



THE  
**GODDARD SCHOOL**<sup>®</sup>  
FOR EARLY CHILDHOOD DEVELOPMENT

**klnb** Capital  
Markets

OFFERING MEMORANDUM



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## Contact Information



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# THE OFFERING

Price	\$8,500,000
Cap Rate	6.30%
Base Rent	\$556,183
Net Operating Income	\$536,753
GLA	+/- 14,958 SF & Dedicated Outdoor Space
Lot Size	0.65 Acres
Year Built	2023

Lease Type	Modified NN BY 2023 Lease ; See Notes
Rent Commencement	12/1/23
Lease Expiration	11/30/40
Increases	3% Lease Years 2 & 3, then 2% thereafter
Options	Two; Five-Year (2% increase)



# RENT SCHEDULE

	Date	Annual Rent	Increase		Date	Annual Rent	Increase	
<b>Base Rent</b>	12/1/23	\$539,984	-	<b>Option 1</b>	12/1/40	\$771,006	2.00%	
	12/1/24	\$556,183	3.00%		12/1/41	\$786,426	2.00%	
	12/1/25	\$572,869	3.00%		12/1/42	\$802,155	2.00%	
	12/1/26	\$584,326	2.00%		12/1/43	\$818,198	2.00%	
	12/1/27	\$596,013	2.00%		12/1/44	\$834,562	2.00%	
	12/1/28	\$607,933	2.00%		<b>Option 2</b>	12/1/45	\$851,253	2.00%
	12/1/29	\$620,092	2.00%			12/1/46	\$868,278	2.00%
	12/1/30	\$632,493	2.00%			12/1/47	\$885,644	2.00%
	12/1/31	\$645,143	2.00%			12/1/48	\$903,356	2.00%
	12/1/32	\$658,046	2.00%			12/1/49	\$921,424	2.00%
	12/1/33	\$671,207	2.00%					
	12/1/34	\$684,631	2.00%					
	12/1/35	\$698,324	2.00%					
12/1/36	\$712,290	2.00%						
12/1/37	\$726,536	2.00%						
12/1/38	\$741,067	2.00%						
12/1/39	\$755,888	2.00%						

• Pricing is based off of the December of 2024 rent and NOI after underwriting. Landlord will credit Buyer the difference in rent if closing occurs before December of 2024.



# DEMOGRAPHIC HIGHLIGHTS

## 1-MILE



23,142 RESIDENTS



\$182,303 AVERAGE HOUSEHOLD INCOME



1.11% POPULATION GROWTH/YR

## ACCESSIBILITY



KEY HIGHWAY  
16,385 AADT  
Intersection of Key Highway & Key Highway East

## Investment Highlights

### Long Term Lease with Rent Appreciation

- » Long-term double-net lease with 16+ years remaining in an extremely high barrier to entry market.
- » Healthy annual increases offering a hedge against inflation. The Goddard School increases 3% in 12/1/2024 and 12/1/2025 with 2% annual increases thereafter throughout the remainder of their lease and their two 5-year option periods.

### Dominant Location for Growing Goddard School

- » Flagship Goddard School in the neighborhood with the next closest location operated by the same franchisee in Canton - separated by the Inner Harbor supporting a dense population, allowing the operator to capture larger Baltimore market share. The facility already has a 2 year wait list and it just opened in December of 2023.
- » Located in one of the strongest submarkets of Baltimore City with extremely high average household incomes within 1-mile, presently \$182,303 and projected to surpass \$206,000 by 2028. More than 50% of the population in the same radius is ages 25-44, a prime target clientele for Goddard School.
- » The asset is easily accessible westbound from I-95 (124,000 VPD) via Exit 55, a less than 3 minute drive and a preferred highway system for commuters entering Baltimore City. Primary access along Key Highway East, the main thoroughfare connecting Locust Point to Downtown Baltimore with 17,000 VPD.

