



HEADS UP

ON THE MARKET

IS THE MIDDLE EAST BOUNCING BACK?

BY SHEENA MAERVOET

“**DEMOGRAPHIC CHANGE IS INCREASINGLY REFLECTED WITHIN MANY INTERNATIONAL SCHOOLS THROUGHOUT THE REGION.**”

ECONOMIC GROWTH IS RETURNING TO THE MIDDLE EAST AFTER A DIFFICULT FEW YEARS. OIL PRICES HAVE INCREASED, FISCAL CONSOLIDATION MEASURES HAVE BEEN EASED, AND THE JOB MARKET IS STRENGTHENING. HOW IS THIS IMPACTING THE INTERNATIONAL SCHOOLS MARKET?

CHANGING DEMOGRAPHICS

Professional job vacancies throughout the region were reported to have increased by 25% between the fourth quarter of 2017 and the first quarter of 2018, confirming the more positive outlook for the economy. Nevertheless, word from many international schools in the region is that the expatriate families with the generous benefits packages, including school fees, who moved out of the Middle East when the oil crisis occurred, have not returned. The emerging jobs seem to be attracting more single professional expatriates, those prepared to leave dependants back home, or Arab and subcontinent expatriate families who typically accept slimmer salaries and benefits than many Westerners.

This demographic change is increasingly reflected within many international schools throughout the region. Of particular note is the growth in the number of Indian expatriates with their preference for highly academic British or Indian curriculum international schools.

FEE IMPACT

The disappearance, or at minimum reduction, of education benefits from expatriate packages means that school fees have become a deciding factor for many families in the region. Premium international schools have been hit the hardest and, as a result, several are offering scholarships, or freezing or reducing their fees. For some other schools (those in the UAE and Kuwait), fee freezes for the 2018-2019 year have been decided for them by their ministries.

It's not all bad news for the schools. Dubai has frozen the rents of school buildings for the academic year to support all private schools, including international schools, during this fiscally challenging time. And, although it's too soon to say for sure, enrolment capacity in most international schools, particularly the more affordable schools, remains high.

GROWTH CONTINUES

Regardless of the extensive international schools market in the UAE, 17 new schools are due to open during the 2018-2019 year; 13 in Dubai alone. Although some argue that the UAE is already saturated, there are niches where demand exists. A number of these niches are being addressed this year. Fairgreen International School and Arbor School are both opening as fully sustainable schools in Dubai this September, Qatar Academy for Science and Technology opens to respond to the demand for a STEM-focused school, and Britain's Durham School, a co-educational independent school in England, is preparing to open Durham School for Girls in Doha. Many people will be watching the progress of this school with interest. If it succeeds, more may follow its single-sex example.

For the new international schools that are non-specialist, their route to market is focused on targeting specific family preferences. GEMS, for example, is opening

an Indian curriculum school in Sharjah, as well as three other new schools throughout the UAE: Vertus School, Founders School-Mizhar in Dubai and the International Curriculum School on Al Reem Island in Abu Dhabi. All four schools are being marketed to families as 'great value for money schools'. There are also two new independent school brands, Dwight and Brighton College. Both schools are focusing on their independent school heritage and extensive learning facilities in order to appeal to wealthier, brand-conscious families.

STANDARDS IMPACT THE MARKET

Schools are closing too. Emirates English Speaking School and the British Columbia Canadian School are two recent examples. More closures are likely as the market redresses itself, in so doing, weeding out some of the poorer performers. Such schools are identified through the annual KHDA inspections, which compel schools to work towards improvement or maintain their high standard. Although this provides a quality benchmark for parents, it can be a constant challenge for schools.

Annual inspections mean that schools don't have much time to address concerns and implement change. With fee increases historically tied to inspection results, schools in need of improvement have found it challenging to make progress without the necessary funding for better quality teachers, professional development or resources. Last year, changes were introduced to address this, allowing good and outstanding schools to opt out of annual inspections by mentoring a weaker school. This initiative has so far been well received and initial signs are that the programme is helping schools that were previously trapped in a cycle of

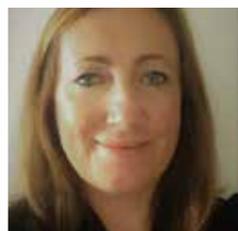
underperformance and, as a result, poor resourcing.

There is also increasing demand throughout the region for schools to provide for the special education needs of children, most specifically in the UAE where the government is aiming for all private schools to be inclusive by 2020. Inspections are already assessing requirements. As a result, many schools have been actively improving their inclusion policies, provision and facilities, as identified in the latest ISC Inclusion in International Schools report.

Specialist services necessary to support the very specific needs of certain children are now relatively accessible in the region but private and costly, with parents typically having to bear the financial brunt. Some parents will refuse an assessment and its potential stigmatising of their child because they cannot afford the specialist education that may be required.

CAPTURING THE HEADLINES

Development news about the international schools market in the Middle East continues to flow. In May, EFG Hermes, Egypt's largest investment bank, announced a USD 300 million education investment in Egypt with GEMS Education over the next five years and in July, Qatar's Ministry of Education signed land lease contracts for six new international school contracts to open in the country within two years. It's a market that continues to evolve.

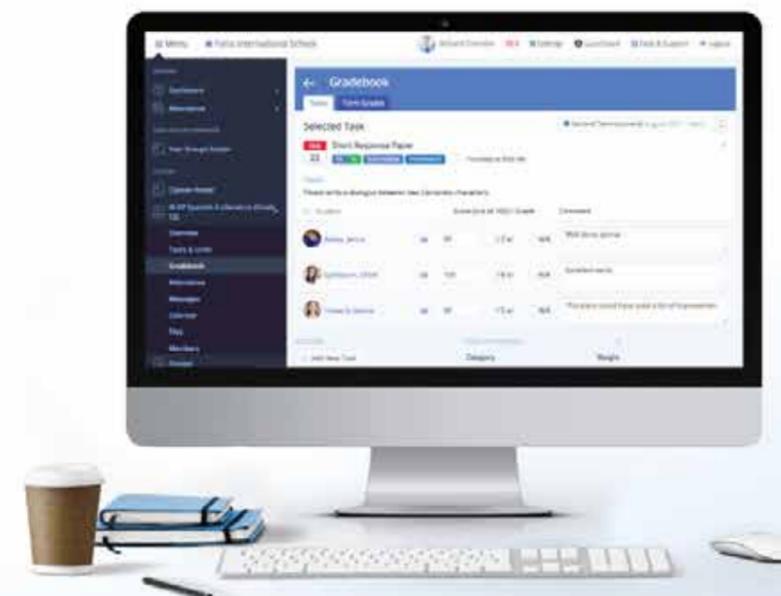


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