

# PACIFIC DENTAL

1714 WEST HUNT HIGHWAY, SAN TAN VALLEY, ARIZONA



OFFERING MEMORANDUM

Phoenix-Mesa Gateway Airport

202

**ASU** Arizona State University  
POLYTECHNIC CAMPUS  
4,380 STUDENTS

petco Walmart  
STAPLES Supercenter  
Aarons DUNKIN' DONUTS  
Denny's AutoZone  
SAJAD CVS pharmacy HARBOR FREIGHT TOOLS  
BR baskin robbins KNEADERS BAKERY & CAFE  
Jack in the box Wendy's TACO BELL goodwill

**SANTAN VILLAGE**  
Walmart Supercenter COSTCO WHOLESALE  
Sams Club DSW THEATRES Harkins  
BED BATH & BEYOND WinCo FOODS  
H&M OLD NAVY BEST BUY  
BARNES & NOBLE Apple DICK'S SPORTING GOODS  
Dillard's Disney STORE ULTA  
macy's  
Marshalls Total Wine & MORE  
FOREVER 21  
LIVING SPACES SKECHERS

**QUEEN CREEK MARKETPLACE**  
Harkins THEATRES PET SMART BED BATH & BEYOND  
PEI WEI SUPER TARGET Cafe Rio  
KOHLS  
SPROUTS FARMERS MARKET TILLYS Chick-fil & MOUNTAIN SIDE FITNESS  
TJ-maxx IHOP OR Pajanos PIZZA BISTRO  
KIRKLAND'S STARBUCKS DEL TACO maurices Village Inn  
BARRO'S PIZZA MOD FIVE GUYS Olive Garden  
FAMOUS FOOTWEAR ULTA JOANN Jersey Mike's  
ROSS STORES, INC. BUFFALO WILD WINGS Cane's BevMo!  
IN-N-OUT BURGER Red Robin GOURMET BURGERS ON BREWS HomeGoods  
DOLLAR TREE

Banner Ironwood Medical Center

PACIFIC DENTAL SERVICES\*

Walmart Supercenter DISCOUNT TIRE native grill wings  
FIREHOUSE SUBS DUNKIN' DONUTS Freddy's STEAKBURGERS  
JIMMY JOHN'S STARBUCKS WELLS FARGO BURGER KING TACO BELL

fray's MCDONALD'S Jack in the box goodwill

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# Executive Summary

## FINANCIAL SUMMARY

|               |                    |
|---------------|--------------------|
| <b>Price</b>  | <b>\$2,593,000</b> |
| Down Payment  | 100% \$2,593,000   |
| Cap Rate      | 6.0%               |
| Building SF   | 5,500 SF           |
| Net Cash Flow | 6.0% \$155,592.90  |
| Year Built    | 2012               |
| Land/Lot Size | .80 Acres          |

## LEASE SUMMARY

|                         |                                       |
|-------------------------|---------------------------------------|
| Lease Type              | Triple-Net (NNN) Lease <sup>(1)</sup> |
| Tenant                  | Pacific Dental Services, LLC          |
| Roof & Structure        | Tenant Responsible                    |
| Lease Commencement Date | July 10, 2012                         |
| Lease Expiration Date   | September 30, 2028 <sup>(2)</sup>     |
| Lease Term Remaining    | 9 Years                               |
| Rental Increases        | 10% Every 5 Years                     |
| Renewal Options         | 2, 5 Year Options                     |

(1) See following page.

(2) The Property technically has 2 Leases in place with the same Tenant. Pacific Dental Services, LLC is leasing 3,205 sq ft (operating as Skyline Dental Group) and is leasing 2,295 sq ft. (operating as Every Kid's Dentist). Tenant shall have a right to terminate either Lease on the 5th anniversary of the Leases with payment of \$20,000 for the Pacific Dental Lease and \$10,000 for the Every Kid's Dentist Lease. The Tenant's first right to terminate the lease is 9/30/2023.