### Brand New, Class A Construction

- » Brand new build-to-suit for The Goddard School with 14 classrooms, indoor and outdoor recreation space, and highly attractive windowed façade. Delivered in 2023, the building is meticulously designed with little to no CapEx needed for a future owner.
- » Thoughtful design with ramp accessibility, green roofs, brand new HVAC, and dedicated parking spaces.
- » Extraordinarily land constrained submarket with tremendous residual value on 0.65 acres of Waterview real estate, within walking distance to Baltimore Inner Harbor. Approximately 0.23 acres are improved by green and playground space, offering development potential in the future and a rare amenity for an urban daycare facility.

The Goddard School - Baltimore, MD 02



# Financial Summary

## INCOME & EXPENSES

### INCOME

Rental Income	\$556,183
Property Taxes	\$29,993
Insurance	\$184
Potential Gross Income	\$586,360
<b>Vacancy Allowance</b>	<b>\$-</b>
<b>Effective Gross Income</b>	<b>\$586,360</b>

### EXPENSES

Property Taxes	\$55,482
Property Tax Credit	\$(29,122)
Insurance	\$6,297
Parking	\$15,000
Snow Removal	\$1,950
<b>Total Expenses</b>	<b>\$49,607</b>

**NET OPERATING INCOME (NOI) | \$536,753**



## NOTES TO UNDERWRITING

- Tenant to pay increase over base year taxes and insurance for life of lease.
- 2023 Tax Bill is \$25,559.14 which is the “base year”. Our tax expense reflects the tax bill after the estimated reassessment (after construction) from landlord’s projections.
- Tax credits are available from the State and MDE which are shown as the property tax credit line item (subject to change).
- 2023 Insurance was \$6,113.65. \$6,113.65 is the base year insurance expense. We have increased this cost by 3% for the purposes of our analysis.
- Property consists of 10 parking spaces that Landlord leases for tenant at \$125/space/mo. that is an ongoing non-reimbursable expense.
- Landlord is responsible for the snow removal which is only sidewalks. Note, Landlord contract has up to a cost of \$3,900/year assuming there is 20 inches of snow. Based on seasonal averages, we have taken half of this cost as the expense for our analysis.
- We have not included a management fee or vacancy factor as it is not market for a single-tenant net lease deal.
- Base Year operating costs are \$10,013.65 which is insurance (\$6,113.65) and snow removal (\$3,900). Both have been adjusted per the above for the purposes of our analysis.

# Lease Abstract

<b>TENANT</b>	J&M Wolfarth Enterprises, LLC (Goddard School)
<b>GUARANTOR</b>	Personal Guarantee; Mary Wolfarth and James Wolfarth, jointly and severally
<b>GLA</b>	14,958 square feet
<b>LEASE TERM</b>	17 Years & 6 Months
<b>LEASE COMMENCEMENT</b>	5/31/2023
<b>RENT COMMENCEMENT</b>	12/1/2023
<b>LEASE EXPIRATION</b>	11/30/2040
<b>PROPORTIONATE SHARE</b>	100%
<b>RENT INCREASES</b>	3% increases in the 2nd and 3rd year of the lease term. 2% increases in each of the subsequent lease years.
<b>RENEWAL OPTIONS</b>	Two five-year options with 2% annual increases. No more than 18 months and no less than 12 months notice.
<b>REAL ESTATE TAXES</b>	Tenant's proportionate share of the amount by which Taxes on the Property exceeds the Base Taxes. The "Base Taxes" shall be the Taxes imposed in connection with the Property and applicable during the tax year in which the Rent Commencement Date occurs. Tenant shall not be entitled to any credit or rebate in the event Taxes during any one year in the Term are lower than the Base Taxes. Note, property subject to a Tax Credit. See more information in underwriting and contact broker for more detail.
<b>2023 BASE YEAR EXPENSES</b>	Tax: \$25,559.14 Operating Costs: \$10,013.65 (\$6,113.65 Insurance + \$3,900 Snow Removal)
<b>ORDINARY SERVICES</b>	Landlord shall install a dedicated HVAC and/or RTU's solely for the Premises and Tenant shall be in sole control of the thermostat for the Premises. In addition, Landlord shall provide automatic elevator Service within the building, if more than one story. The cost of all such services shall be an Operating Costs.
<b>LANDLORD'S MAINTENANCE</b>	The roof and other structural portions of the exterior of the building, all common areas including to the extent located outside of the Premises in such Common Areas, the hallways, stairways, lobbies, elevators, HVAC and restroom facilities and all standard interior light figures and bulbs including that within the Premises.

