HEALTHCARE

Investing in Healthcare 2025

Stax PE Investor Survey

STAX WHITEPAPER 2025

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INTRODUCTION

The healthcare private equity investment landscape in 2025 is expected to be shaped by a mix of optimism and caution. Even with tariff-related uncertainty and a challenging macroeconomic, investor sentiment has strengthened since the start of the year, with many expecting steady or increased deal activity.

A combination of attractive assets coming to market, record-long hold periods, and pressure from LPs is driving expectations for greater capital deployment. At the same time, tariffs, shifting reimbursement dynamics, and operational challenges are prompting investors to adopt a more rigorous and data-driven diligence approach.

Within this environment, thematic focus areas such as **healthcare facilities, hospital operations software, and non-physician services** are drawing significant attention, with AI increasingly viewed as an important influence on investment opportunities.

KEY TAKEAWAYS FROM STAX 2025 HEALTHCARE PE INVESTOR SURVEY

Nearly 80% of surveyed healthcare-focused PE investors remain optimistic about healthcare deal flow for the remainder of 2025, despite an environment of tariff uncertainty.

Investor optimism for increased deal activity stems from expectations of attractive assets coming to market, coupled with record long hold periods forcing new assets in-market. On average, investors anticipate deploying about 6% more capital in 2025 compared to 2024.

Survey results show that 50% investors believe market tariff uncertainty will moderately or significantly impact deal activity in 2025. Due to elevated tariffs, investors are most often testing PortCo customer pricing sensitivity (85% sample) as an additional step during the diligence process.

Healthcare PE investors see tariffs to be most impactful in end-markets reliant on commoditized consumables, such as retail health (e.g., urgent care), consumer health (e.g., Medspas), and healthcare facilities (e.g., ASCs, SNFs etc.). On average, investors expect asset valuations to rise only modestly (low single digits) given tariff uncertainty.

The top 3 thematic areas of focus for healthcare PE investors are facilities (e.g., ASCs, SNFs), hospital operations software (e.g., scheduling optimization, compliance software, etc.) and retail health (e.g., urgent care). Non-physician healthcare services (e.g., dental, physical therapy) and pharma tech and outsourced services also ranked highly.

Investors in clinical services delivery see the still-fragmented dental and physical therapy markets as attractive investment opportunities. While less in favor due to reimbursement pressure, investors focused on physician practice management (PPM) are focused on primary care, where tech-enabled value-based care remains as a critical investment thesis.

Healthcare software investors are targeting hospital operations software including optimized patient flow or scheduling in addition to compliance software. Software serving pharma marketing is also in favor as pharma's spend to improve patient and HCP targeting continues to accelerate.

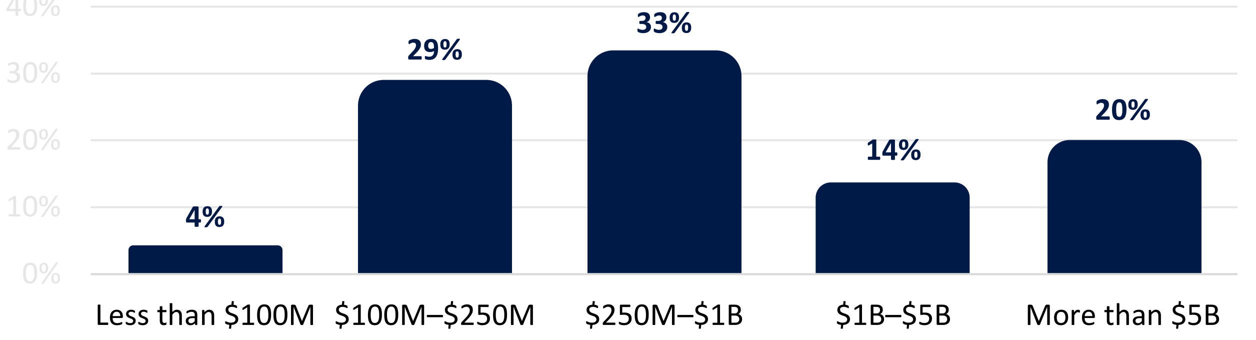
Around 80% of investors expect AI to play a significant role in 2025 deal flow, with hospital operations software emerging as the leading investment area they see being significantly shaped by AI.

Survey Sample

We surveyed dedicated healthcare PE investors pre-and-post tariffs to gauge their outlook for the 2025 healthcare deal market. The sample composition is broken down by fund size (AUM) and investor title as follows:

Figure 1: Survey Respondents by Primary Fund Size ($AUM)

