

COVID – 19: KSA K-12 Education Sector Market Sentiment Report

Colliers International has conducted a survey in the Saudi Arabian market with key players (operators / investors) to understand their perspective, including the shift towards online learning, their response to the challenges caused by the pandemic and their outlook on the market for the Academic Year 2020-21.



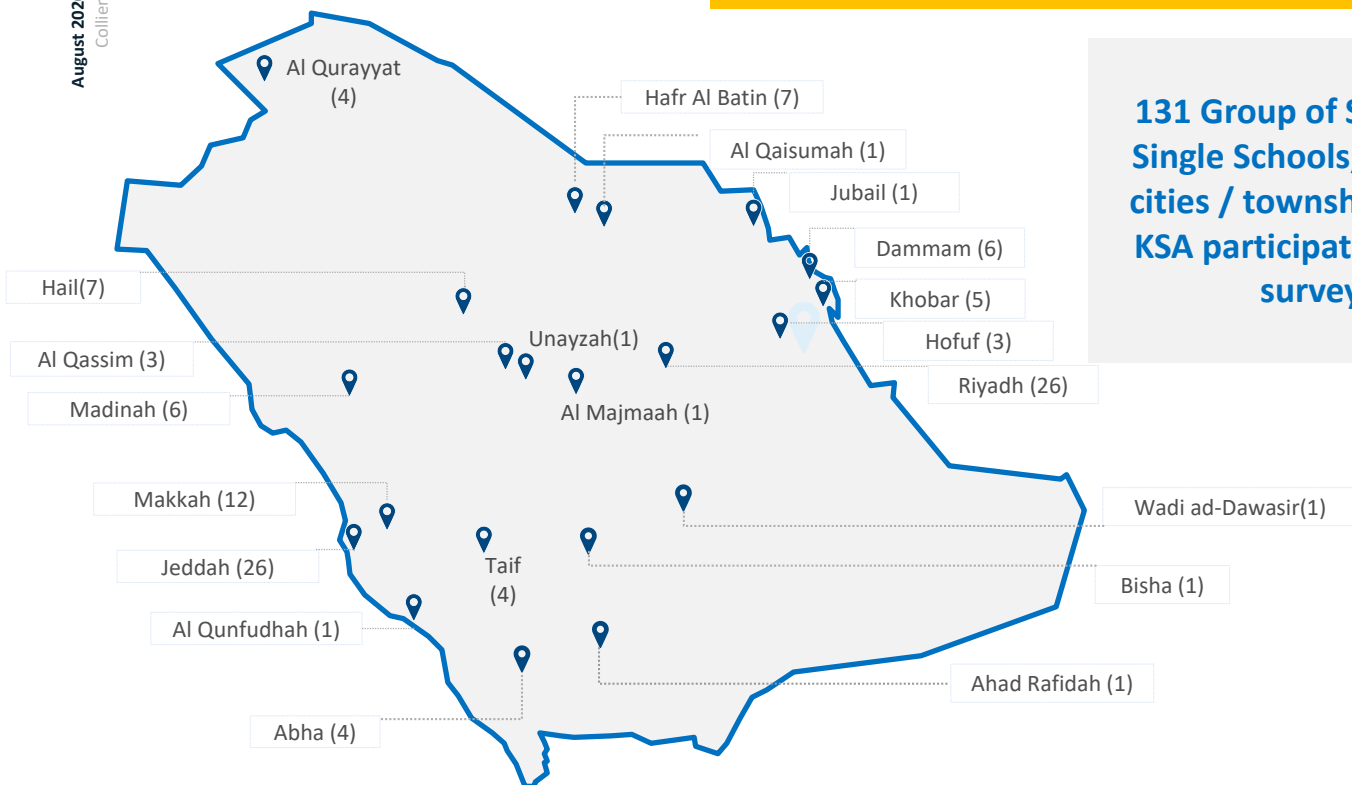
INTRODUCTION

K-12 Education is one of the key sectors affected by the COVID-19 pandemic. As a result, after the closure of schools, education moved to an online platform in Saudi Arabia in early March for both K-12 and higher education sectors. While the pandemic has adversely impacted the economy and the employment market, it has also imposed a fundamental shift in the mode of delivery at schools from face-to-face provision in a physical classroom environment to online learning module, affecting schools, teachers, students and parents in a variety of ways. This survey aims at gauging how the sector is coping with various transformations that are taking place concurrently and their collective impact on the sector in the future.

