

KINDERCARE

18727 Carmenita Rd | Cerritos, CA

OFFERING MEMORANDUM

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MATTHEWSTM
REAL ESTATE INVESTMENT SERVICES

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DOWNTOWN LOS ANGELES



± 254,000 VPD

AVERAGE HOUSEHOLD INCOME
± \$133,000



KinderCare[®]
LEARNING CENTERS

CARMENITA RD
± 24,000 VPD



CARMENITA RD
± 24,000 VPD

EXECUTIVE OVERVIEW

INVESTMENT HIGHLIGHTS

LOCATION

- **Prime SoCal Real Estate** – The subject property sits on over an acre of land in Los Angeles County
- **Exit off of Busiest Freeway** – The 91 Freeway that connects the Beach Cities to Cerritos, Anaheim, Corona, and Riverside and sees a robust 244,000 cars per day, exits right onto Carmenita Rd adjacent to the subject property.
- **#2 MSA in the Country** – Los Angeles is the 2nd largest metropolitan area in the country with an estimated 13.2 Million people.
- **Affluent Submarket** – In the immediate 1-mile radius, there are 26,000+ residents that generate an average household income of \$133,000+, nearly triple the national average
- Subject property is adjacent to a Bowlero bowling alley and a large shopping center that's anchored by Ralph's (Kroger Brand) and CVS which helps draw traffic to the immediate vicinity.
- **Congregation of Traffic** – Subject property is adjacent to a Bowlero bowling alley and a large Ralph's (Kroger Brand) and CVS anchored shopping center that helps draw traffic to the immediate vicinity.

LEASE

- **Corporate Lease** – Kindercare, who has 1,500+ locations and 36,000+ employees and 200,000+ students enrolled in their centers, is the tenant on the lease.
- **Ideal 1031 Exchange Candidate** – Due to an early renewal, there are 9+ years remaining on the lease, which offers longterm and steady cash flow.
- **Zero Landlord Responsibilities** – Tenant takes care of taxes, insurance, and all maintenance, offering a “hands off” passive investment for both locals and out-of-state investors.
- **Extreme Commitment by Tenant** – The tenant has exercised 3 out of its 5 options at this location, which is a significant gesture in today's net lease market. Through its 16+ year occupation despite many opportunities to terminate the lease, the tenant has shown extreme commitment here.
- **Below Market Rent** – Tenant is paying rent that is roughly 50% below market, offering tremendous upside for investors to increase the value of the property.

FINANCIAL OVERVIEW



\$3,196,470
LIST PRICE



\$163,020
NOI



5.10%
CAP RATE



\$11.25
Rent/SF

BUILDING INFO

Address	18727 Carmenita Rd Cerritos, CA 90703
APN	05-38-41-011-005-00010-7
GLA of Building	±10,305 SF
Lot Size	±47,480 SF (±1.09 Acres)

TENANT SUMMARY

Tenant Name	Kinder Care
Type of Ownership	Fee Simple
Lessee Entity	Corporate
Lease Type	NNN
Roof and Structure	Tenant Responsible
Term Remaining	±9 years
Original Lease Term	10
Lease Commencement Date	4/15/04
Lease Expiration Date	4/30/29
Options	2,5-Year
GLA (SF)	±10,305
Lot Size	±47,480 SF (±1.09 Acres)
ROFR	Yes, 15 Days

ANNUALIZED OPERATING DATA

Date	Monthly Rent	Annual Rent	Annual Rent/SF	Cap Rate
Current	\$13,585	\$163,020	\$11.25	5.10%
5/1/2024 - 04/20/2029	\$14,400	\$172,801	\$11.93	5.41%
Options 4	\$15,264	\$183,169	\$12.64	5.73%
Options 5	\$16,180	\$194,159	\$13.40	6.07%



BARRINGTON CAPITAL
REAL ESTATE FINANCING SERVICES

DEBT QUOTE

Loan quote provided by Barrington Capital based on market conditions at this time. Actual rates and terms will vary based on market conditions at closing. Please contact:

KEVIN PUDER
SENIOR ASSOCIATE

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Direct line: (214) 530-5803

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TENANT OVERVIEW



1,500+
LOCATIONS



36,000+
EMPLOYEES



200,000+
STUDENTS OVERVIEW

| KINDERCARE OVERVIEW

KinderCare Learning Centers is an American operator of for-profit child care and early childhood education facilities. KinderCare Learning Centers was founded in 1969 and is currently owned by KinderCare Education based in Portland, Oregon. The company provides educational programs for children from six weeks to 12 years old. KinderCare is the third-largest privately held company headquartered in Oregon. In 39 states and the District of Columbia, some 200,000 children are enrolled in more than 1,600 early childhood education community centers, over 600 before-and-after school programs, and over 100 employer-sponsored centers.

