



CHILDCARE & EDUCATION MARKET REPORT

AUTUMN 2025

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REDWOODS DOWLING KERR **Welcome**

We extend a warm welcome to the latest edition of our Childcare Market Report.

As we move through the final half of 2025, the UK childcare sector continues to present a dynamic landscape of opportunities for operators, investors, and business owners.

Following a year of significant change, this report provides essential insights into emerging trends, economic conditions, and key developments shaping the industry.

At Redwoods Dowling Kerr, we are committed to supporting childcare businesses throughout the UK. Our specialist expertise ensures clients receive strategic guidance tailored to this rapidly evolving sector.

We wish you continued success in achieving your business goals.

The Year So Far: Delivering Sales Against a Backdrop of Uncertainty

by ANDREW K. STEEN
Managing Director



In the shifting landscape of 2025, business owners are faced with a multitude of challenges and are grappling with mounting economic pressures - higher operational costs, unpredictable policy shifts, inflationary strains and a complex tax regime. Frequent government interventions and evolving fiscal strategies dampen confidence, creating uncertainty for business owners.

These broad economic pressures, combined with changing regulatory requirements, have added to the complexity of running childcare and early years businesses and continue to challenge business owners across the sector.

Despite these difficulties, the sector is benefiting from one of the most significant funding boosts in recent years, creating stability and opportunity for well-prepared operators.

Policy Support Driving Demand

With the expansion of funded hours backed by a £1.8 billion increase in funding, from September 2025, all eligible working families with children aged nine months to school age can access 30 hours of funded childcare per week. This long-awaited rollout represents the final phase of the Government's funding reforms and is expected to increase both accessibility for parents and demand for high-quality early years provision. Additional support includes a tripling in breakfast club

funding and £1 billion committed to SEND provision.

Together, these measures are improving affordability and capacity across the sector while creating a favourable climate for investment and consolidation.

SMEs Lead the M&A Market

The UK M&A market's H1 2025 did not reach the highs of 2024, with overall deal volumes falling 16% year-on-year and aggregate values down 51% to £71bn, according to Experian's H1 M&A Review. In Q2, SMEs accounted for nearly 88% of all transactions with disclosed values, making them the primary driver of market activity.

Investor confidence has remained steady across key sectors such as childcare throughout 2025, reflecting a clear appetite for quality businesses and signals a mature and forward-looking investment climate.

Inward M&A activity has shown particular strength. According to the latest ONS data, the value of inward M&A - where foreign companies acquire UK businesses - reached £19.2bn in Q1 2025, £12.8bn higher than in Q1 2024, potentially driven by the favourable foreign exchange rate.

The Business Asset Disposal Relief rate increase to 14% in April 2025 encouraged

many business sellers to bring forward their plans to complete before these tax changes came into effect.

Experian's MarketIQ rankings named Altius Group the 7th most active adviser in the UK. This underscores our strong presence in mid-market and specialist sectors. As the specialist arm of Altius Group, Redwoods Dowling Kerr continues to lead the way in childcare and education sector-focused M&A.

Emerging Pressures and Market Shifts

As operators continue to face rising costs, including wage pressures exacerbated by minimum wage increases and higher employer NI contributions, many providers are reviewing fee structures to remain financially sustainable while preserving affordability for families. This is an extremely delicate balance and one that requires careful planning. While some have introduced modest increases, others are investing in technology, staff development and service innovation to improve operational efficiency.

Changes to Ofsted's inspection framework will take effect in November 2025. This shift towards a more holistic assessment process places greater emphasis on care quality and child interaction. The result should be a more balanced regulatory approach that may reduce administrative burden and give providers more freedom to focus on delivering excellent care. For investors and business owners, this change points to a more stable and mature operational environment.

The Outlook: Q4 and Beyond

At a recent Bank of England meeting attended by an external member of the Monetary Policy Committee, Altius Group's Managing Director, Andrew K Steen, shared the frustrations of the wider business community. He highlighted the detrimental impact of elevated interest rates and called for this crucial issue – as well as stubborn inflation, high taxation, employer NI costs and jobs losses - to be addressed as priorities.

