

U.S. RENAL CARE DIALYSIS

HONDO, TX



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THE OFFERING

Graystone Capital Advisors is pleased to present an exceptional single-tenant net-leased investment opportunity at **205 22nd Street, Hondo, TX**. This 7,300 square-foot, freestanding medical-office building is situated on a 47,045 SF parcel. The property is 100% occupied by U.S. Renal Care, a leading national dialysis provider, on a long-term lease, offering investors a highly passive and secure income stream in a desirable healthcare-driven asset class.

Offered at a **list price of \$2,595,000**, the asset provides an attractive **7.0% current cap rate** and a **price per square foot of \$295.73**, supported by a corporate-backed lease. The property is fully leased with approximately 4.6 years of primary term remaining, providing stable in-place income. The lease features scheduled **2% annual rental increases**, including in the single five-year option period, offering a clear path to organic cash flow growth and a strong hedge against inflation.

The **NNN lease structure** provides a passive investment, with the tenant responsible for nearly all operating expenses and maintenance, ensuring a predictable and lightly managed cash flowing asset. The lease is corporately guaranteed by U.S. Renal Care, a premier operator in the dialysis industry with a significant national footprint and a strong financial profile.

The investment is anchored in the resilient and growing healthcare sector. Dialysis is a non-discretionary, needs-based industry, providing essential, life-sustaining services that are insulated from economic downturns. The demand for renal care is consistently driven by demographic trends, ensuring long-term stability and tenant viability. This strong sector-specific tailwind provides a stable foundation for long-term asset value appreciation.

With its fee simple ownership, NNN lease structure, and a strong corporate tenant in a high-growth, defensive industry, **205 22nd Street** represents a premier net-leased investment. The property combines secure in-place cash flow with fixed annual rental escalations, offering a reliable income stream with built-in growth. This opportunity is ideally suited for investors seeking a stable, hands-off asset with a strong credit profile in a recession-resistant sector.

Property Name	U.S. Renal Care Dialysis
Address	205 22nd Street
City, State Zip	Hondo, TX 78861
APN	84147
Year Built/Renov.	2015
Gross Leaseable Area	7,300
Lot Area (SF)	47,045
Zoning	Commercial
Type of Ownership	Fee Simple
Property Subtype	Medical
Tenant	USRC Medina County Dialysis, LLC
Guarantor	Corporate Guarantee
Lease Type	NNN
Landlord Responsibilities	Roof, Structure, & Exterior Upkeep
Lease Commencement	7/1/2025
Lease Expiration	6/30/2030
Options	(1), 5-Year Option
Rental Increases	2% Annual Increases
Tenant Purchase Rights	None

INVESTMENT HIGHLIGHTS



Prime Location with Excellent Accessibility

Located in the heart of Hondo, TX, the property enjoys prime visibility and easy access to major transportation routes. This strategic positioning not only makes it convenient for the tenant and customers but also enhances the property's potential for value retention and future growth.



Strong Market Fundamentals

The property is situated in a market that exhibits robust growth potential, driven by healthcare demand and favorable demographic trends. This strong foundation offers investors long-term stability and a positive outlook for future appreciation, making it an attractive investment in a high-demand sector.



Stable Tenant Base

The property is fully leased to U.S. Renal Care, providing a stable, long-term income stream backed by a corporate guarantee.

- **Favorable Lease Terms**

The lease structure is highly favorable to the investor, with a 2% annual rent increase built into the lease agreement. Additionally, the lease includes a five-year renewal option, ensuring continued rental income growth over the life of the investment and protecting against inflationary pressures.

- **Recession-Resistant Industry**

The dialysis sector, by nature, is non-discretionary and needs-based, meaning the demand for services remains relatively stable even during economic downturns. This stability, combined with the growing need for renal care services due to demographic shifts, positions the tenant for long-term viability and ensures ongoing property value appreciation.

- **Low-Maintenance Investment**

Thanks to the NNN lease structure, the tenant is responsible for almost all operating expenses, including property maintenance, taxes, and insurance. This arrangement significantly reduces the landlord's involvement, allowing for a passive and predictable income stream with minimal management responsibilities.

