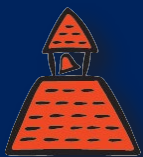




OFFERING MEMORANDUM



KINDERCARE
INDIANAPOLIS, IN

Marcus & Millichap
THE SULO GROUP



**Subject
Property**



KinderCare
LEARNING CENTERS

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KINDERCARE

12025 Pendleton Pike
Indianapolis, IN 46236

FINANCIAL SUMMARY

Price	\$4,290,000
Cap Rate	6.15%
Net Operating Income	\$263,824
Building Sq Ft	11,992 Sq Ft
Year Built	2019
Lot Size	+/- 1.21 Acres

LEASE SUMMARY

Lease Type	Triple Net
Tenant	KinderCare Education, LLC
Guarantor	Corporate
Structure and Foundation	Landlord Responsible
Primary Term	15 Year
Lease Commencement Date	4/1/2020
Rent Commencement Date	4/1/2020
Lease Expiration Date	3/31/2035
Term Remaining	15 Years
Rental Increases	Yes
Renewal Options	Two, Five-Year

OPERATING DATA

Lease Years	Annual Rent	Cap Rate
1	\$263,824	6.15%
2	\$269,100	6.27%
3	\$274,482	6.40%
4	\$279,972	6.53%
5	\$285,572	6.66%
6	\$291,283	6.79%
7	\$297,109	6.93%
8	\$303,051	7.06%
9	\$309,112	7.21%
10	\$315,294	7.35%
11	\$321,600	7.50%
12	\$328,032	7.65%
13	\$334,593	7.80%
14	\$341,284	7.96%
15	\$348,110	8.11%
Options	Annual Rent	Cap Rate
16-20 (Option 1)	\$355,072	8.28%
21-25 (Option 2)	\$392,029	9.14%

Base Rent	\$263,824
Net Operating Income	\$263,824
Total Return	6.15% \$263,824
Lease Comments: Two percent annual increases throughout base term and option periods	

TENANT OVERVIEW

**No. of Locations:**

1,700+

No. of Employees:

25,000+

Year Founded:

1969

Headquarters:

Portland, OR

Website:

<https://www.kindercare.com/>

KinderCare Learning Centers is the largest childcare provider in the United States, with more than 1,500 learning centers in 40 states and Washington D.C. Since 1969, the company has specialized in providing early childhood education and care, creating research-backed classrooms, and programs that allow children to thrive. Results from the 2019 BRIGANCE® and TerraNova® national studies confirmed the impact that KinderCare programs have, showing that KinderCare children are better prepared for first grade, and the longer that children are enrolled in KinderCare programs, the sooner they achieve developmental milestones. The company employs over 30,000 teachers who serve 186,000 children every day.

Known for its red-roofed structures and friendly environment, KinderCare Education is one of only 17 other companies to ever win three consecutive years as a Gallup Great Workplace. KinderCare Education remains the first and only company in the early childhood education industry to be recognized by Gallup for this award, and one of only 40 companies worldwide to receive this distinction. The award honors organizations that have proven their ability to achieve exceptionally high levels of workplace engagement by investing in their people and culture.

KinderCare Education is the parent company of KinderCare Learning Centers and includes the additional brands of Knowledge Beginnings, Champions, The Grove School, and Cambridge Schools. The institution has delivered 24 quarters of top-line and bottom-line consecutive earnings growth. In 2018, the company further cemented its role as the largest childcare provider with the successful acquisition of Rainbow Child Care Center and its 150 centers in 16 states. Rainbow was the eighth largest child care provider in the nation at the time. The company confirmed this was the largest single acquisition for KinderCare since the company merged with Knowledge Learning Corporation in 2005.

- **Gallup Great Workplace Award, (2017, 2018, 2019)**
- **#1 Largest Childcare Provider**

WHY BUY A CHILD CARE CENTER



Competitive Landscape

The U.S. childcare services industry includes about 54,000 commercial facilities with combined annual revenue of \$25 billion, plus about 21,000 facilities run by nonprofit organizations with combined annual revenue of about \$13 billion. In 2017, 65 percent of mothers with children under the age of six participated in the workforce in the U.S., according to the Bureau of Labor Statistics.

Demand is driven primarily by growth in the youth population, and secondarily by employment and income. Recognition of the importance of early education is also driving demand for high-quality care. The profitability of individual child care facilities depends on good marketing, reputation, and efficient operations, as well as how saturated the local market is. Large companies have economies of scale in advertising and administration. Smaller companies can compete effectively in local markets by owning convenient locations.

Source: <https://www.sbdcnnet.org/small-business-research-reports/daycare-business>
<http://www.hoovers.com>

Child Care Market Size

The global market for child care reached a value of nearly \$339.1 billion in 2018, having grown at a compound annual growth rate (CAGR) of 8.3% since 2014, and is expected to grow at a CAGR of 11.3 percent to nearly \$520.4 billion by 2022.

