



O2B Kids! (47+ Locations) | 2.00% Annual Increases | 14+ Years Remaining on a 15-Year Lease



OFFERING MEMORANDUM

**O2B KIDS!**  
ST. LOUIS, MO

Marcus & Millichap  
THE SULO GROUP

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## Exclusively Listed by

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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!

9636 & 9640 Midland Boulevard  
St. Louis, MO 63114

### FINANCIAL SUMMARY

Price	\$2,550,000
Cap Rate	7.25%
Net Operating Income	\$184,868
Building Sq Ft	6,300 Sq Ft
Year Built   Renovated:	1998   2023
Lot Size	+/- 0.77 Acres

### LEASE SUMMARY

Lease Type	Triple Net
Tenant	o2b Early Education Holdings, Inc.
Guarantor	Corporate
Structure & Foundation	Landlord Responsible
Primary Term	15 Year
Lease Commencement Date	6/20/2023
Rent Commencement Date	9/1/2023
Lease Expiration Date	8/31/2038
Term Remaining	14+ Years
Rental Increases	Yes
Renewal Options	Two, Five-Year

### OPERATING DATA

Lease Years	Annual Rent	Cap Rate
2	\$184,868	7.25%
3	\$188,565	7.39%
4	\$192,337	7.54%
5	\$196,183	7.69%
6	\$200,107	7.85%
7	\$204,109	8.00%
8	\$208,191	8.16%
9	\$212,355	8.33%
10	\$216,602	8.49%
11	\$220,934	8.66%
12	\$225,353	8.84%
13	\$229,860	9.01%
14	\$234,457	9.19%
15	\$239,146	9.38%
Options	Annual Rent	Cap Rate
16-20 (Option 1)	\$243,929	9.57%
21-25 (Option 2)	\$269,318	10.56%

<b>Base Rent</b>	<b>\$184,868</b>
<b>Net Operating Income</b>	<b>\$184,868</b>
<b>Total Return</b>	<b>7.25%   \$184,868</b>

**Lease Comments:** Annual increases in options

# HIGHLIGHTS

- **14+ Years Remaining on a 15-Year Lease** – O2B Kids! Signed a new 15-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 15-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.
- **Densely Populated Area with Over 225,000 People in 5-Miles** - Known for its iconic Gateway Arch, the St. Louis metro is situated near the geographic center of the United States, within 500 miles of one-third of the U.S. population, and it has nearly 2.8 million residents. The metro encompasses the city of St. Louis; the Missouri counties of St. Charles, Jefferson, Franklin, St. Louis, Lincoln, Warren and Washington; and the Illinois counties of Madison, St. Clair, Macoupin, Clinton, Monroe, Jersey, Bond and Calhoun.

