

Survey Of Dentists Who Own Dental Real Estate

DATE:

February 2025





03

Aim and Design of the Survey

Understand the sentiment of dentists who own both a dental practice and its corresponding real estate

06

Dentist Specialty Make-up

Questions related to dental specialty, work hours, and real estate ownership structure.

07

Acquisition Responses

Questions related to thoughts, research, and methods surrounding the real estate acquisition

09

Ownership Responses

Questions related to potential influences and concerns surrounding divesting the real estate.

12

Responses to Divesting

Questions gathering beliefs on the benefits and potential risks of owning dental real estate.

15

Conclusion and Highlights

Summary of results and potential implications for the evolving dental industry.

Aim of the Survey

The dental industry has evolved considerably since 2010, driven largely by the increased prevalence of Dental Service Organizations (DSOs) investment in dental practices. Due to their consolidation and need for advancement, DSOs have increased the development and uptake of new technologies. DSOs have also transformed the business of dentistry, offering dental practice owners a new and attractive option for selling their practice. What was once a transition from dentist to dentist a career's end, DSOs now provide dentists another option, including a high-value partnership far before calling it a career.

However, real estate is not of interest to DSOs—something that was common to be included when selling the practice to another dentist. Thus this new world creates a decision point for dentists who own both the dental practice and the real estate in which the practice operates.

Additionally, the inclusion of well-funded and competitive DSOs has increased the valuation of dental practices by 30% to 50%, according to insider feedback. Coupled with rapidly rising real estate values across the country, the capital burden for a single buyer is frequently very difficult to manage at top values for both assets.

The survey was conducted to gain insights into the perspectives of dentists who own a dental practice and its associated real estate, how they view their real estate investment in an evolving dental industry, and their views on unlocking equity's value now that the traditional transition process has evolved.

Design of the Survey



Dentists

2,000 Dentists who are at least 10 years out of dental school and own a dental practice were sent the survey to voluntarily provide confidential answers.



Questionnaire

The survey contained 16 background and belief questions plus two optional open text questions.



Themes

The survey comprised themes focused on acquisition, operation, divestiture, and perceived benefits and risks..



The office is integral to our brand identity and must represent the quality of care provided.

Data Collection



Questions



18 TOTAL QUESTIONS



QUESTIONS RELATED TO:



- Dental Specialty
- Reason for Acquiring
- Research Pre-Acquisition
- Ownership Structure
- Career Timing for Buying
- Property Management
- Potential Selling
- Best Reason For Owning
- Most Concerning Item



Survey Collection

The survey process was open from November 1, 2024, through January 15, 2025

2,000

dentists sent survey

100%

431

respondents

22%

1,569

non-respondents

78%

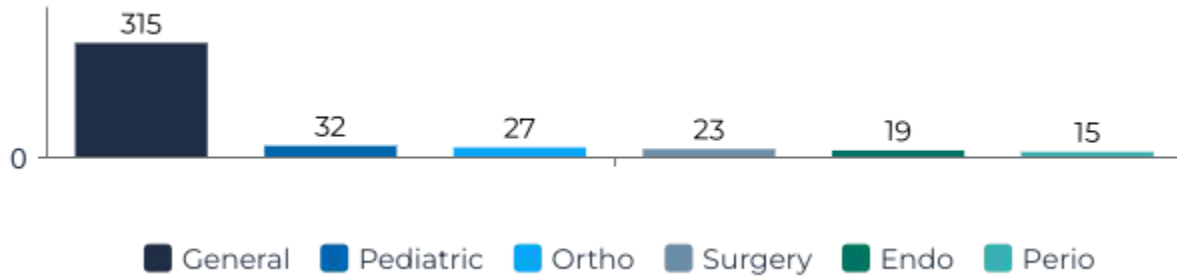


The property is part of my retirement plan; I want to ensure it supports my lifestyle in the future.