Growth in the historic period resulted from economic growth in emerging markets, the rise in awareness of the benefits of early learning, government funding in developed nations towards child care costs and an increase in the number of families with both parents working. Going forward, government initiatives to support child care, rising corporate profits which enable companies to spend more on social benefits to employees, and awareness of the benefits of early-life education due to rising internet penetration, will drive growth.

Child Care Market Drivers

The key driver of the child care market include:

Increase In Two Working Parent Families – An increase in the numbers of families where both parents are employed and a steady change in gender roles occurred in the historic period. For instance, the proportion of families with both parents working in the USA increased from 46 percent in 2015 to 61.9 percent in 2017. Improved incomes and the illegality and stress burden of leaving children at home alone led working parents to enroll their children at child care centers or provide other child care, benefitting the child care market.

Source: <https://www.thebusinessresearchcompany.com/report/child-care-market>



8.4 million children in the U.S. have two working parents (Child Care Aware of America, 2016), and the demand for high-quality preschools and childcare is increasing



Children's daycare services made a total of **\$48.9 billion** in revenue in 2017 and are projected to earn **\$52.5 billion** by 2021 (Diment, 2016)



Although nearly **15 million** children under the age of six require childcare (Child Care Aware of America, 2016), which is consistent with previous years, indicators show the demand for pre-schools and childcare will increase



Industry-wide sales grew by **over 6 percent** between 2008 and 2012, in contrast to a national dip of 5 percent during 2009.

