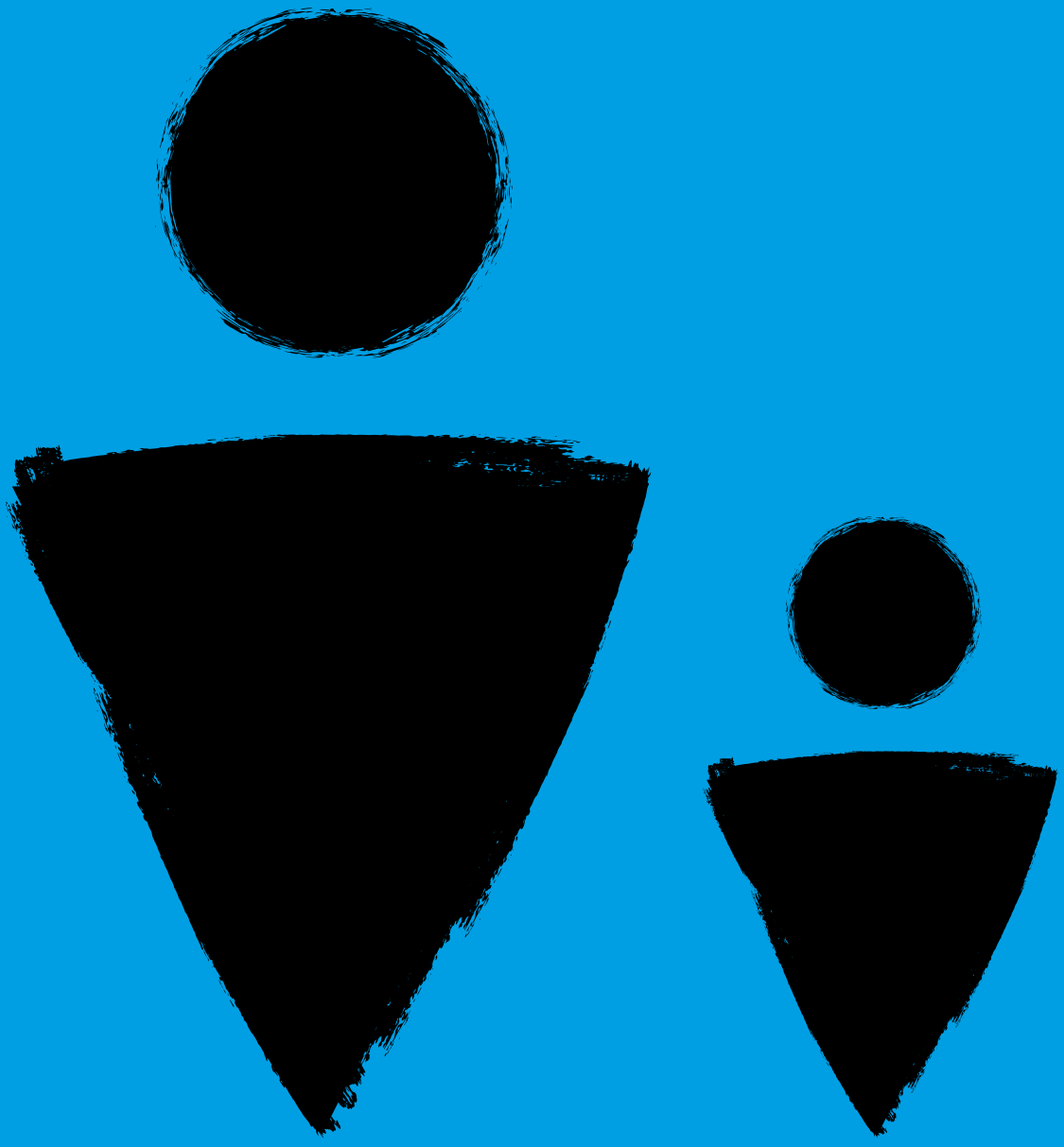
Back to website

CHAPTER ELEVEN

What do science & tech occupiers actually want?



Chapter Eleven

What do science & tech occupiers actually want?

Why

Everything starts with the companies and people we are trying to attract and grow. In short, everything begins with the occupier.

