Dental Practice Valuation in 2026

A Framework for Practice Owners, Brokers, and Institutional Buyers

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Executive Summary

Dental practices in 2026 are valued using three primary methods: percentage of collections (65% to 85% of annual gross for general practices in private sales), seller's discretionary earnings multiple (1.75x to 2.25x for private buyers), and EBITDA multiple (5x to 11x or higher, depending on practice scale and buyer type). The method that applies to a given practice is not a matter of preference—it is determined by two structural variables: practice size and buyer type.

This white paper introduces the PPR Multiple-Decoder Framework, a four-quadrant decision matrix that tells a practice owner which valuation lens applies to their specific situation, what the numeric range looks like in that quadrant, and what the multiple does not capture about deal economics. The framework is built from the standing institutional methodology of Private Practice Research, synthesizing data from twelve named broker and industry sources active in the 2026 dental transaction market.

Key Findings:

- The same practice can have a 4x valuation range depending on buyer type and size. A $1.4M-collection solo practice with modern systems prices at $700K–$800K to a private buyer, or $3.5M–$4.1M to a DSO.
- Institutional qualification is the structural pivot. The line between private-buyer-only (sub-$1M EBITDA) and DSO-eligible (over $1M EBITDA with associate production) multiplies valuation by 2x to 4x.
- Deal structure shrinks offer price. Institutional offers at the high end of the multiple range carry rollover equity, earnouts, and employment locks that reduce cash-at-close relative to the advertised multiple.
- Five factors outside the multiples determine where in the range a practice lands: owner-dependence (10–20% haircut), process discipline (50% premium for competitive bidding), operational health, tech debt, and deal structure.

Introduction

The most common error in dental practice valuation is applying the wrong method to the wrong quadrant. A solo general practice owner reading about 9x EBITDA multiples on dental industry podcasts, then expecting that multiple to apply to their own private-buyer sale, is a recipe for a permanent misread of the market.

From a legal standpoint, a dental practice is worth exactly what a seller is willing to sell it for and what a buyer is willing to pay. That agreement emerges from a negotiation shaped by human factors: urgency of exit, timeline, effort invested in marketing and diligence, competitive dynamics, and leverage.

But outside those negotiation variables, there are actual valuation frameworks that explain what a fair-market price looks like for a practice of a given size and buyer profile. Understanding which framework applies to your situation—and why—is fundamental to informed decision-making before, during, and after a sale process.

This white paper presents a structural framework grounded in broker transaction data, institutional buyer methodology, and transaction economics. It is intended for practice owners preparing for a sale, brokers advising sellers, and institutional buyers assessing acquisition targets.

The PPR Multiple-Decoder Framework

Two structural variables determine which valuation method applies: practice size (measured by EBITDA) and buyer type (private individual versus institutional).

Practice Size and Buyer Type Matrix

Practice Size / Buyer Type	Private Buyer	Institutional Buyer
Sub-$1M EBITDA	Quadrant 1: Collections 65–85%, SDE 1.75x–2.25x	Quadrant 2: EBITDA 5x–7x (if qualified)
$1M+ EBITDA	Quadrant 3: SDE/EBITDA 5x–8x (rare)	Quadrant 4: EBITDA 7x–11x+

Quadrant 1: Sub-$1M EBITDA, Private Buyer

Valuation Lens:
Percentage of collections (65–85% of annual gross). SDE multiple (1.75x–2.25x) as cross-check.

Buyer Profile:
Another dentist, typically acquiring for owner-operator economics.

Typical Range:
$400K–$800K for a $1M-collection solo practice.

Quadrant 2: Sub-$1M EBITDA, Institutional Buyer

Valuation Lens:
EBITDA multiple (5x–7x).

Buyer Profile:
Small DSO or consolidator acquiring as platform add-on.

Typical Range:
$3.5M–$4.1M for a $1M-collection practice with associate production and $588K EBITDA.

Qualification Floor:
Collections above $1M, multiple operatories, transferable patient base, associate-driven production.

Quadrant 3: $1M+ EBITDA, Private Buyer

Valuation Lens:
SDE or EBITDA multiple (5x–8x).

