China investors warm up to US private schools

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Following the flow of Chinese students flocking to the United States for their K-12 education, Chinese investors are starting to target the lucrative market of private schools.  
This month, two Chinese firms reportedly purchased two private schools in the US, in the hopes of cashing in on Chinese students' quest for admission into a US college.  
Primavera Capital, a China-based private equity firm, paid about $500 million for the Stratford School system, which operates schools throughout California, according to Reuters. The school system offers K-8 programs focusing on science, technology, engineering, arts and math.  
Last week, another private school, Florida Preparatory Academy, was sold to a Chinese education company, Newopen Group, at an undisclosed price, according to Florida Today.  
The school said the Chinese company will invest more in upgrading facilities and academic programs at the 11-acre campus. The company is planning to create a network of schools throughout the country, according to the report.  
"The private education sector in the US is a well established industry in general, and vibrant part of the Bay Area and Silicon Valley business landscape in particular," said Shin Wei, CEO and co-founder of IvyMax, a California-based college-admissions counseling firm.  
"Leveraging the education expertise in the US will become a more prevalent approach for Chinese investors to gain an early advantage in the education business to serve the ever expanding needs of China," he said.  
China continues to be the top country of origin for international students studying in the US, and Chinese students are coming to the US at a younger age, according to the Institute of International Education (IIE).  
Around 2 in 5 international students enrolled in US high schools are from China, and the number of Chinese students studying in US high schools has skyrocketed by 48 percent since 2013, according to the IIE's report Globally Mobile Youth: Trends in International Secondary Students in the US, 2013-2016.  
The strong demand comes from the Chinese families' belief that the experience at US secondary schools will increase their children's chances of being accepted to US universities.  
"The fact that the Stratford Schools focus on the K-8 group highlights the potential for future opportunities in that special niche, especially for China," said Wei.  
The growing trend among younger Chinese students to study at US elementary and secondary schools could also be a result of the growing middle class in China, as parents want their children to receive high-quality education, according to the report.  
It's easier for Chinese students to enroll in private schools than public schools on an F-1 visa, which is granted to students enrolled in programs that confer degrees, diplomas or certificates at the elementary, secondary or college level, or in language training programs.  
"Perhaps (the Stratford deal) signals that such a parallel education sector to the government-sponsored, public system will take shape in coming years," said Wei. On the other hand, he added, the K-8 private schools in China will look to the US schools like Stratford as models.  
"Such deals will not fundamentally change the Stratford or Florida Preparatory Academy, but they will make other players in the private education industry in the US more appealing acquisition targets," said Wei.

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