**TENANT'S MAINTENANCE**

Keep the Premises and the fixtures, appurtenances, and improvements therein in good order and condition including without limitation, providing daily janitorial services and trash removal ; make repairs and replacements to the Premises, including, without limitation, all fixtures; all HVAC equipment exclusively serving the Premises, plumbing fixtures, electrical systems, lines and other apparatus located in the Premises or directly serving the Premises, sprinkler equipment and other equipment within the Premise's, storefront glass, all tenant signage, locks and closing devices and all canopies, window sash, casement or frames, doors and door frames.

**PARKING AND ACCESS**

Ten (10) off-street parking spaces shall be available, at no additional cost or expense to Tenant, on an unassigned, nonexclusive basis within approximately 1,200 feet of the Building lot line.

**OPERATING COSTS**

For the full allocation of operating costs, refer to Section 9.04 of the Lease.

**ADMINISTRATION FEE**

Included in Operating Costs: Property management fee equal to five percent (5%) of Landlord's collections. Landlord shall not charge any other so-called "management fee" other than the Administrative fee and management set forth in the preceding sentences.

**TENANT'S SHARE OF OPERATING COSTS**

Tenant shall pay to Landlord in each year of the Term a proportionate share of the amount by which the Operating Costs for each such year exceed the Base Operating Costs. The "Base Operating Costs" shall be the Operating Costs applicable during the calendar year in which the Rent Commencement Date occurs. Tenant shall not be entitled to any credit or rebate in the event Operating Costs in any one year during the Term are lower than the Base Operating Costs.

**OPERATING COSTS CAP**

Tenant's Proportionate Share of Operating Costs shall not exceed the previous calendar year's costs by more than five percent (5%) on a non-cumulative basis; provided, however that such cap on annual increases shall not apply to the cost of utilities, Taxes, security, insurance or snow/ice removal.

**INSURANCE**

Included in Operating Costs

**UTILITIES**

Tenant shall at its cost arrange for all Tenant utilities at the Premises and shall pall all charges therefor directly to the utility.

Goddard Systems, Inc. (GSI), headquartered in King of Prussia, PA is the franchisor of The Goddard School. Established nearly 35 years ago in 1988, The Goddard School is a recognized leader in the premium early childcare market. GSI currently licenses more the 560 Goddard School franchises that serve over 70,000 students across 38 states. The Goddard School has consistently been named on of the top childcare franchises in the US by Entrepreneur Magazine and one of the Top 200 Franchise Systems (in worldwide sales) by Franchise Times.



[goddardschool.com](http://goddardschool.com)

COMPANY TYPE:

Private

# OF LOCATIONS:

600+

YEAR FOUNDED:

1988

HEADQUARTERS:

King of Prussia, PA



REPRESENTATIVE PHOTO





M&T BANK STADIUM

CAMDEN YARDS

414 LIGHT STREET  
394 Units / Built in 2018

DOWNTOWN BALTIMORE

FEDERAL HILL

HARBOR EAST

HARBORPLACE REDEVELOPMENT  
900 Residential Units Proposed

MedStar Health  
FEDERAL HILL

1110 KEY HIGHWAY  
224 Units / Built in 2019

HARBORVIEW TOWERS  
225 Units / Built in 1993

HARBORVIEW MARINA & YACHT CLUB  
278 Slips

HARBOR POINT  
4.5M SF Development  
2,500 Units / 600 Keys

ROYAL FARMS

BALTIMORE MUSEUM OF INDUSTRY

CANTON →

ANTHEM HOUSE  
346 Units / Built in 2017



GENERAL SHIP REPAIR CORPORATION

DOMINO SUGAR  
Since 1901

2,696  
[2022 ADT]

