Dental M&A Market Report

Q3 · 2026

An in-depth analysis of buyer behavior, valuation trends, deal structure, and the forces shaping dental practice transitions in 2026.

SECTION 01 · EXECUTIVE SUMMARY

Executive Summary

MARKET MOMENTUM

The headlines in the first half of 2026 were driven by capital markets activity: an IPO, a multi-platform merger, and major debt restructurings reshaped the largest DSOs. Dental remained one of the most active segments in healthcare private equity, with reported transactions spanning roughly 175 practice locations in the first five months alone.

VALUATION STABILITY

The multiples private owners actually receive, 5 to 9x depending on size and quality, have held flat for two years running. The bigger story is dispersion: the gap between the best offer and the middle offer has never been wider, which makes process quality the primary determinant of outcome.

BUYER BEHAVIOR SHIFT

DSOs are pursuing a barbell strategy: compete hard for clean, premium practices and apply heavy structure to anything carrying risk. Provider stability, financial trend direction, and payer mix are now the primary decision drivers.

SELLER IMPLICATIONS

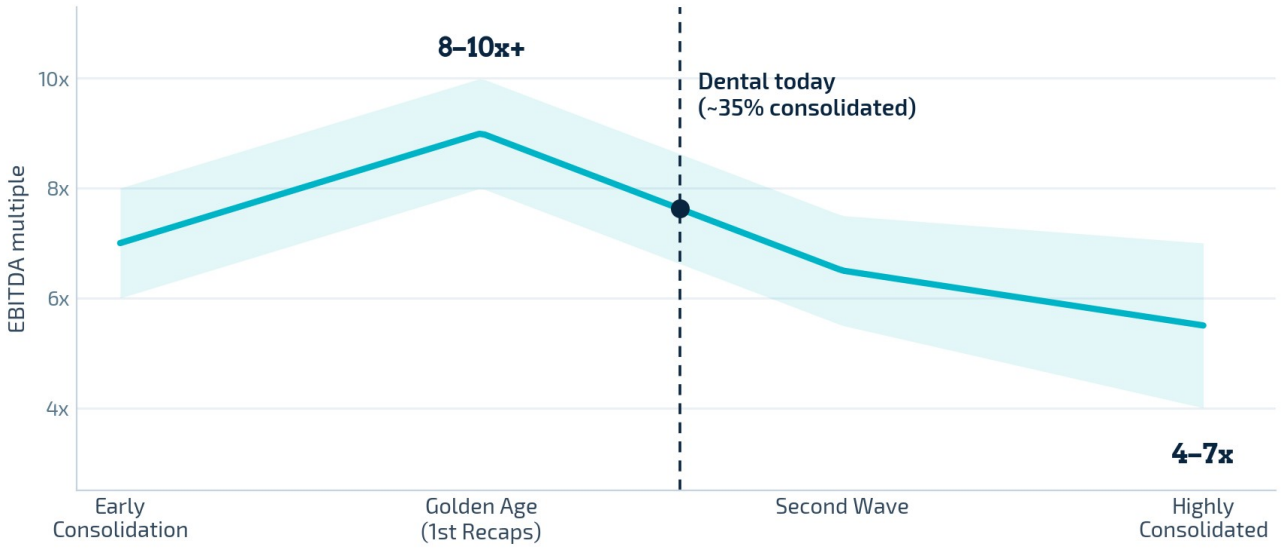
The window remains open for owners nearing the end of their clinical and entrepreneurial runway. Dentistry has consolidated for over two decades, and valuations are expected to compress as it matures. Owners should be prepared to understand their options.

SECTION 02 · STATE OF THE INDUSTRY

State of the Industry

Roughly **35% of the dental industry is now consolidated**, the product of more than two decades of steady roll-up activity. The five largest DSOs support more than **5,600 practices** between them, Heartland (~1,800+ offices), Aspen (~1,100), PDS Health (~1,100), Pacific Dental Services (~950), and MB2 (800+), and there are 130+ PE-backed DSOs, with new platforms, DPOs, and specialty groups forming regularly (Becker's Dental; Group Dentistry Now, 2026).

Consolidation follows a predictable arc. Early consolidation and the golden age, the first round of recapitalizations, are defined by abundant capital and high multiples in the 8 to 10x+ range for private practice owners. As the industry moves through a second wave and toward full consolidation, buyer competition narrows, and multiples will likely settle into the 4 to 7x range. Dental sits in the middle of that curve today.



The consolidation lifecycle and its effect on practice multiples. Illustrative, based on patterns observed across consolidated healthcare verticals.