PROPERTY OVERVIEW

Property Summary

Address	205 22nd Street, Hondo, TX 78861
APN	84147
Year Built/Renov.	2015
GLA	7,300
Lot Area	1.08
Zoning	Commercial



TENANT OVERVIEW

U.S. Renal Care Dialysis



U.S. Renal Care (USRC), a leading provider of dialysis services with over 300 centers nationwide, operates the facility at 205 22nd Street, Hondo, TX. Serving more than 35,000 patients across the U.S., USRC is recognized for its high-quality, reliable care, making it a trusted healthcare provider and a secure tenant for investors.

The Hondo facility, built in 2015, features 7,300 square feet of leasable space on a 47,045 square foot lot. The property is under fee simple ownership and commercial zoning, ensuring a stable operational environment.

Leased to USRC Medina County Dialysis, LLC with a corporate guarantee, the property operates under a NNN lease, commencing on July 1, 2025, and expiring on June 30, 2030, with a 5-year extension option. The lease includes 2% annual rent increases, offering a predictable revenue stream. The landlord is responsible for roof, structure, and exterior maintenance.

As part of USRC's extensive national network, this facility benefits from the company's solid financial backing and broad reach, adding stability to the investment. With a cap rate of 6.03%, projected to increase to 6.15%, the property offers an attractive opportunity backed by the strength and reputation of U.S. Renal Care.



205
22nd Street



205
22nd Street



205
22nd Street

US RENAL CARE
205 22ND STREET
HONDO, TX



LEASE SUMMARY

Lease Overview

Property Sub-Type	Medical
Tenant	USRC Medina County Dialysis, LLC
Guarantor	Corporate Guarantee
Lease Type	NNN
Landlord Responsibilities	Roof, Structure, & Exterior Upkeep
Lease Commencement	7/1/2025
Lease Expiration	6/30/2030
Base Term Remaining	4.6
Options	(1), 5-Year Option
Rental Increases	2% Annual Increases
Tenant Purchase Rights	None



FINANCIAL ANALYSIS

PRICING

Price	\$2,595,000
Cap Rate	7.00%
Price/SF	\$295.73
Price/AC	\$2,276,316

ANNUALIZED OPERATING DATA

Time Period	Annual Rent	PSF	Cap Rate
Jul 01, 2026 - Jun 30, 2027	\$181,533	\$20.69	7.00%
Jul 01, 2027 - Jun 30, 2028	\$185,164	\$21.10	7.14%
Jul 01, 2028 - Jun 30, 2029	\$188,867	\$21.52	7.28%
Jul 01, 2029 - Jun 30, 2030	\$192,645	\$21.95	7.42%
Jul 01, 2030 - Jun 30, 2031	\$196,498	\$22.39	7.57%
Jul 01, 2031 - Jun 30, 2032	\$200,428	\$22.84	7.72%
Jul 01, 2032 - Jun 30, 2033	\$204,436	\$23.30	7.88%
Jul 01, 2033 - Jun 30, 2034	\$208,525	\$23.76	8.04%
Jul 01, 2034 - Jun 30, 2035	\$212,695	\$24.24	8.20%

INCOME

INCREASE FREQUENCY (YRS)		1Q					
Period Start	Period End	Opt "#"	Annual Rent	Monthly Rent	Rent/SF	Cap Rate	Increases
07/01/26	06/30/27	1	\$181,533	\$15,127.79	\$24.87	7.00%	2.00%
07/01/27	06/30/28	1	\$185,164	\$15,430.35	\$25.36	7.14%	2.00%
07/01/28	06/30/29	1	\$188,867	\$15,738.95	\$25.87	7.28%	2.00%
07/01/29	06/30/30	1	\$192,645	\$16,053.73	\$26.39	7.42%	2.00%
07/01/30	06/30/31	2	\$196,498	\$16,374.81	\$26.92	7.57%	2.00%
07/01/31	06/30/32	2	\$200,428	\$16,702.30	\$27.46	7.72%	2.00%
07/01/32	06/30/33	2	\$204,436	\$17,036.35	\$28.00	7.88%	2.00%
07/01/33	06/30/34	2	\$208,525	\$17,377.08	\$28.57	8.04%	2.00%
07/01/34	06/30/35	2	\$212,695	\$17,724.62	\$29.14	8.20%	2.00%

