



REDWOODS
DOWLING KERR

MARKET

SUMMARY

CHILDCARE MARKET
OUTLOOK 2017

POWERED BY



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OUR SUCCESS IN THE CHILDCARE SECTOR

2016 was a record breaking year for childcare sales at Redwoods Dowling Kerr.

Activity remained strong throughout the year, and in total we completed 27% more sales in the sector. As the new year begins, this success shows all the signs of continuing. Highlights of last year included the sale of Norfolk Lodge School to Asquith Nurseries, and Bright Horizons' acquisition of Pheonix Day Nursery Limited, both of which were achieved through our Corporate Sales Process. We expect to announce similar successes in the early months of 2017.

We are pleased that demand for childcare businesses remains strong, despite the challenges of an uncertain market during 2016.

What has been especially positive has been that both established corporate buyers and first-time buyers making their initial steps into the sector continued to acquire businesses, and we expect this to expand this year.

Demand for our Corporate Sales Process also continues to increase, with many business owners wanting to ensure they get the very best marketing packages and ultimately the best possible deal. Our childcare team is a market leader and the quantity and the quality of the sales we achieved in 2016 was a testament to this.

The positive feedback and testimonials we receive from business owners and buyers also evidence Redwoods Dowling Kerr's commitment to offering a dedicated service and achieving a satisfying conclusion for all parties.

The outlook on the childcare market remains positive, as the sector consistently offers opportunities for growth across the full spectrum of the market.

Andrew K Steen, Sales & Marketing Director at Redwoods Dowling Kerr comments:

"It has been a tremendous year for childcare sales at Redwoods Dowling Kerr. Our future pipelines are strong and we should be announcing many more deals in the months ahead"

Paul Miller, CEO of Redwoods Dowling Kerr, comments:

"The UK Childcare market continues to thrive and it is pleasing to see such a range of corporate and individual buyers drive activity in the sector."

NURSERY SALES IN 2016

2016 was an excellent year for the childcare market, as despite challenges, sales of early years settings continued to thrive. Independent and corporate operators remained undaunted, and there were consistent childcare acquisitions throughout the year. It has been encouraging to see so many first time buyers make their mark on the sector, with plenty of people making their dream

of owning a childcare business a reality. In addition, corporate trading is going from strength to strength, with major providers increasing their portfolios even further. The buyer market is varied and diverse, with potential investors from the UK and overseas looking to buy childcare businesses. There has never been a better time to sell your nursery business.



ADVANTAGES OF USING A BUSINESS BROKER

We believe that using a business broker is certainly the best course of action to take for anyone who wants to sell their business effectively. Although there are opportunities to sell direct, selling a business is not always a straightforward process and going it alone may offer various disadvantages including; negotiation experience, time management, lack of evaluation and legality expertise etc. We strongly believe that business owners who decide to sell should place confidence in working alongside an experienced and well-knowledged broker to offer support and advice in making all important decisions for these essential reasons;

Advertising & Marketing

When selling a business, the way the business is perceived by potential buyers is crucial. Experienced brokers know exactly where to advertise your business to maximise interest and more significantly how to market your business so that it gets noticed by serious, potential investors.

Negotiation Expertise

Business brokers are skilled negotiators who are driven to maximise your sale price. The role of a business broker is to bring “serious” buyers and sellers together.

Qualified Buyers

Business brokers qualify all prospective buyers at the primary stage of the sales process. When a broker qualifies a buyer, they will ensure that the buyer is serious about purchasing the business and will also identify if the potential buyer has the realistic financial capacity to complete the transaction.

Time Management

By using a business broker, you can concentrate on running your business instead of answering enquiries about the business sale. You ensure the business is still running optimally, and let the broker take care of the rest.

Confidentiality & Discretion

When selling a business, you may not want your competitors, employees or customers knowing that you are selling your business.

A broker will keep all details of a sale completely confidential. All potential buyers will sign a legal confidentiality agreement and then be ‘qualified’ as a serious buyer. It is only then, that the potential buyer will be presented with details of a business for sale.

Business Appraisals

Experienced business brokers possess the knowledge, skills and on-hand information directly related to your business, industry and location. This gives the broker the ability to accurately appraise your business.

Risk

Achieving the best possible deal, out of the transaction is the most essential aspect of the process. The knowledgeable broker will work to their greatest ability to ensure that you get the most realistic sale possible, taking the risk out of you receiving a below market value sale for your business.

