

The School Investment Feasibility Framework

A practical method for testing market demand, school economics and capital risk

GUIDE 03 / Investment feasibility toolkit

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How to use this guide

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Purpose and decision standard

A feasibility study should enable an investor to reject weak opportunities, compare credible options, estimate downside liquidity needs and determine whether further spending is justified. It should not begin with a predetermined enrolment target and engineer a forecast to meet the investment objective.

The framework below reflects the approach Unifrida has applied in its advisory work since 2013. It is designed for a proposed UAE private school and can be adapted by emirate, curriculum, educational stage and property model.

1 | Define the investment case

Document the proposed curriculum, grades, enrolment capacity, tuition bands, school location, construction or lease model, operator arrangements, investment horizon, return expectations, capital structure and launch phasing. Identify which statements are verified facts, client assumptions or research questions.

2 | Establish the evidence hierarchy

Evidence tier	Examples	How to use
Primary / official	Regulator disclosures, census, government records	Anchor market totals and mandatory requirements
Observed market	School websites, verified fee schedules, site visits	Build a dated competitor dataset
Direct research	Family interviews, employer surveys, advisor interviews	Test fit and willingness to pay; record sample bias
Modelled estimate	Catchment cohort estimates, conversion forecasts	Always disclose formulas and assumptions
Scenario assumption	Discount, retention, ramp-up,	Sensitivity-test; never label as

3 | Catchment and demand assessment

Define travel-time rings and school-bus practical routes, rather than simply using a radius. Profile current and planned housing, family composition, relevant age groups, household ability to pay, existing school supply and likely feeder routes. Deduplicate overlapping developments and distinguish committed housing from speculative pipelines.

A proposed school does not capture a constant percentage of Dubai-wide enrolment growth. Calculate plausible addressable cohorts, competitive choice sets and an evidence-based share over time.

4 | Competitor benchmarking matrix

Dimension	Measure
Location and accessibility	Drive times, bus access and local community proximity
Educational offer	Curriculum, grades, language pathways, facilities
Price	Approved fees when available, grade-by-grade, ancillary charges
Quality and brand	Inspection reports where available, academic positioning, reputation
Capacity and demand	Published capacity, admissions availability, opening dates
Market response	Parent interviews and recorded inquiry responses

5 | Enrolment engine

Model enrolment as a flow of opening cohorts plus subsequent intake, retention and transitions. Different grades may have different demand curves, and grade progression can constrain room utilisation.

A robust model keeps capacity, applications, admissions offers, deposits, actual paid enrolments and student retention separate. Include class-size requirements and curriculum-driven restrictions.

Illustrative forecast, not a market estimate

Assume an illustrative school with 1,200 eventual seats and a deliberately hypothetical enrolment ramp-up: Year 1 = 300; Year 2 = 480; Year 3 = 660; Year 4 = 840; Year 5 = 960. The implied utilisation increases from 25% to 80%. These inputs are not predictions for any UAE catchment.

Academic year	Enrolment	Utilisation of 1,200 seats
Year 1	300	25%
Year 2	480	40%
Year 3	660	55%
Year 4	840	70%
Year 5	960	80%

6 | Revenue model

Gross tuition = sum across grades of enrolled pupils multiplied by the applicable tuition fee. Deduct scholarships, discounts, concessions and expected non-collection separately. Ancillary income (transport, meals, activities and other services) must be modelled only where applicable, contractually supportable and consistent with regulatory rules.

Do not automatically assume unrestricted annual tuition increases. Dubai announced a private-school fee freeze for academic year 2026–27; subsequent periods require current guidance and explicit approval assumptions. The fee framework should be treated as a regulatory variable, not simply as inflation.

7 | Operating cost model

Cost group	Typical drivers
Instructional payroll	Teacher numbers, class sections, pay, allowances, staffing ratios
Non-instructional payroll	Leadership, administrative, support, safeguarding and inclusion
Premises and utilities	Rent or building costs, utilities, repairs, security, cleaning
Educational delivery	Supplies, technology, libraries, labs, activities
Student services	Transport and food service arrangements
Corporate and compliance	Insurance, professional services, audit, systems, permits
Commercial	Admissions, marketing and parent acquisition costs

8 | Capital expenditure and funding

Include land or campus acquisition/lease commitments, design and engineering, construction or conversion, fit-out, furnishings, technology, pre-opening payroll, licensing and professional fees, contingency, deposits and opening working capital. Separate capitalised expenditure, operating expense and refundable deposits according to accounting advice.

