

COVID – 19: UAE K-12 Education Sector Market Sentiment Survey, May 2020

As the COVID-19 outbreak has evolved, we conducted a survey with education operators and investors to get their perspective on online learning, the challenges they are facing and their outlook for the academic year 2020-21.



INTRODUCTION

K-12 Education affected by the COVID-19 pandemic has imposed a fundamental shift in the mode of delivery at schools from traditional face-to-face provision to online learning. This affects schools, teachers, students and parents in a variety of ways.

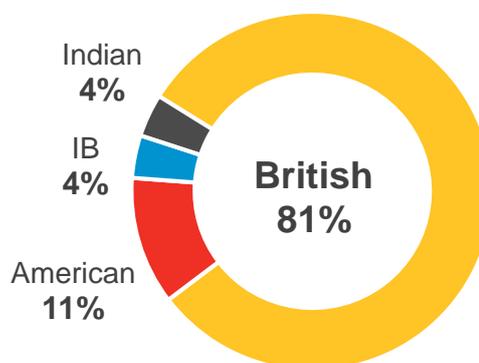
Whilst several schools have offered fee discounts, majority of parents still feel burdened by home schooling obligations where they need to spend considerable time with the children to help them with their online learning.

This survey aims at gauging how the sector is coping with various transformations that are taking place concurrently, ranging from the adoption of online delivery to fee adjustments to meeting parents' expectations and their collective impact on the sector in the future.

Respondents' Curriculum Offering

81% of the respondents offer British Curriculum

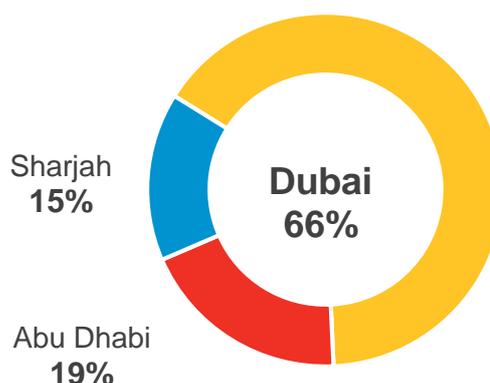
Majority of the respondents offer the British Curriculum **81%**, followed by American Curriculum, Indian and International Baccalaureate (IB) Curriculum. Most of the respondents who offer the British Curriculum also offer IB Diploma Programme.



Respondents' Location

66% of the respondents' schools are in Dubai

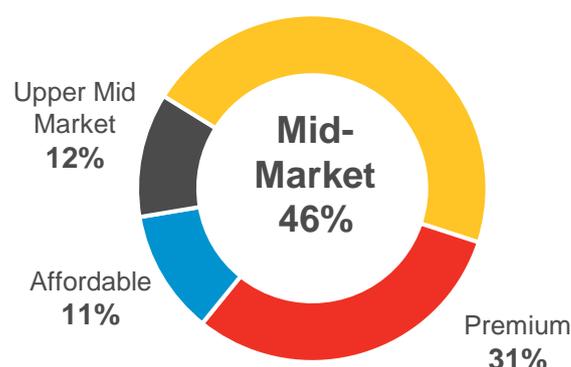
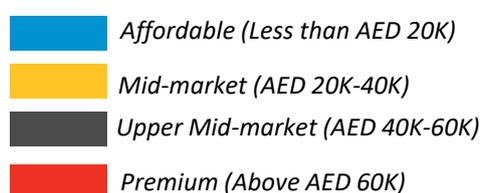
Majority of the respondents have schools in Dubai followed by Abu Dhabi and Sharjah. Whilst requested there was no response from schools operating in other Emirates.



