

Marcus & Millichap

LONG-TERM LEASED ESSENTIAL SERVICE
STNL INVESTMENT OPPORTUNITY



DAVITA DIALYSIS

SAN DIEGO, CALIFORNIA

OFFERING MEMORANDUM



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SAN DIEGO STATE UNIVERSITY
35,000 STUDENTS
7,500 EMPLOYEES


Alvarado Hospital Medical Center
900 EMPLOYEES

LAKE MURRAY






 BLVD63
334 UNITS

 **HELIX CHARTER HIGH SCHOOL**
2,406 STUDENTS

VONS **Smart & Final**
CVS/pharmacy **BIG 5**
CHASE **POPEYES** **CHIPOTLE**

SUBJECT PROPERTY

Food 4 Less

FRESENIUS

 **COLLEGE PARK**
186 UNITS

 **DARNALL CHARTER SCHOOL**
661 STUDENTS

 **THE PLAZA**
105 UNITS

 **LANTANA HILLS**
380 UNITS

 **SUNRISE POINT**
240 UNITS

 **WILL C. CRAWFORD SENIOR HIGH SCHOOL**
1,500 STUDENTS

 **UNIVERSITY TERRACE**
56 UNITS

 **COLONY VILLAGE**
63 UNITS

 **COLLEGE TERRACE**
130 UNITS

UNIVERSITY AVE
35,570 CARS / DAY



9,200 STUDENTS
2,600 EMPLOYEES

 MARSHALL ELEMENTARY SCHOOL
461 STUDENTS

 HERBERT HOOVER HIGH SCHOOL
2,167 STUDENTS

 IBARRA ELEMENTARY SCHOOL
451 STUDENTS




GROCERY OUTLET
bargain market




 HORRACE MANN MIDDLE SCHOOL
764 STUDENTS



 IFTIN CHARTER SCHOOL
351 STUDENTS

 WILL C. CRAWFORD SENIOR HIGH SCHOOL
1,500 STUDENTS

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 COLLEGE PARK
186 UNITS

Food 4 Less

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661 STUDENTS

UNIVERSITY AVE
35,570 CARS / DAY

**SUBJECT
PROPERTY**


University of San Diego
9,200 STUDENTS
2,600 EMPLOYEES



MARINE CORPS AIR STATION MIRAMAR
12,000 SERVICEMEMBERS & CIVILIANS


SAN DIEGO STATE UNIVERSITY
35,000 STUDENTS
7,500 EMPLOYEES


Alvarado Hospital Medical Center
900 EMPLOYEES


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130 UNITS


COLLEGE PARK
186 UNITS


SUNRISE POINT
240 UNITS

SUBJECT PROPERTY

TRADER JOE'S



COLLEGE AVE 31,000 CARS / DAY



ADDRESS

6035 University Ave.
San Diego, CA 92115

PRICE

\$12,500,000

CAP RATE

4.61%

NOI

\$576,413

FINANCIAL OVERVIEW

PRICE	\$12,500,000
CAP RATE	4.61%
GROSS LEASABLE AREA	15,000 SF
YEAR BUILT	2020
LOT SIZE	1.11 +/- Acres

Davita Lease Summary

LEASE TYPE	NN
ROOF & STRUCTURE	Landlord Responsible, Tenant Reimburses for Roof Replacement
RENT COMMENCEMENT	5/7/2020
LEASE EXPIRATION	5/6/2035
INCREASES	2.5% Annually
OPTIONS	Three 5-Year Options (Fixed, 2.5% Annual Increases)

TERM	ANNUAL RENT	TERM	ANNUAL RENT
Year 2	\$562,725	Year 9	\$668,903
Year 3	\$576,793	Year 10	\$685,626
Year 4	\$591,213	Year 11	\$702,766
Year 5	\$605,993	Year 12	\$720,336
Year 6	\$621,143	Year 13	\$738,344
Year 7	\$636,672	Year 14	\$756,803
Year 8	\$652,588	Year 15	\$775,723

*The seller will credit the difference in rent from the close of escrow until the upcoming increase on 1/7/2021.

Sprint Cell Tower Lease

INSTALLATION	New, Dual-Antenna Rooftop Facility Installed in 2020
LEASE EXPIRATION	3/16/2023
OPTIONS	Two, 5-Year
ANNUAL RENT	\$13,688
INCREASES	15% at Each Option



CLICK FOR
WEBSITE

TENANT OVERVIEW

OWNERSHIP: PUBLIC
TENANT: CORPORATE
GUARANTOR: DAVITA, INC.

