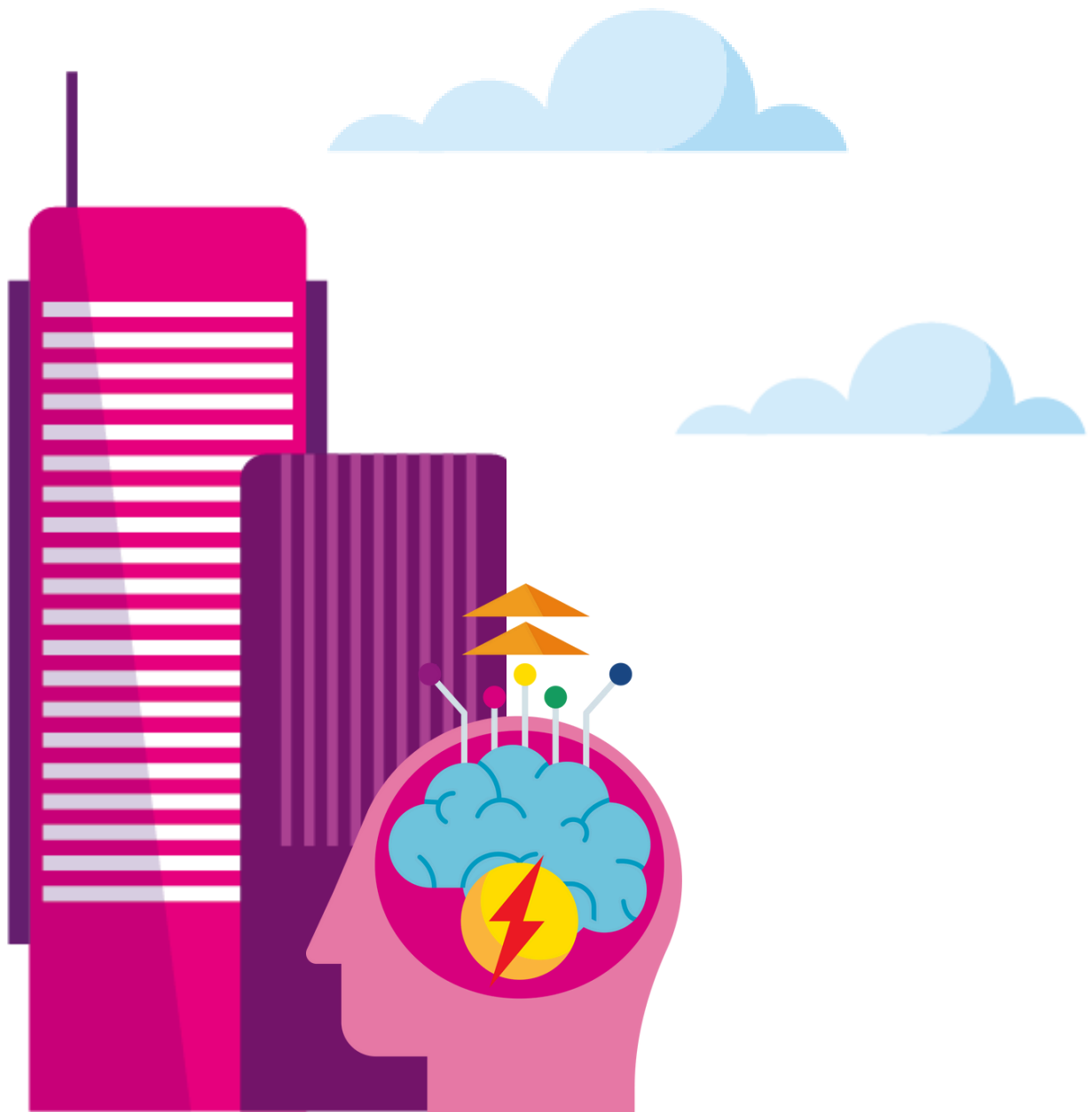


# MILLS & REEVE

Achieve more. Together.

## Top tech cities Birmingham index



# Introduction

Our **Top tech cities** research has found, what those of us who live and work here know – the Birmingham city region is a hotbed of innovation.

