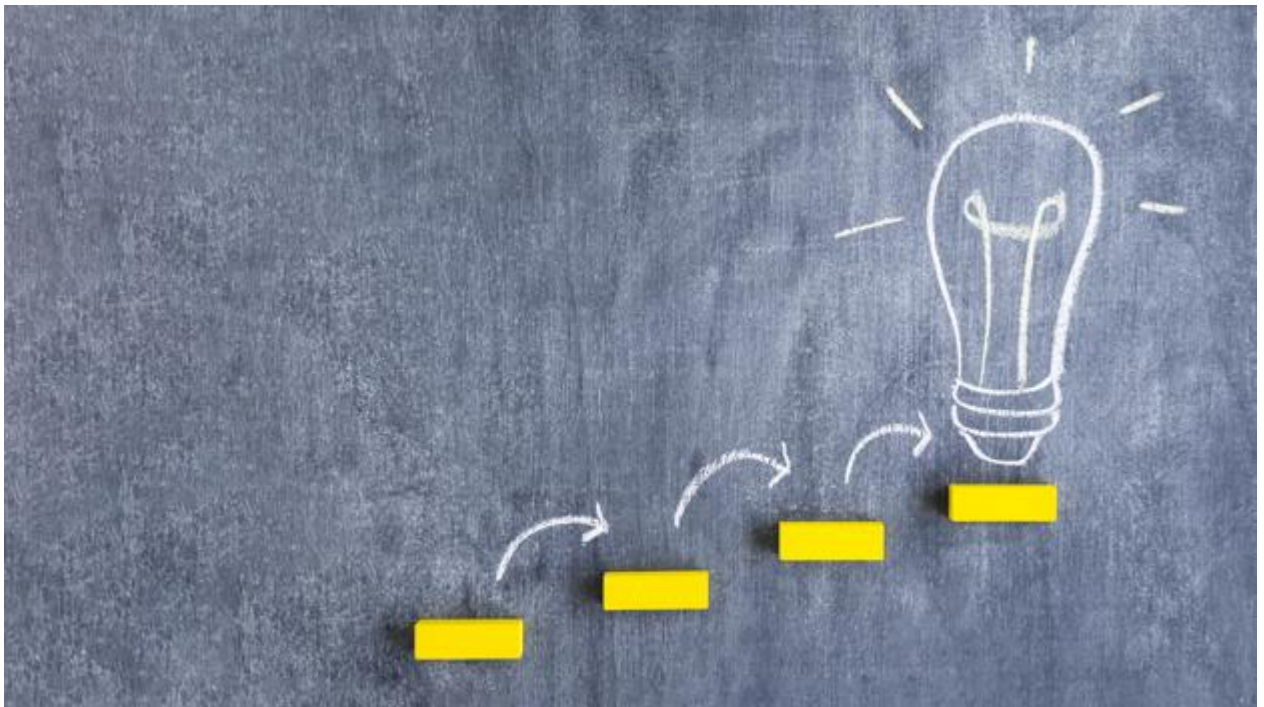


# Egypt K-12 Education Sector Market Overview

## Greater Cairo: Unlimited Opportunities





## KEY CREDENTIALS 2020

Colliers International dedicated Education team are currently working with a number of owners / operators / developers to establish new schools and assist in expansion of existing schools.

Some of key credentials are presented below

Market & Financial Feasibility / Development Recommendations and **Business Plan** for International Branch Campus (IBC) for an **American University** to be opened in **Cairo**, Egypt

Market Study / Gap Analysis and Developing Business Models for a new **Private Equity Education Fund** focused on investing in **K12 Education** Market in **Egypt**

Market and Financial Feasibility Study/ Development Recommendations / Hot-Spot Analysis and Competition Analysis for the **Proposed Kent College School** in "O' West in **Cairo**, Egypt

Market & Financial Feasibility & **Facility Planning** for a Proposed **Education City** in Egypt focusing of Education Tourism in **Egypt** attracting Local, Regional and International Students