DaVita (NYSE: DVA) is a Fortune 500 health care provider focused on transforming care delivery to improve quality of life for patients around the globe. The company is the largest provider of kidney care services in the U.S. and has been a leader in clinical quality and innovation for 20 years. Through DaVita Kidney Care, the company treats patients with chronic kidney failure and end stage renal disease. DaVita is committed to bold, patient-centric care models, implementing the latest technologies and moving toward integrated care offerings for all.

As of June 30, 2020, DaVita served 205,000 patients at 2,795 outpatient dialysis centers in the United States. The company also operated 287 outpatient dialysis centers in ten countries across the world. DaVita 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, everywhere.

LEASE SUMMARY

LANDLORD RESPONSIBILITIES

Landlord shall, at Landlord's cost and expense, maintain and keep in good order and repair the 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.

ROOF

Landlord shall maintain and keep in good order and repair and make any necessary replacements to the roof, roof membrane, and roof covering, provided that (i) Tenant shall reimburse Landlord for costs not to exceed \$1,000 per year and (ii), with respect to replacement, Tenant shall reimburse Landlord for the reasonable and actual cost thereof on an amortized basis.

PARKING LOT

Landlord shall maintain and keep in good order and repair and make any necessary replacements to the parking areas and Tenant shall reimburse Landlord for the cost on an amortized basis.

HVAC

Landlord shall make any necessary replacement to, but shall not be responsible for maintenance and repairs of the HVAC, provided that Tenant shall reimburse Landlord for the cost of such replacement on an amortized basis. Tenant shall maintain a contract for the routine and periodic maintenance and regular inspection of the HVAC.

TAXES

Tenant shall pay all real estate taxes and assessments.

INSURANCE

Tenant shall obtain property insurance against fire and casualty under an all-risk policy and shall also maintain commercial general liability insurance. Tenant shall also reimburse Landlord for the cost of Landlord's property insurance and commercial liability insurance.

ASSIGNMENT & SUBLETTING

Tenant shall not assign or sublet this lease without Landlord's prior written consent.

ESTOPPEL

Tenant shall have 15 business days from receipt of request to provide an executed Estoppel.

INVESTMENT *HIGHLIGHTS*

- 15-Year Lease with No Early Termination Clause
- Rare 2.5% Annual Compounding Rental Increases
- Relocation of High-Performing Inline Facility Down the Street
- Corporate Guaranty (NYSE: DVA), Rated 'BB' by S&P
- 2,795 Locations in 46 States and \$11.38 Billion in Annual Revenue
- 90% of Davita's Patients are Covered by Government-Based Program, Profitability is Insulated from Macroeconomic Changes
- Rapidly Growing Industry, Number of Dialysis Patients in the U.S. has Grown by 3.8% Annually for the Last 15 Years
- Brand New Institutional-Quality Construction, Limited Landlord Responsibilities
- Cell Tower Income Included, 19-Year Operating History and Sprint Built New \$600,000+ Cell Tower
- Serving Over 613,400 Residents in One of San Diego's Most Densely Populated Trade Areas
- Average Household Income Exceeds \$75,000 within 1 Mile
- Hard Corner Location at Signalized Intersection with Over 35,500 Cars/Day
- Easy Access to I-8, I-805, I-15, and Highway 94
- Close Proximity to Alvarado Hospital Medical Center with 900 Employees, One of America's 100 Best Hospitals
- 2 Miles to San Diego State University with 35,000 Students and 7,500 Employees
- Surrounded by Several K-12 Schools with Over 12,000 Students
- Strong Daytime Population, Over 155,700 Employees within 5 Miles
- Directly Across from Food-4-Less, 99 Cent Only, and Marshalls Anchored Shopping Center
- Minutes to Four Major U.S. Naval and Marine Bases with 109,000+ Servicemembers and Civilians





CONSTRUCTION PHOTOS
DAVITA DIALYSIS



DEMOGRAPHICS

6035 UNIVERSITY AVE.
SAN DIEGO, CA 92115

POPULATION

	1-MILE	3-MILES	5-MILES
2010 Population	28,241	227,815	580,571
2019 Population	30,270	241,218	613,468
2024 Population	31,049	246,268	625,253

