



Course Title

Purchasing vs. Leasing Office Space - Making the Best Decision for Your Practice

Presenter

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Outline

- The importance of real estate to your practice
 - Cost
 - Second or third highest expense behind payroll
 - A properly or poorly negotiated transaction can benefit or cost a practice tens to hundreds of thousands of dollars
 - Negotiations
 - Understand the inherent conflict of interest between a tenant and landlord
 - Are you properly trained for the transaction?
 - You typically get only one opportunity every 5 to 10 years to capitalize
 - Terminology
 - If you don't have proper terminology in your lease the landlord can prevent you from selling and transferring your practice
- Commercial real estate market overview
 - Market conditions
 - Landlord motivations
 - Commercial Property Types
 - Office vs Retail vs MOB vs Hospital Campus
 - Pros and Cons
 - Transaction Opportunities
 - Key players and their roles
- Key considerations – purchasing vs. leasing
 - Is it always better to own?
 - Cash flow

- Down payment
 - Financing
 - Mortgage vs. lease payments
 - Operating expenses
 - Tax Benefits / effective cost of owning
 - Higher payment = higher deductions
 - Pay more for real estate but less in taxes
 - Depreciation
 - Appreciation
 - Principal paydown
 - Increase net worth monthly
 - The main reasons you own
 - Financial upside
 - Additional saleable asset
 - Control
 - Flexibility of when you sell
 - No outside landlord approval
 - Benefits of Leasing
 - Lower cost of entry
 - Easier to relocate
 - Reduced liability
 - Flexibility to increase or decrease size
 - Benefits of landlord contributions
 - Tenant improvement allowance
 - Free build out period
 - Free rent
 - What is your exit strategy?
- Detailed economic evaluations (purchase vs lease comparison spreadsheet)
 - Purchase vs lease – Scenario #1
 - New location for purchase vs new location for lease

- Purchase vs lease – Scenario #2
 - New location for purchase vs. new location for lease (with variables)
- Purchase vs lease – Scenario #3
 - New location for purchase vs lease renewal in current location
- Making the best decision for your practice
 - Factual vs emotional
 - Current vs future needs
 - Practice benefits vs real estate benefits
 - Timelines
- Posture / Negotiation strategy
 - Timeframes
 - How posture affects the negotiation
 - What is really at stake
 - Renewal scenario
 - Who has the most viable options?
- Timeframe and due diligence of a purchase
- Common mistakes optometrists make
 - Offering best terms up front
 - Determining market value
 - Not knowing market availability
 - Trying to save money without representation
 - Talking to the seller or landlord directly
- Advantages of representation
 - Time
 - Understanding all your options
 - Saving money
 - Peace of mind

- Customized game plan
 - Assembling the best team
 - Free cost of representation
 - How to verify experience
- Questions and answers
 - Negotiations during a practice sale / transition
 - How real estate effects a practice sale / transition
 - Open forum

Objectives

- Understand the pros and cons of Purchasing
- Understand the pros and cons of Leasing
- Demonstrate the ability to properly evaluate a purchase vs lease comparison spreadsheet
- Understand the required steps and timelines of purchasing
- Be able to create additional viable options for your office space to strengthen your ability to negotiate successfully
- Understand the magnitude of how much money is on the line in each negotiation