KEY HIGHWAY  
16,385  
[2022 ADT]

KEY HIGHWAY EAST

← LOCUST POINT



# Aerial

# Birdseye - South

**1-MILE DEMOGRAPHIC HIGHLIGHTS**

- 23,142 RESIDENTS
- \$182,303 AVERAGE HOUSEHOLD INCOME
- 1.11% POPULATION GROWTH/YR
- KEY HIGHWAY 16,385 AADT Intersection of Key Highway & Key Highway East

**COURTYARD BY MARRIOTT**  
126 Keys / Built in 2019

**MCHENRY ROW**  
250 Units / Built in 2011

Harris Teeter  
DUNKIN' COURTYARD BY MARRIOTT  
FAS  
DIAMONDBACK BREWING CO.  
STARBUCKS  
SAMOS CREEK ISLAND GRILL

**SOUTHSIDE MARKETPLACE**

Giant  
five BELOW  
Walgreens  
DOLLAR TREE

**BALTIMORE PENINSULA**

Baltimore Peninsula is a mixed-use waterfront community with 2.5 miles of waterfront on the Middle Branch of the Patapsco River. Baltimore Peninsula offers celebrated destinations and great access to everything Baltimore has to offer - and the most convenient marina location in the City.

**PORTER STREET**  
223 Units / Built in 2017

**MCHENRY ROW OFFICE**  
+172,000 SF / Built in 2015

**ANTHEM HOUSE**  
346 Units / Built in 2017

3,591 [2022 ADT]

16,385 [2022 ADT]

2,696 [2022 ADT]