Respondents' Fee segment

46% of the respondents charge annual tuition fees range between AED 20K – AED 40K

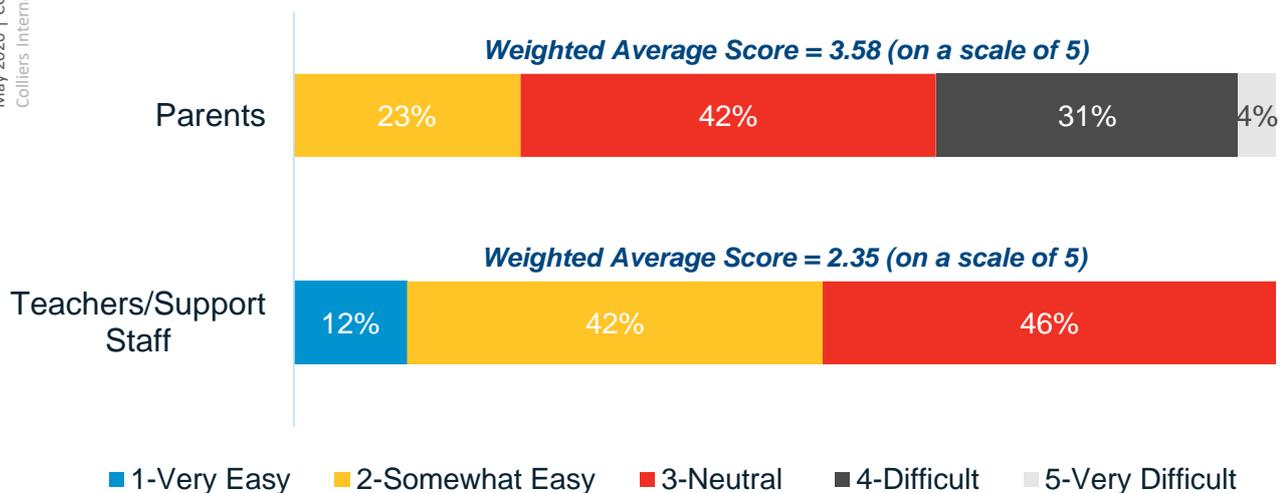
The respondents operate across various fee segments. Most of the respondents were from mid – market, followed by the premium segment.



THE SHIFT TO ONLINE LEARNING

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

- *Nearly all the teaching/support staff found transition to online learning “Very easy” or were neutral about it, none of them termed it as “Difficult” or “Very difficult”*
- *Conversely parents found the transition to online learning challenging with 35% of them indicating it to be “Difficult” or “Very difficult”*

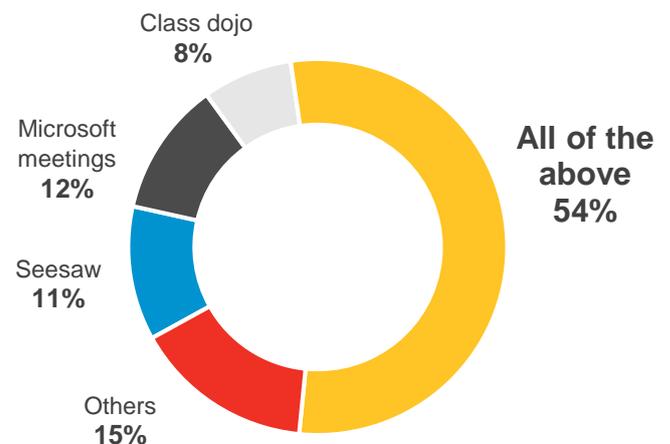


Online learning – methods of provision and delivery

- *All of respondents reported availability of online learning platforms across all grades at their schools.*
- *Schools are using multiple tools such as Seesaw, Microsoft Meetings, Class Dojo, Google Classrooms and Google Hangouts for online instruction and delivery to pupils.*



100% of students at respondent's school have access to online education

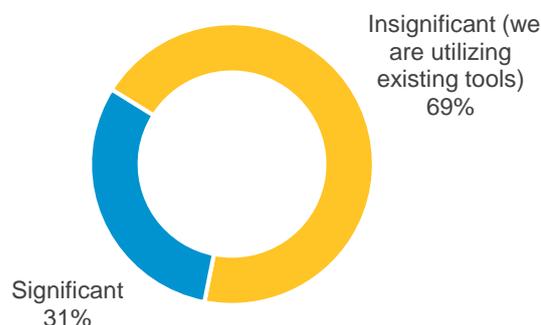


54% of respondents use multiple tools

THE SHIFT TO ONLINE LEARNING

Financial Investment

- **69%** of the respondents indicated that investment required for transition to online learning was insignificant and they were able to utilise existing tools.
- Nearly a third of respondents **31%**, indicated that they had to make significant financial investment to enable online learning platforms. Of these, a majority spent less than US\$ 100,000, while a small minority spent in excess of US\$ 1 million. Two schools reported their spend to range between US\$ 3 – US\$ 5 million.



