



## OCHSNER HEALTH TWO-PROPERTY PORTFOLIO OF MISSISSIPPI

1106 Central Dr, Philadelphia, MS 39350 | 1500 Highway 19 N, Meridian, MS 39307



## LISTED BY

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BRYAN D BURNS III

Broker of Record

Transwestern Property Company SW GP, LLC

MS License #: BROK.52021-ASA



# INVESTMENT OVERVIEW

OCHSNER HEALTH OF MISSISSIPPI | TWO-PROPERTY PORTFOLIO



## OVERVIEW

Peranich Huffman Net Lease Group is pleased to offer for sale, on an exclusive basis, the Ochsner Health Two-Property Portfolio of Mississippi. Offered at a 7.00% capitalization rate, the offering provides an investor with the opportunity to acquire two properties with strong operations that are home to a regional medical tenant that exemplifies a reputation of consistency for both patients and the real estate investment community.

## LEASE TERM

As a result of lease term extensions in 2018, both the Ochsner Health of Philadelphia, MS and the Ochsner Health of Meridian, MS have 6.3 years of lease term remaining. The Philadelphia, MS and Meridian, MS leases provide for a respective 8.9% & 10.5% rent escalation in 2023. Additionally, both leases also provide for (2) 5-year renewal options.

## ABOUT THE TENANT

Established in 1942, Ochsner Health delivers coordinated clinical and hospital patient care across the southeast region of the United States through Ochsner's 40 hospitals, specialty hospitals, and 100+ health centers/urgent care centers. Utilizing Ochsner's team of 32,000 employees and 4,500 providers, Ochsner Health assisted 900,000+ people from across the globe in 2020.

## NET LEASE STRUCTURE

The leases are structured on a net basis, whereby the tenant is responsible for all expenses relating to the HVAC, interior/non-structural elements of the building, landscaping, insurance, property taxes, utilities and waste management. The landlord is responsible for the structural components of the building, roof and parking lot.



# PORTFOLIO FINANCIALS & PRICING

OCHSNER HEALTH PORTFOLIO | TWO-PROPERTY PORTFOLIO

PORTFOLIO PRICE

\$7,114,000

CAP RATE

7.00%

NET OPERATING INCOME

\$498,000

PRICE PER SQUARE FOOT

\$191

(Based on a Combined 37,310 SF)

 **Ochsner  
Health**



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# INVESTMENT HIGHLIGHTS

OCHSNER HEALTH PORTFOLIO | TWO-PROPERTY PORTFOLIO



## RECENT MERGER & ACQUISITION

In June of 2021, Ochsner Health announced plans for a merger with Rush Health Systems, which is expected to be completed in 2022. Moving forward all Rush Health facilities will be rebranded as Ochsner Rush Health. The consummation of these two companies reflects the strength of the Rush Health operation and provides an investor with additional security in a larger operator that continues to expand their footprint in the southeast region.



## LOW PRICE PER SQUARE FOOT

The below market rental rates locked in through 2028 at each location provides for a low price per square foot of \$190.67.



## CORPORATELY GUARANTEED

Both locations are guaranteed by Rush Health Systems, Inc, a wholly owned subsidiary of Ochsner Health. Rush Health Systems has a 100+ year history and is comprised of seven hospitals and more than 30 clinics. It is the largest healthcare system operating in East Mississippi and West Alabama and is the largest non-governmental employer in the region.



## RENT ESCALATIONS

In September of 2023 both properties will receive a substantial increase in rent. The Ochsner Health of Meridian, MS lease provides for a 10.5% increase in base rent and the Philadelphia, MS lease provides for an 8.9% increase in base rent. The combined annual base rent of \$498,000 will increase to \$546,000 adjusting the potential yield to a 7.68% cap rate.



# PROPERTY OVERVIEW

OCHSNER HEALTH PORTFOLIO | PHILADELPHIA, MS



**Ochsner Health**

1106 Central Dr, Philadelphia, MS  
STREET ADDRESS

Single Tenant  
FACILITY TYPE

18,010 SF  
RENTABLE AREA

1997  
YEAR BUILT

2.0 Acres  
LOT SIZE

Medical Foundation, Inc.  
LESSEE ENTITY

Rush Health Systems, Inc.  
CORPORATE GUARANTEE

09/05/2028  
CURRENT TERM EXPIRATION

6.3 Years  
CURRENT TERM REMAINING

\$270,000  
NET OPERATING INCOME

\$14.99/SF  
RENT PER SQUARE FOOT

8.9% in Year 6 (2023)  
RENT ESCALATIONS

(2) 5-Year  
RENEWAL OPTIONS



OCHSNER HEALTH  
PHILADELPHIA, MS



# NET LEASE STRUCTURE & CASH FLOW SCHEDULE

OCHSNER HEALTH PORTFOLIO | PHILADELPHIA, MS

Expense Category	Tenant's Responsibility	Landlord's Responsibility
Structural Components		√
Roof		√
Parking Lot		√
HVAC	√	
Interior/Non-Structural	√	
Landscaping	√	
Insurance	√	
Property Taxes	√	
Utilities	√	
Waste Management	√	