HONDO, TX

The Hondo submarket is positioned for escalating medical demand, driven by Medina County's potent demographics. The 65+ cohort, already 17% of the population, is projected to surge by 88% by 2050, creating a long-term demand driver. This is compounded by a 6.8% total population increase from 2018-2023 and a projected 1.4% annual growth rate, with the 2024 population at 55,619.

Medina County's economy is anchored by its healthcare sector, the largest employer with 2,770 jobs and supported by a \$73,462 median household income in 2023. Total employment grew 8.4% from 2018-2023, more than double the 3.9% national rate, while the Q3 2024 unemployment rate is a low 4.0%.

The local market is anchored by the 25-bed Medina Regional Hospital, a Level IV trauma center. Healthcare access is robust, with a low 12.7% uninsured rate as of 2023 and access to 62 Medicare Advantage plans in 2026, creating a fertile environment for ancillary medical services.

As part of the San Antonio MSA, the regional medical office market shows strength with 62,800 SF of positive net absorption in Q3 2024 and a stable 14.5% vacancy. Average asking rents climbed 6.9% year-over-year to \$30.04/SF, while a limited supply pipeline of only 132,100 SF under construction presents a strategic opportunity for rental growth.

MARKET HIGHLIGHTS



POPULATION TRENDS AND GROWTH

Hondo, TX, has a population of approximately 9,000 (2024 estimate), with a 1.2% annual growth rate projected through 2029. The steady population increase supports the continued demand for healthcare services, ensuring a consistent patient base for medical office properties.



LOCAL HEALTHCARE INFRASTRUCTURE

The presence of local healthcare facilities, including clinics and specialized care centers, is a major driver of healthcare demand. These facilities' extensive services create a need for additional medical office space for outpatient care, specialists, and medical-related administrative functions.



ECONOMIC STABILITY AND INCOME LEVELS

The median household income in Hondo is approximately \$55,000 (2024 estimate), aligning with the state average. This income level supports the affordability of healthcare services, making the area a sustainable market for various medical office tenants.



EDUCATIONAL INFLUENCE ON HEALTHCARE DEMAND

With educational institutions in the vicinity, Hondo sees increased demand for healthcare services. The community contributes to a need for student health services.



LOW UNEMPLOYMENT RATE AND ECONOMIC GROWTH

With an unemployment rate of 3.4%, Hondo has a healthy and stable economy that supports a strong healthcare sector. Economic stability encourages a higher demand for medical services, contributing to the need for accessible medical office space.