Harris Teeter

FORT AVENUE

KEY HIGHWAY

KEY HIGHWAY EAST

ELEVEN

CANTON

FELLS POINT

SILO POINT  
228 Units / Built in 2009

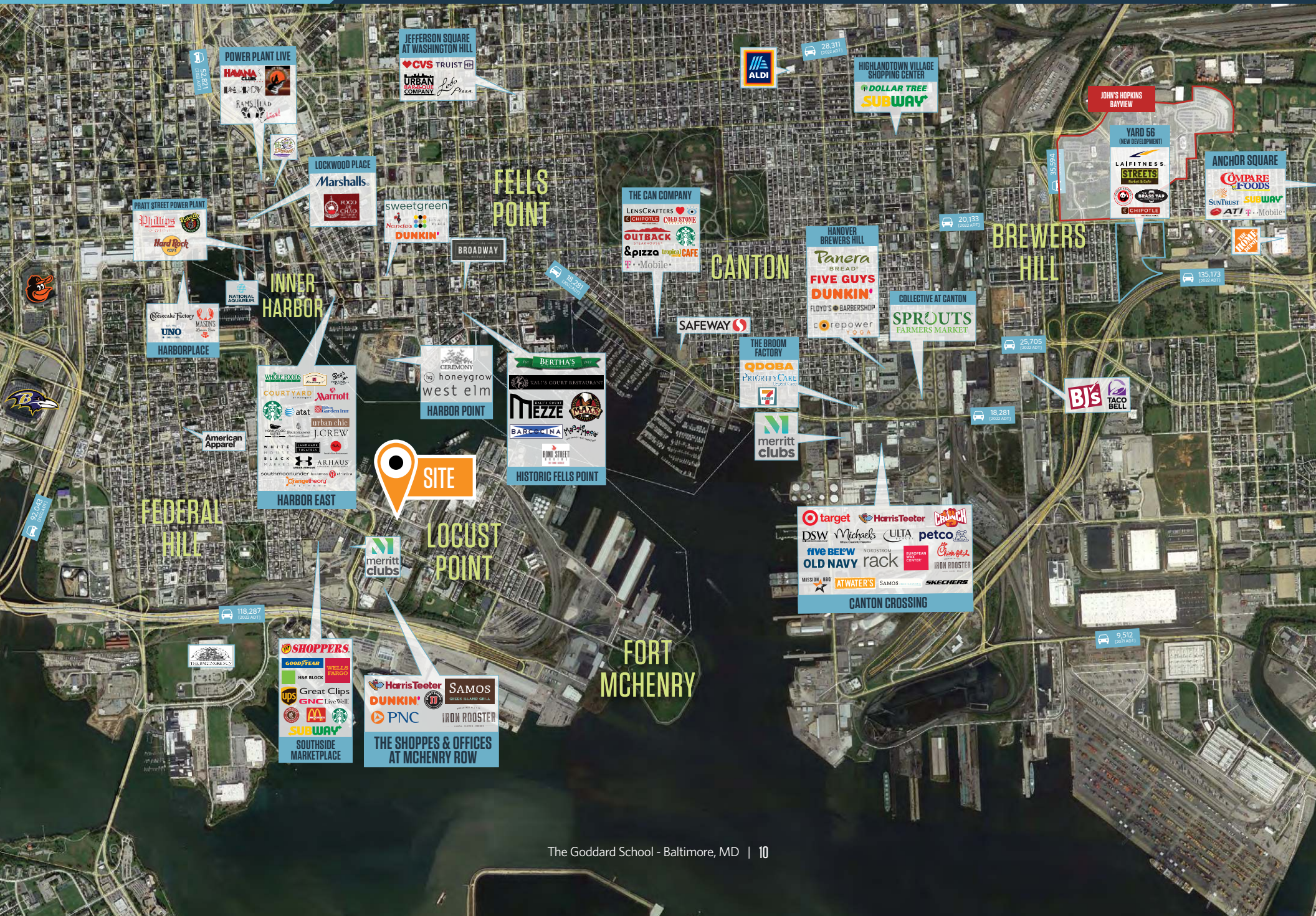
  
UNDER ARMOUR  
UNDER ARMOUR GLOBAL HQ

BALTIMORE  
IMMIGRATION MUSEUM

 2,696  
[2022 ADT]

