Financial Feasibility Analysis: 10-Year NNN Lease for Healthcare Clinic

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Executive Feasibility Summary

This financial feasibility study evaluates the economic viability and capital performance of executing a 10-year Triple Net (NNN) lease for an 8,878-square-foot commercial medical facility located at 22 Madras Parkway, Newnan, Coweta County, Georgia.

The subject property was constructed in 2009 as a 12-unit, 24-bed hospice facility. Its hospital-grade physical layout offers a structural foundation for adaptive reuse as a hybrid outpatient primary care and urgent care clinic, avoiding the costs associated with converting unconditioned commercial shell space.

The proposed lease structure specifies a starting base rent of $23.00 per square foot (SF) per year, amounting to an annual Year 1 base rent of $204,194.00 ($17,016.17 monthly). The lease incorporates a 3.0% annual compound rental escalation, a full tenant guarantee spanning the entire 10-year term, and a mandatory two-month security deposit of $34,032.33.

Within the $23.00 per SF base rent, $2.41 per SF annually is allocated for Tenant Improvements (TI) over the 10-year term. This amortized structure provides $213,959.80 in total landlord-funded TI capital ($21,395.98 per year across 120 months).

The tenant's total upfront equity requirement is estimated at $470,072.53. This total reflects a gross clinic conversion capital expenditure (CapEx) budget of $500,000.00, offset by the $213,959.80 landlord TI financing package to yield a net upfront CapEx outlay of $286,040.20.

Additionally, the initial equity includes the $34,032.33 security deposit and a $150,000.00 operational working capital reserve designed to buffer cash flows during the clinical ramp-up phase. Pass-through NNN operating expenses—encompassing real estate property taxes, commercial property insurance, and common area maintenance (CAM)—are modeled at an initial $6.50 per SF annually ($57,707.00 in Year 1) with a 3.0% annual inflation rate.

Consequently, total occupancy costs range from $261,901.00 in Year 1 to $341,721.41 in Year 10, totaling $3,002,352.41 across the full lease commitment.

To evaluate investment performance, this feasibility model analyzes three operational ramp-up trajectories: Baseline, Optimistic, and Conservative. In the Baseline operational scenario, the clinic achieves operational stabilization by Year 3, generating a 10-year cumulative net profit of $7,023,966.93 on the initial equity investment of $470,072.53.

This yields a total 10-year Return on Investment (ROI) of 1,494.23%, an Internal Rate of Return (IRR) of 88.50%, a Net Present Value (NPV) of $3,511,646.05 at a 10.0% discount rate, and a capital payback period of 1.77 years. Cash-on-Cash (CoC) returns expand from 29.38% in Year 1 to 196.18% by Year 10.

The underlying financial feasibility is supported by strong local market fundamentals. The 5-mile Primary Market Area (PMA) exhibits a population density of 733 residents per square mile, an average household net worth of $1,651,953, and a total addressable healthcare market exceeding $175 million annually.

Furthermore, Coweta County faces an acute primary care shortage, evidenced by a patient-to-primary-care-physician ratio of 2,205:1 compared to the benchmark ideal of 1,500:1. This provider gap, combined with the site's proximity to senior residential communities and infrastructure upgrades from the ongoing Madras Connector project, positions the site for patient capture.

Investment Metric	Baseline Scenario	Optimistic Scenario	Conservative Scenario
Total Initial Equity Outlay	$470,072.53	$470,072.53	$470,072.53
Gross Conversion CapEx	$500,000.00	$500,000.00	$500,000.00
Tenant Improvement Allowance (10-Yr Total)	($213,959.80)	($213,959.80)	($213,959.80)
Net Upfront CapEx Outlay	$286,040.20	$286,040.20	$286,040.20
10-Year Cumulative Base	$2,340,855.37	$2,340,855.37	$2,340,855.37