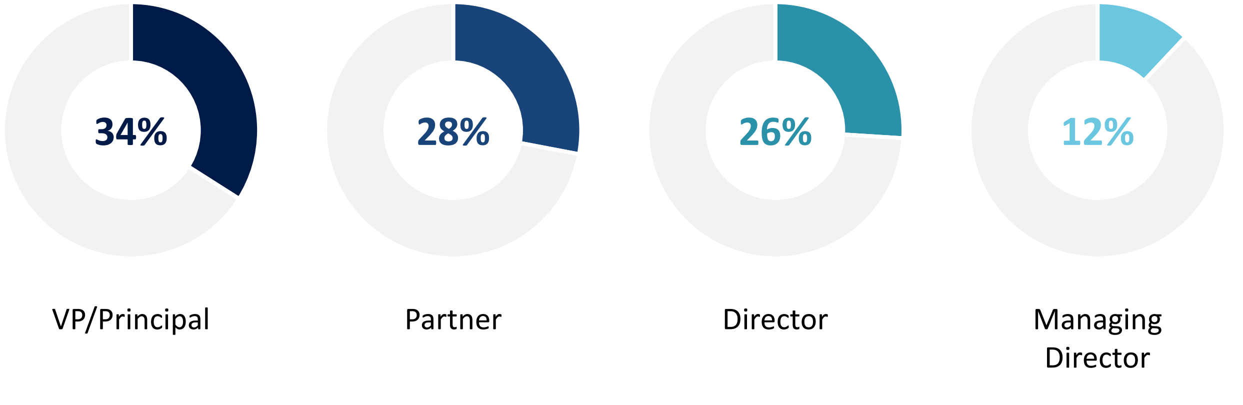
n = 200



Source: POTLOC

Figure 2: Survey Respondents by Position

n = 200



Source: POTLOC

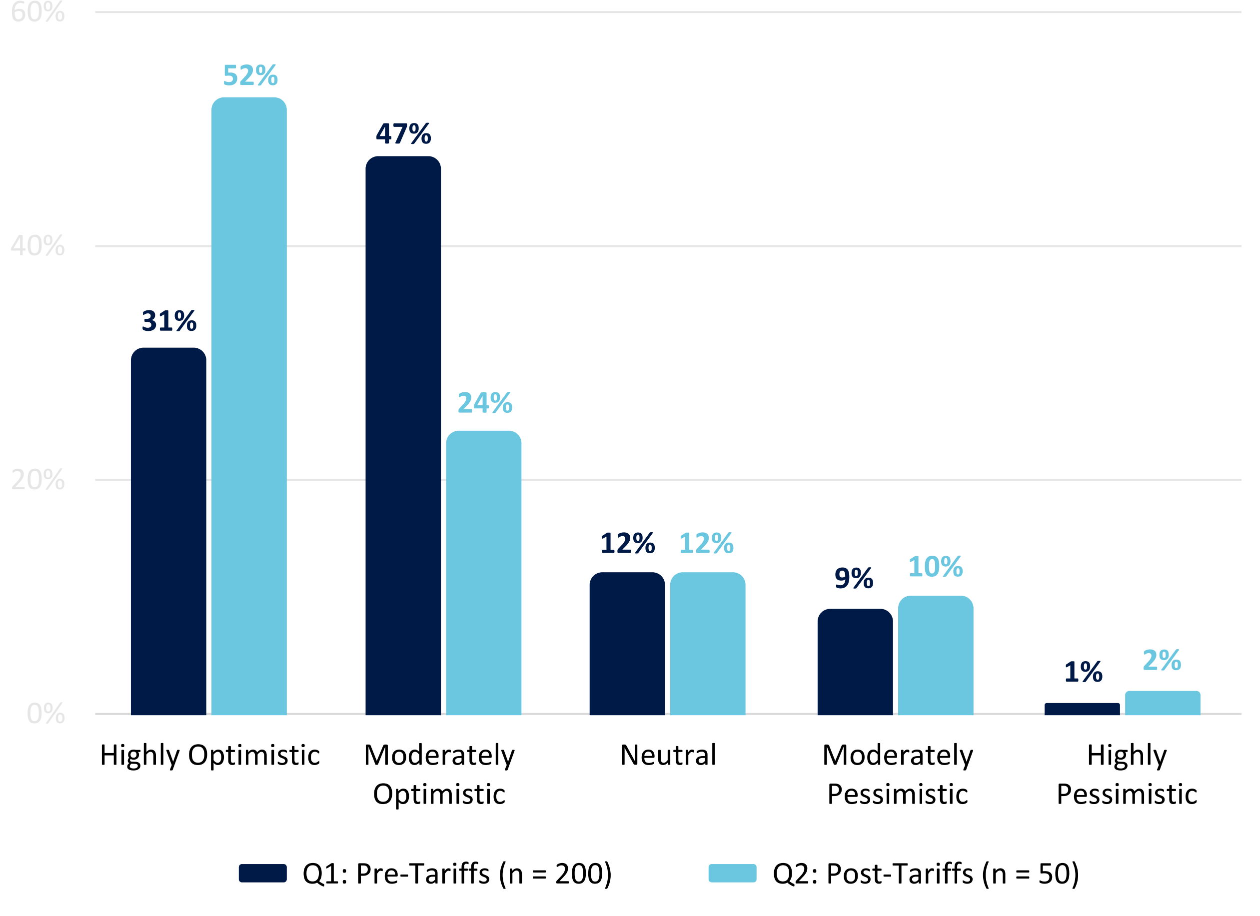
Investor Sentiment

Following the administration change and implementation of elevated tariffs, we reassessed investor sentiment.

Overall, confidence in healthcare deal flow and investment activity remained positive, with **~80% of respondents expressing optimism**. Notably, 52% are now highly optimistic about deal flow for the remainder of the year, up significantly from 31% in Q1.

Figure 3: Healthcare Deal Flow and Activity Outlook for Remainder of 2025

Q. What is your outlook for healthcare deal flow and activity in 2025?



Source: POTLOC

Investor confidence is fueled by a strong pipeline of attractive assets coming to market, supported by a backdrop of declining interest rates (with the Fed Funds Rate unchanged since December 2024). In addition, record-long hold periods are creating heightened pressure from LPs to return committed capital; further reinforcing expectations for an active healthcare deal market in 2025.

