EVALUATING AESTHETICS:

MEDSPA GROWTH AND STRATEGIC CONSOLIDATION

GREENWICH CAPITAL GROUP

The MedSpa industry is experiencing steady growth and ongoing transformation, fueled by evolving consumer preferences, technological advancements, and innovative service offerings. The increasing demand for personalized and non-invasive treatments has broadened the industry's appeal, particularly among its predominantly female consumer base, which makes up nearly 90% of the market. This trend is reflected in the consistent expansion of MedSpa locations in the U.S., rising from 8,899 in 2022 to 10,488 in 2023[1].

This report explores the key drivers behind the industry's sustained growth, recent innovations, and the current M&A landscape and outlook.

Social media has played a pivotal role in driving demand, as the aesthetic appearances of celebrities and influencers have inspired a new generation of consumers across a wide range of socioeconomic backgrounds and age groups[2]. Once a discreet procedure, Botox has become widely accepted and even celebrated, with patients receiving regular treatments throughout the year and even hosting Botox parties. A drop in the price per unit has further contributed to its growing accessibility and popularity.

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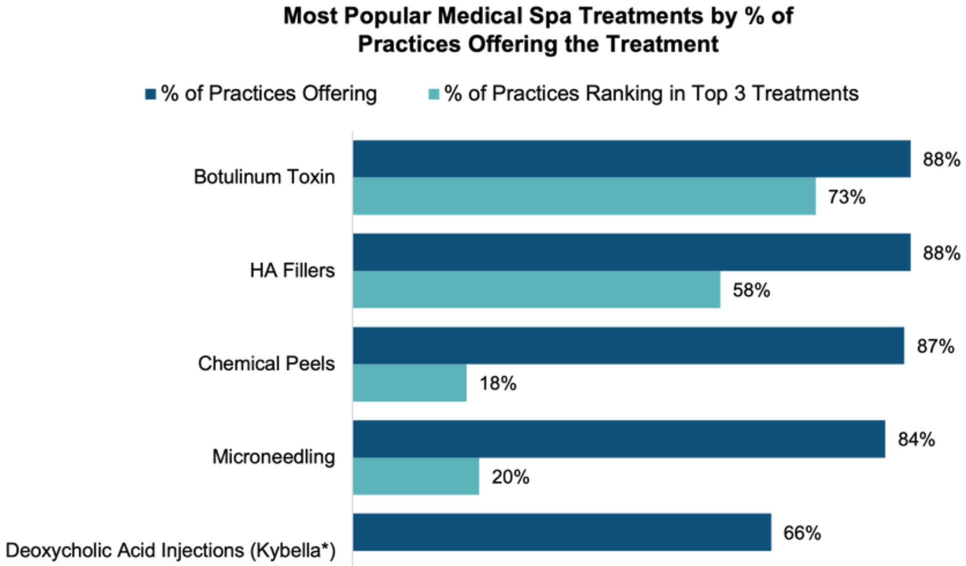
In addition to Botox, treatments like Dysport and other skin-tightening procedures are fueling the pursuit of the "perfect face." Meanwhile, body sculpting and IV therapy have gained traction as part of broader wellness trends[1]. Other in-demand services include laser hair removal, microneedling, chemical peels, and weight management treatments[1].



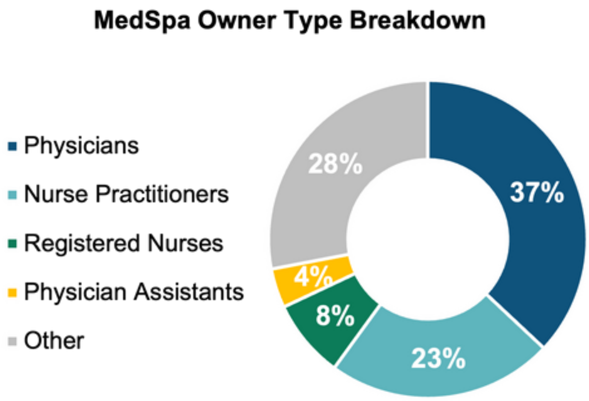
Source: American Med Spa Association

While a wide range of treatments continues to gain traction and support the industry's growth, advancements in technology have also played a significant role in accelerating that momentum. Virtual consultations and telemedicine, initially adopted during the COVID-19 era, have become lasting components of care delivery. These remote options improve access for clients with limited availability or difficulty scheduling in-person visits.

More recently, advanced technologies have become a driving force in the MedSpa space[3]. These innovations not only enable more precise, personalized, and effective results, but they also enhance the overall client experience. As in many industries, AI is transforming how practitioners operate. In MedSpas, AI-powered tools now support skin analyses, allowing providers to identify concerns that may not be visible to the naked eye and build customized treatment plans accordingly. Similarly, advances in laser therapy and non-invasive fat reduction techniques have made these procedures more efficient, effective, and accessible than ever before. AI-driven and minimally invasive treatments continue to raise the standard for personalized and results-driven care[3].

Amid the growth driven by popular treatments and advancing technology, the expansion of MedSpa facilities has continued to rise in response to growing demand. Notably, nearly two-thirds of single-owner practices are led by non-MDs—primarily nurse practitioners (NPs), registered nurses (RNs), physician assistants (PAs), and aestheticians—with almost half supported by a medical director. The medical aesthetics industry has shown consistent expansion over the past 15 years, with the number of locations increasing by nearly 18% in 2023 to 10,488.

