

# DAVITA DIALYSIS OF HAGERHILL, KENTUCKY

4750 HIGHWAY 321 SOUTH, HAGERHILL, KENTUCKY 41222



**PERANICH** HUFFMAN  
NET LEASE GROUP

STEVEN PELITERE

[steven@phnlg.com](mailto:steven@phnlg.com)

Direct: 817-869-0933

Cell: 817-676-4540

NATHAN HUFFMAN

[nathan@phnlg.com](mailto:nathan@phnlg.com)

Direct: 972-865-7991

Cell: 214-300-5524



# DAVITA DIALYSIS OF HAGERHILL, KENTUCKY

## OFFERING MEMORANDUM

---

4750 HIGHWAY 321 SOUTH, HAGERHILL, KENTUCKY 41222

STEVEN PELITERE

Senior Vice President

EMAIL: [steven@phnlg.com](mailto:steven@phnlg.com)

DIRECT: 817-869-0933

CELL: 817-676-4540

PERANICH  
NET LEASE GROUP

HUFFMAN



# TABLE OF CONTENTS

4	INVESTMENT OVERVIEW
5	RENT SCHEDULE
6	PRICING & FINANCIALS
7	INVESTMENT HIGHLIGHTS
8	TENANT OVERVIEW
9	NET LEASE STRUCTURE
10	LOCATION OVERVIEW

STEVEN PELITERE  
steven@phnlg.com  
Direct: 817-869-0933  
Cell: 817-676-4540

PERANICH HUFFMAN  
NET LEASE GROUP





# INVESTMENT OVERVIEW



## DAVITA OF HAGERHILL, KY

Address	4750 Highway 321 South
Facility Type	Single Tenant + Vacancy
Year Built/Renovated	1980/2004
Net Operating Income	\$58,504
Rentable Area	6,240 SF
Lease Expiration Date	5/31/2022
Term Remaining	2.6 Years
Rent/SF	\$9.43
Escalations	2% Annually
Renewal Options	(3) 5-Year
Option Period Escalations	2% Annually
Lease Structure	Double Net

Peranich Huffman Net Lease Group is pleased to offer for sale on an exclusive basis, the DaVita Dialysis facility of Hagerhill, Kentucky. The 4,484 square foot space is leased on a double-net basis to DaVita Dialysis and 1,756 square foot space is vacant.

With an approximate 2.6 years remaining, the lease provides for 2% annual rent escalations & three 5-Year renewal options. Offered at a 8.0% capitalization rate, the offering provides an investor with the opportunity to acquire a property with a strong operation that is home to a national medical tenant that exemplifies a reputation of consistency for both patients and the real estate investment community.





# RENT SCHEDULE



DAVITA OF HAGERHILL	Year	Begin Date	End Date	Rent PSF	Annual Lease Payment	Escalation
Initial Term	1	1-Jun-19	31-May-20	\$13.53	\$60,647	2%
	2	1-Jun-20	31-May-21	\$13.80	\$61,860	2%
	3	1-Jun-21	31-May-22	\$14.08	\$63,097	2%
Option Term 1	4	1-Jun-22	31-May-23	\$14.36	\$64,359	2%
	5	1-Jun-23	31-May-24	\$14.65	\$65,646	2%
	6	1-Jun-24	31-May-25	\$14.94	\$66,959	2%
	7	1-Jun-25	31-May-26	\$15.24	\$68,298	2%
	8	1-Jun-26	31-May-27	\$15.54	\$69,664	2%
Option Term 2	9	1-Jun-27	31-May-28	\$15.85	\$71,058	2%
	10	1-Jun-28	31-May-29	\$16.17	\$72,479	2%
	11	1-Jun-29	31-May-30	\$16.49	\$73,928	2%
	12	1-Jun-30	31-May-31	\$16.82	\$75,407	2%
	13	1-Jun-31	31-May-32	\$17.16	\$76,915	2%
Option Term 3	14	1-Jun-32	31-May-33	\$17.50	\$78,453	2%
	15	1-Jun-33	31-May-34	\$17.85	\$80,022	2%
	16	1-Jun-34	31-May-35	\$18.21	\$81,623	2%
	17	1-Jun-35	31-May-36	\$18.57	\$83,255	2%
	18	1-Jun-36	31-May-37	\$18.95	\$84,920	2%





**PURCHASE PRICE**  
\$731,306



**CAP RATE**  
8.00%



**NOI**  
\$58,504



**PRICE PSF**  
\$163





Adjusted NOI (28% Paid By Landlord)		
-	Tenant	Landlord
Base Rent	-	\$60,647.00
Taxes	(\$3,562.00)	(\$997.36)
Insurance	(\$4,090.00)	(\$1,145.20)
CAM	\$0.00	\$0.00
NOI	-	<b>\$58,504</b>
CAP	-	<b>8.00%</b>
Asking	-	<b>\$731,305.50</b>
Price PSF	-	<b>\$163.69</b>

- Net Leased Investment With Minimal Landlord Responsibilities
- Established Operation With 15-Year History
- Recently Renovated 11-Station Facility
- 2% Annual Rent Escalations
- Small Vacancy Allows For Value-Add Opportunity
- Close Proximity To Paul B Hall Regional Medical Center