KinderCare uses low teacher-to-student ratios that allow teachers to focus on the individual learning styles and needs of each child. Teacher-to-student ratios increase with each age group. The teacher-to-student ratio in preschool classrooms is one teacher to twelve students, higher than other childcare facilities in the area. KinderCare offers a developmentally appropriate and comprehensive curriculum for children in each age groups. Each hour of the day is scheduled, even transitions from one activity to the next are laid out in the curriculum provided to the teachers. Two week units are built around themes that will interest the child. The lesson plans and activities support the physical, cognitive, and social-emotional development of the children. Daily lesson plans are given to teachers to complete in the classroom with the children. The format of the lesson plans are rigid to ensure children receive the same education in order to achieve universal success.

KinderCare offers programs for school-age children, as well. KinderCare provides door-to-door transportation for children to and from school. Full-day care for summer, winter, and fall break is offered for school-age children as well. School-aged children typically spend two hours before and after school at KinderCare centers. The KinderCare school-age curriculum focuses on social-emotional development in order to support children in becoming the kindest, most capable, and most resilient version of themselves. Daily lesson plans and activities are expected to be completed, including STEM projects, creative arts projects, despite the limited hours.

AREA OVERVIEW

CERRITOS, CALIFORNIA

Cerritos, formerly named Dairy Valley because of the preponderance of dairy farms in the area, is a suburban city in Los Angeles County, California and is one of several cities that constitute the Gateway Cities of southeast Los Angeles County. It is part of the Los Angeles-Long Beach-Anaheim, California Metropolitan Statistical Area designated by the Office of Management and Budget.

ECONOMY

The two major sources of revenue for Cerritos are a retail sales tax and interest income from its general fund. Employment within Cerritos is primarily in two districts, Los Cerritos Shopping Center and Cerritos Industrial Park. Businesses found in Cerritos Industrial Park provide jobs in light manufacturing and assembly of electronic and automotive parts. United Parcel Service, the city's largest employer with a staff of 6,000, is in the park. Los Cerritos Center provided for 4,450 full and part-time positions, and the Cerritos Auto Square employs 2,160 people. Retail and industrial trades are responsible for Cerritos' \$2 billion taxable retail sales and \$7.2 billion assessed property valuation.

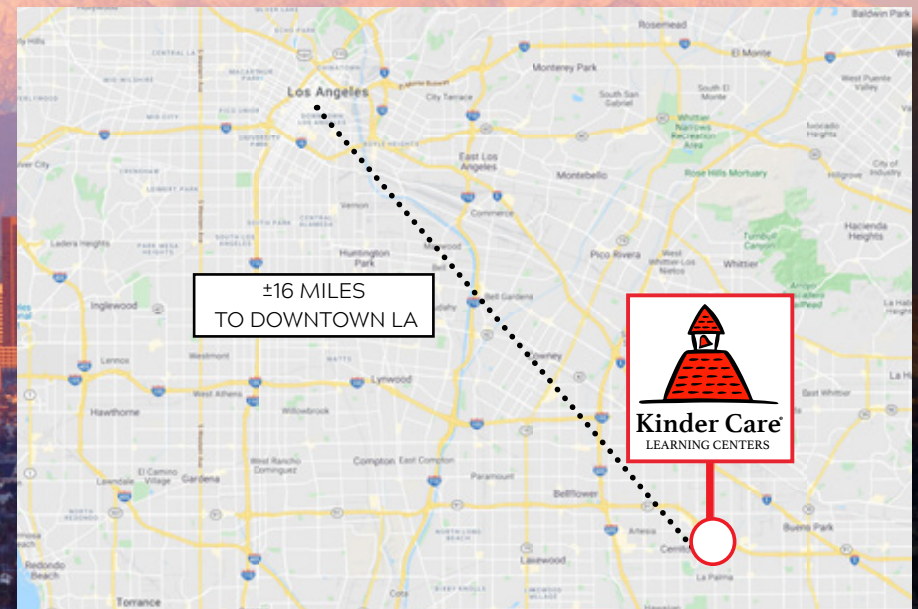
According to the California State Board of Equalization, Cerritos residents are the second-highest retail spenders in California (second to Beverly Hills), averaging \$36,544 per resident. Total annual household spending on retail is about \$365 million a year with new car dealerships, grocery stores, department stores, service stations and eating places having the strongest demands.

DEMOGRAPHICS

POPULATION	1-MILE	3-MILE	5-MILE
2025 Projection	26,126	214,615	634,804
2020 Estimate	26,075	214,102	633,687
2010 Census	25,533	209,908	623,657
Growth 2020-2025	0.20%	0.24%	0.18%
Growth 2010-2020	8.30%	9.74%	10.67%

HOUSEHOLD	1-MILE	3-MILE	5-MILE
2025 Projection	8,354	63,308	189,927
2020 Estimate	8,333	63,119	189,561
2010 Census	8,152	61,790	186,655
Growth 2020 - 2025	0.25%	0.30%	0.19%
Growth 2010 - 2020	2.22%	2.15%	1.56%

INCOME	1-MILE	3-MILE	5-MILE
2020 Avg Household Income	\$133,092	\$105,906	\$99,034



LOS ANGELES

Los Angeles officially the City of Los Angeles and often known by its initials L.A., is the most populous city in California; the second most populous city in the United States, after New York City; and the third most populous city in North America, after Mexico City and New York City. With an estimated population of nearly four million people, Los Angeles is the cultural, financial, and commercial center of Southern California. The city is known for its Mediterranean climate, ethnic diversity, the entertainment industry, and its sprawling metropolis.

