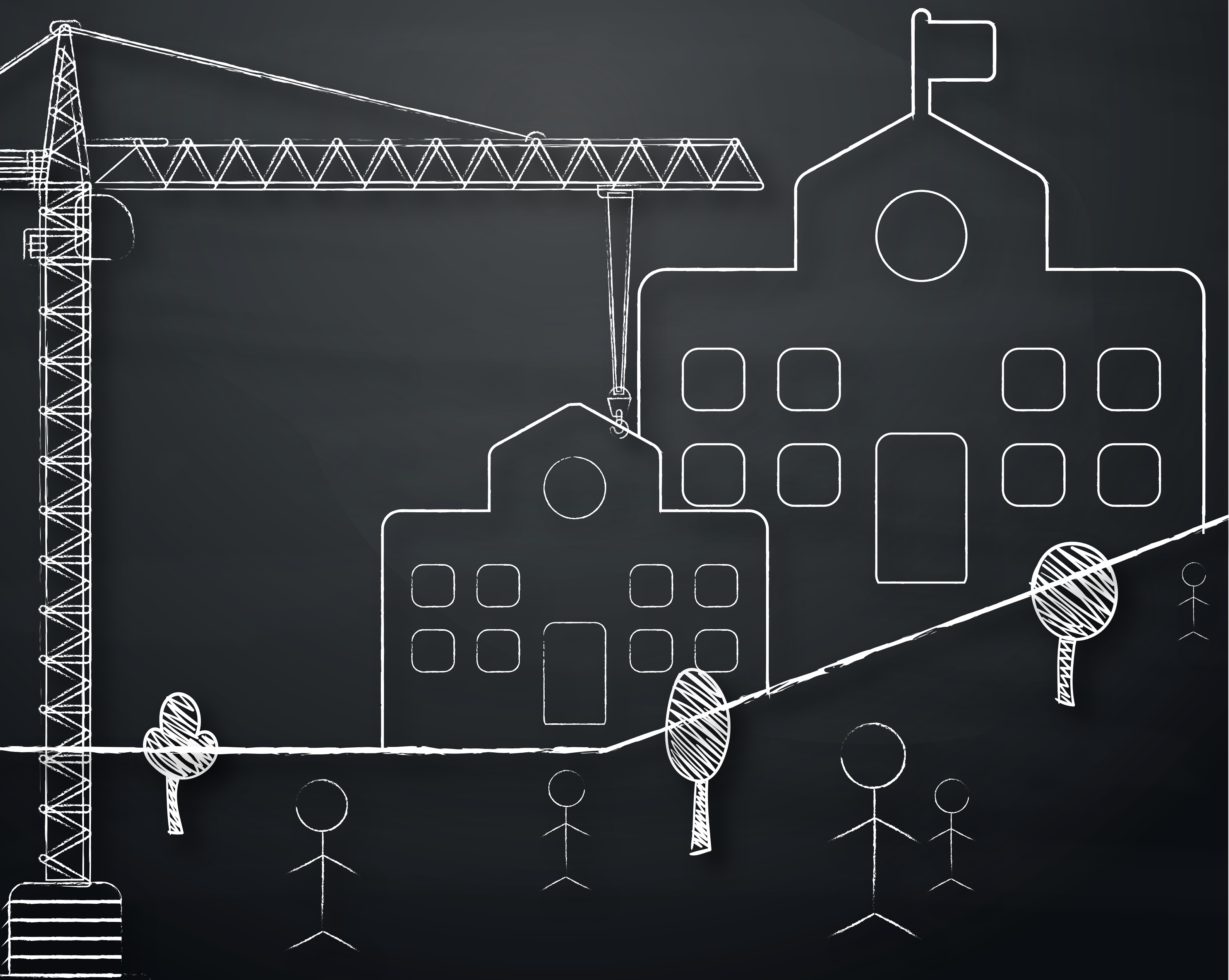
SCHOOL'S IN

WHY EDUCATION IS ATTRACTING MORE ATTENTION FROM REAL ESTATE STAKEHOLDERS IN MENA

– SUMMARY EDITION –



EXECUTIVE SUMMARY

• Demand for private schools in the MENA region is increasing. This trend is being driven by the growth in the number of expatriate children of school age and the increased number of national families seeking private education for their children.

• The increased demand for private education presents opportunities for real estate stakeholders (investors, developers and builders) that are seeking to increase their exposure to alternative sectors as more traditional asset classes become more competitive.