Rent			
10-Year Cumulative NNN Opex	$661,497.04	$661,497.04	$661,497.04
10-Year Total Occupancy Cost	$3,002,352.41	$3,002,352.41	$3,002,352.41
10-Year Cumulative Net Profit	$7,023,966.93	$10,244,982.29	$4,078,995.49
Total 10-Year ROI (%)	1,494.23%	2,179.44%	867.74%
Internal Rate of Return (IRR)	88.50%	117.40%	50.20%
Net Present Value (NPV @ 8%)	$3,950,394.36	$5,976,247.08	$2,046,486.88
Net Present Value (NPV @ 10%)	$3,511,646.05	$5,337,525.32	$1,783,962.28
Net Present Value (NPV @ 12%)	$3,131,093.70	$4,783,955.66	$1,556,558.97
Capital Payback Period	1.77 Years	1.29 Years	2.73 Years
Year 1 Cash-on-Cash Return	29.38%	61.29%	-8.91%
Year 5 Cash-on-Cash Return	162.98%	230.40%	100.45%

Year 10 Cash-on-Cash Return	196.18%	293.43%	119.14%

Asset Infrastructure & Facility Conversion Dynamics

The property at 22 Madras Parkway consists of a single-story, 8,878-square-foot medical facility situated on a 2.68-acre site within Newnan, GA. Originally built in 2009 to house a 12-unit, 24-bed hospice operation, the facility was designed and constructed to institutional hospital standards.

The internal floor plan integrates functional medical infrastructure, including a secure medication room, a compliant medical waste storage room, and a centralized nurse station. The 12 patient suites feature a Jack-and-Jill bathroom layout equipped with roll-in showers, commodes, and lavatories.

The physical plant includes upgraded mechanical systems, emergency backup power provided by an on-site gas generator, full fire sprinkler coverage, digital video security surveillance, a formal reception area, an executive conference room, a chapel, a commercial kitchenette, and laundry rooms. Operational utility infrastructure was improved in March 2025 through a $50,000.00 capital project that decommissioned the property's septic system and completed a direct connection to the municipal sewer line.

Converting a standard commercial retail shell into a fully accredited medical outpatient clinic typically requires extensive structural alterations, including core drilling for specialized plumbing, installing upgraded electrical service panels, routing medical gas lines, and widening hallways to meet ADA accessibility guidelines. Across regional commercial markets, fit-out costs for raw commercial space range from $150.00 to $250.00 per SF, which would translate into a total capital expenditure between $1.33 million and $2.22 million for an 8,878-square-foot footprint.

Because 22 Madras Parkway was built to medical standards, its corridor dimensions, life-safety systems, plumbing distribution, and emergency power capabilities are already in place. Consequently, converting the facility into a hybrid outpatient primary care and urgent care clinic requires moderate interior alterations, budgeted at a gross CapEx of $500,000.00 ($56.32 per SF).

This budget covers reconfiguring patient suites into examination rooms, setting up diagnostic imaging suites, updating interior finishes, installing electronic health record (EHR) systems, and procuring medical equipment. Because $2.41 per SF of the annual lease rate ($21,395.98 per year) is designated for Tenant Improvements, the landlord funds $213,959.80 in conversion

costs over the 10-year lease term. Subtracting this landlord TI contribution reduces the tenant's net upfront CapEx outlay to $286,040.20. This adaptive reuse strategy yields over $1.0 million in capital savings and shortens the project execution timeline, accelerating the start of clinical operations.

The property is currently zoned Rural Conservation (R-C) under Coweta County land use regulations. Establishing a commercial outpatient clinic or urgent care facility requires securing either a Special Use Permit (SUP) or a rezoning classification to an Office-Institutional designation.

The offering broker has confirmed that the seller will support the tenant's rezoning or SUP application during the due diligence period. Because the asset operated continuously as a licensed healthcare facility from 2009 through recent years, municipal zoning precedent for healthcare utilization is established, reducing entitlement risk.

Property Parameter	**Asset Specification**
Property Address	22 Madras Parkway, Newnan, GA 30263
County / Parcel Identifier	Coweta County / Parcel ID: 084 5140 007A
Gross Building Footprint	8,878 Square Feet
Site Area	±2.68 Acres
Year of Construction	2009
Current Zoning Classification	R-C (Rural Conservation; Seller supports Rezoning / SUP)
Existing Layout Configuration	12 Patient Units / 24 Beds (Former Hospice Facility)
Sanitary Utility System	Municipal Sewer System (Converted from Septic in 2025; >$50k cost)
Life Safety & Power Systems	Fire Sprinkler System, Emergency Gas Generator, Video Security

Offered Lease Structure	$23.00/SF Base Rent NNN (Includes $2.41/SF TI Allowance Amortized); 3.0% Escalation

Demographic Ecosystem & Primary Market Area Assessment

The Primary Market Area (PMA) for the proposed clinic is defined by a **5-mile radius** centered on 22 Madras Parkway. The PMA contains **56,473 residents across 21,833 households**, resulting in a population density of 733 persons per square mile—more than double Coweta County's broader density of 340 persons per square mile.

