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Young dentists demonstrate confidence in their futures

The latest goodwill figures from NASDAL show that the average price paid for all dental practices is 100% of turnover with NHS and mixed practices still commanding higher than average values.

The survey for the quarter ending October 31st featured the sale of 60 practices where a NASDAL lawyer or accountant had been involved. The average sale price for an NHS practice was 117% of turnover, for a private practice 88%, and for a mixed practice, 110%.

Alan Suggett, a partner in UNW LLP, and the NASDAL member responsible for the survey, said that large NHS practices continued to be valued on a multiple of their profits rather than percentage of turnover and this tended to push up prices.

The latest survey showed that some large mixed practices in the London orbit were fetching prices as high as 160% of turnover compared to practices in Wales, the Midlands or the North where practices were often selling for lower than 100%.

Said Alan: "Because there are a number of transactions which vary significantly from the averages, care should be taken when using the results of the survey, which reflect averages based on figures for the entire country."

He continued: "We are seeing the big traditional corporates moderating their approach a little and not being so acquisitive but other buyers remain very

keen, regardless of the uncertainty surrounding the reformed contract due soon.”

Alan said he thought values might be ready to peak and the next survey in 2014 might reveal slightly lower prices across the board, but he retained an open mind. Although there is a lot of uncertainty about the future of the NHS for younger dentists, the 2006 contract had broadly been a positive experience.

“My view is that young dentists continue to be optimistic about the future and those who buy practices are faring better than friends in different professions.”

John Grant, a dental specialist lawyer and partner in Goodman Grant, said that the “feeding frenzy” could not be ascribed to one single factor, but he agreed that young dentists were helping fuel prices. “They recognize that associate rates of pay are unsustainable and they believe that the best way forward is to own their own practice.”

In his experience the dental sales market had never been hotter and he found some of the prices being paid for practices in London and the South East baffling.

Note to editors

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