

# DAVITA DIALYSIS PORTFOLIO

## HILLSIDE & NEWARK, NEW JERSEY



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NET LEASE GROUP

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# DAVITA DIALYSIS PORTFOLIO OFFERING MEMORANDUM

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1529 NORTH BROAD STREET | HILLSIDE, NEW JERSEY

580 FRELINGHUYSEN AVENUE | NEWARK, NEW JERSEY

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# PORTFOLIO OVERVIEW



Peranich Huffman Net Lease Group is pleased to offer for sale on an exclusive basis, the DaVita Dialysis Portfolio of New Jersey. The portfolio consists of two freestanding dialysis centers located in Hillside, NJ & Newark, NJ. Both facilities are corporately guaranteed by DaVita Healthcare Partners, Inc.

Both properties are leased on a double net basis wherein the tenant shall, at its sole cost and expense, maintain the non-structural portions of the building; landlord is responsible for the repair and replacement of the roof, structure and common area (HVAC is a tenant expense). Day to day maintenance of the properties are handled directly by the tenant and taxes are paid annually by the tenant.

Offered at a blended capitalization rate of 6.60% this offering provides an investor with the opportunity to acquire two properties with strong operations backed by reputable tenants with a commitment for the long term.

DaVita has a net worth in excess of \$16.2 billion and currently holds an Investment Grade Standard & Poor's credit rating of BB. As a leading provider of kidney care in the United States, DaVita HealthCare Partners Inc. is a Fortune 500® company that, through its operating divisions, provides a variety of health care services to patient populations throughout the United States and abroad.





# DAVITA DIALYSIS

1529 NORTH BROAD STREET, HILLSIDE, NJ



FACILITY TYPE  
SINGLE TENANT

TERM REMAINING  
12.8 YEARS

LEASE STRUCTURE  
DOUBLE NET

ESCALATIONS  
1.5% ANNUALLY

RENTABLE AREA  
7,500 SF

GUARANTY  
CORPORATE

YEAR BUILT  
1965 / 2012

NUMBER OF STATIONS  
20

LEASE EXPIRATION DATE  
APRIL 30, 2032

PATIENT COUNT  
100

Year	Rent PSF	Monthly Rent	Annual Rent
May 1, 2019	\$22.04	\$13,773	\$165,279
May 1, 2020	\$22.37	\$13,980	\$167,758
May 1, 2021	\$22.70	\$14,190	\$170,275
May 1, 2022	\$23.04	\$14,402	\$172,829
May 1, 2023	\$23.39	\$14,618	\$175,421
May 1, 2024	\$23.74	\$14,838	\$178,053
May 1, 2025	\$24.10	\$15,060	\$180,723
May 1, 2026	\$24.46	\$15,286	\$183,434
May 1, 2027	\$24.82	\$15,515	\$186,186
May 1, 2028	\$25.20	\$15,748	\$188,978
May 1, 2029	\$25.58	\$15,984	\$191,813
May 1, 2030	\$25.96	\$16,224	\$194,690
May 1, 2031	\$26.35	\$16,468	\$197,611

**\$ PURCHASE PRICE**  
**\$2,504,227**

**% CAP RATE**  
**6.60%**

# DAVITA DIALYSIS

580 FRELINGHUYSEN AVENUE, NEWARK, NJ



FACILITY TYPE  
SINGLE TENANT

TERM REMAINING  
12.8 YEARS

LEASE STRUCTURE  
DOUBLE NET

ESCALATIONS  
1.5% ANNUALLY

RENTABLE AREA  
8,000 SF

GUARANTY  
CORPORATE

YEAR BUILT  
1980 est / 2012

NUMBER OF STATIONS  
18

LEASE EXPIRATION DATE  
APRIL 30, 2032

PATIENT COUNT  
95

Year	Rent PSF	Monthly Rent	Annual Rent
May 1, 2019	\$22.12	\$14,744	\$176,931
May 1, 2020	\$22.36	\$14,908	\$178,894
May 1, 2021	\$22.70	\$15,131	\$181,577
May 1, 2022	\$23.04	\$15,358	\$154,301
May 1, 2023	\$23.38	\$15,589	\$187,065
May 1, 2024	\$23.73	\$15,823	\$189,871
May 1, 2025	\$24.09	\$16,060	\$192,719
May 1, 2026	\$24.45	\$16,301	\$195,610
May 1, 2027	\$24.82	\$16,545	\$198,544
May 1, 2028	\$25.19	\$16,794	\$201,522
May 1, 2029	\$25.57	\$17,045	\$204,545
May 1, 2030	\$25.95	\$17,301	\$207,614
May 1, 2031	\$26.34	\$17,561	\$210,728



