



# 604 & 650 Pine Ave.

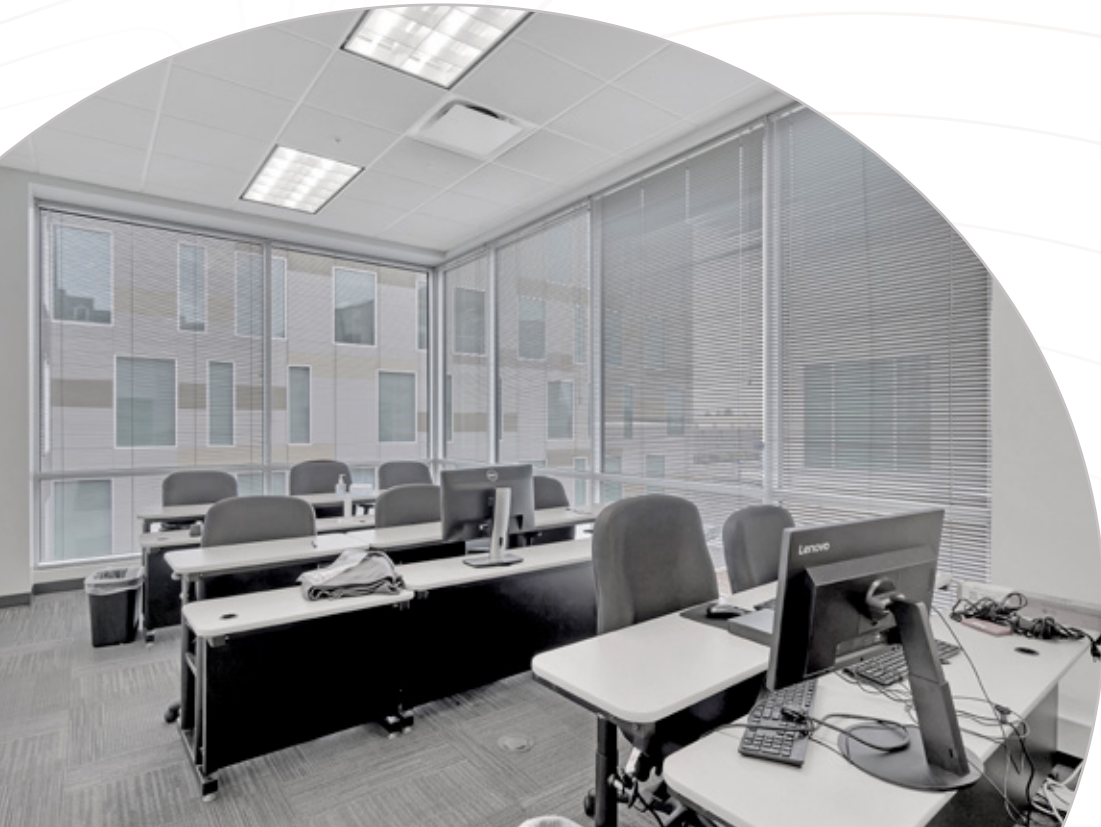
*Long Beach, CA*

**100% LEASED | SINGLE TENANT NET (NNN) LEASED  
COASTAL OFFICE INVESTMENT OPPORTUNITY**

Jones Lang LaSalle Americas, Inc. ("JLL"), real estate license #01223413

# The Offering

JLL, as exclusive advisor, is pleased to present the extremely rare opportunity to acquire the fee simple interest in 604 & 650 Pine (the “Property”), a fully stabilized, single-tenant office investment opportunity totaling 208,501 rentable square feet. The Property is leased on a triple net (NNN) structure to Molina Healthcare (S&P: BB-) through 2029. The Property provides investors the opportunity to acquire a modern office asset in the heart of the coastal Downtown Long Beach market with strong credit tenancy. This opportunity is the only newly constructed office asset publicly owned in Long Beach since 2010.



