



Healthcare Industry Outlook: UK & Ireland

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Table of Contents

1. [Market Overview](#)
2. [Demographic Drivers](#)
3. [Key Trends](#)
4. [Strategic Implications for Business Owners](#)

Healthcare Industry Outlook: UK & Ireland Market Opportunities for Search Fund Acquisitions

The UK and Ireland healthcare services sector presents compelling opportunities for business owners considering search fund partnerships, driven by demographic shifts, technological innovation, and evolving care delivery models. This outlook examines key trends shaping the sector and identifies growth opportunities across the healthcare services landscape.

Market Overview: Sustained Growth Trajectory

The UK healthcare services market demonstrates robust fundamentals, with the sector valued at £178.7 billion in 2024 and projected to reach £226.1 billion by 2030 ¹³. This represents a steady 4.0% compound annual growth rate, significantly outpacing broader economic growth ¹⁴. Healthcare services M&A deal volume grew 7% in 2024, with private equity accounting for 25% of all transactions, indicating strong investor confidence in the sector's resilience.

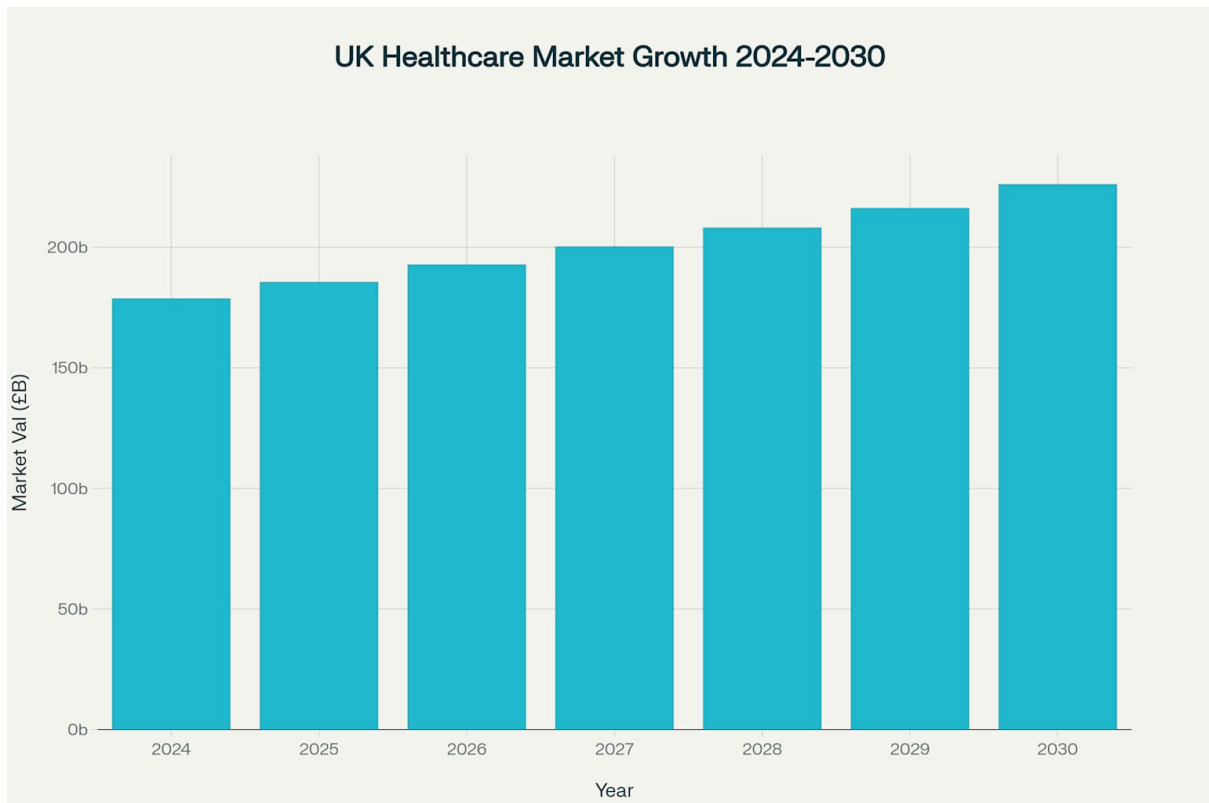


Figure 1: UK Healthcare Services Market projected to grow from £178.7B in 2024 to £226.1B by 2030, representing a 4.0% CAGR

