



**Marcus & Millichap**  
THE DOUGHERTY TEAM



**KinderCare**<sup>®</sup>  
LEARNING CENTERS  
99 Leesville Rd. Moodus, CT 06469





# Marcus & Millichap

## THE DOUGHERTY TEAM

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### Lead Investment Advisors



#### **Derrick Dougherty**

First Vice President Investments

Lic: PA RS305854

(215) 531-7026



#### **Steve Garthwaite**

Senior Associate

License: PA RS332182

(215) 531-7025



#### **Nick Geaneotes**

Associate

Lic: PA RS350646

(215) 531-7071



#### **Scott Woodard**

Senior Associate

Lic: PA RS329242



#### **Mark Krantz**

Senior Associate

Lic: NJ 1863254

PA RS336064



#### **Pavan Koneru**

Associate

Lic: PA RS350910

BOR: John Krueger | Lic: REB.0752012



#### **Colin Reder**

Associate











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# INVESTMENT ANALYSIS



# INVESTMENT OVERVIEW

KINDERCARE | MOODUS, CONNECTICUT



## LEASE SUMMARY

Tenant	KinderCare
Guarantor	Corporate
Lease Type	NN
Gross Leasable Area	5,481 SF
Lot Size	1.8 Acres
Year Build / Renovated	1990
Roof and Structure	Landlord is responsible
Base Lease Term	One Year Base Term
Lease Commencement	July-90
Lease/ Rent Expiration	February-25
Term Remaining	4.5 Years
Rent Increases	CPI Increases in Option Periods (Not to exceed 7%)
Options	Three, (5) Year Options
Option Notice	(90) Days prior to Lease expiration

## PROPOSED NEW FINANCING

Equity (35%)	\$297,579
Loan to Value (65%)	\$552,646
Annual Debt Service	(\$34,458)
Net Cash Flow After Debt Service (11.28%)	\$33,560
Debt Service Coverage Ratio	1.97

\*Loan information is subject to change. Contact your Marcus & Millichap Capital Corporation representative.



**\$850,225**  
**PRICE**

**8.00%**  
**CAP**

**\$68,018**  
**RENT**

## ANNUALIZED OPERATING DATA

Term	Dates	Base Rent	PSF	Increase
Years 1-5 (Current)	9/1/2019 - 2/28/2025	\$57,780	\$10.54	-
Option Terms				
Years 6-10 (Option 1)	3/1/2025 - 2/28/2030	\$61,825	\$11.28	7%
Years 11-15 (Option 2)	3/1/2030 - 2/28/2035	\$66,152	\$12.07	7%
Years 16-20 (Option 3)	3/1/2035 - 2/28/2040	\$70,783	\$12.91	7%

## BUILDING INCOME & EXPENSES

Base Rent		
	KinderCare Rent	\$57,780
	Apartment Unit (12-Mo. Lease) Rent	\$12,600
	<b>Total Base Rent</b>	<b>\$70,380</b>
Tenant Reimbursements		
	KinderCare Real Estate Tax Reimbursement	\$9,448
	<b>Effective Gross Income</b>	<b>\$79,828</b>
Landlord Expenses		
	Real Estate Taxes	\$11,810
<b>Net Operating Income</b>		<b>\$68,018</b>



# INVESTMENT HIGHLIGHTS

KINDERCARE | MOODUS, CONNECTICUT



PRICE: \$850,225 | CAP: 8.00% | RENT: \$68,018

## **About the Investment:**

- KinderCare Learning Centers, LLC Lease with over (4) Years of Lease Term & additional Apartment Unit under a (12)-Month Lease Agreement
- Double Net (NN) Lease with Minimal Landlord Responsibilities
- Strong Roots in Submarket having Operated at this Site for over (30) Years
- Attractive Rental Increases of up to Seven Percent (7%) in Option Periods

## **About the Location:**

- Centralized Location | Just (30) minutes away from Downtown Hartford, CT (121K Population)
- Frontage along CT Route 151 | KinderCare sits along Leesville Road which sees Average Traffic Counts of approximately 3,700 Vehicles Per Day
- Upper Middle-Class Demographics | Average Household Income is \$120K in a (5)-mile radius & 80K Residents within a (10)-mile radius
- Major Economic Drivers | Subject Site is located just over thirteen miles from Wesleyan University, a highly ranked private university with enrollments of approximately 3,000 students

