

# DAVITA DIALYSIS

1806 South Colorado Street, Lockhart (Austin MSA), Texas

*Davita*®



Exclusively Offered By:

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## **InvestCore Commercial, Inc.**

315 S. Coast Highway 101, Suite U240  
Encinitas, CA 92024



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### Property Information

<b>TENANT</b>	Renal Treatment Centers – Southeast, LP
<b>GUARANTOR</b>	DaVita HealthCare Partners, Inc. (NYSE: DVA)
<b>ADDRESS</b>	1806 South Colorado Street, Lockhart (Austin MSA), TX 78644
<b>BUILDING SIZE</b>	6,472 SF
<b>LAND SIZE</b>	30,900 SF (.916 Acres)
<b>YEAR BUILT</b>	2015
<b>PARKING SPACES</b>	34
<b>RENT COMMENCEMENT</b>	August 26, 2015
<b>LEASE EXPIRATION</b>	August 25, 2030
<b>LEASE TERM</b>	15 Years
<b>INCREASES</b>	10% Every 5 Years
<b>OPTIONS</b>	Two (2) 5-year options
<b>LEASE TYPE</b>	Modified NNN
<b>LANDLORD RESPONSIBILITIES</b>	Landlord responsible for repair and replacement to the structure. Tenant shall reimburse Landlord for repair and replacement to the roof, parking lot and HVAC (see Lease Abstract).

### Rent Schedule

Term	Years	Date of Increase	Annual Rent	% Increase
<b>Primary<sup>(1)</sup></b>	<b>6-10</b>		<b>\$158,442</b>	
Primary	11-15	8/26/2025	\$174,286	10%
Option 1	16-20	8/26/2030	\$191,714	10%
Option 2	21-25	8/26/2035	\$210,885	10%

### Asking Terms

**PRICE** \$2,805,000

**NET OPERATING INCOME** \$158,442

**CAP RATE** 5.65%

(1) Current Annual Rent is \$144,039 and increases to \$158,442 on 8/26/2020. Seller shall credit the difference to Buyer at Closing.

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### Long Term Lease In Place With Over 10 Years Remaining

- The primary term of the existing lease with Davita expires 8/25/2030 with two five-year options to extend

### Fixed Increases Throughout the Primary Term and Options

- Davita has fixed 10% increases every 5 years through the primary term and options

### Only 25 miles southeast from Austin

### Ideally Located Next to Walmart Supercenter anchored shopping center

- Strong retail center with a number of nationals including Subway, Domino's Pizza, KFC and Murphy Oil Gas Station

### Passive NNN Investment With Minimal Landlord Responsibilities

- Landlord shall only be responsible for repairs and maintenance to the structure of the building.
- Tenant shall reimburse Landlord for any repairs or maintenance to the roof, parking areas and HVAC.





### Strong Corporate Tenant in Davita Inc. With A \$4.04B Net Worth

- Fortune 500 Company
- \$11.4 billion in revenues
- 231,700 patients at 2,971 outpatient dialysis centers as of 6/30/2019

### Well Located along Highway 183 (South Colorado Street) With High Traffic Counts

- Easy access to freeways Interstate 35 and Interstate 10
- High traffic counts with 15,000 cars per day passing the subject property



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### Warren Buffett's Berkshire Hathaway is Davita Inc.'s Largest Shareholder

- Berkshire owns approximately 38.5 million shares of Davita Inc. stock, making them the largest shareholder with a 24% stake

### Amazon and E-Commerce Proof Tenant

### Strong Investment Fundamentals

- Long term lease in place, good real estate and solid corporate tenant guarantor.
- Ideal 1031 exchange property.



# INVESTMENT SUMMARY

# LEASE ABSTRACT



## Section 18: Repairs and Maintenance

Repairs and Maintenance. Lessor shall be responsible for maintaining, repairing, and replacing the systems and structures of the Building in accordance with the following:

### **(a) Maintenance, Repair, and Replacement at Lessor's Sole Cost.**

Lessor shall, at Lessor'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 electrical systems of the Building.

### **(b) Maintenance, Repair and Replacement Subject to Lessee Reimbursement.**

(i) Parking Areas. Lessor shall maintain and keep in good order and repair and make any necessary replacements to the parking areas, provided that Lessee shall reimburse Lessor for the reasonable and actual cost thereof on an amortized basis, as more fully described below in this Section 18.

