



Strategic Gears
Management Consultancy

Growth of Private Education in Saudi Arabia



Table Of Content

Executive Summary	2
Introduction	4
Regional Comparison of Private Education Market	6
Visual Data Analytics	7
Conclusion	8



Executive Summary

Saudi Arabia's private education market is set to more than double in value over the coming few years. The growth in the market is being fueled by an increase in population, the government's Vision 2030 education initiatives, and changing consumer (parents) mindsets. Below are the key conclusions and highlights of the report:

- Saudi Arabia's private education market shows huge potential for growth and an appealing investment opportunity as the private education market size is set to more than double in value from 5\$ Billion currently to over 12\$ Billion by 2023.
- 2.1 Million new school seats will be needed by the year 2025, of which 534,000 will be for private schools.
- Based on the average private school size of 540 students, over 980 new private schools will be needed by the year 2025.
- Major challenges facing the Saudi Education market include quality of curriculums, quality and recruitment of teachers, involvement in extracurricular activities, and kindergarten enrollment rates. All these challenges magnify the potential of the market even further.
- Saudi Arabia scores 4.3 (Out of 7) on the quality of education index (World Economic Forum), significantly lower than the GCC benchmark of 5.7. This indicates the huge need for higher quality schools to raise the standard of education.
- International test scores for Saudi Arabia in Math and Science are low and declining. In order to reverse this trend, the national curriculum must be



Executive Summary

- The quality of teachers in schools remains low as the average number of professional development hours completed by teachers in 2016 was only 10. The government has set a target of reaching 18 hours by 2020 in order to improve the quality of teachers. However, high nationalization rates required by the Ministry of Labor and Social Development as well as the recently introduced Expat Levy form a serious challenge for private schools on this front.
 - Only %15 of Saudi students were involved in extracurricular activities in 2016. Schools that offer strong extracurricular programs are needed in order to match the government's target of reaching %55 involvement in extracurricular activities by 2020.
 - Kindergarten enrollment rates remain the lowest in the GCC at only %14.9. Unless major efforts are made, the government's target to reach %27.2 enrollment by 2020 is unlikely to occur.
 - Consumer expenditure on education in Saudi Arabia rose by %13 between the years 2013 to 2017, indicating the growing preference given for a good education.
-



Introduction

The Kingdom of Saudi Arabia is undergoing rapid changes in many different Industries due to its Vision 2030 initiatives. One such industry is the education sector, specifically the Private K12- market which is set to more than double in value from 5\$ Billion currently to over 12\$ Billion by 2023.

Education plays a key role in achieving Saudi Arabia's Vision 2030 targets. Improving the access and quality of education would create a thriving economy by enabling the population to meet growing labor market demands. Furthermore, it would create a vibrant & ambitious society who are socially responsible and able to lead a fulfilling life.

In 2016, the Saudi government developed the National Transformation Program 2020 to fulfill some of the objectives of Vision 2030. As part of the plan, the ministry of education was tasked with 8 key objectives to transform the education industry in Saudi Arabia, which in turn would strengthen the economy and provide the Saudi citizens with the key skills to become more competitive in the local and global labor market.



As it stands, there are approximately 7.7 million students in Saudi Arabia, out of which 6.7 million (%87) attend public schools and 1 million (%13) attend private schools. There are a total of 30,625 schools in Saudi Arabia, out of which 26,248 are public and 4,377 are private. Between the years 2013 and 2017, the number of private schools grew by %13, while the number of public schools grew by %1.



Introduction

Certain factors are affecting the education landscape including the governments push for privatization, the need for overall improvement in the quality of education, and consumers growing preference for private schools that offer value for money.

In this report we focus on private education in Saudi Arabia by looking at the overall GCC private education market and Saudi Arabia's position in it, challenges facing the Saudi education market that need to be addressed, and the size of the opportunity for the private education market



Regional Comparison of Private Education Market

Saudi Arabia's current private education market is valued at 5\$ Billion, only slightly greater than the UAE's which is at 4.3\$ Billion. Given that Saudi Arabia's population is more than 3 times larger than the UAE's indicates the huge potential for growth. Qatar's private education market size stands at 1.3\$ Billion, followed by Kuwait and Oman at 1.2\$ Billion and 1\$ Billion respectively. Given its small population, Bahrain's private education market size is the smallest in the GCC at 0.4\$ Billion.

The UAE has the highest private school enrollment in the GCC at %74, followed by Qatar at roughly %62, while in Saudi Arabia public schools dominate, leaving only %13 private enrollment for private schools. The government of Saudi Arabia is aiming to push private school enrollment up to %25 by the year 2020.



