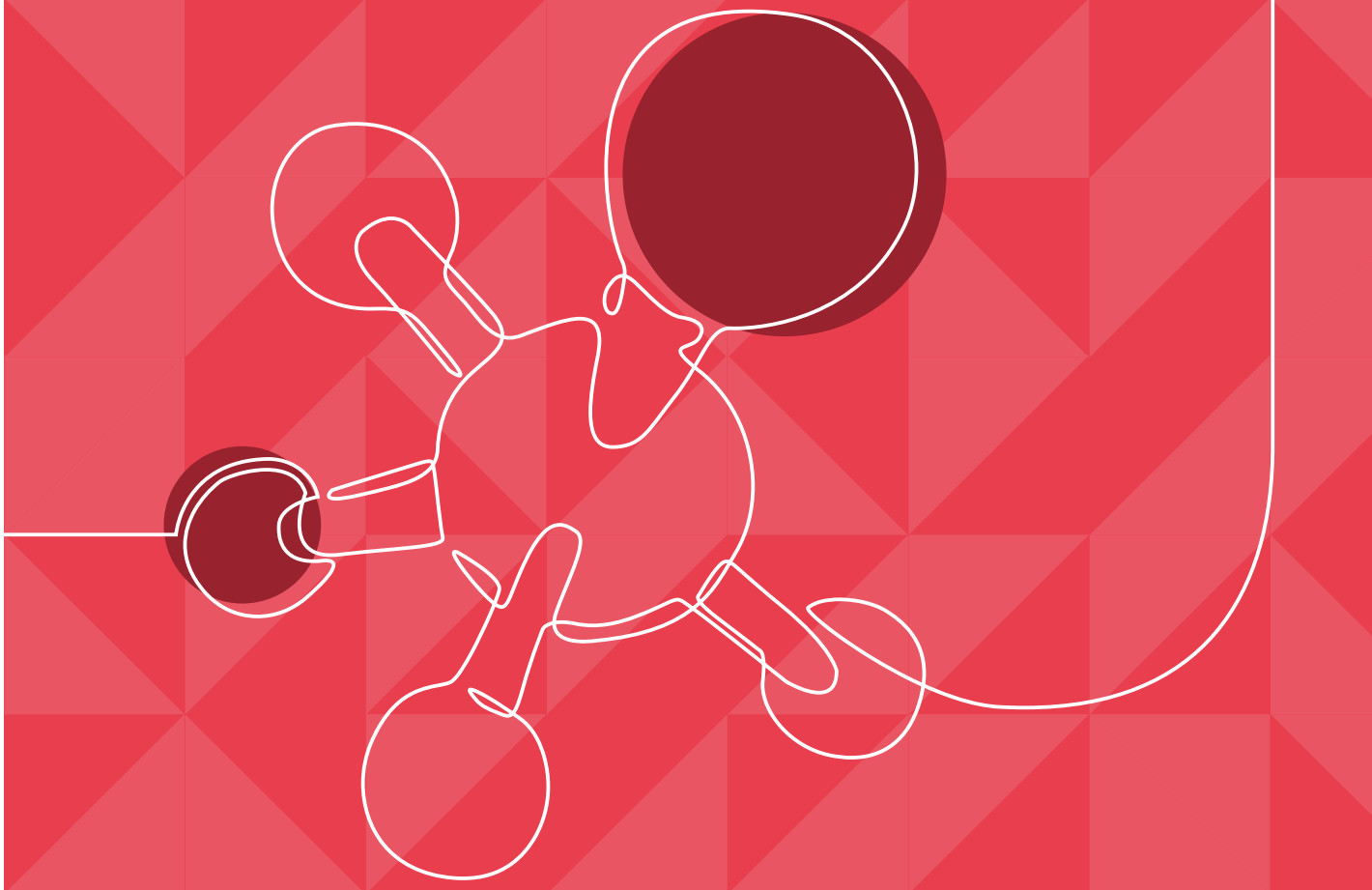
Now is the time to go *big*

to scale the power of
UK life science spinouts



Investment for growth

BIDWELLS

Introduction

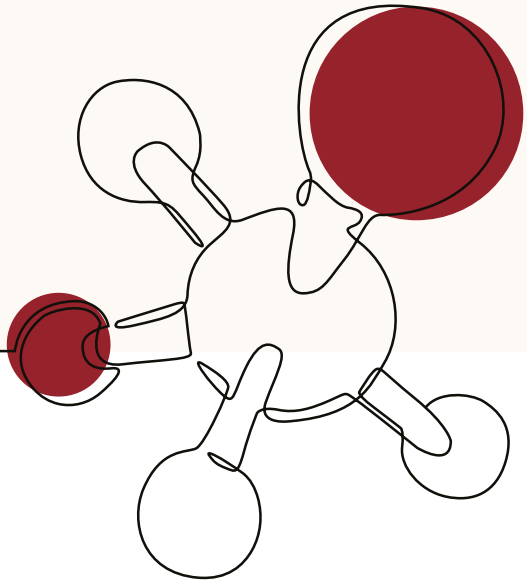
University spinouts provide the DNA of life science clusters globally. They drive business growth and deliver new technologies and products to the market which feeds innovation. They therefore play an outsized role in local and national economies. For the UK context, our university spinouts are fundamental to our future superpower aspirations and life sciences is our leading sector. As of January 2025, there were 399 life science spinouts in the UK[i], all presenting economic potential.

Success depends on us building our spinout pipeline and supporting their stages of growth in order to successfully commercialise on our university research strengths, as well as our leading research institutes. Crucially, this needs to happen nationwide. Scientific advances are occurring across the country, but this is not reflected in the geography of life science businesses.

A multiplicity of reasons is responsible for this status, but barriers to our national potential need to be broken down urgently. We are a global science power, but a small country in the emerging global science landscape. Our superpower status will depend on our ability to operate as a whole with a national vision. It requires us to build inter-regional connectivity that enables integrated innovation ecosystems at the UK plc scale to drive global competitive advantage through deep and effective regional partnerships.

We have undertaken a program of research, investigating the geography of university spinouts in the UK, their motives for moving as well as their short and longer-term business drivers. In this paper, we provide an overview of life science spinout geography in the UK and the funding backdrop.

We are grateful to all the contributors to this work, in particular Pitchbook, Censuswide and Emma Frost, but also a wide group of practitioners across the UK science ecosystem who have commented on the initial results. We also thank our research assistant Max Ersser for his contribution to the analysis.