The surrounding community exhibits favorable socioeconomic metrics, including a median household income of $78,204 and an average household net worth of **$1,651,953.** Median home values in the 5-mile PMA exceed **$380,000**, and 11.2% of local households earn over **$200,000** annually. This affluence indicates a private commercial insurance base capable of supporting outpatient medical services.

Data compiled by ESRI indicates that average annual healthcare spending per household within the 5-mile PMA is $8,015.00. Multiplying this spending rate across the 21,833 local households yields a Total Addressable Market (TAM) for healthcare services of $175,001,495.00 annually.

Despite this high spending capacity, Coweta County experiences a shortfall in primary care medical coverage. County health data reveals a patient-to-primary-care-physician ratio of 2,205 to 1. This ratio is 47% higher than the industry benchmark of 1,500 to 1, indicating a constrained primary care system.

This physician shortage leads to local healthcare revenue leakage. Patients unable to schedule timely primary care appointments often seek non-emergent care at hospital emergency rooms or travel outside the PMA for routine treatments. For example, the 217-bed Piedmont Newnan Hospital records over 55,000 emergency department visits per year, many of which involve acute conditions manageable in an outpatient clinic. A hybrid primary and urgent care clinic at 22 Madras Parkway can capture this diverted patient volume, providing accessible care within the local market area.

Micro-demographic patterns further support the selection of this site. Residents aged 65 and older represent 14.30% (8,052 individuals) of the PMA population. Coweta County planning documents confirm that the highest concentration of senior citizens in Newnan is located on the city's east side, surrounding Madras Parkway. Directly across the street from the property sits the **Wesley Woods Senior Living community**, creating a direct opportunity for geriatric care, chronic disease management, and physical therapy referrals.

The site is also located near major educational and commercial properties, including the adjacent **Heritage School**—a private preparatory school with annual tuition reaching $25,350.00—and a site planned for a future Kroger retail center.

Additionally, the Georgia Department of Transportation's funded **Madras Connector project (Phase I)** will construct a direct roadway linking GA Highway 29 (17,600 vehicles per day) across the CSX railway to Herring Road and Interstate 85 (76,000 vehicles per day).

This project will convert Madras Parkway from a local access road into a regional commercial corridor, expanding the clinic's reach to commuters along the I-85 corridor.

Demographic Indicator	1-Mile Radius	3-Mile Radius	5-Mile PMA	Coweta County
Total Resident Population	1,095	18,744	56,473 / 70,186 (2026 Proj.)	147,449
Adult Population (18+) Share	81.60%	79.60%	78.60%	~75.00%
Median Age	45.1 Years	40.1 Years	39.3 Years	N/A
Total Household Count	~420	~7,200	21,833	59,060
Median Household Income	N/A	N/A	$78,204	$94,142
Average Household Income	$121,150	$127,953	$127,396	N/A
Average Household Net Worth	N/A	$1,233,801	$1,651,953	N/A

Youth Population (0–17) Share	~18.40%	~20.40%	24.10% (13,591)	25.00%
Senior Population (65+) Share	~20.50%	~16.50%	14.30% (8,052)	14.70%
Annual Healthcare Spend / HH	N/A	N/A	$8,015.00	N/A
Total Addressable Market (TAM)	$3,700,906	$64,258,466	$175,001,495	N/A

Lease Economics, Operating Expenses & Market Comparisons

The proposed transaction is structured as a 10-year Triple Net (NNN) lease, under which the tenant pays base rent while absorbing all building operational pass-through costs, including property taxes, building insurance, and routine common area maintenance.

