



CHILDCARE & EDUCATION MARKET REPORT

JANUARY 2026

Reflecting on 2025: Challenge, Change and Opportunity

by PAUL J. MILLER
Chairman



We would like to begin by wishing all our clients and business colleagues Happy New Year and a warm welcome to our January 2026 Childcare & Education Market Report.

Businesses across the childcare industry have faced a challenging and pressurised 2025, characterised by rising operational and workforce costs. Yet despite these challenges, the sector continues to demonstrate remarkable resilience by continuing to deliver excellent childcare to our children. M&A activity has remained robust throughout the year with further consolidation of the market, as larger operators aim to achieve scale and geographical expansion, optimise overheads and investment, and enhance market positioning.

Demand for high-quality childcare settings, including purpose-built nurseries and established early years environments, has continued to rise. These businesses are attracting strong investor interest, driven by evolving early years standards and a sustained preference for exceptional, child-centred care.

Throughout 2025, RDK facilitated a series of high-quality transactions in the nursery sector. A particular highlight was our work with

Kindred Education, completing the sale of Big Top Nursery Group in Buckinghamshire, comprising two day nurseries and one pre-school with a combined capacity of over 130 children. This continues RDK's successful relationship with Kindred, who have previously acquired nurseries across Derby, Hertfordshire, and Lincolnshire.

There have been many highlights and other notable sales included Tiny Turners Nursery Group in the North East to Kids Planet Day Nurseries, serving 335 children across four nurseries and an out-of-school club, and Rushey Green Nursery in Catford, South East London, a high-performing single-site nursery registered for 70 children. These transactions demonstrate strong buyer demand across both multi-site groups and individual nurseries, supported by RDK's strategic positioning and transaction expertise.

Across the wider UK M&A landscape, Altius Group continues to demonstrate strong market penetration. Latest Experian M&A League Table data places Altius 8th in the UK by deal volume. This national performance is reflected with top 10 rankings across Scotland, Wales and English regions.

Economic Outlook 2026: Stability Amid Shifting Conditions

As we enter 2026, the economic outlook remains steady, although shaped by ongoing complexity. The UK economy is projected to experience modest growth, with GDP expected around 1.1% and inflation easing as wage growth slows and labour market conditions soften. Unemployment has risen modestly to 5% in November and is forecast to stay elevated in H1 2026.

Despite subdued growth, business investment and government spending are expected to support economic activity, though risks persist from global uncertainty. The Chancellor may need to implement more fiscal savings in the future to meet targets, while the Bank of England balances inflation control with growth support. These macro factors make operational planning, workforce strategy, and technology investment increasingly important for both buyers and sellers in the childcare sector.

Fiscal and monetary policy constraints will continue to influence childcare operations and transactions throughout 2026. However, structural reforms and targeted investment could provide longer-term benefits, creating opportunities for well-prepared businesses to thrive in an evolving market.

Positioning for Success in the Year Ahead

For business owners, 2026 presents a crucial time for strategic planning focused on operational and financial sustainability. The higher taxation

and operational cost environment continues to shape transactional activity, with rising input costs, labour pressures and ever increasing regulation encouraging some owners to consider exit planning now.

Despite these challenges, buyer appetite remains strong. Predictable and recurring income streams continue to be highly valued, particularly in sectors offering consistent demand and essential services. Many smaller businesses are being acquired by larger operators seeking to achieve scale, improve efficiencies, and consolidate their market position.

Successful transactions in 2026 will be achieved by owners and buyers who combine strategic foresight, operational excellence, and professional guidance. Sellers who prepare operationally and strategically, demonstrating workforce stability, regulatory compliance, and robust financial performance, are best positioned to secure premium valuations, whilst buyers benefit from acquiring resilient, scalable businesses capable of thriving in a competitive market.

The sector remains one of the most resilient and forward-looking of those in the UK. At RDK, we remain committed to providing you with the insights and resources to make informed decisions in this evolving market. We look forward to working alongside business owners to assist them with their exit and acquisition goals during this window of opportunity.

As we turn the page on a challenging 2025, we extend our best wishes for a prosperous year ahead.

