.
 00:40:55 --> 00:40:59: But yeah, it's you know they are operationally intensive
 because
 00:40:59 --> 00:41:02: they are mission critical to the users.
 00:41:02 --> 00:41:02: But
 00:41:02 --> 00:41:08: it seems thing on comparisons Steve comparing the UK with
 00:41:08 --> 00:41:12: the US Continental Europe. We're talking about France in a
 00:41:12 --> 00:41:12: second.
 00:41:12 --> 00:41:15: If you have to compare both markets and talk about
 00:41:15 --> 00:41:16: assets,
 00:41:16 --> 00:41:17: the stock, the market dynamics,
 00:41:17 --> 00:41:23: 10 specs, investment volumes, perhaps yields just short
 short answer
 00:41:23 --> 00:41:23: on on.
 00:41:25 --> 00:41:27: Sure, I think the key thing is there's obviously a

00:41:27 --> 00:41:28: lot more maturity in the US market.

00:41:28 --> 00:41:32: You know probably 80% of investment volumes are gonna be

00:41:32 --> 00:41:33: US as I as I've shown,

00:41:33 --> 00:41:36: I think that we're gonna see more spending as I

00:41:36 --> 00:41:40: alluded to in the presentation coming over money wanting to

00:41:40 --> 00:41:42: be deployed across UK,

00:41:42 --> 00:41:45: and in particular across mainland Europe.

00:41:45 --> 00:41:48: I think the US markets have that lab premium,

00:41:48 --> 00:41:51: not something that we necessarily you may disagree,

00:41:51 --> 00:41:55: but not we've not seen in the UK market as

00:41:55 --> 00:41:56: much in London,

00:41:56 --> 00:41:58: you know. Why would I build labs when I could

00:41:58 --> 00:41:59: build offices,

00:41:59 --> 00:42:03: but I think that will change overtime in in Boston,

00:42:03 --> 00:42:05: uh, in the US it's probably about an 80%

00:42:05 --> 00:42:09: premium 8090% premium for labs over offices.

00:42:09 --> 00:42:10: And and I think in terms of spec.

00:42:10 --> 00:42:14: I mean, the science is all very similar.

00:42:14 --> 00:42:16: I'm not sure that the the spec of a building

00:42:16 --> 00:42:18: in in the US would be very different to what

00:42:18 --> 00:42:19: we've seen in the UK,

00:42:19 --> 00:42:22: but gradually over the last 10 years we've seen US

00:42:22 --> 00:42:24: buildings appear in the UK,

00:42:24 --> 00:42:28: and indeed across Europe, and I think it's just really

00:42:28 --> 00:42:32: a question of a higher spec different type of science

00:42:32 --> 00:42:34: appearing from the US overtime.

00:42:34 --> 00:42:37: So overall, I think it's just we're just lagging.

00:42:37 --> 00:42:39: What's happened in the US,

00:42:39 --> 00:42:40: but I think we're catching up.

00:42:41 --> 00:42:44: Is there? Is there a difference on the on the

00:42:44 --> 00:42:47: lease versus own model for tenants in in these markets

00:42:47 --> 00:42:51: and perhaps some sale and leaseback deals that are that

00:42:51 --> 00:42:53: we've seen in other markets that are that are also

00:42:53 --> 00:42:54: emerging here?

00:42:55 --> 00:42:57: Yeah, there's a lot of evidence for saying at least

00:42:57 --> 00:42:57: Bax.

00:42:57 --> 00:43:00: I mean, there's some projects that my colleagues are working

00:43:00 --> 00:43:00: on,

00:43:00 --> 00:43:03: you know, some science, some life science companies,

00:43:03 --> 00:43:06: probably. You know they don't necessarily need to own their

00:43:06 --> 00:43:06: real estate,

00:43:06 --> 00:43:08: or they've got some legacy buildings.

00:43:08 --> 00:43:11: And I think with that weight of capital looking to
 00:43:11 --> 00:43:13: to be deployed into the life science sector,
 00:43:13 --> 00:43:17: generally, I think there's huge levels of opportunity in the
 00:43:17 --> 00:43:18: next five years.
 00:43:18 --> 00:43:22: UK, but increasingly as I've already alluded to across the
 00:43:22 --> 00:43:23: European market,
 00:43:23 --> 00:43:25: so I think it's very exciting time to.
 00:43:25 --> 00:43:27: To be involved in investment.
 00:43:27 --> 00:43:30: And yeah, I'm sure BioMed.
 00:43:30 --> 00:43:31: I know you're you, you would love to look at
 00:43:32 --> 00:43:33: opportunities across Europe,
 00:43:33 --> 00:43:34: mainland Europe as well.
 00:43:36 --> 00:43:36: So
 00:43:36 --> 00:43:40: just I'm seeing there are questions in the chats.
 00:43:40 --> 00:43:44: One about repurposing assets I guess,
 00:43:44 --> 00:43:47: and another way of of you know what happens when
 00:43:47 --> 00:43:49: the lease expires and what you do.
 00:43:49 --> 00:43:51: If it's Matt, Matt, not sure if you were
 00:43:51 --> 00:43:53: talking about, you know helping tenants
 00:43:53 --> 00:43:56: move and growth and perhaps relocating them have have
 00:43:56 --> 00:43:57: you
 00:43:56 --> 00:43:57: been facing this situation?
 00:43:59 --> 00:44:03: So the short answer is no,
 00:44:03 --> 00:44:05: for the most part, a lab is a lab is
 00:44:05 --> 00:44:06: a lab.
 00:44:06 --> 00:44:09: What differentiates them is the science that goes on in
 00:44:09 --> 00:44:12: the lab and what that particular company is trying to
 00:44:12 --> 00:44:13: solve.
 00:44:13 --> 00:44:16: And that being said, you know tenants do come in
 00:44:16 --> 00:44:19: and they try and quite often they will be spoke
 00:44:19 --> 00:44:19: there,
 00:44:19 --> 00:44:21: space in in some way.
 00:44:21 --> 00:44:25: But as as a developer owner and operator when we
 00:44:25 --> 00:44:28: design and deliver our lab space,
 00:44:28 --> 00:44:31: we're designing it. With the tenant,
 00:44:31 --> 00:44:33: after in mind, you know it's not for the first
 00:44:33 --> 00:44:33: tenant,
 00:44:33 --> 00:44:34: it's for the one after that,
 00:44:34 --> 00:44:35: and the one after that.
 00:44:35 --> 00:44:39: So it's it's designed with the utmost flexibility to make
 00:44:39 --> 00:44:42: our life easier and limit the cap ex on you
 00:44:42 --> 00:44:43: know,