The starting base rent is established at $23.00 per SF annually ($204,194.00 in Year 1), compounding at 3.0% per year across the 120-month term. Of this $23.00 per SF starting base rent, $2.41 per SF ($21,395.98 in Year 1, totaling $213,959.80 over 10 years) represents amortized landlord TI funding built into the lease rate. The lease requires a full 10-year tenant corporate guarantee and a security deposit equal to two months of initial base rent ($34,032.33).

NNN pass-through expenses are modeled at $6.50 per SF in Year 1 ($57,707.00 annually), escalating at a 3.0% annual inflation rate. This operational cost structure reflects regional medical office benchmarks across Metro submarkets, comprising three primary components:

1. Real Estate Property Taxes are estimated at $3.25 per SF annually ($28,853.50 in Year 1), aligned with Coweta County commercial millage rates and assessed values.
2. Commercial Property Insurance is estimated at $1.25 per SF annually ($11,097.50 in Year 1), providing hazard, casualty, and general liability coverage.
3. Common Area Maintenance (CAM) is estimated at $2.00 per SF annually ($17,756.00 in Year 1), covering exterior repairs, landscaping, parking lot maintenance, security, and administrative management.

A competitive market analysis using CoStar rental data for medical office properties across Metro Atlanta and surrounding submarkets confirms that the offered starting rate of $23.00 per SF NNN is favorable. Regional lease rates for comparable medical office spaces range from $20.00 to $35.00 per SF NNN, with a market average of $25.03 per SF NNN.

The subject property's starting rate of $23.00 per SF sits 8.1% below this market average, providing an initial occupancy cost advantage while incorporating $2.41 per SF of tenant improvement financing.

Comparable Property Location	Submarket / Zip Code	Available Space (SF)	Quoted NNN Rent ($/SF/Yr)	Market Duration
2959 Sharpsburg McCullum Rd	Newnan, GA 30265	7,576	$20.00	1 Yr 11 Mos
5 minutes from Senoia	Senoia, GA 30269	2,000–6,000	$24.00	3 Months
1240 Highway 54 W	Fayette, GA 30214	1,145–8,705	$25.00	7 Yrs 4 Mos
6300 Hospital Pky	Johns Creek, GA 30097	2,038–5,670	$23.44	1 Yr 6 Mos
1553 Janmar Rd, Ste B	Snellville, GA 30078	5,000	$29.00	1 Month
4150 Deputy Bill Cantrell Hwy	Cumming, GA 30040	2,266–5,265	$33.00	2 Yrs 5 Mos
225 W Wieuca Rd NE	Atlanta, GA 30342	5,250–10,500	$35.00	9 Months
Regional CoStar Sample	Metro Atlanta Submarkets	**17 Properties**	**$25.03**	**Market Average**

Average				
Subject Property Offering	**22 Madras Pkwy, Newnan**	**8,878**	**$23.00**	**Immediate**

Combining escalated annual base rent with projected NNN pass-through expenses generates the full 10-year occupancy cost schedule. Over the 10-year term, base rent obligations total $2,340,855.37, while pass-through operating expenses total $661,497.04. This results in a cumulative 10-year tenant occupancy commitment of $3,002,352.41.

Lease Year	Base Rent ($/SF/Yr)	Monthly Base Rent ($)	Annual Base Rent ($)	NNN Opex ($/SF/Yr)	Annual NNN Expense ($)	Total Annual Occupancy Cost ($)
Year 1	$23.0000	$17,016.17	$204,194.00	$6.5000	$57,707.00	$261,901.00
Year 2	$23.6900	$17,526.65	$210,319.82	$6.6950	$59,438.21	$269,758.03
Year 3	$24.4007	$18,052.45	$216,629.41	$6.8959	$61,221.36	$277,850.77
Year 4	$25.1327	$18,594.02	$223,128.30	$7.1027	$63,058.00	$286,186.30
Year 5	$25.8867	$19,151.85	$229,822.15	$7.3158	$64,949.74	$294,771.89
Year 6	$26.6633	$19,726.40	$236,716.81	$7.5353	$66,898.23	$303,615.04
Year 7	$27.4632	$20,318.1	$243,818.	$7.7614	$68,905.1	$312,723.

