



Arc Market Databook

OFFICES & LABS OXFORDSHIRE

The depth of the Oxford office and laboratory market emerging over the last two years has driven intense investor interest. The last six months have seen a number of significant opportunities brought forward, attracting overseas capital as well as domestic funds.

With a laboratory availability rate of just 2.2%, it is anticipated this new capital will provide a boost to supply. This will ensure that the market is able to accommodate requirements, both of businesses seeking a home in Oxfordshire, but also second and third stage businesses coming out of Oxford Sciences Innovation, who are seeing another year of record levels of capital funding.

The office sector has seen a limited return of space to the market as some companies revisit occupational strategies, while others move to accommodate growth. Nonetheless, limited stock on prime parks will continue to drive prime rental growth. With the maturing of the Oxford laboratory market, we are now able to analyse office and laboratory stock separately, including our rental forecasts. We track rents for all laboratory specifications, but our published forecasts focus on fully fitted space.

bidwells.co.uk/research

188k_{sq ft}

Oxford office and laboratory take up remains on trend in 2021 H1

2.2%

Laboratory floor space in Oxford remains tight, with only 18,700 sq ft currently on the market, driving down the availability rate to 2.2%

News highlights

Oxford based companies lead the way in venture capital funding

Outside of London, Oxford has attracted the highest venture capital funding in the UK in the first six months of this year, raising a total of £1.37bn across 31 fund raising rounds.

The largest venture capital raising was by Exscientia (\$225m, with an additional \$300m equity commitment). The group uses artificial intelligence to speed up the delivery of new drugs. The current fund raising follows a successful \$100m series C round earlier in the year.

Magdalen College seeks strategic partner at Oxford Science Park

The owner of Oxford Science Park (OSP) is looking for a strategic partner to accelerate the development of the park. OSP consists of 550,000 sq ft of office and laboratory floor space across 16 buildings. Although a number of assets have been sold to investors and occupiers, there is potential to develop a further 425,000 sq ft of new space over the coming years.

Brookfield Asset Management buy Arlington Advisors

The owner of the 1m sq ft Oxford Business Park, Arlington Advisors, has been purchased by Brookfield Asset Management for £714m. Arlington own a number of investments across the Oxford to Cambridge Arc in addition to a significant student accommodation portfolio.

Brookfield's purchase of Arlington follows their investment in Harwell Science Campus in 2020 and expands its interest in the Arc's science and technology sector.

Oxford's knowledge intensive sector has boomed in recent years

The latest ONS figures show that Oxford's knowledge based economy has boomed in recent years, with output growing by 7.1% in 2019 and 4.5% per annum in the period 2016-19. This compares with growth for the UK as a whole, which stands at 4.5% and 4.3% respectively.

The facts

£47.50_{psf}

Prime office rents in Oxford move to new peak in 2021 H1

3.8%

Availability rate of offices in Oxford city centre

103k_{sq ft}

Take up of laboratory space in Oxford accelerates in 2021 H1 standing 65% above the five year average

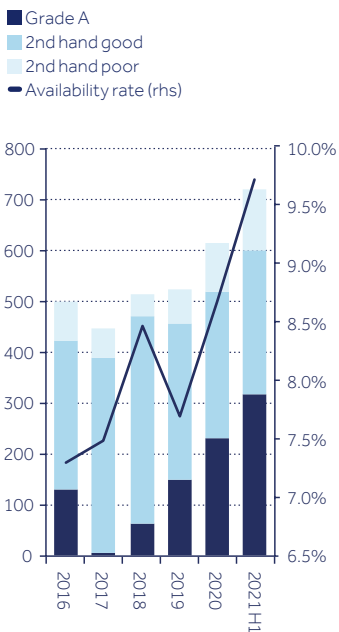
9.7%

Regional office availability rises as some larger grade A space comes to the market