The failing

Development, planning and policy is top down in this country. Asking and thinking about occupiers – the businesses that will drive growth - needs to become second nature, to determine the kind of buildings, immigration or tax policies we create.

Policy recommendations

I. Visas: Fast-track visas are essential post-Brexit for any company registering a patent in the UK in the last 12 months, as well as for all EU and international students graduating in the UK with degrees in key courses related to STEM fields – science, tech, engineering & mathematics (and medicine)

- Start-ups can apply to get on a visa exemption list if they are working in hard science areas, aligned to the industrial strategy
- Tax breaks for parks that provide free public transport between the park and city centre – i.e. a free shuttle bus
- Flexibility enabling solutions i.e. short leases – government takes a long lease on the property and then offers short leases to spin-outs
- Relaxed planning for housing around science parks – provided low rent amenity space are provided – shops, cafes, etc to be used for employees and residents
- Relaxed planning for rental housing along/utilising existing train lines. 30% of houses should be single family housing rental and reserved for staff of start ups, science parks and universities

Author

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What tenants want

Inevitably what tenants want, is staff.

And let's be honest, what staff want is city centre locations. But we can't all live and work in London – nor the centres of Oxford and Cambridge. However, we can provide alternatives that permit access to city centres, while addressing their substantial disadvantages.

It should be the job of the built environment, policy makers and the private sector to enable and build the reasons for tenants and their staff to want to work elsewhere.

Science and business parks working on a hub and spoke model with town centres allow companies grow cheaply, staff to be housed suitably and the debut of a genuine rebalancing of the economy away from London.

By providing what tenants want they can become the employment hubs of the new economy.

Providing what tenants want

Tenants want:

- The right amount of space – easily scalable
- Good locations – that staff can live close to or travel to easily
- Space that is adaptable for specific needs
- Access to a variety of local amenities – cafés, nurseries, shops
- Accessible to the local university – if a spin out and for staffing
- Easy reach to city centres – with solid infrastructure
- Appropriate facilities for their tech – wetlabs, clean rooms, race tracks, testing spaces
- Easy staffing, so what employees want must also be addressed:
- Housing
- Access to city centre amenities
- Pleasant working environment
- Excellent transport infrastructure to and from work

Changing developer and public sector business models

Developers can provide what tenants and their staff want, but it needs a different business model to the conventional long lease on upward only rent reviews.

While R&D has many advantages over conventional office use, it creates more up front cost in terms of extra infrastructure, different fit outs, and the issues/concerns for landlords caused by letting space to a company with a poor covenant.

This means planning slower returns into a park's development from the beginning and accepting more covenant risk.

Where viability is an issue, new policies and partnerships with authorities or universities can encourage development that can survive with slower financial return. For instance, by land sharing agreements, or access to public works loan board money.

Meanwhile, national government research funding streams for tenant parks will increase their financial stability in early years, which landlords can count on for covenant strength.

National policy changes, like easier visa rules for tenants of the park hiring straight from the local university, will also solve issues of staffing and immediately make the parks more attractive locations for occupiers.

Housing and infrastructure

This must link to housing and infrastructure, which can be incorporated into development models to increase viability as well as addressing the needs of occupiers.