		9	31		8	49
Year 8	$28.2871	$20,927.74	$251,132.86	$7.9942	$70,972.33	$322,105.19
Year 9	$29.1357	$21,555.57	$258,666.85	$8.2340	$73,101.50	$331,768.35
Year 10	$30.0098	$22,202.24	$266,426.86	$8.4811	$75,294.55	$341,721.41
10-Yr Total	—	—	**$2,340,855.37**	—	**$661,497.04**	**$3,002,352.41**

Quantitative Financial Feasibility & Scenario Cash-on-Cash Modeling

The total equity outlay required at lease execution ($t = 0$) is calculated by summing the net upfront conversion capital expenditures, the mandatory security deposit, and the working capital reserve:

$$\text{Total Initial Equity} = \text{Net Upfront CapEx} + \text{Security Deposit} + \text{Working Capital Reserve}$$

[cite:]

$$\text{Total Initial Equity} = \$286,040.20 + \$34,032.33 + \$150,000.00 = \$470,072.53$$

[cite:]
The financial model evaluates three operational scenarios to reflect potential variations in patient volume, billing mix, and ramp-up speed:

- **Baseline Scenario**: Assumes standard clinical ramp-up, with gross revenues expanding from $1,350,000.00 in Year 1 to $2,550,000.00 in Year 3 (operational stabilization). Non-lease clinical operating expenses (personnel, medical supplies, administrative overhead, billing software) scale from $950,000.00 in Year 1 to $1,550,000.00 in Year 3. Revenues and expenses escalate at 3.0% annually from Year 4 through Year 10.
- **Optimistic Scenario**: Assumes accelerated market penetration driven by strong senior utilization from Wesley Woods and earlier access via the Madras Connector. Revenues ramp from $1,550,000.00 in Year 1 to $2,950,000.00 in Year 3, expanding at 3.5%

annually thereafter.

- **Conservative Scenario**: Models a slower ramp-up with higher initial operating overhead. Revenues ramp from $1,100,000.00 in Year 1 to $2,150,000.00 in Year 3, expanding at 2.5% annually thereafter.

Under the Baseline operational model, the facility generates positive net cash flow of $138,099.00 in Year 1 after covering base rent and NNN expenses. This yields an initial Cash-on-Cash return of 29.38%. Following operational stabilization in Year 3, annual net cash flow exceeds $720,000.00, pushing annual Cash-on-Cash returns above 150%. Over the 10-year term, cumulative net cash flow reaches $7,023,966.93.

Baseline Year	Gross Revenue ($)	Non-Lease Opex ($)	EBITDAR ($)	Occupancy Cost ($)	Net Cash Flow ($)	Cash-on-Cash Yield (%)
Year 1	$1,350,000.00	$950,000.00	$400,000.00	$261,901.00	$138,099.00	29.38%
Year 2	$1,950,000.00	$1,250,000.00	$700,000.00	$269,758.03	$430,241.97	91.53%
Year 3	$2,550,000.00	$1,550,000.00	$1,000,000.00	$277,850.77	$722,149.23	153.62%
Year 4	$2,626,500.00	$1,596,500.00	$1,030,000.00	$286,186.30	$743,813.70	158.23%
Year 5	$2,705,295.00	$1,644,395.00	$1,060,900.00	$294,771.89	$766,128.11	162.98%
Year 6	$2,786,453.85	$1,693,726.85	$1,092,727.00	$303,615.04	$789,111.96	167.87%
Year 7	$2,870,047.47	$1,744,538.66	$1,125,508.81	$312,723.49	$812,785.32	172.91%
Year 8	$2,956,148.89	$1,796,874.82	$1,159,274.07	$322,105.19	$837,168.88	178.10%

Year 9	$3,044,833.36	$1,850,781.06	$1,194,052.30	$331,768.35	$862,283.95	183.44%
Year 10	$3,136,178.36	$1,906,304.49	$1,229,873.87	$341,721.41	$922,184.79*	196.18%
Total	**$24,075,456.93**	**$15,043,120.88**	**$9,032,336.05**	**$3,002,352.41**	**$7,023,966.93**	—

* Note: Year 10 Net Cash Flow includes the return of the $34,032.33 security deposit.
In the Optimistic operational scenario, initial Year 1 Cash-on-Cash yield reaches 61.29%, and 10-year cumulative net profit expands to $10,244,982.29. This trajectory yields an IRR of 117.40% and reduces the capital payback period to 1.29 years.

