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TE Management Demographics

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Prepared For:

Demographics QuickSheet

Site Location:

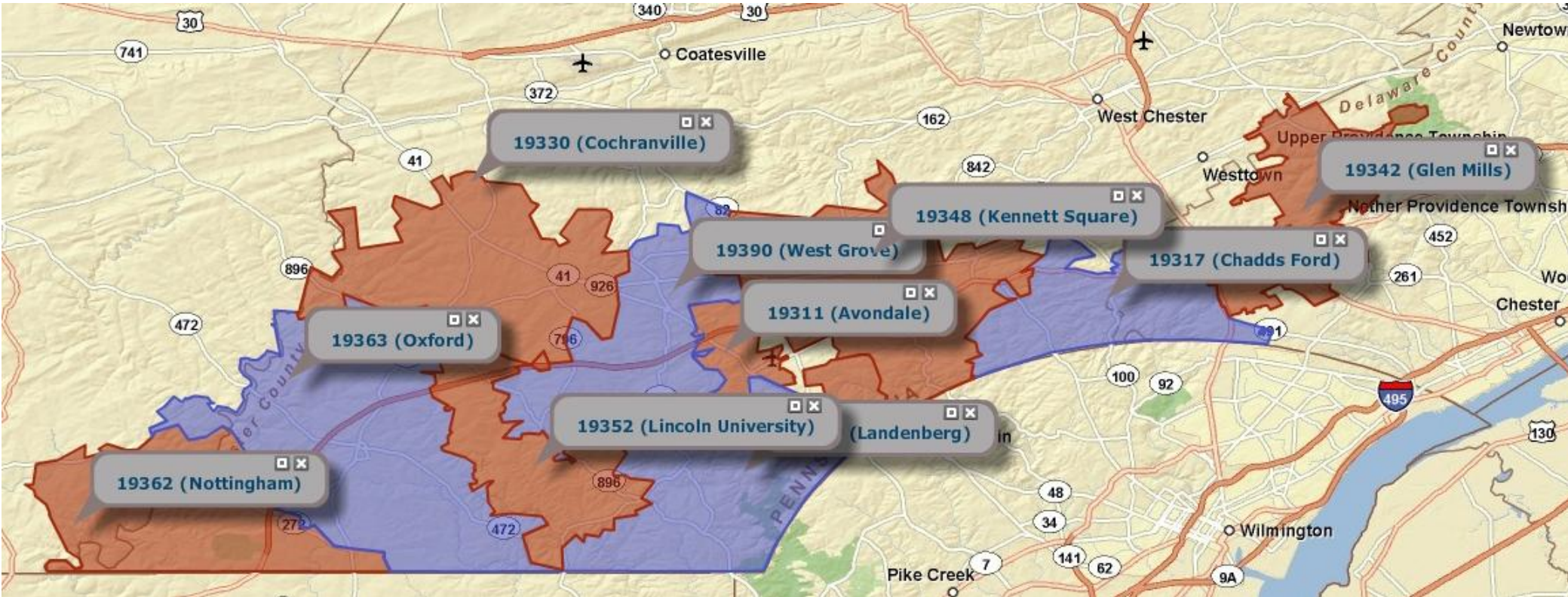
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TE Management Inc is not held responsible for the actions taken by a client based upon the information contained in this report. This report is created for the sole purpose of providing insights into the relative strengths and weaknesses of various geographic locations. We strive to obtain the highest quality and most updated data. However, TE Management Inc is not held responsible for potential inaccuracies of the data as delivered from our data providers. Due to the dynamic growth of certain zip codes, the number of dentists in those areas may be underestimated. We strongly encourage the client to independently verify the number of dentists in the area before committing to any specific location. Additionally, it is often possible that other dentists are considering setting up a practice in a particular area of high growth. There is now way to know the intentions of other doctors. The client is advised to contact a real estate professional in the area and solicit information regarding other potential dentists interested in real estate in the area from the real estate professionals and landlords.

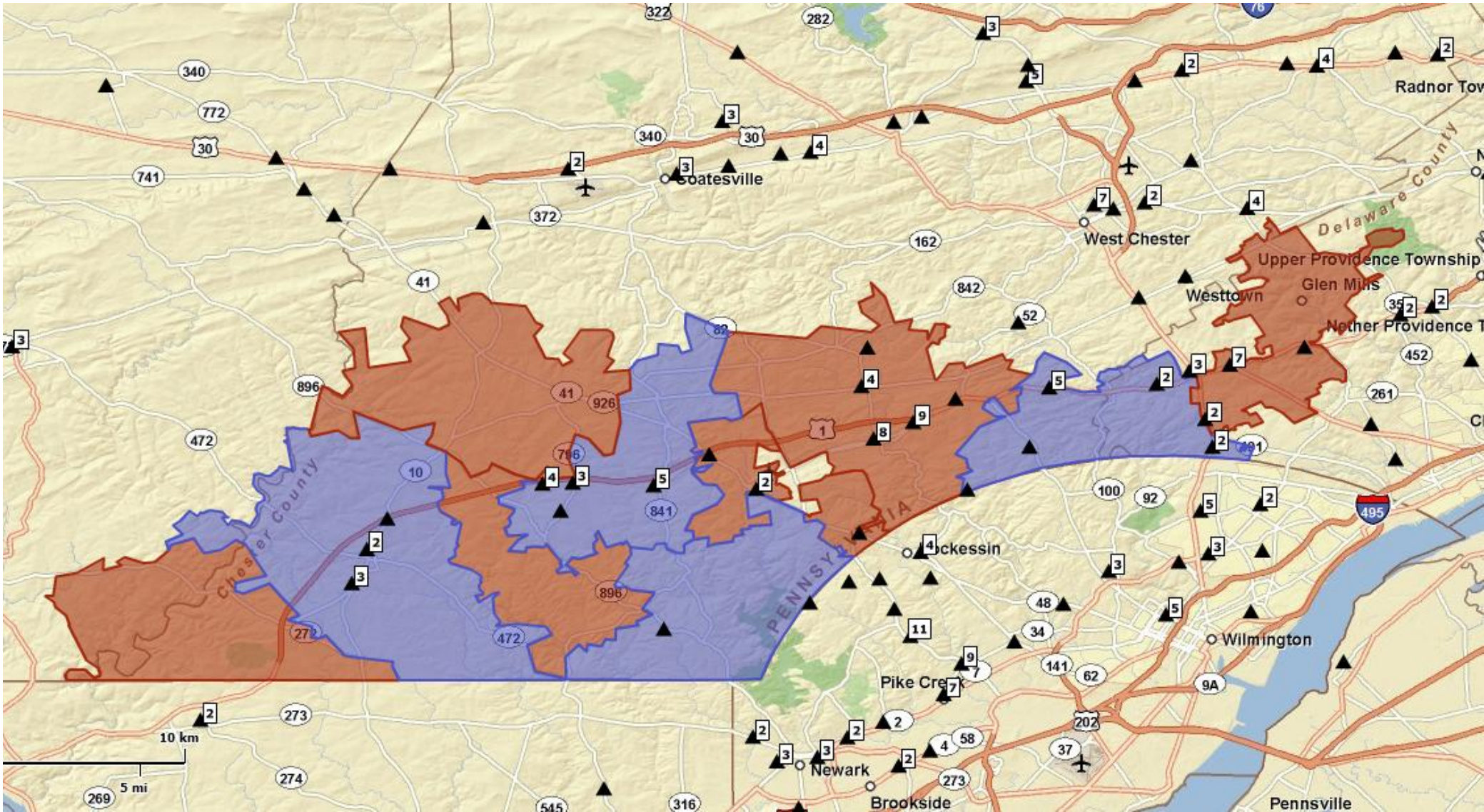
This is a summary report and its conclusions should not to be taken as a professional recommendation for future practice site location. The client is solely responsible for using the information provided for continuing their location search in a systematic manner.