## ANNUALIZED OPERATING DATA

| Lease Years           | Annual Rent  | Cap Rate |
|-----------------------|--------------|----------|
| Current - 9/30/2022   | \$155,592.90 | 6.00%    |
| 10/1/2022 - 9/30/2028 | \$171,152.19 | 6.60%    |
| Options               | Annual Rent  | Cap Rate |
| Option 1              | \$188,267.41 | 7.26%    |
| Option 2              | \$207,094.15 | 7.99%    |

|                             |                          |
|-----------------------------|--------------------------|
| <b>Base Rent</b>            | <b>\$155,592.90</b>      |
| <b>Net Operating Income</b> | <b>\$155,592.90</b>      |
| <b>Total Return</b>         | <b>6.0% \$155,592.90</b> |



**PACIFIC**  
DENTAL SERVICES®

# Executive Summary Cont.

(1) Pacific Dental Lease Obligations:

**TENANT EXPENSES** Tenant shall additionally pay to Landlord, in the same manner as if the same were Common Area Expenses, Tenant's Pro Rata Share of all costs and expenses associated with the maintenance and repair of exterior walls and non-structural portions of the roofs, and, also at Landlord's election, all costs and expenses associated with any maintenance agreement entered into by Landlord for the regular servicing and/or maintenance of any HVAC systems in the Shopping Center;

**COMMON AREA EXPENSES SHALL BE DEEMED TO INCLUDE** but not be limited to, all sums reasonably expended or incurred in connection with said Common Areas for all general maintenance and repairs; janitorial services; sweeping; cleaning; snow and ice removal; painting (including but not limited to the painting of exterior faces of exterior building walls); resurfacing; restriping; maintenance, repair, replacement and/or substitution of: sprinkler systems; doors; sidewalks, curbs and parking areas; Shopping Center signs and other identification signs; planting and landscaping; fountains, courts, stages and canopies, if any; fire protection systems, security alarm systems, lighting systems, storm drainage systems and any other utility systems; water storage systems and any other water system, sound systems, music program equipment and loudspeakers; and all other such tangible items from time to time associated with the Common Areas. Common Area Expenses shall also include but not be limited to lighting and other utilities; the cost of seasonal decorations of the Shopping Center; personnel to implement services deemed necessary by Landlord in carrying out its obligations under this Section 4, including without limitation, the cost of security guards; real and personal property taxes and assessments on the improvements and land comprising said Common Areas; compliance with all environmental, remedial and other laws, ordinances, rules, regulations, requirements, directions, guidelines and orders now or hereafter in effect from time to time; public liability and property damage insurance, and a management/administration fee, which fee shall not exceed three percent (3%) of Base Rent (the "Management Fee").

**IN NO EVENT SHALL COMMON AREA EXPENSES INCLUDE ANY OF THE FOLLOWING** (1) costs of correcting any non-compliance of the Shopping Center or any part thereof with applicable governmental requirements as of the date of mutual execution of this Lease; (2) rent or other amounts payable under any ground lease or master lease, or interest, amortization or other repayment of indebtedness or costs, fees, points or other expenses in connection with any financing or refinancing of all or any part of the Shopping Center; (3) so called "capital items" or "capital expenditures" which, in accordance with generally accepted accounting principles, are not fully chargeable to current account in the year the expenditure is incurred; (4) costs of correcting defects in the initial design or construction of the Shopping Center or any expenses resulting from inferior or deficient workmanship (5) any costs relating to Hazardous Materials; (6) the cost of any structural