Legalities

If you are considering a sale within the near future, then it is crucial that you consider your exit strategy. Tax planning and legal advice are a must and will ensure that the path to the exit is smoother and less costly than leaving everything to the last minute. It is essential that you have a strong professional team who are all working on your behalf.

Redwoods Dowling Kerr completed over 90 childcare deals in the last calendar year, which is a new company record. We are confident that 2017 will be equally as successful, if not more so.

Here at Redwoods Dowling Kerr, we believe that each childcare business is unique, and that individual owners have different needs, requirements and aspirations – that is why we offer a free, no obligation business appraisal, to show you what we can do for the sale of your nursery.

RECENT SALES IN CHILDCARE

Phoenix Day Nursery Sold to Bright Horizons Ltd.

Redwoods Dowling Kerr are delighted to announce the sale of Phoenix Day Nursery Ltd located in Brentwood, Essex. The renowned childcare setting was sold to leading early care and education provider, Bright Horizons, who operate over 210 nurseries in the UK and Ireland, and over 900 worldwide.

Established by the vendor, Mrs Janet Elnaugh, in 2001, the nursery has gained an enviable reputation for the quality of early years development and childcare it provides, which is highlighted by previous 'Outstanding' Ofsted ratings achieved. Due to Mrs Elnaugh's wish to retire, she appointed Redwoods Dowling Kerr to sell the setting through their successful Corporate Sales Process.

The Phoenix Day Nursery is recognised as a 'Forest School' as of 2010, which involves aiding children's learning and development through outdoor and natural resources. Since its establishment, the Phoenix Day Nursery Ltd has gone from strength to strength, which is evident from its expansion back in 2014, when Mrs Elnaugh acquired a group of cottages to open a new baby unit and after school club.

The setting was a good fit for Bright Horizons, who are continually on the look out to develop and acquire nursery settings that share their passion and dedication in delivering high quality childcare.

PROJECT FLAME



The vendor, Mrs Elnaugh comments: "I would like to thank Karrina Lee for her guidance during the sale of my nursery business. Selling the nursery after 15 years was a very difficult decision to make and quite a complicated process. I wish the new owners every success for the future"

Karrina Lee, Senior Childcare Negotiator at Redwoods Dowling Kerr commented: "The sale of the nursery marks yet another success of Redwoods Dowling Kerr's Corporate Sales Process. It was a pleasure to deal with both Mrs Elnaugh and Bright Horizons. This is an outstanding setting with an excellent reputation, and I am pleased to have assisted Bright Horizons in enabling them to add another quality setting to their ever expanding portfolio."

RECENT SALES IN CHILDCARE

Redwoods Dowling Kerr are delighted to announce the sale of Busy Beavers Nursery in Braintree, Essex.

The modern, purpose-built day nursery represented an excellent opportunity for a hands-on operator. Established in 1985 and operated by the vendor for over 25 years, this childcare setting is registered for a maximum of 24 children and enjoys fully enclosed, secure gardens with safety surface and age-appropriate play equipment along with the use of a gazebo.

Following 2 viewings, the business was sold to Alpha Nurseries Limited, experienced nursery buyers who have brought several childcare businesses through Redwoods Dowling Kerr previously.

They said: **“Alpha Nurseries Ltd has again worked successfully with Redwoods Dowling Kerr to complete another purchase. The RDK team were on hand to deal with any issues allowing a successful completion. We look forward to keep on working with Redwoods Dowling Kerr.”**

The vendor, Mrs Janette Threadgold, only decided to sell the nursery due to retirement. She said: **“From start to finish I have been kept informed and been given any help with the paperwork that I have needed. The sale went smoothly, and I sold to the first clients who visited. I am happy that my pre-school, which I have worked in for 33 years, and owned for 25, has been handed on to people who care about it! I would definitely recommend Redwoods Dowling Kerr to anyone who is thinking of selling their business.”**



Firdaws Patel, Negotiator at Redwoods Dowling Kerr, comments: **“I am pleased we have come to the end of a successful completion. We were able to successfully secure an asking price offer for our client, Mrs Threadgold, within a couple of days of coming on the market. I wish Mrs Threadgold only the best with her retirement and I look forward to continuing working with Alpha Nurseries Ltd to acquire further settings.”**



RECENT SALES IN CHILDCARE

Redwoods Dowling Kerr are delighted to announce the multi-million pound sale of Norfolk Lodge School Ltd to Asquith Nurseries.

Norfolk Lodge School Ltd is a group of three high quality Montessori nurseries in North London which are registered for a total of 304 children across all three settings.