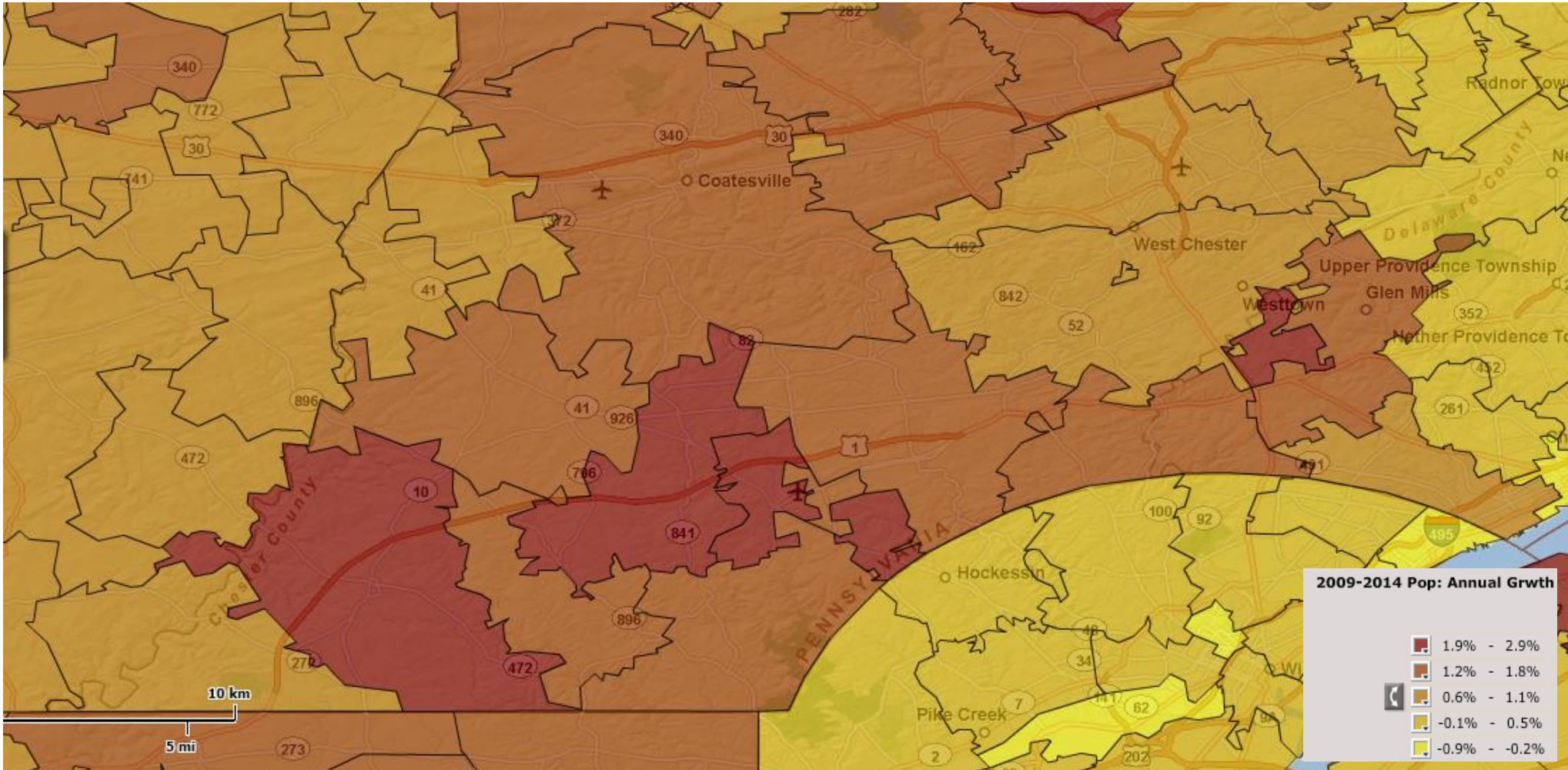
Fig 1.1 Map of the locations

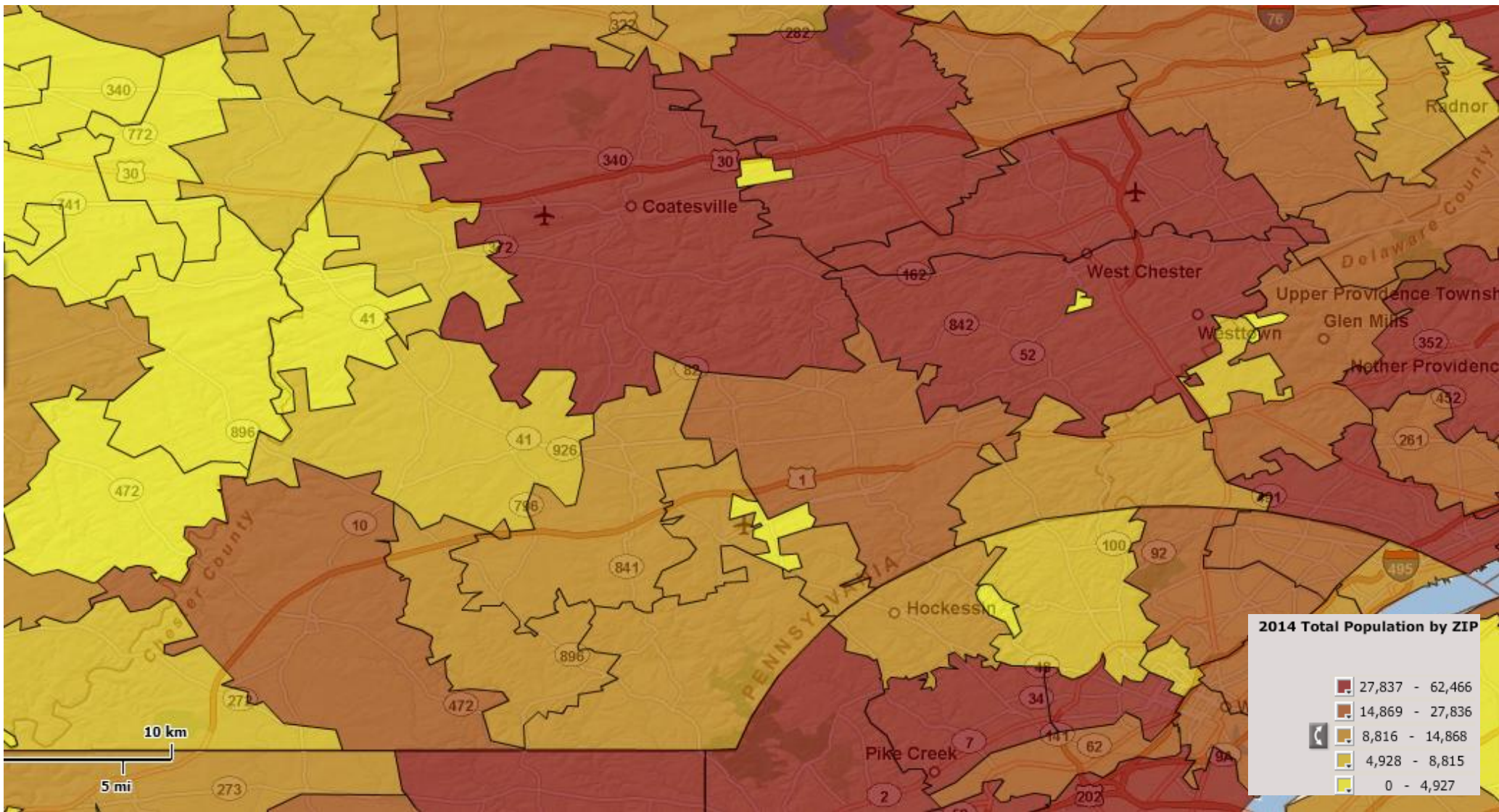


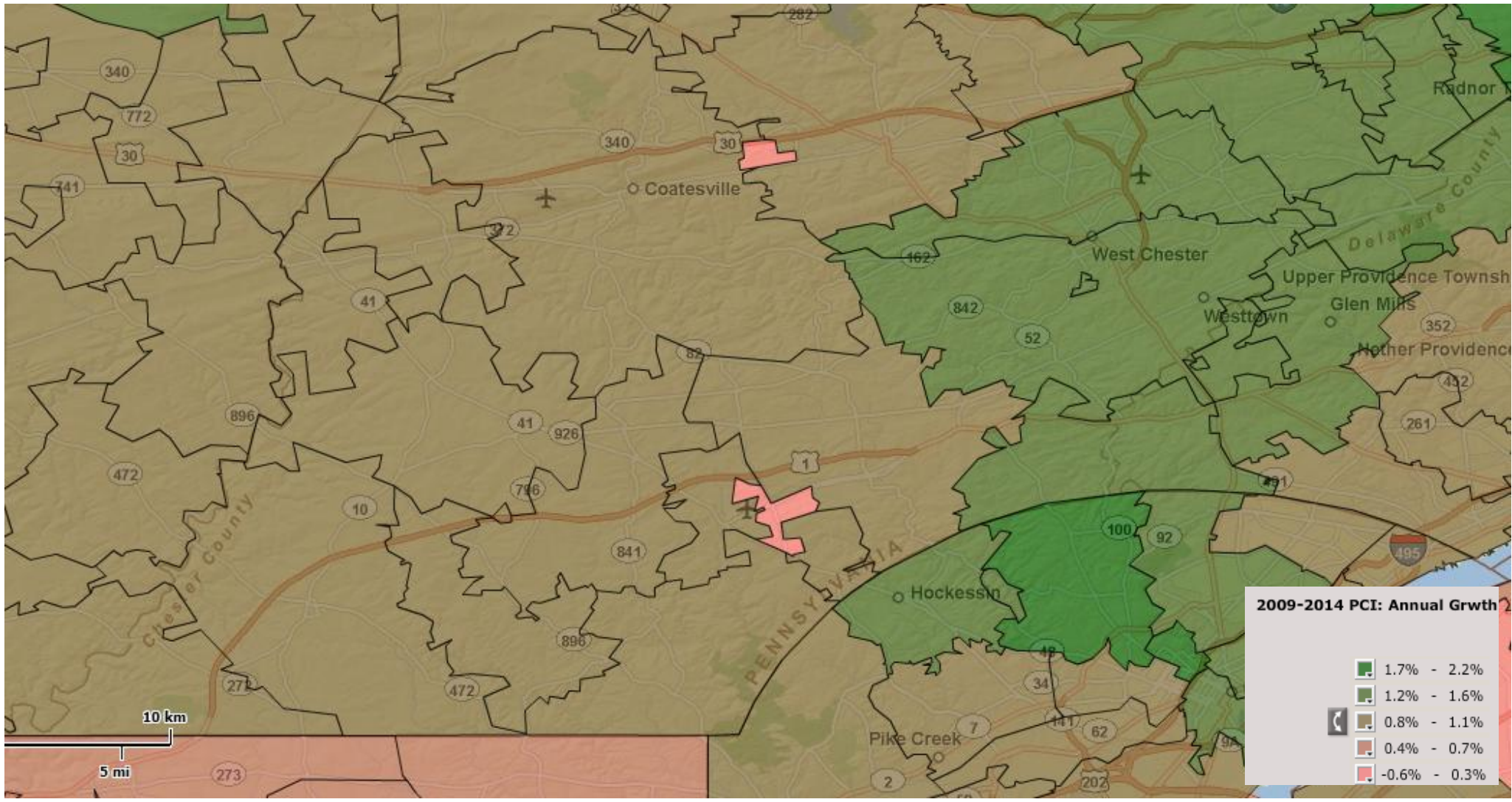
▲ = GP at this location

▣₂ = Multiple GPs at this location









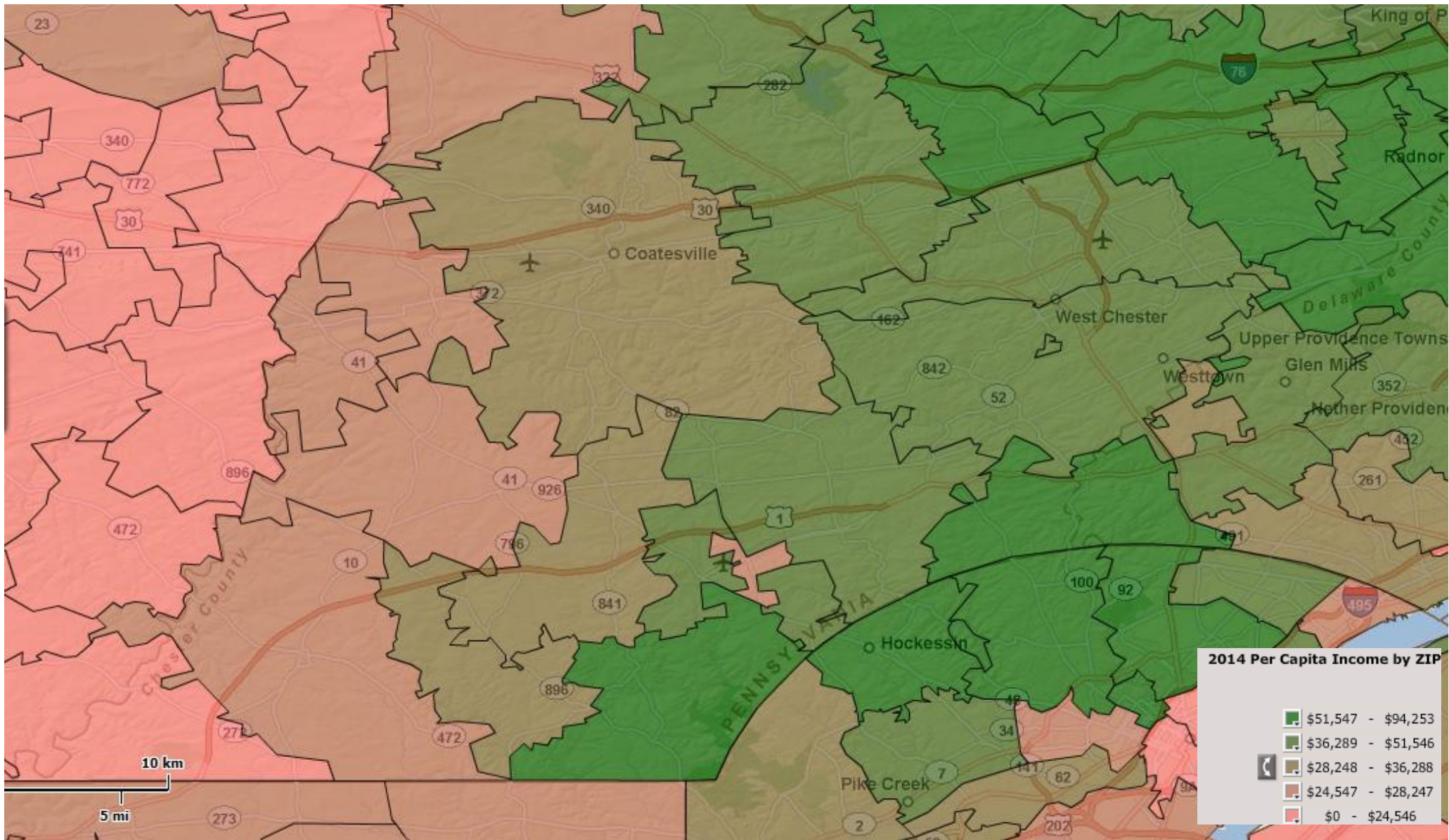


Table 1.2 Demographics of Drive Time Zones

Zip Code	2010 Population	2001 HH Income	2015 Population	2015 HH Income	Number of GPs
19311	8,679	\$96,321	9,885	\$108,283	3
19317	10,170	\$110,534	10,772	\$121,114	12
19330	5,800	\$66,512	6,319	\$78,671	0
19348	22,739	\$96,041	24,217	\$109,334	23
19350	11,962	\$118,369	12,840	\$127,390	2
19352	9,487	\$93,604	10,157	\$104,835	0
19362	5,649	\$56,489	5,868	\$63,428	0
19363	16,579	\$62,506	17,929	\$73,065	6
19390	12,974	\$80,098	14,108	\$91,121	13
19342	17,111	\$103,596	17,827	\$115,057	9

Table 1.3 Dental Services Market, 2009

The dental spending in each zip code includes the patient's out of pocket portion as well as the insurance payment. This is the total collections received from patients in the zip code. The average collections by dentists in the zip code can be approximated². Total dental spending includes specialist services. Per patient spending