

RETAIL INVESTMENT OPPORTUNITY



Offering Memorandum

KinderCare Learning Center

315 ARCH STREET, PHILADELPHIA, PA



Accelerating success.

CONFIDENTIALITY AGREEMENT

Colliers' Confidentiality Agreement, which is available from the Listing Agents, must be completed and returned by interested principals in order to receive the Confidential Offering Memorandum.

OFFERING PROCEDURE

Offers may be submitted at any point during the marketing process, although a deadline for offers may be established at a later date. All submissions must be emailed to the listing agent. In addition to the terms of an offer, the Owner and Colliers International will give consideration to the demonstrated ability of the purchaser to complete the transaction. Offers should be in the form of a non-binding letter of intent specifying at least the following:

- Offered Price
- Earnest Money Deposit(s)
- Length of due diligence period
- Contingencies (if any)
- Time of Closing
- References
- List of Real Estate Owned
- Sources of Funds (Equity and Debt)



CONTACT

Inspections will be arranged by appointment only with the Owner's Exclusive Agents:

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Investment Overview

EXECUTIVE SUMMARY

OFFERING SUMMARY

Address:	315 Arch Street Philadelphia, PA
Price:	\$5,000,000
Size:	18,000 SF
Price per SF:	\$277.78/SF
Year Built:	1916
Year Renovated:	2020
Lot Size:	10,019 SF
Number of Stories:	Two
Zoning:	CMX-3

FINANCIAL SUMMARY	PERIOD	ANNUAL RENT	CAP %
Current Year	Month 13 - 24	\$278,100	5.56%
Average Over Base Term	Month 1 - 186	\$344,821	6.90%

DEMOGRAPHICS	¼ mile	½ mile	1 mile
Estimated Population:	3,972	9,571	47,567
Average HH Income:	\$140,114	\$141,664	\$132,103
Estimated Households	2,563	5,260	25,335





THE OFFERING

Colliers is pleased to offer the opportunity to acquire 315 Arch Street Unit 1, an 18,000 square foot retail condominium. The property is located in the heart of Old City, a stable and affluent Philadelphia neighborhood. KinderCare Learning Center has recently completed a \$2.5 million renovation of the property and is ready to open for business.

KinderCare's newly renovated space is state of the art, providing residents with the best child care facility in the city.

Upon property settlement, the Seller will use sale proceeds to reimburse KinderCare for its tenant improvement allowance and thus eliminate the rent reduction for the first five years rent stream.

