

February 2025



Cambridge Offices and Labs

Arc Market Databook

Overview

Occupier

2024 was undoubtedly a challenging year, but the market dynamics are more nuanced, and need to be considered alongside market data going into 2025. Global science and technology VC funding showed some improvement over the last 12 months, but this met with political and economic uncertainty tempered letting activity in 2024.

Significantly, the vast majority of activity was by knowledge intensive sectors. Over 86% of floorspace requirements going into 2025 are from these which have enabled the Cambridge cluster to grow through cycles. As a precursor, take up in January surpassed activity in Q4 2024 as a whole.

Development

Following years of laboratory stock shortages, 2025 will see multiple speculative new and converted laboratory schemes delivered to the market providing greater choice for occupiers. The largest schemes to complete in 2025 will be CamLIFE, South Cambridge Science Centre & The Press in Foxton.

The Optic at Peterhouse Technology Park completing in Q1 2025 has been pre let by Bidwells to Arm. It is the largest R&D/office letting in Cambridge since 2021. There are no new significant office developments scheduled to complete in 2025, with Mill Yard the only +100K sq ft office scheme on site delivering early 2027.

Investment

After 12 months with almost no transactions, the Cambridge investment market sprang back into life in the second half of 2024, confirming the improvement in sentiment we detected over the summer. In total there were over £200 million of office and laboratory investment deals in the second half of 2024, reflecting renewed interest from both owner occupiers and investors. Despite the volatility in financial markets, prime office and lab yields in Cambridge have been stable since mid-2024 at 6.0% and 4.75%, respectively.



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The facts

347k sq ft

Total office and laboratory take up in Cambridge in 2024

1.3m sq ft

Office and laboratory space demand at end of 2024

11.3%

Combined office and laboratory availability rate at end 2024

£72.50 psf

Prime fitted lab rents at end 2024, with office rents at £63 psf

Source: Bidwells

News highlights

Strong start to the year promises improved outlook for 2025

Activity in the Cambridge office and laboratory market was hindered by political uncertainty, falling business confidence and challenging global economy in 2024. Approaching 60% of the year's take up was completed in Q1 of 2024, with the final three quarters of the year seeing a lack of larger lettings in both offices and labs. This held back total activity for the year. The 10,630 sq ft letting to Healthcare group SpaMedica at Carlyle House was the largest transaction in H2 2024.

Early signs from the start of 2025 are more positive, with more than 115,000 sq ft of take up completing in January.

Knowledge intensive take up accounts for 91% of year's activity

The 'knowledge intensive' sector is showing greater resilience to the slowing economy, with activity accounting for 91% of take up in Cambridge during 2024. This includes a record share of activity by the science and tech sectors.

Activity in the lab market was very restrained at 85,800 sq ft following a strong year in 2023.

The IT and Communications sectors recorded the most robust levels of activity during 2024, with leasing of 122,100 sq ft across 16 lettings, the largest being the relocation of AMD at Cambridge Science Park, securing the cluster's lead position in the semi-conductor industry.

Demand softens but still ahead of long term pre-Covid levels

Combined office and lab requirements moved back to pre-Covid levels following three years of exceptional demand, with the most significant slowing being seen in the laboratory sector. Despite the easing in requirements, overall demand for labs (531,000 sq ft) remains ahead of the current supply, which stands at 225,500 sq ft. Ensuring these high potential businesses have confidence in future funding and the wider UK business environment, will be critical to their ability to commit to space.

Demand in the office sector has proved more stable, standing at 751,300 sq ft, only down marginally on the levels seen in 2023. Established Cambridge businesses continue to grow within the cluster and supported have contributed strongly to replenishing named demand.

British Land's new scheme at Peterhouse Technology Park pre-let on completion in Q1 2025

The Optic at Peterhouse Technology Park has completed early in 2025 providing 95,000 sq ft of high spec office fully let to Arm. This will be the largest office scheme to complete during 2025. 2024 saw completions of office schemes in the city centre at Brooklands and 10 Station Road and c.40,000 sq ft Thornton Building at the Wellcome Genome Campus, which will provide an expansion for the European Bioinformatics Institute.