is how much a dental patient would spend per year, on average. Per capita spending is the average spending of all people in the zip code, regardless of whether they are dental patients or not. Higher per capita spending can indicate that more people visit the dentist, while higher per patient spending indicates that more extensive dentistry is being accepted.

Zip Code	Total Dental Expenditures	Total GP Expenditures	Per Capita GP Expenditures	Per Patient GP Expenditures	Avg GP Production in Zip ¹
19311	\$3,275,840	\$2,391,530	\$276	\$890	\$597,883
19317	\$6,721,200	\$4,906,819	\$482	\$1,189	\$377,448
19330	\$1,524,171	\$1,112,723	\$192	\$552	\$1,112,723
19348	\$11,140,667	\$8,133,255	\$358	\$959	\$338,886
19350	\$6,587,183	\$4,808,979	\$402	\$1,169	\$1,602,993
19352	\$2,770,749	\$2,022,788	\$213	\$782	\$2,022,788
19362	\$1,352,856	\$987,654	\$175	\$468	\$987,654
19363	\$4,210,756	\$3,074,066	\$185	\$494	\$439,152
19390	\$4,523,653	\$3,302,497	\$255	\$674	\$235,893
19342	\$8,659,956	\$6,322,210	\$369	\$1,014	\$632,221

¹ Estimated based on population in zip code. Actual production will vary due to people going out of the zip code to receive dental care.

