



Practice Transitions Made Perfect™

Newsletter Article Reprint

From Hy's Desk: Owning or Leasing your Office Space

September 2007

For many years dentists have asked my opinion as to whether they should buy/build a building or condo for their office. It is a decision that has long been debated in the business community and that can only be answered after evaluating the reasons for considering the options of owning versus leasing.

If a dentist leases a premises, 100% of the lease payments are written off on taxes each year and if there have been leasehold improvements, the cost is amortized (written off) over 39 1/2 years. If buying an existing structure, the interest paid can be deducted, and again, the leasehold improvements are amortized over 39 1/2 years.

Ownership can provide predictability in the facility costs to the practice, where leasing exposes the dentist to escalating lease and maintenance payments. Ownership also provides, in most cases, some investment advantage as the property appreciates in value.

I have always suggested that each option has its advantages and disadvantages, until now!

It has come to our attention that there is a trend in the leasing marketplace for landlords to try to take advantage of tenants by including language that allows the landlord to participate in the proceeds of the sale of the practice. That's right - they get a piece of your goodwill!

I encourage you to read the following article about the increasing issues with landlords and leases.

A handwritten signature in black ink that reads "H. M. Smith".

Hy Smith, MBA
Managing Member

Practice Transitions Made Perfect™

Licensed Real Estate Broker and Exclusive Florida Broker for ADS - Nationwide

ADS Florida, LLC | 5100 Tamiami Trail North, Suite 106 | Naples, FL 34103 | <http://www.ADSflorida.com> | (800) 262-4119