

# OFFERING MEMORANDUM



**FRESENIUS  
DIALYSIS CENTER**

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**PEARLAND  
TEXAS**

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Corporate Guaranteed with  
10-year Extension, No Reduction

**NNN**  
**NNN DEAL**  
THE SINGLE TENANT RESOURCE

Marcus & Millichap



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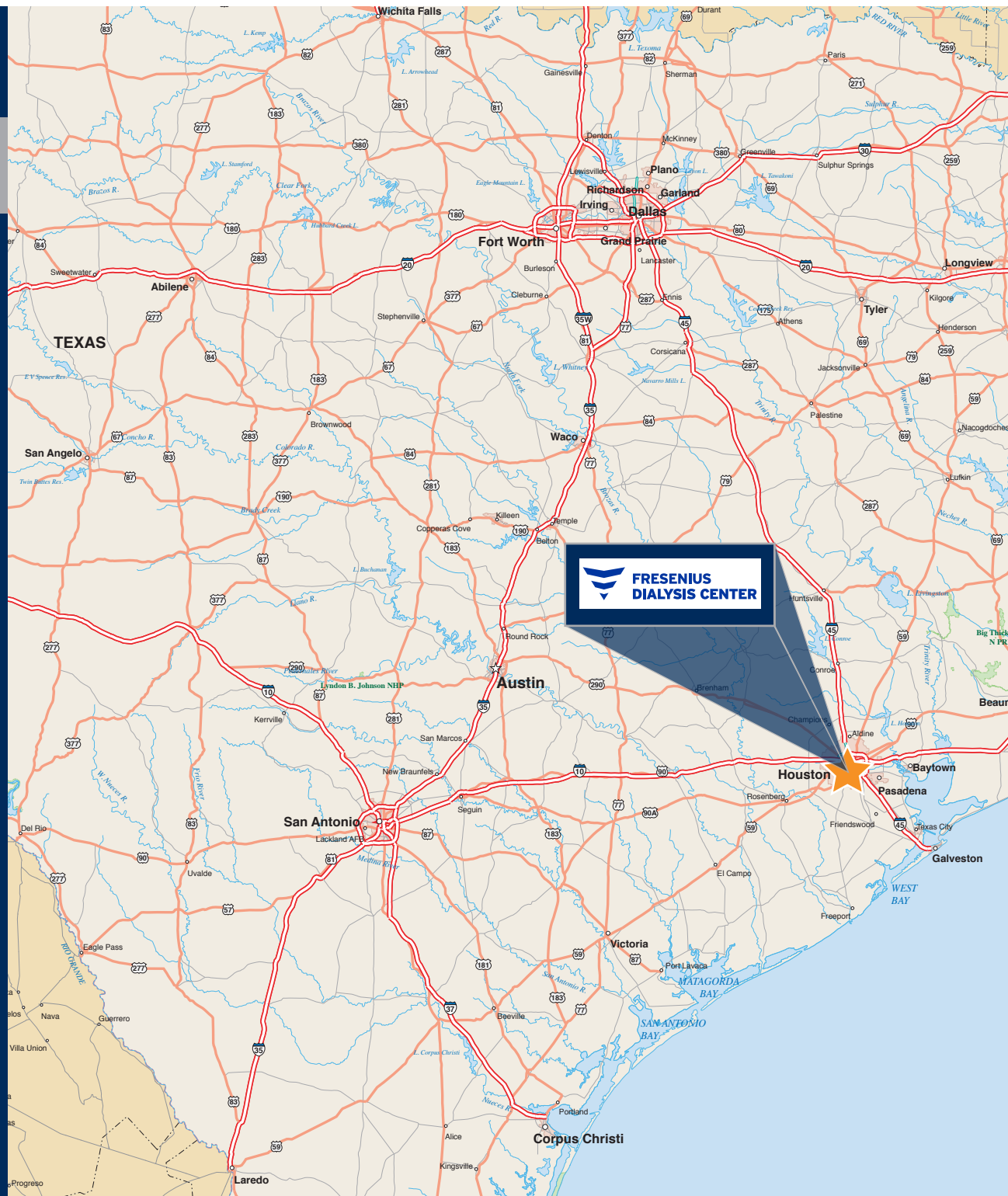


