

B+E

EARLY LEARNING MARKET REPORT

YEAR-END 2024



EARLY LEARNING MARKET REPORT — YEAR-END 2024

MARKET OVERVIEW

- ✓ Since July, the number of available early education properties has increased by 17%, reaching 138.
 - The average cap rate rose slightly by 7 bps, reaching 6.93%.
 - Since the end of July, there has been little change in the cap rate range, with the lower end remaining steady at 5.50%, while the upper end decreased from 9.70% to 9.11%.
- ✓ The number of available properties with more than 10 years remaining on their term increased by 10%, while the average remaining term decreased to 13.6 years, down from 15.7 in July.
- ✓ In early October 2024, Partners Group, a leading firm in the global private markets industry, announced that KinderCare successfully completed its IPO, offering 24,000,000 shares of common stock at a price of \$24.00 per share. This IPO is a milestone for the segment, as institutional buyers will now have a benchmark for financials to review, enabling them to better interpret the financial activity of private early learning companies and the segment overall, encouraging real estate investment. The company is now trading under the ticker symbol KLC on the New York Stock Exchange.¹
 - This IPO could result in lower cap rates for KinderCare, as publicly traded companies on the NYSE tend to attract more investor interest, potentially driving greater demand for KinderCare assets.
- KinderCare, the largest private provider of high-quality early education in the United States, operates through its subsidiaries, including KinderCare Learning Centers and Champions, serving over 200,000 children.

EARLY LEARNING INDUSTRY GROWTH

- ✓ The U.S. child care market is currently valued at \$61.7 billion, accounting for 21% of the global market of \$296 billion. The global market is projected to grow at a compound annual growth rate (CAGR) of 4.33% through 2030.²
- ✓ Early education has become a popular asset for investors, especially after the industry's transformation during the 2020 pandemic. These assets typically feature long lease terms and corporate guarantees, and they are resilient to recessions. Additionally, tenants often make significant investments in the buildings to support operations, which enhances the value of the assets, making them more attractive to investors.
 - The demand is fueled by schools adopting online learning, reducing after-school activities, and an increasing emphasis on early childhood development.
 - The growing number of working parents raises the demand for child care centers, as more parents spend extended hours at work and require reliable care for their children.

¹Partners Group Portfolio Company KinderCare Prices IPO and Lists on New York Stock Exchange, partnersgroup.com

²Child Care Services Market Size, Share & Trends Analysis Report by Delivery Type (Center-based, Home-based), by Region, and Segment Forecasts, 2024-2030, grandviewresearch.com.

ON MARKET DATA

# ON MARKET	AVG. CAP	CAP RANGE	AVG. PRICE	PRICE RANGE	AVG. SF	AVG. PPSF
138	6.93%	5.50% - 9.11%	\$4,917,142	\$900,000 - \$9,743,424	11,904 SF	\$456

ON MARKET DATA

AVG. NOI	AVG. RPSF	AVG. TERM	TERM RANGE
\$343,532	\$32	13.6 Years	1.3 - 22.7 Years

ON MARKET DATA

# ON MARKET W. 10+ YEARS	10+ YEARS AVG. CAP	10+ YEARS AVG. PRICE	10+ YEARS AVG. TERM
108	6.87%	\$5,177,040	15.8 Years

Source: B+E 1031 Trade Database as of 12/02/2024.

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EARLY LEARNING MARKET REPORT — THE LEARNING EXPERIENCE

AT A GLANCE



THE LEARNING EXPERIENCE

PARENT COMPANY	Golden Gate Capital
HEADQUARTERS	Boca Raton, FL
OWNERSHIP	Private
LOCATIONS	600 (250 Under Development)
EMPLOYEES	3,866
FOUNDED	2002
WEBSITE	www.thelearningexperience.com

TYPICAL LEASE METRICS

TYPICAL LEASE TERM	10-15 Years
TYPICAL ESCALATION STRUCTURE	10% Every 5 years
TYPICAL LEASE STRUCTURE	NN or NNN
TYPICAL GUARANTEE	Varies



ON MARKET DATA

# ON MARKET	30
AVG. CAP RATE	6.85%
CAP RANGE	6.25% - 7.75%
AVG. PRICE	\$5,786,465
PRICE RANGE	\$2,913,294 - \$9,743,424
AVG. SF	10,710 SF
AVG. PPSF	\$563
AVG. NOI	\$396,457