The broader economic outlook for the remainder of 2025 is mixed. According to the ONS, CPI inflation rose to 3.8% in the 12 months to July. The Bank of England base interest rate was reduced to 4% in March, with possibly one further rate reduction later in the year. Independent analysts surveyed by HM Treasury forecast inflation averaging 3.2% in Q4 2025, suggesting that cost pressures are likely to persist.



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Economic growth remains modest. The Office for Budget Responsibility forecasts GDP growth of 1.0% in 2025, while the Treasury's average of independent forecasts is slightly higher at 1.1%. The latest figures show a 0.3% quarterly rise in GDP during Q2. Meanwhile, the unemployment rate increased to 4.7% in the three months to May, with job vacancies continuing to fall. These trends point to a complex economic backdrop in which consumer confidence remains fragile.

Continued investment in childcare may help to buffer demand in this sector. The industry outlook remains positive despite current pressures. Revenue is forecast to grow at 6.9% CAGR over the five years through 2029-30, reaching £8.2 billion, according to IBIS.

Expert Guidance in Uncertain Times

We understand the frustration business owners feel amid the uncertain economic backdrop, but opportunities are accessible. The childcare market remains strong, offering real potential for business owners and investors alike.

With Business Asset Disposal Relief set to increase to 18% next April, we believe that now is the time to talk to us. While business owners may be uncertain about when to sell, hesitation can lead to missed opportunities.

With uncertainty in taxation policies likely to continue for the next few years, now is the time to evaluate your exit plans with an adviser who is aligned with your goals. Through our detailed appraisal and market insight, we will help you understand your business's true position and prepare confidently for the next step.

CHILDCARE SECTOR: INDUSTRY OUTLOOK



With our unrivalled sector knowledge, we are here to guide you through the uncertainty and help turn challenge into opportunity. 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

A Look Behind the Deal

by JENNA CALDWELL
Director of Childcare & Education



At Redwoods Dowling Kerr, we know agreeing a deal is only part of the journey – the real skill lies in completing it.

In the fast-moving childcare business sales market, the most testing moments often arrive just as the finish line comes into view.

Navigating these final stages demands careful planning and attention to detail. Every transaction brings unique challenges, whether logistical, financial, or legal, so anticipating potential hurdles early is essential for both sellers and buyers.

Continued Consolidation in the Childcare Market

We are seeing a marked increase in group transactions, reflecting growing consolidation as larger operators scale through acquisition. These deals are more complex, involving multiple sites, leases, and stakeholders. Success is not just about finding the right buyer, but managing every detail between offer and completion.

The current funding environment presents both challenges and opportunities, with 80% of pre-school income now derived from government-funded hours amid shifting allocation frameworks. Redistribution could create fresh opportunities in previously underserved regions while intensifying competition in affluent areas. For investors, this underlines the importance of understanding both local funding dynamics and demographic trends

when assessing acquisition targets. Yet even in regions offering strong potential, completing a deal can present its own challenges.

Navigating Deal Hurdles

Leasing complications are among the most common hurdles. Renegotiating terms, transferring leases, or coordinating with new landlords can delay progress, particularly in group transactions with multiple landlords. Proactive engagement with landlords early in the process helps address concerns and facilitates smoother transfers.

Financing has also become more challenging. Where banks once approved funding in weeks, decisions can now take up to four months – a lingering effect of post-Covid caution. Regular communication with lenders, complete applications, and early preparation are vital to prevent unnecessary delays and maintain aligned expectations.

We also encounter planning permission issues. Ofsted's updated guidance allows providers to use all available floor space, yet many settings still operate under older permissions that limit capacity. This disconnect can affect both valuation and perceived potential.

Due diligence is another area where the process can slow. Buyers want to review

everything – from staffing and safeguarding to compliance with the latest Early Years Foundation Stage framework. With recent updates affecting childminders and early years providers, scrutiny is more detailed than ever.