Figure 4: Drivers of Increased Healthcare Deal Activity (Q1: Pre-Tariff)

Q. What factors do you expect will drive increased healthcare deal activity in 2025?

n = 118

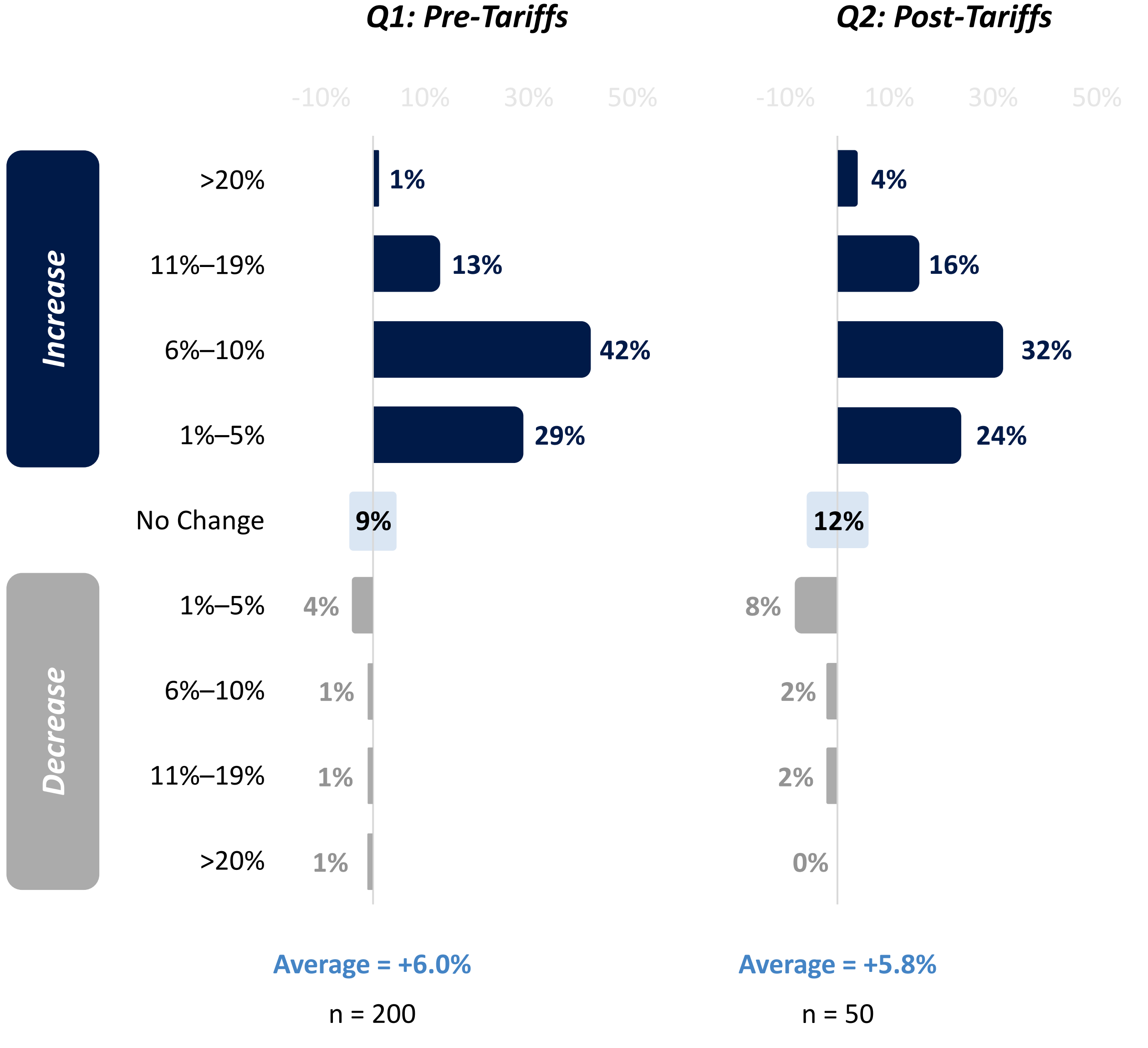
Attractive Assets Coming to Market	70%
Declining Interest Rates	53%
Long PortCo Hold Periods	40%
High Levels of Dry Powder	31%
Derisked Regulatory Environment	30%
Pressure from LPs to Return Capital	27%
Buyer-Seller Bid-Ask Compression	20%

Source: POTLOC

On average, investors anticipate deploying about 6% more healthcare capital in 2025 compared to 2024, with this expectation remaining consistent both before and after the implementation of elevated tariffs.