Offices

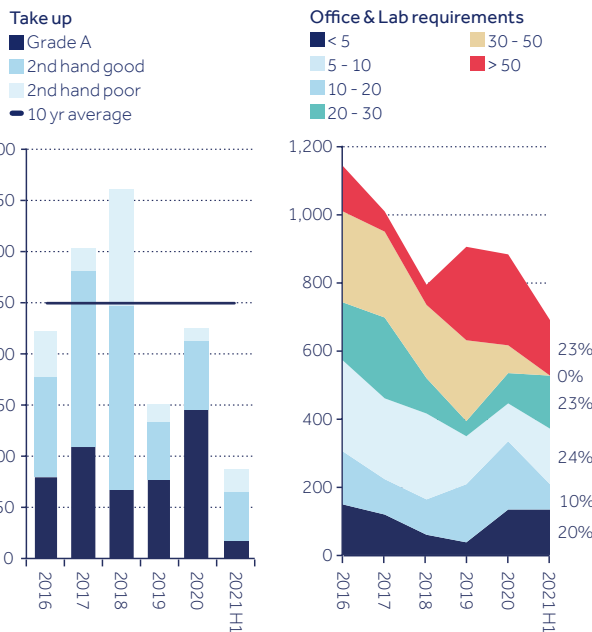
Largest city centre transaction was the 16,400 sq ft letting to Fora at Ramsay House

Office supply (June 2021)



Availability 000's sq ft 720.4 ▲
Availability rate 9.7% ▲

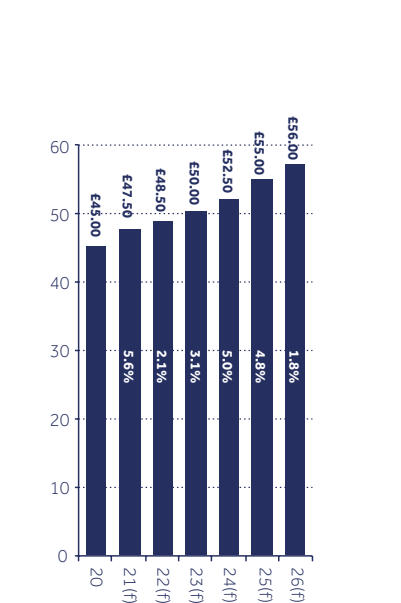
Office demand (June 2021)



2021 H1 Take up 000's sq ft 84.5 ▼
Requirements 000's sq ft 689.8 ▼

While we breakdown requirements by office and lab floorspace, the chart above includes the combined demand to provide the historic trend.

Office rents (June 2021)

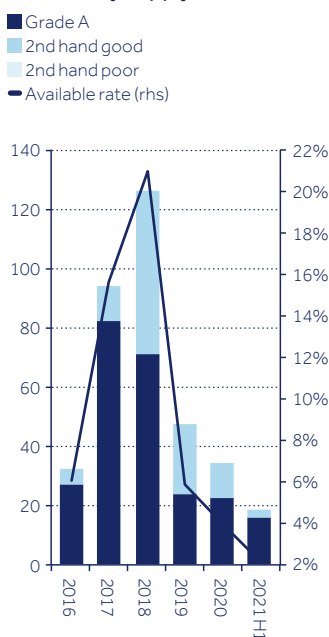


Prime Epsf £47.50 ▲
Secondary good Epsf £35.00 ▶▶
Secondary poor Epsf £25.00 ▲
Annualised growth rate 3.0% p.a

Laboratories

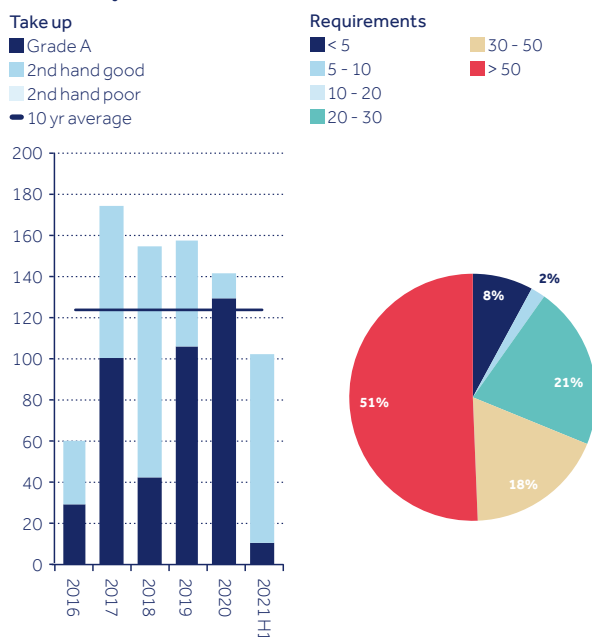
Laboratory take up was boosted by the 43,140 sq ft letting to Evotec at 95 Park Drive, Milton Park

