

Real Estate X
VALUATION SPECIALISTS

2025

EDUCATION SNAPSHOT



Private and Confidential

ABOUT REAL ESTATE X

Real Estate X is a specialist commercial valuation practice with the Owners providing decades of real estate experience within the UAE.

The Owners at Real Estate X has successfully delivered valuation advice to all types of stakeholders on over **100 private schools** across the UAE.

This document is intended to support our private Clients and Banks with their valuation requirements, in terms of current performance, transactional activity, rental information and what to expect from your valuer in a rapidly changing sector. This document is **not to be distributed outside of its intended target audience**.

We would be pleased to assist with any educational valuation requirement. Our reports are comprehensive, contain multiple valuation methods and supported with current dated evidence and have been trusted with the most sensitive exercises, please feel free to get in touch to see how we can help you.



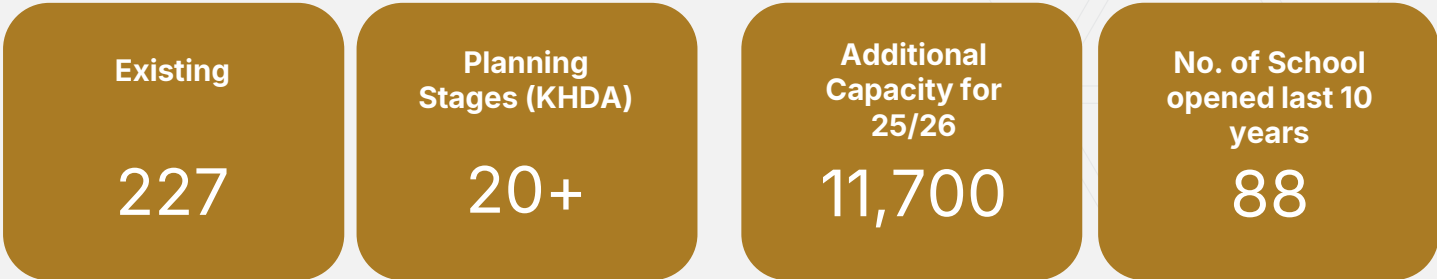
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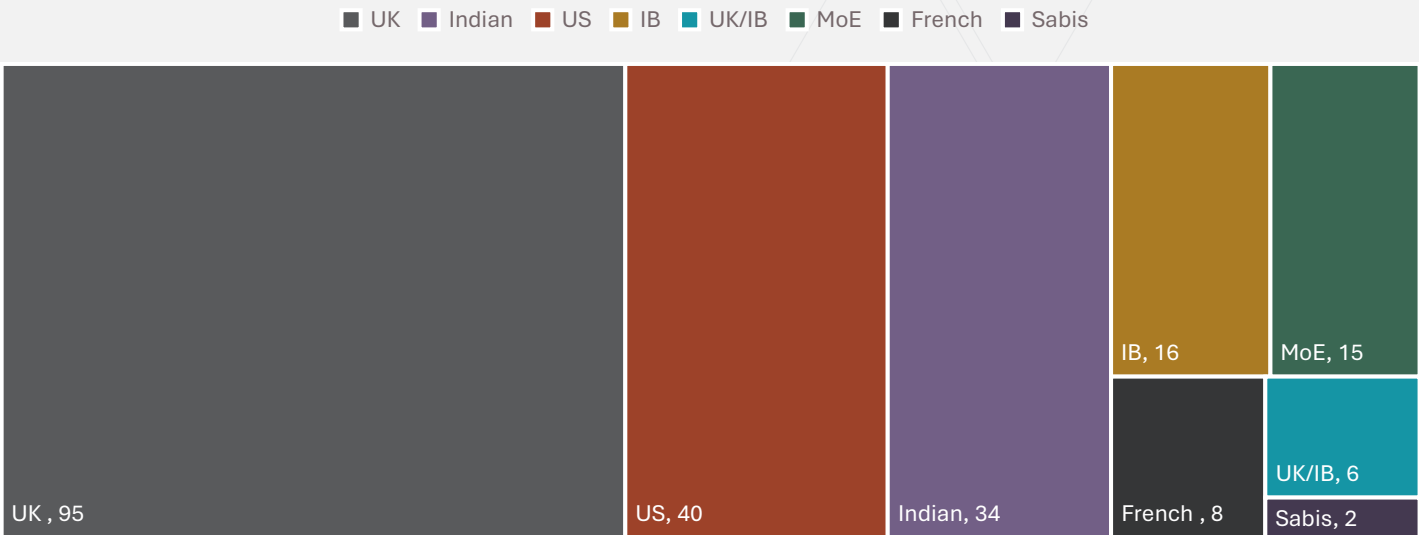
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DUBAI EDUCATION SUPPLY