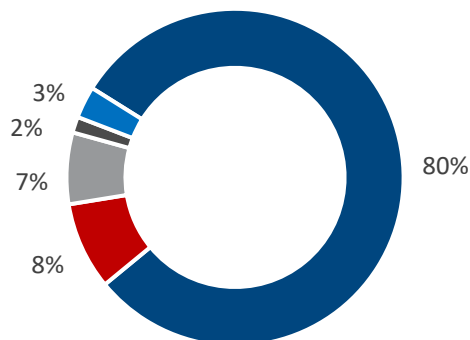
Respondent Profile - Location



131 Group of Schools / Single Schools, from 21 cities / township across KSA participated in the survey

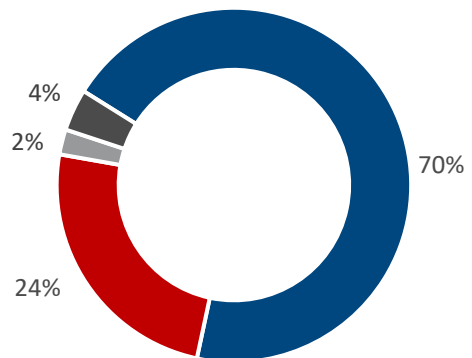


Respondent Profile - Curriculum



- Ministry of Education
- British
- American
- International Baccalaureate (IB)
- Others

Respondent Profile - Fees

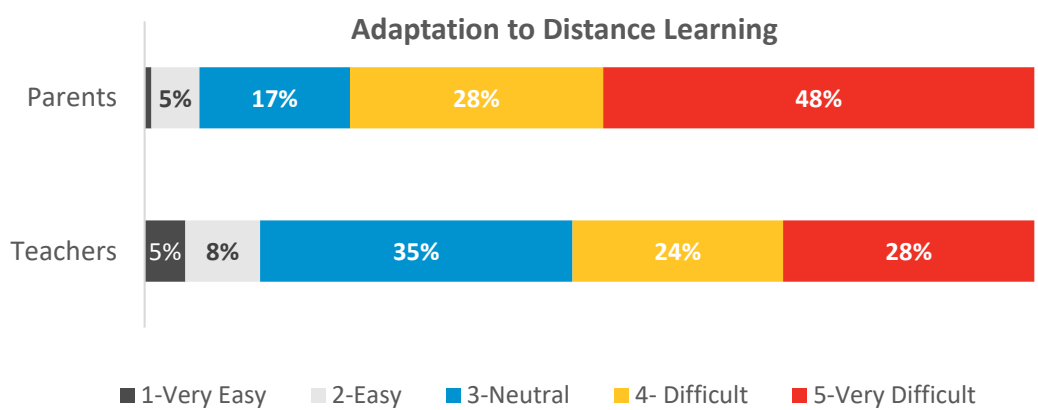


- Affordable (Below average fee of SAR 15,000 per annum)
- Mid-Market (annual average fee of SAR 15,000 to SAR 30,000)
- Upper Mid-Market (annual average fee of SAR 30,000 to SAR 50,000)
- Luxury (above average annual fee of SAR 50,000 and above)

