



# DOOSAN BABCOCK

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BIRMINGHAM NEW ROAD | TIPTON | DY4 8JP

WELL LET INDUSTRIAL INVESTMENT



## INVESTMENT SUMMARY

- Industrial sale and leaseback investment
- **Strategically located** 7 miles west of Birmingham, in the heart of the UK
- **Established industrial location** with excellent transport communications
- **Direct links with Junction 2 of the M5 Motorway** and new Midland Metro line extension
- Industrial facility extending to **127,341 sq ft on a site of 6.80 acres**
- The property will be let in its entirety to Doosan Babcock Ltd on a **new 10 year lease**
- **Low initial rent of £477,000 per annum** (£3.75 per sq ft overall) subject to an upward only rent review in year 5
- Doosan Babcock Ltd are an **excellent tenant covenant** with a D&B rating of 5A2
- The tenant has occupied the site since 1948, which is a **core facility for their UK business**
- **Freehold**

## PROPOSAL

The vendor is seeking **offers in excess of £6,300,000** subject to contract and exclusive of VAT for their freehold interest in the building.

A purchase at this level reflects an attractive **Net Initial Yield of 7.04%** and a **low capital value of £49.47 per sq ft**, assuming standard purchaser's costs.





# LOCATION & COMMUNICATION

Tipton occupies a key strategic location in the heart of Birmingham’s Black Country Region, approximately 1 mile north of Dudley, 4.6 miles south east of Wolverhampton and 7 miles west of Birmingham.

Tipton forms part of the Greater Birmingham and Black County conurbation, which has a total population in excess of 2.2 million people, that accounts for over 40% of the West Midland’s total population, providing an extensive skilled labour pool.

The Greater Birmingham and Black Country Conurbation is home to 84,490 businesses, 981,600 jobs, and provides a combined GVA of circa £50bn. In 2019, the highest GVA growth in the West Midlands was in The Black Country at 4.3%, which is higher than the national rate.



### ROAD

Strategically located in close proximity to Junction 2 of the M5 Motorway, the property is well connected to the UK’s national road network, via the M6, M54, M42 and M40 Motorways.

MOTORWAY	DISTANCE	DRIVE TIME
M5	3.0 miles	10 min
M6	5.4 miles	19 min
M54	10.2 miles	27 min
M42	14.0 miles	21 min
M40	25.1 miles	31 min



### RAIL

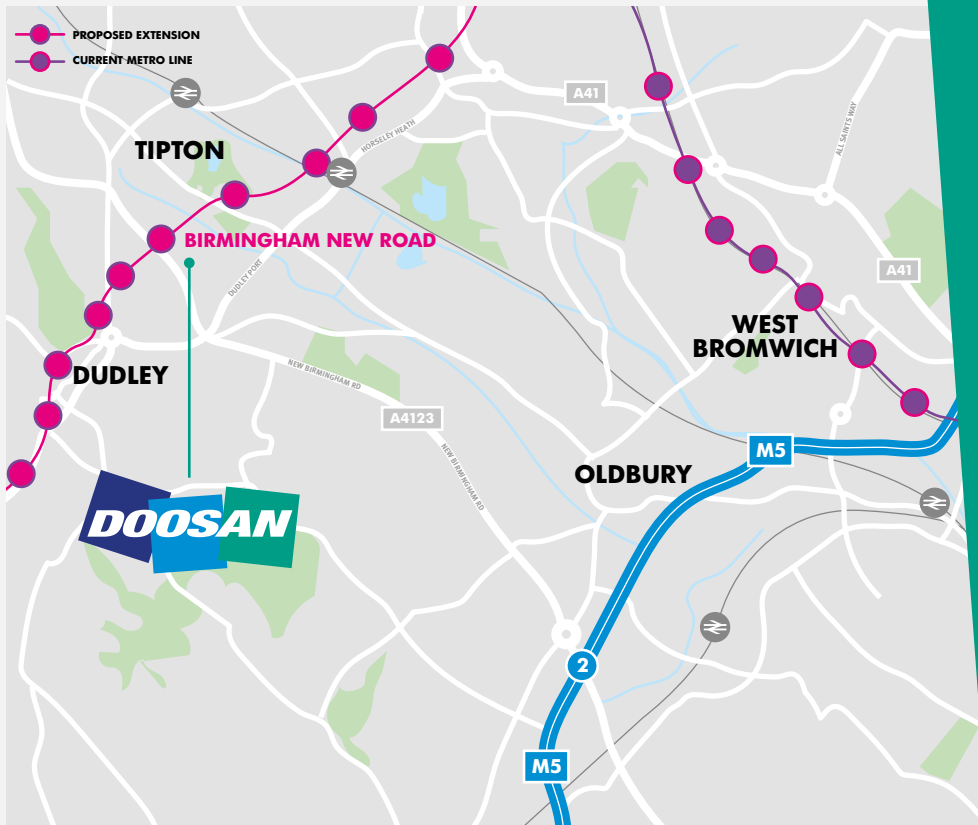
The area benefits from extensive national and regional rail services. Tipton railway station is located 0.7 miles north of the property and provides regular, direct, services to Dudley (2 minutes), Wolverhampton (9 minutes) and Birmingham (17 minutes).



