



Childcare Network

Corporate Guaranty (272+ Locations) | 10.00% Increase in 2+ Years | AHFI Exceeds \$137,000 in 1-Mile

OFFERING MEMORANDUM
ROANOKE, VIRGINIA

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THE SULO GROUP

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OFFERING SUMMARY



PROPERTY ADDRESS

Childcare Network

5220 Starkey Rd
Roanoke, VA 24018

OFFERING SUMMARY

Price:	\$1,879,862
Cap Rate:	7.25%
Net Operating Income:	\$136,290
Building Square Footage:	10,342 Sq Ft
Year Built Renovated:	1987 2018
Lot Size:	+/- 3.20 Acres

LEASE SUMMARY

Tenant:	Child Development Schools, Inc.
Guaranty:	Corporate
Rent Commencement:	9/1/2018
Lease Expiration:	8/31/2033
Lease Term Remaining:	7+ Years
Lease Type:	Absolute Net
Roof and Structure:	Tenant Responsible
Rental Increases:	10.00% Increase Every 5 Years
Renewal Options:	Four, Five-Year
Right of First Refusal:	None

OPERATING DATA

Year	Start Date	End Date	Annual Rent	Cap Rate
6-10	9/1/2023	8/31/2028	\$136,290	7.25%
11-15	9/1/2028	8/31/2033	\$149,919	7.97%
16-20 (Option 1)	9/1/2033	8/31/2038	\$164,911	8.77%
21-25 (Option 2)	9/1/2038	8/31/2043	\$181,402	9.65%
26-30 (Option 3)	9/1/2043	8/31/2048	\$199,542	10.61%
31-25 (Option 4)	9/1/2048	8/31/2053	\$219,496	11.68%

INVESTMENT HIGHLIGHTS

- **Corporate Guaranty from Top 5 Operator in the Country (272+ Locations)**
 - Child Development Schools, Inc. is one of the Top 5 Corporate childcare companies in the country.
 - Child Development Schools, Inc. currently operates over 272 locations across eleven states.
- **7+ Years Remaining | Absolute NNN Lease**
 - The CDS Inc. corporately guaranteed lease, has over 7 years remaining with four, five-year options to extend.
 - The lease features 10.00% rental increases every 5 years and continuing into the option periods, growing NOI and hedging against inflation.
 - The lease features zero landlord responsibilities, allowing for a passive investment for a new landlord.
- **Affluent Area with AHHI Exceeding \$137,000 in 1-Mile**
 - Roanoke, Virginia, known as the “Star City of the South,” is a vibrant mountain city of nearly 100,000 residents located in the Blue Ridge Mountains.
 - As the largest city in Western Virginia, it offers a blend of urban amenities, rich railroad heritage, and easy access to outdoor recreation, including the Blue Ridge Parkway and over 1,000 miles of trails.
 - Situated in the Roanoke Valley between the Blue Ridge and Allegheny Mountains along Interstate 81, the city serves as a hub for industry, finance, and healthcare in southwestern Virginia.
 - The economy has transitioned from a focus on railroad manufacturing to a mix of services, technology, healthcare, and tourism.
- **Demand For Child Care Remains Extremely Strong**
 - The U.S. child care market size was valued at USD 60.4 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 4.18% from 2023 to 2030.
 - The key factor driving the growth is the rising demand for early daycare & education services with more parents returning to working in offices, the rising number of single & working mothers, advancements in learning technologies for children, and the accessibility of government funding.
 - The expenditure on daycare in the U.S. is very high. As per the cost of care survey facilitated by the U.S. Department of Health and Human Services, the expenditure on these services reached up to 7% of the household income in 2021.
 - Families in the U.S. are willing to spend more on child care services, indicating the high service demand in the U.S.



WHY BUY A DAYCARE CENTER?

The U.S. child care market is expected to grow at a compound annual growth rate of 4.18% from 2023 to 2030 and is expected to reach USD 83.6 billion by 2030.

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.

The early education and daycare segment dominated the U.S. child care market with a share of around 47% in 2022. This is attributable to the increase in the rising demand along with the government funding to child care centers.

