



O2B Kids! (47+ Locations) | 2.00% Annual Increases | 19+ Years Remaining on a 20-Year Lease



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O2B KIDS!
O'FALLON, MO

Marcus & Millichap
THE SULO GROUP

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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O2B KIDS!

864 Homefield Boulevard
O'Fallon, MO 63366

FINANCIAL SUMMARY

Price	\$3,495,000
Cap Rate	6.65%
Net Operating Income	\$232,405
Building Sq Ft	7,920 Sq Ft
Year Built Renovated	2002 2023
Lot Size	+/- 1.07 Acres

LEASE SUMMARY

Lease Type	Triple Net
Tenant	o2b Early Education Holdings, Inc.
Guarantor	Corporate
Structure & Foundation	Landlord Responsible
Primary Term	20 Year
Lease Commencement Date	6/20/2023
Rent Commencement Date	9/1/2023
Lease Expiration Date	8/31/2043
Term Remaining	19+ Years
Rental Increases	Yes
Renewal Options	Two, Five-Year

OPERATING DATA

Lease Years	Annual Rent	Cap Rate
2	\$232,405	6.65%
3	\$237,053	6.78%
4	\$241,794	6.92%
5	\$246,630	7.06%
6	\$251,563	7.20%
7	\$256,594	7.34%
8	\$261,726	7.49%
9	\$266,960	7.64%
10	\$272,299	7.79%
11	\$277,745	7.95%
12	\$283,300	8.11%
13	\$288,966	8.27%
14	\$294,746	8.43%
15	\$300,641	8.60%
16	\$306,653	8.77%
17	\$312,787	8.95%
18	\$319,042	9.13%
19	\$325,423	9.31%
20	\$331,932	9.50%
Options	Annual Rent	Cap Rate
21-25 (Option 1)	\$338,570	9.69%
26-30 (Option 2)	\$373,809	10.70%

HIGHLIGHTS

- **19+ Years Remaining on a 20-Year Lease** - O2B Kids! Signed a new 20-year lease at the subject property in 2023. The lease has no day-to-day landlord responsibilities and offers 2.00% annual increases in rent. In addition to the 20-year base lease term, the tenant has two, five-year options to renew with the same rent increase structure annually.
- **O2B Kids! (47+ Locations) – Top 15 Corporate Operator** - O2B Kids! is one of Top 15 Corporate child care companies in the country. O2B Kids! is a place that opens minds, improves self-confidence, develops social skills, and strengthens bodies. O2B Kids! helps children discover hidden talents and promotes a passion for discovery. Friendships are developed and life lessons are learned. O2B Kids encourages kids to try new things and teaches a respect for people, property and ideas. O2B Kids! currently operates over 47 locations across three states.
- **O2B Kids! Acquired an Existing 6-Unit Operator (Bright Start Academy) in 2023** - The subject property had been operating as a Bright Start Academy child care facility, prior to O2B Kids! acquiring the operating business in 2023. Unlike a brand new construction property, O2B Kids! assumed all of the existing enrollment and revenue production that the former operator had built up over years of being in operation. This will allow for O2B Kids! to be profitable at a far more rapid pace than a brand new construction location.
- **Largest Suburb of St. Louis with over 100,000 People in 5 Miles** - O'Fallon is a prominent city situated in St. Charles County, Missouri, United States. Established in 1856, it lies within the St. Louis metropolitan statistical region and is strategically positioned between Lake St. Louis and St. Peters along Interstates 64 and 70. Not only is O'Fallon the largest suburb of St. Louis, but it also stands as the most populous city in St. Charles County and ranks as the seventh-largest in Missouri.



SITE PLAN

SITE PLAN KEY

Parcel Outline



Building Sq Ft

7,920 Sq Ft

Lot Size

1.07 Acres

Ingress/Egress





No. of Locations:	Year Founded	Headquarters:	Website:
47+	1998	Gainesville, FL	https://www.o2bkids.com

We exist to help parents grow happy, successful kids. O2B Kids is a place that opens minds, improves self-confidence, develops social skills, and strengthens bodies. O2B Kids helps children discover hidden talents and promotes a passion for discovery. Friendships are developed and life lessons are learned. O2B Kids encourages kids to try new things and teaches a respect for people, property and ideas.

In the year 1992, two best friends, Andy Sherrard and Danny Stevens, embarked on a one-year journey around the world in search of adventure and excitement...and the meaning of life! During their travels, across oceans and continents, the pair discovered that even at the ripe old age of 25 they were living everyday "learning through play." The concept sparked in each of them a deep interest in education...and they excitedly returned home to the swamps of Gainesville, Florida to begin planning the ultimate learning environment for kids.

