

WELLSPAN HEALTH: URGENT CARE

101 W. Airport Road - Lititz, Pennsylvania



OFFERING MEMORANDUM
Marcus & Millichap



**DOUGHERTY
& PARTNERS**
of Marcus & Millichap

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PROPERTY ANALYSIS



PROPERTY OVERVIEW:

101 W Airport Rd \$2,424,774

LITITZ, PA

PRICE

6.20%

CAP RATE

\$150,336

NET OPERATING INCOME

PROPERTY OVERVIEW	
Tenant	WellSpan Urgent Care
Guarantor	Corporate Guarantee
Building Size	5,184 SF
Lot Size	2.00 Acres
Year Built / Renovated	Remodeled 2018
Base Lease Term	10 Years
Lease Term Remaining	10 Years
Lease Commencement	6/23/2018
Rent Commencement	6/23/2018
Annual Base Rent	\$150,336
Rent Increases	10% in Year 6
Renewal Options	Three Five Year options
Renewal Notice	No less than 90 days
Option Increases	See footnotes
Lease Type	NN
Landlord Responsibilities	Roof And Structure
Insurance	Tenant Responsible
Taxes	Tenant Responsible
CAM	Tenant Responsible
Utilities	Tenant Responsible
ROFR	None
Estoppel	20 business days
Parking	25 Spaces
Ownership Interest	Fee Simple
Encumbrances	None, Delivered Free and Clear



DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
Population	4,564	47,297	104,440
Households	1,731	18,124	40,075
Household Income	\$106,149	\$92,425	\$85,469
Traffic Counts	19,291 VPD		

Article 10 Option Rent

The base rental rate for each successive term shall be the lesser of (i) the then escalated rent or (ii) the value of the 1st year rents as escalated annually using the Consumer Price Index with a base year of 2018.

INVESTMENT OVERVIEW:

Marcus & Millichap, is pleased to exclusively offer for sale a double net-leased WellSpan in Lititz, Pennsylvania. The tenant, WellSpan, will operate under a brand new double net-lease with a ten-year base. The tenant has invested significant capital in tenant improvements and fit out of the space to operate their urgent care concept.

WellSpan Health currently operates seven urgent care locations throughout the South-Central Pennsylvania market. WellSpan Health is a large integrated health care system located in South Central Pennsylvania. Headquartered in York, Pennsylvania, WellSpan Health includes WellSpan York Hospital, WellSpan Gettysburg Hospital, WellSpan Ephrata Community Hospital, WellSpan Surgery & Rehabilitation Hospital, WellSpan Medical Group, WellSpan VNA Home Care, WellSpan Good Samaritan, WellSpan Philhaven and several other health care provider entities in South Central Pennsylvania and Northern Maryland.

The subject property is strategically situated at a signalized intersection across from Lititz Airport and a new construction Sheetz and benefits from great visibility.

INVESTMENT HIGHLIGHTS:

WELLSPAN HEALTH

- Large Integrated Health Care System Located in Central PA With A Corporate Headquarters in York, PA
- Credit is Aa3 Rated by Moody's

URGENT CARE FACILITY

- WellSpan Health Currently Operates Seven Urgent Care Facilities Within the Submarket

2018 REMODEL - SIGNIFICANT TENANT INVESTMENT

- Tenant Invested about \$1.5M into Fit-Out & Improvements Showing Commitment to this Site

INFLATION HEDGE | RENTAL INCREASES

- 10 Percent Every Five Years in Base Term & Option Periods

SIGNALIZED INTERSECTION | ACROSS FROM LANCASTER AIRPORT

- Strategically Positioned Along Retail Corridor Adjacent to Newly Constructed Sheetz



RENT SCHEDULE:

PROPERTY	BUILDING SF	LOT SIZE (ACRES)	LEASE TERM REMAINING	YEARS	ANNUAL RENT	MONTHLY RENT	RENT PSF	INCREASE	LEASE TYPE	RENEWAL OPTIONS
 101 W Airport Rd Lititz, PA	5,184 +/-	2 +/-	10 Years	Year 1	\$150,336.00	\$12,528.00	\$29.00	10.00%	NN	Three 5-Year Options
				Year 2	\$150,336.00	\$12,528.00	\$29.00			
				Year 3	\$150,336.00	\$12,528.00	\$29.00			
				Year 4	\$150,336.00	\$12,528.00	\$29.00			
				Year 5	\$150,336.00	\$12,528.00	\$29.00			
				Year 6	\$165,369.60	\$13,780.80	\$31.90			
				Year 7	\$165,369.60	\$13,780.80	\$31.90			
				Year 8	\$165,369.60	\$13,780.80	\$31.90			
				Year 9	\$165,369.60	\$13,780.80	\$31.90			
				Year 10	\$165,369.60	\$13,780.80	\$31.90			



TENANT OVERVIEW



**OWNERSHIP:**

PRIVATE

FOUNDED

1880

WEBSITE:WWW.WELLSPAN.ORG

TENANT OVERVIEW:

WellSpan Health currently operates 7 Urgent Care locations throughout the South Central Pennsylvania market.

- No appointments are required—just walk in.
- You can reserve your spot online for quicker care when you arrive at the location.
- Most locations are open seven days a week from 8 a.m. to 8 p.m.
- WellSpan Urgent Care treats patients aged 3 months and older.
- WellSpan CareExpress treats patients aged 18 months and older.
- Most health plans are accepted.

WellSpan Health is a large integrated health care system located in South Central Pennsylvania. Headquartered in York, Pennsylvania, WellSpan Health includes WellSpan York Hospital, WellSpan Gettysburg Hospital, WellSpan Ephrata Community Hospital, WellSpan Surgery & Rehabilitation Hospital, WellSpan Medical Group, WellSpan VNA Home Care, WellSpan Good Samaritan, WellSpan Philhaven and several other health care provider entities in south central Pennsylvania and northern Maryland.

Wellspan at a glance:

- A valuable community resource that provides more than \$165 million each year in charitable, uncompensated care.
- More than 15,000 employees
- Highly skilled primary care and specialty physicians and advanced practice clinicians, including more than 1,200 members of the WellSpan Medical Group
- More than 140 patient care locations that offer services such as diagnostic imaging, laboratory, rehabilitation, primary care, retail pharmacy, walk-in health care, durable medical equipment and other essential services
- Six respected hospitals: WellSpan Ephrata Community Hospital, WellSpan Gettysburg Hospital, WellSpan Good Samaritan Hospital, WellSpan Surgery & Rehabilitation Hospital, WellSpan York Hospital and WellSpan Philhaven.

Representative Photo

URGENT CARE DESCRIPTION:

Life-threatening emergencies, such as a heart attack or a serious head injury, require a visit to the emergency room. Urgent Care centers are setup to treat patients with an illness or injury that does not appear to be life-threatening, but also can't wait until the next day, or for primary care doctor to see them.

OUR APPROACH

Equipped with multiple exam rooms, on-site lab testing, and digital x-ray capabilities, First Care Clinics provide a broad array of urgent, walk-in, and occupational medicine services. Open seven days a week with extended hours on nights and weekends, our clinics offer treatment for a wide variety of common illnesses, injuries, and conditions.

At First Care, we take urgent care a step further, by combining care with compassion and a consideration for your time. Since no appointment is necessary and a nurse practitioner is always on site, you can take comfort in knowing that great care will always be there when you need it.

WHY URGENT CARE?

When compared to emergency care, urgent care represents a much more cost effective means of treating acute illness or injury that is not life or limb threatening.

The cost of an urgent care patient visit averages approximately \$35-100, a typical emergency department visit averages approximately \$1,233, and the average cost of a primary care physician visit is approximately \$200.

MORE APPLICABLE CARE

It is estimated that at least 27% of ER visits could be treated in less acute settings. (per Urgent Care Association of America, The Case for Urgent Care)

SHORTER WAIT TIME

Patients often spend more than four hours during an emergency room (ER) visit compared to typically less than an hour for a visit at an urgent care center. (per Emergency Department Pulse Report, 2010. Patient Perspectives on American Health Care. Press Ganey Associates)

NO APPOINTMENT NEEDED

Average wait time for a Primary Care Physician appointment is more than 20 days. (2009 Merritt Hawkins Study)

We're open 7 days a week, with extended week night hours, with no appointments needed.