Fig 1.4 Per Capita Dental Spending, 2009

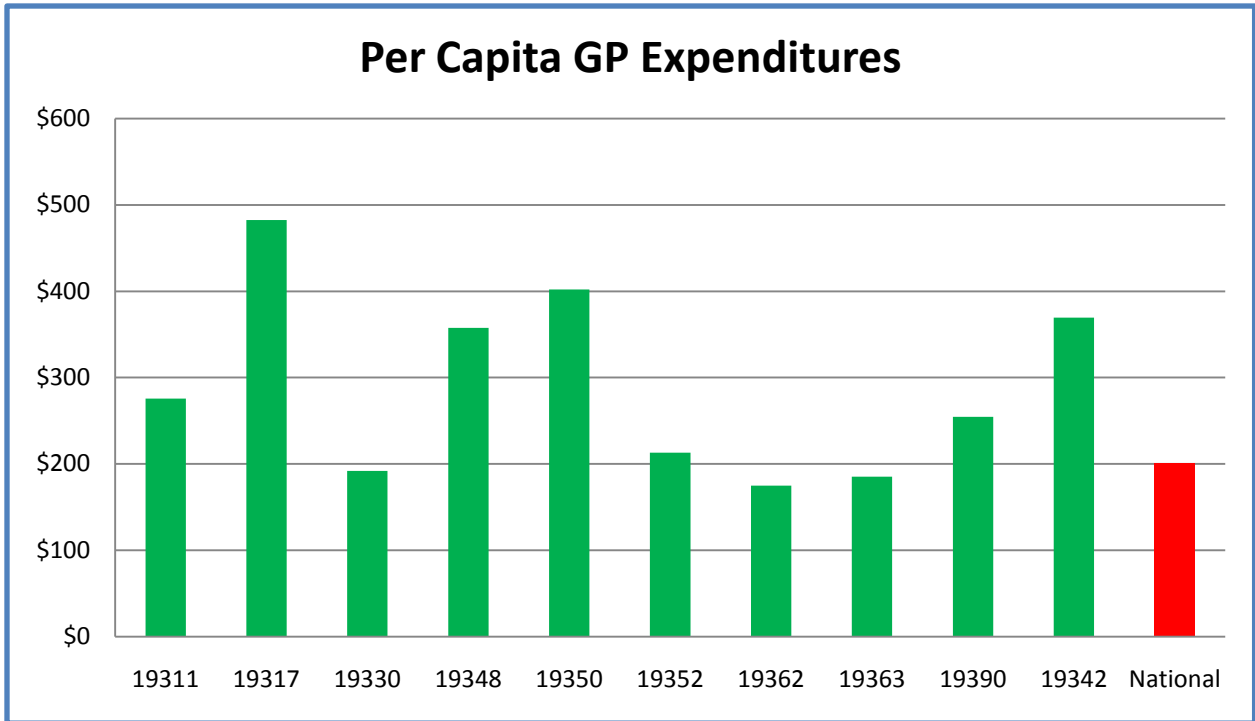


Fig 1.5 Average Potential Collections²

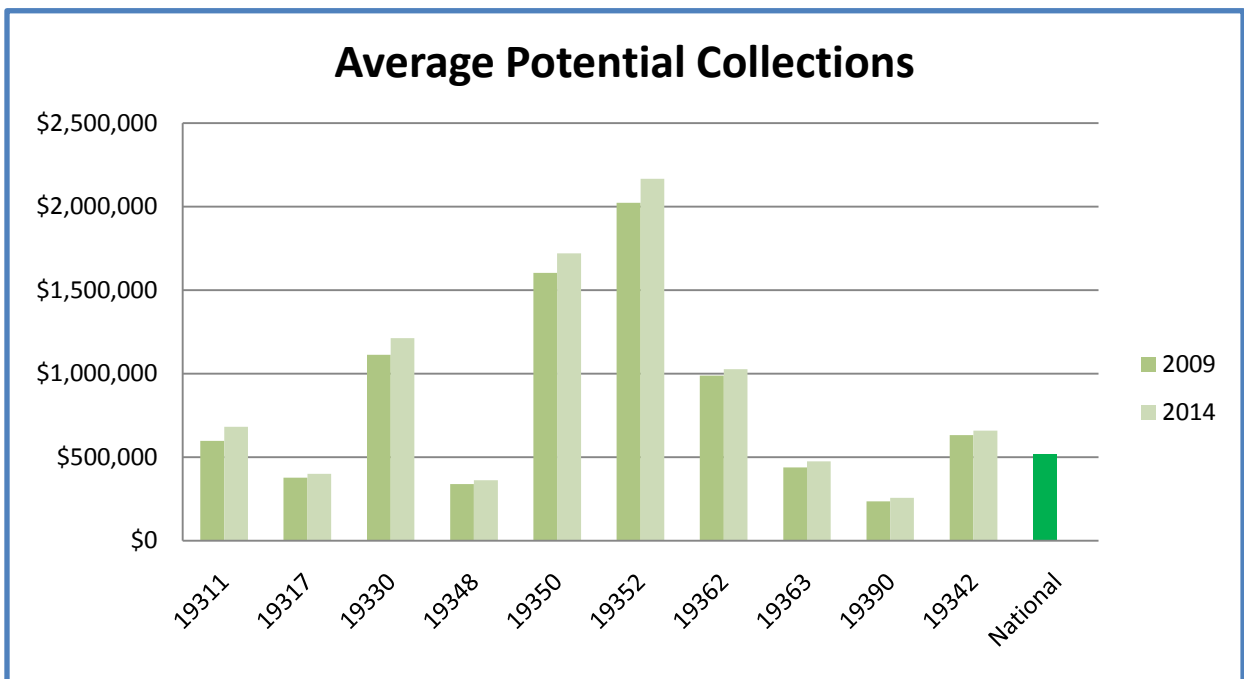


Table 1.8 GP to Population Ratio

The ratio of dentists to population is a useful guide to the relative saturation of each zip code. More saturated zip codes present an area that is harder to break into. The Adjusted ratio takes into account the dental spending patterns of the population. The adjusted ratio can be higher or lower than the basic ratio, depending on whether the population of the zip code spends more or less than average. This is important to consider because a zip code can be more saturated, but if its population spends a lot of money on dentistry, it can be a good option. On the other hand, if a zip code has very few dentists but people rarely go the dentist there, it could present a subpar opportunity. In this way that zip codes can be compared to each other directly.

	GP/Pop Ratio 2010	Adjusted Ratio 2010	GP / Pop Ratio 2015	Adjusted Ratio 2015
19311	2,170	2,969	2,471	3,381
19317	782	1,874	829	1,985
19330	5,800	5,525	6,319	6,020
19348	947	1,683	1,009	1,792
19350	3,987	7,959	4,280	8,544
19352	9,487	10,044	10,157	10,753
19362	5,649	4,904	5,868	5,094
19363	2,368	2,181	2,561	2,358
19390	927	1,171	1,008	1,274
19342	1,711	3,139	1,783	3,271

Fig 1.9 GP to Population Ratio 2009

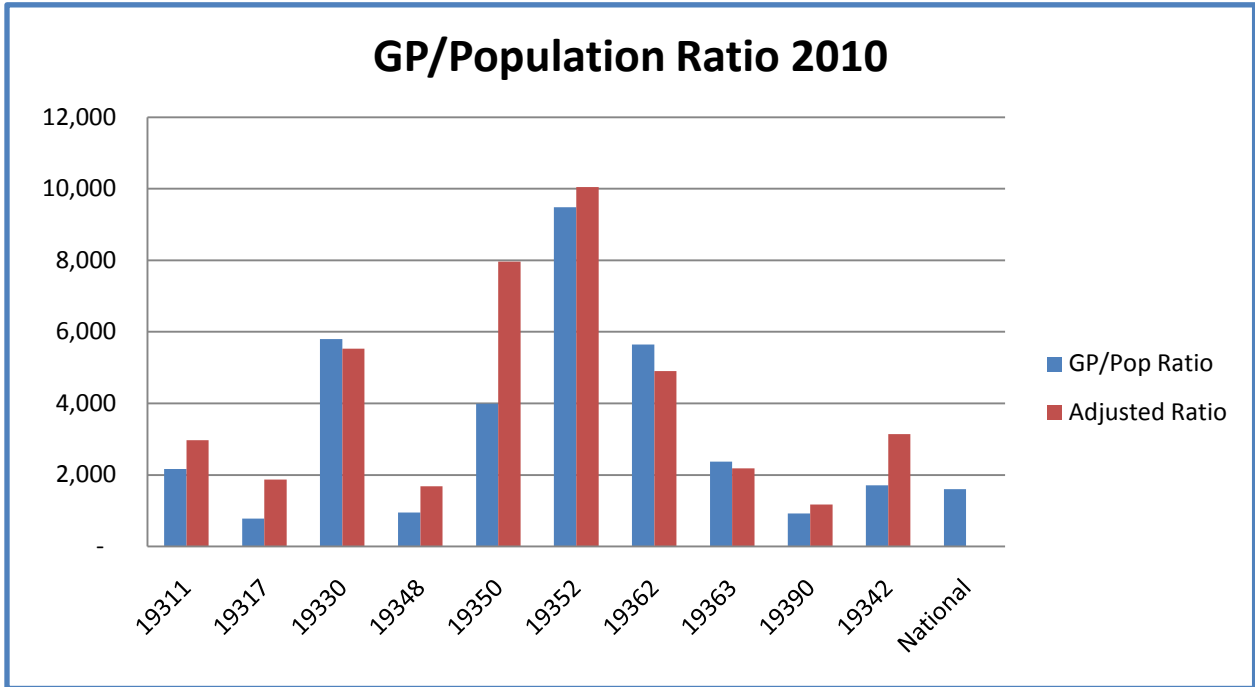


Fig 1.10 GP to Population Ratio 2014

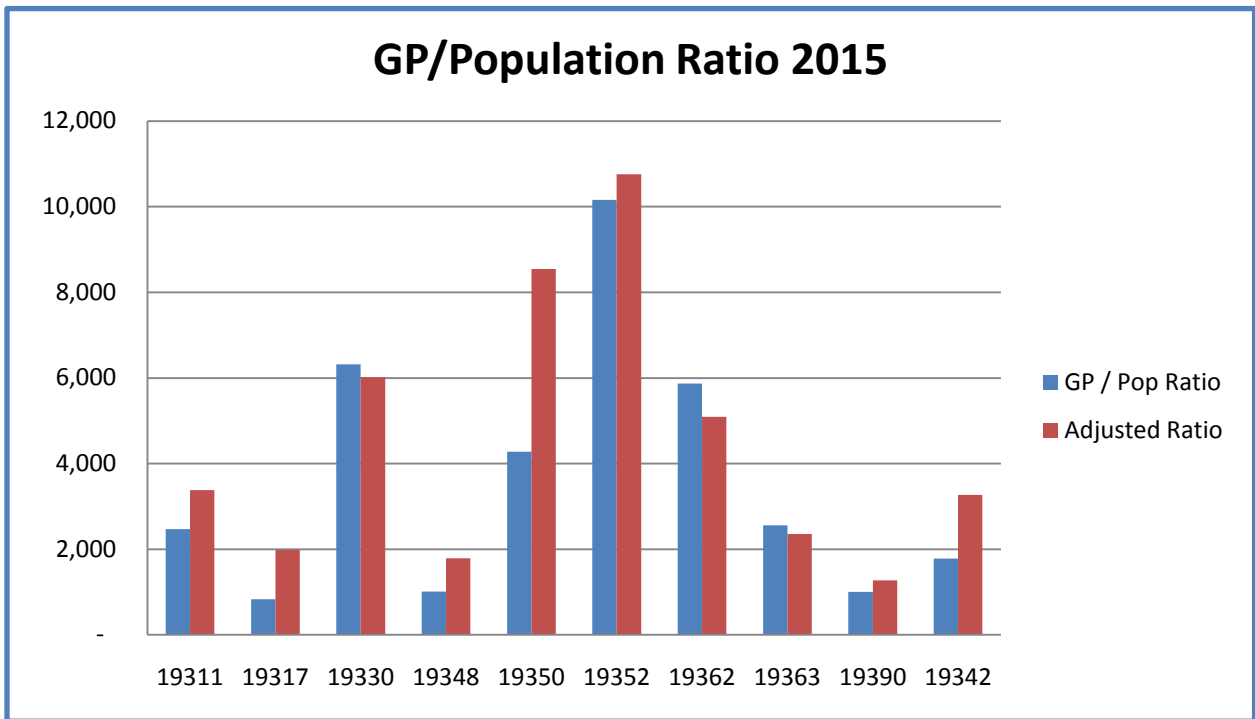


Table 1.11 Demographics and spending changes, 2015

In order to see where growth-based opportunities may be, we look at the projected population and dental spending growth through 2015. Zip codes where there will be a significant growth in dental spending provide excellent opportunities for a new practice, because these new people will need a dentist and are very likely to visit a practice that is located close to their home (in their zip code).

