



Marcus & Millichap

OFFERING MEMORANDUM

FRESENIUS

6600 W. RIO GRANDE AVE KENNEWICK, WA 99336

TERMS OF OFFERING



**6600 W. RIO GRANDE AVE
KENNEWICK, WA 99336**

ADDRESS

\$6,370,000

PRICE

12 YEARS

LEASE TERM REMAINING

\$350,199

NOI

5.50%

CAP RATE

6.14%

CAP RATE (AVG. OVER INITIAL TERM)

11,000 SF

RENTABLE AREA

1.29 ACRES

LOT SIZE

2017

YEAR BUILT

INVESTMENT HIGHLIGHTS



INVESTMENT GRADE TENANT

World's leading provider of kidney dialysis services, Fresenius generated \$18.9 Billion in revenue in 2019. S&P Investment Grade Rating of BBB.



2017 RELOCATION SITE & BTS

A Build to Suit for Fresenius, this property was a relocation site after outgrowing their previous facility in the market.



CORPORATE LEASE

Benefits from a corporate-backed lease with 12 years remaining on the initial term



VISTA FIELD DEVELOPMENT

Immediately adjacent to the 103-acre Vista Field development, which calls for 1,100 residential units and 750,000 sf of retail and office space.



SCHEDULED ANNUAL RENT INCREASES

Features rare 2% annual increases throughout the initial lease term and option periods



AFFLUENT & DENSELY POPULATED

Benefits from an Average Household Income of \$86,542 and nearly 160,000 residents within a 5-mile radius.



CERTIFICATE OF NEED STATE

Washington is a CON State, which limits competition and prevents an oversupply of dialysis and other medical facilities

TRADE MAP



TENANT SUMMARY

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 two dialysis machines worldwide is made by Fresenius Medical Care. The company employ more than 120,000 people around the world. The Company offer dialysis services and products in more than 150 countries.



**FRESENIUS
MEDICAL CARE**

Locations:	3,996+
Employees:	119,000+
Headquarters:	Germany
Founded:	1996
Website:	freseniusmedicalcare.com



\$18.9 B

Parent Company
Annual Revenue (2019)



\$14.2 B

Parent Company
Net Worth (2018)

**S&P Global
Ratings**

Parent Company S&P
Credit Rating: "BBB"

LEASE SUMMARY

Tenant	QualiCenters Inland Northwest, LLC
Guarantor on Lease	Fresenius Medical Care Holdings, Inc.
Lease Type	NNN (see Lease Abstract)
Lease Commencement	March 20, 2017
Lease Expiration	April 30, 2032
Lease Term Remaining	12 Years
Rent Increases	2% Annually (including Options)



RENT SCHEDULE

YEAR	ANNUAL RENT	CAP RATE
Current - 3/31/21	\$350,199	5.50%
Year 5	\$357,203	5.61%
Year 6	\$364,347	5.72%
Year 7	\$371,634	5.84%
Year 8	\$379,066	5.95%
Year 9	\$386,648	6.07%
Year 10	\$394,381	6.19%
Year 11	\$402,268	6.32%
Year 12	\$410,314	6.44%
Year 13	\$418,520	6.57%
Year 14	\$426,890	6.70%
Year 15	\$435,428	6.84%
Option 1 (5 Years)	2% Annual Increases	
Option 2 (5 Years)	2% Annual Increases	
Option 3 (5 Years)	2% Annual Increases	

LEASE ABSTRACT

LANDLORD'S OBLIGATION

During the Lease Term, Landlord shall:

(a) Except as provided in 6.1, without expense to Tenant, maintain and make all necessary repairs and/or replacements to the exterior and structural portions of the Property, Building and Premises, including, without limitation: foundations, including the slab, structure, load bearing walls, exterior walls, the roof and roof supports, columns, retaining walls, gutters, downspouts, flashings, and footings.