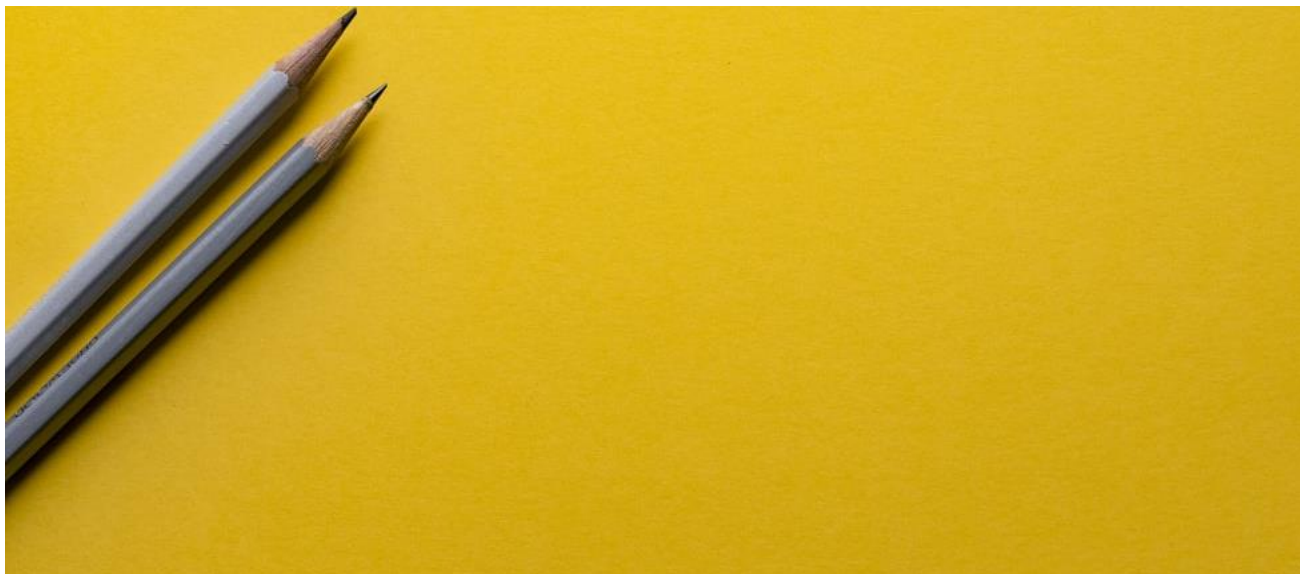
Market & Financial Study / Competition Analysis and **Facility Planning** for a Proposed **Education Hub** in New Administrative Capital City **Cairo**, Egypt

Market & Financial Feasibility Study/ Development Recommendations / Business Plan & **Operator Selection** for **International British Curriculum** School in New **Cairo**, Egypt

Market and Financial Feasibility Study/ Development Recommendations / Business Plan & **Operator Selection** for **International American Curriculum** School in New **Cairo**, Egypt

Market and Financial Feasibility Study/ Development Recommendations / Business Plan & **Operator Selection** for **International IB Curriculum** School in New **Cairo**, Egypt

Market and Financial Feasibility Study/ Development Recommendations / Business Plan & **Operator Selection** for **National (MoE) Curriculum** School in New **Cairo**, Egypt



## INTRODUCTION

Egypt is the most populated Arab Country, 101 million as of October 2020 with approximately 31% of school going age. Consequently, Egypt has the largest student population in the MENA region, estimated at 23 million K-12 students in 2020, with Greater Cairo accounting for 20% (4.6 million) of total number.

Education is considered as one of the main pillars of Egypt's development. The Egyptian constitution mandates that every citizen has the right to free education provided by the state, with a minimum of 4% of the Gross National Product of government spending allocated to education. Current expenditure on education in budget 2020/21 is projected to be EGP 424 billion (US\$ 27 billion) compared to EGP 73.1 (US\$ 4.65 billion) billion in 2013/14, a CAGR of 28.5% in last seven years.

West and East Cairo have both undergone significant expansions over the last decade in terms of infrastructure and population growth. Many families that can afford to move are moving from old congested city center to new communities in West and East Cairo. Currently the existing estimated household units in Greater Cairo are approximately 5.5 million which are expected to increase to 6.1 million by 2030 based on Colliers International data analytics.

Masterplans for upcoming new cities, as well as expansions of the current regions entails provision of education facilities as an anchor to attract residents of Cairo to relocate to new urban centres. These includes The New Administrative Capital, Mostakbal City, New Alamein City, among others.