RDK Announces Latest Childcare Insights Data

by ANDREW K. STEEN
Managing Director



We are pleased to present the latest statistics compiled by our proprietary business intelligence arm, Altius BI. The figures reveal record operational standards, steady consolidation, and an evolving ownership profile. These confluent trends signal a confident, mature and highly active childcare M&A environment heading into a dynamic 2026.

The Evolution of Operational Standards

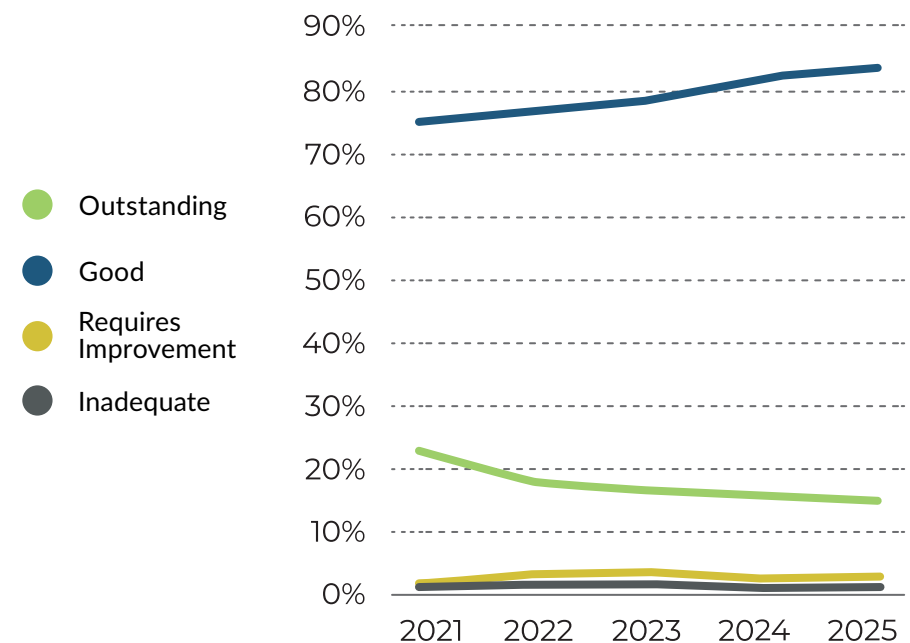
While overall quality remains exceptionally high, the latest data reveals a critical shift in the distribution of top-tier ratings. The sector is clearly achieving a strong baseline of quality, but reaching the highest level appears to be proving increasingly difficult.

“ ‘Good’ by Ofsted has soared
from 75.4% to 82.8% ”

The proportion of settings rated ‘Good’ by Ofsted has soared from 75.4% in 2021 to 82.8% in 2025. Simultaneously, the percentage of settings rated ‘Requires Improvement’ and ‘Inadequate’ has collectively dropped to just 2.3%, down from 5.3% in 2021. This upward pressure on quality results in a highly de-risked and attractive investment market. However, over the same period, the share of settings rated ‘Outstanding’

has declined significantly, falling from 22.3% to 14.8% in 2025. This suggests that while compliance and good practice are widespread, achieving the ‘Outstanding’ benchmark in England is becoming a rare and premium designation. This is likely the result of more stringent inspection standards, and we look forward to reviewing the impact of the updated November criteria.

OFSTED RATINGS



For M&A, this trend means 'Outstanding' settings are becoming scarcer and will most likely command even higher premiums as acquisition targets, while the vast majority of assets available fall increasingly into the high-quality 'Good' category.

Retirement Wave Accelerates Consolidation

The ageing ownership profile remains a primary driver of M&A activity. The latest figures show a clear acceleration in this trend, providing a robust pipeline of businesses coming to market as owners plan exits.

