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## SPEAKERS

Trisha Talbot, Jeff Anzalone

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**J** Jeff Anzalone 00:00

I think for doctors our biggest wealth generating tools, our income, because you know, we spend a lot of time energy and money getting it and the more you take your time away from it, whether you got to deal with tenants or properties or whatever, unless you're in a group or something to where you don't have to be there, but me being a solo practitioner, if I take time away from here, then my income goes down. So that's why I like the passive route because I can stay focused, you know, the income stays the same. Focus on getting better, because the more money you make, you know, the you know, you go to these different see, you know, different CME courses and all these different courses to better yourself. You can provide more value are able to charge more, and the more you make, the more you can invest passively.

**T** Trisha Talbot 00:57

This is the Providers Properties and Performance podcast. The podcast that brings together leaders in healthcare and investment real estate to consider the possibilities in future at the intersection of practicing medicine and healthcare real estate investment returns.

**T** Trisha Talbot 01:12

Welcome to the Providers Properties and Performance podcast. I am your host Trisha Talbot. As a healthcare real estate adviser to providers and investors the best solutions occur when the two collaborate together as partners in delivering better patient care. Providers can deliver care to their patients when and where they need it and investors realize the returns to build and manage facilities. We explore changes in medicine and wellness, the future of healthcare and using real estate as a strategic and financial tool.

**T** Trisha Talbot 01:39

My guest on this week's podcast is Jeff Anzalone, a practicing periodontist, and educating other

clinicians on his blog, debt free Doctor sharing what he has learned to help others. Please join me to listen and why he started investing lessons learned through owning his own property and passive investing in commercial real estate. Jeff, welcome to the Providers Properties and Performance podcast.

**J** Jeff Anzalone 02:05

Thank you for having me looking forward to it.

**T** Trisha Talbot 02:08

Why don't you tell the listeners a little bit about your background and how you came from a practicing physician and then into the journey of a physician investor?

**J** Jeff Anzalone 02:18

Yeah, it all started about two weeks before I finished my training at LSU. And I was supposed to come back with a group practice here in Louisiana but the deal fell through. So we had 300,000 in student loan debt, a two month old. And unfortunately, we'd already bought a home interest only because the banker knew the group I was going to go in with. So he's like, oh, yeah, you're good for. So it's like, you know, they don't teach you how to do anything as far as running a practice in school. So that was the worst part. So that really put me behind a ball of not knowing what to do. But luckily, another guy kind of heard what happened, he took me under his wing. The worst part was, you know, during that those first couple of years, I had to do whatever I could to make ends meet. So I had to go back to what I used to do in high school and mow yards. So I was probably the most highly trained yard guy, you know, in the country. So but you got to do what you got to do, you know, for your family.

**T** Trisha Talbot 03:23

Yeah.

**J** Jeff Anzalone 03:24

But back then the only financial advice I had had gotten before was Dave Ramsey. So followed his seven baby steps. And then after about seven and a half years, we had gotten out of debt, paid off the house, and then it was kind of like, alright, now what, but it took snow skiing accident to really get me going towards real estate. And in front of me, and I swerved when I fell, you know, put my hands down on my wrist bent backwards. And that was the first time I was thought to myself, if I can't work and use my hands, how am I going to provide for my family. So that was the point that I really knew that I was I was operating very in a risky way, you know, but I didn't know what to do. But I started researching. And there's all kinds of as you know, there's all kinds of information out there. But two main facts stood out to me, which really helped me stay focused on what I should do. Number one, over 90% of millionaires had

real estate in their portfolio. At that time, I had zero and number two, the majority of millionaires have anywhere from three to seven streams of income, I only had one so that showed me that I needed to focus on getting multiple streams of income from real estate.

**T** Trisha Talbot 04:49

Well, I'm excited to interview you because you know, I want to direct any physician investors out there to your website, you know following this interview because I think it has a ton of information, and you've done a lot of work and made it relative to them. And I can, you know, we can make this interview a lot longer. But we both have other things to do.

