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PROPERTY VIDEO

DAVITA DATA CENTER

1441 Court A | Tacoma, WA 98402

OFFERING MEMORANDUM

MATTHEWSTM
REAL ESTATE INVESTMENT SERVICES

An aerial photograph of a city scene. In the foreground, there is a parking lot with several cars parked. Behind the parking lot is a two-story building with a yellow upper section and a grey lower section. To the left of the building is a multi-lane highway interchange. In the background, there are various city buildings, including a large domed stadium, and a forested hillside under a clear sky.

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MATTHEWSTM
REAL ESTATE INVESTMENT SERVICES

An aerial photograph of a city street corner. In the foreground, a modern building with a grey base and orange upper floors is visible. Behind it is a large, mostly empty parking lot. The street is lined with trees and other buildings in the background. The text 'CONTENTS' is overlaid on the left side of the image.

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EXECUTIVE SUMMARY

INVESTMENT SUMMARY

- **Irreplaceable Real Estate** – This 3-story medical data center is located in downtown Tacoma adjacent to the Port and one mile from Interstate-5 (200,000+ Vehicles per Day).
- **Booming Data Center Market** – The COVID-19 Coronavirus crisis has reinforced the importance of data centers. As industries reset, companies have been moving their data to the “cloud” and services online. This transition has made digital infrastructure and services more important than ever. The consensus is that the data center industry will see strong demand for network services to support the shift to digital platforms.
- **Fortune 200 Corporately Backed Lease:** Currently ranked as Fortune’s 188th highest revenue company in the world, DaVita, Inc (NYSE: DVA) corporately guarantees this lease. With a market cap of over \$10 Billion and over 2,900 dialysis centers worldwide, DaVita is one of the strongest lease guarantors in today’s market.
- **Long Term Lease / Annual Rent Increases** – Over 12 years remaining on a recent 15-year corporate lease extension and 2% annual rent increases allows for a blended cap rate of 5.64%
- **Tacoma/Seattle, WA Market** - Seattle’s industrial market has been one of the most active in the country, with one of the largest ports on the West Coast. Subsequently, the most active submarkets for development are in proximity to the ports, especially the Port of Tacoma. Each year, the port handles between 10 and 13 million tons of cargo, and more than \$25 billion of commerce.



FINANCIAL OVERVIEW

TENANT SUMMARY

Use	Health Care Data Center for DaVita, Inc.
Lease Guarantor	DaVita, Inc (NYSE: DVA)
Address	1441 Court A, Tacoma, WA 98402
MSA	Seattle

PROPERTY SUMMARY

Total Building SF	±18,732
Acres	±0.21
Lot SF	±9,158
Stories	3-story building with basement
Construction	Reinforced Concrete
Truck Wells	1
Dock High Doors	1
Built/Renovated	1923 / 2012

FINANCIAL SUMMARY

» PRICE	\$9,600,000
» CAP RATE	5.04%
» AVERAGE CAP RATE	5.64%

LEASE SUMMARY

» DAVITA OCCUPIED SINCE	2001
» LEASE EXPIRATION	11/30/32
» LEASE TERM REMAINING	12+ Years
» OPTIONS	4, 5-year Options
» INCREASES	2% Annually
» LEASE TYPE	Industrial NNN (roof/structure/ parking/building systems)

DEBT QUOTE



LTV: 60%
RATE: 3.95%
AMORTIZATION: 30 Years
TERM: 10 Years Fixed

Loan quote provided by Barrington Capital based on market conditions at this time. Actual rates and terms will vary based on market conditions at closing. Please contact:

