



# KCK PROFESSIONALS BUILDING



Prime Healthcare

## PROVIDENCE MEDICAL

**OFFERING MEMORANDUM**

SINGLE-TENANT NET LEASED INVESTMENT

1150 N 75TH PLACE, KANSAS CITY, KANSAS

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## PRICING SUMMARY

List Price	\$2,495,000
Cap Rate	11.90%
Annual Rent	\$297,000
Building	12,000 SF
Price PSF	\$208
Land Area	1.31 AC
Built	1999

## LEASE ABSTRACT

Tenant Trade Name	Prime Healthcare Services - Providence, LLC
Lease Start Date	7/1/2014
Lease Expiration Date	6/30/2024
Term Remaining	3.5 years as of 1/1/2021
Annual Gross Rent	\$367,200
Rental Adjustments	1% annual increases
Option Periods	Tenant to give Landlord notice 180 days prior to lease expiration; lease rate and term to be negotiated
Lease Type	Gross
Landlord Pays	All expenses

## PROPERTY OVERVIEW



We are pleased to offer an opportunity to purchase the fee simple ownership of the single-tenant KCK Professionals Building (the "Building") leased to Prime Healthcare - Providence Medical (the "Tenant") located in Kansas City, Kansas to qualified investors. The property has immediate access from State Avenue at N 75th Place, with easy access to I-70 and within a 12-minute drive to the Legends retail and entertainment district. State Avenue is one of the major commercial corridors for Kansas City, Kansas, stretching from downtown to the Legends (Kansas Speedway, Sporting KC Soccer Park, Nebraska Furniture Mart, Cabela's and the Legends Outlet Shoppes) with in excess of 12 million visitors per year. The 12,000-square-foot subject property sits on a 1.31-acre site. The Building is strategically located for easy access to Providence Medical Center, The University of Kansas Hospital and Saint Luke's Hospital. Built for the tenant in 1999, the Building is currently vacant, however, Prime Healthcare continues to pay the lease in order to protect their market. It is expected that one of the many surrounding hospitals or medical practices would be an ideal prospect for tenancy should Prime Healthcare decide not to re-tenant the building.

Pricing for the building is based upon a 7.5% cap rate less the costs for tenant improvements, capital expenditures, investor risk and carry costs. See analysis on page 4.

# VALUATION ANALYSIS

RENT SCHEDULE	YEAR	2ND FLOOR	SUITE 100	SUITE 101	TOTAL ANNUAL RENT	NET PRESENT VALUE	PSF
7/1/14 - 6/30/19	Yrs 1-5	\$180,000	\$76,500	\$103,500	\$360,000		
7/1/19 - 6/30/20	Yr 6	\$181,800	\$77,265	\$104,535	\$363,600		
7/1/20 - 6/30/21	Yr 7	\$183,600	\$78,030	\$105,570	\$367,200	\$148,500	\$24.75
7/1/21 - 6/30/22	Yr 8	\$185,460	\$78,821	\$106,640	\$370,921	\$300,721	\$25.06
7/1/22 - 6/30/23	Yr 9	\$187,370	\$79,611	\$107,709	\$374,690	\$304,490	\$25.37
7/1/23 - 6/30/24	Yr 10	\$189,180	\$80,401	\$108,778	\$378,359	\$308,159	\$25.68
					\$1,491,170	\$1,044,000	\$87.00

## 1150 N 75TH PLACE

Building Square Feet	12,000	\$140 PSF
OPREX	\$70,200	\$5.85 PSF
Current Net Rent	\$297,000	\$24.75 PSF

\$1,680,000	\$140.00
<b>\$2,724,000</b>	<b>\$227.00</b>

## CAP RATE ANALYSIS

**\$3,960,000**      **\$330.00**

\$(360,000)      \$(30.00)

\$(247,500)      \$(20.63)

\$(180,000)      \$(15.00)

\$(400,000)      \$(33.33)

**\$2,772,500**      **\$231.04**

## CAP RATE 7.50%

New Tenant TI	\$30 PSF
Developer Risk - Cap	0.50%
Carry Cost - 1 yr	5% Interest Rate
Rental Rate Risk	\$2.50 PSF

### Notes:

1. Sale takes place 1/1/21, therefore the period 7/1/20 - 6/30/21 reflects 50% rent
2. Rental rate achieved by the new owner once Prime Healthcare leaves is \$2.50 PSF less
3. Vacant building value is \$140 PSF

