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Mixed practices have most allure

Dental practices offering both NHS and private treatments have most allure to dental practice purchasers according to the latest goodwill survey from NASDAL for the quarter ending October 31st. Alan Suggett, the NASDAL member who carries out the quarterly survey, said that the average goodwill value secured for a practice with an NHS contract was 164% of turnover and for a mixed practice it was 185% of turnover.

Private practices were on average 88% of turnover so are still less valuable to purchasers than mixed or NHS practices. While the value of deals continues to rise, valuations are lower across the board, said Alan, reflecting a market which still has a lot of volatility. The average goodwill figures for valuations are NHS 113%, private 75%, and mixed 135%.

Russell Abrahams, whose law firm Abrahams Dresden has been responsible for many of the transactions in the most recent quarter, commented that private practices in the right location were starting to attract smaller corporates.

“The high premiums being paid for NHS and mixed practices, particularly in the London area, means that, currently, increased interest is being shown in private practices, which are regarded as better value for money.”

Alan, a specialist dental accountant and a partner in UNW LLP, said he is surprised by the increasing values of those practices with NHS contracts at a time of potential reform and future uncertainty.

He also 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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