• In addition to potentially attractive financial returns, the growth of private schools is in line with government policy to raise education standards across the region. This provides comfort to real estate stakeholders and an additional social benefit, over and above the financial gains.

• Our analysis shows that more than 1,100 additional schools will be required in the five cities studied (Dubai, Abu Dhabi, Jeddah, Riyadh and Cairo) by 2020. Some 350 of these will need to be private sector schools, providing a significant area of new opportunity for real estate stakeholders.

Requirement for additional schools by 2020:

City	Total additional schools	Additional private schools
Dubai	53	36
Abu Dhabi	44	22
Riyadh	395	154
Jeddah	194	67
Cairo	424	68

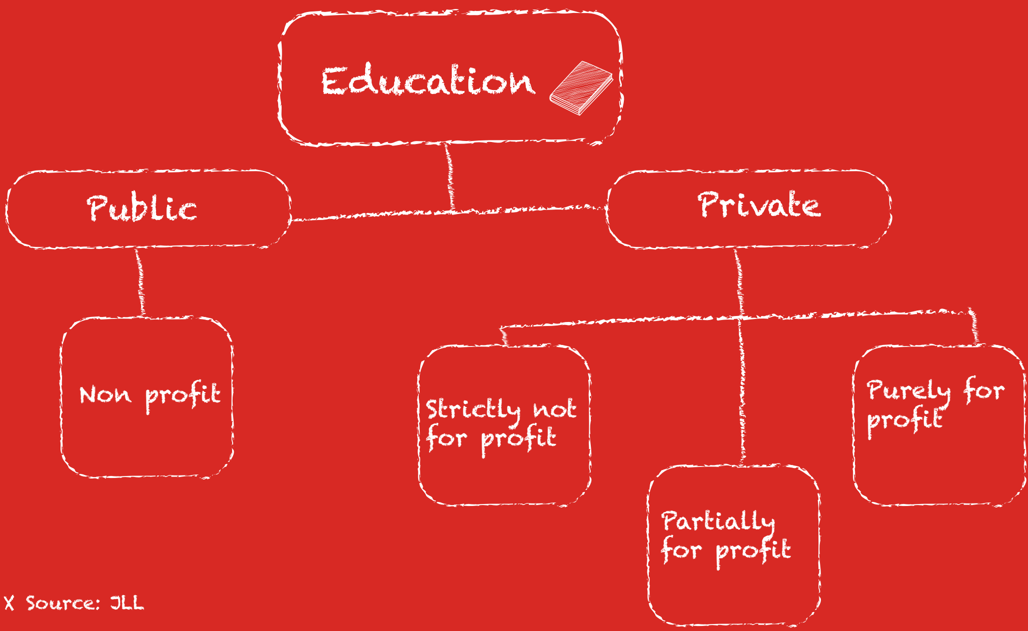
Source: JLL

WHY EDUCATION?

School age education in MENA

This report focuses upon school age education, but many of the comments made could also apply to the expanding adult education sector. Within the Middle East, schooling typically covers Kindergarten and 12 years of basic education.

Figure 1. Different types of schools



X Source: JLL

The school age population is growing rapidly across the region and this is the main attraction of the education sector amongst real estate stakeholders. For example, in Egypt, this segment (children aged 5-19) is expected to grow by approximately 920,000 to reach 26 million persons by 2020.

Across the MENA region, public education is fully funded by the government which provides free education to nationals. Expatriates are not typically able to attend public schools and this forms the core of the growing demand for private schools. The demand for private schools is growing faster than that for public schools in most countries across MENA for a combination of the following reasons:

1- Increased demand for private schools among National families
2- Growth of expatriate workforce
3- Increasing income levels

