



Algonquin Day Care Market

Business Market Survey Report

Presented To
Client XYZ

July 2014

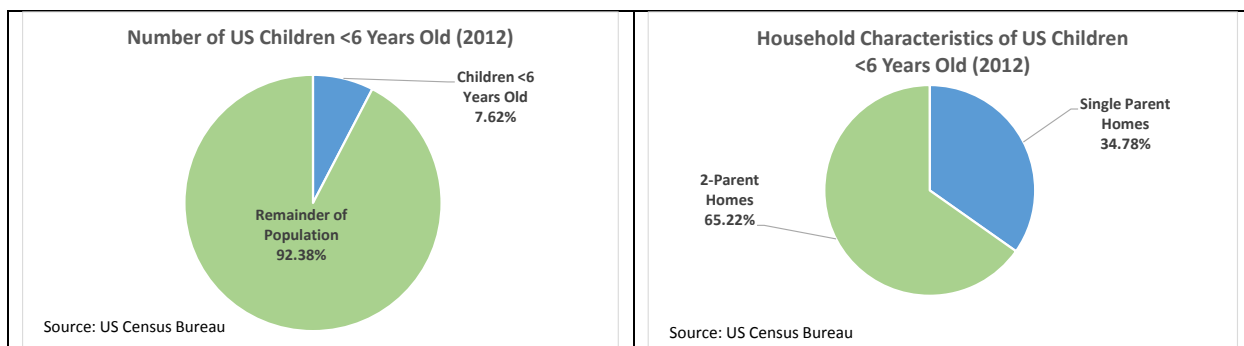
Overview

Scope of This Report

This report covers the Day Care market for the Algonquin, Illinois area. In order to fully understand the market, this report will briefly outline the United States and Illinois Day Care markets to gain a sense of perspective relating to nationwide and state wide metrics. Once these metrics are outlined, very specific statistics for the Algonquin area will be displayed and analyzed.

The US Day Care Market

As of the end of 2012, there were over 23.3 million children in the United States under the age of six years old. This represents about 7.6% of the entire US population according to the US Census Bureau. In 58% of two-parent families with at least one child under six, both parents work. Also, nearly 35% of children under six years old come from single parent families. This creates a very large demand for day care.



There are 117,000 day care centers nationwide and approximately 10.9 million children are enrolled in some type of child care program while their mothers are working according to *Child Care Aware of America*. According to the US Census Bureau, 26% of all children under six are in “center based” care. This figure is important for the analysis of the market discussed later in this document.

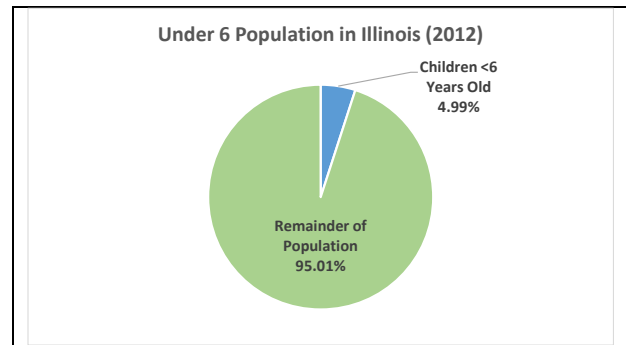
The US Census Bureau info graphic (Appendix 1) gives a high level view of statistics in the US Day Care market.



Illinois Day Care Market

The Illinois Day Care Market

In Illinois, there were over 638,000 children aged six or less at the end of 2012. This represented just under 5% of the state's population. This figure is much lower than the 7.6% on a nationwide basis.



Illinois is the 9th most expensive child care market in the nation according to *Child Care Aware of America*.

Top 10 Least-Affordable States for Center-Based Care for a 4-Year-Old in 2012						
State	Average Annual Cost of Care for 4-Year-Old Child in a Center+	State Median Income for Single Mother Family++	Cost of Care as a Percentage of Median Income for a Single Mother Family	State Median Income for a Married Couple++	Cost of Care as a Percentage of State Median Income for a Married Couple	Rank (Based on Percentage of State Median Income for a Married Couple)
Oregon	\$10,200.00	\$21,828.00	46.7%	\$72,226.00	14.1%	1
New York^^	\$12,355.00	\$25,883.00	47.7%	\$90,725.00	13.6%	2
Minnesota	\$10,664.00	\$25,988.00	41.0%	\$89,608.00	11.9%	3
Vermont	\$9,223.00	\$23,877.00	38.6%	\$79,259.00	11.6%	4
Colorado	\$9,619.00	\$26,089.00	36.9%	\$85,137.00	11.3%	5
Maine	\$8,320.00	\$22,752.00	36.6%	\$74,554.00	11.2%	6
Massachusetts	\$12,176.00	\$27,587.00	44.1%	\$109,090.00	11.2%	6
Washington	\$9,240.00	\$25,927.00	35.6%	\$84,464.00	10.9%	8
Rhode Island^	\$10,138.00	\$25,401.00	39.9%	\$93,540.00	10.8%	9
Illinois	\$9,261.00	\$24,226.00	38.2%	\$85,715.00	10.8%	9

Note: Affordability is a comparison of average cost against state median income. State rankings do not include the District of Columbia.

+ Source: Child Care Aware® of America's January 2013 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey.

++Source: U.S. Census Bureau, American Community Survey, 2009-2011 three-year estimates. Table B19026.

