

CHEFFINS

# DATAPOINT

2023

ANNUAL REVIEW OF THE BUSINESS SPACE MARKET IN CAMBRIDGE

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**Industrial**  
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Welcome to our annual review of the industrial, office and life science property markets around Cambridge in which we provide details of the key transactions together with supporting commentary and analysis for each sector.



2023 saw the Cambridge 'bubble' pitched against the background of higher inflation/ costs and increasing global uncertainties, combined with reduced business confidence and tougher fundraising conditions for the type of early stage companies that prevail in the city.

Whilst there is no doubt the impact these combined factors will continue to have, the levels of activity we have seen are testament to the underlying strength and resilience of the local economy.

The quantity of new supply delivered meant that the lab market in particular had a strong year and the industrial market saw a continuing focus on new build space suitable for 'techbox' occupiers.

The office market saw increased availability of second hand space from occupiers wrestling with the twin challenges of the wider economic picture and the way in which we use offices in the post COVID era.

All these issues are examined in further detail in this report and if you have any questions please don't hesitate to contact myself or one of the team.

A handwritten signature in black ink that reads "Michael Jones".

Michael Jones, Director, Head of Commercial  
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Market activity in 2022 was severely restricted by a lack of availability but 2023 saw new lab space coming forward and consequently take up for the year shot up to circa 260,000 sq ft – a new high in terms of occupational leases and almost five times 2022's figure of 55,000 sq ft.

Key deals (highlighted over the page) include the letting of 1000 Discovery Drive on the BioMedical Campus to the NHS and BioNtech and also at Babraham where BioMed's new Building 960 was fully taken up some six months ahead of completion of building works with lettings to Insmed, Xap and Mosaic Therapeutics.



## Laboratories stats and overview (continued)

Prime rents for fitted space have now reached £68 sq ft which is an increase of 40% of that achieved at the end of the previous year. However it's important to note that, whilst deals were then being negotiated at higher levels, this figure was held back by the lack of empirical evidence to support higher figures at that time. As such, whilst rents are expected to continue upwards during 2024, it's highly unlikely this will be at anything like this level of increase.

Evidence of change in shell and core rents is also limited given that, where space is delivered to this level, deals are increasingly based on a fitted rent with tenants given fit out contributions. Examples of this are the deals at 100 Discovery Drive and also at One Granta where the third floor of 24,845 sq ft has been let to T-Therapeutics.

On the face of it, supply at the end of 2023, standing at circa 140,000 sq ft, represents a significant increase over anything seen in previous years. However this figure includes circa 40,000 sq ft at Unity Campus which is firmly under offer to occupiers including Welbeck Health and also space being released by AZ as they finally relocate to their new HQ on the BioMedical Campus. Much of this older space is likely to require at least some upgrading which will affect timing for re-occupation. The only new supply currently available is the remaining space at Unity Campus and also the first phase of The Press in Foxton.

It's also clear that supply of new space will continue to be constrained. A combination of concerns over the wider economic landscape and rising costs together with the complexities (and time required) to secure planning consent – particularly for the level of density often being sought – means the wave of new supply that had been predicted is unlikely to materialize in anything like the timescales previously proposed.



1000 Discovery Drive, Cambridge Biomedical Campus



RENTS	Dec 2023	(per sq ft)
Prime fully fitted		£68.00

### KEY LAB TRANSACTIONS 2023

- 1000 Discovery Drive, Cambridge BioMedical Campus 79,650 sq ft let to BioNtech; 23,500 sq ft let to NHS
- Building 960, Babraham Research Campus 17,629 sq ft let to Insmed; 10,527 sq ft let to Xap; 7,113 sq ft let to Mosaic Therapeutics
- One Granta 24,844 sq ft let to T-Therapeutics



### Laboratories stats and overview (continued)

The only speculative new space currently under construction for delivery this year is One Granta which will be delivered (shell and core) in Q3 and where three floors, totaling 79,480 sq ft, currently remain available. Refurbishment works are also progressing on Units 310 and 316 on the Science Park. Beyond that the first phase of Cam-Life (circa 40,000 sq ft) will now be available in Q1 next year and Building 800 at Chesterford will provide 65,000 sq ft available on a multi-occupancy basis from circa 2,300 sq ft upwards from the middle of 2025.