THE SHIFT TO ONLINE LEARNING

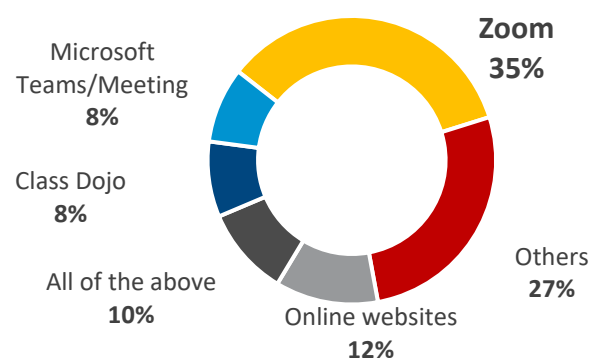
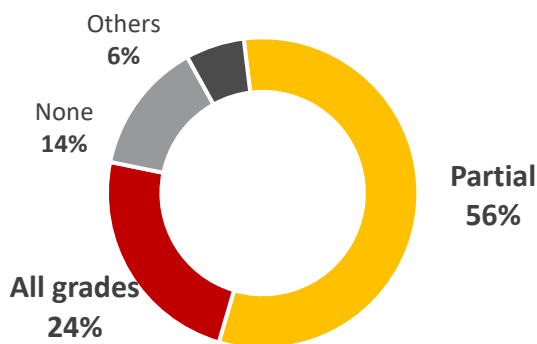
Ease of Adoption of Online Learning (School Staff v/s Parents)

- Nearly half (52%) of all the teaching/support staff found transition to online learning “Difficult” or “Very difficult”, while another 35% were neutral about it. Only 13% of them found it to be “Very Easy” or “Easy”.
- Conversely 77% of the parents found the transition to online learning “Difficult” or “Very difficult”



Online learning – Methods of Provision and Delivery

- Only 24% of the respondents were able to provide access to online learning across all grades, while nearly half (56%) were able to provide online learning to some grades. Respondents were of the view that it was extremely impractical to implement online learning in lower grades (below year 4). Issues encountered included limited cooperation from parents and lack of proper internet connectivity.
- Zoom is the most popular medium of instruction to pupils in KSA with 35% of respondents using it. Other mediums such as Classera, Unified Education System, WizIQ, School Gate, Class Dojo, MS Teams were also being used. Social media apps such as WhatsApp, Instagram, Telegram were also used by some schools.



Majority of the schools provided full or partial access to online learning.

Video chat platform, Zoom, was the single most popular delivery tool.

SHIFTING TO ONLINE LEARNING

Financial Investment

- **Nearly half (49%)** of the respondents indicated that they had to make significant investment to make a shift to online learning. Only **20%** indicated that spend was insignificant. Most invested up to **US\$ 300,000** but **two respondents** indicated that they **invested a million USD or above**



TUITION FEES – TERM 3 (ACADEMIC YEAR 2019/20)

Fees Adjustments

- Approximately two-thirds (**61%**) made full or partial refunds of prepaid fees. While nearly a third (**32%**) made no refunds at all.
- **36%** of the respondents indicated that they are offering fee discounts for current and remaining terms, while **31%** of the respondents have not offered any discounts to tuition fees. The remaining **25%** offering other facilities to the parents, as presented below.

Prepaid Fees (Non-tuition)



No refunds



Pre-paid fees will be refunded fully or partially



Prepaid fees will be adjusted in future

Tuition Fees



Tuition fee discounts for the current and remaining terms



No adjustment to tuition fees has been made



Support based installment / discounts / monthly payment option

- **31% of schools did not offer any refunds on fees due to**

- ✓ *Non-payment of tuition fees by parents*
- ✓ *Financial burden of providing online education*
- ✓ *No reduction in operating expenses*

