



# *CVS-Omnicare Flex Building*

Mission Critical Distribution Facility – Salt Lake City  
Confidential Offering Memorandum  
2280 Alexander Street, West Valley City, UT 84119



## Investment Advisor

Tivon Moffitt  
Senior Director  
+1 602 282 6348  
tivon.moffitt@am.jll.com

## Local Market Expert

Andrew Lewis  
Vice President  
+1 801 456 9531  
andrew.lewis@am.jll.com

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Owner shall have no legal commitment or obligation to any purchaser reviewing this Offering Memorandum or making an offer to purchase the Property unless a written agreement for the purchase of the Property has been fully executed, delivered, and approved by the Owner and any conditions to Owner’s obligations hereunder have been satisfied or waived. JLL is not authorized to make any representations or agreements on behalf of Owner.

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The terms and conditions set forth above apply to this Offering Memorandum in its entirety.



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*Executive  
Summary*

**04**

## The Offering

JLL is pleased to offer for sale the fee-simple interest in a single-tenant industrial pharmacy fulfillment center (the “Property” or the “Asset”) located in West Valley City, UT just minutes from downtown Salt Lake City. Leased to Omnicare, a wholly-owned subsidiary of CVS Health Corporation (S&P: ‘BBB’), the facility is home to over 40 employees and has served as a key regional location for 20 years.

The Property possesses outstanding accessibility for industrial users in the area. Sitting off of Interstate 215 (102,000 daily vehicles), and just south of Route 201 (94,000 daily vehicles), the immediate market serves as a manufacturing and shipping hub for the greater region with leading companies like FedEx, UPS, Owens & Minor, and many more significant capital investment into the area. With over 56 million square feet of industrial inventory within a 3-mile radius, the Salt Lake City market has continued to show strong rental growth, limited vacancy, and overall tenant demand.

## Tenant snapshot

Omnicare, Inc. operates as a healthcare services company that specializes in the management of pharmaceutical care in the United States. The company’s Long-Term Care Group segment offers pharmaceuticals, and related pharmacy and ancillary services to long-term care facilities; and chronic care facilities and other settings. Its Specialty Care Group segment provides specialty pharmacy and commercialization services for the biopharmaceutical industry; and provides brand support services, supply chain solutions, patient support services, and specialty pharmacy platforms. This segments specialized drugs deal primarily with drugs and disease states



RECENT TENANT EXTENSION BACKED BY INVESTMENT-GRADE CREDIT



IDEAL POSITION FOR OFFICE & INDUSTRIAL PRODUCT WITH CLOSE PROXIMITY TO HIGHWAY



MISSION CRITICAL OFFICE FLEX SPACE WITH SUBSTANTIAL TENANT OPERATING HISTORY



SIGNIFICANT TENANT INVESTMENT IN OPERATIONAL INFRASTRUCTURE



CONCENTRATED INDUSTRIAL MARKET & OPPORTUNITY ZONE DESIGNATION



## Executive Summary

### OFFERING TERMS

Price	Unpriced
Year 1 NOI	\$335,120   \$11.80

### PROPERTY PROFILE

Address	2280 Alexander Street West Valley City, UT 84119
Site Area	1.74 Acres
Current Occupancy	100%
Ownership Interest	Fee-Simple
Property Size	28,400 SF
Parcel Numbers	15-21-427-004
Zoning	M (Heavy Industrial)
Opportunity Zone	Yes

### LEASE PROFILE

Tenant <sup>1</sup>	Superior Care Pharmacy
Option Commencement	2/1/2019
Current Lease Expiration	1/31/2024
Escalations	3% in 2021 and 2024
Lease Structure	NN
Landlord Responsibilities	Roof, Structure, and Building Systems
Renewal Options	1 x 5 year