The Irish healthcare market contributes approximately €3 billion annually to the economy, with particularly strong performance in medical device manufacturing and pharmaceutical services ²⁸. Ireland's position as a European hub for life sciences creates additional opportunities for healthcare service providers supporting these industries ^{28,43}.

Demographic Drivers: The Aging Population Advantage

The most compelling growth driver for healthcare services remains demographic change across both markets. The UK population aged 65 and over is projected to grow from 12.4 million in 2020 to 15.1 million by 2030, representing a 22% increase in this key healthcare-consuming demographic ⁴³. This aging trend creates sustained demand for healthcare services that is largely independent of economic cycles.

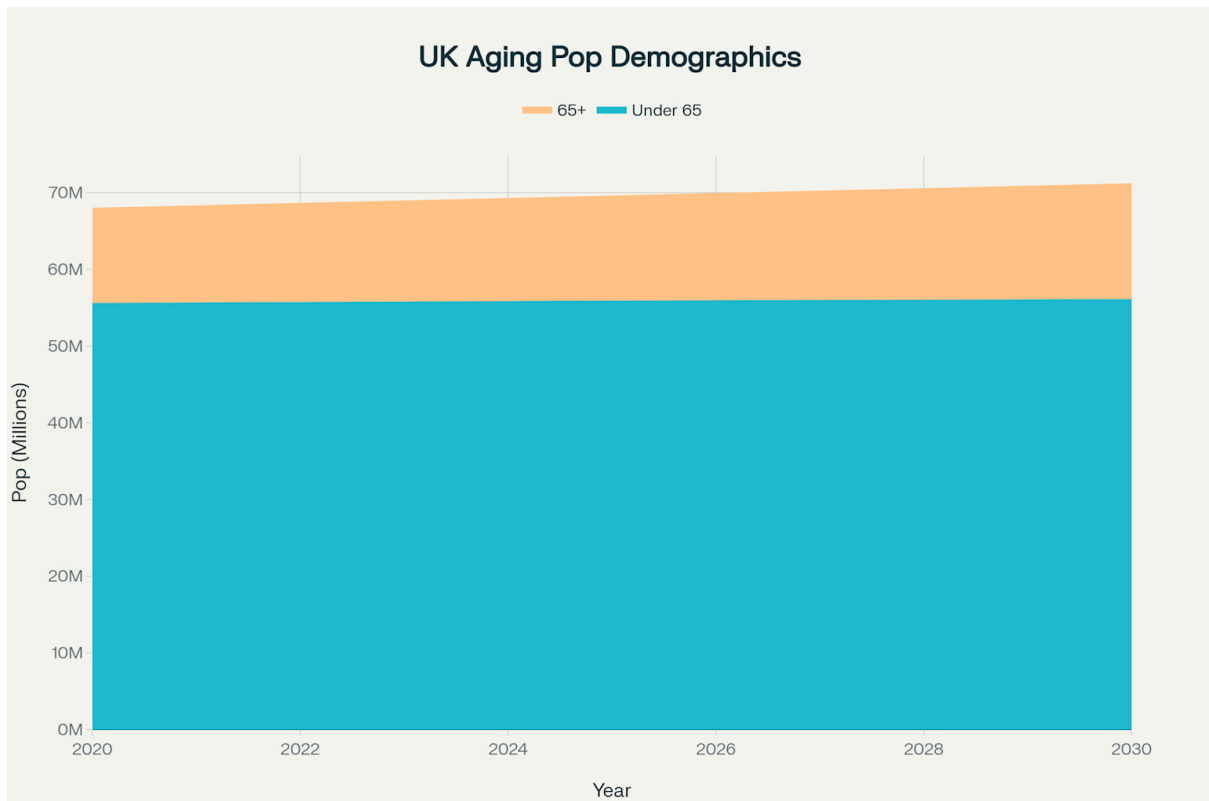


Figure 2: UK population aged 65+ projected to grow from 12.4M (2020) to 15.1M (2030), driving increased healthcare demand

In Ireland, demand for healthcare is projected to increase substantially, with the population expected to grow by 14-23% by 2030, adding 640,000 to 1.1 million people⁴³. The share of population aged 65 and over will increase from one in eight to one in six, while numbers of people aged 85 and over are projected to almost double⁴³. This demographic shift translates directly into increased demand across all healthcare service categories.

Key Trends Shaping the Healthcare Services Sector

Digital-First Healthcare Delivery

The acceleration toward digital health solutions represents one of the most significant transformation trends in the sector. The global telehealth market reached \$161.64 billion in 2024 and is projected to grow at a 22.9% CAGR, reaching \$791.04 billion by 2032³. The UK NHS has committed to making digital-first primary care a new option for every patient, improving fast access to convenient primary care⁴⁵. Digital health platforms show the highest growth rates among healthcare service segments at 15.3% annually, making them particularly attractive for search fund investment strategies.

The integration of artificial intelligence and machine learning into clinical practice is expected to become increasingly prevalent, with AI-driven diagnostic tools improving early disease detection and patient outcomes^{40, 41}.

Mental Health Services Expansion

Mental health services represent one of the fastest-growing segments within healthcare, driven by increased awareness and reduced stigma around mental health treatment. This sector demonstrates 8.1% annual growth rates and presents very high attractiveness for search fund acquisitions due to growing demand and fragmented market structure. The UK government's focus on mental health as a key priority, combined with NHS capacity constraints, creates significant opportunities for private sector providers to fill service gaps. Both the UK and Ireland are prioritising the development of mental health services, creating a supportive policy environment for sector growth.

Home Healthcare and Community Services

The shift toward care delivery in community and home settings represents a fundamental restructuring of healthcare delivery models. Home healthcare services, valued at £18.5 billion with 6.7% annual growth, benefit directly from aging population trends and patient preferences for receiving care in familiar environments. This trend is supported by government policy initiatives focused on reducing hospital utilisation and managing chronic conditions more effectively in community settings. The COVID-19 pandemic accelerated adoption of remote patient monitoring and community-based care models, creating lasting changes in healthcare delivery preferences.