The simple goal of this "new learning playground" was to help children find undiscovered passions, develop important life-skills, make new friends and experience daily laughter on their way to becoming responsible, respectful citizens of our world! No ordinary environment would do. An education "SuperCenter" would be needed; combining a magical play village for unscripted funanigans together with an organized calendar of daily classes, from the arts and sciences to fitness and fun, for specific skill development.

In 1998, the two dreamers saw their vision realized, with the opening of the very first 34,000-square foot O2B Kids SuperCenter. It was a grand celebration with over 1,000 O2B Kids members discovering the original concept of "learning through play."

With the help of generous investors and a dedicated staff, O2B Kids grew...and grew...and grew. We look forward to putting an ever-growing number of children and communities on the path to their very own "...happily ever after."

2023 | TOP 20 CORPORATE CHILD CARE COMPANIES



	ORGANIZATION	HEADQUARTERS	CAPACITY (EST.)	# OF CENTERS (EST.)
1	KinderCare Learning Centers	Oregon	195,000	1,501
2	Learning Care Group	Michigan	161,000	1,071
3	Bright Horizons	Massachusetts	120,000	1,081
4	Cadence Education	Arizona	47,861	285
5	Child Development Schools	Texas	46,000	269
6	Spring Education Group**	California	39,488	182
7	The Learning Experience	Florida	39,038	328
8	The Sunshine House	South Carolina	22,000	132
9	Endeavor Schools	Florida	19,500	94
10	Premier Early Education	Illinois	15,000	90
11	New Horizon Academy	Minnesota	13,811	93
12	Early Learning Academies	Virginia	13,700	74
13	Big Blue Marble Academy	Alabama	12,349	60
14	Children of America**	Florida	11,285	61
15	O2B Kids	Florida	9,675	47
16	The Nest Schools	Florida	7,260	44
17	The Gardner School	Tennessee	6,300	32
18	Never Grow Up, Inc	Tennessee	5,850	40
19	Acelero Learning	New York	5,341	51
20	Learning Jungle	Canada	5,173	50

Based on data supplied by the organizations. Data on capacity is total licensed capacity as of January 1, 2023

**Data from January 2022 report

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% 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.sbdcnr.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% 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% in 2015 to 61.9% 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 preschools and childcare will increase



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

WHY BUY A CHILD CARE CENTER

Demand for Child Care

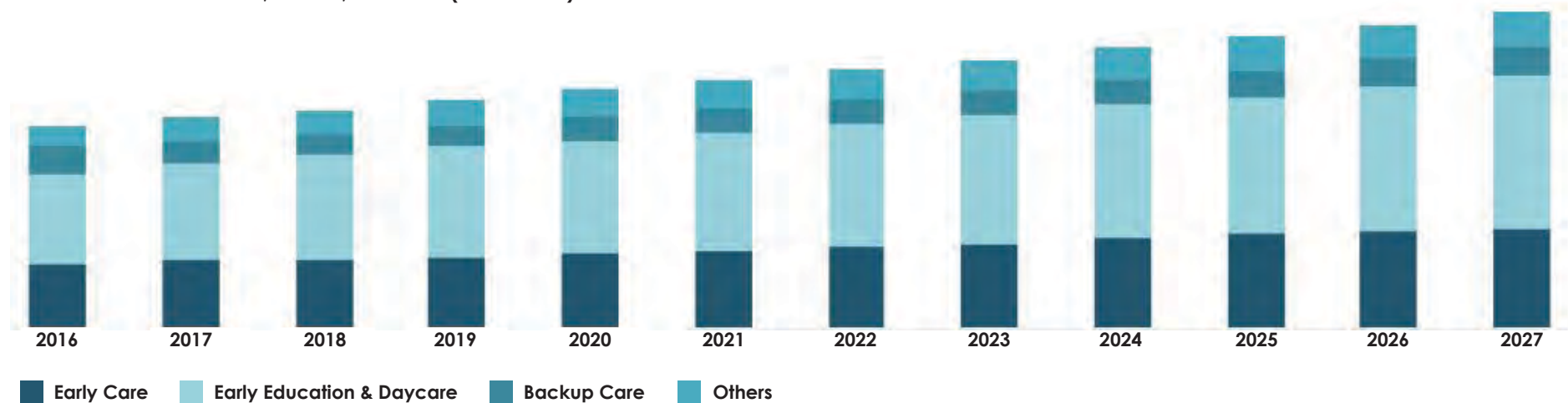
The U.S. child care market size was valued at \$54.3 billion in 2019 and is expected to expand at a compound annual growth rate (CAGR) of 3.9% from 2020 to 2027. The increase in the number of working parents and the subsequent demand for child care are factors that are expected to drive the market in the coming years. A survey conducted by the Center for American Progress reported that around 2.0 million parents had to make career sacrifices due to the childcare-related problems in 2016. There is a rise in awareness regarding the link between economic growth, parental employment, and access to child care, which is expected to increase the availability of child care centers at affordable prices.

