



*Davita*<sup>®</sup>

**5180 Yelm Highway  
Lacey, WA 98503**

**OFFERING MEMORANDUM**





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**LISTED BY**

**BEN WIDMYER**

Broker of Record  
LIC # 21183 (WA)



# Investment Highlights

- **NEW CONSTRUCTION:** Recently built in 2020
- **ATTRACTIVE 10% INCREASES:** Rent increases every five years
- **CORPORATE GUARANTEE:** Lease is guaranteed by DaVita, Inc.
- **LONG TERM LEASE:** New 15-Year lease with Three, 5-Year options
- **STRONG LOCATION:** Property in a located in a tax-free state
- **AFFLUENT DEMOGRAPHICS:** Average HH Income in a 3-Mile radius is \$90,000











N

PARKSIDE DR S.E.

WATER QUALITY  
POND IF REQUIRED

  
**Davita**

POTENTIAL BUILDING  
EXPANSION AREA

MOUNTAIN GREENS LN S.E.

YELM HWY S.E.





YELM HWY S.E.  
± 18,000 VPD

SUBJECT  
PROPERTY





**COMPANION**  
VETERINARY HOSPITAL



Centennial  
Station Parking



Centennial  
Bus Station



**CUTTERS POINT**  
COFFEE CO.



**CAPITOL CITY**  
GOLF CLUB

YELM HWY S.E.  
± 18,000 VPD

**SUBJECT  
PROPERTY**



# Financial Overview



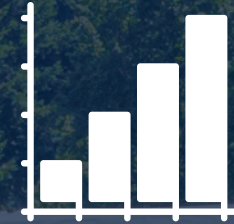
**\$8,250,000**

LIST PRICE



**\$371,520**

NOI



**4.50%**

CAP RATE

## PROPERTY OVERVIEW

Property Street	5180 Yelm Highway
City, State Zip	Lacey, WA 98503
GLA	±10,320 SF
Year Built	2020
Lot Size	±1.75 AC

## EXISTING DEBT SUMMARY

LTV	59%
Loan Amount	\$4,900,000
Interest Rate	Libor + 1.60%
Loan Due Date	5/15/26
Monthly Debt Service	\$11,539
Annual Debt Service	\$138,469
Net Cash Flow - Year 1	\$233,051
DSCR - Year 1	2.7



## TENANT OVERVIEW

Tenant Trade Name	Total Renal Care, Inc., a California corporation
Tenant DBA	DaVita Kidney Dialysis
Type of Ownership	Fee Simple
Lease Guarantor	Corporate
Lease Type	NN
Roof and Structure	Landlord Responsible
Original Lease Term	15 Years
Lease Commencement Date	5/25/18
Rent Commencement Date	Q1 2021
Lease Expiration Date	Q1 2036
Term Remaining on Lease	14.7 Years
Increase	10% Increases every 5 Years
Options Remaining	Three, 5-Year Options

## ANNUALIZED OPERATING DATA

YEARS	MONTHLY	ANNUAL	RENT/SF	INCREASES
Years 1-5	\$30,960	\$371,520	\$36.00	10%
Years 6-10	\$34,056	\$408,672	\$39.60	10%
Years 11-15	\$37,462	\$449,539	\$43.56	10%
Option 1	\$41,211	\$494,534	\$47.92	10%
Option 2	\$45,331	\$543,967	\$52.71	10%
Option 3	\$49,863	\$598,354	\$57.98	10%



## LEASE ABSTRACT

Lessor	Market Street Development, LLC, a Washington limited liability company
Lessee	Total Renal Care, Inc., a California corporation
Tenant DBA	DaVita Dialysis
Tenant Size (SF)	10,320
Lease Commencement Date	May 25, 2018
Rent Commencement Date	February 1, 2021
Lease Expiration Date	January 31, 2036
Lease Term (Years)	15 Years
Lease Term (Months)	180 Months
Lease Type	NN
Remaining Options	Three, 5-Year Options
Current Annual PSF	\$36.00
Property Taxes	Tenant responsible
Insurance	Tenant responsible
Utilities	Tenant responsible
Repairs and Maintenance	Lessor shall be responsible for maintaining, repairing and replacing the systems and structures of the Building
Assignment & Subletting	Lessee shall not assign/sublet the Premises without Lessor's prior consent



**COMPANY NAME**

DaVita Inc.

**OWNERSHIP**

Public (NYSE: DVA)

**YEAR FOUNDED**

1999

**INDUSTRY**

Healthcare

**HEADQUARTERS**

Denver, CO

**2020 REVIEW**

\$11.55B

**TENANT OVERVIEW**

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 2,624 outpatient centers across the US; it serves some 204,200 patients. The company also offers home-based dialysis services, as well as inpatient dialysis in about 251 clinics. 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.

**STRATEGY**

While DaVita has primarily grown through acquisitions over the years, it also expands its operations through joint ventures and partnerships. In 2015 DaVita merged two of its business units -- DaVita Clinical Research and HealthCare Partners Clinical Research -- to further expand its extensive clinical research and data analytics services, specifically in patients with chronic kidney disease and ESRD, as well as primary care and chronic disease patients treated in an integrated care organization. A long-term strategy to expand into overseas markets for growth is in play. Through acquisitions and partnerships, DaVita was able to enter the Chinese, Brazilian and Saudi Arabian markets in 2015.