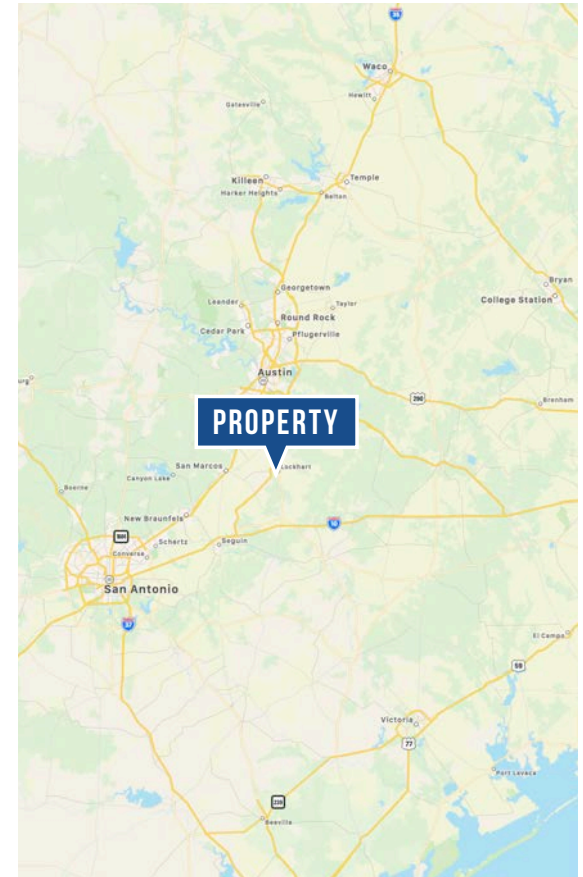
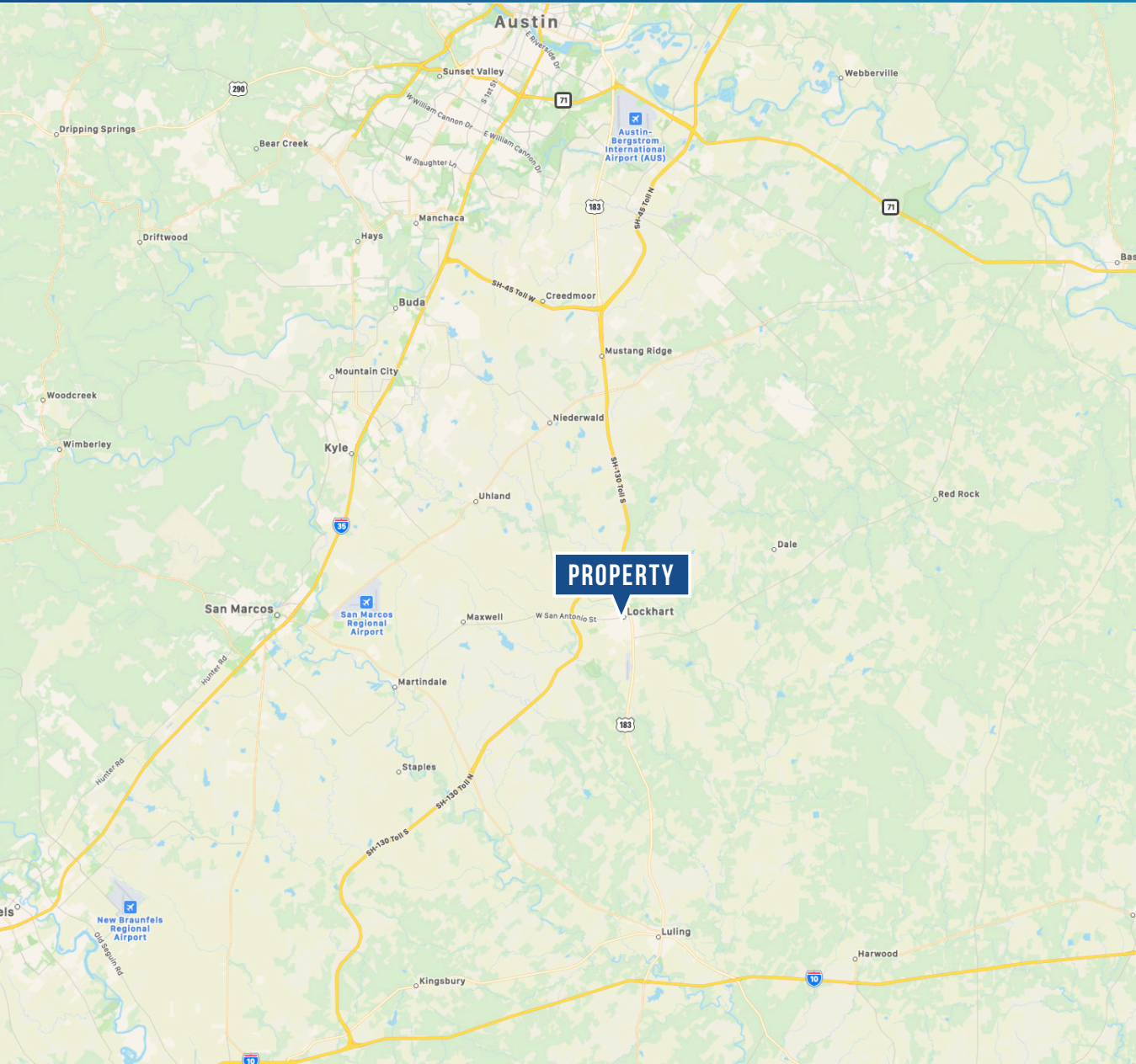
(ii) Roof. Lessor shall maintain and keep in good order and repair and make any necessary replacements to the roof, roof membrane, and roof covering, provided that (A) with respect to repairs and maintenance, Lessee shall reimburse Lessor for actual and reasonable costs not to exceed \$1,000 per Lease Year, and (B) with respect to replacement, Lessee shall reimburse Lessor for the reasonable and actual cost thereof on an amortized basis.