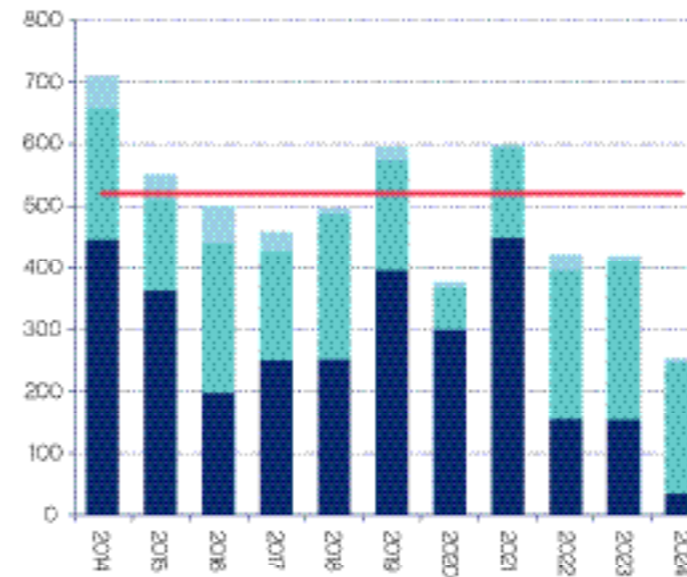
Offices

In January 2025 the Cambridge office market completed more than entirety of the previous quarter and we expect a return towards long term average levels of take up in 2025.

Office demand (December 2024)