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# INVESTMENT SUMMARY

2850 KIRBY DRIVE, PEARLAND, TX 77584

**PRICE: \$3,483,000**

**CAP: 5.75%**

**RENT: \$200,275\***

## OVERVIEW

Price	\$3,483,000
Gross Leasable Area (GLA)	8,003 SF
Lot Size (approx.)	0.76 Acres
Net Operating Income	\$200,275*
CAP Rate	5.75%
Year Built / Renovated	2015

## LEASE ABSTRACT

Lease Type	Modified NNN**
Lease Term	10 Years
Lease Term Remaining	9.8 Years
Lease Start	4/24/2019 As per Assignment
Lease Expiration	4/23/2029
Renewal Options	2x5
Landlord Obligation	Roof & Structure**
Increase	Annual CPI, but not less than 2.5%. Actual adjustments to vary.

\* Rent consists of \$190,738 rent + \$9,536.90 management fee = total rent \$200,275

\*\* Landlord responsible for roof & structure, but there is a 20 year roof warranty in place.

## ANNUALIZED OPERATING DATA

Term	Year	Base Rent	Mgt Fee	Total Receipts	ROI
	2019	\$190,738	\$9,537	\$200,275	5.75%
	2020	\$195,506	\$9,775	\$205,282	5.89%
	2021	\$200,394	\$10,020	\$210,414	6.04%
	2022	\$205,404	\$10,270	\$215,674	6.19%
	2023	\$210,539	\$10,527	\$221,066	6.35%
	2024	\$215,803	\$10,790	\$226,593	6.51%
	2025	\$221,198	\$11,060	\$232,257	6.67%
	2026	\$226,728	\$11,336	\$238,064	6.84%
	2027	\$232,396	\$11,620	\$244,016	7.01%
	2028	\$238,206	\$11,910	\$250,116	7.18%
End Base Term	2029	\$248,230	\$12,412	\$260,642	7.48%
Option 1	2030	\$254,436	\$12,722	\$267,158	7.67%
	2031	\$260,797	\$13,040	\$273,836	7.86%
	2032	\$267,317	\$13,366	\$280,682	8.06%
	2033	\$273,999	\$13,700	\$287,699	8.26%
	2034	\$285,530	\$14,277	\$299,807	8.61%
Option 2	2035	\$292,668	\$14,633	\$307,302	8.82%
	2036	\$299,985	\$14,999	\$314,984	9.04%
	2037	\$307,485	\$15,374	\$322,859	9.27%
	2038	\$315,172	\$15,759	\$330,930	9.50%
	2039	\$323,051	\$16,153	\$339,204	9.74%

Rent escalations are not less than 2.5% annually, but measured against CPI and could be more.





# INVESTMENT HIGHLIGHTS

The subject site has been operating as a private dialysis center, owned and operated by a medical conglomerate of specialty doctors local to Pearland since 2015. In 2019, it was purchased by Fresenius whereupon they placed a new 10-year modified NNN lease on the site with no rent reduction, pays a management fee and the site has a 20-year roof warranty on the site creating a credit tenant corporate guaranteed long term lease.



Located near 4 major hospitals and several urgent care and emergency room clinics



Pearland is a growing southern Houston suburb, nestled just south of downtown by only 12 ½ miles, and just south east from Missouri City by only 12 miles



42% of the population in the immediate area (w/in 5 miles) are between the age of 35-75+ which is the target patient dialysis age group (generally speaking)





# INVESTMENT HIGHLIGHTS

- ◆ Corporate guaranteed lease
- ◆ The site has been operating as a Dialysis Center since construction in 2015
- ◆ Bought by Fresenius in 2019 with new 10 year lease
- ◆ Modified NNN lease with management fee in place to off set minimal landlord obligations.
- ◆ One of the fastest growing areas in Texas.
- ◆ 20 year roof warranty in place.