(b) Maintain and make all necessary repairs and/or replacements to the following, unless Tenant elects to maintain any of the following by providing written notice to Landlord electing to do the same at its sole cost and expense: parking areas (including surfacing, striping, paving and sealing), curbing, sidewalks and directional markers, ice and snow removal, water mains, gas and sewer lines to the point of entry to the Premises as set forth in Exhibit B attached hereto, private roadways, landscape, loading docks, if any, and provision and repair of adequate lighting during all hours of darkness that Tenant shall be open for business.

Tenant shall reimburse Landlord for the costs and expenses of the maintenance and repair contemplated in this Section 6.2(b) (the “Maintenance Expenses”).

TENANT'S OBLIGATION

During the Lease term, tenant shall at its sole cost and expense keep and maintain the non-structural portions of the interior of the premises, including all glass, and exterior and interior painting, and all Tenant Alterations, in good order and repair and free of refuse and rubbish.

UTILITIES

Tenant shall pay or cause the payment of all charges for gas, water, sewer, electrical, telephone and other utility services supplied to the Premises during the Lease Term

TAXES

Tenant pays direct

INSURANCE

Tenant reimburses

HVAC

Tenant responsible for regular maintenance. Landlord responsible for repairs or replacements over \$5,000

MANAGEMENT FEE

Tenant reimburses

ESTOPPEL CERTIFICATE

21 days

DIALYSIS LANDSCAPE



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



Certificate of Need (CON) There are currently 36 states within the US that require a CON for renal failure/dialysis facilities - limiting competition and increasing the initial investment of opening a new facility



1 in 3 US adults is at risk for developing End Stage Renal Disease



Medicare represents approximately 90 percent of all dialysis patients



The Affordable Care Act has generated consistent demand for single-tenant buildings with, appealing amenities and Facilities that can be economically converted to easy access locations



The United States has the third highest rate of new cases of kidney failure in the world



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



90% of people with kidney disease don't know they have it and the vast majority of those people won't learn of their condition, until it's too late to reverse its course



48% of those with severely reduced kidney function but not on dialysis are not aware of having Chronic Kidney Disease



96% of people with kidney damage or mildly reduced kidney function are not aware of having Chronic Kidney Disease



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

VISTA FIELD DEVELOPMENT

Vista Field is 103-acre former general aviation airfield located at the commercial core of Tri-Cities, Washington, near the Columbia Center Mall, and adjacent to the City of Kennewick's Vista Entertainment District. The Port closed the airfield at the end of 2013. Following the airfield's closure, the Port of Kennewick began a multi-year effort to involve the public in the planning for the future of this very unique asset. The port and City of Kennewick were honored with the 2018 Governor's Smart Partnerships Award for their efforts to create the Vista Field Redevelopment Master Plan

A community-driven plan has been created for a vibrant, pedestrian-focused, regional town center, featuring mixed-use neighborhoods and urban lifestyle amenities. Citizens advocated for Vista Field to consist of mall-scale city blocks with pedestrian-friendly neighborhoods, a mix of work and open spaces, restaurants, and shops. These features and amenities will foster visitation, entrepreneurial ventures, and a city-center lifestyle, as well as create new jobs, new living options, and develop civic amenities that everyone can enjoy.

The Vista Field development plan calls for public open spaces ranging from small hidden-gem areas to a 2.5-acre central plaza; nearly 1,100 residential units ranging from single family homes on urban sized lots to condominium and apartments; and approximately 750,000 square feet of retail, office, service and entertainment uses all tied together by a network of small-scale streets focusing on walkability and inclusion of all modes of transportation.

At the completion of the entire 103-acre Vista Field site, economic projections indicate redevelopment could mean over 1,000 residential units, 3,380 jobs, \$460 million in private sector investment, \$51 million in new infrastructure, and \$408 million in new (taxable) buildings.

