



DAVITA DIALYSIS

721 W FIRST ST.

TUSTIN (ORANGE COUNTY), CA 92780

CBRE
OFFERING
MEMORANDUM

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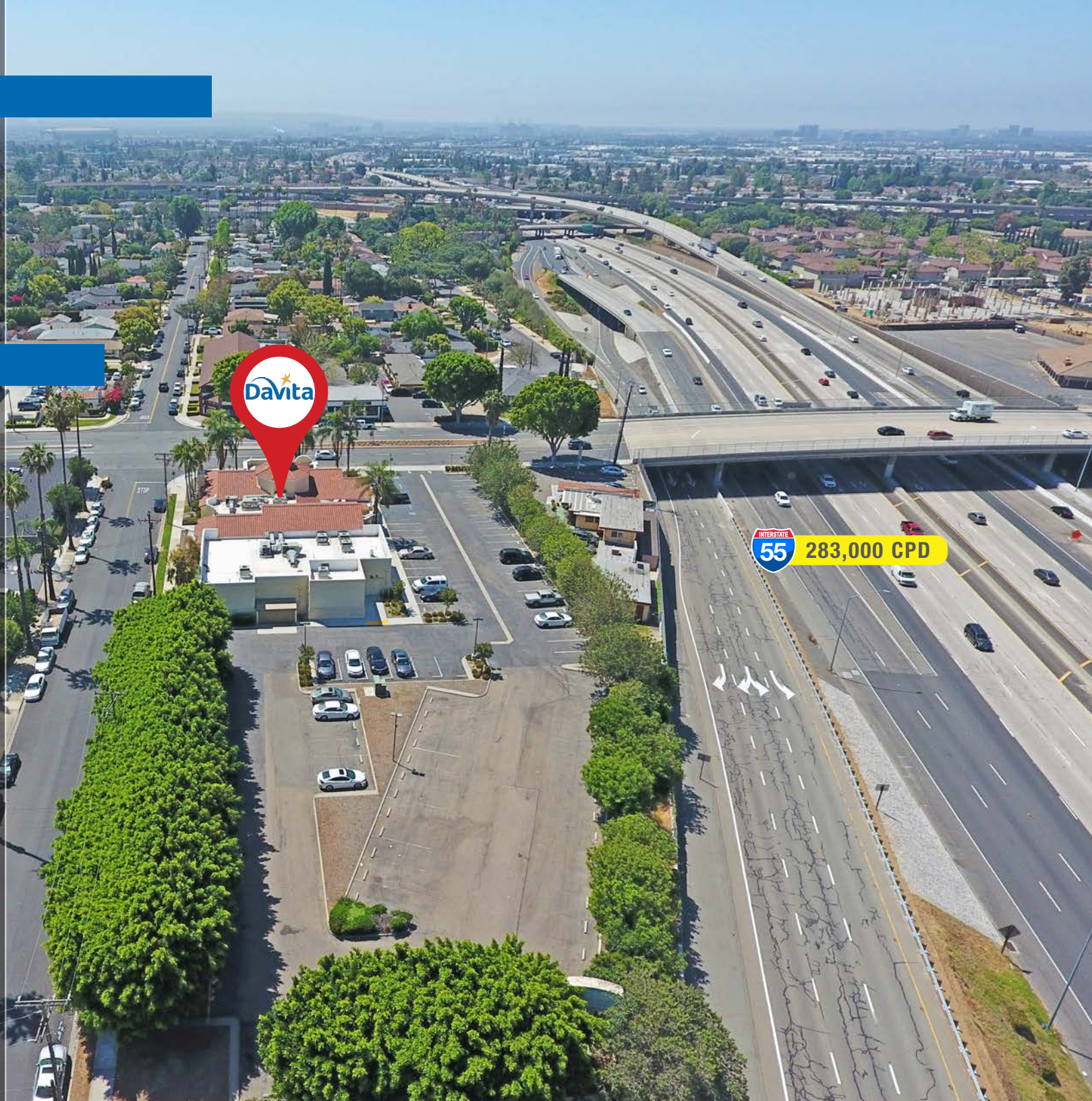




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INVESTMENT HIGHLIGHTS

- This is a **rare opportunity to acquire a trophy infill property located in Orange County, CA.**
- The lease is **corporately guaranteed by DaVita Healthcare Partners, Inc.** DaVita (S&P: BB) is a Fortune 500 company that provides a variety of healthcare services to over 1.7 million patients nationwide through its operating divisions including dialysis.
- There are **eleven (11.3) years remaining on the lease term, plus three (3), five (5) year options.**
- The lease provides for **above market 2.5% annual rental increases including through option periods.**
- This property is located in **The Downtown Commercial Core Specific Plan (DCCSP)**, which sets a planning and regulatory framework to attract more patrons to support and strengthen businesses in Old Town through shopping, dining, and entertainment opportunities to foster community interaction and pedestrian activity.
- The lease structure is **double net (NN), with minimal landlord responsibilities.** Tenant is responsible for HVAC, maintaining CAM and parking, and payment of all taxes, utilities, and insurances.
- There are **36,950 residents located in the one (1) mile demographic ring.**
- The average household income in the five (5) mile demographic ring is **an affluent \$108,567.**
- DaVita Dialysis is situated in a freeway-adjacent location and has strong frontage on **W First St. & N Myrtle Ave. Interstate 55 and W First St. report combined traffic counts of 302,000 cars per day.**
- DaVita Dialysis is strategically located **within three (3) miles of eight (9) hospitals and medical centers, implying a built-in customer base.**
- **The subject property is located just 5 miles (7 minutes) away from Tustin Legacy, a 1,600 acre master planned community that is currently underway.** It features office, retail, mixed use and residential properties as well as schools and parks.
- Tustin is recognized as one of the best places to live and do business due to the combinations of: **ample housing, economic opportunity, entertainment options, quality education, safe streets, and sense of community.**
- John Wayne Airport, Orange County (SNA) served over 10.6 million passengers in 2018 **and is located just 5 miles (7 minutes) from the subject property.**