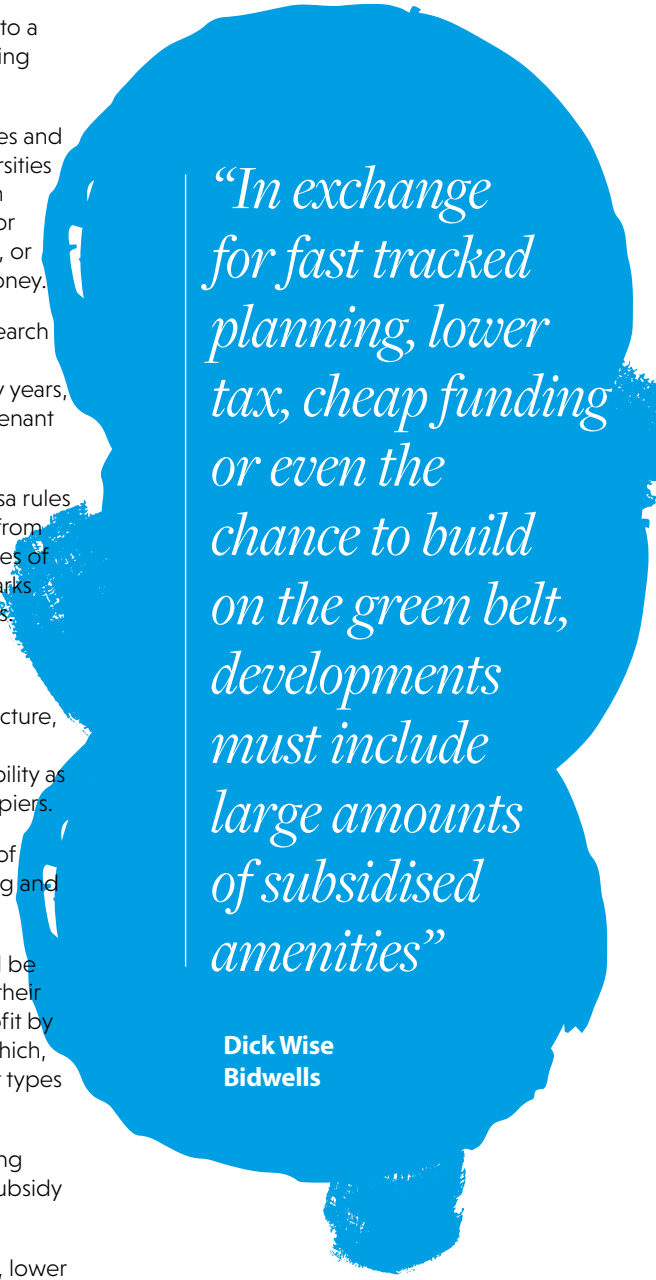
Again, we can think about new ways of doing this to encourage more housing and increasing viability of parks.

For instance, fast track planning could be granted for housing around parks to their owners, who could make upfront profit by selling off plots to house builders - which, in exchange, is used to fund different types of offices.

Alternatively, fast tracked rental housing around parks could provide a cross subsidy for start-up tenants.

In exchange for fast tracked planning, lower tax, cheap funding or even the chance to build on the green belt, developments must include large amounts of subsidised amenities – cafes and shops for the new community alongside full time transport links to the nearest large town, for instance a subsidised bus route.

The Arc is in an incredible position to attract new occupiers, but this needs to be part of a wider strategy that links needs of private sector, government and the firms and their staff. One without the other will not deliver.



Contributor

Phil Kemp
CEO, Bruntwood SciTech

Proximity, density, mobility

Occupiers don't want to be isolated. They don't want to be based in sterile, uninspiring work environments. Above all, they aren't going to opt for the mediocre. Business parks need to go above and beyond the average and the 'merely okay'.

The key principles behind innovation districts are proximity, density, and mobility. All of these support the main benefit of an innovation district and the collaborative opportunities it offers. Manchester's Oxford Road Corridor Innovation District offers all of these combined with a high concentration of academic, cultural and knowledge institutions, such as the city's universities, hospitals, science parks, art galleries, theatres, and museums.

Innovation districts can and should be rolled out across the UK. Bruntwood SciTech's aim is exactly that: 'creating a network of thriving innovation districts across the UK'.

Innovation districts have a key contribution to make not only to a city's cultural vibrancy, but to the employment opportunities they create, the social impact they have, and the GVA they provide for UK Plc. It is through having a network of innovation districts that the UK will be able to reap the benefits of more chance happenings and serendipitous collaborations, that lead to companies forming, scaling, growing and innovating.

There are many things the government can do to support science parks in the planning system. Establishing more sector specialist enterprise zones can help give customers rates relief as they look to establish themselves in their start-up and growth phases. As well as this, more grants, funding and investment opportunities for science parks to be able to offer prospective companies. And above all, looking to the US and Europe to see the conditions that are required will help science parks build the types of places we know will be successful. Investment in good transport infrastructure is key.

Latent Logic, Oxford

Oxford based Latent Logic builds software to test self-driving vehicles.