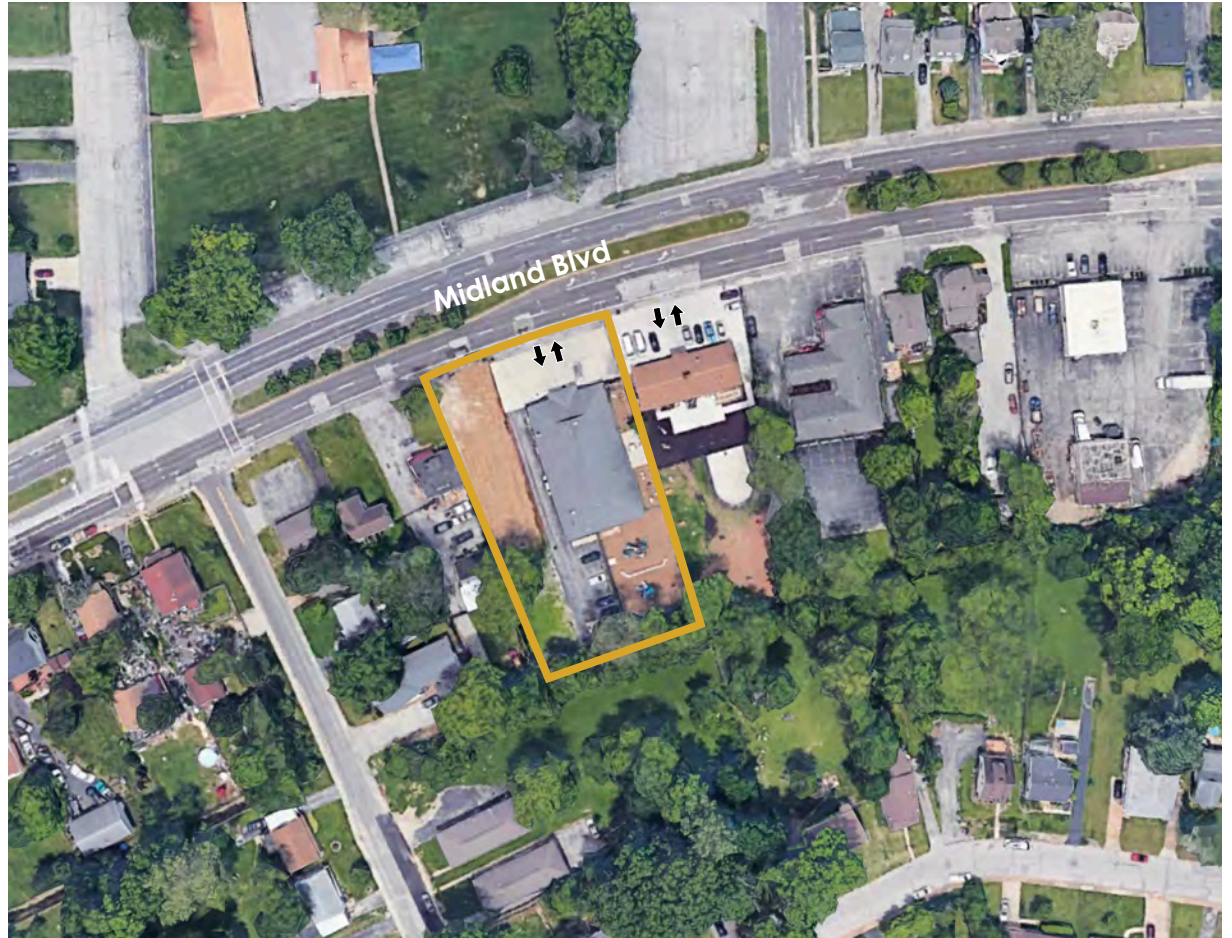




# SITE PLAN

## SITE PLAN KEY

- Parcel Outline 
- Building Sq Ft 6,300 Sq Ft
- Lot Size .77 Acres
- Ingress/Egress 







No. of Locations:	Year Founded	Headquarters:	Website:
47+	1998	Gainesville, FL	<a href="https://www.o2bkids.com">https://www.o2bkids.com</a>

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	<b>O2B Kids</b>	<b>Florida</b>	<b>9,675</b>	<b>47</b>
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

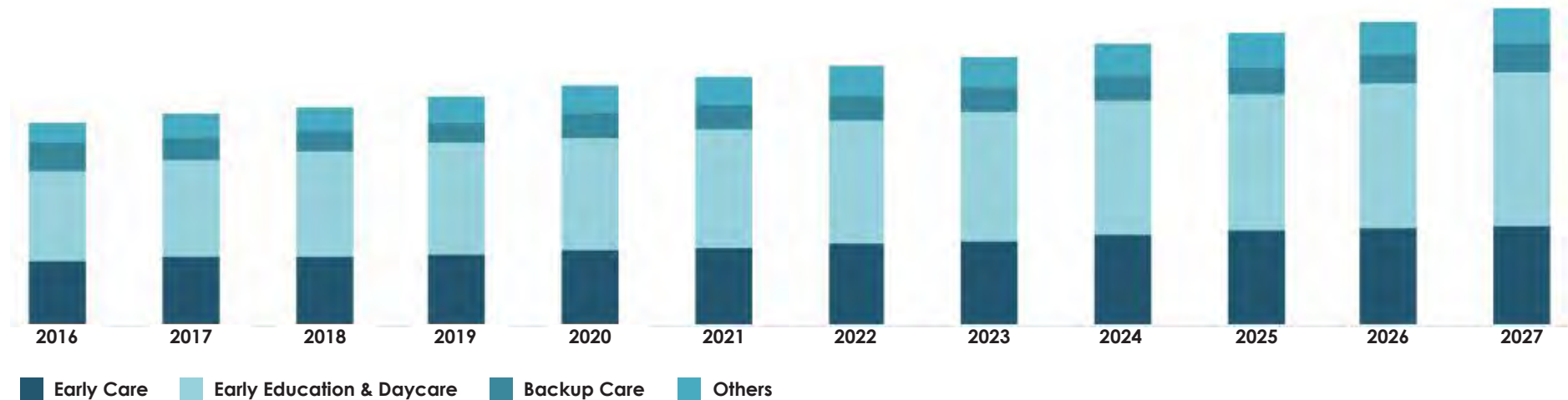
The U.S. child care market size was valued at \$54.3 billion in 2019 and is expected to expand at a compound annual growth rate (CAGR) of 3.9% from 2020 to 2027. The increase in the number of working parents and the subsequent demand for child care are factors that are expected to drive the market in 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](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