### METRO

The property is ideally located to benefit from the current £450m Midland Metro extension. The proposed 11km extension will branch off the existing Midland Metro line at Wednesbury, before heading through Tipton and Dudley on its way to Brierley Hill. The proposals include a new Metro stop (Birmingham New Road) directly adjacent the subject property. Passenger services are expecting to begin in 2023.

The Midland Metro currently operates between Birmingham and Wolverhampton via West Bromwich and Wednesbury; and is one of the UK’s most recent and successful public transport projects. Following its completion in 2023, journey times between Dudley and Birmingham New Road are estimated at 7 mins, with Birmingham city centre taking around 33 minutes. The new line will create an important link between the Black Country and HS2 at Birmingham Curzon Street.



## SITUATION

The property is situated in Tipton, approximately 1 mile south of Tipton Town Centre and benefits from excellent transport connectivity. This highly prominent site fronts onto the A4123 Birmingham New Road, which provides a direct link to Junction 2 of the M5 Motorway and forms a key arterial route serving the wider Black Country region.

The property sits within an established industrial area that has attracted a wide variety of occupiers, who benefit from a skilled local workforce. The surrounding industrial offer comprises a mix of industrial and trade counter accommodation, where neighbouring occupiers include: EMR Oldbury, Barrett Engineering, Rhys Davies Logistics, Motus Commercial, Applied Coating Technologies and Tubes UK.

NEIGHBOURING OCCUPIERS INCLUDE:



## DRIVETIMES

LOCATION	DISTANCE	DRIVE TIME
Dudley	1.3 miles	5 min
Tipton	1.4 miles	5 min
Oldbury	2.8 miles	9 min
West Bromwich	4.0 miles	14 min
Wednesbury	4.1 miles	14 min
Wolverhampton	6.5 miles	22 min
Walsall	7.5 miles	29 min
Birmingham	9 miles	35 min
Bristol	87 miles	1 h 39 min
Manchester	82 miles	2 h 17 min



## DESCRIPTION

The property comprises an industrial facility extending to 127,341 sq ft (11,830 sq m), incorporating a mix of industrial warehousing, distribution and storage accommodation, along with staff training areas and office space.

There are 11 industrial buildings that total 91,532 sq ft, which offer the following specification:

- Steel framed construction
- Profile clad elevations under a mix of metal and asbestos sheet roofs
- Eaves ranging between 4m - 9.5m
- Mix of AmbiRad and gas blower heating
- Mix of sodium box and suspended strip lighting
- Overhead cranes between 3 and 10 tonnes
- Sealed concrete floors
- Large secure yard and car parking areas

In addition, there are 3 office buildings and a gate house that total 35,809 sq ft. The offices provide a mixture of open-plan and compartmental office space, which incorporates suspended ceilings, recessed lighting, perimeter trunking, and male and female WCs.