The early education and daycare segment dominated the U.S. child care market and accounted for the largest revenue share in 2019. This is owing to an increasing number of daycare and early education centers in the country. The demand for early education is growing rapidly as around 1.4 million and 3.7 million students were enrolled in prekindergarten and kindergarten respectively in 2019.

The key factors driving the U.S. child care market growth include increasing government funding for childcare, rising demand for daycare centers; and an increase in the number of women employment.

Source: https://eflyer.kidder.com/kidder_mathews/team_oleary_liddell/files/Sample_U_S_Child_Care_Market_Analysis_and_Segment_Forecasts_to_2027.pdf

US CHILD CARE MARKET SIZE, BY TYPE, 2016-2017 (USD BILLION)



PROPERTY PHOTOS





ALDI
Distribution Center Warehouse

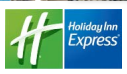


WALGREENS

MCDONALD'S

WARREN ELEMENTARY SCHOOL
808 Students

FORT ZUMWALT HIGH SCHOOL
1,485 Students



Aventura at Richmond
112 Units



FORT ZUMWALT SOUTH HIGH SCHOOL
1,379 Students

Subject Property
o2b KIDS!

57,614 CPD



PROGRESS SOUTH ELEMENTARY SCHOOL
680 Students

SOUTH MIDDLE SCHOOL
870 Students

FOREST PARK ELEMENTARY SCHOOL
412 Students

Villages of Aragon
98 Units

JIMMY JOHN'S
QDOBA MEXICAN EATS
SMOOTHIE KING
verizon DUNKIN'



TARGET
PET SMART
KOHL'S
Chick-fil-A
BUFFALO WILD WINGS
LONGHORN STEAKHOUSE
White Castle

EMGE ELEMENTARY SCHOOL
361 Students

WESTHOFF ELEMENTARY SCHOOL
526 Students

NORTH MIDDLE SCHOOL
1,068 Students



MCDONALD'S



WALGREENS

Main St
21,275 CPD



MCDONALD'S

MCDONALD'S

DAIRY QUEEN



Waffle House
BURGER KING
TACO BELL



Walmart Supercenter
OfficeMax
Applebee's
Regions
Advancel Auto Parts
WING STOP
SALLY BEAUTY
RAC



FRESH THYME FARMERS MARKET
ROSS
DRESS FOR LESS
FIVE BELOW



DARDENNE ELEMENTARY SCHOOL
425 Students

SUBWAY
Pizza Hut
SHERWIN WILLIAMS

Dierbergs
CLUB FITNESS



The Jewel O'Fallon
240 Units

OSTMANN ELEMENTARY SCHOOL
363 Students

364

LOCATION OVERVIEW



O'FALLON

Situated to the west of St. Louis, O'Fallon is a vibrant city in Missouri that is part of the broader St. Louis metropolitan region. Home to around 88,000 residents, the city is backed by a robust economy characterized by a skilled and educated workforce. Key sectors driving O'Fallon's economic vitality include healthcare, manufacturing, financial services, education, and retail.

The City boasts an impressive array of large international and regional employers. Citigroup is global entity offers a wide array of financial services, from banking and credit cards to loans and investment solutions. Mastercard is a leading global tech enterprise, it runs the world's second-largest payment system. True Manufacturing is a dominant commercial refrigeration equipment producer located within the city. O'Fallon School District is O'Fallon's education department that serves as a public institution encompassing 30 schools, imparting education to over 18,000 students. Progress West Hospital is a significant healthcare provider, this 72-bed hospital delivers diverse medical services.

O'Fallon's allure is multifaceted; it consistently garners accolades as one of the nation's top places to reside. Residents enjoy the dual benefit of low crime rates and a commendable education system. Coupled with an affordable living standard and a plethora of leisure activities, the city's charm is undeniable. The downtown region of O'Fallon is particularly lively, playing host to an array of events and festivals year-round.



30 MILES
DOWNTOWN
ST LOUIS, MO



17 MILES
ST. LOUIS LAMBERT
INTERNATIONAL AIRPORT



3.5 MILES
SHOPS AT LAURA HILL



23.5 MILES
UNIVERSITY OF
MISSOURI-ST. LOUIS



DAMES PARK



O'FALLON SPORTS PARK



FOREST PARK

LOCATION OVERVIEW

O'FALLON

O'Fallon is a prominent city situated in St. Charles County, Missouri, United States. Established in 1856, it lies within the St. Louis metropolitan statistical region and is strategically positioned between Lake St. Louis and St. Peters along Interstates 64 and 70. Not only is O'Fallon the largest suburb of St. Louis, but it also stands as the most populous city in St. Charles County and ranks as the seventh-largest in Missouri. Interestingly, another city named O'Fallon, located in St. Clair County, Illinois, is also part of the St. Louis area. These two cities with identical names are a unique pair in the same metropolitan region.