(iii) HVAC. Lessor shall make any necessary replacements to, but shall not be responsible for maintenance and repairs of, the heating, ventilation, and cooling systems ("HVAC") of the Building, provided that Lessee shall reimburse Lessor for the reasonable and actual cost of such replacements on an amortized basis.





# PROPERTY DESCRIPTION STREET MAP



## Traffic Counts

Interstate 35:	<b>130,693 CPD</b>
Interstate 10:	<b>23,335 CPD</b>
Highway 183:	<b>22,280 CPD</b>

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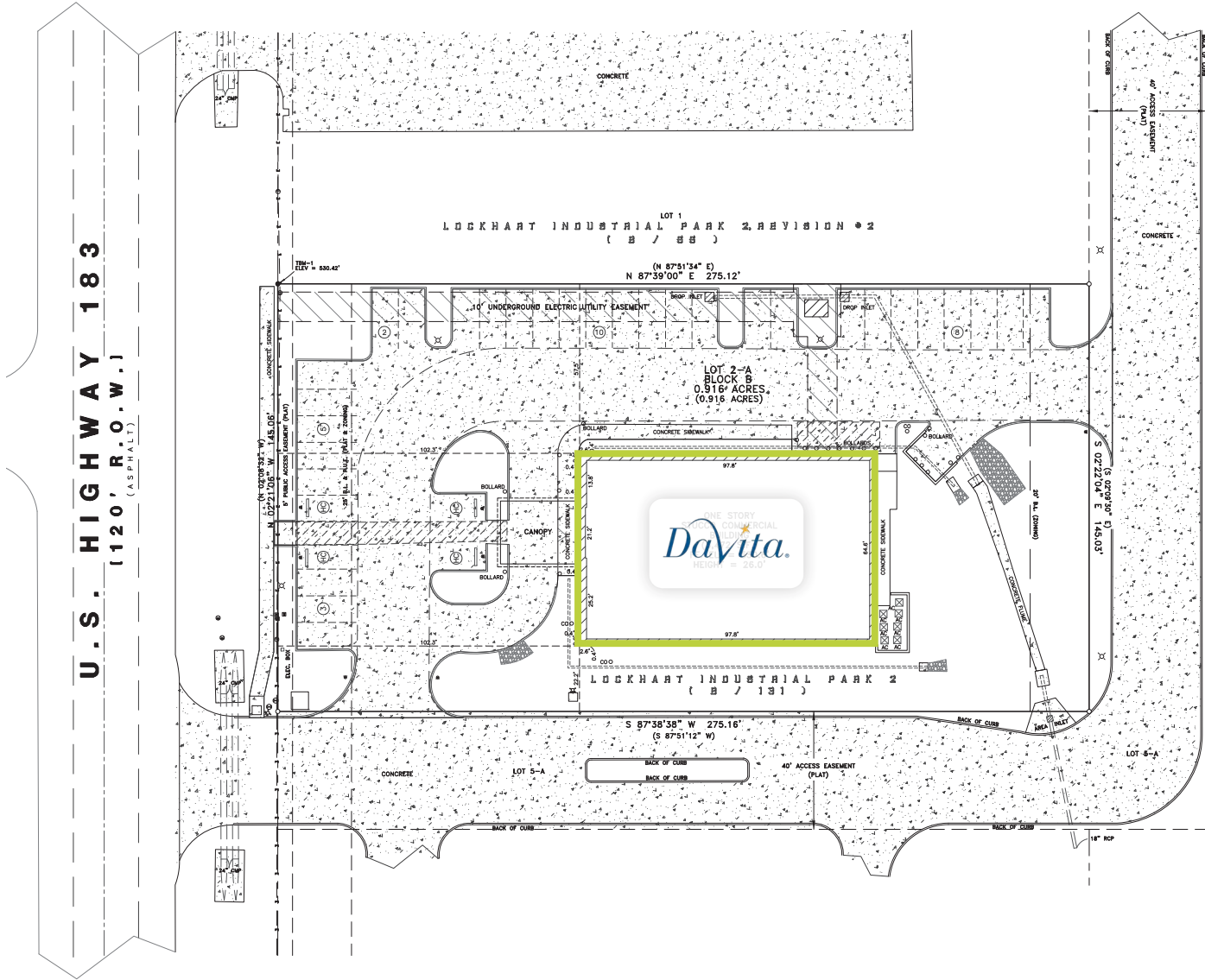