## Property Summary

### ADDRESS

604 & 650 Pine Avenue, Long Beach, CA 90802

### TENANT

Molina Healthcare (NYSE: MOH)

### LEASE TYPE

Triple Net (NNN)

### CREDIT RATING

BB- (S&P)

### PERCENTAGE LEASED

100%

### RENTABLE AREA

208,501 Square Feet

### NUMBER OF STORIES

604 Pine: 5 Stories; 650 Pine: 6 Stories

### YEAR BUILT

2014

### ACREAGE

±2.62

### NUMBER OF PARCELS

8

### TERM

8 Years Remaining

### PARKING

**On-site:** 189 Surface Stalls (1.01/1,000 USF)

**Structured Adjacent:** 500 Stalls (2.66/1,000 USF)

**Total Combined:** 689 Stalls (3.67/1,000 USF)



## Lease Summary



### TERM

8 Years of WALT



### BASE RENT

\$2.61 NNN, with 3.4% annual escalations



### RENEWAL OPTION(S)

Two, five-year options at fair market value



### NNN LEASE

Triple Net, all operating expenses are passed through to tenant

# Investment Highlights



## MODERN INSTITUTIONAL QUALITY OFFICE BUILDINGS

604 & 650 Pine is a two-building, Class A office campus consisting of ±208,501 of rentable square feet. Both buildings are 100% leased to Molina Healthcare on a triple net basis and located in the highly desirable coastal market of Downtown Long Beach, California. The Property offers tenants convenient surface and secured parking, generous window lines and ceiling heights with a tenant build out designed for information technology use. Both buildings are newer construction (built in 2014) and are essentially "like new." The Property will require minimal future capital expenditures by new ownership.



## 8 YEARS OF HIGH QUALITY LEASE TERM REMAINING

604 and 650 Pine have 8 years of triple net (NNN) lease term remaining, with two, 5-year renewal options at fair market value. Molina Healthcare exhibits strong creditworthiness (BB- by S&P), and as a result the property will be resistant to recession and inflation risks. The credit tenancy provides stable and predictable cash flow for nearly the next decade.



## LOW RELOCATION RISK DUE TO COASTAL SCARCITY PREMIUM

Molina Healthcare is headquartered in Long Beach, 1-mile away from the Property. 604 & 650 Pine is their information technology hub that was a build-to-suit for Molina with significant oversight by the original founder/CEO. Due to the lack of coastal high quality office campuses, 604 & 650 Pine is "one-of-one" for large tenants seeking a standalone office campus of this quality and age, which will result in higher renewal probability for Molina Healthcare.





## COASTAL LOCATION WITHIN WALKING DISTANCE TO NUMEROUS RETAIL AND HOUSING OPTIONS

604 & 650 Pine's location provides convenient access to numerous amenities, with business, residential and recreational opportunities just steps away. The Property is located a few blocks away from the booming Downtown Long Beach corridor, which is home to over 80 restaurants, ±5,000 multi-housing units, and ±2,000 hotel rooms. 604 & 650 Pine is also a short drive to Belmont Shores, 2<sup>nd</sup> and PCH, and the Long Beach Exchange food hall. The Property has easy access to two major freeways (I-710 & I-405) providing the tenant a strategic central location with convenient access to both Orange and Los Angeles counties.



## ONE OF A KIND ACQUISITION OPPORTUNITY

604 & 650 Pine represents the only opportunity to acquire a newly constructed, non-government owned office campus in Downtown Long Beach, one of Southern California's coastal CBD's.