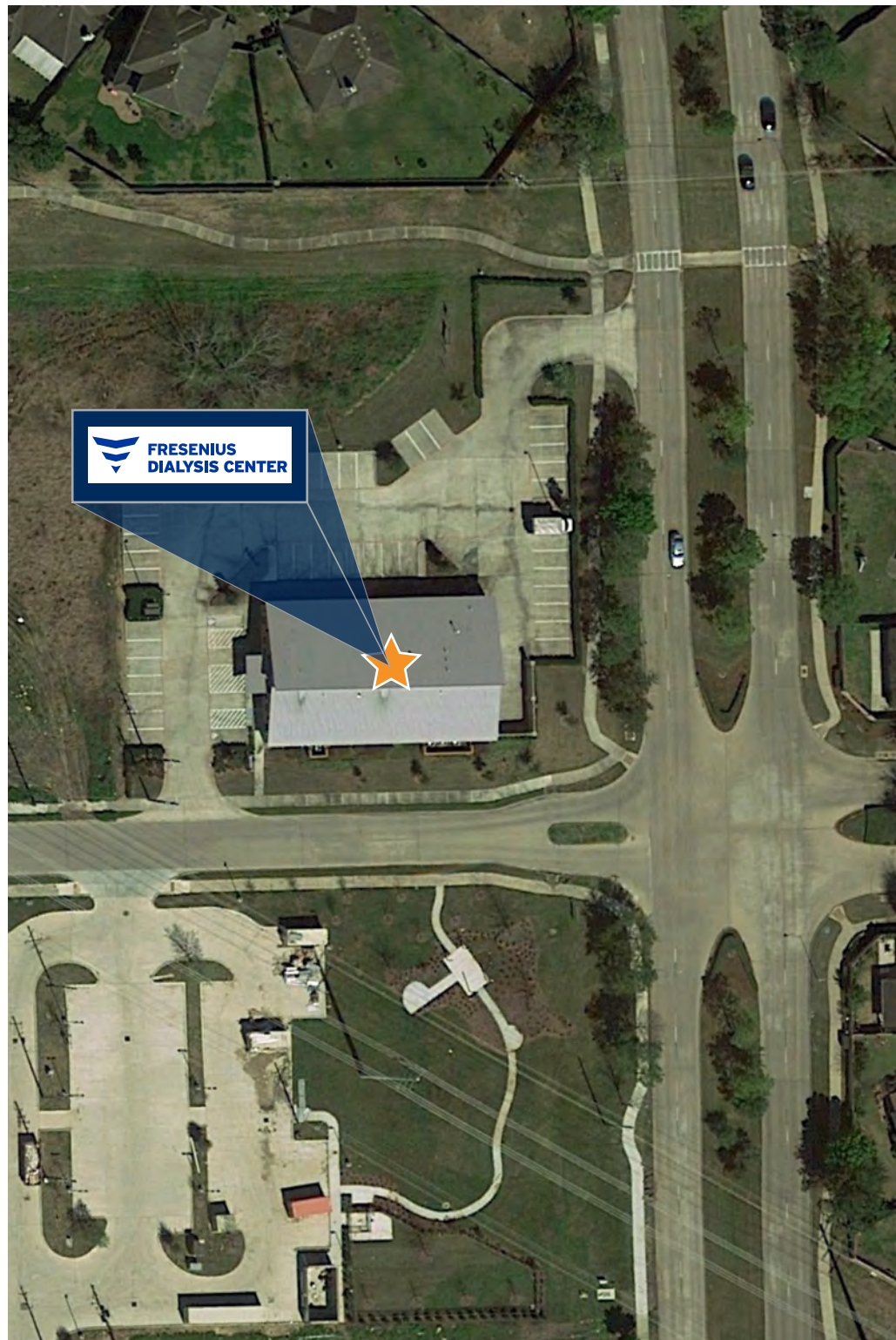
**171,021**  
TOTAL  
POPULATION  
WITHIN 5-MILE  
RADIUS