The market is benefiting from the advancement of learning technologies for children. Educational tools like Starfall, based on advanced technology, are transforming the U.S. childcare market by providing engaging activities and games for children to learn art, languages, and mathematics.



 <p>4.18% Annual Growth</p> <p>Expected Growth Rate from 2023 to 2030</p>	 <p>\$60.4B Industry</p> <p>Expected to Grow to \$83.6B by 2030</p>	 <p>47% Market Share</p> <p>U.S. ECE Segment in 2022</p>
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AERIAL OVERVIEW



TENANT PROFILE

Childcare Network was founded in 1988 in Columbus, Georgia with the initial acquisition of just two schools. Today, Childcare Network is the fourth largest private child care provider in the United States.

Comprised of over 260 schools in 11 southern states—with an enrollment of 30,000+ children—Childcare Network is committed to being the “Working Parent’s Best Friend!” We achieve this mission by providing high quality services at an affordable price and utilizes a proprietary curriculum known as High Reach that is individualized for each age group.

At Childcare Network, our goal is to give every child a strong start in life by providing a safe and caring environment while they are with us. We focus on offering an innovative educational experience that will benefit them for years to come. We believe that we are more than just a daycare; we create a nurturing and supportive space that helps children grow not only academically but also socially and emotionally. Our dedicated and passionate teachers work hard to help each child reach their full potential, sparking their curiosity and imagination while encouraging a lifelong love of learning.

Our child-centric educators are adventure-architects. They help your child grow by creating exciting adventures, crafting engaging activities and sparking curiosity to ignite a sense of wonder in every child. Our proprietary HighReach Learning curriculum is based around the idea that children learn best when they are actively engaged in hands-on experiences, exploration and play. Through a combination of structured activities and child-initiated play, we foster a love for learning and help children develop essential skills.



Company Type: Private
Location: Austin, Texas (272+ Locations)
Website: <https://childcarenetwork.com/>

#5
 Top Ranked
 Corporate Operator

30,000+
 Serving Children
 Aged 6-12

272+
 Locations in
 11 States

2025 | TOP 20 CORPORATE CHILD CARE COMPANIES

	ORGANIZATION	HEADQUARTERS	CAPACITY (EST.)	# OF CENTERS (EST.)
1	KinderCare Learning Centers	Oregon	200,000	2,400
2	Learning Care Group	Michigan	167,000	1,103
3	Bright Horizons	Massachusetts	115,000	1,028
4	Cadence Education	Arizona	53,400	326
5	Child Development Schools	Texas	46,916*	272*
6	Spring Education Group	California	39,488**	182**
7	Busy Bees North America	Canada	32,784	223
8	Premier Early Education	Illinois	25,000	160
9	Endeavor Schools	Florida	22,000	110
10	The Sunshine House	South Carolina	21,000	140
11	Kids and Company, Ltd.	Canada	14,612	159
12	New Horizon Academy	Minnesota	15,673	103
13	Big Blue Marble Academy	Alabama	15,149	83
14	O2B Kids	Florida	14,078	75
15	Early Learning Academies	Virginia	13,294	77
16	Otter Learning	South Carolina	10,500	76
17	The Nest Schools	Florida	9,300	54
18	The Gardner School	Tennessee	7,600	39
19	LLE Educational Group	Virginia	7,000	47
20	Never Grow Up, Inc.	Tennessee	6,613	46

