PRACTICE MANAGEMENT

REAL ESTATE: INVEST IN THE FUTURE OF YOUR PRACTICE

These financial, operational, and strategic considerations can help you make the right decision between renting and owning.

BY JEFFEREY T. BROCKETTE, MSHA

For most retina specialists, investing in real estate is a major decision. However, the question isn't whether it makes sense—it's how to approach it in a way that fits your practice. It's important to recognize that real estate decisions don't sit in one lane; they touch operations, finances, strategy, and even culture. Without a carefully constructed strategy to go about purchasing real estate, it may become easier to over-analyze every deal or put it off entirely.

When making important real estate decisions, start by focusing on three crucial areas: strategy, financial structure, and operations. Within each of these three areas, explore at least three options, rather than relying on one perspective.

KEY TAKEAWAYS

- Real estate decisions don't sit in one lane; they touch operations, finance, strategy, and even culture.
- Talking through different real estate structures with multiple advisors–rather than relying on input from a single source–often reveals options that make the path forward feel more manageable.
- Hybrid real estate structures can take several forms, including physician ownership alongside outside capital partners, joint ventures with developers or health systems, or staggered buy-in models that allow newer partners to participate over time.

PRACTICE CULTURE

Ownership tends to create a stronger sense of alignment and long-term commitment among physicians, particularly when they are participating in both the practice and the real estate entity. It supports a practice's legacy and can provide greater control over the clinical environment, which, in turn, affects workflow, efficiency, and patient experience. Leasing, on the other hand, can offer more flexibility—particularly in early-stage growth or when entering new markets.

Each approach can support a healthy culture, but ownership reinforces stability and long-term planning, while leasing lends itself better to supporting adaptability.

DEVELOPING A STRATEGY

Before getting into numbers or deal terms, it's worthwhile to step back and think about where your practice is headed. Rather than locking yourself into a single direction early in the growth of your business, consider a few different paths:

- A leasing option
- An ownership option
- A hybrid or partnership structure

Leasing offers flexibility, lower upfront capital requirements, and can be a good fit when entering new markets or during periods of uncertainty. Ownership provides long-term control, equity creation, and alignment with a long-term growth strategy. Hybrid structures—such as partial ownership, joint ventures, or partnerships—can allow practices to participate in real estate, while sharing risk and capital requirements. The choice between these three models typically depends on the practice's growth trajectory, capital availability, and appetite for long-term investment.

In most cases, there isn't just one solution—and this is exactly where it's helpful to get multiple perspectives. Talking

through these scenarios with a few different advisors—rather than relying on input from a single source—often reveals options that make the path forward feel much more manageable. Advisors typically include commercial real estate brokers, attorneys who specialize in health care, lenders, architects, and, sometimes, development partners. In addition, many physicians find it valuable to speak with peers who have gone through similar transactions. The goal is to gather multiple perspectives across both the clinical and real estate sides of the decision.

As an example, we had a project that started as a retail building—about 40,000 square feet, right along a major interstate. Although it wasn't originally built for health care, it had the right fundamentals: strong access, great visibility, and enough flexibility to rethink the layout.

The key takeaway here is that viable health care real estate opportunities do not always start as traditional medical office spaces. In this case, the decision was driven by location—visibility, access, and adaptability—rather than original use. Evaluating multiple types of properties and engaging different perspectives helped us find a real estate opportunity that may have been overlooked under a more traditional approach.

THE FINANCIAL SIDE

Practice owners and managers are often overwhelmed by the perceived complexity around the structure of various real estate decisions, particularly buy-ins, buy-outs, and how to handle partners at different stages. These are important to consider carefully, but they shouldn't impose a barrier.

Common considerations include how physicians enter and exit the investment, how ownership is allocated, and how risk is shared. Hybrid structures can take several forms, including physician ownership alongside outside capital partners, joint ventures with developers or health systems, or staggered buy-in models that allow newer partners to participate over time. These structures are often customized based on the size and goals of the practice.

There are multiple ways to approach real estate strategy and ownership structure, such as bringing in capital partners, which may include other physicians, developers, health systems, or institutional investors. Most structures involve more traditional real estate partnership rather than private equity. Other approaches include structuring staggered buy-ins or designing ownership models that evolve over time.

When considering the financial aspects of real estate, consult with at least three lenders before signing onto a loan, compare multiple term structures, and understand the different guarantee requirements and risk profiles available. Project owners are typically comparing interest rates, loan terms, amortization schedules, prepayment flexibility, guarantee requirements, and overall risk exposure. The goal is to align financing with the intended hold period and long-term strategy of the asset.

"Physician ownership of real estate creates a powerful, parallel path to wealth alongside clinical income," said Andrew Laverghetta, MBA, CEO of Southeastern Retina Associates in Knoxville, Tennessee, regarding his experience with the practice. "Because rent is an unavoidable cost of operating a practice, directing those payments toward an entity you own allows you to capture the long-term value through equity and appreciation rather than surrendering it to a third party. Just as importantly, developing and owning property strengthens relationships with lenders, which can translate into broader financial advantages for physicians beyond the practice itself."

The key takeaway is that owning real estate can serve as a complementary financial strategy alongside clinical income, while also strengthening long-term relationships with financial institutions.

OPERATIONS

Operations in this context refers to execution—how the project is actually implemented. This process generally includes selecting and managing brokers, architects, contractors, and development partners. Key considerations include experience with health care projects, understanding of clinical workflows, cost discipline, and alignment with the practice's goals. These considerations apply to both ownership and leasing, although ownership typically involves a broader scope of decision making.

BUILDING WITH THE FUTURE IN MIND

"Owning our real estate gives us control over our future—operationally and financially. It turns a fixed expense into a strategic asset, supports long-term planning, and ensures that the space we practice in evolves with our physicians and patients," said Stephanie Collins, MBA, CEO of Austin Retina in Austin.

There's no single path when it comes to leasing, ownership, and hybrid approaches to real estate. Regardless of your ultimate decision, when your strategy aligns with how care is delivered, how your teams operate, and how your practice grows, you will be equipped to create an environment that better supports physicians, staff, and, most importantly, patients. ■

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- Financial disclosure: Founder and Principal (Vue Realty, an affiliate of Texas Retina Associates)
- AI disclosure: The author used ChatGPT to support drafting and editing of this article. All concepts, opinions, and content are the author's own.