

2023

DENTAL MARKET REPORT

CHICAGO MARKET

Demand for dental practice ownership remains stronger than ever despite increasing concerns over economic slowdown. Practice lenders remain vigorous regardless of concerns of rising interest rates seen in 2023. Staffing and labor shortages remain a challenge for current practice owners.

PROJECTS (NEW OFFICES)

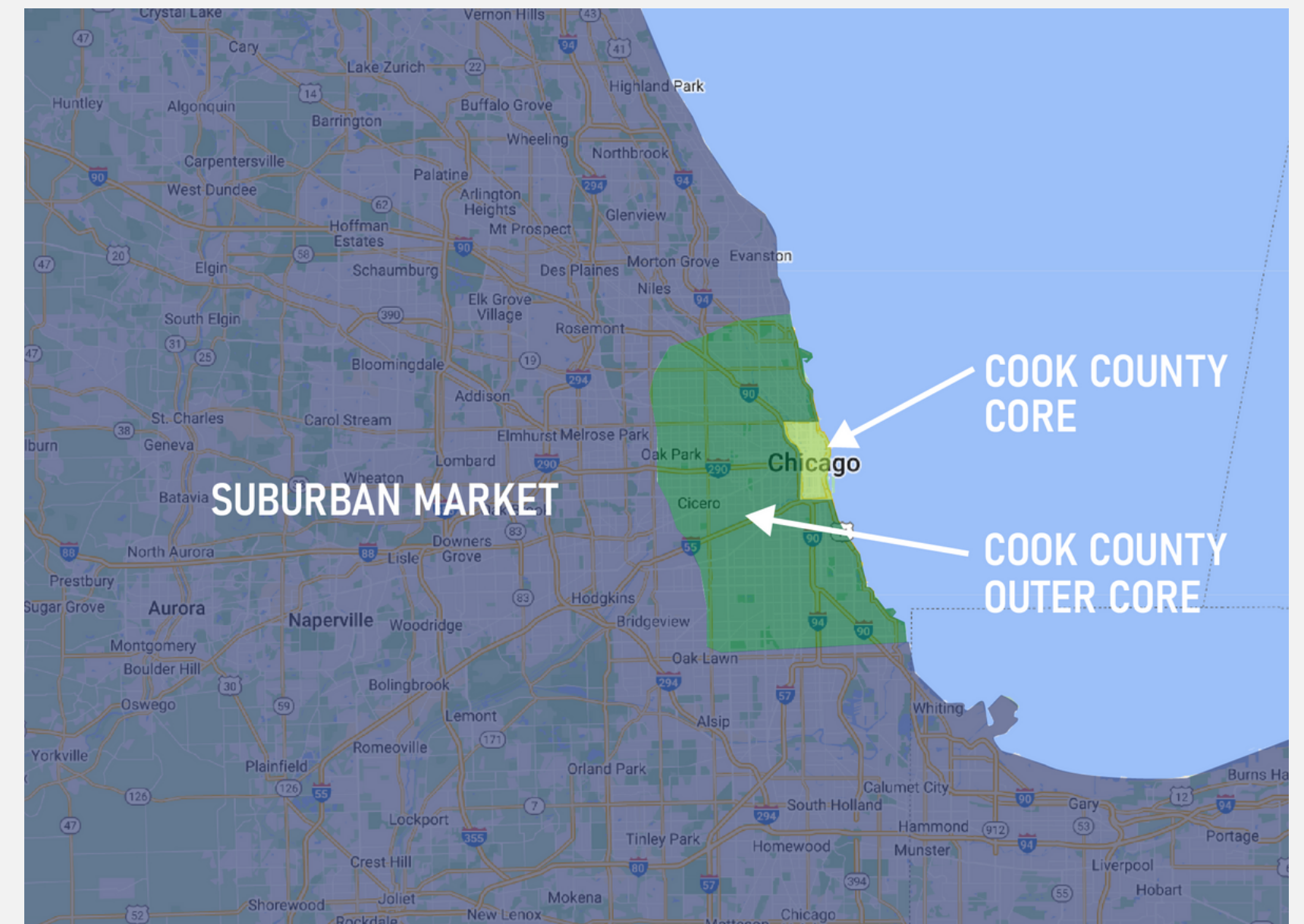
Start-ups, expansions and relocations

Roughly, a third of the new office activity took place in the densely populated **Cook County Core**, comprising the Chicago Loop and its surrounding neighborhoods, which still has not fully recovered from the decrease in office employees still working remotely. Newly opened practices in this area are targeting average to above-average income levels with a combination PPO/FFS practice model.