THE PROPERTY OCCUPIES  
A SITE EXTENDING TO  
6.80 ACRES (2.75 HA),  
REFLECTING AN  
EXTREMELY FAVORABLE  
SITE COVER OF 32%

15 BUILDINGS  
EXTENDING TO  
127,341 SQ FT  
(11,830 SQ M)



## ACCOMMODATION

We have measured the building in accordance with the RICS Code of Measuring Practice, 6th Edition, and provide a breakdown the property's Gross Internal Area in the table below:

NO.	DESCRIPTION	SQ FT	SQ M	NO.	DESCRIPTION	SQ FT	SQ M	NO.	DESCRIPTION	SQ FT	SQ M
1	Front Office	10,305	957	6	Pipe-Fitting Workshop	3,975	369	11	Machine Workshop & Offices	12,852	1,194
2	Maintenance Workshop	21,313	1,980	7	Main Training Workshop	6,716	624	12	SAS and Tipton Workshop	3,080	286
3	Storage Shed	16,214	1,506	8	Paint Workshop & Storage	2,631	244	13	Tunnel Shed	7,999	743
4	Cable Shed & Blow-Off Room	2,638	245	9	Welding School	10,637	988	14	Main Office	10,254	953
5	Engineering Classrooms	8,220	764	10	Construction Workshop & Storage	9,903	920	15	Gate House	604	56
								<b>TOTAL</b>		<b>127,341</b>	<b>11,830</b>

There is an additional 14,344 sq ft of mezzanine and semi-permanent accommodation, which are not included within the property's total Gross Internal Area detailed above.



## TENURE

Freehold

## TENANCY

The property will be let to Doosan Babcock Limited on a new 10 year lease, at an initial rent of £477,000 per annum exclusive, with an upward only rent review in year 5. The lease will run from completion of the transaction, on full repairing and insuring terms without break and will be subject to a Schedule of Condition.

## INDICATIVE SITE BOUNDARY



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## COVENANT

Doosan Babcock Limited (company number 00839354) is a specialist in the delivery of engineering, aftermarket and upgrade services to the thermal power, nuclear, oil and gas, petrochemical and process industries, with a proud history of almost 130 years. Using best-in-class technical expertise and an industry-leading project management capability, the company builds, maintains and extends the life of energy and power generation assets worldwide.

Doosan Babcock's UK business dates back to 1881 when US founding company Babcock expanded into Scotland and formed a new UK company. In 2006 Babcock merged with the South Korean firm Doosan Heavy Industries & Construction, to become a market leader in the energy construction industry.

Headquartered in Crawley, Doosan Babcock Limited have a low-risk D&B rating of 5A2 and employ over 2,700 staff throughout the UK. Doosan Babcock have occupied their site in Tipton for more than 70 years, which is strategically and geographically important for the company. The site acts as a core Servicing, Distribution and Training Facility.

Doosan Babcock Limited are part of the Doosan Corporation, which is a multinational industrial conglomerate with significant stakes in more than 100 companies. Headquartered in Seoul, South Korea, the group generated an annual revenue in excess of £12.97bn in 2019 and are one South Korea's largest corporations.

	For the year end 31 December 2018 (£,000s)	For the year end 31 December 2017 (£,000s)	For the year end 31 December 2016 (£,000s)
Sale Turnover	318,269	356,280	389,037
Profit / (Loss) Before Tax	531	(7,428)	(23,054)
Net Assets*	407,800	403,900	397,500

\*Doosan Babcock Limited has a large loan receivable (£372m) from parent company Doosan Power Systems SA for the previous internal sale of Skoda Power. The loan receivable acts as a guarantee from the parent company, and wider Doosan Corporation, which can be called in at any time. Combined, this further strengthens Doosan Babcock's financial standing which is demonstrated in its Net Asset position, as detailed above.