**T** Trisha Talbot 05:09

So I want to focus on your blog on your website, you know, with regard to medical office, real estate and why doctors sell their buildings. But I do want to point out that there's a ton of other valuable information on there. So, you know, in this blog, you, you talked about the 10 reasons to sell your medical office building. And you actually did that with my friend, Ben Reinberg. And you outline you know, why a practitioner may want to sell their real estate to include and I'm completely summarizing here, the property management, ownership responsibilities, debt service, partnerships, conflict of interest between maximizing your practice operation, with equipment, versus building maintenance and ready to offload an asset and plan for retirement, would you say that all of these issues surround a go forward plan or physician needs to purchase real estate for their operation with the exit strategy in mind before they purchase it?

**J** Jeff Anzalone 06:02

Yeah, I would think so. I think that's really important. For sure. Sometimes they may not own the building, sometimes they do, sometimes they don't really think about that they could sell it ahead of time, so there's always things to think about. That's just, that's just another potential income stream you could get while you're still practicing?

**T** Trisha Talbot 06:26

Well, all of the points you mentioned, are very valid, you know, when a clinician wants to purchase, own and operate the real estate that they occupied with their practice. And, you know, I want to kind of drill down on a few of these. So I see a lot of physician investors, and they look at property, they're either looking for opportunistic properties where they want to buy, very value, add and fix it up, lease it to themselves and, and or, you know, a couple other medical tenants and hold it. They're looking at it from a own versus lease analysis, because of their build out costs for tenant improvements, where they want to get the economic benefit of their own tenancy, and then they need to expand into a new market. And there is an existing inventory. So they have to pretty much build their own building.

**T** Trisha Talbot 07:11

And then some just want to, you know, some here that they just they must own their property.

And then some just want to, you know, some here that they just they must own their property, because you always want to own versus rent to build equity. I think I tried to do the approach where you know, it's not an all or nothing approach, but I do try to have them go into it on a more offensive than a defensive strategy, where you're in even some of the most savvy ones taking the next step. And you know, proactively use the real estate as a incredible financial tool. And they buy, and then they sell and then they use tax deferred exchanges, joint ventures, and they rinse and repeat with that thought in mind exit strategy. So growth and expansion, economic benefit and profit retirement sale of the practice, when you have purchased real estate, what are some of the reasons that you have done it? And have you thought about what you were going to plan to do? And have a hold period or thought about your exit strategy before you bought it?

**J** Jeff Anzalone 08:05

Most of the majority of the real estate that I'm currently in is in the passive real estate like syndications. And typically, those have a whole period, and they have, have a whole sector of those and medical office buildings, that typically, if you were to invest in that, it would typically would have you would know, the whole period before you got in this five year hold period, or 10 year hold period, you know, something like that. So that you would know how much a minimum amount to invest, you would know kind of what your return would be over that, let's say it's 10 year hold period, what to expect over that 10 year hold period, what the depreciation will look like, you know, with what they were going to be using, how it could also get the passive income. And then when they plan on selling it what they were projecting the sell would be. So you would kind of know what your initial investment was like, would be like, would you put in \$100,000 or \$200,000? Would that double? Would that triple whatever so that you would know typically a lot of these things before you did that with these different types of syndications?

**T** Trisha Talbot 09:21


Well, that brings up a good point because, you know, that's a passive and then there's the active where, if you own it, you have to manage the property management and there's a lot of ownership responsibility. So are the syndications attractive to you because you didn't want to basically be you know, managing it as an owner actively.

**J** Jeff Anzalone 09:39

Yeah, I my own building right now and probably people listening to this, they may own their own building or in a partnership where they own their own building. So that's, you know, that's one way that you could potentially use you know, so you could sell actually, you know, as you know, you could sell your building before you retire and start getting returned. I do know some people that will sell their practice to another doctor or group of doctors, but they'll keep the building themselves. And then you know, they can have the new tenant to rent, you know, a lot of times you need to make sure you put it in the contract. As soon as they buy your practice, we're not gonna move, you know, so that, you know, you're at least you're gonna have a tenant.

 Trisha Talbot 10:22

Right, exactly.