<sup>1</sup> Superior Care Pharmacy is a wholly owned subsidiary of CVS

### RENT SCHEDULE

START	END	ANNUAL	MONTHLY	PSF	GROWTH
2/1/2019	1/31/2020	\$335,120	\$27,927	\$11.80	-
2/1/2020	1/31/2021	\$335,120	\$27,927	\$11.80	-
2/1/2021	1/31/2022	\$335,120	\$27,927	\$11.80	-
2/1/2022	1/31/2023	\$345,174	\$28,764	\$12.15	3.0%
2/1/2023	1/31/2024	\$345,174	\$28,764	\$12.15	-



## Investment Highlights



### RECENT TENANT EXTENSION BACKED BY INVESTMENT-GRADE CREDIT

- Guarantee from Omnicare, fully owned subsidiary of CVS Health Corp (S&P: 'BBB')
- Positive parent financial trends (4.1% YoY increase in revenue)
- 2015 acquisition by CVS has allowed Omnicare to significantly expand operations and reach
- Very rare low price point for investment grade industrial inventory in a leading market



### IDEAL POSITION FOR OFFICE & INDUSTRIAL PRODUCT WITH CLOSE PROXIMITY TO HIGHWAY

- Asset positioned adjacent to I-215 (102,000 daily vehicles) and near Route 201 (94,000 daily vehicles)
- Strategic position allows for seamless access throughout region and will continue to bolster the local market's intrinsic real estate value
- Well-below market rental rates provide downside protection in event of tenant exit



## Investment Highlights



### MISSION CRITICAL OFFICE FLEX SPACE WITH SUBSTANTIAL TENANT OPERATING HISTORY

- Tenant has operated at this location since 1999 in an office, warehouse, and distribution capacity
- Tenant has executed two, 5-year renewal options thus far with one, 5-year extension remaining upon the current expiration in 2024
- 3% rental increases in 2021 and 2024 (if tenant elects to renew their final option)



### CONCENTRATED INDUSTRIAL MARKET & OPPORTUNITY ZONE DESIGNATION

- Industrial Market
  - 131+ million SF; 5+ million under construction; 4.3% vacancy rate (2.9% in WV submarket)
- Office Market
  - 6 million SF; 2 million SF under construction; 6.3% vacancy rate (5.6% in WV submarket)
- Property sits within opportunity zone, offering attractive redevelopment potential down the road
- Superb surrounding market presents easy backfill in event of a tenant exit upon expiration



### SIGNIFICANT TENANT INVESTMENT IN OPERATIONAL INFRASTRUCTURE

- Substantial on-site investment & upgrade over Omnicare's operating history
  - 100% tenant-funded, further demonstrating location viability through capital commitment



**Omnicare**<sup>®</sup>  
a **CVS**Health company



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## About the Tenant

### OMNICARE OVERVIEW

Omnicare, Inc. operates as a healthcare services company that specializes in the management of pharmaceutical care in the United States. The company's Long-Term Care Group segment offers pharmaceuticals, and related pharmacy and ancillary services to long-term care facilities; and chronic care facilities and other settings. Its Specialty Care Group provides specialty pharmacy and commercialization services for the biopharmaceutical industry; and provides brand support services, supply chain solutions, patient support services, and specialty pharmacy platforms. Omnicare provides pharmacy consulting, including monthly patient drug therapy evaluations, as well as case management services for retirees, employees and dependents who have drug benefits under corporate-sponsored health care programs.

With the addition of the LTC operations, CVS enhanced their service offerings to address the needs of an aging population throughout the continuum of senior care.

### 2015 CVS ACQUISITION

In May 2015, CVS Health acquired Omnicare for approximately \$12.7 billion. The rationale behind the deal from CVS' perspective was to capture market share across their senior care and assisted living businesses. Additionally, CVS aimed to expand its reach in the rapidly-growing "specialty pharmacy" business which entails rare and/or complex disease treatment. As the government's share of healthcare spending accounts for nearly 20% of the country's GDP, industry leaders expect margins on said spending to compress. This acquisition acted as a protection against these declining margins with increased scale and geographic coverage.