INVESTMENT SUMMARY

Offering Price.....	\$9,016,000
Cap Rate.....	4.85%
Lease Structure	NN
Current Annual Rent.....	\$437,269
Building GLA	11,499 SF
Lot Size.....	1.240 acres
Ownership	Fee Simple



TENANT OVERVIEW

About DaVita Dialysis

DaVita Inc. (NYSE: DVA), a Fortune 500® company, is one of the nation's largest and most innovative health care communities, leveraging a passion for and commitment to clinical excellence and improving patients' health and quality of life. Through DaVita Kidney Care and the DaVita Medical Group, DaVita is pushing for what health care could be by delivering high-quality clinical outcomes and managing the total cost of care. The company is the largest provider of kidney care services in the U.S. and has been a leader in clinical quality and innovation for 20 years.

As an operating division of DaVita, DaVita Kidney Care focuses on setting worldwide standards for clinical, social and operational practices in kidney care. From raising awareness of the silent epidemic that is chronic kidney disease to providing industry-leading, no-cost diet- and health-management resources to people diagnosed with it, DaVita Kidney Care continues its pursuit to keep people off dialysis as long as possible — and to improve access to treatment and quality of life for those who do need dialysis.

DaVita Medical Group, the country's largest operator of medical groups and physician networks, provides integrated care management as an operating division of DaVita, focusing on delivering outstanding health care across a broad range of services. DaVita Medical Group works with its patients to help them live life to the fullest and strives to lead the transformation of the national health care delivery system to ensure quality, accessible and affordable care for all.

DaVita Inc. has been recognized as one of FORTUNE® Magazine's World's Most Admired Companies of 2019. This is the 12th consecutive year and 13th year overall the company has appeared on this list. DaVita has reduced hospitalizations, improved mortality, and worked collaboratively to propel the kidney care industry to adopt an equitable and high-quality standard of care for all patients, everywhere. Since 2012, DaVita Medical Group has provided primary and ancillary care for approximately 1.7 million patients within medical groups and affiliated physician networks in California, Colorado, Florida, Nevada, New Mexico and Washington.



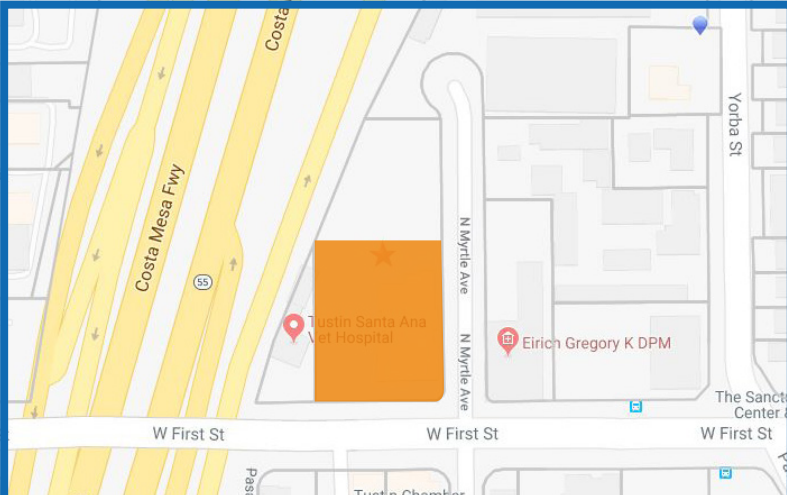
DAVITA DIALYSIS CORPORATE OVERVIEW

Type:	Public (NYSE: DVA)
Industry:	Healthcare
Locations:	2,905+
Employees:	70,800+
Gross Revenue:	\$11.4 Billion (FY 2018)
Corporate Headquarters:	Denver, Colorado
Credit Rating:	S&P: BB, Moody's: Ba3

PROPERTY OVERVIEW



PROPERTY OVERVIEW



PROPERTY SUMMARY

Price: \$9,016,000

Cap Rate: 4.85%

Address: 721 W. 1st St.
Tustin, CA 92780

Ownership: Fee Simple

Building GLA: 11,499 SF

Lot Size: 1.24 acres

Parking: 39 spaces

Year Built/Renovated: 1981/2015

Parcel Number: 401-302-08

LEASE SUMMARY

Tenant: TOTAL RENAL CARE, INC. (trade name: Davita)

Guarantor: DAVITA HEALTHCARE PARTNERS, INC.

