Demand and not profitability dominates dental practice values

The prices achieved by some dental practices are more indicative of high demand than the profits that can be achieved. This is the view of Johnny Minford, specialist dental accountant, speaking after the release of NASDAL’s latest goodwill survey for the quarter ending April 30th.

Alan Suggett, the NASDAL member who carries out the quarterly survey, agrees with Johnny’s view and says the highest values are still being commanded by purely NHS practices which, is illogical given the uncertainty of the reformed NHS contract, but reflects the massive surplus of buyers over sellers.
However, he points out that private dental practice values appear to be gaining ground. He said that the average goodwill value secured for a private practice was 99%. This compares with a figure of 90% for the quarter ending January 2015 and 88% for the quarter ending October 2015.

Meanwhile, the value of NHS practices continues to outstrip mixed and private practices. The average goodwill figures are 125% of turnover for NHS practices and 104% for mixed practices. The total average figure is 113%.

Chris Davies, a partner in law firm JCP Solicitors has been responsible for many of the transactions in the most recent quarter, commented that in his area, South Wales, he had been particularly busy. He is seeing regular purchases by associates acquiring the practice where they are working.

“There is no problem with funding here, banks are keen to lend with a few new banks on the scene showing interest such as the Swedish Handelsbanken and HSBC.”

Alan stressed that there were a number of transactions which varied significantly from the averages, so the survey figures should be seen as providing a rough guideline only.

**Note to editors**

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