PROPERTY PHOTOS





SITE PLAN



SITE PLAN KEY

Parcel Outline



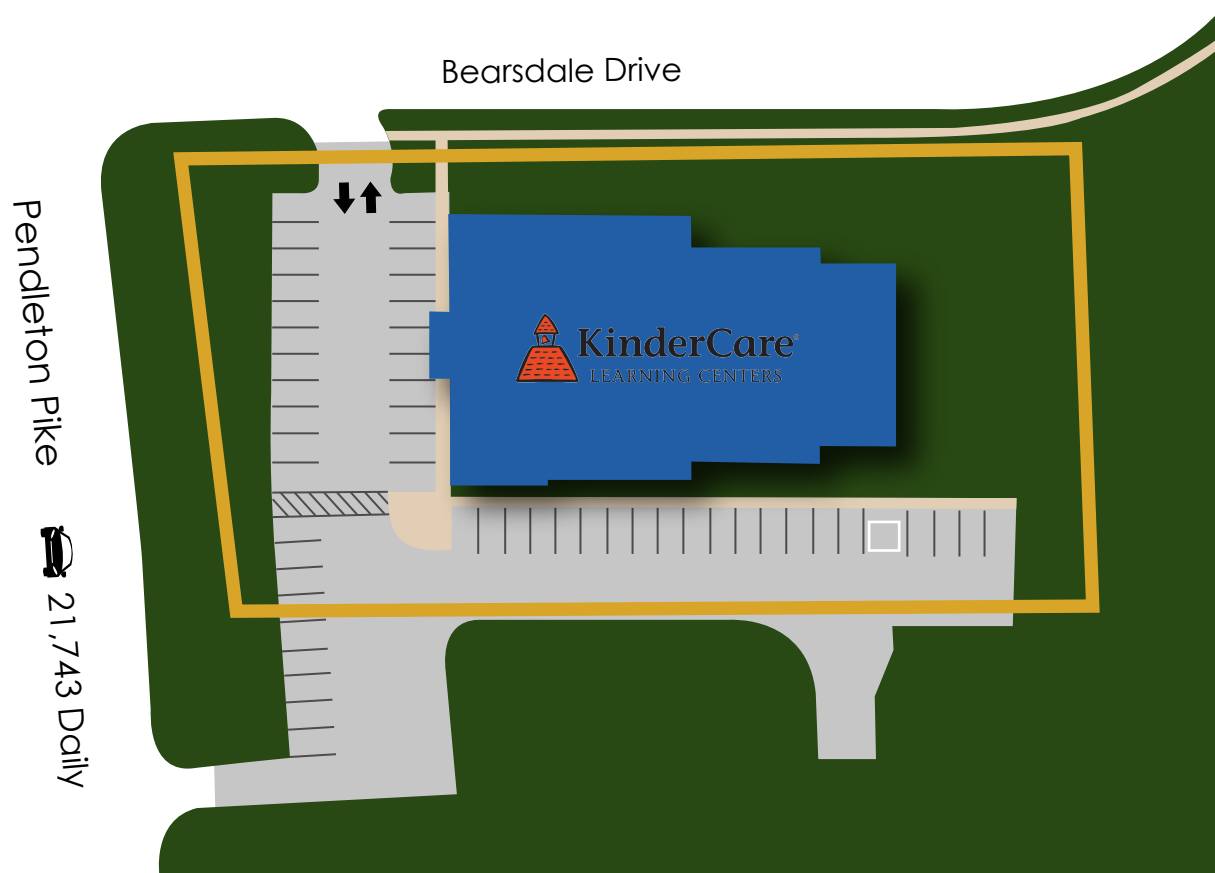
Lot Size

+/- 1.21 Acres

Building Sq Ft

11,992 Sq Ft

Ingress/Egress



LOCATION OVERVIEW



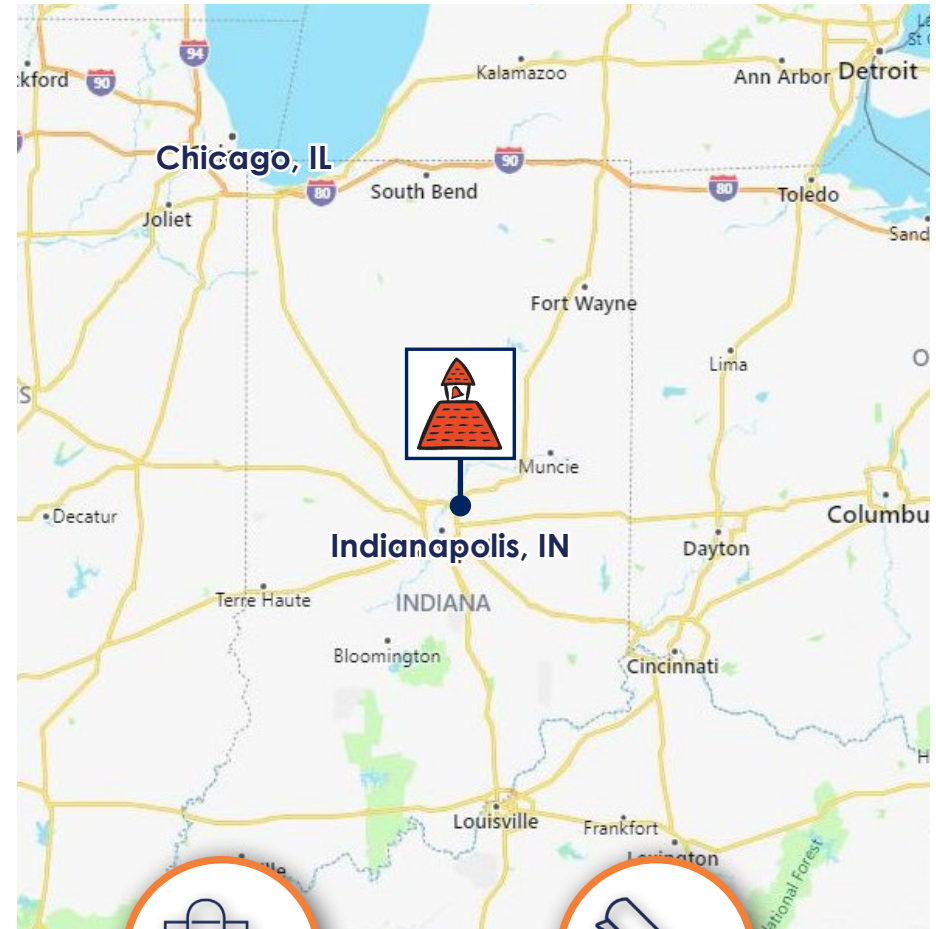
To make navigating the city easy there are 12 hotels conveniently linked by skywalk to Lucas Oil Stadium, the Indiana Convention Center, and Circle Centre mall. Step outside and discover an easy walk to White River State Park with 250 acres of greenspace, the scenic Central Canal, and a collection of Indy's top attractions. Meet orangutans at the Indianapolis Zoo, journey westward at the Eiteljorg Museum of American Indians & Western Art, or see a show under the stars at the Amphitheater at White River State Park.

Hop on a Pacers Bikeshare bike and ride the Indianapolis Cultural Trail to Mass Avenue, a progressive neighborhood also known as the Theater District, or Fountain Square, with its retro vibe and live music venues. Eat and drink your way through nearby Fletcher Place where standout restaurants Milktooth and Bluebeard are drawing national attention to Indy's food scene.

Our many stages support thriving local music and theater scenes, while welcoming touring shows of all kinds. And in a city that built its reputation on sports both amateur and professional, you'll almost always find some sort of competition going on. As host of the world's largest single-day sporting event (the Indianapolis 500).