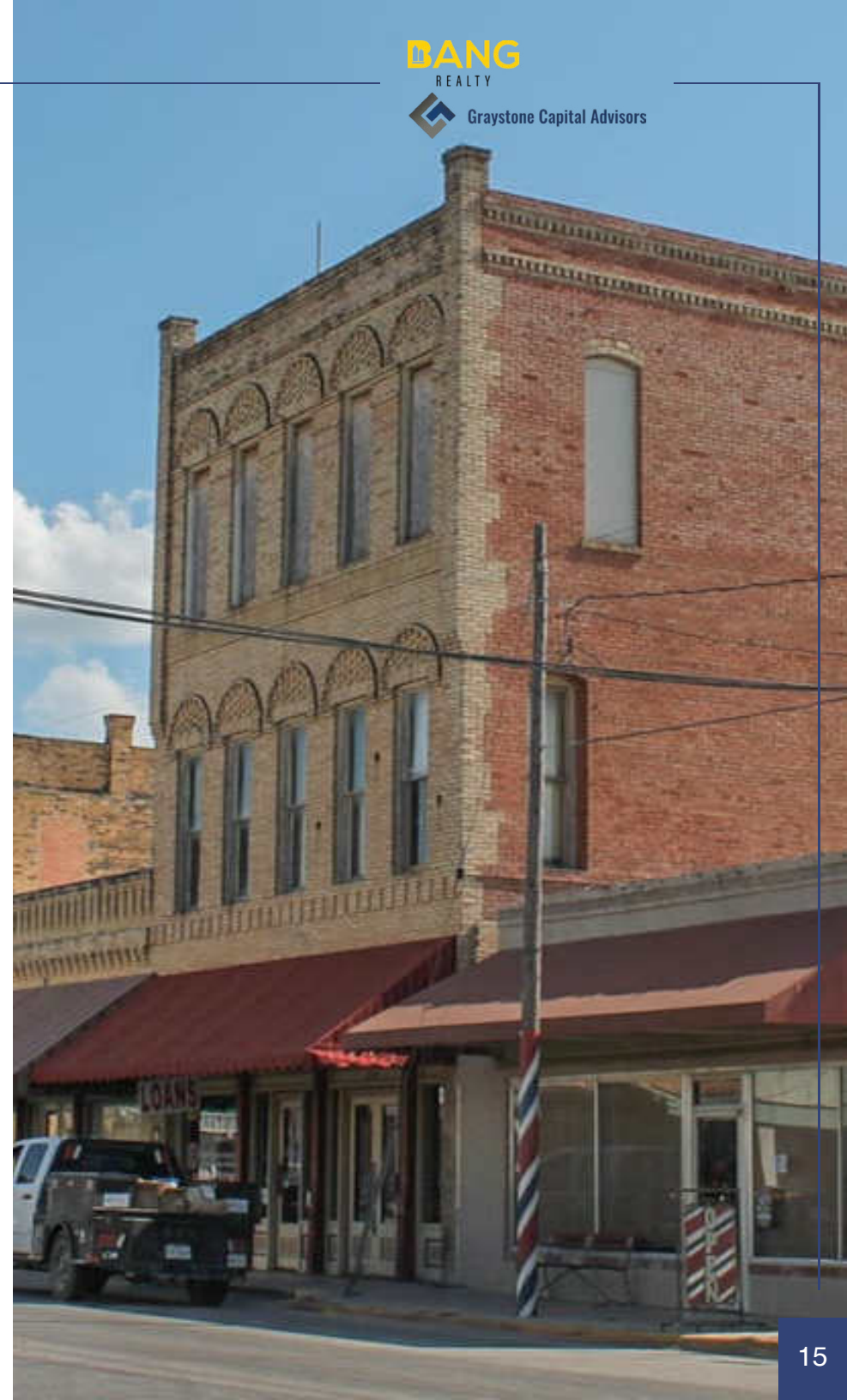


MEDICAL OFFICE MARKET PERFORMANCE

The healthcare market in Hondo is thriving, with established providers and numerous outpatient clinics. A 3.2% vacancy rate for medical office properties reflects strong tenant demand and limited availability.

DEMOGRAPHICS

Demographic	Hondo	3-Mile Radius	5-Mile Radius
Population	8,969	9,076	7,530
Median Age	34	34	39
Median Household Income	\$58,773	\$58,773	\$58,612
0-9 Years	11%	11%	11%
10-19 Years	10%	10%	10%
20-29 Years	23%	23%	23%
30-39 Years	17%	17%	17%
40-49 Years	6%	6%	6%
50-59 Years	13%	13%	13%
60-69 Years	9%	9%	9%
70+ Years	10%	10%	10%
Household Income Below \$24K	15.8%	15.8%	15.8%
Average Household Size	2.5	2.5	2.6



AREA AMENITIES MAP





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Information About Brokerage Services

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

2-10-2025



TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent. **An owner's agent fees are not set by law and are fully negotiable.**

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent. **A buyer/tenant's agent fees are not set by law and are fully negotiable.**

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Buyer/Tenant/Seller/Landlord Initials

Date