



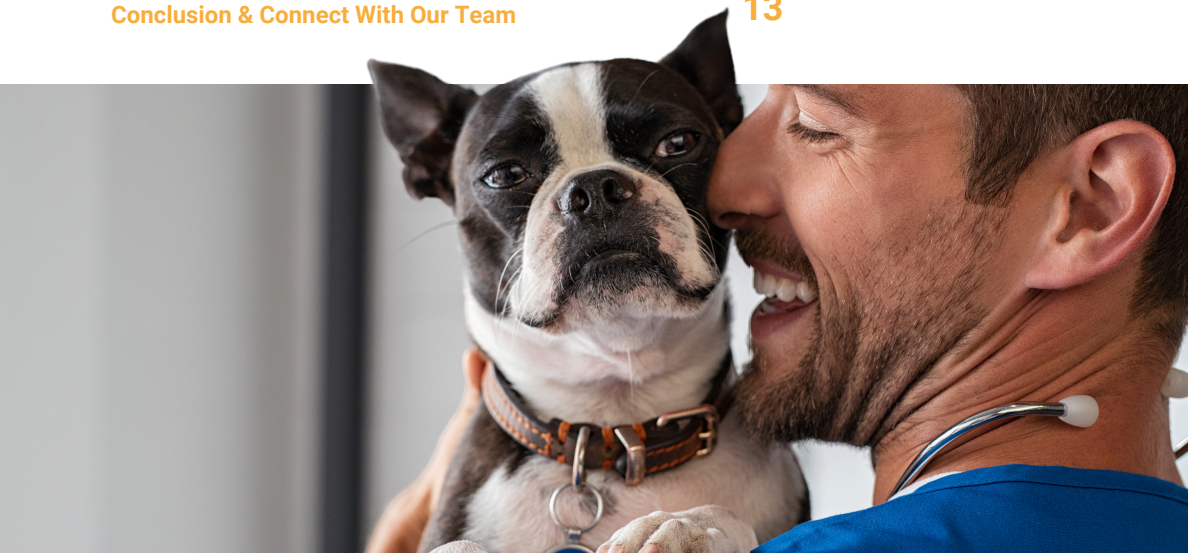
MVG PRACTICE PULSE:

QUARTERLY INDUSTRY TRENDS

Content based on MVG data and external sources; for informational purposes only.

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TO OUR READERS

Dear Valued Veterinary Partners,

In today's dynamic and interconnected landscape, understanding the broader forces shaping your veterinary practice is essential not just for short-term decisions, but for cultivating long-term practice value. Our insights are crafted to support you in making thoughtful, well-rounded choices that align with your values, goals, and the evolving needs of your business.

In this edition, we'll explore:

- Emerging industry trends
- Macroeconomic shifts impacting market behavior
- Corporate buyer behavior
- Current benchmarks in practice valuation

While Q1 of 2025 reflected cautious optimism amid inflationary pressures, Q2 introduced a new set of complexities. The U.S. GDP showed signs of recovery, inflation steadied, and consumer spending softened. Meanwhile, the veterinary sector experienced continued quarter-over-quarter invoice declines, a signal that strategic planning is no longer optional, but essential to creating long term resilience for your practice.

Whether you're launching, scaling, or preparing to exit, we guide you through each phase while ensuring every decision supports long-term value.

Connect with us anytime.



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Q2 2025 Overview:

The State Of Veterinary Practice in Q2 2025

As spring turned to summer, the veterinary landscape remained generally resilient but began to show signs of pressure. Pet ownership continued to rise, but consumer behavior began shifting as families became more price-sensitive. Corporate consolidators faced headwinds, while independent practices found some fresh opportunities to differentiate.

Key Market Indicators:

94 million

U.S. households own a pet (up from 82MM in 2023)

\$157 billion

projected U.S. pet industry spend for 2025

49.4%

of Americans use digital wallets—with the lion's share being Gen Z & Millennials

Key Trends:

- **Price-sensitive pet parents:** Inflation for pet services remained slightly elevated, causing households to cut down on veterinary visits. Preventive care plans and membership models are helping maintain revenue.
- **Generational shifts:** Gen Z now accounts for ~20% of pet owners and largely embraces digital payments. What appeals to this demographic are practices that offer contactless check-in and membership programs—true shifts in the zeitgeist.
- **Access concerns:** 37% of pet owners worry about affordability and appointment availability, signaling an increased demand for flexible scheduling and financing options.

