



M Health Fairview - Midway Clinic

1390 UNIVERSITY AVENUE WEST, ST. PAUL, MINNESOTA 55104

22,721 RENTABLE SQUARE FEET | MEDICAL OFFICE BUILDING

FOR SALE

Offering Memorandum

Executive Summary

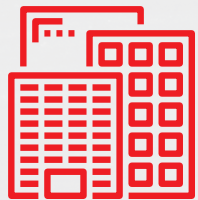


The Offering

JLL has been exclusively engaged to offer the opportunity to purchase a 100 percent fee simple interest in the M Health Fairview - Midway Clinic (the “Property” or “Building”) located in St. Paul, Minnesota. The Property is strategically located in the Midway neighborhood directly off Interstate 94, four miles from downtown St. Paul and six miles from downtown Minneapolis.

The Property is a 22,721 rentable square foot, two-story medical office building constructed in 1998. Fairview Health Services, rated A3 by Moody’s Investors Service, operated under the M Health Fairview brand occupies 100 percent of the Building. In 2012, \$2.4 million was invested into substantial renovations when HealthEast, now Fairview Health Services leases the space with additional renovations completed in 2020. Fairview Health Services is the academic health system for the University of Minnesota and the third largest health system in the state with over 5,000 providers and 2,000 staffed beds. The Property has a synergistic mix of specialties on site including otolaryngology, radiology, audiology, family medicine, internal medicine, podiatry, and rheumatology. The Building is highly built-out featuring an audiology chamber, 2 imaging rooms, 7 procedure rooms, 18 exam rooms, a laboratory, and physical therapy suite.

The investment offers a remaining lease term of approximately six years with a strong guaranty from Fairview Health Services. The offering is a desirable opportunity to acquire a well-located medical office building aligned with a leading academic health system. Investors will benefit from strong initial cash flow with limited landlord responsibilities. The Property is available fee simple and free and clear of any mortgage debt.



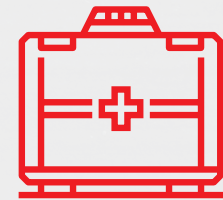
100% OCCUPANCY
ACADEMIC
HEALTH SYSTEM



**MOODY’S
A3 RATING**



**6 YEARS
WALT**



HIGH BUILDOUT MEDICAL
(IMAGING, PROCEDURE
ROOMS, AUDIOLOGY)

Investment Highlights

STABILIZED ASSET WITH DESIRABLE ACADEMIC HEALTH SYSTEM TENANCY

- 100% occupied medical office building by Fairview Health Services (Moody's A3), the third largest health system in Minnesota and the academic health system of the University of Minnesota (Moody's Aa1)
- 6 years remaining with 2.0% contractual annual lease escalations
- Triple net lease structure with limited Landlord responsibilities
- Strong guaranty of lease by Fairview Health Services

COMPLEMENTARY SPECIALTIES AND SPECIALIZED USES

- \$2.4 million invested in 2012 to build out space for medical use and recently renovated areas in 2020
- Building contains an audiology chamber, 2 imaging rooms, 7 procedure rooms, 18 exam rooms, a laboratory, and physical therapy suite
- Synergistic mix of specialties on site including audiology, family medicine, internal medicine, otolaryngology, podiatry, radiology and rheumatology

STRONG TENANT

- Fairview's role as an academic health system will continue to be a distinguishing factor among competitors in the market
- Over \$6.1 billion in total operating revenue in 2020, a \$74 million increase in revenue over 2019
- Fairview Health Services has strong 29% inpatient market share across the Twin Cities metro area as of April 2021

EXCEPTIONAL HEALTHCARE DRIVERS IN THE LOCAL MARKET

- Located in the fast-growing Minneapolis-St. Paul-Bloomington metropolitan statistical area with population growth estimated at 1.0% annually from 2020 through 2025
- Well-located directly off Interstate 94 within a heavily trafficked shopping center adjacent to Allianz Field, home to the Minnesota United FC of Major League Soccer that opened in 2019 and is anticipated to bring strong growth to the micro market
- The share of the population 55 years and older is expected to grow from 24.0% to 25.0% by 2025, a desirable demographic shift for the healthcare industry



Property Overview

M Health Fairview - Midway Clinic is a 22,721 rentable square foot medical office building constructed in 1998 and fully renovated in 2012 at a cost of \$2.4 million. The property is located in a well trafficked retail area adjacent to Allianz Field and directly off Interstate 94. Ideally positioned between downtown Minneapolis and St. Paul, the M Health Fairview - Midway Clinic provides care to residents across the metro in suites specially built out for medical uses. The 1.58-acre site consists of two parcels with an ample parking ratio of 6.21 per 1,000 rentable square feet.

Market Overview

The Twin Cities metro area is a fast-growing area with a population of 3.7 million. Over time the economy has transformed from manufacturing and agriculture to technology, finance, and information. As of January 2021, the unemployment rate in the Twin Cities was two percent lower than the national average of 6.3%, demonstrating the resilience of the diversified and service-based modern economy. The micro-market surrounding the property has seen strong growth with the development of the \$200 million Allianz Stadium completed in 2019 that has spurred development in the surrounding area.



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