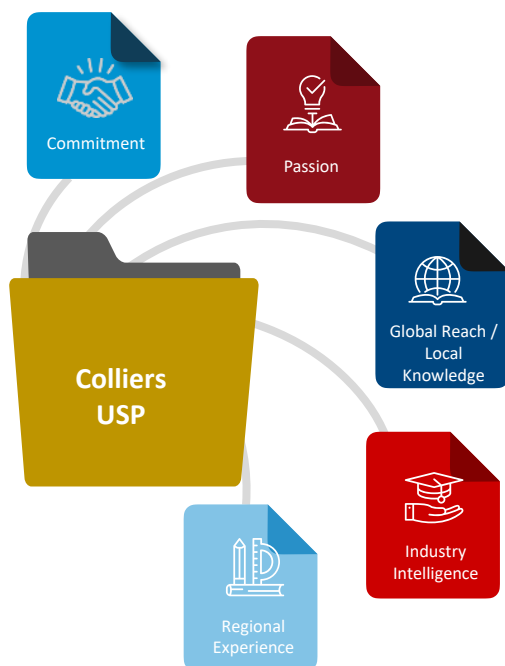
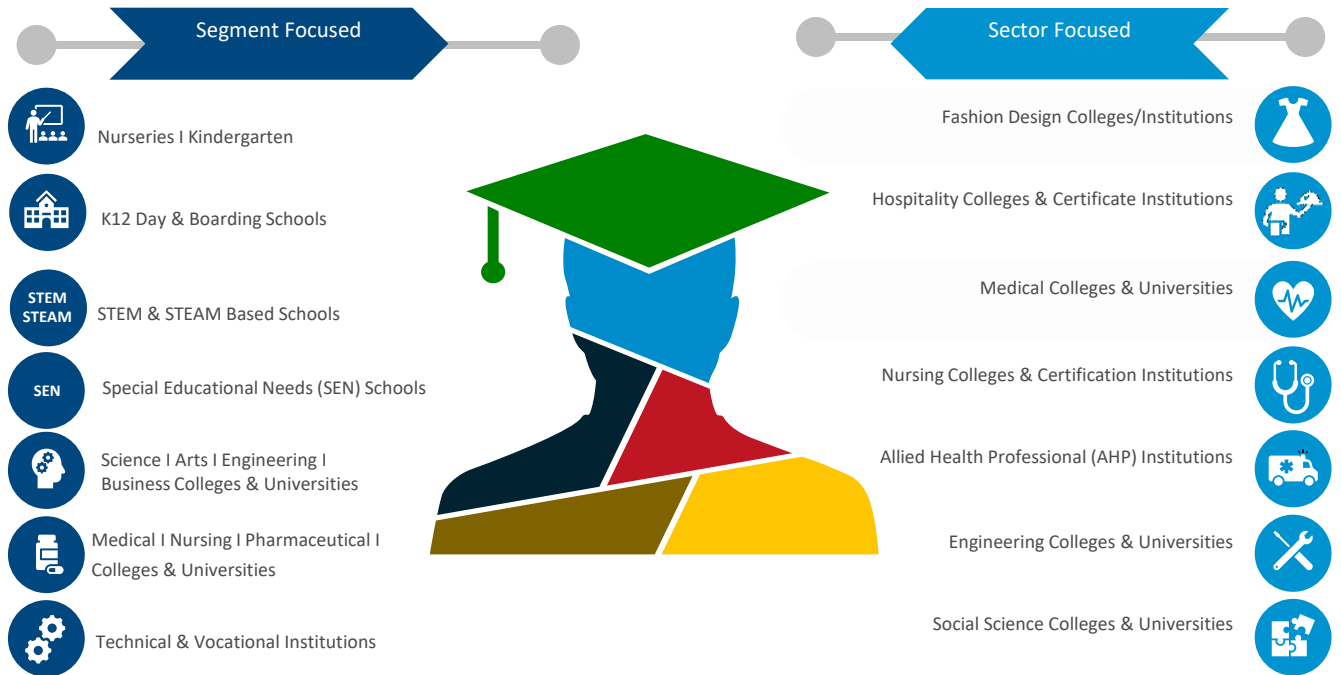
With population growth driving demand for residential properties – there has also been changes in household preferences; from single units to community or gated developments. These offer not only the comfort of security but also social infrastructure (health, education, retail, leisure and entertainment) within the communities. This changing behavior also fueled the demand for community schools across Egypt but mostly in Greater Cairo.

The increase in population is expected to create demand for additional school seats. Based on Colliers projections, an additional 11.0 million new seats will be required in Egypt by 2030, out of which 2.1 million will be in the private sector. While in Greater Cairo an additional 2.3 million seats will be required by 2030 out of which almost 1.0 will be in the private sector.

The new communities are attracting number of international branded schools, such as the Kent College School Cairo in Orascom's new development, "O West" in West Cairo. Besides advising Kent College School Cairo, Colliers International Education team has also advised four more International branded schools and three National schools in 2020 which are scheduled to open their campuses in Cairo between 2021 to 2023.

Colliers International's Egypt K12 Education Sector Overview provides an in-depth analysis of the key factors impacting the K12 education market and its outlook as well as identifies opportunities and challenges for operators and investors.

# 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.



## PROJECTED MARKET 2030

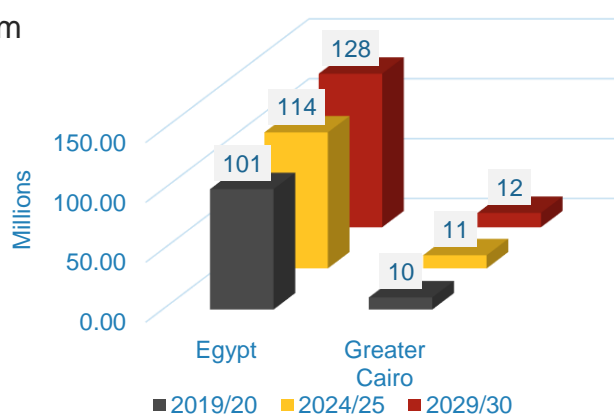
Based on Colliers analysis and population projection of 2.5% per annum, Egypt's population is expected to reach 128 million by 2030 from 101 million in 2020.

### Implications for the K12 Education Sector by 2030





**Egypt** - Based on population growth rate of 2.5% per annum, total demand for K12 enrolment in Egypt will reach to 34 million in 2030, compared to 23 million in 2020, creating an additional demand for 11 million new seats by 2030.

