Bigger practices with NHS contracts still command higher values

The dental practice sales market is still strong with no sign of the impending changes to NHS contractual arrangements having any impact on values, said Alan Suggett, speaking at the annual NASDAL press conference.

Alan, a partner in specialist dental accountants UNW LLP, who co-ordinates NASDAL’s quarterly goodwill survey, observed that in the build-up to the introduction of the 2006 contract, dental practice sales slowed down dramatically. By contrast, the latest figures show that the market is still active and NHS and mixed practices in most areas are still sought after.

For instance, some highly profitable NHS practices with fee income of more than £500,000 are selling to corporates for 200% of goodwill, or more. If the fee income is under £500,000, goodwill is more likely to be around 100% with interest more likely to be from private buyers or smaller corporates.

Private practices, especially those whose patients are not part of a plan, continue to experience lower values, said Alan, as they are not attractive to corporates and banks are less willing to lend to buyers. In the latest NASDAL goodwill survey, for the quarter culminating January 2013, average private practice was selling for 88% of turn-over.

He stressed that the picture was variable and there are still some practices which do not sell through lack of interest from buyers so they are not included in the NASDAL survey.

Note for editors
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