

For Sale: NNN LEASED DENTAL INVESTMENT

**Advanced Dental Services 860
and 870 11th Street
Longview, WA 98632**



\$1,750,000 6.4% Cap Rate

- **Triple Net Tenancy**
- **Attractive Complex - Strong Professional Location**
- **Same Tenant Since 2005**

Exclusively Presented By:

**Bob Nelson, CCIM (WA Broker #23361) and
Jim Whitney, CCIM Real Estate Investment Brokers and Strategists**

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**Pacwest Real Estate Investments, LLC
Temporary CV Address: 3130 Beech Street
Eugene, Oregon 97405-4344**

EXECUTIVE SUMMARY

Property: The Ziegler-Kleven Professional Building is an attractive dental building built for division into two dental suites. Dual heat pumps provide forced air climate control.

Building Area: The two-story building has 6,660 sf divided into 5,187 sf on the ground floor and 1,473 sf on the second floor used for staff. Built in 1992 and remodeled in 2017.

Dental Operatories: Seven operatories on the Dr. Kleven side and five operatories on the Dr. Zhu side. Could be a single practice; or, as now two separate dental practices.

Lot: The 11,996 sf (0.28 acre) level interior lot has 100 feet of frontage on the east side of 11th Street and 120 feet of depth to a public alley way at the back of the lot.

Parking: There are 11 marked parking spaces in front of the building. There is additional unmetered curbside parking. Additionally, there is a 72-space unmetered public parking lot at the rear of the building that is part of the city's McClelland Arts Center.

Zoning: O/C (Office/Commercial District) by the city of Longview.

Flood Zone: X (outside the 500-year flood plain). FIRM Map 53015C0518G

Tax Data: Cowlitz County Parcel Numbers 8707021 and 8707022

	<u>APN 8707021</u>	<u>APN 8707022</u>	<u>Both Lots</u>
Land Value:	\$ 60,000	\$ 60,000	\$120,000
<u>Improvement Value:</u>	<u>331,8080</u>	<u>331,800</u>	<u>663,600</u>
Taxable Value:	\$391,800	\$391,800	\$783,600
Property Taxes (2019-20):	\$4,215	\$4,215	\$8,430

Tenancies: The building is leased through 2024 to Advanced Dental Services, LLC, a Washington LLC by Dr. Chad L. Kleven, DDS. Dr. Kleven is a minor owner in the building ownership entity and has occupied the building since 2005.

Sublease: Dr. Kleven subleases 2,887 sf to Dr. Lin Zhu, DDS, PhD, MS (a minimal invasive periodontics specialist). Dr. Zhu recently acquired that practice.

Renewal Options: There are two additional five-year options with rent bumps.

Management: The property is leased on a triple net basis and managed by Dr. Kleven, DDS.

Operation: **Forecasted Performance Using Current Rents** (See Page 8)

Current NNN Rental Schedule (\$10,200/mo.)	\$122,400 NNN
<u>Local Supervisory Management and CPA</u>	- <u>7,000</u>
Net Operating Income	\$115,400 NNN

Price: \$1,750,000 6.6% cap rate on in place rents. \$263 psf of building area.

Debt: No assumable debt. A new loan is possible with low long-term rates.

Equity: \$1,750,000 effective

Owners: Owner seeks a cash sale to fund a 1031 tax deferred exchange.

Directive to Prospective Buyers and Their Brokers: This is a very active dental practice. Do not disturb tenants. For serious buyers with approved financing, the building may be quietly viewed with advanced notice at times that would not disturb patients.

Marketing Brochure: Your attention is directed to the eleven-page marketing brochure.

Reception Area

Viewed Toward Dr. Zhu's Portion of Reception Area



Viewed Toward Dr. Kleven's Portion of the Reception Area



View of Dental Operatories

Dr. Kleven's Side: Seven Operatories



Dr. Zhu's Side: Five Operatories



View of Operatory Placements



Dr. Kleven's Office



Reception Staff Area



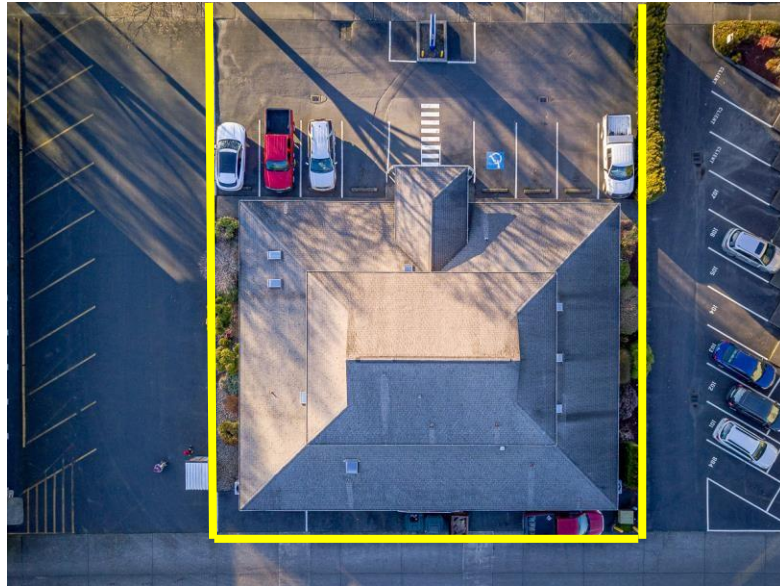
Dental Lab Area (1 of 2)