 Jeff Anzalone 10:24

But for me, I think for doctors, our biggest wealth generating tools, is our income, because you know, we spent a lot of time energy and money getting it. And the more you take your time away from it, whether you got to deal with tenants, or properties or whatever, unless you're in a group or something to where you don't have to be there. But me being a solo practitioner, if I take time away from here, then my income goes down. So that's why I like the passive route, because I can stay focused, you know, the income stays the same. Focus on getting better. Because the more money you make, you go to these different see, you know, different CME courses and all these different courses to better yourself. You can you provide more variable to charge more, and the more you make, the more you can invest passively. Now, I do know that some people start off on this route, and then as they get older, they transition into more active just because they want to be more involved, and that's fine. But I think I'm seeing more and more doctors now that are busy, and they're trying to replace their active income with this passive income.

 Trisha Talbot 11:44


Well, let's talk about property management and ownership responsibilities. Because would you just show your current building? Do you have a professional property manager?

 Jeff Anzalone 11:52

Well, I've got one that will come over and you know, but my building really isn't that big, you know, so it doesn't really take a lot of upkeep and maintenance and property management. But most of the groups that I talked to, they do have a property manager.

 Trisha Talbot 12:08

That's one of the things if a doctor is going to act to, you know, take by property and be an active investor is if their plan is to continue to practice medicine, I strongly encourage them to hire these professionals that can meet with vendors during the day and manage a lot of those.

 Jeff Anzalone 12:32

And I'll be in the different syndications that I'm in that are self storage, that are hotels that are apartments, they all have their own property management. And that's all hard for them. So then that way, you don't have to deal with that as well.

 Trisha Talbot 12:52

Absolutely. So let's talk about debt service, which so when you went to go purchase your building, did you buy it cash, or did you get up, get a loan on it?

**J** Jeff Anzalone 13:01  
A loan on it.

**T** Trisha Talbot 13:02  
And did you do SBA or conventional?

**J** Jeff Anzalone 13:05  
I did SBA at the time.

**T** Trisha Talbot 13:07  
Yeah and so SBA is very favorable for health care practitioners, they love them, you know, just their high income earners, that they are there good risk. And, you know, I know, during COVID, they had a lot of breaks on fees and whatnot, but I do think that it's a good option. And then your syndication is a good example of partnerships, , LLCs, and where there's, the syndicate sponsor is the general partner, and then you guys are all limited partners. Have you done any medical office, syndication, and partnerships and medical office?

**J** Jeff Anzalone 13:46  
I'm currently vetting two groups right now that we're looking at doing. And I do you know, that these ASC centers, these surgical centers are really really becoming more popular as you know, right now, so that's another asset class that I'm definitely looking into as well.

**T** Trisha Talbot 14:10  
And what do you think about the sale leaseback that's where, you know, you mentioned how doctors can get out of the real estate, before they're done retiring. And that's really attractive in the market right now. I see a lot of them and what are your thoughts on those?

**J** Jeff Anzalone 14:25  
From the people that I've spoken with that have done it, they've been very pleased and happy, as long as it kind of like when whenever you're investing in a syndication, it's always finding that group that you can trust and really doing. And I know with with Ben's group you had mentioned, they have that, and that's all they do. They're just focused on that. So I think it's really important to find the group that you can trust and has, you know, make sure you talk

with people that have done the work with them. You know, that's how you can put form your due diligence, make sure that what they were promising upfront that they delivered as far as returns and service and that sort of things. I think that's really important as well.

**T** Trisha Talbot 15:10

Absolutely. So we're going to go into the part of the interview where we get to know you a little bit for the listeners. But before I do that, do you have anything else to add, any success stories or lessons learned that you want to share with some other physicians that might be looking to move into real estate investing?

**J** Jeff Anzalone 15:27

I always tell people from all and probably you can attest to this to 99% of time, the real estate investors that I've met, they always said, well, always got started with a mindset shift. and it really takes you thinking differently about money, and how you're making money. And two of the books that that did that for me was Kiyosaki Rich Dad, Poor Dad. And but but even more than that was his follow up, book, The Cashflow Quadrant, and man, once I read that, it was just like, I'm so stupid, you know, I'm just all I'm doing as a self employed doctor, all I am is just a glorified employee. Because if I'm not there treating patients, I'm not getting paid. But that's what we're taught. We're taught to, if you want to make more money, you see more patients, you work longer hours, you work more shifts, right. And that's just our mentality.

