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KEY THEMES TO WATCH IN THE NEXT FIVE YEARS

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Education is becoming increasingly global. As this occurs, investment into the sector by businesses, individuals and institutions that own or acquire educational land and buildings is expected to grow.

In conjunction with our specialist Education team, we have identified four of the biggest trends and themes that will emerge or gain significant momentum over the next five years:

1. Globalisation underpinning growth of private schools

The number of international pupils studying at UK-based private schools has risen by almost 40% over the past decade, according to research by the Independent Schools Council (ISC). Whilst this represents only a small proportion of overall pupil numbers – in 2017, 5.4% of pupils at independent schools in the UK were non-British pupils whose parents live overseas – the rapid growth seen over the last decade serves to highlight the fact that education has become increasingly global. Demand shows no signs of abating. Indeed, data from the Knight Frank Wealth Report suggests that 41% of ultra-high net worth individuals send their children overseas for schooling. Emma Cleugh, Head of Education Investment and Development at Knight Frank, notes that this has led to a push from some schools to expand, or renovate campuses. “There is definitely an appetite for expansion, whether that’s to simply cater for existing demand, or attract new pupils,” said Ms Cleugh. According to the latest figures, the country sending the largest number of foreign pupils to private schools based in the UK was China. In total, 7,297 pupils whose parents live in mainland China attended ISC schools in 2017.

2. University student numbers set to rise

A record 36% of A-level students across the UK applied for higher education courses last year, data from UCAS shows. If the current rate of UK applications and acceptances is maintained, by the 2025/26 academic year that will mean an additional 19,000 UK first-year undergraduates. This will underpin domestic demand for university spaces. In addition, applications from international students are also on the rise. The number of students applying to higher education providers for the 2018/19 cycle from outside of the UK was up by 7.6%. This bucked the downward trend seen in the previous year and came even in spite of the wider uncertainty surrounding the sector as a result of Brexit and the Augar Review on tuition fees, highlighting the popularity of the UK as a place to both study and live. However, future demand, both domestic and international, is not unconditional and there is a continuing need for universities to invest in campuses, and to create what is perceived as value for money for new students.



3. Development pipeline

As demand rises, there is a need for more space for schools. Accordingly, there are currently 296 construction projects within the education sector with planning permission granted in central London, according to data provider Glenigan. Of these, 40 were large projects defined as having a cost in excess of £400,000. Whilst the majority of projects were classed as extensions of existing premises, there has been an increase in the number of new projects completed in the past few years. Indeed, the data suggests that 40% more new projects, which include new premises for nurseries, schools and universities, were delivered in 2018 compared with 2017. Jack Hutchinson, Associate Partner, Education Investment and Development, at Knight Frank, said he expects this trend to continue. “Demand has been particularly acute for space to cater for early years education, be that nurseries or primary schools. In London this has coincided with a relative dearth of suitable space which has led some to express an interest in office buildings which can be converted to D1 educational use.”

4. Demand for UK education drives international expansion

Overseas ‘franchise’ campuses of British public schools are growing in popularity and there is potential for a “second-wave” of schools moving overseas, according to Emma Cleugh. “Opening a campus overseas reflects both the performance of UK independent schools and the growing internationalisation of education.” British private schools have now opened 47 overseas campuses, educating some 32,330 pupils, according to ISC – an increase from 44 campuses in 2015 with 24,710 pupils. Some 40% of these affiliate schools were located in Mainland China, with a further 26% in the Middle East. Shehzad Jamal, a Partner in the Knight Frank Education Consultancy team in Dubai, points to the rise in affiliate schools opening in the Emirate. “In a matter of a few decades, Dubai has witnessed rapid transformation from a trading port, to a regional innovation hub underpinned by provision of quality infrastructure and world-class educational institutions.”



EDUCATION INVESTMENT AND DEVELOPMENT

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