HOUSEHOLDS

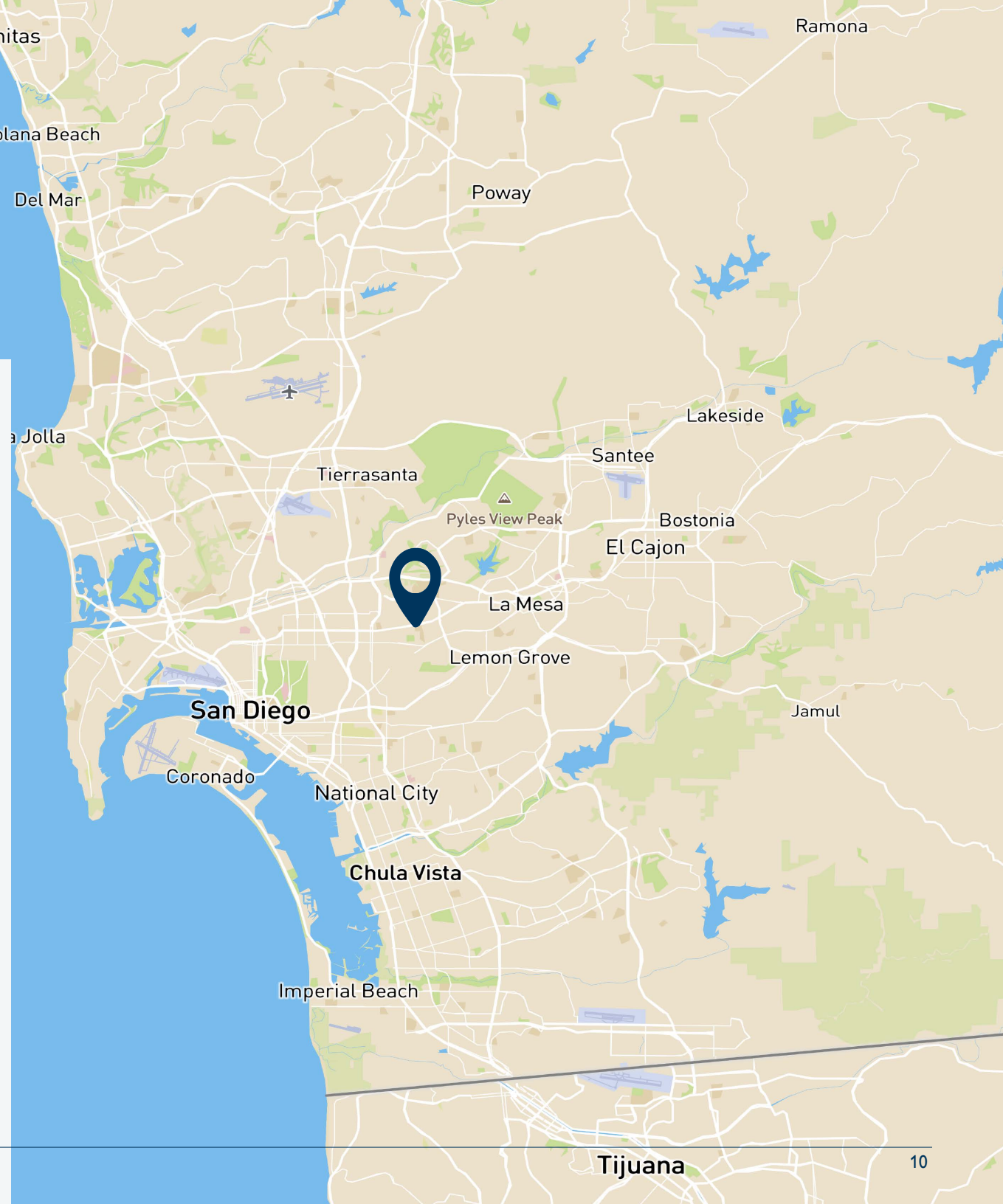
	1-MILE	3-MILES	5-MILES
2010 Households	10,450	79,849	208,738
2019 Households	11,349	86,186	224,943
2024 Households	11,683	88,450	230,732

INCOME

	1-MILE	3-MILES	5-MILES
2019 Average Household Income	\$75,309	\$73,713	\$80,744

EMPLOYEES

	1-MILE	3-MILES	5-MILES
2019 Number of Employees In Area	5,238	46,609	155,718



CONFIDENTIALITY & DISCLAIMER

MARCUS & MILLICHAP HEREBY ADVISES ALL PROSPECTIVE PURCHASERS AS FOLLOWS:

The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable. However, Marcus & Millichap, its affiliates or subsidiaries, or any agent ("Marcus & Millichap") have 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 or retail property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Offering Memorandum is not a substitute for a Buyer's 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 Offering Memorandum are for example only and do not represent the current or future performance of this property. The value of a net leased or retail property to a Buyer depends on factors that should be evaluated by a Buyer and their tax, financial and legal advisor(s). Buyer and their tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased or retail property to determine their satisfaction with the suitability of the property for their 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(s). While a 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(s) 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 the tenant(s) 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 lease, including the likelihood of locating a replacement tenant if a 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, its affiliates or subsidiaries, or any agent and hold them harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this property.

NON-ENDORSEMENT NOTICE

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this Offering Memorandum. 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 purchasers.

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.)

O F F E R I N G M E M O R A N D U M

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