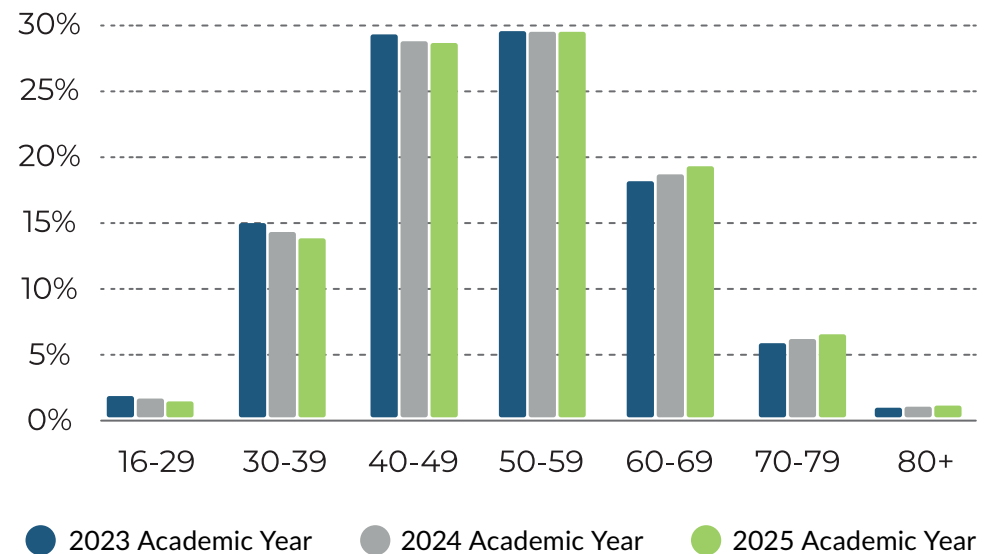
“**56.3% of owners aged 50 or over, up from 54.3%**”

By the end of the 2024-25 academic year, 56.3% of childcare owners were aged 50 or over in England, up from 54.3% two years prior. This shift offers fertile ground for M&A as seasoned operators seek to realise the value of their life's work.

There is a significant increase in the over-60 age range, rising from 24.9% in 2023 to 27% in 2025. Conversely, the under 40 age band have declined from 16.6% to 15.1%, reflecting steep entry challenges for younger entrepreneurs. Rising labour costs, escalating rents, and regulatory complexity make single-site operations difficult without

substantial backing. This dynamic ensures consolidation remains the primary growth mechanism, benefiting mid-sized groups and corporate operators.

AGE PROFILE OF KNOWN OWNERS



“**The over-60 age range has risen from 24.9% to 27%**”

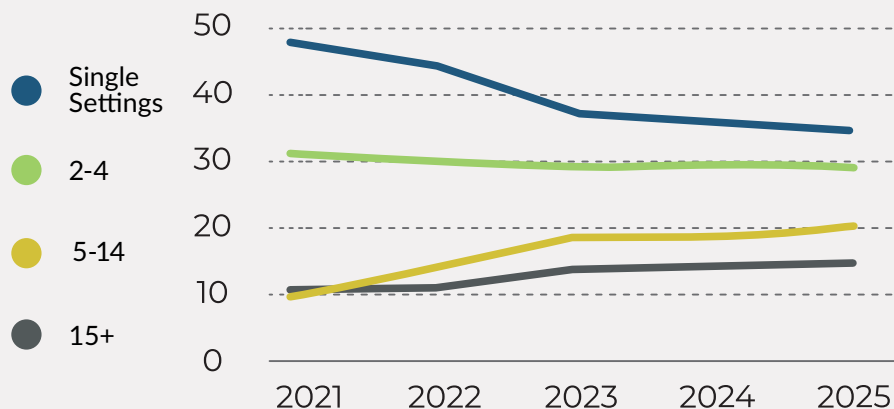
Structure: Corporate Groups Double Market Share

The market structure is evolving rapidly. Single-setting operators now represent just over 35% of the market in 2025, down from nearly 48% in 2021, indicating the operational challenges of running standalone sites without the efficiencies offered by scale.

The largest operators are the main beneficiaries. Corporate groups with 15+ settings have more than doubled their market share in four years, rising from 10.2% in 2021 to 20.5% in 2025. This confirms that M&A activity is shifting into significant corporate consolidation.