GRAFTED BY EXPERTS™  
**Domino**  
- Since 1901 -  
DOMINO SUGAR

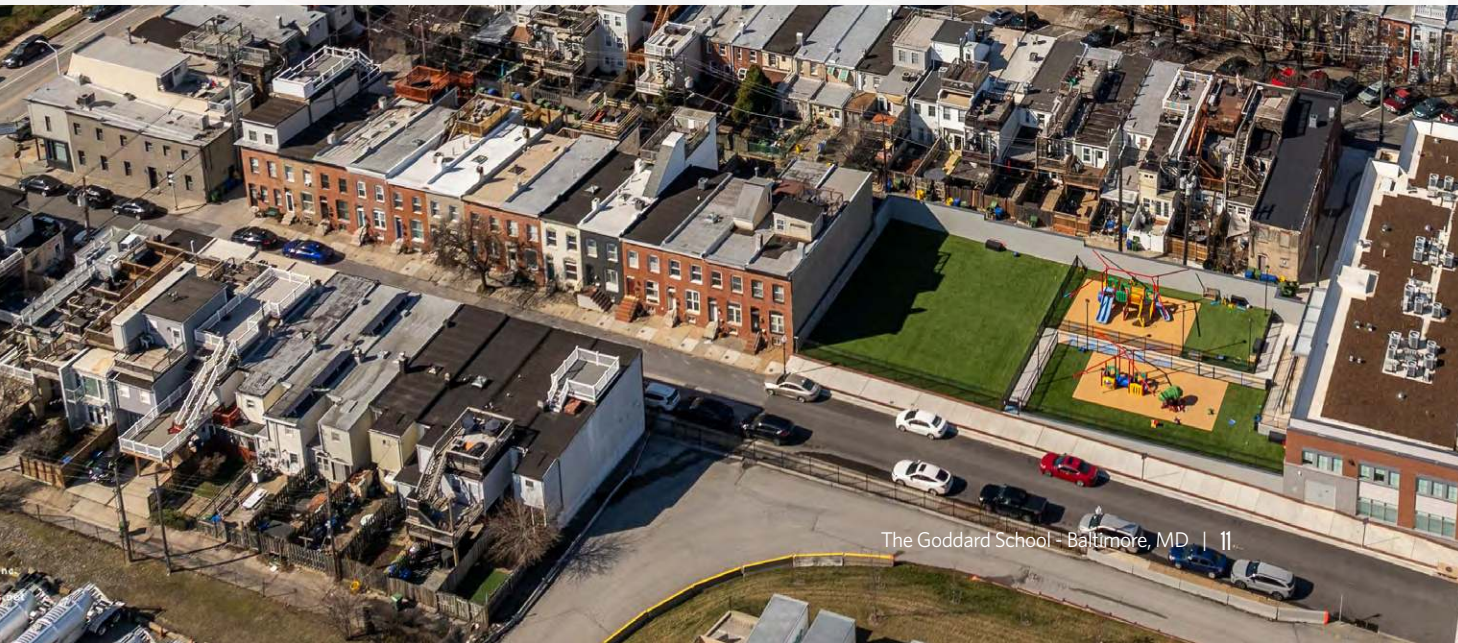
KEY HIGHWAY EAST





## Locust Point - Baltimore, MD

The Goddard school is positioned in the waterfront neighborhood of Locust Point, along the Outer Harbor in southeastern Baltimore. Experiencing significant densification and growth in the 2000's, the neighborhood has blossomed into robust residential community with ample retail options and is characterized by its historic charm as one of the oldest Baltimore neighborhoods. With waterfront views to the north, Locust Point is positioned along the Baltimore Water Taxi route and has seamless access to the neighboring communities of Federal Hill and the Inner Harbor as well as premier access to I-95 with 124,000 vehicles per day and the primary highway through Baltimore City and the greater East Coast. Two primary industry anchors in the neighborhood are Under Armour with their Global HQ expanding in the neighborhood, located 5 minutes from the Goddard School and Domino Sugars which has been a staple in the community with their factory across the street from Goddard School, which has been in use for 120+ years.