^ 2011 Data, adjusted for inflation

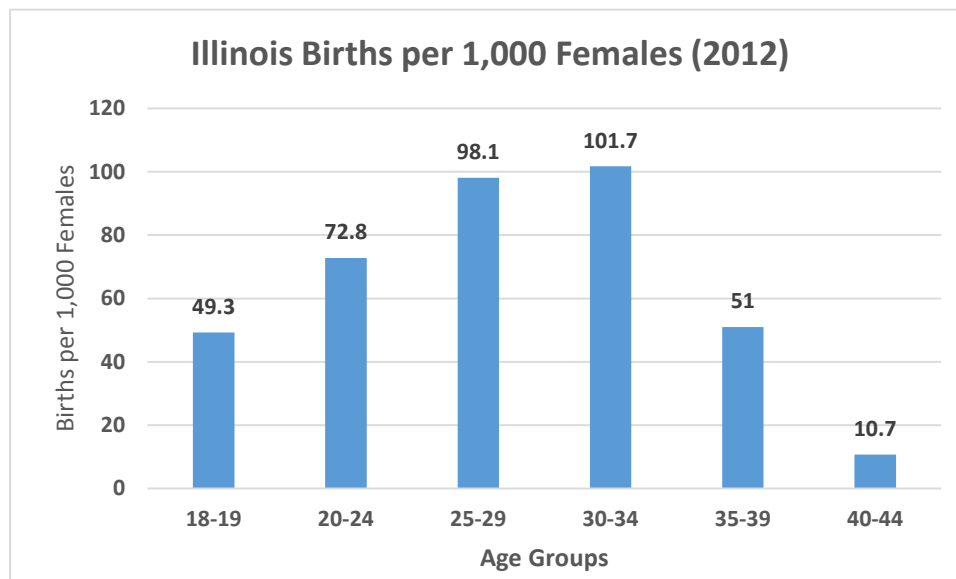
^^ 2008 Data, adjusted for inflation

Illinois Day Care Market

The average annual cost of care for a four year old in a center is over \$9,200 per year and represents over 10.8% of the median two parent family income and is over 38% of the annual median income of single mothers.

Birth Rate

The future needs of the market in the Day Care space will be heavily influenced by demographic trends. One of the most important drivers of the market is the birth rate. According to the Center for Disease Control's *National Vital Statistics Reports*, the birth rate for all Illinois females aged 15 to 44 was 12.4 per 1,000 in 2012. This marginally trailed the United States figure of 12.6 per 1,000 for the same year. A detailed breakdown of the age intervals is displayed in the graph below.



Based upon the graph above, the age groups in the 20 to 34 year old range are the most significant contributors to the birth rate of Illinois women. This figure is important as the demographic trends of the Algonquin Day Care market are examined later.

Algonquin Area Day Care Market

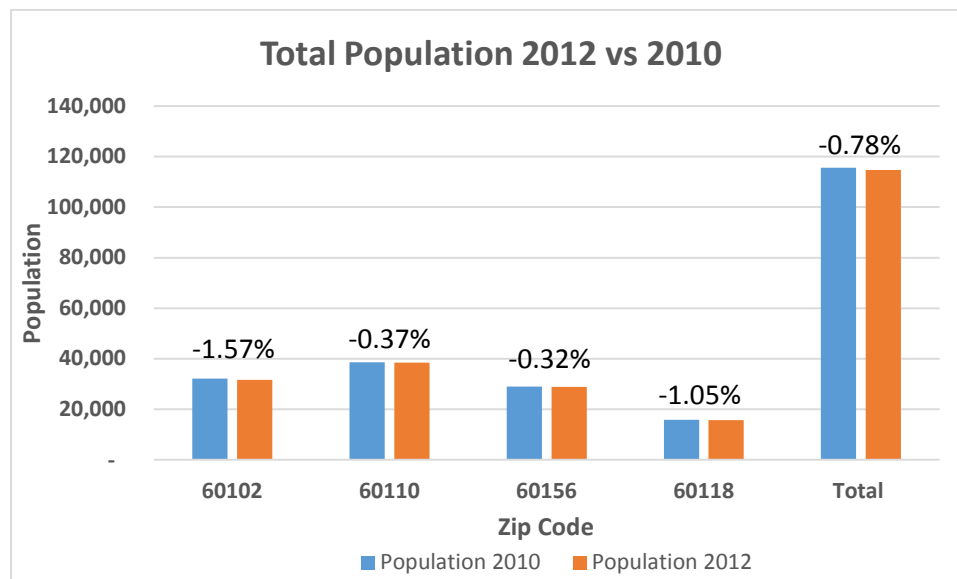
The Algonquin Area Day Care Market

In order to properly examine the Algonquin market, the demographics for this part of the report is comprised of Zip Code based data for the five mile radius surrounding Algonquin. The report also lists a web based search of surrounding day care centers in a 10-mile radius of 2420 Harnish Rd in Algonquin to determine the competitive landscape of the market. The table below displays the Zip Codes and their associated cities. The proximity to Algonquin is measured from the geographical center of each Zip Code to the geographical center of 60102 (Algonquin).

Zip Code	City	Proximity to Algonquin
60102	Algonquin	0.00 Miles
60110	Carpentersville	2.35 Miles
60156	Lake in the Hills	3.11 Miles
60118	West Dundee	3.36 Miles

Overall Population

In the Zip Codes displayed in the previous table the total population is approximately 115,000 people. There has been a small net loss in population in each of these Zip Codes. The graph below illustrates the small downward changes across the four zip codes.



These figures come from US Census Bureau Data.