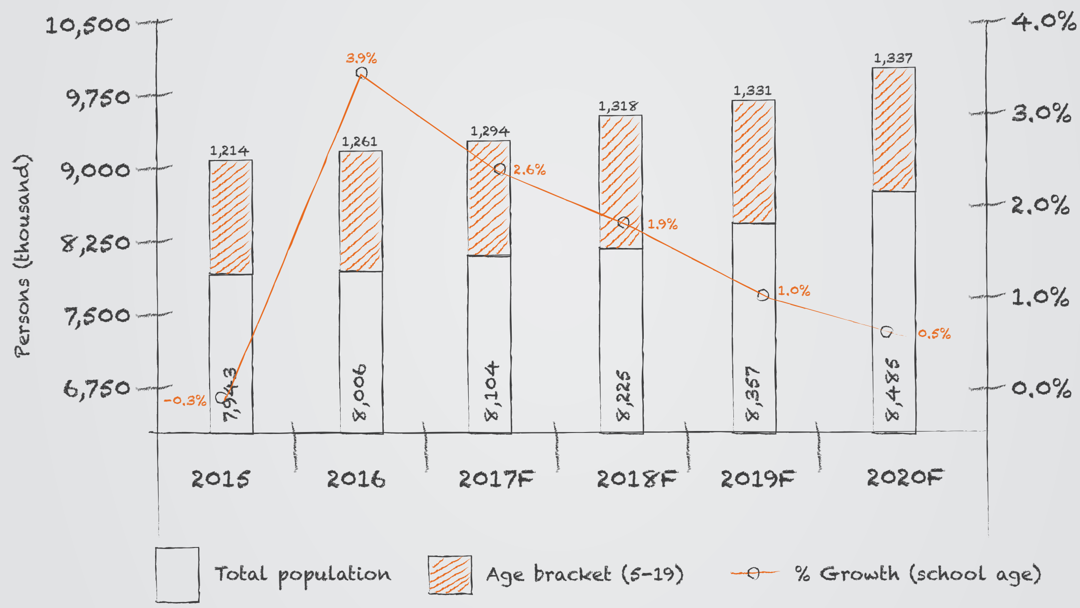
UNITED ARAB EMIRATES

Demand drivers

The population of the UAE stood at 9.2 million people in 2015. It is estimated that the population will grow at a CAGR of 1.4% between 2015 and 2020 to reach 9.8 million people. The UAE has a relatively young population with 70% below the age of 40 years in 2015.

As of 2015, the school age group stood at 1.2 million persons or 13% of the total population. Going forward, this segment is expected to continue growing to reach approximately 1.3 million persons by 2020, an increase of 123 thousand persons.