Figure 5: Expectations for Total Healthcare Deployed Capitals 2024 vs. 2025

Q. How do you expect your team's total deployed healthcare capital in 2025 to compare to 2024?



Source: POTLOC

Tarriff Impact on 2025 Outlook

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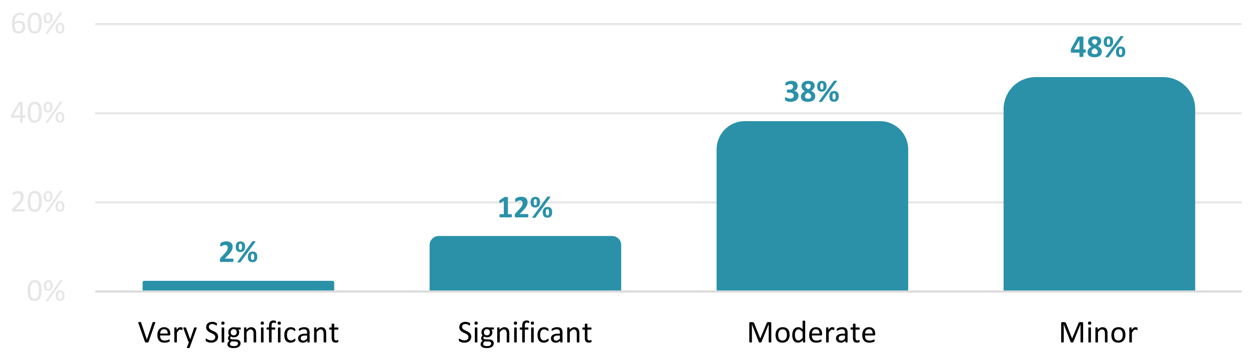
Nearly half of investors (48%) expect tariffs to have only a minor impact on deal flow, while 38% anticipate a moderate effect through year-end. Stax has observed some slowdown in healthcare deal activity in Q2 and early Q3, reflecting reduced risk appetite in uncertain market conditions.

On average, investors project tariffs will drive asset valuations up by roughly 2%. With high-quality assets in short supply, about 70% of investors still anticipate at least a single-digit valuation increase compared to pre-tariff levels.

Figure 6: Tariff Impact on Healthcare Deal Flow (Q2: Post-Tariff)

Q. To what extent have tariffs impacted your healthcare deal flow and activity?

n = 50

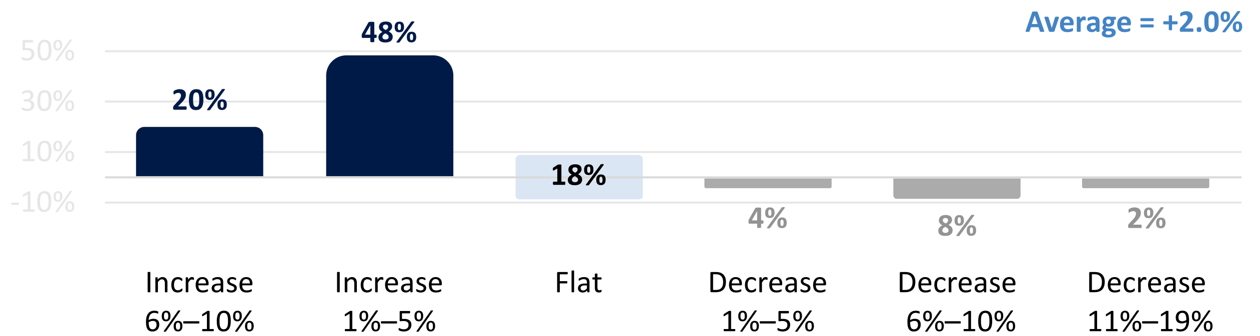


Source: POTLOC

Figure 7: Tariff Impact on Asset Valuations In-Market (Q2: Post-Tariff)

Q. To what extent have tariffs impacted valuations of healthcare assets in-market versus before tariffs were implemented?

n = 50



Source: POTLOC

Tariffs have shifted investor focus during the due diligence process, with more consideration evaluating the ability to pass on increased sourcing costs onto customers. While supply chain analysis and cost tracing are also reviewed, these considerations remain secondary to customer pricing sensitivity.

Figure 8: Top Due Diligence Considerations due to Tariff Uncertainty (Q2: Post-Tariff)

Q. What due diligence considerations have become a prominent area of focus due to tariff uncertainty?

n = 50

Customer Pricing Sensitivity	**86%**
Country of Origin Tracing	**72%**
Supply Chain Analysis	**56%**
Supplier Relationship Strength	**40%**
Inventory Contingency Planning	**30%**
CapEx Impact from Sourcing Relocation	**28%**

