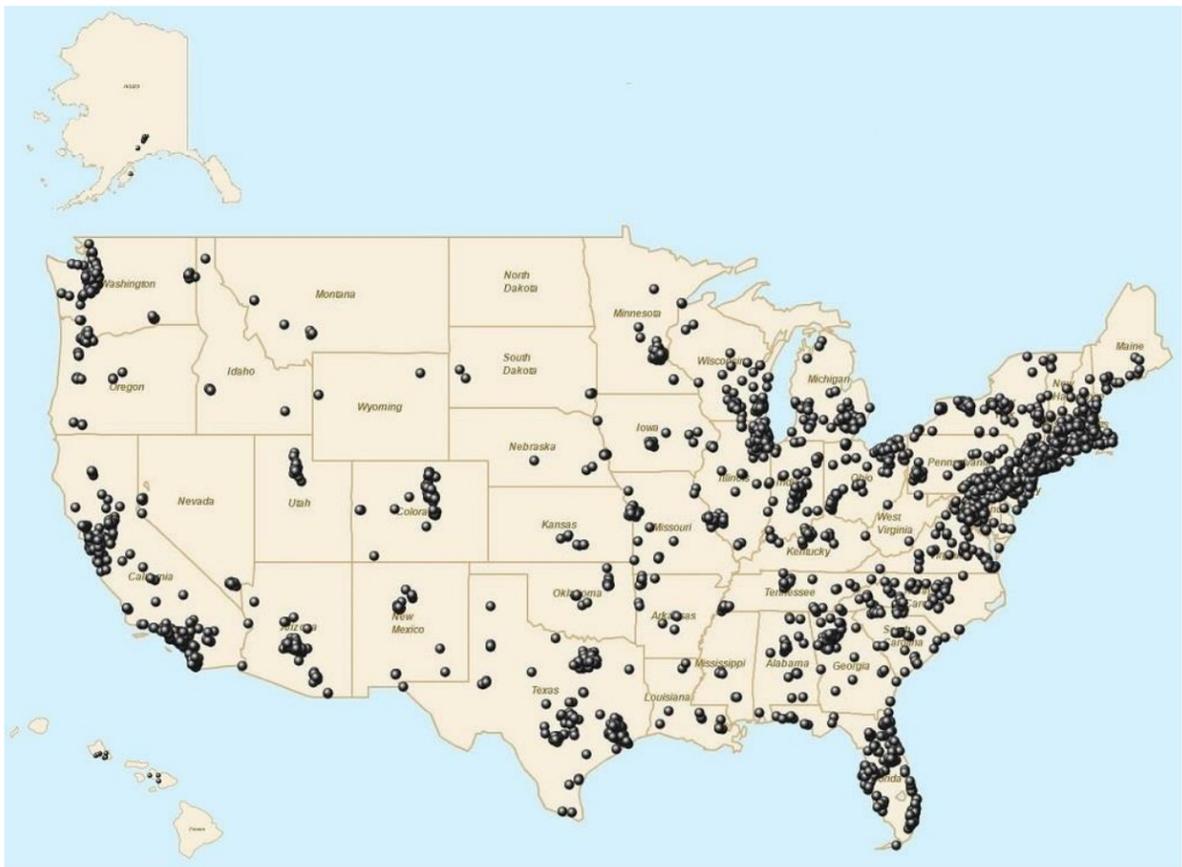


Tracking Corporate Practice Purchases

For several years, Summit Veterinary Advisors has been compiling and analyzing data related to corporate veterinary practice acquisitions. First, a disclaimer: all of this information is available in the public domain on the websites of the various corporate entities. We are currently tracking 31 groups who are actively purchasing veterinary practices. This is not a complete list of consolidators. We are NOT including Banfield practices in our analysis, simply because they are so numerous and widespread. Also, some corporate groups do not list their hospital locations publicly, so we do not have data for those groups.

Banfield reportedly has over 1,000 practice locations and it is our understanding that they are active in every state in the US, so there is very little need to track their growth. Beyond that, we have found an additional 2,500 corporately owned practices. We track the hospitals on a quarterly basis. So far in 2018, we have identified 327 practices acquisitions, which represents a 15% increase since the beginning of this year.

We analyzed the locations of 2,500 corporately owned practices. The following map shows the distribution of these practices:



The top five states based on the number of corporate-owned practices (not including Banfield) are:

1. California (268)
2. Texas (254)
3. Florida (161)
4. New York (160)
5. Illinois (106)

Clearly, these are states with extremely high populations, so it makes sense that they would have more corporate-owned practices (and they probably have the most private-owned practices as well). We don't have any way to track all of the privately-owned veterinary practices in the US, so we can't determine what percentage of practices in any given area are corporately owned. However, we can use population as a means of determining the "density" of corporate practices in any given area.

We analyzed the number of households in each state and compared that to the number of corporate veterinary hospitals. We found that the states with the highest number of corporate veterinary hospitals relative to the household population were:

1. Alaska (one corporate practice for every 20,945 households)
2. New Hampshire (1 per 22,842)
3. Arizona (1 per 25,616)
4. Washington (1 per 27,272)
5. Colorado (1 per 29,886)

The states with the lowest density of corporate practices are: North Dakota, Wyoming, West Virginia, South Dakota and Mississippi.

Since corporate hospitals are clearly clustered around the major urban areas in the U.S., we thought it would be useful to determine which of these urban areas have the most corporate practice acquisition activity. To do this, we used Metropolitan Statistical Areas (MSA's), which are regions that consists of a city and its suburbs, plus closely linked surrounding communities. and determined the number of households (HH) as well as the number of corporate hospitals (non-Banfield) in each. There are 945 MSA's in the US and we determined the top 10 based the number of HH per corporate hospital. The results were:

Metropolitan Statistical Area Name	State(s)	Households/Corporate
Rochester	NY	17,935
Phoenix-Mesa-Scottsdale	AZ	22,654
Seattle-Tacoma-Bellevue	WA	23,575
Milwaukee-Waukesha-West Allis	WI	25,162
Austin-Round Rock	TX	25,393
Indianapolis-Carmel-Anderson	IN	25,452
Denver-Aurora-Lakewood	CO	28,368
Houston-The Woodlands-Sugar Land	TX	29,304
Portland-Vancouver-Hillsboro	OR/WA	29,929
Dallas-Fort Worth-Arlington	TX	31,446

Regardless of how we categorize or rank them, it is clear that corporate veterinary hospital acquisitions are occurring all over the country! Summit Veterinary Advisors is not a brokerage, but we work with many practice owners who are contemplating the future sales of their hospitals. For some of these owners, a corporate buyer makes sense, while others do not wish to move in this direction. Regardless of your needs, Summit is here to help you!

We will continue to monitor corporate acquisition activity across the country. As new consolidators enter the market, we will interview them to find out what types of practices they wish to acquire, as well as their expectations of the sellers after the close. If you feel a corporate buyer may be right for your practice, we will identify those companies that are active in your area and who might be the best fit for your situation. Our valuation services can assure that you get the best value you for your practice when it is time to sell, regardless of who the buyer may be.