Take up

Grade A Grade B Grade C 10 yr average



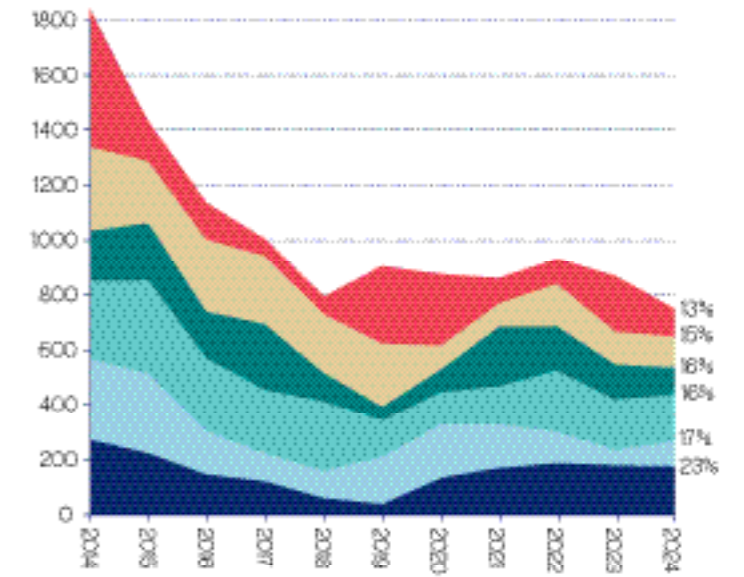
2024

Take up 000's sq ft

253.1 ▼

Requirements

< 5 5 - 10 10 - 20 20 - 30 30 - 50 > 50



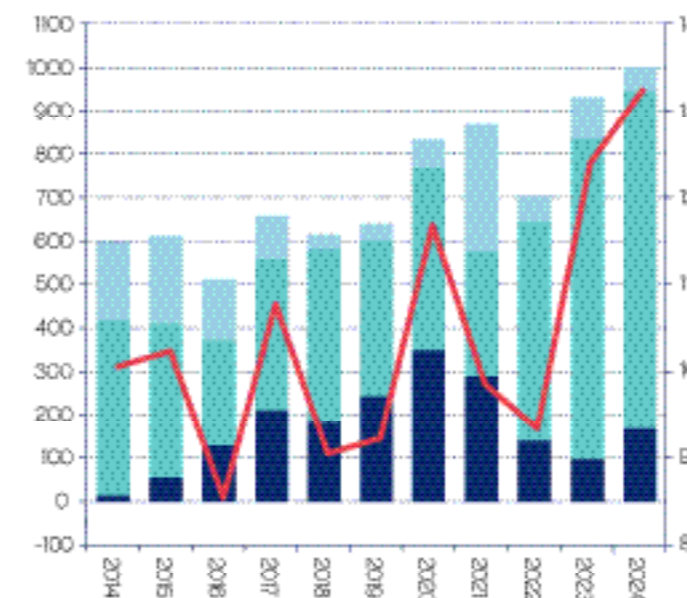
Requirements

000's sq ft

751.3 ▼

Office supply (December 2024)

Grade A Grade B Grade C Available rate (rhs)



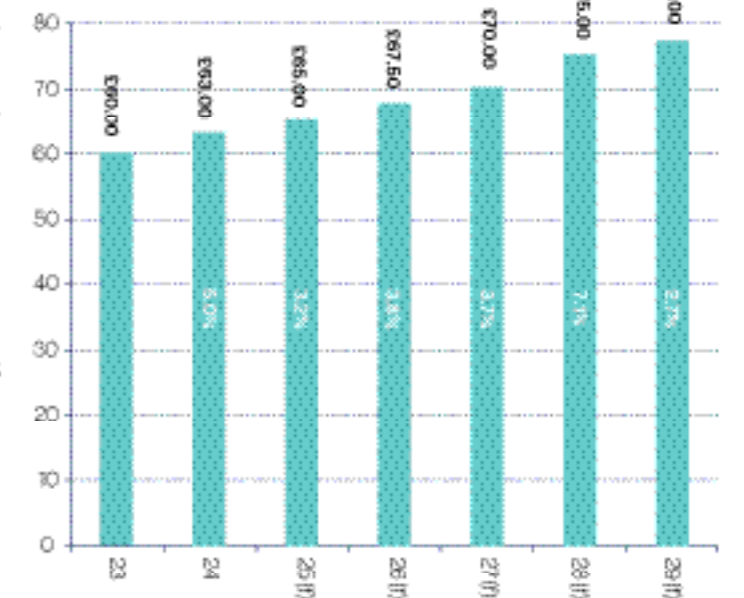
Availability 000's sq ft

1,006.9 ▲

Availability rate

13.2% ▲

Office rents (December 2024)



Prime £psf

£63.00 ▲

Secondary good £psf

£50.00 ▲

Secondary poor £psf

£22.50 ▲

Annualised growth rate

4.1% p.a

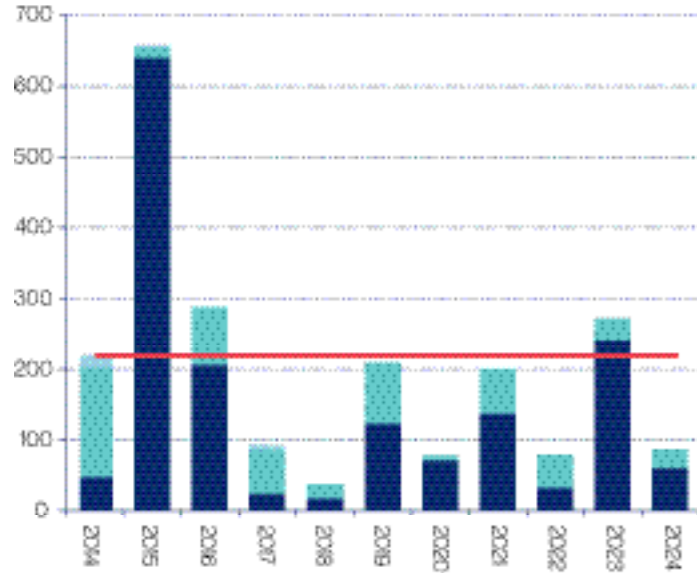
Laboratories

Labs take up in January remained subdued. Positively the falls in demand over the past two years have stabilised and with improving funding environment demand and activity should improve during 2025.