Date of Lease: June 10, 2014

Rent Commencement: May 18, 2015

Lease Expiration: October 17, 2030

Lease Term: 15.4 years

Term Remaining: 11.3 years (as of 06/2019)

Renewal Options: 3 - 5 year options

Current Annual Rent: \$437,269

Rental Increases: 2.5% annual, including through option periods

Percentage Rent: None

Sales Reporting: Store does not report sales

LEASE SUMMARY CONTINUED

Lease Structure:	NN - Some Landlord Responsibility
Roof:	TENANT & LANDLORD - Landlord to maintain, repair, and replace / Tenant to reimburse for actual and reasonable costs not to exceed \$1,000 per year, and to reimburse cost of any replacement on an amortized basis. There is a 15-year roof warranty in place.
Structure:	LANDLORD - Landlord shall, at Landlord's sole cost and expense, maintain and keep in good order and repair and make any necessary replacements to the following Building structures and systems: concrete slab, footings, foundation, structural components, exterior walls (excluding painting), sidewalks, driveways, loading areas, flooring system (excluding floor covering), exterior plumbing, and exterior electrical systems of the Building.
HVAC:	TENANT - Landlord to maintain / Tenant reimburses
Parking:	TENANT - Landlord to replace / Tenant to maintain and repair, and reimburse cost of any replacement on an amortized basis
Property Taxes:	TENANT - Landlord pays / Tenant reimburses
Utilities:	TENANT - Tenant pays direct
Insurance:	TENANT - Landlord to carry property insurance and commercial liability insurance / Tenant reimburses
Other:	In no event shall any Landlord operating expenses for which Tenant is liable under the lease (excluding taxes, insurance, and utilities) increase more than 5% annually.
Assignment & Subletting:	No assignment or sublet shall relieve Tenant from its rights or obligations under the lease.
ROFR:	Tenant does not have a ROFR

RENT SCHEDULE

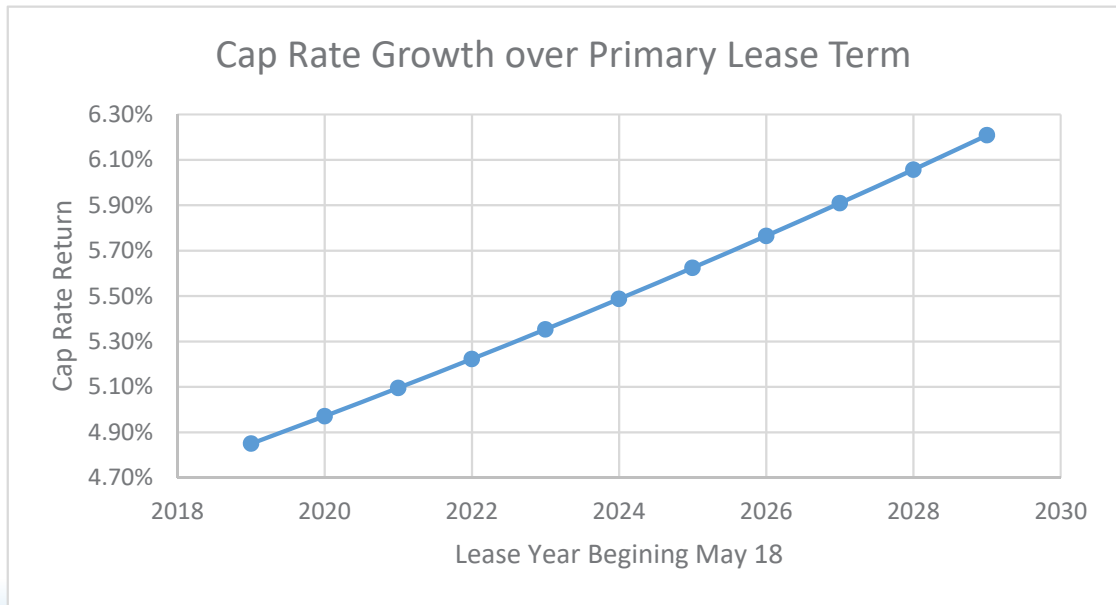
Lease Term	Lease Years	Date of Increase	Monthly Rent	Annual Rent	Rent/SF	Increase (%)
Primary:	1	5/18/2015	\$33,012	\$396,144	\$34.45	
	2	5/18/2016	\$33,837	\$406,048	\$35.31	2.50%
	3	5/18/2017	\$34,683	\$416,199	\$36.19	2.50%
	4	5/18/2018	\$35,550	\$426,604	\$37.10	2.50%
	5	5/18/2019	\$36,439	\$437,269	\$38.03	2.50%
	6	5/18/2020	\$37,350	\$448,201	\$38.98	2.50%
	7	5/18/2021	\$38,284	\$459,406	\$39.95	2.50%
	8	5/18/2022	\$39,241	\$470,891	\$40.95	2.50%
	9	5/18/2023	\$40,222	\$482,663	\$41.97	2.50%
	10	5/18/2024	\$41,227	\$494,730	\$43.02	2.50%
	11	5/18/2025	\$42,258	\$507,098	\$44.10	2.50%
	12	5/18/2026	\$43,315	\$519,775	\$45.20	2.50%
	13	5/18/2027	\$44,397	\$532,770	\$46.33	2.50%
	14	5/18/2028	\$45,507	\$546,089	\$47.49	2.50%
	15	5/18/2029	\$46,645	\$559,741	\$48.68	2.50%
Option 1:	16 - 20					
Option 2:	21 - 25					
Option 3:	26 -30					