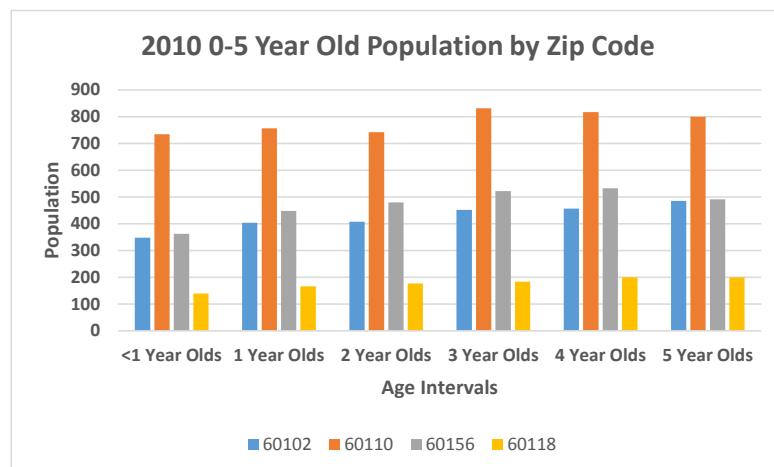
Algonquin Area Day Care Market

Target Market Population

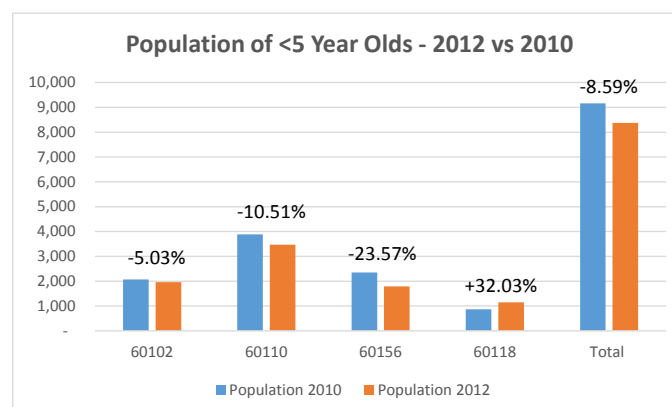
The target market for the Day Care market is centered on the 0 to 5 year old market. US Census Bureau statistics for 2010 give very specific breakdown of population by age. These are displayed in the following table and graph.

	2010 5 Years and Under Population			
	60102	60110	60156	60118
<1 Year Olds	348	735	363	140
1 Year Olds	404	757	448	167
2 Year Olds	408	742	480	177
3 Year Olds	452	832	522	184
4 Year Olds	457	817	533	200
5 Year Olds	486	800	492	200
Total 0-5 Year Olds	2555	4683	2838	1068

The less than 1 year old population is lagging the other age groups in 2010. This would create a likely scenario for a demographic shift in subsequent years.



The figures for 2012 do not have a specific breakdown like those for the ten-year Census in 2010. However, a meaningful shift in demographics can be seen by examining the two year change of the *total* 0-5 year old populations for the same Zip Codes. The 2012 total figure for the 5-mile radius of Algonquin was 8,379 children aged five years or less.



Algonquin Area Day Care Market

The only increase occurred in 60118 (West Dundee) which had the smallest overall population of the four Zip Codes. Overall, the 0 to 5 year old population dropped by about 8.6% when measuring 2012 against 2010.

The Female Population as a Driver of Future Growth

As mentioned in the section covering the Illinois market, the population of 20-34 year old women is a key driver to future growth. Obviously, the future of the Day Care market is driven by the population of children that is produced by the population of potential mothers. Some significant shifts occurred between 2010 and 2012 that will impact the market several years going forward in the five mile radius of Algonquin. Specifically, there has been a sizeable decline in some of the age groups in the female population of child bearing age. The tables and graphs below drive home this point.

2010 Female Population 15-44 Year Olds					
Age Group	60102	60110	60156	60118	Total
15-19	1156	1363	1040	491	4050
20-24	647	1262	613	383	2905
25-29	720	1519	894	400	3533
30-34	978	1758	1152	404	4292
35-39	1240	1710	1408	523	4881
40-44	1565	1347	1550	598	5060
Total	6306	8959	6657	2799	24721

2012 Female Population 15-44 Year Olds					
Age Group	60102	60110	60156	60118	Total
15-19	1216	1239	968	581	4004
20-24	726	1164	584	294	2768
25-29	679	1408	555	453	3095
30-34	1089	1614	1040	477	4220
35-39	1089	1652	1225	501	4467
40-44	1516	1427	1780	581	5304
Total	6315	8504	6152	2887	23858

The percentage changes in 2012 are highlighted below. Significant shifts occurred in the number of females of child-bearing age. It would be reasonable to project a declining market size based upon these statistics.

2010-2012 % Change in Female Population 15-44 Year Olds					
Age Group	60102	60110	60156	60118	Total
15-19	5.19%	-9.10%	-6.92%	18.33%	7.50%
20-24	12.21%	-7.77%	-4.73%	-23.24%	-23.52%
25-29	-5.69%	-7.31%	-37.92%	13.25%	-37.67%
30-34	11.35%	-8.19%	-9.72%	18.07%	11.51%
35-39	-12.18%	-3.39%	-13.00%	-4.21%	-32.77%
40-44	-3.13%	5.94%	14.84%	-2.84%	14.80%
	0.14%	-5.08%	-7.59%	3.14%	-3.49%