Demand for lab-space continues to exceed the levels of supply detailed above albeit there is no doubt active demand (ie those requirements currently being progressed) has fallen from the levels experienced in the recent past. This will be partially due to the deals completed last year reducing the backlog of pent-up demand and also a slowdown in the number of new requirements coming forward.

Demand is currently strongest at the larger end of the scale (30,000 sq ft plus) with fewer requirements in the 3,000-10,000 sq ft range that have traditionally formed a significant proportion of the overall demand/number of deals.

These requirements are reactive and often only come forward once there are opportunities for them to pursue so the lack of availability (particularly in the more established locations) may go some way to explaining this but equally the wider global economic climate and the fact that fundraising is more difficult and taking longer to finalise, is also adding to this slow-down.

Looking forward to 2024, the levels of supply and demand mean that rents will continue to increase for the best space and those established locations with high amenity provision and, as has been the case for a number of years, the challenge will be to provide sufficient space in these locations.

## Take up summary 2023

Figure 01  
Cambridge area Lab take up 2023 – by grade

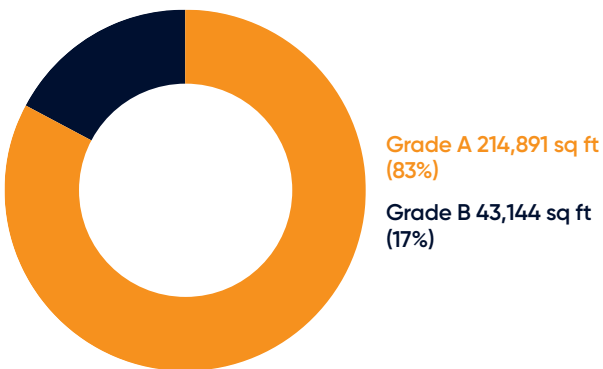
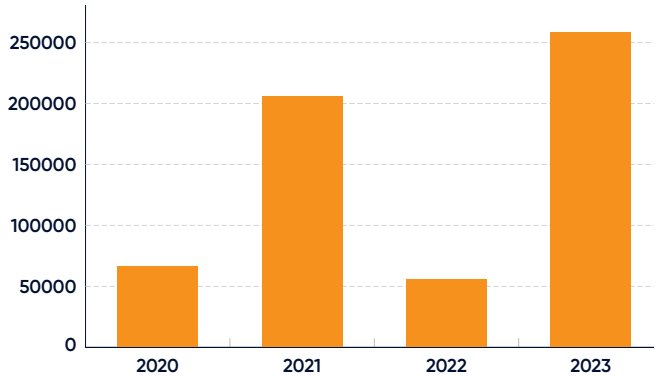


Figure 02  
Total take up (sq ft)



Building 960, Babraham Research Campus





# Availability summary 2023

Figure 03  
Cambridge area Lab availability 2023 – by grade

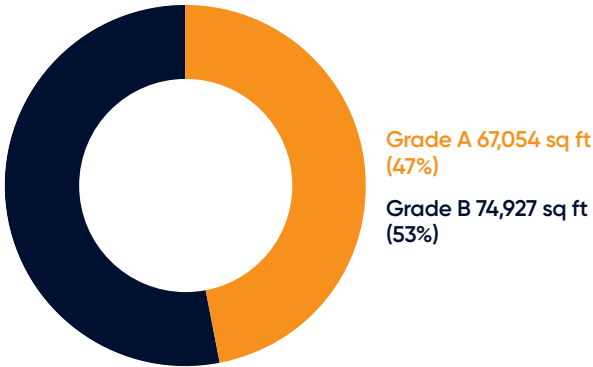
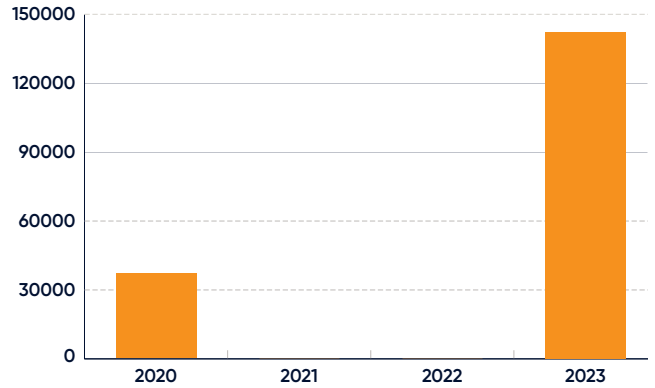


Figure 04  
Total availability



One Granta T-Therapeutics, Granta Park

Take-up of office space fell slightly by 3.8% in 2023 from the previous year's total of 394,000 sq ft to 380,000 sq ft.