PROPERTY OVERVIEW

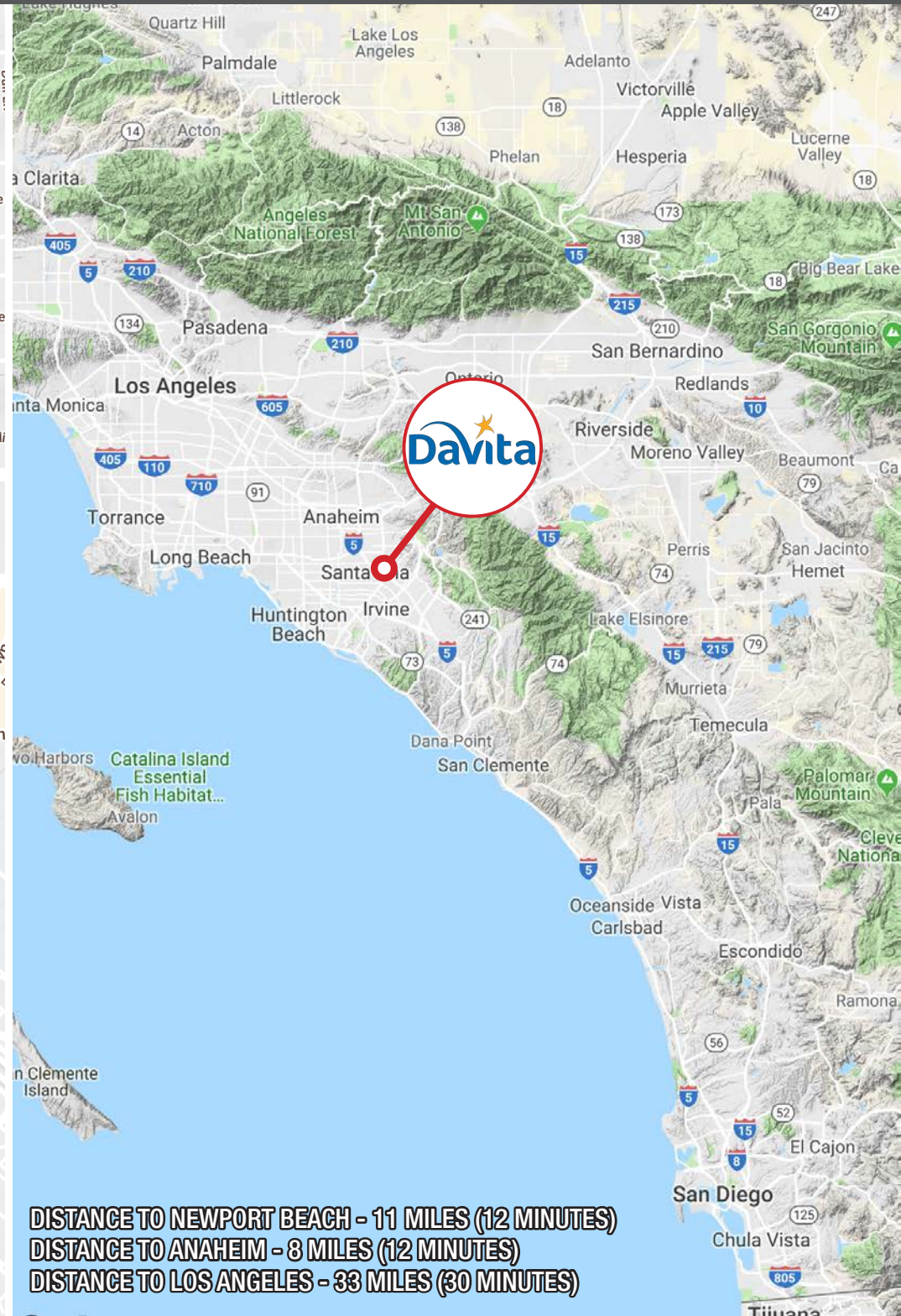
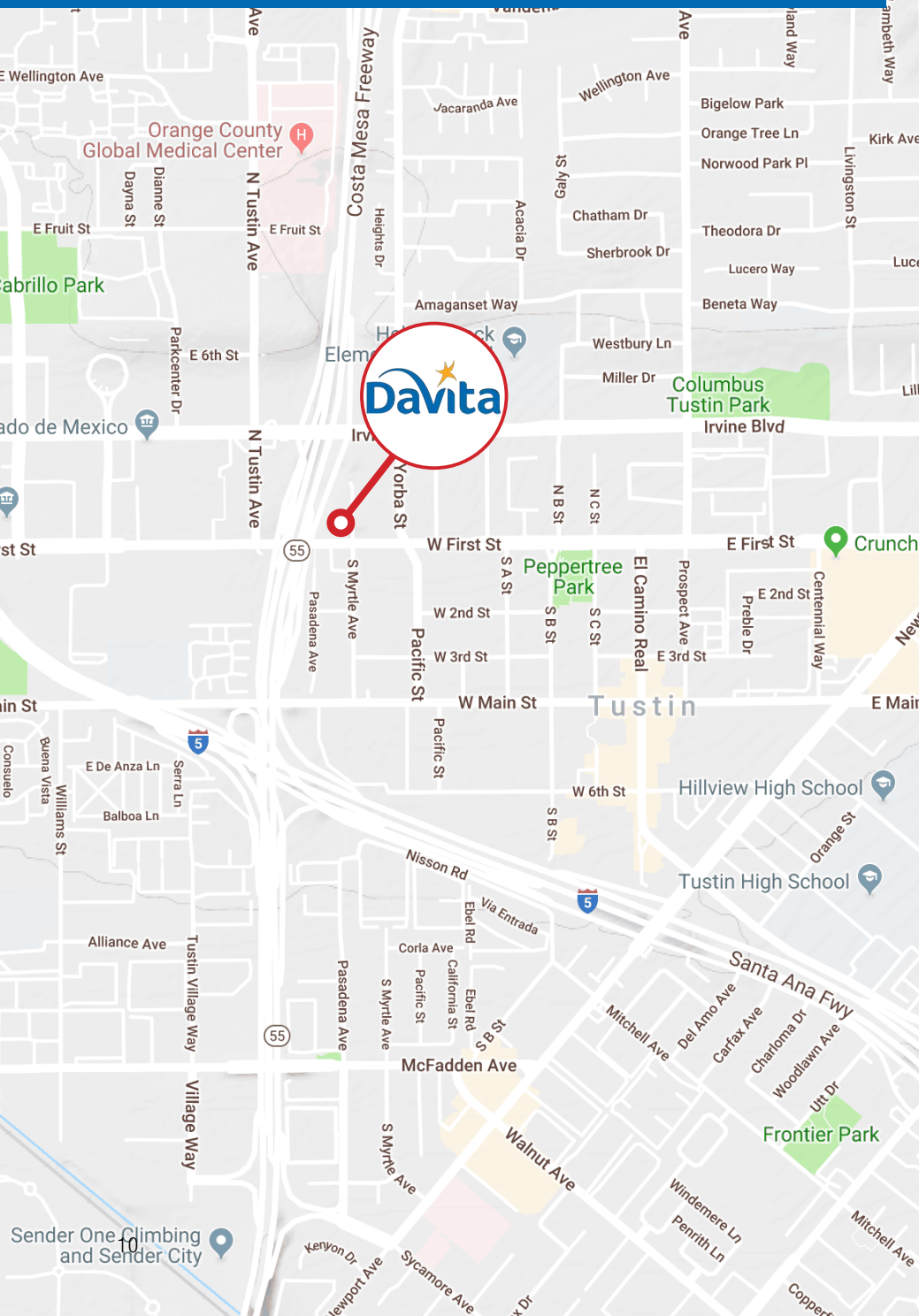
10 YEAR CASH FLOW