Omnicare's financial impact are rolled up into CVS' Retail/Long-Term Care segment. The Retail/LTC segment sells prescription drugs and conducts long-term care pharmacy operations, which include long-term care pharmacies.



**Advanced  
Digital Tools**



**Daily  
Delivery**

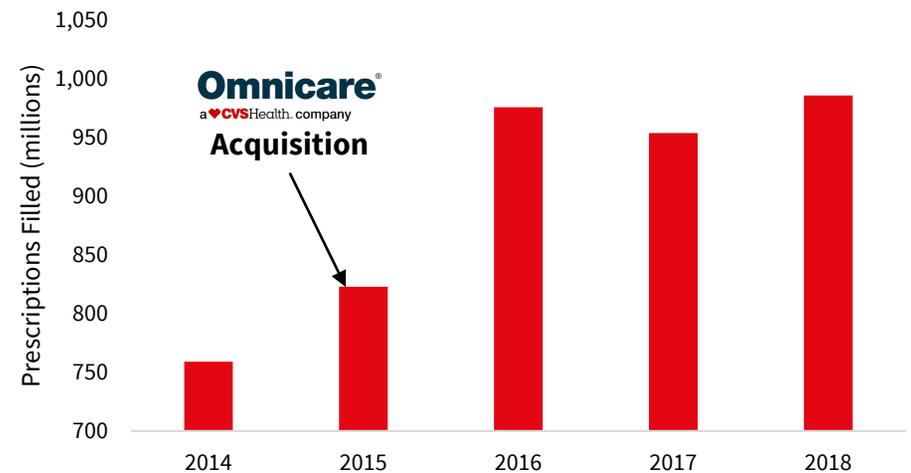


**Cost Management  
Programs**



**24/7  
Access**

### Retail/LTC Prescriptions Filled (millions)



## About the Tenant

### PARENT OVERVIEW

- **Investment Grade Tenancy** – CVS maintains a S&P investment grade credit rating of BBB, providing investors with a reliable stream of bondable cashflows. Dividends have been paid 22 years straight.
- **Established Industry Leader** – CVS Health is the largest pharmacy health care provider in the USA by total prescription revenue. The Company manages 92 million PBM plan members, over 9,900 retail locations, and filled 2.6 billion prescriptions as of Q4 2018.
- **Growth Opportunities** – Acquiring Aetna led to a newly created Health Care Benefits segment, responsible for \$5.5B of 2018 revenue. Besides for existing segment growth avenues, the introduction of end-to-end healthcare service and improved vertical integration is expected to drive further membership and revenue growth for the business.
- **Strong historical and projected financials** – CVS has grown revenue at an 8.3% CAGR from 2015-18, achieving \$194.6B in 2018 sales. Analysts forecast revenue to explode in 2019 reaching over \$251B, reflecting a 29% YOY increase. Profitability is strong with an average 16.3% gross profit margin over the prior four years. EBITDA took a hit in 2018 due to the Aetna acquisition but averaged 7.5% from 2015-2017 and is expected to rebound up to 6.9% in 2019.



- **Largest US Pharmacy by total prescription revenue**
- **2.6 billion prescriptions filled or managed**



- **92 million PBM plan members**
- **22 million medical benefit members**
- **Over 9,900 retail locations**



- **290,000 employees across all 50 states**
- **#7 on Fortune 500 list (\$194B 2018 revenue)**
- **89 straight quarters of dividends paid**