	New People in Zip Code 2015	Additional GP Expenditures 2015	Avg Production 2015 ²
19311	1,206	\$332,318	\$680,962
19317	602	\$290,453	\$399,790
19330	519	\$99,570	\$1,212,292
19348	1,478	\$528,649	\$360,913
19350	878	\$352,975	\$1,720,651
19352	670	\$142,855	\$2,165,643
19362	219	\$38,289	\$1,025,943
19363	1,350	\$250,316	\$474,912
19390	1,134	\$288,657	\$256,511
19342	716	\$264,549	\$658,676

Fig 1.12 Additional spending at GP offices by 2015

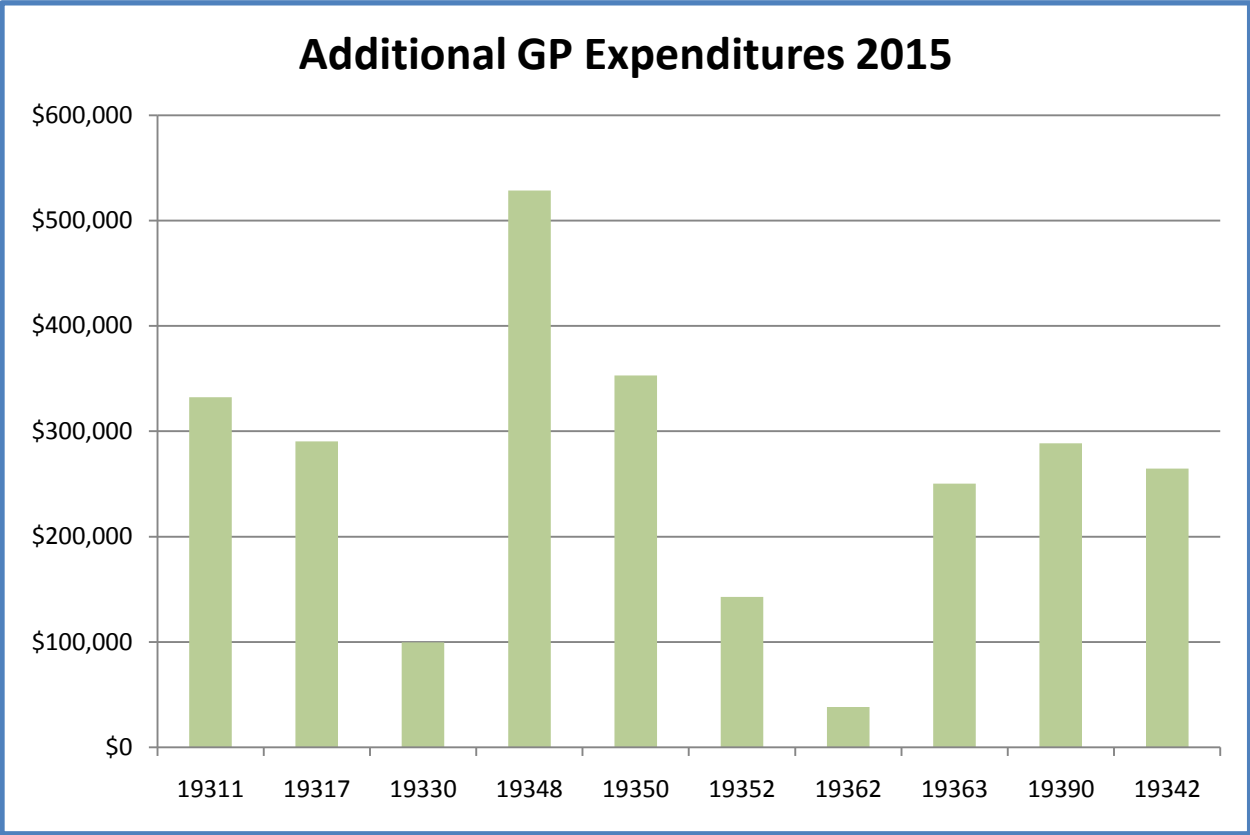


Table 1.13 Creditworthiness Assessment

Homeownership is a good indicator of creditworthiness, since those that own homes tend to have a much higher credit score, and have assets that against which they can take out credit. While patients are not likely to use up their entire checking and savings on dental services, higher balances mean that patients are likely to afford the needed care.

	% Homeowners 2009	% Homeowners 2014	Checking	Savings
19311	70.8%	71.3%	\$10,482.11	\$21,254.53
19317	86.7%	86.9%	\$13,420.51	\$29,265.13
19330	79.9%	80.1%	\$6,219.17	\$13,682.92
19348	66.8%	67.1%	\$10,754.16	\$23,683.28
19350	87.5%	87.5%	\$13,667.62	\$29,056.39
19352	85.8%	85.8%	\$9,352.34	\$18,862.43
19362	81.2%	81.2%	\$5,192.00	\$11,247.12
19363	68.0%	69.0%	\$5,499.63	\$11,930.85
19390	78.4%	78.8%	\$7,622.57	\$16,357.50
19342	85.9%	86.4%	\$11,245.35	\$24,767.18