## PROPERTY DESCRIPTION





## TENANT OVERVIEW



Founded over 25 years ago and headquartered in Denver, Colorado,

DaVita Inc. is a Fortune 500 company that provides renal care services for patients suffering from chronic kidney disease (CKD) or end stage renal disease (ESRD). Formerly known as DaVita Healthcare Partners Inc., the company operates kidney dialysis centers and provides related lab services in outpatient dialysis centers across the globe. The Fortune 500 company 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. Through a network of 2,971 locations worldwide, DaVita Inc. enjoys a global presence with dialysis facilities in 46 states, the District of Columbia and operates in 9 countries including Brazil, China, Colombia, Germany, Malaysia, Taiwan, Poland, Portugal, Netherlands, Saudi Arabia, Singapore and international management offices in the United Kingdom.

As of June 30, 2019, DaVita served 231,700 patients at 2,971 outpatient dialysis centers, of which 2,723 centers were located in the U.S. and 248 centers were located in 9 countries outside the United States. During the second quarter of 2019, DaVita opened a total of

33 new facilities and acquired 3 dialysis centers across the nation. With more than 77,700 team members serving approximately 25,000 patients monthly, DaVita is recognized as one of "America's Largest Public Companies" on the 2019 Forbes List and has been part of Fortune Magazine's List of "World's Most Admired Companies" for 12 consecutive years.

- **Warren Buffet's Berkshire Hathaway owns approximately 38.5 million shares of DaVita Stock, making them the company's largest shareholder with a 24% stake.**
- **Generated revenue of \$11.4B in fiscal 2018 / estimated \$4.04B net worth.**
- **Fortune 500 company 13 year in a row, 12th consecutive year as one of Fortune Magazine's "World's Most Admired Companies" in 2019.**
- **2,971 locations worldwide in 46 states, the District of Columbia and 9 countries**
- **More than 77,700 team members serving approximately 25,000 patients monthly.**
- **Ranked #2 on Fortune Magazine's "Most Innovative Company" in the healthcare medical facilities category.**



<b>OPERATING INCOME</b>	\$462M (2Q-19)
<b>NO. OF PATIENTS</b>	231,700
<b>NO. OF CENTERS</b>	2,971
<b>COUNTRIES SERVED</b>	9
<b>EMPLOYEES</b>	55,000
<b>WEBSITE</b>	davita.com

# DEMOGRAPHICS



Population	5 Miles	10 Miles	15 Miles
2000 Population	13,174	19,780	59,560
2010 Population	14,573	22,717	83,993
2019 Population	16,569	27,037	109,633
2024 Population	17,760	29,205	124,673
2000-2010 Annual Rate	1.01%	1.39%	3.50%
2010-2019 Annual Rate	1.40%	1.90%	2.92%
2019-2024 Annual Rate	1.40%	1.55%	2.60%
2019 Male Population	49.2%	50.0%	50.5%
2019 Female Population	50.8%	50.0%	49.5%
2019 Median Age	37.2	37.8	31.9

In the identified area, the current year population is 109,633. In 2010, the Census count in the area was 83,993. The rate of change since 2010 was 2.92% annually. The five-year projection for the population in the area is 124,673 representing a change of 2.60% annually from 2019 to 2024. Currently, the population is 50.5% male and 49.5% female.

## Median Age

The median age in this area is 37.2, compared to U.S. median age of 38.5.

