

# Northern & Central NJ 4Q 2020 Report

FEATURING

“2021 Dentistry Trends Shaping the Industry Landscape”  
by **Darren Lizzack, MSRE** and **Randy Horning, MSRE**



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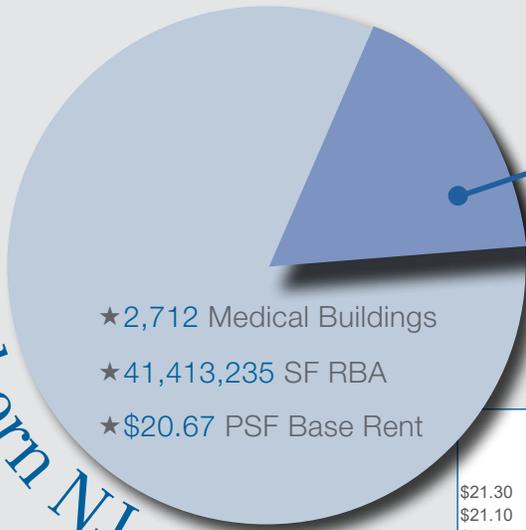
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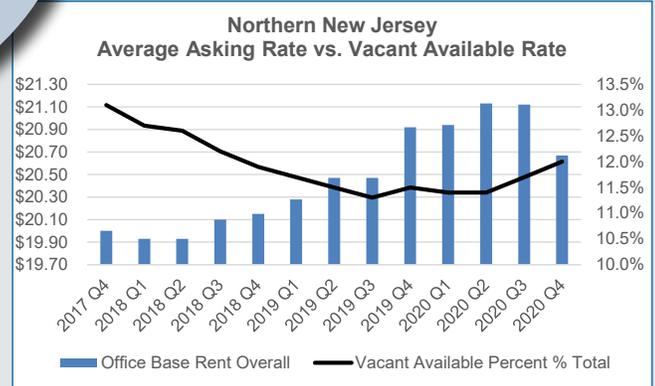
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Northern NJ



## Bergen County

- ★ 404 Medical Buildings
- ★ 5,764,299 SF RBA
- ★ \$24.69 PSF Base Rent



## TOP SALES & LEASES

### SALES

**93,000 SF | \$31,320,000**  
1125 US Highway 22 W., Bridgewater  
Buyer: Anchor Health Properties JV  
The Carlyle Group  
Seller: Atkins Companies JV  
Capital Solutions, Inc.

**24,000 SF | \$6,000,000**  
102 James St., Edison  
Buyer: Hackensack Meridian Health  
Seller: M. Gordon Construction

### LEASES

- 13,100 SF** | 330 Changebridge Rd., Pine Brook
- 5,490 SF** | 65 Harristown Rd., Glen Rock\*
- 3,221 SF** | 208 Harristown Rd., Glen Rock\*
- 2,500 SF** | 354 Old Hook Rd., Westwood
- 580 SF** | 8305 Bergenline Ave., North Bergen\*

\*NAI Hanson Transaction

**Birthday Present: Newark ER Nurse is First in NJ to Receive COVID Vaccine**

The nurse was the first to receive the Pfizer vaccine in New Jersey.

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**Development Site in Franklin Lakes Sold; Medical Office Building Coming**

NAI James E. Hanson represented both the buyer and seller.

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**ON3: Prism Eyes Groundbreaking for Preleased 80,000 SF Medical Office Building**

Hackensack Meridian Health, which already operates its new medical school and other facilities at the campus, has preleased the four story health care facility.

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# 2 021 Dentistry Trends

## Shaping the Industry Landscape

By: Darren Lizzack and Randy Horning

While COVID-19 has certainly affected how dentists safely perform their work, many trends are influencing the industry's landscape.

### Dental Service Organizations (DSOs)

DSOs support the corporate side of dentistry. These group practices bring all dental specialties together collaboratively under one roof. This model allows dental providers to focus more on the services they provide rather than the management of their practice. Because they have a strong financial foundation, DSOs help newer dental professionals to reduce their debt liability and focus on patient care.

DSOs contract with dental practices to provide oversight and accountability, supporting non-clinical operations and provide necessary business management. Unlike dental group practices, DSOs take care of:

- Billing
- IT
- Marketing
- Human resources
- Payroll
- Accounting
- Purchasing

Other advantages offered by the DSO model include consistency in compensation, with steady pay, salary growth incentives, and sometimes signing bonuses. Because they can access more providers and hold stronger negotiation power, DSOs may also allow their dentists to offer more insurance coverage options for their patients. And the additional financial support means that dentists can upgrade equipment, connected services, and other technology without assuming all the financial responsibility for a steep overhead.

DSOs can either acquire a dentist's practice or provide contracted services, depending on the state. According to a [2017 report](#) from the American Dental Association (ADA), 7.4% of dentists had aligned themselves with a DSO. An even higher percentage — 16.3% — of new dentists (ages 21 – 34) were affiliated with DSOs.

In its [Trends in the Development of the Dental Service Organization Model](#) report, Oral Health Workforce Research Center (OHWRRC) identified how DSOs define their functions:

- 100% provided similar business and management services
- DSOs characterized affiliated dentists as associates (66.7%), owners (66.7%), and employees (53.7%)
- 90% of the survey respondents, between 61% and 100%, identified as general dentists.

