



Pediatric Dentist Purchases Building and Finds Profitable Partnership In the Process

1) Introduction

Dr. N was a pediatric dentist looking to launch a practice on the South Coast of Massachusetts.

After unsuccessfully interviewing another healthcare realty company, Dr. N was encouraged by his lender to talk to Practice Real Estate Group (PRG). Dr. N listened to the lender's advice and gave the Boston-based PRG agent a call on the Fourth of July holiday weekend. Dr. N was expecting to hear a sales pitch about a property search, but instead he heard about the journey to entrepreneurship — from market analytics through opening day. The agent took the time on a holiday weekend to share how PRG makes real estate decisions based on data — and pushed Dr. N to do the same, regardless of which brokerage he chose. He told Dr. N to start by finding opportunity zones in his preferred market and walked him through each layer of research PRG provides to clients to determine successful locations. After thinking about it over the long weekend, Dr. N confidently chose to partner with PRG to find a location for his first practice.

2) Challenge

After researching the market, demographics, and competition, PRG began compiling property reports and scheduling tours. As Dr. N visited each site, he saw first hand where the offices were located, how they looked and felt on the inside, and the value in each one.

PRG submitted LOIs on a few spaces, but the one that really stood out was too large for Dr. N's vision. He was eager to get a small practice up and running with 4-5 operatories but the location he liked best was simply too big. Although the rental rates were lower than expected, the space itself was 1,000 square feet larger than he needed.



3) Roadblocks

As PRG began negotiations with the building's broker, the agent found out that the landlord was looking to sell. Instead of shying away from this unexpected information and imagining a worst case scenario that could compromise a potential lease, Dr. N's agent engaged the landlord to find out more. PRG found out that the seller was a pediatrician — an excellent referral source for Dr. N's pediatric dentistry practice. Although the seller wanted to keep his practice open in the same building, he no longer wanted to be landlord. What made this possibility especially exciting was that the pediatric practice had been located in the building for 25 years and had a strong reputation with the community and the business was doing well. The practice included several seasoned doctors as well as newer, younger associates to keep it running.

4) Our Approach

The building itself was expensive, and with repairs and updates needed, would require a much larger investment than a lease — but Dr. N wanted to explore the possibility of a purchase. PRG moved forward and ran several financial analyses on the property, including current and future profitability. PRG talked to attorneys who explained the leaseback process with the existing tenants, including the doctor who was selling the property.

PRG also brought an excellent referral network to the table — from financiers to equipment suppliers. Dr. N interviewed and conducted walkthroughs with these vendors so he could truly understand the costs of renovation and updates.

5) Solution

Dr. N's agent had an idea that could solve both Dr. N's financial and space concerns: bring in a partner — and he had the perfect partner in mind. His agent called a local orthodontist who already had multiple locations and who jumped at the chance to own a property and get into a new market. This partnership would allow Dr. N to easily expand his business and serve families more comprehensively.

With PRG advocating for them at the negotiating table, the partners got a significant reduction in the sales price and the building appraised for much higher than the listing price.

6) Results

The PRG agent had the foresight to see a pediatric dentist and orthodontists partnership practice as a wave of the future and was excited for Dr. N and his business partner to realize that vision and to experience business growth as a result.

In less than a year and a half, the partners have seen their 1,000th patient. The business is doing so well that they are looking for additional locations. What's more, Dr. N loves what he does and he is in a setting where it can really shine through.

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



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