# LEVERAGE ANALYSIS

TENANT	SF	PRO RATA	LEASE EXP	PSF	TOTAL NET RENT
Prime Healthcare	12,000	100.00%	6/30/24	\$30.60	\$367,200

VALUATION	TOTAL	PSF
Net Operating Income	\$297,000	\$24.75
Cap Rate	10.71%	
<b>Estimated Market Value</b>	<b>\$2,772,500</b>	<b>\$231.04</b>
Loan Amount	\$1,802,125	\$150.18
Loan-To-Value Ratio	65.00%	
Loan Amortization	20	
Interest Rate	4.00%	
Annual Debt Service	(\$131,046)	(\$10.92)
Debt Coverage Ratio	2.27	
Net Cash Flow	\$165,954	\$13.83
Equity Invested	\$970,375	\$80.86
<b>Cash on Cash Return:</b>	<b>17.10%</b>	

INCOME	
Total Rental Income	\$367,200

OPERATING EXPENSES	PSF	TOTAL
CAM, TAX, INS, MGT	\$5.85	\$70,200
Total Operating Expense	\$5.85	\$70,200
<b>Net Operating Income</b>	<b>\$24.75</b>	<b>\$297,000</b>
Debt Service	(\$10.92)	(\$131,046)
<b>Net Cash Flow</b>	<b>\$13.83</b>	<b>\$165,954</b>

Notes:

1. Built in 1999
2. Landlord responsible for all expenses
3. Annual rent increases = 1%
4. Roof, HVAC, parking lot are original
5. Parking lot will be sealed and striped



