

FINDING THE RIGHT SPACE

By Renee Knight, Editor, TND

The thought of opening a new practice can be overwhelming. While you're excited about the possibilities and can't wait to start seeing patients in your brand new office, you're also a little nervous about the steps you'll have to take to get there.

Finding the right space is one of those steps, and one that is vital to your future practice's success. But if you're like most dentists, you probably don't have a lot of experience with commercial real estate and have no idea where to start.

That's where a space finder, or a dental specific real estate advisor, comes in. A good advisor will guide you through the process, making sure you find the best space for your practice while also negotiating the best terms possible with your new landlord, including rental rate, rental abatement and tenant improvement allowance.

"Anyone can drive down the street and jot down addresses or go online and find spaces," said RJ Przebinda, of the Gold Leaf Group in Pasadena, Calif. "Qualifying the spaces and vetting them with the doctor is where the space finder

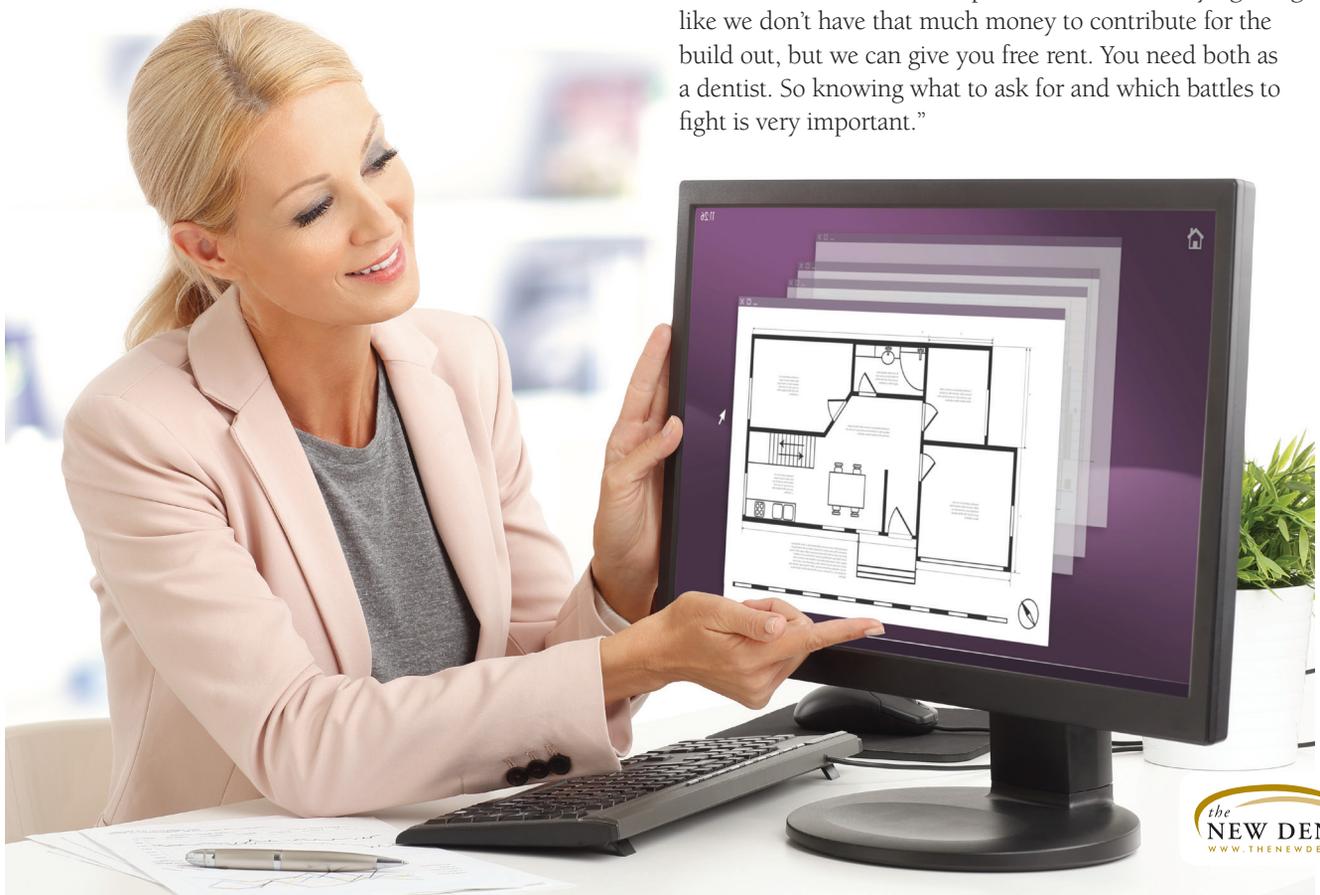
comes into play. The space finder guides the doctor through the physical, practical and legal attributes of the property."

The benefits

While you're excited to find the perfect space for your practice, you're not a real estate expert. You're a dentist who would much rather spend time treating patients than negotiating lease terms. A dental real estate advisor knows the ins and outs of commercial real estate, and will find properties that fit your needs much faster than you could on your own—and will handle all the negotiating on your behalf.

A space finder can help you interpret what the landlord is saying and how the landlord might react to certain negotiation points, Przebinda said. A good advisor also knows what's reasonable to ask for, when you should push back and when it's better to back off.