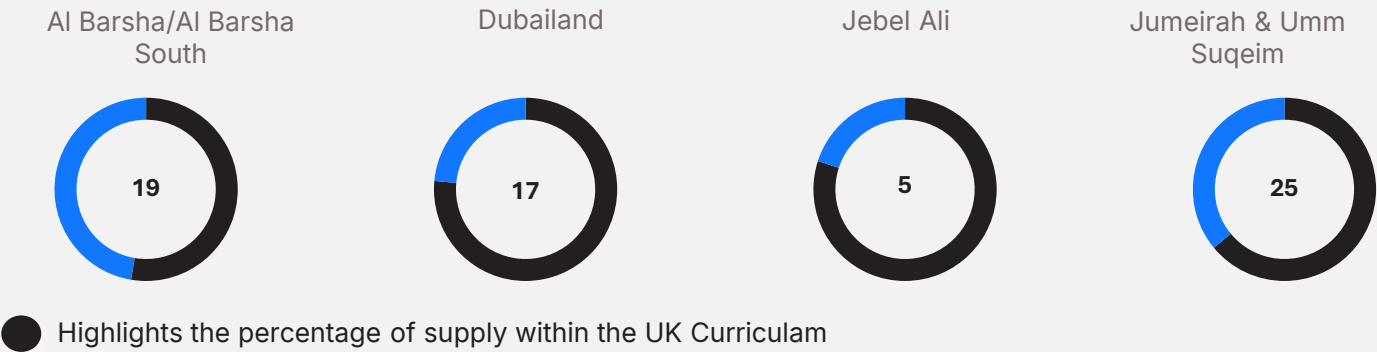
Dubai Private Schools



No. of Schools by classification

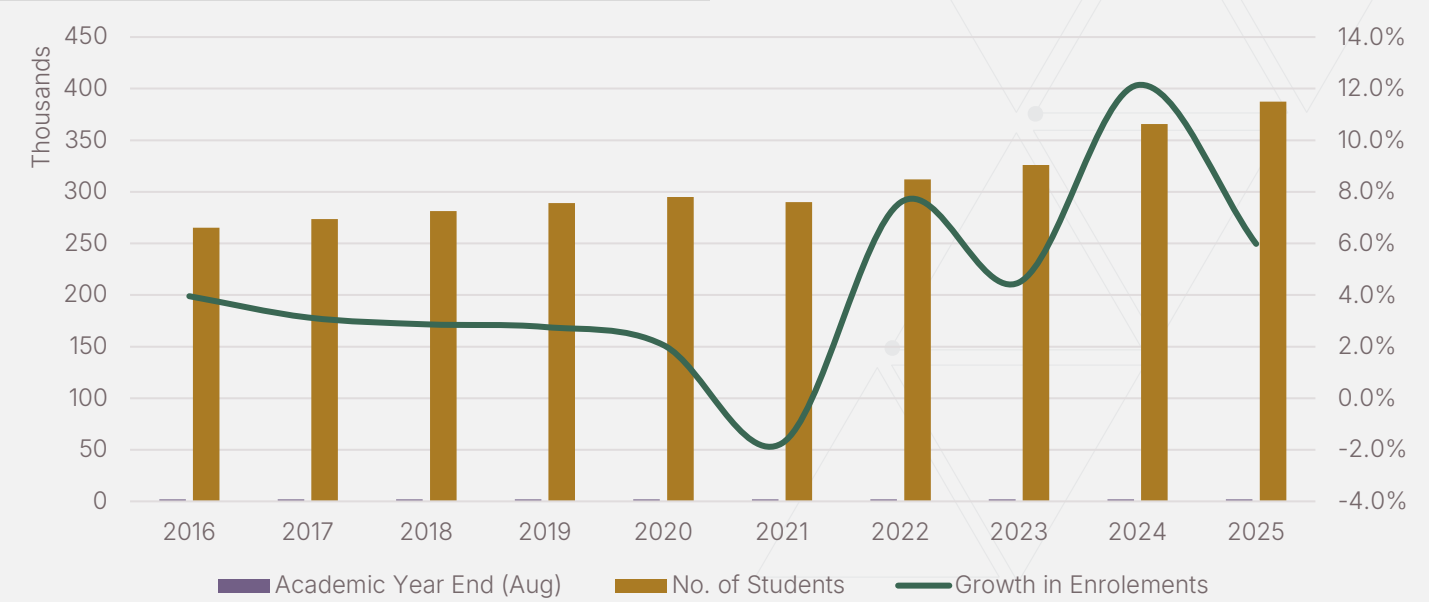


No. of Schools by submarket

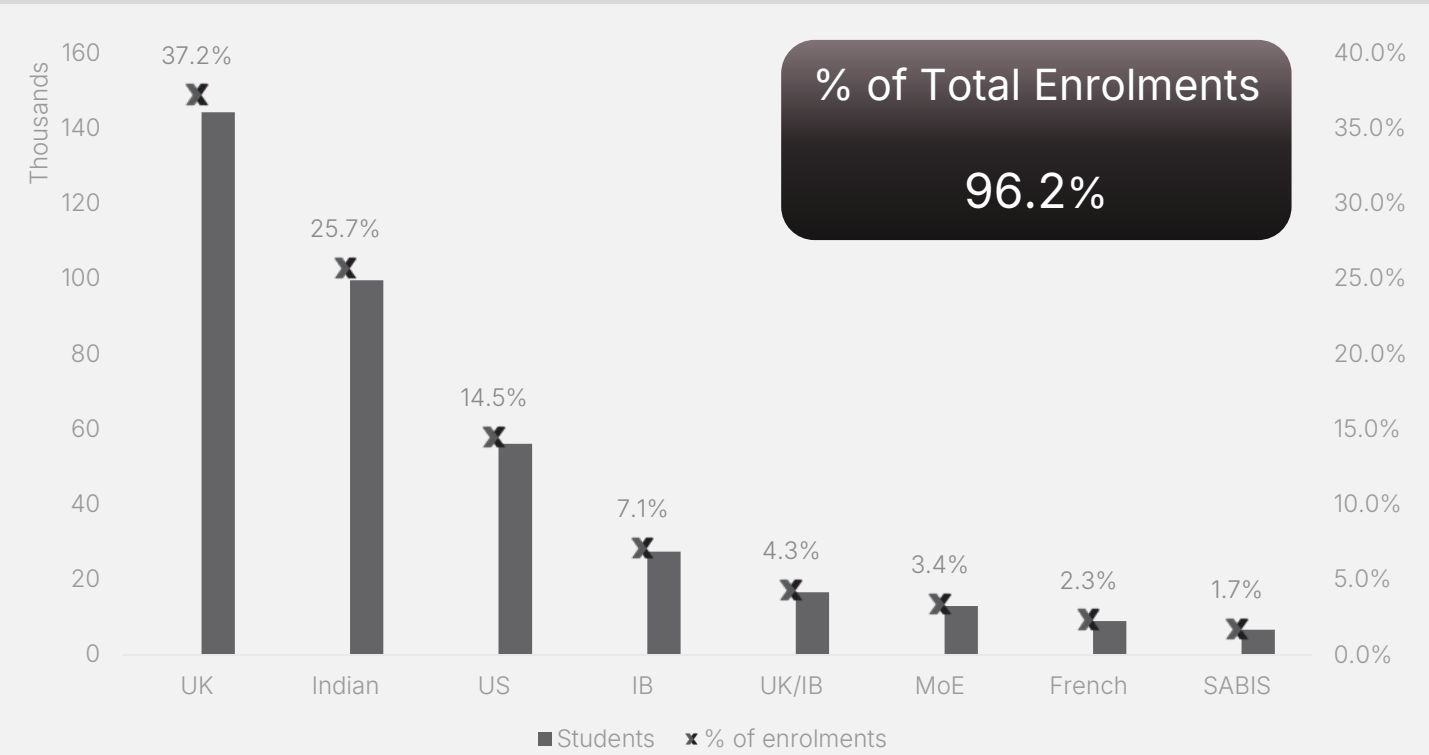


DUBAI EDUCATION DEMAND

Dubai Enrolments by academic year

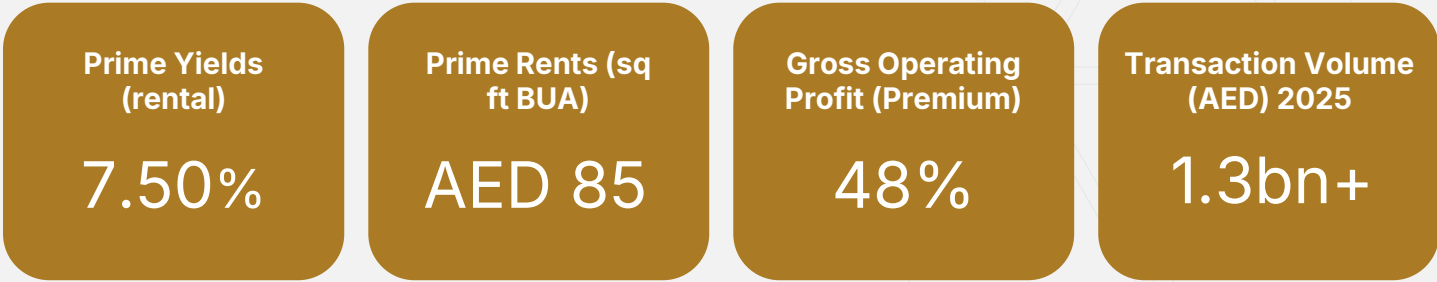


Demand per curriculum



DUBAI EDUCATION PERFORMANCE

