



CUSHMAN &
WAKEFIELD

INVESTMENT OPPORTUNITY



7th Street Medical Office Building
5935 7th St Zephyrhills, FL 33542

Offering Memorandum

NEW 10 YEAR LEASE



INVESTMENT OVERVIEW

Cushman & Wakefield of Florida LLC, as exclusive advisor, is pleased to present to qualified investors the opportunity to acquire fee simple interest in a single tenant fully occupied medical office investment which is 100% leased to DaVita Medical Florida, Inc. D/B/A DaVita Medical Group, a leading primary care provider in the United States and wholly owned subsidiary of OptumHealth. The opportunity known as 7th Street Medical Office Building is located in a highly strategic location in the Zephyrhills, Pasco County, Florida market.

INVESTMENT CONTACTS

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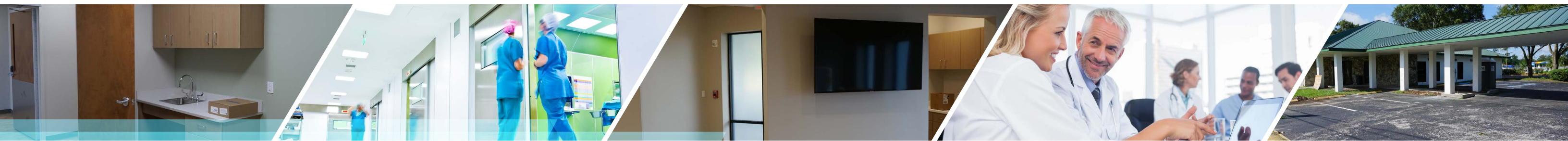
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01 EXECUTIVE SUMMARY





NET RENTABLE
AREA

5,785



LEASED

100%



RENOVATED

2019



IN-PLACE
NOI

\$88,684.05

INTRODUCTION

This newly renovated single tenant DaVita Medical Group is an investment opportunity. Zephyrhills 7th Street Medical Office Building featuring a brand new 10 year lease recently completed by DaVita Medical Florida, Inc., a wholly owned subsidiary of DaVita Inc. This location will be utilized as a primary care location for DaVita Medical Group. There has been a substantial amount of capital investment, totaling around \$1,000,000, completed by both Owner and Tenant bringing this building to class "A" medical office building in a growing location within Pasco County, Florida.