Laboratory demand (December 2024)

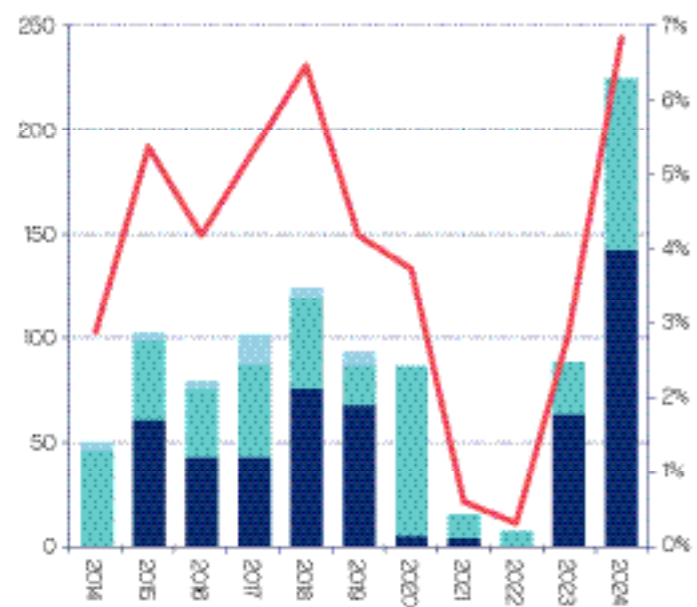
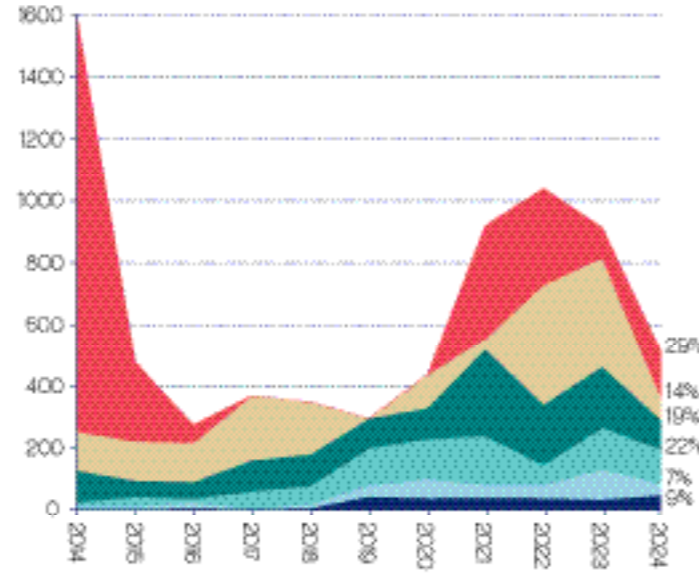
Take up

■ Grade A ■ Grade C
■ Grade B - 10 yr average

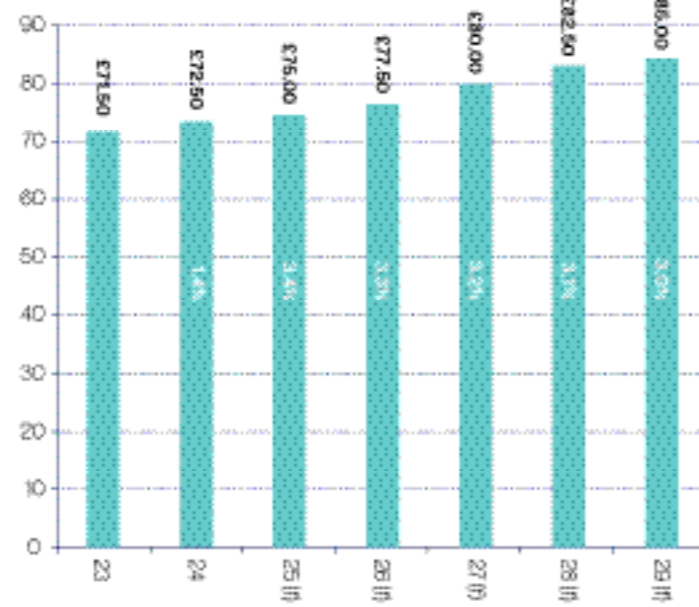


Requirements

■ < 5 ■ 10 - 20 ■ 30 - 50
■ 5 - 10 ■ 20 - 30 ■ > 50



Availability 000's sq ft 225.5 ▲
Availability rate 6.8% ▲



Prime fitted £psf £72.50 ▲
Prime open plan £psf £65.00 ▶▶
Prime shell £psf £57.50 ▶▶
Annualised growth rate 3.2% p.a