WORLD'S MOST  
ADMIRED COMPANIES  
*Fortune Magazine*

#3

MOST INNOVATIVE  
COMPANIES  
*Fast Magazine*



WORLD'S MOST  
VALUABLE BRANDS  
*Forbes Magazine*

100

BEST COMPANIES FOR  
IT INNOVATION  
*CIO Magazine*



100 BEST CORPORATE CITIZENS  
*Corporate Responsibility Magazine*





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*Overview*



94,000 VPD



102,000 VPD

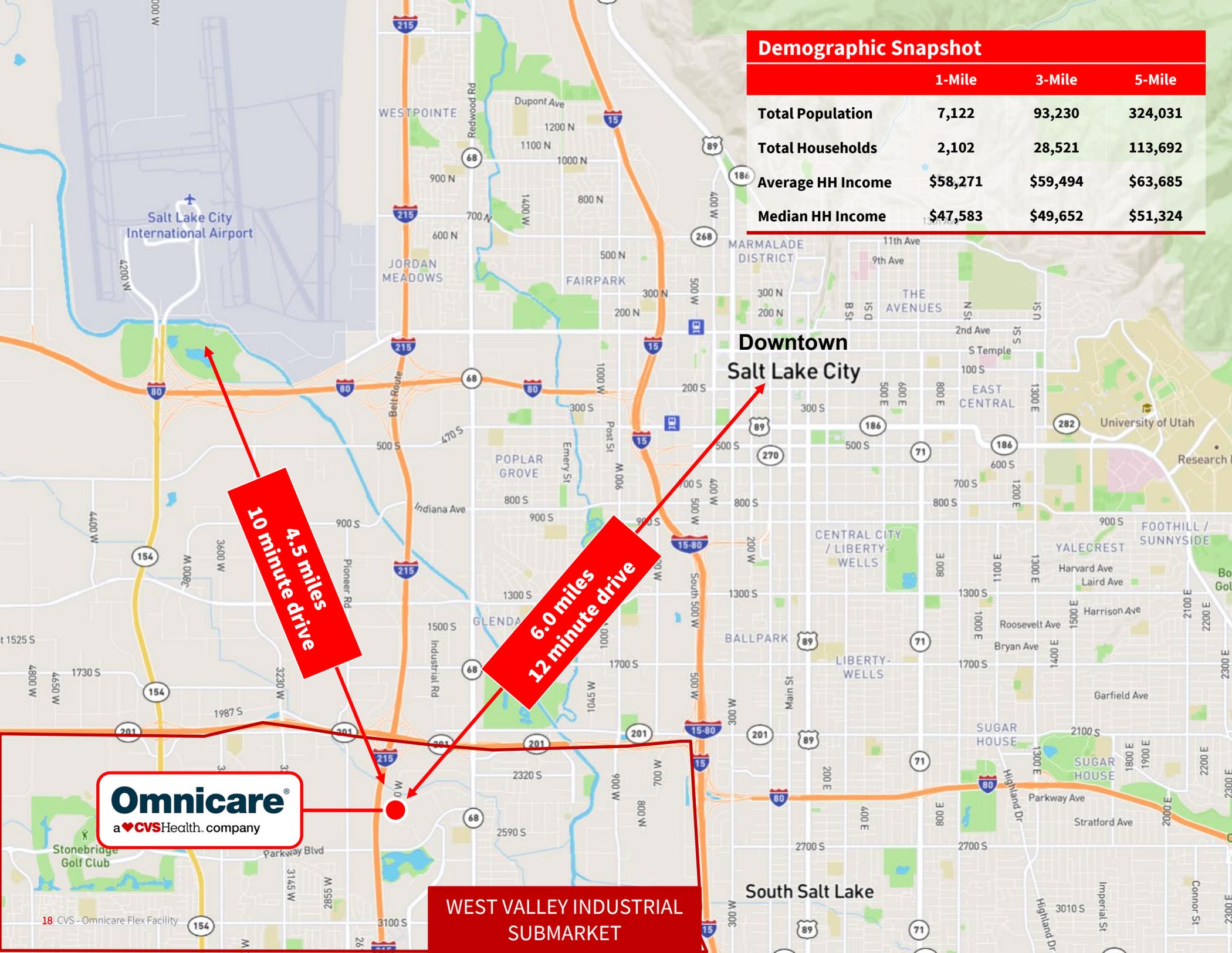


West Valley Industrial submarket contains over 6 million SF of industrial product