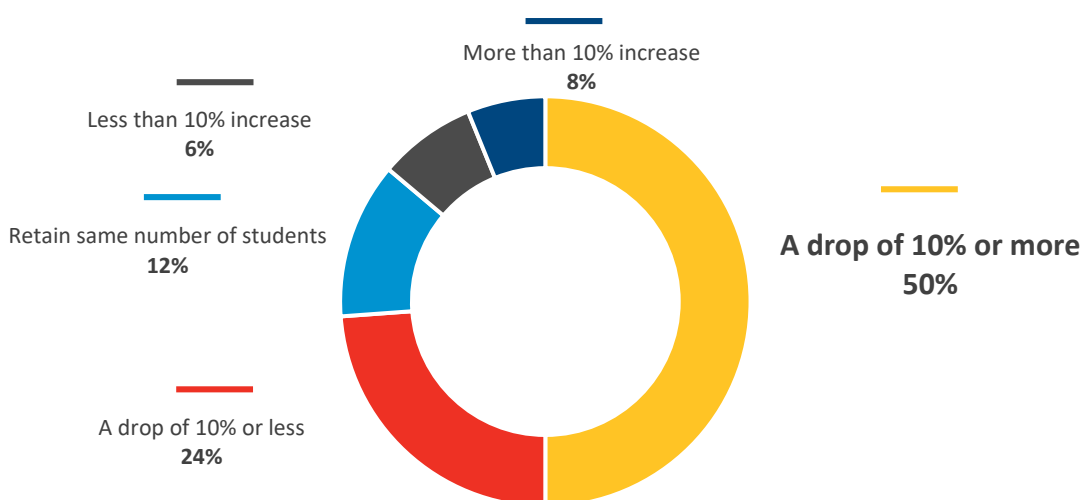


2020-21 ACADEMIC YEAR EXPECTATIONS

A majority of school operators have very realistic expectations for the upcoming academic year (2020-21). Of the respondents, 50% expect a drop of 10% or more of enrolments, while nearly half (52%) do not plan to offer any further discounts on the tuition fees in the upcoming academic year (2020-21).

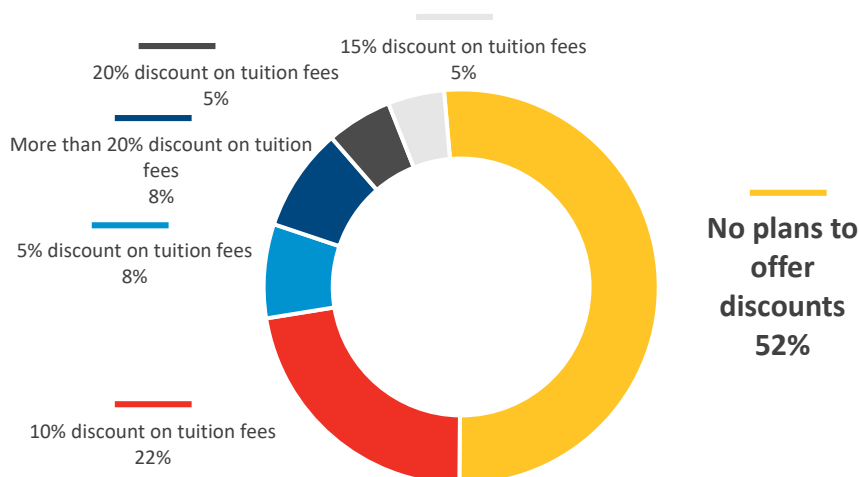
Percentage change in Expected Enrolment in the Next Academic Year compared to current year

- Majority of the respondents expect **a drop of 10% or more** in the next academic year
- **50%** of respondents expect **a drop of 10% or more** in total enrolment in the next academic year. An additional **10%** expect **a drop of less than 10%** on total enrolment.
- **Only 26%** of respondents expect to retain **same number of students** or increase their enrolment in the next academic year.