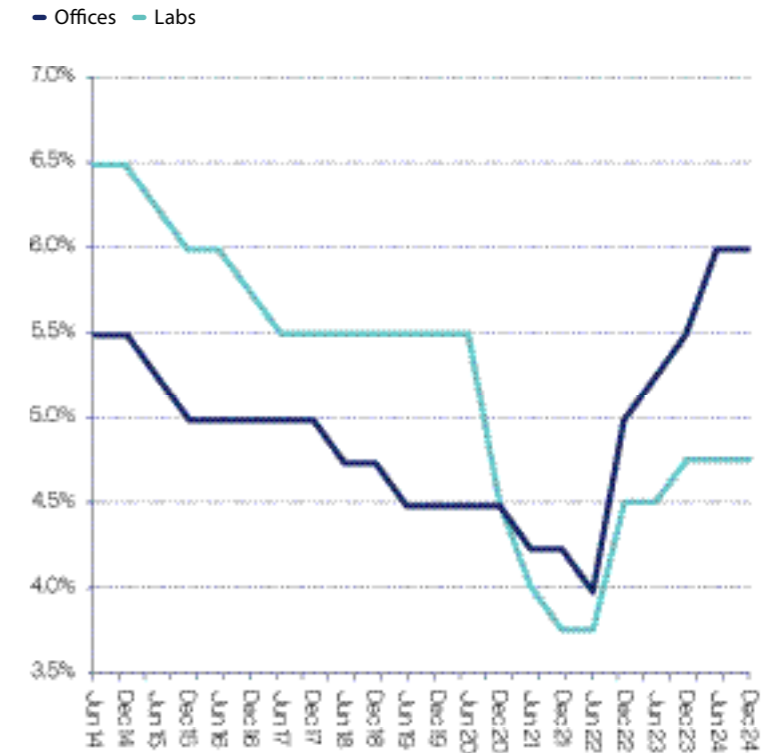
Capital markets

In total there were over £200 million of office and lab investment deals in Cambridge in the second half of 2024. That ended the hiatus seen in 2023 and the first half of 2024 when prices fell in response to the steep rise in interest rates and suggests that owner-occupiers and investors now see value in the market.

The biggest deal involved the Abcam office and lab building on the Cambridge Medical Campus. The building was purpose built as a pre-let for Abcam in 2019. Another notable deal was by Royal London Asset Management, which bought the long leasehold interests in three buildings on Cambridge Research Park from Zurich Assurance to add to its existing substantial holding at Cambridge Research Park. The buildings, which have a limited amount of vacancy, sold for a combined price of £44.1 million and a blended initial yield was 5.5%.

Despite the volatility in financial markets, prime office and lab yields in Cambridge have been stable since mid-2024 at 6.0% and 4.75%.