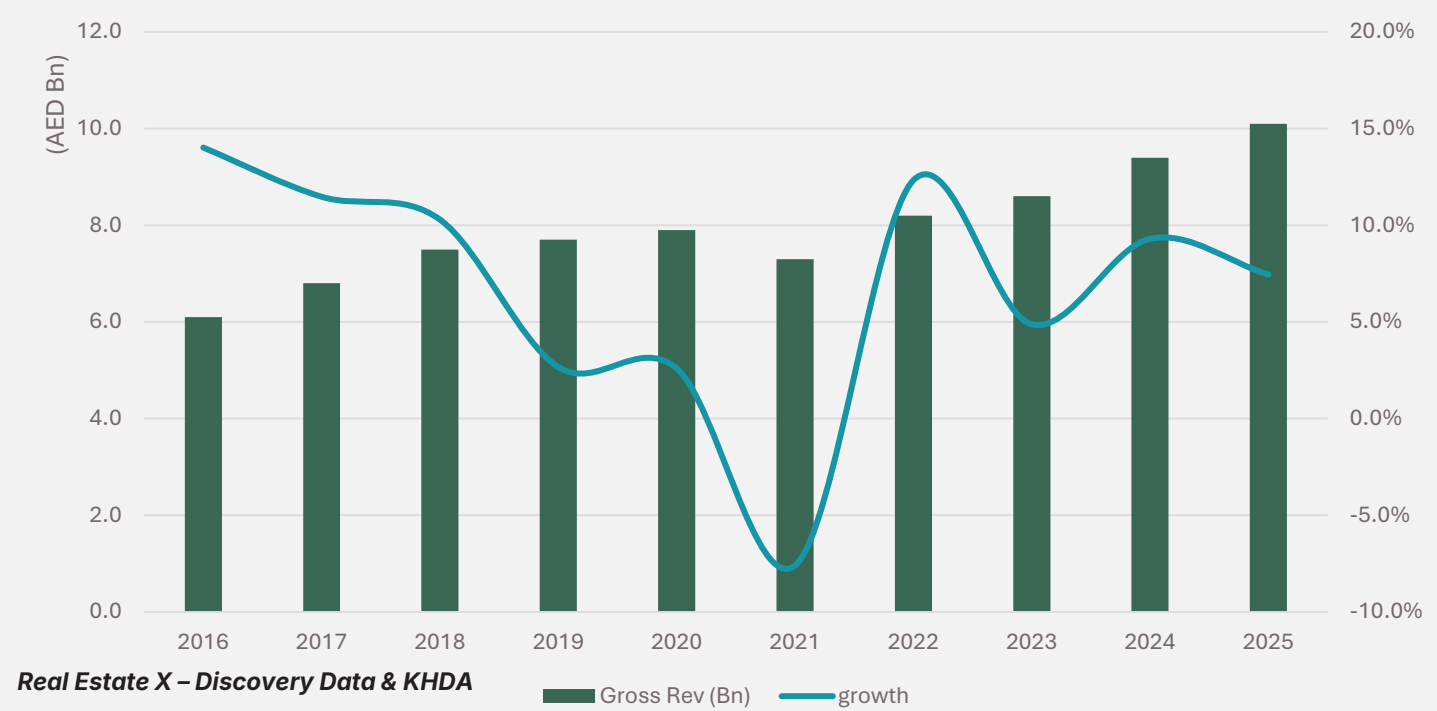
Dubai private school KPI 2025



Real Estate X – Discovery Data

Three prominent education transactions occurred amongst other smaller asset transactions, fuelled by strong demand and established brands situated within established communities. Prime yields falling for the second consecutive year.

Private School Gross Revenue Estimate (AED Bn)



DUBAI EDUCATION PERFORMANCE

Dubai Private School Sales

SALES EVIDENCE						
PROPERTY	LOCATION	BUA	DATE	PRICE PER BUA (AED)	STRUCTURE	TYPE
Property 1	Dubai	420,634	Q3 2025	1,000.0sq ft - 1,100.0sq ft	Leased	Sale
Property 2	Dubai	296,954	Q2 2025	1,200.0sq ft - 1,300.0sq ft	Leased	Sale
Property 3	Dubai	322,719	Q2 2025	1,100.0sq ft - 1,200.0sq ft	Leased	Sale
Property 4	Dubai	392,940	Q2 2024	800.0sq ft - 900.0sq ft	OpCo/PropCo	Sale
Property 5	Dubai	260,771	Q2 2022	800.0sq ft - 900.0sq ft	OpCo/PropCo	Sale

Many of the premium positioned assets have been bought on sale and lease back arrangement or purchased with an existing rental agreement in-place. Increased activity for premium positioned assets, in close proximity to established communities continue to be in strong demand.