## Demographic Snapshot

	1-Mile	3-Mile	5-Mile
<b>Total Population</b>	<b>7,122</b>	<b>93,230</b>	<b>324,031</b>
<b>Total Households</b>	<b>2,102</b>	<b>28,521</b>	<b>113,692</b>
<b>Average HH Income</b>	<b>\$58,271</b>	<b>\$59,494</b>	<b>\$63,685</b>
<b>Median HH Income</b>	<b>\$47,583</b>	<b>\$49,652</b>	<b>\$51,324</b>



**Downtown  
Salt Lake City**

**4.5 miles  
10 minute drive**

**6.0 miles  
12 minute drive**

**Omnicare**  
a CVS Health company

**WEST VALLEY INDUSTRIAL  
SUBMARKET**

18 CVS - Omnicare Flex Facility

## SALT LAKE CITY OVERVIEW

Salt Lake City is a unique fusion of metropolitan city and quaint mountain town; the towering Wasatch Mountains that embrace Salt Lake City offer a dramatic backdrop to the vibrancy and activities in downtown. From world-class skiing and outdoor recreation to a thriving cultural arts scene, Salt Lake City has established itself as a major outdoor destination in a cosmopolitan setting. It has become an ideal rail and highway transportation hub as a result of its location, almost equidistant in travel time between the southern California ports and the busy northern markets of Chicago. Easily accessible from anywhere in the country, Salt Lake City continues to attract visitors from around the world that have returned time and again to experience what this mountain metropolis offers.

## INVESTMENT & GROWTH

Salt Lake City has experienced a period of unprecedented growth. In the last ten years, the Central Business District (“CBD”) received approximately \$5 billion in public and private investment. There is no period in the history of downtown Salt Lake City that has seen equivalent investment activity in such a concentrated time frame. The previous “downtown boom” ran from 1990 to the 2002 Olympic Winter Games and involved \$1.4 billion in new investment. During this period, investment included both major public (Matheson Court Complex and Salt Lake City Library) and private (The Gateway) projects. Spurred by its hosting role in the 2002 Olympics, Salt Lake City has reinvented itself over the past decade with a focus on local entrepreneurship blended with a global perspective. The recent renaissance targeted improved infrastructure, including rebuilt freeways, airport and convention center expansions, and a major light rail system. All of these features have made the city more accessible and desirable than ever, and the future of Salt Lake City continues to be bright.

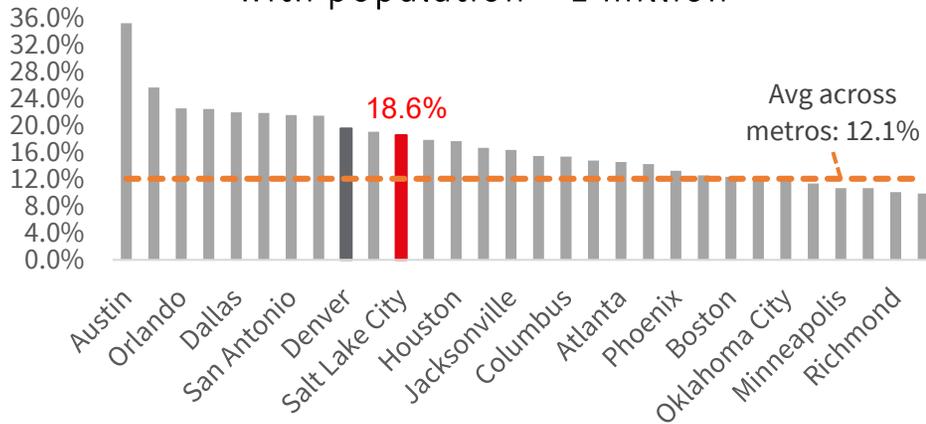


- #1 Pro Business State - Forbes
- 3rd Best Economies - Wallet Hub
- 8th Best Place to Find a Job - Business Insider
- 3rd Best Place for RE Investment - ULI
- #1 Where Young People Want to Be - Realtor.com
- #1 Fiscally Fit Cities - State Farm & BestPlaces
- #1 Tomorrow's Tech Meccas - Forbes
- 10th America's Fastest Growing Cities - Forbes
- 2nd Friendliest Cities - Travel & Leisure
- 6th 2018 Top Housing Markets - Realtor.com