The economy has had a tough 12 months experiencing fluctuating interest rates, high inflation, economic uncertainty, as well as the conflicts in Ukraine, Israel and Gaza and the subsequent impact on world macroeconomics. These events have had negative repercussions on market confidence with companies adopting a cautious approach which has been reflected in the level of office take-up in 2023.



Cambridge is not immune to these challenges and as a result we have seen a year of two halves in our region.

In addition to the general economic factors influencing demand for office space we have also seen appetite bolstered by the post COVID trend of the "Flight to Quality" where occupiers are increasingly seeking to upgrade their accommodation so that they are able offer their staff an improved working environment and enhanced communal / break out areas and associated services and amenities.

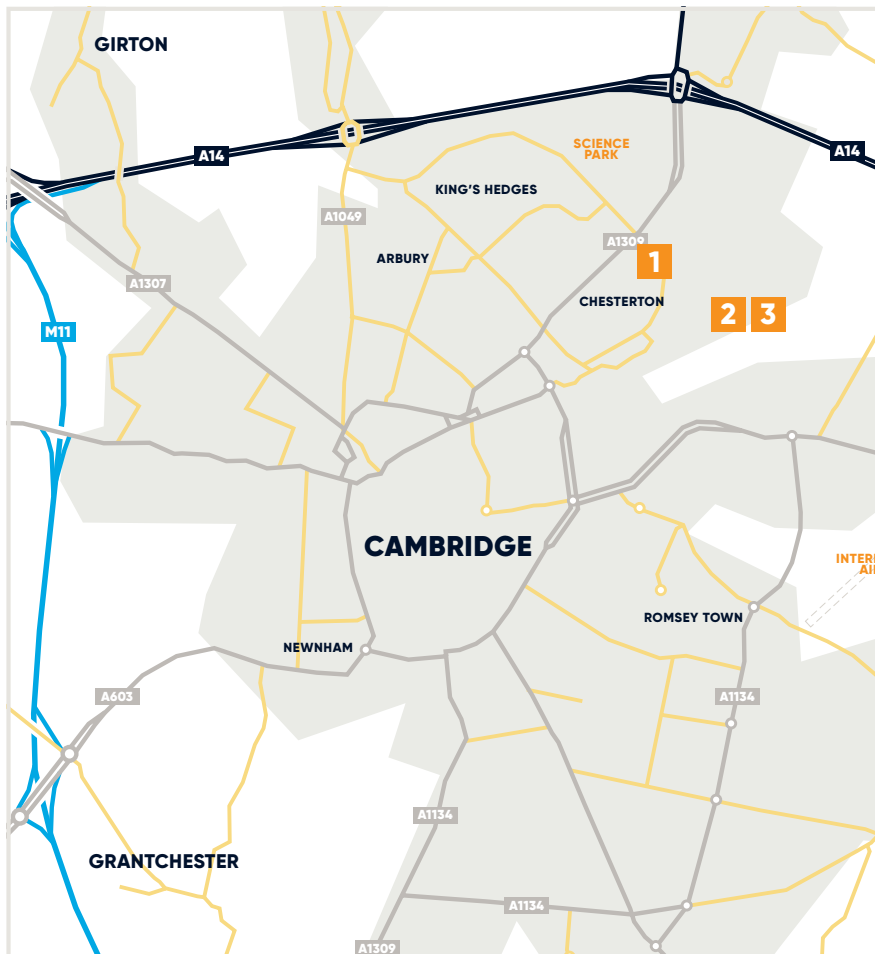
By upgrading their accommodation, employers are seeking to encourage a higher office attendance by staff and provide an attractive working environment for potential new employees within an increasingly competitive employment market.