White River State Park offers more than 250 acres of green space filled with an array of cultural attractions, public art, and entertainment. Explore the park by bike or your own two feet as you go door-to-door at some of Indy's finest attractions including the Indianapolis Zoo, Eiteljorg Museum of American Indians and Western Art, NCAA Hall of Champions, Indiana State Museum, and Victory Field. At 3,900 acres of land and 1,400 acres of water, Eagle Creek Park is one of the nation's largest city parks. Trails beckon hikers and bird watchers, the lake welcomes fishermen and sailors, and picnic benches encourage relaxing meals in the great outdoors

Source: <https://www.visitindy.com/indianapolis-about-indianapolis>



15.9 MILES
NORTHEAST OF
INDIANAPOLIS, IN



28.8 MILES
INDIANAPOLIS
INTERNATIONAL AIRPORT



47.9 MILES
INDIANAPOLIS
PREMIUM OUTLETS



19.2 MILES
UNIVERSITY
OF INDIANAPOLIS

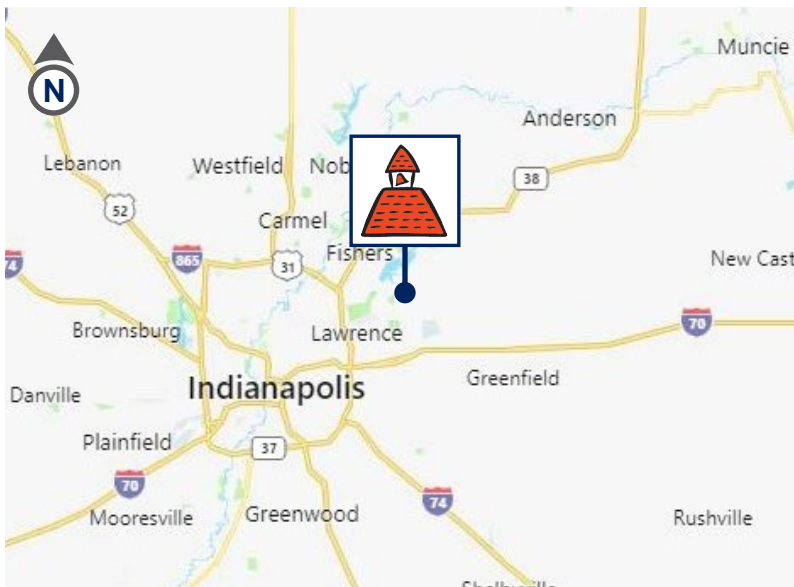
DEMOGRAPHICS



POPULATION	1-MILE	3-MILE	5-MILE
2010 Population	6,519	37,817	115,886
2018 Population	6,820	39,944	123,887
2023 Population	7,668	43,904	134,469

HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2010 Households	2,391	14,228	43,451
2018 Households	2,479	14,935	46,004
2023 Households	2,834	16,603	50,326

INCOME	1-MILE	3-MILE	5-MILE
Median Household Income	\$64,076	\$73,436	\$59,245
Per Capita Income	\$28,695	\$34,640	\$32,040
Average Household Income	\$78,111	\$92,442	\$86,166



POPULATION

In 2018, the population in your selected geography is 123,887. The population has changed by 27.48% since 2000. It is estimated that the population in your area will be 134,469 five years from now, which represents a change of 8.54% from the current year. The current population is 47.70% male and 52.30% female. The median age of the population in your area is 34.5, compare this to the Entire US average which is 38.0. The population density in your area is 1,575.08 people per square mile.

HOUSEHOLDS

There are currently 46,004 households in your selected geography. The number of households has changed by 27.50% since 2000. It is estimated that the number of households in your area will be 50,326 five years from now, which represents a change of 9.39% from the current year. The average household size in your area is 2.69 persons.

INCOME

In 2018, the median household income for your selected geography is \$59,245, compare this to the Entire US average which is currently \$58,754. The median household income for your area has changed by 13.20% since 2000. It is estimated that the median household income in your area will be \$67,989 five years from now, which represents a change of 14.76% from the current year.

The current year per capita income in your area is \$32,040, compare this to the Entire US average, which is \$32,356. The current year average household income in your area is \$86,166, compare this to the Entire US average which is \$84,609.

RACE & ETHNICITY

The current year racial makeup of your selected area is as follows: 58.60% White, 29.74% Black, 0.07% Native American and 2.43% Asian/Pacific Islander. Compare these to Entire US averages which are: 70.20% White, 12.89% Black, 0.19% Native American and 5.59% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 9.77% of the current year population in your selected area. Compare this to the Entire US average of 18.01%.

HOUSING

In 2000, there were 26,029 owner occupied housing units in your area and there were 10,054 renter occupied housing units in your area. The median rent at the time was \$479.

EMPLOYMENT

In 2018, there are 35,901 employees in your selected area, this is also known as the day-time population. The 2000 Census revealed that 70.93% of employees are employed in white-collar occupations in this geography, and 29.19% are employed in blue-collar occupations. In 2018, unemployment in this area is 4.27%. In 2000, the average time traveled to work was 26.9 minutes.