**\$ PURCHASE PRICE**  
**\$2,680,774**

**% CAP RATE**  
**6.60%**





**PURCHASE PRICE**  
**\$5,185,000**



**NOI**  
**\$342,210**



**CAP RATE**  
**6.60%**



**Average NOI**  
**\$371,767**



**Average Cap Rate**  
**7.26%**



# TENANT OVERVIEW | DaVita, Inc.



DaVita Inc., a Fortune 500® company, is the parent company of DaVita Kidney Care and HealthCare Partners, a DaVita Medical Group. DaVita Kidney Care is a leading provider of kidney care in the United States, delivering dialysis services to patients with chronic kidney failure and end stage renal disease.

DaVita Kidney Care operated or provided administrative services at 2,510 outpatient dialysis centers located in the United States serving approximately 198,000 patients. The company also operated 154 outpatient dialysis centers located in 12 countries outside the United States.

Further, the company provides acute inpatient dialysis services in approximately 900 hospitals and related laboratory services in the United States. The company was formerly known as DaVita HealthCare Partners Inc. and changed its name to DaVita Inc. in September 2016. DaVita Inc. was founded in 1994 and is headquartered in Denver, Colorado.



**\$10 Billion in  
Market Cap**



**198,000+  
Patients**



**2,500+ US  
Clinics**



**\$11 Billion in  
Annual Revenues**



**13 Countries  
Served**



**70,800+  
Employees**





# DEMOGRAPHICS

	3 MILES	5 MILES	10 MILES
<b>POPULATION</b>			
2018	311,006	724,132	2,091,578
2023 - Projected	311,151	726,712	2,113,724
Growth 2018-2023	0%	0.4%	1.1%
2018 Median Age	35.1	35.1	37
<b>HOUSEHOLD</b>			
2018	108,457	251,154	768,309
2023 - Projected	110,022	255,550	787,634
<b>AVERAGE HOUSEHOLD INCOME</b>			
2018	\$61,717	\$69,969	\$99,002
2023 - Projected	\$70,924	\$79,802	\$112,530





## NEWARK BETH ISRAEL MEDICAL CENTER

Located within a 1.5 proximity to both DaVita facilities, Newark Beth Israel Medical Center, previously Newark Beth Israel Hospital, is the largest hospital in Newark, New Jersey. It was run under auspices of the Newark Jewish Community and its suburban successors from its inception in 1900-1901 until its purchase by Barnabas Health in 1996.

NBIMC is home to one of the nation's top 10 heart transplant centers, which has performed more than 1,000 heart transplants; RWJ Barnabas Health's Heart Failure Treatment and Transplant Program; New Jersey's only Advanced Lung Disease and Transplant Program; and a Valve Center that performs more cardiac valve procedures, including minimally invasive transcatheter aortic valve replacements than any other center in the state.

NBIMC's robotic surgery program is the most experienced in northern New Jersey. The Frederick B. Cohen, MD, Cancer and Blood Disorders Center and the Healthcare Foundation of New Jersey Breast Health Center provide seamless integration of cancer prevention, specialized care and treatment options. NBIMC also offers many preventive health programs that promote wellness in the community, including The Beth Greenhouse, which provides access to fresh produce and health and wellness education to local residents.





# NET LEASE STRUCTURE



Expense Category	1529 North Broad Street	580 Frelinghuysen Avenue
Structure Repair/Replacement	✓	✓
Roof Repair/Replacement	✓	✓
Landscaping & Snow Removal	✓	✓
HVAC Repair	✓	✓
HVAC Replacement	✓	✓
Parking Lot Repair	✓	✓
Parking Lot Replacement	✓	✓
Janitorial	✓	✓
Taxes	✓	✓
Insurance	✓	✓
Utilities	✓	✓
Common Area Maintenance	✓	✓

✓ Landlord    ✓ Tenant

## LANDLORD'S FINANCIAL RESPONSIBILITY

Lessor shall, at its sole cost and expense (A) repair, maintain and replace: (i) the structural portions of the Building, including the foundation of the Building, (ii) the exterior walls of the Building, including, without limitation, glass and glazing (but excluding any portion thereof installed by Lessee, if any), (iii) the roof and all components of the roof, (iv) any underground plumbing to the point of connection with the public water supply and/or sewer; and (B) perform all Capital Repairs with respect to the Property, Building and Premises.

