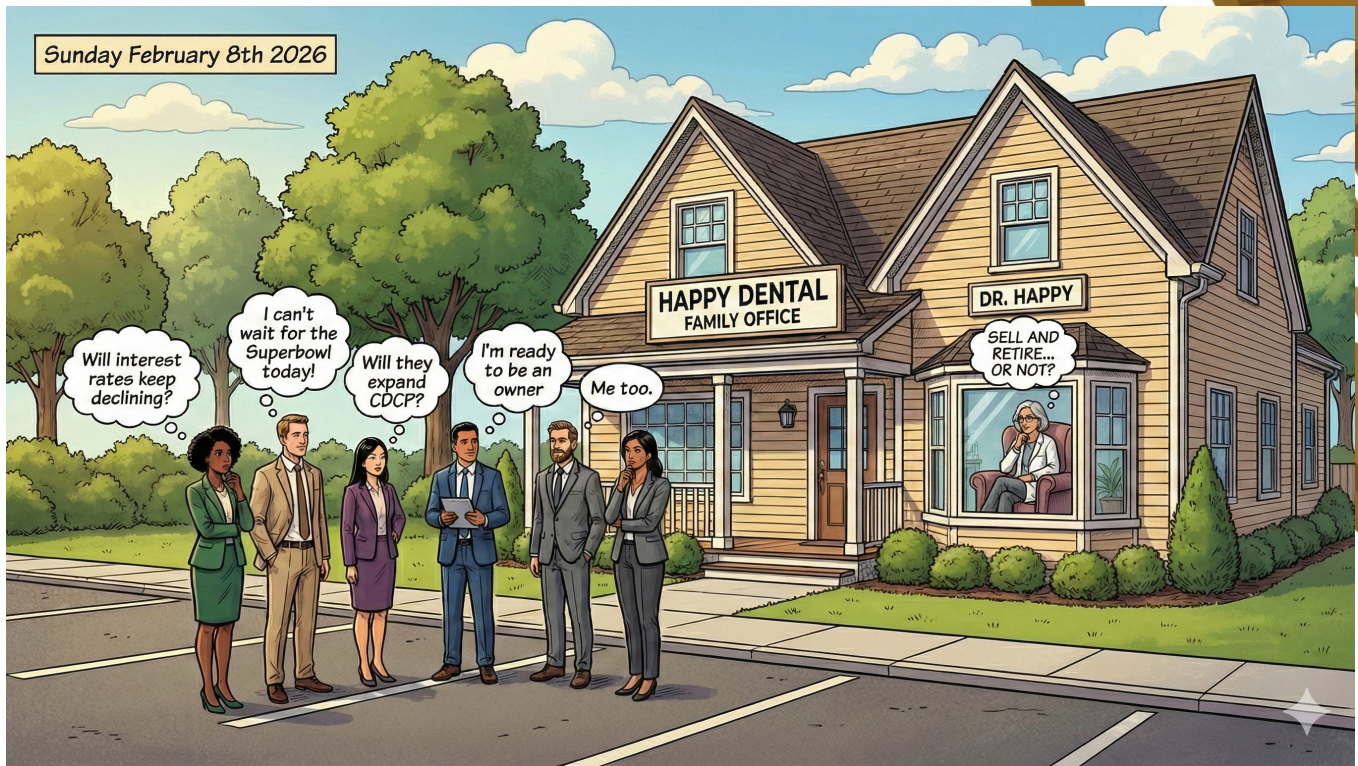


AFTER THE PAUSE: WHY CANADA'S DENTAL PRACTICE MARKET IS MOVING AGAIN



For most of the past two years, Canadian dental practice owners did what sensible people do in uncertain times: they waited.

They waited to sell and they waited to buy. They waited to see where interest rates, inflation, and the broader economy would land. And frankly, that caution made sense. Financing costs were high, confidence was shaky, and nobody wanted to be the person who sold or bought a practice six months too early.

“2025 was the year that started to change.”

2025 was the year that started to change. The year began quietly. Inventory was still tight, and many owners chose to stay on the sidelines a little longer. Buyers were active but careful. Deals were getting done — just not in a hurry. As the months passed, the mood shifted. By the second half of the year, the market was no longer frozen. It was moving.