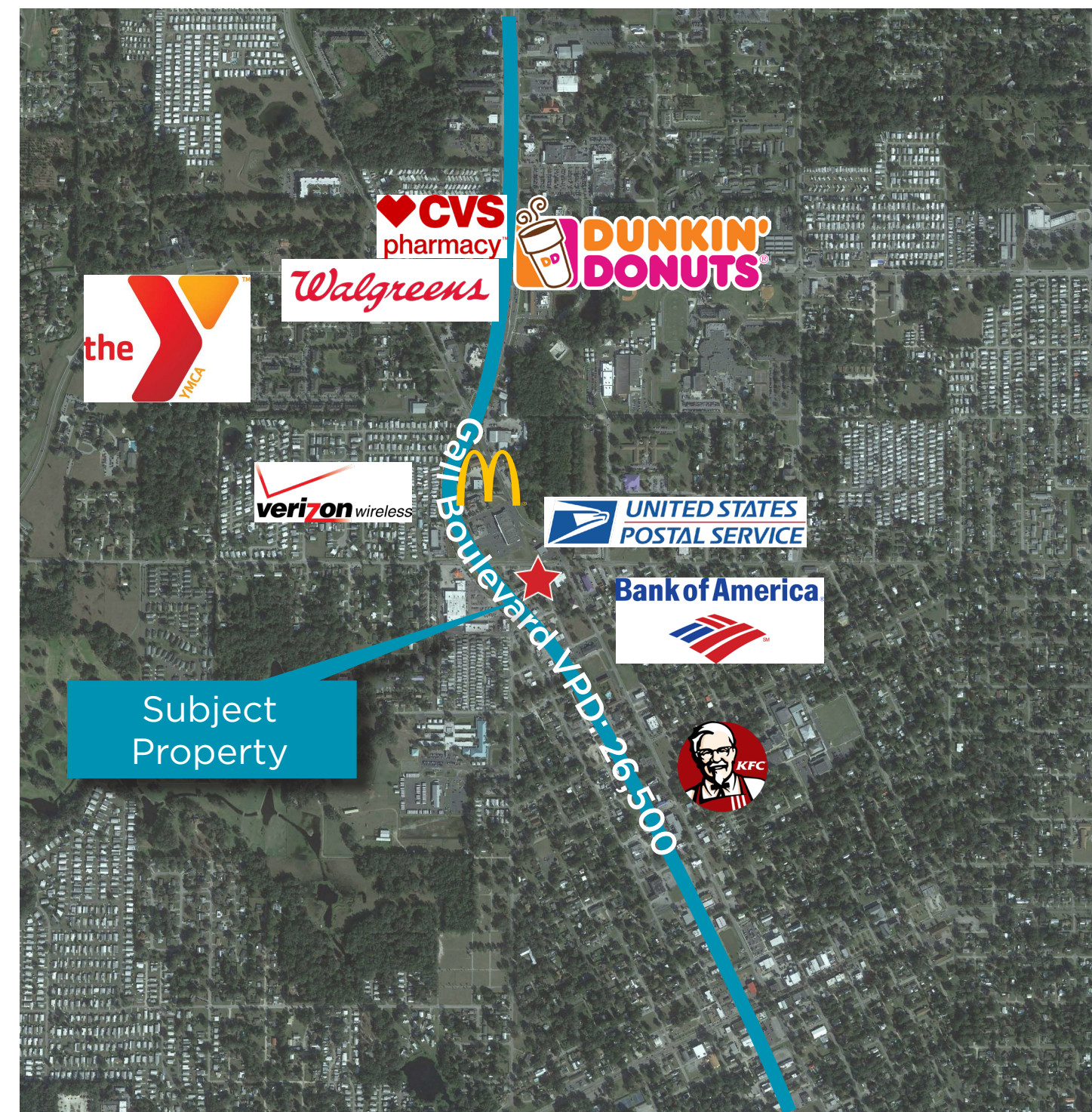
CAP RATE

6.10%



PRICE

\$1,453,836



HEALTHCARE IN FLORIDA

In Florida, hospitals and healthcare providers are major economic drivers. In 2015, the University of Florida did a study on hospitals’ economic impact. Sponsored by the Florida Hospital Association, the report shows the importance of hospitals to the Florida economy:

- 317 hospitals operating in Florida
- 901,674 full-time and part-time jobs
- \$128.37 billion in industry output
- 65,637 beds
- \$19.63 billion paid in employee wages, salaries and benefits
- \$51.18 billion in earnings to employees and business owners.

Healthcare services are essential in Florida because of the state’s large and rapidly growing population, particularly those age 65 and over. Employment in this sector has grown 47.4 percent between 2001 and 2015, with the majority of jobs found in Miami-Ft Lauderdale, Orlando, and Tampa-St Petersburg.

Hospital systems in Florida, Central Florida in particular, are stable and consistent employers whose economic impact continues to grow.



ECONOMIC CONTRIBUTIONS OF HOSPITALS IN FLORIDA REGIONS IN 2015

REGION	# OF HOSPITALS	HOSPITAL BEDS	EMPLOYEES (FULL-TIME, PART-TIME)	REVENUES (M\$)	TOTAL CONTRIBUTIONS					
					TOTAL EMPLOYMENT CONTRIBUTION	INDUSTRY OUTPUT (M\$)	VALUE ADDED (M\$)	LABOR INCOME (M\$)	OTHER PROPERTY INCOME (M\$)	TAX ON PRODUCTION AND IMPORTS (M\$)
Miami - Fort Lauderdale	97	22,193	93,565	17,419	294,613	41,792	23,867	16,662	5,820	1,386
Orlando	72	13,818	70,280	11,795	215,321	30,150	17,218	12,020	4,198	1,000
Tampa - St. Petersburg	49	10,059	45,046	8,509	153,287	22,500	12,850	8,970	3,133	746
Sarasota - Bradenton	29	5,886	23,033	4,150	71,676	10,147	5,795	4,046	1,413	336
Jacksonville	21	5,975	22,861	4,061	76,206	11,053	6,312	4,407	1,539	367
Gainesville	12	1,921	10,265	1,867	28,070	4,012	2,291	1,600	559	133
Pensacola	16	2,567	8,770	1,701	17,399	2,224	1,270	887	310	74
Tallahassee	10	2,240	6,701	977	34,731	5,086	2,904	2,028	708	169
Panama City	11	978	3,588	623	10,370	1,410	805	562	196	47
Total All Regions	317	65,637	284,110	51,102	901,674	128,374	73,314	51,180	17,877	4,257