Laboratory supply (June 2021)

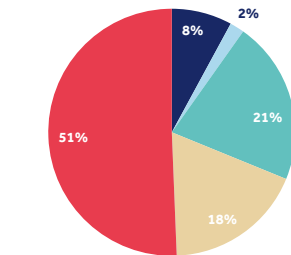


Availability 000's sq ft 18.7 ▼
Availability rate 2.2% ▼

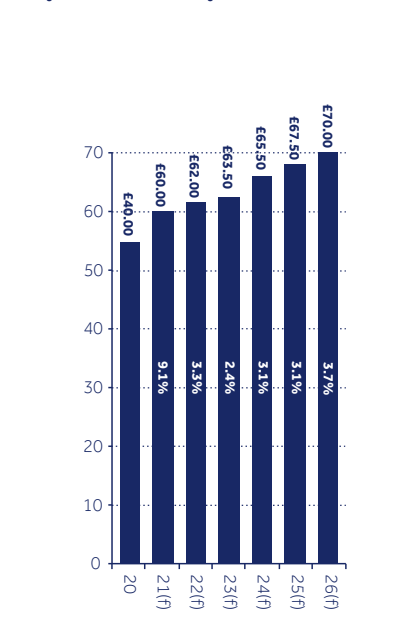
Laboratory demand (June 2021)



2021 H1 Take up 000's sq ft 103.3 ▲
Requirements 000's sq ft 316.0



Fully fitted laboratory rents (June 2021)



Prime fully fitted Epsf £60.00 ▲
Prime open plan Epsf £55.00 ▲
Prime shell Epsf £50.00 ▲
Annualised growth rate 2.8% p.a

This forecast is for fully fitted lab rents

Capital markets

Turnover in the Oxford office and laboratory investment market saw a sharp upturn, with a total of £61.7m of deals completing in H1 2021, across five transactions. This compares to £89m of activity in the previous 12 months in six deals.

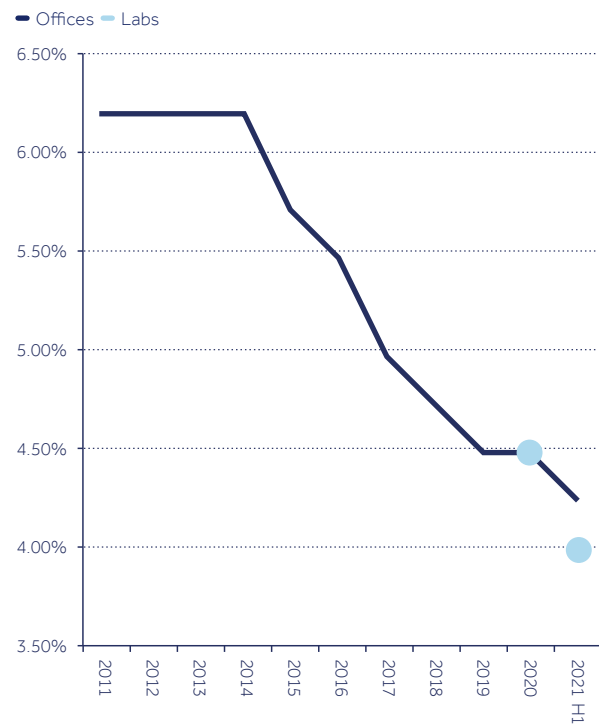
The second half of the year is expected to see activity increase with several larger transactions currently in negotiation.

The largest transaction in the year to date was the European R&D real estate specialists Kadans Science Partner's purchase of the 28,000 sq ft Sherard Building at Oxford Science Park for £25.5m (NIY 3.62%). The property is let to Oxford Science Innovation, who are fitting

out the building for life science and biopharma start ups. This was the investor's second acquisition in Oxford in H1 2021, also purchasing the 75,316 sq ft Quadrant at Abingdon Science Park for £13.5m (NIY 6.70%). The multi let estate is home to occupiers including PsiOxus Therapeutics, Tessella and Fishawack.

Arlington Advisors continue to consolidate their ownership at Oxford Business Park, buying the vacant Chancellor Court for £12.1m.