# TENANT OVERVIEW



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**



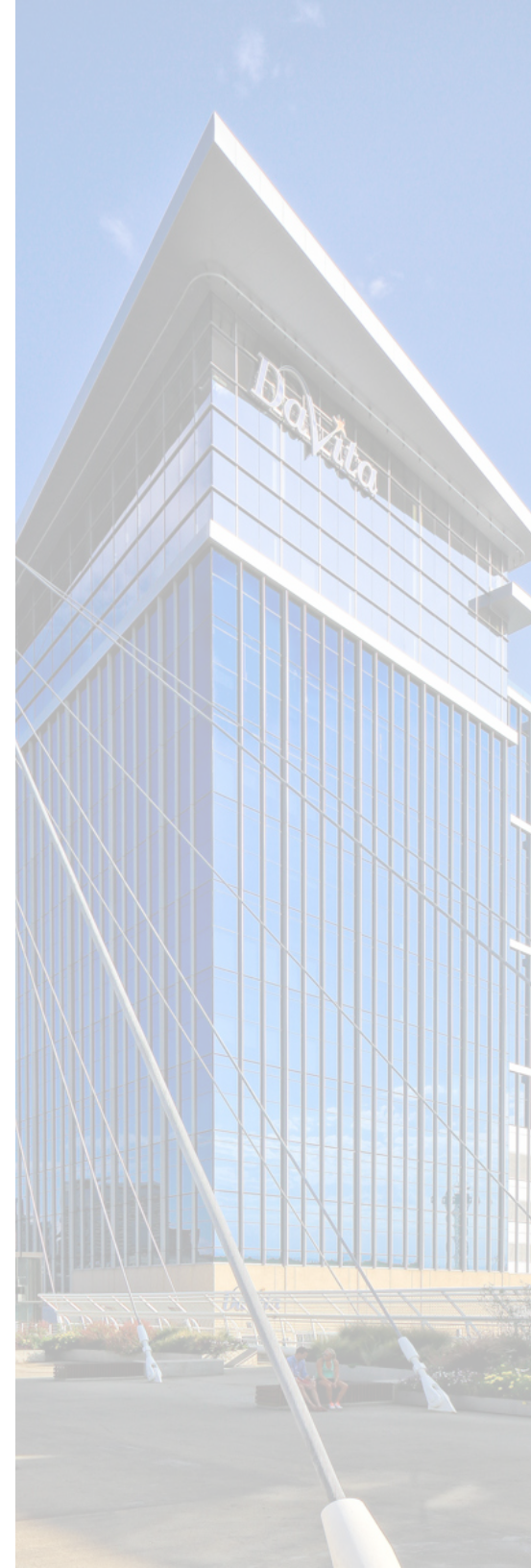
**\$11 Billion in  
Annual Revenues**



**13 Countries  
Served**



**70,800+  
Employees**





# NET LEASE STRUCTURE



Expense Category	Tenant's Responsibility	Landlord's Responsibility
Structural/Roof		✓
Landscaping & Snow Removal		✓
HVAC		✓
Janitorial	✓	
Parking Lot		✓
Taxes	✓	
Insurance	✓	
Utilities & CAM	✓	
Common Area Maintenance	✓	

## Landlord Responsibilities

Lessor, at its sole cost and expense, shall maintain and keep in good order and repair and make any necessary replacements to the roof, roof membrane, roof covering, concrete slab, footings, foundation, structural components, load bearing walls, exterior walls, exterior doors and windows, flooring (except for floor covering), parking lot, landscaping, exterior plumbing, heating, ventilation, cooling and electrical systems of the building.

## Tenant Responsibilities

Lessee shall pay "Lessee's Proportionate Share" (72%) of all real estate taxes assessed against the Building, common area maintenance charges for the Building, and insurance premiums for the Building.





# LOCATION OVERVIEW

## HAGERHILL/PAINTSVILLE, KENTUCKY

Hagerville, Kentucky is located four miles outside of Paintsville, Kentucky, the county seat of Johnson City. In 2017, Paintsville, KY had a population of 4.18k people with a median age of 42.9 and a median household income of \$38,065. Between 2016 and 2017 the population of Paintsville, KY declined from 4,246 to 4,181, a -1.53% decrease and its median household income grew from \$27,030 to \$38,065, a 40.8% increase.

The economy of Paintsville, KY employs 1.21k people. The largest industries in Paintsville, KY are Health Care & Social Assistance (233 people), Accommodation & Food Services (209 people), and Retail Trade (187 people), and the highest paying industries are Transportation & Warehousing, & Utilities (\$52,500), Public Administration (\$40,804), and Retail Trade (\$37,847).

94.9% of the population of Paintsville, KY has health coverage, with 38.4% on employee plans, 26.9% on Medicaid, 15.3% on Medicare, 12% on non-group plans, and 2.31% on military or VA plans. Per capita personal health care spending in the place of Paintsville, KY was \$8,004 in 2014. This is a 6.11% increase from the previous year (\$7,543). Primary care physicians in Paintsville, KY see 1507 patients per year on average, which represents a 0.803% increase from the previous year (1495 patients). Compare this to dentists who see 1561 patients per year, and mental health providers who see 525 patients per year

Hagerville, Kentucky Demographics	3-MILES	5-MILES	10-MILES
Population	5,456	13,238	33,878
Households	2,222	5,513	13,065
Average Household Income	\$50,407	\$53,546	\$51,783
Average HH Income Growth (2000-2010)	32.8%	40.5%	39.3%



Offers should be submitted electronically to

**Steven Pelitere**

at [steven@phnlg.com](mailto:steven@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 in Hagerhill, KY (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.*

**4750 HIGHWAY 321 SOUTH, HAGERHILL, KENTUCKY 41222**