From Agreement to Completion: Role of the Advisers

The period between agreement and completion is often the most challenging. More parties mean more competing priorities, and even small delays can disrupt timetables. This is the stage where diligence in fulfilling agreed terms, realistic timelines, anticipation of setbacks, and

open communication with all stakeholders are essential to keep the process moving.

Crucially, success in this final stretch depends on the quality of the professional team supporting the deal. Legal, financial, and brokerage advisers play a critical role behind the scenes, not only resolving issues but preventing them from arising in the first place. From coordinating due diligence to navigating lease or funding challenges, experienced professionals working in sync can make the difference between prolonged delays and a smooth, successful completion.

In complex childcare transactions, collaboration and foresight turn an agreed deal into a successful completion. Our experienced negotiators coordinate every step to keep the process on track.

Delivering Complex Deals Nationwide

Redwoods Dowling Kerr continues to facilitate childcare business sales nationwide, completing more than 41 transactions since the start of 2025. This reflects a dynamic, evolving marketplace in which demand for quality settings remains strong – but where deal execution requires expertise, persistence, and the ability to navigate complexity from first offer to final signature.

Recent large and complex group transactions by RDK demonstrate how shared values, clear objectives, and sector expertise can deliver swift, high-quality outcomes.

RDK H1 DEALS 2025 SUMMARY

£52m

Total Value of Sales

12%

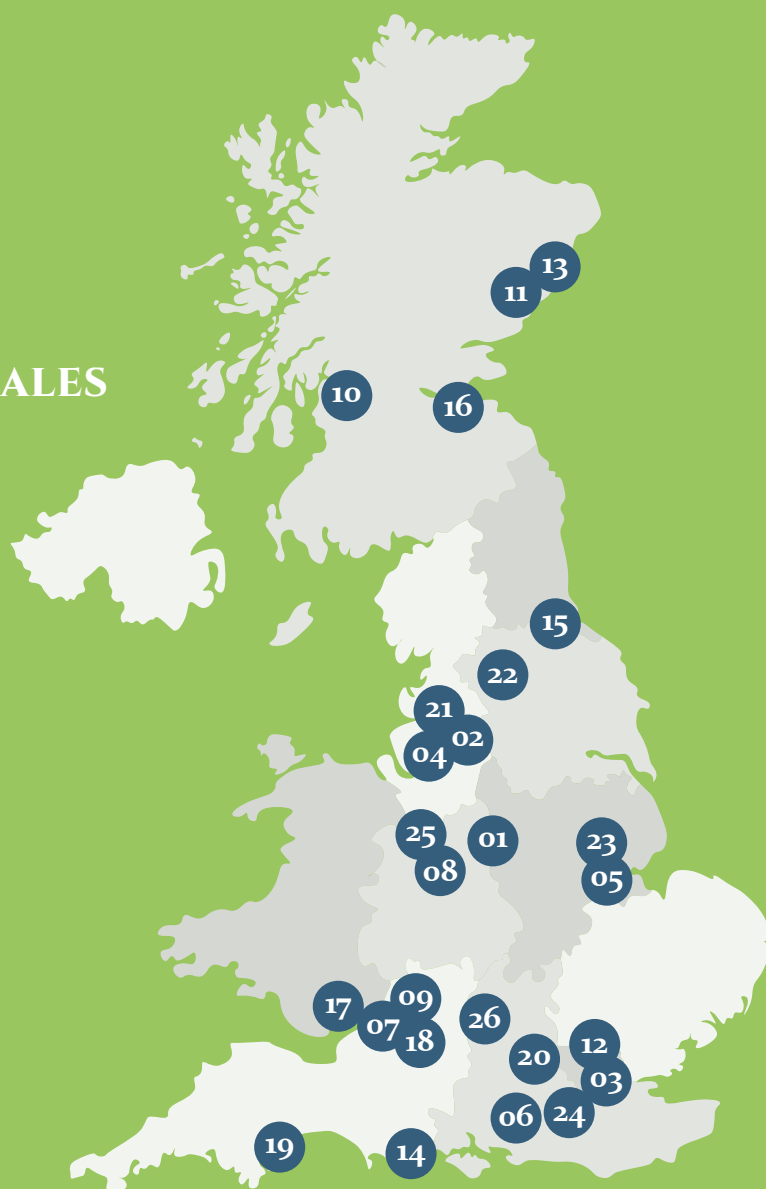
Increase in new buyers registrations

H2

Record Quarter Expected

RDK Sold Settings

A SELECTION OF RECENT SALES



- | | | | |
|----|---|----|---|
| 01 | Mickleover, Day Nurseries Ltd | 18 | The Green Giraffe Group |
| 02 | Wow Kids Day Nursery | 19 | Happy Days Nursery |
| 03 | Rushey Green Nursery | 20 | Beaconsfield Childcare Ltd & First Steps Property Ltd |
| 04 | The Woodlands Nursery | 21 | Rainbows Day Nursery |
| 05 | Woodside Childrens Nursery Ltd | 22 | Daisy Chain Childcare Ltd |
| 06 | Puddleducks of Liss Ltd | 23 | Bearhugs Nurseries Ltd |
| 07 | Little Puddleducks Ltd | 24 | Over The Rainbow Playschool |