HIGHLIGHTS

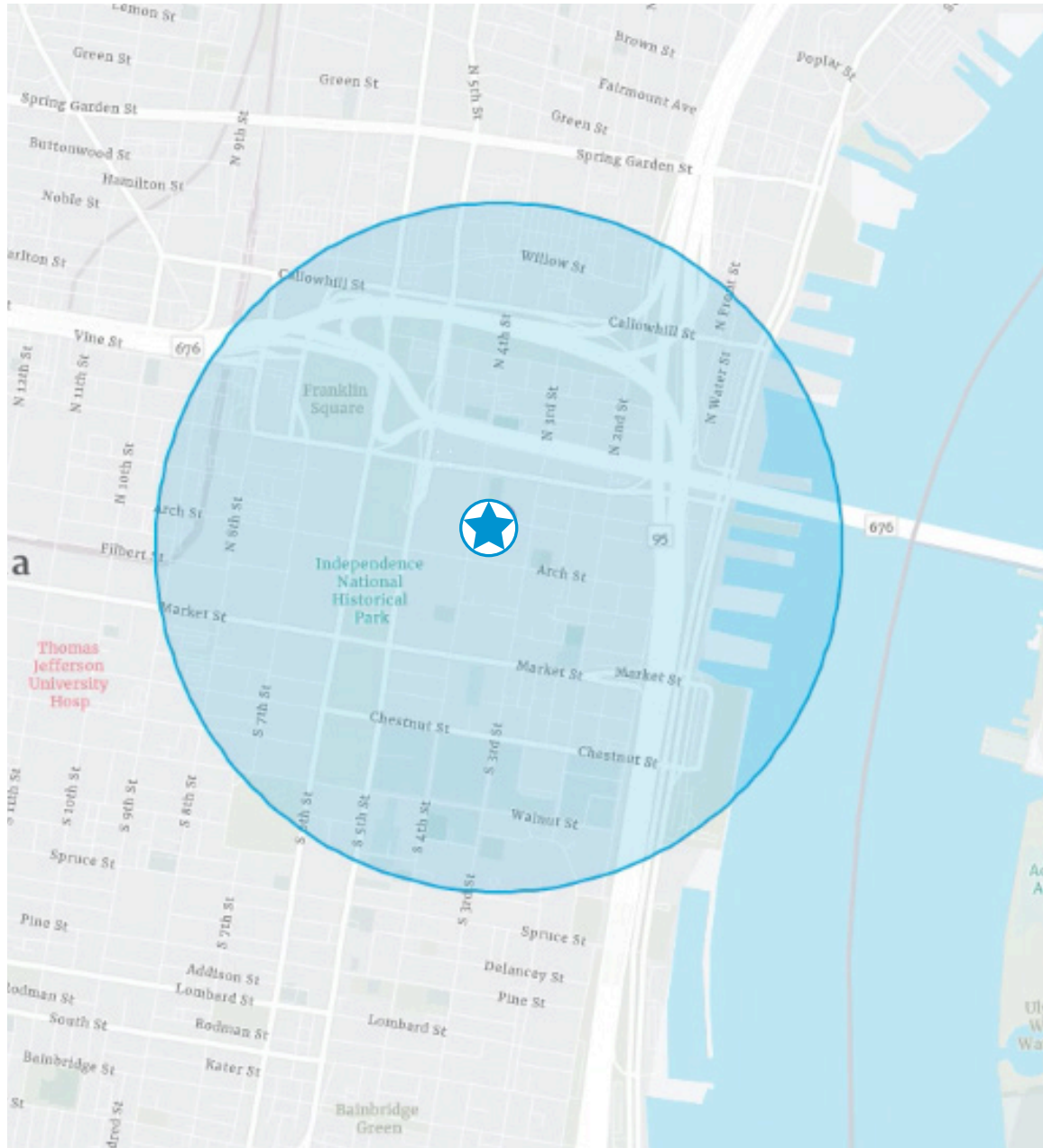
- Newly renovated 18,000 square foot facility on two floors with new elevator and ADA access.
- True Triple Net Space with no landlord obligations for expenses going forward.
- Below market rent for a facility of this class.
- Old City location is dead center in a highly affluent and stable neighborhood (\$141,664 average household income in a ½ mile radius), close to many restaurants, art galleries and shopping venues.
- Old City is home to most of the historic sites that Philadelphia has to offer, with the strongest visitor traffic in the City; the Independence Visitor Center attracts an estimated 2.5 million visitors a year.
- Located two blocks from the Market Frankford Elevated Subway line and minutes from I-95 and I-676, access to all of Philadelphia and New Jersey is very convenient.





