



## SINGLE LET INDUSTRIAL INVESTMENT OPPORTUNITY WITH ASSET MANAGEMENT POTENTIAL

Units 3 to 8 Witton Park Industrial Estate, Bickford Road, Birmingham, B6 7EE

**MK2**  
REAL ESTATE



# SINGLE LET INDUSTRIAL INVESTMENT OPPORTUNITY

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## INVESTMENT SUMMARY

- > **Prominent industrial investment opportunity** situated in a prime West Midlands industrial and logistics location.
- > Strategically located site within **close proximity to the A38 and M6 motorway, providing unrivalled national connectivity.**
- > Self-contained, secure single let estate comprising six units extending to **33,153 sq ft.**
- > Let in its entirety to Hauck Heat Treatment Ltd with a total headline rent of **£161,221 per annum** reflecting a low average rent of **£4.86 per sq ft.**
- > **WAULT of 4.19 years to lease expiry** providing future asset management opportunities.
- > **Freehold.**
- > We are instructed to seek offers in excess of **£1,900,000 (One Million Nine Hundred Thousand Pounds)** subject to contract, which reflects a **net initial yield of 8.00%** after allowing for purchaser's costs of 6.25%. A purchase at this level would show a **low capital value of £57 per sq. ft.**





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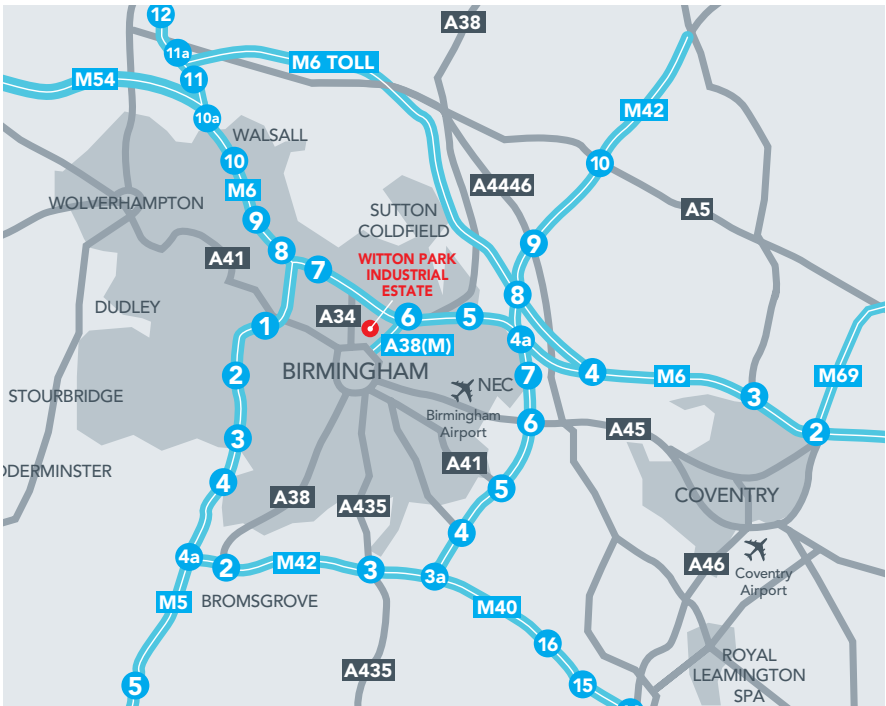
LOCATION

Witton is an established industrial and logistics location on the fringe of Birmingham City Centre. It is strategically located in the centre of the Country at the heart of the UK logistics communications network, approximately 4.0 miles north of Birmingham City Centre, 5.8 miles south west of Sutton Coldfield and 16.2 miles south east of Wolverhampton City Centre.

The area benefits from unrivalled access to the national motorway network bound by the A38, Spaghetti Junction providing direct access to J6 of the M6 motorway and A38 (M) connecting the property to the wider motorway network. The majority of the industrial premises in Witton are concentrated in close proximity to the subject property including key estates such as Electra Park, Junction Six Industrial Estate, Holford Industrial Estate and Nexus Point.