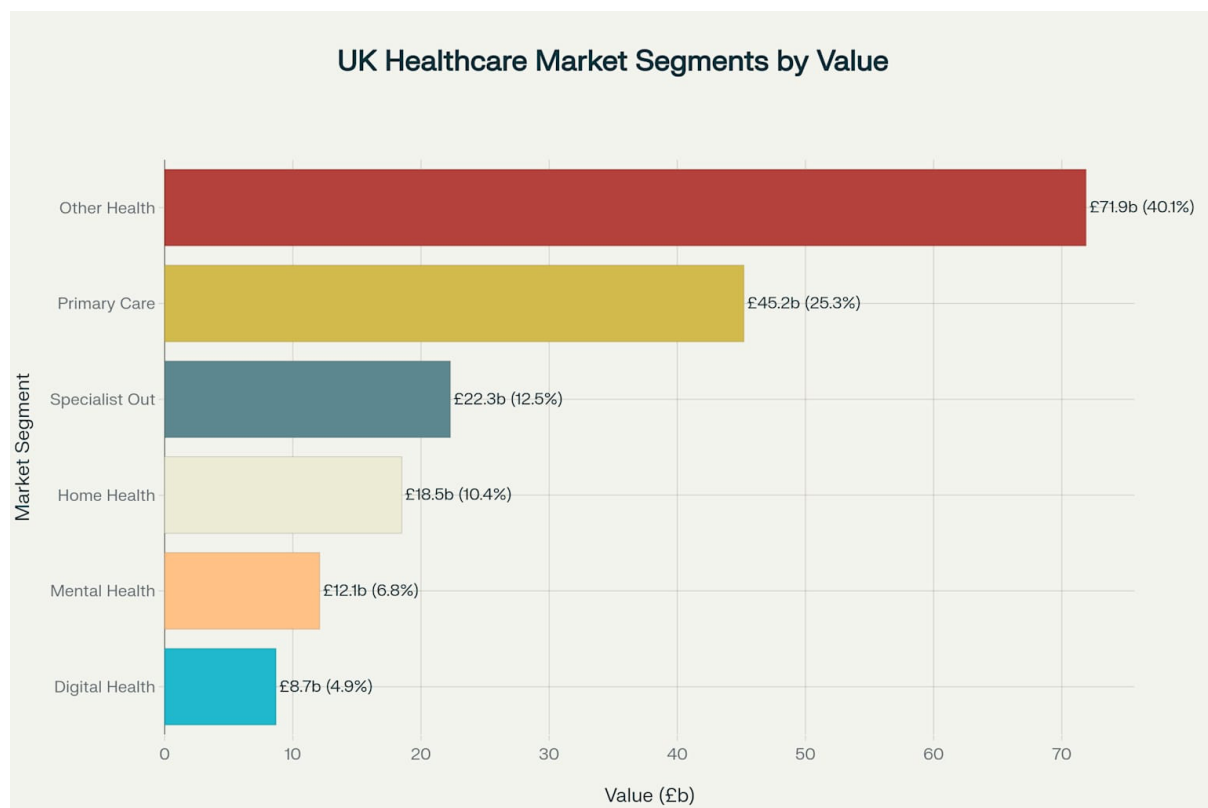


Figure 3 Strategic Implications for Business Owners

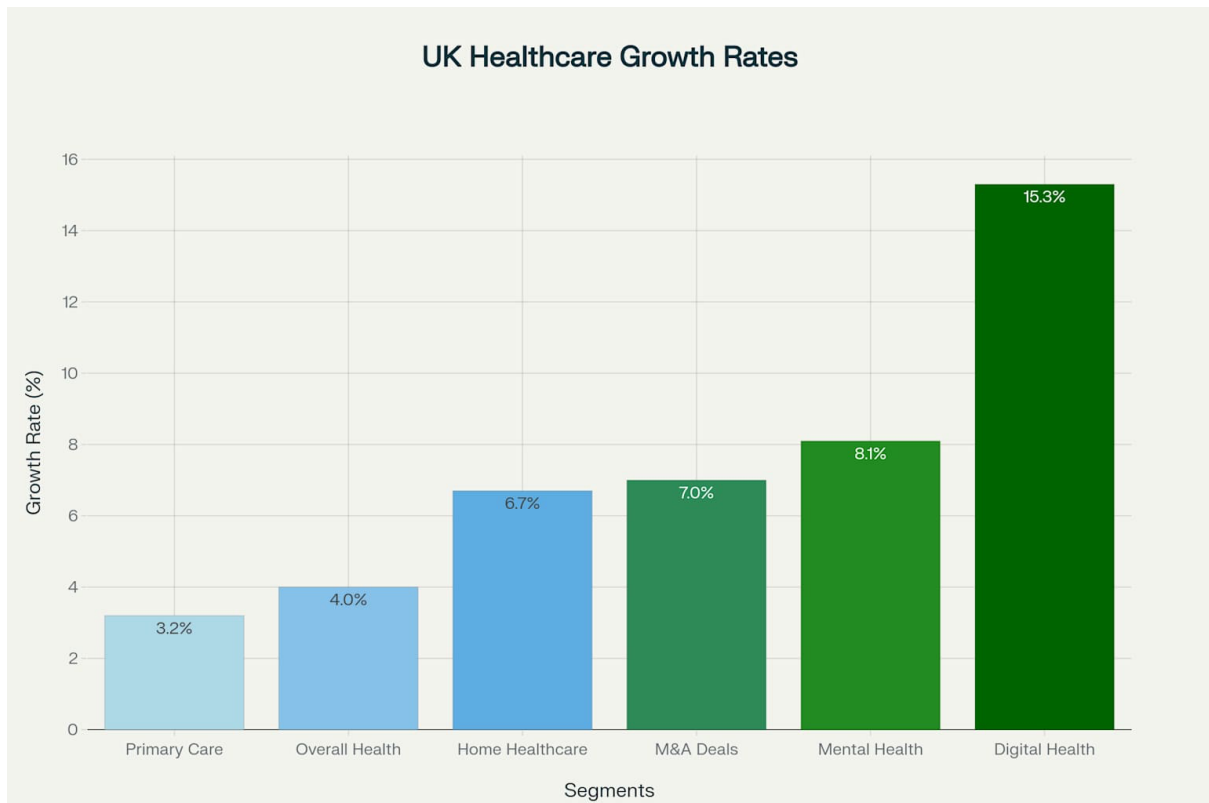


Figure 4 Healthcare Service Segments: Annual Growth Rate Comparison (2024 – 2030)

M&A Activity and Investment Climate

Healthcare M&A activity demonstrates strong momentum, with deal values increasing from £11.6 billion in 2023 to £13.2 billion in 2024. The average deal size has grown consistently, rising from £81.7 million in 2023 to £87.5 million in Q1 2025, indicating healthy valuation trends.

Private equity maintains consistent involvement at approximately 50% of all healthcare transactions, reflecting the sector's appeal to financial investors¹⁴. The concentration of deal flow in the sub-£30 million range aligns well with search fund acquisition parameters^{14,62}.

UK companies remain the most prolific investors in Irish healthcare assets, with 37 deals completed in H1 2024⁶¹.