The first part of the year was strong with companies still looking for best in class stock; this can be seen with the One Cambridge Square North deals to Samsung who took circa 34,000 sq ft, and Serendipity Labs taking circa 18,000 sq ft. This has helped to continue to drive rental growth in the area and One Cambridge Square North has let more space than any other building in Cambridge this year. The strength of the first half of the year may also be underpinned by deals falling from the end of Q4 2022 and moving to 2023.

Transitioning into the second half of the year, we have seen a lot more secondhand stock come back to the market. This could be linked to agile/flexi working practices still having an impact on office attendance, and a number of organisations now realising they don't require the amount of space they currently have.



One Cambridge Square



RENTS Dec 2023	Prime (per sq ft)	Secondary (per sq ft)
City	£57	£38
Edge of town	£40	£36

### KEY OFFICE TRANSACTIONS 2023

- 1** 194 Cambridge Science Park  
27,000 sq ft to Raspberry Pi
- 2** One Cambridge Square  
30,000 sq ft to Samsung
- 3** One Cambridge Square  
18,000 sq ft to Serendipity Labs







Office stats and overview (continued)

It was recently reported that despite a large number of companies encouraging staff to return to their office, up to 30% of organisations expect to continue with the flexible work model going forward. It is also worth noting that a significant number of deals throughout the year have been relocations rather than new companies acquiring more space and we have seen that a number of tech companies have started to release space back to the market.

Cambridge has also seen the release of 28,645 sq ft at the Old Swiss which is a 50,000 sq ft scheme of modern office/tech space. This is not an insignificant amount of space which benefits from the key elements of an on site café, car parking and Cat A offices that employers now stipulate as a requirement in order to attract and retain key employees.

Overall, we have seen pure office take-up go down and serviced office accommodation move up with some occupiers leaning towards more flexible options. Other transactions we have seen have been due to forced relocations where units have been redeveloped or will be the subject of redevelopment.

Conversely in the second half of the year, we have seen Raspberry Pi take circa 27,000 sq ft at 194 Cambridge Science Park which has been a real success story. They were previously accommodated in circa 8,000 sq ft in the Maurice Wilkes Building on the St John's Innovation Park and needed to expand.

Throughout the previous 12 months office units have been converted to lab space. Bespoke examples include Endeavour House on Vision Park in Histon – a decision reportedly driven by the lack of supply and high level of demand in this sector. More recently planning has also been granted for the Vitrum Building on St John's Innovation Park to be converted from 44,000 sq ft of office to circa 133,000 sq ft of bespoke research and development space.

There are indications of a slowdown of repurposing office units to labs with more purpose built lab space coming to the market and this is highlighted elsewhere in this report.

# Take up summary 2023

Figure 01  
Cambridge area Office take up 2023 – by grade

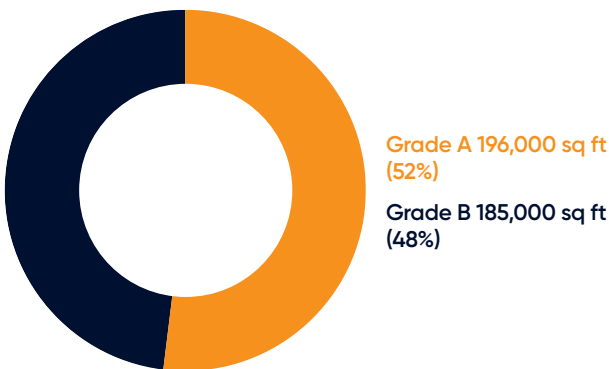
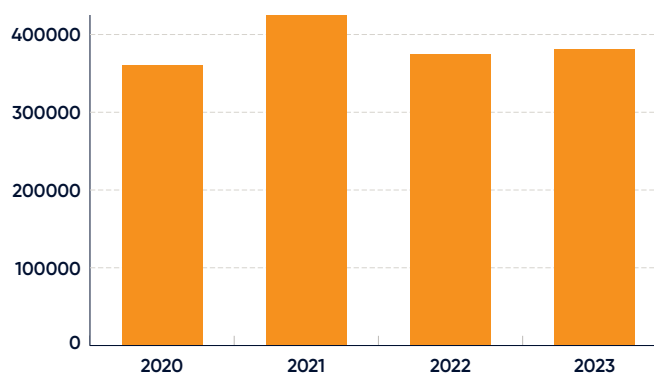