**GEOGRAPHIC REACH**

California, Florida, and Texas are home to about 30% of all DaVita dialysis centers, though the firm has locations in more than 45 US states and Washington, DC. Nearly all of the company's outpatient dialysis centers are either wholly owned or majority-owned by DaVita. Currently, the company's international operations comprise a small fraction of its total business at 118 outpatient dialysis centers in 10 countries. The company has established a presence in select international markets, including Europe, Latin America, the Middle East, and the Asia/Pacific region. Colombia, Germany, India, and Malaysia together account for more than 70% of DaVita's outpatient dialysis centers outside of the US.



# Area Overview

## LACEY, WA

With a population of nearly 50,000 residents, Lacey is a city in Thurston County, Washington. Lacey is located on the southern tip of Puget Sound in the shadow of the majestic Mt. Rainier.

The city is surrounded by lots of natural areas, making it an outdoor lover's paradise. It features 5 freshwater lakes, miles of hiking and biking paths, numerous golf courses, and over 1,200 acres of public parkland, which includes Rainier Vista Community Park, Wonderwood Park, and Woodland Creek Community Park. Lacey is also nearby the Billy Frank Jr. Nisqually National Wildlife Refuge, a 762-acre nature preserve featuring trails and birdwatching and whale watching opportunities. Lacey also hosts a number of events including outdoor summer concerts and movies in parks, the Lacey Spring Fun Fair, a festival of Dixieland jazz, and many more.

As a suburb of Olympia, Lacey has attracted businesses and residents that have led to the city's continuous growth. The local economy of the city of Lacey is dominated by the retail and service industries. The local economy is also influenced by the nearby Joint Base Lewis-McChord. The city is home to St. Martin's University, a private liberal arts university, and Panorama, a full-service retirement community. Interstate 5 runs through Lacey, connecting it to Tacoma in the northeast and Olympia in the west. With high-quality schools, a low crime rate, a thriving economy, lots of outdoor recreational areas, and its proximity to several major metropolitan areas, Lacey is an ideal place to live and conduct business.

## DEMOGRAPHICS

POPULATION	1-MILE	3-MILE	5-MILE
2026 Projection	18,539	70,143	145,046
2021 Estimate	17,123	65,013	133,992
2010 Census	14,725	57,396	115,426
Growth 2010-2021	1.7%	1.6%	1.7%
HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2026 Projection	7,214	27,614	58,066
2021 Estimate	6,667	25,612	53,709
2010 Census	5,732	22,646	46,526
Growth 2010-2021	1.6%	1.6%	1.6%
INCOME	1-MILE	3-MILE	5-MILE
2021 Average Household Income	\$82,697	\$92,984	\$92,723



## LACEY POINTS OF INTEREST

### RAINIER VISTA COMMUNITY PARK

Rainier Vista Community Park is a 46-acre city park offering soccer fields, baseball/softball fields, tennis courts, sand volleyball, basketball, a skate park, trails, picnic areas, and a playground. The park is always teeming with activity.

### WONDERWOOD PARK

Positioned at the center of Lacey, Wonderwood Park is a 40-acre park featuring paved paths through natural woodlands, picnic areas, and a variety of athletic fields, including two softball/soccer fields, four tennis courts, a basketball court, and a playground.

### WOODLAND CREEK

The Woodland Creek Community Park is a 72-acre green space with paved trails, a playground, and several picnic areas with barbeque grills. Longs Pond serves as the centerpiece of the park where visitors can fish. It also features Lacey Community Center, the Lacey Senior Center, and the “White House”, which hosts several programs and special events.





## HIGHER EDUCATION

Saint Martin's University is one of the 13 Benedictine colleges and universities in the United States and Canada, it is also the only one west of the Rocky Mountains. Currently, over 1,300 undergraduate students and 250 graduate students attend the university. Saint Martin's offers 29 academic majors, 60 programs, and 11 graduate programs across 4 schools and colleges. Saint Martin's University is committed to forming a community of individuals who are learning to live a meaningful life.



## MAJOR EMPLOYERS

Employers	# of Employees
State of Washington	2,590
North Thurston Public Schools	1,800
Conduent	650
Wal-Mart Corporation	500
Safeway Corporation	500
Panorama City	400
Roo Lan Healthcare	399
St. Martin's University	383
Fred Meyer	350
Cabela's	300



## CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of **DaVita, Inc.** located at **5180 Yelm Highway, Lacey, WA.** ("Property"). The 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 Real Estate Investment Services. The material and information in the Offering Memorandum is unverified. Matthews Real Estate Investment Services has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants' plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, 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.

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.

Matthews Real Estate Investment Services is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee in the 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 Matthews Real Estate Investment Services.

Owner and Matthews Real Estate Investment Services 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 Real Estate Investment Services 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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**MATTHEWS™**  
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