Mid-sized groups (2-14 settings) remain crucial, controlling 44.4% of the market, but larger 15+ groups are continuing to increase their market presence.

GROUP SIZES % OF MARKET



Scale Driving Market Preference

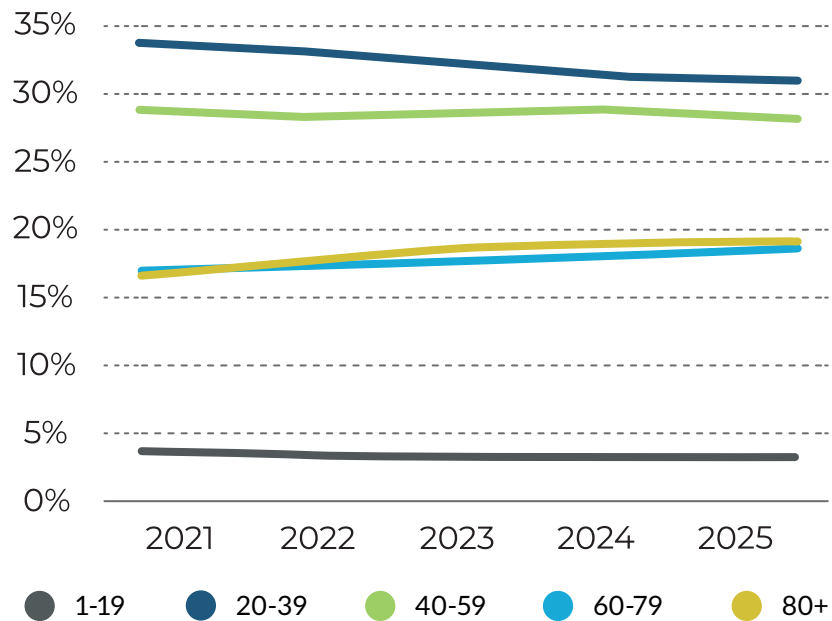
The preference for larger, more operationally efficient settings continues to accelerate. This trend is driven by the need to manage rising operational costs and accommodate the increasing volume of government-funded hours for older children.

“**The largest settings have steadily increased, rising from 16.6% to 19%+**”

The largest settings (80+ places) have steadily increased their market share, rising from 16.6% in 2021 to just over 19% in 2025. This trend is complemented by the growth in the 60-79 places category, highlighting a clear industry focus on scale.

Conversely, the market share of the smallest settings (19 or less) is marginal at 3.1% - dropping from nearly 4% in 2021 - underlining the difficulty for small-scale operators to compete.

This trend signals opportunities for investors focused on long-term returns in larger, strategically located operations that can maximise utility through staffing models and multi-age provisions.

REGISTERED PLACES**Convergence Creates Optimal Exit**

The childcare sector enters 2026 with strong fundamentals: retiring owners, corporate consolidation, and high-quality assets. The growth of 15+ groups and decline of single-site operators confirms that large scale is still crucial for efficiency.

For owners considering exits, strong buyer interest from consolidating groups creates favorable conditions. With over 80% of settings still held

by sub-15 groups, substantial acquisition opportunities remain for mid-sized and larger operators.

Redwoods Dowling Kerr's childcare team helps business owners navigate this landscape and secure successful outcomes. Whether considering your business sale or needing support on your growth journey, our team will work with you to achieve your goals.

Contact us to discuss your
business sale:

Call 01772 418 518
BusinessSale@redwoodsdk.com

Contact us to discuss your
business acquisition:

Call 01772 418 519
acquisitions@redwoodsdk.com

*This data is a result of a blended analysis of data published by Ofsted, SCI, WCI and Companies House, which has been developed for MI by Altius BI.

