



Healthcare Real Estate: Avoiding Conflicts of Interest

When selecting a real estate agent for your healthcare practice, understanding potential conflicts of interest is crucial to securing the best possible terms. This guide explores why independent representation matters, how to identify conflicts, common negotiation mistakes, and strategies to maximize your real estate investment. Your choice of representation will impact your practice's profitability for years to come.

Identifying Conflicts of Interest in Agent Selection



1

Ask About Landlord Listings

If an agent has any listing agreements with landlords in your desired market, they have a fiduciary responsibility to maximize that owner's profit—not yours.

2

Verify Representation Percentage

Question what percentage of their deals involve exclusively representing tenants or buyers, particularly healthcare providers.

3

Check Experience Claims

Ensure they haven't misrepresented their experience by claiming to represent healthcare providers when they were actually the listing agent for the landlord.

4

Confirm Market Independence

Ask if they or anyone in their company has listings in your areas of interest, or if they would take such listings in the future.

The ideal answer should be simple: no listings, exclusively representing tenants and buyers. This isn't about whether the agent is nice or has helped you before—it's about protecting your practice's financial interests. Just as you wouldn't hire the opposing party's attorney in a lawsuit, you shouldn't hire an agent with divided loyalties for real estate negotiations.

RED Flag: Agents who claim they can be a "transaction agent" or "dual-agents" should be avoided. This arrangement means neither party received true representation or competitive advantage.

The Myth of Saving Money Without Representation

Healthcare tenants or buyers often believe they'll get a better deal by negotiating without an agent. This misconception is frequently reinforced by listing agents who benefit from keeping you uninformed about your options.

When you negotiate without representation, one of two things typically happens:

- The listing agent receives the full commission that would have been split with your agent
- The owner pockets the money that would have paid your agent's commission

Either way, you don't save money—and worse, you typically receive substantially inferior terms.



Landlords and listing agents often create "padded offers" with room for negotiation, giving you the illusion of progress when you counter. This strategy makes you feel like you're saving money without representation, when in reality, you're playing into their hands.

Commissions for tenant/buyer agents are built into most commercial real estate transactions. Going without representation typically results in losing money and receiving inferior terms, while sacrificing dozens of hours of valuable time.

Common Mistakes in Healthcare Real Estate Negotiations

Real estate represents the second highest expense for most healthcare practices after payroll. Poor negotiations can cost tens to hundreds of thousands of dollars over the lease term.



The Neighbor Trap

Many providers accept renewal terms because neighboring practices have similar deals. What they don't realize is that landlords frequently offer new tenants better concessions and rates.

Example: A doctor paid \$25 per square foot for 10 years with no concessions, while a new tenant paid \$21 per SF plus received 3 months free rent and over \$100,000 in tenant improvements.



Trusting "Fair" Offers

Landlords are no more likely to voluntarily offer concessions than you would voluntarily decrease your treatment fees. Even with great relationships or patient-landlords, their priority is staying profitable.



Lacking Market Knowledge

Successful negotiation requires understanding available vacancies, recent transactions, and future opportunities. Without this knowledge, landlords can easily identify when you're bluffing.

Overly aggressive offers, unrealistic requests, and emotional responses to conflict can compound these problems in high-dollar negotiations. The right team—including a healthcare-specific real estate agent and a real estate attorney—can help you avoid these costly pitfalls.

Building Your Real Estate Team: Roles and Responsibilities

Your Real Estate Agent Should:

- Find the best properties available
- Negotiate main terms of your lease or purchase
- Save you dozens of hours of valuable time
- Help you avoid costly pitfalls and delays
- Provide market knowledge and location advice
- Create leverage with multiple property options

Your Attorney Should:

- Review and recommend contract changes
- Protect you legally in binding documents
- Ensure you receive what your agent negotiated
- Focus on legal expertise, not market evaluation

Important: Pay your attorney to be an attorney, never to be a real estate agent. Unless attorneys spend 40-50 hours weekly evaluating markets and negotiating properties, they're unqualified to play real estate agent.

❏ **Beware of Consultants Playing Agent:** Legitimate healthcare consultants should assemble expert teams rather than trying to do everyone's job. Never pay consultants for real estate services that a qualified agent would provide at no cost to you.

A healthcare-specific real estate agent commonly saves tens to hundreds of thousands of dollars over a ten-year period. With that much at stake, hire the absolute best agent you can find—one who specializes in healthcare tenant/buyer representation and has no conflicts of interest.

Take the Next Step with Expert Real Estate Guidance

Navigating the complexities of healthcare real estate requires a specialized approach, one free from conflicts of interest and equipped with deep market knowledge. Your practice's financial health depends on securing optimal lease or purchase terms, and attempting to do so without dedicated representation often leads to significant financial losses and wasted time.

Throughout this document, we've highlighted the critical importance of selecting an agent who exclusively represents your interests, understands the unique needs of healthcare providers, and can strategically negotiate on your behalf to avoid common pitfalls. Don't leave your second-largest expense to chance.



Unwavering Advocacy

Ensure your interests are always prioritized with dedicated tenant/buyer representation.



Optimize Your Investment

Achieve superior terms and substantial savings on your healthcare real estate transactions.



Market Insights

Leverage specialized knowledge of the healthcare real estate market in Tucson.

Ready to secure the best future for your practice?



Contact the **Commercial Real Estate Group of Tucson LLC** today!

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