## SALT LAKE CITY – EMPLOYMENT TRENDS

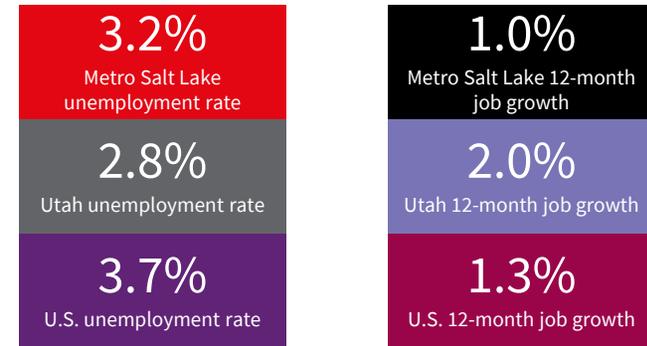
Salt Lake City's job market remains robust: Since 2012, the city added 125,800 employees to payroll. The positive employment growth trends have historically been above the national average and are projected to continue due to the city's young, educated and growing workforce.

10-year employment growth vs. other U.S. with population > 1 million

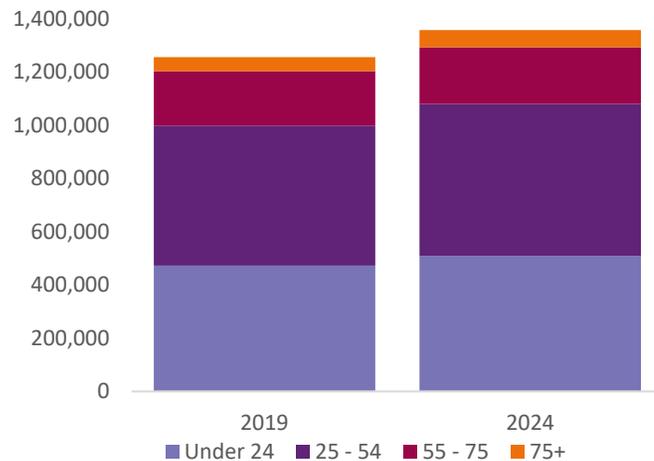


Sources: JLL Research, Bureau of Labor Statistics

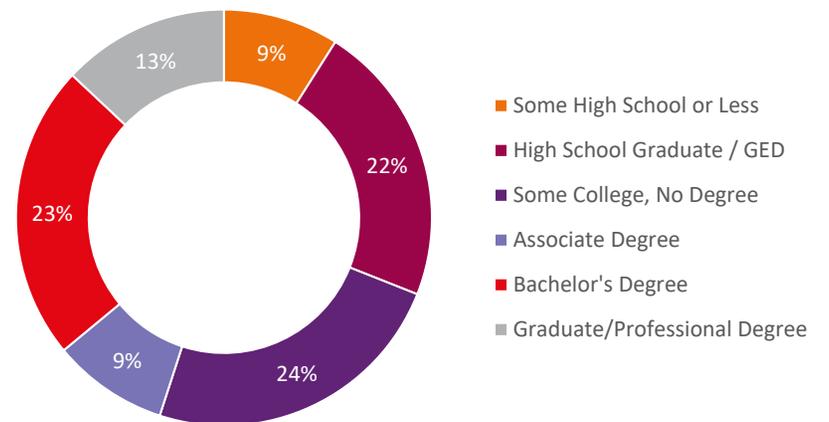
Unemployment



Population demographics – SLC metro



Education demographics



## SALT LAKE CITY – REAL ESTATE FUNDAMENTALS

Situated approximately six miles from downtown Salt Lake City, the subject property sits in a concentrated office-industrial park situated directly off of Interstate 215. With extensive inventory on all quadrants of I-215’s junction with Route 201, the tenant is ideally positioned for seamless access in and around the Salt Lake City market.