Table 1.14 Homeownership

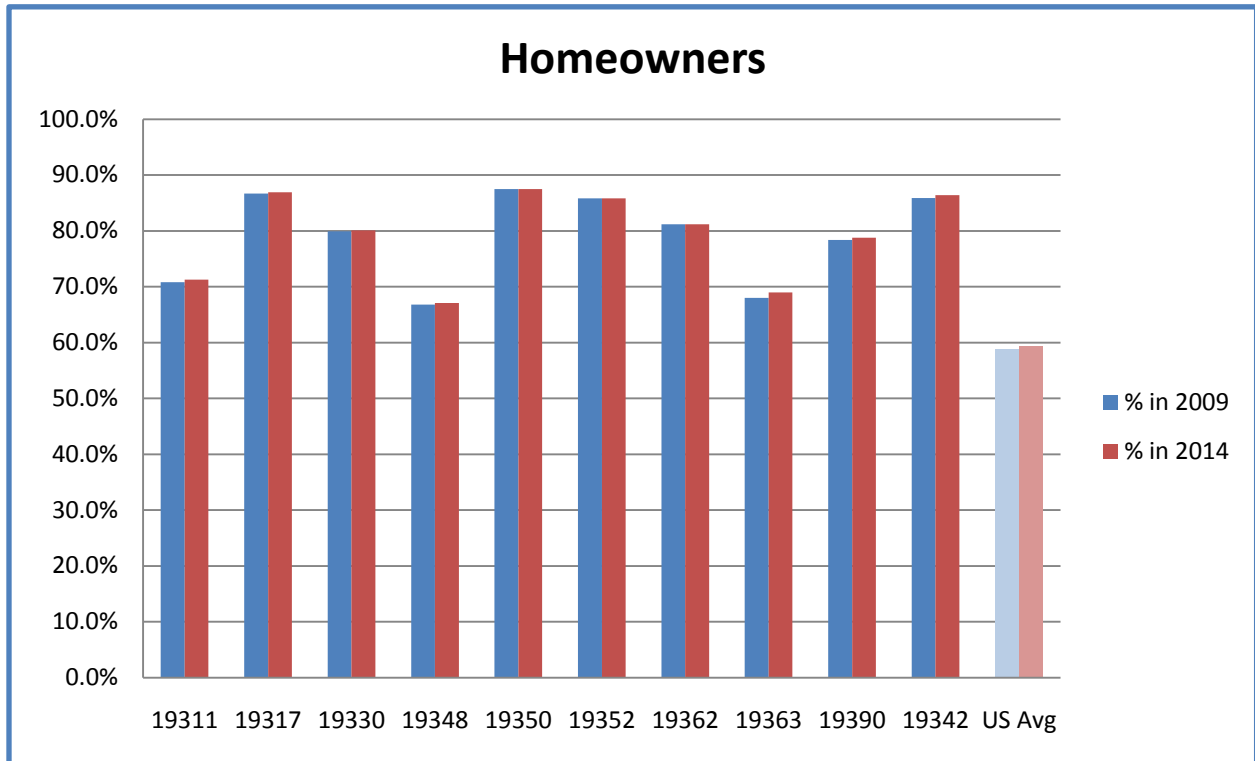


Fig 1.15 Liquid Assets, 2009

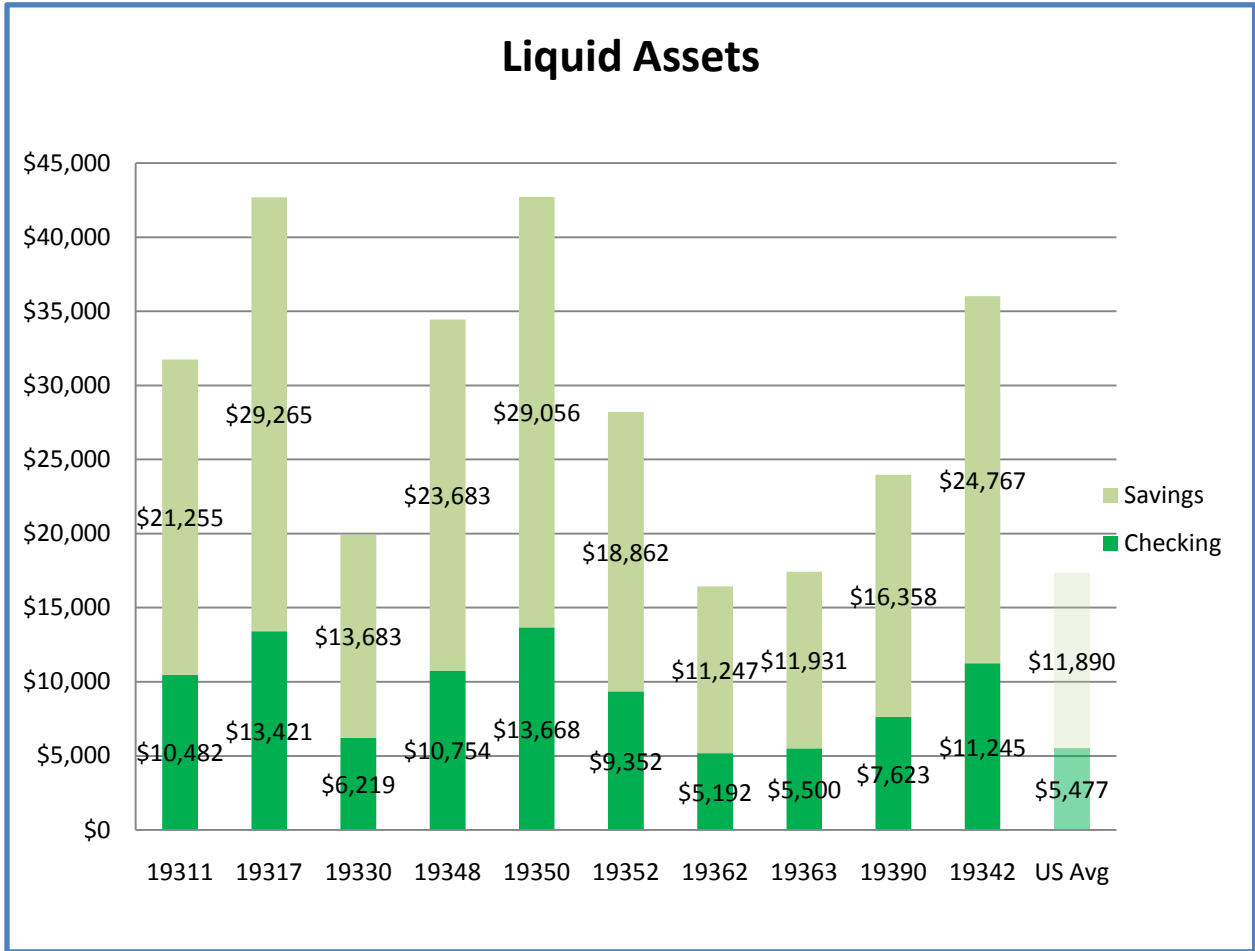


Table 1.16 Debt to Income Ratio of New Residents, 2009

The debt to income ratio is a metric used very often by third party financing companies for credit approvals. It relates the person's gross income to the debt payments they have to make each month which include mortgage/rent plus other revolving debts (such as car loan/lease) to income. Typically, lenders look for no more than 36% DTI. The closer the average numbers in a zip code are to this, the less likely they are to be approved. A dental practice feeds significantly off new residents in an area, who are buying houses and incurring mortgages at the median house prices. Therefore, this debt to income ratio is especially relevant to the ability of a dental practice to provide third party financing to new patients and to generally measure their ability to afford dental care.

	Median Home Price	DTI 2009	Median Home Price 2014	DTI 2014
19311	\$336,019	27%	\$420,252	29%
19317	\$434,154	30%	\$527,721	32%
19330	\$266,053	30%	\$341,954	32%
19348	\$371,628	29%	\$467,720	32%
19350	\$393,491	26%	\$483,986	29%
19352	\$309,791	26%	\$391,705	28%
19362	\$221,576	30%	\$268,959	32%
19363	\$253,539	30%	\$325,362	32%
19390	\$277,575	27%	\$351,435	29%
19342	\$460,790	33%	\$564,603	36%

Figure 1.17 Debt to Income Ratio

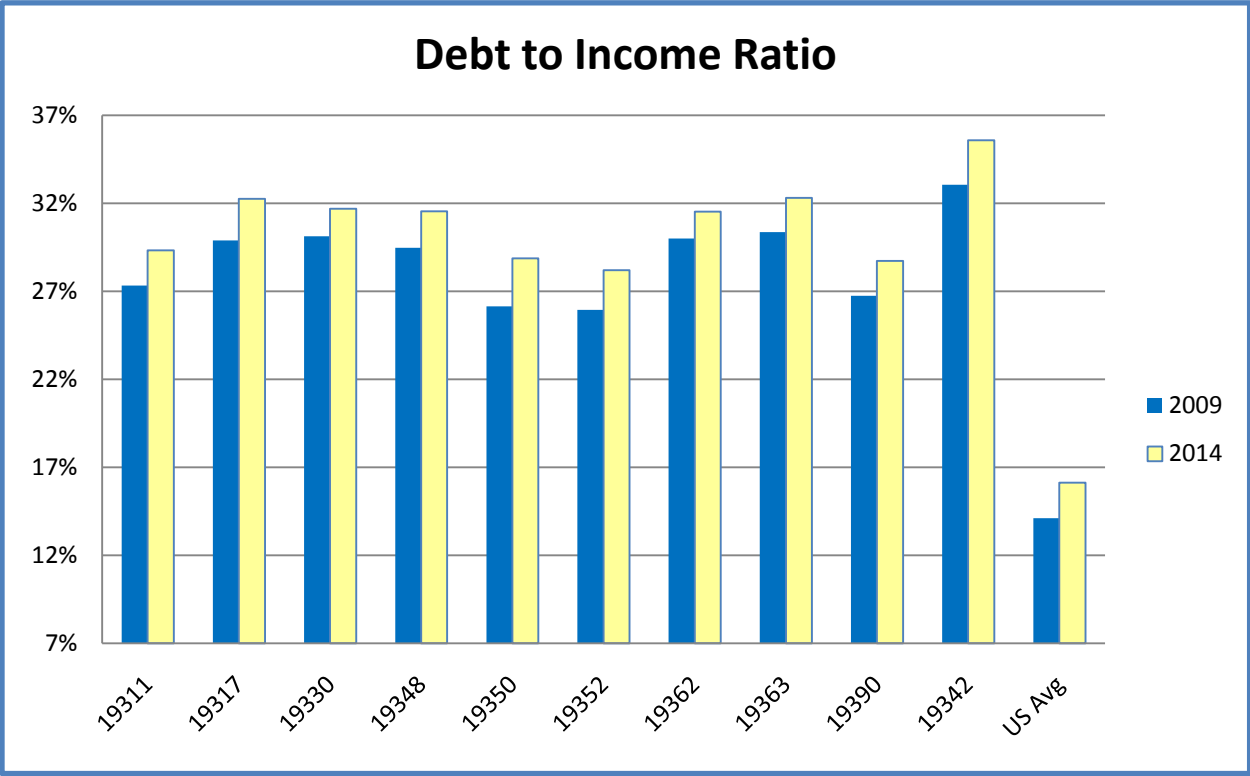


Table 1.18 Employment situation

This section provides information on the employment of people living in the zip codes. Patients in the white collar industries are more likely to have more complete dental coverage. Blue collar employees sometimes do have good dental benefits from union agreements, but this is becoming less prevalent. Employment information is only for those 16+ years old.

	Unemployed % in 2009	Unemployed % in 2014	% Blue Collar	% Services	% White Collar
19311	6.5%	4.9%	17.9%	14.9%	67.2%
19317	6.6%	4.5%	10.1%	8.5%	81.4%
19330	6.7%	4.7%	25.1%	16.0%	58.9%
19348	8.0%	5.6%	17.1%	13.2%	69.7%
19350	5.8%	3.9%	11.7%	8.4%	79.9%
19352	7.7%	5.2%	16.6%	20.2%	63.2%
19362	7.3%	5.0%	35.3%	21.0%	43.7%
19363	7.1%	4.8%	26.4%	14.8%	58.8%
19390	7.9%	6.1%	20.4%	14.8%	64.8%
19342	7.9%	5.4%	11.1%	9.5%	79.4%