**Greater Cairo** - Based on population growth rate of 1.7% per annum, the total demand for K12 enrolment in Cairo will reach 7.0 million in 2030, compared to 4.6 million in 2020, creating an additional demand for 2.3 million new seats by 2030.

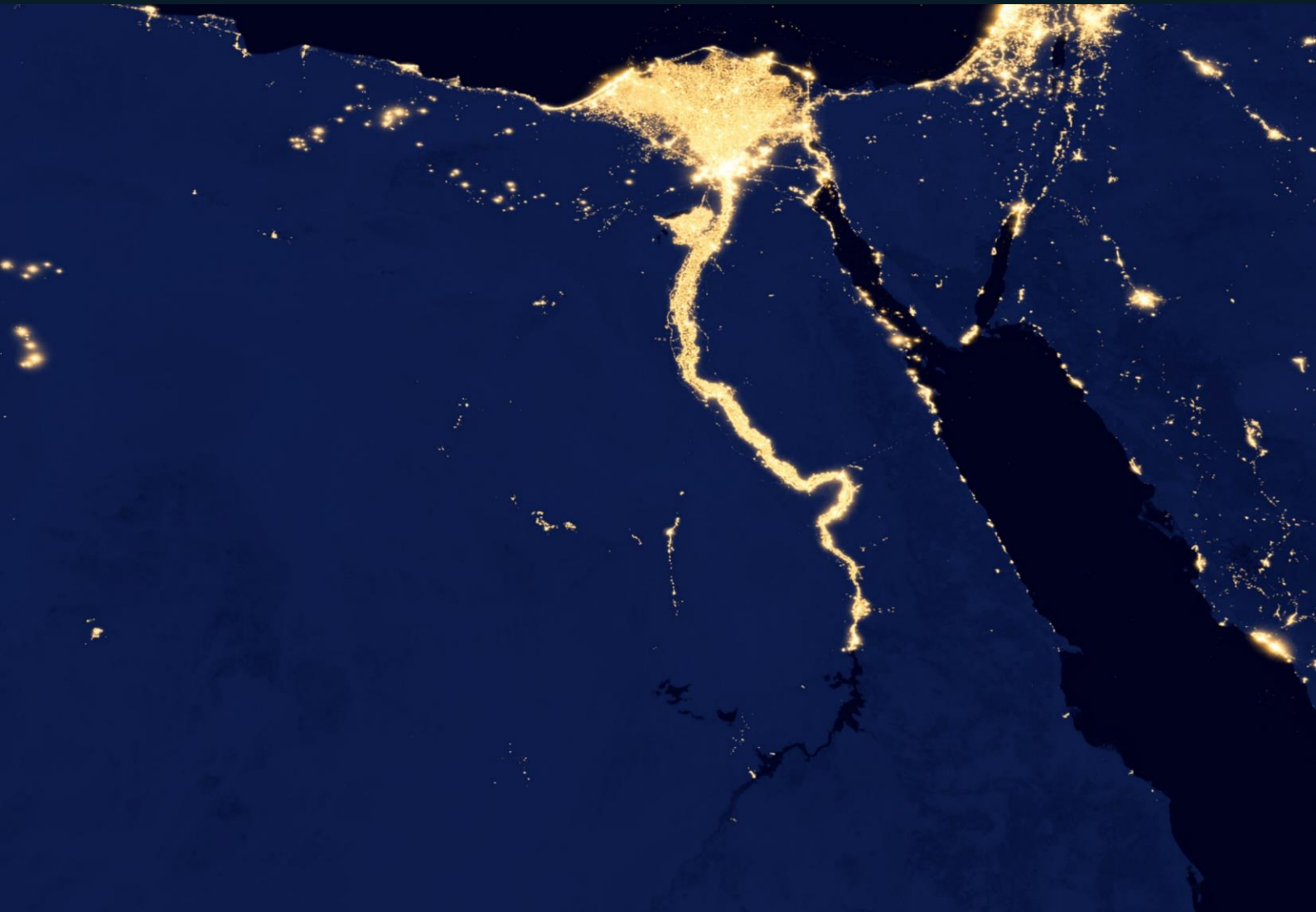
### Projected Population (2030)



Source: Colliers International Analysis

	2020	CAGR	2030	Additional Seats Required
 Egypt: Public Schools' Enrolment	20.9 m	3.6%	29.8 m	8.9 million
 Egypt: Private Schools' Enrolment	2.5 m	6.3%	4.6 m	2.1 million
 Greater Cairo : Public Schools' Enrolment	3.3 m	3.5%	4.6 m	1.3 million
 Greater Cairo: Private Schools' Enrolment	1.3 m	5.6%	2.3 m	1.0 million

Source: Colliers International Analysis



## EGYPT K-12 SECTOR

Based on Colliers International estimation, compared to **≈ 23 million students** in Egypt in 2020, by 2030 the total students enrolled in Egypt will be **≈ 34 million**, creating an **additional demand for ≈ 11 million new seats**.

Out of which almost **2 million** will be in the private sector.