IN THE NEWS

CEO: Merger brings WellSpan to key point

By Joel Berg, April 27, 2018 at 3:00 AM

WellSpan Health will cross a critical threshold later this year when it completes its merger with Summit Health in Franklin County. WellSpan will be serving roughly 1 million people in a territory stretching from Lancaster and Lebanon counties in the east to Franklin County in the west. It is a population figure that could help WellSpan devise better ways to deliver care, said Dr. Kevin Mosser, president and CEO of the health system.

“To really figure out how to drive down the cost of care, you need to have a sufficient population that you’re doing clinical services on to be able to analyze your care and compare it appropriately to national norms,” Mosser said during an interview April 18 at WellSpan’s York Township headquarters. “A lot of people think it should be at least a million, and some people think more, but the absolute minimum would be a million.”

Health systems wring out operating costs in the short-term by merging into larger organizations, he said. And in some cases, struggling hospitals join larger systems to gain more leverage, raising the prices they can charge insurers. But the longer-term play in health care is to analyze patterns of care and figure out the best ways to keep a large population healthy overall, for example, by keeping people out of the hospital.

“That’s a five- to 10- year project, in my mind, until you are humming on all cylinders,” he said, dismissing critics who argue it should be happening faster.

“I’m pretty confident that over time, and it’ll be after my time as CEO, but over time we’re going to see more efficiency from having larger, more coordinated systems working across larger populations,” he said.

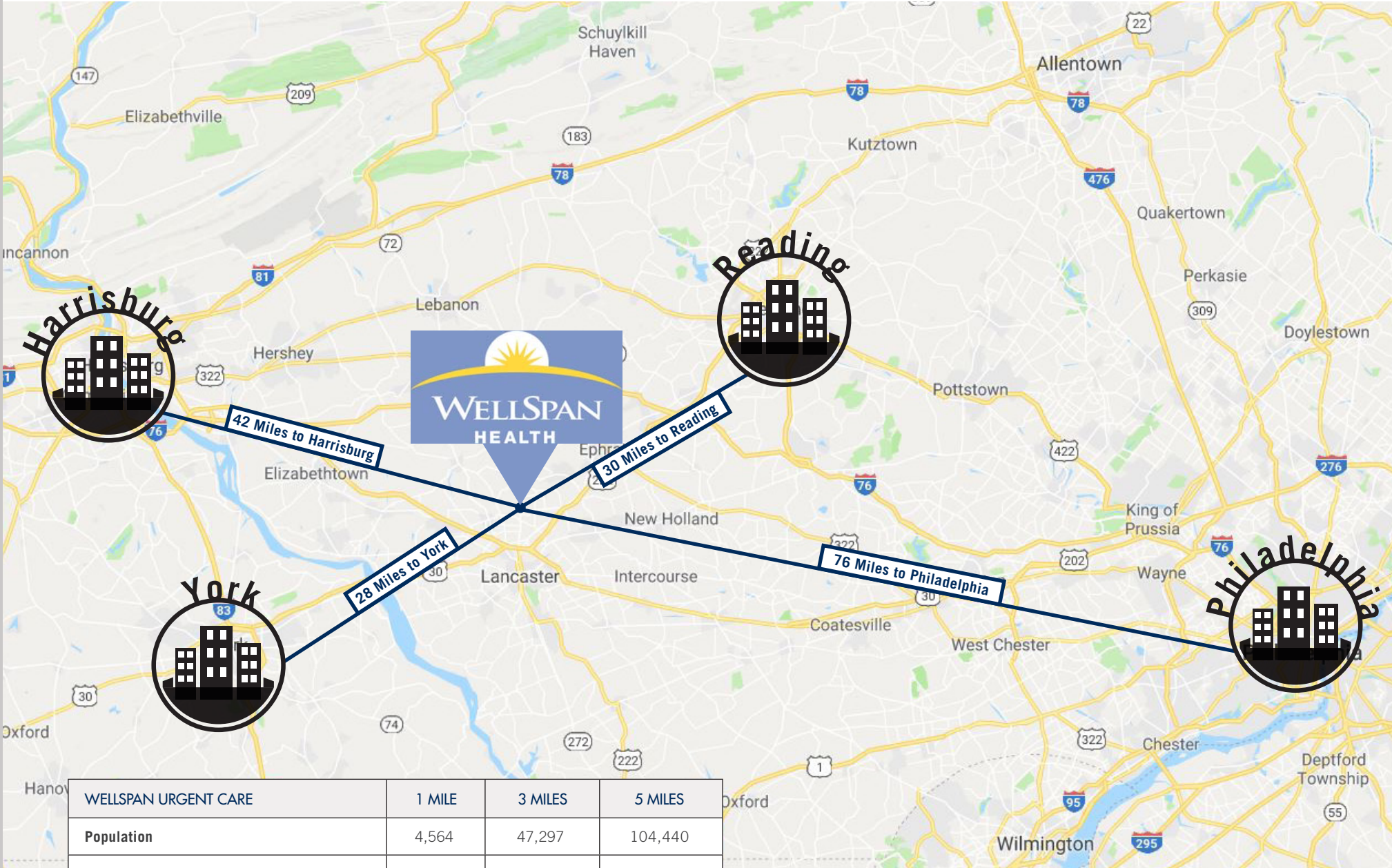
Mosser sat down with the Business Journal to discuss WellSpan’s merger with Summit Health, which is expected to be completed by fall. Here is his take on that and other topics in health care.