A summary of the research approach is provided at the end of the report.



Executive Summary

1. Spinouts provide the bedrock of innovative ecosystems.

University spinouts provide the bedrock of our innovation economy. This is exemplified in Oxford and Cambridge, where science and tech companies are responsible for 80-90% of annual office and lab take-up. They attract global partners and investors and are catalysts for wider economic development. The life science sector see the highest volume of spinout companies, with the pace of growth accelerating.

2. The geography of life science spinouts

Improvements are being made in the commercialisation of research in the UK. But, while locations outside of the Oxford, Cambridge and London triangle produce 57% of life science spinouts, they are in receipt of just 28% of the venture capital investment. This uneven geography of opportunity is a loss to the UK economy as a whole as well as regional growth potential.

3. Funding disparities and regional imbalance

Oxford, Cambridge and London account for 30% of the UK's life science spinouts. This geography does not reflect the national distribution of research excellence and reveals a structural concentration in commercialisation activity. Funding and investment is heavily skewed at the start up stage, and since companies are generally sticky geographical imbalances are compounded.

4. Movement of spinouts over time

While many spinouts remain close to their founding institutions, decisions to move are often driven by ecosystem strength and funding access. Mature clusters retain more companies, while others risk losing businesses to more capital-rich environments.

5. A global market

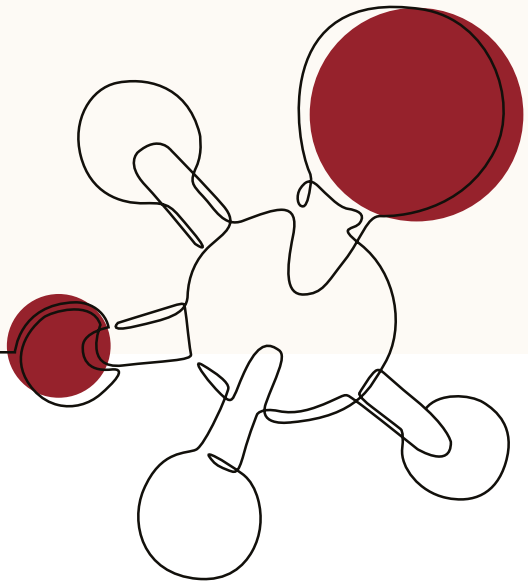
UK life science spinouts are competing on a global stage. 6% have already moved abroad, mostly to the US, in search of capital and stronger ecosystems. Without national coordination, the UK risks losing future economic value and IP overseas.