SECTION 03 · TOP OF THE MARKET

Top of the Market: Capital in Motion

The most consequential dental transactions of 2026 occurred not at the individual-practice level but among the large consolidators, where billions of dollars in capital changed hands. Such developments are easily read as remote from a practice owner's day-to-day concerns. They are not. The financial health of the groups bidding on practices, and where each one sits in its investment cycle, directly determines how aggressively a buyer competes, what it can afford to pay, and whether the equity an owner is asked to roll will retain its value over time.

How These Capital Moves Affect Practice Owners

Three types of transactions defined the headlines this year. Each one carries a distinct signal for owners weighing a sale.

Recapitalization (the Second Bite)	Most DSOs are owned by private equity, which typically holds a group for three to five years, grows it, then sells to the next investor. That resale is a recapitalization. When an owner rolls equity into a DSO, a meaningful share of the eventual payout depends on this next sale, making the buyer's recap timing directly relevant to the seller.
Initial Public Offering (IPO)	When a group lists its shares on a public exchange, as Park Dental Partners did, it secures a new source of permanent capital and an alternative to the private-equity recapitalization cycle. In other consolidated healthcare verticals, an early public listing has historically signaled a maturing sector. Peer DSOs are expected to monitor Park Dental's performance closely as they evaluate their own potential offerings.
Debt Restructuring	When a group renegotiates or reduces the debt it took on, as Dental Care Alliance did, it is strengthening its balance sheet. This can reflect renewed financial footing or earlier strain, but in either case it is an indicator of how stable that particular buyer is.

The Moves That Defined the First Half of 2026

ORGANIZATION	EVENT	STATUS
Park Dental Partners	~$20M Nasdaq IPO (PARK); 84 offices across MN and WI	Public
Thurston Group	Merged SGA, Gen4 and Modis into SGA Dental Partners, ~250 locations	Closed
Dental Care Alliance	Cut debt by $1.1B+, added $95M capital, extended maturities to 2031	Closed
Affordable Care	Engaged a restructuring adviser on 2021 $2.7B LBO debt	In process
Vitana Pediatric & Ortho	Added Saratoga Investment Corp. alongside Live Oak Bank	Closed
Qualitas Dental Partners	Expanded its Live Oak Bank acquisition facility	Closed
Lone Peak Dental Group	New $15M growth investment	Closed

What This Means for You

Capital is available, and that favors sellers now. Fresh equity, new lending, and a public listing all mean the active buyers are funded and under pressure to put that money to work. Funded buyers compete with one another, and competition is what lifts offers.

Not every buyer is equally healthy. Some groups are raising money to grow; others are restructuring to steady themselves. The name on the letterhead matters less than the balance sheet behind it, especially if you plan to roll equity and rely on that group years from now.

Recap timing can work in your favor. A DSO preparing for its own recapitalization needs to show growing, durable earnings, which sharpens its appetite for high-quality, well-run practices that strengthen the story it carries into a sale. Owners who enter a process during that window are negotiating with a buyer that is motivated to transact, leverage that fades once the recapitalization is complete.

SECTION 04 · WHAT'S DRIVING BUYER BEHAVIOR

What's Driving Buyer Behavior in 2026

FEDERAL FUNDS RATE	CPI-U INFLATION	DENTAL SPENDING
3.50 - 3.75%	**2.7%**	**$189B**
Held in 2026; cuts pushed to 2027 to 2028 (Federal Reserve)	Year over year (BLS)	U.S. dental expenditure in 2024, up $7B in real terms (ADA HPI / CMS)

Selectivity over volume. With premium supply tight, buyers are scrutinizing financials, operations, and projections harder than at any point in the cycle.

Stable practice multiples. Practice-level multiples have held for roughly two years, giving owners a stable planning baseline.

Cost of capital is still elevated. Rates held higher for longer continue to shape how buyers value deals and structure their offers.

Recapitalization timelines. Several DSOs are seeking premium practices to partner with ahead of their own recaps.

Top Reasons DSOs Walked from Deals

1. **Provider Risk and Clinical Continuity**
   Over-reliance on a single producer, uncertain transition coverage, or thin staffing depth. Most acute for owners seeking a full exit; buyers discount offers for shorter post-close commitments.