# THE KEY INDICATORS

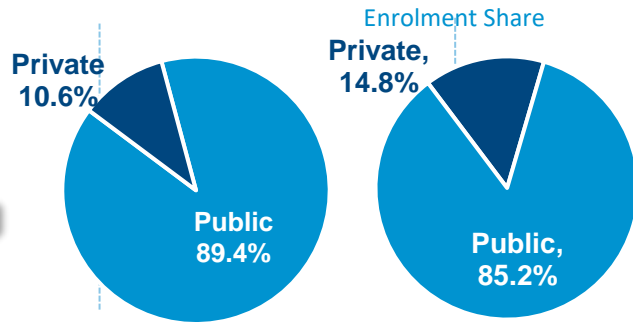
Total Population  
(October 2020 estimated)



Potential Student Population  
(3-17-year old)  
(2020 estimated)

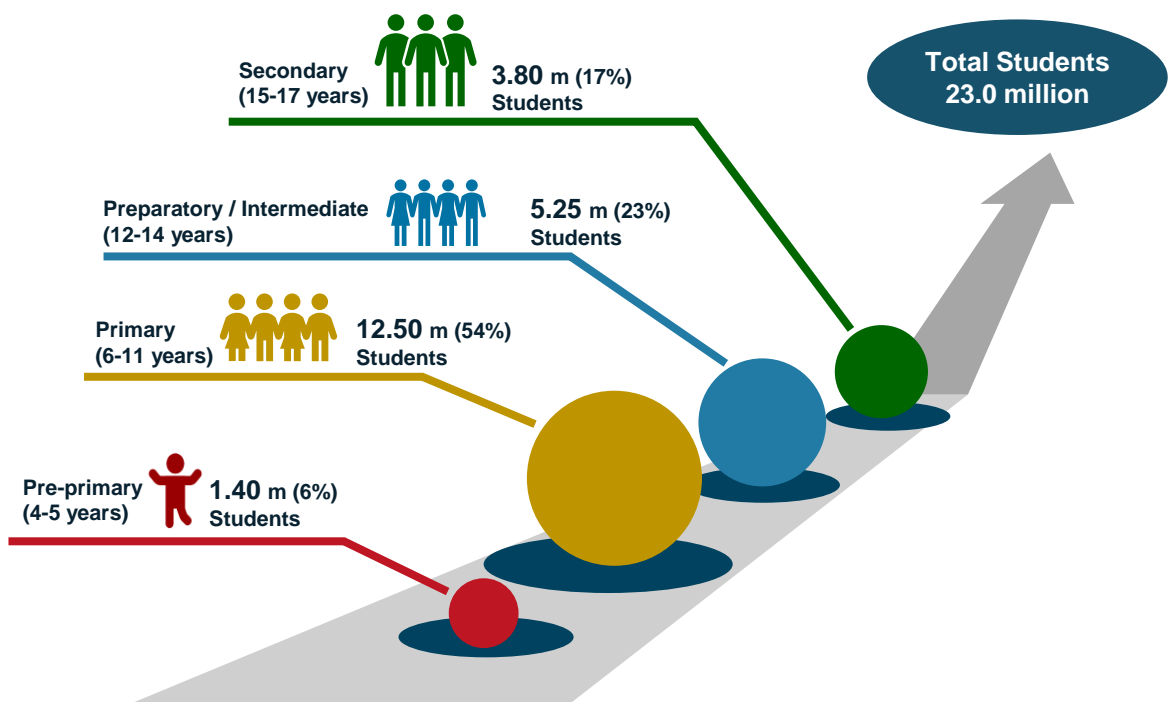


Public / Private Education Market Share



Schools Share

## Number of Students across Education Cycles in Egypt (2019/20)

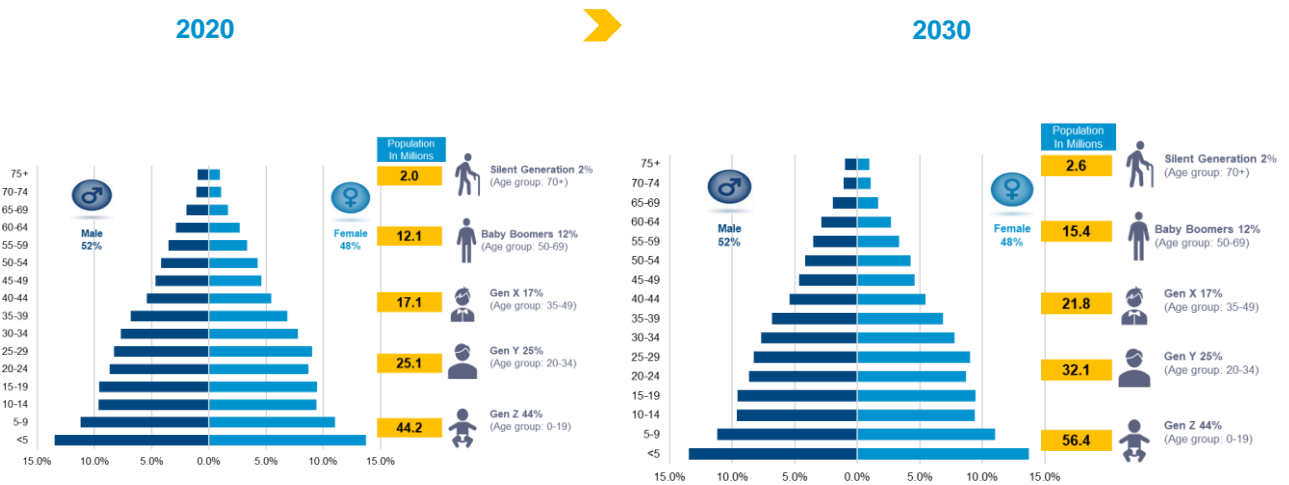


Source: Sources: Ministry of Education, CAPMAS, Colliers International Analysis

# EGYPT K-12 SNAPSHOT

Egypt’s population is growing at an average rate of 2.5% per annum. Based on latest data available the **population of Egypt is estimated to be ~101 million** as of October 2020 and is **expected to reach to 128 million by 2030**. This will continue to fuel the demand for additional educational institutions.

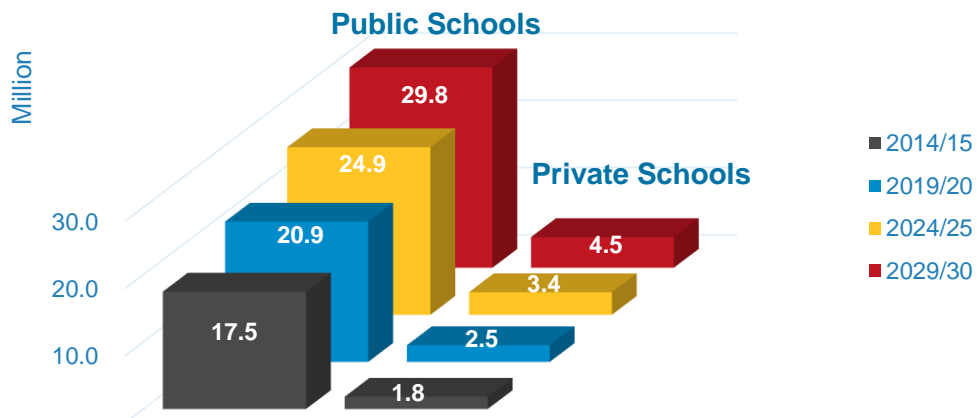
Out of total 101 million population, **30.7 million (30.6%) are school age group 3 years (KG1) to year 17 (Grade 12)**. This is expected to **increase to almost 40 million (30.6%) when the total population reaches 128 million by 2030**.



Source: CAPMAS, Colliers International Analysis

The total number of students enrolled in Egypt has been growing steadily at a CAGR of 3.9% between 2014/15 to 2018/19. Based on same CAGR, the total students enrolled in schools in Egypt in 2019/20 are estimated to be 23.3 million up from 19.3 million in 2014/15.

Although private school students share stands at only 10.6% of the total student population in Egypt, the growth in private sector students has almost doubled in the last five years, at *CAGR of 6.3% versus 3.6% in public sector* – indicating a growing preference towards private schools. Based on Colliers International projections, an additional 11.0 million new seats will be required in Egypt by 2030, out of which 2.1 million will be in the private sector.