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

Fees Adjustments

- **58%** of the schools have made full or partial refunds for all pre-paid fees (non-tuition) for the current term, the remaining ones are adjusting the refunds against future term's fees.
- **38%** of the respondents indicated that they are offering fee discounts for current and remaining terms, while nearly a quarter **23%** of the respondents have not offered any discounts to tuition fees. The remaining **39%** offer other facilities to the parents, as presented below.

Prepaid Fees (Non-tuition)

58% Providing full/partial refunds

31% Pre-paid fees will be adjusted in the future

12% Other measures such as support based discounts

Tuition Fees

38% Tuition fee discounts for the current and remaining terms

39% Support based installment / discounts / monthly payment option

23% No adjustment to tuition fees has been made

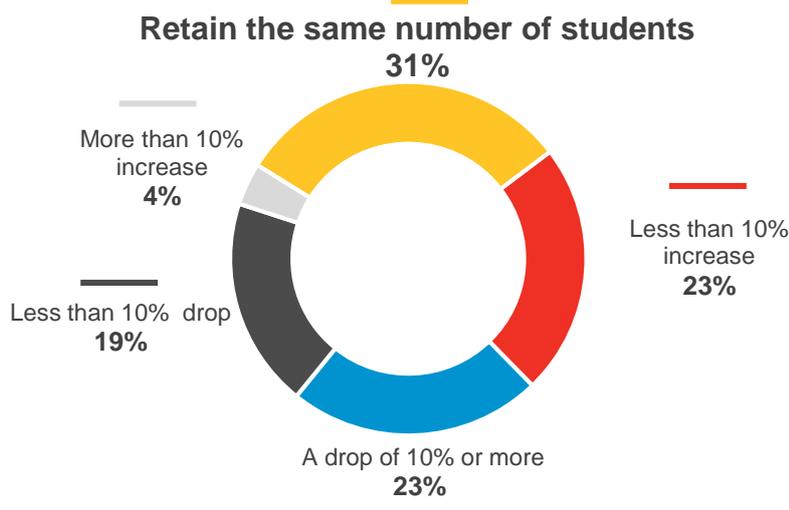
- In most cases, discounts offered for Term 3 are not refunds but are to be adjusted against the next term (September 2020) fees.
- Some of the schools have created a "relief fund" to support parents impacted by COVID - 19 crisis.
- A few others are offering discounts based on "a means tested bursary" for those who are most affected, asking for documentations to demonstrate that COVID-19 has impacted parents' income.

2020-21 ACADEMIC YEAR EXPECTATIONS

Most of the school operators are optimistic and expect the K-12 sector to remain resilient amid the pandemic and recover in the upcoming academic year (2020-21). Nearly half of the respondents expect to retain current enrolment or enrol further pupils, while nearly two-thirds (61%) do not plan to offer any further discounts to the tuition fees in the upcoming academic year (2020-21).

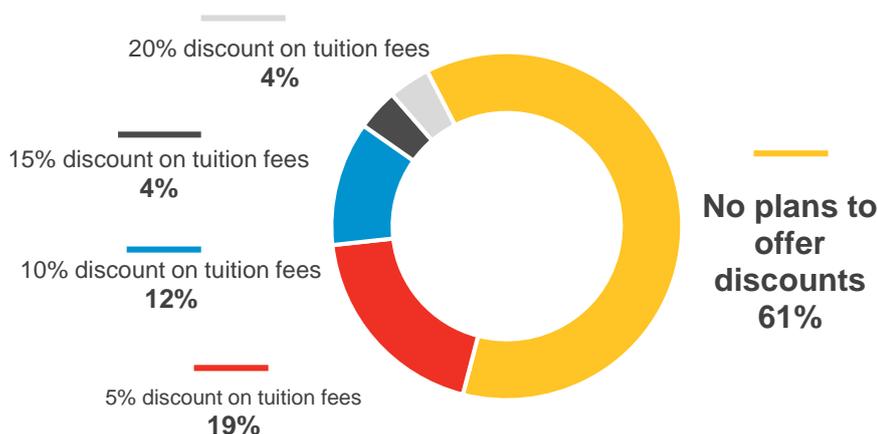
Percentage change in Expected Enrolment in the Next Academic Year compared to current year

