

SINGLE-TENANT MEDICAL OFFERING

READING, PA



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THE OFFERING

Graystone Capital Advisors is pleased to present an exceptional investment opportunity at 601 East Lancaster Avenue, Reading, PA. This **10,800 square-foot, single-tenant medical office property** is **100% leased** with lease payments guaranteed by The Smilist DSO, LLC—a respected dental services organization. **The location was converted to a dental office in 2008, offering nearly 20 years of operational success. The facility currently has 11 chairs, with expansion capacity to 15.**

The property delivers an attractive **8.5+% cap rate**, providing immediate yield and long-term value for investors seeking resilient healthcare cash flow. The lease features **six years remaining on a modified net lease basis**, with **annual rent escalations of 2%** and two (2), five-year renewal options, ensuring ongoing income growth and operational stability. **The lease rate at \$1.01/SF/Month is highly defensible and offers future upside in rental income and leverage during future renewal negotiations.**

The **modified net lease structure** limits landlord obligations, making this asset a **low-touch, reliable investment**. Steady **annual rental increases** and guaranteed tenancy by an established dental operator support consistently increasing returns, with projected rental income rising from **\$131,580 (current) to \$145,275 by year six**.

Positioned along **East Lancaster Avenue** in Reading's core commercial corridor, the property offers prominent visibility and easy access to a dense residential population and employment base. As a medical office asset, it benefits from the healthcare sector's consistent demand and resilience to economic cycles, resulting in high tenant retention and compelling income certainty for investors.

With a premier dental tenant, long-term lease structure, and operational stability within a thriving healthcare market, 601 East Lancaster Avenue stands out as an attractive addition to any income-oriented real estate portfolio. **This opportunity combines predictable cash flow with minimal management obligations, supporting both new and experienced investors in achieving dependable, long-term returns.**

Property Name	Single Tenant Net Leased the Smilist
Address	601 E Lancaster Ave
Property City, State Zip:	Reading, PA 19607
APN	77-5306-17-00-2431
Year Built/Renov.	1950/2010/2022
Gross Leaseable Area	10,800
Lot Area (SF)	18,731
Zoning	Commercial
Type of Ownership	Fee Simple
Property Subtype	Medical Office
Tenant	The Smilist DSO
Guarantor	Corp (Private)
Lease Type	Modified NN
Lease Commencement	5/20/2024
Lease Expiration	5/19/2031
Options	(2), 5-Year Options
Rental Increases	2% Annual Increases
Tenant Purchase Rights	Yes, Contact Listing Team for Details

INCOME & EXPENSES

Income							
Period Start	Period End	Opt "#"	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE	Increases
Current	5/19/2026		\$131,580	\$10,965.00	\$12.18	8.34%	
05/20/26	05/19/27		\$134,212	\$11,184.30	\$12.43	8.51%	2.00%
05/20/27	05/19/28		\$136,896	\$11,407.99	\$12.68	8.68%	2.00%
05/20/28	05/19/29		\$139,634	\$11,636.15	\$12.93	8.85%	2.00%
05/20/29	05/19/30		\$142,426	\$11,868.87	\$13.19	9.03%	2.00%
05/20/30	05/19/31		\$145,275	\$12,106.25	\$13.45	9.21%	2.00%
05/20/31	05/19/32	1	\$148,180	\$12,348.37	\$13.72	9.39%	2.00%
05/20/32	05/19/33	1	\$151,144	\$12,595.34	\$13.99	9.58%	2.00%
05/20/33	05/19/34	1	\$154,167	\$12,847.25	\$14.27	9.77%	2.00%
05/20/34	05/19/35	1	\$157,250	\$13,104.19	\$14.56	9.97%	2.00%
05/20/35	05/19/36	1	\$160,395	\$13,366.27	\$14.85	10.16%	2.00%
05/20/36	05/19/37	2	\$163,603	\$13,633.60	\$15.15	10.37%	2.00%
05/20/37	05/19/38	2	\$166,875	\$13,906.27	\$15.45	10.58%	2.00%
05/20/38	05/19/39	2	\$170,213	\$14,184.40	\$15.76	10.79%	2.00%
05/20/39	05/19/40	2	\$173,617	\$14,468.08	\$16.08	11.00%	2.00%
05/20/40	05/19/41	2	\$177,089	\$14,757.45	\$16.40	11.22%	2.00%

Expenses			
2026 Annualized Expenses	Current	Per SF	
Real Estate Taxes	\$12,870	\$1.19	
Insurance	\$2,750	\$0.25	
Landscaping	\$1,500	\$0.14	
Total Expenses	\$17,120		
Expenses as % of EGI	13.01%		
Expenses Per Square Foot	\$1.59		
May 2026 Rent	\$134,212	2026: 7.42% CAP @ \$1,578,000	
2026 Expenses	\$17,120	2027: 7.6% CAP	
Projected 2026 Net Income	\$117,092	2028: 7.8% CAP	
		2029: 8.0% CAP	
		2030: 8.2% CAP	

INVESTMENT HIGHLIGHTS



Established Medical Tenant

Leased to a general dentistry provider operating under the well-established brand, the Smilist, the tenant operates in a highly stable sector with consistent demand. Healthcare tenants like this offer strong retention and performance across economic cycles.