The sale also includes the Le Club Frere Jacques which provides French tuition for children and operates with a team of peripatetic native-speaking French teachers.

Norfolk Lodge Montessori Nursery operates from a large Victorian detached property which is set in 5 acres of land. The setting is registered for 140 children and is located a short distance from Barnet town centre.

Chantry Hall Montessori Nursery is set within a purpose built freehold building which was opened in September 2013. Chantry Hall is registered for 90 children and has a dedicated outdoor play area.

Haydon Hall Montessori Nursery is set in a bright and stimulating building which is located in the middle of a small park. Haydon Hall is registered for 74 Children.

Commenting on the acquisition Andy Morris, CEO of Asquith Nurseries said: **"We are delighted to have acquired the three Montessori settings of Norfolk Lodge Limited and we would like to thank Redwoods Dowling Kerr for once again assisting us with our growth plans"**



Referencing the importance of choosing the right sales process, the vendor, Mr Beggerow commented **"I chose Redwoods Dowling Kerr to sell my Group as I believed they were the best broker to do this. I opted for the Corporate Sales Process as I wanted a confidential and bespoke process which suited my requirements, which was director led, and which professionally highlighted my specific opportunity"**

Paul Miller, CEO, Redwoods Dowling Kerr said: **"I am delighted to have assisted both Mr Beggerow and Asquith Nurseries with this transaction and I wish both parties well in the future. This sale is yet another example of the strong growth which exists in the childcare market for quality acquisitions"**

RECENT SALES IN CHILDCARE

Redwoods Dowling Kerr are delighted to announce the sale of Quality Kidz Nurseries Ltd; a group of two well established childcare settings within Essex.

The business was established by the vendor, Mrs Jane Caine, back in 2004. With a combined registration of 91 children; each setting came well equipped and superbly fitted throughout.

Both nurseries incorporate large gardens for all year round outdoor play. After trading successfully for many years, Mrs Caine decided it was the right time to sell.

The business proposition generated strong levels of interest, and following 8 viewings, was sold to first time buyers, Mr Michael Mather and Mr Clifford Judge. The location and the business opportunity attracted them to the business. Referencing the service received from Redwoods Dowling Kerr, Mr Mather has thanked Senior Childcare Negotiator Sarah Ellison, and said **"I felt that the service and advice given guided us into completing the transaction successfully. If we ever buy another setting in the future, I will go to Redwoods Dowling Kerr first!"**

The vendor, Mrs Caine has also thanked Redwoods Dowling Kerr for all their hard work and support, stating: **"Without the support shown from Senior Sales Negotiator Sarah Ellison when times were testing on the sale, I don't believe it would have been completed. The momentum was kept up from day one. I would recommend Redwoods Dowling Kerr"**

