

# FRESENIUS KIDNEY CARE

1971 THOMPSON RD, COOS BAY, OR

PRICE

**\$7,394,200**

CAP RATE

**6.50%**



**Marcus & Millichap**

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**FRESENIUS  
MEDICAL CARE**



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# FRESENIUS KIDNEY CARE

1971 Thompson Rd, Coos Bay, OR

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## EXCLUSIVELY LISTED BY

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# EXECUTIVE SUMMARY

PRICE  
**\$7,394,200**

CAP RATE  
**6.50%**

LOT SIZE  
**1.77 ACRES**

Fresenius Kidney Care in Coos Bay, Oregon, is a free-standing single-tenant investment property in the medical office category. Fresenius is the premier health care company focused on delivering the highest quality care to people with renal and other chronic conditions. Worldwide, more than 2.5 million patients with this disease regularly undergo dialysis therapy, a vital blood cleansing procedure that substitutes the function of the kidney in the case of kidney failure. In 2016, 50 percent of the dialysis machines sold worldwide were produced by Fresenius. The company employs more than 110,000 people around the world, which includes approximately 60,000 in North America. The company offers dialysis services and products in more than 120 countries.

Fresenius has recently extended their commitment to this site for an additional five years from the original ten-year lease. The rental rate at the site has been determined through a fair-market-value analysis by two independent appraisers in the area, with the lease calling for three percent annual increases to that rate. The tenant has two, 5-year options to extend remaining. This is a modified NNN lease, with landlord expenditures limited to roof, structure, and certain systems replacement at the expiration of term.

This Coos Bay site is excellently located for its purpose. The property is adjacent to Bay Area Hospital, the largest hospital on Oregon's coast line and the regional hub for healthcare services in the area. Coos Bay is the largest city on Oregon's coast at approximately 16,000 residents, and including the adjacent town of North Bend brings that figure to over 30,000. This population base is significantly older in composition than national averages, and provides a steady patient base for dialysis services.

NET OPERATING INCOME	\$480,623
LEASE TYPE	Modified NNN
LEASE COMMENCE	10/1/2009
EXPIRE	9/30/2024
REMAINING TERM	4+ Years
GUARANTOR	Fresenius Corp.
INCREASES	3% Annually
OPTIONS	Two, 5-Year Options Remain
BUILDING SIZE	10,144 SF
LOT SIZE	1.77 Acres
YEAR BUILT	2009



# HIGHLIGHTS

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- Corporate Fresenius Lease
- Modified NNN Lease – Minimal Landlord Duties
- Long-Term Occupant
- Recent Lease Renewal
- 3% Annual Rental Increases
- Mission Critical Location
- Adjacent to Premier Regional Hospital
- Essential Service Provider
- Zero Rent Abatement Due to COVID-19
- Aging Population – 44% of Residents Aged 50+
- Rent Set at Fair Market Value



## ITEMS OF NOTE

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- NOI of \$480,623 is derived from the rental rate effective 10/1/2020
- Rental Rate at Options is determined by a “Fair Market Value” evaluation by two independent appraisers. This process was completed in 2019 to set the current rate
- Landlord Responsibilities include roof and structure, in addition to the amortized value of capital expenditures at the termination of tenancy

# RENT SCHEDULE

	DATE RANGE	MONTHLY RENT	% INCREASE	ANNUAL RENT	RENT/SF	CAP RATE
	10/1/2019 – 9/30/2020	\$38,885.33	–	\$466,624	\$46.00	–
	10/1/2020 – 9/30/2021	\$40,051.89	3%	\$480,623	\$47.38	6.50%
	10/1/2021 – 9/30/2022	\$41,253.45	3%	\$495,041	\$48.80	6.69%
	10/1/2022 – 9/30/2023	\$42,491.05	3%	\$509,892	\$50.27	6.90%
	10/1/2023 – 9/30/2024	\$43,765.79	3%	\$525,189	\$51.77	7.10%
OPTION PERIODS	10/1/2024 – 9/30/2029	FMV	FMV	–	–	–
	10/1/2029 – 9/30/2034	FMV	FMV	–	–	–









# AERIALS

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# TENANT PROFILE

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Fresenius Medical Care is the premier health care company focused on delivering the highest quality care to people with renal and other chronic conditions. Worldwide, more than 3.4 million patients with this disease regularly undergo dialysis therapy, a vital blood cleansing procedure that substitutes the function of the kidney in the case of kidney failure. Fresenius performed approximately 50 million dialysis treatments in 2018. One of the two dialysis machines worldwide is made by Fresenius Medical Care. The company employs more than 120,000 people around the world. The company offers dialysis services and products in more than 150 countries.



**\$18.9 BILLION**

PARENT COMPANY  
ANNUAL REVENUE (2019)



**\$14.2 BILLION**

PARENT COMPANY  
NET WORTH (2018)

**S&P Global  
Ratings**

PARENT COMPANY  
S&P CREDIT RATING: "BBB"



# DIALYSIS LANDSCAPE

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More than 1 in 7 US adults are estimated to have chronic kidney disease - that is about 37 million people



In 2016, the dialysis products and services was valued at \$86.62 billion and is expected to reach \$118.51 billion by 2023



Medicare represents approximately 90 percent of all dialysis patients



Patients diagnosed with Chronic Kidney Disease need either a kidney transplant, or hemodialysis three to four times per week, for three to four hours per session



The leading causes of Chronic Kidney Disease are diabetes and high blood pressure, which cause an estimated 44% and 28%, respectively; of new US kidney failure cases. Diabetes rates are rising in large partially due to increasing obesity rates.