## TENANT'S FINANCIAL RESPONSIBILITY

Lessee shall at all times and at Lessee's sole cost and expense, keep all other portions of the Property, Building and Premises in good condition and repair, including the repair, maintenance and replacement, as necessary, of (i) all mechanical, electrical, plumbing, and life safety systems of the Building (excluding any underground plumbing), and (ii) all landscaped areas, driveways, walkways, and parking areas (including without limitation, snow and ice clearance, planting and replacing flowers and landscaping).



Offers should be submitted electronically to

**Nathan Huffman**

at [nathan@phnlg.com](mailto:nathan@phnlg.com) and include the following information:

- Purchase Price
- Closing Period
- Sources of Debt & Equity
- Earnest Money
- Other Terms

## ABOUT US

Peranich Huffman Net Lease Group is a privately held real estate brokerage firm specializing in single tenant net leased medical office investment sales throughout the nation.

Our firm facilitates the purchase & sale of commercial real estate tenanted by Dialysis Operators, Freestanding Emergency Departments, and Surgery Centers.



**PERANICH HUFFMAN**  
NET LEASE GROUP



## CONFIDENTIAL MEMORANDUM & DISCLAIMER

*Peranich Huffman Net Lease Group ("Agent") has been engaged as the exclusive agent for the sale of the DaVita Dialysis Portfolio of New Jersey (the "Property"), by the owner of the Property ("Seller"). The Property is being offered for sale in an "as-is, where-is" condition and Seller and Agent make no representations or warranties as to the accuracy of the information contained in this Offering Memorandum.*

*The enclosed materials include highly confidential information and are being furnished solely for the purpose of review by prospective purchasers of the interest described herein. Neither the enclosed materials nor any information contained herein is to be used for any other purpose or made available to any other person without the express written consent of the Seller. Each recipient, as a prerequisite to receiving the enclosed, should be registered with Peranich Huffman Net Lease Group as a "Registered Potential Investor" or as "Buyer's Agent" for an identified "Registered Potential Investor." The use of this Offering Memorandum and the information provided herein is subject to the terms, provisions and limitations of the confidentiality agreement furnished by Agent prior to delivery of this Offering Memorandum. The enclosed materials are being provided solely to facilitate the prospective investor's own due diligence for which it shall be fully and solely responsible. The material contained herein is based on information and sources deemed to be reliable, but no representation or warranty, express or implied, is being made by Agent or Seller or any of their respective representatives, affiliates, officers, employees, shareholders, partners and directors, as to the accuracy or completeness of the information contained herein. Summaries contained herein of any legal or other documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained therein. Neither the Agent or the Seller shall have any liability whatsoever for the accuracy or completeness of the information contained herein or any other written or oral communication or information transmitted or made available or any action taken or decision made by the recipient with respect to the Property. Interested parties are to make their own investigations, projections and conclusions without reliance upon the material contained herein.*

*Seller reserves the right, at its sole and absolute discretion, to withdraw the Property from being marketed for sale at any time and for any reason. Seller and Agent each expressly reserves the right, at their sole and absolute discretion, to reject any and all expressions of interest or offers regarding the Property and/or to terminate discussions with any entity at any time, with or without notice. This offering is made subject to omissions, correction of errors, change of price or other terms, prior sale or withdrawal from the market without notice. Agent is not authorized to make any representations or agreements on behalf of Seller.*

*Seller shall have no legal commitment or obligation to any interested party reviewing the enclosed materials, performing additional investigation and/or making an offer to purchase the Property unless and until a binding written agreement for the purchase of the Property has been fully executed, delivered, and approved by Seller and any conditions to Seller's obligations thereunder have been satisfied or waived.*

*By taking possession of and reviewing the information contained herein, the recipient agrees that (a) the enclosed materials and their contents are of a highly confidential nature and will be held and treated in the strictest confidence and shall be returned to Agent or Seller promptly upon request; and (b) the recipient shall not contact employees or tenants of the Property directly or indirectly regarding any aspect of the enclosed materials or the Property without the prior written approval of the Seller or Agent; and (c) no portion of the enclosed materials may be copied or otherwise reproduced without the prior written authorization of Seller or Agent or as otherwise provided in the Confidentiality and/or Registration Agreement executed and delivered by the recipient(s) to Peranich Huffman Net Lease Group.*

**1529 NORTH BROAD STREET, HILLSIDE, NEW JERSEY 07205**

**580 FRELINGHUYSEN AVENUE, NEWARK, NEW JERSEY 07114**