### Major Employers



### Local Universities



### CSA Highlights



Total Population  
**9,886,942**  
*9.25% increase since 2010*

2026 Expected Population  
**10,300,947**  
*0.82% increase by 2026*



Median HH Income  
**\$95,916**  
*U.S. Median HH Income: \$65k*

Average HH Income  
**\$131,225**  
*10.61% increase by 2026*



Bachelor's Degree or Higher  
**47.1%** *U.S. Bachelor's Degree Rate: 33.1%*



Unemployment Rate  
**3.3%**  
*As of December 2021*

### MSA Rankings

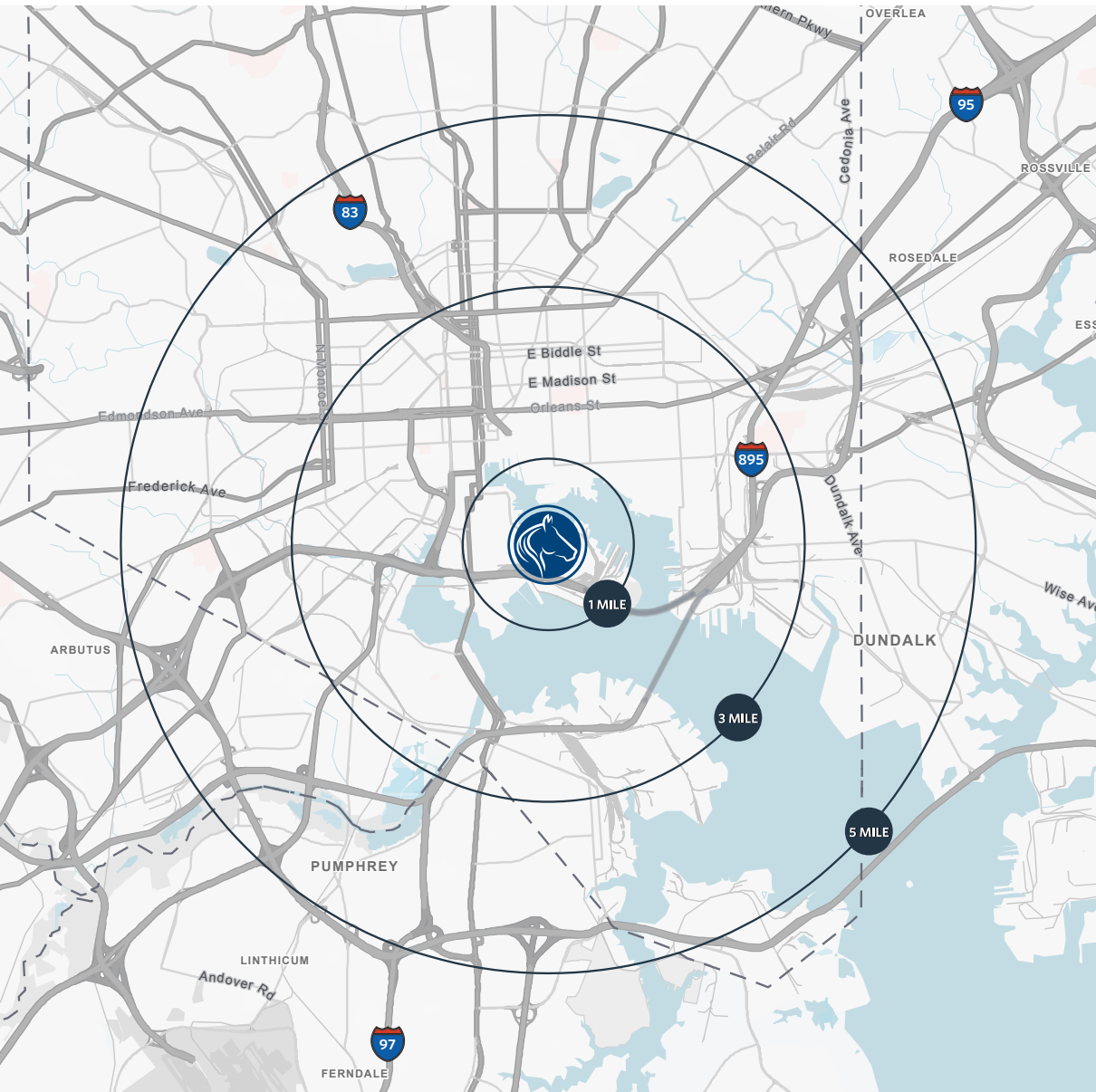
**#20**  
 Largest MSA in U.S.  
*Total Population*