00:44:43 --> 00:44:44: year five or year 10,
 00:44:44 --> 00:44:47: but also to make our tenants life as easy as
 00:44:47 --> 00:44:50: possible and give them that ability to switch the layouts
 00:44:50 --> 00:44:54: and change lab support rooms to actual lab benching as
 00:44:54 --> 00:44:55: they require really.
 00:44:57 --> 00:45:00: Got it, thank you and I think another.
 00:45:00 --> 00:45:04: There's another question. The chance about the markets in
 France
 00:45:04 --> 00:45:05: to cover?
 00:45:05 --> 00:45:07: Coming from from Steven Ryan,
 00:45:07 --> 00:45:09: Steven. If that's OK with you,
 00:45:09 --> 00:45:12: I suggest that the roundtable will follow this.
 00:45:12 --> 00:45:15: This conversation will will cover this topic and talk in
 00:45:15 --> 00:45:15: particular,
 00:45:15 --> 00:45:18: I guess not the parents marketed other French markets will
 00:45:18 --> 00:45:19: come back to you on this,
 00:45:19 --> 00:45:22: and so that you can focus your efforts there.
 00:45:22 --> 00:45:25: Perhaps a word at the end from from both of
 00:45:25 --> 00:45:29: you on lesson learned or advice you would share with
 00:45:29 --> 00:45:32: people who are looking to spend more time or spend
 00:45:32 --> 00:45:35: capital in this growing asset class.
 00:45:35 --> 00:45:37: And what we recommend to them,
 00:45:37 --> 00:45:38: Steve, perhaps starting with you.
 00:45:39 --> 00:45:41: Yeah, I think always always play to the strengths of
 00:45:41 --> 00:45:42: the Helix that we've talked about.
 00:45:42 --> 00:45:44: So hopefully you'll take that way today.
 00:45:44 --> 00:45:47: Understand the science when you look at look.
 00:45:47 --> 00:45:49: Look at Matt slides. You know there there was MD's
 00:45:49 --> 00:45:51: in their PHD's in there.
 00:45:51 --> 00:45:54: Absolutely understand what's going on so you can
 understand the
 00:45:54 --> 00:45:58: tenant base is critical but also understand the operations and
 00:45:58 --> 00:46:01: know and understand how the building works and what's
 required.
 00:46:01 --> 00:46:03: You know you you if you wanna buy these assets
 00:46:03 --> 00:46:05: you have to be a bit of an expert in
 00:46:05 --> 00:46:05: terms of.
 00:46:05 --> 00:46:08: Gases and waste etc etc.
 00:46:08 --> 00:46:10: You know there's a massive long list that that we
 00:46:10 --> 00:46:11: can bore you with,
 00:46:11 --> 00:46:14: and Matt can inform you with about so.
 00:46:14 --> 00:46:18: So yeah, really deeply understanding the tenant basis is
 critical.

00:46:19 --> 00:46:21: I I would agree with all of that and the
00:46:21 --> 00:46:25: only thing I would add is not to underestimate the
00:46:25 --> 00:46:29: complexity of these buildings and the complexities of
operating them
00:46:29 --> 00:46:32: at Flawless Lee for their life,
00:46:32 --> 00:46:37: basically because that you know as a tenant.
00:46:37 --> 00:46:40: The kind of your absolute waking nightmare would be your
00:46:41 --> 00:46:44: running experiment and you're about to hit the endpoint and
00:46:44 --> 00:46:46: then the whole thing has to be thrown into the
00:46:46 --> 00:46:49: bin because there was a power failure or one of
00:46:49 --> 00:46:52: the HVAC units failed that you know you can't do
00:46:53 --> 00:46:53: that.
00:46:55 --> 00:46:56: Very careful, OK, well thank.
00:46:56 --> 00:46:57: Thank you both for your
00:46:57 --> 00:47:01: time and for for the presentations and and helping us
00:47:01 --> 00:47:04: have a better understanding of of the of this growing
00:47:04 --> 00:47:05: asset class.
00:47:05 --> 00:47:08: The event continues here in person in Paris.
00:47:08 --> 00:47:10: Thank you all for joining us virtually.
00:47:10 --> 00:47:12: I guess if you have any follow up questions do
00:47:12 --> 00:47:14: not hesitate to come back to the ULI and also
00:47:14 --> 00:47:16: we will circle back with with Steve and Matt to
00:47:17 --> 00:47:18: the irony specific questions for them.
00:47:18 --> 00:47:19: Thank you and have a great day.
00:47:21 --> 00:47:22: Thank you, thank
00:47:22 --> 00:47:23: you very much. See you,
00:47:23 --> 00:47:23: thank
00:47:23 --> 00:47:39: you. So.

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