The second biggest city in Utah behind Salt Lake City, West Valley City maintains a population exceeding 140,000 and is home to several significant office and industrial parks. Notably, the Lake Park Corporate Center, sitting under 3 miles west of the subject asset, is currently under construction and is expected to host at least 12,000 new employees upon its full completion.

## VALUE DRIVERS



Over 54 million square feet in industrial inventory within a 3-mile radius of the asset with an additional 1 million square feet currently under construction



93,000+ residents within a 3-mile radius



102,000 daily vehicles along I-215 (0.3 miles west) and an additional 94,000 vehicles on Route 201 (0.7 miles north)



Nearly 6 million SF in office space within a 3-mile radius with an additional 250,000+ currently under construction

### Office Statistics – Submarket vs. Market

	West Valley	Salt Lake City
Buildings	186	2,660
Existing SF	6,104,924	72,271,218
Under Construction	255,085 SF	1,595,024 SF

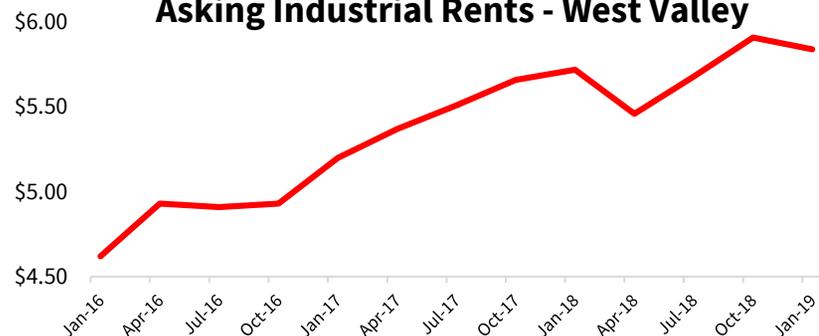
### Industrial Statistics – Submarket vs. Market

	West Valley	Salt Lake City
Buildings	487	3,900
Existing SF	19,732,058	131,297,116
Under Construction	634,260 SF	5,153,751 SF

