

The new normal – what does that look like?

The **FTA team** explains why the outlook for dental practices is encouraging

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In the midst of multiple lockdowns, the phrase 'new normal' was an alliterative addition to all our vocabularies.

At the time the term generally referred to the new way of life to which we were all adapting whilst restrictions were imposed.

In fact, in the UK the last restrictions were only lifted in Wales, in late May, following England and Northern Ireland doing so in February, and Scotland in March.

As those restrictions have been lifted, it has come to reflect the fact not every aspect of life will return to its pre-pandemic modus operandi, and that some changes are here to stay, for example the dramatic increase in remote and hybrid working, and will therefore become the new normal.

Underpinning all this of course, is how different sectors of the economy are bouncing back.

Andy Acton of Frank Taylor & Associates give us his views on the dental practice market.

Demand for dentistry

'I'm sure like many of us over the last couple of years, there were times when I wondered if we'd ever see the end of the pandemic,' Andy says.

'However, data from the early part of this year is very encouraging in a number of areas.

'There is a requirement for the delivery of NHS services back to pre-pandemics levels, and private fees, on a like for like basis, are showing an increase of 25% to 35%.

'When you add in the fact that a lot of practices are experiencing difficulties in recruiting staff to help them meet that extra demand, it's easy to see why most dentists are busier now than they have ever been.'

Encouraging outlook

'It's also encouraging that the banks are being supportive to the sector,' continues Andy.

'We are aware of instances where there has been 100% funding provided, which suggests the longer-term view the banks hold of the industry is one of stability and growth, meaning they feel confident in making loans of this nature.'

'At FTA we have over 5,500 buyers registered with us, a figure that is growing by the month.

'And we are seeing sellers get excellent values for their practices, with goodwill figures at record levels.

'All this helps to paint a very healthy picture of the sector.'

Encouraging outlook

'More generally across the dental industry, confidence is returning and there have already been two big events, with good attendances levels,' Andy points out.

'Turnout at one of these events is often a good litmus test of confidence in the market, as the main reason delegates site for attending, is to do a little "window shopping".

'This is supported by manufacturers, who've seen a welcome increase in sales this year.

'Of course, we can't rest on our laurels, there is still work to be done and if the last two years have taught us anything, it's that things can change quickly and unexpectedly.

'So, there is no room for complacency, but we do have every reason to feel confident.' **D**

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PRACTICE ONE – HOME COUNTIES

Practice location: this practice is located in a predominantly residential area, within a busy and prosperous market town. There are excellent road and rail links, and the practice has benefited from new patients who have changed their working style.

Practice type: this is a two-surgery, predominantly private practice established for over 30 years. It is being sold as leasehold with a new 15-year lease in place.

Practice financials: the gross fee income from management information for the past 12 months is in the region of £220,000 per annum. This has been generated by the principal working seven days a fortnight and an associate working three days a week. The team are supported by two full-time nurses and a full-time receptionist.

Price achieved: a price of **£480,000** was achieved, which was in excess of the asking price.

Agents comments: the principal of this practice has been surprised by the increased levels of new patients post Covid and is confident this will continue even when people return to the world of commuting. The practice diary is comfortably full and for the new principal there is an opportunity to extend the practice should the demand continue.

PRACTICE TWO – SURREY

Practice location: this practice is located in the heart of the M25, in a town with a population in excess of 200,000 and is close to road and rail links.

Practice type: this is a very well-established three-surgery mixed practice, which is being sold to release the principal who wants to enjoy the freedom of being an associate after many years of being a business owner. The principal will be retaining the freehold and creating a lease for the new principal.

Practice financials: the gross fee income from management information for the past 12 months is in the region of £410,000 per annum and is 50% NHS and 50% private. The gross has been generated by the principal working five days a week and an associate working 2.5 days a week. The clinical team are supported by a full-time receptionist and two full-time nurses.

Price achieved: a price of **£580,000** was achieved, which was in excess of the asking price.

Agents comments: this practice proved to be incredibly popular. Its location and nicely balanced mix of NHS and private ensured it would fly off the shelves. The incoming principal has numerous plans for the development of dental services not currently provided to be made available.

PRACTICE THREE – LONDON

Practice location: the practice occupies a ground-floor property in a busy district of London. There is a mix of residential and commercial properties nearby and the usual transport connections expected in London.

Practice type: this is a two-surgery, predominantly private, practice established over 50 years with the current practice owner having worked there originally as an associate and then as the owner for more than 40 years.

Practice financials: the gross fee income is in the region of £260,000. This is made up of 15% NHS with a UDA rate in excess of £31.00 and 85% private. The income is generated by the principal working four days a week, supported by a full-time receptionist and a full-time nurse.

Price achieved: a price of **£600,000** was achieved, which was in line with the asking price.

Agents comments: this principal is the first person to admit that the practice is somewhat tired and there has been no active marketing of the practice for many, many years. It proved to be incredibly popular with our first-time buyers and the principal was overwhelmed by the level of interest. His major driver was to find someone who would look after his patients and team, particularly as many patients are third generation.

PRACTICE FOUR – WALES

Practice location: this practice is located on a busy main road within one of the major towns in Wales.

Practice type: this is a three-surgery mixed practice, which has been established over 55 years and is being sold to facilitate the retirement of the current principal. It is being sold as freehold with an option to lease if that is preferred.

Practice financials: the gross fee income from management information for the past 12 months is in the region of £235,000 of which 10% is generated from a NHS-GDS contract with a rate of £24.40 per UDA, 90% of the income is generated via private dentistry. The income has been generated by the principal working four days a week, and a hygienist working two days a week. The team are supported by four part-time nurses/receptionists.

Price achieved: a price of **£450,000** was achieved, which included the freehold.

Agents comments: this practice offers a lifestyle as well as a business and has been purchased by a dentist who wanted to move away from busy areas to enjoy a more relaxed life and environment for the children to grow up in. We didn't have hundreds of people looking to buy this practice, but we did find the one who happens to make the perfect fit – happy seller and happy buyer – job done!