**\$103,933**  
AVERAGE  
HOUSEHOLD  
INCOME WITHIN  
7-MILE RADIUS



**27,910 VPD** - BROADWAY STREET  
**40,000 VPD** - STATE HWY 288









# TENANT SUMMARY

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Fresenius Medical Care has been developing and producing dialysis products for more than four decades. It is the premier health care company focused on delivering the highest quality care to people with renal and other chronic conditions. Over 2.5 million patients with this disease regularly undergo dialysis therapy, a vital blood cleansing procedure that substitutes the function of the kidney in the case of kidney failure. It offers dialysis services and products in more than 120 countries and employs over 90,000 people in more than 50 countries around the world, which includes approximately 60,000 in North America. Every 0.7 seconds, Fresenius Medical Care provide a dialysis treatment somewhere across the globe. It has a leading network of over 3,714 dialysis facilities, outpatient cardiac and vascular labs, and urgent care centers, as well as the country's largest practice of hospitalist and post-acute providers.

Fresenius Medical Care provides coordinated health care services at pivotal care points for hundreds of thousands of chronically ill customers throughout the continent.

**In 2017, 50 percent of the dialysis machines sold worldwide were produced by Fresenius Medical Care and the company generated revenues of more than \$20.68 billion USD. Standard & Poor's recently upgraded their credit rating from "BB+" to investment grade "BBB-".**

In the past financial year, \$152 million USD was spent on research and development, laying the foundation for future product innovations.

Fresenius Medical Care is listed on the Frankfurt Stock Exchange (FME) and the New York Stock Exchange (FMS). In 2018, dialysis revenue increased by 14% with a 9% positive impact from foreign currency translation, which would be a 5% increase at Constant Exchange Rates. Dialysis revenue is comprised of dialysis care revenue and health care product revenue. In the U.S., the average revenue per treatment increased to \$355 from \$348. This development was due to the increased use of oral based ancillaries and the impact from an increase in the ESRD PPS base rate, partially offset by lower revenue from commercial payors.

In order to continually grow as a company, Fresenius Medical Care is constantly developing innovative products and continually improving dialysis treatments. This is done through worldwide research and development activities managed by the Global Research & Development division. In addition to these research and development activities, Fresenius Medical Care collaborates with numerous academic institutions, such as world-renowned universities in the U.S. It has also partnered with Renal Research Institute in New York, which is a subsidiary of Fresenius Medical Care North America, a leading institution in the field of clinical research into chronic kidney failure. These various collaborations and continual research initiatives have made Fresenius Medical Care into the premier health care company it is today.





# FRESENIUS MEDICAL CARE



## WALTHAM, MASSACHUSETTS

HEADQUARTERS

CORPORATE

GUARANTOR

3,900

CLINICS IN THE  
UNITED STATES

PUBLIC

OWNERSHIP

FRESENIUS  
MEDICAL CARE

TENANT TRADE NAME

\$20.68(BIL)

REVENUE IN 2017

336,000

ANNUAL PATIENTS

[WWW.FRESENIUS.COM](http://WWW.FRESENIUS.COM)

WEBSITE

## **GROWING NEED FOR DIALYSIS CENTERS (AMAZON RESISTENT) CHRONIC KIDNEY DISEASE (CKD):**

Any condition that causes reduced kidney function over a period of time. Chronic kidney disease may develop over many years and lead to end-stage kidney (or renal) disease (ESRD).

### **FAST FACTS**

- ◆ The overall prevalence of CKD in the general population is approximately 14 percent.
- ◆ High blood pressure and diabetes are the main causes of CKD. Almost half of individuals with CKD also have diabetes and/or self-reported cardiovascular disease (CVD).
- ◆ More than 661,000 Americans have kidney failure. Of these, 468,000 individuals are on dialysis, and roughly 193,000 live with a functioning kidney transplant.
- ◆ Kidney disease often has no symptoms in its early stages and can go undetected until it is very advanced. (For this reason, kidney disease is often referred to as a “silent disease.”)
- ◆ The adjusted incidence rate of ESRD in the United States rose sharply in the 1980s and 1990s, leveled off in the early 2000s, and has declined slightly since its peak in 2006.
- ◆ Compared to Caucasians, ESRD prevalence is about 3.7 times greater in African Americans, 1.4 times greater in Native Americans, and 1.5 times greater in Asian Americans.
- ◆ Each year, kidney disease kills more people than breast or prostate cancer. In 2013, more than 47,000 Americans died from kidney disease.<sup>1</sup>