Hugh Seifert
(619) 818-4430
hugh.seifert@barringtoncapcorp.com

ANNUALIZED OPERATING DATA

Year	Monthly Rent	Annual Rent	Rent Increase	Monthly/SF	Annual/SF	Cap Rate
12/1/2019 - 11/30/2020	\$39,560.04	\$474,720.53	2%	\$2.11	\$25.34	4.95%
12/1/2020 - 11/30/2021	\$40,351.24	\$484,214.94	2%	\$2.15	\$25.85	5.04%
12/1/2021 - 11/30/2022	\$41,158.27	\$493,899.24	2%	\$2.20	\$26.37	5.14%
12/1/2022 - 11/30/2023	\$41,981.44	\$503,777.22	2%	\$2.24	\$26.89	5.25%
12/1/2023 - 11/30/2024	\$42,821.06	\$513,852.77	2%	\$2.29	\$27.43	5.35%
12/1/2024 - 11/30/2025	\$43,677.49	\$524,129.82	2%	\$2.33	\$27.98	5.46%
12/1/2025 - 11/30/2026	\$44,551.03	\$534,612.42	2%	\$2.38	\$28.54	5.57%
12/1/2026 - 11/30/2027	\$45,442.06	\$545,304.67	2%	\$2.43	\$29.11	5.68%
12/1/2027 - 11/30/2028	\$46,350.90	\$556,210.76	2%	\$2.47	\$29.69	5.79%
12/1/2028 - 11/30/2029	\$47,277.91	\$567,334.97	2%	\$2.52	\$30.29	5.91%
12/1/2029 - 11/30/2030	\$48,223.47	\$578,681.67	2%	\$2.57	\$30.89	6.03%
12/1/2030 - 11/30/2031	\$49,187.94	\$590,255.31	2%	\$2.63	\$31.51	6.15%
12/1/2031 - 11/30/2032	\$50,171.70	\$602,060.41	2%	\$2.68	\$32.14	6.27%
Average Rent	\$45,099.54	\$541,194.52		\$2.41	\$28.89	5.64%

POWER/DATA CENTER INFO

- 1200-amp, 480-volt, 3 phase
- Eaton UPS uninterruptable power supply
- CAT 750 KW / Kohler 410 KW Generators
- CAT 987 KVA / Kohler 325 KVA Generators
- Central AC/Climate controlled
- FM 200 Fire suppression system plus VESDA smoke detection
- Multiple carriers-redundant connectivity
- Biometric security readers







TENANT OVERVIEW

DAVITA DIALYSIS

DaVita Inc., a Fortune 500® company, is the parent company of DaVita Kidney Care and HealthCare Partners. 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 consistently differentiates itself from other kidney care companies and surpasses national averages for clinical outcomes. Through its Kidney Care division, the firm is one of the US' largest providers of dialysis, providing administrative services to more than 2,200 outpatient centers across the US; it serves some 180,000 patients. The company also offers home-based dialysis services, as well as inpatient dialysis in about 900 hospitals. It operates two clinical laboratories that specialize in routine testing of dialysis patients and serve the company's network of clinics. Subsidiary HealthCare Partners (HCP) operates primary care clinics and physician practices in several states.

INVESTING IN THE DATA CENTER MARKET

Data centers REITs were the top performer across the REIT industry in the first quarter of 2020, and the sector is expected to remain an investor favorite going forward as the coronavirus crisis underscores its vital and expanding role in an increasingly digital economy. Real estate investment trusts specializing in data centers and cell towers led a burst of fundraising in June as investors bet that the pandemic-induced rise in remote working and other internet activities will further whet the appetite for data and wireless telecommunications.

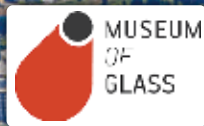
Data center REIT returns rose 8.8% in the first quarter as broader markets declined. Returns in the sector were 12.4% higher. The coronavirus crisis is serving to fast-track trends that were already evident in the data center space. Equinix, Inc. (Nasdaq: EQIX) published a global survey earlier this month showing that 71% of respondents plan to move more of their IT functions to the cloud, with 66% of these respondents planning on doing so within the next 12 months.

Three REITs alone raised more than \$8.3 billion, filings with the Securities and Exchange Commission show. That figure represents about a third of the \$24 billion in REIT debt offerings completed in the second quarter, an increase of 12% over the first quarter, according to data collected by the National Association of Real Estate Investment Trusts.

The publicly traded companies' debt offerings came as the pandemic has caused an increase in remote working, video streaming and online gaming, the chief cloud computing activities that underpin the demand for real estate in the data transmission industry. Providers were identified as essential infrastructure in North America and have remained open.