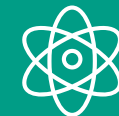


# 1881

DOOSAN BABCOCK'S  
UK BUSINESS DATES  
BACK TO 1881



DOOSAN BABCOCK  
EMPLOY OVER 2,700  
STAFF THROUGHOUT  
THE UK



DOOSAN SECURED A  
20-YEAR CONTRACT  
ON THE SELLAFIELD  
NUCLEAR POWER SITE

## KEY CONTRACTS

Doosan Babcock Limited has several long-term contracts in place with a diverse variety of high profile clients across multiple energy sectors. These include:



In 2013 Doosan Babcock signed a 15 year service agreement with EDF Energy to provide operational support and lifetime extension services to their UK fleet of nuclear power stations.

In 2015, INEOS awarded a multi-million pound mechanical piping contract to Doosan Babcock as part of its £300m Ethane Supply Project at Grangemouth. The Doosan Babcock team at INEOS have subsequently achieved 10.5 million man-hours without a lost time incident.



The company is part of a joint venture to deliver mechanical, electrical and heating, ventilation, and air conditioning to the Hinkley Point C nuclear power station, currently under construction.



In 2019 Doosan Babcock secured a 20 year contract with Sellafield Ltd to become their Process Construction Management partner, with an estimated contract value of £1.4bn.



A long-term contract with Drax Power Limited for the provision of maintenance and outage services to the UK's largest power station.

The long term framework agreements in place with EDF, Sellafield, Ineos and Drax are key in underpinning future turnover growth. These contracts coupled with the UK's Nuclear New Build programme will ensure that Doosan Babcock is well placed to continue its journey of year on year improvements in its financial growth and continued operating profits.

## MARKET COMMENTARY

Total industrial investment volumes reached £6.23bn in 2019, of which 62% were single-let properties. Single-let volumes reached the second-highest total on record at £3.87bn, which reflected a rise of 9% from 2018, pushing the three-year rolling average to the highest level ever recorded at £3.71bn.

The sector has continued to outperform other investment markets, buoyed by a scarcity of good quality investment opportunities and demand-led upward pressure on rental levels - a trend which is expected to continue for the foreseeable future. Secondary assets are achieving yields well in excess of historic trends for this sector.

We provide a summary of the most recent comparable industrial investment transactions which we consider relevant to the subject property.

Property	Date	Tenant	Area	Unexpired Term	Price	Yield	Capital Value
12 Stafford Park, Telford	Dec-19	Engie Services Ltd	42,819	3 years	£2.24m	6.73%	£52.40
Juno Drive, Leamington Spa	Dec-19	AGA	106,500	9.85 years	£10.65m	5.85%	£100.00
Cannock Road, Wolverhampton	Aug-19	Assa Abloy Ltd	119,586	6 years	£6.6m	7.27%	£55.19
Al-Ko Kober, South Warwickshire Business Park, Southam	Sep-19	AL-KO Kober Ltd	88,061	11.5 years	£6.5m	6.00%	£73.81
Woodhams Road, Coventry	May-19	Penso Holdings	130,617	15 years	£10m	6.27%	£76.56
Unit 4, Crossgate Road, Park Farm Industrial Estate, Redditch	Dec-18	Linread Ltd	55,478	8.93 years	£3.20m	7.17%	£45.00
Hilton Business Park, Derby	Sep-18	Daher Aerospace	72,645	13 years	£5.59m	6.72%	£76.95

# £6.23BN

TOTAL INDUSTRIAL INVESTMENT VOLUMES REACHED £6.23BN IN 2019



THE INDUSTRIAL SECTOR HAS CONTINUED TO OUTPERFORM OTHER INVESTMENT MARKETS

# £3.87BN

SINGLE-LET VOLUMES REACHED THE SECOND-HIGHEST TOTAL ON RECORD AT £3.87BN

## FURTHER INFORMATION

### ENERGY PERFORMANCE CERTIFICATE

The vendor has commissioned EPCs which range from D(77) to E(114). Certificates are available on request.

### VAT

The property has been elected for VAT.

### PROPOSAL

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## CONTACTS

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