



England Pharmacy Market Report 2025

From the UK's leading independent pharmacy transfer agents

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since 2005*



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THE CURRENT MARKET

The 2025 Hutchings Consultants England Pharmacy Market Report highlights a year of significant transition for the community pharmacy sales market. Drawing on Hutchings' sales data, the report examines key performance indicators, including gross profit margins, average goodwill values, buyer and seller activity, pharmacy funding trends, and provides an informed outlook for the year ahead.



Over the past 12 months, recognition of community pharmacy's vital contribution to public health has grown markedly. The sector now features prominently in the government's long-awaited 'Fit for the Future: 10-Year Health Plan for England', announced in May 2025. The plan seeks to improve healthcare delivery by shifting focus away from hospitals and towards accessible, community-based care.

As part of this modernisation of the NHS, community pharmacies are set to play an important role in developing a new model of care, the Neighbourhood Health Service. This transition from hospital treatment to community prevention aligns closely with the findings of a YouGov poll (January 2025), which revealed that 78% of respondents support expanding treatment services delivered through pharmacies.

However, as noted recently by NPA Chair Olivier Picard at the Pharmacy Show in Birmingham, uncertainty remains regarding the detailed implementation of the government's plan and the timelines for sector-wide reform.

Market Impactors

Following a delayed start to contract negotiations, the announcement in March 2025 of a new Community Pharmacy Contractual Framework (CPCF) for 2024/25 and 2025/26 provided a welcome boost to the sector. The agreement includes a funding increase to £3.073 billion for 2025/26 and a one-off write-off of £193 million in medicines margin over-delivery. This represents the largest funding uplift across the NHS, almost 20% higher than 2023/24 levels.

While the sector continues to face financial pressures, the government has reaffirmed its commitment to developing a sustainable funding and operational model for community pharmacy, signalling a more supportive policy environment and renewed confidence in the sector's long-term future.

The past year has marked a period of significant change for Hutchings, with market activity shifting notably as seller instructions rose by 91% compared to the previous year. This surge has been fuelled largely by corporate and multiple operators choosing to divest assets rather than expand, opening a wealth of new opportunities for prospective buyers.



Strategic Direction

Group owners have continued to reshape their portfolios in line with evolving strategic priorities, selling off non-core or underperforming branches while selectively acquiring businesses that strengthen their market position. In contrast, independent sellers have been less active, though this has been balanced by a growing wave of independent contractors eager to buy, taking advantage of the increased number of pharmacies coming to market as a result of corporate disposals.

Market sentiment has been increasingly positive, supported by an improved Community Pharmacy Contractual Framework (CPCF) funding agreement, lower borrowing costs, and a renewed sense of government purpose around the long-term role of community pharmacy. Buyer demand remains strong, particularly in larger towns and urban centres, where competition is most intense. While dispensing item numbers continue to be the key measure of value, buyers are placing increasing importance on the potential for future growth through NHS and private service delivery.

Transaction timelines have remained broadly stable, though regulatory changes introduced on 1st October 2024 have simplified approval processes, modestly reducing completion times and adding further momentum to an already active market.