## Race and Ethnicity

2019 White Alone	73.2%	74.5%	68.2%
2019 Black Alone	7.6%	6.2%	6.1%
2019 American Indian/Alaska Native Alone	1.1%	1.2%	1.0%
2019 Asian Alone	0.5%	0.5%	1.0%
2019 Pacific Islander Alone	0.0%	0.1%	0.1%
2019 Other Race	14.5%	14.4%	20.1%
2019 Two or More Races	3.1%	3.0%	3.5%
2019 Hispanic Origin (Any Race)	55.2%	52.8%	60.6%

Persons of Hispanic origin represent 60.6% of the population in the identified area compared to 18.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 75.5 in the identified area, compared to 64.8 for the U.S. as a whole.

## Households

2019 Wealth Index	58	67	65
2000 Households	4,160	6,378	18,729
2010 Households	4,712	7,441	26,333
2019 Total Households	5,412	8,891	34,945
2024 Total Households	5,826	9,617	39,816
2000-2010 Annual Rate	1.25%	1.55%	3.47%
2010-2019 Annual Rate	1.51%	1.94%	3.11%
2019-2024 Annual Rate	1.49%	1.58%	2.64%
2019 Average Household Size	2.79	2.87	3.01

The household count in this area has changed from 26,333 in 2010 to 34,945 in the current year, a change of 3.11% annually. The five-year projection of households is 39,816, a change of 2.64% annually from the current year total. Average household size is currently 3.01, compared to 3.03 in the year 2010. The number of families in the current year is 24,390 in the specified area.

Mortgage Income	5 Miles	10 Miles	15 Miles
2019 Percent of Income for Mortgage	13.7%	14.8	15.0%

## Median Household Income

2019 Median Household Income	\$53,328	\$54,426	\$54,857
2024 Median Household Income	\$57,527	\$58,734	\$60,827
2019-2024 Annual Rate	1.53%	1.54%	2.09%

## Average Household Income

2019 Average Household Income	\$65,352	\$68,722	\$69,574
2024 Average Household Income	\$73,128	\$76,777	\$79,113
2019-2024 Annual Rate	2.27%	2.24%	2.60%

## Per Capita Income

2019 Per Capita Income	\$21,574	\$22,927	\$22,297
2024 Per Capita Income	\$24,215	\$25,632	\$25,356
2019-2024 Annual Rate	2.34%	2.26%	2.60%

## Households by Income

Current median household income is \$54,857 in the area, compared to \$60,548 for all U.S. households. Median household income is projected to be \$60,827 in five years, compared to \$69,180 for all U.S. households

Current average household income is \$69,574 in this area, compared to \$87,398 for all U.S. households. Average household income is projected to be \$79,113 in five years, compared to \$99,638 for all U.S. households

Current per capita income is \$22,297 in the area, compared to the U.S. per capita income of \$33,028. The per capita income is projected to be \$25,356 in five years, compared to \$36,530 for all U.S. households

## Housing

2019 Housing Affordability Index	142	137	138
2000 Total Housing Units	4,478	6,957	20,275
2000 Owner Occupied Housing Units	2,606	4,419	13,137
2000 Renter Occupied Housing Units	1,554	1,959	5,592
2000 Vacant Housing Units	318	579	1,546
2010 Total Housing Units	5,208	8,284	28,825
2010 Owner Occupied Housing Units	2,969	5,178	17,967
2010 Renter Occupied Housing Units	1,743	2,263	8,366
2010 Vacant Housing Units	496	843	2,492
2019 Total Housing Units	5,883	9,735	37,521
2019 Owner Occupied Housing Units	3,318	6,018	23,227
2019 Renter Occupied Housing Units	2,094	2,873	11,718
2019 Vacant Housing Units	471	844	2,576
2024 Total Housing Units	6,314	10,491	42,508
2024 Owner Occupied Housing Units	3,656	6,589	26,696
2024 Renter Occupied Housing Units	2,170	3,028	13,120
2024 Vacant Housing Units	488	874	2,692

Currently, 61.9% of the 37,521 housing units in the area are owner occupied; 31.2%, renter occupied; and 6.9% are vacant. Currently, in the U.S., 56.4% of the housing units in the area are owner occupied; 32.4% are renter occupied; and 11.2% are vacant. In 2010, there were 28,825 housing units in the area - 62.3% owner occupied, 29.0% renter occupied, and 8.6% vacant. The annual rate of change in housing units since 2010 is 12.43%. Median home value in the area is \$168,550, compared to a median home value of \$234,154 for the U.S. In five years, median value is projected to change by 2.93% annually to \$194,734.

Data Note: Income is expressed in current dollars. Housing Affordability Index and Percent of Income for Mortgage calculations are only available for areas with 50 or more owner-occupied housing units. Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024. Esri converted Census 2000 data into 2010 geography.





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