Year Beg.

<u>5/18</u>	<u>NOI</u>	<u>Cap</u>
2019	\$437,269	4.85%
2020	\$448,201	4.97%
2021	\$459,406	5.10%
2022	\$470,891	5.22%
2023	\$482,663	5.35%
2024	\$494,730	5.49%
2025	\$507,098	5.62%
2026	\$519,775	5.77%
2027	\$532,770	5.91%
2028	\$546,089	6.06%
2029	\$559,741	6.21%
Average		5.50%

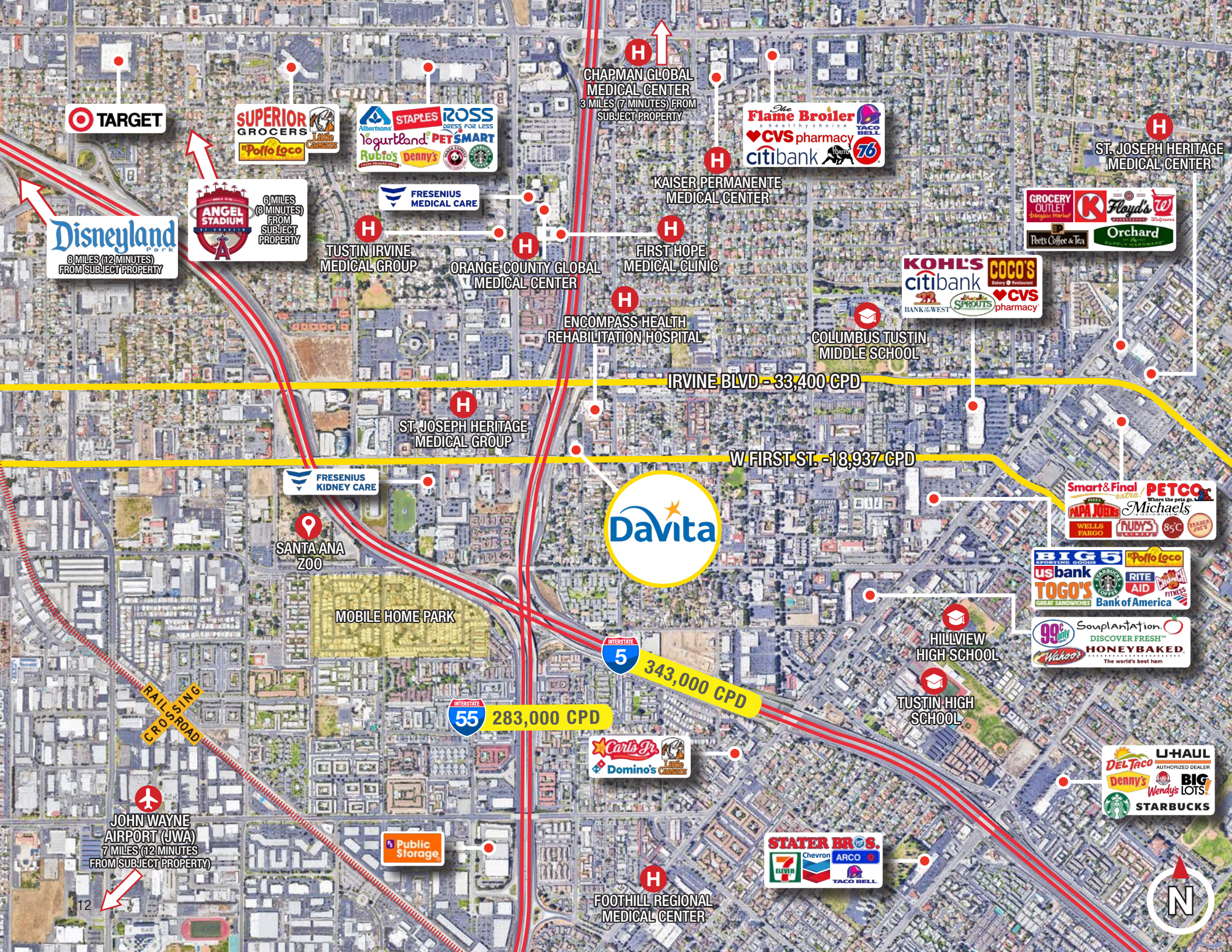


AREA OVERVIEW



DISTANCE TO NEWPORT BEACH - 11 MILES (12 MINUTES)
DISTANCE TO ANAHEIM - 8 MILES (12 MINUTES)
DISTANCE TO LOS ANGELES - 33 MILES (30 MINUTES)





CHAPMAN GLOBAL
MEDICAL CENTER
3 MILES (7 MINUTES) FROM
SUBJECT PROPERTY

The Flame Broiler
a healthy choice
CVS pharmacy
citibank

ST. JOSEPH HERITAGE
MEDICAL CENTER

GROCERY
OUTLET
K
Floyd's
Orchard

KOHL'S
citibank
BANK OF AMERICA
SPROUTS
CVS pharmacy

COLUMBUS TUSTIN
MIDDLE SCHOOL

Smart & Final
PETCO
MICHAELS
WELLS FARGO
RUBYS
85C
TRADE POPS

BIG 5
usbank
Togo's
Bank of America
Polo loco
RITE AID
FITNESS

99c only
Souplantation
DISCOVER FRESH
HONEYBAKED
The world's best ham

DEL TACO
Denny's
Wendy's
STARBUCKS
U-HAUL
AUTHORIZED DEALER
BIG LOTS!

STATER BROS.
Chevron
7 ELEVEN
ARCO
TACO BELL

FOOTHILL REGIONAL
MEDICAL CENTER

KAISER PERMANENTE
MEDICAL CENTER

FIRST HOPE
MEDICAL CLINIC

ENCOMPASS HEALTH
REHABILITATION HOSPITAL

ORANGE COUNTY GLOBAL
MEDICAL CENTER

TUSTIN IRVINE
MEDICAL GROUP

ST. JOSEPH HERITAGE
MEDICAL GROUP

FRESENIUS
KIDNEY CARE

SANTA ANA
ZOO

MOBILE HOME PARK



INTERSTATE 5
343,000 CPD

INTERSTATE 55
283,000 CPD

W FIRST ST. - 18,937 CPD

IRVINE BLVD - 33,400 CPD

SUPERIOR
GROCERS
Polo loco
Taco Cantina

STAPLES
ROSS
Yogurtland
PET SMART
Rubio's
Denny's

FRESENIUS
MEDICAL CARE

ANGEL STADIUM
6 MILES (8 MINUTES)
FROM
SUBJECT PROPERTY

TARGET

Disneyland
8 MILES (12 MINUTES)
FROM SUBJECT PROPERTY

JOHN WAYNE
AIRPORT (JWA)
7 MILES (12 MINUTES)
FROM SUBJECT PROPERTY

RAILROAD
CROSSROAD

Public Storage



AREA OVERVIEW

TUSTIN, CALIFORNIA

HISTORY

