



Retiring dentist sells practice within 3.5 months for higher-than-expected price

1) Introduction

Dr. Y had a solid practice with consistent business that generated between \$1.4MM and \$1.5MM a year. He was well known and liked in the dental community. He owned the practice for over 40 years in a historically low income neighborhood in Austin, Texas, that was quickly evolving due to gentrification. He also owned the aging building where he officed and had two tenants that generated additional monthly income. Despite having signed two different letters of intent, Dr. Y had been unsuccessful at closing a deal after years of trying to sell the practice on his own for \$1.2 million dollars.

2) Challenge

With a strong intent to ensure his patients would continue getting the best care possible, Dr. Y was choosy about the type of buyer. Additionally, he was asking for a price that many believed was higher than the value of his practice. Although he was willing to stay on for a small transition, Dr. Y truly desired a deal with an immediate turnover.

The building was located in a gentrified area of Austin, Texas, known for evolving demographics and a shifting landscape of economic activity. Dr. Y had two tenants within the building he managed, the leases were poorly structured with rents that were under market value. This contributed to his uncertainty on how to price his assets, would likely be seen as unfavorable to a buyer, and increased the complexity of the deal. While Dr. Y's modern dental technology made the practice more enticing, inevitably, it didn't change the building's outdated appearance.

Timing was not on Dr. Y's side. He was continuing to work within his practice while also trying to sell it without professional help and seek financing for a \$1.3MM building, all the while during the middle of the COVID-19 pandemic.

As much as he wanted to find a buyer on his own, Dr. Y was ready to sell his practice and reached out to Practice Transitions Group (PTG).

3) Our Approach

PTG packaged the practice with a built-in mortgage payment based on a purchase price Dr. Y was comfortable with. Additionally, we speculated that marketing the practice to out-of-state buyers moving to Austin would help find a seasoned practitioner who was ready to buy. Without a reason for urgency, buyers already residing in Austin might have been more willing to stall and negotiate, which would have delayed the immediate results Dr. Y expected.



4) Roadblocks

Older practices can be more difficult to sell given the built in cost of the required improvements needed to modernize the building. Additionally, Dr. Y had high expectations for a sale. Between the practice and the building, the asking price came to over 2 million. Although Dr. Y had two pending offers from local buyers, these were well below Dr. Y's initial asking price. The substantial price and complexity of the deal contributed to the difficult task at hand: finding qualified and willing buyers.

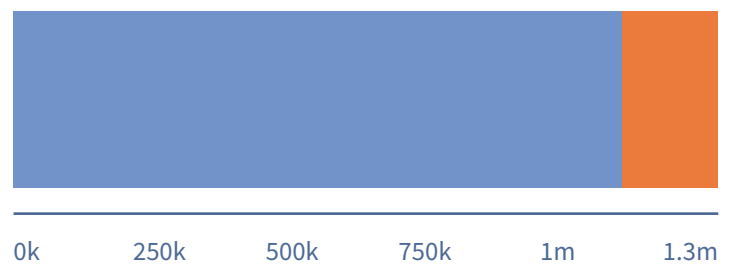
5) Solution

Shortly after listing the practice, two out of state buyers were seriously interested. The competitive nature of the situation created urgency and resulted in a quick sale of Dr. Y's assets. The transactions for the practice and the building were handled separately. Once the practice was sold, the process was repeated for the building, which finalized Dr. Y's disjunction from both.

6) Results

By selling the practice and property separately, Practice Transitions Group was able to secure two buyers who were qualified to move quickly. The practice sold for \$1.3MM, and the property sold for an additional \$1.3MM. Dr. Y had previously tried to sell his practice for at least two years. However, with PTG's process, the building and practice sold within 3.5 months at a price above Dr. Y's original offer of \$1.2MM. The quick turnaround and higher sale price exceeded Dr. Y's expectations and allowed him to gracefully exit from the practice.

Call us at (512) 761-7101 or send us an email at info@practicetransitionsgroup.com to explore your healthcare real estate needs.



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