Optimistic Year	Gross Revenue ($)	Non-Lease Opex ($)	EBITDAR ($)	Occupancy Cost ($)	Net Cash Flow ($)	Cash-on-Cash Yield (%)
Year 1	$1,550,000.00	$1,000,000.00	$550,000.00	$261,901.00	$288,099.00	61.29%
Year 2	$2,250,000.00	$1,350,000.00	$900,000.00	$269,758.03	$630,241.97	134.07%
Year 3	$2,950,000.00	$1,680,000.00	$1,270,000.00	$277,850.77	$992,149.23	211.06%
Year 4	$3,053,250.00	$1,730,400.00	$1,322,850.00	$286,186.30	$1,036,663.70	220.53%
Year 5	$3,160,113.75	$1,782,312.00	$1,377,801.75	$294,771.89	$1,083,029.86	230.40%
Year 6	$3,270,717.73	$1,835,781.36	$1,434,936.37	$303,615.04	$1,131,321.33	240.67%
Year 7	$3,385,19	$1,890,85	$1,494,33	$312,723.	$1,181,614	251.37%

	2.85	4.80	8.05	49	.57	
Year 8	$3,503,674.60	$1,947,580.44	$1,556,094.16	$322,105.19	$1,233,988.97	262.51%
Year 9	$3,626,303.21	$2,006,007.86	$1,620,295.35	$331,768.35	$1,288,527.00	274.11%
Year 10	$3,753,223.83	$2,066,188.09	$1,687,035.73	$341,721.41	$1,379,346.66*	293.43%
Total	**$28,502,475.97**	**$17,289,124.55**	**$11,213,351.42**	**$3,002,352.41**	**$10,244,982.29**	—

* Note: Year 10 Net Cash Flow includes the return of the $34,032.33 security deposit.
In the Conservative operational scenario, the clinic experiences an initial Year 1 operating deficit of -$41,901.00 (Cash-on-Cash yield of -8.91%). This shortfall is fully covered by the built-in $150,000.00 working capital reserve.

The facility achieves positive cash flow in Year 2 ($180,241.97), generating a 10-year cumulative net profit of $4,078,995.49, an IRR of 50.20%, an NPV (at 10%) of $1,783,962.28, and a capital payback period of 2.73 years.

Conservative Year	Gross Revenue ($)	Non-Lease Opex ($)	EBITDAR ($)	Occupancy Cost ($)	Net Cash Flow ($)	Cash-on-Cash Yield (%)
Year 1	$1,100,000.00	$880,000.00	$220,000.00	$261,901.00	($41,901.00)	-8.91%
Year 2	$1,600,000.00	$1,150,000.00	$450,000.00	$269,758.03	$180,241.97	38.34%
Year 3	$2,150,000.00	$1,420,000.00	$730,000.00	$277,850.77	$452,149.23	96.19%
Year 4	$2,203,750.00	$1,455,500.00	$748,250.00	$286,186.30	$462,063.70	98.29%

Year 5	$2,258,843.75	$1,491,887.50	$766,956.25	$294,771.89	$472,184.36	100.45%
Year 6	$2,315,314.84	$1,529,184.69	$786,130.16	$303,615.04	$482,515.12	102.65%
Year 7	$2,373,197.71	$1,567,414.30	$805,783.41	$312,723.49	$493,059.92	104.89%
Year 8	$2,432,527.66	$1,606,599.66	$825,928.00	$322,105.19	$503,822.80	107.18%
Year 9	$2,493,340.85	$1,646,764.65	$846,576.20	$331,768.35	$514,807.84	109.52%
Year 10	$2,555,674.37	$1,687,933.77	$867,740.60	$341,721.41	$560,051.52*	119.14%
Total	**$22,482,649.18**	**$14,435,284.57**	**$8,047,364.61**	**$3,002,352.41**	**$4,078,995.49**	—

* Note: Year 10 Net Cash Flow includes the return of the $34,032.33 security deposit.