Location Overview

LOCATION SUMMARY



9,571

residents in a ½ mi radius



5,260

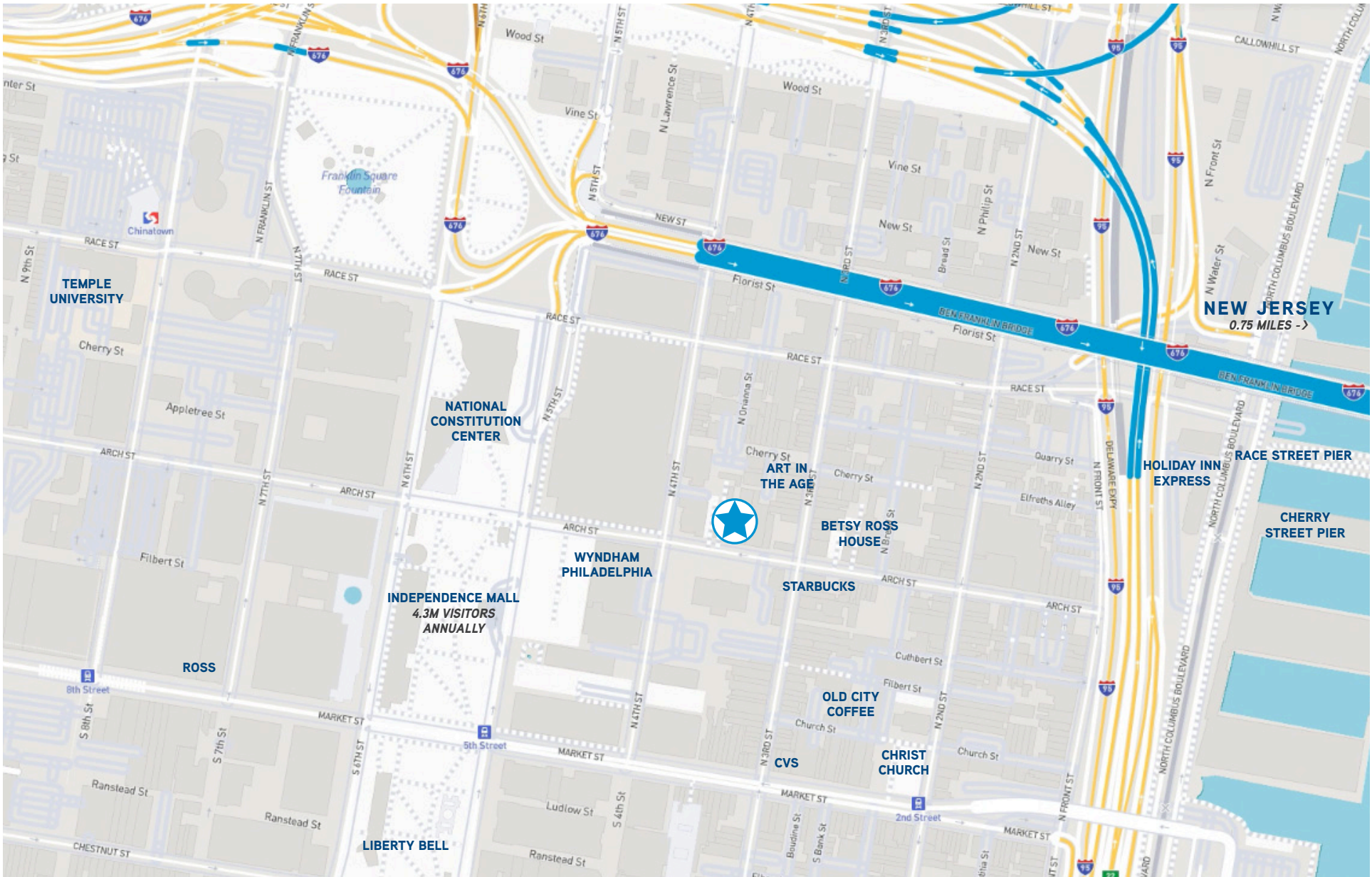
households in a ½ mi radius



\$141,664

average household income
in a ½ mi radius

THE BLOCK



OLD CITY

Next to Independence Mall, where the country's Founding Fathers declared liberty, Old City still boasts charming cobblestone streets and plenty of 18th-century charm — along with an independent streak evident in everything from its owner-operated shops to its edgy art scene.

Its proximity to the Liberty Bell, Penn's Landing and Benjamin Franklin Bridge makes Old City a favorite for out-of-towners and its residents who call it home. People love the neighborhood for its fashionable boutiques, great restaurants, eclectic galleries and theaters, and vibrant nightlife. Especially popular on first Fridays of each month, art lovers fill the streets for year-round art walks and hop from gallery to gallery.

Old City District's service area consists of the neighborhood bounded by Florist Street to the north, Walnut/Dock Streets to the south, Front Street to the east and 6th Street to the west. Unofficially, the Old City neighborhood also includes the waterfront area along Delaware Avenue from Race Street to Walnut Street and the area above the Ben Franklin Bridge, north to Wood Street from 2nd to 6th Streets.

Source: <https://www.visitphilly.com>, <https://www.oldcitydistrict.org>

Source: Photo by M. Edlow for Visit Philadelphia



DEVELOPMENT PROJECTS

The subject property is surrounded by several recently completed apartment buildings, including a 10-story luxury rental property located at 218 Arch Street, a 146 unit, 18-story building called Bridge on Race, and the 192 apartment units at the National. Once long-abandoned, the historic Cherry Street Pier underwent a massive \$4 million makeover and reopened its doors in October 2018. Organized by the Delaware River Waterfront Corporation (DRWC), the Pier boasts numerous entertainment amenities, including countless food vendors, a marketplace, artists, and an open air garden. The DRWC and other development teams have multiple other road and bike path improvements in the works that will improve the flow between the Waterfront and other surrounding neighborhoods.



