

Ask the Broker

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Is now a good time to buy a dental practice in the current economy?

Brad P, DDS

Yes! Now is the perfect time to purchase a practice

but not for the reasons many dentists may think. It is true that practice sales have declined these past 6 months but practice prices have generally held nationwide. While the prices on real properties may have fallen, this is only true in the dental practice sales market in situations such as: (1) small, under-performing practices (2) practices that must be sold immediately and (3) facility-only sales.

The main reasons to buy now are: (1) all-time record *low interest rates* which ultimately lower your loan obligation (2) *tight inventory levels* for desirable practices which may decrease even further as selling doctors work longer to recoup their losses in the financial market. Buyers that are anxiously waiting out this market right now will be very frustrated in the future when they decide the economy is right to jump in.

My prediction is that sometime within the next year, we will see increased buying, sluggish inventories and rising interest rates all at the same time. This will create a full-blown seller's market and rising prices for dental practices. For practices that cash flow well, we are seeing record prices, even in this economy! The medical and dental professions have always historically weathered difficult financial times better than most businesses. Inventories of dental practices may remain low for several years even after the economy rebounds. Since more sellers may not re-enter the market for quite sometime, now is the best time to buy and posture yourself as the economy stabilizes. Your cost savings is driven by low interest rates, not a lower practice price. The actual value of the practice remains the same.

Questions? E-mail wps@succeed.net

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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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