Performance vs. Cost of Entry (premium)

Construction Cost (AED per sq ft BUA)

650+

Land Cost (AED per sq ft plot)

150

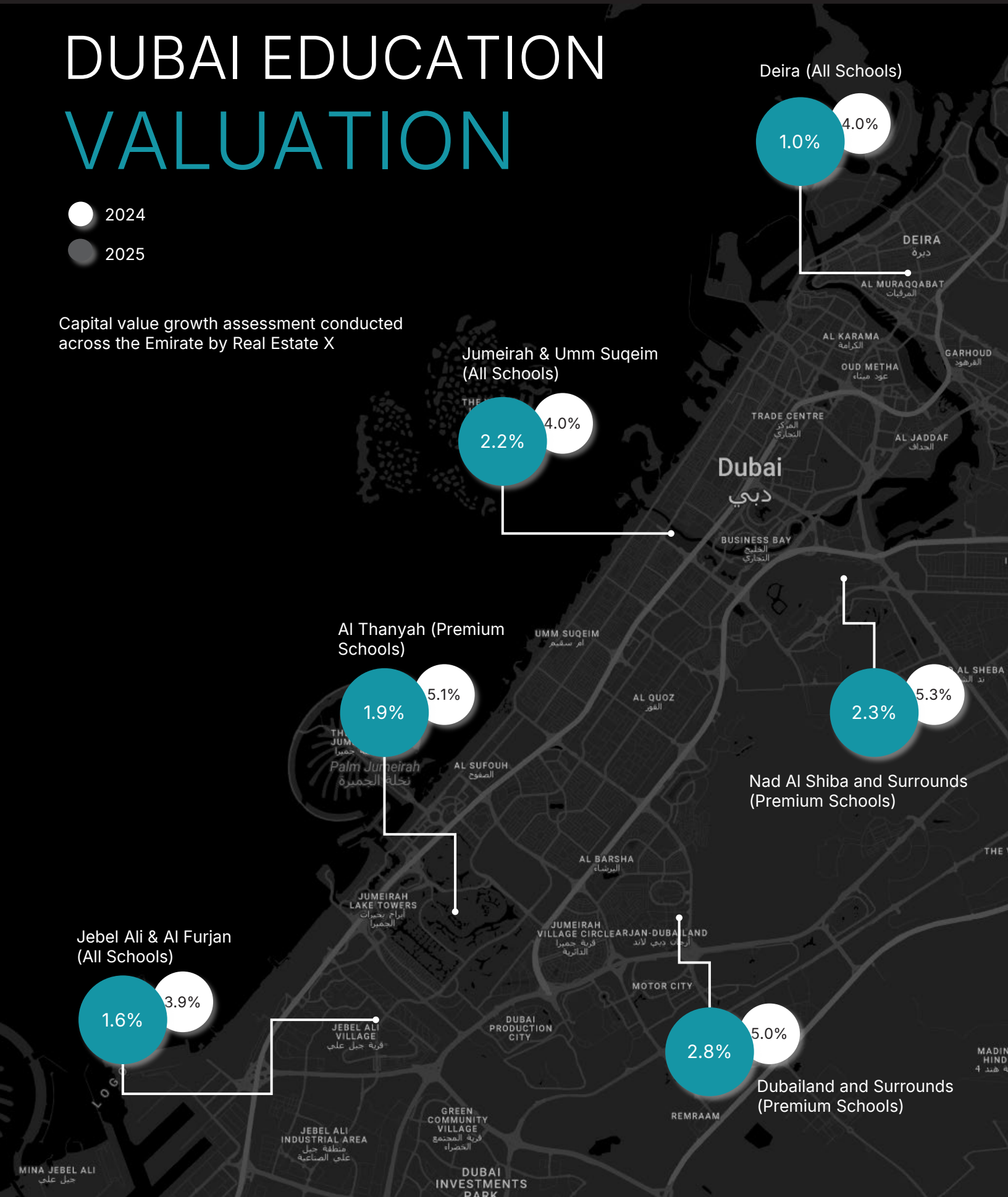
Real Estate X is tracking sales evidence specific to educational assets (Fig. 1) and utilises this information when providing valuation advice. As the performance of assets continue to be elevated, this offsets the cost of entry with construction costs increasing by more than 30% since the first wave of premium schools were constructed in 2017 onwards.



