



What real estate practitioners need to know when buying/selling vet clinics - by Jeremy Musella

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It is important to advise veterinary clients—when buying or selling clinics—as to the importance of real estate. Real estate is always a negotiated term, whether the real estate will be sold or leased.

When representing a seller who owns both the clinic and real estate, the seller must decide whether to become the buyer's landlord or to sell the real estate. Leasing the space to the buyer allows the seller to earn monthly revenue in the form of rent; however, a seller who has limited experience as a commercial landlord may opt to sell the land out-right to the buyer. Retaining the real estate also leaves a seller with the flexibility to sell the veterinary real estate to a company who specializes in said purchases. A middle ground approach is including a right of first refusal or an option to purchase in the lease agreement.

Whether representing a corporate-consolidator buyer or a solo practitioner buyer, identifying their long-term goals factors into their decision to buy or lease real estate. For example, a corporate-consolidator may ultimately wish to sell to a larger consolidator, and thus be less interested in purchasing the real estate and prefer a term lease with relaxed lease assignment terms. A solo practitioner who purchases the clinic may not have the capital to purchase the real estate at the same time. In this example, the buyer typically prefers a lease with an option to buy the real estate in the future.

Real estate in veterinary transactions is a critical deal point that should not be overlooked. When representing veterinary clients, it is best practice to discuss the client's long-term goals and the pros and cons of selling or leasing the real estate associated with the practice.

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