AVG. RPSF	\$39
AVG. TERM	14.4 Years
TERM RANGE	5.6 - 19.8 Years
# ON MARKET W. 10+ YEARS	25
10+ YEARS AVG. CAP	6.83%
10+ YEARS AVG. PRICE	\$6,009,398
10+ YEARS AVG. TERM	15.9 Years

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EARLY LEARNING MARKET REPORT — GUIDEPOST MONTESSORI

AT A GLANCE



GUIDEPOST MONTESSORI

PARENT COMPANY	Higher Ground Education
HEADQUARTERS	Cedar Park, TX
OWNERSHIP	Private
LOCATIONS	130
FOUNDED	2016
WEBSITE	www.guidepostmontessori.com

TYPICAL LEASE METRICS

TYPICAL LEASE TERM	20 Years
TYPICAL ESCALATION STRUCTURE	2% Annually
TYPICAL LEASE STRUCTURE	NNN
TYPICAL GUARANTEE	Corporate



ON MARKET DATA

# ON MARKET	14
AVG. CAP RATE	7.13%
CAP RANGE	7.00% - 7.30%
AVG. PRICE	\$6,695,529
PRICE RANGE	\$3,281,120 - \$8,995,000
AVG. SF	11,263 SF
AVG. PPSF	\$625
AVG. NOI	\$476,944

AVG. RPSF	\$41
AVG. TERM	19.2 Years
TERM RANGE	17.7 - 22.7 Years
# ON MARKET W. 10+ YEARS	14
10+ YEARS AVG. CAP	7.13%
10+ YEARS AVG. PRICE	\$6,695,529
10+ YEARS AVG. TERM	19.2 Years

Source: B+E 1031 Trade Database as of 12/02/2024.

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EARLY LEARNING MARKET REPORT — KIDDIE ACADEMY

AT A GLANCE



KIDDIE ACADEMY

PARENT COMPANY	Essential Brands, Inc.
HEADQUARTERS	Cedar Park, TX
OWNERSHIP	Private
LOCATIONS	330 (80 Under Development)
FOUNDED	1981
WEBSITE	www.kiddieacademy.com

TYPICAL LEASE METRICS

TYPICAL LEASE TERM	15-20 Years
TYPICAL ESCALATION STRUCTURE	Varies
TYPICAL LEASE STRUCTURE	NNN
TYPICAL GUARANTEE	Franchisee



ON MARKET DATA

# ON MARKET	6
AVG. CAP RATE	6.98%
CAP RANGE	6.65% - 8.00%
AVG. PRICE	\$5,410,196
PRICE RANGE	\$2,822,660 - \$6,947,368
AVG. SF	11,271 SF
AVG. PPSF	\$475
AVG. NOI	\$372,707

AVG. RPSF	\$30
AVG. TERM	15.2 Years
TERM RANGE	9.9 - 19.9 Years
# ON MARKET W. 10+ YEARS	4
10+ YEARS AVG. CAP	7.13%
10+ YEARS AVG. PRICE	\$5,398,952
10+ YEARS AVG. TERM	17.8 Years

Source: B+E 1031 Trade Database as of 12/02/2024.

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EARLY LEARNING MARKET REPORT — KINDERCARE

AT A GLANCE



KINDERCARE

PARENT COMPANY	Knowledge Universe
HEADQUARTERS	Portland, OR
OWNERSHIP	Public
TICKER	NYSE: KLC
LOCATIONS	2,400
EMPLOYEES	43,000
FOUNDED	1969
WEBSITE	kindercare.com

TYPICAL LEASE METRICS

TYPICAL LEASE TERM	15 Years
TYPICAL ESCALATION STRUCTURE	2% Annually
TYPICAL LEASE STRUCTURE	NNN
TYPICAL GUARANTEE	Corporate



ON MARKET DATA

# ON MARKET	7
AVG. CAP RATE	6.88%
CAP RANGE	5.50% - 8.75%
AVG. PRICE	\$4,911,517
PRICE RANGE	\$1,940,714 - \$6,956,521
AVG. SF	12,614 SF
AVG. PPSF	\$389
AVG. NOI	\$339,469

AVG. RPSF	\$28
AVG. TERM	9.3 Years
TERM RANGE	1.3 - 14.3 Years
# ON MARKET W. 10+ YEARS	4
10+ YEARS AVG. CAP	6.41%
10+ YEARS AVG. PRICE	\$5,453,202
10+ YEARS AVG. TERM	13 Years