Strategic Risk Assessment & Mitigation Framework

The primary financial risk of this transaction is the tenant's obligation to guarantee base rent payments across the entire 10-year term. Over the 10 years, cumulative guaranteed base rent totals $2,340,855.37, while total occupancy costs reach $3,002,352.41 when NNN pass-through expenses are included.

This long-term financial exposure is mitigated by the project's rapid payback timeline and landlord TI financing structure. Because the landlord finances $213,959.80 of the conversion costs via the lease rate, initial tenant equity is reduced to $470,072.53. In the Baseline scenario, this capital is fully recovered within 1.77 years. By Year 3, stabilized annual EBITDAR ($1,000,000.00) provides 3.60x coverage over annual occupancy costs ($277,850.77), establishing an operational buffer against potential revenue fluctuations.

To evaluate operational risk, a break-even throughput analysis was conducted for Year 1. With Year 1 occupancy costs totaling $261,901.00 and non-lease clinical expenses estimated at

$950,000.00, the facility's total Year 1 operating cost baseline is $1,211,901.00.

$$\text{Year 1 Total Expense Baseline} = \$261,901.00 + \$950,000.00 = \$1,211,901.00$$

Assuming a blended average gross collection of $165.00 per patient visit (combining commercial insurance reimbursements, Medicare payments, and self-pay urgent care visits), the clinic's break-even volume requirements are calculated as:

$$\text{Annual Visit Break-Even} = \frac{\$1,211,901.00}{\$165.00} = 7,345 \text{ patient visits per year}$$

$$\text{Daily Visit Break-Even} = \frac{7,345 \text{ visits}}{250 \text{ operating days}} = 29.4 \text{ patient visits per day}$$

A target volume of 29.4 patient visits per day across an 8,878-square-foot facility containing 12 exam suites represents an average throughput of less than 2.5 patient visits per exam room per day. Given the 5-mile PMA population of 56,473 residents and the local primary care physician shortage (2,205:1 ratio), achieving this volume is operationalized by market demand.

Entitlement and construction timing risks must also be addressed. Although the seller has agreed to support rezoning or Special Use Permit applications, municipal processing delays could defer the opening date. To mitigate this risk, the lease contract should include a zoning contingency clause granting 120 days to secure necessary municipal approvals, with rent commencement tied directly to municipal permit issuance and receipt of the certificate of occupancy.

Institutional Conclusion & Strategic Recommendations

Executing a 10-year NNN lease for a hybrid primary and urgent care clinic at 22 Madras Parkway is financially feasible and supported by market fundamentals. Incorporating the $2.41 per SF TI allowance into the 10-year lease rate structure provides $213,959.80 in landlord-funded capital, reducing the net upfront conversion CapEx to $286,040.20 and the overall initial equity requirement to $470,072.53.

The starting base rate of $23.00 per SF NNN remains 8.1% below regional medical office benchmarks ($25.03/SF), offering an economical occupancy structure that includes TI financing.

The project demonstrates strong financial returns across all modeled scenarios. In the Baseline model, the investment delivers $7,023,966.93 in 10-year cumulative net profit, an IRR of 88.50%, an NPV (at 10%) of $3,511,646.05, a total ROI of 1,494.23%, and a capital payback period of 1.77 years. The business model is further reinforced by favorable local demographic conditions, including a primary care deficit in Coweta County (2,205:1 patient-to-physician ratio), an annual

PMA healthcare TAM exceeding $175 million, close proximity to senior living facilities, and increased traffic access from the Madras Connector infrastructure project.
Strategic recommendations for execution include:

1. **Lease Terms Execution**: Finalize the 10-year NNN lease at the starting rate of $23.00 per SF NNN, ensuring full documentation of the $2.41 per SF annual TI allowance allocation ($213,959.80 total) toward upfront conversion expenses.
2. **Zoning & Entitlement Protection**: Structure the lease contract with a 120-day municipal approval contingency for the Special Use Permit or rezoning classification, tying rent commencement to the issuance of a certificate of occupancy.
3. **Clinical Model Implementation**: Focus clinical operations on a combined primary care and urgent care practice model, incorporating dedicated geriatric services to serve the surrounding senior population and nearby residential communities.
4. **Capital Reserves Oversight**: Preserve the full $150,000.00 working capital reserve at project launch to support operational cash flows during the initial Year 1 ramp-up phase.

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