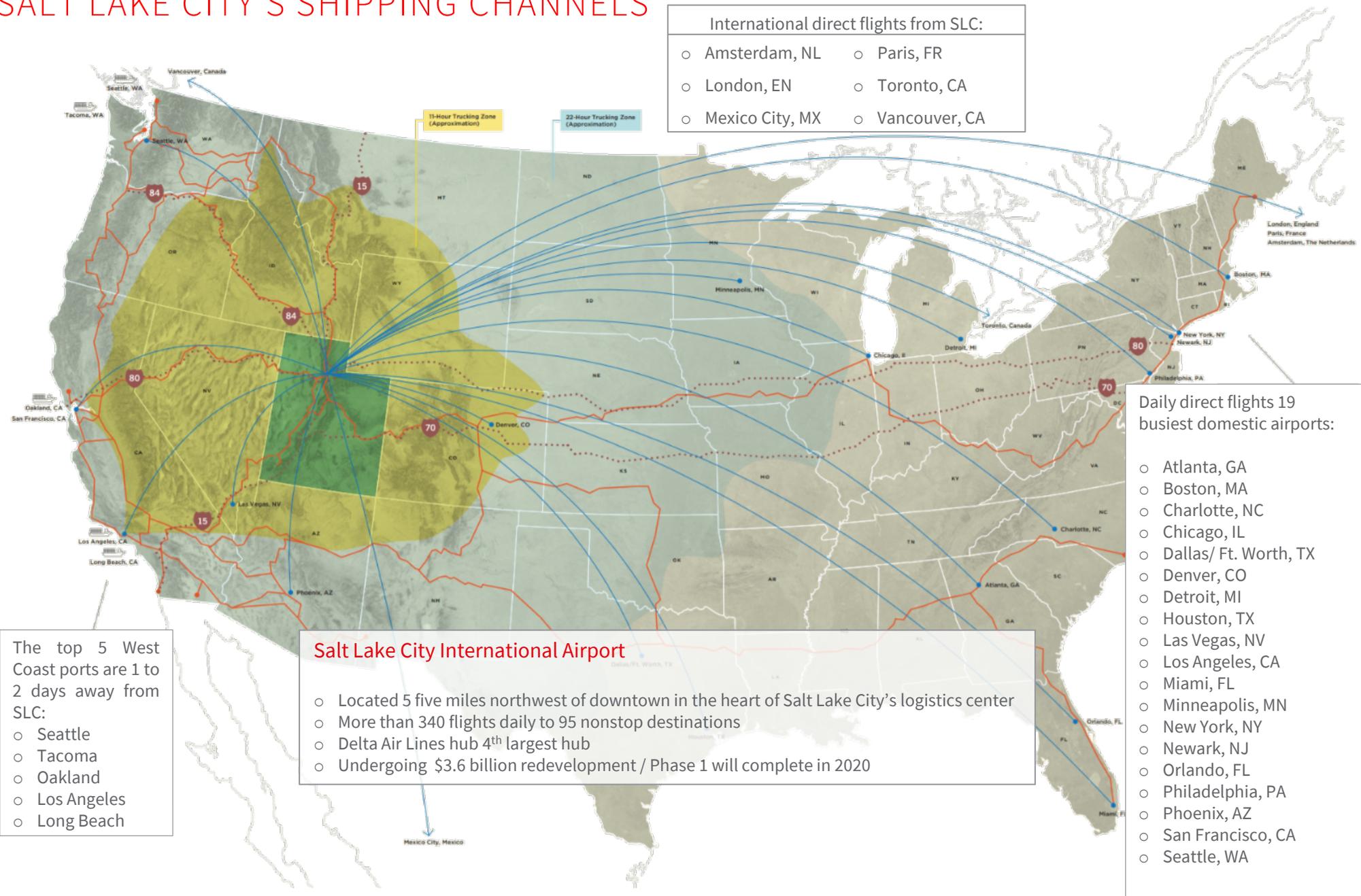
### Asking Office Rents - West Valley



### Asking Industrial Rents - West Valley



# SALT LAKE CITY'S SHIPPING CHANNELS



- International direct flights from SLC:
- Amsterdam, NL
  - London, EN
  - Mexico City, MX
  - Paris, FR
  - Toronto, CA
  - Vancouver, CA

- The top 5 West Coast ports are 1 to 2 days away from SLC:
- Seattle
  - Tacoma
  - Oakland
  - Los Angeles
  - Long Beach

- Salt Lake City International Airport**
- Located 5 five miles northwest of downtown in the heart of Salt Lake City's logistics center
  - More than 340 flights daily to 95 nonstop destinations
  - Delta Air Lines hub 4<sup>th</sup> largest hub
  - Undergoing \$3.6 billion redevelopment / Phase 1 will complete in 2020

- Daily direct flights 19 busiest domestic airports:
- Atlanta, GA
  - Boston, MA
  - Charlotte, NC
  - Chicago, IL
  - Dallas/ Ft. Worth, TX
  - Denver, CO
  - Detroit, MI
  - Houston, TX
  - Las Vegas, NV
  - Los Angeles, CA
  - Miami, FL
  - Minneapolis, MN
  - New York, NY
  - Newark, NJ
  - Orlando, FL
  - Philadelphia, PA
  - Phoenix, AZ
  - San Francisco, CA
  - Seattle, WA

# Contacts

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**Tivon Moffitt**

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+1 602 282 6348

tivon.moffitt@am.jll.com

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**Andrew Lewis**

Vice President

+1 801 456 9531

andrew.lewis@am.jll.com

## JLL Phoenix

111 South Main Street, Suite 300

Salt Lake City, UT 84111

+(801) 456-9510 jll.com

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