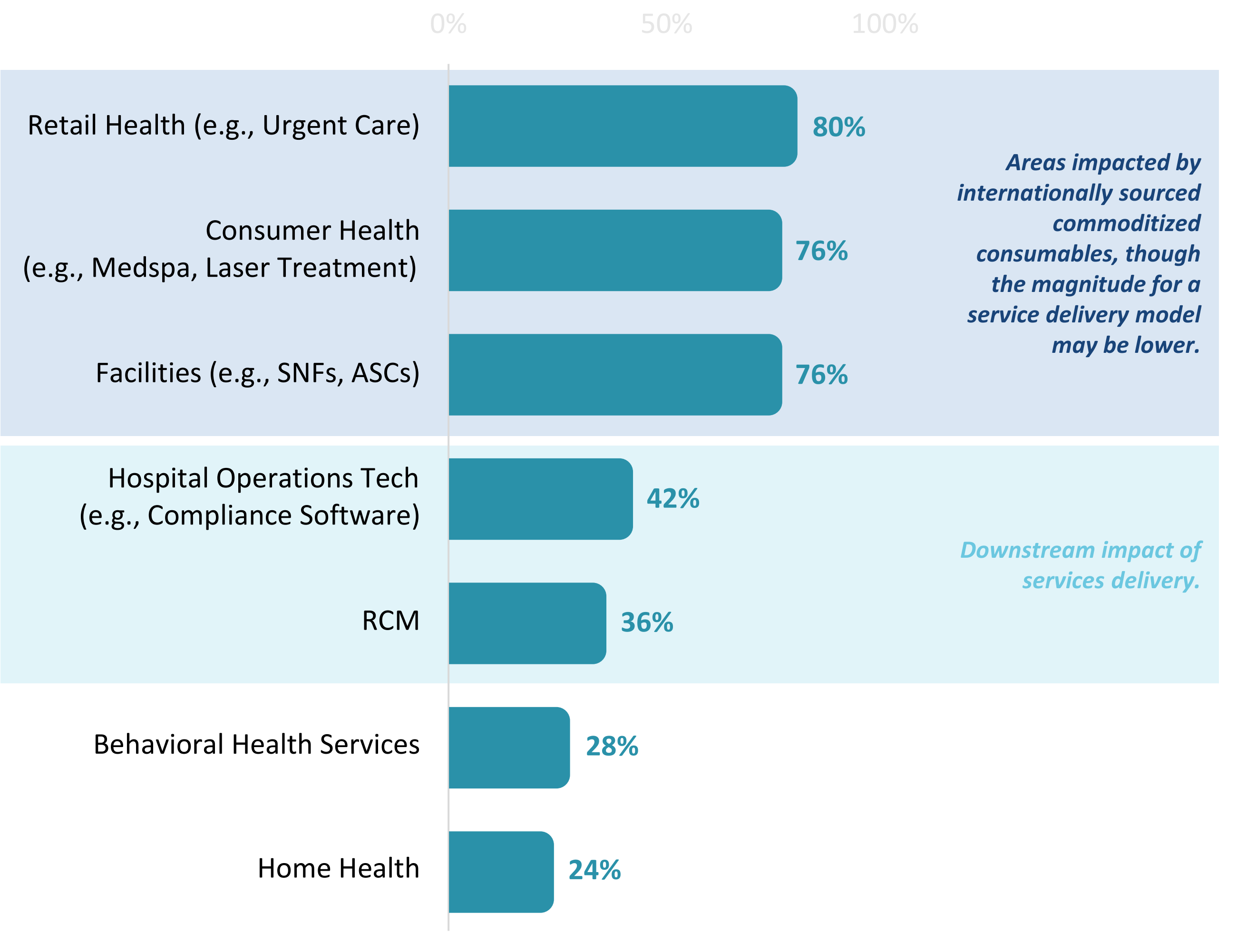
Source: POTLOC

Healthcare services, including retail health, consumer-driven services like medspas, and healthcare facilities (e.g., SNFs, ASCs, etc.) are impacted by commoditized disposable products often sourced internationally. While the impact is less pronounced than in medical products, downstream areas of service delivery, including hospital operations technology or revenue cycle management (RCM), may also feel the effects.

Figure 9: Areas of Investment Focus Most Impacted by Tariff Uncertainty (Q2: Post-Tariff)

Q. Which areas of investment focus do you expect to see the most significant impact of tariff uncertainty?

n = 50



Source: POTLOC

Thematic Areas of Focus

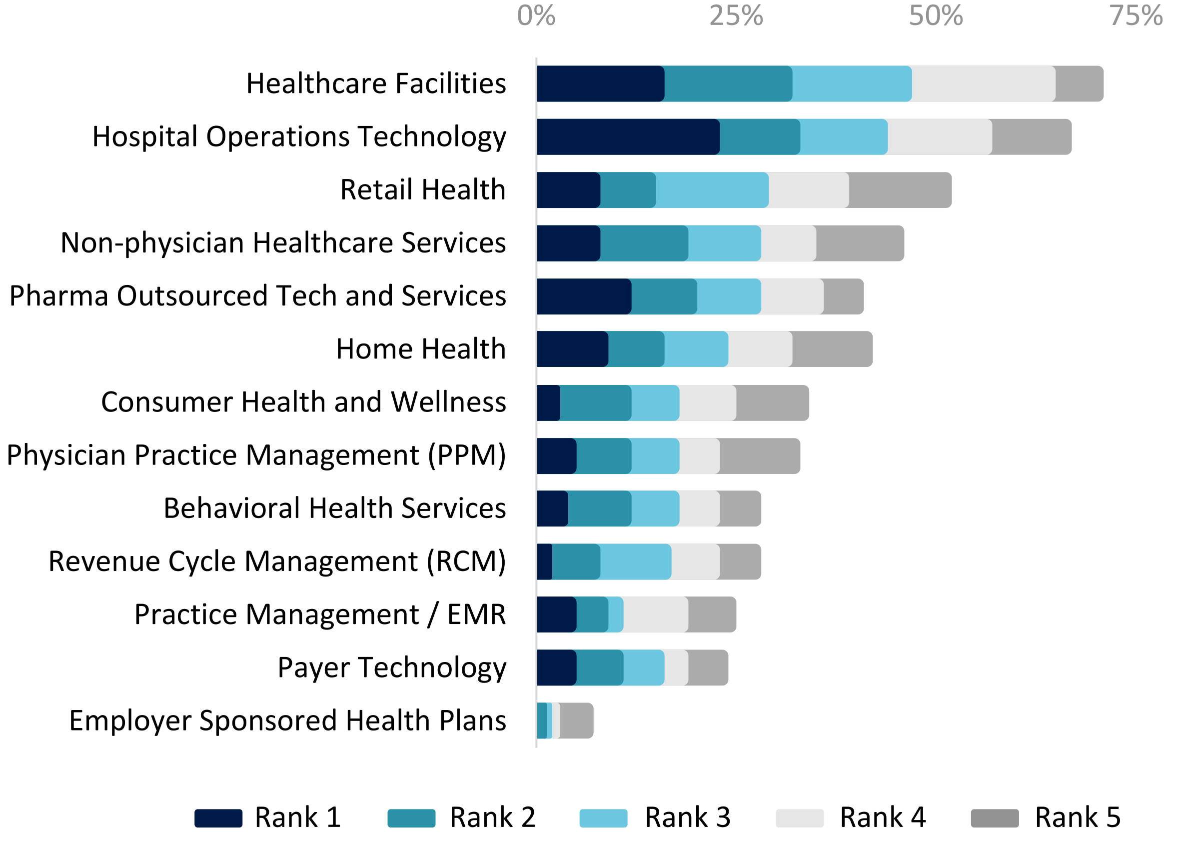
Consolidation of healthcare facilities (e.g., SNFs, ASCs, dialysis centers) remains a favored strategy among investors. Potential exits through hospital consolidation and the extension of hospital networks continue to support facility roll-up strategies.