Figure 2. School age population in UAE

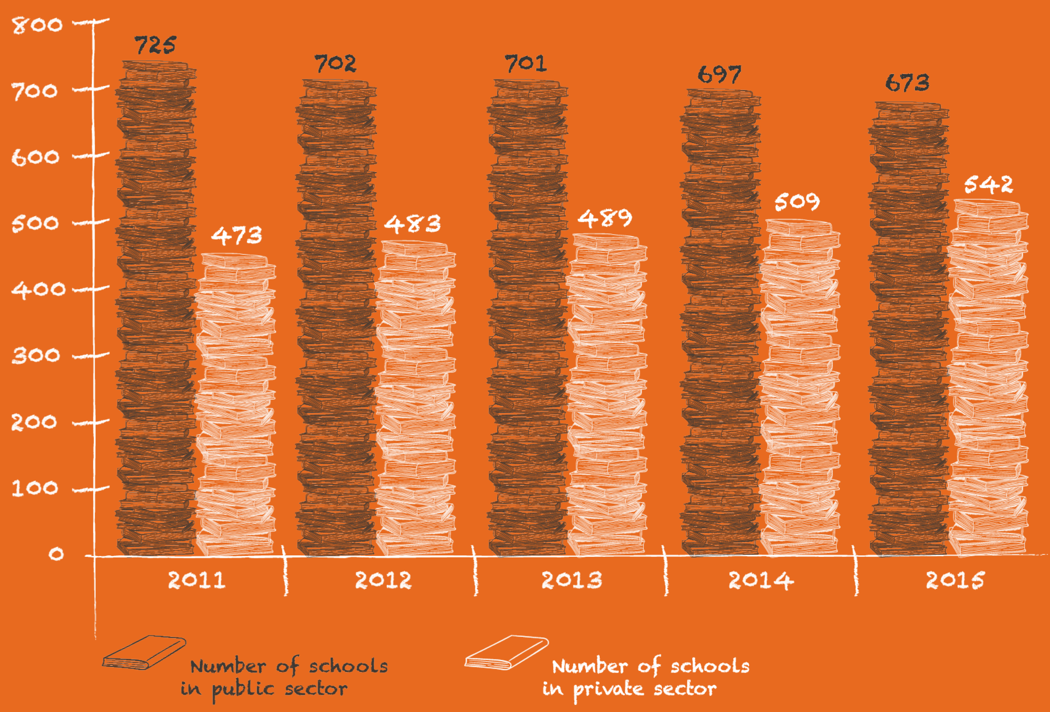


X Source: Oxford Economics

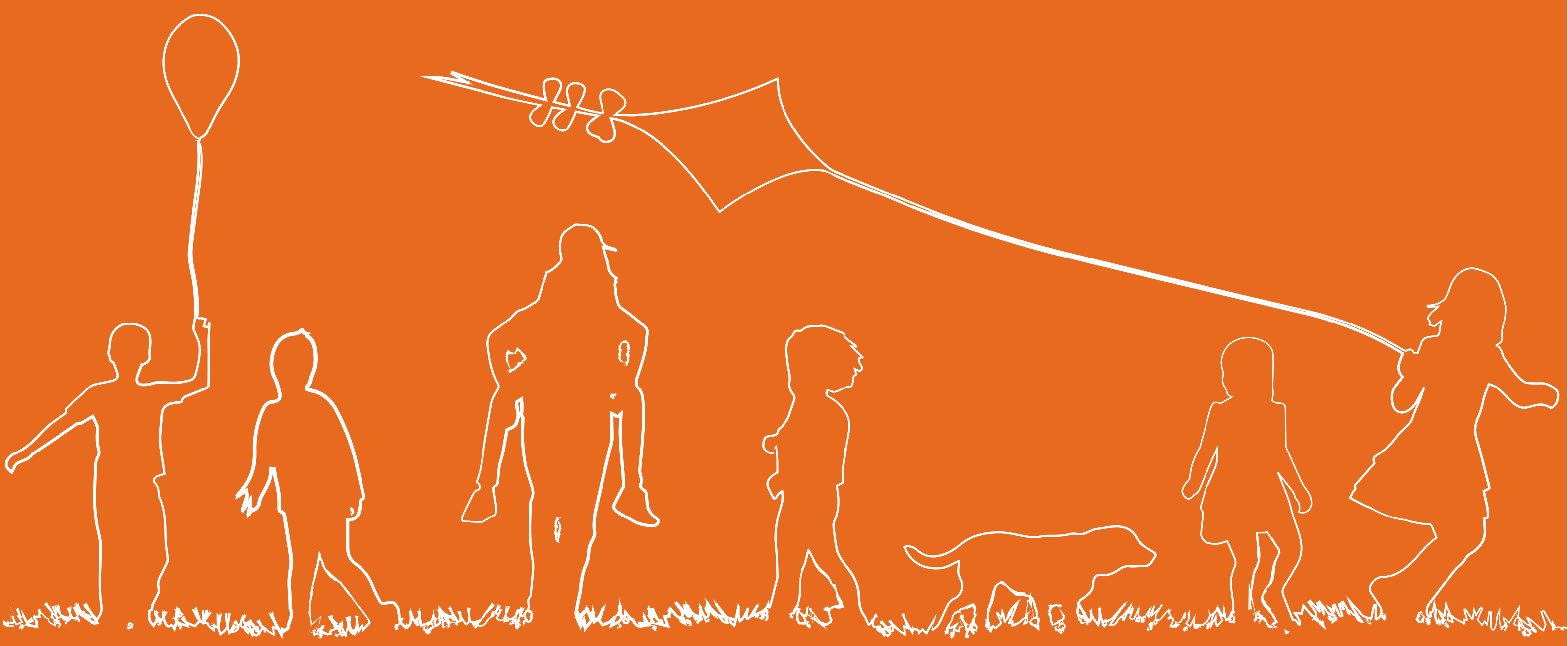
Supply drivers

According to the UAE Federal Competitiveness and Statistics Authority (FCSA), there were 1,215 schools in total in 2015; 673 in the public sector and the remaining 542 falling in the private category. The percentage contribution of private schools has grown from 40% in 2011 to 45% in 2015. However, the picture in Dubai and Abu Dhabi is different, with private schools dominating the market. This comes as a result of the large expatriate population present in both cities.

Figure 3. Number of schools in UAE



X Source: UAE FCSA



SAUDI ARABIA

Demand drivers

The school age population in Saudi Arabia currently stands at just over 8 million persons. This number is expected to grow by average 1.4% pa to reach 9 million persons by 2020. The growing school age population will add pressure on existing schools and create opportunities for the development of additional schools.

