



# Doctor Uses Data and Ingenuity to Convert Empty Building Into a Specialty Practice

## 1) Introduction

Dr. K is a skin cancer specialist with several locations. As a seasoned entrepreneur and physician leader in his community, he had the confidence and experience to try something new: a retail focused dermatology concept with exceptional service.

Initially, Dr. K was working with a broker that represented both tenants and landlords. After reflecting on that experience, he realized that the only locations his previous real estate agent was showing him were offices owned by the landlord she also represented. He began to wonder if this was a conflict of interest — were those previous office spaces really the best locations or were they simply the ones the landlord needed to fill?

For his new concept, Dr. K wanted to make a data driven decision — he wanted to choose a retail office based on pre-existing competition and local demographics, not convenient network connections. He reached out to Practice Real Estate Group (PRG) — who exclusively represents physicians — to help him find the right location.

## 2) Challenge

Dr. K was not sure which Houston suburb he wanted to be in, so PRG conducted a dermatology market study that encompassed 500 square miles around Houston, Texas — from the Gulf Coast to the suburbs. From there, PRG identified a few areas that were underserved — where dermatology offices were rare — and focused on spaces in those markets.

## 3) Our Approach

Dr. K chose a wealthy, growing community whose demographics could already support cosmetic dermatology procedures. However, due to high demand, there was very little retail space on the market. PRG was instead able to find Dr. K a bank building with an open and completely accessible second floor. The office felt like retail to him — plenty of parking, windows, and easy access. (Not to mention that the signage would be incredible in such a large property!) Dr. K's PRG agent submitted an LOI and, although negotiations seemed to be taking longer than usual, everything else seemed to be going smoothly. A month later, however, the landlord's agent still had not sent a contract.

With no movement on the contract, PRG advised Dr. K to keep looking. They went back to one of the other locations that surfaced in the competition and demographics report. The space was empty and Dr. K would be able to fully realize his new concept there.



## 4) Roadblocks

Because Dr. K was buying a completely empty space, he needed to convert the area into a functional medical office.

Fortunately, the PRG agent working with Dr. K had launched a Medical Services Organization about a year prior to this search. The goal was to bring together lenders, contractors, architects, consultants, and agents that could support each other's clients. PRG prides itself on being extremely discriminating with network connections. The brokerage only introduces clients to high quality industry contacts with whom there is a work history and track record of excellence. The Medical Services Organization was launched to foster the working relationships within that network.

Dr. K's PRG agent referred him to an architect from the Medical Services Organization that had worked on over 100 locations nationwide. However, Dr. K chose an outside space planner instead and the path to opening became less certain.

Unfortunately, the space planner had no experience measuring a space, converting those measurements into a CAD file, or designing a floor plan.

## 5) Solution

With PRG advocating for Dr. K, the space planner hired an architect with the skills and experience needed to design a floor plan. All the while, Dr. K's agent was negotiating with the landlord for the extra time it would take to open after these significant delays.

## 6) Results

Ultimately, Dr. K's agent negotiated a significant tenant improvement allowance to ensure Dr. K could build out the office to align with his new concept. In addition, Dr. K received a lengthy build out period wherein he would not have to pay any rent. This window allowed him plenty of time to prepare for opening, despite the design delays.

Dr. K designed his new office exactly how he wanted it and opened in a suburb that allowed him to see patients on opening day.

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