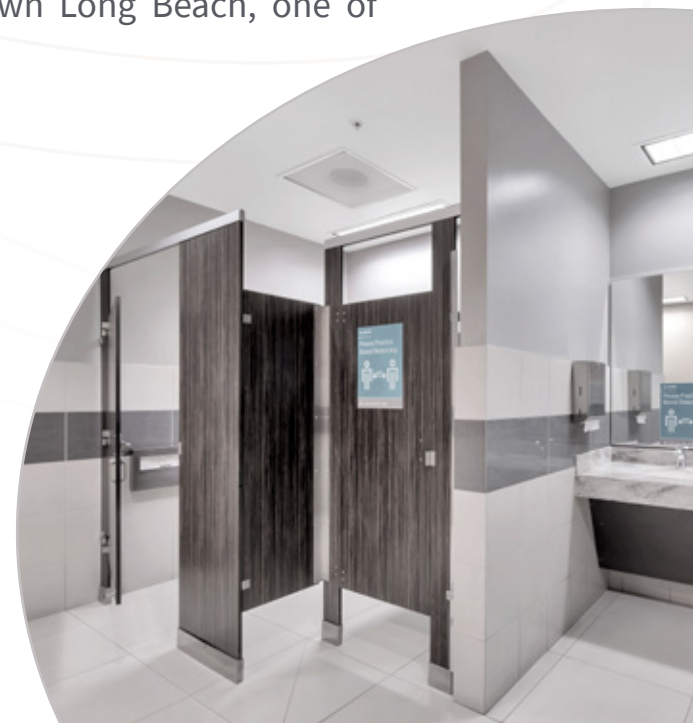
## SECURE CASH FLOWS BACKED BY FORTUNE 200 CREDIT

Molina Healthcare corporate BB- bonds are trading at a level closer to BBB bonds. The strong credit tenancy provides long-term security to the rental income.



## OFFERED FREE OF EXISTING DEBT

This opportunity is being offered free and clear of existing debt allowing an investor to take advantage of today's historically low-interest rate environment and aggressive debt markets (Bank, Life Co., CMBS, etc.) to boost attractive leveraged returns.



# Gateway to the Pacific

 **MOLINA**  
HEALTHCARE  
HEADQUARTERS

POPULATION	5-Mile
2021 POPULATION:	408,479
HOUSEHOLDS	
2021 TOTAL HOUSEHOLDS:	144,398
2021 MEDIAN HOME VALUE:	\$665,111
HOUSING	
AVERAGE HOUSEHOLD INCOME:	\$89,029

CITY OWNED  
PARKING  
STRUCTURE

**604 & 650**  
◆ Pine Ave. ◆

LONG BEACH IS A WHO'S WHO OF  
CORPORATE TENANCY INCLUDING:



Relativity



verizon

DIRECTV

ORBIT

## LONG BEACH PORT

**2<sup>ND</sup>**

Busiest Port  
in the U.S.

**\$200B+**

Trade Value  
per Year



**30K**

Employees

**78.5MM**

Metric Tons Move  
Through the Port  
Annually

## EDUCATION

**2**

College  
Campuses

**±60K**

Students

*CSU Long Beach is*

**#2**

in Top Public  
Schools by US News  
(Western Region)

**#7**

in Most Innovative  
Schools



*Long Beach  
Economic  
Engines*

## EMPLOYMENT SECTORS



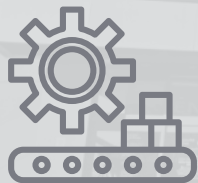
**14%**

Healthcare &  
Social Assistance



**9%**

Educational  
Services



**10%**

Manufacturing



**7%**

Scientific &  
Technical

## LONG BEACH AIRPORT

**4**

Airlines

**16**

Nonstop  
Destinations

**<10**

Minutes Avg.  
Security  
Wait Time



**3M**

Annual  
Commercial  
Passengers

**57,000**

Tons of Goods  
Transported  
Annually

# Tenant Overview



Molina Healthcare (NYSE: MOH), is a Fortune 200, Nationwide provider of health care to those receiving government assistance. Molina Healthcare contracts with state governments and acts as a health plan providing various types of health care services to families and individuals who qualify for government-sponsored programs such as Medicaid, Medicare and the State Children's Health Insurance Program (SCHIP). Molina Healthcare currently operates in over 18 states and offering their services through the state insurance marketplaces. Molina Healthcare is one of the largest healthcare companies in the United States, with a market capitalization of over \$15B and has served over 4.6M members.