Prevalence:
Rare. Most practices at this scale are acquired institutionally.

Quadrant 4: $1M+ EBITDA, Institutional Buyer

Valuation Lens:
EBITDA multiple, stratified by size.

Multiple Range by EBITDA Tier:

Practice EBITDA	Typical Multiple Range	Buyer Profile
Under $1M	5x–7x	Independent/small DSO
$1M–$3M	7x–9x	Regional DSO add-on
$3M–$5M	9x–11x	Emerging platform/strategic buyer
$5M+	11x+ (select cases)	Platform-level PE buyer

The Three Valuation Methods

Method 1: Percentage of Collections

General practices currently trade at 65% to 85% of annual gross collections in 2026. For a practice collecting $1 million annually, this yields a valuation range of $650,000 to $850,000.

Strengths:

- Collections are the most reliably reported financial figure in dentistry. The method is fast, intuitive, and widely understood.

Weaknesses:

- Two practices collecting the same amount can be worth materially different amounts. A practice collecting $1M with 60% overhead clears $400K in operating profit; a practice collecting $1M with 75% overhead clears $250K. Applying the same multiplier to both produces the same valuation on businesses with very different underlying economics.

Best For:
Quadrant 1 (private buyer, sub-$1M EBITDA).

Method 2: Seller's Discretionary Earnings (SDE) Multiple

SDE equals net income plus owner compensation, owner discretionary expenses, non-recurring items, and depreciation. For a practice with $350,000 in SDE, private buyers in 2026 typically pay 1.75x to 2.25x SDE, yielding $612,500 to $787,500.

Why It Matters:

- SDE answers the question a private buyer actually asks: How much cash will this practice put in my pocket annually after I become the operator? Collections-based valuation does not answer that question; SDE-based valuation does.

Best For:
Quadrant 1 and occasionally Quadrant 3 (private-buyer transactions).

Method 3: EBITDA Multiple

EBITDA equals earnings before interest, taxes, depreciation, and amortization, with normalizing adjustments to remove owner compensation and discretionary expenses. The 2026 EBITDA-multiple stratification is wider and more stratified than the other two methods, reflecting how institutional buyers actually price across different scales of operation.

Why It Matters:

- Institutional buyers price on platform economics, not owner-operator cash flow. EBITDA captures the profit available to the platform after separating clinician compensation (an operating expense) from operating profit.
- The stratification by EBITDA tier reflects genuine differences in buyer economics: a sub-$1M add-on contributes incrementally to the platform; a $5M+ acquisition represents a strategic regional foothold and attracts competitive PE bidding.

Best For:
Quadrants 2 and 4 (institutional-buyer transactions).

What the Multiples Don't Capture

The three valuation methods produce defensible price ranges. They do not capture every variable that determines the actual outcome of a practice sale. Five categories of factor sit outside the multiples and routinely determine whether a sale closes at the top or the bottom of the applicable range.

1. Owner-Dependence and Replaceability

Practices where the selling doctor produces 90% or more of clinical revenue see 10% to 20% valuation haircuts independent of the multiple methodology applied. This was the most repeated theme across every broker source surveyed for this report.

2. Process Discipline

Practices taken to market through a structured multiple-buyer solicitation process receive final sale values averaging 50% above initial unsolicited offers. The gap is not better negotiation; it reflects the competitive dynamics of multiple bidders. Practice owners who respond to the first DSO call without running a process systematically lose that premium.

3. Operational Variables Not on the Financial Statements

Hygienist production share, payer mix, patient retention rate, staff tenure, fee schedule competitiveness, and physical-plant condition all move the multiple within the applicable range. Practices with hygienists producing 25% to 33% of total revenue, retention above 85%, and a diversified payer mix command top-of-range multiples; practices with the inverse profile compress to bottom-of-range.

4. Deferred Capital Investment (Tech Debt)

Tech Debt—the cost a buyer must incur post-close to modernize an analog practice—directly reduces the sale price because the buyer pool narrows and competitive bidding decreases. Conversely, practices with current digital workflow attract wider bidding and achieve higher percentages of collections.

