

Global medicine spending set to reach \$US1.6 trillion by 2025

Projected global medicine spending is set to grow by 3%–6% CAGR* to \$US1.6 trillion by 2025, lifted by growing pharmerging markets and with some lingering effects of the COVID-19 pandemic, says a report from the IQVIA Institute for Human Data Science.

The projected \$1.6 trillion excludes spending on COVID-19 vaccines, which is expected to result in cumulative spending of \$157 billion by 2025 – driven primarily by the initial wave of spending on vaccinations to be completed by 2022. Later spending will include booster shots and ongoing COVID-related treatments. However, the report notes that pre-pandemic significant drivers of medicine spending and usage will remain largely the same: namely, the adoption of new treatments in developed countries, and increases in healthcare access and new treatments in pharmerging regions, particularly China.

The growth in medicine use and spending in pharmerging markets is expected to accelerate through 2025, resulting in an increase of around \$140 billion in global spending, but this will be offset in developed markets by losses of exclusivities – amounting to cumulative global savings of \$285 billion from biosimilars alone.

Oncology and immunology will remain the leading global therapy areas, growing by an expected 9%–12% CAGR, boosted by new and novel treatments and usage of medicines. By 2025, spending on specialty treatments will account for around 50% of total spending globally and as much as 60% in developed markets.

* compound annual growth rate