



Leasing 101 for 2021

By Karen Zupko

The environment in which you practice is part of your brand. It is “home” for the patients you treat and depending upon amenities and location, it can become a strong point of differentiation. Real estate decisions represent a significant opportunity to either secure a “good deal” or cost you dearly. Unfortunately, many physicians “don’t know what they don’t know” and stand to lose substantial amounts of money.

Here are some excerpts from an interview conducted by Karen Zupko with Clint Herrema of KLAS Healthcare Realty. We think you’ll profit by some powerful guidance if you are considering leasing, buying or renewing real estate for your practice.

Karen: You have said, “Lease renewals are the number one transaction in real estate that leave the most value on the table in favor of landlord.” Can you explain?

Clint: There is a wide spectrum of sophistication levels among landlords. To a landlord, the value of the lease is whatever the tenant is willing to pay. If you are the landlord, it is all about maximizing profits. At a lease renewal, a landlord will ask the listing agent or property manager to go through a checklist such as, “Does the tenant have anyone representing them?” “Do they know their market options?” “What are their long-term plans?” etc. The more the landlord knows, the firmer their posture in a renewal negotiation. If the answer is “no,” to having representation for their decision making, then guess who has the leverage? It only shows the landlord, that the tenant has no true interest in considering alternate options, consequently leaving money on the table. Regarding Lease Renewals for your current lease, once a landlord understands their client is educated (has representation), they tend to treat the tenant with respect and do their best to compete to keep them.



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Karen: True or False: Doctors can save commission fees by negotiating on their own behalf.

Clint: FALSE. The biggest misconception we encounter is about who is paying fees. Whether you are a buyer or a prospective tenant there should be no fees. Landlords have listing brokers and agents. Landlords pay the fees. If you, as the “buyer” have no representation, the landlord’s agent will get a fee for both sides of the deal. Do you want the landlord’s agent representing you? It doesn’t cost you—the buyer/tenant—any more to have representation of your own, yet some physicians still don’t understand that. KLAS’ partnership of healthcare specialty brokers

across the country can assure independent physicians with the same type of representation and advocacy as hospital systems or any Fortune 500 Company would be afforded.

Karen: Tell us the 3 biggest mistakes practices make whether buying or leasing space.

Clint: There are major risks to a DIY approach.

- **Calling on a prospective property by yourself.** This is one of the most common and costly mistakes. The minute you make a call, the negotiation has begun. The person on the other end immediately begins assessing you...Are you credit worthy? How much do you know about the market? Do you know your options? They quickly put together a profile on how much to give on price and concessions. When a doctor goes direct, I can almost guarantee they will lose money.
- **Using a financial advisor as your agent.** Financial advisors know the numbers, but they do not necessarily know real estate. The interpretation a CPA delivers may

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cause a bad decision. I had a doctor working with his CPA to purchase a building in which he was leasing. The CPA pulled tax assessment records and went to the owner and told him his building was worth “x.”

- **Allowing your attorney to negotiate the price.** We all need a professional support circle around us. Just recognize when you are asking someone to step out of their “lane.” When an attorney negotiates a lease rate or purchase price it can be considered malpractice. Legal advisors deal with the legal component, the real estate agents deal with the economic side of negotiation and market expertise. You need both involved.

Karen: We have focused primarily on physicians who lease or want to purchase. What about physicians who own their own real estate?

Clint: It is paramount that physicians who own real estate should understand the term and value of what is known as a Sale Leaseback strategy. Real Estate ownership builds equity over time. Generally, the purpose of this equity is to one day use it. Sale Leasebacks can be a profitable strategy to structure your own lease and sell the real estate to an investor 3rd party. This often results in above appraisal values back to the physician. Owners liquidate their equity for a variety of reasons. Sale leasebacks are a strategic option. Reviewing your real estate value is always a good idea.

Karen Zupko is president of KarenZupko & Associates, Inc. The firm has been advising and educating aesthetic plastic surgeons and their staff for 35 years.

Clint Herrema is the Principal Broker with KLAS Healthcare Realty, LLC. His knowledge and experience regarding strategies and options available specific to the healthcare industry make him a powerful advocate for physicians and their real estate needs.

Meet Karen Zupko at The Aesthetic Meeting 2021

Optional Education with Additional Fees

Friday, April 30

8:00am–2:00pm

Skills for Successful Patient Coordinators

Friday, April 30

4:30pm–6:30pm

Patient Coordinator Alums: Overcoming Scheduling Objections

Intensive Courses

Saturday, May 1

2:00pm–4:00pm

Successful Principles for Non-Surgical Services: Fast Track Your ROI

Sunday, May 2

2:00pm–4:00pm

Relationship Marketing: What It Means and How to Put It in Action

Sunday, May 2

4:30pm–6:30pm

Staff: Your Biggest Expense or Your Biggest Asset?

Aesthetic Care Team Session

Monday, May 3

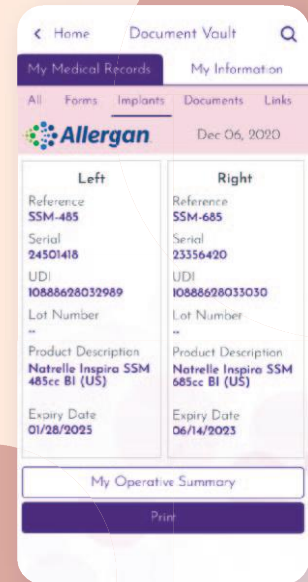
9:30am–11:00am

Managing Up and Down and Inside Out

11:00am–12:30pm

Managing Conflict in Your Practice: Case-Based Discussions

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1

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2

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