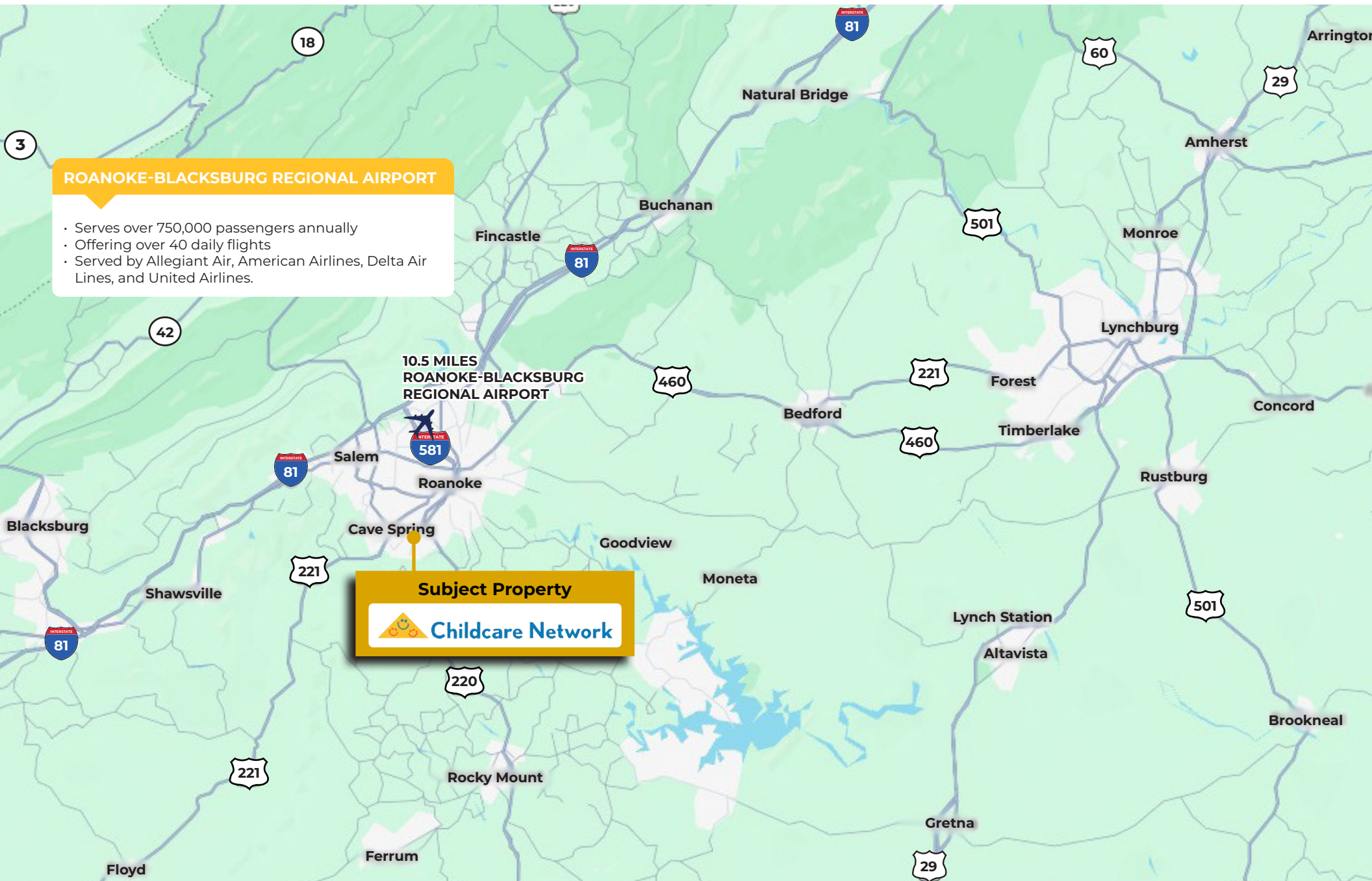
Based on data supplied by the organizations. Data on capacity is total licensed capacity as of January 1, 2025

*Data from January 2024 report. **Data from January 2023 report.

PROPERTY PHOTOS



REGIONAL MAP



ROANOKE-BLACKSBURG REGIONAL AIRPORT

- Serves over 750,000 passengers annually
- Offering over 40 daily flights
- Served by Allegiant Air, American Airlines, Delta Air Lines, and United Airlines.