#### **Prevalence**

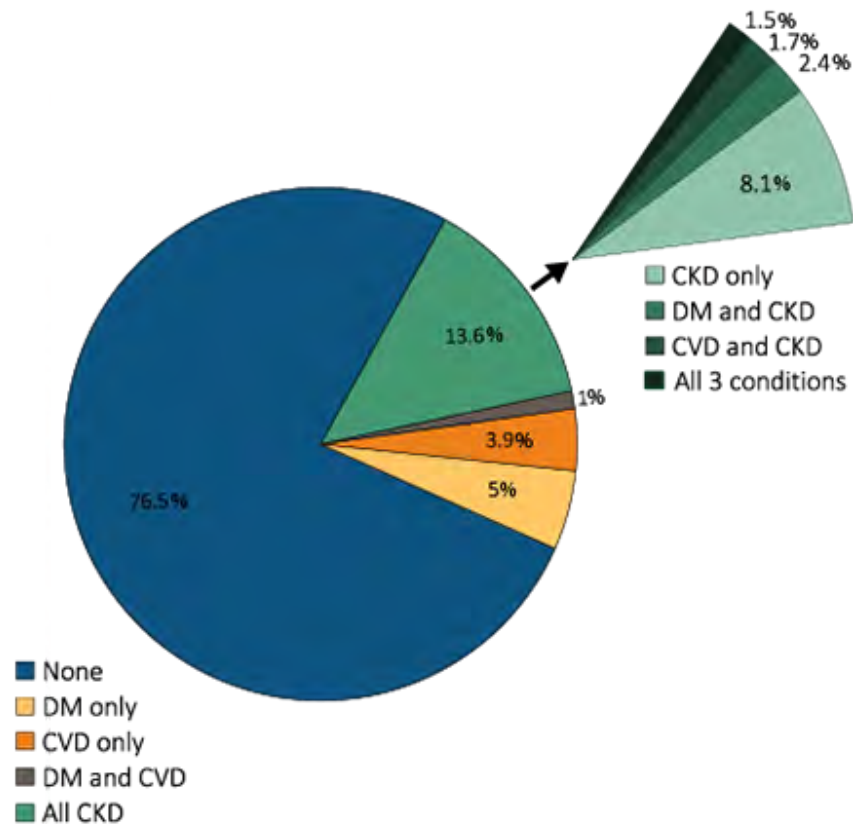
- ◆ The overall prevalence of CKD increased from 12 percent to 14 percent between 1988 and 1994 and from 1999 to 2004 but has remained relatively stable since 2004. The largest increase occurred in people with Stage 3 CKD, from 4.5 percent to 6.0 percent, since 1988.
- ◆ Women (15.93 percent) are more likely to have stages 1 to 4 CKD than men (13.52 percent).



## NATIONAL HEALTH INSTITUTE OF DIABETIC PATIENTS (NIH) WITH CARDIOVASCULAR DISEASE AND CKD MARKERS (2007-2017) REQUIRING DIALYSIS.