Fig 1.19 Unemployment

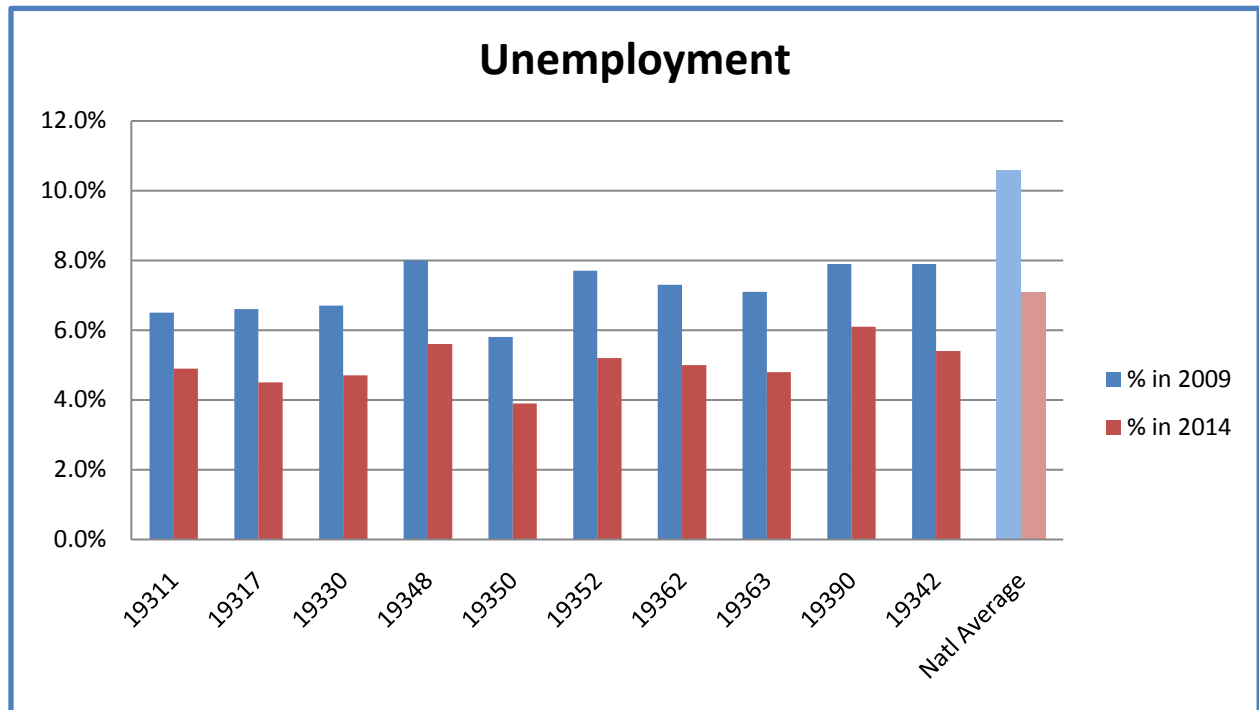


Fig 1.20 Employment by type, 2009

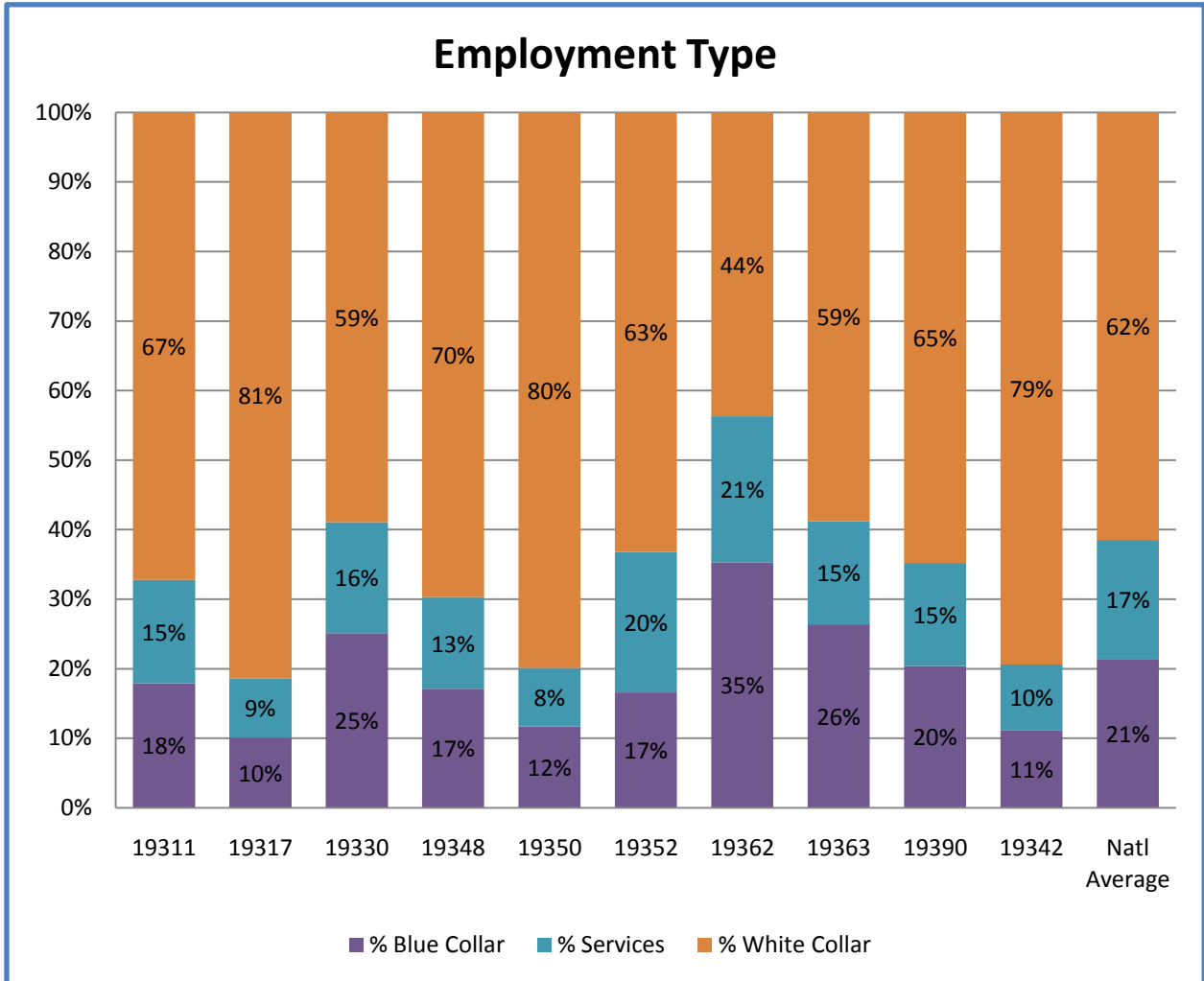


Fig 1.21 Number of Employees, 2009

While certain zip codes may have low residential populations, there could be a significant business presence there. Knowing the number of employees can help decide between two zip codes of similar residential size and demographics. The zip code with the larger number of employees is likely to provide additional opportunities as those employees who do not live in the same zip code could go to the practice due to proximity to their work. Also, we find those suburban zip codes that have an important business population are more likely to grow and prosper in the next 5 to 10 years, as people get tired of long commutes and seek to live near their jobs.

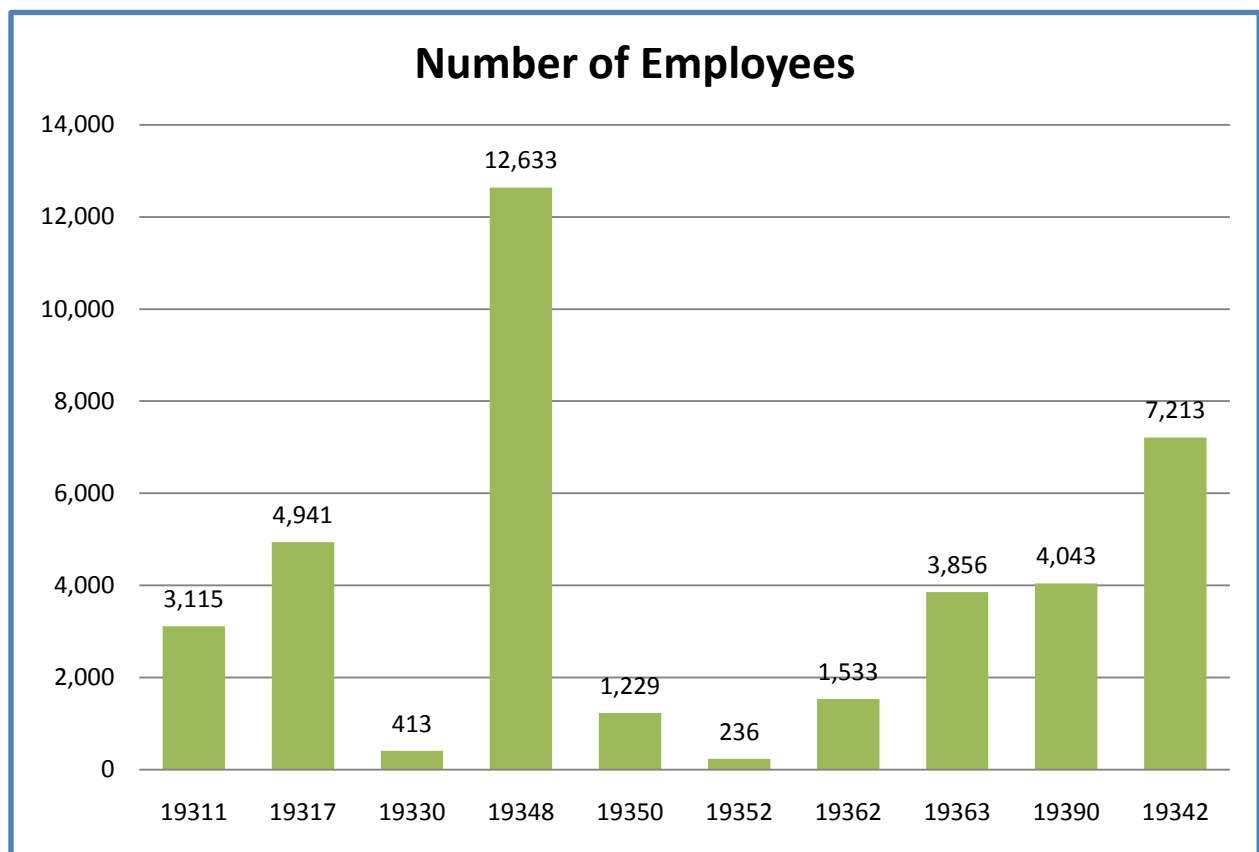


Fig 1.22 Educational attainment, 2009

Education attainment of people 25+ years old is a very good predictor of whether they will visit the dentist. The higher the education, the more likely the person is to visit a dentist for routine care. Higher educated areas will have many patients on active recall and busy hygiene departments.