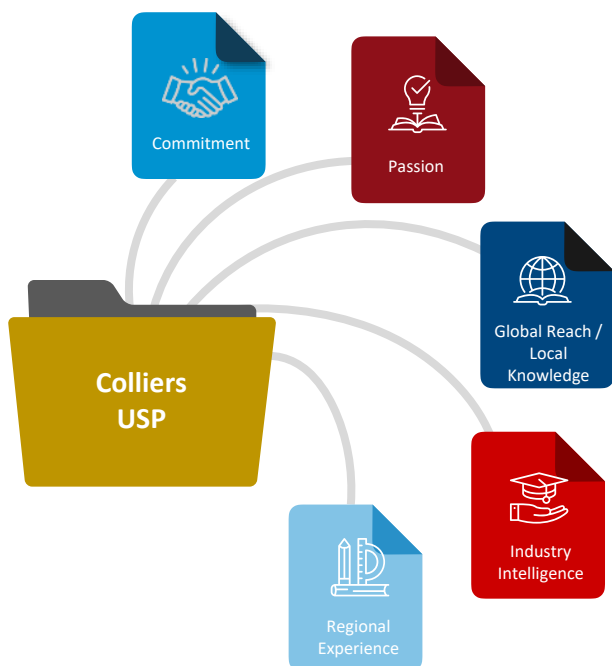
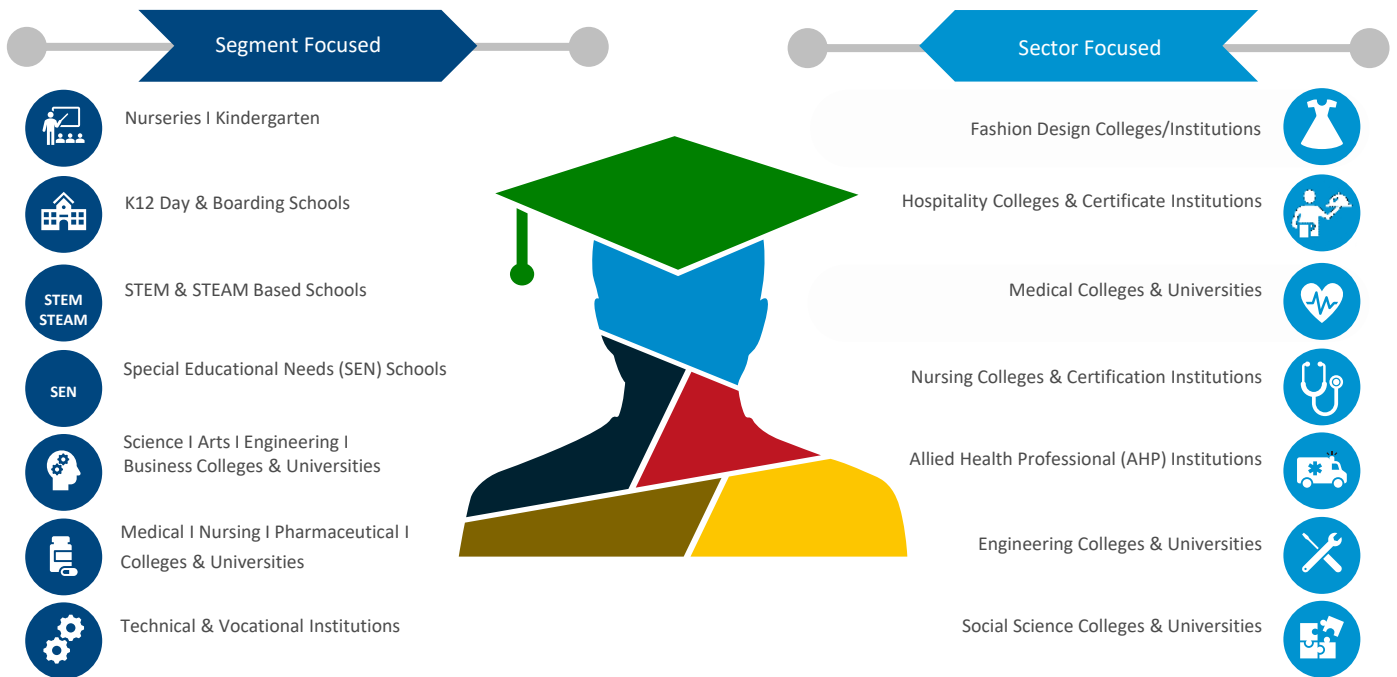


Expected Fee Discounts in the Next Academic Year

52% of Respondents have no plans to offer any further discount on tuition fees during next academic year



COLLIERS INTERNATIONAL EDUCATION VALUATION & ADVISORY SERVICES



Services Offered by Colliers Education Team

- Strategic & Business Planning
- Economic Impact Studies
- Academic Planning
- Market & Competitive Studies
- Catchment Area Analysis
- Market & Financial Feasibility Studies
- Financial and Business Modelling
- Market & Commercial Due Diligence
- Land and Property Valuation
- Brand and Business Valuation
- Mergers & Acquisitions Assistance
- Buy Side / Sell Side Advisory
- Sale & Lease Back Advisory
- Public Private Partnership (PPP)
- Privatisation
- Operator Search & Selection and Contract Negotiation
- Site Selection & Land / Property Acquisition
- Asset Management
- Performance Management
- Industry Benchmarking Surveys