Figure 4. School age population in KSA

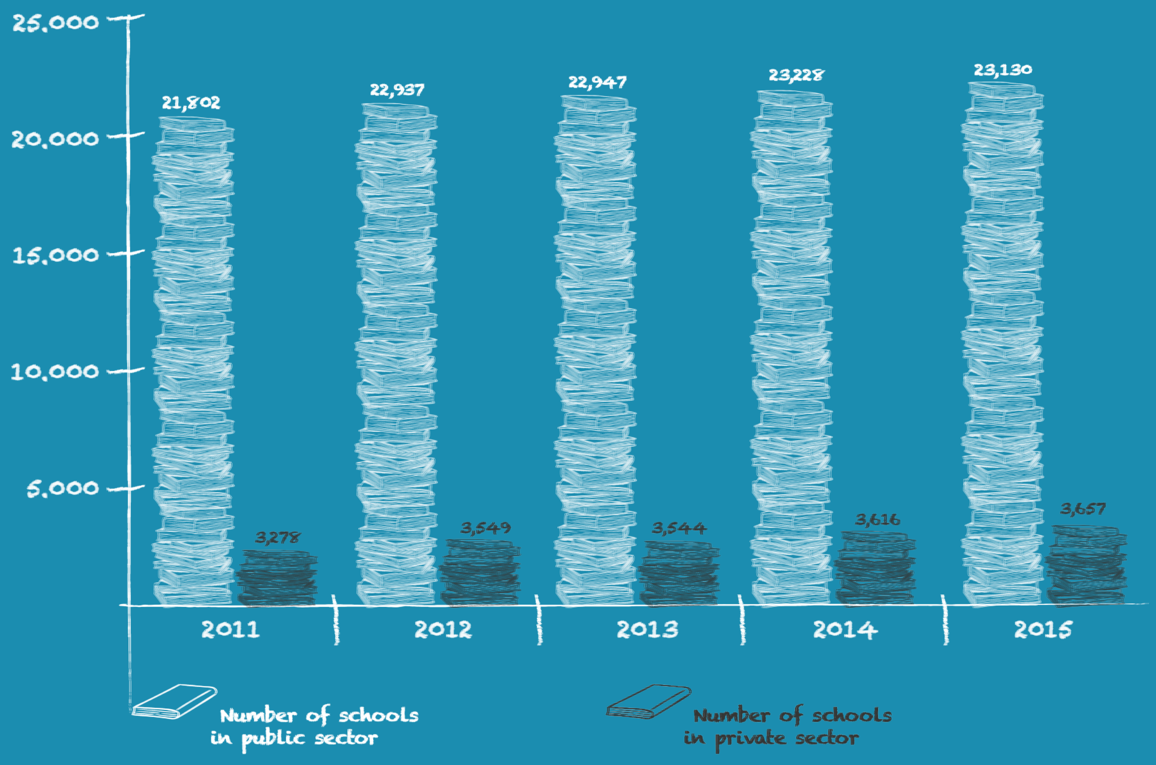
X Source: CDSI, Oxford Economics

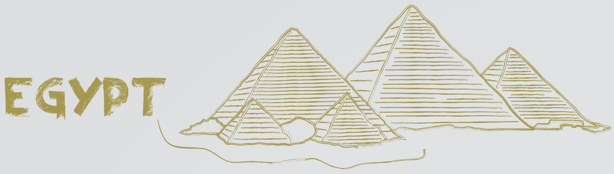
Supply drivers

The growth in the school age population, coupled with the demand for higher quality education has resulted in some families opting to pay for private education. This provides an opportunity for growth in the private education sector and opens the door for more private sector involvement.

Consequently, the number of private schools has continued to increase over the last few years. Since 2011, 379 private schools were added across the Kingdom to reach approximately 3,700 schools in 2015. Their low contribution at 16% (as of 2015) to the total number of schools is no surprise given the diverse geographic spread of the country which encompasses rural areas where government facilities are prominent and the population mix is largely skewed towards nationals.