# LOCATION OVERVIEW

## ST. LOUIS

St. Louis has a storied history that dates back to its founding by French fur traders in 1764. It played a significant role in the westward expansion of the United States, notably serving as a starting point for Lewis and Clark's famous expedition. The Gateway Arch, an iconic monument and national symbol, stands proudly on the banks of the Mississippi River, commemorating this historic role. This 630-foot stainless steel arch offers breathtaking views of the city and the surrounding area, making it a must-visit landmark. Additionally, the city is home to numerous other historical sites, including the Old Courthouse, where the infamous Dred Scott case was heard.

St. Louis boasts a thriving cultural scene with world-class museums. The St. Louis Art Museum houses an extensive collection of art spanning various eras and styles. The Missouri History Museum chronicles the city's rich history, from its early days to modern times. The City Museum is an extraordinary and immersive experience, featuring an eclectic mix of art, architecture, and interactive exhibits that delight visitors of all ages.

The city is home to several prestigious universities and colleges, including Washington University in St. Louis, Saint Louis University, and the University of Missouri-St. Louis, contributing to a vibrant academic and research community. St. Louis has a diverse economy, with strengths in healthcare, biotechnology, manufacturing, and transportation. Many major corporations have established their headquarters in or have a significant presence in the city.

For sports enthusiasts, St. Louis offers a strong sports culture. The St. Louis Cardinals, a celebrated Major League Baseball team, call the city home, and attending a game at Busch Stadium is a beloved tradition. The St. Louis Blues, an NHL team, represent the city's passion for hockey.



**16 MILES**  
DOWNTOWN  
ST. LOUIS, MO



**3.5 MILES**  
ST. LOUIS LAMBERT  
INTERNATIONAL AIRPORT



**3.7 MILES**  
THE CROSSINGS  
AT NORTHWEST



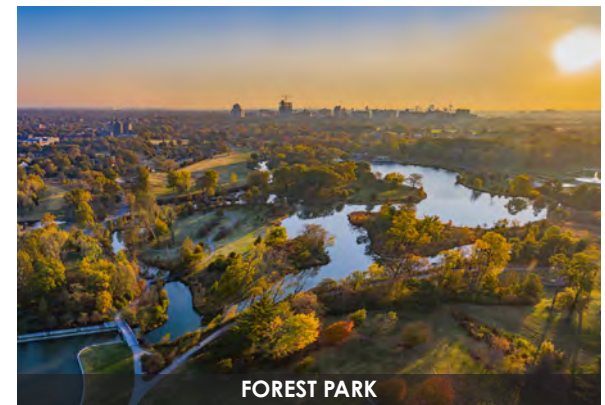
**3.9 MILES**  
WEBSTER UNIVERSITY  
WESTPORT



ST. LOUIS CAPITAL



ST. LOUIS CAPITAL



FOREST PARK

# LOCATION OVERVIEW



## ST. LOUIS

Known for its iconic Gateway Arch, the St. Louis metro is situated near the geographic center of the United States, within 500 miles of one-third of the U.S. population, and it has nearly 2.8 million residents. The metro encompasses the city of St. Louis; the Missouri counties of St. Charles, Jefferson, Franklin, St. Louis, Lincoln, Warren and Washington; and the Illinois counties of Madison, St. Clair, Macoupin, Clinton, Monroe, Jersey, Bond and Calhoun. St. Louis is the most populous county, with 992,300 people. The city of St. Louis contains around 300,000 citizens and is the only city in the metro with a population of more than 100,000 residents. In North St. Louis, the U.S. National Geospatial-Intelligence Agency has a major expansion underway. The \$1.7 billion 97-acre campus is set to be completed in 2025. St. Louis is also home to the Federal Reserve Bank of St. Louis.



