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Volatility on the increase in UK dental market

The latest goodwill survey from NASDAL for the quarter ending January 31st of this year shows that the North-South divide is reflected in dental practice sales figures. The deals also reflect the ongoing popularity of mixed practices.

Alan Suggett, a partner in specialist dental accountants UNW LLP and a member of the NASDAL technical committee presented the figures at NASDAL's annual press conference.

He said that the average goodwill value for an NHS dental practice was 88% of turnover, for a private practice, 89%, and all practices 97% of turnover. Meanwhile, he said, valuations prepared by professional valuers were on average more than 20% higher this quarter, reflecting a vibrant marketplace with upward pressure on goodwill values

Alan said bank funding is readily available which is fuelling goodwill increases. In some parts of the country, mainly the South East, he believes family money is inflating prices. "With interest rates low, some parents are thinking they are better off lending their savings to their son or daughter for a dental practice acquisition, rather than keeping it in the bank."

He was aware of a dental practice on the market in Essex where a corporate chain had been ready to just under £1m but they were outbid by

a private buyer willing to pay £1,500,000 in order to secure the deal.

Alan continued: "The looming change in NHS contracts has had no impact on values despite the spectre of possible time limitation of contracts under pressure from the OFT."

Ray Goodman, specialist dental lawyer, of Goodman Grant which contributes to the sales figures commented: "If people are paying more than a 'sensible' valuation then the practices are worth those sums, whether we believe they are justified or not."

"My own view is that values will continue to increase until we get some certain news about the new NHS contract and then , depending on the news, NHS values may well diminish whilst the private practice sector overtakes NHS."

Note to editors

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