Algonquin Area Day Care Market

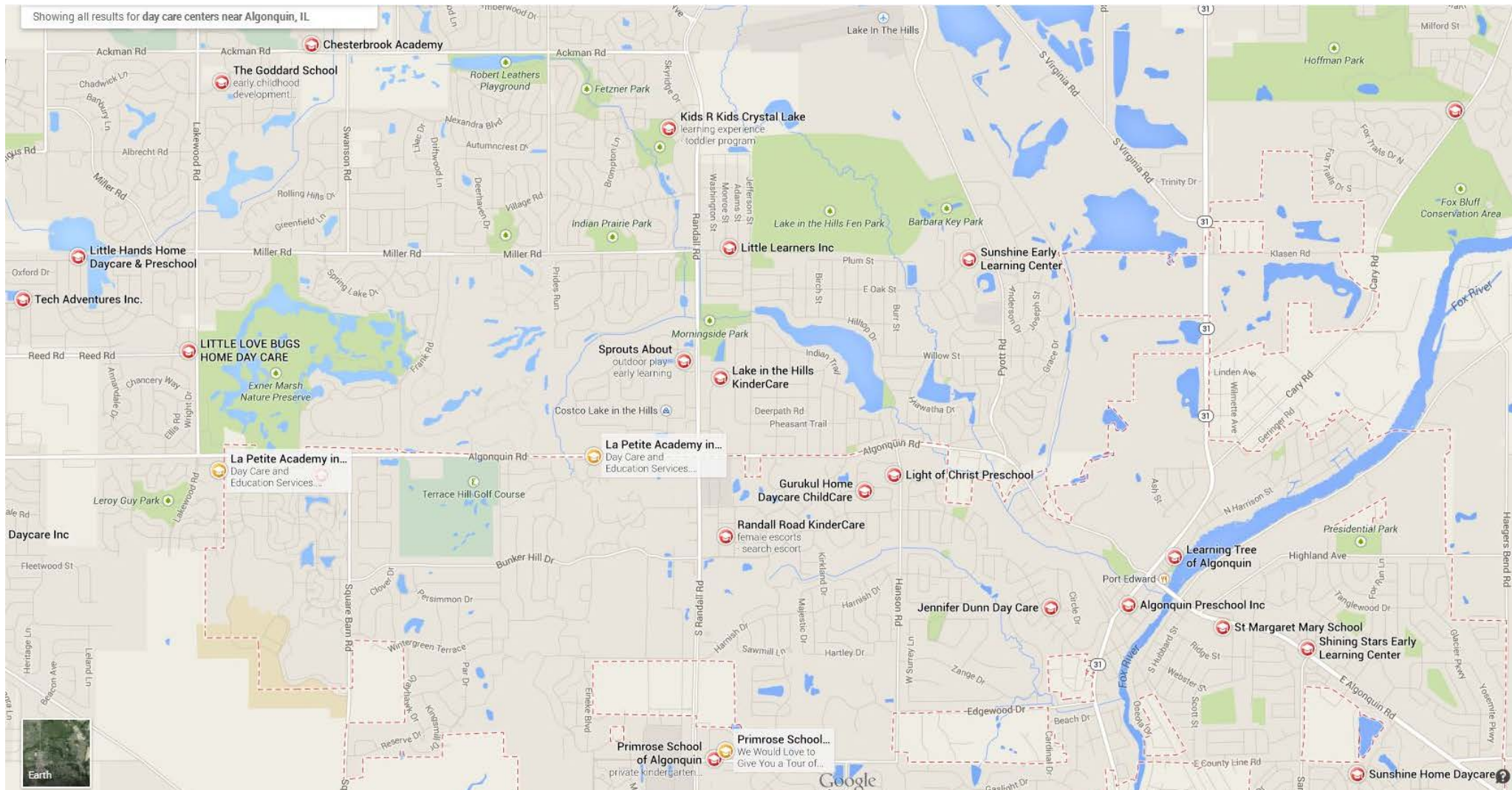
Potential Market Size for Day Care Centers

If a potential investor synthesizes the data points from the previous sections, a rough estimation of the current market size can be determined for the Algonquin Day Care Market. As mentioned earlier, approximately 26% of children under 6 are enrolled in “center-based” day care. If this statistic is applied to the 2012 population of the 0-5 year olds in the Algonquin area then the following calculation for a rough estimate of the total market size can be made. As of the end of 2012 there were 8,379 children aged five years or less. If this figure is multiplied by 26% (the national average for children enrolled in day care centers as of 2012), then a market size of 2,179 could be assumed. Of course, this is a rough estimate that could change based on new data, but it is a reasonable method for determining the size of the Algonquin area market.

The number of centers needed to service this market is dependent upon the capacity of the current centers open in the area. The current competitive landscape is contained in the table on the subsequent page.