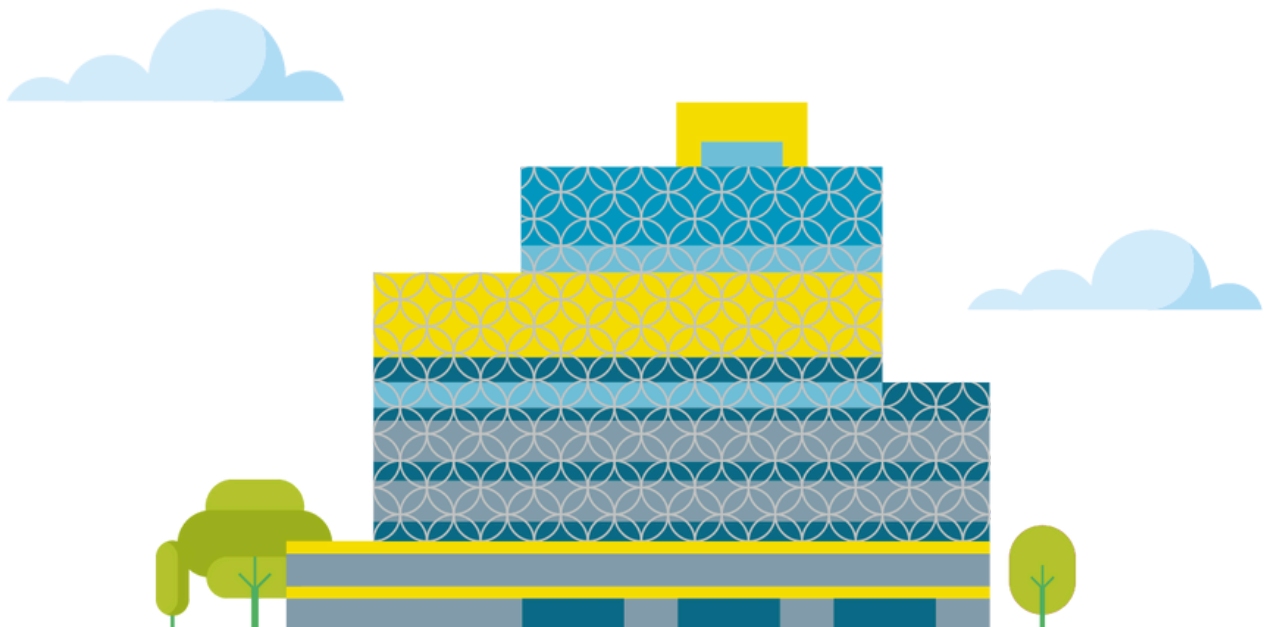
The data clearly shows the West Midlands, powered by Birmingham city region's cluster of innovative tech companies, is one of the best performing regions for the granting of patents and the area's universities are among the best in the UK at incubating and spinning out high-tech firms.

Innovation and higher education institutions with a track record of nurturing early stage tech companies are recognised as important components in developing world-class tech clusters.

TechWM says the wider West Midlands has the UK's fastest-growing tech sector and the industry body is targeting a £100 billion economy by 2030. While the potential is significant, the research showed that Birmingham and the West Midlands have work to do to boost the funding secured by tech companies in the region – and we can all play a role in that. Events like Birmingham Tech Week shine a spotlight on the opportunity for investment in the region and inspire entrepreneurs to go for growth.

In *Top tech cities*, Mills & Reeve analysed a range of data points from authoritative sources to create a rounded picture of the various components that make a city region highly competitive in nurturing high-growth tech businesses.

- The West Midlands, including Birmingham, is the best-performing UK region outside the south of England for patents granted by the Intellectual Property Office (IPO) – 398 in 2023 and 406 in 2024. Patents are a key indicator of innovative businesses, often in the tech sector. The equivalent figures for the North West (including Manchester) were 293 in 2023 and 276 in 2024.
- Three universities in and around Birmingham – the University of Warwick, Coventry University and the University of Birmingham – are in the top 15 in the UK for incubating and spinning out early-stage businesses in high-growth sectors, according to the Higher Education Statistics Agency. Apart from the South East, the West Midlands is the top region for institutions in the list of 15 leading 'spinout' universities.



- However, in 2024, the West Midlands accounted for only 1.6% of all venture capital and private equity investments by value, data from industry body the BVCA shows. Looking at two tech-focused sub-sectors (information and communication technology, and biotech and healthcare), 35 West Midlands businesses secured investment worth £200 million.
- Office take-up in Birmingham in Q2 2025 was only 110,000 sq ft compared to 262,000 sq ft in Manchester and 133,000 sq ft in Cambridge, data from CBRE shows. And in Birmingham, technology, media and telecoms (TMT) businesses accounted for only 8% of space let in the 12 months to June, versus 31% for Manchester and 74% for Cambridge.
- Mills & Reeve's analysis of LinkedIn jobs data, using keywords to evaluate openings, shows about 7,600 tech roles which indicates the sector is at the centre of job growth in the region.

The research demonstrates that Birmingham has the foundations, in the form of an innovation ecosystem and leading universities with a track record of spinouts, to become a top tech city. However, there's more work to do to provide businesses with the support to scale up and really rival the most successful tech hubs in the UK and globally.

