SCOTLAND PHARMACY MARKET UPDATE

From the UK's leading independent pharmacy transfer agents

Community pharmacies continue to play a vital and expanding role in healthcare across Scotland. With over 1,200 pharmacies nationwide, the sector processes around five to six million prescriptions every three weeks, providing accessible, frontline care to communities across the country.

Pharmacies are increasingly recognised as a first point of contact for patients. NHS Pharmacy First Scotland is now firmly established within primary care, with 1.94 million people, around 36% of Scotland's population, using the service at least once in 2024/25. This marks a 56% increase since 2021/22 and highlights the growing shift toward pharmacies delivering consultations, health advice, and clinical support closer to home.

FUNDING & MARKET STABILITY

Recent changes to the government-set drug tariff have helped ease pricing pressures to some degree and improve pharmacy margins. However, despite confirmed funding increases for 2025/26, higher operating costs, including increases in employer National Insurance contributions, remain a significant challenge for pharmacy contractors.

Mr Andrew Porter of nine branch Porter Pharmacy group commented; *'The global sum uplift was much needed but was still not enough to cover the National Insurance rises and the increase in the living wage.'*

George Romanes of eight branch Romanes Pharmacy group similarly commented; *'the global sum uplift was lower than hoped for, given National Insurance rises and costs increasing.'*

Notwithstanding prevailing financial headwinds, the funding environment remains stable, reinforcing confidence across the sector.

We recently approached Scott Hutchinson of Unity Trust bank, a major lender in the pharmacy sector, to seek their perspective on the current market: -

WHAT IS THE BANK'S CURRENT APPETITE FOR LENDING TO THE PHARMACY SECTOR IN SCOTLAND?

"Community pharmacies are a key sector for Unity. We have a strong pharmacy customer base and there is still a strong appetite for lending within this sector moving forwards. Following the Lloyds Pharmacy divestment programme, which slowed the market in 2024, it's positive to see some momentum again and that activity levels have recovered."

WHICH TYPES OF BUYERS HAVE BEEN MOST ACTIVE OVER THE PAST 12 MONTHS?

"We've seen most activity from groups and existing operators who are looking to expand. While we continue to support first-time buyers, numbers are significantly lower than around the time of the Lloyds Pharmacy disposals."

ANY OTHER KEY TRENDS YOU HAVE OBSERVED IN THE MARKET?

"Last year's changes to the tariff mechanism helped to alleviate some of the pressures around drug pricing, which was impacting pharmacies' gross profit margins. However, this benefit was later curtailed by government tax rises, including hikes in employer National Insurance contributions, which increased overall staffing costs. Despite these challenges, the market remains robust and responsive to change, and there's a sense of positivity in the sector."

BUYER DEMAND & ACTIVITY

The liquidation of Lloyds Pharmacy created a unique buying opportunity, allowing pharmacies to be acquired at competitive prices. This led to a surge in activity, particularly from first-time buyers, before transaction levels returned to more sustainable norms.

Although national multiples are currently more selective, the Scottish pharmacy market continues to be supported by strong demand from regional multiples and independent operators. Well-run, high-quality pharmacies remain highly sought after, with single owners and small groups actively looking to expand. Continued demand is providing reassurance for sellers and supporting market values currently ranging between £1.40 and £2.00 in the pound.

A SHIFT TOWARD LOCAL OWNERSHIP

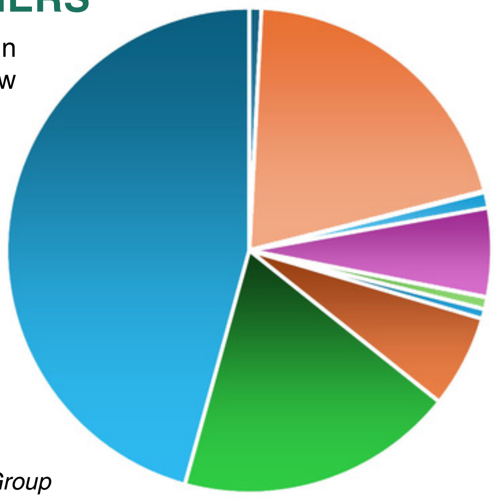
As demonstrated in the breakdown of pharmacy ownership, the market continues to rebalance toward independent and locally operated pharmacies. These businesses have proven highly adaptable, responding effectively to funding changes and evolving service expectations.

Their success reflects the increasing importance of personalised care, strong local relationships, and service-led models within today's healthcare landscape.

BREAKDOWN OF SCOTTISH PHARMACY OWNERS

The table below demonstrates that overall the number of pharmacies in Scotland has remained consistent over recent years with just a handful of new contracts being granted.

Size Category	2021	2022	2023	2024	2025
National Multiple (100+)	610	610	607	490	446
Regional Multiple (10-99)	163	181	174	226	232
Independent (1-9)	486	468	478	539	571
Grand Total	1259	1259	1259	1255	1249



- 10 - Asda
- 253 - Boots
- 1 - Cohens
- 13 - Morrisons
- 74 - Rowlands
- 10 - Superdrug
- 8 - Tesco
- 77 - Well
- 232 - Regional Multiple (10-99)
- 571 - Independents (1-9)

Source: Precision Marketing Group

MARKET OUTLOOK

Looking ahead, demand for pharmacy services is expected to continue rising. From July 2026, all newly registered pharmacists will qualify as independent prescribers, enhancing clinical capacity and further strengthening the role of community pharmacies. This development adds additional confidence for buyers and supports the sector's long-term growth prospects.

We anticipate independent sellers will dominate disposals in the coming year; nevertheless, further corporate disposals are likely to generate opportunities for independent and regional groups to expand and may also support first-time buyers in taking their initial steps towards pharmacy ownership. Bank lenders continuing support remains steady and lower interest rates are improving affordability for purchasers, while goodwill values are expected to remain robust as demand continues to significantly outstrip supply. Pharmacies located in the more populated central belt and in major urban centres, including Glasgow and Edinburgh, remain particularly attractive, with steady buying activity expected across Scotland over the coming year.

If you are considering a sale or would like to better understand the value of your pharmacy business, please contact us at the earliest opportunity to discuss how we can assist you or to arrange a meeting at your convenience.

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What our clients say about us...

'Ryan immediately suggested the type of buyer we would ideally be looking for and within a week or so had arranged five viewings for us, after shop closing hours, over the course of two weeks.

Within a month we had received three offers which were way over our estimations. Ryan made himself available to push the sale forward and act as a go between for any questions that arose between the legal teams. This reduced the stress of selling as well as working day to day in the business.

I felt that Hutchings Consultants Ltd had their finger on the pulse when it came to locating buyers specifically for my business and by creating a closing date helped me to achieve the best price. I thank Ryan for his help through the process.

I would recommend Hutchings to anyone considering selling their business in the future'

Gordon Coventry, Aitken Pharmacy, Dunbar