| 08 | Meaford Nursery School | 25 | Central Park Nursery Ltd |
| 09 | Polly's Nursery Group | 26 | Oxfordshire Nurseries Ltd |
| 10 | Abbey Mill Childcare Ltd | | |
| 11 | Small World Children's Nursery & Daycare | | |
| 12 | Stepping Stones Childcare Ltd | | |
| 13 | Abacus Pre School Nursery | | |
| 14 | Serenity Care Homes Ltd | | |
| 15 | Tiny Turners Nursery Group | | |
| 16 | The Bees Knees Playgroup Ltd | | |
| 17 | Cupcakes 'N' Dinosaurs Private Day Care Nursery | | |

A SELECTION OF RDK **Sold Settings in 2025**



PROJECT TITAN

**Beaconsfield Childcare Ltd &
First Steps Property Ltd**
Group of 2 Nurseries in Beaconsfield

- Capacity for 150 children
- Rated 'Good' by Ofsted
- Turnover of £2.2m for y/e 2021
- Expert SEN practitioners with Level 3 SENCO qualifications



PROJECT FERGUS

Daisy Chain Childcare Ltd
Group of 4 Nurseries in Yorkshire

- Combined capacity for 220 children
- Rated 'Good' & 'Outstanding' by Ofsted
- Turnover of £2.2m for y/e 2023
- Well presented with secure out door play areas

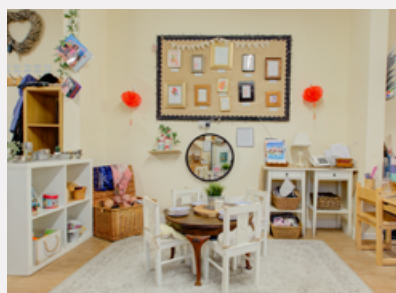
A SELECTION OF RDK **Sold Settings in 2025**



PROJECT AMBER

Tiny Turners Nursery Group Group of 4 Nurseries in Darlington

- Combined capacity for 335 children
- Includes a small Out of School Club
- Turnover of £2.03m for y/e 2024
- Renovated and well-presented properties



PROJECT TWIRL

The Woodlands Nursery Day Nursery in Newton-le-Willows

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

Case Study

PROJECT SAFARI

The Green Giraffe Group

Group of 5 Children's Day Nurseries in **Cardiff, Wales**

- ✓ A group of **five leasehold nurseries** with a combined capacity for 305 children under five.
- ✓ All settings are highly rated by CIW, with several achieving 'Excellent' in key areas.
- ✓ Turnover of **£4.6m** and EBITDA exceeding **£967k** for year ending 2024.

Having multiple landlords can sometimes delay the timeline, but our experienced team ensured momentum was never lost. With motivated buyers and sellers, and our proactive coordination, we managed potential complexities throughout the transaction.

Our sector expertise played a critical role at every stage. Through persistent communication and strategic negotiation, we anticipated challenges and aligned stakeholder interests to keep the process moving.

Thanks to our hands-on approach, the deal completed within a tight timeframe, delivering outstanding results.