Figure 02  
Total take up (sq ft)



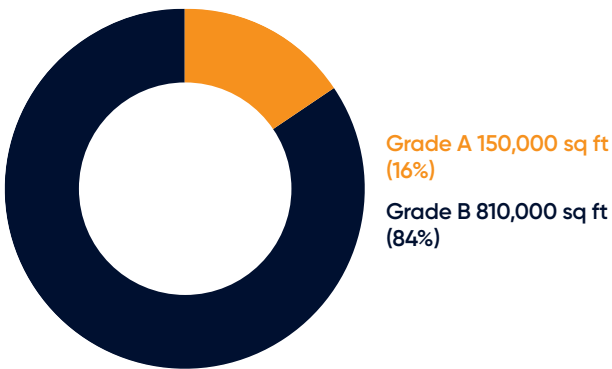
Cambridge Science Park



St John's Innovation Park, Maurice Wilkes Building, Raspberry Pi

## Availability summary 2023

Figure 03  
Cambridge area Office availability 2023 – by grade

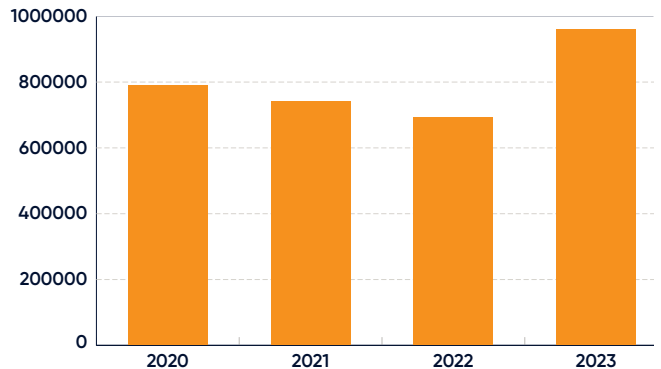


### In terms of the stock coming forward in the next year:

- Wrenbridge's Brooklands scheme Phase 1 completes in Q1 comprising 60,000 sq ft which is part let and Phase 2 of c. 7,000 sq ft is due for practical completion in Q4.
- 10 Station Road will offer 50,444 sq ft over five floors with practical completion in Q2.
- Railpen have announced that they're looking to start on site H1 at Botanic Place which has planning permission for 500,000 sq ft of workspace.

It is highly anticipated that the Conservative's 13 year reign in government will be coming to an end late 2024 and it's very possible that Labour will be asked to form the next Government.

Figure 04  
Total availability



It will be interesting, should Labour come into power, to see how they take things forward and subsequently the impact this will have on our market. Historically a Labour Government has meant that there has been an increase in the amount of public spending in the office market.

Looking at the potential forecast for the next 12 months, the expectation is that the rental market will continue steadily, with a slight increase in rental levels in central Cambridge when stock becomes available, based on current demand for space and lack of availability. Secondary space will become more prevalent and improve steadily throughout the year.





At the beginning of 2023, the UK was in the midst of increasing interest rates, an energy crisis and high costs of living.

The sentiment of the national commercial property market reflected wider economic uncertainty with the "majority" of respondents to the Q1 RICS UK Commercial Property Monitor considering "the market to be in a downturn". By year end, annual take up for the Cambridge area was approximately 15% down on the five year average, the lowest annual figure during the period. However, we saw record rents achieved in the Cambridge area and strong demand for prime 'techbox' industrial stock.