Figure 5. Number of schools in KSA

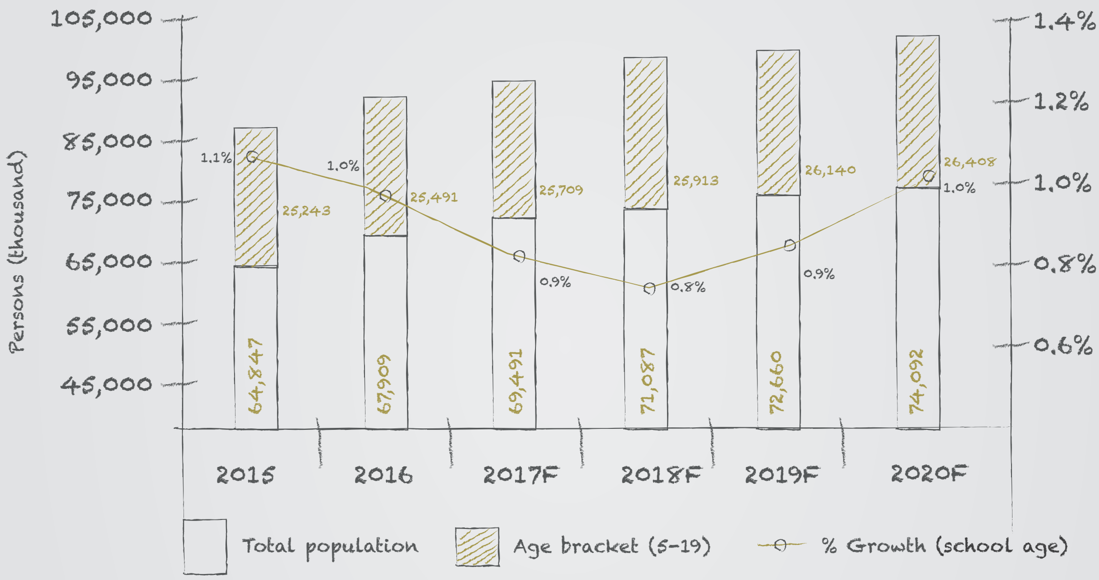




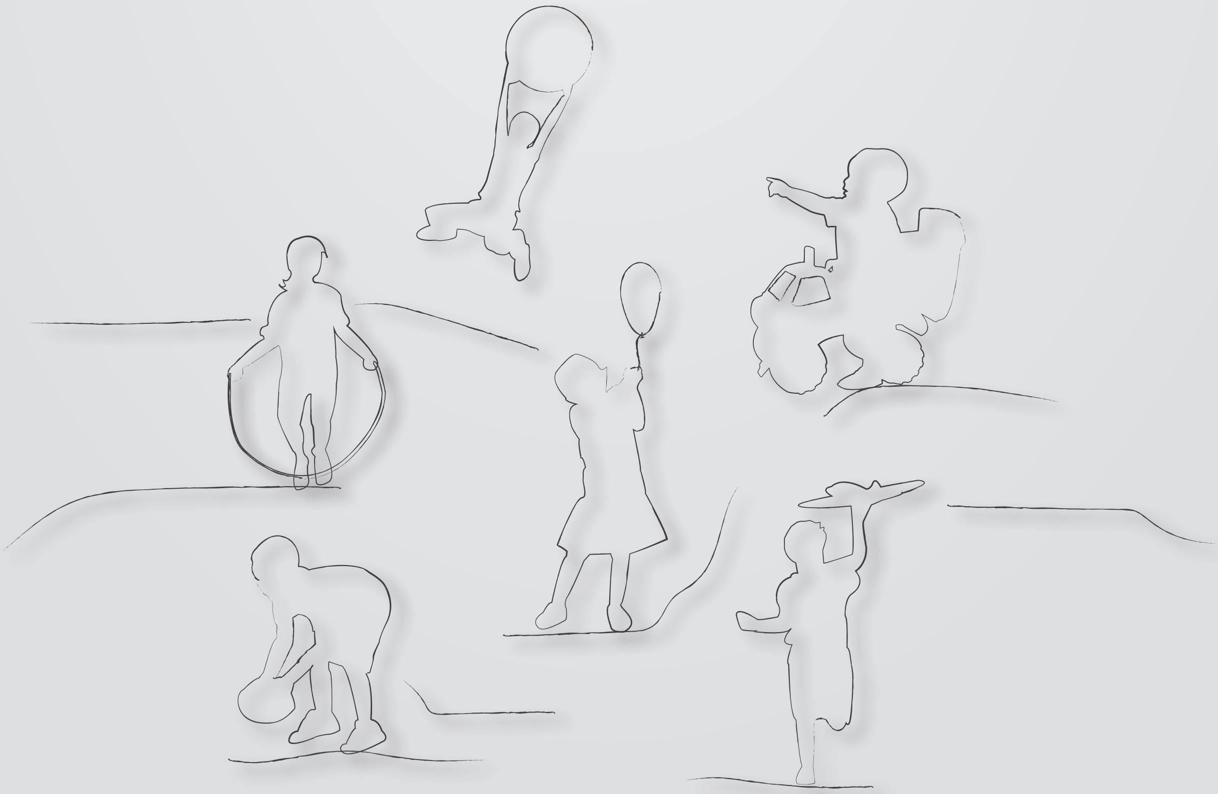
Demand drivers

The population of Egypt has increased by a CAGR of 2.5% over the period 2011-2015. With a young age profile, school age children (aged 5-19), account for approximately 28% of the total population resulting in a high demand for existing and new schools across the country.