## **About the Tenant & Brand:**

- Background – KinderCare Education is America's largest private provider of early education and childcare with more than 36,000 teachers and staff serving 186,000 children in 40 states and in Washington, D.C. every day,
- Tenant Status – KinderCare Operates Over 1,500 Early Learning Centers and 600+ Champion Sites with Nearly 1,400 Locations Being Accredited Centers - More Than Any Other Provider
- Track Record – The company is one of the largest private employers in Oregon with a 2017 revenue of \$1.6 Billion in a growing industry.
- Essential Retail – KinderCare has remained open throughout the COVID-Pandemic & it is implementing new Back to School Solutions to continue social, emotional, and academic growth of its students



# LEASE ABSTRACT

KINDERCARE | MOODUS, CONNECTICUT



<b>Tenant</b>	<b>KINDERCARE EDUCATION LLC, D/B/A KINDERCARE</b>
<b>Guarantor</b>	Corporate
<b>Square Footage</b>	5,481 SF
<b>Security Deposit</b>	Tenant Deposit of \$1,000
<b>Commencement Date</b>	July 1, 1990
<b>Expiration Date</b>	February 28, 2025
<b>Initial Term</b>	One Year
<b>Option Notice</b>	Tenant to provide notice (90) days prior to Lease expiration
<b>Estoppel/SNDA</b>	Tenant agrees to subordinate this Lease
<b>Taxes</b>	Tenant is responsible for 80% of the Property's Real Estate Taxes
<b>Insurance</b>	Tenant is responsible for PRS of Insurance Expenses
<b>CAM</b>	Tenant is responsible for PRS of CAM Expenses
<b>Utilities</b>	Tenant is responsible for Utilities expenses
<b>Roof &amp; Structure</b>	Landlord is responsible for repairs & replacement of Roof and Structure
<b>HVAC (Maint &amp; Replacement)</b>	Tenant is responsible for repairs & replacement of HVAC
<b>Exclusive</b>	<b>1.)</b> Landlord shall not sell, lease, or manage a child care and/or learning facility within a (3) mile radius of the Subject Property <b>2.)</b> Landlord shall not sell, lease, or manage properties with the following uses within (3) miles of the Subject Property - sale of alcoholic beverages for off-site consumption; gambling establishment; sale of adult rated materials; drug dispensary; animal day care / vet; correctional facility
<b>Go Dark</b>	Tenant shall have option to cease operations, however, shall not be relived of its obligations to pay all amounts due under this Lease
<b>Permitted Use</b>	Tenant shall use the Premises for the operation of a child care & learning facility
<b>ROFR</b>	Tenant shall have Right of First Refusal to match any acceptable offer to Landlord may receive during sale of this property within a (15) days notice
<b>Assignment Note</b>	<b>1.)</b> Tenant shall not assign Lease without Landlord's consent; in event of assignment Tenant will remain liable for its obligations under this Lease <b>2.)</b> Tenant shall have right to assign Lease to any entity affiliated with Tenant that is under common control with Tenant or to a REIT to which a majority of the assets of the Tenant are transferred"



# SITE OVERVIEW

KINDERCARE | MOODUS, CONNECTICUT







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## TENANT OVERVIEW



# TENANT DESCRIPTION

KINDERCARE | MOODUS, CONNECTICUT



Portland, OR

Headquarters

36,000+/-

Employees

1969

Founded

1,500+/-

Locations

kindercare.com

Website

## History

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.







## KinderCare Education Offers K-6 Families Back to School Solutions

August 13, 2020



<https://www.businesswire.com/news/home/20200813005586/en/KinderCare-Education-Offers-K-6-Families-School-Solutions>

As families across the country navigate the complexities of this back to school season, many face the challenge of balancing learning and care in a way that's safe and manageable for the entire family. KinderCare Education, the nation's largest private provider of early childhood and school-age education and care, is leading the way with flexible programs designed to support families with best-in-class curriculum and industry-leading health and safety practices.

"We know families face unique challenges during this back to school season as they balance work with their children's care and education," said Tom Wyatt, CEO of KinderCare. "As one of the only nationwide early childhood education companies that continued operating throughout the pandemic, we're uniquely suited to bring that expertise to support families with school-age children. Our programs offer families flexible solutions that provide a safe place for children to continue to learn and grow."