# SITE AERIAL

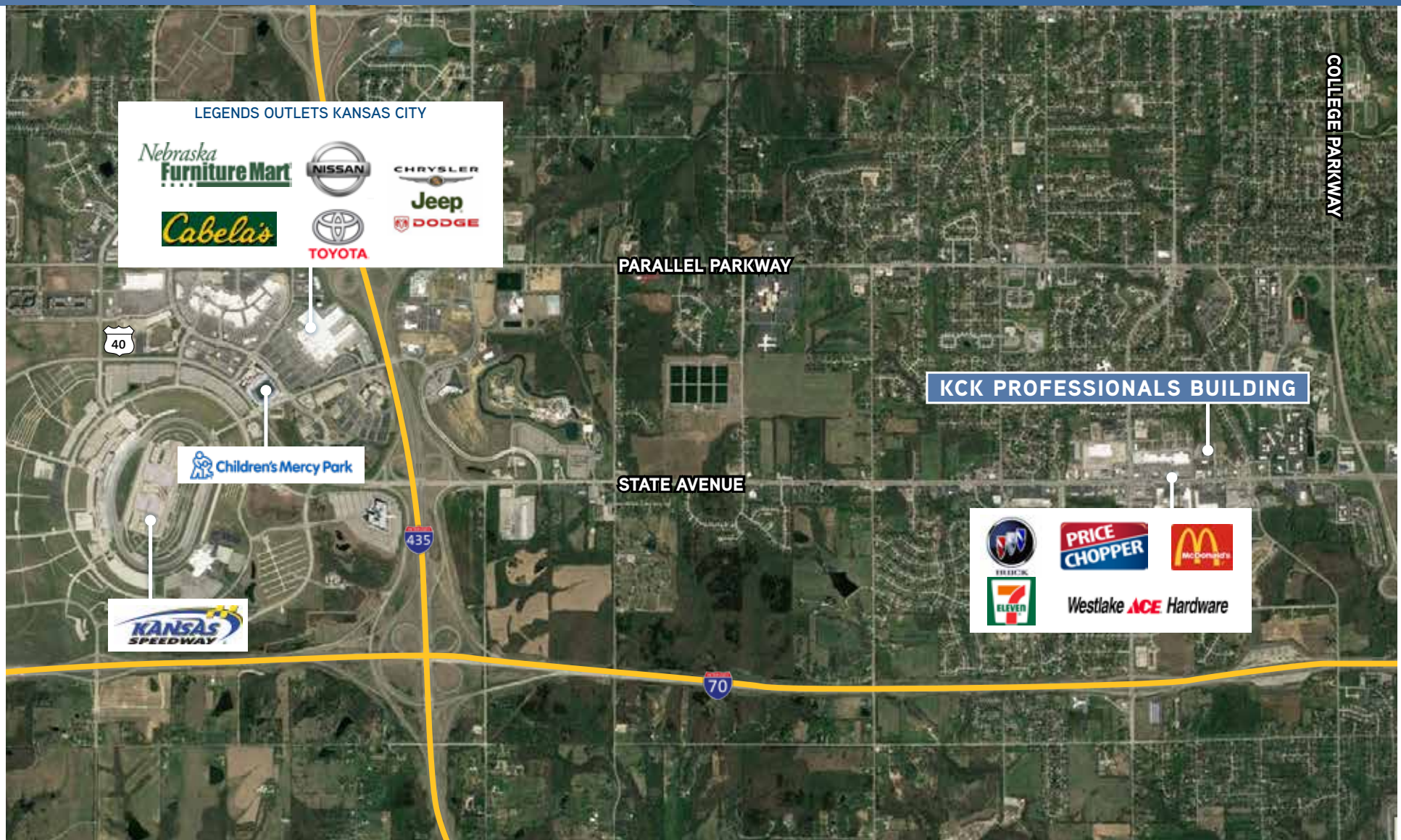
# AREA OVERVIEW





# AREA AMENITIES

## AREA OVERVIEW



# AREA DEMOGRAPHICS

## AREA OVERVIEW



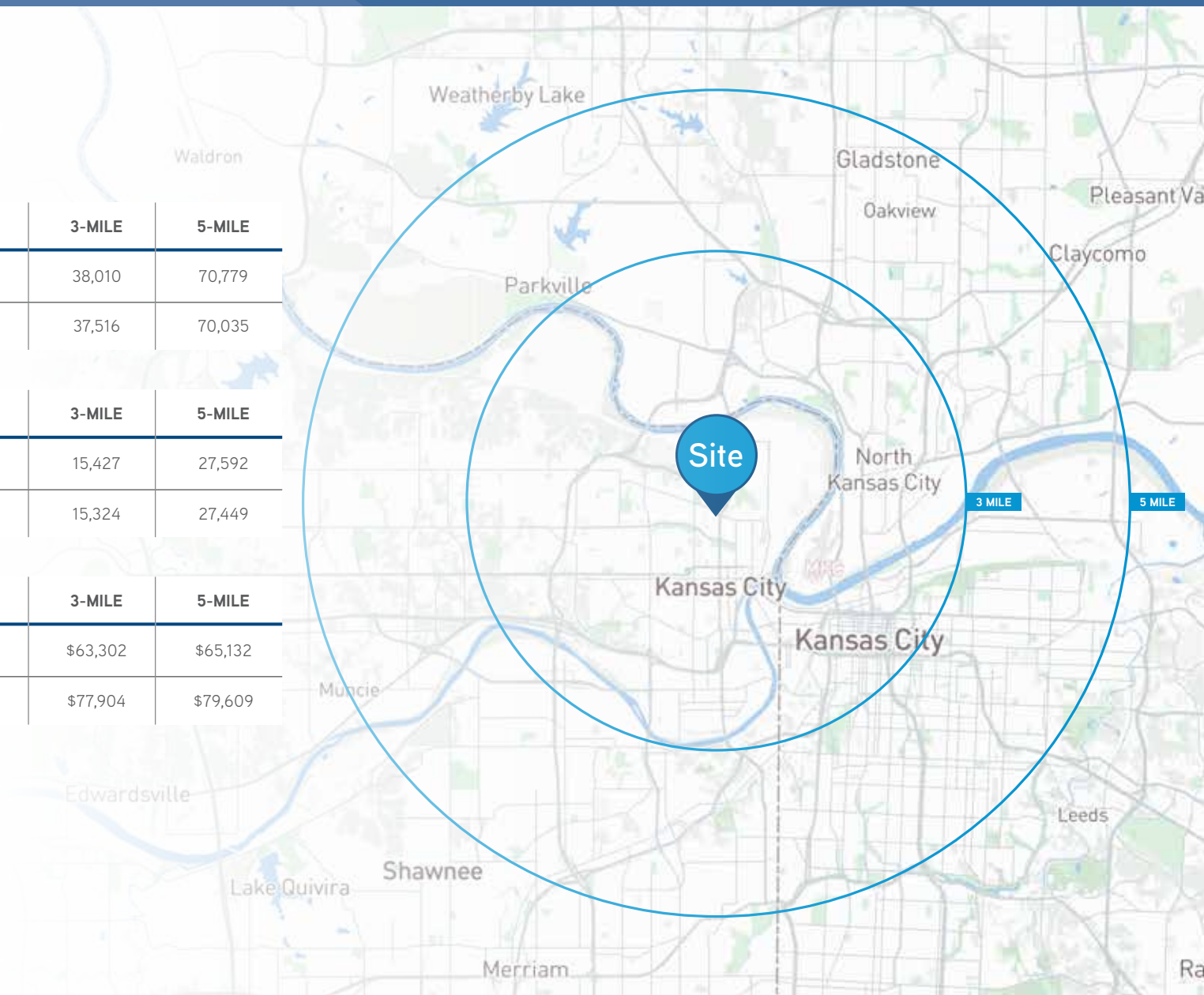
POPULATION	3-MILE	5-MILE
Estimated Population (2020)	38,010	70,779
Projected Population (2025)	37,516	70,035