DRIVE TIMES

Birmingham City Centre	14 m	East Midlands Airport	47 m
Solihull	20 m	Bristol	1 h 40 m
Sutton Coldfield	21 m	Manchester	1 h 41 m
Birmingham Airport	23 m	Heathrow Airport	2 h 11 m
Wolverhampton	35 m	Leeds	2 h 11 m
Coventry	43 m	London	2 h 32 m



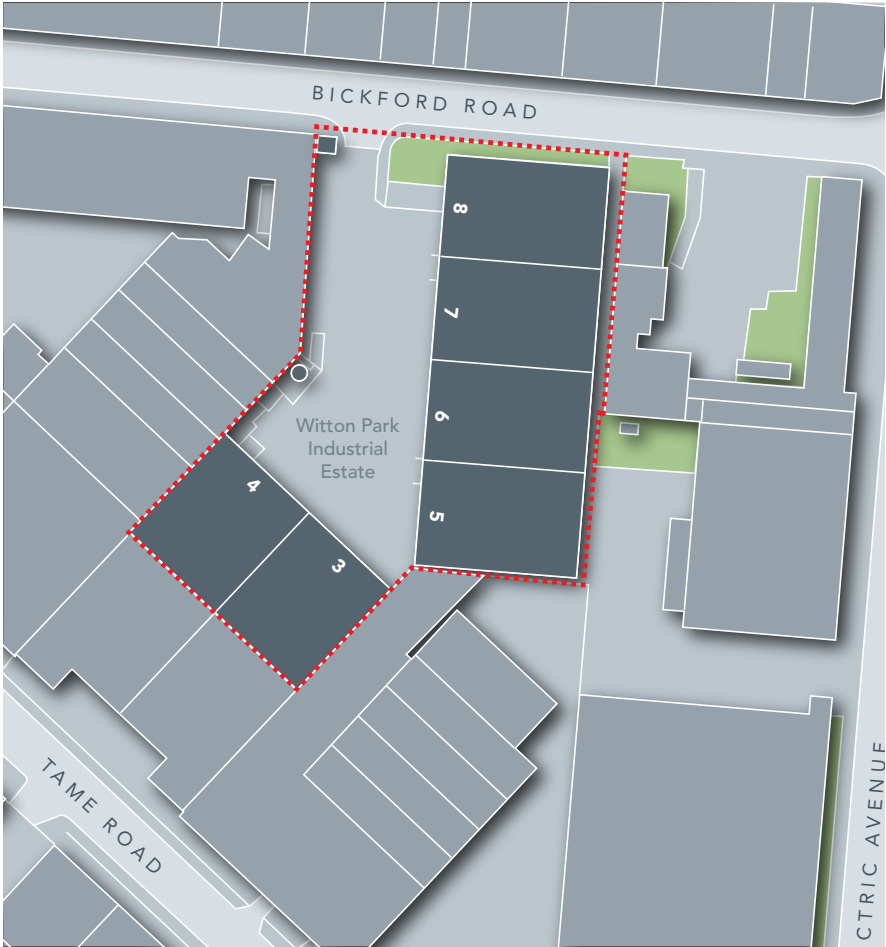
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SITUATION

The property is situated on Bickford Road close in proximity to established business location the Hub, and approximately 0.5 miles to the east of Witton Railway Station providing a direct link to Birmingham New Street in 10 minutes.

The property is in an established industrial location and forms part of Witton Park Industrial Estate with a number of national occupiers in close proximity including KitchenCraft, TNT, Matthew Clark, Iron Mountain and Beiersdorf (UK).





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DESCRIPTION

The estate comprises six industrial units split into two terraces of two units and four units respectively arranged in an "L" shape either side of a central yard. The units were constructed in the mid 1980's and are of steel portal frame construction with the external envelope finished in a combination of brick and metal profile clad elevations under a corrugated asbestos cement sheet roof incorporating translucent roof lights.

Eaves height ranges from 4.6m to 5m. Each unit benefits from a single ground level roller shutter door and a shared tarmac surfaced parking area, with 33 marked spaces in total, situated to the front of each unit. The site is secured by a metal sliding gate accessed off Bickford Road.

The Tenant has made numerous alterations to the estate under a licence dated 17 April 2014 including:



YARD

Installation of ammonia storage tanks and steel palisade fence compound surrounding in the front left corner of the yard adjoining entrance from Bickford Road.

Installation of nitrogen tank and steel palisade compound and cycle shelter adjoining right hand boundary of the site.

Steel palisade compound and small steel chemical store situated adjoining right-hand boundary and front elevation of Unit 4.



UNIT 3

Construction of an internal workshop area with blockwork partition walls to form a temperature-controlled production area, together with offices at mezzanine level and mezzanine storage area.

Installation of a partitioned store and stripping bay adjacent to the rear elevation.



UNIT 4

Construction of an internal partitioned workshop area.

Erection of a single rail hoist slung from building frame and freestanding overhead crane.

Installation of a mezzanine level mess room.



UNIT 5

Installation of an internal canteen and transport office.

UNIT 6

Installation of laboratory and office space.

UNIT 7

Erection of freestanding overhead cranes.





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ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and provides the following approximate gross internal floor areas.