VISTA FIELD PLANS

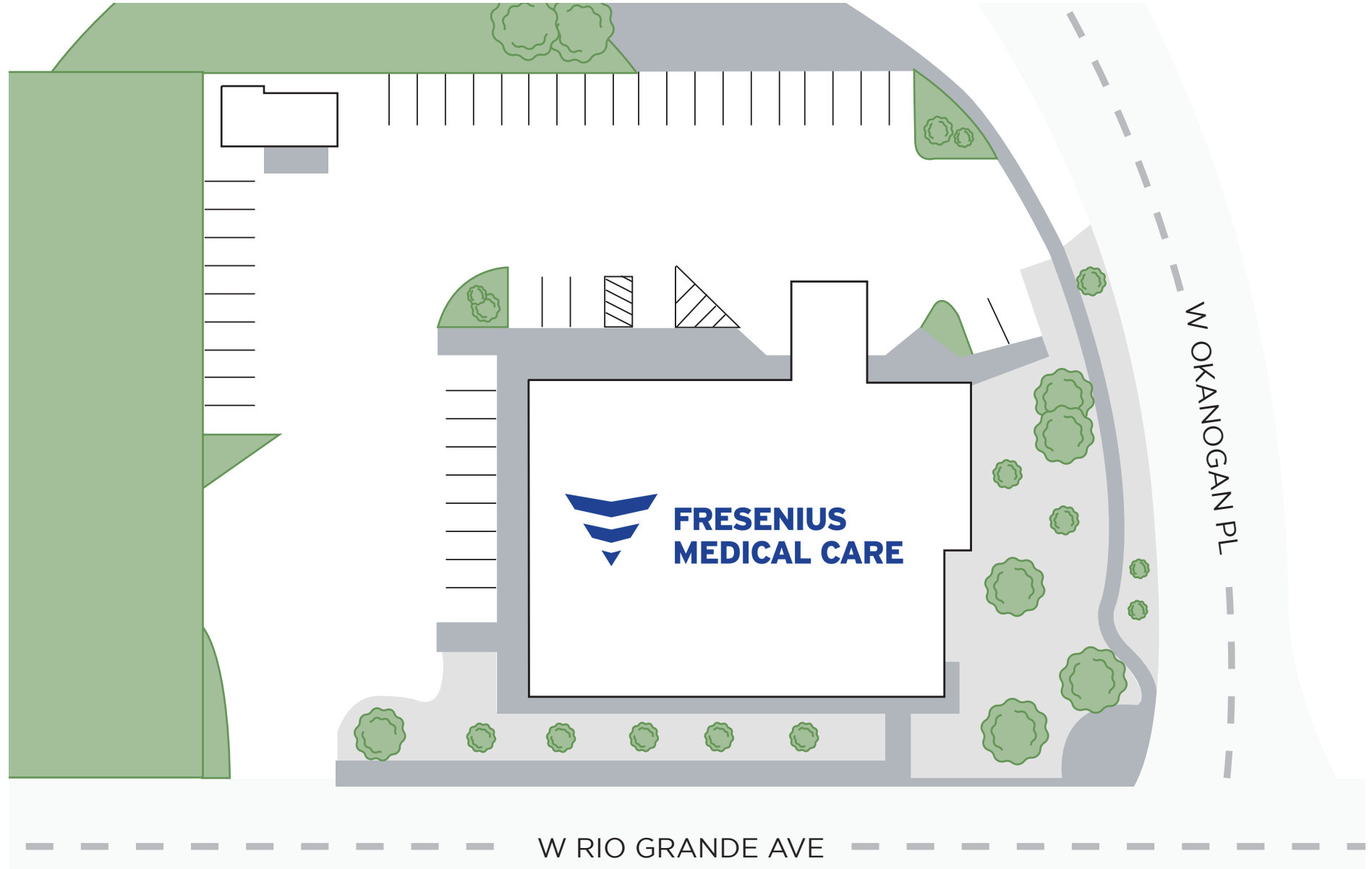
 **3,380**
New Jobs

 **1,100**
Residential Units

 **750,000**
SF of Retail & Office



SITE MAP



REGIONAL MAP

DRIVE TIMES

3 HOURS 25 MINUTES
TO SEATTLE

2 HOURS 15 MINUTES
TO SPOKANE

SEATTLE

SPOKANE

FRESENIUS
KENNEWICK

LOCATION OVERVIEW



TRI-CITIES, WASHINGTON

Located in the south-central portion of Washington State, the Tri-Cities of Kennewick, Pasco and Richland are within 225 miles of Seattle and Portland via interstate 82. The metro is composed of Benton and Franklin counties. The Department of Energy is a driver of the economy, providing high-skill jobs that have contributed to boosting population growth and incomes well above the U.S. level. The Columbia, Yakima and Snake rivers provide an array of recreational activities, while the area's favorable weather and cultural amenities add to the quality of life.