Let's get the obvious out of the way: interest rates mattered. A lot.

The math is simple. The lower the rate, the easier it is for a buyer to make the numbers work. The higher the rate, the more a practice has to earn to justify the same price. Financing costs don't just affect price; they determine behavior.

In 2025, the Bank of Canada finally started giving buyers and sellers some oxygen.

- January 29, 2025: cut to 3.00%
- September 17, 2025: cut to 2.50%
- October 29, 2025: cut to 2.25%
- By December, the Bank held steady at 2.25%

“Financing costs don't just affect price; they determine behavior.”



Just as important as the cuts themselves is what comes next. All five national banks are mostly aligned in forecasting extraordinarily little movement in 2026, with only modest upward pressure in 2027. The most recent BOC rate decision (January 28, 2026) held at 2.25%, no surprises here. For the practice market, stability is as valuable as cheap money. It allows people to plan, and when people can plan, confidence returns. Interest rates alone don't unfreeze a market. Confidence does.

“For two years, sellers had been waiting for a better window. In 2025, many decided this was it”

Markets don't turn when headlines improve. They turn when people stop saying, “Let's just wait another six months.” For two years, sellers had been waiting for a better window. In 2025, many decided this was it.

The shift happened gradually, then all at once. Inflation cooled, with CPI finishing the year at 2.1% - right where economists want it and, not coincidentally, right in line with the 2025 ODA fee guide increase.

Politically, the election of Mark Carney brought a sense - fair or not - that economic management was back in focus. The result was a subtle but real change in business sentiment.

And you could see it in behavior. A few quieter forces also shaped the year.

In our own activity at Team MacDonald & Boyle, 90% of our 2025 closings happened in the final six months of the year. While this represents a small sample of the national market, it reflects what we observed more broadly: sellers returned, and buyers were ready.

A few quieter forces also shaped the year.

The Canadian Dental Care Plan continued to expand and now covers close to six million Canadians. Many practices are already seeing the effects in new patient flow and production. Like it or not, this program is becoming a meaningful part of the demand story.

The 2025 federal budget left the Lifetime Capital Gains Exemption unchanged — not flashy, but important. Governments understand, and sellers enjoy, the key tax exemptions, which lead to market stability. Need I mention the accounting frenzy of April 2024 when this was in question.

Dentistry Service Organizations also played a role. For the first time since corporate dentistry arrived in Canada about a decade ago, many of the larger DSOs slowed their buying in 2025. Part of this was digestion. Part of it was integration. And part of it was simply being more selective. This does not look like the end of corporate dentistry in Canada. It looks like a pause in the sprint.

Then there is the workforce reality. If you want to understand what owners and buyers are truly worried about, it comes down to finding and retaining staff.

Hygienists and assistants remained particularly hard to find in 2025, and the operational stress is real. One buyer asked, only half joking, “What if the hygienist leaves? I will have to do my own hygiene.”



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“The direction is pretty clear: more listings, growing buyer confidence, and better financing conditions”

Along with retention challenges, many businesses have experienced significant wage increases, which put upward pressure on ownership costs and tells you something important. A practice with a stable and happy team is worth more. Full stop. Culture is no longer a nice to have function of business. It's a serious consideration for buyers and their advisors.

Looking ahead to early 2026, the direction is clear: more listings, increasing buyer confidence, and better financing conditions than we have seen in the last three years.

I expect valuations to remain roughly where they are. I expect sale prices, on average, to tick up modestly. And I expect strong practices in good markets to continue attracting multiple competing buyers.

For all the noise surrounding dentistry, it remains one of the most stable and attractive professional businesses in the country.

“Cycles come and go; teeth do not.”

The bottom line is simple. Dentistry continues to prove itself to be a remarkably resilient business. Not immune to cycles — but far less fragile than most. Cycles come and go; teeth do not. 2025 did not give us a boom. It gave us a return to normal decision-making.

With stable rates, expanding patient access, and a deep pool of qualified buyers, the fundamentals supporting practice values are still very intact.

If you are considering selling, now is a strategic time to assess your timing and goals. We are here to help you make that decision.

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*Contact robert@roicorp.com for questions, comments, or a **FREE** estimate of the fair market value of your practice.*

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