- The City of Tustin is located in the central part of Orange County, about forty miles southeast of Los Angeles and eighty miles north of San Diego, at the intersection of the 5 and 55 Freeways. Tustin covers over eleven square miles and adjoins the cities of Orange, Santa Ana, and Irvine. Within the context of the larger Southern California region, Tustin is located approximately two miles north of Orange County's John Wayne Airport. While Tustin is surrounded by much of the County's main industrial employment, it is essentially a residential community.
- Marine Corps Air Station (MCAS) Tustin played a critical role in Navy and Marine aviation for over 50 years. At its high point, the base employed some 5,000 military and civilian personnel, about 4,500 of whom lived on the base. The base continued to serve as a major facility for Marine helicopter training and operations during the Vietnam War, Operation Desert Shield and Desert Storm. On July 3, 1999, MCAS Tustin was officially closed, and the City of Tustin has been leading the redevelopment of the base now known as Tustin Legacy.



ECONOMY

- Tustin's location and amenities provide businesses with quick and easy access to major entertainment and education centers inside and outside of the City. The City of Tustin is a great place to do business and offers various amenities many other cities cannot. Tustin is recognized as one of the best places to live and do business due to the combinations of: Ample housing, economic opportunity, entertainment options, quality education, safe streets, and sense of community. The City has been consistently recognized as one of the least expensive cities to do business in California by the Kosmont-Rose Institute Cost of Doing Business Survey, an annual survey that looks at the business climate in 305 cities in eight Western states based on sales, property, business license, bed and utility taxes.
- The City of Tustin is deeply rooted in the past, present, and future of Orange County. Located at the heart of one of the nation's most exciting and vibrant economies, Tustin Legacy is a new community that celebrates history with a commitment to where the future can take us. A place that embraces what people love about living in Orange County.