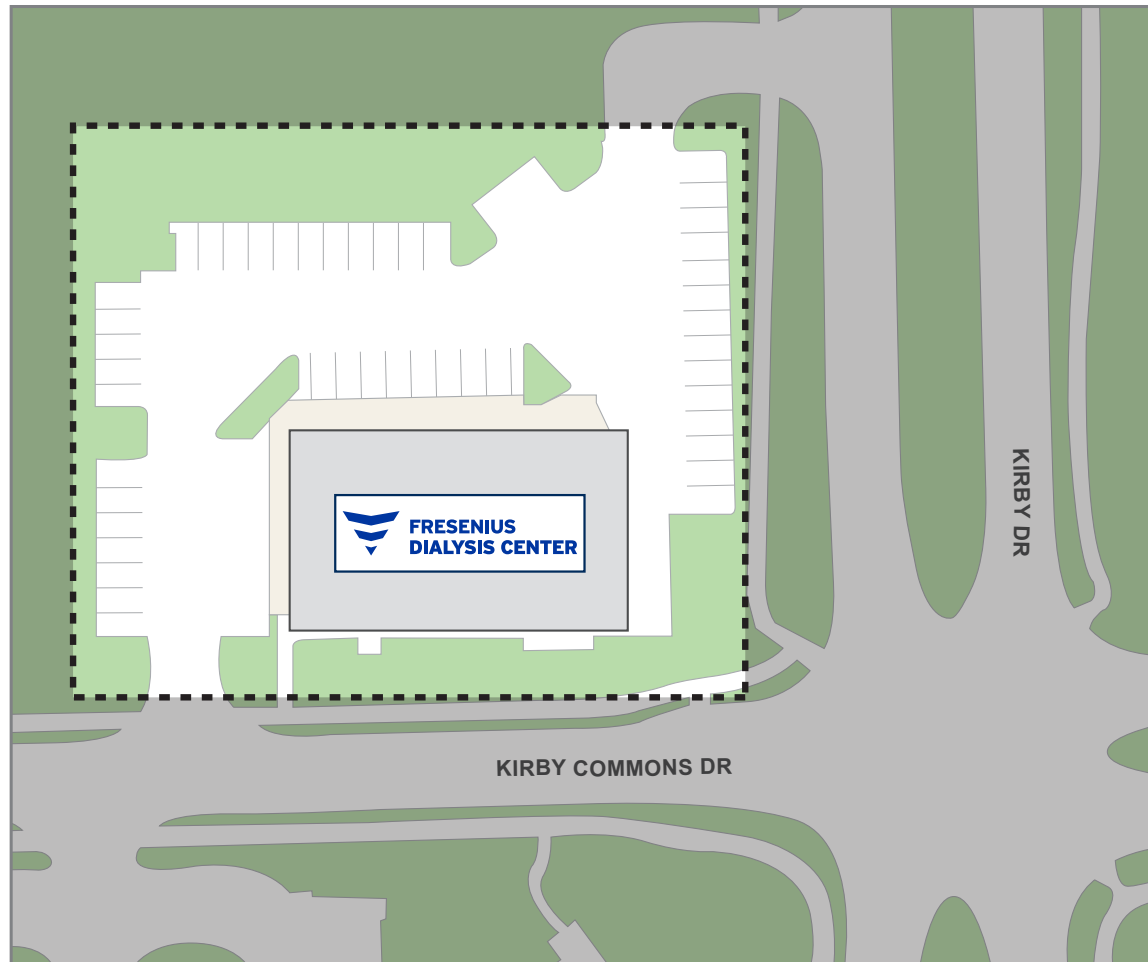
These figures do not include acute injury related KD markers or genetic defects.

With Diabetes being the fastest growing disease in North America, it is anticipated that kidney related treatments will grow just as rapidly



# SITE PLAN

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# LOCATION OVERVIEW

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## PEARLAND, TEXAS

Pearland is a beautiful city in the suburbs of Houston, TX. It is in Brazoria County, which is experiencing a 14% population growth. In a new survey done by Wallet Hub, Pearland is the third fastest growing city in the U.S.

Interstate 35, one of the major Interstate highways in the central U.S. runs through Pearland, connecting it to nearby cities. State Highway 288 also connects Pearland to downtown Houston and various major cities in Texas.

With beautiful parks and sunny weather 202 days out of the year, Pearland is Texas's hidden gem. It is only 12.8 miles away from Downtown Houston, which is the largest city in Texas. In Pearland, the Pearland Town Center attracts many visitors from all over the county. The shopping mall has 80 retail fashion stores and 25 restaurants, which is the largest retail are in the immediate area (and located only a few blocks from the subject site). Pearland also has over 175 acres of beautiful park land filled with miles of hiking and bike trails. The park also has various splash pads, tennis courts, basketball courts, volleyball courts, dog parks, and picnic tables. Bird watching is another particularly popular activity in this area.