Values expressed in millions 2015 dollars. Total impacts include regional multiplier effects. Source University of Florida

PASCO COUNTY SNAPSHOT

HEALTHCARE

SYSTEM	# OF HOSPITALS IN FLORIDA	# OF HOSPITALS IN WEST FLORIDA*	TOTAL # OF BEDS IN FLORIDA
AdventHealth	24	10	5,973
BayCare	17	17	3,507
HCA	52	17	12,140

WORKFORCE

Over 500,000 people call Pasco County home and 230,000 of those residents make up the total labor force. The county is home to over 350 growing and thriving manufacturing companies employing more than 7,000 people. Florida is home to the nation’s second largest medical device manufacturing industry, third largest pharmaceuticals manufacturing, and is a rising star in biotech R&D. As part of the Tampa Bay region, Pasco County has become a crucial point for Southwest Florida’s reputation as an epicenter of medical innovation. Pasco is strategically located within 30 minutes of major regional assets, including Tampa International Airport, MacDill Air Force Base, and Moffitt Cancer & Research Center.

PCPT

Pasco County Public Transportation offers 10 low cost bus routes for service in East and West Pasco.

Zephyrhills Municipal Airport

Zephyrhills Airport is conveniently located in West Central Florida and is the only publicly owned and operated airport in the Pasco County Region.

QUALITY OF LIFE

As a northern portion of the Tampa Bay MSA, Pasco County residents benefit from the conveniences of urban and suburban life while maintaining a relatively lower cost of living.

State Road 56, in the southern portion of Pasco County, is currently experiencing accelerated amounts of residential and commercial development. Tampa Premium Outlets opened in late 2015 attracting dozens of nationally-recognized tenants and has provided the area with up-scale shopping and countless food options. The area is also home to a world class ice rink facility. AdventHealth Center Ice is the largest ice complex in the southeast United States and offers the public ice skating, youth and adult hockey leagues, and even curling.

TRANSPORTATION

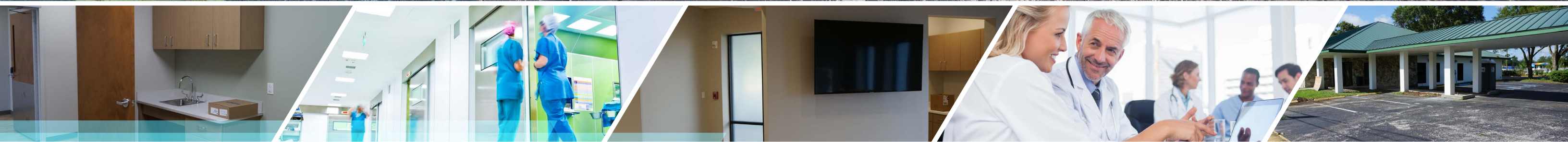
I-75

Interstate-75, the major north-south artery that runs through Pasco County, plays an integral part in the connectivity to markets like Miami, Atlanta, Detroit, and even the Canadian border. Pasco’s access to highways and interstates allows for businesses to easily travel and transport goods throughout the state and even the region.

U.S. HWY 301

Although the project is still in the design phase; the Florida Department of Transportation has also released plans to widen and realign portions of U.S. Highway 301 in Zephyrhills. The improvements include the addition of bike lanes and sidewalks along both sides of the new roadways that parallel existing U.S. 301 from Corey Street to CR 54.

02 TENANT PROFILE



DaVita Medical Group, a subsidiary of OptumHealth:

As of March 2019, DaVita Medical Group has served 1.7 million patients as their primary care provider in over 150 locations in Florida, California, Nevada, New Mexico, Philadelphia, and Washington and is a leading independent medical group in America. In June 2019 DaVita Medical group was acquired by United Healthcare’s OptumHealth subsidiary. The branding change to OptumCare from DaVita Medical Group is estimated to occur early next year.

