

Private Equity in New Mexico



Private Equity Stakeholder Project

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Who Is PESP?

PESP was founded in 2017 to address the growing impacts of private equity and private funds managers on people and the planet. We seek to be a resource to community, labor, environmental, civil rights, and other organizations grappling with such impacts. We engage with investment managers, investors and decision makers contending with the risks and harms of the private funds industry to communities and the economy.

PESP focuses on five key areas affected by private equity: climate and energy, workers and jobs, housing, healthcare, and detention and surveillance.

What is private equity?

Private Equity



Not traded on a stock exchange

Relatively opaque (for those not part of the deal)



Generally has control of the investment

Takes most of the risk – and keeps the profits

What is Private Equity?

- ❑ Type of alternative investment class (“alternative” to publicly traded securities)
- ❑ PE firm uses a fund, which includes money from multiple different investors, such as pension funds, to purchase multiple companies. It then tries to restructure them and sell them at a profit within about 4-7 years.
- ❑ The companies it buys and owns are generally not publicly traded (in other words, not listed on a stock exchange) and so there is less transparency around these investments.
- ❑ The private equity firm generally has control of the investments, even though most of the money it invests belongs to others.

Who invests in private equity?

- ❑ Most of the money private equity firms invest is not their own but comes from other investors.
- ❑ Many of the biggest investors are institutional investors:
 - ❑ Pension funds
 - ❑ Sovereign wealth funds
 - ❑ Foundations
 - ❑ University endowments
 - ❑ Insurance companies
- ❑ Some wealthy individuals and families who invest in PE
- ❑ Investors are almost always “**limited partners**” – i.e. they do not have control over the investment.

Recent Developments

- ❑ Recent Market Trends

 - ❑ Lagging Performance & High Fees

 - ❑ Liquidity Issues

 - ❑ Investors Retreating

- ❑ DoL 401(k) Proposal

 - ❑ Proposes legal protection for 401(k) plan managers that invest plan assets in private equity.

 - ❑ Has been the subject of criticism

Private Equity Investment Life-Cycle

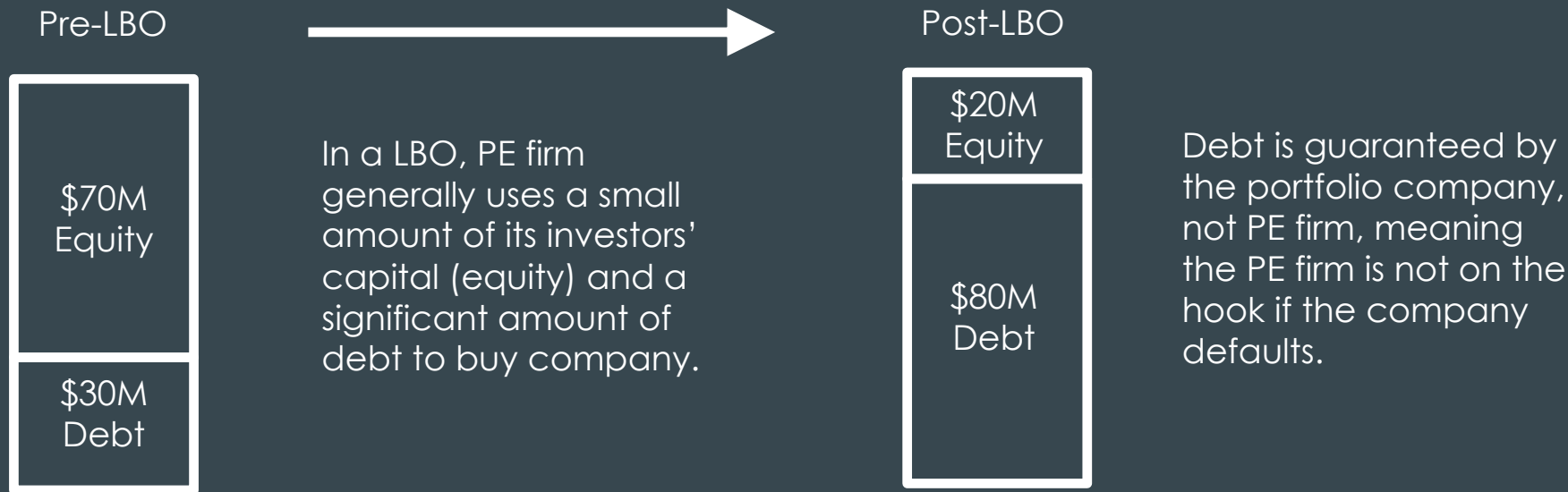


How is private equity different from other types of investments?