7. Points of vulnerability

Acquisitions and later-stage funding rounds present key points of vulnerability when spinouts are most likely to relocate. IPOs offer some stability, but declining UK listings and global valuation gaps challenge retention of high-growth firms.

8. Conclusion: a moment for action

The UK faces a short window of opportunity to align policy, capital and infrastructure. Strategic investment–backed by initiatives like the Mansion House Accord–and delivery of business space across regions will be critical to securing the long-term success of life science spinouts and the UK's global competitiveness.



Spinouts provide the bedrock of innovative ecosystems

As the most mature life science cluster in the UK, Cambridge provides a valuable insight into the dynamic role of spinout companies in cluster development. In 2024, companies that started in the city were responsible for 40% of laboratory floorspace requirements at the year end.

The majority of these companies originated in some form from the University of Cambridge. This bedrock of the cluster's science ecosystem is compounded as these businesses grow. The impact of this can be seen in the transformation of demand over time, reflected in the high proportion of space take up by the science and technology companies across both Oxford and Cambridge over the last four years. These high growth knowledge intensive sectors now occupy most of the space across the office and laboratory provision and are increasingly reflected in the cities' industrial markets.

40%

Cambridge lab floorspace requirements, at end 2024, come from companies originating in Cambridge

Source: Bidwells 2025

Science and tech take up

As a proportion of total office and lab take up

Cambridge

68% 2020

89% 2024

Oxford

65% 2020

83% 2024

Source: Bidwells 2025

This is significant because the expansion in knowledge intensive jobs comes with wider economic benefits to a city. Research on the UK picture as a whole[ii] found high-tech industries – either STEM-intensive high-tech or in the digital economy – have a positive jobs multiplier. Every ten new high-tech jobs created deliver around seven non-tradeable service jobs in the local economy, across sectors such as retail and hospitality, with around six going to low-skilled workers.

Furthermore, a strong spinout ecosystem provides a magnet for multinational pharmaceutical and technology companies, who seek to collaborate and potentially absorb innovative advances made by these companies. This is evident in clusters from Oxford and Cambridge in the UK to Boston, MA in the United States.

Given the importance of commercialised university research to this evolution of knowledge intensive clusters, the ability of locations to create and retain its spinouts matters for cities. This is not just for local wealth creation and regional economic development but also the quality of employment and skills opportunities they deliver for their communities.

The geography of life science spinouts

Based on the analysis of Pitchbook life science spinout companies, the cities of Oxford, Cambridge and London dominate spinout creation, responsible for over 43% of spinouts created in the UK. While these cities are home to globally leading universities, the inconsistency of business creation and growth across the country, does not reflect the research output of different academic institutions.