### ABSTRACT

#### Continued Education

- KinderCare Education, the nation's largest private provider of early childhood and school-age education and care, is leading the way with flexible programs designed to support families with best-in-class curriculum and industry-leading health and safety practices

#### Adaptive Uses

- KinderCare centers now support K-6 learning. Trained teachers support students as they learn online or outside of their regular classroom through their school curriculum and offer project-based activities for children to do outside of their virtual classroom in subjects such as STEM, art, physical activity, and more

#### Safe Learning Environments

- With enhanced health and safety protocols developed in partnership with the CDC and a panel of medical and pediatric experts, KinderCare provides the safest environment possible for children.





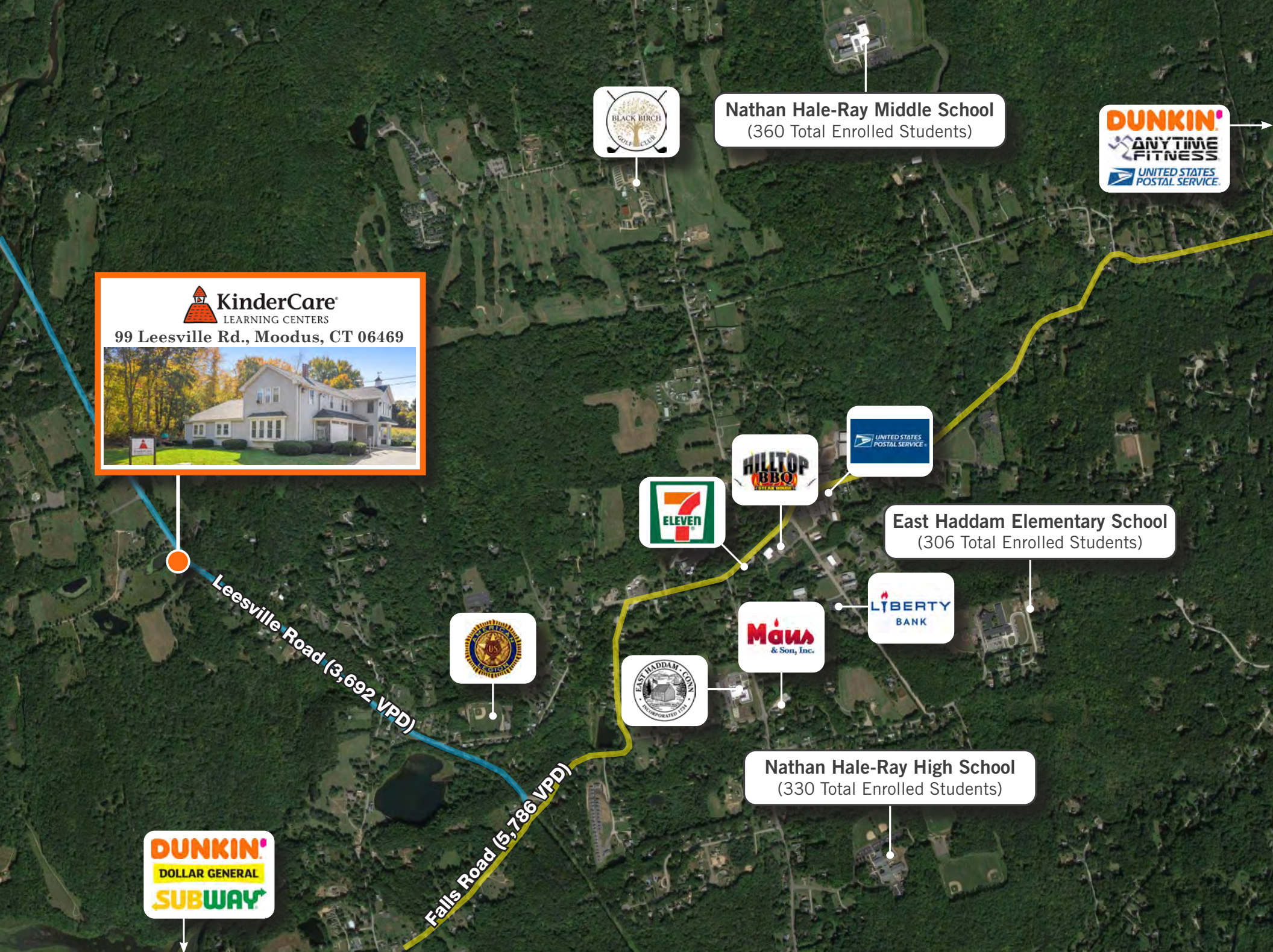
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## LOCATION OVERVIEW