Cambridge prime office and laboratory yields



Source: Bidwells

Key Bidwells transactions

Syndex Bio, Cambridge

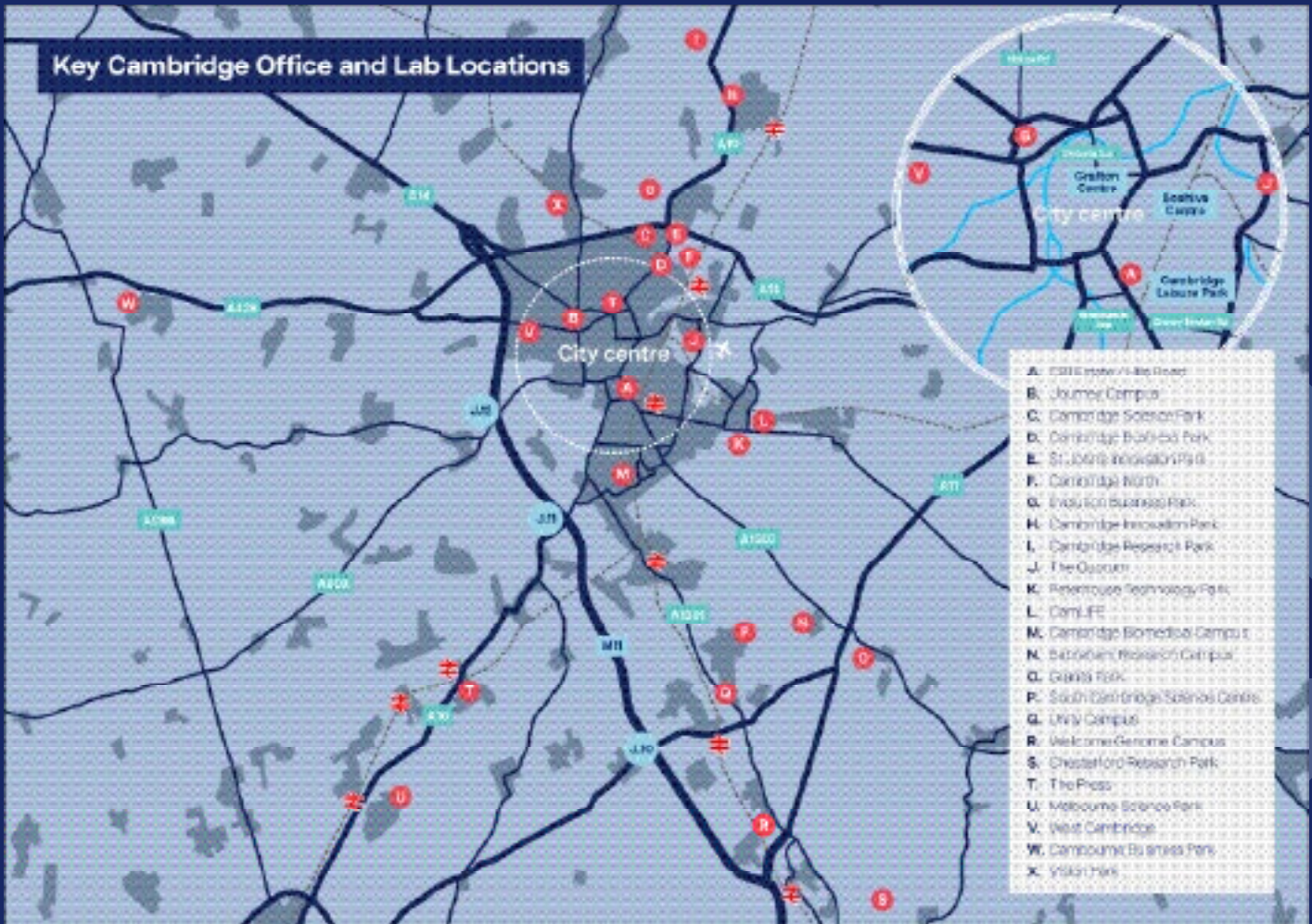


Unit 3, The Press, Foxton was the first letting at Mission St / BGO's new life science development in the south Cambridge cluster. The space was let to Syndex Bio and forms part of the first phase of development at The Press where the former Burlington Press buildings have been reconverted. The second phase is currently on site, completing in Q1 2025 and will provide a new purpose built 65,000 sq ft office & lab building.

Brooklands, Cambridge



Brooklands (B1 & B2) is the latest 65,510 sq ft Prime Grade A office development to complete in the city and has been delivered by M&G / Wrenbridge. During H2 2024 Bidwells delivered lettings to Reddie & Grose and Penningtons who will join Siemens at the scheme has been 50% let prior to completion. The building has achieved Cat A office rents that moved beyond the +£60psf pa threshold.



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