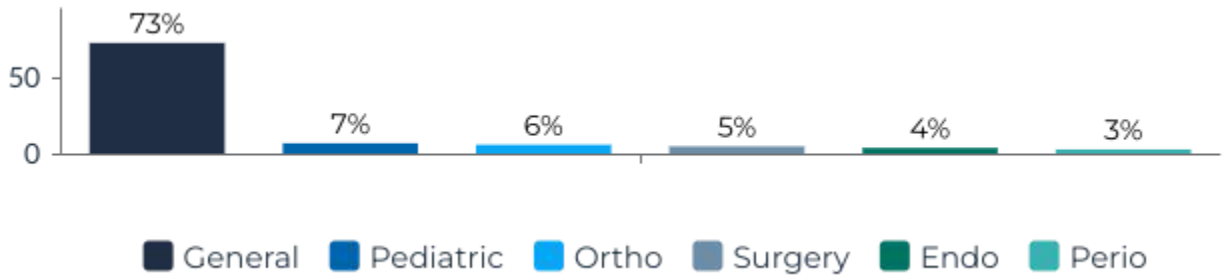
Respondents



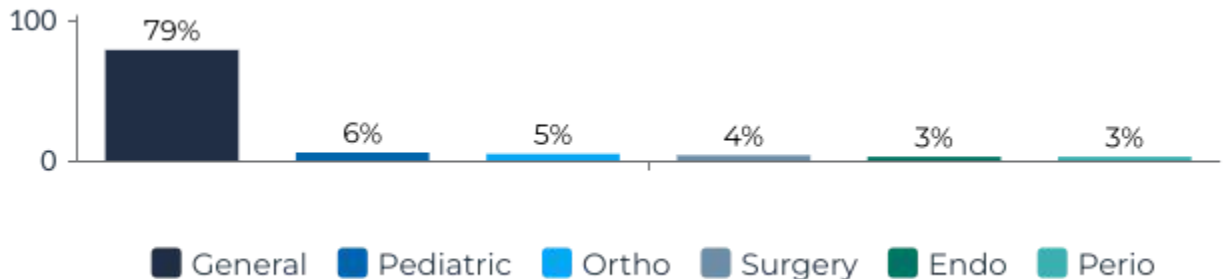
Respondents Dental Specialty (#)



Respondents Dental Specialty (%)



Active Dentists Nationally, By Specialty (%)

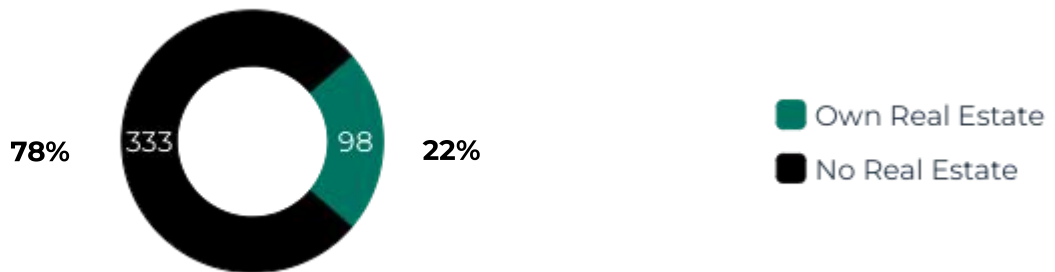


Source: American Dental Association, 2024

Respondents



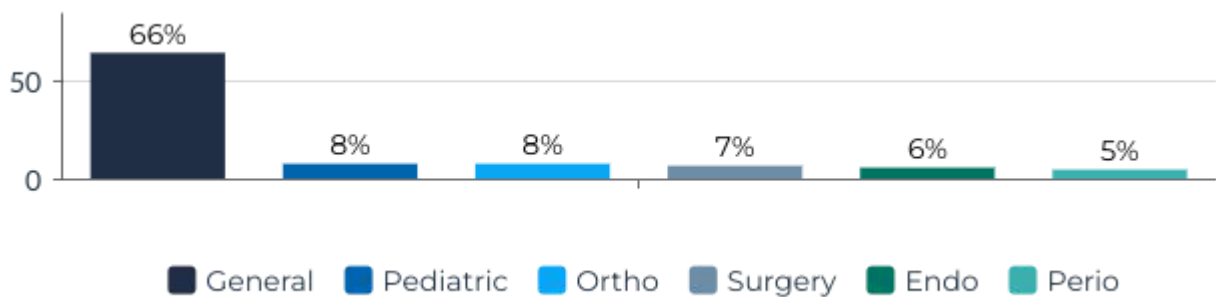
Respondents Who Own Dental Real Estate



Surveys Sent: 2,000 / Responded: 431 / Own Real Estate: 98



Real Estate Owners By Specialty (%)