- **54%** of respondents expect to retain same number of students or an increase of less than 10% in total enrolment in the next academic year.
- However, upon further analysis, it is mostly the affordable and mid-market schools who expect to retain existing and/or enrol further students, expecting a shift from luxury / premium to mid-tier schools amid the challenging economic conditions.
- The luxury / premium category schools expect to retain students as some are planning to extend discounts and adjust the current Term 3 fees markdowns during the upcoming academic year (2020-21).



Expected Fee Discounts in the next Academic Year

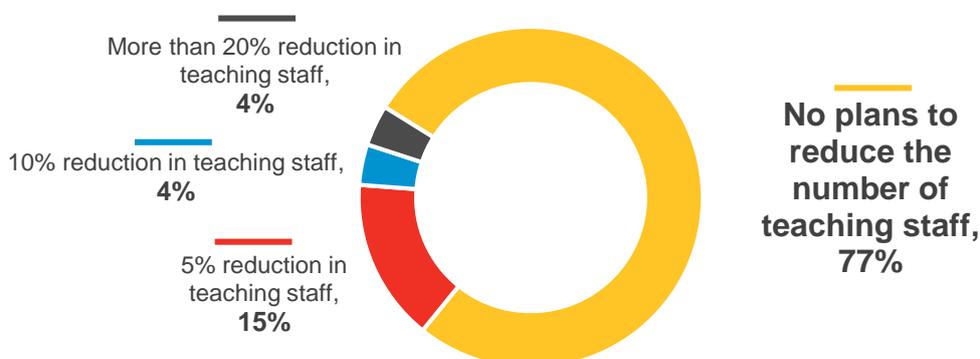
61% of Respondents have no plans to offer any discount on tuition fees during the next academic year these mostly consisting of affordable and mid-income schools.



2020-21 ACADEMIC YEAR EXPECTATIONS

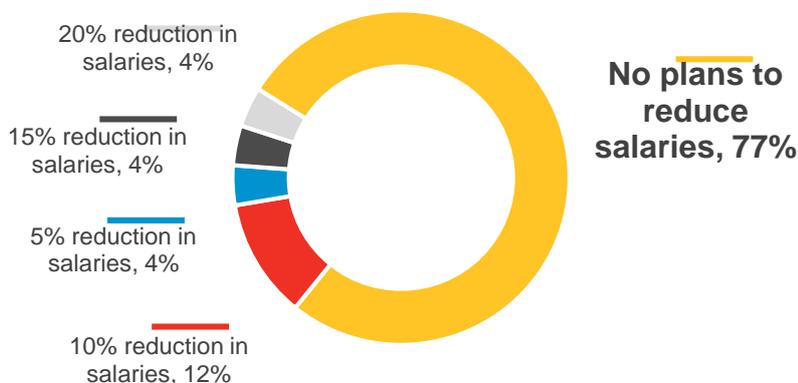
Percentage change in Teaching Staff in the Next Academic Year compared to Current Year

Majority of respondents 77% have no plans to reduce teaching staff in the next academic year.



Percentage change in Teaching Staff Salaries in the Next Academic Year compared to Current Year

Majority of respondents 77% have no plans to reduce salaries of the teaching staff during next academic year, however, 23% are contemplating a decrease in teaching staff salaries ranging from 5% to 20%.



CONCLUSION

The results of the survey indicate that the K-12 Education sector is significantly impacted by the COVID-19 pandemic, which is expected to last beyond the current academic year. Although there is no uniformity of approach, some schools are looking to offer fee discounts, flexible payment plans and are taking other necessary measures to retain pupils. This will ultimately impact cashflows compelling operators/investors to revisit operating expenses, especially the more significant costs including rental commitments with landlords.

Colliers International dedicated Education team is keen to assist owners/operators/landlords during these challenging times to provide you 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/or consultations with financial institutions to raise funds for sustainable business operations.

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