Day Care Center Name	Address	City	State	Zip Code	Driving Distance to 2420 Harnish Rd
Primrose School of Algonquin	2300 County Line Rd	Algonquin	IL	60102	0.8
Randall Road KinderCare	501 Rolls Rd	Algonquin	IL	60102	0.9
Light of Christ Preschool	100 Hanson Rd,	Algonquin	IL	60102	1.4
Gurukul Home Daycare ChildCare	1605 Farmhill Dr	Algonquin	IL	60102	1.5
Sprouts About	61 Polaris Dr,	Lake in the Hills	IL	60156	1.8
Lake in the Hills KinderCare (Recently Closed)	40 W Acorn Lane	Lake in the Hills	IL	60156	1.8
Jennifer Dunn Day Care	602 Evergreen Ct	Algonquin	IL	60102	1.9
Little Learners Inc	14 Miller Rd	Lake in the Hills	IL	60156	2.4
Algonquin Preschool Inc	109 Washington St	Algonquin	IL	60102	2.5
La Petite Academy	4540 Algonquin Rd	Lake in the Hills	IL	60156	2.9
Rogy's Learning Place	4099 Algonquin Rd	Algonquin	IL	60102	3.1
Kids R Kids Crystal Lake	475 Alexandra Blvd	Crystal Lake	IL	60014	3.2
Learning Tree of Algonquin	210 N Harrison St	Algonquin	IL	60102	3.3
Sunshine Early Learning Center	900 E Oak St	Lake in the Hills	IL	60156	3.3
St Margaret Mary School	119 S Hubbard St	Algonquin	IL	60102	3.4
Shining Stars Early Learning Center	100 Country Side Dr	Algonquin	IL	60102	4.0
Little Love Bugs Home Day Care	750 Parc Ct	Lake in the Hills	IL	60156	4.5
Thunderbird Preschool	625 Rudat Court	Crystal Lake	IL	60014	4.9
Kiddie Academy of Carpentersville	112 Tay River Dr,	Carpentersville	IL	60110	5.0
Sonshine Christian Preschool	18N377 Galligan Road	Dundee	IL	60118	5.0
Sunshine Home Daycare	9 Winding Canyon Ct	Algonquin	IL	60102	5.1
Berkshire Drive KinderCare	14 Berkshire Dr	Crystal Lake	IL	60014	5.2
Bright Horizons at Crystal Lake	290 Memorial Ct	Crystal Lake	IL	60014	5.4
Kid's Paradise Child Care Center	202 Springhill Rd	Carpentersville	IL	60110	5.5
The Goddard School	4561 Princeton Ln	Lake in the Hills	IL	60156	5.6
St Barnabas Christian Preschool	8901 Cary Algonquin Rd	Cary	IL	60013	5.9
Elite Kids	825 Munshaw Ln	Crystal Lake	IL	60014	5.9
Tom Thumb Day Care Center	116 Carpenter Blvd	Carpentersville	IL	60110	6.1
Immanuel Lutheran School	300 S Pathway Ct	Crystal Lake	IL	60014	6.2
Children's House Montessori School Inc.	417 W Main St	West Dundee	IL	60118	6.3
Friendship House Inc	100 S Main St	Crystal Lake	IL	60014	6.5
St Paul's Christian Preschool	485 W Woodstock St	Crystal Lake	IL	60014	6.5
Safari Childcare	100 Cary Algonquin Rd	Cary	IL	60013	6.6
Early Education Station	600 Willow Ln	Sleepy Hollow	IL	60013	6.7
Tutor Time in East Dundee, IL	8550 E Main St	East Dundee	IL	60118	6.9
Montessori Pathways Preschool	133 Illinois St	Crystal Lake	IL	60014	7.0
Two Rivers Head Start Agency	180 Lake Marian Rd	Carpentersville	IL	60110	7.2
Rainbow Castle Child Care	665 Barrington Ave	Carpentersville	IL	60110	7.6
The Goddard School	801 Georgetown Dr	Cary	IL	60013	7.7
Two Rivers Head Start Agency	150 JF.Kennedy Dr	Carpentersville	IL	60110	7.8
Griffin Christian School	16N562 Vista Ln	East Dundee	IL	60118	7.9
Trinity Oaks Christian Academy	233 Trinity Oaks Way	Cary	IL	60013	9.5
Lake Barrington Academy-Stars	22102 N Pepper Rd	Lake Barrington	IL	60010	9.7

Algonquin Area Day Care Map



Child Care

an Important Part of American Life

Families rely on a patchwork of child care services to meet their work and family needs. Data from the Survey of Income and Program Participation (SIPP) helps us understand child care usage among families.

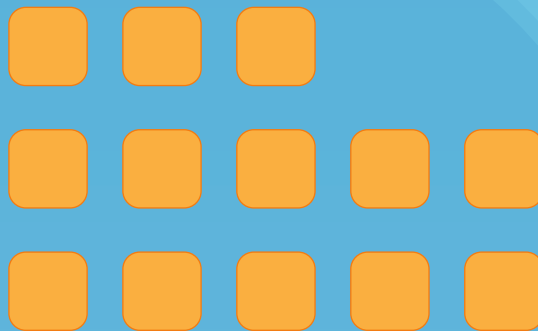
32.7
 Million

Children in Care
 Arrangements

In 2011, 32.7 million children were in a regular child care arrangement while their parents worked or pursued other activities outside of the home.

12.5M

Preschoolers
 (ages 0–4)

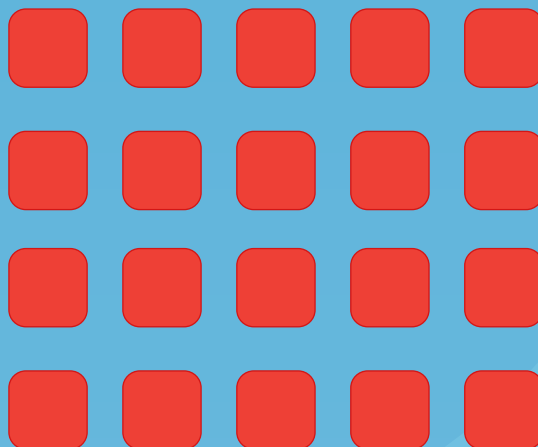


61%

A greater percentage of preschoolers participated in child care compared to grade schoolers.