SELLER AND BUYER ACTIVITY

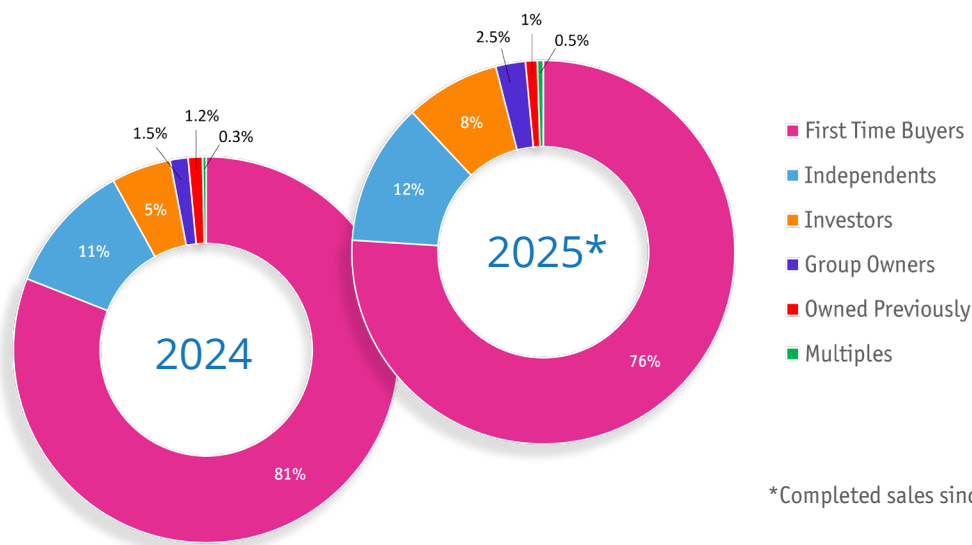
Analysis of Hutchings’ 2025 sales data reveals a significant structural shift in the pharmacy sales market. Corporate and multiple operators account for 71.3% of all sales instructions year to date, a clear reversal of the 2024 landscape, when independent sellers held a comparable majority share. At present, independent pharmacy owners represent 19.2% of instructions, while groups focused on divesting outlier branches comprise the remaining 9.5%.

Geographically, sale activity has been most prominent in London, the South East, and the Midlands, with the North West also experiencing notable levels of market movement.

New Buyer registrations have remained broadly consistent with 2024. First-time buyers continue to dominate demand, accounting for 76% of all new registrations, followed by independent owners (12%), investors (8%), and a smaller share from group owners, previous owners (seeking to re-enter the sector), and multiple operators.

Despite ongoing financial and operational pressures, pharmacy ownership continues to be viewed as a sound long-term investment opportunity, and acquisition activity has remained resilient through 2025. Expanding independent owners lead completions at 43.9%, followed by eager first-time buyers (29.2%) and group owners (26.8%), underscoring continued confidence in the sector’s outlook. While investor registrations, many from outside the pharmacy sector, have risen again this year, no acquisitions have yet been completed, reflecting a pattern similar to recent years.

New Buyers By Type



*Completed sales since 1st Jan 2025

ENGLAND GOODWILL PRICES

Hutchings has observed a modest downward trend in average pharmacy goodwill values achieved year to date, compared with previous years. This reflects a shift in market dynamics, as an increase in multiple and corporate disposal instructions has expanded the pool of available opportunities, in turn diluting buyer competition. Ongoing concerns surrounding business profitability and financial performance have also contributed to a cautious approach among buyers, echoing the sentiment and conditions seen in the sales market of the previous year.

However, these concerns have been partially alleviated by the recent stabilisation and, more notably, the reduction of the Bank of England base rate.

ENGLAND GOODWILL PRICES CONT...

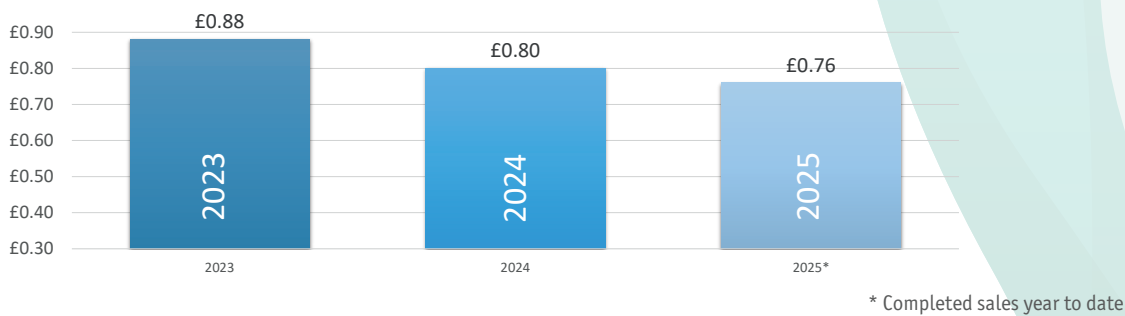
The improved lending environment has helped to ease borrowing concerns, lift buyer confidence, and stimulate increased levels of activity in the sales market.

So far in 2025, goodwill sale prices across both independent and multiple pharmacy transactions have ranged between £0.34 and £1.05 per £1 of turnover, with the combined mean average currently standing at £0.76.

