



Veterinary Group Opens A Location In A New City With Incredible Lease Terms For A Much Larger Space

1) Introduction

For many years Texas Vet Group had been a client of Practice Real Estate Group (PRG). They were ready to expand out of a large metro into a mid size city. One member of the vet group's team wanted to look in San Antonio, in a specific neighborhood he had lived in and knew well.

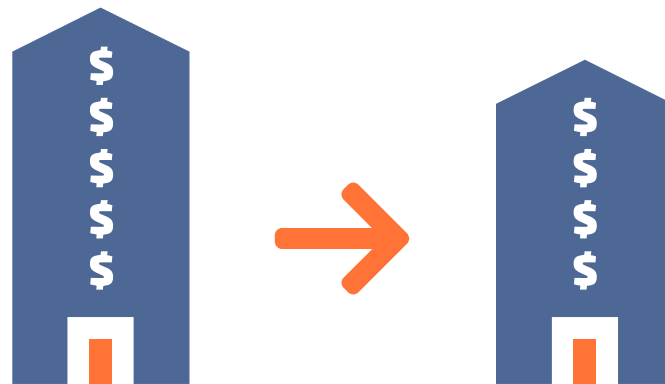
2) Challenge

Texas Vet Group wanted to find real estate in a neighborhood where the residents' incomes could support the business, but the neighborhood they were set on was in a more mature part of town with businesses staying put and no turnover. The small retail shops in the area had been there for years. The commercial retail spaces were accommodating the neighborhood but not much more, so parking was limited in the few available spaces on the market.



3) Solution

Through their in depth property search, PRG found a stand alone commercial property that had been occupied for the past 20 years was now on the market. Texas Vet Group's other locations were stand alone spaces, so they felt very comfortable with the parking arrangements and upkeep that would come with the lease. The building was located at a hard corner intersection with light, which made it impossible to miss. It checked the high level boxes of a great location.



▶ **The building was 20% bigger than Texas Vet Group needed, so PRG negotiated the price down on rent to match what the rental rate would have been at a smaller space.**

4) Our Approach

The building was 20% bigger than Texas Vet Group needed, so PRG negotiated the rent price down to match what the rental rate would have been at a smaller space. PRG's good relationship with the landlord's broker made that smooth negotiation possible, and paved the way for a significant ask for tenant improvement allowance. Due to the age of the building, it would need to be completely gutted on the inside, so Texas Vet Group's investment would be immense compared to a traditional retail shell space.

5) Roadblocks

As with any veterinarian's office, zoning can be an issue. Surrounding businesses can be nervous about noise and loose pets. With no guarantees and the potential for blind spots, PRG included a permit contingency in Texas Vet Group's lease. The permit contingency meant that Texas Vet Group could terminate their lease and be released from obligations if the city decided not to grant their permit for a vet office.

With the zoning concerns addressed, Texas Vet Group ran into another roadblock - asbestos. The building was at least 50 years old but it had documentation of an asbestos check in 2004. PRG suggested that a contractor come out to check anyway, instead of just taking someone else's word for it. The negotiations were moving smoothly and quickly. The contractor's confirmation would be the last step. Then, just before signing the lease, the contractor alerted PRG that he had found asbestos in the building. It could have left Texas Vet Group in a lurch. Who was going to pay, the client or the landlord? Texas Vet Group decided to pay, control the removal and overlook the entire process. Meanwhile, PRG was negotiating a huge mass of free rent.

6) Results

From finding a stand alone building for Texas Vet Group to replicate their success, to their in depth knowledge of details including a permit contingency in the lease, PRG protected their client every step of the way while positioning them for success long after the lease was signed.

PRG's value in this case extended far beyond finding an available space in a specific small neighborhood in a mid size metro. PRG relentlessly pushed for clarity by knowing what to ask for, when to ask for it, and not being afraid that an unfavorable answer would mean losing a deal.

With incredibly skilled negotiations, PRG saved Texas Vet Group over \$500,000 in free rent and TI allowance, with \$360,000 of that savings coming from the lower rental rate to make up for the larger footprint of the building.

Call us at (512) 761-7101 or send us an email at info@practicerealestategroup.com to explore your healthcare real estate needs.