repairs or replacements to the Shopping Center (except for commercially reasonable insurance deductibles for same), unless caused by Tenant (7) reserves for anticipated or unanticipated future expenses; (8) interest or penalties incurred as a result of Landlord's failure to pay any bill as it shall become due or costs resulting from the negligence or willful misconduct of Landlord, its employees, agents and/or contractors; (9) any amount paid to any corporation or other entity related to Landlord or to the managing agent of Landlord which is in excess of the amount which would have been paid in the absence of such relationship; (10) costs related to the operation of Landlord as an entity rather than the operating of the Shopping Center (including, without limitation, costs of formation of the entity, internal accounting, legal matters and/or preparation of tax returns) or costs associated with marketing or selling the Shopping Center or any interest therein, or converting the Shopping Center to a different form of ownership; (11) leasing commissions, attorneys' fees, costs and disbursements, and other expenses (including, without limitation, advertising and marketing costs) incurred in connection with leasing, renovating, or improving space for tenants or other occupants or prospective tenants or occupants of the Shopping Center or development of other properties, or costs (including, without limitation, permit, license, and inspection fees) incurred in renovating or otherwise improving or decorating, painting or redecorating space for tenants or other occupants or vacant space; (12) except for the Management Fee, fees, costs or expenses relating to management, administration or supervision of all or any part of the Shopping Center (including, without limitation, individual compensation or other expenses with respect to officers, executives or on- or off-site management or administrative personnel of Landlord, or third parties engaged by Landlord to provide such services, or any other costs or expenses relating to administrative, bookkeeping, accounting, management or similar services or functions with respect to the Shopping Center); (13) purchase, installation, repairs or maintenance of any monument, pylon or other sign which does not include any Tenant signage but does include signage of other tenants or occupants of the Shopping Center, (14) advertising, promotional or marketing costs for the Shopping Center, whether or not for the Shopping Center as a whole or individual tenants, and (15) any costs or expenses relating to any Common Areas of the Shopping Center until such time as buildings are constructed ( and the Floor Area of such buildings are included in the denominator used to calculate Tenant's Pro Rata Share) sufficient to justify the need for such additional Common Areas and related costs and expenses. Notwithstanding anything to the contrary contained herein, following the first twelve (12) months after the Rental Commencement Date, in all events, Tenant's Pro Rata Share of Common Area Expenses (on a per square basis of building area) shall not increase by more than five percent (5%) from one calendar year to another, excepting only insurance, trash removal, water storage systems, utilities and security. For clarity, the parties agree real property taxes and insurance costs and expenses payable by Tenant in accordance with Article 3 above, and any real property taxes or insurance costs and expenses deemed a Common Area Expense, are not subject to the limitations on increase set forth in the proceeding sentence.



29,000 CPD  
W HUNT HWY

23,200 CPD  
N GARY RD

**BIG TIRES**

**Dignity Health**

**Walmart**  
Supercenter

**Hungry Howie's**  
FLAVORED CRUST PIZZA  
**SAN TAN PIZZES**  
LONG LEVITTOS  
**LESLIE'S** SWIMMING POOL SUPPLIES  
**verizon**