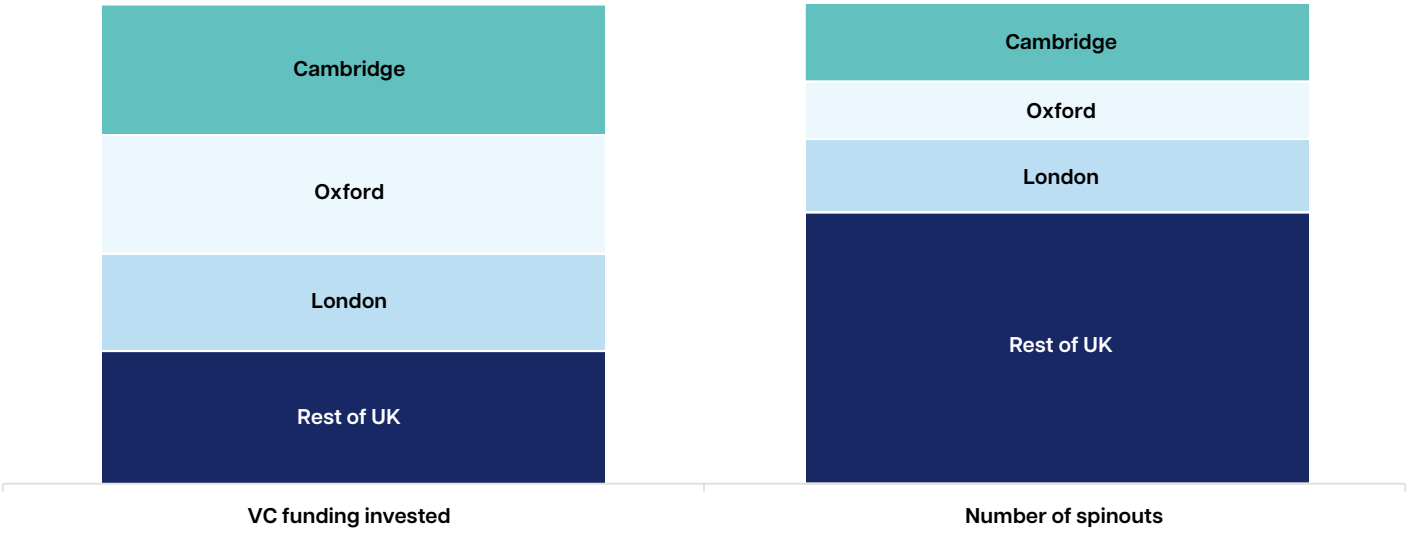
This disparity is in large part explained by funding being focused on the research centres and cities with the highest international profile, partly due to risk perceptions, but also the greater volume of opportunities available to funders who are often coming from outside the UK.

It is also the case that the funding awarded in locations outside Oxford, Cambridge and London is on average lower, illustrated in the chart below. Cities outside The Golden Triangle are responsible for 57% of spinouts, but see only 27% of the VC funding secured by spinout companies. With less capital flowing into these regions, there is lower competition between funds and smaller funding totals being allocated.

The lower levels of funding availability in cities outside the Golden Triangle of Oxford, Cambridge, London, particularly later stage financing, inevitably means that research with potential is not commercialised, or that businesses which do launch fail to achieve scale. This is a loss not only to the university cities generating the research, but to the UK as a whole.

Source: PitchBook and Bidwells 2025

Venture capital invested into UK life science university spin-outs, 2015-2025 (%)



Source: Bidwells, Pitchbook. May 2025.

Movement of spinouts over time

We know from our work in the Oxford and Cambridge clusters, and from previous survey work undertaken with YouGov [iii], that life science companies are naturally 'sticky'. However, our survey with Censuswide also finds that the depth of an ecosystem and business relationships impact on location decision making. Our understanding of the importance of the innovation ecosystem to business success is further supported by StartupGenome [iv] research in 2024. This found startups with higher local and global connectedness (high degree of innovation ecosystem embeddedness) see their revenues grow twice as fast and have a 3.25x higher chance of scaling up compared to those with lower connectedness.

Unfortunately, this unequal and lower pace of growth across a skewed investment geography is also reinforced over time. Our analysis with PitchBook finds that headquarters of 71% of life science spinouts remained in the cluster from which they originated. However, retention is biased towards more mature clusters.

Relationships with funders and access to funding play a key role in location decision making, often creating pressure to move location. This was underlined in the results from our spinout survey, with funding considered second only to business collaboration as a reason to relocate from a spinout city. Since funders are attracted to concentrated centres of spinouts, this further compounds the imbalance of investment geography across the UK.

This is not only at the early stage of the business, but also in later funding rounds to support growth. The shortage of funding outside the Golden Triangle is even more acute when businesses attempt to scale-up. It is important to note that while a spinout may retain research or other functions in the location of its spinout university, the movement of the HQ will impact on the centre of gravity for future activities and expansion so must therefore be considered an important indicator.

71%

of university life sciences spinouts remain in the same city or in close proximity to the institution where they started

What are the top drivers for life science spinouts to relocate away from their spinout city?

Business collaboration
Relationships with funders
Suitable property
Proximity to a particular university or research institute
Quality of life

Source: Bidwells and Censuswide, 2025

A global market

Across the life science spinouts analysed in this study, 23% moved within the UK, while 6% moved abroad, predominately to the US, where Cambridge and Boston, in Massachusetts and California were the most common destinations.

