



YOUR GUIDE TO A SAFE DENTAL OFFICE LEASE RENEWAL

Does your dental office lease expire in the next 24 months?

If so, it's time to start planning your renewal negotiation with your landlord!

Achieving a good lease with fair and affordable financial terms requires extensive research, preparation, and a strong negotiation strategy. Follow our lease renewal guide to ensure you secure the best lease possible.

STEP 1

PREPARE EARLY AND IDENTIFY GOALS
BEGIN PLANNING FOR YOUR RENEWAL 24 MONTHS IN ADVANCE OF YOUR RENEWAL DEADLINE.

STEP 2

ANALYZE THE TERMS IN YOUR LEASE
REVIEW THE TERMS IN YOUR CURRENT LEASE TO IDENTIFY HIDDEN RISKS AND PROBLEM AREAS.

STEP 3

MARKET RESEARCH AND STRATEGY DEV.
STUDY THE MARKET AND DEVELOP A NEGOTIATION STRATEGY FOR IMPROVING THE LEASE.

STEP 4

THE LEASE NEGOTIATION
NEGOTIATE LEASE ECONOMICS AND HIDDEN RISKS, DOCUMENTING ALL MAJOR WINS.

STEP 5

FINAL REVIEW AND EXECUTION
PREPARE THE FINAL LEASE DOCUMENT, REVIEW, SIGN AND MAKE COPIES.

STEP 1: Begin Preparations Early & Identify Goals

Time equals increased leverage, and leverage translates into money in your pocket. Your landlord generally knows very little about the business of dentistry, but what they do know is that the closer they get you to the end of your term, the less time and leverage you have to negotiate a good deal because you are less likely to relocate for one. The fact is, the more time you have until your renewal deadline, the better the deal you are going to get. If you're within this two-year window, it's time to start preparing for your renewal negotiation.

Things change (sometimes significantly) in our lives every 5-10 years. Your practice, professional situation and needs today will be different from 5-10 years ago. You'll need various parts of the lease to work hard for you over the next 10 years versus the last 10 years.

You're probably not in the same place you were when you initially signed your dental office lease. How have your needs and practice goals changed since initially signing your lease?

- Are you now within 10 years of retirement and your practice sale?
- How is your health today versus how you felt 10 years ago?
- Do you have expansion plans in the future due to practice growth?
- Do you plan to bring in an associate to work with you?
- Has your debt level gone down and net worth increased?
- Is your practice now incorporated?
- Do you want to expand your service offering and offer alternative forms of dentistry to keep up with demand and advancements in the industry?

“Time is power. The more time you have before your lease renewal deadline, the better deal you’re going to get.”

(Step 2 on next page)

REVIEW YOUR LEASE TO IDENTIFY HIDDEN RISKS

STEP 2: Analyze the Terms in Your Current Lease for Risks

Language in the lease is often difficult to understand and written in a way that only favors the landlord, engineered by landlords and their attorneys. Once you've defined your goals and mapped out your long term plans, it's time to review your current lease to identify any terms that affect your flexibility or present risks. Many dentists make the critical mistake of signing their lease without first reviewing it for hidden terms and clauses.

Key Building Blocks to Look for in Your Lease:

- **Tenancy:** Who is the tenant listed in your lease agreement? Is it you personally or your incorporated entity?
- **Economics:** Are your rental rates fair and affordable based on comparable space in the marketplace today?
- **Options to Renew:** Does the lease provide you numerous "options to renew", and if so, are these options tied to your performance? Are they transferable to a future buyer if you sell the practice?
- **Relocation Clause:** Is there a relocation clause that allows your landlord to relocate you if they find another tenant who will pay more for the space? In that instance, who pays for your moving expenses, you or them?
- **Exclusivity Clause:** Does your lease have an exclusivity clause that prevents your landlord from moving a competing dentist right next door?
- **Death and Disability:** Is there a death and disability clause in place that allows you to terminate your lease if you're unable to work, or will your family be forced to pay your debts and monthly rent?
- **Assignment Clause:** Does the lease give you the flexibility to bring in associate dentists and grow your business? Do you have the right to sell your practice? Can your landlord collect proceeds of your practice sale, or terminate your lease upon the mere request to retire?

"Risks in the lease are not taught to any dentist at any point in their career, however, they are serious enough to put any doctor out of business."

Scan to Watch Our Lease Video



Guidance from a professional, industry trained dental office lease negotiator is suggested at this critical stage to ensure that all potential risks in your lease are exposed, and an elimination or amendment plan can be developed.

(Steps 3-5 on next page)



LEASE NEGOTIATION STRATEGIES FOR SUCCESS

STEP 3: Prepare with Market Research and Develop a Negotiation Strategy

Understanding nuances in the market around your practice is a surefire way to prepare for your negotiation. Being aware of neighborhood competition, rental rates and local vacancy rates will put you at a huge advantage, allowing you to set proper and realistic negotiation goals, and give you the confidence to reach a fair deal for the long term.

Remember, your dental office lease is a huge, long-term financial commitment to your landlord. Even a 3% over commitment can cost you tens of thousands of dollars in unnecessary costs.

Just like you do every day with your patients through proper treatment planning to achieve a predictable desired end goal, you want to map out the desired end goal for the negotiation as well as the strategies and tactics for achieving these goals. This is guaranteed to keep you focused on what really matters and enable you to achieve the very best outcome.

STEP 4: The Lease Negotiation: Tackling Economics

Be cautious of looking at your landlord as a friend (at least during the lease negotiation process). If you do, you will lose this game.

Address the financial aspects of the lease with your landlord first by discussing your rental expectations. Ensure all the major “wins” of the discussion are documented on paper, and aim to keep the discussion as formal and as brief as possible.

Negotiate Fair Terms

Once you've addressed the rental rates in your lease, you may begin negotiating the risks and detrimental clauses highlighted previously out of your lease.

At this stage, it's important to remember your priorities, future plans, and long and short term practice goals. Stay focused, have patience, and ensure you commit consistent time, energy and attention to this important stage of the process.

“Don’t fall into the trap of focusing all of your time and energy on rental rates. Securing terms in your lease that offer you protection is far more significant than saving a buck.”

STEP 5: Final Review & Execution

Prepare the final lease document and give it a thorough review before signing it. Get the final sign-off from the landlord, make copies, and save them somewhere safe

Questions about your upcoming dental office lease renewal?

Call 1.800.459.3413 today for your complimentary consultation with a leasing expert or visit www.cirrusconsultinggroup.com/complimentary-dental-office-lease-consultation.