Owners Weekly Hours Worked (%)

Hours Per Week	General	Pediatric	Orthodontic	Surgery	Endodontic	Periodontic
<5	5%	0%	0%	0%	0%	0%
5 to 15	10%	13%	13%	14%	0%	0%
16 to 30	32%	25%	50%	14%	17%	20%
31 to 40	46%	50%	38%	43%	83%	80%
40 to 50	6%	13%	0%	29%	0%	0%
50+	2%	0%	0%	0%	0%	0%

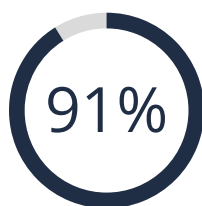
Real Estate Acquisition



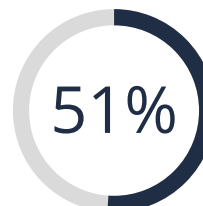
Pre-Acquisition Research



Performed market research before acquiring real estate



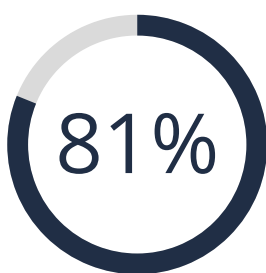
Hired a specialist to provide property & market research



Utilized their network for market intelligence



Likelihood To Acquire More



are definitely not or unlikely to acquire more dental real estate*

*Response consistent across all number of locations owned.



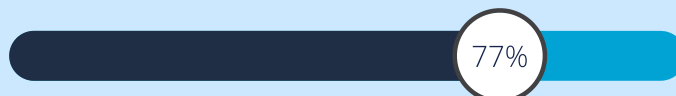
I need a space that allows for future growth or expansion of my practice.

Real Estate Acquisition

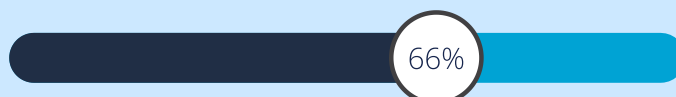


Influences to Acquire Dental Real Estate

Long-term financial planning - Investment



Control over the practice's operating location



Thought it better to pay myself rent rather than a landlord



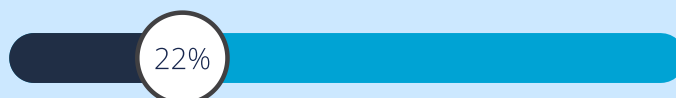
Acquiring was the best or only way to get the desired location



It was recommended by a person who I trusted (financial advisor, accountant, mentor, family member, etc.)



The real estate was a package with the practice



I'm anxious about managing the building to ensure maximal value and keep it attractive for patients.

Real Estate Acquisition

65%



of owners **first acquired real estate between 6 and 15 years from the start of professionally practicing dentistry**

74%

Acquired a location new to the practice



57%

acquired as part of a **relocation for better or more space**

17%

acquired the real estate **when first opening the practice**

26%

Acquired practice's current location



22%

acquired current space in **package with the dental practice**

3%

acquired 100% of the space that was leased as the practice owner

1%

acquired <100% of the space that was leased as the practice owner



Having a stable location for my practice is crucial; I want to avoid the uncertainty of an unfriendly landlord who doesn't understand dentistry.

Real Estate Ownership

Reported ownership structure for the real estate is:

65%

are **sole owner of the dental real estate**

25%

have **dentist partners** in the real estate

6%

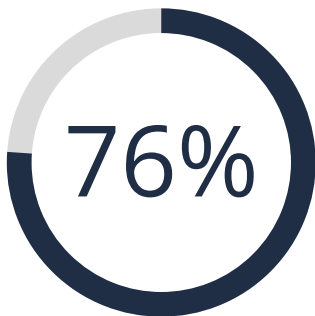
indicated including **non-dentist partners**

4%

have **dentist & non-dentist partners**



Number of Real Estate Locations



have ownership in only one dental real estate location*

*either solo owner or with partners



I fear that I may not be effectively investing in both the practice and the property at the same time, which may result in reduced ROI.