**Take Up: Techbox Occupiers**

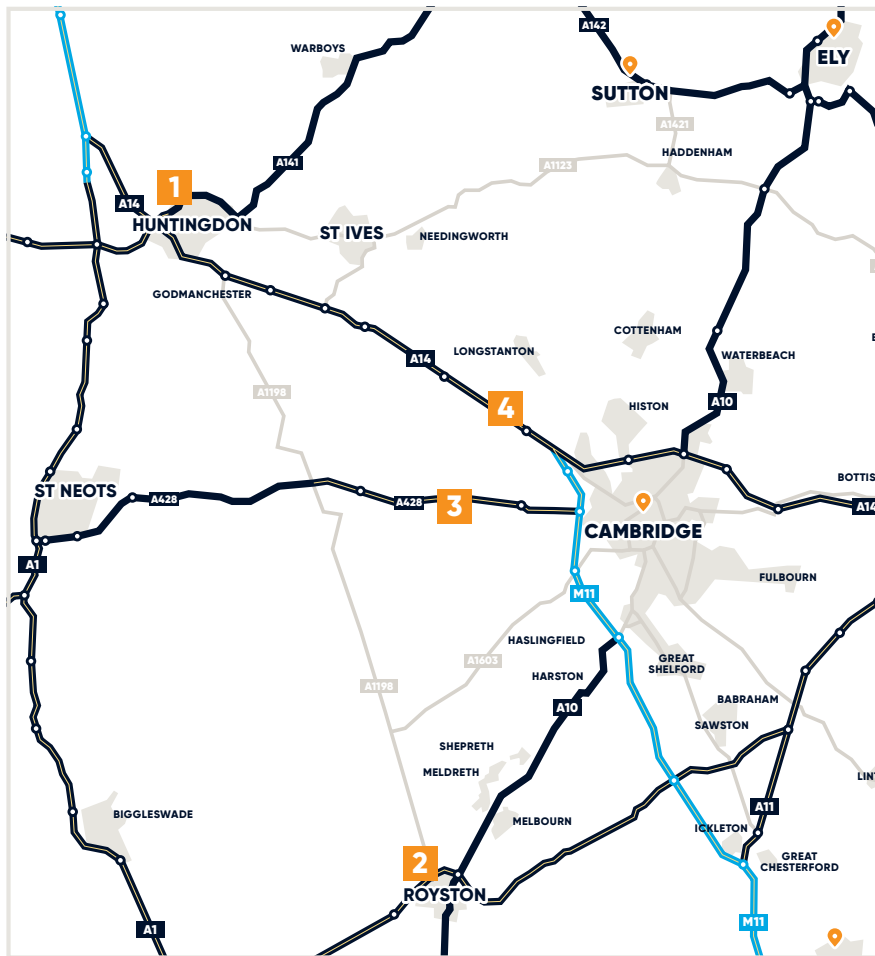
The majority of activity has been at the prime end of the market where techbox occupiers have continued their flight to quality, sweeping up remaining units on new schemes. Standout examples include innovation consultancy firm PA Consulting acquiring 34,000 sq ft at Royston Gateway, defence communications specialists CRFS moving from Cambridge Research Park into 24,000 sq ft at Bourn Quarter and laboratory logistics experts Johnsons 1871 acquiring 20,000 sq ft at Bar Hill Gateway. The likes of CRFS and PA Consulting are particularly interesting examples of techbox occupiers. These traditionally office based businesses form part of an increasing number of Cambridge technology firms who see value in a high office content production facility, built to a market leading specification and set in an environment which projects a sense of corporate identity.

In 2023, prime take up ended at almost exactly half the level achieved in 2022. This is due to a continued lack of supply of prime stock, particularly in the 10,000 sq ft – 25,000 sq ft size bracket. Generally speaking, units within this range at schemes like Bourn Quarter were the first to find tenants towards the second half of 2022, leaving the smaller units to make up the statistics in 2023. The average transaction in 2023 was for 5,849 sq ft. In 2022, it was almost double at 9,686 sq ft. However, when we consider the number of deals which took place in each period, the same number of transactions occurred in both years.

Take up for secondary grade stock in 2023 was almost double what it was in 2022, albeit total take up for the category is still less than 40,000 sq ft. This shows the continued very low levels of typical light industrial supply. Tertiary grade stock is down on 2022 and availability is going up. This suggests that occupiers who would typically rent property graded within this category are either focussing on better quality stock or not looking to move to inefficient and dated premises in the current economic climate.