ECONOMY

- Hanford clean-up-\$2.4 billion budget (current fiscal year) approved by federal government will fuel the Tri-Cities economy for years to come.
- The DOE, along with partners and contractors including Battelle, Bechtel National, Washington River Protection Solutions, Mission Support Alliance and CH2M, provide more than 13,000 area jobs.
- Kadlec Regional Medical Center, Trios Health, Lourdes Medical Center and Prosser Memorial contribute to the vital healthcare sector, employing thousands of workers.
- Plenty of sun and three rivers lure outdoor enthusiasts to a wide variety of water sports as well as golfing, hunting, and fishing. Miles of trails attract joggers and bicyclists, while the region's vineyards and microbreweries draw tourists.



LOCATION OVERVIEW



DEPARTMENT OF ENERGY

The DOE's vast Hanford Site, Pacific Northwest National Laboratory, and other affiliated programs attract highly skilled engineers, scientists and researchers.

LARGE AGRICULTURAL SECTOR

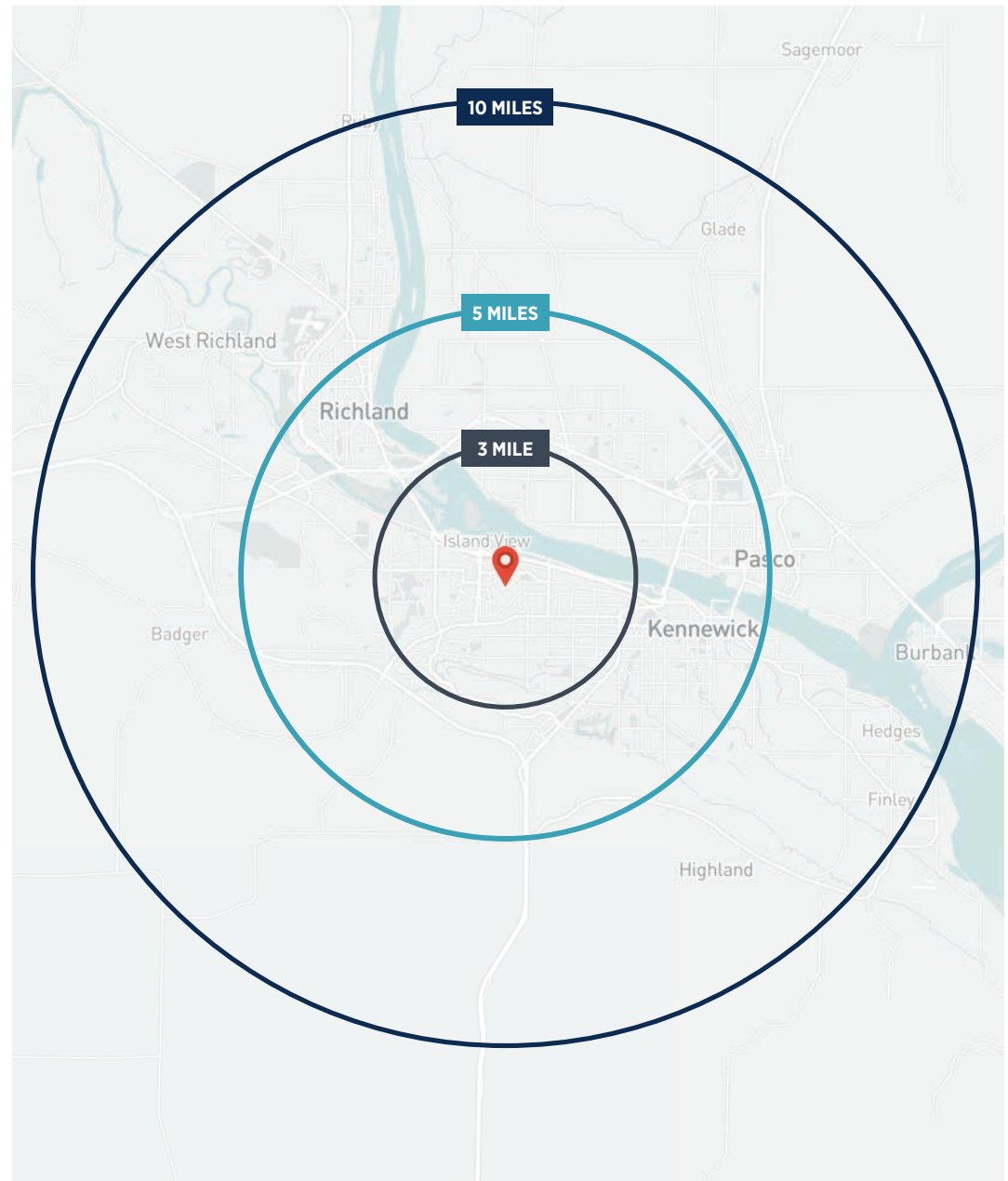
Crops including wheat, potatoes, apples, cherries and grapes thrive in the conducive weather. Major employers include Lamb Weston, Tyson Foods and Broetje Orchards.