Type	Healthcare Services
Founded	1980
Headquarters	Long Beach, CA
Market Capitalization	\$15.85B (+398% in T5 Years)
Revenues (as of 6/30/2021)	\$22.6 Billion
EBIDTA (as of 6/30/2021)	\$955 Million
Credit Rating	BB- (S&P)
Number of Employees	±13,000
Website	<a href="http://www.molinahealthcare.com">www.molinahealthcare.com</a>
States Serviced	Arizona, California, Florida, Idaho, Illinois, Kentucky, Massachusetts, Michigan, Mississippi, Ohio, New Mexico, New York, South Carolina, Texas, Utah, Virginia, Washington and Wisconsin

## 8 Years of Triple Net (NNN) Lease Term

- The tenant has 8-years of initial lease term remaining and two 5-year renewal options.
- The lease structure is triple net (NNN).
- The base rent is \$31.38/SF per year (\$6,542,120 annually) and increases by 3.4% annually.
- The base rent is fully backed and guaranteed by a strong credit rating (S&P: BB-).
- As a healthcare tenant that is heavily subsidized by the government, the investment exhibits an extremely low-risk profile, similar to 10-year BBB corporate bonds.
- New building construction (2014) provides the tenant building efficiencies and investors minimal future capital expenditures.
- Additionally, due to Molina Healthcare being headquartered in Long Beach and this specific facility is responsible for their information technology department, there is a high probability that the tenant will renew nearly a decade from now.

# 15.14%

Revenue Growth from 2019 - 2021 YTD

Acquisitions of Magellan Complete Care, Passport Health Plan, and Affinity Health Plan is expected to produce ±\$6B of annualized premium revenue

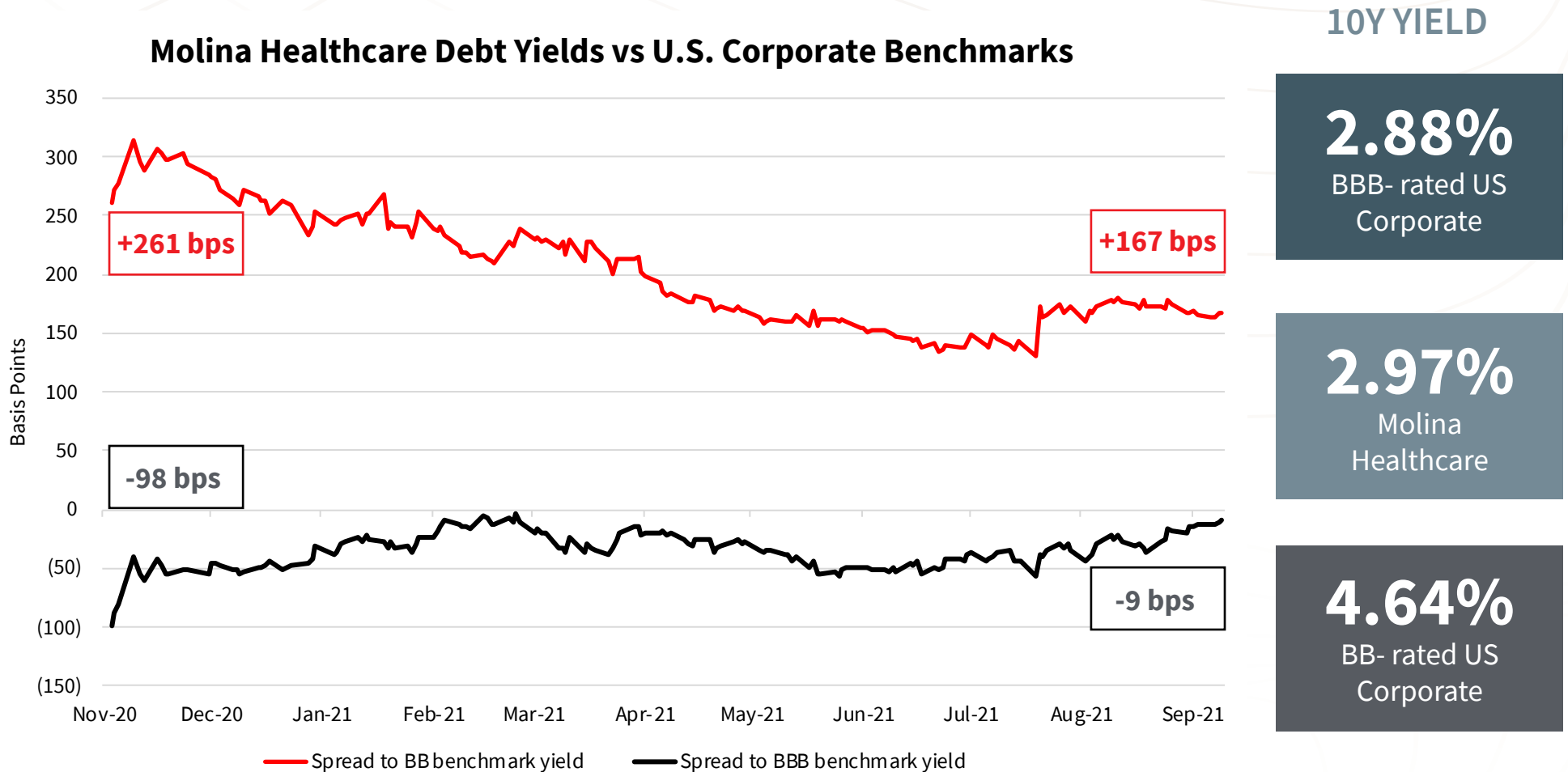
Source: Molina Healthcare, Inc. Form 10-K (Fiscal year ended 2020)