UNIT	AREA (sqft)	AREA (sqm)
3	5,294	491.83
4	5,310	493.32
5	5,597	519.98
6-8	16,952	1,574.89
<b>TOTAL</b>	<b>33,153</b>	<b>3,080.02</b>

The site extends to a total area of approximately 1.3 acres equating to a site cover of 58.6%.

TENURE

The property is held freehold under Title Number WM710317.





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TENANCY

The estate is let in its entirety to Hauck Heat Treatment Ltd on four FRI leases for a term of 10 years from 31st December 2013 and expiring on 30 December 2023 providing an unexpired term of 4.19 years. The total current passing rent is £161,221 per annum including a 2.5% rent management charge, equating to a low overall rent of £4.86 per sq ft.



COVENANT



Hauck Heat Treatment Ltd provides a range of Surface and Heat Treatment services to the UK Engineering sector operating from six strategically located sites across the UK.

Hauck Heat Treatment Ltd forms part of the Materials Technology Division of Aalberts N.V. a globally established business with over 70 business locations and 80 service locations with activities in over 50 countries.

The company has an Experian credit rating score of 73 which is described as a below average risk together with a credit limit of £150,000 and credit rating £78,000.

RECENT ACCOUNTS HAUCK HEAT TREATMENT LTD	31/12/2017	31/12/2016	31/12/2015
Turnover (£)	£16,188,000	£16,844,000	£18,210,000
Pre-tax Profit (£)	£1,086,000	£1,681,000	£2,014,000



ASSET  
MANAGEMENT

The property provides several active asset management opportunities that provide a tangible means of creating value, some of which include:

- > Rationalising existing lease positions to improve the AWULT and security of income.
- > Refurbishing and re-letting the units at expiry to increase the total passing rental income.
- > Subdividing the scheme at expiry to alter the profile of the scheme.



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OCCUPATIONAL MARKET OVERVIEW

Headline rents have continued to experience rental growth as a result of pent up demand outstripping supply for well-located industrial in strong regional locations. Restricted levels of development and a lack of supply has resulted in a marked increase in rental values, longer leases and a reduction in incentives on new lettings.

Evidence of recent transactions include the following:

DATE / PROPERTY	COMMENTS
April 2019 <b>Unit 5, Junction 6 Industrial Estate, Electric Avenue, Witton</b>	16,518 sq ft let to Mayflex rent review settled at £6.36 per sq ft on an assumed 5 year term.
February 2019 <b>Unit 2 Expressway Industrial Estate, Bracebridge Street, Birmingham</b>	11,140 sq ft let to Indian Brewery on a new 5 year lease with a tenant break option in year 3 off a passing rent of £5.50 per sq ft.
July 2018 <b>Unit 5 Wharton Street, Birmingham</b>	4,477 sq ft let to Alcina Engineering on a new 5 year term off a passing rent of £5.25 per sq ft.
July 2018 <b>1 Mount Street, Birmingham</b>	5,745 sq ft let to Flow Control Company on a new 5 year lease off a passing rent of £5.59 per sq ft.



INVESTMENT MARKET OVERVIEW

There remains a consistent depth of demand for regional industrial investments, which has led to competitive bidding situations and sustained market pricing.

Demand continues to be strong for industrial assets with investors drawn towards the compelling fundamentals of a strong occupational market with very low availability rates, sustained rental growth prospects and limited speculative development. The industrial sector looks set to continue to deliver strong investment returns, driven by a combination of both capital growth and ongoing rental growth.

Recent industrial investment transactions include:

DATE	PROPERTY	TENANT	WAULT	AREA (sqft)	RENT (£psf)	SALE PRICE (£m)	NIY (%)
Oct 19	Merryhills Enterprise Park, Wolverhampton	Various	2.5	32,337	4.98	2.50	6.70
Aug 19	Millbrook Industrial Estate, Wolverhampton	Various	3.5	66,120	3.39	2.75	7.66
Jul 19	Silica Road, Tamworth	Strong Plastics Ltd	4.2	21,609	4.91	1.55	6.08
Feb 19	99 Amington Road, Birmingham	Mata Automotive UK	3.0	25,050	3.99	1.30	7.25
Feb 19	Aston Cross Industrial Estate, Birmingham	Various	3.8	25,341	5.82	2.24	6.56



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VAT

The property is not elected for VAT and therefore VAT will not be payable on the purchase price.

EPC

The property has the following EPC Ratings:

Unit 3	D90
Unit 4	D91
Unit 5	E107
Unit 6	D92
Unit 7	D88
Unit 8	D83

Full details available on request.

PROPOSAL

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FURTHER INFORMATION

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