# LOCATION OVERVIEW

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Coos Bay is a city located in Coos County, Oregon, where the Coos River enters Coos Bay on the Pacific Ocean. The city borders the city of North Bend, and together they are often referred to as one entity called either Coos Bay-North Bend or Oregon's Bay Area. Coos Bay's population as of the 2010 census was 15,967 residents, making it the most populous city on the Oregon Coast. Oregon's Bay Area is estimated to be home to 32,107.

Against the lush backdrop of Oregon's largest coastal estuary, the Bay's deep-draft port is an inviting gateway to the Pacific. Coos Bay is the regional commercial and retail center, boasting the coast's most advanced medical facilities, an outstanding community college, rich cultural and recreation resources, and a welcoming environment for business development. Local employment and industry is dominated by the healthcare field, commercial fisheries, forestry and timber production, agriculture and tourism.

Coos Bay has the largest concentration of health care facilities on the Oregon Coast and serves as a regional hub for the Central and Southern Coasts, as well as inland areas. Bay Area Hospital, the largest hospital on the coast has 172 beds and completed a 97,000-square-foot expansion costing \$45 million in 2013. The publicly owned hospital houses a medical staff of 100 physicians who offer a comprehensive range of diagnostic and therapeutic services. Other facilities in the city include North Bend Medical Center, Oregon Coast Spine Institute, Bay Clinic, South Coast Center for Cosmetic Surgery, South Coast Orthopedic Associates and Southwest Physical Therapy



19,056 / 54%

POPULATION OVER 40 YEARS  
(5 MILES)



15,149

TOTAL HOUSEHOLDS (5 MILES)



\$5,869

AVERAGE HEALTH CARE  
EXPENDITURE (1 MILE)



# DEMOGRAPHICS

TOTAL POPULATION	1 MILE	3 MILES	5 MILES
2024 Projection	7,232	29,096	35,422
2019 Estimate	7,159	28,951	35,303
2010 Census	6,887	28,104	34,356
2000 Census	6,731	27,208	33,436
Daytime Populations	5,457	14,712	15,698

TOTAL HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2024 Projection	3,123	12,501	15,149
2019 Estimate	3,061	12,336	14,972
2010 Census	2,981	12,118	14,728
2000 Census	2,840	11,423	13,969

AVERAGE HEALTH CARE EXPENDITURE	1 MILES	3 MILES	5 MILES
2024 Projection	\$5,868.94	\$5,550.26	\$5,633.84
Percent of Total	9.62%	9.50%	9.60%
Drugs	\$586.82	\$558.51	\$569.10
Percent of Total	10.00%	10.06%	10.10%
Health Insurance	\$3,662.35	\$3,470.39	\$3,517.26
Percent of Total	62.40%	62.53%	62.43%
Medical Services	\$1,359.99	\$1,277.17	\$1,297.46
Percent of Total	23.17%	23.01%	23.03%
Medical Supplies	\$259.78	\$244.19	\$250.03
Percent of Total	4.43%	4.40%	4.44%
Percent Change 2019 - 2024	41.41%	42.28%	42.20%
Drugs	40.04%	40.61%	40.67%
Medial Services	41.84%	42.05%	41.84%
Medial Supplies	42.98%	43.63%	43.54%

HOUSEHOLDS BY INCOME	1 MILE	3 MILES	5 MILES
2024 Projection			
\$200,000 or More	3.14%	2.93%	3.18%
\$150,000 - \$199,999	4.07%	2.59%	2.64%
\$100,000 - \$149,999	10.15%	9.55%	9.95%
\$75,000 - \$99,999	12.81%	11.86%	11.55%
\$50,000 - \$74,999	22.21%	22.71%	22.38%
\$35,000 - \$49,999	14.46%	14.25%	14.58%
\$25,000 - \$34,999	9.07%	10.03%	9.99%
\$15,000 - \$24,999	11.05%	11.55%	11.58%
\$10,000 - \$14,999	5.94%	6.80%	6.89%
Under \$9,999	7.09%	7.73%	7.27%
Average Household Income	\$67,906	\$64,404	\$66,014
Median Household Income	\$52,511	\$49,612	\$49,688
Per Capita Income	\$29,742	\$27,917	\$28,444

POPULATION PROFILE	1 MILES	3 MILES	5 MILES
Population By Age			
Under 20	21.72%	22.38%	21.98%
20 to 34 Years	18.09%	19.19%	18.37%
35 to 39 Years	6.02%	6.00%	5.84%
40 to 49 Years	10.45%	10.82%	10.73%
50 to 64 Years	18.82%	18.69%	19.11%
65 to 74 Years	12.22%	12.54%	13.41%
75+ Years	12.69%	10.37%	10.55%
Median Age	43.7	42.1	43.4
Population 25+ by Education Level			
2024 Projection Population Age 25+	5,269	20,930	25,694
Elementary (0-8)	0.77%	1.60%	1.75%
Some High School (9-11)	5.97%	7.67%	8.08%
High School Graduate (12)	29.12%	30.40%	30.15%
Some College (13-15)	31.18%	31.01%	31.10%
Associate Degree Only	9.28%	8.43%	8.49%
Bachelors Degree Only	13.93%	12.77%	12.53%
Graduate Degree	9.03%	7.23%	7.12%

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