Our Takeaway: The H1 market reflects a balanced but cautious environment. Pet owners remain committed to care, yet they scrutinize costs and expect seamless experiences. Practices that embrace some digital transformation and proactive client communication can mitigate industry-wide visit volume drops. With corporate consolidators facing operational challenges, independent clinics that differentiate on client experience, community connection and financial transparency are well positioned to thrive.

Economic Outlook:

Key Financial Trends Impacting Your Practice

The real story is the economy's role reversal this last quarter. The broader indicators ought to give practice owners some optimism—albeit measured.



Key Financial Trends to Monitor:

- **Growth is positive, but it's decelerating at the margin.** While Q2 output improved, late-summer labor data shows slower hiring and a higher jobless rate—conditions that can temper client demand and buyer confidence.
- **Inflation mixed: headline up, core sticky.** While headline CPI jumped to 2.9% YoY in August, core CPI held steady at 3.1%. This is manageable, but still above the Fed's target, with tariffs likely to keep prices of goods elevated for the near future.
- **Consumer spending resilient—with an asterisk.** August retail sales beat expectations—that's a good thing. But reporting suggests part of the gain reflects higher prices rather than volumes—that's not necessarily a good thing. This is a caution flag for end-of-year planning.
- **Labor signal turned cooler.** The combination of a small August payroll gain and the ~911k annual revision tells us there's less momentum than previously thought. Practices should budget with conservative volume assumptions.

Our Takeaway: Q2 brought a real growth rebound and a welcome productivity boost, but late-summer data, slower job creation, an uptick in the jobless rate, and tariff-related price pressures argue for clear-headed planning. Protect your margins, pace your hiring, and time your major capex or transactions with a realistic view of what your Q3 demand will look like.

Practice Valuation Insights:

Understanding Today's Market Dynamics

The veterinary M&A market remained active in H1 2025, but valuations were driven by a broader set of forces than in recent years. As buyer caution grows, sellers who approach their practice as a formal, long-term investment, complete with organized financial data and clean operational processes, are consistently realizing higher valuations.

Key Valuation Drivers Influencing Offers

1. **Client & Staff Stability:** Practices demonstrating a loyal client base and stable, well-trained teams are highly attractive. Buyers increasingly value these factors as they reduce perceived transition risks and operational disruption.
2. **Technology Integration:** Forward-thinking practices leveraging modern practice management software (PIMS), diagnostic technologies, and digital client communication platforms tend to attract stronger buyer interest. This signals to buyers that there may be underlying efficiencies there that can make the practice more scalable.
3. **Geographic Positioning & Market Dynamics:** Location, location, location. This isn't a trend as much as it's a state of fact: location continues to impact valuation significantly. Practices situated in underserved or high-demand geographic areas often receive more competitive interest from buyers due to limited competition and potential for growth.

Our Takeaway: For practice owners considering a transition in the next 2–3 years, focusing on these fundamental value drivers is essential.

While the M&A market remains active, what we're seeing is buyers are increasingly differentiating offers based on practice quality, operational strength, and risk profile. This favors owners who approach their practice as a long-term investment, building sustainable value through operational excellence and strong client and team relationships.



Technology Spotlight:

Embracing Digital Transformation

A theme that's worth repeating: digital innovation is reshaping veterinary medicine. Cloud-based practice management systems, AI tools, and telehealth platforms are enhancing efficiency and client engagement.

As a snapshot, think about how robust AI has (quickly) gotten here. Its capabilities now range from SOAP note automation, differential diagnosis support, record summarization and radiograph analysis to inventory management and telehealth triage.

