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Incorporating Varley Hibbs

Property Considerations for Doctors' Practices



Aside from, of course, a good Practice Manager and support staff, the key to a successful Practice is the property.

The first issue to consider is the location, how accessible is the Practice? Is parking available?

The second issue to consider is whether to purchase the freehold or take a lease of the property.

In our experience, it is very usual for the freehold to be acquired in personal names and subsequently leased to the Practice.

If it is a lease that is to be taken one will need to consider the terms that are being offered such as the length of lease. A shorter lease will be less commitment but you may not want to expend money on a property knowing it is only let on a short-term basis.

It is essential that the benefit of the lease can be assigned particularly where it is a long lease as the business may be sold in the future or you may retire.

The frequency of the rent review is crucial; if the frequency is too regular you will see increases in rent over short intervals which may see an increase in overheads. The usual frequency would be every 3 to 5 years.

Another point for consideration is whether there is an option to acquire the freehold and or renew the lease within the lease. This is a point to negotiate at the outset and gives certainty and security.

This brings us to the security of tenure of the lease and whether it is contracted out or not. If a lease is not protected by the Landlord and Tenant Act you will not have automatic right to a new lease and whilst this does not mean the Landlord will not grant a new lease it may not be on the same terms and will be open for negotiation.

A Practice cannot run without the property and therefore it is essential that property acquisitions whether freehold or leasehold are dealt with correctly.

At Band Hatton Button LLP we have a dedicated team that can deal with all your needs. If you need any advice in the first instance, please do not hesitate to contact Dina Parmar at DMP@bandhattonbutton.com or 024 7601 6573.