While many reasons may contribute to such relocations, including research and business links, funding is a core driver. The disparity is clearly evident in the chart below, particularly beyond seed funding rounds. The post pandemic era of higher interest rates and bond yields has presented a more challenging funding environment, adding to these pressures[v].

Source: Bidwells, Pitchbook. May 2025.

23%

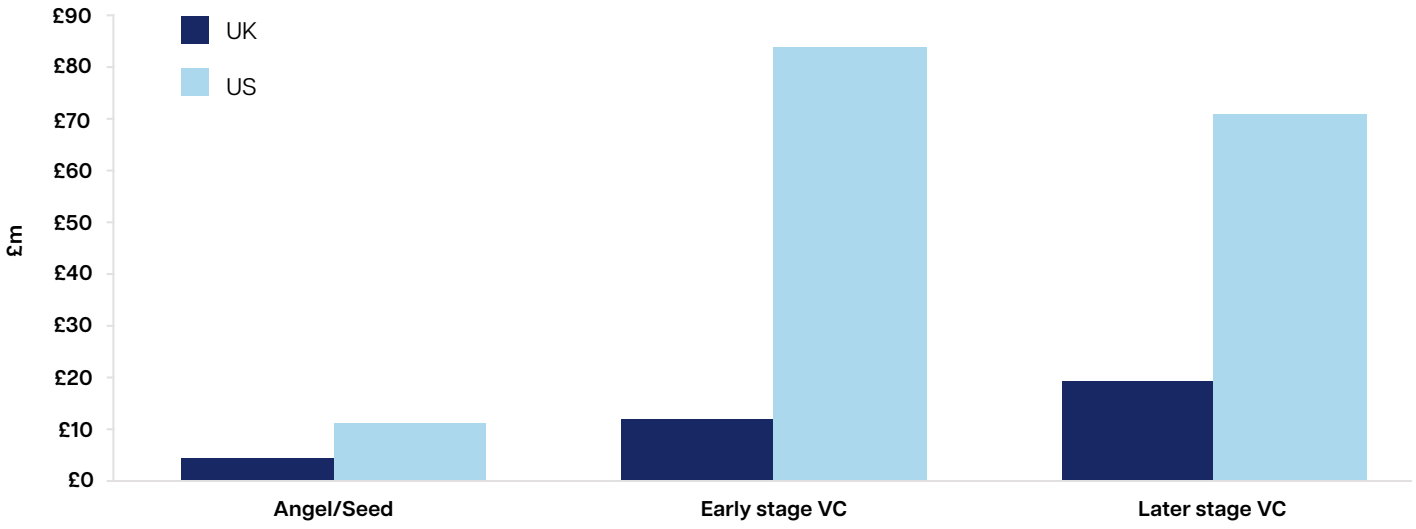
Moved within the UK

6%

Moved outside the UK

France China Japan Germany Netherlands **United States** Australia Belgium

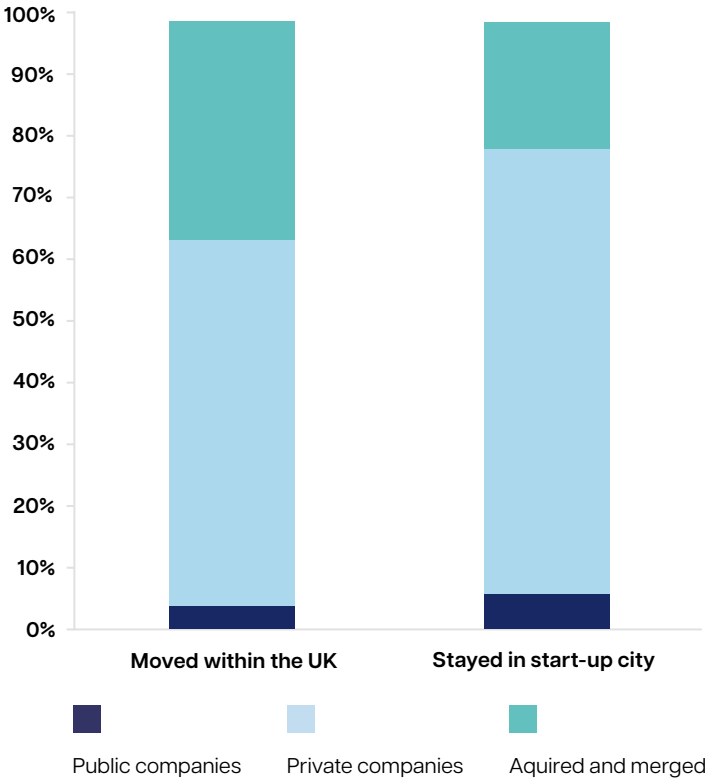
Average venture capital raised by university life science spinouts, by stage, in 2024