Aitchison, Bourn Quarter



RENTS Dec 2023	Prime (per sq ft)	Secondary (per sq ft)
Cambridge City	£17	£10-£14
10 miles	£18	£8-£10
Huntingdon	£12	£7.50-£8.50
St Ives	£10.50	£7
Ely	£11.45	£6.50-£7.50
Newmarket	£8.25	£6-£7
Haverhill	£8.75	£6-£7
Saffron Walden	£10	£6.50-£8.50
Royston	£13.50	£7

**KEY INDUSTRIAL TRANSACTIONS 2023**

- 1** Lightning Park, Huntingdon  
126,689 sq ft pre-let to DHL
- 2** Royston Gateway  
33,961 sq ft let to PA Consulting
- 3** Bourn Quarter  
23,716 sq ft let to CRFS
- 4** Gateway, Bar Hill  
20,423 sq ft let to Johnsons 1871





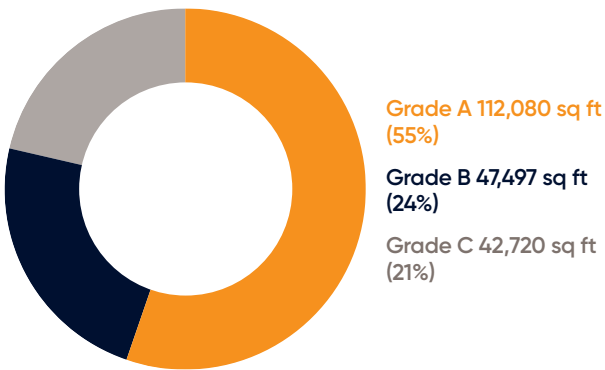
"Record rents achieved in 2023 are likely to be surpassed in 2024 as the remaining prime stock is taken up"



Lancaster Way Business Park, Ely

## Take up summary 2023

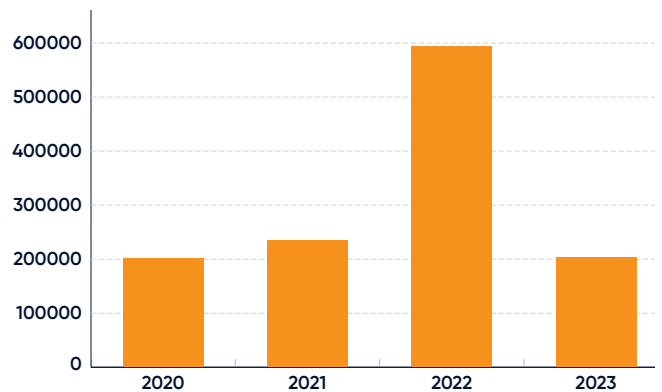
Figure 01  
Cambridge area Industrial take up 2023 – by grade



### Take Up: Traditional Light Industrial Occupiers

In 2023, we saw a real difference between what a techbox occupier is prepared to pay in comparison with a more traditional light industrial occupier. With increasingly expensive secondary grade options, many of these occupiers are already pausing their requirements or seeking cheaper alternatives further away from Cambridge. This is most apparent within the city where even the prime stock is more than 15 years old. Prime quoting rents are now reportedly at £20 per sq ft for space at Coral Park. Perhaps as a result, city centre availability has increased by 10,000 sq ft on the previous year to around 75,000 sq ft. This could be a sign of occupiers not being prepared to pay such high rents. Alternatively, it could be that occupiers are now seeking options on out of town trade schemes such as Gateway Bar Hill. The stock is of a high quality, rents are comparatively cheaper, and access is arguably better than the city centre. In the first quarter of 2023, £17.50 per sq ft was

Figure 02  
Total take up (sq ft)



achieved with UK Windows and Doors acquiring 25 Clifton Road. Is this perhaps the 'peak' of city centre rents?

In the second half of 2023, two of the four transactions in the city centre were assignments. In both circumstances, the occupiers benefitted from acquiring premises with low passing rents. Tool hire firm Hireforce took on a 4,225 sq ft assignment of Units 2 and 3 Brickyard Industrial Estate at £9.47 per sq ft and a commercial kitchen at 43 Clifton Road was assigned on a passing rent breaking back £13.53 per sq ft. The other two lettings both occurred on estates where the stock is tertiary grade at rents breaking back to less than £10 per sq ft.

At the time of writing, there are at least five active Cambridge requirements from represented trade counter occupiers. It will be interesting to see if the trade sector continues to pay techbox rent levels, or if availability levels continue to increase in 2024.





St Leger Drive, Newmarket

**Availability:**

In the short term, it is unlikely that we will see many examples of blue-chip companies moving to techbox premises given the shortage of Grade A stock. At the time of writing, 47% of out-of-town prime stock is under offer, leaving less than 50,000 sq ft of space across seven properties as truly 'available'.