**Nathan Hale-Ray Middle School**  
(360 Total Enrolled Students)



**KinderCare**  
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**East Haddam Elementary School**  
(306 Total Enrolled Students)



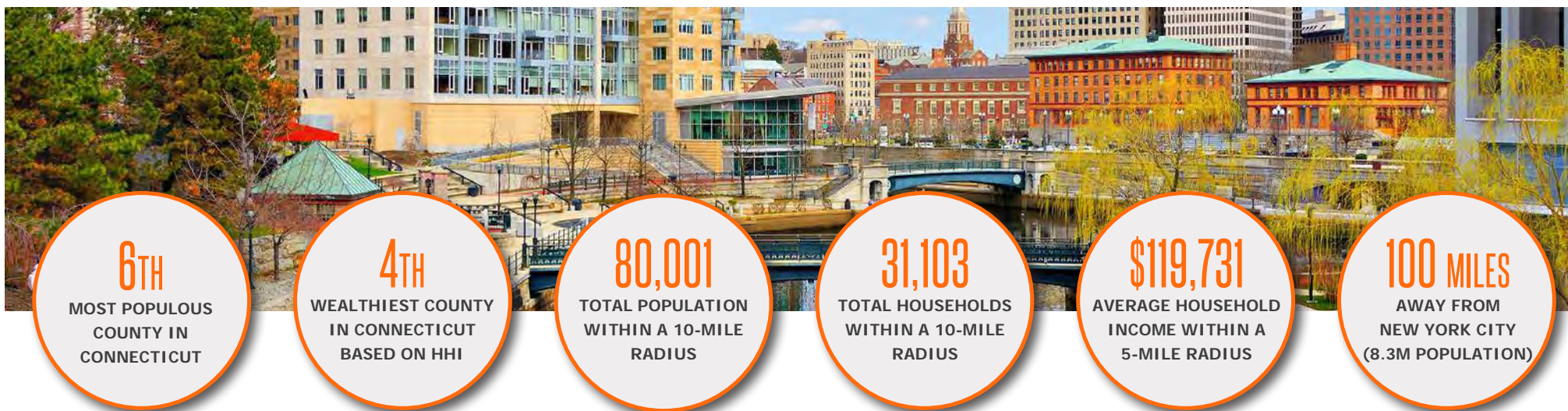
**Nathan Hale-Ray High School**  
(330 Total Enrolled Students)





# MOODUS, CONNECTICUT

KINDERCARE | MOODUS, CONNECTICUT



Moodus is a city located in Middlesex County, Connecticut, along the Connecticut River, in the central part of the state, 16 miles (26 kilometers) south of Hartford. Originally a busy sailing port and then an industrial center, it is now largely residential with its downtown—mainly Main Street—serving as a popular retail, dining, and bar district somewhat close to Wesleyan University. Middletown, Connecticut is considered the southernmost city in the Hartford-Springfield Knowledge Corridor Metropolitan Region, which features a combined metro population of 1.9 million.



## WESLEYAN UNIVERSITY:

- Wesleyan University has produced distinguished alumni in the arts and sciences, literature, politics and government, business, journalism, and academia.
- Wesleyan's 46 undergraduate academic departments offer over 900 courses each semester and more than 900 individual tutorials



## MIDDLESEX HOSPITAL:

- The Middlesex Hospital is a non-profit, acute care community hospital. This hospital employs over 3,100 people and has 381 active medical staff, 77 courtesy medical staff and 142 allied health professionals.
- Middlesex hospital has been designated four times as one of the nations Top 100 Hospitals.



## ECONOMIC HUB OF MIDDLESEX COUNTY:

- The city is very business-friendly and is supported by the strong Middlesex County Chamber of Commerce, which has won several awards including the Governor's Laurel Award for Responsible Social Involvement and the President's White House Citation for Private Sector Initiatives



## PGA TOUR TRAVELERS CHAMPIONSHIP:

- Middlesex County is also home to some of the top events and tourist attractions in Connecticut, including the Travelers Championship golf tournament.
- The championship is a professional golf tournament played every June at TPC at River Highlands in Cromwell, CT.