Its AI based human behaviour models, which use a machine learning technique called 'Imitation Learning', enable fast, robust and safe testing of autonomous vehicles entirely in simulation.

Since its spin out from Oxford University, and initial seed round 18 months ago, it has grown to 19 people.

Originally housed with OSI, when it announced plans to move to North Oxford, Latent Logic decided it was time to get a space of their own, and currently has space on Hollybush Row, in a converted pub.

According to chief executive officer Kirsty Lloyd-Jukes, the relatively short lease allows flexibility in terms of future growth plans, while the proximity to the station was essential for staff that commute from outside Oxford.

"The single biggest constraint for Oxford is the supply of high-quality talent, and it is important that Oxford thinks mindfully about how to address this." says Lloyd-Jukes.

"Housing is exceptionally expensive and the cost of living is high. Yes, the quality of life is better than in the city, but the last thing we want is for Oxford to be as or more expensive than London.

"In terms of office space, there is a real lack. It's difficult just for normal office space, and its acute if you need complicated wet/lab space."

Alongside the physical aspects for company growth, Lloyd-Jukes says easier visa access would also help them attract highly skilled talent, which due to the specialist nature of the academic skills needed, can't be sourced from within the UK alone.

"Of course the UK needs a considered approach to immigration that supports skill growth in the UK, but today's one-size-fits-all system can stifle small companies. There should be some form of exemption for start-ups working in growth areas aligned to government strategy, like A.I." adds Lloyd-Jukes.

Chapter Eleven

MiroBio

MiroBio is a recently launched biologics company with a mission to treat a range of autoimmune and inflammatory disorders.

The company was founded by leading immunologists at the University of Oxford who have spent over 15 years focused on understanding the mechanisms which underlie T-cell signalling.

The startups has raised £27m in its first round of funding from venture capital biotech investors, enabling early clinical research to proof-of-concept. Further funding rounds will then be required or discussion with a pharmaceutical partner.

It has currently secured space at Oxford University's Bio Escalator building, which has been designed as an incubator for start ups and is fully fitted out with labs and offices, equipment, meeting space and IT support.

For tenants, the advantage is not having to buy or wait for equipment, which can be rented, while there is support for the day to day running of a company.

According to VP of Operations Tim Funnell, it plans on staying 12-18 months before setting up a facility, however this is proving difficult due to the availability of space.

MiroBio's requirement will be for between 3,000 and 5,000 sq ft of space, half in labs and half in offices to house its expanding workforce, which should rise from five to 15. The requirement, according to Funnell, could be met by refurbishment of existing office or retail space as basic laboratories do not require extensive changes to ventilation or power requirements.

Funnell says city centre locations are far better for recruitment for small tech companies looking to attract junior staff who want to live and work in an exciting environment. For this reason it is essential there is more space developed around city centres along the Arc.

"For me, the key thing is recruitment, and that's why location is key. Good transport links are essential and with the Oxford traffic gridlocking the roads, we are looking for something with good public transport and rail connectivity."

Funnell is sceptical whether science parks would work for a burgeoning biotech in their current formats.

"I have a problem with science parks as they are hard to get to unless you own a car, and once you are there you rarely meet anyone outside your organisation.