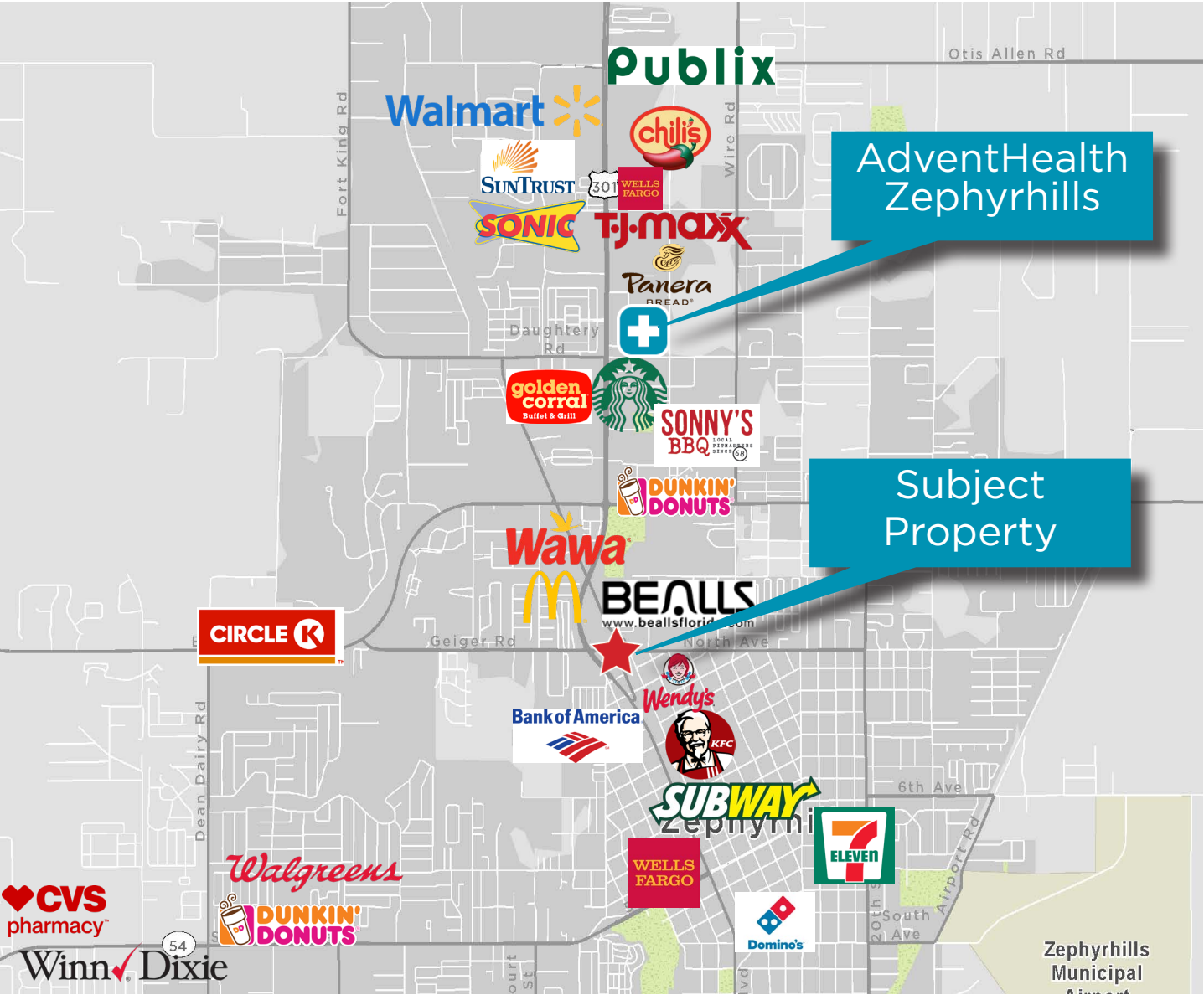
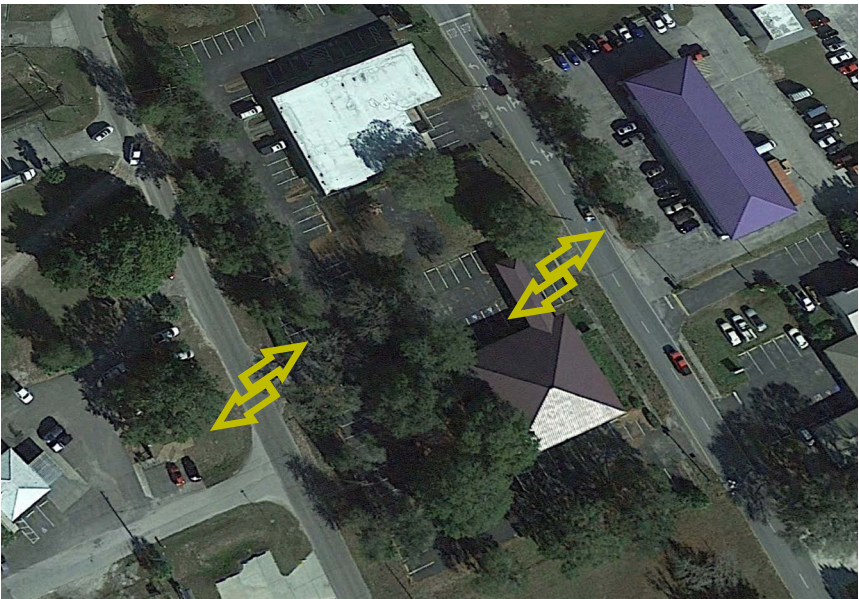
For more information please refer to their website: <https://davitamedicalgroup.com/>