Of the available options, properties to watch include 21,500 sq ft of refurbished space to a techbox specification at 'Novus' on Pembroke Avenue in Waterbeach (quoting £25 per sq ft) and 5,200 sq ft at Unit 6 Enterprise, Cambridge Research Park (quoting £19.22 per sq ft). With no brand new stock currently set to arrive on the market in 2024, will the techbox occupiers put their requirements on hold or be prepared to compromise on quality of space by acquiring existing secondary grade stock?

Schemes such as Accelerator Park, Sawston (the rebranded Cambridge South scheme) and Ely Gateway are in planning, there is future development land available at Royston Gateway and a consented scheme which has been 'on pause' at Cambridge Research Park's Phase 2 Enterprise for some time now. Bourn Quarter has planning consent for its Phase 2 scheme, with some promising signs of early interest, and is likely to be the first of the new schemes to come available.

Traditional light industrial occupiers who are actively searching for secondary grade stock continue to find themselves in a challenging position. At the time of writing, there are less than 20 available properties within a 10 mile radius of Cambridge's city boundary, for the third year in a row.

Of the 200,000 sq ft currently available outside of the city, almost 100,000 sq ft is under offer in one transaction alone. We are already seeing good quality light industrial stock being rebranded as techbox or 'mid-tech', with quoting rent levels becoming unachievable for most standard light industrial occupiers. A recent example occurred at Accelerator Park, Sawston where battery technology firm Echion expanded into 5,000 sq ft of second hand space, at a rent breaking back to £16 per sq ft. This is a £4.50 per sq ft increase on the previous rent achieved on the same park only the year before. In December, one of the sub-2,000 sq ft units on the same park was re-let to a bakery at a rent breaking back to £18 per sq ft, raising the bar even further.

In terms of freehold space, available stock is limited to five options within a 10 mile radius of Cambridge. Of those available options, most tend to be limited to single units of less than 3,000 sq ft and there is only one option with development potential comprising more than one acre of land which is the old Granta Processors site at Whittlesford.

In 2023, the region's industrial market showed resilience despite a challenging economic backdrop. As is often the case, new stock was quick to let. Record rents achieved in 2023 are likely to be surpassed in 2024 as the remaining prime stock is taken up. There continues to be a chronic lack of traditional light industrial stock in and around Cambridge at rent levels appropriate for typical industrial occupiers. There is a fantastic opportunity for a developer in the Cambridge region who can refurbish poor grade stock and offer the product at sub £10 per sq ft rent levels.

## Availability summary 2023

Figure 03  
Cambridge area Industrial availability 2023 – by grade

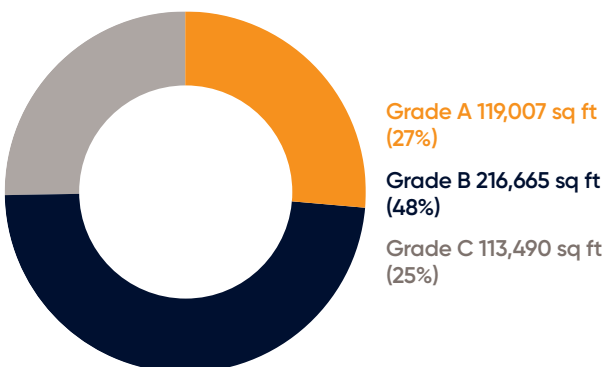
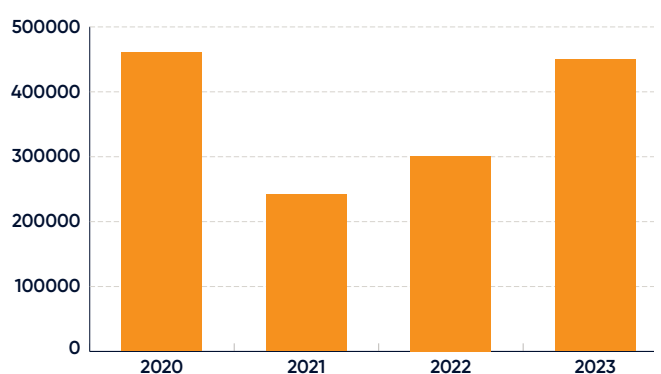


Figure 04  
Total availability





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