20.2M

Grade Schoolers
 (ages 5–14)



50%

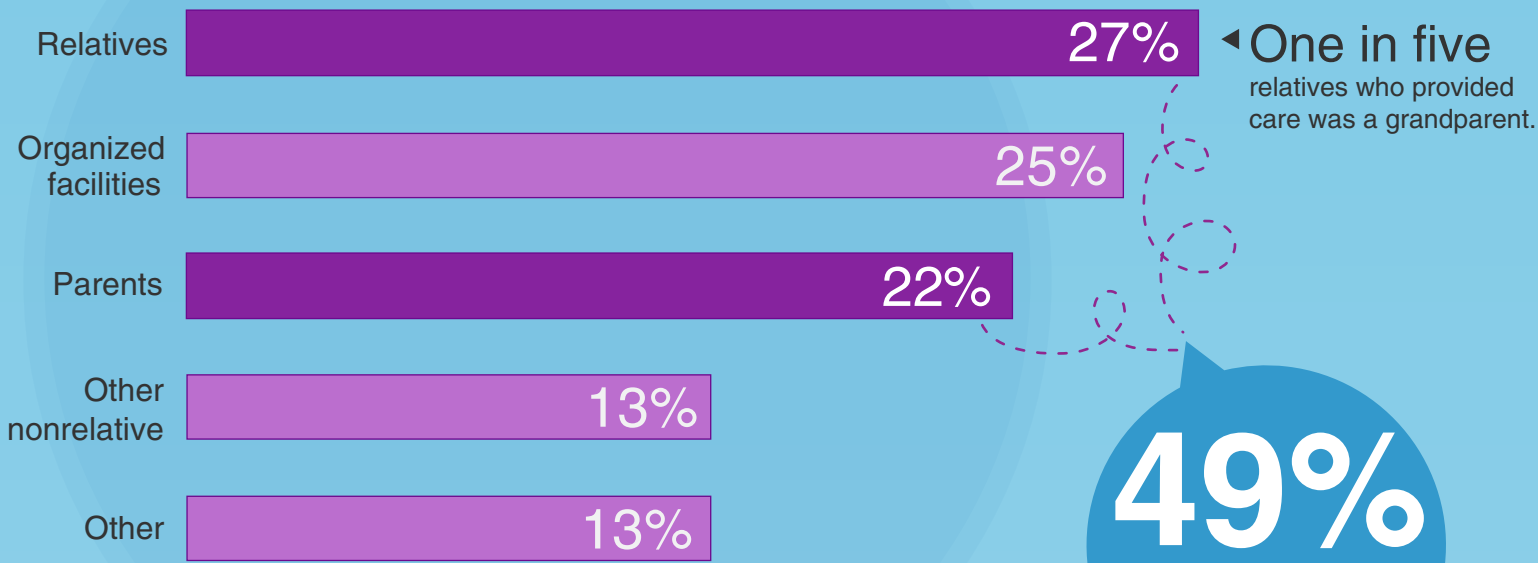
Percentage of grade schoolers who participate in a regular child care arrangement.



One block represents approximately one million children in a regular care arrangement.

Who's Minding the Kids?

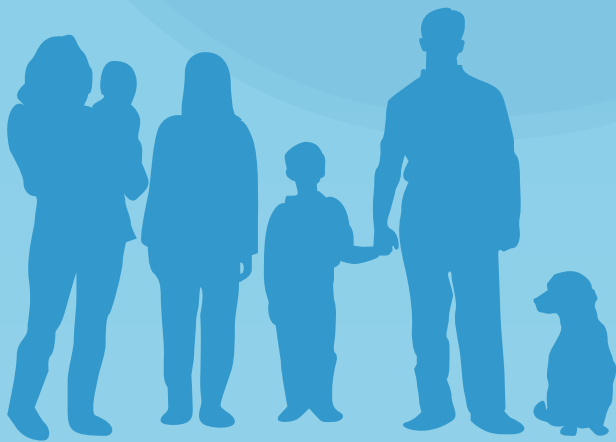
Increases in the number of working mothers and the desire to provide young children with educational opportunities have driven up the demand for various types of child care. Relatives regularly provide care for preschoolers.



◀ One in five relatives who provided care was a grandparent.

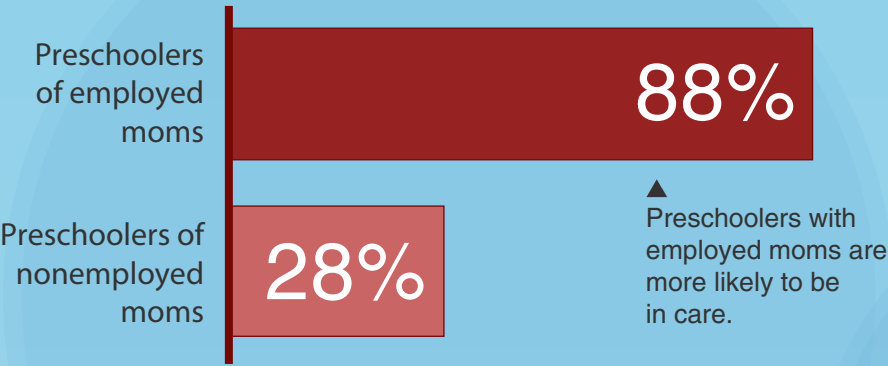
49%

Parents and relatives make up half of all preschool child care arrangements.