**"We need to talk more about what is great about this city and the fabulous businesses and the fabulous innovations that are going on around the region."**



**Jayne Hussey**

Partner, Head of Mills & Reeve's Birmingham office



# Birmingham and the West Midlands as a top tech city

## ***Yiannis Maos, Founder & CEO of TechWM***

We have the fastest growing tech sector in the UK. But of course all of that doesn't come without its challenges. The challenges that businesses that we engage with typically see is access to finance, especially those that are early on in their journey. And so, we're focusing right now on interventions that enable businesses with some great ideas and great IP to access early stage finance for them to be able to grow effectively.

However, money isn't the only thing that we see businesses struggle with. Businesses also struggle to get traction with the market validation and the go to market strategy that sits around their business. We encourage them to strike up relationships with some of the amazing organisations that form the backbone of the West Midlands ecosystem.

We've got some great national and global brands in the region. Working with those organisations on some of their opportunities and challenges is a great way to accelerate business growth within the West Midlands.

The legal aspects of business are often overlooked, especially in an early stage business, but they need to get the right legal support to enable them to scale effectively.

AI is complicated, and the market and regulations are unclear. So, having sound legal advice, enabling businesses either adopting AI or looking at creating AI, needs to be at the centre of their strategy.

Businesses across the West Midlands have a fantastic opportunity. There are many world class universities within a one-hour drive of Birmingham city centre. You don't get that anywhere else in the world. Tapping into that resource is essential for business growth.

The big opportunity, for me, is taking the world class research that's coming out of the universities and turning that research into innovation, and then subsequently turning that innovation into commercialisation as well.

Birmingham Tech Week is also a great platform to showcase the businesses and people that are making a big difference to the ecosystem.

Despite being the fastest growing tech sector in the UK worth over £16 billion, we could do more. But the ambition is there to take the message around the world and start to showcase the West Midlands tech sector.

***Yiannis is the founder and CEO of TechWM, a not-for-profit community initiative designed to inspire the next generation, help businesses scale up, and create an environment where people can collaborate and celebrate success.***

# Tech funding in the Midlands – do we need to close the gap?

**Junaid Haroon**

Corporate Partner, Mills & Reeve



The Midlands' tech sector stands at the edge of a significant opportunity, boasting numerous universities churning out promising spin off companies and innovation. That said, the region faces a funding gap. In recent years, availability of growth capital and regional investors has boomed but access to finance, whether venture capital or angel investors, for earlier stage companies is fragmented in the regions.

The funding gap is most pronounced in the early stage startup ecosystem. While universities generate innovative tech ventures, these nascent businesses struggle to find the critical financial support needed to transform promising ideas into commercial entities with the ability to scale. The region lacks a comprehensive network of venture capital houses willing to invest in pre-revenue businesses, with only a handful of players like Mercia and Midven providing limited early stage funding options.

This funding scarcity creates a significant barrier for local entrepreneurs. Many promising tech startups find themselves caught in a challenging limbo, too early for traditional investment channels, yet unable to secure the crucial seed funding necessary for growth. The mid-market tech sector is well-served, and we should be optimistic about the region's potential to produce scale ups and world-leading companies. Tech remains an extremely attractive sector for investors and we've seen businesses increasingly adopting tech or AI angles to attract investor interest, highlighting the sector's perceived potential.

There's strong competition for high-quality businesses. Strong, well-performing companies are attracting significant investor interest, with some seeing valuations rocket well above initial expectations. This suggests that while funding is challenging, exceptional businesses can command premium prices as investors look to deploy capital into the best assets.

Market sentiment currently reflects a cautious approach. Businesses and investors are largely waiting for clarity from the upcoming Budget. This wait-and-see attitude has created a slow-down with founders and investors calling out for a period of certainty.

For the Midlands to truly unlock its future potential as a top tech city, we need to develop a more cohesive venture capital community to create more accessible early stage funding, and supercharge those university spinouts and innovations.

By providing clearer pathways for startups to achieve scale, we'd see a boost to mid-market private equity activity as those businesses access the abundance of growth capital in the region.

***Junaid Haroon is a corporate partner who advises on all aspects of corporate law, with a primary focus on M&A, private equity investments and disposals.***

## ***Kyle Long, Investor at BGF***

IP ownership is key to attracting investment.

We've got lots of innovation ideas and entrepreneurial spirit in the region, but I think sometimes there's a lack of a cohesive community for everybody to meet, to share ideas, experiences, best practice. We'd really benefit from more of that community aspect.

We are seeing a growing interest from angel investors and early stage investors. BGF was established as a regional investor for when businesses are looking to be ambitious and grow with £5 million to £20 million plus of funding. We provide that level of capital and support for a range of scale-up and SMEs across the region.