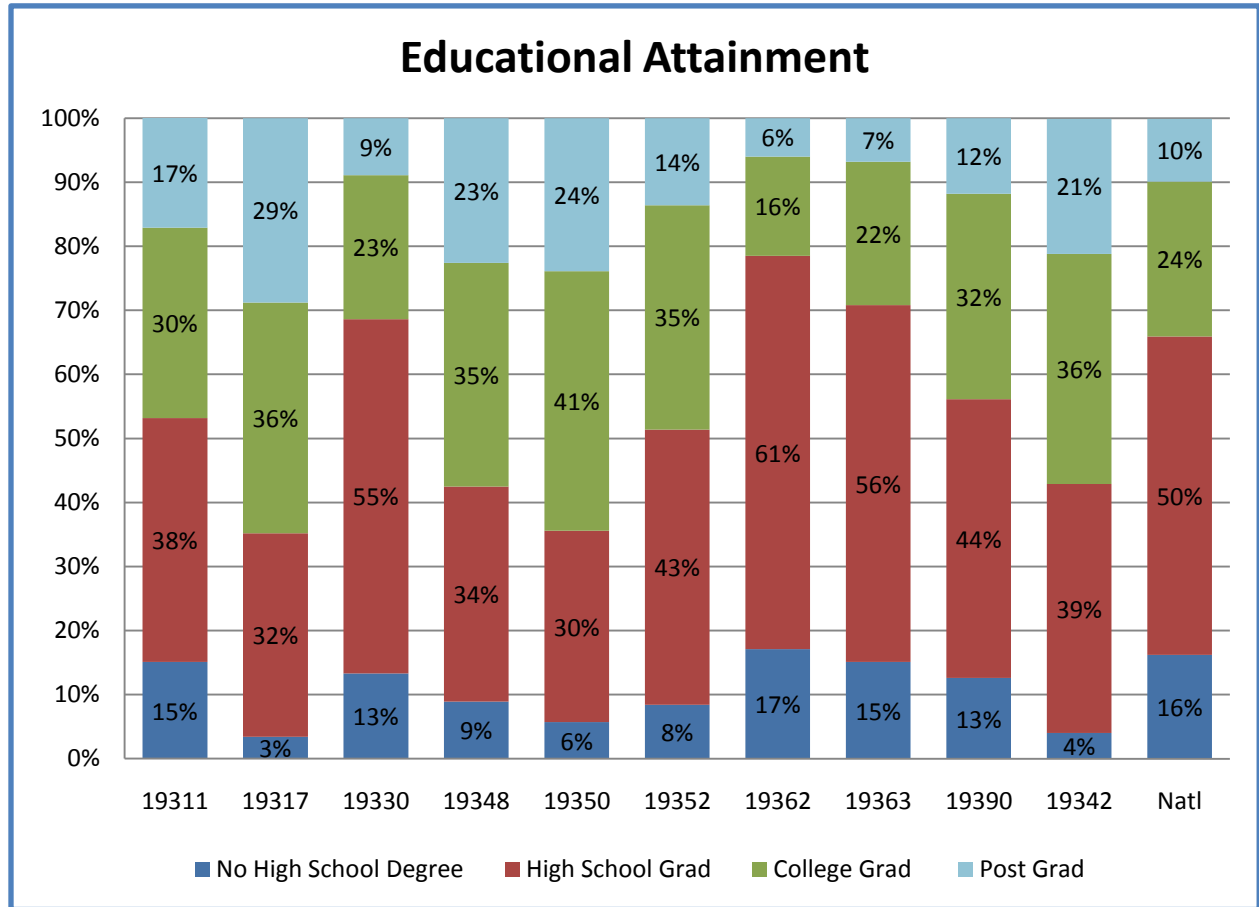
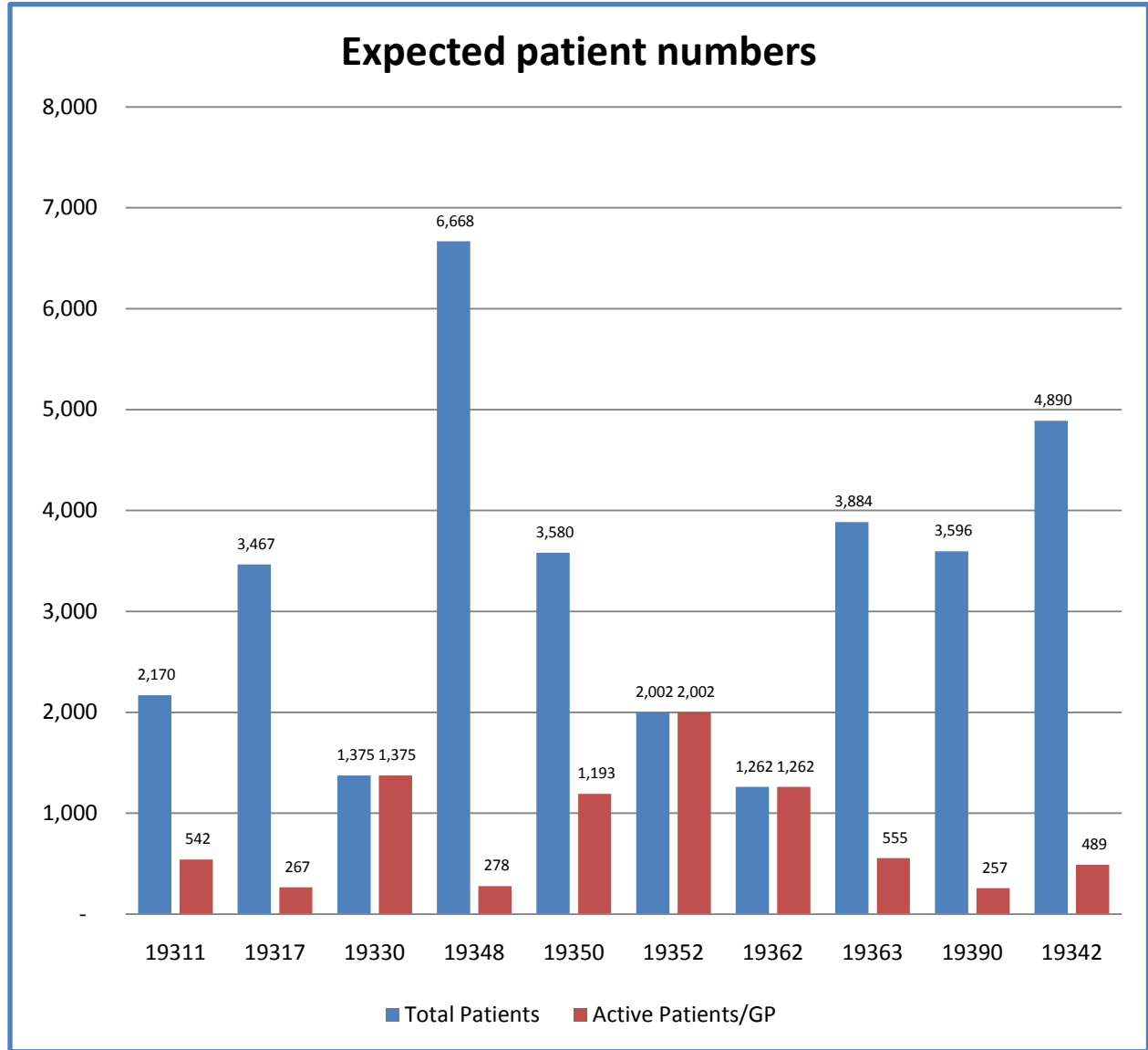


Figure 1.23 Expected number of patients, 2009

The total number of adult patients in each zip code, can be predicted by their likelihood of dental visit based on their educational attainment.



Conclusions

For this report, we considered ten zip codes in the South-East Pennsylvania region that borders the Delaware border. Each of those zip codes were selected in conjunction with the doctor due to their proximity to Newark, DE as well as their overall positive growth patterns.

In this area, most of the dental practices are closer to Philadelphia, Newark and along the Kennet-Oxford Bypass (US Highway 1). In addition, as one goes from west to east along US-1, the zip codes tend to have higher incomes and are slightly more populated. However, future growth is most prevalent in the zip codes to the West of US-1.

One zip code that provides a great opportunity is 19352. In this zip code, there is a large population of close to 10,000 people, there is good growth, with over 600 new residents by 2015. Most importantly, there are no dentists currently in this zip code, and the closest dentists are in West Grove. In addition, this zip code is quite well off with close to \$100,000 is household income. Finally, the patients in this zip code would not only be able to afford basic dental care, but also more comprehensive treatment because they are likely to have great creditworthiness due to low unemployment rate and very high homeownership rates. This would be, based on our analysis, the best location for a startup practice, assuming appropriate office space could be found.

If we look at the broader area around this zip code, thus including 19330 and 19363, we find the overall ratio to be even better. In fact, between those three zip codes, there are about 34,000 people. With the doctor establishing a practice here, there would be 7 general dentists in this area, with a total ratio of about 1 GP for every 4800 people. This is a very healthy ratio that is almost three times the national average. There is good growth in this area, above 1% per year through 2014. Overall, we consider this area to be a very good opportunity. The next step would be to look at potential real estate for lease or sale in the area to identify a convenient, high visibility location that would be conducive to a successful practice startup.

The zip code that encompasses West Grove (19390) is a fast growing zip code, which is growing by over 1000 residents over five years, bringing its population to above 14,000 by 2015. There are quite a few GPs in this zip code, so the overall ratio is quite low at less than 1000 people per GP. Therefore, it is would be best to concentrate on the areas west of West Grove described above.

The Glen Mills zip code (19342) is interesting in that its individual numbers are quite good, with over 17,000 residents and 9 GPs. However, not only is this an unfavorable ratio, it is also surrounded by a very high density of GPs in adjacent zip codes, making this area much more competitive. It is not recommended this zip code is considered for a startup practice.

The Chadds Ford Zip Code (19317) is one of the closest zip codes to Newark. It is a wealthy, educated zip code with a household income of over \$110,000. However, there are many dentists in this zip code and in fact it has a ratio of approximately 800 people to 1 GP, which is half of the U.S. average, indicating that this is a saturated zip code and one that would not provide a good opportunity.

Finally, the area south of West Grove, defined by the 19350 zip code, is also a zip code with a high amount of money spent on dentistry, and has the highest household income of the zip codes we investigated. It is also growing, with 800 new residents by 2015. However, there are only two GPs in this zip code, and it is likely almost all the patients in this area go to West Grove for their dental care. This suggests that if a practice was established here, it could attract at least some of the nearly 13,000 people who will live here by 2015 simply due to convenience. This is definitely an area that should be investigated further. The main challenge we would expect here is the scarcity of available, high visibility and convenient office space, due to the highly residential nature of this area.