- ❑ Less regulated
- ❑ Little to no information reported publicly (compared to stocks)
- ❑ Not accessible for most individual investors (unless the person is extremely wealthy)
- ❑ Relatively illiquid
 - ❑ Limited partners cannot divest after they've committed funds. The fund life is generally 10 years, sometimes longer.
- ❑ Greater use of debt in investments

How private equity uses debt to buy companies

- ❑ Private equity firms use leveraged buy-outs (LBOs) to acquire companies
- ❑ Debt is a fundamental part of the private equity business model



It's all about the debt...

- ❑ One of the biggest things that sets PE apart from other forms of investment is how it uses debt, and how much it uses, to purchase companies.
- ❑ Using a lot of debt:
 - ❑ Provides a tax advantage
 - ❑ Magnifies returns (and on the flipside, losses)
- ❑ Debt used to be cheap, because interest rates had been historically low
 - ❑ With low interest, debt acts as “free money” for PE firms to buy more
 - ❑ Fed interest rate cuts will lead to more private equity buyouts
- ❑ Heavy debt loads can make a portfolio company vulnerable to changing market conditions
 - ❑ Debt service obligations can become incredibly burdensome and cut into operations

How do PE Firms extract value from their investments?

- ❑ **Use of debt in buyout**
- ❑ **Dividend recapitalizations:** Transactions where private equity firms load debt onto companies they own to give themselves cash payouts
- ❑ **Sale-leasebacks:** Transactions where private equity owners sell the real estate of the portfolio company, which is then leased back to that company.
- ❑ **Fees:** Private equity firms often charge the companies they own fees in the form of management fees, monitoring fees, transaction fees, etc. that are paid regularly to the PE firm.
- ❑ **Roll-ups (consolidation):** The PE firm acquires or creates a platform company to then acquire multiple companies (usually using debt) in a particular sector.

Private equity in New Mexico healthcare

- Private equity's footprint in New Mexico healthcare
- Where private equity is expanding
- How private equity uses joint ventures and other control structures
- How control/ownership structures appear in New Mexico
- How states (including New Mexico) are legislatively responding

Private equity's footprint in New Mexico Healthcare

- New Mexico has the highest reported share of PE-owned hospitals in the country: PESP's April 2025 Hospital Tracker identified 17 PE-owned hospitals, representing 36.2% of the state's private, non-government hospitals.
- PESP's 2024 Private Equity Risk Index estimated that 35.3% of New Mexico nursing homes were PE-controlled.
- The Risk Index also found that 61.4% of New Mexicans lived in metropolitan areas where one PE firm controlled more than 30% of at least one physician specialty market.

Where private equity is expanding

- PESP tracked 1,029 PE-backed healthcare transactions nationally in 2025.
- Nearly two-thirds were add-on acquisitions, showing that expansion often occurs through repeated purchases rather than single large acquisitions.
- Private equity investment extended across the healthcare system, including physician practices, dental care, outpatient providers, behavioral health, healthcare IT, medical technology, home health, hospice, disability services, pharmaceutical services, and other healthcare businesses.
- The most active sectors were health IT (151 deals), dental care (149), outpatient care (148), medical technology (117), and behavioral health (56).