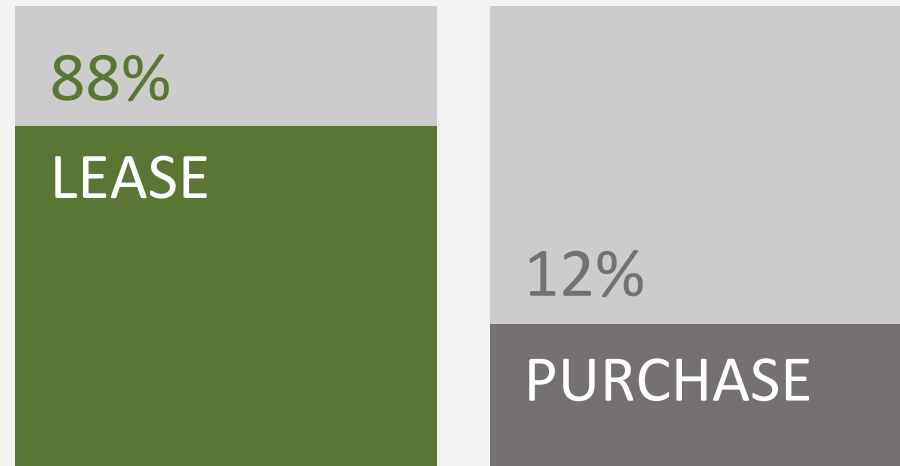
Another third of the new offices were started in **Cook County Outer Core**, encompassing the outer green-colored areas of Chicago, and the Cook County suburbs. These offices were comprised of startups and multi-unit operators working on relocations of existing offices or upgrading their current practice location with a focus on PPO/FFS and some medicaid practice models.

The remaining activity was scattered through the **Suburban Market**, encompassing the surrounding suburban counties of Cook, DuPage, Lake, Will & Northwest Indiana. These practice owners also targeted average to above-average income levels with a combination PPO/FFS practice model with more emphasis on FFS than on the Cook County Core offices.

Locations of New Start-Up Offices:



REAL ESTATE STATISTICS



Leasing continues to be the dominate choice for practice real estate.

Average Project Cost (LEASE)

\$642,000

Average Project Cost (PURCHASE)

\$1,221,940

PURCHASE STATS

Average Sales Price **\$621,000 or \$257 PSF**

Average Building Size **2,420 SF**

LEASE STATS

	RETAIL	OFFICE
Avg Monthly Payment (Includes NNN Expenses)	\$6,750	\$5,880
Average Size (SF)	2,250	2,380
Avg # Operatories	5.7	5.5
Landlord Incentives (10 Year Lease)	\$117,000	\$157,560

PRACTICE SALES

The appetite for practice acquisitions remains strong and consistent with historical levels for both first-time practice owners and multiple-unit practice operators despite worries about the economy and rising interest rates. Sellers with practices collecting \$750K or more have the most leverage, and we continue to see multiple offers & bidding wars with price levels reaching 85% up to 150% of annual collections. The average size practice of \$400K to \$750K is still moving; however, it has seen longer marketing periods. Smaller practices collecting \$400K or less have the longest selling time frame and are much less predictable when determining sales price and days on the market.

CLOSING STATISTICS:

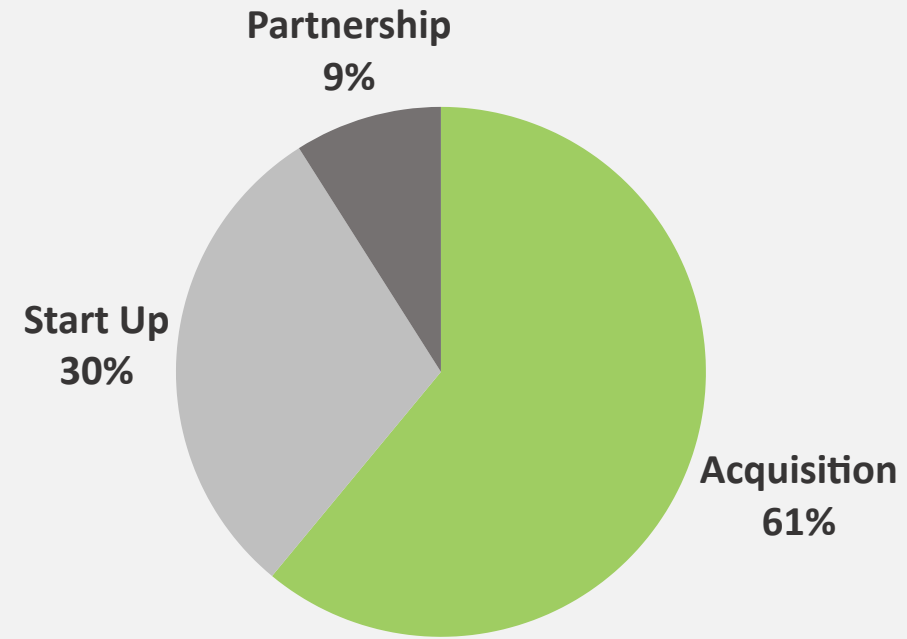
COLLECTIONS	\$400k <	\$400k to \$750k	\$750k >
AVERAGE CLOSED PRICE	53%	77%	94%
AVERAGE DAYS ON MARKET	180	90	30

SURVEY/TRENDS

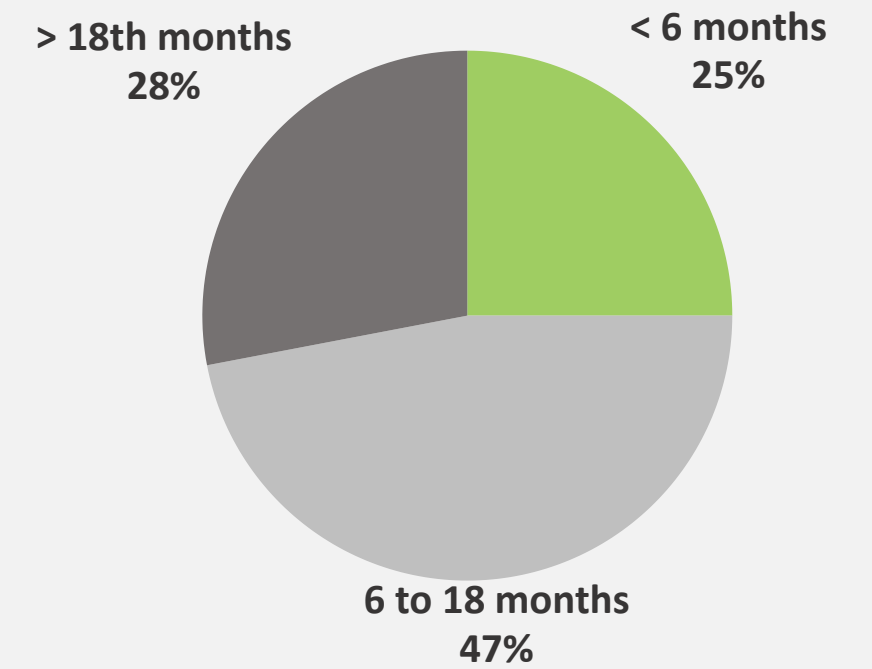
We conducted a survey with more than 250 past, current, and potential clients to gather their perspectives on the journey towards practice ownership.