# Tenant Credit Analysis

## MOLINA HEALTHCARE'S DEBT TRADES AT YIELDS CLOSER TO INVESTMENT GRADE

Strong financial performance following the onset of COVID-19 has improved Molina Healthcare's risk profile and bolstered investor sentiment towards its debt



Source: State of California Employment Development Department (9/2021)

# 604 & 650 Pine Ave

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\*\*The outbreak of the COVID-19 virus (novel coronavirus) since the end of January 2020 has resulted in market uncertainty and volatility. While the economic impact of a contagion disease generally arises from the uncertainty and loss of consumer confidence, its impact on real estate values is unknown at this stage. Given the prevailing domestic and global uncertainty arising from the Coronavirus, we recommend that the intended recipients of this information regularly seek our guidance.

## Investment Sales Advisory

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### **Blake Bokosky**

Senior Director

(949) 798-4133

blake.bokosky@am.jll.com

CA Lic. 01891944

### **Mark DeGiorgio**

Director

(949) 798-4138

mark.degiorgio@am.jll.com

CA Lic. 02026853

### **Andrew Harper**

Managing Director

(310) 407-2139

andrew.harper@am.jll.com

CA Lic. 01319640

### **Will Poulsen**

Director

(310) 407-2167

william.poulsen@am.jll.com

CA Lic. 02043184

## NNN Advisory

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### **Coler Yoakam**

Senior Managing Director

(469) 232 1982

coler.yoakam@am.jll.com

TX Lic. 0592885

## Debt Advisory

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### **John Chun**

Managing Director

(949) 798-4108

john.chun@am.jll.com

CA Lic. 01904323

## Leasing Advisory

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### **Jason Fine**

Managing Director

(424) 294-3431

jason.fine@am.jll.com

CA Lic. 01219780

## Production Support

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### **Samantha Corona**

Production Associate

(949) 798-4121

samantha.corona@am.jll.com

CA Lic. 02127304