In early 2017, DaVita announced that they outgrew their Corporate Office in Tacoma and are relocating those workers close by to Federal Way. The company wanted all of its business unit workers on the same campus, which DaVita said will increase productivity. Following that announcement, DaVita disclosed that "employees for a dialysis center will remain, as well as about 10 employees who work in a data center adjacent to the downtown office." At the end of 2017, DaVita signed a 15-year lease extension on the Data Center (Subject Property) as this is mission critical for them and very difficult to relocate it.

[Click here to see article for more information.](#)



509

± 36,000 VPD

U.S. DISTRICT COURT

TACOMA
ART
MUSEUM

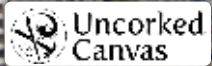
PACIFIC AVE
± 13,000 VPD



± 20,000 VPD

PANTAGES THEATER

FOSS HARBOR
MARINA



PETRICH
MARINE DOCK

FOSS WATERWAY,
TACOMA HARBOR



PACIFIC AVE
± 13,000 VPD

± 20,000 VPD



PORT
OF TACOMA



DOWNTOWN
TACOMA



509

509

509

509

509

509



16



7

167

167

167

S. TACOMA AVE



SEATTLE

± 24 MILES



Tacoma

OLYMPIA

± 26 MILES



AREA OVERVIEW

DEMOGRAPHICS

POPULATION	1-MILE	3-MILE	5-MILE
2025 Projection	19,137	98,826	277,876
2020 Estimate	18,032	94,381	264,106
2010 Census	15,291	86,221	239,664
Growth % 2020-2025	6.13%	4.71%	5.21%
Growth % 2010-2020	17.93%	9.46%	10.20%
HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2025 Projection	8,905	41,394	112,204
2020 Estimate	8,215	39,101	105,993
2010 Census	6,529	34,575	94,359
Growth % 2020-2025	8.40%	5.86%	5.86%
Growth % 2010-2020	25.82%	13.09%	12.33%
INCOME	1-MILE	3-MILE	5-MILE
Avg Household Income	\$65,359	\$78,450	\$87,509

TACOMA, WA

Nestled on the shores of Puget Sound, Tacoma is a human-scale city. Smaller and less crowded than Seattle, its neighbor to the North, Tacoma offers its residents and visitors a completely different urban experience. A haven for hikers, runners and cyclists, Tacoma is home to countless beautiful parks and outdoor spaces. Point Defiance Park is one of the city's gems, offering 700 acres of nature trails, beaches and the popular Point Defiance Zoo & Aquarium.

Known for its world-renowned glass art, Tacoma's downtown area is a vibrant urban core that abounds with culture. An eclectic mix of museums, unique shops, professional service firms and fine restaurants are bookended by a majestic view of Mount Rainier and the sparkling sunset of Commencement Bay. Professionals mix with students in this urban pocket of the city, which is alive with activity from students attending the University of Washington Tacoma, the University of Puget Sound, The Evergreen State College Tacoma campus, local trade and technical colleges, and nearby Pacific Lutheran University.

ECONOMIC DEVELOPMENT

With fifteen neighborhood business districts, Tacoma embraces variety in every sense of the word. Several international companies call Tacoma home, including staffing company True Blue Inc., lumber company Simpson and the food companies Roman Meal and Brown and Haley. Downtown Tacoma, one of the city's neighborhood districts, sources employment for roughly 40,000 people, making it a perfect place to locate a business.

Based out of Tacoma, the Port of Tacoma is among the largest deep water container ports in North America and handles 80% of the marine cargo between Alaska and the lower 48 states. The Port offers more than 150 acres of industrial land to support maritime transportation activities and business development as well as facilities for manufacturing, assembly, warehousing and distribution. U.S. Oil and Refining operates an oil refinery on the tide flats in the Port, currently refining 39,000 barrels of petroleum per day.



MAJOR EMPLOYERS



City of Tacoma
WASHINGTON







SEATTLE, WA

Just a 40-minute drive north on the I-5 from Tacoma, the city of Seattle is an exciting urban city surrounded by unmatched natural beauty. As the largest city in both the state of Washington and the Pacific Northwest region, it is a major gateway for trade with Asia and houses the fourth-largest port in the continent in terms of container handling as of 2016.