DUBAI EDUCATION VALUATION

- 2024
- 2025

Capital value growth assessment conducted across the Emirate by Real Estate X



DUBAI EDUCATION KEY VALUATION CONSIDERATIONS

VALUERS ARE PROVIDING A MARKET VALUE OF THE PROPERTY NOT THE BUSINESS

Valuers should use multiple methods and scenarios in order to establish an opinion of Market Value. Expect to see both an income capitalisation approach using known equivalent yields within the Market and comparable lease transactions and, in accordance with VPGA 4, expect to see a profits approach being utilised in order to analyse the property as an operational entity. Lastly, your valuer should consider a vacant possession, assumption or cost of entry into the market when providing an opinion of value.

Under VPGA 4, a valuation would include:

- › the legal interest in the land and buildings as a whole
- › the trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment and
- › the market's perception of the trading potential, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits.

But exclude:

- › Any personal goodwill - this is the value of profit generated over and above market expectations that would be extinguished upon sale of the trade related property, together with financial factors related specifically to the current operator of the business.

The valuation should establish the most likely scenario upon a hypothetical transfer to replicate how the market would perceive the asset at the date of valuation and therefore the forecasts are prepared upon that basis. Where assets are managed and have brand agreements associated with them, to ensure continued operation, these associated costs are continued on within the forecasts. If alternatively, upon a transfer it is likely that the asset is transferred with vacant possession, the forecast must reflect and accommodate this scenario. It is important not to value the current managements income and expenditure as this may not be commensurate of a 'market participant'.

The assets' trading forecast should prepared until stabilisation only, it is unnecessary to forecast forward any further than necessary, often leading to subjective income and expenditure assumptions. The EBITDA derived at stabilisation is used as a basis for future income flows and inflated at an appropriate rate for the duration of the period analysed.

DUBAI EDUCATION KEY VALUATION CONSIDERATIONS

Continued...

The terminal yield is selected by analysing the most recent transactional evidence and subsequent adjustments made to reflect the Property. The market levels of multiple expected in the current market are considered however, consideration is also given to the expected market conditions at the end of the explicit forecast period and characteristics of the Property upon capitalisation.

The rate at which the forecast cash flow is discounted should reflect not only the time value of money, but also the risks associated with the type of cash flow and the future operations of the asset. As the valuation is prepared on an operational basis, operational income and expenditure is included within the forecasts.

Specifically, Real Estate X will assess whether the risk of the underlying forecast cash flow assumptions is captured in the applied discount rate. The discount rate selected should also have weighting to value indications from other approaches, such as market approaches, or implied multiples required from the income approach (income capitalisation).

From an operational perspective, any forecasts that stabilise above 80% occupancy will be subject to additional risk premium, as achieving sustained 80% plus enrolments requires strong demand in all sections throughout the duration of the cashflow, in addition, the capacity of the facility also contributes to the risk. In the current market where, strong growth has been evidenced across the education sector, the elevated enrolment numbers should be viewed with caution as this in turn attracts new investment and new supply. In these examples care must be taken to incorporate a **risk premium** over and above the inflationary assumptions or forecasts should explicitly allowing for a long-term level of stabilised income.

The education market is small in comparison to other sectors, small shifts in dynamics can have big impacts on bottom-line performance, In the current market, as the majority of established schools have hit the point where additional pupils do not incur any additional variable cost, we have seen EBIDTA levels in some cases double within a period of 3 years. This consideration must be given when providing an opinion of value.

DUBAI EDUCATION DISCLAIMER

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