



For immediate release

Private buyers and small groups gaining ground over large corporates in practice sales

The latest NASDAL goodwill survey reaffirms the ongoing appeal of an NHS contract, with NHS practices and mixed practices still commanding higher prices. In the quarter ending April 30th the average goodwill value of NHS dental practices in the survey increased by 20% to 138% of turnover, and mixed practices stood at 106% of turnover. The average goodwill for all practices was 97% of turnover, which is consistent with the previous quarter.

Alan Suggett, a partner in accountancy firm UNW LLP, and the NASDAL member responsible for the survey, said that looming changes in NHS contracts seem to have had no impact on NHS goodwill values despite the spectre of possible time limitation of contracts under pressure from the OFT.

A major change in the dental practice sales market can be seen in the acquisition strategies of the large corporates. Whilst they are still acquisitive, there are more instances of private buyers and small groups outbidding the large corporates.

Said Alan: "I am aware of a dental practice on the market in Essex where a corporate chain had been ready to pay just under £1m but they were outbid by a private buyer willing to pay £1.5 million in order to secure the deal."

Alan continued: "Dentists looking to buy, expand or take on another practice must always carry out a viability forecast to make sure it is affordable." He went on to advise that if a practice isn't affordable, it is sensible to presume

that it is over valued, and if price reduction negotiations are not successful, to walk away.

He went on to stress that the figures in the goodwill survey are helpful and interesting, but they should be treated as simply an 'interesting point in time' average.

Said Alan, "I have found that some sale agents are presenting very optimistic figures in sales particulars. They are arguably doing their best for their clients who are selling practices, but for the buyers it's vital to be assisted by a dental accountant who can ensure the acquisition is viable."

Note to editors

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