

PRACTICE VALUE INDEX

FRANK TAYLOR AND ASSOCIATES



We are continuing to see a growing demand for dental practices, both private and NHS, and for those who are considering making a purchase this is probably one of the most important decisions you will ever make. Here are some of the key factors we believe you really must think about.

Location, location, location. Where do you want to be? Some locations may be great to spend a fortnight in the summer but will it work as a business and as a home? And most importantly will the area provide the facilities you and your family will need?

Demographics. Decide upon the type of dentistry that you do and will want to do in the future, then think about the type of person likely to be interested in it. Research the area around your potential practice and make sure you get the right 'fit'.

Leasehold vs freehold. Buying a leasehold property can be more complicated than a freehold, but less of a capital investment. The length of the lease will need to be considered, and whether it can be renewed. It may be that the remaining number of years is unacceptable to your bank as most banks will only lend on a lease which is over seven years in duration, but don't let that put you off as there should be an

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opportunity for the lease to be extended. The landlord's consent to assign the lease will be required and they may require you to pay a rent deposit or provide a guarantor. In the current climate some freeholds are not showing the value the owner may wish for, and in these cases the owner may want to create a lease with the opportunity to sell the freehold once the market improves.

NHS/Mixed private practice. You may not be aware that if you buy a practice with a PCT contract, you need to ensure that you retain the existing terms and conditions, and it is important to seek proper advice on how to do this.

Planning permission. It is not uncommon for practices to have grown over the years and not have the correct consent for the entire building. Make sure that you check this.

Finance. How are you going to pay for it? In the current economic climate this may not be straightforward. Banks are being much more thorough in their assessment and are looking for evidence that you will be able to run a successful business as well as a successful practice.

Valuation. Even if you are buying your practice from your current employer, make sure that you are paying a fair price. It is well worth getting your own valuation to ensure that you are not paying over the market value.

Negotiation. You are a dentist, not a trained commercial negotiator! To make sure that you get the best possible deal you may want to consider an agent to act upon your behalf and leave you to get on with the dentistry.

Always use a trusted adviser, such as a lawyer, accountant, banker or broker – as the list above confirms, there are a number of pitfalls when buying a practice. Make sure that you seek professional and experienced advice so that you can avoid them.



Information supplied by Frank Taylor and Associates. For reasons of confidentiality we cannot name the practices or show pictures of them, but all have been sold within recent weeks. www.ft-associates.com

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