Investment in international schools: an expanding market

Investment potential within international education continues to increase in many countries, and most significantly within the development of international schools, writes **Anne Keeling** of ISC Research

International schools for children between the ages of 3 and 18, where teaching and learning follows an international curriculum in the language of English, are in huge demand across the world. These include British schools overseas, International Baccalaureate schools, American schools, and sister schools of independent school brands, predominantly from Britain.

Where demand is coming from

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Most local families select fee-paying international schools, in preference to their local school delivering state education, in order to provide their child with a more reliable pathway to the world's best possible higher education establishments – oftentimes in the west.

ISC Research has been collecting primary data through field-based researchers since 1994.

According to ISC Research's latest Global Report, which includes data up to December 2017, there are now 9,318 international schools around the world delivering learning to over 5.07 million children from Kindergarten to grade 12 (K12), the majority of whom are local children.

Variations in the market

The international schools market is vibrant and growing as economies develop. The report states that compound annual growth rate (CAGR) for the number of international schools since 2013 is 5.5% and for student enrolment is 7.3%. In some countries, such as China and the UAE, these figures are substantially higher. Total income from school fees is currently $48.3 billion (£38.9 billion).

The Global Report highlights how and why the international schools market varies significantly from one sub-region and country to the next, influenced by legislation, socio-economic factors, the quality of national education in the country, expatriate demand, and more.

Eastern Asia

In Eastern Asia, the market has expanded at pace from 977 international schools in 2012, to 1,421 by December 2017. Growth derives mostly from China, specifically from international schools accessible to local Chinese children. 41% of students attending international schools in Eastern Asia are Chinese, a trend which has been fuelled by the substantial increase in personal wealth since the 1990s and the consequent rise in the number of affluent, middle-class families who can afford private education for their children.

International Chinese-owned private schools are increasing in number – at an average growth of 18% per year since 2011. Several of these have forged links with foreign schools, particularly British independent school brands, resulting in foreign-branded schools that comply with Chinese government regulations.

“Blending a foreign or international programme with the

Chinese curriculum in a way that complies with the law and satisfies parents' requirements is not easy," states the report. The huge demand that now exists is also attracting an increasing number of foreign independent schools to seek out the investment potential.

Middle East

Schools in the Middle East currently generate a total annual fee income of $11 billion and continue to grow.

The UAE, which leads the world for student enrolment, now has 621,900 students attending its international schools, and by 2022, ISC Research predicts enrolment will have reached 959,000. It also suggests that the Kingdom of Saudi Arabia will see international school growth as the country opens up to foreign involvement.

South-East Asia

South-Eastern Asia was hit particularly hard by the global oil and gas slump of 2014 and the report indicates that international schools in many parts of the sub-region have experienced reduced enrolment from expatriate families since then. However, it also highlights an increasing demand from affluent local families.

Despite market limitations, Singapore, which relies heavily on expatriate enrolment due to restrictions on attendance at international schools by local citizens, has experienced an enrolment CAGR of 11% since 2012. As one of the most business-friendly countries in the world, Singapore is likely to bounce back from the oil and gas shake-up most rapidly, and with that, see further expansion within its international school market.

Thailand also enjoys continued market growth. Student enrolment has increased by 30% since 2012 and is predicted to see further expansion as the country continues to attract more expatriates.

Investment potential far and wide

Elsewhere, prospects look particularly favourable for India as its GDP continues to rise. Over 11 million students have migrated from the country's state schools to private and international schools since 2010 and more are expected to follow suit as new international schools open up.

In South and Central America, several countries including Colombia, Peru and Mexico are also seeing increased demand for international education as their economies stabilise and improve.

The market for international schools continues to expand around the world, and overall growth shows little sign of abating, but understanding local market drivers is essential for investors and developers alike.