



# Selecting cities for life sciences real estate in Europe

## A deep dive into selecting cities for life sciences real estate in Europe

In the rapidly advancing realm of biotechnology and pharmaceuticals, life sciences real estate is more than bricks and mortar – it is the enabler of innovation. Investors venturing into this specialised property sector are essentially betting on ecosystems that need real estate to grow. Think of it as the skeleton that keeps the muscles in place and the body as a whole standing. There are certain strategic parameters that can be used to select the right European cities for life sciences real estate investments. This must then be woven in with external push-and-pull factors that are forcing companies in the life sciences sector to adjust when it comes to their real estate footprint.

### The nexus of development: Educated workforce, financing and companies

At the heart of life sciences innovation lies a robust, interdisciplinary talent pool with access to financing supported by company leadership. Cities with a high concentration of graduates in biotechnology, medicine, data science and engineering give life sciences companies the human capital needed to thrive.

Universities' role in life sciences goes far beyond teaching; they serve as catalysts for collaboration, driving industry-academia partnerships and facilitating technology transfer. Cities renowned for their academic institutions, such as Paris or Cambridge, are uniquely positioned to foster a dynamic and sustainable innovation ecosystem.

Higher education institutions also provide vital research infrastructure. They offer laboratories, collaborative research centres, and incubators that attract venture capital, public funding and international academia-industry partnerships. For instance, universities known for their research in molecular biology and personalised medicine often work closely with established pharmaceutical companies, accelerating everything from early-stage R&D to clinical trial execution. The University of Oxford works with Novo Nordisk; Freie Universität Berlin works with Bayer and Pfizer.<sup>1,2</sup>

Many other academia-industry partnerships exist; they are the standard rather than not. Companies seek them out, as well. As companies respond to demand forces for their products, they look for the educated staff with the knowledge needed to develop said products. Working with and providing leadership to research institutions and universities is a crucial funnel that directs the brainpower of an educated workforce in the right direction.

Companies also have the balance sheets and the network needed to access vast amount of financing across the capital stack, ranging from venture capital funding to private equity to debt.

Combine these three factors – an educated workforce from top-level universities, access to financing and companies providing leadership – and you create the cluster effects that support the life sciences ecosystem for which a real estate investor wants to build the skeleton.

## The cluster effect and real estate

In the realm of life sciences, “location, location, location” goes beyond traditional real estate value – it extends to the creation and enlargement of clusters that rise around the aforementioned nexus. The cluster effect occurs when companies, research institutions and support services are colocated, creating a self-reinforcing ecosystem that amplifies innovation and efficiency. Cities such as Oxford, Cambridge, London, Paris or Berlin exemplify this phenomenon, where the presence of long-established pharmaceutical giants has spurred the development of research parks, specialised industrial units and top-tier laboratories.

Investing in cities that already have established life sciences real estate assets provides several strategic advantages. These locations offer a proven track record of collaborative success, reduced developmental delays and a supportive and established supply chain ecosystem. Existing facilities mean companies facing the imminent expiration of key patents can quickly repurpose or scale operations without the prolonged lead times required to construct new, compliant spaces. As a result, investors can leverage historical performance data and an established network – all of which reduce risk and enhance the likelihood of resilient leasing demand for labs and related real estate space.

Furthermore, the presence of mature clusters attracts additional investment. Ancillary businesses – from logistics and specialised consultancy firms to regulatory compliance experts – gravitate towards these hubs. This self-reinforcing network effect means that a city's attractiveness as a life sciences innovation centre continues to grow over time, making it a veritable magnet for both public and private capital.