**#2**  
 No. of Bio-Health Professionals in U.S.





**#3**  
 No. of Healthcare Employees in U.S.





# Demographics



## 2023 Demographic Summary

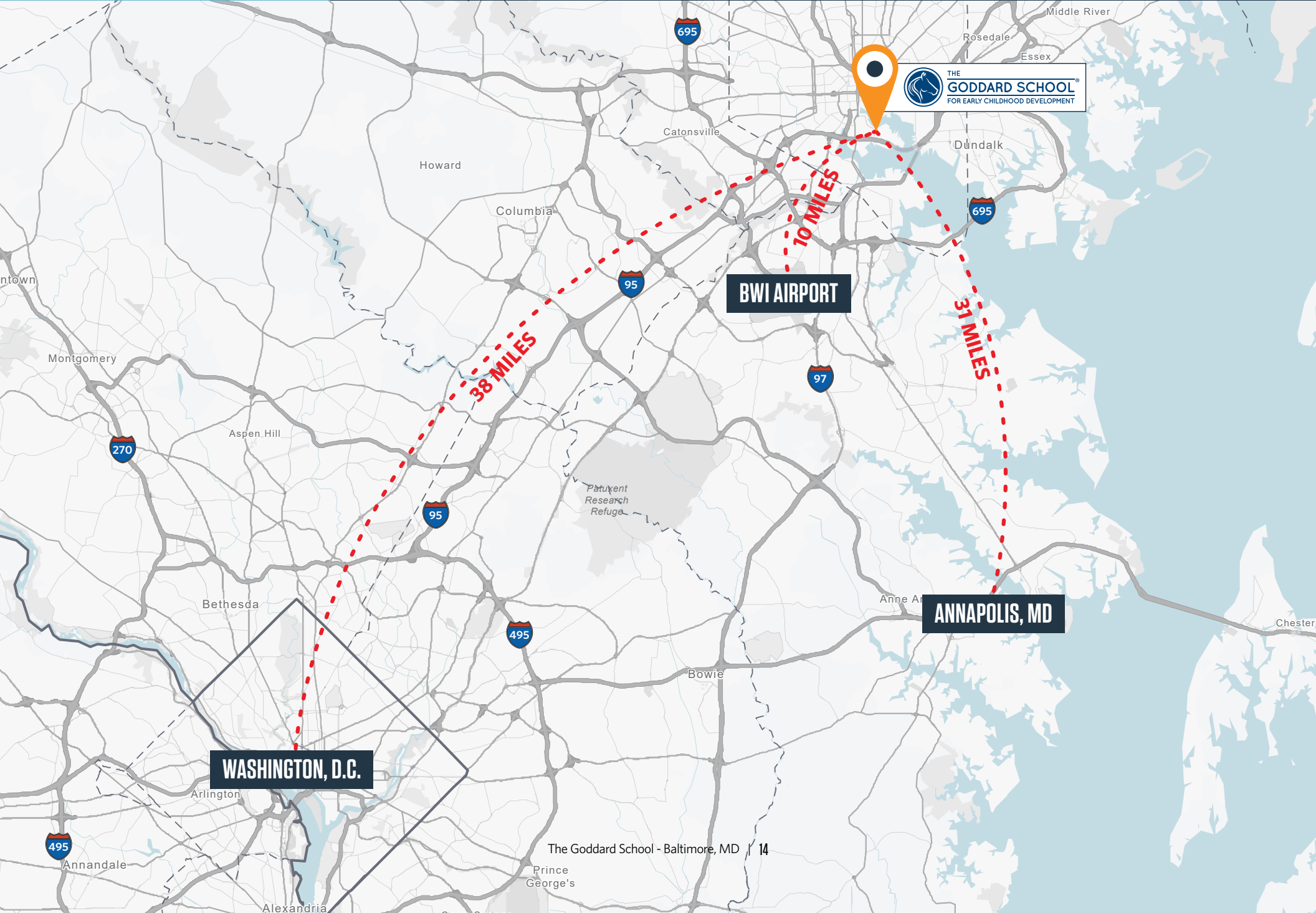
	1 MILE	3 MILE	5 MILE
 Total Population	23,142	192,136	445,552
 Average Household Income	\$182,303	\$99,016	\$86,239
 Households	12,529	89,170	191,730
 Daytime Population	36,270	329,152	574,978

## 2023 - 2028 Projected Annual Growth Summary

 Population	1.11%	—%	0.02%
 Average Household Income	2.44%	2.77%	2.69%

# Regional Location

# Area Distances



**BWI AIRPORT**

**ANNAPOLIS, MD**

**WASHINGTON, D.C.**



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Washington, DC 20036  
202-375-7500

**TYSONS, VA**

8065 Leesburg Pike | Suite 700  
Tysons, VA 22182  
703-268-2727

**ROCKVILLE, MD**

2273 Research Blvd | Suite 150  
Rockville, MD 20850  
301-222-0200

**COLUMBIA, MD**

9881 Broken Land Parkway | Suite 300  
Columbia, MD 21046  
410-290-1110

THE IN FOR MARKET INSIGHT

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