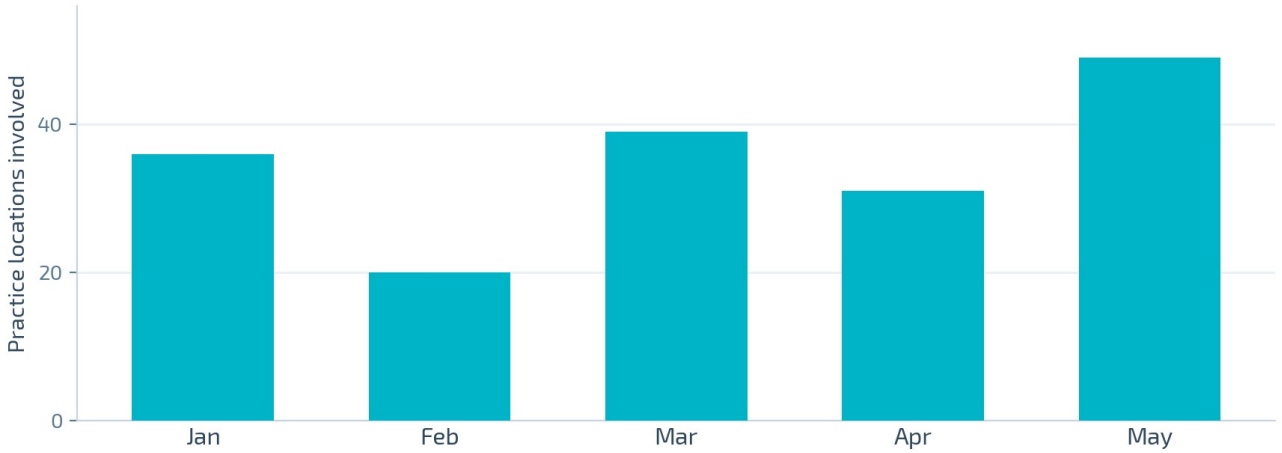
2. **Declining Financial Performance**
   Revenue or TTM EBITDA softness surfacing mid-process triggered re-cuts to structure, and was a leading reason buyers stepped away entirely.

3. **Reimbursement Exposure**
   Medicaid concentration in states with uncertain legislative direction, valued conservatively and state by state.

SECTION 05 · DEAL ACTIVITY

Deal Activity: Steady Through the Noise

Despite the turbulence among the large consolidators, deal activity has been resilient. Dental remained one of the most active subsegments in healthcare private equity through the first quarter (PitchBook, Q1 2026). Across the first five months, reported transactions spanned roughly 175 practice locations.



Practice locations involved in reported U.S. transactions, per TUSK analysis of monthly Group Dentistry Now Deal Roundups. Multi-location groups counted by stated locations; excludes de novo openings and financings. Comprehensive industry datasets currently run through Q1 2026 (March 31), so second-quarter activity is not yet fully captured and reported figures understate the true pace.

~128	~175	~35	130+
reported transactions, Jan to May	practice locations involved	locations per month	PE-backed DSO buyers

The headline for owners is simple: demand held steady even as individual buyers grew choosier, and there are active, funded buyers for practices of nearly every size and specialty. What changed is not whether buyers are at the table, but how carefully they are reading the financials once they sit down.

SECTION 06 · VALUATION & DEAL STRUCTURE

Valuation and Deal Structure

For the lower and middle market, where the vast majority of private-owner deals happen, practice-level multiples have held flat at **5 to 9x**, depending on size, profitability, and quality, and that band is expected to hold into 2027. Multiples track transferable EBITDA: durable collections, normalized owner and provider compensation, and provider continuity are what drive a buyer's valuation. The more consequential shift is dispersion. The spread between the best offer and the middle offer is the widest it has been, which is why a competitive process now matters more than the headline number.

Consider a two-location general practice with $500,000 of EBITDA. In today's market, that owner might receive initial DSO offers at 6.8x, 7.2x, and 7.6x, a range of roughly $3.4 million to $3.8 million in enterprise value. That $400,000 gap exists before a single term is negotiated.

Opening numbers are rarely where a deal lands. In a managed process, an advisor uses competing offers to give every buyer a reason to sharpen its bid, working to move the field toward the top of the range rather than settling at the middle. The initial spread is the starting point, not the outcome.

Every offer a buyer puts forward, formalized in a letter of intent (LOI), leads with a single enterprise value. That headline figure is not what lands in the seller's account. What an owner actually receives depends on the

structure behind the offer, and each component carries its own risk, timing, and conditions. DSO offers typically lead with **60 to 80% of the value as cash at close**, with the balance rolled into JV or HoldCo equity. For many owners, that structure delivers more cash up front than a traditional doctor-to-doctor sale, even before the rolled equity is counted.

Cash at Close

The most certain dollar in the deal, typically 60 to 80% of value. Watch for clawback provisions tied to post-close performance.

Post-Sale Compensation

The most under-scrutinized component. Review the comp formula, termination rights, and any non-compete triggers before signing.

Earn-Outs

Conditional dollars. The buyer usually calculates post-close EBITDA, not the seller; confirm targets are realistically attainable.

Escrow

Held back at close, earns no interest, and release conditions are negotiable. Know what releases the funds and when.

JV / Sub-DSO Equity

This equity is tied directly to how your own practice or regional group performs after closing. If it grows, the stake can gain value; if it lags, so does the equity. Management fees and the order of distributions determine how much actually reaches you.

HoldCo Equity

The second bite. Entering at month 5 versus month 55 of a PE hold produces very different returns; buyer balance-sheet health is the variable.