### Putting it into practice

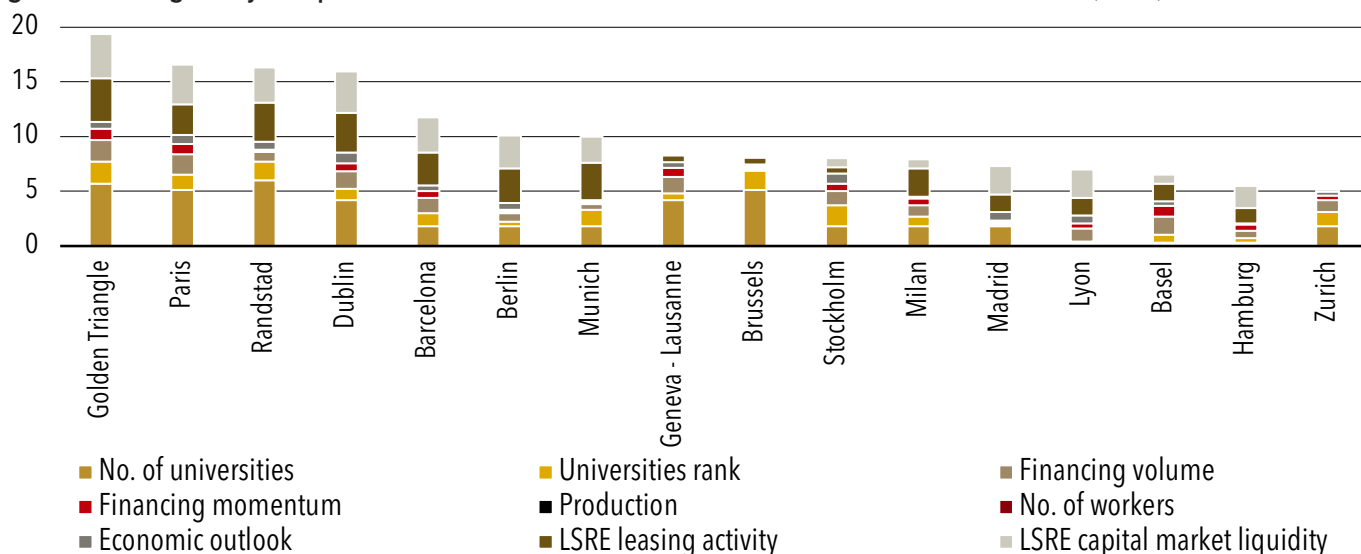
We can use these insights to screen and prioritise cities to invest in when it comes to life sciences real estate. Various different indicators should be considered but the key ones are:

- The university landscape, especially with regard to life sciences research and quality of universities
- Life sciences real estate activity, including leasing and investment deals
- Access to and flow of financing
- Amount of pharmaceutical and related production
- Number of workers and the local economic outlook

Relying on those factors yields the following ranking of key cities that should be strongly considered as destinations for life sciences real estate investment (see Figure 1). The Golden Triangle in the United Kingdom, consisting of Cambridge, Oxford, London and neighbouring and related cities, sits at the top, followed by Paris and the Randstad region. A second cluster of rising hubs, consisting of Berlin and Barcelona, for example, follows the established key centres.

Those rising hubs are driven by increased activity from companies in the industry reflected in leasing and capital market activities

Figure 1: Ranking of key European cities when it comes to attractiveness of life sciences real estate (LSRE) investment



Source: UBS Asset Management, April 2025

with life sciences real estate (LSRE) assets. But this activity, within Europe, may be about to shift.

### Reciprocal tariffs can redefine firms' location choices

Recent shifts in global trade dynamics – most notably, the imposition of tariffs – will likely reshape the strategies of multinational life sciences companies.

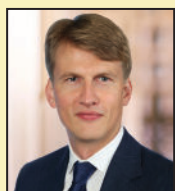
How the trade environment will change remains unclear, despite some progress, such as the UK-US trade agreement. If US companies face higher tariffs when exporting finished products to Europe, many are likely to opt for establishing production and R&D facilities within the target market – Europe – instead of exporting from the United States. This would allow the investing company to access, tariff-free, an economic bloc that is on par with that of the United States: The European Union's GDP in purchasing power parity terms was \$26.4 trillion [€22.5 trillion] 2023, compared with \$27.7 trillion [€23.6 trillion] for the United States.

Likewise, EU pharmaceutical companies may choose to move production capabilities to the United States if tariffs on imports are high. According to Eurostat, the key market in Europe that is exposed to this risk is Ireland. In 2024, the European Union

exported €120 billion worth of medicinal and pharmaceutical products to the United States. More than one-third, €44 billion, came from Ireland alone, while Germany, which ranked second, exported less than two-thirds (€28 billion) of Ireland's volume. Indeed, the growth of Ireland's exports of these goods to the United States has averaged around 25 percent per year during the past decade, compared with approximately 14 percent per year for the European Union as a whole. This is one of the key reasons Dublin ranks so highly in Figure 1, but it is also a risk investors must be aware of: Rankings can change as markets shift.

If tariffs become a serious issue for the US-EU pharmaceutical trade, cities with adaptable, state-of-the-art life sciences real estate assets stand to gain from this erection of trade barriers (see Figure 1). For these urban centres, the expectation would be that a number of US companies would choose to set up wholly owned subsidiaries or joint ventures, further reinforcing local clusters and accelerating innovation. Ireland, however, is likely to bear the brunt of the damage in the case of Europe's access to the US market.

Notes: <sup>1</sup> University of Oxford, Medical Sciences Division (2025), "Key Partnerships". Accessed 4 April 2025: <https://www.medsci.ox.ac.uk/about-us/partnerships-industry/key-partnerships> <sup>2</sup> Freie Universität Berlin (2025), "Wirtschaftskooperationen". Accessed 4 April 2025: <https://www.fuberlin.de/universitaet/kooperationen/wirtschaft/index.htm>



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\* Assets under management stated on gross asset values basis, reflecting values as of 30 September 2024, where available.

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