Home or away?
As an alternative to NHS pensions, a significant number of dentists are choosing to invest in property. But should you still buy in the UK? Thomas Dickson explains

Dentists in the UK have traditionally relied on the NHS pension scheme and perhaps the ventures to provide for their retirement. However, with the number of dentists leaving the NHS or reducing their NHS commitments, this will have an inevitable knock-on effect on their future pension income.

A significant number of our clients are choosing to invest in property as an alternative. This article will shed some light on whether you should still buy in the UK.

Property investment trends
The housing market is certainly rising at the moment, with the latest Financial Times' House Price Index, showing that house prices rose by 0.7 per cent in June and by nine per cent over the past 12 months.

This is despite the fact that the Bank of England has announced five interest rate rises in the last year, with the last decision to order another quarter-point increase in base rates, to 5.75 per cent—the highest level since February 2001.

We have an aging, growing population, with many people living alone and it is predicted that an average 223,000 new households every year will be formed over the next 20 years. These figures illustrate that the demand for housing is going to continue over the long term and if house building can't keep up, the laws of supply and demand dictate that the prices will continue to rise.

Many property commentators agree that the market is likely to slow as the year goes on, not least because of negative income growth and the likelihood of continuous increases in interest rates. However, of 14 organisations including Lombard Street Research, BBC, Rightmove and the Council of Mortgage Lenders, who make predictions on the UK housing market, every one has predicted a positive increase for 2007.

Of course, analysts don't always get it right, but the strength of numbers could lead one to conclude that house price inflation will continue and that investing in property is likely to be a good investment over the long term.

Finding investment property

Once you've decided that you need to invest, you need to find out as much as you can about property prices and their likely profitability. You're looking for two main ingredients. Firstly, the yield, or the money you can make every year out of the rental income, and secondly, the profit or capital gain when you can sell or re-finance.

Speak to your local Estate Agents, get on all their mailing lists, study the free property papers, go to local auctions and drive around your local area so you get a real idea of what's available and how much you should be paying.

Once you've made a decision to purchase and you've worked out that you can afford to take the risks, don't over-analyse it. An investment in property is likely to be a good long-term investment over the long term.

In conclusion, don't over-analyse it. An investment in property is likely to be a good long-term investment over the long term.
A worthwhile investment?

The values of dental practice goodwill are rising as demand for practices rockets. So, before you buy goodwill at current market values, there are many factors to consider before you part with your cash, says Arun Mehra

**How much is practice goodwill worth?**

It is not all doom and gloom for buyers. There are some quality practices for sale, but before you even make an offer, we suggest the following:

1. Obtain annual accounts prepared by a third party accountant for at least three years, to assess the financial performance of the practice.
2. Think, plan, write a business strategy of what you are intending to do with the practice when you buy it. This ESSENTIAL stage is all too easily left out by many dentists, but in my opinion is an essential aspect to making a practice a success.
3. Do your sums with some expert help. Work out using the historical accounting information how much you feel the practice is worth. Not what the valuer has valued it at, but what would be a reasonable price for you to buy the practice to make it a viable profitable proposition for you.
4. Review the practice set up to see how much you will need to spend on the practice to make it right for your needs e.g. equipment etc.
5. Assess whether the patients really exist on the database. Almost often many dentists are buying a large database of historic customers, but are these patients really coming back? Are they the kind of customers you want to treat? Do your research, ask the vendors for information about the practice performance. If the information isn't forthcoming shouldn't you ask why?

Finally, I would urge a sense of caution when buying a practice. I am certainly not trying to put anyone off buying or set up a practice, but when buying a practice do not be dictated by the market conditions, and what your colleagues may be doing, do your homework and research and make sure the numbers really do stack up.

If you need advice buying a practice, the team at Samera can help. Please visit www.samera.co.uk or call us on 0207 100 8788

**About the author**

Arun is Managing Director of Samera Ltd, a leading firm of Chartered Accountants dedicated to UK dentistry. In addition, Arun is the co-owner of the award winning 'The Neem Tree' dental practices based in Walthamstow and Canary Wharf, London.

Arun's knowledge of dental business and financial issues is extensive. He has hands on experience from running dental practices, combined with Samera's client base of over 100 clients provides him with a deep understanding of the issues dentists face in running their businesses.