Real Estate Ownership

Responses to:

What concerns do you have about owning the practice's real estate?

- 79%** Concerned with taking a loss; real estate losing value
- 78%** Knowing when to sell for the best return on investment (ROI)
- 74%** How to best sell the real estate if not selling with the practice
- 73%** Finding a buyer promptly without disrupting the practice sale
- 70%** Re-financing terms and rates when the mortgage expires
- 66%** Choosing capital expenditures for the best return (ROI)
- 60%** Time and expense related to building maintenance and upkeep
- 52%** Owning the real estate may distract from making the best decisions for the dental practice
- 39%** Liability risks associated with owning the practice's real estate



I have a lot of debt now after acquiring both practice and property, I worry that the stress may be damaging my productivity and health.

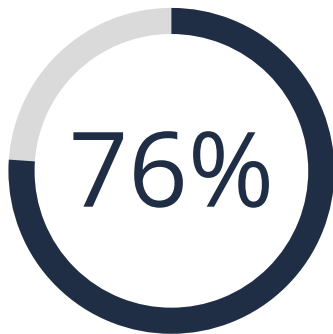
Real Estate Divesting



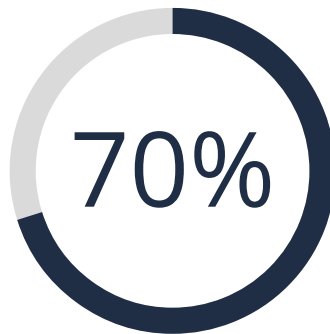
most reported divesting concern is:



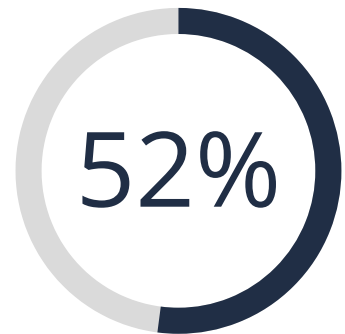
how manage the real estate in order to **maximize their return (ROI) for both real estate and their practice**



are concerned about how to **sell the real estate separately from the practice**



believe that their next **financing terms will influence** their divesting decision

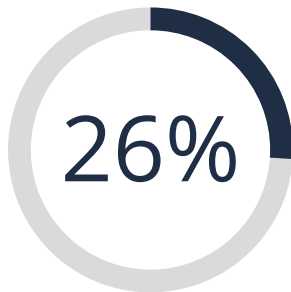


are concerned **owning both assets may negatively impact their decisions**



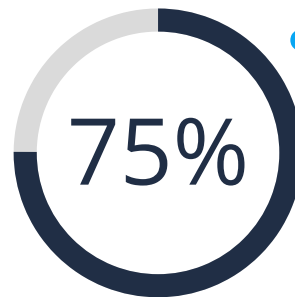
I want to create wealth for my family, and getting the best ROI from my real estate is a significant part of the plan.

Real Estate Divesting



of dentists reported that:

they intend to **sell the real estate and practice together to the same buyer**



of "package sellers" report:

that they believe it **will be easier or faster** than selling the practice and real estate separately



I one hundred percent, ABSOLUTELY DO NOT, want to be the property landlord for anyone else operating the dental practice.

Industry Considerations



I am a dentist, not a real estate expert and worry that I may do something that could negatively impact the value or ability to sell my property

The dental industry has experienced considerable and rapid transformation since 2010. The number of Dental Service Organizations ("DSO") has grown substantially in number, likely more than 100%. From various estimates, the percentage of dental practices associated with a DSO has increased from ~5% to approaching estimates of 40% by the end of 2026, perhaps eclipsing that mark 2025 given the recent pace DSO start-ups.

DSO investment in dental practices and industry resources has transformed the financial analysis of dental practice ownership and influenced plans for owning the associated real estate. The common practice of divesting both dental practice and real estate assets simultaneously is not as viable. DSOs do not acquire real estate. Secondly, the increased practice and real estate values make it less affordable to independent dentists who previously would have acquired both assets.