Source: CAPMAS, Colliers International Analysis





## GREATER CAIRO K-12 SECTOR

Based on Colliers International's estimation, compared to **≈ 4.6 million students** in Cairo in 2020, by 2030 the total students enrolled will be **≈ 7.0 million**, creating an **additional demand for ≈ 2.3 million new seats**. Out of which almost **1.0 million** will be in the private sector.

More than half (**54%**) of the total private student population in Egypt is enrolled in Greater Cairo. However, the private sector accounts for only 29% of enrolment, indicating huge potential of the private education sector in the Capital City.

# GREATER CAIRO K-12 SNAPSHOT

- Total enrolments in Greater Cairo grew at a CAGR of 4.1% reaching 4.6 million in 2019/20**
- More than half (54%) of the total private student population in Egypt is enrolled in Cairo.**
- An additional 3.2 Million new seats will be required in Cairo by 2030**
- Most prevalent curriculum among the top private schools in Greater Cairo is the British, followed by IB and American**

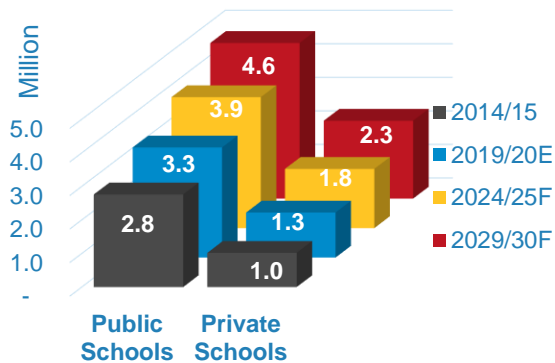
## DEMOGRAPHICS

Greater Cairo remains the largest city in Egypt with an estimated population of 19 million (19% of Egypt's total population) and is expected to reach 24.5 million by 2030. With the large population base and comparatively high-income levels, Cairo is the primary market for private schools (especially international schools), accounting for almost 50% of total private schools in Egypt.

