



Ask the Broker

THIS COULD BE THE BEST TIME AND THE BEST YEAR TO SELL YOUR PRACTICE!

As a dental broker, of course, every year is the best year to list your practice! All kidding aside, most of us in the transition business saw a reduction of activity due to the economic downturn. Simple economics of supply and demand produced what one would expect...a slight increase in the values of practices as measured by the normal "rules of thumb". Unfortunately this increase in the multiple was offset by the fact that most dental practices' revenues were down during this period. Since the election is over and the world did not end on December 21st, the economy appears to be settling in for a slow growth period. Values and revenues have stabilized. Interest rates are still at historic lows and 100% financing is still available in most transitions.

So why is *NOW* a better time than usual to consider selling your practice?

1. **Inventory has been consistently low** for several years, therefore values are up. We do not expect this to continue as the "baby-boomers" are expected to retire in just a few short years.
2. **Interest rates are still at historic lows.** Financing is also readily available at 100% for most transitions. As the economy begins to improve, we expect interest rates to increase. Most financial analysts believe that inflation has to kick in at some point due to the printing presses running at the Fed.
3. **Normal trends and past experience has always** demonstrated an increase in activity for practice transitions in mid January. We usually experience an increase in calls from both buyers and sellers. Buyers have just made a New Year's resolution to get into their own practice. Sellers, based on their accountant's year-end advice, often decide it is time to "hang up the shingle".

The tax debate is over for the time being. Sellers will now pay a little more in taxes under the new rules. Generally this may equate to working about one month more to pay Uncle Sam as compared to the old rules. Smaller practices may not even be impacted. In the short run, I believe that future tax increases are more likely to take place than tax decreases. I also believe that the inventory and interest rates will start to inch higher in the near future. **Higher interest rates and more inventory will definitely put downward pressure on practice values.**

As a dentist first, I always finish my lectures stating that I do not believe sellers should "time the market". While taxes, interest rates, inventory and local market forces influence pricing, I believe that you should retire when you are ready to. If you are contemplating retirement in the near future, **NOW** is a good time to consider making the move!

Questions? E-mail 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.

800.641.4179 | westernpracticesales.com