Stax has also seen strong investor interest in the standardization of hospital technology, particularly as hospitals seek to improve compliance, governance, and cybersecurity. Fragmented non-physician services such as dental, veterinary, or physical therapy, present attractive opportunities despite significant consolidation activity in recent years.

Figure 10: 2025 Areas of Thematic Focus in Healthcare

Q. Within healthcare, what are 2025 areas of thematic focus for your fund?

n = 200



Source: POTLOC

Hospital Facilities & Hospital Operations Tech

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In 2025, healthcare facilities—including hospitals, urgent care centers, SNFs, and ASCs—remain a key area of investor focus. Stax continues to see strong client interest in software that enhances and streamlines hospital operations, reflecting ongoing investor demand.

Forward-thinking hospitals are investing in technology to ease capacity pressures for both patients and staff, with tech-enabled cybersecurity and compliance also emerging as top spending priorities.

Figure 11: Healthcare Facilities

Q. What specific healthcare facility type does your fund focus on?

n = 106

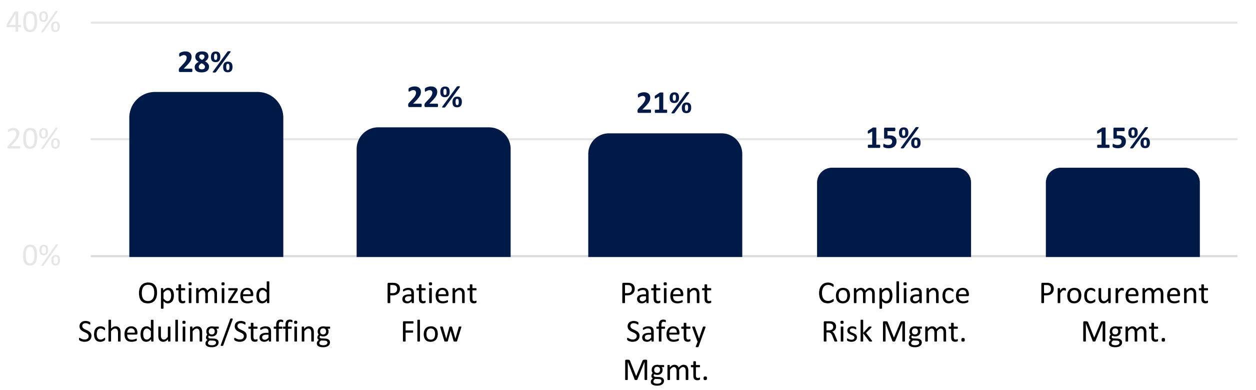
Hospitals	Urgent Care	SNFs	ASCs	Dialysis Centers	Standalone EDs
29%	24%	13%	13%	11%	9%

Source: POTLOC

Figure 12: Hospital Operations Technology

Q. What specific operations technology does your fund focus on?

n = 101



Source: POTLOC

Healthcare Services

Investor interest in healthcare services delivery remains moderately strong, though some hesitation persists around reimbursement risk as a primary delivery model.

Dental offices are still highly fragmented, making DSO consolidation an attractive exit strategy and a continued area of interest. opportunity for an exit, likely to support investor interest. For more detail, see our report on dental market investment opportunities.

Primary care is still most in favor amongst PPMs, with investors drawn to PCP assets that align with the ongoing shift toward value-based care as an investment thesis.

Figure 13: Non-Physician Services

Q. What specific non physician services does your fund focus on?

n = 69

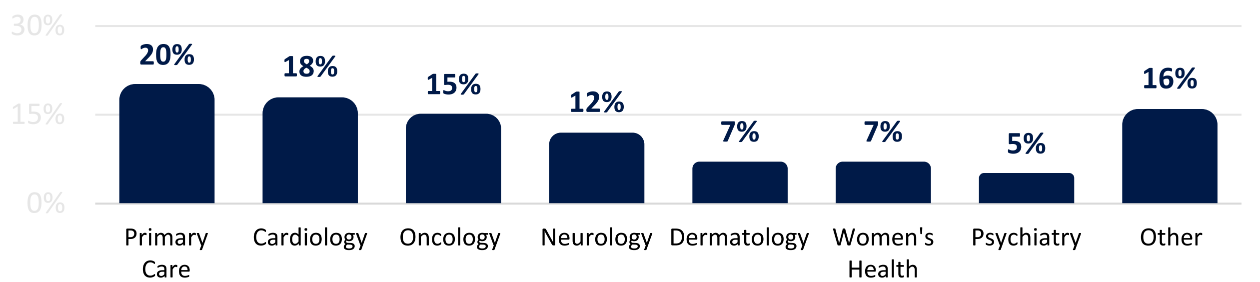
Dental	Physical Therapy	Chiropractic Care	Optometry	Veterinary	Podiatry
34%	31%	13%	10%	8%	5%