Staff Lounge (1 of 2)



Aerial Property View



Aerial View of Immediate Neighborhood



Note: Adjacent 72-space public parking lot behind building

CURRENT RENT ROLL 860 & 870 11 Street, Longview, WA

Owner	Ziegler - Kleven Professional Building. LLC	
Tenant	Advanced Dental Services, LLC	
Master Tenant	Dr. Chad Kleven, DDS PS	Since 2005
Subtenant	Dr. Lin Zhu, DDS PhD	

	Rent/sf/Mo.	Size	Rent/Mo	Annualized	Expires	Extensions
Dr. Kleven	\$1.53	3,773	\$5,970	\$71,635	12/24	2 - 5 yr options
Dr. Zhu	\$1.30	2,887	\$4,230	\$50,765	9/23	2 - 5 yr options
		\$6,660	\$10,200	\$122,400	NNN Lease	

Summary of Triple Net Charges 2020					
Charges	Per Annum	Per Month	Per SF		
Net Rent	\$122,400	\$10,200	\$1.53		
Property Taxes	\$8,430	\$703	\$0.11		
Property Insurance	\$3,325	\$277	\$0.04	Dr. Kleven	56.7%
Total	\$134,155	\$11,180	\$1.68	Dr. Zhu:	43.3%

PROPERTY MANAGEMENT

The property is leased on a triple net (NNN) basis to Advanced Dental Services, LLC by its member Dr. Chad Kleven. Dr. Kleven now manages the property and is responsible for the performance and satisfaction of the subtenant Dr. Zhu. Dr. Zhu recently acquired the dental practice from a retiring dentist. She is renowned for minimal evasive (“pin-hole” surgery) periodontal work.

A five percent (5%) local professional management fee has been used in the analysis to oversee the operation of the property for an absentee owner.

PROPERTY TAX INFORMATION Cowlitz County, Washington

TY: 2019-20	APN 8707022	APN 8707021	Total
Land	\$60,000	\$60,000	\$120,000
Improvements	\$331,800	\$331,800	\$663,600
Total	\$391,800	\$391,800	\$783,600
Taxable	\$391,800	\$391,800	\$783,600

RECENT AND PROJECTED PERFORMANCE

ADVANCED DENTAL SERVICES NNN MASTER LEASE

Source: Owner's Records Yr-End Operating Statements	History Operating Performance				Projected Performance	
	2018		2019		Next 12 Mos.	
Scheduled Rental Income			\$120,000	Actual	\$122,400 \$0	Actual
- Vacancy and Credit Loss			\$0	0.0%		0.0%
Gross Rental Income Received	\$120,000	Actual	\$120,000	Actual	\$122,400	Thru 2024
Total Income Received	\$120,000	2018	\$120,000	2019	\$122,400	Next 12 Mos
Operating Expenses:						
Fixed Expenses:						
Property Taxes	\$0	0.0%	\$0	0.0%	\$0	0.0%
Property Insurance	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Fixed Expenses:	\$0	0.0%	\$0	0.0%	\$0	0.0%
Variable Expenses:						
Property Management	\$0	0.0%	\$0	0.0%	\$6,000	5.0%
Professional Fees (K-1 filing)	\$925	0.8%	\$915	0.8%	\$900	0.7%
Utilities: Water, Sewer	\$0	0.0%	\$0	0.0%	\$0	0.0%
Garbage Service and Recycling	\$0	0.0%	\$0	0.0%	\$0	0.0%
Repairs	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Variable Expenses:	\$925	0.8%	\$915	0.8%	\$4,400	3.6%
Total Operating Expenses:	\$925	0.8%	\$915	0.8%	\$6,900	5.6%
Expense per SF	\$0.14		\$0.14		\$1.03	
Net Operating Income:	\$119,075		\$119,085		\$118,000	
NOI per SF	\$17.88		\$17.88		\$17.72	

