



PRACTICE REAL ESTATE

CLIENT CASE STUDY

PE-Backed Group Doubles Veterinary Real Estate Footprint with PRG

INTRODUCTION

Kevin Smith knew Practice Real Estate Group (PRG) after working with them in the dental industry. While on the leadership team at a dental service organization (DSO), Kevin relied heavily on PRG's data and site selection to help the company expand rapidly.

Kevin was then recruited by Corporate Vet Group (CVG) to be their COO. In this role, he was expected to replicate the success he achieved for his previous employer and lead CVG through an efficient and strategic veterinary real estate expansion. At a midweek leadership team meeting, Kevin learned that CVG received another influx of cash from private equity. He would need to execute a de novo strategy from an operations perspective and would need someone else to help with the real estate. He felt the pressure to get it right. Further, he had to mitigate risk. CVG was about to enter multiple regional markets where they hadn't yet opened vet clinics. Those first sites needed to be positioned for success.

Walking out of the meeting, Kevin's first call was to PRG.

CHALLENGE

When Kevin hired PRG, CVG only had 12 locations and one real estate agent in-house. The company wasn't staffed in a way that matched its ambition. There was no one to serve as a liaison to the board, no construction contractor on-call to visit sites, and no one focused on internal reporting and tracking progress toward the growth goal. There were also no processes for ongoing communications and site reviews.

OUR APPROACH

Immediately, PRG dedicated agents to CVG's expansion and they stepped in with the responsiveness and focus of an in-house veterinary real estate team. The PRG agents managed all of the back office and internal work as CVG decided how they would hire and get up and running. PRG also applied its corporate site selection process, which allowed both PRG and CVG to stay focused on the quality of the sites, ensuring that CVG's start-up stage didn't get in the way of getting the right leases signed with the right terms.

In addition, PRG set up a construction walk-through on each site to ensure that the space would work for veterinary use. They asked about power to the building, plumbing capacity, and where the animals would have outdoor access. The agents also oversaw plans, permitting, and managed build-out times.

As CVG developed its vision for expansion, it also decided to offer veterinarians an equity stake in their start-up practices. Real estate wasn't just a financial opportunity, the CVG team realized that location was an important hiring tool as well. They weren't going to attract entrepreneurial veterinarians to sign on as partners if they offered lackluster locations. The group used PRG's in-house demographics and hand-checked competition reports to incentivize the veterinarian partners.

ROAD BLOCKS

CVG's lack of processes and internal veterinary real estate knowledge was certainly an issue. But, working with a new private equity-backed company with a new PE partner and a new CEO that all presented competing priorities compounded it. PRG heard questions like, *Why aren't we getting more for free?* And *Why can't we have more reserved parking?*

THE SOLUTION

PRG set up biweekly calls to address CVG's questions in real time. Because PRG negotiates a whole deal, not just one-off terms, it took time for CVG to understand that they might get one less month of free rent in order to lock in a lower base rent, ultimately saving them tens of thousands of dollars on the life of the lease.

RESULTS

Trust grew, and as their exclusive brokerage team, PRG took CVG from zero to nine locations in Central Texas in less than two years, with five more in the deal pipeline.

While PRG managed the veterinary real estate and operations, CVG was able to staff for growth. They now employ four real estate agents in-house along with five construction managers. CVG focuses on all internal processes like site drawings while PRG manages all of the external communications, like managing landlords, their brokers, and all negotiations.

PRG still leads CVG's search process and hosts biweekly calls. On the calls, PRG takes time to advise on the market, field questions, and hesitations, and present the latest round of qualified sites. In addition, PRG's dedicated agent and administrative lead maintains a database exclusively for CVG that the client has access to 24/7.

CVG has "planted a flag" in a once-untouched market and is positioned for exponential growth inside and out.

Practice Real Estate Group guides doctors and healthcare groups through their most critical real estate decisions. Our mission is to be the most trustworthy and knowledgeable real estate team our clients ever work with.

Call us at **(512) 956-5076** or send us an email at **Engage@PracticeRealEstateGroup.com** to explore your healthcare real estate needs.

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