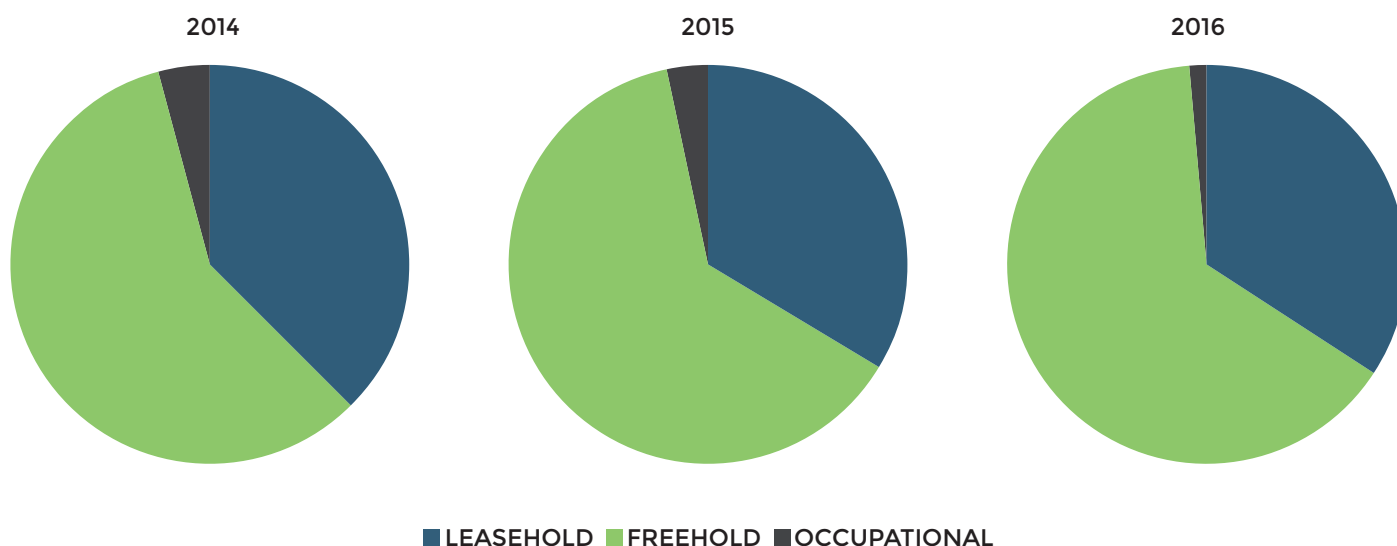


Sarah Ellison comments: **"We are pleased to have been able to help Mrs Caine achieve her sale so she is able to spend time with her family, and pleased to have been able to work with Mr Mather and Mr Judge, whom I wish all the best in their new business venture. There were some complications surrounding the sale of the nursery, but by everyone working together, we were able to get this transaction agreed and completed."**



MARKET STATISTICS

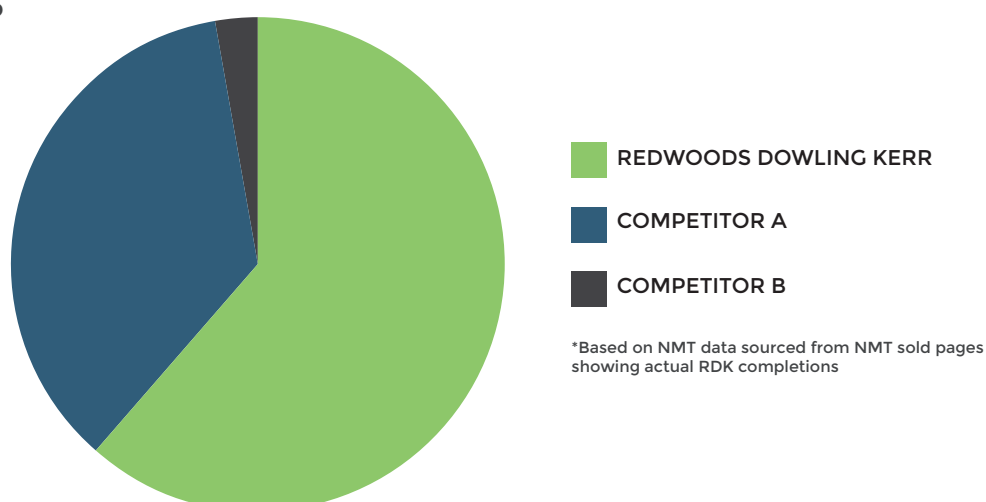
TYPE OF SALES



VALUE

	2014	2015	2016
VALUE OF SALES	£19.5MIL	£20.5MIL	£34.9MIL
TOTAL PLACES	2,355	3,303	4,258
AVERAGE PLACES	49	53	54

COMPLETIONS



MAJOR TRANSACTIONS

	Vendor	Purchaser	Transaction
February	First Class Childcare	Just Childcare	Just Childcare acquired First Class Childcare. The First Class Childcare's portfolio comprises 9 settings with circa 600 childcare places
March	Wingate Children's Day Nursery	FirstForChildcare	A private day nursery registered for 69 in West Yorkshire, bringing FirstForChildcare's total number of settings to five
March	London Montessori Group	Asquith Day Nurseries and Pre-Schools	A group of three nurseries including Norfolk Lodge Montessori, Barley Barn Day Nursery and North Weald Pre-School
April	Nellies Nurseries	All About Children	A group of four nurseries in South London which provide 195 childcare places
April	Kindercare (Harrogate) Ltd	Treetops Nurseries	A portfolio of 10 nurseries in Yorkshire which operate capacity for 900 children
April	Lavender Hall Kindergarten	Ormiston Families	A popular nursery in the East of England, sold to a leading charity for children, young people and families
May	Bluebell Day Nursery	Clarence House Day Nurseries Limited	Clarence House's second setting purchased through RDK, an imposing nursery in Cambridgeshire
May	Bush Babies Nurseries	Busy Bees Nurseries	A portfolio of 7 settings in Leicestershire, with capacity for 435 children
June	Orchard Day Nursery	Bright Start Day Nurseries	A prestigious independent nursery in Liverpool, registered for 138 children
August	Positive Steps Children's Day Nurseries	Busy Bees Nurseries	A portfolio of 9 nurseries in South East England, with a capacity for 619 children
August	Yellow Brick Nurseries	Complete Childcare	A group of 4 leasehold nurseries in Berkshire, with a combined capacity of 214 places