Source: POTLOC

Figure 14: Physician Practice Management

Q. What specific physician practice management does your fund focus on?

n = 48



Source: POTLOC

Pharma Tech and Outsourced Services

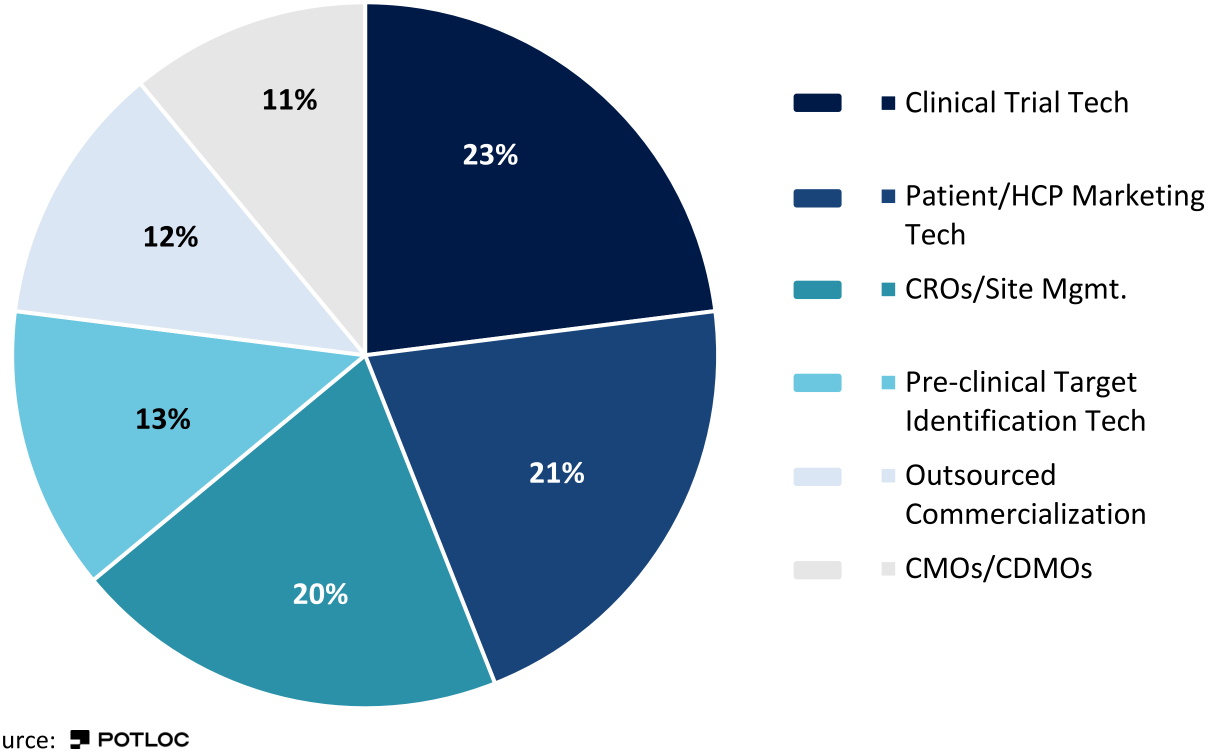
In pharma tech and outsourced services, investor attention is centered on clinical trial technology and marketing tech for patients and HCPs. Over the past 12 months, Stax has supported buy- and sell-side investor processes all focused in pharma marketing technology. Pharma's willingness to spend on advanced, targeted marketing, particularly in oncology, rare disease, neurology, and cardiology, drives this spend and that the investment opportunities that come with it.

Clinical trial sites are still heavily fragmented, creating opportunities in-site management. Investor interest here has grown as the traditional CRO model faces disruption, with many pharma companies shifting site management back in-house rather than relying solely on CROs.

Figure 15: Pharma Tech + Services

Q. What specific areas does your fund focus on?

n = 61



Source: POTLOC

AI Impact in Healthcare

Investor expectations for AI's role in deal activity are significant, with hospital technology, facility optimization, and consumer-driven health identified as areas most likely to be meaningfully shaped by AI.

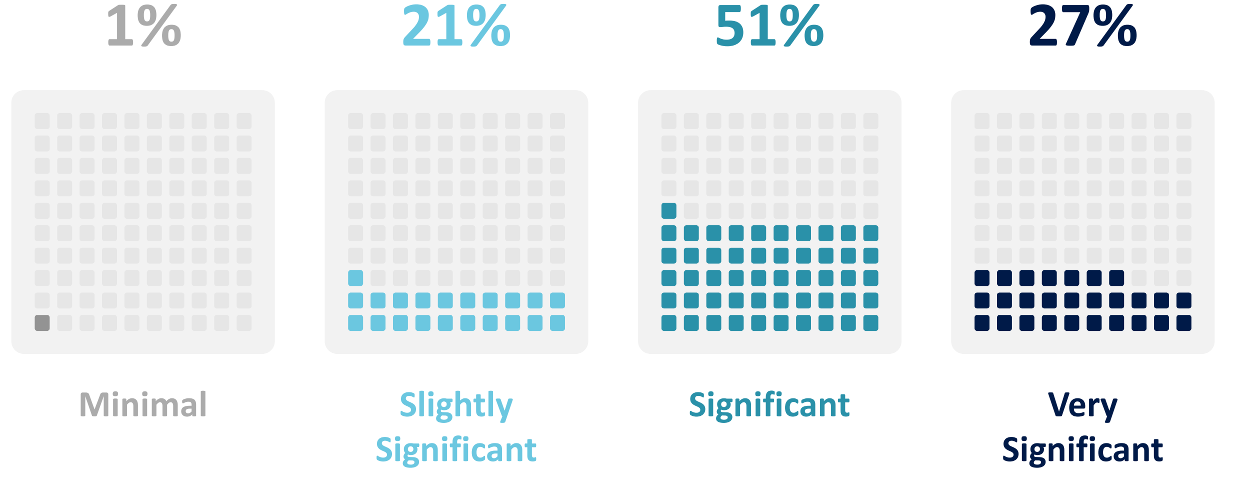
Stax has also observed a shift in how AI is being discussed in healthcare. In fields such as diagnostics, AI is increasingly viewed as a tool to optimize current workflows that require physician judgment, enhancing efficiency rather than replacing expertise.