THE BRIDGE ON RACE

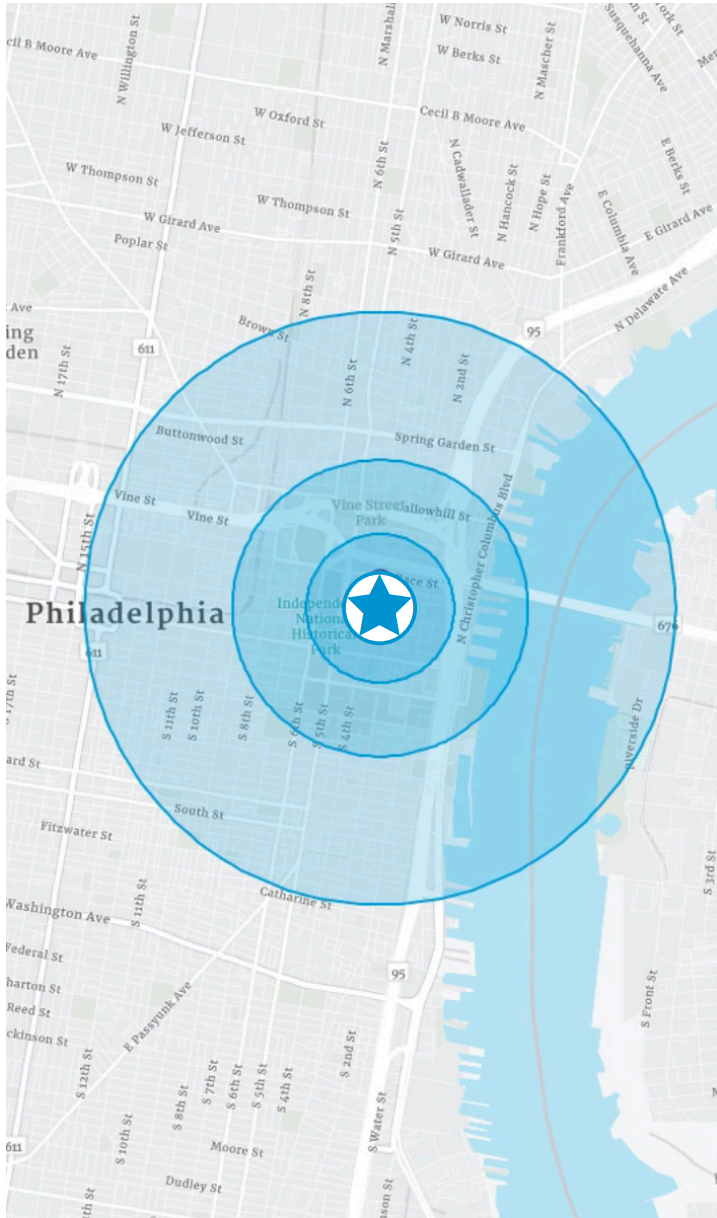
- 18-Story, 146 Unit Building
- Ground Floor Retail & Restaurants
- Co-Working Space