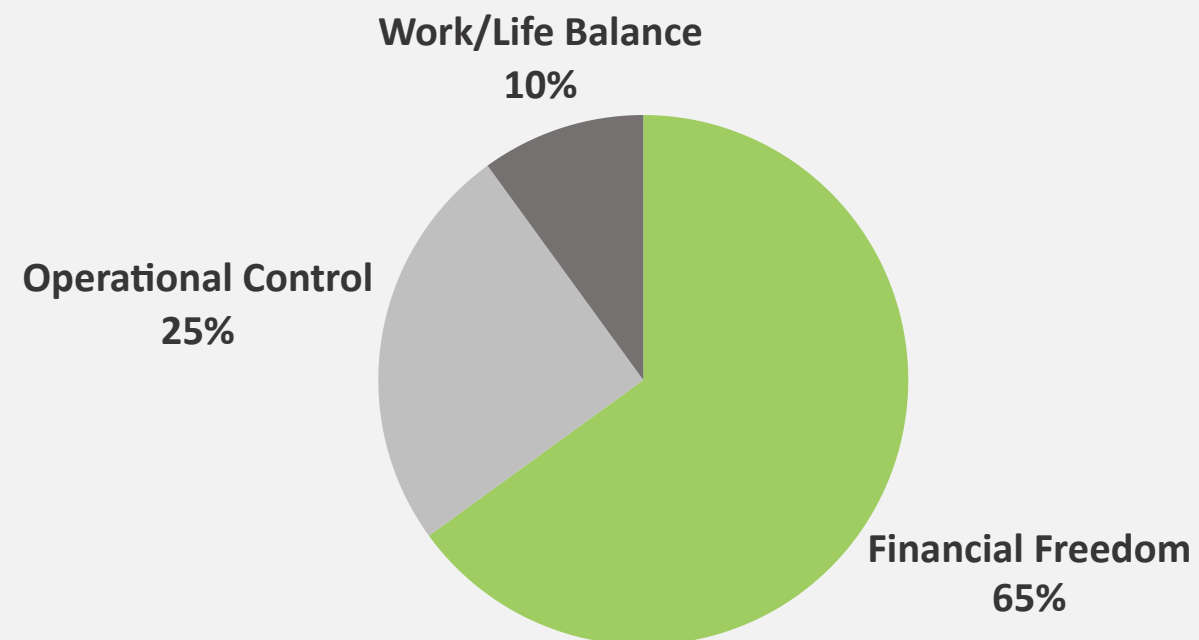
Preferred Path to Practice Ownership?



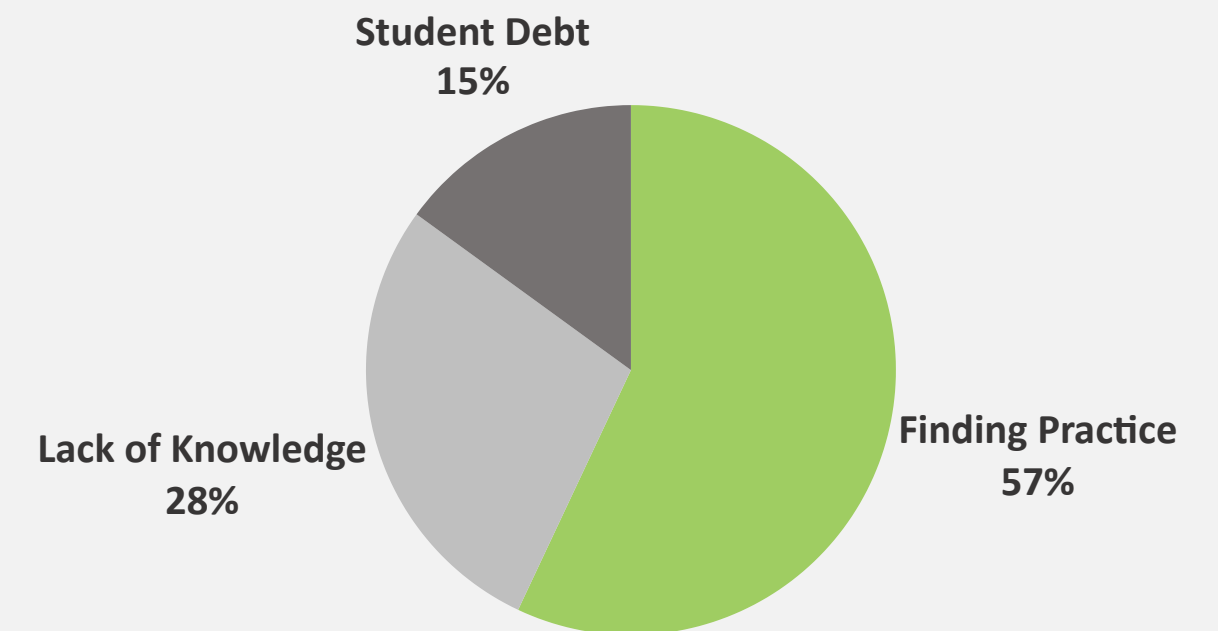
Length of Practice Ownership Pursuit?



Top Reason for Wanting Practice Ownership?



Biggest Obstacles To Practice Ownership?



2023 WRAPPED!



Joseph Rossi & Associates was established in 2011. JRA was built on providing a diverse set of real estate and practice solutions to healthcare professionals. We are committed to delivering the highest quality dental broker services and superior results. We have helped over 600 practice owners who have realized the benefits of working with a real estate broker who specializes, whether you are starting your first, expanding in multiple locations, or securing a path to retirement.

