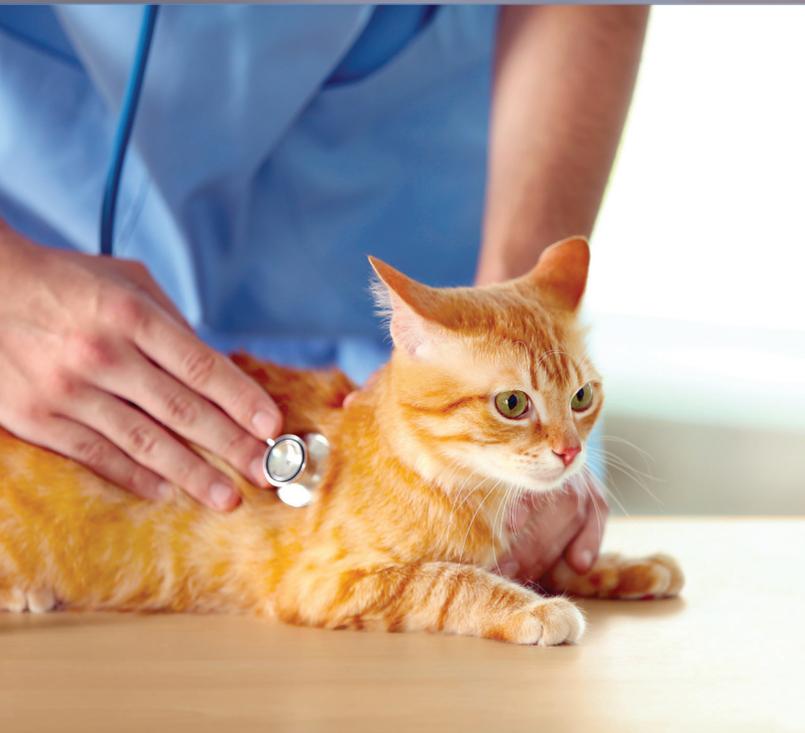




## PROFESSIONAL OFFICE LEASE NEGOTIATORS VS. REAL ESTATE BROKERS/AGENTS



What are the key differences between professional **Veterinary Office Lease Negotiators** and the services of a Real Estate Broker or Agent?



# CIRRUS VS. A REAL ESTATE BROKER/AGENT: WHAT IS THE DIFFERENCE?

➤ Although a real estate broker can help you find a great location, they may not be equipped with the technical knowledge & experience necessary to negotiate a strong lease for you. ◀

Finding the ideal location for your veterinary clinic is always exciting, but before you break out the bubbly and sign your name on the dotted line, **it's important to conduct a thorough review of the details in the veterinary office lease agreement.**

## WHY IS THE VETERINARY OFFICE LEASE SO IMPORTANT?

The standard lease agreement is typically a 50-70 page document that outlines the tenant and landlord's obligations to one another for the duration of the lease term. This contract is one of the most important and expensive contracts you will ever sign as a veterinarian, engineered by landlords to maximize the value of their properties.

Having spent over 20 years representing doctors in lease negotiations, we have experienced many unfortunate instances where landlords become roadblocks to clinic sales, expansions, and more. A strong lease can set you up for a long and profitable veterinary career while a bad lease can provide your landlord lease termination rights, relocation privileges, or the right to collect proceeds of your clinic sale. Reviewing the terms within your lease is a critical part of opening a veterinary clinic, however, this important step is often overlooked.

SERVICES	Broker/ Realtor	Cirrus
Space finding	✓	✓
Develop real estate plan		✓
Analyze existing lease (if applicable)		✓
Market research	✓	✓
Veterinary office lease review and rent analysis of new lease		✓
Economic term negotiations with landlord	✓	✓
Lease clause negotiation with landlord		✓
Final review of lease		✓
Follow up support from our team		✓



## HOW IS A REAL ESTATE BROKER COMPENSATED?

There is no cost to a veterinarian for brokerage services, however, brokers are typically remunerated by the landlord based on rental rates, the amount of square feet taken, and the lease term. As a result, brokers typically focus on the economic terms of the lease, which are normally outlined on the first page or two of the 50-70 page lease agreement or Offer to Lease (OTL).

What do real estate brokers do? The majority of their services include space-finding, reviewing offer forms, sale contracts, and providing advice during the buying/selling process.