## ENROLMENT

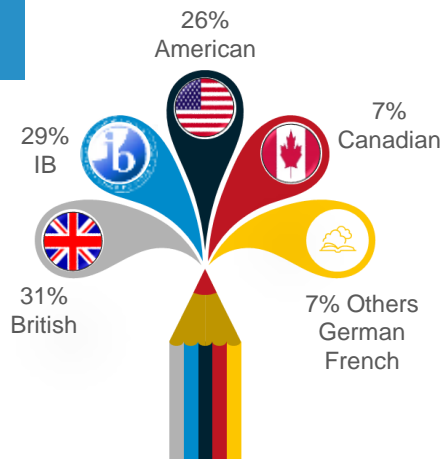
The total number of students enrolled in Cairo grew steadily at a CAGR of 4.1% between 2014/15 to 2018/19, reaching 4.4 million in 2018/19 from 3.8 million in 2014/15. Based on same CAGR the enrolment is estimated to be 4.6 million in 2019/20.

Private student enrolment stood at 1.3 million in 2019/20 growing at a CAGR of 5.6% versus 3.5% CAGR for public sector. Private sector accounts for only 29% of the total enrolment in Cairo indicating significant potential for private education in the Capital City. Based on Colliers projections, an additional 2.3 million new seats will be required in Cairo by 2030, out of which 1.0 million will be in the private sector.



## BRITISH SYSTEM IS THE MOST POPULAR

The most popular curriculum among the top private schools in Greater Cairo is the British system, followed by American, IB and Canadian curriculums. However almost 35% of these schools offer more than one curriculum. The majority of schools in East Cairo are operating at full capacity, signaling an opportunity for new entrants in the market. Most of the recent and upcoming supply of schools are concentrated in East Cairo (New Cairo and the New Administrative Capital).



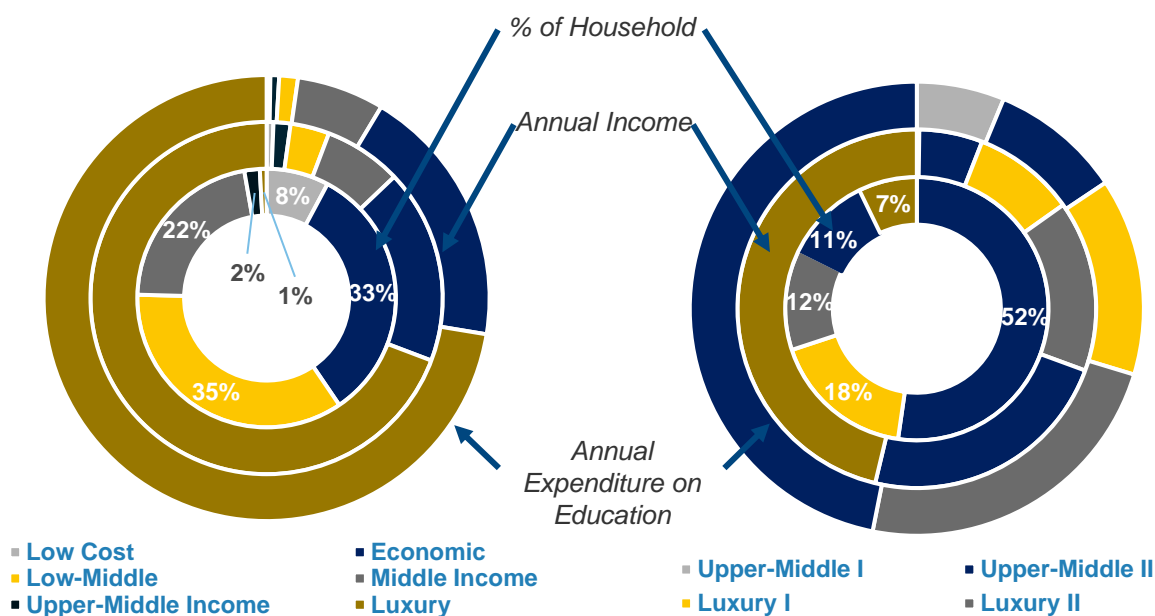


## AFFORDABILITY IN EDUCATION SECTOR IN GREATER CAIRO 2020-2030

Similar to any other city globally, affordability is a major factor in deciding demand for private education in Egypt and particularly in Greater Cairo due to varied income level between households.

There are an estimated 5.5 million households in Cairo as at 2020, ranging from low to high-income. Typically, low-income households earn less than EGP 250,000 (US\$ 16,000) per annum this extends to high-income in excess of EGP 6.5 million (US\$ 400,000) per annum. The income level and number of children in a household decides the expenditure on education and consequently what tuition fees schools should be charging.