RETAIL ACTIVITY

- Tustin supports a thriving retail economy and is currently home to 5.46 million square feet of retail space and 279 retail centers. The largest centers in the city include the 1.5 Million square foot Market Place, the 978,000-square foot District at Tustin Legacy, and the 461,000-square foot Tustin Auto Center.

AREA OVERVIEW

EDUCATION

- The University of California Irvine (UCI) is the youngest member of the prestigious Association of American Universities. The campus has produced three Nobel laureates and is known for its academic achievement, premier research, innovation and Anteater mascot. UCI has more than 36,000 students and offers 222 degree programs. It is located just 7 miles (9 minutes) from the subject property, and is Orange County's second-largest employer, contributing \$5 billion annually to the local economy.

AIRPORTS

- John Wayne Airport, Orange County (SNA) is the only commercial service airport in Orange County. It is located approximately 35 miles south of Los Angeles, between the cities of Costa Mesa, Irvine and Newport Beach. The service area includes more than three million people within the 34 cities and unincorporated areas of Orange County. In 2018, over 10.6 million passengers were served. John Wayne Airport is located just 5 miles (7 minutes) from the subject property.



JOHN WAYNE AIRPORT



SURROUNDING ACTIVITY

- Tustin is easily accessible by plane, train, or car. Tustin boasts outstanding entertainment options located within the City and is also minutes from other major entertainment centers in Orange County. Local to Tustin are several premier, upscale shopping centers featuring world class shopping and restaurants: Enderle Shopping Center, Fashion Island and South Coast Plaza. Tustin's downtown is home to a number of important historical homes, including the county's largest collection of pre-1890 residences. Victorian-era architecture includes the Sherman Stevens House, a spectacular example of the Queen Anne style.
- Tustin Legacy is a 1,600-acre master planned community that is currently underway. The subject property is located just 5 miles (7 minutes) from this community and features office, retail, mixed use and residential properties as well as schools and parks. There will be open spaces, big and small - inviting walks, sporting events, bike rides, moments to sit and relax, as well as a place to discover a new generation's legacy.
- Angels Stadium of Anaheim is the fourth-oldest active Major League Baseball stadium behind Fenway Park, Wrigley Field, and Dodger Stadium. The stadium has a seating capacity of approximately 45,050 and is located just 5 miles (7 minutes) from the subject property.

AREA OVERVIEW

TUSTIN'S DOWNTOWN COMMERCIAL CORE SPECIFIC PLAN

- This property is located in The Downtown Commercial Core Specific Plan (DCCSP). The DCCSP sets a planning and regulatory framework to preserve and enhance the planning area as a vital, pedestrian-friendly, and attractive commercial core in Tustin. The DCCSP seeks to attract more patrons to support and strengthen businesses in Old Town through shopping, dining, and entertainment opportunities to foster community interaction and pedestrian activity.
- To bring additional patrons to the planning area, the DCCSP also introduces the opportunity for mixed use residential development in select areas, which requires a discretionary approval process to ensure projects are high quality. The DCCSP brings back a historic building pattern that mixes living options with commercial use by providing a discretionary process for consideration of integrated mixed use and limited multi-family residential development.

[CLICK HERE TO READ MORE ON THE DEVELOPMENT](#)