### *Retaining the best representation for lease negotiations*

#### PROFESSIONAL VETERINARY OFFICE LEASE NEGOTIATORS

We often receive client referrals from our real estate brokerage partners for lease negotiation and review services. When it comes to deciphering the complex language in a vet's office lease, brokers often understand that it's important to seek the help of professional negotiators as there is little room for making mistakes. A skilled office lease negotiator can pinpoint veterinary-specific, hard-to-spot risks hidden in the lease, such as the relocation, demolition, or assignment clause, and devise an appropriate negotiation strategy to improve such terms and clauses in order to set you up for success before it's too late.

#### HOW ARE ATTORNEYS/LAWYERS DIFFERENT FROM VETERINARY OFFICE LEASE NEGOTIATORS?

Sometimes a practice broker will refer their veterinary clients to an attorney to review and negotiate the terms of the lease. The downside to this referral is that attorneys often lack the experience required to read and negotiate a *veterinary* office lease. A vet has very different needs than that of an accountant or retail tenant. The office lease must be structured in a way that protects the unique needs of a veterinary tenant, who will typically spend 20 years or more in the space, and invest hundreds of thousands of dollars in leaseholds and other build-out costs; there is more at stake and more to lose.

**Handing off the negotiation to someone without experience in *veterinary* office lease negotiations is like letting a massage therapist perform a root canal; just because they work in healthcare doesn't mean they are qualified to perform such a procedure.**

*It's recommended to investigate how many veterinary clinic leases a lawyer has negotiated prior to retaining them.*



# CRITICAL CLAUSES IN THE VETERINARY OFFICE LEASE THAT SHOULD NOT BE OVERLOOKED

## The Relocation Clause

An unexpected clinic relocation can be devastating to a veterinary practice for multiple reasons. Many “relocation clauses” allow the landlord to uproot the clinic with 30 days’ notice. Often all costs associated with the move, including the demolition of the current space and build-out costs for the new location, are the doctor’s responsibility, an easy \$200,000 in unexpected costs.

## Death and Disability Protection

In the event of an incident that leaves you unable to work, will you and your family be protected? Can you (or the estate) terminate the lease, or will your landlord continue to charge you and your family rent until the end of your lease term? A “death and disability” clause in the lease can protect your family and estate from carrying the burden of your debt.

## Practice Sale Restrictions

Can the landlord terminate your lease and kick you out of the building for inquiring about assigning the lease? Can they collect proceeds of your clinic sale? Often the “assignment clause” permits the landlord to 50% or more of the sale proceeds for consideration. Even worse, if they do not like the proposed tenant, they can deny your request altogether.

## Exclusivity Protection

The “exclusivity clause”, or lack thereof, could allow your landlord to move competing animal health professionals or retailers into the building. To properly protect your business from such a situation, the clause should list tenants that your landlord cannot lease to, such as other “animal health professionals” or tenants offering boarding/grooming services, etc. The more granular you get with your “use” provisions and exclusivity language, the more protection you have over potential incoming competitors. An exclusivity clause is a must for new practice owners.



# FULL-SUITE LEASING SERVICES FOR VETERINARIANS

## EDUCATED PRACTICE PLANNING WITH MARKET RESEARCH

Cirrus has access to extensive commercial and local market real estate data to help our clients make educated geographical choices. Here is a sample of some of the insightful data we bring to the equation:

- Building and office rental rates
- Building vacancy reports
- Available office locations
- Building landlord absorption rates
- Demographic information by geographic location

## TAKE PRECAUTIONARY MEASURES WITH YOUR LEASE

The success of your veterinary clinic and its ability to function, grow, and compete in the marketplace is highly dependent on the details outlined in your lease. The best defense is a good offense.

## UNPARALLELED LEASE NEGOTIATION EXPERTISE

Cirrus Consulting Group was founded by doctors *for* doctors over 20 years ago, providing an obvious edge and unrivaled level of understanding and expertise in healthcare leasing. We are proud to have successfully negotiated over 10,000 healthcare office leases. For this reason, we continue to be the market leader in the veterinary leasing environment, delivering the best results.

With a full-service comprehensive approach, we are able to provide a stress-free negotiation environment for our clients, achieving a better quality lease that offers protection and good economic terms. Cirrus handles the entire negotiation process from start to finish, with an in-house, world class legal team, managing all dealings with the landlord.



**What happens when you sign a bad veterinary office lease?**

<http://bit.ly/2nYo0a5>

**Call us today to learn more about our space-finding and lease negotiation services by calling 1.800.459.3413 or by visiting [www.cirrusconsultinggroup.com/vet-lease-review](http://www.cirrusconsultinggroup.com/vet-lease-review).**