Key Technology Indicators



*\$369.17MM global veterinary telehealth market size in 2025
(from \$306.75MM in 2024)*

Key Technology Trends Reshaping Veterinary Practice

- **AI-Enhanced Diagnostics & Workflow:** Practices leverage large language models and image analysis to drive new efficiencies, improve accuracy, and free up staff time. On the flip side, there is a greater need for veterinary oversight and data security.
- **Telehealth Expansion:** Virtual consultations and monitoring devices expand access and convenience. Still, regulatory variation remains a hurdle.
- **Digital Preventive Care:** Automated reminders and subscription wellness plans increase compliance and create predictable revenue streams.
- **Seamless Client Experience:** Online booking, virtual check-ins, digital forms, and contactless payments are now a basic expectation for clients—especially across younger cohorts.

Our Takeaway: Technology is no longer optional—it's a strategic differentiator. There's absolutely no escaping it. Practices that invest in AI-enabled tools, telehealth, and digital payment solutions boost efficiency, client satisfaction, and compliance.

However, this success requires an emphasis in training staff, ensuring data privacy, and selecting platforms aligned with clinical workflows and contexts. Start small, set goals, measure ROI, and expand adoption as you refine processes.

Independent Practice Renaissance: The Shifting Ownership Landscape

Despite consolidation, independent practices are experiencing renewed momentum. Conditions today are ripe for a resurgent independent practice segment. Why? While corporate groups now control about 50% of veterinary revenue and 75% of specialty and emergency services, associates often prefer independent settings because of opportunities for better mentorship and better culture fit. In addition, gaps in corporate care, accessible financing (SBA loans, investor partnerships), and the ability to innovate quickly means 2025 is an ideal time to start or buy an independent practice.

Key Indicators:

243

rural veterinary shortage
areas across 46 state

20%

of pet owners are Gen Z
(18.8MM households)

94MM

pet-owning households

**\$100k / \$151k
/ \$192k**

entry-, mid-, & high-range
median salaries by July 2025



Key Trends

- **Independence as advantage:** Associates favor independent practices for better mentorship and work culture. Independent owners enjoy more autonomy and community connection.
- **Accessible financing:** SBA loans and investor partnerships make ownership more attainable. Also, mentorship programs support new owners.
- **Workforce shortages & rising salaries:** Record numbers of rural shortage areas and climbing compensation highlight a real competition for talent.
- **Community-centric care:** Independent practices emphasize personalized services, wellness plans, and local engagement—resonating with clients seeking more than transaction-based care.

Our Takeaway: The independent sector is reclaiming its place in veterinary medicine. For associates considering ownership, 2025 presents a very interesting window: financing options are accessible, corporate buyers face real headwinds, and clients crave personalized care. However, owners must be prepared to compete for talent, manage rising salaries, and invest in business acumen. Building a supportive culture and engaging the community are central to success today.

Strategic Planning Guide: Setting Your Practice Up For Long-term Success

Strategic planning is not a one-time exercise—it's a continuous process. One that will equip you to adapt to changing market conditions. We recommend focusing on four pillars:



Focus on Four Pillars:

Team Development & Wellbeing

- Invest in staff: Offer competitive salaries (anticipate entry-level compensation climbing toward \$102– \$105k in 2026, clear career paths, and well-being programs to combat burnout).
- Promote retention: Recognize achievements, provide mentorship, and foster a supportive culture. Strong teams reduce risk and drive strong valuations.
- Address shortages: Explore flexible schedules, internship programs, and partnerships with academic institutions to fill gaps in rural and specialty areas.

Client Experience & Technology

- Digital first: Implement online booking, digital forms, telehealth, and contactless payments to meet rising consumer expectations.
- Preventive care plans: Offer wellness memberships with automated reminders and subscription pricing to smooth revenue and increase compliance.
- Transparent communication: Educate clients on the value of preventive care and the cost of deferred treatment, especially as inflation moderates but remains top-of-mind.

Operational Excellence

- Monitor KPIs: Track invoices per DVM, revenue per visit, client retention, and compliance to identify trends early.
- Leverage technology: Use AI scribes and workflow automation to reduce administrative burdens and free time for patient care.
- Optimize processes: Apply lean principles to streamline check-in/check-out, inventory management, and scheduling.

Financial Strategy Refinement

- Know your numbers: Prepare monthly financial statements, forecast cash flow, and calculate EBITDA. Understand how multiples apply to your practice.
- Plan for transition: If considering a sale within 2–3 years, engage the right advisors early to structure earnouts, protect equity, and position your practice for maximum value.
- Invest strategically: Evaluate expansion, facility upgrades, and new service lines against macroeconomic conditions and your risk tolerance.

