

“LUNCH IS FOR WIMPS”

That’s what Gordon Gekko said about lunch, and now I’m saying it about waiting rooms.

WAITING ROOMS ARE FOR WIMPS



Hear me out.

In the field of dental practice appraisal, leasehold improvements have typically had an economic and useful life of 30-40 years or more. We regularly appraise dental practices with leaseholds over 50 years old, and, with refurbishing, their continued economic life remains a minimum of 10 years, possibly more. However, things have changed.

Almost half of the premise leases we have seen lately include demolition clauses. It is unfortunate yet reasonable to expect that many dental tenants will be forced to abandon any investments in leasehold improvements within a 10-year period – or sooner.

What does that mean for those buying or building a dental practice? My advice is to cut back significantly on elaborate designs and finishes unless you have an unfettered premise lease of 20 years or more. For those that have a 10-year window before a demolition clause could arise, it would be prudent to adopt a bare bones approach, significantly reducing the investment in the leaseholds, regardless of whether you are buying or building.

So how do we do that?

Many years ago, my father designed an open concept cabinetry system where the cabinets become the dividing walls between operatories. This system cuts down on structural costs and increases ease of mobility within a dental practice.

I do not believe in waiting rooms anymore.

I once appraised a dental practice with a waiting room of less than 100 sq ft and with two waiting chairs.

The dentist said to me:

“Good practices do not keep people waiting. Why pay all that rent for people to sit on their butts and use my free Wi-Fi?”



I pondered then agreed with her. Clever woman!

A TV playing the news... in a dentist's waiting room? Why? Everyone is on their phone now. No one even looks at the TV anymore. The truth is I would rather sit outside or in my car and wait for a text calling me in. I make lots of phone calls and do not want anyone overhearing them and I use voice dictation many times a day.

And further, why pay all that rent for 10 or 15 waiting room chairs when only one or two are ever occupied? If the average waiting room is 250 sq. ft and rents are now \$50/sq. ft. or more, you are paying \$1,000 per month +/- for underutilized space. Make it a revenue generating operatory! Make it storage! Maybe make it a nice area for your staff to rest in peace and quiet between appointments? There are so many better uses of space than a waiting room.

OK, I may seem dramatic, but you must start thinking this way. Please, think about my comments, that is all I ask.

Sterilization areas should be mobile, and while it is not practical to put them on wheels, they do need to be freestanding and ready to be wheeled out the front door on 10 years' notice. A general spirit of mobility with respect to all equipment and leaseholds would be a positive mindset shift in dentists of all career stages. To accommodate the dental offices of the future, designers and architects should start thinking about these things.

Cabinetry, including reception areas, should be designed to be modular and mobile and not permanently fixed to floors or walls. Think about IKEA for a minute. Low-cost cabinetry, mobility, and ease of removal – this is the way to design a dental office. Plumbing and wiring can now be run above-ground in channels that are covered with strategically designed above-grade boxes. I have already seen this in many practices.

This strategy removes the need to pound up concrete, lay plumbing, suction lines and electrical – all at tremendous expense.

I have also seen a dental office with a central column that included all the water, electrical and plumbing that fed into a spoke of wheel operatory configuration. That significantly reduced the cost, but obviously presented a challenge with layout and design.

Let me clear, I don't like this transitory existence for my friends and clients, but this unfortunate situation is the non-negotiable and default position of many Canadian landlords to make their real estate more valuable.

The net result is that Canadian dentists will no longer enjoy 30, 40 or 50-year tenancies as they did in the past. Yes, there are some exceptions, but the new norm is to prepare for 10 years of leasehold improvement use and then get ready to pack your bags and move your practice.

Let's get creative folks. I have a new "Landemic™" file that hits my desk daily. We need to pivot and control our own future. Your landlords are not being creative, and they are not going to become more flexible any time in the foreseeable future.

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