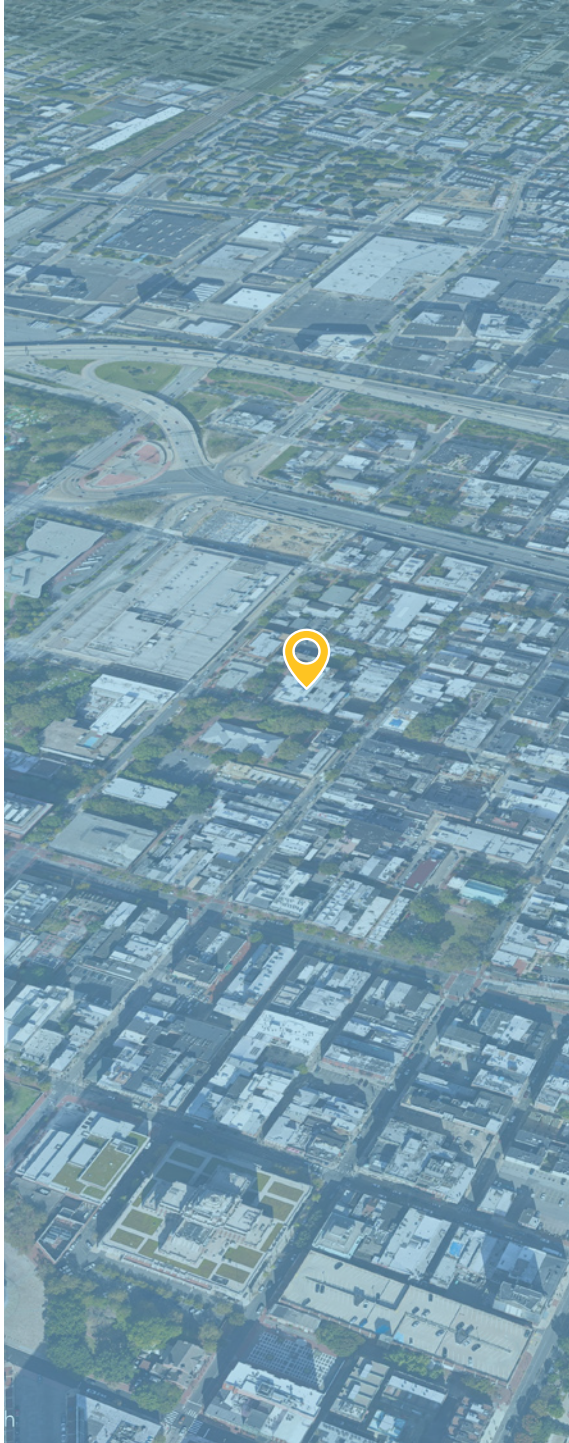
THE NATIONAL

- 192 Apartment Units
- 2,000 SF of Ground-Level Retail Space
- Two-Story Clubhouse

DEMOGRAPHICS



		0.25 miles	0.5 miles	1 mile
POPULATION 	2020 Total Population	3,972	9,571	47,567
	2025 Projected Population	4,342	10,356	50,645
	2020-2025 Projected Growth	9.3%	8.2%	6.5%
	2000-2020 Estimated Growth	68.4%	85.7%	52.0%
HOUSEHOLDS 	2020 Total Households	2,563	5,260	25,335
	2025 Projected Households	2,798	5,700	27,007
	2020-2025 Projected Growth	9.2%	8.4%	6.6%
	2000-2020 Estimated Growth	66.5%	82.3%	46.7%
INCOME 	2020 Average Household Income	\$140,114	\$141,664	\$132,103
	2020 Median Household Income	\$114,332	\$110,839	\$94,190
	2020 Per Capita Income	\$90,759	\$79,871	\$70,576
HOUSING 	2020 Total Housing Units	3,014	6,139	28,278
	2020 Est. Owner-Occupied	26.3%	30.4%	30.9%
	2020 Est. Renter-Occupied	58.7%	55.3%	58.7%
	2020 Est. Vacant Housing	15.0%	14.3%	10.4%
EMPLOYMENT 	2020 Est. Total Businesses	736	1,914	6,060
	2020 Est. Total Employees	11,247	33,149	100,355



ZONING

CMX-3 (COMMUNITY & CENTER CITY COMMERCIAL MIXED-USE)

CMX-3 districts are primarily intended to accommodate community- and region-serving retail and service uses. The range of allowed uses is broader than the CMX-1 and CMX-2 districts.

Some uses require a use registration permit from the Department of Licenses and Inspection or a special exception or a variance from the Zoning Board of Adjustment. Uses not mentioned require a variance. Properties must also conform to specific dimensions listed. Otherwise, you must obtain a variance. If you have any questions, please feel free to contact an experienced zoning attorney.

Maximum Occupied Area:	Intermediate: 75%, Corner: 80%
Minimum Front Yard Depth:	N/A
Minimum Side Yard Width:	8' if used for building with dwelling units
Minimum Rear Yard Depth:	N/A
Maximum FAR:	500%, up to an additional 300% with bonuses

Community, commercial and residential mixed-use Uses permitted as of right:

- Household living
- Group Living/ Personal Care Home
- Single-Room Residence
- Passive Recreation
- Active Recreation
- Family Day Care
- Group Day Care
- Day Care Center
- Educational Facilities
- Fraternal Organization
- Hospital
- Libraries and Cultural Exhibits
- Religious Assembly
- Safety Services
- Transit Station
- Utilities & Services
- Basic Service Facility
- Wireless Freestanding Tower
- Building or Tower-Mounted Antenna
- Business & Professional Office
- Medical, Dental, Health Care or Group Practitioner
- Government Office
- Building Supplies & Equipment
- Consumer Goods (except Drug Paraphernalia and Guns)
- Food, Beverage, and Groceries
- Pets and Pet Supplies
- Sundries, Pharmaceuticals, and Convenience Sales
- Wearing Apparel & Accessories
- Animal Services
- Assembly & Entertainment (except Amusement Arcade, Casino, and Pool or Billiards Room)
- Nightclubs and Private Clubs
- Building Services
- Business Support
- Eating and Drinking Establishment
- Financial Services (except Personal Credit Establishments)
- Funeral and Mortuary Services
- Maintenance and Repair of Consumer Goods
- On-Premise Dry Clean
- Marina
- Structured Parking
- Personal Services (except Body
- Art Services)
- Radio, Television, and Recording Services
- Visitor Accommodations
- Commissaries and Catering Services
- Personal Vehicle Repair Sales and Rental
- Personal Vehicle Repair and Maintenance
- Gasoline Station
- Vehicle Equipment and Supplies Sales and Rental
- Moving and Storage Facilities
- Artist Studios and Artisan Industrial
- Research and Development
- Community Garden
- Market or Community-Supported Farm Uses requiring special exception approval: Surface Parking



Tenant Overview

TENANT PROFILE



KinderCare Learning Centers is an American operator of for-profit child care and early childhood education facilities founded in 1969 and 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.



TENANT PROFILE

Recent News

3/20/2020



KinderCare Education shifts operations to provide emergency child care

Centers will remain open to support first responders, critical health care professionals and families in essential services

KinderCare Education today announced that in response to the urgent public need from COVID-19, the company will focus its operations to provide child care to first responders, critical health care professionals and families in essential services.

“The families in our country are facing a crisis of significant proportion, and we’re prioritizing our services to support those families who are on the front lines of battling this threat: the first responders, health care professionals, and other essential workers who keep our communities running,” said Tom Wyatt, CEO of KinderCare Education.

KinderCare Education operates about 1,500 centers around the nation and expects to keep more than 400 of those centers open to provide this essential child care. The company will reopen additional essential centers as the need arises.

“We’re going city by city and identifying centers

that operate in areas with large numbers of families who work as first responders, health care providers, and other essential services. We’re going to keep those centers open so that we can support those families. We’ll increase safety in line with guidance from our medical experts, to ensure the health and well-being of our children and teachers,” Wyatt said.

The essential centers that remain open will serve families currently enrolled in those centers and those who work in emergency and medical services, and will work to accommodate other essential workers. Those interested should contact KinderCare via phone at 800-709-8834 or visit www.kindercare.com to learn more.

In addition, KinderCare Education at Work centers at medical facilities will remain open, and we will continue to partner with employers to support their child care needs wherever possible. Where requested, the company continues to support

school districts across the country with its Champions programs for school-age children.

“Child care is being affected in ways we could never have imagined, with family support of older family members no longer an option. For the safety of our communities, this crisis support is one small thing companies like KinderCare can do to help us all through this unprecedented time,” added Wyatt.

These centers will be staffed by employees who have chosen to work there to provide this support. KinderCare Education has engaged an independent medical advisor to provide health and safety guidelines for all centers that will remain open.

[➤ LINK TO FULL ARTICLE](#)

TENANT PROFILE

UPDATED HEALTH & SAFETY PROCEDURES

PICK-UP AND DROP-OFF

Same person drop-off and pick-up: Families are asked to assign one family member for drop off & pick up; minimizing exposure.

Temperature checks: All staff will be asked to take their own temperature each day upon arrival. When parents arrive at check-in, we'll ask them to sanitize their hands, put on gloves, and take their child's temperature with the center's no-touch thermometer. Parents will share their child's temperature reading with the center staff and it will be recorded at sign-in.

Health screenings: Parents and staff will answer some health screening questions at drop-off, and we will monitor staff and student health throughout the day.

PERSONAL PROTECTIVE EQUIPMENT (PPE)

Standardized Practices of Masks and Smocks for both teachers & children.

IN THE CLASSROOM

Restricted classroom access. To minimize

potential exposure, we ask that families not walk children to the classroom.

Classroom cleanliness. Toys, books, craft materials, cubbies, and other high-touch surfaces will be routinely disinfected and rotated.

Social distancing: We'll continue to practice social distancing as much as possible to reduce risk. Please look for signage and floor markers in your center to maintain your distance at drop-off and pick-up.