Oxfordshire prime office and laboratory yields



Key Bidwells transactions

The Quorum, Building 7200, Oxford

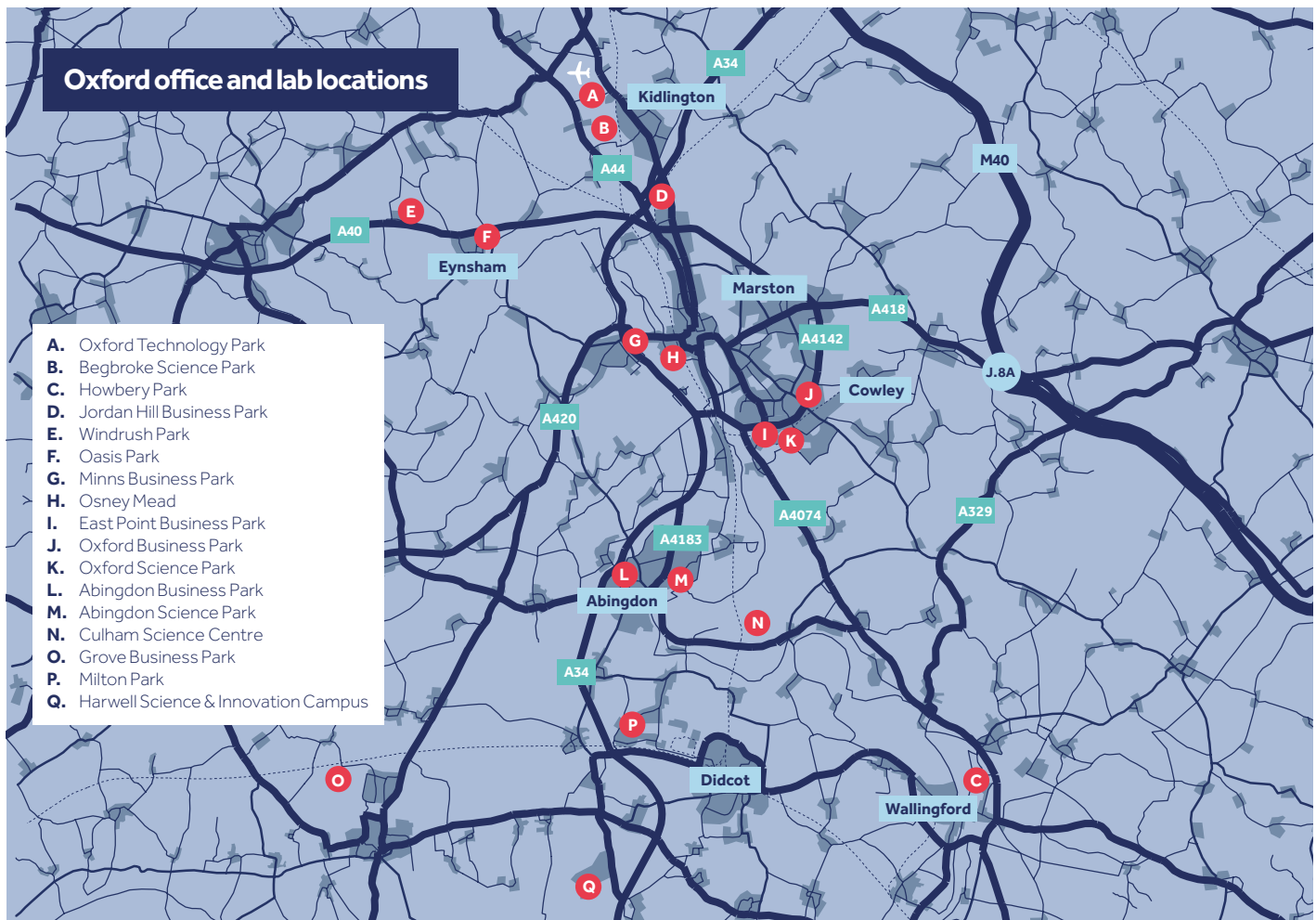
Completed in May 2021, Bidwells, on behalf of Evox Therapeutics Limited, brokered a three year lease with Arlington for 8,500 sq ft of fitted office and laboratory space.



The Sherard Building, Oxford Science Park

Bidwells' client, Oxford Sciences Innovation, entered into a five year sub lease with break at three years, with Theolytics Limited. The ground floor location, comprising of 3,650 sq ft of fitted office and laboratory space, completed in June 2021.





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