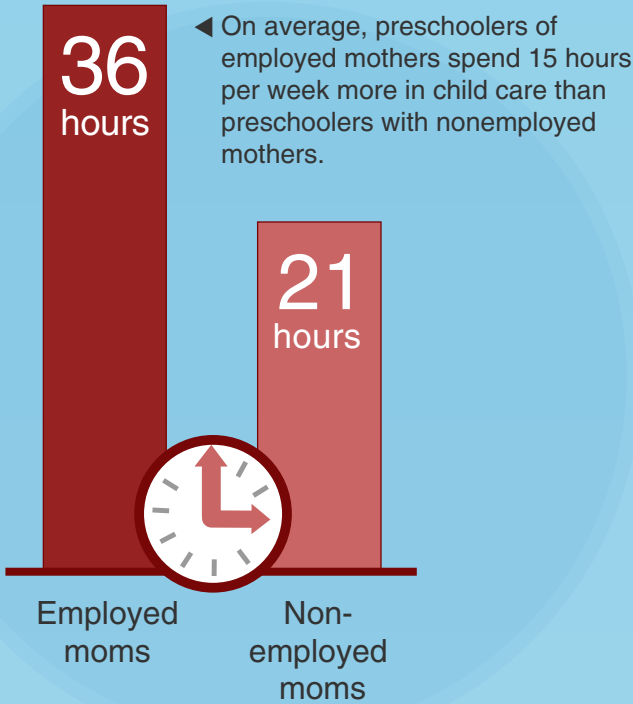


DEFINITIONS

- Relatives**—grandparents, siblings, and other relatives.
- Organized Facilities**—day care or child care centers, nursery schools, preschools, and Head Start programs.
- Parents**—fathers who provided care while the mother worked or mothers who provided care while working.
- Other nonrelative**—in-home babysitters, neighbors, friends, and family day care homes.
- Other**—school, self care, and no regular arrangement.



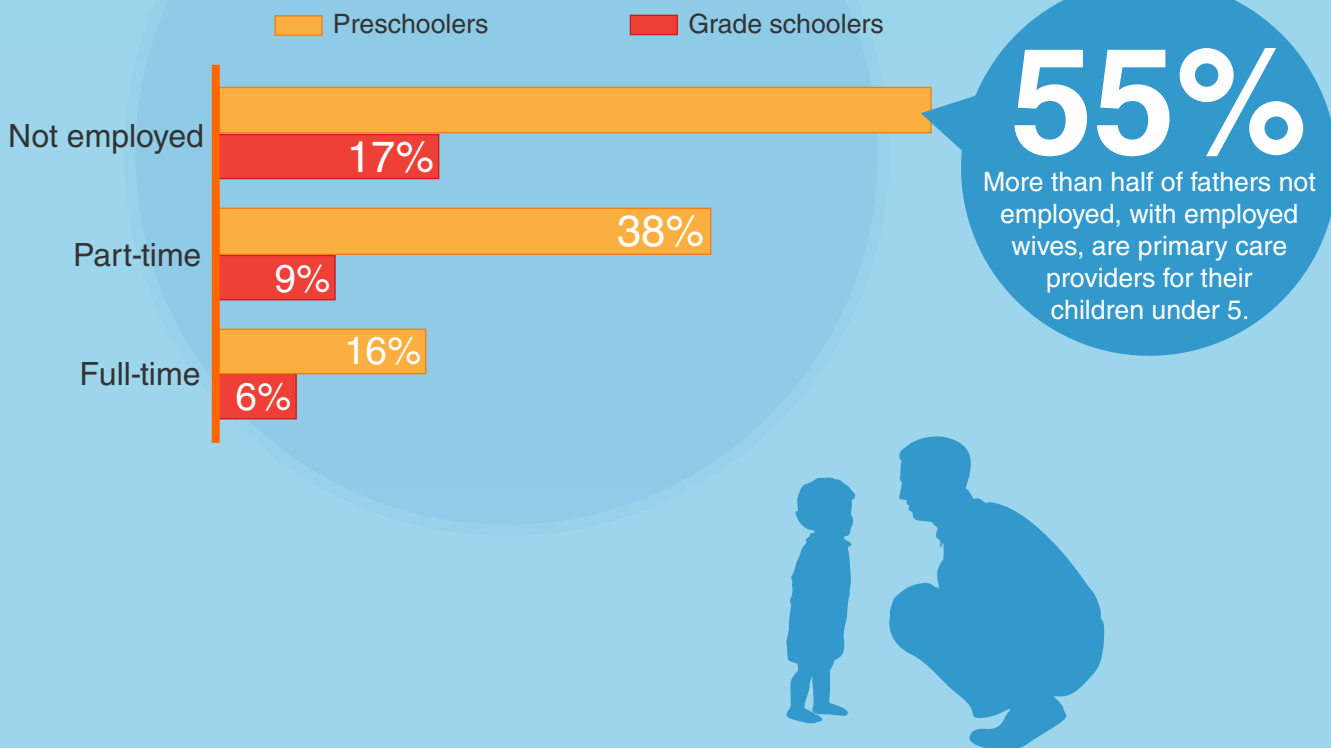
▲ Preschoolers with employed moms are more likely to be in care.



◀ On average, preschoolers of employed mothers spend 15 hours per week more in child care than preschoolers with nonemployed mothers.