Expansion through non-ownership models

- PESP identified more than 500 healthcare facilities operating through nonprofit-private equity joint ventures.
- These arrangements extend beyond hospitals into rehabilitation, ambulatory surgery, behavioral health, home health, hospice, and urgent care.
- Joint ventures, MSOs, management agreements, and sale-leasebacks allow operational control and financial rights to shift without a traditional hospital acquisition.
- The policy question is becoming who controls healthcare providers through non-ownership methods

What this looks like in New Mexico

- LifePoint Health, owned by Apollo-managed investment funds, operates Memorial Medical Center and Los Alamos Medical Center.
- Memorial Medical Center is publicly owned by the City of Las Cruces and Doña Ana County but leased to and operated by LifePoint.
- Genesis Healthcare operated 26 New Mexico nursing facilities before its affiliated companies filed Chapter 11 bankruptcy in 2025.
- In 2026, PE-backed Center for Social Dynamics acquired New Mexico-based Behavior Change Institute, illustrating continued investment outside hospitals.

How states are responding

- PESP's 2026 State Healthcare Policy Review identifies four broad approaches: ownership transparency, transaction review, targeted prohibitions, and stronger corporate practice of medicine (CPOM) enforcement.
- Six states enacted significant healthcare legislation in 2026, including Connecticut, Delaware, Illinois, Maine, Vermont, and Washington.
 - Six states did so in 2025, as well (California, Indiana, Maine, Massachusetts, **New Mexico**, and Oregon).
- New Mexico enacted HB 586 in 2025, expanding review of hospital mergers, acquisitions, and other changes in hospital control.
- The question remains whether oversight should expand beyond hospitals to the wider healthcare sectors where PE already operates.

Mimbres Valley Medical Center

- Critical access (rural) hospital in Deming, NM
- Part of Quorum Health, which is owned PE firm GoldenTree Asset Management
- Quorum is proposing converting to a nonprofit, but the nonprofit would have 30% more debt - \$1.26 billion.
- That debt would fund a large payout to current Quorum lenders, including GoldenTree, and leave hospitals including Mimbres Valley in a more precarious situation.
- Currently being reviewed by NM Health Care Authority – decision by Nov 24, 2026.



STAT+ | A STAT INVESTIGATION

A private equity-owned hospital chain is becoming a nonprofit. Is it just a bailout for investors?

The stakes are high: other investor-owned hospitals have collapsed

Private Equity in Other Areas

- ❑ Workers and Jobs
- ❑ Climate and Utilities
- ❑ Childcare
- ❑ Housing

Workers and Jobs

❑ Bankruptcies

- ❑ In 2025, private equity firms played a role in:
 - ❑ 54% (19 of 35) of the largest ((\$1 billion or more in liabilities at time of filing) U.S. corporate bankruptcies
 - ❑ 51% (21 of 41) of large (\$500 million or more in liabilities at time of filing) U.S. corporate bankruptcies
- ❑ Private equity-backed firms laid off tens of thousands of workers, including many in New Mexico.
 - ❑ Retailer **Joann Fabrics**, owned by PE firm Leonard Green & Partners closed 4 stores in New Mexico in 2025, laying off more than 20,000 workers across the country
 - ❑ Party City, owned by Thomas H Lee Partners, closed all 3 of its New Mexico stores
 - ❑ Eddie Bauer: After a series of private equity owners, the company closed all 3 stores in New Mexico.
 - ❑ Forever 21: The clothing retailer closed at least 3 New Mexico locations and 200 nationally

Workers and Jobs

❑ Labor Issues

- ❑ In December 2023, after UNITE HERE members were striking over poor working conditions at Blackstone owned hotels and after a child labor scandal at Blackstone owned Packers Sanitation, NM Treasurer Laura Montoya wrote the following to Blackstone:

“I have become increasingly concerned about the labor practices of a number of the businesses owned by your firm, particularly because some of New Mexico’s public funds have been invested with your firm. As such, I have determined that I will no longer support the future investment of New Mexico’s state funds with your firm, at least until your firm can demonstrate that its businesses have significantly improved their labor practices.”

Workers and Jobs

❑ Workforce Principles

- ❑ State pension funds managing over a trillion dollars in combined retirement assets have adopted Responsible Workforce Management policies to help drive value and manage risk in their private equity portfolios, including [New York State Common](#), [Maryland](#), [Massachusetts](#), [Illinois](#), and [CalPERS](#). Additional pension funds are considering adopting similar standards.
- ❑ By integrating workforce policies into manager selection, due diligence and monitoring, investors can better assess and manage potential labor-related risks within their portfolios.
- ❑ Policymakers may consider introducing legislation to codify workforce investment principles into law

Climate and Utilities

❑ Blackstone - PNM Deal

- ❑ On July 6, the New Mexico Public Regulation Commission's staff determined that PNM, the state's largest electric provider, and Blackstone, the private equity firm seeking to acquire it, violated state law in 2025 by conducting a \$400 million stock sale tied to the takeover without first obtaining PRC approval.