Multiple viewings and offers | High bids | Short time to completion



Case Study

PROJECT FLORENCE

The Oxfordshire Nursery Group

Group of 4 Children's Day Nurseries
in **Wantage, Oxfordshire**



- ✓ A group of **four leasehold nurseries** with a combined capacity for 318 children aged 0 to 5.
- ✓ All settings are rated 'Good' by Ofsted and designed to create engaging environments.
- ✓ Turnover of **£4.6m** and adjusted EBITDA exceeding **£1.55m** for year ending 2024.

Liaising with all parties was key to securing the best outcome in this deal. Multiple viewings led to several strong offers, with high bids driven by our targeted buyer approach.

The business was ultimately sold to a recurring private equity buyer, known to us through previous transactions. With many moving parts, we managed communication between all sides, keeping the process on track and on time.

Our hands-on approach and sector expertise helped deliver a smooth sale and a result that exceeded our client's expectations.

Multiple viewings and offers | High bids | Sold to recurring PE buyer

A SELECTION OF RDK **Sold Settings in 2025**



PROJECT LINDSEY

Central Park Nursery Ltd Children's Nursery in Telford

- Capacity for 105 children
- Rated 'Good' by Ofsted
- Turnover of £1.04m for y/e 2024
- Freehold property on leased land



PROJECT ORION

Ridgemount Cottage Nursery School Children's Nursery in Gloucester

- Capacity for 120 children
- Rated Top 3 Nurseries in Gloucester
- Turnover of £1m for y/e 2024
- New 25-year lease to be issued

A SELECTION OF RDK **Sold Settings in 2025**



PROJECT LEAP

Little Puddleducks Ltd Day Nursery in Bristol

- Capacity for 46 children
- Rated 'Good' by Ofsted
- Turnover of £643k for y/e 2022
- Run by a long serving, strong management team



PROJECT SERENDIPITY

Mulberry Roots Ltd Children's Nursery in Rossendale

- Capacity for 70 children
- Rated 'Good' by Ofsted
- Turnover of £435k for y/e 2024
- Well-presented single-storey building

Altius Group News

Altius Champions Unique Kidz



Altius Group donated **£3,000** to Lancashire charity **Unique Kidz and Co**, supporting young people with disabilities.

Unique Kidz and Co, Morecambe, provides children and young adults with disabilities opportunities to socialise, play and grow, while providing families support and respite.

The donation comes from Altius Group's 2024/25 football season fundraiser, with Chairman Paul Miller pledging **£200 per Newcastle United FC goal**.

Chris Pilkington, Corporate Fundraiser for Unique Kidz and Co said:

"We are so pleased to have been chosen as the beneficiary of this amazing donation from Altius Group. A gift of this size will go a long way in supporting the more-than 180 young people, aged 0-30 who access our services.

"With our ambitious development plans to double our capacity and support more young people, we rely on community-minded businesses such as Altius Group to make this a reality. It was a pleasure to tell a few of the young people about this donation, and Altius Group may have inspired a few more NUFC fans at Unique Kidz!"

Altius Group Chairman, Paul Miller added:

"I'm delighted to be able to support Unique Kidz and Co, a small charity which provides a fantastic range of services.

"The team here at Altius enjoy the opportunity to give back to the community and we hope this donation will be of real help to Unique Kidz as they continue their hard work to make a difference in the lives of young people with disabilities."



Altius Group Joins Foremost Private Equity Industry Body



In January this year, Altius announced its membership of The British Venture Capital and Private Equity Association (BVCA).

This strategic move strengthens Altius Group's engagement with the UK's private equity and venture capital sectors, joining an influential industry body that represents over 600 firms. Through the BVCA, Altius Group gains access to an extensive network of industry leaders, policymakers and professionals, while contributing to the ongoing development of the private capital landscape in the UK. A collaboration aimed at enhancing the Group's service offering to clients, partners and stakeholders.

Membership of the BVCA will particularly benefit Altius Group's operations in the childcare sector through Redwoods Dowling Kerr, where an increasing number of transactions involve private equity-backed groups and institutional investors. This connection keeps RDK close to evolving investment strategies and buyer expectations within childcare, as we support business owners and buyers in navigating a competitive market.