With origins as a commercial and shipbuilding center and a gateway to Alaska, the Seattle area developed as a technology hub in the late 20th century with the establishment of Microsoft and internet retailer Amazon. Today, Seattle's economy is driven by a mix of its older industrial companies and "new economy" internet technology companies. The stream of new software, biotechnology and internet companies has allowed Seattle to retain a strong economy and remain a hotbed for start-up businesses, especially in green building and clean technologies. Some of the largest employers include Microsoft, Amazon, Starbucks and Boeing.

The city is rich in culture and easy-going lifestyles, and it's no accident that Seattle is the "Coffee Capital" of the United States with an espresso bar on almost every corner. In addition, the city boasts a magnificent mountain setting: to the east is the ice pyramid of Mount Rainier National Park, rising out of the Cascade Mountains, to the west, the partly snow-capped peaks of Olympic National Park.

POINTS OF INTEREST



SPACE NEEDLE

An icon of Seattle, the Space Needle stands at 605-ft-tall, at the Seattle Center, with an observation deck and a floating restaurant. Visitors can see everything from the snow-capped Cascade Mountains to the east and the Majestic Olympic mountain range.



PIKE PLACE MARKET

On the two floors of picturesque Pike Place Market, vendors offer a wide range of wares for sale. Fish, fruit, vegetables, and all sorts of odds and ends tantalize the taste buds and camera lenses. Market tours are an ideal way to tour Pike Place.



MUSEUM OF POP CULTURE

The metallic, multihued, architectural undulation is a leading-edge, nonprofit museum, dedicated to the ideas and risk-taking that fuel contemporary popular culture. MoPOP serves as a gateway museum, reaching multi-generational audiences.



WOODLAND PARK ZOO

A 92-acre facility with many threatened and endangered species from around the globe. The zoo was the first to create naturalistic exhibits, and its 300 different species range from Asian and African elephants to snow leopards, and grizzly bears.



PACIFIC SCIENCE CENTER

The Pacific Science Center features five building of interactive science exhibits, a tropical Butterfly House, two IMAX theatres, a planetarium and laser light shows. The interactive programs reach more than 1.1 million people each year.



CHIHULY GARDEN AND GLASS

There is force and unbelievable magic in Chihuly Garden and Glass located next to Seattle's Space Needle. This is a display of rare pieces in Exhibition Hall, a glasshouse that showcases a suspended 100-foot long sculpture and an outside garden.



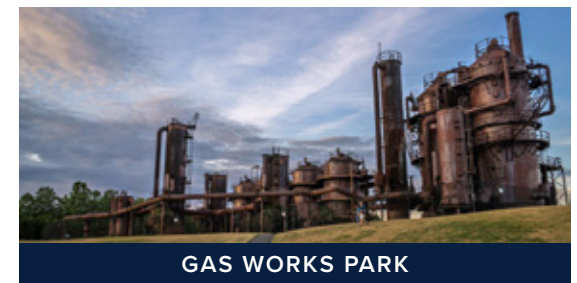
SAFECO FIELD

Pristine and nostalgic are two characteristics that describe the home of the Seattle Mariners, Safeco Field. Safeco Field offers a number of exciting areas for fans. The Bullpen Market features interactive games and activities for fans.



SEATTLE GREAT WHEEL

Aboard the iconic Seattle Great Wheel on Pier 57, visitors can see the city like never before. Each gondola can fit 8 people and provide an amazing ride that lights up the sky at night. With a height of 175 feet, it is the tallest Ferris Wheel on the West Coast.



GAS WORKS PARK

An unusual public park located on the site of a former coal gasification plant, Gas Works Park is the most popular park in Seattle. On the shores of Lake Union the 19-acre site houses an open-air play barn, and a maze of brightly painted machinery for children.

CONFIDENTIALITY & DISCLAIMER STATEMENT

This Offering Memorandum contains select information pertaining to the business and affairs of **DaVita Data Center** located at **1441 Court A, Tacoma, WA 98402**. It has been prepared by Matthews Retail Advisors. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Retail Advisors. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Retail Advisors expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Retail Advisors or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.



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