5. Deal-Structure Trade-Offs in Institutional Sales

Institutional offers with rollover equity, earnouts, and employment locks carry offer multiples that overstate cash-at-close. The seller's actual proceeds depend on rollover-equity outcomes (which depend on the DSO's eventual recap), earnout achievement (which depends on post-close production trajectory), and the tax-treatment delta between asset and stock-purchase structures.

Methodology and Data Sources

This white paper applies the standing institutional methodology of Private Practice Research. Key disciplines:

- Every numeric claim cites the underlying primary source within the same paragraph or table.
- Triangulation across at least two independent source classes (federal/professional-association data, industry transaction aggregates, named broker commentary) for every central finding.
- Self-reported listing data is adjusted using the haircut factor disclosed in the PPR Baseline Report Section 8.2.

Sources:

- FOCUS Investment Banking, "Dental Practice Valuation" (2026)
- TUSK Practice Sales, 2025 Market Review and Q2 2026 Dental Market Report
- Peak Business Valuation, dental SDE and collections multiples reference (2025–2026)
- ADA Health Policy Institute, 2024 economic-survey data and 2025 U.S. Dentist Workforce Update
- ADCPA practice-economics benchmarks (2025)
- Large Practice Sales podcast appearances (Chip Fichtner, 2025)
- DDSmatch 2026 Seller's Playbook

Limitations:

- Dental practice sale prices are not systematically reported in any centralized transaction database. Transaction data cited reflects broker-published summaries and market reports, not comprehensive transaction records.
- Self-reported listing data carries upward bias and is adjusted accordingly.
- Regional granularity in publicly available data is limited; national averages mask significant variation.
- ADA survey data typically reflects conditions 12 to 18 months prior to publication.

Conflicts of Interest Disclosure:

The author holds zero commercial relationships with dental brokers, dental service organizations, transition-advisory firms, or industry consultants whose business outcomes depend on the publications or conclusions in this paper.

Frequently Asked Questions

Q: Which valuation method should a dental practice owner trust?

A: No single method should be trusted in isolation. The PPR Multiple-Decoder Framework determines which method applies primarily based on quadrant (practice size and buyer type). Owners benefit from seeing all three numbers (collections multiple, SDE multiple, EBITDA multiple) and understanding why they differ before entering any negotiation.

Q: Why is there such a large gap between DSO and private-buyer valuations on the same practice?

A: The 40% to 80% DSO premium reflects a structural difference in buyer economics, not a difference in the underlying practice. DSOs price on EBITDA at 6x to 12x because they value scale, associate-driven production, and platform-level operational systems. Private buyers price on collections at 65% to 85% because the buyer pool consists primarily of solo or small-group dentists who carry the financing as individual borrowers rather than through institutional capital structures. The same practice can sit in different quadrants for different prospective buyers; the offer-price DSO premium is real but is partially offset by deal-structure compression on institutional sales.

Q: Does the highest-multiple offer always produce the most cash for the seller?

A: No. Institutional offers at the high end of the multiple range almost always carry deal structure (rollover equity, earnouts, employment terms, tax-treatment trade-offs) that shrinks the seller's effective cash-at-close relative to the offer price. What the seller actually walks away with depends on the offer multiple AND the deal structure together. Practice owners benefit from running the offer-to-cash math on each offer rather than selecting based on offer multiple alone.

Conclusion

From a legal standpoint, your dental practice is worth what you and a buyer negotiate it to be. But that negotiation happens in the context of real market frameworks—the quadrants, the multiples, the buyer economics—that shape what "reasonable" looks like.

You do not have a single valuation. You have a range determined by which quadrant you're in. Where you land in that range depends on factors both mathematical and human: your actual EBITDA and operational metrics, your owner-dependence, the effort you invest in a competitive sale process, the timeline you operate within, and the deal structure that emerges.

The practice owners who get top-dollar exits understand both dimensions. They know their numbers, they know their quadrant, they understand the frameworks that buyers use to think about the deal—and then they execute a sale process that creates competitive tension instead of taking the first bid.

The DSO premium is real. The private-buyer valuation is real. They're just pricing different buyer economics. Know which applies to you, understand your operational reality, and then negotiate accordingly.