Pod structure: To limit potential exposure, we've implemented a "Pod" structure where children are grouped appropriately to stay separated from other classrooms. Teachers and staff will also stay within their assigned Pod each day to minimize cross-contamination.

Teacher Absence Protocol: To protect the integrity of our center's Pod structure, and to make sure student and staff safety is prioritized, if a teacher cannot make it to class (due to illness or otherwise), we will attempt to bring in a substitute teacher from the same Pod or ask the Pod manager to teach the class.

Class closures: As a last resort, we might need to close the classroom if there are no Pod-appropriate teachers available to lead the class. We are working to recruit more part-time teachers and substitutes for each Pod to avoid classroom closures.

Modifications to family-style dining: We've modified our shared mealtime practices to reduce the spread of germs. Students will still eat together but will not be serving themselves.

OUTDOOR FUN

On the playground: Outdoor play structures will be utilized by one class at a time, with increased time between play to allow for thorough cleaning of all surfaces.

Field trips and events: There will be no center-wide events or trips, but classes may participate in either trips or events if there is no close contact with students from other classrooms or the public. In some centers, trips and events could be cancelled or postponed until further notice.

TENANT FINANCIALS

LEASE ABSTRACT

Tenant	KinderCare Education LLC
Guarantor	KinderCare Education LLC
Commencement	10/1/18
Expiration	3/31/34
Term	15 years, 6 months
Size	18,000 SF
Rent	See Rent Schedule
Options	3 x 5
Option Notice	Six Months
Reimbursement Method	N/A
Management Fees	-
Roof Repair	Condo Association
HVAC Repair	Tenant
Exclusive	N/A
Go Dark	N/A
Assignment	Upon Sale of all Assets with Same Use
Termination	N/A
Security Deposit	\$33,750
Comment	Seller will use proceeds of the sale to pay Tenant's Fit Out Allowance and eliminate the rent reductions over the first five years of term

RENT SCHEDULE

	Period Beg. Date	Period End Date	Monthly Base Rent	Annual Base Rent (After TI Reduction)	TI Reduction (Paid By Current Ownership)	Net Annual Rent (Net To New Ownership)
Month 1 - 6	4/1/2019	9/30/2019	\$0	\$0		
Month 7 - 12	10/1/2019	3/31/2020	\$14,500	\$87,000	\$48,000	\$135,000
Month 13 - 24	4/1/2020	3/31/2021	15,175	182,100	96,000	\$278,100
Month 25 - 36	4/1/2021	3/31/2022	15,870	190,443	96,000	\$286,443
Month 37 - 48	4/1/2022	3/31/2023	16,586	199,036	96,000	\$295,036
Month 49 - 60	4/1/2023	3/31/2024	17,324	207,887	96,000	\$303,887
Month 61 - 72	4/1/2024	3/31/2025	20,417	245,004	68,000	\$313,004
Month 73 - 84	4/1/2025	3/31/2026	26,866	322,394		\$322,394
Month 85 - 96	4/1/2026	3/31/2027	26,672	332,065		\$332,065
Month 97 - 108	4/1/2027	3/31/2028	28,502	342,026		\$342,026
Month 109 - 120	4/1/2028	3/31/2029	29,357	352,286		\$352,286
Month 121 - 132	4/1/2029	3/31/2030	30,238	362,853		\$362,853
Month 133 - 144	4/1/2030	3/31/2031	31,145	373,738		\$373,738
Month 145 - 156	4/1/2031	3/31/2032	32,079	384,949		\$384,949
Month 157 - 168	4/1/2032	3/31/2033	33,041	396,497		\$396,497
Month 169 - 180	4/1/2033	3/31/2034	34,033	408,391		\$408,391
Month 181 - 186	4/1/2034	3/31/2035	35,054	420,643		\$420,643
OPTION 1 (5 YEARS)			37,436	449,230		\$449,230
OPTION 2 (5 YEARS)			41,179	494,153		\$494,153
OPTION 3 (5 YEARS)			45,297	543,569		\$543,569

Confidentiality & Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of 315 Arch Street. It has been prepared by Colliers International. 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 Colliers International. The material is based in part upon information supplied by the Seller and in part upon financial information obtained by Colliers 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 from Colliers International, 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.
- 4) If you are represented by a real estate broker, you will be responsible for their commission, if any, not Colliers International.

Owner and Colliers International 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 315 Arch Street 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 Colliers International 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.

KinderCare Learning Center

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