Visual Data Analytics

Figure 1 : Private vs. Public School Enrollment (%)

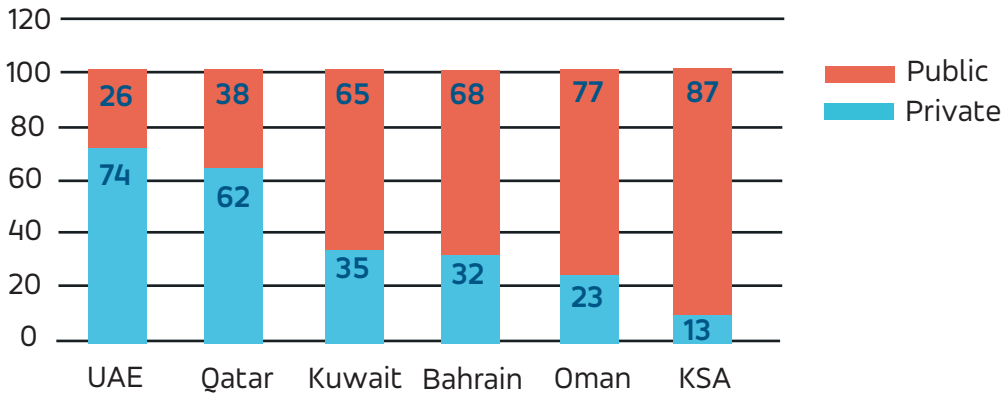


Figure 3 : Top 5 Cities with the highest no. of International Schools

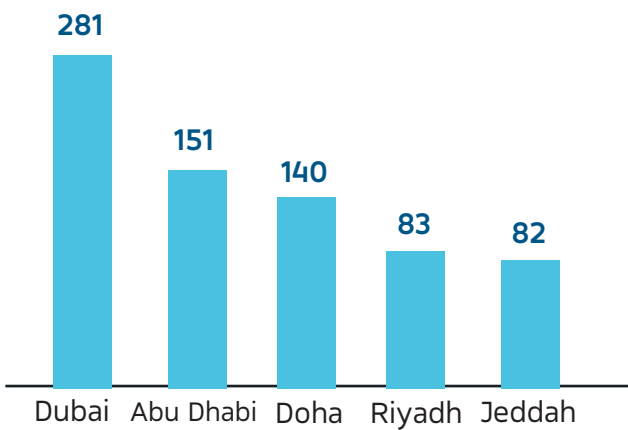
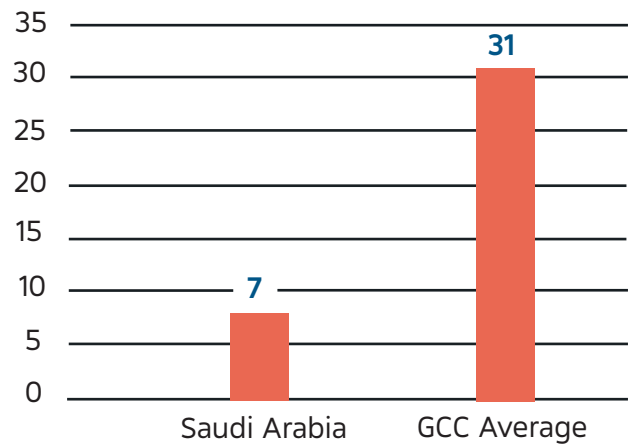


Figure 2 : Number of International Schools Per 1 Million People



Case Study: United Arab Emirates vs. Saudi Arabia

	UAE	Saudi Arabia
Total Population	\$9.3 Million	\$32.3 Million
Expat Population	\$8.1 Million (88% of total)	\$10.7 Million (33% of total)
Current Private Education Market Value	\$4.3 Billion	\$5 Billion
Expected 2023 Market Value	\$7 Billion	\$12 Billion
Prevalent Education Systems	British & IB	Saudi & American
Average Tuition fee per year (Private schools)	\$9.3 Million	\$9.3 Million



Strategic Gears
Management Consultancy

Conclusion

Saudi Arabia's private education market is set to more than double in value over the coming few years. The growth in the market is being fueled by an increase in population, government education initiatives, and changing consumer mindsets.

There are many fundamental challenges facing the education sector in Saudi Arabia, including quality of curriculums, teacher recruitment, and kindergarten enrollment to name a few. Such challenges, coupled with the governments vision and serious initiatives all indicate the big potential for current and new private schools, especially ones that can address the most important selection drivers and pass the nationalization requirements.

With the right entry strategy and school offerings, private education investors will be welcomed by a growing demand all while contributing to the governments Vision 2030 initiatives.