Figure 6. School age population in Egypt



X Source: CAPMAS, Oxford Economics

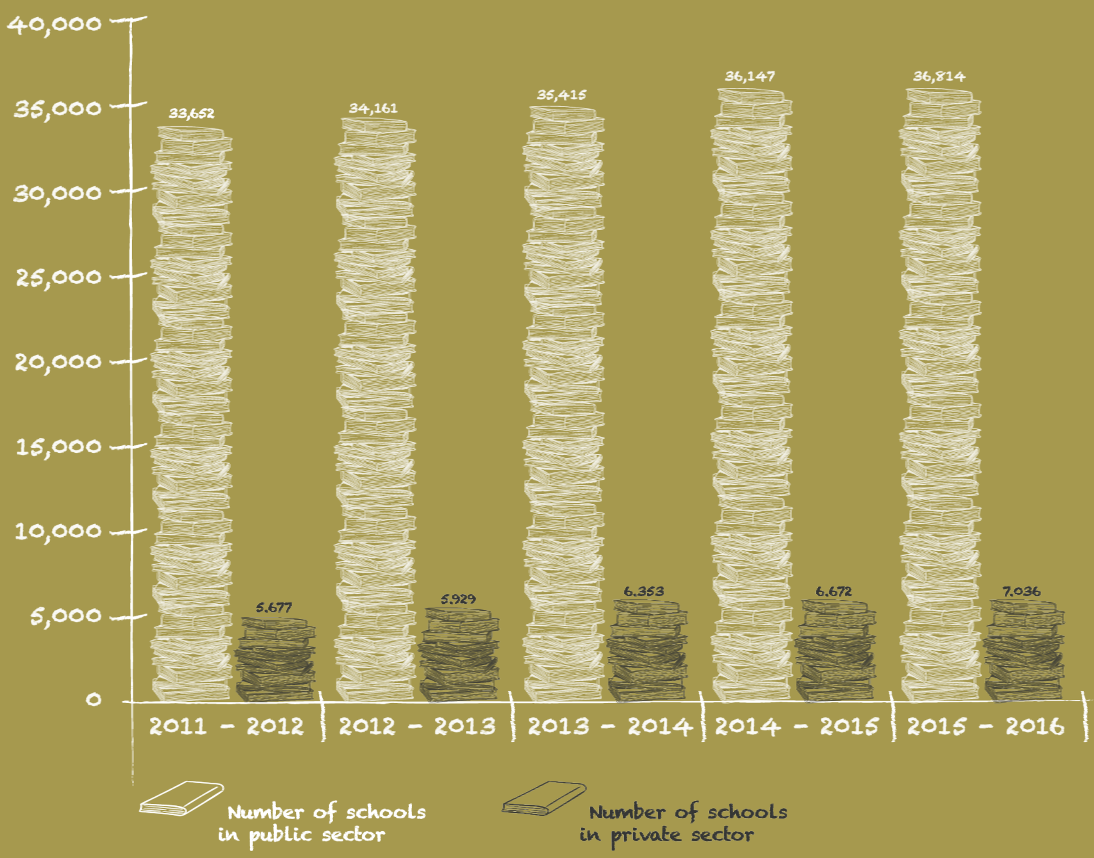


Supply drivers

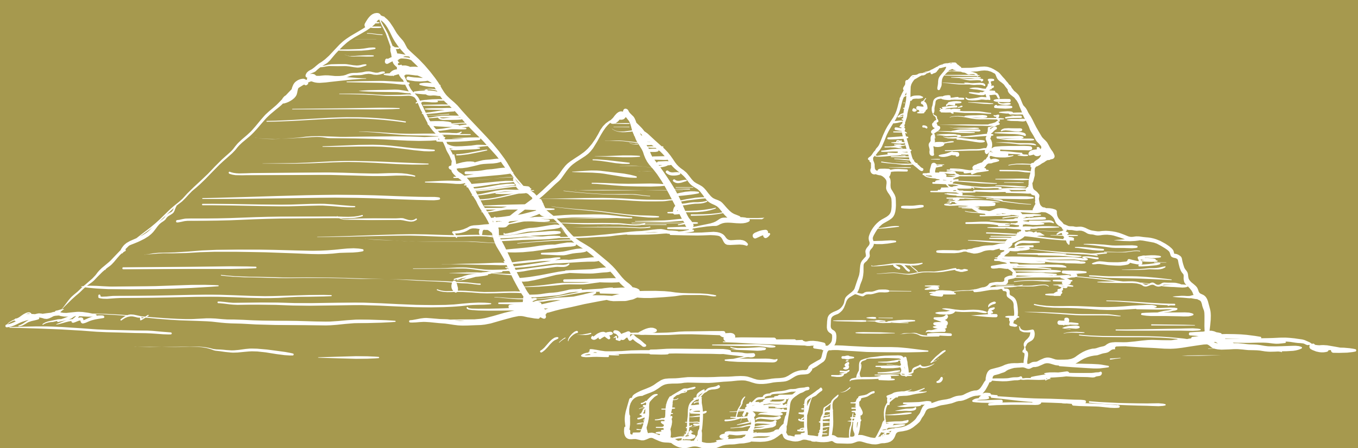
In 2015/2016, there were approximately 43,800 schools in Egypt. Public schools constituted the majority of the schools at 84%, while private schools were in the minority at just 16% of total schools. The total number of schools in Egypt has increased by 4,500 over the past 4 academic years.

Cairo houses many of Egypt's private schools and it is widely recognized that more private schools are required to cater for the growing demand in the capital.

Figure 7. Number of schools in Egypt



X Source: Ministry of Education



WANT TO KNOW MORE?

To receive a copy of the full report please visit:

http://www.jll-mena.com/mena/en-gb/research

DUBAI
Emaar Square,
Building 1, Office 403
Sheikh Zayed Road
PO Box 214029
Dubai, UAE
Tel: +971 4 426 6999
Fax: +971 4 365 3260

ABU DHABI
Abu Dhabi Trade Centre
Building
7th Floor, Office No. 3
PO Box 36788
Tourist Club Area
Abu Dhabi, UAE
Tel: +971 2 443 7772
Fax: +971 2 443 7762

JEDDAH
Level 4, Suite 406
Jameel Square
Tahliya and Andalus Streets
PO Box 2091
Jeddah 8909 – 23326
Saudi Arabia
Tel: +966 12 660 2555
Fax: +966 12 669 4030

RIYADH
18th Floor, South Tower
Abraj Attawuniya
King Fahd Road
PO Box 13547
Riyadh 11414
Saudi Arabia
Tel: +966 11 218 0303
Fax: +966 11 218 0308

AL KHOBAR
Level 21, Al Khobar
Gate Tower
King Fahed Road
Al Khobar 31952
Saudi Arabia
PO Box 32348