Of these MedSpa businesses, 81% operate as single-location practices. Among multi-location operators, the average footprint rose to nine locations in 2023, up from three in 2022—a jump likely influenced by a few large MedSpa groups skewing the average[1]. As the number of facilities has grown, so have revenues. The average annual revenue per MedSpa increased from $1,307,587 to $1,398,833 between 2022 and 2024, and over 80% of operators expect that figure to rise further in 2025.



Source: American Med Spa Association

The rise in average location count among multi-site operators signals the emergence of more large-scale MedSpa chains, as well as a broader trend of industry consolidation through mergers and acquisitions. Despite this, only 3% of MedSpas are currently owned by private equity firms—a figure that has remained consistent since the American MedSpa Association's 2022 report. Still, with increasing interest and activity from private equity investors, GCG anticipates a rise in M&A transactions as the industry remains highly fragmented and ripe for consolidation.

When it comes to valuing MedSpas, several key factors must be considered. Valuation multiples can vary widely based on size, revenue, profitability, growth potential, and prevailing market dynamics.

EBITDA Multiples

EBITDA Threshold	Multiples Range	Commentary
< $5M	3.0x - 6.0x	Higher operational risk, dependence on owner-operators
$5M-$10M	6.0x - 8.0x	Stronger infrastructure, diverse revenue streams
$10M <	8.0x - 11.0x	Multi-sites, PE funding

Revenue Multiples

Revenue Threshold	Multiples Range	Commentary
$5M - $10M	1.5x – 2.1x	Smaller scale operations may have service mix concentration and lower patient retention metrics
$10M <	2.5x – 3.5x	Strong recurring revenue models

Source: Pitchbook, CapIQ and GCG Proprietary Research

Key Drivers of Valuation Multiples in the MedSpa / Aesthetics Industry

- **Scalable Platforms:** Larger, well-structured platforms with proven scalability tend to achieve higher valuation multiples.
- **Recurring Revenue Models:** Subscription-based treatment plans and membership programs provide steady cash flow and high patient retention—nearly 75% of patients are repeat clients.
- **Multi-Site Operations:** Multi-location businesses with centralized overhead benefit from operational efficiencies and scalable growth potential.
- **Private Pay Structure:** A cash-pay model helps avoid the complexities and reimbursement delays associated with insurance billing, appealing to investors.
- **Brand Equity and Loyalty:** Strong brand recognition and high levels of patient loyalty support premium valuations for well-established practices.

Private Equity

Private equity firms are increasingly using a buy-and-build strategy, consolidating independent clinics under larger management platforms to create efficiencies of scale.

Some recent deals include:

Private Equity Firm	Portfolio Company	Deal Date	HQ / Locations	Key Highlights
Freeman Spogli	V/O med spa	Sep 2024	Strongsville, OH 62 locations (20 states)	• No add-ons • Franchise network – growth via franchisee additions
TRIVE CAPITAL	FormulaWellness LONGEVITY + AESTHETICS	Sep 2024	Dallas, TX 13 locations (4 states)	• 3 add-ons in 2023 and 2024 (two med spas, one wellness center) • Founded in 2016; 44 employees
DUNEGLASS CAPITAL	AVIVA AESTHETICS	Jul 2024	Chicago, IL	• Formed as a joint venture between DuneGlass Capital and PuraVida Med Spa • Add-on: Renew MedSpa in MN
BC PARTNERS PRINCETON EQUITY GROUP	PRINCETON MEDSPA PARTNERS	Jun 2024	Branford, CT 12 locations (10 states)	• 8 add-ons • Received $120M in financing from BC Partners (June 2024)
NORWEST VENTURE PARTNERS	AP AESTHETIC PARTNERS	Nov 2023	Miami, FL 12 locations (3 states)	• Platform consisting of 7 med spa / cosmetic surgery centers • 1 add-on in 2023: Columbus Aesthetic & Plastic Surgery (OH)
SHORE Capital Partners	EMPOWER AESTHETICS	Jul 2023	Austin, TX 8 locations (3 states)	• Platform holding company created in 2022 • 4 add-ons in 2023 (all med spas)

Source: Pitchbook, CapIQ and GCG Proprietary Research

Overall, the MedSpa industry is well-positioned for sustained growth and transformation, fueled by rising consumer demand for personalized, results-driven aesthetic and wellness care. As technology advances and patient preferences evolve, success in this dynamic market will depend on the ability to innovate, scale, and deliver exceptional client experiences. With increased interest from private equity and a fragmented provider landscape, M&A activity is expected to accelerate—further shaping the competitive landscape. Those who adapt strategically are poised to lead the next chapter of industry expansion.

Sources:

1. *American MedSpa Association. (2024). 2024 medical spa state of the industry executive report recap. American MedSpa.* https://americanmedspa.org/blog/2024-medical-spa-state-of-the-industry-executive-report-recap
2. *PR Newswire. (2024, April 24). Medical spa market to grow by USD 27.55 billion from 2024–2028: Rising geriatric population boosting revenue; report on AI redefining market landscape – Technavio.* https://www.prnewswire.com/news-releases/medical-spa-market-to-grow-by-usd-27-55-billion-from-2024-2028--rising-geriatric-population-boosting-revenue-report-on-ai-redefining-market-landscape---technavio-302300759.html
3. *Ethos Medical Spa. (n.d.). How technology is changing the medical spa experience.* https://ethosmedicalspa.com/how-technology-is-changing-the-medical-spa-experience/

For more information, please reach out to GCG's Healthcare Leader, Joe Schmitt:

Joe Schmitt
Managing Director

(313) 247-3467
jschmitt@greenwichgp.com

Jeremy Somers
Director

(248) 480-2034
jsomers@greenwichgp.com

Jenna Weisberg
Analyst

jweisberg@greenwichgp.com

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