HOUSEHOLD	3-MILE	5-MILE
Estimated Households (2020)	15,427	27,592
Projected Households (2025)	15,324	27,449



INCOME	3-MILE	5-MILE
Estimated Average Household Income (2020)	\$63,302	\$65,132
Projected Average Household Income (2025)	\$77,904	\$79,609







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**46**  
Hospitals  
**14**  
States  
**15**  
Foundation  
Hospitals



At Prime Healthcare, we care deeply about patients and their communities. Since the acquisition and transformation of our first hospital in 2001, we have saved and improved hospitals across the nation while providing compassionate, nationally recognized quality care. Founded by Dr. Prem Reddy, Prime Healthcare has grown to be among the largest for-profit health systems in the nation. As we continue to grow and fulfill our mission of "saving hospitals, saving jobs and saving lives," we remain committed to delivering an exceptional patient experience and creating a legacy that will improve healthcare for all.

### 2019 Facts

Hospitals saved .....	46
Hospitals sold or closed .....	0
States with hospitals .....	14
Not-for-profit hospitals .....	15
Staff and physicians .....	40,000
Charitable contributions since 2010 .....	\$9 billion
Capital improvements since 2005 .....	\$1.7 billion

### Our Promise

To provide compassionate care and clinical excellence to all patients as we create hospitals that improve healthcare in every community we serve.

### Our Mission

To save and improve hospitals so that they can deliver compassionate, quality care to patients and better healthcare for communities.

### Our Values

**Quality** | We are committed to always providing exceptional care and performance.

**Compassion** | We deliver patient-centered healthcare with compassion, dignity and respect for every patient and their family.

**Community** | We are honored to be trusted partners who serve, give back and grow with our communities.

**Physician-Led** | We are a uniquely physician-founded and physician-led organization that allows doctors and clinicians to direct healthcare at every level.

- Prime Healthcare is the largest for-profit operator of hospitals in the state of California based on number of facilities, and has been named "The Fastest Growing Hospital System" in the country by *Modern Healthcare*.

- Prime Healthcare is a unique physician-founded and physician-driven health system with doctors and clinicians leading the organization at every level.

- For the 2018-2020 award season, Healthgrades recognized Prime Healthcare hospitals with more than 300 achievements for clinical excellence in a variety of specialties. In addition, Prime Healthcare has more Patient Safety Excellence Award recipients for five consecutive years (2016-2020) than any other health system in the country. For 2017-2020 Prime Healthcare has more Patient Safety Excellence Award recipients in California than any other health system.

- The Prime Healthcare Foundation, a 501(c)(3) public charity, is dedicated to improving access to healthcare and increasing educational opportunities in healthcare. The Foundation has donated millions of dollars to turn around financially distressed hospitals. The Foundation also funded the newest medical school in California, the California University of Science and Medicine, located in San Bernardino. The school welcomed its first class of students in July 2018.

- The Prime Healthcare Foundation owns and operates 15 hospitals in California, Texas, Ohio, Georgia, Pennsylvania and Rhode Island. Many of these hospitals were acquired in or near bankruptcy, donated to the Foundation debt-free and are now vital community assets.