SECTION 07 · STATE LINES

State Lines: Where Geography Moves the Map

M&A is not uniform across the country. Reimbursement policy and patient mix are making some states harder to value and others more attractive, and DSOs are visibly redrawing their footprints.

California: The Cautionary Case

Two changes take effect **July 1, 2026** that make high-Medi-Cal practices harder to sell. Proposition 56 supplemental dental payments end, dropping provider reimbursement to the Schedule of Maximum Allowances only, effectively a rate cut. Separately, adult Denti-Cal coverage is rolled back to emergency-only for certain members. The net effect: revenue tied to Denti-Cal becomes thinner and riskier, and buyers are growing more averse to California practices with heavy Medicaid concentration. For California owners, payer mix is now a front-and-center value driver (California DHCS; CDA, 2026).

States Moving the Other Way

Texas approved roughly $140M to raise Medicaid dental reimbursement on commonly billed codes. Florida advanced a bill to expand dental Medicaid services and runs a Dental Provider Incentive Program through September 2026 that pays bonuses to high-performing providers (TDMR; Florida AHCA; Becker's Dental, 2026).

DSOs Entering New States

Footprints are shifting. Park Dental Partners entered Arizona (its third state); Shared Practices Group opened in Kansas (its 26th state); Smile Partners USA expanded into Massachusetts (its seventh market); Apex pushed deeper into Colorado; and Beacon Oral Specialists entered Jacksonville. A DSO newly entering your state often means a motivated, well-capitalized buyer.

SECTION 08 · AN INCOMING WAVE

An Incoming Wave: Retiring-Age Owners

Today's market sits at an apex of high buyer demand and constrained premium supply. A structural shift is already underway. Per the ADA Health Policy Institute, some states have more than 40% of their active dentists aged 55 and older, and the average retirement age reached 68.7 years in 2024. The cohort now in their late 50s and early 60s is one of the largest potential seller pools the market has ever seen.

At the same time the traditional doctor-to-doctor exit path is eroding for strong practices. Ownership rates fell from 84.7% in 2005 to 72.5% in 2023, with the sharpest drops among dentists 44 and younger. Education debt rose 30% at public and 38% at private institutions between 2014 and 2025, leaving many would-be associate buyers unable to qualify for an acquisition loan. The result: many late-career owners planning a doctor-to-doctor exit find they cannot recruit the right associate, or that the associate they have cannot finance the purchase.

40%+

of active dentists aged 55+ in some states (ADA HPI, 2025)

72.5%

practice ownership rate in 2023, down from 84.7%

68.7

average retirement age for dentists in 2024

SECTION 09 · KEY FINDINGS

Key Findings: Q3 2026

Capital markets repositioned

An IPO, a multi-platform merger, and major debt restructurings reshaped the largest DSOs, while practice-level deal flow held steady underneath.

Deal activity stayed resilient

Reported transactions spanned roughly 175 practice locations across the first five months, and dental remained among the most active healthcare PE segments (PitchBook).

Valuation held, dispersion widened

Practice multiples stayed flat at 5 to 9x, but the spread between the best and middle offer widened, making process quality decisive.

Structure determines proceeds

DSO offers lead with 60 to 80% cash at close; JV and HoldCo equity make structure literacy essential before any LOI is signed.

Risk weighs heavily on valuations

Single-producer reliance is a top reason buyers walk, and Medicaid exposure is now state-specific, with California's July 2026 Denti-Cal changes raising risk for high-Medicaid practices.

Seller supply is shifting

40%+ of dentists are 55 or older in some states while the associate-buyer pipeline thins, eroding doctor-to-doctor exits and expanding future practice supply.

2026 Outlook · What to Watch

Stability has been the defining feature of 2026, and several measures have simply held flat. Practice-level multiples have stayed in the 5 to 9x band for two consecutive years. The federal funds rate has held at 3.50 to 3.75%, with rate cuts now pushed into 2027 and 2028. Reimbursement rates have remained largely unchanged even as labor and supply costs climbed, compressing margins for the practices that depend on them.

Three signals will shape the next several months. First, the pace of DSO recapitalizations, which has lagged and will dictate how aggressively buyers pursue durable earnings. Second, whether interest-rate cuts finally materialize and lower the cost of capital that reset pricing. Third, state-level reimbursement actions, beginning with California's July 1 Denti-Cal changes, which will determine where buyers are willing to compete.

ABOUT TUSK PRACTICE SALES

About TUSK Practice Sales

TUSK Practice Sales provides sell-side M&A advisory services exclusively for healthcare practice owners. TUSK has closed over 200 transactions representing more than $1.3 billion in total deal value, backed by 125+ years of collective team experience. TUSK represents practice owners, not buyers, across dental, dermatology, med spa, plastic surgery, and behavioral health, with the single goal of maximizing the value of a sale.

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