Pharmacies in London and the South East remain the most sought-after, achieving the highest average goodwill values at £0.86 per £1 of turnover. This is followed by pharmacies in the West and East Midlands, which have recorded an average of £0.70, with other regions trailing only marginally behind.

Locations within the Home Counties, especially those offering convenient access to London, have achieved some of the strongest goodwill prices to date. Conversely, pharmacies in rural or coastal areas, particularly those with lower population density, have typically attracted lower goodwill values. That said, such areas can offer strong value opportunities for buyers with the flexibility to relocate, offering lower entry points and potential for long-term growth.

Average Pence In Pound

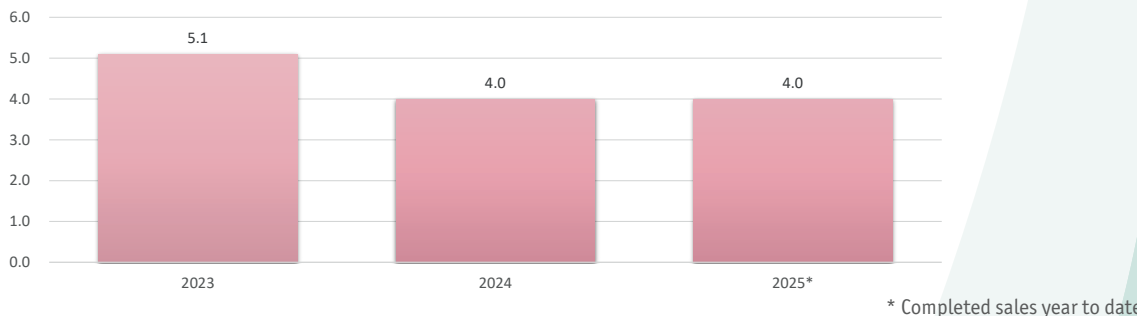


AVERAGE NUMBER OF OFFERS PER SALE

Following the trend observed during the Lloyds disposals, the influx of corporate and multiple pharmacy sales this year has diluted buyer interest in independent disposals. However, the average turnover of completed sales has increased significantly, from £902,173 to £1,174,663 in 2025. As a result, first-time buyers, expanding independents, and group owners strategically acquiring have frequently found themselves competing for the same opportunities, driven by the perceived stronger financial viability of higher-turnover businesses.

While goodwill values have come under pressure due to broader market conditions, the competition between prospective buyers has helped sustain the average number of offers received per sale, providing continued momentum in the transaction process.

Average Offers Per Sale



AVERAGE EBITDA MULTIPLIERS

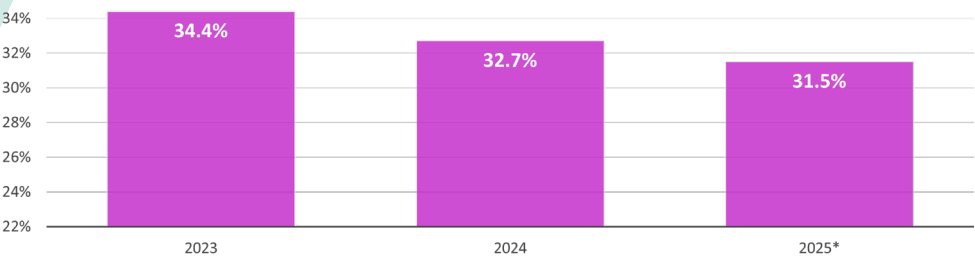
Despite sustained pressure on business profitability, the average EBITDA multiple achieved at completion has risen from 8.54x in 2024 to 9.54x year to date. This upward trend is largely attributed to increased competition among buyers, with higher turnover pharmacies entering the market at an attractive price point continuing to generate strong levels of interest.

PROFIT MARGINS

Gross profit margins continue to face considerable pressure due to a range of factors impacting both income and cost bases. Persistent constraints on NHS funding and reimbursement rates under the Community Pharmacy Contractual Framework, combined with rising drug acquisition costs, driven by supply chain disruptions, Brexit-related complexities, and global shortages, have continued to erode margins. These challenges have been further compounded by delayed margin adjustments, which have reduced financial predictability and placed additional strain on pharmacies' profitability.

