

# Ask the Broker

## As the Year Comes to a Close

The end of last year was an interesting one as many sellers elected to close the sale of their practices before December 31 to avoid the additional tax increase on capital gains. Since this year is back to normal, I expect to see most of our sellers push the close of sale of their practices into January.

It is still a “*seller’s market*” out there as we wind down this year. Having said that, practices in the smaller, rural areas still take more time to sell and the facility-only opportunities without patients are not moving as well as they have in the past, even in the larger urban markets. At some point in the next few years, we do expect a large increase of inventory as the baby boomers who graduated in the late 70’s and early 80’s will finally let go.

I believe that The Affordable Health Care Act, aka Obamacare, may also be an impetus for some tentative sellers make a decision to sell. The more we learn about how the health care premiums or deductibles will be increased two to fourfold for older, highly successful dentists, the more these dentists may consider retirement as they may qualify for the “free” or “subsidized” health care plan if they are no longer working.

### Here is my year-end advice for Sellers

If your practice is currently on the market or you are contemplating selling your practice next year, ***finish the year strong!*** Lenders and Buyers value your practice almost exclusively on the most current year-end P&L. Try ***not*** to take too much time away from the office until January. Make all of your December bank deposits on time and try to have them posted ***before*** January, as opposed to some accountant’s advice for you to wait until January so that the tax burden is delayed for a year. If you are currently in contract, most accountants will again advise their sellers to close in January. If you are thinking of selling next year, begin the process now so that you are ready for what is traditionally the busiest time of the year for buyers coming into the market, which is usually mid to late January.

### Here is my year-end advice to Buyers

If you are frustrated searching for the right opportunity, I believe that the inventory and activity will start to pick up next year as compared to the past few years because many Sellers who have been holding on may decide that it is time to finally retire next year as they probably realize that taxes and expenses will only increase in the future. Their investment portfolios should have rebounded from the 2008 crisis and that will also be a factor.

To all of you, have a safe, happy holiday season and continued prosperity throughout the year!

Questions? E-mail [wps@succeed.net](mailto:wps@succeed.net)



Timothy G. Giroux, DDS is the Owner & Broker at Western Practice Sales and member of the nationally recognized dental organization, ADS Transitions. A graduate of Creighton University School of Dentistry (1983), he and his wife, Mona Chang, DDS (LLUSD 1984) were in private practice together for 15 years in Scottsdale, AZ, before establishing their home in Northern California.

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