The City of Los Angeles holds many distinctions. L.A. is the entertainment capital of the world, a cultural mecca boasting more than 100 museums, many of them world-class, and a paradise of idyllic weather. From tourist attractions like the Walk of Fame's collection of stars (numbering more than 2,614 and growing by one or two a month) to career opportunities like those presented in the expanding tech industry, Los Angeles is the place to be. It is the only city in North America to have hosted the Summer Olympics twice - and by 2028 the third time. Downtown L.A. is

the largest government center outside of Washington, D.C. Los Angeles has the only remaining wooden lighthouse in the state (located in San Pedro's Fermin Park) and the largest historical theater district on the National Register of Historic Places (located Downtown on Broadway).

Los Angeles is on the leading edge of several growth industries. The Los Angeles metropolitan area, with more than 23,000 art jobs, is the country's leading artistic center, surpassing the previous champion, New York. In other words, Los Angeles has both a larger concentration and an absolute number of artists than New York. The L.A. five-county area is also a major tech center, with more than 700,000 people at work in health services/biomedical activities and 190,000 people in aerospace. Here are some more facts and figures about Los Angeles: the city, the county, and the region.



Los Angeles County employs over 100,000 people alone



A culturally diverse city, with a growing culinary scene, shopping, museums, and a reputation for being the creative center of America.



It is the largest and most populous city in the state of California and the cultural, financial, and commercial center of Southern California.

LOS ANGELES

The LA economy is famously and heavily based on the entertainment industry, with a particular focus on television, motion pictures, interactive games, and recorded music - the Hollywood district of Los Angeles and its surrounding areas are known as the "Movie Capital of the United States" due to the region's extreme commercial and historical importance to the American motion picture industry. Other significant sectors include shipping/ international trade - particularly at the adjacent Port of Los Angeles and Port of Long Beach, together comprising the United States' busiest seaport - as well as aerospace, technology, petroleum, fashion and apparel, and tourism.

L.A. County is an entertainment, manufacturing and international trade behemoth, with a fast-growing high-tech and digital media industry cluster largely centered in West L.A. and, increasingly, in the Hollywood area and beyond. With \$807 billion in annual output, Los Angeles County ranks among the world's largest economies. Its GDP, which would rank No. 19 in the world if it were a standalone nation, is larger than Switzerland and Saudi Arabia, and right behind Netherlands and Turkey, underscoring the magnitude of the region's economy.



TOURISM

Tourism accelerated Los Angeles County's economic prosperity in 2019 as visitors pumped an all-time high \$36.6 billion directly into the L.A. economy. A new economic impact report released today by Los Angeles Tourism & Convention Board demonstrates the power of tourism in Los Angeles during National Travel & Tourism Week, an annual event established by Congress and organized by the U.S. Travel Association to celebrate the impact of travel.

Tourism supported 534,258 jobs in L.A. County's Leisure & Hospitality sector, its highest total on record, employing 1 in every 8.5 workers in the county. Reaffirming the strength of the sector, tourism added 9,700 new jobs last year.



50 MILLION

50 Million People who traveled to Los Angeles last year



\$22 BILLION

LA visitors spent \$22 billion on hotels, restaurants, shopping, attractions and more



525,000

There are 525,000 jobs supported by the Los Angeles tourism



8 YEARS

LA has celebrated 8 consecutive years of record growth

ATTRACTIONS

Some of the world's best-known and most iconic landmarks and attractions call Los Angeles home: the Hollywood Sign; Griffith Observatory; the Getty Center; the Walt Disney Concert Hall at the Music Center in Downtown L.A.; the Hollywood Walk of Fame; the TCL Chinese Theatre; Space Shuttle Endeavour at the California Science Center; the Battleship USS Iowa located at the Port of Los Angeles in San Pedro; Air Force One at the Ronald Reagan Library; and Universal Studios Hollywood, with its dynamic immersive experience, The Wizarding World of Harry Potter™.

SPORTS

With famous venues like the Staples Center at L.A. LIVE, home to the NBA's Los Angeles Lakers and Los Angeles Clippers, NHL's L.A. Kings, and Dodger's Stadium, where the Los Angeles Dodgers serve as a main attraction sports fans flock to in L.A. Los Angeles is also home to several esteemed universities that have large sports followings such as USC and UCLA.

ARTS & CULTURE

With various museums and exhibits, Los Angeles is full of inspiring art and diverse cultural experiences. In fact, Los Angeles has more museums and theatres than any other city in the U.S., making it the perfect place to be immersed in arts and culture. Los Angeles is home to more than 105 museums, 225 theaters, 55 magnificent structures by the world's top architects and 16 of the world's most beautiful gardens. It also boasts more than 1,500 theatrical productions annually. The city also has one of the premier contemporary art museums in the world, the Broad, located in Downtown L.A., and also one of the largest collections of cars in the nation at the Peterson Automotive Museum.

CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of Kindercare located at **18727 Carmenita Rd, Cerritos, CA 90703** (“Property”). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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