❑ NIPSCO: A Cautionary Tale for Customers and Workers

- ❑ Blackstone owns roughly 20% of Northern Indiana Public Service Company (NIPSCO), which serves more than 1.4 million electric and gas customers. Since Blackstone's 2024 investment, NIPSCO customers have faced some of the steepest utility bill increases in Indiana, drawing public backlash and regulatory scrutiny. According to the Energy and Policy Institute, nearly 20% of NIPSCO customer bills go to profit, ranking it 12th nationally among major utilities for the share of bills going to profit.
- ❑ While Blackstone has pointed to Indiana's NIPSCO as evidence of its utility expertise in the PNM proceeding, NIPSCO recently locked out roughly 1,600 union workers for an entire month.

Climate and Utilities

- ❑ The recent recommendation from New Mexico Public Regulation Commission hearing examiners [finding that Blackstone and TXNM Energy violated state law](#) reinforces concerns that private equity ownership is incompatible with the public-interest obligations of regulated utilities.
- ❑ The same scrutiny should be applied to PE acquisition of data centers.
 - ❑ Opportunity: NM Reps. have recently announced their intention to propose a moratorium on data center development
- ❑ Strong regulatory enforcement at the state level is currently our strongest tool in this space, but legislators should consider further empowering regulators to address the AI driven transactions in the utilities space.

Childcare

❑ Urban Institute (Jan. 2026)

- ❑ In child care, private equity firms have purchased stakes in large-capacity chains with franchises in multiple states. These include 8 of the 11 largest US child care chains, such as KinderCare, Bright Horizons, Goddard Schools, and others.
- ❑ Though publicly available data are limited, the Congressional Research Service estimates 15 of the 16 largest early childhood care and education chains receive some funding from private equity. The total amount of funding from private equity in the child care ecosystem remains unknown.

❑ Children Before Profits State Playbook & Report

- ❑ NM Early Childhood Education and Care Department (ECECD) Proposal
 - ❑ Must use 57% of payment rates from the state to pay for salaries and benefits

Housing

- ❑ Private equity has been investing in US housing for decades, but PE investment in housing increased substantially following 2008 Global Financial Crisis.
- ❑ Private equity firms own at least 11,800 apartment buildings with almost 3 million units, representing about 13% of the total number of apartment units in the United States.
- ❑ Of the almost 3 million apartment units that private equity companies currently own:
 - ❑ they have acquired almost 1.7 million of them (57 percent of the total) since 2018
 - ❑ they have acquired over 1.3 million of them, (45 percent of the total), just since 2021.
- ❑ **Blackstone, which is the largest private equity firm in the world**, is also by far the largest owner of apartments in the U.S., owning over 230,000 apartment units – almost 100,000 more units than the 141,000 units owned by Greystar, another private equity company, which is the next largest owner in the U.S.[6]
- ❑ Private equity firms have invested across all types of rental housing.

Housing

- ❑ In recent years, private equity firms have increasingly acquired subsidized and unsubsidized affordable housing:
 - ❑ **Subsidized:**
 - ❑ Private equity giant Blackstone now owns more than 95,000 subsidized affordable units
 - ❑ **Unsubsidized:**
 - ❑ Manufactured (i.e. mobile) home communities.
 - ❑ Apartments – e.g. Blackstone Group 2021 purchase of nearly 6,000 lower rent apartment units in San Diego. Blackstone has since raised rents by 40%, twice the market average
 - ❑ Single-family rentals – e.g. Pretium Partners/Ares Management 2021 purchase of Front Yard Residential, with 15,000 “affordable” rental homes.
- ❑ PE firms have focused more on acquisition of existing affordable housing rather than construction of new affordable housing.

Open Discussion