Companies that position AI as an assistive solution to reduce friction and improve outcomes, rather than as a substitute, are expected to be best positioned for success.

Figure 16: Impact of AI on 2025 Healthcare Deal Flow

Q. To Do you anticipate AI will play a significant role in healthcare deal activity in 2025?

n = 200

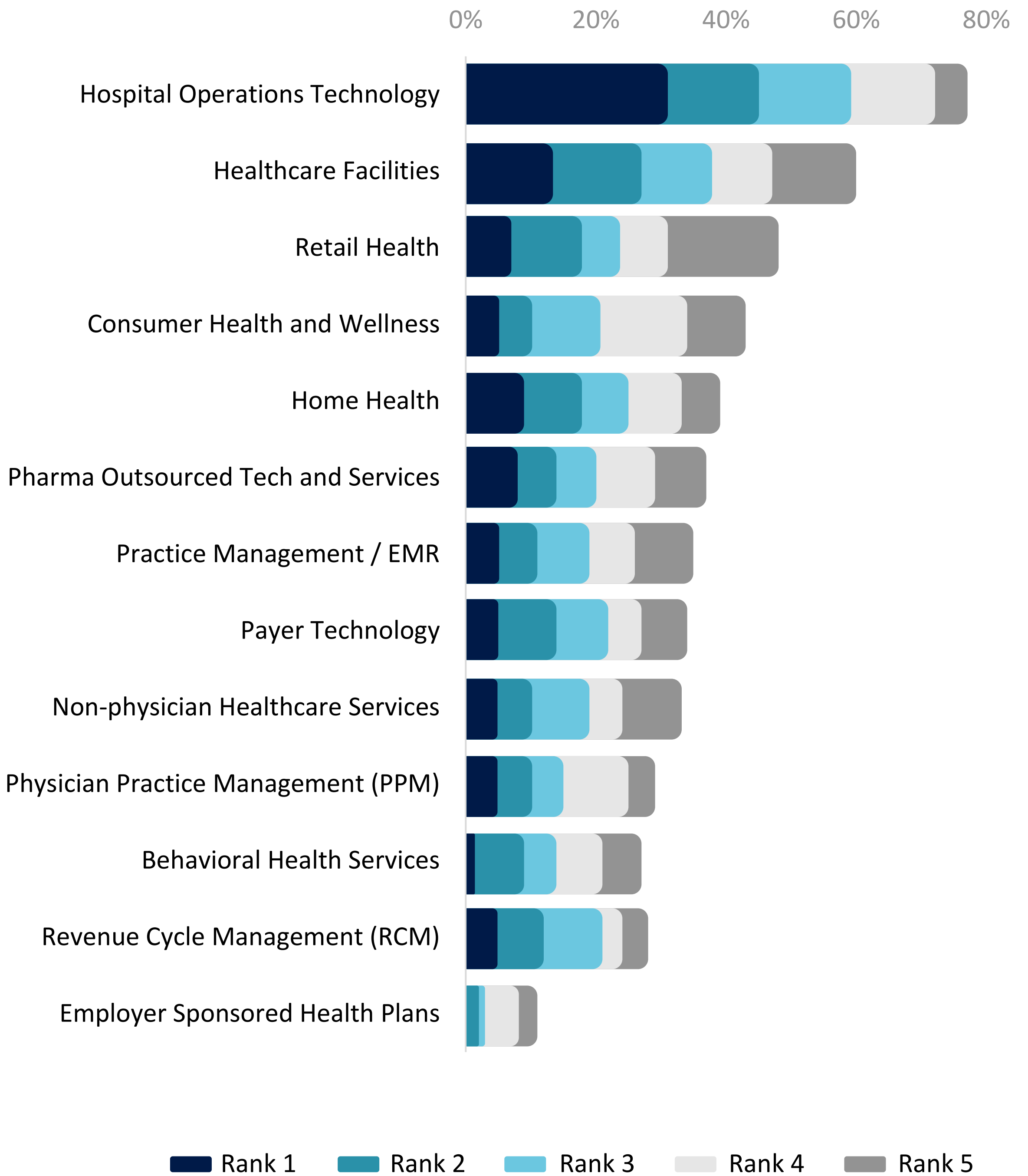


Source: POTLOC

Figure 17: AI Impact in Assets Coming to Market

Q. In which areas of healthcare assets coming to market do you expect AI to play the most impactful role?

n = 200



Source: POTLOC

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Stax brings corporate strategy and operational knowledge within the healthcare industry, paired with 30+ years of experience serving clients throughout the investment lifecycle.
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Managing Director, Chicago

Adam Thorpe
Managing Director, London

Rob Larson
Director, Boston

Matt McMillion
Director, Chicago

Jordan Abrams
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Contact

Raphaël Pecqueur
Sales Manager
raphael.pecqueur@potloc.com

Tania Testa
Marketing Director
tania.testa@potloc.com

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