INSTITUTIONS OF HIGHER LEARNING

Washington State University Tri-Cities, Columbia Basin College, Tri-Tech Skills Center and Charter College help provide an educated workforce.

DEMOGRAPHICS

POPULATION	3 MILE	5 MILES	10 MILES
2024 Projection	68,489	175,285	275,614
2019 Estimate	63,154	159,661	251,591
2010 Census	55,169	137,426	217,517
2000 Census	40,143	93,322	160,279
Current Daytime Population	66,277	137,870	248,082
HOUSEHOLDS	3 MILE	5 MILES	10 MILES
2024 Projection	27,408	64,504	99,979
2019 Estimate	25,061	58,381	90,767
2010 Census	21,521	49,481	77,277
2000 Census	15,688	34,416	57,913
2024 Occupied Units	27,408	64,504	99,979
2018 Occupied Units	25,645	59,336	92,460
HOUSEHOLDS BY INCOME	3 MILE	5 MILES	10 MILES
\$150,000 or More	12.00%	10.97%	10.92%
\$100,000 - \$149,000	16.67%	16.76%	17.01%
\$75,000 - \$99,999	14.41%	14.04%	14.39%
\$50,000 - \$74,999	18.67%	19.07%	18.61%
\$35,000 - \$49,999	12.47%	12.58%	12.69%
Under \$35,000	25.77%	26.59%	26.38%
Average Household Income	\$89,785	\$86,542	\$85,894
Median Household Income	\$65,610	\$63,618	\$63,878
Per Capita Income	\$35,844	\$31,784	\$31,118



CONFIDENTIALITY & DISCLAIMER

The information contained in the following Offering Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Offering Memorandum has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

NON-ENDORSEMENT NOTICE

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

NET-LEASED DISCLAIMER

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows: The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property.

ACTIVITY ID:

The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors. Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success.

Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Offering Memorandum you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.



Marcus & Millichap

BRIAN MAYER

National Retail Group
Senior Associate
Tel. 206.826.5716
Fax. 206.826.5710

brian.mayer@marcusmillichap.com

CONNOR MARKLEY

National Retail Group
Associate
Tel. 206.826.5714
Fax. 206.826.5710

connor.markley@marcusmillichap.com

HAILEY VILETA

Marketing Coordinator
Agent Support Specialist
Tel. 206.826.5786
Fax. 206.826.5710

hailey.vileta@marcusmillichap.com