Stable Income Stream

Current lease runs through April 2031, with strong potential for renewal, ensuring predictable rental income and minimizing the risk of vacancy or turnover.



Prime Medical Office Location

Positioned along the high-visibility East Lancaster Avenue corridor, benefiting from strong daily traffic counts, easy ingress/egress, and convenient access for patients and staff.

- **Proximity to Dense Population Base**

Located in Reading, PA, within a thriving, densely populated trade area that offers direct access to regional healthcare networks, suppliers, and a steady flow of customers.

- **Functional Property Layout**

10,800 SF single-story medical office situated on a 0.43-acre lot, with an efficient floor plan tailored to healthcare operations and patient flow.

- **Attractive Investment Fundamentals**

Supported by solid real estate fundamentals, this medical office asset benefits from the sector's historically resilient performance, even during economic downturns.

- **Stable and Growing Industry**

The U.S. dental services market is expected to grow at a Compound Annual Growth Rate (CAGR) of over 5% in the coming years, driven by factors such as an aging population, increasing awareness of oral health, and the rising popularity of cosmetic and aesthetic procedures.

TENANT OVERVIEW

The Smilist Dental, one of the fastest-growing dental operators in the Northeast with over 100 locations, achieved 50% revenue growth in 2024. Since its founding in 2014, The Smilist has focused on providing high-quality general, cosmetic, orthodontic, pediatric, and specialty dental care through a growing network of patient-centered practices.

* **Financial Strength:** The company is the primary portfolio company of Zenyth Partners, a healthcare-focused private equity firm. It has also received investment support from funds managed by BlackRock and Manulife. Total recent funding is estimated at over \$400 million.

* **Extensive Network:** As of 2025, The Smilist operates more than 100 locations across six states: New York, New Jersey, Pennsylvania, Connecticut, Massachusetts, and Rhode Island. This rapid expansion has positioned The Smilist as one of the fastest-growing DSOs in the country.

* **Partnership Model:** The organization's success is built on a partnership model. It supports affiliated dental practices with back-office services such as operations, billing, compliance, and marketing, allowing dentists to focus on patient care.

* **Commitment to Excellence:** The Smilist is recognized for its modern facilities, adoption of advanced dental technologies, and strong commitment to delivering an outstanding patient experience.

* **Future Outlook:** Backed by substantial capital and a strategic growth plan, The Smilist is poised to continue expanding its footprint while maintaining its dedication to clinical excellence and personalized service.





601
East Lancaster Avenue
READING, PA

601
EAST LANCASTER AVENUE
READING, PA

WOODLAND AVE



E LANCASTER AVE

READING, PA

Reading, Pennsylvania, is a key economic and healthcare center in the region, serving a diverse population across Berks County. The city itself has an estimated population of 88,000, while the broader Berks County area totals approximately 420,000 residents as of 2024. The median household income in Reading is \$45,135, reflecting a varied demographic profile. About 13.5% of the population is aged 65 or older, indicating a steady demand for healthcare services.

The local economy is supported by a mix of industries, including manufacturing, healthcare, and retail. Employment in Reading has shown positive trends, with a 1.8% increase from 2022 to 2023, growing from 40,000 to 40,720 jobs. Key employment sectors include healthcare and social assistance (5,200 workers), retail trade (4,800), and manufacturing (4,500). The healthcare sector is particularly robust, anchored by institutions like Reading Hospital and Penn State Health St. Joseph. With local unemployment rates below the national average and a positive net migration, Reading continues to demonstrate economic resilience.

In terms of real estate, Reading offers a promising environment for medical office investments. The city has seen limited new commercial development, leading to low vacancy rates in the office and healthcare sectors. Medical professionals are particularly attracted to the high-visibility areas along East Lancaster Avenue, a major commercial corridor. The combination of limited supply and increasing healthcare demand positions Reading as a strategic market for stable, long-term real estate investments.

MARKET HIGHLIGHTS



GROWING AND STABLE POPULATION

Reading's population reached approximately 94,836 residents in 2023, reflecting steady year-over-year growth. This ongoing increase supports demand for housing, healthcare, retail, and professional services, contributing to long-term market stability.