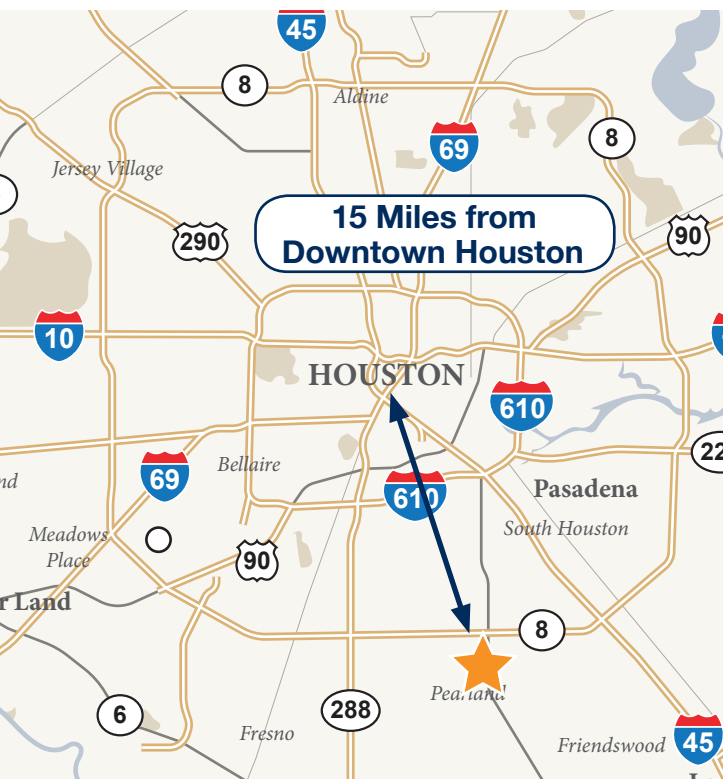
Pearland is a great place for the healthcare industry. Memorial Hermann Hospital is one of the region's top medical facilities, located in Pearland (and only 1.8 miles from the subject site). It features advanced medical equipment and state-of-the-art technology to address all healthcare needs. The hospital is also equipped with the Memorial Hermann Life Flight, a helicopter which can transport patients to Memorial Hermann Southeast Hospital, Memorial Hermann-Texas Medical Center or Children's Memorial Hermann Hospital, within minutes.



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### MAJOR EMPLOYERS: PEARLAND, TX

Pearland ISD	2,660
Kelsey Seybold	873
City of Pearland	781
Alvin ISD	450
Memorial Hermann	370
Merit Medical	330
Kemlon	300
Pearland Medical Center	300
Dover Energy	205
TurboCare	180

## LOCATION HIGHLIGHTS

### PEARLAND, TEXAS

ONE OF THE FASTEST GROWING SUBURBS IN HOUSTON, TEXAS



3rd fastest growing  
city in the Country



Pearland Town Center  
- area's largest retail  
center is 1 block  
from the site



Strategically positioned  
near the region's largest  
medical campuses



Broadway Street  
is the area's major  
thoroughfare that  
connects the west and  
east end of Pearland