WellSpan partners with Summit to provide neurology services in Franklin County and collaborated with the Franklin County system to open a neonatal intensive care unit at Chambersburg Hospital in 2016. WellSpan also provides radiation oncology and perinatology services in Summit’s territory.

MARKET OVERVIEW



REGIONAL MAP:



WELLSPAN URGENT CARE	1 MILE	3 MILES	5 MILES
Population	4,564	47,297	104,440
Households	1,731	18,124	40,075
Household Income	\$106,149	\$92,425	\$85,469
Vehicles Per Day	19,291 VPD		



\$92,425

AVERAGE HOUSEHOLD INCOME



.5 Miles
TO LANCASTER AIRPORT



19,291

VEHICLES PER DAY

LOCATION OVERVIEW:

With a splendidly well-preserved small-town culture, Lititz is a treasure spot in the heart of Lancaster County. Boasting a vibrant downtown, Main and Broad Street are lined with unique shops a short walking distance away from beautiful Lititz Springs Park. Lititz offers trendy eateries, craft beer, and one-of-a-kind coffee and pastry shops. Get your sweet and salty fix by visiting the Wilbur Chocolate Museum and store followed by a trip to the Julius Sturgis Pretzel Bakery.

Surrounded by rolling farmland and rooted in rich heritage, it has a steady heartbeat of tradition and history. This blending of old and new is what sets it apart from other small-town destinations; with residents and visitors alike relishing in its timeless and vibrant ambiance. Continuing to earn it's way into the heart of many, Lititz is sure to delight all who pass through!



METRO HIGHLIGHTS



LOCATED IN HISTORIC LANCASTER COUNTY

Lititz is located in northern Lancaster County along Route 501, roughly eight miles north of Lancaster



COOLEST SMALL TOWN IN AMERICA 2013

Lititz is a very active community. In February 2013 Lititz was voted the "Coolest Small Town in America – 2013".



ECONOMIC DRIVERS & BUSINESS ATTRACTION

Major area industry leaders include Lancaster General Hospital, Mutual Assistance Group, Ephrata Community Hospital Inc. Many residents work for the County of Lancaster.



ECONOMY

- Lititz is home to many internationally known companies such as BB&T, Wilbur Chocolate, Johnson & Johnson, Woodstream, Tait Towers, Clair Global and Atomic Design.
- Lancaster County has a widely diversified economy; industries range from manufacturing to agriculture, tourism to health care, and retail trade to wholesale distribution
- Lancaster County is known for the incredible diversity of its agriculture. The county's 4,500 farms make it one of the top farming counties in the United States.
- Millions of tourists visit Lancaster County every year to tour its historical communities, view its rich architectural heritage, and witness life in its picturesque and culturally distinct farming communities

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this single tenant property.

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