Central Location

The O'Fallon's location as a suburb of the city of St. Louis give it excellent access to Missouri's second largest city.



Excellent Transportation System

O'Fallon has an impressive transportation system due to its proximity to St. Louis where State Routes 70 & Interstate 64 cut right thru the center of O'Fallon on their way to St. Louis.



Affordable Cost-Of-Living

O'Fallon Housing prices are approx. 5.4% lower than the national average. Providing residents with a more modest housing affordability.



CIVIC PARK

QUALITY OF LIFE

O'Fallon, MO, presents a lively and enriching quality of life for its residents, backed by an array of recreational and sporting facilities. The city once boasted the River City Rascals, an independent Frontier League baseball team that played at CarShield Field, a stadium established in 1999 near downtown. Although the Rascals wrapped up their operations in 2019, the O'Fallon Hoots and the CarShield Collegiate League have since taken the field. The city's green spaces and recreational hubs further enhance its appeal:

- Civic Park
- Dames Park
- Fort Zumwalt Park
- O'Fallon Sports Park
- Ozzie Smith Sports Complex
- Westhoff Park

Together, these facilities highlight O'Fallon's commitment to promoting active lifestyles and fostering community engagement.

LOCATION OVERVIEW



ECONOMY

O'Fallon boasts a significant footprint of Mastercard, indicating the city's attractiveness to major financial institutions. In the past, Venture Stores held its headquarters in O'Fallon, along with a dedicated distribution center. However, after the store chain ceased operations, True Manufacturing seized the opportunity and repurposed the vacated buildings for its use. Further enhancing O'Fallon's business landscape in 2015 was the decision by Air Evac Lifeteam, a specialized medical helicopter service catering to the rural terrains of the Ozarks, to relocate their main office to the city. This shift underscores O'Fallon's growing importance as a hub for diverse businesses and services.



DEMOGRAPHICS

The city is expected to add more than 6,054 people through 2027, which corresponds to a 6.6% increase in the population. O'Fallon Housing prices are approx. 5.4% lower than the national average. Providing residents with a more modest housing affordability. Roughly 25.87% of people ages 25 and older hold bachelor's degrees; 13.70% have also earned a graduate or professional degree.

TOP EMPLOYERS

EMPLOYER	INDUSTRY
Mastercard	Global Technology Headquarters
True Manufacturing Company	Freezers & Commercial Coolers Manufacturer
Citi	Financial Services
Carshiled (NRRM)	Marketing & Sales of Service Contract
SAK Construction	Pipes rehabilitation & tunneling contractor
Progress West Hospital	Medical Services
MEMC	Silicon Wafer Manufacturer
Aldi	Warehouse & Distribution
Cosmos Corporation	Pet Care Products Manufacturer
Allianz Global Corporate & Specialty	Corporate & Specialty Insurance Company

DEMOGRAPHICS



POPULATION	1-MILE	3-MILE	5-MILE
2010 Population	8,666	37,739	99,085
2022 Population	9,753	43,291	112,330
2027 Population	10,282	45,942	118,805

HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2010 Households	3,257	14,171	35,865
2022 Households	3,707	16,559	41,450
2027 Households	3,938	17,773	44,287

INCOME	1-MILE	3-MILE	5-MILE
Median Household Income	\$83,981	\$85,542	\$89,207
Per Capita Income	\$40,979	\$40,448	\$40,494
Average Household Income	\$107,805	\$105,658	\$109,655

POPULATION

O'Fallon shines as a dynamic community marked by its diverse and ever-changing demographics. As of September 2023, the city's population was estimated at 90,968 individuals. It is crucial to understand that such figures can shift due to events like births, deaths, migrations, and city development.

HOUSEHOLDS

O'Fallon offers a wide array of housing choices suitable for various financial ranges. From cost-effective apartments to sprawling standalone homes, our aim is to ensure every citizen discovers a comfortable and economically viable place to live.

INCOME

O'Fallon is dedicated to providing an unmatched quality of life to its inhabitants, regardless of their income level. With a plethora of amenities, ranging from premier schools to parks and cultural centers, the city focuses on enhancing the overall well-being of its community.

EDUCATION

In O'Fallon, education is paramount. The city remains steadfast in its dedication to offer exceptional learning opportunities for all age groups. With a mix of both public and private academic institutions, O'Fallon assures a high-caliber educational experience for each student.

HOUSING

O'Fallon presents a diverse array of housing options, from lively city-center apartments to tranquil suburban homes and community-focused neighborhoods, catering to different tastes and budgets.

EMPLOYMENT

O'Fallon's rich and dynamic job market offers a spectrum of opportunities across various fields. Whether it's healthcare, IT, manufacturing, education, or retail, the city provides a vast expanse for career advancement and diversification.