Source: Bidwells, Pitchbook. May 2025.

Points of vulnerability

The analysis points to the likelihood that company events, in particular acquisition and merger, present a point of vulnerability, when companies are likely to move even within the UK. In contrast, companies that succeeded in an IPO are slightly more likely to remain in situ in the university city from which they originated. While positive, this presents a challenge in an environment in which UK listings have slipped back given the higher valuations available in the US in particular.



Companies that are acquired or merged are more likely to move their HQ away from their spinout location

This is the moment for action

1. We are seeing an **acceleration in scientific advances in which the UK holds a leading position** due to a long legacy of research advances. Our global recognition in areas such as cell, gene and RNA therapies, supported by unique institutes - exemplified by the Wellcome Sanger Institute - are the focus of research activity and funding appeal. These are supported by our deep tech excellence which will enable advances in emerging scientific areas.

   However, we cannot be complacent about these strengths. Global scientific competition is intense with new research centres are evolving quickly across Asia and beyond. Individually, our clusters do not have the scale of many of these established and emerging centres of excellence. But, working as a country, capitalising on our academic and regional strengths will enable us to compete successfully.

2. We have a **supportive Government environment for the investment and development of our science sector** aligned with a potential growth window. The Mansion House Accord announced jointly by the Chancellor and pensions industry in May could help to relieve the shortage of venture capital for UK start-ups. The Accord, which is voluntary commits signatories, which include 17 pension fund managers accounting for 90% of defined contribution assets by value, to invest 10% of the assets of defined contribution pension funds in unlisted assets, half of which should be in the UK. In parallel, the national Industrial Strategy, is expected to identify the life science sector as a central plank in the UK's future economic story. Support for homegrown skills through our education system and the forthcoming national curriculum review, in particular across STEM subjects will be essential.

3. The environment in the **United States presents both challenges and opportunities**. We are currently highly dependent on VC funding originating in the US. The current uncertain environment is a potential threat to this source of capital, but the UK can provide a stable high growth opportunity by capitalising on our appeal to funders, multinationals and researchers alike. To operate more effectively at this international scale, requires deeper, serious partnerships between different regional clusters and innovation ecosystems across the UK. Funding, our business environment and support for high skilled workers will all contribute to our appeal as a scientific superpower. A streamlined business focused visa process will ensure we do not miss out on global talent and subsequent investment flows.

4. **A window of opportunity to move the superpower needle** exists in the UK now. A supportive policy environment is currently converging with a period of enormous advances in scientific areas in which the UK excels. The economic and political backdrop adds urgency to the need to capitalise now on the UK's scientific superpower potential. The threat to this potential from competitor countries across the globe cannot be overstated and the window to secure our global position will be short lived and is narrowing rapidly. This will require a step change in levels of investment across our UK university clusters, which can only be achieved with Government leveraged funding. The prize is elevated long term economic growth and for the Government, increased tax revenues.

5. **Real estate** will not be the fundamental driver of this economic transformation; however it is a facilitator. Future reports in this series will illustrate how the availability of suitable business space and incubators are associated with the retention of spinouts and their growth trajectory. Over the next five years we will see a pipeline of world leading laboratory space coming forward in our core science clusters to support ecosystems of critical mass so valued by spinouts and multinationals alike. We need the delivery of such space across the UK, falling in step with the investment funding for our life science spinouts.

The research

This research comprised two components. The first, a quantitative analysis to understand the geographical movement of spinouts from UK universities. The second element was a survey of university spinouts to understand the underlying drivers of decision making in terms of location and business space. The two elements of the project are described in more detail below.