OptumHealth, a subsidiary of United Healthcare (NYSE: UNH):

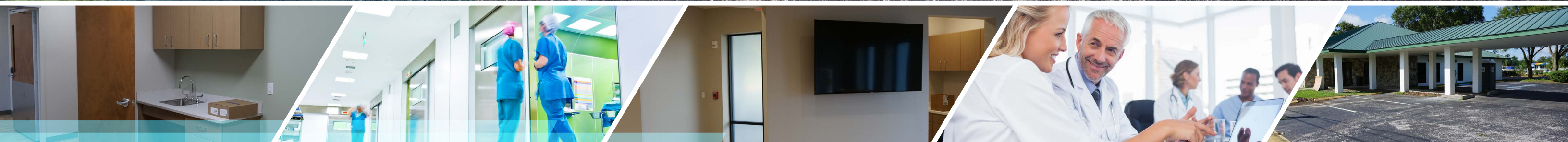
Davita Medical Group was recently purchased by Optum Health, a subsidiary of United Healthcare (NYSE:UNH), which is a leading health services company connecting and serving across different healthcare practices with over 128 million consumers in the US. Optum provides population health management, health care delivery, pharmacy care, and health care operations services. The company has long standing relationships across health care ecosystems including providers in 4/5 US hospitals, 4/5 employers of Fortune 100, and serving all 50 states and DC.

For more information please refer to their website: <https://www.optum.com/>

High parking ratio of five per thousand SF, this site has ample parking and is adjacent to Gall Boulevard, a main artery through Zephyrhills with a vehicle per day count of 26,500. The building has ingress and egress from both the East and West portions of the site.