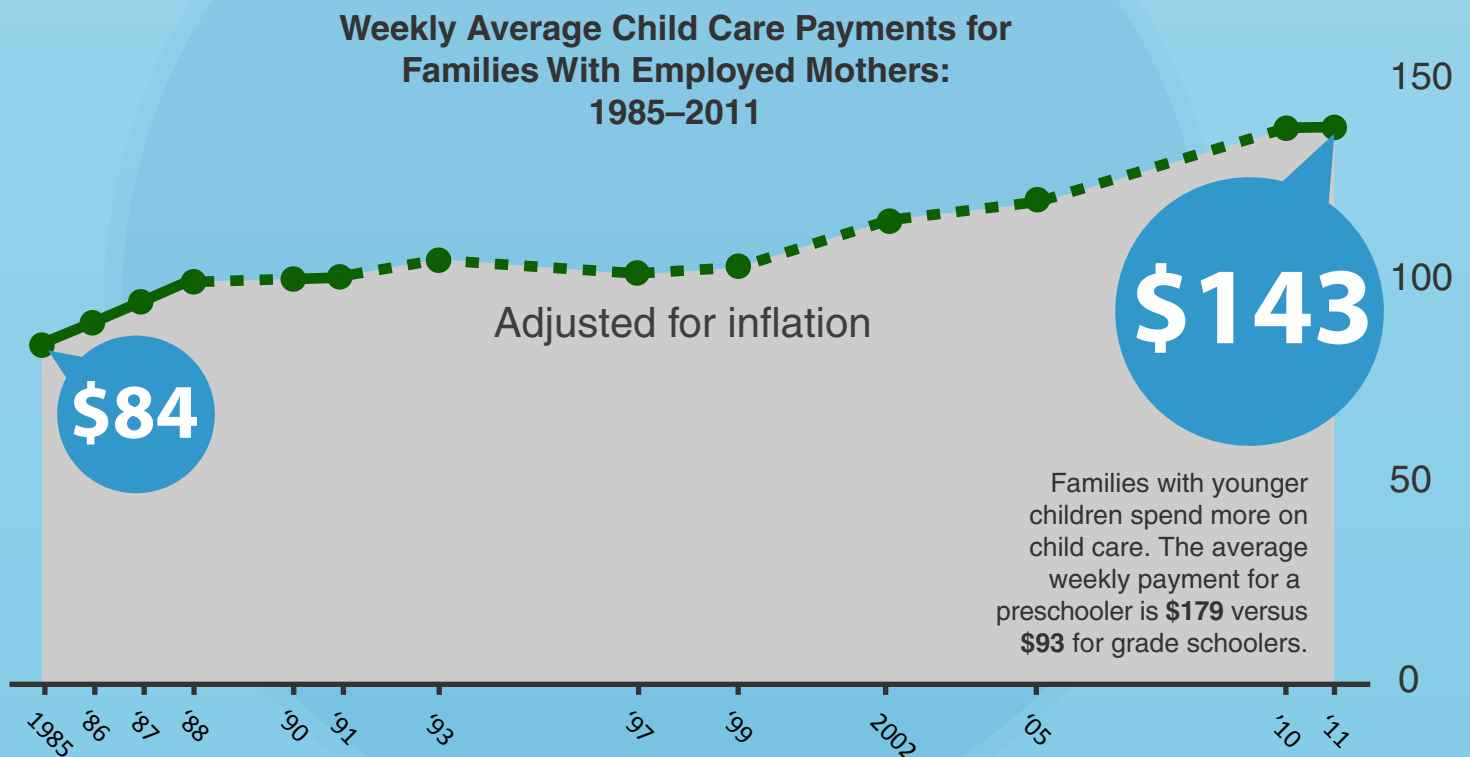


Married Fathers Are More Likely to Provide Primary Care if They Are Not Employed or Work Part-Time

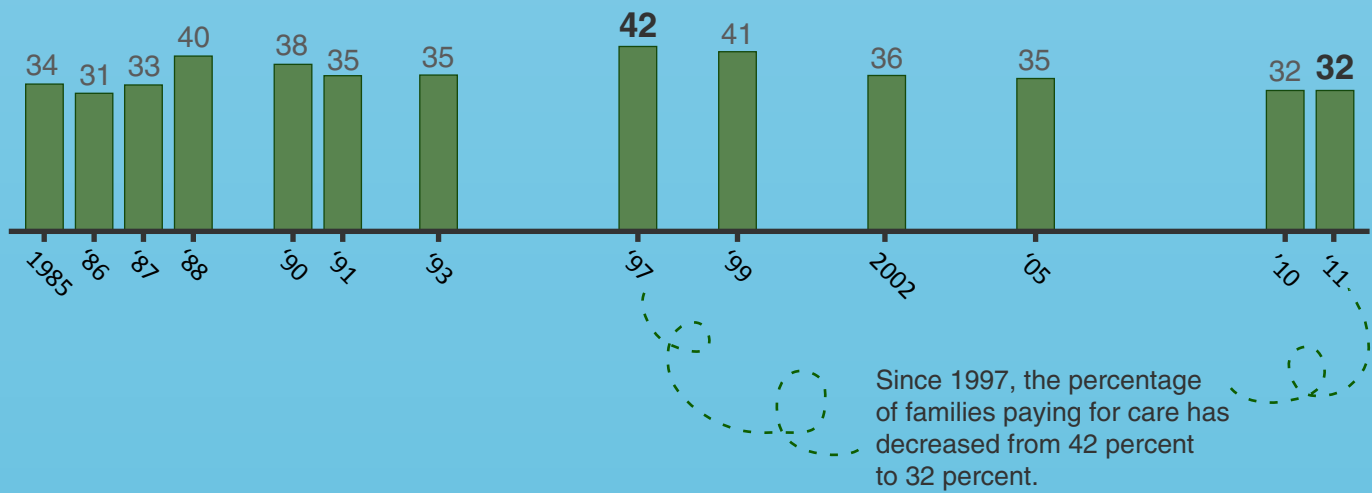


Child Care Payments

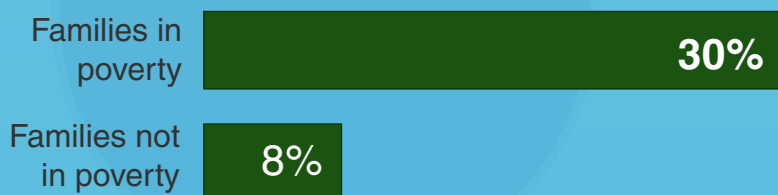
Out-of-pocket costs for child care nearly doubled in the last quarter century. However, the percentage of families paying for child care has declined since the late 1990s.



Percentage of Families With Employed Mothers Who Make Child Care Payments: 1985–2011



Families Below the Federal Poverty Line Spent Roughly Four Times the Percentage of Their Income on Child Care as Other Families



Appendix 1