YOUNG AND DYNAMIC DEMOGRAPHICS

With a median age of 31.7 years, Reading is home to a relatively young population compared to national averages. Nearly half of residents are under 30, creating strong workforce potential and long-term consumer demand in the local economy.



RISING HOUSEHOLD INCOMES

The median household income climbed to \$45,599 in 2023, marking more than 6% growth from the prior year. This upward income trend indicates strengthening economic conditions and greater local purchasing power.



AFFORDABLE AND ACCESSIBLE REAL ESTATE MARKET

With a median home value of \$109,800 and competitive rental rates, Reading offers an attractive cost of living compared to neighboring areas. This affordability supports population retention, new household formation, and demand for well-located commercial properties.



STRATEGIC REGIONAL LOCATION

Reading benefits from excellent regional connectivity, with convenient access to major highways such as U.S. Route 222, Interstate 76 (Pennsylvania Turnpike), and Route 422.

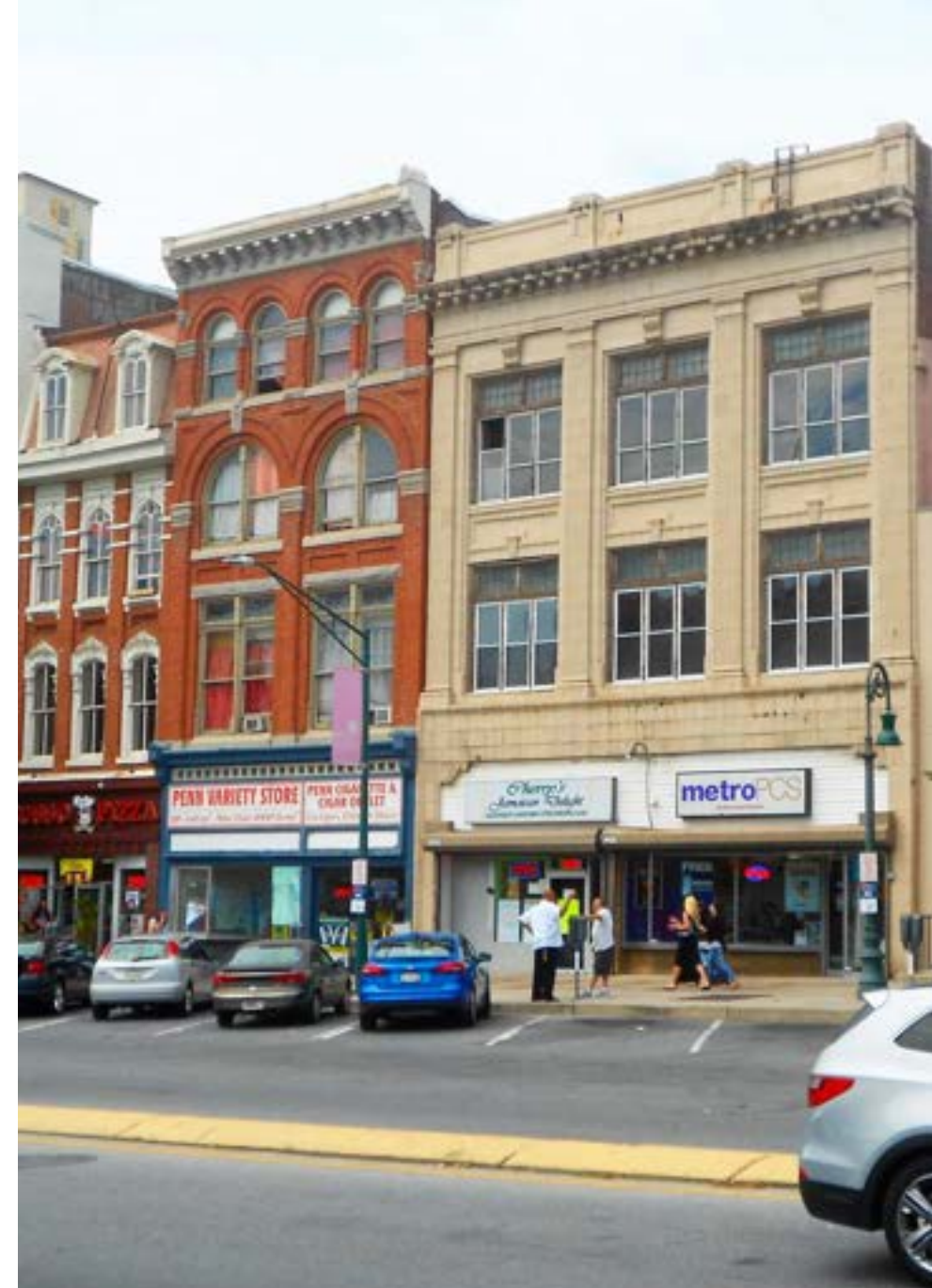


EXPANDING HEALTHCARE AND PROFESSIONAL SERVICES SECTOR

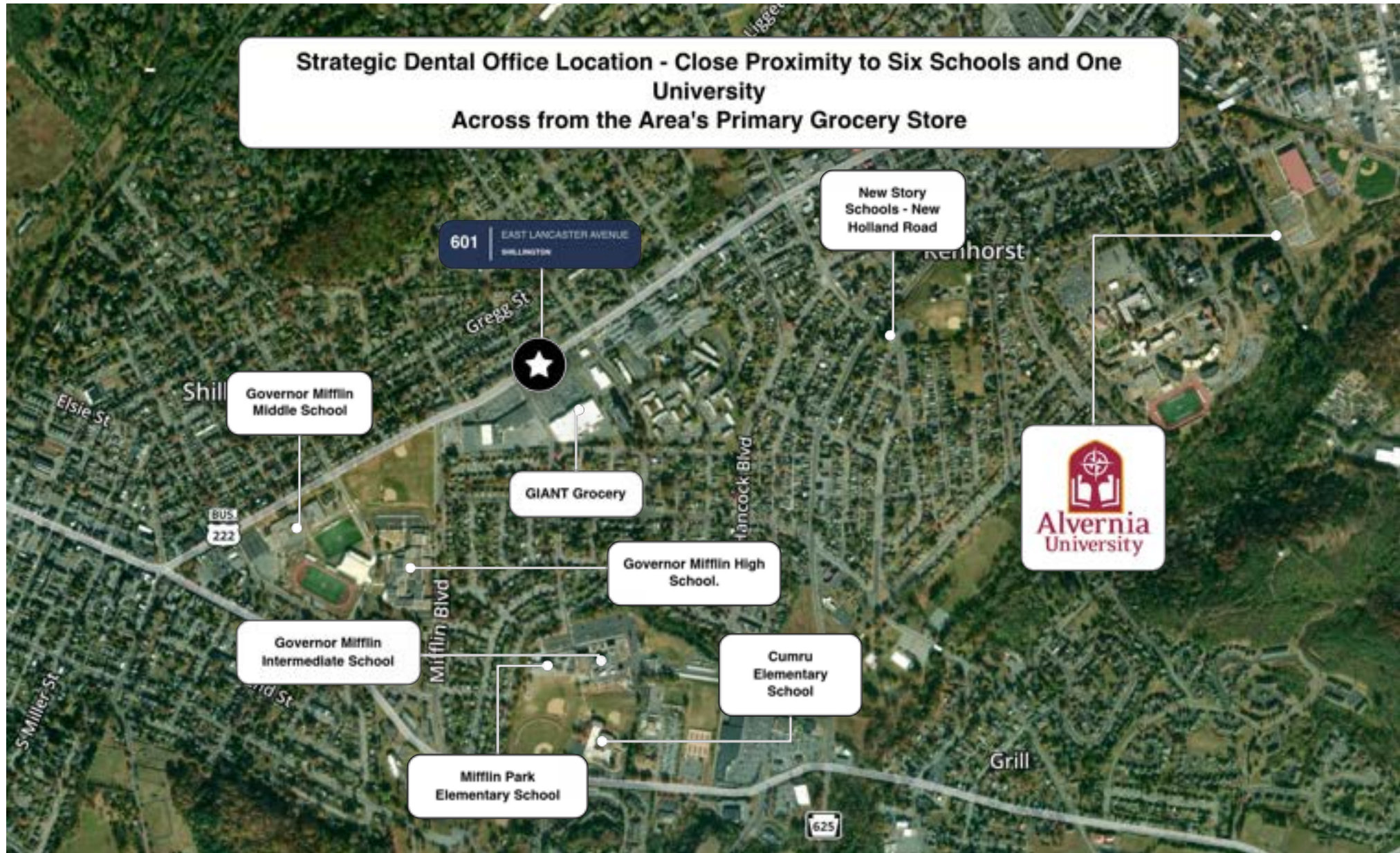
The Reading area has a growing healthcare and professional services industry, anchored by facilities such as Reading Hospital and numerous specialty medical practices.

DEMOGRAPHICS

Category	1-Mile Radius	3-Mile Radius	5-Mile Radius
Total Population (2024)	16,076	133,690	207,092
Median Age	38	38	39
Total Households (2024)	5,855	49,360	77,534
Household Growth (2024–2029)	0.24%	0.31%	0.34%
Median Household Income	\$48,548	\$48,505	\$59,526
Average Household Size	2.5	2.6	2.5
Median Home Value	\$132,861	\$138,305	\$178,713



AREA AMENITIES MAP



AREA AMENITIES MAP



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