This membership reinforces Altius Group's position as a trusted partner in the UK's mergers and acquisitions market, committed to delivering outstanding outcomes for business owners and investors.

Altius Group Ranked 7th in UK M&A



Current rank	Previous rank	Financial adviser	Volume
5	4	RSM	46
6	7	PwC	41
7	11	Altius Group	37
8	17	Cooper Parry	31
9	6	Cavendish	30
10	-	AAB	28

Altius Group reinforced its status as a leading UK business sales adviser, ranking seventh place for deals volume in Experian's MarketIQ M&A Review H1 2025.

Despite a 16% year-on-year drop in UK M&A

deal volume, Altius showcased resilience, securing third place in Wales for deal volume and top 10 rankings in Scotland, the North East, North West, the Midlands and South West, highlighting the firm's ability to deliver results in a complex market environment.

Altius Group Triumphs at 2025 Red Rose Awards

Earlier this year, Altius Group was delighted to be awarded Medium Business of the Year at the prestigious Lancashire Business View's Red Rose Awards.

The awards ceremony, held at the iconic Winter Gardens, Blackpool in March, celebrated outstanding achievements by businesses across Lancashire. The Medium Business of the Year Award, sponsored by the Sowena Group, recognises companies with between 21 and 99 employees that have demonstrated exceptional performance, innovation, and growth. Altius Group faced strong competition



LANCASHIRE BUSINESS VIEW
RED ROSE
AWARDS 2025

WINNER

from across the region and is proud to have secured this prestigious accolade.

Altius Group's dedication to innovation, client relationships, and delivering outstanding results has been key to its ongoing success and growth.

Ecologi

Our Work with Ecologi

Altius Group is proud to continue its commitment to sustainability through its long-term partnership with Ecologi, a leading climate action platform.

As of summer 2025, Altius has funded the planting of 10,810 trees and contributed to the avoidance of 1,036.34 tonnes of CO₂e emissions.



This is the equivalent of:

- **796** long-haul flights avoided
- **3,111** square metres of sea ice preserved

Altius remains committed to integrating environmental responsibility into our business practices and continuing to support meaningful, measurable climate solutions.



Rated 5 Stars

RDK OVER 550 REVIEWS

94% 5 STAR REVIEWS

Extremely professional

We have recently sold our Children's Nursery through RDK. They were extremely professional and helpful throughout the process. They kept all parties informed at all times and through regular communications and updates we were able to move smoothly and quickly to the completion of our sale.

Highly recommended

We are delighted to have completed our latest acquisition with Redwoods Dowling Kerr.

RDK was consistently professional, approachable, and proactive from the very beginning. Their communication was excellent – keeping us updated at every stage, always on hand to respond quickly to any questions, and providing reassurance and clarity whenever challenges arose.

We would highly recommend working with the RDK team to anyone considering buying or selling a nursery business. Thank you again for helping us make this transition a smooth and successful one.

Wonderful partnership

We have now sold 3 day nurseries with RDK. On each occasion the RDK team have been brilliant.

It was a wonderful partnership where we worked together to achieve what we wanted - to sell our nurseries for the best price. This partnership included the content of the IM, the price and who we wished to entertain as prospective purchasers.

Very helpful

I acquired my second day nursery through RDK. They were very helpful and followed up well through the purchase. There were a few difficulties, however they stayed on top of things and helped us resolve issues in a timely manner and made sure the sale happened at the expected date. I cannot recommend Redwoods Dowling Kerr more.

Couldn't be more pleased

I had the pleasure of working with Redwoods Dowling Kerr when acquiring our third setting, and I couldn't be more pleased with the service. From start to finish, they were professional, attentive, and extremely knowledgeable. RDK made the entire process smooth and stress-free, always quick to respond to questions and offering helpful guidance every step of the way. Highly recommend RDK – excellent service all around!

CONTACT US TODAY

TO DISCUSS YOUR CHILDCARE BUSINESS
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