How else has the growth and popularity of [DSOs](#) affected the dental market? They've enabled newer dentists — who likely already carry a substantial debt burden, including an average of [\\$292,169 in student loan debt](#) — to join without having to buy into a group practice, as has been the traditional approach. DSOs have also increased access to the latest dental technology and high-quality care in rural areas.

Why would solo or private practice dentists' transition to the DSO model? Certainly, the pandemic has given rise to more uncertainties surrounding the field and overall healthcare industry. Shouldering responsibility for all aspects of the practice — patient care, administrative and operations management — creates a lot of stress. Starting or purchasing a dental practice significantly increases overhead and financial liabilities.

## Private Equity Firms Get Involved

More and more private equity firms have the ability — and interest — in purchasing dental practices. This arrangement offers a little economic breathing room for the dentists. Smaller practice owners can take advantage of the equity firms' capital to grow their practices.



Before the pandemic hit, the consolidation trend had already begun to accelerate. Dentistry Today's outlook on the [2021 dental M&A landscape](#) suggests that trend will continue, since investors consider dentistry a “recession proof” business. After all, people can't put off dental visits forever. Private equity groups continue to view dental practices as a reliable investment opportunity.

The greater challenge many investors face is how to determine practice value — a challenge since 2020 saw the closure of practices for several months. Some investors have chosen to examine pre-COVID EBITDA. Others have widened the window to 15 months and ignoring the three-month average time when practices closed and generated zero revenue. Practice values have held steady, deals in 2020 continued to accelerate, and experts anticipate the trend to continue into 2021.

### **Solo and Private Dental Practices: Still a “Thing”**

While consolidation continues to rise, solo providers continue to innovate with unconventional solutions like space sharing with other dentists to save on real estate and technology costs. General and specialist dentists that collaborate under one roof offer one-stop-shopping for their patients.

Still a benchmark for new and established dentists, private practices continue to evolve, embracing new technologies and treatment protocols. Private practice dentists retain their independence and ownership of all decisions.

### **Additional trends projected to impact dentistry in 2021 include:**

**Establishing and maintaining trust with current and new patients.** Some practices have employed videos, blogs, social media platforms, and other informational content to connect with and educate patients about what to expect, precautions taken for COVID-19 safety, how insurance works, and more.

**Diverse marketing to attract new clients.** Dental SEO Marketing, email marketing, blogging, social media marketing, and search engine advertising to attract new patients and reengage patients who've procrastinated about making dental appointments.

**Enhancing the patient experience with more personalization.** For some practices, this personalization includes offering spa services, adding video content in waiting areas, building in more time for patients to talk to their dentists, implementing systems to contact patients when the schedule's running behind, and other [concierge services](#).

## Article Continued...

**Exploring and incorporating innovative technology.** The use of [laser technology](#) continues to rise. More dentists are using this technology for routine procedures — like treating cavities — because it decreases the need for sutures, reduces bleeding and risk of infection, and facilitates faster healing.

**Embracing telehealth and live video.** Although tele-dentistry does have its limits, it's beneficial for evaluating new patients, minimizing the time they spend in office, and enabling interaction when it isn't safe to see patients in person. The ADA has issued a [policy](#) on telehealth/video for guidance.

**Offering nontraditional services.** Between 18% and 20% of U.S. dentists have received training in [cosmetic procedures](#) like dermal fillers to smooth wrinkles and Botox. Some dental practices that already offer a range of cosmetic dentistry procedures have begun to add these services too.

**Going green with natural dental products.** The ADA published a list to help dentists create more [environmentally friendly offices](#) with suggestions that included:

- Reducing/ eliminating aerosol use
- Using organic/ environmentally friendly scrubs, eco-friendly sterilization products/procedures, and natural cleaning products
- Designing practice layouts that maximize natural light and ventilation

Patient-facing solutions will also continue to drive trends in patient engagement and practice management. Technology innovations will allow practices to improve current procedures and potentially even offer other services. The new [CREA United Dentistry group](#) offers its own one-stop-shop of well-qualified, highly knowledgeable industry experts prepared to offer insight, guidance, and strategy to those involved in or interested in exploring investment options within the dental industry.

## FEATURED MEDICAL PROPERTIES OF NAI JAMES E. HANSON



**1135 Broad Street**  
Clifton, NJ  
7,796 sf for lease  
Medical Office



**43 Meadowlands Pkwy.**  
Secaucus, NJ  
113,145 sf for lease  
New Class A Medical Office



**23-00 Route 208**  
Fair Lawn, NJ  
5,014 sf for lease  
Medical Office



**155 North Dean Street**  
Englewood, NJ  
2,370 for lease  
Medical Office



**400 Franklin Turnpike**  
Mahwah, NJ  
1,212 sf for sale or lease  
Medical Office



**75 Orient Way**  
Rutherford, NJ  
23,501 sf for sale  
100% Leased Medical Office



**1124 E. Ridgewood Ave**  
Ridgewood, NJ  
3,036 sf for sale or lease  
Medical Office



**2 Dean Drive, Suite 3N**  
Tenafly, NJ  
2,470 sf for sale  
Surgey Center License/Condo