### Income Distribution in Greater Cairo 2020





The below analysis clearly shows there is not only substantial demand for international curriculum (British, IB, American, Canadian, German, French, Swiss etc.) offered by local or international operators, but also by 2030, there is expected to be over 37,000 households (HH) who can afford to be pay over US\$ 15,000 per annum creating demand for international branded schools.

However, the demand gap is not across Greater Cairo, but in specific locations based on the current and projected number of households and income level.

Specific location and demographic data analysis are required when identifying suitable locations.

HHs Categories	No. of HH		Avg Annual Inc USD	Annual Fees USD	Colliers Analysis
	2020	2030			
Low Cost	430,000	N/A	≥ 1,500	≥ 60	HH cannot afford private schooling and send their children to public schools
Economic	1,800,000	N/A	≥ 3,500	≥ 150	A large number of the HH under these income brackets cannot afford private schooling and send their children to public schools.
Low-Middle	1,900,000	N/A	≥ 8,000	≥ 300	Some of HH from Middle Income bracket send their children to affordable private schools.
Middle Income	1,200,000	1,600,000	10,000 - 25,000	1,100 - 2,500	Majority of HH under this income category can afford private schooling and send their children to private schools. A further analysis shows that there are almost 80,000 (110,000 by 2030) HH which can afford to pay US\$ 2,500 tuition fees per annum and another 30,000 HH (40,000 by 2030) who can afford to pay around US\$ 6,500 tuition fees per annum.
Upper-Middle Income	110,000	150,000	25,000 - 65,000	2,500 - 6,500	Majority of HH under this income category can afford private schooling and send their children to premium local or international private schools. A further analysis shows that there are almost 20,000 HH (26,000 by 2030) which can afford to pay US\$ 6,500+ tuition fees per annum, another 16,000 HH (21,000 by 2030) who can pay US\$ 15,000+ and another 10,000 HH (16,000 by 2030), who can afford to pay around US\$ 30,000 or more tuition fees per annum.
Luxury	46,000	63,000	65,000 - 300,000+	6,500 - 30,000+	

Source: Colliers International Analysis



## CONCLUSIONS

Egypt represents one of the most attractive destinations in the Middle East for investors aiming to gain a foothold in the education sector in the region.

The sector is forecasted to grow organically driven by demographics and other key factors:

### **Growing Population & Young Demographics:**

Egypt has the largest student population in the MENA region, with an estimated total number of 23 million of K-12 students in 2020. The population is expected to reach 128 million by 2030, thus creating need for additional ~ 11 million seats at Egypt level and ~ 2.3 million in Greater Cairo.

### **Low Private Sector Participation:**

Market share of private sector was only 10.6% in 2019/20, up from 9.5% in 2014/15. The share is expected to reach 13%, creating an additional demand of 2.1 million seats at Egypt level and almost 1.0 million in Greater Cairo, thus creating opportunities for private sector investors and operators.

### **Rapid growth of private sector enrolment:**

Enrolment at private schools had grown at a CAGR of 6.3% compared to 3.6% CAGR in public schools, thus indicating a preference for private education amongst parents in the country. Supply of private schools has also grown at 4.4% CAGR between 2014-15 and 2018-19, which is more than double the rate of growth in public schools, which indicates increasing investor interest in the sector.

### **Regulatory Initiatives:**

The Education Ministry has outlined a mechanism providing private sector K 12 schools with an avenue for exemption from the 20% cap on foreign ownership previously imposed by the ministry.

### **Greater Cairo remains the most attractive market for the private sector:**

constituting 20% of Egypt population, but 51% of the total private schools and 54% of total students in the private schools. The household income levels are also relatively high in Greater Cairo supporting establishing branch campuses of international schools with a annual tuition fee of US\$ 8,000 to US\$ 12,000 remains the sweet spot.

However, by 2030, there is expected to be over 37,000 HH in Greater Cairo, who can afford to be pay over US\$ 15,000 per annum creating demand for international branded schools.

### **Curriculum Preferences:**

British curriculum remains the most popular among the top private schools in Cairo, followed by American, IB and Canadian curriculums. German, French, Swiss systems are also in demand. Moreover, almost 35% of these schools offer more than one curriculum.

### **Increasing income levels:**

With the increase in income level and parents' aspiration to provide their children the best possible education, enabling them to seek admission into reputable higher education institutions in Egypt - both local brands and International Branch Campuses (IBCs) – and international institution worldwide, the demand for regional and international branded school is increasing offering growth opportunities for the regional and international investors and operators.

The K12 education sector in Egypt particularly the private K12 education sector, offer several lucrative opportunities for education operators, developers and investors. However, it also poses number of challenges including bureaucracy and attracting and retaining qualified staff.

*Colliers International has recently issued a document providing actionable solutions for the education sector in the MENA region to mitigate the impact of COVID-19. Click [here](#) to view our "Road to Recovery for the K-12 Education Sector in MENA."*

## FOR MORE INFORMATION

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