PROPERTY INFORMATION



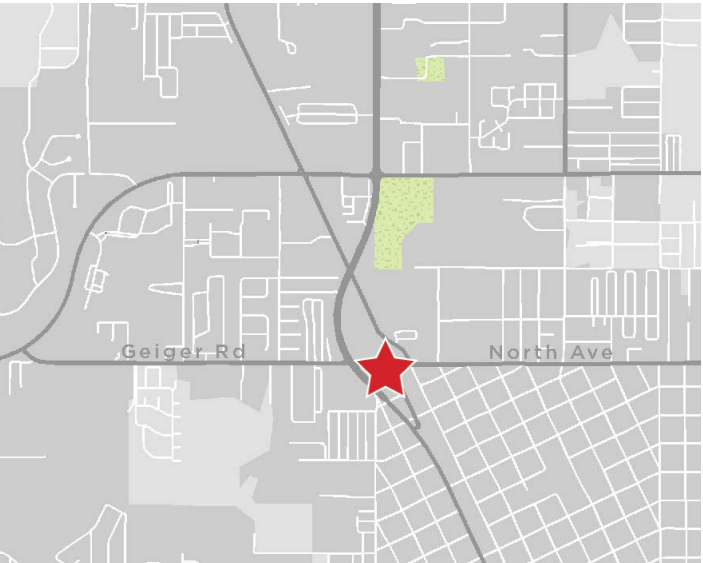
7TH STREET MEDICAL OFFICE BUILDING
ZEPHYRHILLS, FL

DEMOGRAPHICS			
	1-MILE	3-MILE	5-MILE
2019			
Total Population	11,650	45,616	63,398
Median Age	49	53	53
Average Household Income	\$41,243	\$48,479	\$51,490
2024 Projected Growth			
Total Population	14.52%	12.30%	12.05%

SUBMARKET DESCRIPTION

The Pasco Submarket has some of the strongest fundamentals of any Tampa submarket. As of mid-2019, vacancies are only about 50 bps above the all-time low and about half of the national average. Consistent demand has steadily eroded the average vacancy rate, halving it in just the past three years.

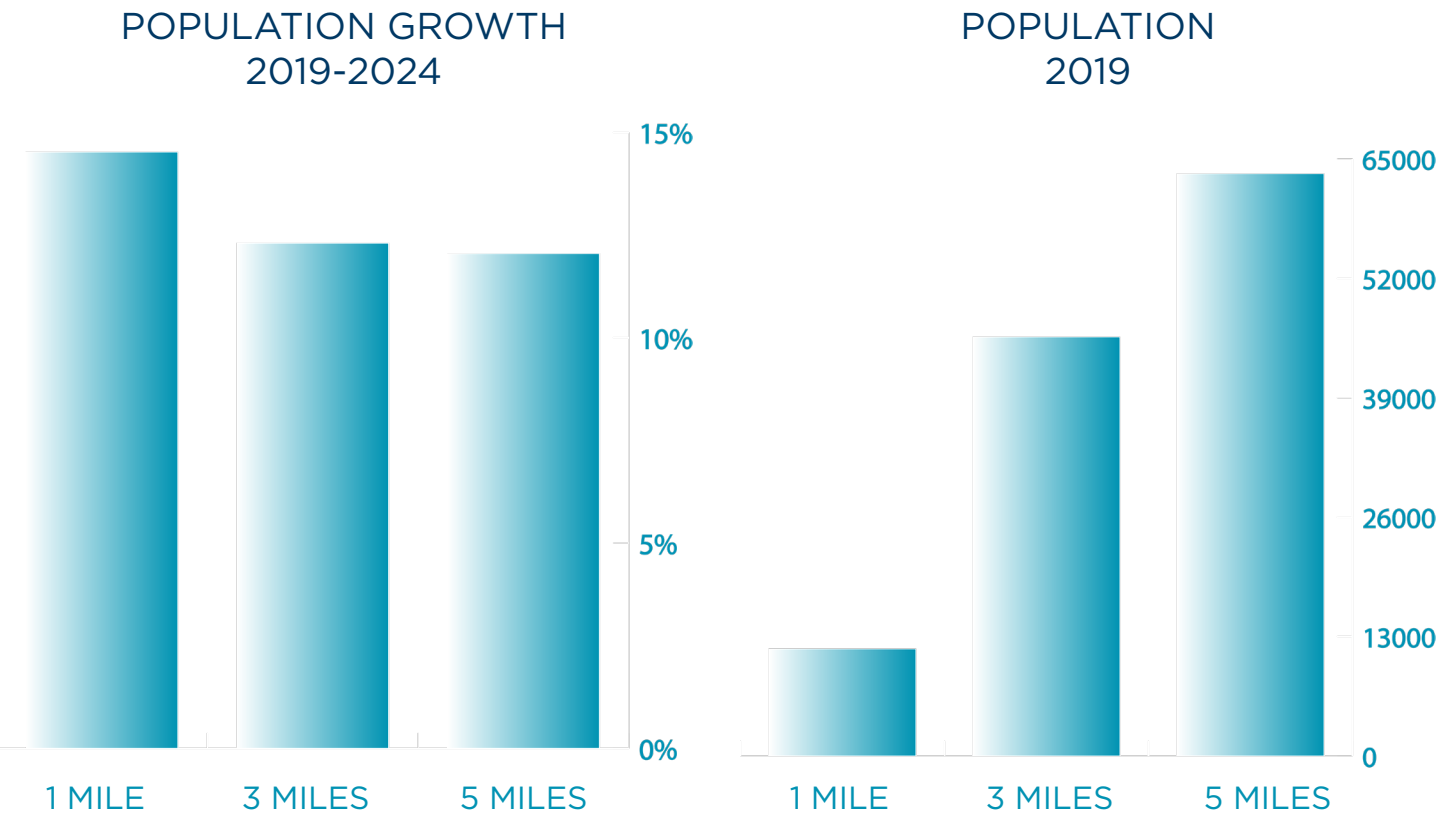
Investment activity and pricing have never been higher. Although 2019’s pace has cooled from last year’s record \$81 million sales volume, market pricing has continued to climb.