CASE STUDY: PROJECT CHAMPION

Big Top Nursery Group

2 Children's Day Nurseries & 1 Pre-School in Buckinghamshire

- ✓ Sold to established group provider **Kindred Education**
- ✓ Two children's day nurseries and one pre-school operating across three properties with combined **capacity for over 130 children**
- ✓ Outstanding examples of **high-quality childcare**
- ✓ Turnover of **£1.7m** for y/e 2025, with adjusted EBITDA of **£415k**

Big Top Nursery Group comprises three settings across Buckinghamshire. Our Deputy Manager for Childcare and Education managed the transaction and identified the ideal buyer in Kindred Education, a well-established group provider with a proven record of excellence in early years education. The nurseries represent outstanding examples of high-quality childcare, joining a reputable provider who shares the same values for education and community.

This transaction continues our successful track record of working with Kindred Education Limited, following recent completions including Mickleover Day Nurseries Ltd in Derby, Little Crickets Day Nursery in Hertfordshire, and St Nicholas Day Nursery in Lincolnshire. These acquisitions demonstrate Kindred's ongoing strategy to expand its portfolio across the UK while maintaining a focus on quality childcare and community engagement.



Multiple viewings & offers | **High bids** | **Sold to recurring corporate buyer**

CASE STUDY: PROJECT AMBER

Tiny Turners Nursery Group

4 Nurseries & Out-of-School Club in North East England

- ✓ Sold to national operator **Kids Planet Day Nurseries Ltd**
- ✓ **Combined capacity for 335 children** aged three months to five years
- ✓ Strong local reputation built over 25 years
- ✓ Went under offer within one month of launch by RDK
- ✓ Turnover of **£2.03m** for y/e 2024, with adjusted EBITDA of **£630k**

With a strong local reputation built over 25 years, Tiny Turners operates from well-presented premises in Darlington, Middlesbrough, Redcar, and Stockton-on-Tees. Our Senior Sales Negotiator for Childcare and Education led the transaction from launch to completion. Having previously been brought to market unsuccessfully by another business broker, the group sale was launched by RDK in January and quickly attracted significant buyer interest, going under offer within just one month. The sale was secured with national operator Kids Planet Day Nurseries Ltd.

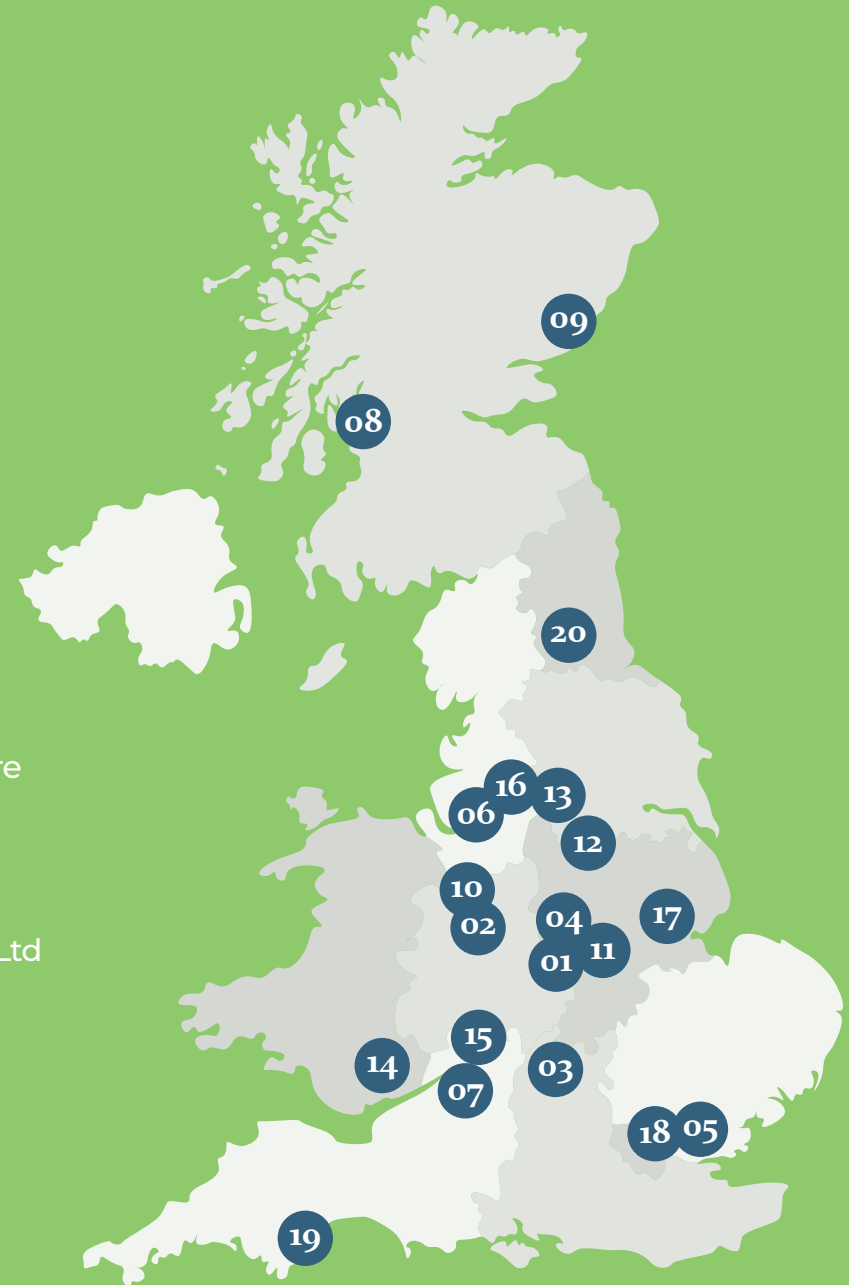
This acquisition represents another strategic step forward for Kids Planet as they expand their footprint in the North East of England. Kids Planet have acquired several settings through RDK, including Angels by Day in Nottingham, The Wendy House Day Nursery in North Wales, and most recently Castle House Day Nursery in Warwick.