### Central Location

The central U.S. location and Mississippi River accessibility allow for fast access to markets, both domestically and internationally



### Excellent Transportation System

The St. Louis metro has extensive freight, rail, air and sea transportation systems, facilitating shipping and distribution of goods worldwide.



### Affordable Cost-Of-Living

Home prices are substantially below other large markets in Midwestern states, as well as the overall U.S. average.



## QUALITY OF LIFE

The metro boasts numerous public and private golf courses, more than 100 parks, 200 miles of trails and the Gateway Arch National Park. Many of St. Louis' top attractions — including the Saint Louis Zoo, the Saint Louis Art Museum, the Missouri History Museum and the Municipal Opera — are located in Forest Park. The park features golf courses and athletic fields. The St. Louis Cardinals and the St. Louis Blues are housed in nearby downtown. Lake of the Ozarks is within driving distance, offering destinations for hunting, fishing, camping, hiking and spelunking. There are more than 40 colleges, universities and technical schools in the metro, enrolling around 200,000 students a year. Washington University in St. Louis is highly ranked among U.S. universities.



# LOCATION OVERVIEW



## ECONOMY

St. Louis is highly ranked for its logistics infrastructure, bolstered by its central location and easy access to major waterways. It is a significant inland port.

The region is emerging as a large financial services center, with seven Fortune 500 companies headquartered there: Centene Corp., Emerson Electric, Reinsurance Group of America, Jones Financial, Olin, Ameren and Graybar Electric.

Government entities pursue business development and provide resources for start-ups, along with incubators, with guidance and low-cost office and lab space.

## DEMOGRAPHICS

The metro is expected to add more than 36,400 people through 2027, which will result in the formation of approximately 20,900 households.

A median home price below the national level has produced a homeownership rate of over 69 percent, which is well above the national rate of 64 percent.

Roughly 34 percent of people ages 25 and older hold bachelor's degrees; 14 percent have also earned a graduate or professional degree.

## TOP EMPLOYERS

EMPLOYER	INDUSTRY
BJC HealthCare	Health Care
Boeing Defense, Space & Security	Aerospace
Mercy	Health Care
Scott Air Force Base	Military
Saint Louis University	Higher Education
Washington University in St. Louis	Higher Education
SSM Health	Health Care
Ameren Corp.	Energy Holding
Schnuck Markets, Inc.	Supermarket
Edward Jones	Financial Services



# DEMOGRAPHICS



POPULATION	1-MILE	3-MILE	5-MILE
2010 Population	15,676	89,516	227,764
2022 Population	15,401	88,214	225,846
2027 Population	15,314	87,793	224,910

HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2010 Households	6,530	38,144	95,143
2022 Households	6,533	38,164	95,463
2027 Households	6,519	38,101	95,410

INCOME	1-MILE	3-MILE	5-MILE
Median Household Income	\$46,060	\$47,246	\$54,848
Per Capita Income	\$23,339	\$27,406	\$36,183
Average Household Income	\$54,776	\$63,079	\$85,074

## POPULATION

North Little Rock is a thriving community with a diverse and dynamic population. As of September 2021, the city was home to approximately 70,000 residents. However, please note that population figures can change over time due to factors such as births, deaths, migrations, and urban development.

## HOUSEHOLDS

North Little Rock offers a variety of housing options to suit different budgets. From affordable apartments to spacious single-family homes, we believe in providing accessible housing solutions to our residents, ensuring that everyone can find a comfortable and affordable place to call home.

## INCOME

North Little Rock provides a high quality of life for its residents, regardless of income level. From excellent schools to parks and cultural amenities, believing in enhancing the well-being of every member of our community.

## EDUCATION

North Little Rock is committed to providing exceptional educational opportunities for residents of all ages. Our city is home to a variety of public and private schools, ensuring that every student can access a quality education.

## HOUSING

North Little Rock offers a diverse range of housing options to suit every lifestyle and budget. Whether you're looking for an apartment in a vibrant urban setting, a cozy suburban home, or a family-friendly neighborhood

## EMPLOYMENT

North Little Rock offers a diverse and dynamic job market with opportunities across various industries. Whether you're seeking a career in healthcare, technology, manufacturing, education, or retail, the city provides a wide range of employment possibilities.

