



Ask the Broker

As the Year Comes to a Close...

The past several year-end issues have been interesting. Two years ago, we saw a rush of sales in December as there was talk in Congress that the capital gains tax increase might be retro-active. That rumor caused many sellers to close in December who would have otherwise closed in January. The retro-active part of the tax increase did NOT happen while the tax increase did happen last year. I am not sure if the 5% increase in the tax had any effect on any seller's retirement plans, but we are still seeing many retirement-age dentists working longer than they did prior to the economic shake-up of 2008.

As we approach the end of the year, interestingly enough, it is still a "seller's market" out there. Having said that, practices in the smaller, rural areas still take *more* time to sell and "facility-only opportunities without patients" are not moving as well as they had in the pre-economic shake-up, even in the larger urban markets. At some point in the next few years, hopefully sooner than later, 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 retire. I believe we are just starting to see a more normalized market and sellers who have been hanging on are finally starting to decide to hang up their drills.

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 to put your practice in tip-top condition with strong financials and "ready to market curb appeal" in mid-to-late January, which is traditionally the busiest time of the year for buyers coming into the market!

Here is my year end advice to Buyers

If you are frustrated searching for the right opportunity, we are expecting a healthy surge in listings and our inventory sometime soon. I expect that this activity will continue to increase. Sellers who have been holding on may decide that it is finally time to 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 hopefully they can now consider retirement on their own terms!

Again, I wish you much success and continued prosperity for the years ahead and a safe and happy holiday season with the people you care about.

Questions? E-mail wps@succeed.net



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