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EARLY LEARNING MARKET REPORT — THE NEST SCHOOLS

AT A GLANCE



THE NEST SCHOOLS

PARENT COMPANY	Rockbridge Growth Equity
HEADQUARTERS	Boca Raton, FL
OWNERSHIP	Private
FOUNDED	2020
LOCATIONS	56
WEBSITE	www.thenestschool.com

TYPICAL LEASE METRICS

TYPICAL LEASE TERM	15 Years
TYPICAL ESCALATION STRUCTURE	2% Annually
TYPICAL LEASE STRUCTURE	NNN
TYPICAL GUARANTEE	Corporate



ON MARKET DATA

# ON MARKET	12
AVG. CAP RATE	6.85%
CAP RANGE	6.00% - 7.10%
AVG. PRICE	\$4,428,238
PRICE RANGE	\$2,535,211 - \$6,878,474
AVG. SF	11,034 SF
AVG. PPSF	\$405
AVG. NOI	\$302,214

AVG. RPSF	\$28
AVG. TERM	14.9 Years
TERM RANGE	12.1 - 16.3 Years
# ON MARKET W. 10+ YEARS	12
10+ YEARS AVG. CAP	6.85%
10+ YEARS AVG. PRICE	\$4,428,238
10+ YEARS AVG. TERM	14.9 Years

Source: B+E 1031 Trade Database as of 12/02/2024.

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EARLY LEARNING MARKET REPORT — CADENCE ACADEMY

AT A GLANCE



CADENCE ACADEMY

PARENT COMPANY	Apax Partners
HEADQUARTERS	Scottsdale, AZ
OWNERSHIP	Private
LOCATIONS	300
FOUNDED	1992
WEBSITE	www.cadence-education.com

TYPICAL LEASE METRICS

TYPICAL LEASE TERM	30 Years
TYPICAL ESCALATION STRUCTURE	2% Annually
TYPICAL LEASE STRUCTURE	NNN
TYPICAL GUARANTEE	Corporate



ON MARKET DATA

# ON MARKET	4
AVG. CAP RATE	6.44%
CAP RANGE	5.77% - 7.00%
AVG. PRICE	\$4,615,581
PRICE RANGE	\$3,339,892 - \$6,379,000
AVG. SF	23,553 SF
AVG. PPSF	\$301
AVG. NOI	\$298,079

AVG. RPSF	\$19
AVG. TERM	8.9 Years
TERM RANGE	5.6 - 10.0 Years
# ON MARKET W. 10+ YEARS	3
10+ YEARS AVG. CAP	6.26%
10+ YEARS AVG. PRICE	\$4,027,775
10+ YEARS AVG. TERM	10 Years

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EARLY LEARNING MARKET REPORT — KID CITY USA

AT A GLANCE



KID CITY USA

HEADQUARTERS	Port Orange, FL
OWNERSHIP	Private
LOCATIONS	123
FOUNDED	2000
WEBSITE	www.kidcityusa.com

TYPICAL LEASE METRICS

TYPICAL LEASE TERM	15 Years
TYPICAL ESCALATION STRUCTURE	10% Every 5 Years
TYPICAL LEASE STRUCTURE	NNN
TYPICAL GUARANTEE	Personal & Corporate



ON MARKET DATA

# ON MARKET	4
AVG. CAP RATE	7.31%
CAP RANGE	7.00% - 7.50%
AVG. PRICE	\$2,861,486
PRICE RANGE	\$1,406,896 - \$5,440,000
AVG. SF	8,056 SF
AVG. PPSF	\$372
AVG. NOI	\$211,000

AVG. RPSF	\$28
AVG. TERM	14.1 Years
TERM RANGE	13.5 - 14.8 Years
# ON MARKET W. 10+ YEARS	4
10+ YEAR AVG. CAP	7.31%
10+ YEAR AVG. PRICE	\$2,861,486
10+ YEAR AVG. TERM	14.1 Years

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B+E is a modern investment brokerage firm, specializing in net lease real estate and 1031 exchanges. We help clients buy and sell single tenant real estate. Founded by deeply experienced brokers, B+E redefines trading through an intuitive end-to-end transaction platform comprising of user-friendly dashboards and an AI-driven exchange — all leveraging the largest data set in the net lease industry.