

Real Estate Considerations

2019 Dental Entrepreneurial Boot Camp

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The Importance of Real Estate to Your Practice



- Your office is typically the second-highest expense after payroll
- Your location impacts patient retention
- Your real estate decisions will significantly impact your ability to sell the practice... and your profit

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Types of Dental Real Estate Transactions



- New Office
- Practice Acquisition
- Expansion
- Relocation
- Lease Renewal
- Purchase
- Additional Office
- Sale
- Lease to Tenant

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Site Selection Considerations

- Traffic
- Natural light/windows
- Parking
- Building quality
- Signage
- Neighbors
- Access
- Amenities
- Retail vs. Office
- Competition
- Referral relationships
- Demographics
- Personal commute
- Non-compete

Knowing the Players

- Landlord
- Landlord Rep
- Landlord Attorney

- Tenant
- Tenant Rep
- Tenant Attorney

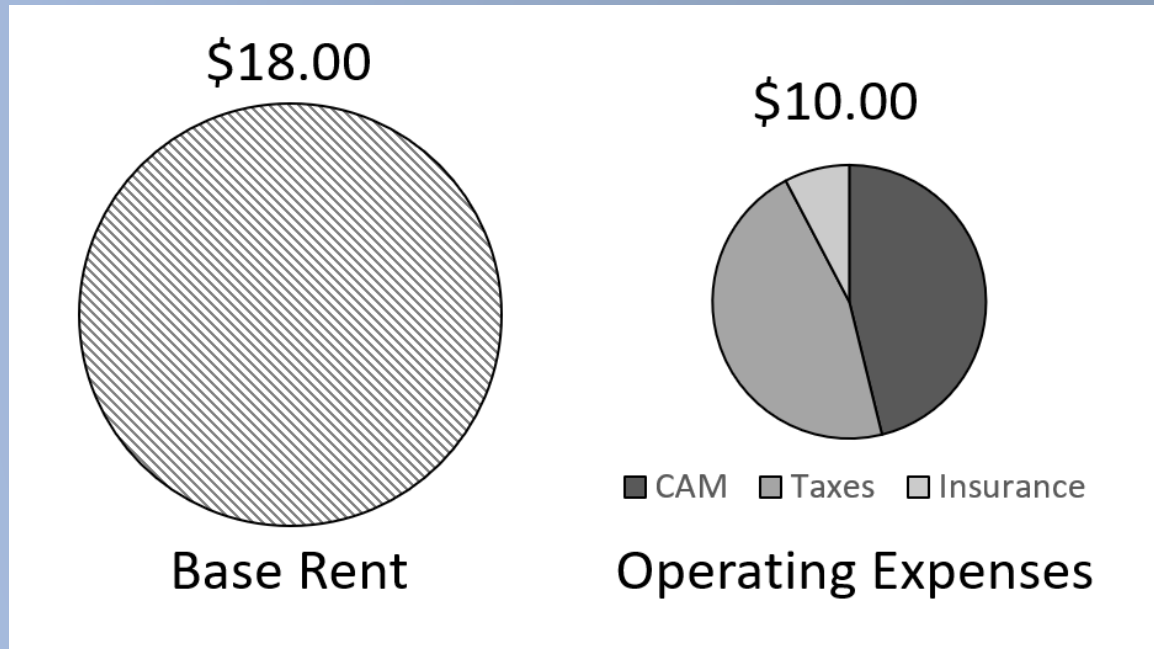
- What does the advertised info actually mean?



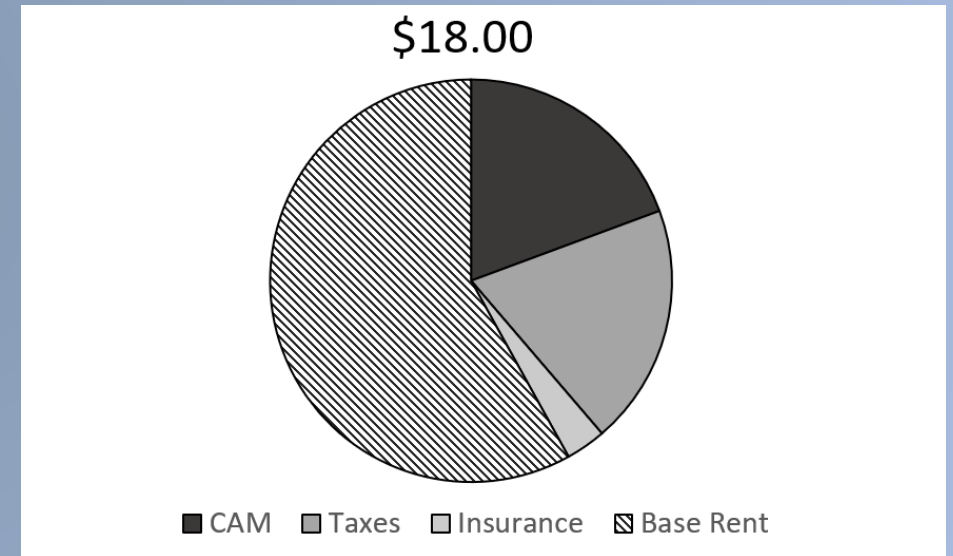
Triple Net (NNN) vs. Full Service Gross (FSG)



NNN



FSG



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Negotiable items in a lease

- Rate
- Free rent
- Free buildout time
- Tenant improvement (TI) allowance
- Signage
- Reserved parking
- Assignability
- Annual Escalations
- Relocation protection
- Exclusivity
- Death/disability
- Personal guaranty
- Renewal options
- Purchase option
- Delivery condition



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Purchase vs. Lease

- Is it always better to own?
- How does it affect your **cash flow**?
- Short term vs. long term
- Principal pay-down and equity
- Tax implications
- Exit strategy



Negotiation Strategy

Appropriate timeframe

- New Lease or Purchase: 9-12 months
- Renewal: 18 months
- Land Purchase: 18-24 months
- Practice acquisition: 30-60 days





Selling Your Practice

- Value – how desirable is your location/space?
- Lease
 - Assignability
 - Timing
- Own
 - Market lease rate

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Common Mistakes



- Waiting for the “perfect” property
- Relying on bad advice from patients, friends, family, colleagues
- Not using representation immediately
- Negotiating on only one property
- Not giving yourself enough time
- Relying on real estate for marketing

Questions?

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