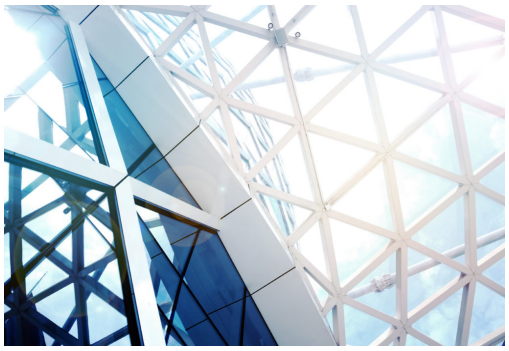
Life Sciences Real Estate Clusters: US and UK Perspectives



Life sciences real estate clusters

Record investment in the life sciences sector has created geographic concentrations of interconnected life sciences companies and institutions, or "clusters," forming in key global locations, including the U.S. and the UK. The forming of clusters has been driven by a variety of factors, including a broad recognition that proximity between market participants can drive overall productivity. While it may seem paradoxical for a company to locate near its competitor, a deeper examination reveals that clustering creates synergies for all participants who can benefit from communal resources, regional trade, lobby and support groups, shared infrastructure and logistics channels, and a common regulatory and legal framework (and in some instances local tax incentives). In this way, life sciences real estate, or "**propsci**", is becoming more than just an operational decision for life sciences companies – it can provide a competitive advantage through strategic access to talent, funding, innovation, and shared resources. Not surprisingly, real estate investors are looking to capitalize on this trend, and we anticipate seeing a desire by a growing number of capital allocators, investors and developers to add propsci investments to their portfolios in key geographies.

U.S. perspective

The top 3 propsci clusters in the U.S. are (1) the San Francisco Bay Area, (2) Boston and (3) San Diego. These three markets have been the dominant clusters for life science companies and investors as well as for real estate.

Looking beyond the traditional "big-3" clusters, there are several secondary clusters that have attracted substantial capital and governmental investment and appear ripe for significant for more growth and in turn, propsci. Among these markets are places like Chicago, Philadelphia, New Jersey, and Baltimore. These locations share many of the same characteristics (and opportunities) as Boston, San Francisco and San Diego – well-regarded research universities, high-levels of private investment and governmental grants and a deep and growing talent pool to draw from.

UK perspective

In the UK, the "golden triangle" of London, Cambridge, Oxford, and surrounding areas is the most advanced of the life sciences clusters, where around 80% of all UK life sciences investment happens. This cluster is home to a diverse and large population consisting of academics, clinicians, leading universities, research centres, healthcare providers, innovative SMEs and startups, and large industry corporates, as well as fit for purpose real estate and infrastructure.

The golden triangle is followed by Edinburgh, Glasgow, Manchester and Nottingham, and more recently, Birmingham, Liverpool, Leeds and Newcastle, where there are also significant amounts of concentrated activity. These emerging destinations all have key ingredients for success – world renown universities in close proximity, great transport and infrastructure links, and a UK Government intent on investing to rebalance the UK economy in favour of regional locations.