**DISCOUNT TIRE**

**TACO BELL**

**JIMMY JOHN'S**

**DUNKIN' DONUTS**

**PANDA EXPRESS**  
CHINESE KITCHEN

**WELLS FARGO**

**FIREHOUSE SUBS**

**BURGER KING**

**SportClips**  
HAIRCUTS  
**State Farm**

LAND OWNED BY:  
**THE HOME DEPOT**

**FUTURE DEVELOPMENT**

**PACIFIC DENTAL SERVICES**

**Denny's**

**native**  
grill & wings

**Freddy's**  
FROZEN CUSTARD & STEAKBURGERS



 SKYLINE RANCH  
ELEMENTARY SCHOOL

**23,200 CPD**  
N GARY RD

**Freddy's**  
STEAKBURGERS®

**native**  
grill wings

**QT**  
QuikTrip

**Denny's**

**FUTURE DEVELOPMENT**

**LAND OWNED BY:**



 **PACIFIC**  
DENTAL SERVICES®



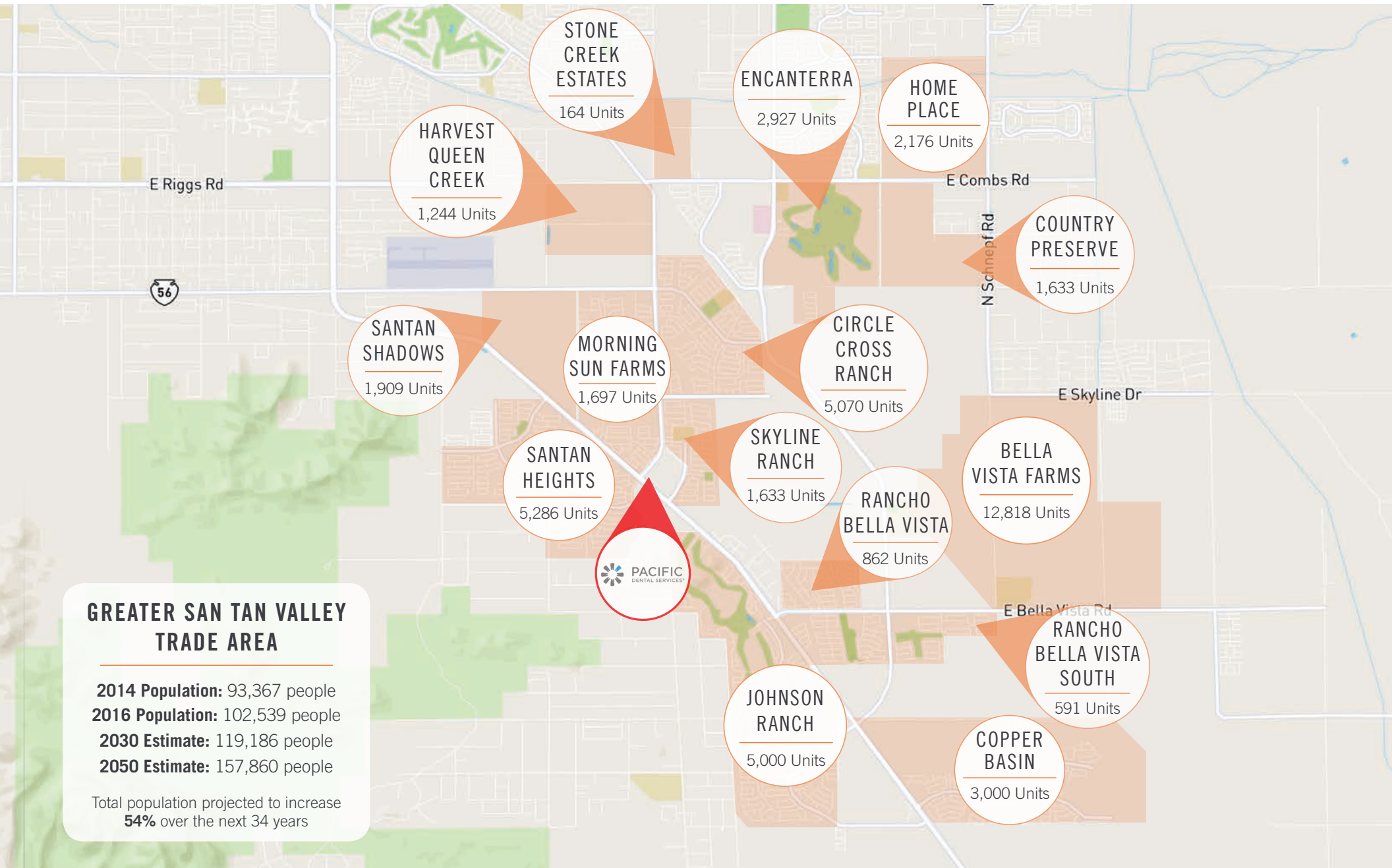
**DUNKIN'**  
**DONUTS**  
**JIMMY**  
**JOHN'S**

**29,000 CPD**  
W HUNT HWY

**FIREHOUSE**  
SUBS

**WELLS**  
**FARGO**

# Nearby Housing Developments



# Property Description



## INVESTMENT HIGHLIGHTS

- » **Rare Corporate Lease - Strong Rent & Repurpose Fundamentals**
- » 10% Rental Increases Every 5 Years
- » **98,846 Residents in Rapidly Growing Trade Area - Phoenix MSA**
- » Households Projected to Increase 40%+ in Immediate Area by 2023
- » **Located Across from Top Producing Walmart Supercenter Shopping Center**
- » High Visibility at the Intersection of Gary Rd and W Hunt Highway (52,200+ Cars/Day)
- » Surrounded by New Developments - San Tan Shadows Master-Planned Community, Ware Farms Residential Community, and Bella Vista Farms Residential Community
- » **Excellent Location in San Tan Heights Master-Planned Community (3,700+ Residents)**
- » Situated within Skyline Ranch Marketplace - One of the Primary Retail Centers Serving the San Tan Heights Community
- » **Easy Freeway Commute to Downtown Phoenix**
- » Average Household Income Exceeds \$79K in 5-Mile Radius