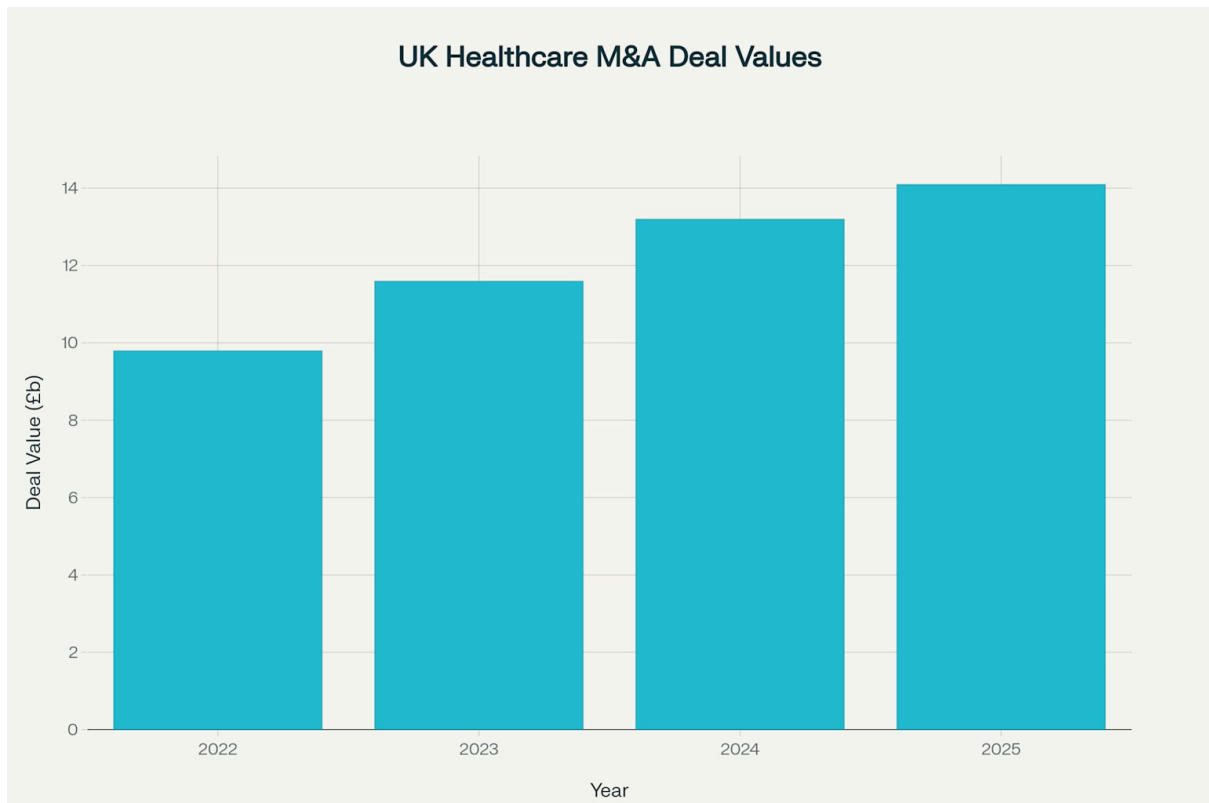


Figure 5 UK Healthcare M&A Activity: Rising Deal Values and Average Sizes (2022-2025)

Regulatory Environment and Policy Support

The regulatory environment in both markets provides generally supportive conditions for healthcare service growth. The UK's post-Brexit regulatory framework for medical devices and diagnostics is creating new pathways for innovation while maintaining high standards.

In Ireland, the implementation of population-based resource allocation (PBRA) mechanisms represents a fundamental shift toward more equitable and efficient healthcare resource distribution. This creates opportunities for efficient private sector providers to capture increased public sector demand through competitive contracting arrangements.

Both governments have committed significant additional funding to healthcare infrastructure and services, with the UK government pledging billions in additional primary care investment and Ireland implementing major healthcare system reforms.

Technology Integration and Innovation

Healthcare technology adoption continues to accelerate across both markets, creating opportunities for service providers that successfully integrate digital solutions. The development of AI-assisted diagnostic pathways, particularly in areas like skin cancer screening, demonstrates the potential for technology to enhance clinical efficiency while maintaining quality standards⁵⁸.

Future Outlook: Positioning for Growth

The healthcare services sector outlook remains positive across both the UK and Ireland, supported by demographic trends that are largely immune to economic cycles. The combination of aging populations, government policy support, and technological innovation creates a favourable environment for well-positioned healthcare service providers.

Key growth drivers for the next five years include continued demographic shifts toward an older population, expansion of digital health capabilities, increased focus on preventative care and mental health services, and ongoing consolidation opportunities in fragmented market segments.

The regulatory environment is expected to remain supportive, with both governments recognizing the importance of private sector partnerships in meeting growing healthcare demand while managing public sector budget constraints.

Strategic Implications for Business Owners

For healthcare business owners considering search fund partnerships, the current market environment offers several advantages. Strong demographic trends provide revenue visibility and growth potential, while fragmented market structures create opportunities for consolidation and scale benefits.

The search fund model's focus on operational improvement and long-term value creation aligns well with healthcare sector dynamics, where patient outcomes and service quality drive sustainable competitive advantages. Digital health capabilities and community-based service delivery represent particularly attractive growth vectors for search fund-backed consolidation strategies.

Healthcare services businesses with established patient relationships, regulatory compliance capabilities, and growth potential in aging-related services are well-positioned to benefit from current market trends and investor interest in the sector.