



# M&A MARKET UPDATE

*ALLIED HEALTH - MAY 2025*

# Allied Health M&A Market Update

## MAY 2025



As Australia's leading specialist business broking group, Morgan Business Sales is business pleased to present this M&A update report for the allied health industry. Drawing on years of experience in facilitating successful business transactions across Australia, our team have witnessed the allied health sector emerge as one of the country's most dynamic and resilient markets.

Australia's allied health industry continues to expand, with the sector experiencing heightened M&A activity, with both private equity and established healthcare operators seeking quality acquisitions, particularly in mobile and community-based allied health services.

If you have any questions or wish to explore how the trends outlined in this report impact your business, please don't hesitate to reach out for a confidential discussion.

Our team currently works with active buyers in the allied health sector, including repeat investors and institutional groups seeking quality acquisitions. Whether you're considering a sale, partnership, or strategic growth plan, we can provide tailored insights to align your goals with today's market dynamics.



### Contact Us



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# 2025 AUSTRALIAN ALLIED HEALTH M&A UPDATE

## MARKET VALUE

Australia's allied health sector is valued at \$16.6 billion in 2025, with a five-year compound annual growth rate of 1.8%, driven primarily by sustained demand from the National Disability Insurance Scheme (NDIS), which now supports over 660,000 participants and allocates a significant share of its \$35.8 billion annual budget to allied health services. Private health insurance also underpins around 30% of allied health spending, particularly in physiotherapy, occupational therapy, and psychology.

Nationwide, the sector is experiencing robust demand, supported by an ageing population and ongoing NDIS participation, ensuring allied health remains a critical and resilient component of Australia's healthcare landscape.

## KEY TRENDS

### Digital Health Integration

- The Australian Digital Health Agency has tripled investments to \$2 million to connect allied health professionals to My Health Record and electronic prescribing via 16 software vendors (e.g., Best Practice Software, Halaxy).
- Telehealth adoption continues to expand, with Medicare subsidies supporting remote consultations.

### Private Equity Consolidation

- Private equity acquisitions surged from 3 deals in 2008 to 18 in 2022, totalling \$24.1 billion. Firms like Next Capital and Advent Health focus on NDIS-aligned, tech-integrated platforms.

### Workforce Pressures

- Wages for allied health professionals rose to \$1,500/week (median) in 2022, but workforce shortages persist, especially in regional areas.
- Workforce shortages are critical, with demand projected to grow by 30% over the next decade.

### Shift to Community-Based Care

- Mobile and multidisciplinary models are prioritised, particularly for NDIS participants and aged care.
- Private equity firms target scalable, community-focused practices.



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## GROWTH DRIVERS



### Aging Population

Those aged 65 and over are the fastest growing age group in Australia. By 2066, 23% of Australians will be over 65, driving demand for chronic disease management, rehabilitation, and in-home allied health services.



### Digital Innovation

Integrated care models are gaining momentum, with multidisciplinary teams – allied health professionals, specialists, and GPs – using digital health platforms and shared records to improve outcomes for complex and chronic conditions.



### NDIS Expansion

With NDIS participant numbers rising 65% since 2017 to over 660,000 by mid-2024, allied health professionals have become essential to disability support, driving significant job growth across the sector.



### Government Funding

Government funding is a key growth driver, with initiatives like the National Allied Health Workforce Strategy (2025) targeting workforce shortages, training, and retention.

## WHO INVESTS IN ALLIED HEALTH

### Private Equity (PE) Firms

Firms are highly active, acquiring and consolidating multidisciplinary clinics and NDIS-focused providers to build scalable national platforms and drive growth through further acquisitions.

### Institutional Investors

Insurance companies and superannuation funds typically invest in established allied health groups to diversify their portfolios and secure stable, long-term returns.

### Strategic Operators

Strategic investors such as healthcare operators and technology companies often acquire allied health businesses to expand service offerings and enter new markets.



# 2025 AUSTRALIAN ALLIED HEALTH M&A UPDATE

## RECENT TRANSACTION ACTIVITY

Mid-market M&A has been the engine of deal activity in Australia's allied health and broader healthcare sectors throughout 2024 and into 2025. Transactions in the \$10 million to \$250 million range remained resilient, with overall deal value steady at around \$17.3 billion in 2024 despite a 6% dip in volume, and a slight uptick to \$19.6 billion in 2023 even as volumes fell.

Investor confidence is strong, with 60% of dealmakers planning to increase mid-market investments in 2025, driven by succession planning, consolidation, and sector-specific growth. Australia's mid-market is seen as particularly attractive, supported by narrowing valuation gaps, ample capital, and a stable outlook. International buyers have returned, paying average premiums of 7.6% for quality assets.

Private equity remains a key player, highlighted by Next Capital's \$100 million investment in InterHealthcare, which acquired 35 clinics in 2024 and aims for a 70-clinic national network by early 2025. Other notable activity includes management buyouts and mergers across healthcare services, reflecting strong demand for scalable, integrated business models.

## Highlights

- **InterHealthcare:** \$100 million committed by Next Capital to acquire 35 clinics in late 2024, with a goal to reach 70 clinics by mid-2025. This roll-up strategy is a prime example of private equity consolidation targeting scalable, NDIS-aligned platforms.
- **Plena Healthcare:** Sale process ongoing in 2025, with significant private equity interest. Plena Healthcare is a major mobile allied health provider operating nationally, generating an estimated \$75 million in annual revenue and \$10 million EBITDA.
- **Healthia Ltd:** Healthia has continued to acquire clinics nationwide, including five Physioworks clinics in 2023, as part of its ongoing strategy to build a leading allied health network.
- **ONCALL, Ablecare, and SACARE:** Pemba Capital Partners assembled this disability care platform between 2020 and 2022, targeting NDIS participants and integrated community services in VIC and SA.
- **Lumia Care / Pop-Up Health (2024):** Lumia Care (backed by Pemba Capital Partners) acquired Pop-Up Health, a home nursing service provider. The deal reflects ongoing consolidation in the sector.

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## Recent MBS Transactions

Business Name	State	Acquired By	Sold Date	Sold Price
Pop-Up Health	SA	Lumina Care	Oct 2024	\$8m
Better Self Psychology	SA	Lutheran Care	Sep 2024	\$1.6m
Aberstone Community Services	WA	Compassion SA	Jun 2024	\$3.6m
Undisclosed	QLD	Undisclosed	Jan 2023	\$2.3m

## Active Acquirers



## CONCLUSION

Australia's allied health industry is well-positioned for continued growth, underpinned by demographic trends, sustained government investment, and rapid digital transformation. As demand for NDIS and aged care services accelerates nationwide, opportunities are emerging across both metropolitan and regional markets. For business owners, aligning with NDIS and aged care priorities, embracing digital innovation, and proactively addressing workforce challenges will be critical to maximising value and competitiveness in 2025 and beyond.



# LET'S WORK TOGETHER!

## Active Buyer Demand

If you're considering selling your allied health business, now is an opportune time to connect with us. We have active buyers in our network, including repeat investors who have successfully purchased allied health businesses with us in the past.

Our expertise in the sector, coupled with a deep understanding of current market dynamics, positions us to help you achieve the best possible outcome. We are committed to providing tailored support throughout the selling process, ensuring a smooth transition while maximising your asset's value.

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