Despite financially focused contractors increasingly adopting astute purchasing strategies and exercising greater discipline in margin management to maintain or improve financial performance, these headwinds have nonetheless placed some downward pressure on average margins, according to Hutchings' own sales data.

Average England Gross Profit % Margins



*Completed sales year to date

Regionally, pharmacies in London are currently achieving the highest average gross profit margin at 35.9%, followed by the South East at 31.9%. Pharmacies in the remaining regions across the country are averaging approximately 30%, indicating a relatively consistent margin outside the capital and surrounding areas.

Overall, while the operating environment for contractors remains challenging, especially for pharmacies heavily reliant on NHS dispensing income, a strong focus on purchasing strategy and financial management is proving to be the key differentiator in sustaining profitability.

PHARMACY BUYER'S FINANCE

Pharmacy buyers continue to rely predominantly on bank financing to fund acquisitions across all deal sizes, with only around 5% of transactions completed using cash. The Bank of England's current base rate of 4%, approximately 1.0% lower than this time last year, has improved borrowing conditions and eased affordability concerns for many purchasers. While lenders maintain a strong focus on the profitability of target businesses, lending decision timescales have notably improved compared to recent years, enabling sales to progress without undue delay.

David Brewer, Director of specialist pharmacy finance brokers FTA Finance, comments:

'The lending banks continue to view pharmacy as a "green light" sector, buoyed by the government's emphasis on promoting direct access to pharmacies as the first port of call for patients, alongside an increase in remuneration opportunities from enhanced service delivery. Competition between lenders has also intensified, with new entrants to the market driving down the overall cost of borrowing and reducing cash contribution requirements for purchases. In many cases, buyers now only need to contribute 20% towards goodwill, with banks' lending up to 80%. Where the pharmacy premises are freehold, 100% finance is often achievable on that element.

For first-time buyers, the outlook is particularly encouraging. Loan margins have fallen to between 1.49% and 2.25% (subject to circumstances and loan structure), improving affordability assessments and the overall viability of pharmacies under active owner management.'

MARKET PREDICTIONS - NEXT 12 MONTHS

According to the latest data from the NHS Business Services Authority, the composition of the community pharmacy market continues to evolve as ownership patterns shift. Small independent pharmacy owners, defined as those operating between one and five pharmacies, now hold the largest market share at over 49 per cent. Medium-sized groups, with six to ninety-nine pharmacies, account for more than 18 per cent of the market. In contrast, large pharmacy chains operating one hundred or more outlets now represent just under a third of the total market.



This ongoing structural rebalancing reflects a broader move toward independent and locally operated models of ownership. Smaller operators, often more agile and community-focused, have demonstrated greater resilience and adaptability in response to funding constraints and regulatory changes. Their growth underscores the increasing importance of personalised, service-led care and the value of strong community engagement within the evolving healthcare landscape.

Despite persistent challenges around profitability, funding, and long-term loan affordability, overall market confidence has improved throughout 2025. Easing interest rates and reduced repayment pressures have supported buying decisions, while the government's renewed commitment to a sustainable funding model and long-term NHS plan has further strengthened sector sentiment.

Looking ahead to 2026, the outlook for the community pharmacy market is one of cautious stability. Average goodwill values are expected to remain broadly steady, reflecting sustained demand from qualified buyers and a more balanced market environment. Corporate and multiple operators are likely to continue streamlining and realigning portfolios, with further divestments expected as part of broader strategic goals. At the same time, independent and medium-sized operators are expected to consolidate their positions and expand selectively, capitalising on opportunities created by the ongoing shift toward service-led care models. Buyer activity is anticipated to remain steady, supported by a consistent flow of opportunities and improved lending conditions, with demand particularly strong in areas demonstrating long-term community need.

Hutchings Consultants Ltd are happy to have an initial discussion and provide a free valuation for any contractors thinking of selling.

Get in touch for a free, no-obligation verbal valuation

If you have any questions or you'd like to find out more about your options, please don't hesitate to get in touch.

We treat every conversation with the strictest confidence, and if you tell us a little about your pharmacy, we'll be more than happy to give you a free verbal valuation, with no obligations at all.



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Interested in a free, verbal valuation? Scan the QR code, fill in your details and a member of the team will be in contact.



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