Funding should cover not only physical development but also operating cash deficits during enrolment ramp-up. A profitable terminal year can mask large early cash shortfalls.

9 | Break-even calculations

At a simplified school-wide level: contribution per pupil = net annual revenue per pupil minus directly variable cost per pupil. Operating break-even enrolment = annual fixed operating cost / contribution per pupil. This is only a screening approximation: staffing and facilities costs are often step-fixed as classes and grades open.

Hypothetical example: net revenue per pupil AED 32,000; direct variable cost AED 4,000; fixed annual operating cost AED 18.2 million. Approximate break-even enrolment = 18,200,000 / 28,000 = 650 pupils. With a 1,200-seat school this represents about 54.2% utilisation. This is not a quote, benchmark or recommended school staffing budget.

10 | Three scenarios, one investment decision

Assumption	Downside	Base case	Upside
Year 3 enrolment	495	660	792
Net revenue per pupil	AED 29,000	AED 32,000	AED 34,000
Cost outcome	Delayed efficiency	Planned ramp-up	Better fixed-cost absorption
Use	Liquidity and solvency test	Planning case	Capacity / expansion test

The scenarios above are illustrative and should be expanded to cash flow, financing, debt service, capital costs, and project-specific school operations. Changing the enrolment case without also reflecting realistic class and staffing costs produces misleading profit forecasts.

11 | Financial metrics for the investment committee

- Cash required before opening and cash runway after opening.
- Maximum cumulative funding gap under downside enrolment.
- Operating EBITDA margin and cash-flow break-even year.
- Net present value and internal rate of return using an explicit cost of capital.
- Debt-service coverage and covenant headroom where debt funding exists.
- Return sensitivity to tuition, teacher payroll, construction costs, opening delays and uptake.
- Exit-value assumptions separated from observable operating performance.

12 | An investment committee decision memo

Section	Minimum question answered
Market	Which families and what credible demand evidence?
Product	Why would parents select the school?
Site	Can the location and premises support the plan?
Regulatory	What approvals and preconditions remain?
Financial	What are base, downside and upside economics?
Capital	How much funding and contingency are committed?
Execution	Who is accountable for each workstream?
Decision	Proceed, re-scope, defer or reject — and on which conditions?

13 | Recommended outputs from a professional study

A well-governed feasibility engagement should deliver a sourced market dataset; competitor map; survey methodology and limitations; school concept and fee strategy; enrolment cohort model; development and operating cost schedules; 5–10 year integrated statements; cash-flow stress tests; risk and approvals register; key assumptions ledger; and an executive decision memo.

Every model should include input assumptions with clear ownership, version control and an explanation of its most material sensitivities. This allows the investor to update the forecast without recreating the entire study.

Sources and verification links

KHDA landscape 2024–25 — <https://web.khda.gov.ae/en/About-Us/News/2025/Dubais-private-school-sector-records-6-enrolment>

KHDA August 2026 opening announcement — <https://web.khda.gov.ae/en/About-Us/News/2026/Dubai%E2%80%99s-private-education-sector-expands-with-new>

KHDA May 2026 school fee announcement — <https://web.khda.gov.ae/en/About-Us/News/2026/Under-Hamdan-bin-Mohammed%E2%80%99s-directives%2C-Dubai-free>

KHDA provider forms and official guidance — <https://web.khda.gov.ae/en/Resources/Forms>

ADEK School Licensing Policy v1.1 (September 2024) —

https://www.adek.gov.ae/-/media/Project/TAMM/ADEK/Policies/School-Policies/Governance-and-Operations/ADEK_S_Licensing-Policy_EN.pdf

About Unifrida

Established in 2013, Unifrida Education Solutions is a UAE-based education investment and institutional development advisory firm. For more than a decade, Unifrida has advised investors, education operators and institutional promoters on establishing and growing private educational institutions in the UAE. Its services include market and financial feasibility, regulatory planning, development project coordination, academic establishment and operational readiness.

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