PROPERTY DESCRIPTION

7th Street Medical Office Building is situated just off Gall Blvd, the main thoroughfare that runs North/South through Zephyrhills which has a VPD count of 26,500. The single story, single tenant, building is ideal for a healthcare provider serving Zephyrhills. The building has ingress and egress from both the East and West portions of the site. The parking is 5:1,000 SF and thus allows for high patient intensity. The capital investments by the Owner and Tenant are currently being completed and the 10 year lease commitment is set to commence November 1, 2019.

7th Street Medical Office Building
5935 7th Street
Zephyrhills, FL 33542

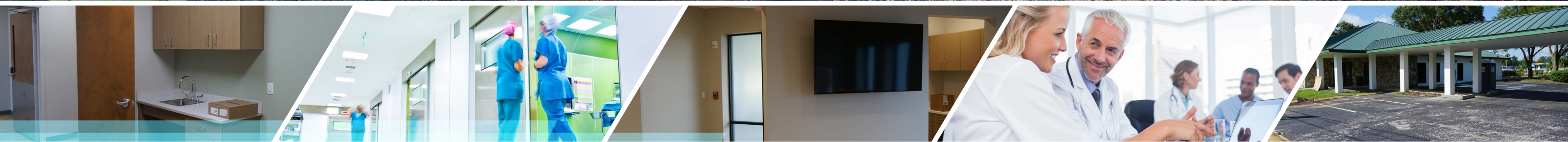


LEASE INFORMATION

Tenant	DaVita Medical Florida, Inc. D/B/A DaVita Medical Group
Rentable Square Feet	5,785
Lease Commencement	November 1, 2019
Lease Expiration	October 31, 2029
Base Rental Rate	\$15.33 NNN
Rental Increase Amount	10% after year 5
Lease Type	NNN
Renewal Options	Three five-year renewal options
Landlord Responsibility	Minimal, see lease



FINANCIAL INFORMATION



FINANCIAL INFORMATION

RENT ROLL								
Tenant	Building Address	Square Feet	Start/End Date	Recovery Type	Date of Rental Increase	Monthly Rent	Annual Rent PSF	Annual Base Rent
DaVita Medical Florida, Inc. D/B/A DaVita Medical Group	5935 7th Street	5,785	11/1/2019 - 10/31/2029	NNN				
					11/1/2019	\$7,390.34	\$15.33	\$88,684.05
					11/1/2020	\$7,390.34	\$15.33	\$88,684.05
					11/1/2021	\$7,390.34	\$15.33	\$88,684.05
					11/1/2022	\$7,390.34	\$15.33	\$88,684.05
					11/1/2023	\$7,390.34	\$15.33	\$88,684.05
			10% Escalation		11/1/2024	\$8,129.37	\$16.86	\$97,552.46
					11/1/2025	\$8,129.37	\$16.86	\$97,552.46
					11/1/2026	\$8,129.37	\$16.86	\$97,552.46
					11/1/2027	\$8,129.37	\$16.86	\$97,552.46
					11/1/2028	\$8,129.37	\$16.86	\$97,552.46
Total Square Feet		5,785						
Occupied Square Feet		5,785						
Vacant Square Feet		0						



Affiliated Business Disclosure and Confidentiality Agreement

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