Term Period	Rent Per Square Foot	Annual Base Rent	Rental Rate Escalations
Sep 2021 - Sep 2022	\$14.99/SF	\$270,000	-
Sep 2022 - Sep 2023	\$14.99/SF	\$270,000	-
Sep 2023 - Sep 2024	\$16.32/SF	\$294,000	8.9%
Sep 2024 - Sep 2025	\$16.32/SF	\$294,000	-
Sep 2025 - Sep 2026	\$16.32/SF	\$294,000	-
Sep 2026 - Sep 2027	\$16.32/SF	\$294,000	-
Sep 2027 - Sep 2028	\$16.32/SF	\$294,000	-
Option Period 1 Sep 2028 - Sep 2033			
Option Period 2 Sep 2033- Sep 2038			

The tables shown above represent the financial responsibility of each expense category.



# LOCATION OVERVIEW

OCHSNER HEALTH PORTFOLIO | PHILADELPHIA, MS



16,000 Vehicles  
Per Day (2019)



DOLLAR GENERAL



verizon



enterprise



H&R BLOCK



1106 CENTRAL DRIVE  
PHILADELPHIA, MISSISSIPPI 39350

Chevron



	3 Miles	5 Miles	10 Miles
<b>POPULATION</b>			
Total Population (2021)	6,870	11,760	21,740
Growth (%) 2000 - 2010	-0.54%	2.50%	3.98%
Est. Growth (%) 2021 - 2026	-0.33%	0.17%	0.81%
<b>HOUSING</b>			
Total Households (2021)	2,695	4,497	7,934
Est. Growth (%) 2021 - 2026	-0.48%	0.22%	1.00%
<b>INCOME</b>			
Average Household Income	\$49,576	\$53,685	\$55,758
Est. Growth (%) 2021 - 2026	6.32%	5.68%	5.28%

Percentages projected into 2026 are estimated. Source: Gale Business



# PROPERTY OVERVIEW

OCHSNER HEALTH PORTFOLIO | MERIDIAN, MS

 **Ochsner Health**

1500 Highway 19 N, Meridian, MS

STREET ADDRESS

Single Tenant

FACILITY TYPE

19,300 SF

RENTABLE AREA

1988

YEAR BUILT

2.4 Acres

LOT SIZE

Medical Foundation, Inc.

LESSEE ENTITY

Rush Health Systems, Inc.

CORPORATE GUARANTEE

09/05/2028

CURRENT TERM EXPIRATION

6.3 Years

CURRENT TERM REMAINING

\$228,000

NET OPERATING INCOME

\$11.81/SF

RENT PER SQUARE FOOT

10.5% in Year 6 (2023)

RENT ESCALATIONS

(2) 5-Year

RENEWAL OPTIONS



OCHSNER HEALTH  
MERIDIAN, MS



# NET LEASE STRUCTURE & CASH FLOW SCHEDULE

OCHSNER HEALTH PORTFOLIO | MERIDIAN, MS

Expense Category	Tenant's Responsibility	Landlord's Responsibility
Structural Components		√
Roof		√
Parking Lot		√
HVAC	√	
Interior/Non-Structural	√	
Landscaping	√	
Insurance	√	
Property Taxes	√	
Utilities	√	
Waste Management	√	

Term Period	Rent Per Square Foot	Annual Base Rent	Rental Rate Escalations
Sep 2021 - Sep 2022	\$11.81/SF	\$228,000	-
Sep 2022 - Sep 2023	\$11.81/SF	\$228,000	-
Sep 2023 - Sep 2024	\$13.06/SF	\$252,000	10.5%
Sep 2024 - Sep 2025	\$13.06/SF	\$252,000	-
Sep 2025 - Sep 2026	\$13.06/SF	\$252,000	-
Sep 2026 - Sep 2027	\$13.06/SF	\$252,000	-
Sep 2027 - Sep 2028	\$13.06/SF	\$252,000	-
Option Period 1 Sep 2028 - Sep 2033			
Option Period 2 Sep 2033- Sep 2038			

The tables shown above represent the financial responsibility of each expense category.



# LOCATION OVERVIEW

OCHSNER HEALTH PORTFOLIO | MERIDIAN, MS



1500 HIGHWAY 19 NORTH  
MERIDIAN, MISSISSIPPI 39307



16,000 Vehicles  
Per Day (2019)

DOLLAR GENERAL

metroPCS

BIG LOTS!