# REGIONAL MAP

KINDERCARE | MOODUS, CONNECTICUT



## Bridgeport, CT

60 Miles | 144K Population



## New Haven, CT

45 Miles | 129K Population



## Hartford, CT

25 Miles | 124K Population



**KinderCare**  
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**Boston**

**New York**

**Philadelphia**

200 Miles to Philadelphia

100 Miles to New York

130 Miles to Boston

## *Moodus, Connecticut*

RADIUS	3 MILE	5 MILE	10 MILES
Average HH Income	\$109,764	\$119,731	\$117,055
Median HH Income	\$92,642	\$98,525	\$96,882
Population	5,684	13,994	80,001
Households(#)	2,221	5,369	31,103



# MIDDLESEX COUNTY, CT

KINDERCARE | MOODUS, CONNECTICUT



## Local Economy - Middlesex County

Middlesex County is included in the Hartford-East Hartford-Middletown metropolitan statistical area known as Greater Hartford. The Middlesex region continues to be a great place to live, work and play. Led by a strong manufacturing community, a number of tourist destinations, outstanding healthcare infrastructure, and its beautiful landscape, the county has something for everyone.

### TOP 10 EMPLOYERS

Rank	Employer Name	# of Employees	Industry
1	Middlesex Hospital	1,000 - 4,999	Hospitals
2	Connecticut Valley Hospital	1,000 - 4,999	Hospitals
3	International Society	1,000 - 4,999	Organizations
4	Middlesex Hospital Mental Hlth	1,000 - 4,999	Mental Health Clinics
5	Connecticut State Police	1,000 - 4,999	Government
6	Whiting Forensic Institute	1,000 - 4,999	Physicians & Surgeons
7	Wesleyan University	500 - 999	Schools-Universities
8	Lee Co USA	500 - 999	Manufacturers
9	Whelen Engineering	500 - 999	Manufacturers
10	VNA Community Health Care	500 - 999	Home Health Service

### TOP 10 EMPLOYERS





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### **Derrick Dougherty**

First Vice President Investments  
Lic: PA RS305854  
(215) 531-7026



### **Scott Woodard**

Senior Associate  
Lic: PA RS329242  
(215) 531-7058



### **Mark Krantz**

Senior Associate  
Lic: NJ 1863254 | PA RS336064  
(215) 531-7056



### **Steve Garthwaite**

Senior Associate  
License: PA RS332182  
(215) 531-7025



### **Pavan Koneru**

Associate  
Lic: PA RS350910  
(215) 531-7068



### **Nick Geaneotes**

Associate  
Lic: PA RS350646  
(215) 531-7071



### **Colin Reder**

Associate  
(215) 531-7057

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License: RB062197C

BOR: John Krueger | Lic: REB.0752012

## Our Locations:

**Philadelphia, PA**  
2005 Market Street #1510  
Philadelphia, PA 19103  
P: 215.531.7000

**King Of Prussia, PA**  
200 N. Warner Road  
King Of Prussia, PA 19406  
P: 215.531.7000

**New York, NY**  
260 Madison Avenue  
5th Floor  
New York, NY 10016





**EXCLUSIVELY OFFERED BY:**

**DERRICK DOUGHERTY**

(215) 531-7026 | PA RS305854  
derrick.dougherty@marcusmillichap.com

**SCOTT WOODARD**

(215) 531-7058 | PA RS329242  
scott.woodard@marcusmillichap.com

**MARK KRANTZ**

(215) 531-7056 | NJ 1863254  
mark.krantz@marcusmillichap.com

**STEVE GARTHWAITE**

(215) 531-7025 | PA RS332182  
steve.garthwaite@marcusmillichap.com

**NICK GEANEOTES**

(215) 531-7071 | PA RS350646  
nick.geaneotes@marcusmillichap.com

**PAVAN KONERU**

(215) 531-7068 | PA RS350910  
pavan.koneru@marcusmillichap.com

**COLIN REDER**

(215) 531-7057  
colin.reder@marcusmillichap.com

[www.DoughertyTeam.com](http://www.DoughertyTeam.com)

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