"I've worked with quite a few doctors who didn't even know they could have their own advisor," Przebinda said. "They don't realize they can get free rent and an improvement allowance, which is the landlord's contribution to the office build out. Landlord reps are infamous for saying things like we don't have that much money to contribute for the build out, but we can give you free rent. You need both as a dentist. So knowing what to ask for and which battles to fight is very important."



Remember, the landlord and the landlord's representative want to give you as few incentives as possible, said Joseph Rossi of the Chicagoland-based Joseph Rossi & Associates Inc. If you hire a space finder, you'll have someone representing your interests who has the expertise to get you those incentives.

An experienced space finder also can help you find potential deal killers—saving you a lot of time and frustration, Rossi said. An infrastructure that doesn't have the electrical or HVAC upgrades to support a dental office, or an older building that doesn't support the plumbing you'll need are examples.

And while a space finder is vital to helping you find the right property, you'll need a team of professionals to help guide you throughout the rest of the process, Rossi said. Your space finder can help assemble these professionals, including a contractor, business rep, accountant and attorney.

"A really good space finder gives dentists a much broader look at the whole process, as opposed to just working on real estate," Rossi said. "I work hand-in-hand with the vendors. I've done probably 65 startups in Chicagoland, and being familiar with the process and some of the pitfalls adds a lot of value to the doctors."

What to expect

When you first meet with your space finder—which should happen right after your loan is approved—you'll go over what type of practice you plan to open, your philosophy of care, your

TIP

To find an advisor, start by asking colleagues in your area who opened their practice, Przebinda said. Ask other local professionals such as contractors, dental consultants and equipment reps to point you in the right direction. A Google search can also help.

target demographic and where you want to live, Rossi said. This will help your advisor hone in on properties that will work best for your practice vision.

Once you identify properties that match your criteria, you'll tour those properties—together.

"I insist on going with the doctor to look at the properties," Przebinda said. "We spend at least a few hours talking about things they might not have even thought of. This allows me to help the doctors ask themselves questions, and come to realizations they might not have had without these discussions."

Your space finder should show you different opportunities in your area; don't just settle on the first one you see, Rossi said. He encourages his clients to find multiple spaces that fit their needs, and then to begin negotiations at the same time. The process is dynamic, and things can change rapidly. If you have your heart set on one property and something goes wrong, you're back to square one.

While your space finder is negotiating the lease, start working with equipment reps and a contractor to determine how you'll transform the space, and to quantify what the construction costs will be, Przebinda said. Your advisor will include that feedback in the real estate negotiations. Starting the design process at this point will help ensure you move swiftly through the build out once the lease is signed.

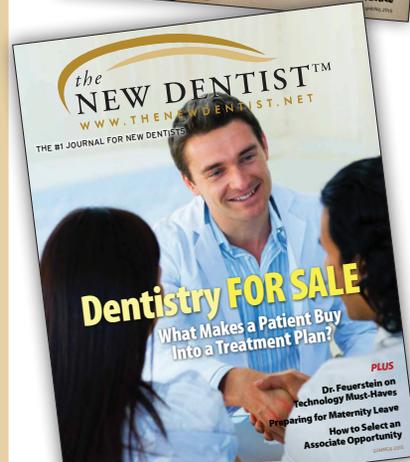
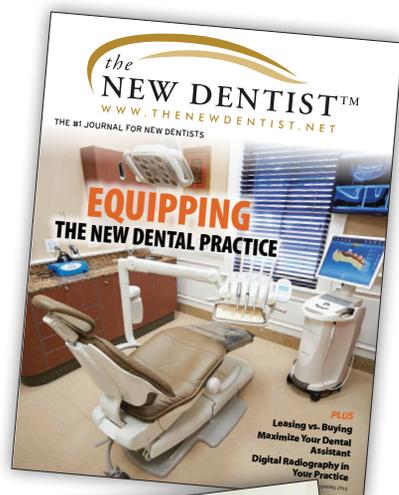
What to look for

When hiring a space finder, look for someone who has experience in dental real estate and knows how to deal with the various situations that come up during lease negotiations, Przebinda said. You need someone who lives within two hours and can easily meet you to tour properties, and who is willing to put the time in to find the perfect space for your new practice.

It's also important to have a rapport with your advisor and to build trust.

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You're going to be spending a lot of time together, so you should be comfortable talking with him about your goals and concerns. If you want to get the most out of this relationship, be honest with your space finder and listen to his advice.

It doesn't have to be overwhelming

You don't have to be a real estate expert to find the right location for your practice. A space finder will help you locate the property, and make sure you understand the terms of the lease you're signing—after working on your behalf to get the best deal possible.

Dentists actually have more leverage when signing a lease than they realize, Przebinda said, and there's so much more to the process than negotiating a rental rate. There are several negotiation points that can affect your practice, from how you transition out of the lease if there's an opportunity to buy to how many associates you can hire, which is why it's so important to have someone on your side who knows what these points are.

Remember, even with a space finder this is a process that takes time. Be patient and work with your advisor to find that perfect space, and you'll be well on your way to opening the practice of your dreams.

"A good advisor will understand and solve problems as much as possible from the beginning," Przebinda said. "Once you sign the lease all your leverage is gone. This is a huge investment, and you can't just pick up and move out a year later. Take advantage of opportunities at the beginning of the process to get the best terms possible for yourself and your successors." **tND**