Key Takeaways: Be agile. Prioritize quarterly check-ins and annual reviews to adjust course as market conditions evolve. Prioritize team well-being, technological innovation, and financial discipline. Whether your goal is growth, stability or preparing for transition, a well-structured plan is what can help you navigate the uncertainties as the year wraps up.



Success Story: MVG Leads Via Verde through a Successful Sale and Strategic Shift

Via Verde, a multi-clinic group led by Dr. Dhillon and partners, engaged MVG to navigate a sale while protecting team morale and the practice's culture. Initial discovery surfaced operational, financial, and legal hurdles that could have suppressed valuation or slowed the deal. MVG led a structured process that aligned stakeholders, improved the story behind the numbers, and guided the team through transition.

The Challenge:

Fragmented financial reporting & governance

Multi-site variation made valuation difficult.

Unclear succession planning

Raised buyer concerns during diligence.

Staff anxiety about a potential sale

Early morale impact and risk of attrition.

Lease inconsistencies across locations

Legal/operational risks, including a restrictive assignment clause.

The Strategy:

A Targeted Approach to Sustainable Growth

Rather than rushing to market, MVG started with a full diagnostic and built a people-first, value-focused plan.

1. **Diagnose & align:** Comprehensive assessment of operational, financial, and cultural realities to shape the go-to-market plan.
2. **Optimize valuation & structure:** Normalized EBITDA adjustments to reflect true earning potential; negotiated a creative hybrid earn-out tied to performance metrics.
3. **Target the right buyers:** Focused outreach to acquirers with synergistic goals—not just financial capacity—to match culture and strategy.
4. **De-risk legal/operations:** Restructured a restrictive lease by engaging the landlord directly and coordinating legal counsel—preserving timeline and buyer confidence.
5. **Protect people & manage change:** Confidential communications to curb rumors; retention incentives with the buyer; weekly strategy calls; a secure digital dashboard for milestones/docs; and emotional-intelligence coaching for partners.
6. **Plan the handoff:** 90-day onboarding roadmap for new owners, training for operational leads, and six months of post-sale advisory support.

The Outcome: MVG's approach secured a sale price and structure that exceeded the client's expectations, maintained deal momentum through lease remediation, and protected culture and continuity with structured onboarding and post-sale support. Key takeaways the team shared: start early (12–18 months), know your value (clean documentation and positioning matter), and protect your people—because a successful sale is about legacy as much as numbers.



Looking Ahead:

Key Takeaways for H2 2025 & Beyond

Q2 2025 reinforced the idea that the veterinary profession is both resilient and adaptive. The economy rebounded, but consumers remain price conscious. Crucially, the mid-year interest rate cut has invigorated the market, leading to a notable pickup in investor and buying activity over H1. Transaction multiples stayed strong, though deal structures became more complex and invoice counts declined. Technology adoption accelerated, and independent practices began to reclaim market share.

At MVG, we're committed to providing you with the insights, analysis, and support needed to navigate this changing industry. Our next quarterly update will dive deeper into emerging clinical trends and how practices can effectively implement these strategies.

Guiding Your Journey: The SET Approach

At MyVETgroup, we utilize the strategic Start, Expand, Transition (SET) approach to guide veterinary owners through every stage of their professional journey. We provide expert partnership every step of the way, ensuring that whether you are Starting your first venture, looking to strategically Expand your existing operations, or ready to Transition into your next chapter, you have the data and support required to maximize your practice's long-term value.

Connect With Our Team

Wondering how these trends might impact your specific practice? Our team of veterinary business advisors is available for personalized consultation across all phases of the SET approach:

- **Practice Valuation Analysis:** Understand your practice's current market position, whether you are securing capital for the Start stage or assessing your worth for Transition.
- **Strategic Planning Support:** Develop customized growth strategies and operational enhancements that drive efficiency and profitability during the Expand stage.
- **Ownership Transition Planning:** Explore options for your practice's future with tailored expert guidance, ensuring a seamless and valuable Transition.

Contact us at advisors@myvetgroup.com or call to schedule a conversation.

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