# DEMOGRAPHICS / PEARLAND, TX



# 171,021

Total Population Within 5-Mile Radius



# \$103,933

Average Household Income  
Within 5-Mile Radius



# \$78,355

Median Household Income  
Within 5-Mile Radius



# 55,281

Total Households in 5-Mile Radius



# 176.7%

From 2000

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POPULATION	1 MILE	3 MILES	5 MILES
2023 Projection			
Total Population	15,055	81,956	196,732
2018 Estimate			
Total Population	11,911	66,317	171,021
2010 Census			
Total Population	7,628	48,434	131,878
2000 Census			
Total Population	69	14,275	63,521
Current Daytime Population			
2018 Estimate	6,838	37,735	98,615
HOUSEHOLDS	1 MILES	3 MILES	5 MILES
2023 Projection			
Total Households	5,169	28,531	65,428
2018 Estimate			
Total Households	4,025	22,793	55,281
Average (Mean) Household Size	2.94	2.91	3.06
2010 Census			
Total Households	2,573	16,645	42,566
2000 Census			
Total Households	21	5,288	19,973
Occupied Units			
2023 Projection	5,169	28,531	65,428
2018 Estimate	4,245	23,846	57,756
HOUSEHOLDS BY INCOME	1 MILES	3 MILES	5 MILES
2018 Estimate			
\$150,000 or More	27.45%	29.02%	18.13%
\$100,000 - \$149,000	21.43%	23.72%	18.82%
\$75,000 - \$99,999	14.76%	14.88%	15.27%
\$50,000 - \$74,999	14.64%	13.49%	17.17%
\$35,000 - \$49,999	7.68%	7.04%	10.39%
Under \$35,000	14.03%	11.85%	20.23%
Average Household Income	\$121,056	\$136,309	\$103,933
Median Household Income	\$97,970	\$104,966	\$78,355
Per Capita Income	\$40,954	\$46,884	\$33,612

HOUSEHOLDS BY EXPENDITURE	1 MILE	3 MILES	5 MILES
Total Average Household Retail Expenditure	\$86,225	\$88,569	\$78,469
Consumer Expenditure Top 10 Categories			
Housing	\$23,135	\$23,692	\$20,749
Transportation	\$17,823	\$18,457	\$16,057
Shelter	\$12,798	\$13,009	\$11,424
Food	\$9,432	\$9,826	\$8,068
Personal Insurance and Pensions	\$8,483	\$8,822	\$7,855
Health Care	\$4,969	\$5,145	\$4,654
Utilities	\$4,612	\$5,017	\$4,414
Entertainment	\$3,754	\$3,919	\$3,304
Apparel	\$2,530	\$2,651	\$2,229
Household Furnishings and Equipment	\$2,290	\$2,377	\$2,074

POPULATION PROFILE	1 MILES	3 MILES	5 MILES
Population By Age			
2018 Estimate Total Population	11,911	66,317	171,021
Under 20	34.80%	33.77%	33.49%
20 to 34 Years	19.27%	17.33%	20.76%
35 to 39 Years	11.63%	9.75%	8.78%
40 to 49 Years	15.71%	16.11%	14.42%
50 to 64 Years	12.18%	14.15%	14.40%
Age 65+	6.41%	8.88%	8.16%
Median Age	33.14	34.39	32.56
Population 25+ by Education Level			
2018 Estimate Population Age 25+	7,346	41,252	104,011
Elementary (0-8)	3.67%	2.43%	5.82%
Some High School (9-11)	3.80%	3.01%	6.64%
High School Graduate (12)	11.93%	12.33%	19.66%
Some College (13-15)	14.60%	17.11%	20.98%
Associate Degree Only	8.88%	7.26%	6.63%
Bachelors Degree Only	31.03%	31.24%	22.35%
Graduate Degree	25.79%	26.37%	16.32%



## INFORMATION ABOUT BROKERAGE SERVICES

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

11-2-2015

### TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

### A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

### A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

**AS AGENT FOR OWNER (SELLER/LANDLORD):** The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

**AS AGENT FOR BUYER/TENANT:** The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

**AS AGENT FOR BOTH - INTERMEDIARY:** To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - that the owner will accept a price less than the written asking price;
  - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

**AS SUBAGENT:** A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

### TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

**LICENSE HOLDER CONTACT INFORMATION:** This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
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Designated Broker of Firm	License No.	Email	Phone
Jeffrey Noe	709695	ford.noe@marcusmillichap.com	713-452-4200
Licensed Supervisor of Sales Agent/Associate	License No.	Email	Phone
Sales Agent/Associate's Name	License No.	Email	Phone

\_\_\_\_\_  
Buyer/Tenant/Seller/Landlord Initials

\_\_\_\_\_  
Date









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DIALYSIS CENTER**

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**PEARLAND  
TEXAS**

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**Lior Regenstreif**

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