Tel: +966 13 330 8401

CAIRO
Star Capital 2
Building
8th Floor, Office No. 86
2 Aly Rashed Street
Cairo, Egypt
Tel: +20 2 2480 1946
Fax: +20 2 2480 1950

LEAD AUTHOR:

Asma Dakkak
Research Manager, MENA
asma.dakkak@eu.jll.com

CONTRIBUTORS:

Craig Plumb
Head of Research, MENA
craig.plumb@eu.jll.com

Joelle Elias
Analyst
joelle.elias@eu.jll.com

Ahmed Almihdar
Senior Research Analyst, KSA
ahmed.almihdar@eu.jll.com

Tarek El Kady
Research Analyst, Egypt
tarek.elkady@eu.jll.com

FOR MORE INFORMATION ON HOW JLL CAN ASSIST YOU, PLEASE CONTACT:

Chris Francis
Director, Strategic Consulting,
Head of Education and
Healthcare,
MENA
Chris.Francis@eu.jll.com

Gaurav Shivpuri
Head of Investment
Transactions , MENA
Gaurav.Shivpuri@eu.jll.com

Hani Oueidat
Senior Project Manager,
Project and Development Services,
MENA
Hani.Oueidat@eu.jll.com

© 2016 Jones Lang LaSalle IP, Inc. All rights reserved. The information contained in this document is proprietary to Jones Lang LaSalle and shall be used solely for the purposes of evaluating this proposal. All such documentation and information remains the property of Jones Lang LaSalle and shall be kept confidential. Reproduction of any part of this document is authorized only to the extent necessary for its evaluation. It is not to be shown to any third party without the prior written authorization of Jones Lang LaSalle. All information contained herein is from sources deemed reliable; however, no representation or warranty is made as to the accuracy thereof.