Under offer in 1 month | **High bids** | **Sold to recurring PE buyer**

A SELECTION OF RDK CHILDCARE **Sold Businesses in 2025**

- | | |
|---|--|
| 01 Topsham House Day Nursery Ltd | 11 Bobblewood Nursery |
| 02 Cheeky Monkeys Day Nursery Ltd | 12 Beacon Hill Day Nursery |
| 03 Big Top Nursery Ltd | 13 Busy Bees Penistone |
| 04 Little Learners Nursery & Pre School Ltd | 14 Cupcakes 'N' Dinosaurs Private Day Care Nursery |
| 05 Green Lane Pre School & Nursery | 15 Edward Bears Private Daycare |
| 06 The Woodlands Nursery | 16 Wow Kids Day Nursery |
| 07 Polly's Nursery | 17 Woodside Children's Nursery Ltd |
| 08 Abbey Mill Childcare | 18 Stepping Stones Childcare |
| 09 Small World Children's Nursery & Daycare | 19 Happy Days Nursery |
| 10 Meaford Nursery School | 20 Tiny Turners Nursery Group |





Polly's Nursery

Group of 2 Day Nurseries in Cotswolds

- Combined capacity for 85 children
- Both rated 'Outstanding' by Ofsted
- Combined turnover of £1.2m for y/e 2024
- Settings approximately 5 miles apart



The Woodlands Nursery

Children's Day Nursery in North West

- Capacity for 100+ children
- Rated 'Good' by Ofsted
- Turnover of £1.1m for y/e 2024
- Large property & expansive outdoor space



Cheeky Monkeys Day Nursery Ltd

Children's Day Nursery in Staffordshire

- Capacity for 100 children
- Well-equipped, purpose built property
- Turnover of £1m for y/e 2024
- Established for over 20 years



Ridgemount Cottage Nursery School

Children's Day Nursery in Gloucestershire

- Combined capacity for 120 children
- Voted in Top 3 Nurseries in Gloucester
- Turnover of £1m for y/e 2024
- New 25-year lease issued on sale



Small World Children's Nursery & Daycare

Children's Day Nursery in Brechin

- Capacity for 150+ children
- Rated 'Good' by Care Inspectorate
- Turnover of £974k for y/e 2024
- Extensive outdoor play area



Abbey Mill Childcare

Children's Day Nursery in Renfrewshire

- Capacity for 90+ children
- Highly rated by Care Inspectorate
- Turnover of £852k for y/e 2023
- Amazing indoor & outdoor space