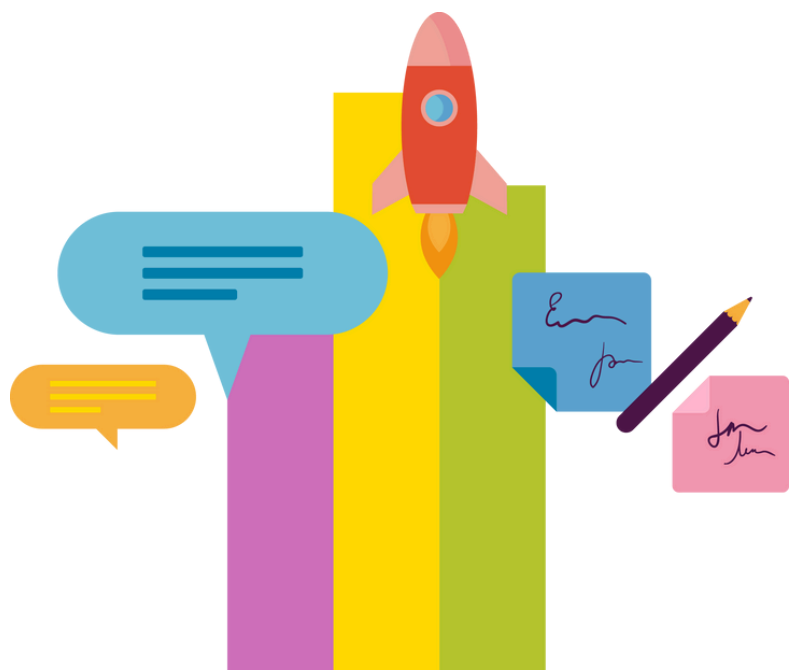
IP is a critical piece of the foundations of a growing technology business. And having a clear view on your IP ownership, particularly when you're using outsourced development or support, can be really important, particularly when you're trying to secure investment.

Another vital consideration is around governance and shareholder agreements. A messy cap table is something that can be really difficult to unpick for an investor, and having a clear view of who is involved in the equity of the business, who is incentivised appropriately, is really important in a growing technology business.

AI and machine learning is right at the forefront of everything at the moment. It's moving so quickly that it's very difficult to keep up with from a regulatory perspective. But I think it's going to be critical as that scales into a much larger and mature part of the region's economy.

Overall, we need to talk about our successes as a region more and we need to celebrate success to inspire the next group of companies that are growing into the space. I think we need more media attention on that and more events, such as Birmingham Tech Week, where we can really highlight these.

***Kyle Long is an investor in BGF's Midlands team. BGF is the most active growth capital investor in the UK and Ireland.***



# Working in collaboration is key

## ***Melanie Davidson, CEO of Medilink Midlands***

Medilink Midlands works with many different organisations across the West Midlands, and we see that they have a variety of different issues within the life sciences sector. This includes issues around funding and investment – making sure that investment comes into the West Midlands - and challenges around talent retention.

We have some amazing universities across the West Midlands, and we want to keep that talent here so that businesses in the West Midlands can grow.

As well as students, the universities and NHS trusts give organisations and businesses access to some fantastic expertise through lecturers and researchers, as well as their facilities.

I think the West Midlands really needs to have a strong message and a strong vision for what they want to see in terms of life sciences by showcasing the opportunities that the West Midlands has. We need to make sure that the message is coherent across the region, working together across all organisations, and building on some of the initiatives that are already started in the West Midlands. For example, the West Midlands HealthTech Innovation Accelerator that's brought together so many different organisations across the West Midlands.

Working together in collaboration really is the key to showcasing what the West Midlands has to offer.

***Melanie Davidson, chief executive officer of Medilink Midlands, the life sciences industry association that helps life sciences companies to establish, develop, and grow, through business support, connectivity, and collaboration.***



"It's really encouraging to see our analysis confirm what we believed – that Birmingham has an ecosystem of innovators and top-class universities that help to provide brilliant foundations for building a truly world-class tech city.

"The research also points to areas that Birmingham should address to improve its offering to tech sector businesses. The venture capital and private equity funding for businesses in scale up mode is not as abundant in the city and the wider region as in other areas.

"The path to Birmingham's goal of becoming a multi-billion-pound tech economy must be built on the foundations of collaboration. TechWM is doing great work in bringing together organisations with a stake in the region's tech future, and it's reassuring to see West Midlands mayor Richard Parker put the sector at the heart of his ambition to boost the economy and create 100,000 jobs.

"At Mills & Reeve we'll continue to play our part by providing advice and support to the tech businesses that will drive Birmingham's growth, giving them the confidence to fulfil their potential."



**Jayne Hussey**

Partner, Head of Mills & Reeve's Birmingham office



Mills & Reeve's **Top tech cities** campaign shines a light on the tech, digital and innovation ecosystems across the UK. Alongside rigorous analysis and insights, it brings entrepreneurs, founders and business leaders together to explore the unique challenges and opportunities faced by tech companies.