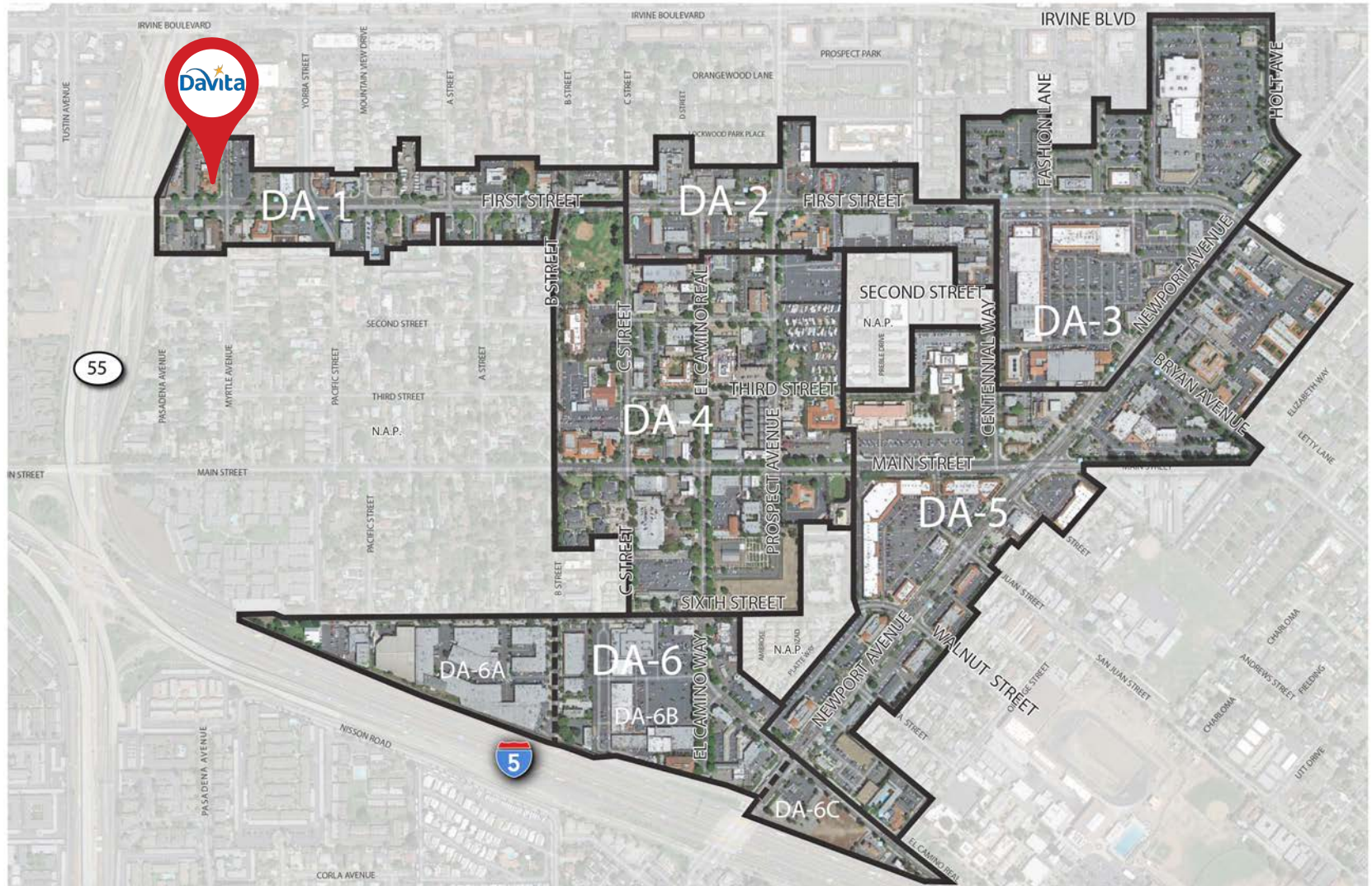
GOALS

Building on the fundamental ideas gathered during the visioning process, the following goal statements were developed for the DCC. The DCCSP goals consist of specific statements of what the Tustin stakeholders hope to achieve to fulfill the identified vision.

- 1. Market-Supported Development.** Encourage new development by providing for land uses that are economically viable for developers and serve residents, workers, and visitors.
- 2. Increased Patronage.** Provide for and encourage land uses and development that attracts and sustains patronage to support DCC businesses, particularly in Old Town.
- 3. Mixed Use.** Introduce high quality mixed use development with pedestrian oriented first floor commercial use to create a synergistic, desirable, livable, walkable, and attractive area.
- 4. Promotion of Old Town.** Enhance the planning area's visibility in the region through monumentation signage and area branding that embraces its unique historic character.
- 5. Quality Development.** Require quality development that brings integrated residential mixed use, focused multi-family development, and a revitalized Newport Avenue that maintains its commercial focus.
- 6. Feasible Implementation.** Create an action-oriented, implementable plan that directs tangible change, including City initiated street improvements that foster pedestrian orientation.

AREA OVERVIEW

SPECIFIC PLAN CONTEXT



Legend

DA-1	Development Area 1	DA-4	Development Area 4	NAP	Not A Part
DA-2	Development Area 2	DA-5	Development Area 5		
DA-3	Development Area 3	DA-6	Development Area 6		

DEMOGRAPHICS

POPULATION	1 Mile	3 Mile	5 Mile
Estimated Population (2018)	36,950	260,824	665,016
Census Population (2010)	34,459	244,794	618,944
Projected Population (2023)	38,354	270,300	693,261
HISTORICAL ANNUAL GROWTH			
2000-2010	-0.07%	-0.15%	0.50%
2010-2018	0.85%	0.77%	0.87%
PROJECTED ANNUAL GROWTH			
2018-2023	0.75%	0.72%	0.84%
HOUSEHOLDS	1 Mile	3 Mile	5 Mile
Estimated Households (2018)	11,172	71,607	186,271
Census Households (2010)	10,652	68,350	174,774
Projected Households (2023)	11,497	73,834	194,122
HISTORICAL ANNUAL GROWTH			
2000-2010	-0.18%	0.07%	0.86%
2010-2018	0.58%	0.57%	0.78%
PROJECTED ANNUAL GROWTH			
2018-2023	0.58%	0.61%	0.83%

2018 POPULATION BY RACE	1 Mile	3 Mile	5 Mile
Hispanic	68.8%	64.6%	54.2%
White	18.7%	22.6%	23.9%
Asian	8.5%	9.6%	18.0%
Black or African American	2.6%	1.7%	1.8%
2018 AGE BY GENDER	1 Mile	3 Mile	5 Mile
MEDIAN AGE			
Male	30.70	31.50	32.50
Female	32.40	32.90	33.90
HOUSEHOLD INCOME	1 Mile	3 Mile	5 Mile
2018 Average	\$70,286	\$93,747	\$108,657
2018 Median	\$52,523	\$64,474	\$78,353
VALUE OF HOUSING UNITS	1 Mile	3 Mile	5 Mile
2018 Average	\$467,483	\$686,000	\$711,890
2018 Median	\$441,561	\$616,093	\$631,988

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ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

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Your receipt of this Memorandum constitutes your acknowledgment that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property ("Owner") or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc. If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

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