

Medical Real Estate Challenges for Retiring Doctors

By Mark Alexander, CCIM

When doctors finally retire after a career of helping their patients, two numbers will become important to them. They are the value of their medical practice and the value of their medical office property.

The first number is their practice value. Unfortunately today, most doctors believe there is little if any value in their medical practices. Most view their medical practice simply as a vehicle to earn their living. After all, what's to stop a young doctor just out of residency from renting or buying a medical office located across the street from that long-term practice being offered for sale by the retiring doctor?

The next important number to doctors as they near retirement is their medical office property value. Unfortunately, more than half of the doctors in each town in America do not own their medical office where they practice medicine. So, most doctors spend a decade or two building up lovely piles of rent receipts instead of building up equity in their medical office property. For those doctors that do own their medical office property, they have a few different choices on how they can sell their medical office property prior to retirement. Depending upon which option they choose to sell their medical office property, will determine whether they lose or gain as much as a 30% difference in sales price. Making an educated decision at this point in their career will certainly put more money in their pocket as they sail off into their retirement sunset.

But making an educated decision on how to best sell their medical office building is not always an easy thing. You see, they don't teach this stuff in medical school. I have had many doctor friends & clients tell me that after all their many thousands of hours of school training to earn the right to put "MD" after their name, they only had a maximum of 30 hours of business training...or less. Yes, we have all heard the jokes that doctors are not always the best business people. But you see...it is not their fault. You are hard pressed to find anyone with more education than a doctor, but their training and focus is on medicine...not business. Yes there are exceptions to every rule and I have met a few doctors who are also exceptional business people.