## DEMOGRAPHICS

1-mile

3-miles

5-miles

### Population

|                    |        |        |         |
|--------------------|--------|--------|---------|
| 2023 Projection    | 16,078 | 64,588 | 133,039 |
| 2018 Estimate      | 11,548 | 47,275 | 98,846  |
| Growth 2018 – 2023 | 39.23% | 36.62% | 34.59%  |

### Households

|                    |        |        |        |
|--------------------|--------|--------|--------|
| 2023 Projection    | 4,906  | 20,742 | 40,926 |
| 2018 Estimate      | 3,492  | 15,036 | 30,014 |
| Growth 2018 – 2023 | 40.48% | 37.95% | 36.36% |

### Income

|                                    |          |          |          |
|------------------------------------|----------|----------|----------|
| 2018 Est. Average Household Income | \$74,944 | \$75,964 | \$79,508 |
| 2018 Est. Median Household Income  | \$64,769 | \$64,264 | \$65,778 |
| 2018 Est. Per Capita Income        | \$22,664 | \$24,161 | \$24,142 |







# Tenant Overview



**Irvine, California**

**1994**

**700+**

**[pacificdentalservices.com](http://pacificdentalservices.com)**

Headquarters

Founded

Supported Offices

Website

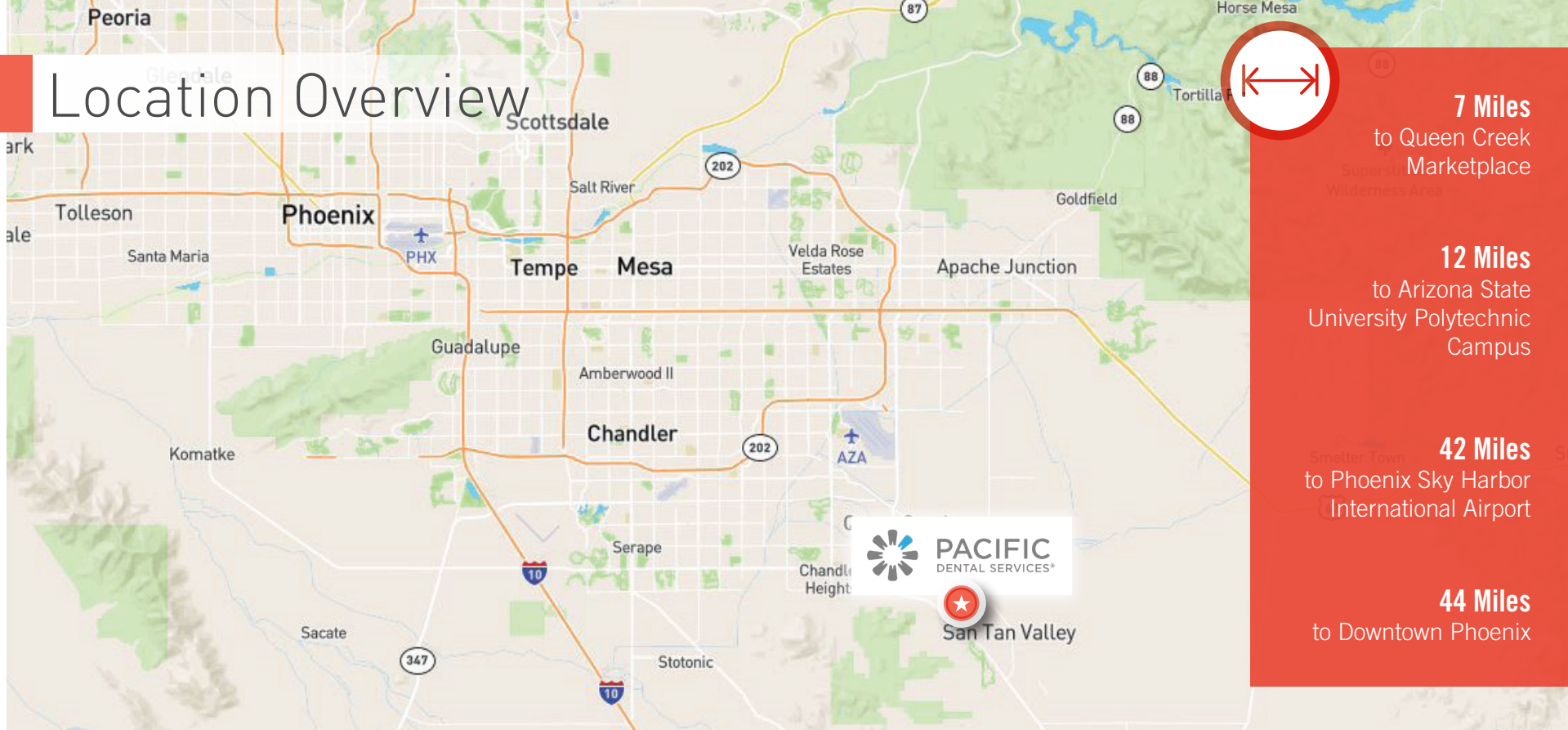
After graduating from UCLA in 1989, Pacific Dental Services (PDS) Founder, President, and CEO, Stephen Thorne, found himself in a tough job market and started working at his father's Victorville, California dental practice. Thorne continued to work for his father, learning the ins-and-outs of dental administration and helping grow the practice from one location to five. In 1993, Thorne set out to create The Greatest Dental Company in America.