1. Quantitative study in conjunction with Pitchbook

Analysis of spinouts, undertaken in conjunction with PitchBook, who provided the details of all UK spinouts. The data, provided in May 2025, included information about the companies, including name, sector, age, and funding. Businesses which had closed were excluded from the analysis. This analysis covers the historic period of the database. The location of the spinout was defined by their HQ location.

This data was deepened by Bidwells' research on cluster geographies. Using our knowledge of life science clusters across the UK, we allocated companies by cluster rather than local authority district. We also investigated the background of founders in terms of their research position at the university at which the research originated.

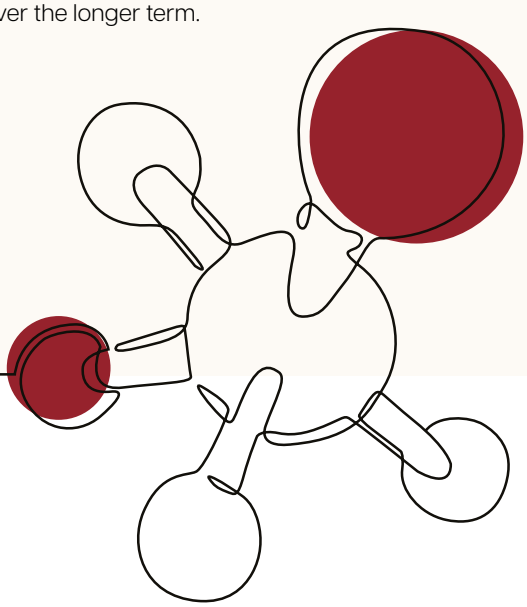
This information was sourced from a variety of sources. Most information was found via the firms' own websites. Where this was not possible, information concerning the background of scientific founders was sourced from third-party sources.

The city of research origin was designated simply by specifying the closest city to the university from which the company spun out. The closest university city to the current headquarters was assessed by physical proximity to the closest university city. Finally, the position of research origin (namely, the post held by the scientific founders at the time of founding) referred to the position of the most senior scientific founder (if more than one existed). It is indicated whether they held a professorship, other postdoctoral academic position, or if the research stemmed directly from a PhD. For some, the scientific founders' research originated from non-university-affiliated labs. Where this was the case, it is indicated that the research stems from commercial post-doctoral research. Spinouts from research hospitals were classified as commercial unless there existed a clear link to research at a partnered university.

The patent analysis is based on all PitchBook's available coverage. While this coverage is deep, it will not be 100% complete due to the inherent lack of transparency in the private market. Many spinouts—particularly in their early stages—are not positioned, or incentivized, to publicly disclose detailed company information, which limits the visibility of these activities in commercial datasets. While this presents a gap, Pitchbook consistently strive to retrieve information to the best of its ability, and the platform remains one of the most comprehensive tools currently available—especially when triangulated with other datasets or local market insight.

2. Survey of Life Science, Med Tech and Deep Tech spinouts

In order to understand the drivers of location and business space decision making, we surveyed life science spinouts in the UK. The survey was undertaken by Censuswide on behalf of Bidwells in May 2025. The analysis in this report focused on the Life Science sample of the survey, totalling 164 companies. The survey also included a further 93 spinouts in the Med Tech and Health Tech sector and 43 in the deep Tech sector. The survey was online, with the respondents limited to senior positions in the company. It covered location, business moves and the nature of space occupied, including more detailed questions on incubators. It also incorporated questions on business drivers in location decision making, challenges for the business in the short term, and factors that will drive requirements over the longer term.



[i] spotlight_on_spinouts_2025_24_03_25.pdf

[ii] Lee, N, Clarke, S. 2019. Do low-skilled workers gain from high-tech employment growth? High technology multipliers, employment and wages in Britain. Research Policy 48.

[iii] https://www.bidwells.co.uk/life-sciences-2030/

[iv] Startup Genome | Decoding Tech Startups Success

[v] UK start-ups consider switch to US as funding falls to post-pandemic low

BIDWELLS

Key contact

Sue Foxley
Research Director

07771 339 153
sue.foxley@bidwells.co.uk

Mark Callender
Research Partner

07971 670 160
mark.callender@bidwells.co.uk

bidwells.co.uk

Certified B Corporation