Subject Property
 **Childcare Network**

ROANOKE

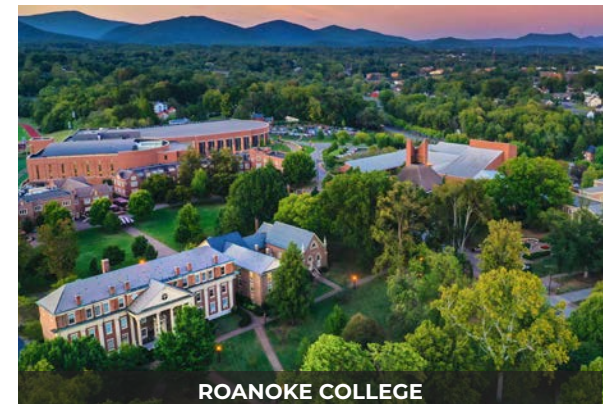
- Known as a premier mountain biking destination on the East Coast, the area boasts over 1,000 miles of trails for hiking and paddling.
- With ready access to the Appalachian Trail and the Blue Ridge Parkway, Roanoke draws visitors interested in activities like hiking, mountain biking and horseback riding.
- Roanoke's location allows for access within one day to most markets in the Southeast, Northeast, mid-Atlantic and Ohio Valley. Its location along Interstate 81 also gives easy driving access to Richmond and Washington, D.C.
- Offering an expansive collection of public art, captivating galleries, and daily live entertainment throughout the city, Roanoke offers a vibrant and artistic community.
- Roanoke and the surrounding cities and counties that make up the Roanoke Valley host more festivals and cultural events than any place west of Richmond, and there's a vibrant nightlife scene that continues to grow.
- Today, Roanoke County remains dedicated to promoting a high quality of life and ample opportunity for over 90,000 residents.
- Maintaining excellent schools, ensuring effective public safety, and promoting competitive economic development remain top priorities for the county.
- In the center of it all is the Historic Market District including a Farmers' Market, unique shopping and several restaurants. Overlooking downtown, the iconic Hotel Roanoke & Conference Center, a grand Tudor-style hotel, stands as a beloved landmark and a nod to the region's railroad history, offering luxurious accommodations, dining, and scenic views of the valley.

ECONOMY

- Blue Ridge Parkway tourism was estimated to create \$1.8 billion in economic benefits in 2023. Approximately 16.8 million visitors come to the national park, supporting roughly 19,000 jobs.
- Major employment sectors in the market include health care, government positions and education. Three of the largest metro employers include Carilion Medical Center, the County of Roanoke and the Franklin County School Board.
- UPS maintains a major facility at the Roanoke Regional Airport, as the metro offers distribution advantages. For similar reasons, the metro serves as a regional center for transportation-related manufacturing.



APPALACHIAN TRAIL



ROANOKE COLLEGE




HISTORIC ROANOKE CITY MARKET


DEMOGRAPHICS

POPULATION	1-MILE	3-MILE	5-MILE
2010 Population	5,028	33,854	82,696
2020 Population	5,935	35,951	86,857
2024 Population	5,896	36,001	86,372
2029 Population	5,891	36,085	86,614
HOUSEHOLDS			
2010 Households	2,400	15,273	36,569
2020 Households	2,713	15,846	39,055
2024 Households	2,728	15,989	39,625
2029 Households	2,736	16,063	39,921
OWNER OCCUPIED HOUSING UNITS			
2010 Owner Occupied Housing Units	68.1%	63.3%	56.9%
2020 Owner Occupied Housing Units	64.0%	61.6%	53.6%
2024 Owner Occupied Housing Units	65.2%	62.2%	53.9%
2029 Owner Occupied Housing Units	65.4%	62.3%	53.9%
RENTER OCCUPIED HOUSING UNITS			
2010 Renter Occupied Housing Units	22.9%	29.4%	34.1%
2020 Renter Occupied Housing Units	29.2%	31.8%	38.3%
2024 Renter Occupied Housing Units	28.1%	31.2%	38.0%
2029 Renter Occupied Housing Units	27.9%	31.0%	38.0%
AVERAGE HOUSEHOLD INCOME	\$137,829	\$120,044	\$103,868


AREA SNAPSHOT




86,372
POPULATION (5-MILE)



104,536
DAYTIME POPULATION (5-MILE)



86,372
HOUSEHOLDS (5-MILE)



\$137,829
AVERAGE HOUSEHOLD INCOME (1-MILE)