As a result of these changes, practice operators who also own the associated dental real estate have become more concerned with how they will divest the property and maximize their return. Feedback also indicates that most prefer to avoid landlord responsibilities after selling the practice.

Respondents acquired dental real estate primarily to maintain control over the practice location and achieve financial returns. However, as ownership has become more complex, many owners are seeking guidance and support to avoid costly mistakes and how to navigate selling multiple high value assets. Similarly to how dental practice brokers played a key role in educating dentists about DSOs, brokers and DSOs will likely play a key role in helping to shape the future of dental real estate transactions. Dental tenants are unique tenants and another key will be a

Key Owner Concerns



Maximize
Investment
ROI



Divest
Seperately
From Practice



Avoid
Landlord
Responsibilities



What do you feel is the most important reason or benefit for owning the dental real estate?

"Owning real estate allows me to diversify my investments beyond just the practice itself."

"I'm focused on having multiple exit strategies available, whether selling or leasing the property."

"I want to build equity in the property to ensure it adds value to my overall financial portfolio."

"I see potential for partnerships with other health professionals, making the property a collaborative space."

"I want to ensure that the ongoing costs of property maintenance are manageable and don't overwhelm my practice's finances."

"I need a space that allows for future growth or expansion of my practice."

"I want the property to be environmentally sustainable, reflecting my values and attracting eco-conscious patients."

"I'm invested in community development, and I want my property to contribute positively to that growth."

"Staying informed about local market trends is crucial for making sound decisions about my property."



What concerns you the most with owning the dental practice and the associated real estate?

"I worry about market fluctuations affecting the value of my property and my overall investment."

The fear of my property losing value over time keeps me up at night."

"I'm concerned about liability risks associated with property ownership, especially if someone gets injured on-site."

"The possibility of selling practice and property to a buyer is concerning, especially considering how little financial strength young dentists have."

"Managing the property effectively while running my practice can be overwhelming."

"I worry about the long-term viability of my location and whether it will remain desirable for my practice to stay."

"I'm anxious about properly managing the building to ensure maximal value and keep it attractive for patients."

"I'm worried about the challenges and costs associated with the sale process of such a large dual asset."

"I fear that I may have overextended myself financially with the property, impacting my practice and personal life."



COMPANY OVERVIEW

Dental Real Estate Syndicate is a well-capitalized team of dental and real estate professionals, exclusively focused on investing in dental real estate in partnership with dentists, providing the real estate investment opportunities that medical doctors have taken advantage of for decades.

Our team efficiently closes real estate transactions, providing the selling dentist with the ability to unlock cash, eliminate property management, and receive tax-advantaged dividends while participating in a diversified portfolio within the rewarding dental real estate market.

LEADERSHIP

The Dental Real Estate Syndicate leadership team has a deep understanding of the dental industry and a proven track record in real estate investing.

Dental real estate owners can count on Dental Real Estate Syndicate to unlock the full potential of their dental real estate, ensuring long-term success and growth.

- ✓ Experience operating 600 dental locations
- ✓ 2 million square feet under management
- ✓ More than \$3 billion of real estate owned



Ryan Zeman
Development

- ✓ Executed \$500M+ of Transactions
- ✓ Decade Plus Of Real Estate Investing
- ✓ Seasoned Dental M&A Executive



Matthew Ahrens
Finance

- ✓ Extensive Institutional Finance Experience
- ✓ Managed \$7B CMBS Portfolio
- ✓ Acquired 6M Square Feet of Real Estate



David Nachman
Investment

- ✓ Two Decades Of Real Estate Leadership
- ✓ \$1B+ Real Estate Assets Under Mgmt
- ✓ Expert In Analysis & Underwriting



Mitch Olan
Strategy

- ✓ Dental Care Alliance Co-Founder & CEO
- ✓ Co-Founding Member Association of DSOs
- ✓ Led Expansion of Hundreds of Dental Practice Locations



Chris Pham, DDS
Clinical

- ✓ Two Decades In Clinical Dentistry
- ✓ Commercial Real Estate Investor
- ✓ Founder of Multi-Location Dental Group



Joe Cavaretta
Contracting

- ✓ Led Team Generating \$2B of Revenue
- ✓ 17-years Henry Schein Executive
- ✓ Service & Procurement Expert