Topsham House Day Nursery Ltd

Children's Day Nursery in East Midlands

- Capacity for 60 children
- Rated 'Good' by Ofsted
- Turnover of £822k for y/e 2025
- Large property & expansive outdoor space



Green Lane Pre School & Nursery

Children's Day Nursery & Pre School in East London

- Capacity for 67 children
- Self-contained low rise building in the garden
- Turnover of £558k for y/e 2024
- Large fully enclosed rear garden





Bobblewood Nursery

Children's Day Nursery in Leicestershire

- Capacity for 50 children
- Rated 'Outstanding' by Ofsted
- Fee income of £567k for y/e 2024
- Substantial valuable property



Meaford Nursery School

Children's Day Nursery in Staffordshire

- Substantial detached property
- Surrounded by large outdoor areas
- Turnover of £564k for y/e 2024
- Prime location with easy access



Little Learners Nursery & Pre School Ltd

Day Nursery & Pre School in Leicestershire

- Combined capacity for 90 children
- Both settings rated 'Good' by Ofsted
- Turnover of £445k for y/e 2025
- Located within bustling residential areas



Beacon Hill Day Nursery

Children's Day Nursery in Nottinghamshire

- Capacity for 60 children
- Established in 2002
- Turnover of £381k for y/e 2024
- Prime position fronting a main road



Altius Group News

High Five to Latest Donation!

Altius Chairman's Charity has continued to support good causes throughout 2025 with a series of donations to charities chosen by staff.

With a £4,000 donation, the latest organisation to benefit is High Five, a Lancashire charity supporting children with severe disabilities and their families.

High Five Founding Trustee, Sarah Kiley, commented: *"This donation from Altius will allow us to keep creating events, bringing families together. We are so thankful, not just for such a generous donation, but also the belief in what we do."*

Other charities benefiting in 2025 include Unique Kidz Morecambe and Derian House Children's Hospice.

With £17,600 donated over the last season, Group Chairman, Paul Miller, commented: *"I'm delighted to see our charity initiative raising so much for good causes. Here at Altius we are proud of our commitment to give back to the community."*



Experian MarketIQ: UK M&A Review



Altius Group is delighted to rank as a Top 10 adviser in the UK for M&A. The latest Q3 ranking is based on the volume of activity YTD 2025:

CURRENT RANK	ADVISOR	VOLUME
6	RSM	72
7	PwC	62
8	Altius Group	62
9	Cooper Parry	54
10	PKF	49
11	Cavendish	45
12	EY	42



Rated 5 Stars

RDK OVER 570 REVIEWS

94% 5 STAR REVIEWS

Excellent!

Sarah dealt with the sale of our nurseries. The whole journey from start to finish was excellent. The team were very supportive, talking us through each step. Having never sold before we needed a lot of hand holding. Sarah was so good at keeping us up to date with progress, phoning both the buyer and ourselves on a regular basis. Would highly recommend.

Brilliant & Supportive

This was my first experience of selling a business and Laura was brilliant and supportive throughout the whole process.

Delighted

We are delighted to have completed our latest acquisition with RDK. Bradley was consistently professional, approachable, and proactive from the very beginning. His persistence and dedication were particularly invaluable in pushing the deal over the line, especially when complexities cropped up along the way. Bradley's commitment to getting the sale completed made all the difference, and we are truly grateful for the support he provided. We would highly recommend working with Bradley and the Redwoods team to anyone considering buying or selling a nursery business.

64% of Nurseries Sold with RDK

Redwoods Dowling Kerr would like to give a big thank you to daynurseries.co.uk for many years of collaboration.

Since 2010, **64% of nursery businesses** listed as sold with daynurseries.co.uk have been sold in deals facilitated by Redwoods Dowling Kerr.



Looking to buy a childcare business?

Register today with Business Buyers to view the latest businesses for sale by scanning the QR code or visiting: **businessbuyers.co.uk**.

CONTACT US TODAY

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SALE OR ACQUISITION REQUIREMENTS:

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01772 418 546

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