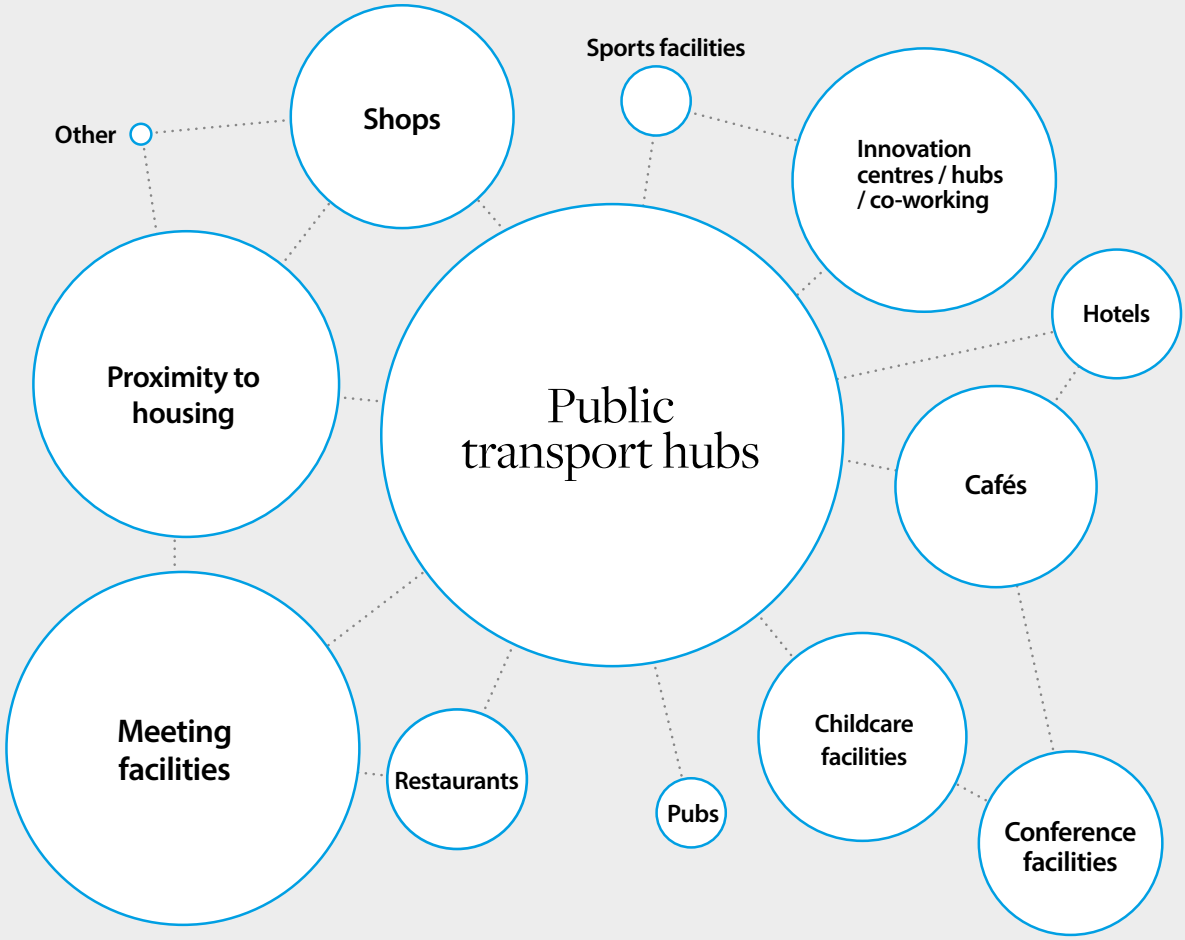
"They lack the facilities which encourage interaction with others: lunch venues, gyms, social spaces etc. Inter-company communication doesn't happen on sites where everyone stays in their own building, and forced events don't replace serendipitous meetings," he says.

His views echo the findings of Bidwells' own research, which has stressed the need for science parks to provide warm environments where companies can interact and provide quality facilities on site to keep staff happy, entertained and mixing.

"The close interaction with other companies is very valuable," says Funnell.

"We don't discuss the specifics of our technologies, but across the functional elements there is a big benefit in being able to share problems and learn from other people's solutions - e.g. recruitment, finance, legal, operations, funding. Informal collaboration has saved me a lot of time and effort."

Hierarchy of facilities important to large R&D business



£726bn

Global market cap

1.3m

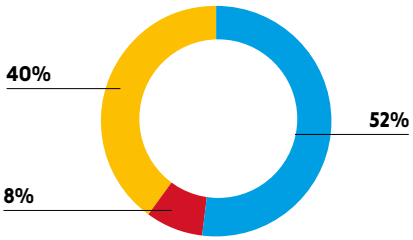
Global employees

£21bn

Global R&D spending (16/17)

Change in R&D spending

- Increased
- No Change
- Reduced



30%

of respondents think it likely they will take new property over the next five years

67%

of those expecting to take new property state this is due to business growth

Source: Bidwells & Creative Places, YouGov