MAJOR TRANSACTIONS

	Vendor	Purchaser	Transaction
August	Small Steps Out of School Club	Big Robins Nursery	A popular out of school club in Staffordshire, sold to a childcare operative who have previously used RDK's services
August	Pheonix Day Nursery Ltd	Bright Horizons Family Solutions	A renowned childcare setting and Forest School in Essex
August	Little Unicorns Nurseries	Bright Horizons Family Solutions	Portfolio of 4 nurseries in London, with a combined capacity of 350 places
September	ABC Day Nursery	Alpha Nurseries Limited	A setting registered for 50 children in Lincolnshire, representing Alpha's third acquisition through RDK
October	Brook Hill Nursery	Alpha Nurseries Limited	A detached children's day nursery in Yorkshire, registered for 30 children
October	Heaton Dene Nursery School	Hill Top Early Provision Limited	Latest nursery acquired through RDK by Hill Top Early Provision Limited, who expanded their portfolio with this setting in Greater Manchester
October	Parade Day Nursery	Woodside Trading Limited	Woodside Trading Limited's third acquisition through RDK, a well-established setting registered for 60 children in Northamptonshire
November	Conchord Limited (Trading as Asquith Day Nurseries & Pre-Schools)	Bright Horizons Family Solutions	Bright Horizons Family Solutions acquires Asquith Day Nurseries for a reported £166m. The Asquith portfolio is comprised of over 90 nurseries
November	Ashmoor Day Nursery	Just Childcare Limited	The latest in a growing number of acquisitions by Just Childcare Limited through RDK, a detached nursery in Yorkshire with provision for 41 children

#FUNDING

@DayNurseriesUK

Government pledges almost £60m to support special educational needs and disabilities reforms

@DayNurseriesUK

Government announces £50m project to create thousands of free #childcare places for 'hard-working' families

@LearningBook1

"Childminders more upbeat than nurseries over funding" Do you agree?

@bbceducation

Childcare funding 'will create 9,000 places'

@NurseryWorld

Funding, workforce strategy and support for disadvantaged families - read about our hopes for 2017 in @NurseryWorld

#FACTS

@DayNurseriesUK

Children enjoy meat free meals as more nurseries go vegetarian

@childcare

Study reveals 92% of mums would rather pay someone else to look after their child

@_CREC

New research highlights long-term importance of #earlyyears investment for #disadvantaged children

#THOUGHTS

@PropertyJungle

We Need to Address the Housing Issues Of Nursery Staff

@OfstedNews

"Great schools don't do what Ofsted wants, but what children need"

#EARLYYEARS

@ChildcareNewsUK

Do you need a Facebook page or group for your nursery? #Childcare #Earlyyears

@ChildcareNewsUK

Minimum early years funding rate for councils announced #Childcare #Earlyyears

#EDUCATION

@SSSRecruitment

As a childcare professional do you have a list of "ethical things you would never do" in your approach to education?

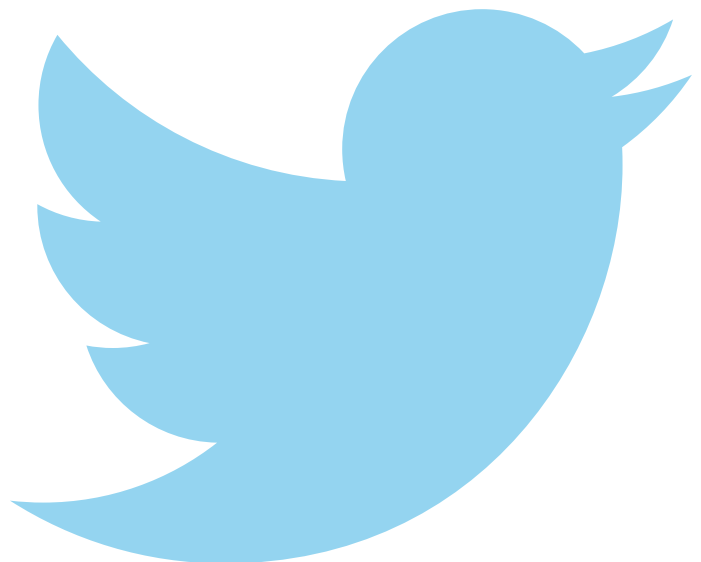
@SSSRecruitment

What's the best way to teach reading today? We think a healthy mix of digital and print

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