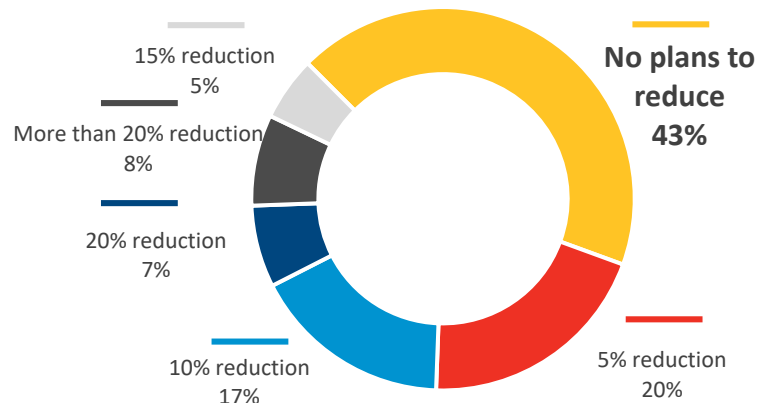
Colliers International Education Advisory & Valuation Services team is solely focused on education related business (OpCo) and real estate (PropCo), from complex business-related operational advisory to real estate related advisory.

Our group has the expertise and knowledge essential to providing forward thinking solutions to any challenging education related decisions where success is measured in high quality care delivered in a cost-effective way.

2020-21 ACADEMIC YEAR EXPECTATIONS

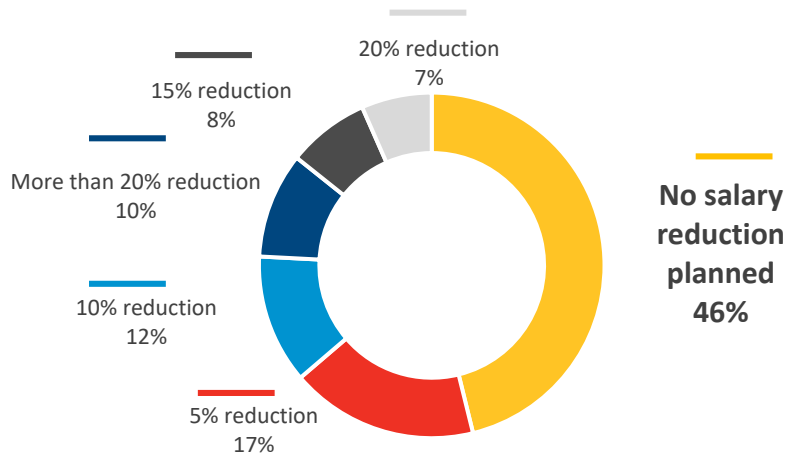
Change in Teaching Staff in the Academic Year 2020-21 compared to 2019-20

43% of the respondents **have no plans to reduce teaching staff** in the next academic year, while, **49%** plan to reduce between **5% and 20%**



Change in Teaching Staff Salaries in the Academic Year 2020-21 compared to 2019-20

46% of the respondents **have no plans to reduce salaries of teaching staff** in the next academic year, the remainder, **54%** are contemplating a reduction of between **5% to 20% or more**



CONCLUSION

The results of the survey indicate that the K-12 Education sector in KSA is significantly impacted by the COVID-19 pandemic, which is expected to last beyond the current academic year. With the possibility of a 10% or more drop in enrollment, schools may be under pressure to review their business continuity plans. This would also compel operators/investors to revisit their business models and relook at their long-term commitments including rental leases and financing arrangements with stakeholders.

Colliers International dedicated Education team assists owners/operators/landlords during these challenging times to provide actionable solutions ultimately benefitting key stakeholders including the parents/students. This includes, evaluating and negotiating “affordable rent”, finding means to enhance revenues and reduce costs and provide support in realistically forecasting cashflows for internal business planning and consultations with financial institutions. [Click here](#) to view our “Road to Recovery for the K-12 Sector in the MENA Region”.

FOR MORE INFORMATION

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About Colliers International

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