CVS  
pharmacy

MERIDIAN  
COMMUNITY COLLEGE

REGIONS



WAFFLE  
HOUSE

POPEYES  
LOUISIANA KITCHEN



	3 Miles	5 Miles	10 Miles
POPULATION			
Total Population (2021)	24,963	39,832	58,952
Growth (%) 2000 - 2010	-3.98%	0.47%	3.24%
Est. Growth (%) 2021 - 2026	-1.15%	-1.03%	-0.45%
HOUSING			
Total Households (2021)	9,793	15,572	23,259
Est. Growth (%) 2021 - 2026	-0.81%	-0.52%	0.14%
INCOME			
Average Household Income	\$45,464	\$56,101	\$62,091
Est. Growth (%) 2021 - 2026	6.35%	4.55%	3.69%

Percentages projected into 2026 are estimated. Source: Gale Business



# TENANT OVERVIEW

## OCHSNER HEALTH

Founded in 1942, Ochsner Health is the largest non-profit health system in the Gulf Coast region. As of 2021, Ochsner provides coordinated clinical and hospital patient care across 40 hospitals and over 100 out-patient facilities. Ochsner Health served more than 900,000 people in Louisiana, Mississippi and the Gulf South in 2020 with more than 32,000 employees, and 4,500 providers.

In June of 2021, Ochsner Health announced plans for a merger with Rush Health Systems. All Rush Health System locations will be rebranded as Ochsner Rush Health and is expected to be completed in 2022. Rush Health Systems has a 100+ year history and is comprised of seven hospitals and more than 30 clinics. It is the largest healthcare system operating in East Mississippi and West Alabama and is the largest non-governmental employer in the region.



COMPANY TYPE

Non-Profit

2020 EMPLOYEES

32,000+

FOUNDED

1942

PROVIDERS

4,500+

HOSPITALS

40

US REGION

Southeast



Offers should be submitted electronically to:

**STEVEN PELITERE**

at [steven@phnlg.com](mailto:steven@phnlg.com) and include the following information:

- Purchase Price
- Closing Period
- Sources of Debt & Equity
- Earnest Money
- Other Terms

## ABOUT US

Peranich Huffman Net Lease Group is a privately held real estate brokerage firm specializing in single tenant net leased medical office investment sales throughout the nation.

Our firm facilitates the purchase & sale of commercial real estate tenanted by Dialysis Operators, Freestanding Emergency Departments, Surgery Centers, Dental Offices and Hospices.

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**PERANICH HUFFMAN**  
NET LEASE GROUP





## CONFIDENTIAL MEMORANDUM & DISCLAIMER

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*The enclosed materials include highly confidential information and are being furnished solely for the purpose of review by prospective purchasers of the interest described herein. Neither the enclosed materials nor any information contained herein is to be used for any other purpose or made available to any other person without the express written consent of the Seller. Each recipient, as a prerequisite to receiving the enclosed, should be registered with Peranich Huffman Net Lease Group as a “Registered Potential Investor” or as “Buyer’s Agent” for an identified “Registered Potential Investor.” The use of this Offering Memorandum and the information provided herein is subject to the terms, provisions and limitations of the confidentiality agreement furnished by Agent prior to delivery of this Offering Memorandum. The enclosed materials are being provided solely to facilitate the prospective investor’s own due diligence for which it shall be fully and solely responsible. The material contained herein is based on information and sources deemed to be reliable, but no representation or warranty, express or implied, is being made by Agent or Seller or any of their respective representatives, affiliates, officers, employees, shareholders, partners and directors, as to the accuracy or completeness of the information contained herein. Summaries contained herein of any legal or other documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained therein. Neither the Agent or the Seller shall have any liability whatsoever for the accuracy or completeness of the information contained herein or any other written or oral communication or information transmitted or made available or any action taken or decision made by the recipient with respect to the Property. Interested parties are to make their own investigations, projections and conclusions without reliance upon the material contained herein.*

*Seller reserves the right, at its sole and absolute discretion, to withdraw the Property from being marketed for sale at any time and for any reason. Seller and Agent each expressly reserves the right, at their sole and absolute discretion, to reject any and all expressions of interest or offers regarding the Property and/or to terminate discussions with any entity at any time, with or without notice. This offering is made subject to omissions, correction of errors, change of price or other terms, prior sale or withdrawal from the market without notice. Agent is not authorized to make any representations or agreements on behalf of Seller.*

*Seller shall have no legal commitment or obligation to any interested party reviewing the enclosed materials, performing additional investigation and/or making an offer to purchase the Property unless and until a binding written agreement for the purchase of the Property has been fully executed, delivered, and approved by Seller and any conditions to Seller’s obligations thereunder have been satisfied or waived.*

*By taking possession of and reviewing the information contained herein, the recipient agrees that (a) the enclosed materials and their contents are of a highly confidential nature and will be held and treated in the strictest confidence and shall be returned to Agent or Seller promptly upon request; and (b) the recipient shall not contact employees or tenants of the Property directly or indirectly regarding any aspect of the enclosed materials or the Property without the prior written approval of the Seller or Agent; and (c) no portion of the enclosed materials may be copied or otherwise reproduced without the prior written authorization of Seller or Agent or as otherwise provided in the Confidentiality and/or Registration Agreement executed and delivered by the recipient(s) to Peranich Huffman Net Lease Group.*



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