Aug-2020

## TENANT PROFILE



Recognized 3 times  
Truven Health Analytics  
15 Top Health Systems\*



Hospitals recognized  
53 times as IBM Watson  
Health "100 Top Hospitals"



Hospitals recognized  
with more than **300**  
achievements for clinical  
excellence in a variety of  
specialties by Healthgrades

\*The only 10 Top Health System West of the Mississippi.

# MARKET PROFILE

## WYANDOTTE COUNTY

Wyandotte County is one of the fastest developing areas of the Kansas City metro. The Legends at Village West and the surrounding area is the largest and most successful retail development located in Kansas City, Kansas. The Legends is a Super Regional Mall that was built in 2003. With a strong regional presence, nearly 12 million visitors visit the center annually. The Legends is adjacent to major retailers including Cabela's and Nebraska Furniture Mart. The Legends is also surrounded by multiple sports and event venues including the Kansas Speedway, Children's Mercy Park (Sporting Kansas City), and JustBats Field at T-Bones Stadium.

Residents of Kansas City, Kansas and Wyandotte County are located minutes away from downtown, the Country Club Plaza and all other parts of the metro. As of 2020, Wyandotte County has a population of 166,609. Kansas City, Kansas makes up the majority of that population with 154,074 residents. Residential growth has increased by 5.78% since 2000. The current median household income in Wyandotte County is \$47,258. The median home value is \$113,193. There are a total of 6,247 businesses in Wyandotte County with approximately 87,275 employees.

## KANSAS CITY, KANSAS

Kansas City, Kansas is the most populous city within Wyandotte County, comprising nearly 93% of the county's population. As of 2020, the total population for the city of Kansas City, Kansas was 154,074. The population increased 4.89% between 2000 and 2020, with future expected growth in the coming years. In 2020, the household median income of Kansas City, Kansas was \$46,049, slightly below the county median income of \$47,258 and below the MSA median household income of \$66,453. The median home value was reported at \$109,304 in 2020. More than 18.2% of working residents hold a bachelor degree or higher, in line with the county average but below the MSA average of 37.1%. Currently, 58.5% of the housing units in Kansas City, Kansas are owner-occupied, while the remaining 41.5% rent.

## KANSAS CITY, MISSOURI

Kansas City, Missouri is the most populous city within Jackson County. As of 2020 the total population for the city of Kansas City was 509,608, which makes up just under one fourth of the total Kansas City MSA population, currently 2.19 million. The population has increased 15.18% between 2000 and 2020 and is expected to grow by another 5.14% between 2020 and 2025. In 2020, the household median income of Kansas City, Missouri was \$54,749, slightly below the county median income and well below the MSA median household income of \$66,447. The median home value was reported at \$164,106 in 2020. More than 36% of working residents hold a bachelor's degree or higher, higher than the county average but below the MSA average of 38%. Currently 52.8% of the housing units in Kansas City, Missouri are owner-occupied, while the remaining 47.2% rent.

## EMPLOYMENT WITHIN WYANDOTTE COUNTY

Wyandotte County is home to a very diverse workforce across all industry sectors and has several large employers. The table to the right shows some of the larger companies located in the county:



Children's Mercy Park

### Lee's Summit Major Employers

Name	Type	Employees
University of Kansas Hospital	Healthcare	7000
University of Kansas Medical Center	Healthcare	3729
Kansas City Kansas Public Schools	Education	3400
General Motors Fairfax Assembly	Automobile production	3000
Cerner Corporation	Healthcare information systems	2800
BNSF Railway	Railroad	2500
Unified Government of Wyandotte County	Government	2300
FedEx Freight	Delivery service	2200
Associated Wholesale Grocers	Food distributor	1011
Nebraska Furniture Mart	Retail	1000
United Parcel Service of America	Mail delivery	900
Kansas City Kansas Community College	Higher education	750
Providence Medical Center	Healthcare	700
Hollywood Casino	Gaming	646
Deffenbaugh Industries	Trash collection	625

## INTERIOR PHOTOS



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Further:

This offering memorandum was prepared on October 1, 2020 by the Broker solely for the use of prospective purchasers of the real property commonly known as 1150 N 75th Place, Kansas City, Kansas (the "Property"). Neither the Broker nor the Owner makes any representation or warranty, express or implied, as to the completeness or the accuracy of the material contained in this offering memorandum.

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