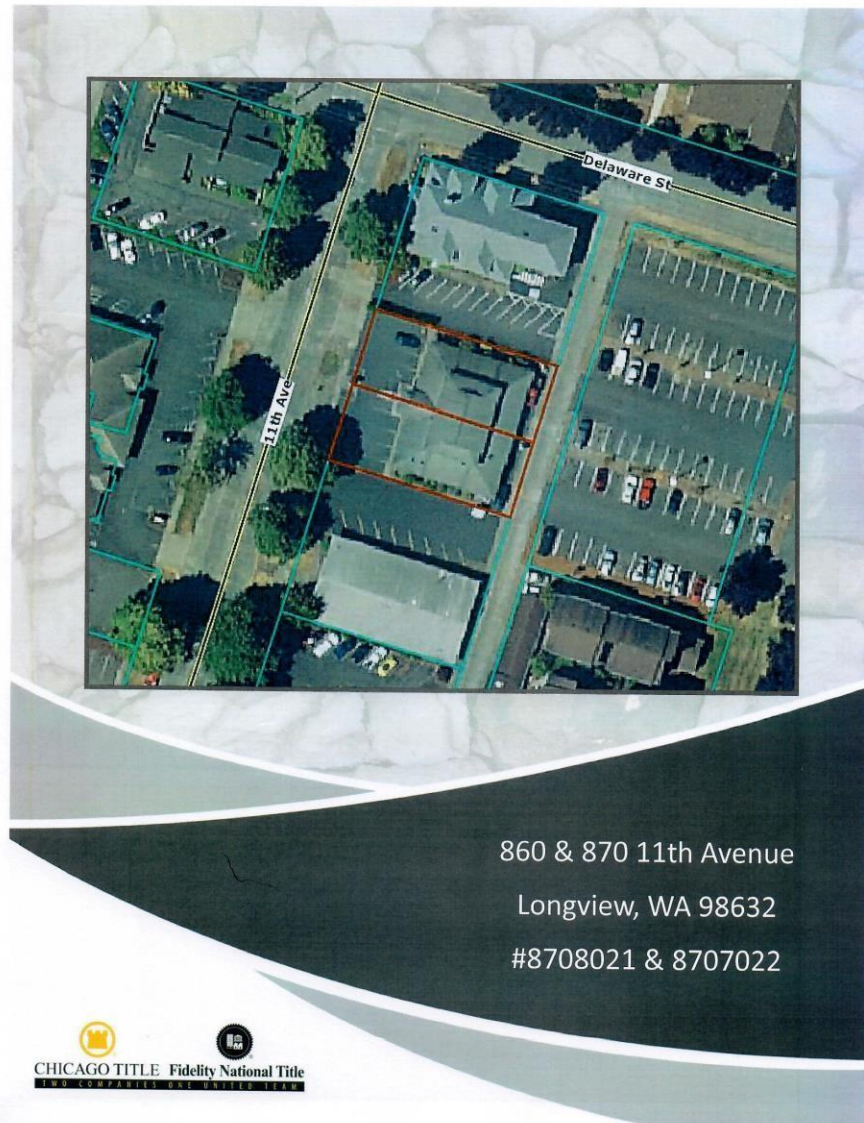
Note #1

Note #1: The property is currently managed by the master tenant. A 5% local professional management fee has been inserted for an absentee owner.

Disclaimer: While the above operating information has been obtained from sources believed to be reliable, it is not warranted to be either accurate or complete by Pacwest Real Estate Investments, LLC or the property owner.

Notice: A prospective buyer is required to perform its own due diligence evaluation of the property and its tenants prior to incurring any financial liability and must rely only upon its independent findings in buying the property.

Visual Diagram: A **Two Tax Lot** Property



Legal Description

PARCEL A: THE NORTHERLY 50 FEET OF THE SOUTHERLY 100 FEET OF THE NORTHERLY 230 FEET OF THE WEST ONE-HALF OF TRACT 47, ASSESSOR'S PLAT NO. 6, AS RECORDED IN VOLUME 8 OF PLATS, PAGE 27, RECORDS OF SAID COUNTY. EXCEPT THE EASTERLY 10 FEET.

PARCEL B: THE SOUTH 50 FEET OF THE NORTH 230 FEET OF THE WEST HALF OF TRACT 47, ASSESSOR'S PLAT NO. 6, AS RECORDED IN VOLUME 8 OF PLATS, PAGE 27, RECORDS OF SAID COUNTY. EXCEPT THE EAST 10 FEET. BOTH SITUATED IN THE COUNTY OF COWLITZ, STATE OF WASHINGTON

REASONS TO OWN

- **Attractive and well-located professional building.**
- **Designed and taxed as two independent dental suites.**
- **The neighborhood has similar dental and medical tenancies. In addition there are apartment complexes and other professional buildings in the neighborhood.**
- **The property is several blocks from Peace-Health St. Johns Medical Center.**
- **Strong rate of return generated from a triple net lease to a very established dental tenant who has occupied the premises since 2005. Local professional management available.**

A MOST ATTRACTIVE FEATURE:

***This service-based investment is not vulnerable to being
“Amazoned”***

TRANSACTION SOUGHT

Price: \$1,750,000

Investment Indicators:

- 6.6% cap rate based on current in place rents
- Low price psf: \$263 psf of gross building area

Debt: No assumable debt. Low interest rate loans are available

Terms: Owner seeks a cash sale to fund a separate 1031 transaction.

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or

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Important Disclaimer and Disclosure:

Information contained herein has been obtained from sources believed to be authoritative. While care has been taken in assembling this information, neither Pacwest Real Estate Investments, LLC, nor the property owner warrants this brief marketing brochure to be either accurate or complete.

A prospective buyer is directed to evaluate the property, its overall condition, and its income generating capacity with independent counsel to identify the risks and benefits of ownership that may exist during buyer's anticipated ownership period.

Nothing contained herein relieves a buyer from performing due diligence prior to closing. Buyer shall base their purchase decision solely upon findings of inspections and evaluations completed during their due diligence period.