In June 1994, PDS supported its first dental practice in Costa Mesa, California. By 1997, the company had grown to support nearly 20 practices. The essence

of the PDS business model is simple: handling the business operations to enable clinicians to focus more on the patient and worry less about the business. The idea of having someone handle the dental practice's administrative tasks was taking off with dentists. Dentists wanted to focus on patients and not the everyday aspects of running their own business.

PDS has been on the Inc. 5000 list of the fastest growing private companies in America for the past 10 years in a row. With over 700 supported offices in 20 states today, PDS plans to add more than 80 supported offices each year.

# Location Overview



San Tan Valley is located in the Phoenix metropolitan area's southeastern suburbs. The city derives its name from the nearby San Tan Mountains. The area consists largely of master planned communities, such as Johnson Ranch, Ironwood Crossing, Pecan Creek, Morning Sun Farms, Sun Tan Heights, Skyline Ranch, Copper Basin and Circle Cross Ranch.

The subject property is situated in Skyline Ranch Marketplace at the southeast corner of Hunt Highway and Gary Road in San Tan Valley, near Queen Creek. It is currently 100% leased to a diverse tenant roster that includes Native Grill & Wings, Denny's, Pacific Dental, Dunkin Donuts, Jimmy John's, and more. This is the first phase of a 51.1 acre retail center with a Home Depot and additional future development planned.

The Phoenix metro consists of Maricopa and Pinal counties, and includes more than 30 incorporated and more than 30 unincorporated towns and cities. Since 2000, the population in the metro increased by more than 38 percent. The largest city is Phoenix, which encompasses about 520 square miles, is the capital city and boasts a population of more than 1.5 million.

As one of the primary beneficiaries of the massive shift in the U.S. population from north to south, the Phoenix metro has had little difficulty finding workers. Phoenix claims five Fortune 500 headquarters, including Freeport-McMoRan, Republic Services, Insight Enterprises, Avnet and PetSmart. Construction, hightech manufacturing, healthcare and tourism dominate the Phoenix economy. The local economy has strengthened since the recession, with retail sales projected above 8 percent this year and hotel occupancy levels rising.

# [ exclusively listed by ]

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**Marcus & Millichap**