**J** Jeff Anzalone 16:30

And then we go to Christmas parties at the end of the year. And the way that we boast about ourselves is we talk about how much taxes we paid each year. And it's just like, you know, it's like, we're stupid, obviously, you know, and I used to be in the same boat. And now it's just like, I want to tell people, I pay zero in taxes, and I hardly see any patients. And they're like, Well, how do you do that? It's like, real estate. So again, the Cashflow Quadrant, it's all about, not how much you make, but it's how you make money. And until you can start thinking that way, you're never going to change, you're just going to keep giving your money to a financial advisor and a 401 K. And you're gonna have to work until you're 65 or 70. And if you want access to your money to your money, you have to pay a fee and taxed on it. All right, no, thanks.

**T** Trisha Talbot 17:24

What has been the most fun real estate investment you've done so far?

**J** Jeff Anzalone 17:28

I would say, it was an apartment complex in North Carolina, and I had a an old IRA, that I wouldn't do anything with just traditional IRA. So I opened up a self directed IRA, moved some money out of the traditional IRA into it. And then I was able to, with the self directed IRA, you

can invest in whatever you want. So I invested in this apartment building, and it was projected to hold for five years, doubled our money over five years, got an email, 22 months later, the group said they got an offer they couldn't refuse. So we got our returns in less than two years instead of five. So that was that was pretty nice, seeing those returns. Good luck getting that in the stock market. Right?

**T** Trisha Talbot 18:19

That is a great story. So you've told us a little bit about your your lawn mowing, but was that your first job when you were younger?

**J** Jeff Anzalone 18:30

I started when I was 12. My dad would help me. He had a pickup truck, and we would get the push mower, he put it in the back of his truck. And he would let me do the mowing, but he would do the weeding, you know, rocks or something to shoot up a, quote, dangerous part. But yeah, that was that was my first job. And I learned that I really like not working for somebody else.

**T** Trisha Talbot 18:59

I was in novels that that performance pay to so you know, in when you're young you can either work, fast food or in retail for minimum wage, or you can do what you're doing and say, Okay, on Saturday, I'm gonna mow X amount of lawns, and, a couple during the week, and you have control of your schedule. And also in that sense, when you're young and don't know about investing yet, the more you work, the more you can. Exactly. So what else can you see yourself doing for a living?

**J** Jeff Anzalone 19:33

I'm 47 right now. And my goal is to transition out of practice and five years or less, I really like real estate and educating, probably will start being a little more active, maybe doing some code general partnerships with some of these groups. And really connect with the doctor community because, I know their pain points because I've dealt wasn't too and just continue to grow that side of it.

**T** Trisha Talbot 20:04

What or who are you reading or listening to for news, information, or inspiration?

**J** Jeff Anzalone 20:09

I read my Bible every morning. I think that's what keeps me guided and in life, you can learn a lot in Proverbs, whether you're a believer and not from life lessons, especially financial lessons



in there a lot about investing and that sort of thing. There's several podcasts, and I've kind of gotten more away from podcasts, and I'm more YouTube now just because I like to be able to see. You make that connection when you see people you know, like this. There's just something about it besides reading an article or listening. And that's why I started a YouTube channel last year, just because I was doing more of it. And it seems like as soon as you sign up or something, you know, whether it's a medical office investing. They'll interview somebody, and then if I like them, and they have a resource or a site, then I'll go subscribe to them. And then it's just kind of like a, you've kind of go down the rabbit hole, so to speak, you know? So that's, that's how I find my information like that.

**T** Trisha Talbot 21:19

I like that. What is one thing you do every day for healthy self care?

**J** Jeff Anzalone 21:24

I workout five to six days a week or play tennis with my kids. So always, always stay active as much as possible. Absolutely.

**T** Trisha Talbot 21:36

I have two final questions. And I'm going to do both of them on you because you're an investor and then you are practicing periodontist as well. But our leaders born or trained, in your opinion?

**J** Jeff Anzalone 21:50

I think they're trained. For sure,

**T** Trisha Talbot 21:53


Do you think clinicians are born with the desire to help patients or they learn the healing side and bedside manner through medical education and training?

**J** Jeff Anzalone 22:05

I think they learn from examples. And that's kind of how I got involved. When I was seven years old, I had a bad burn. And I had to do through skin grafting and two to three weeks in a hospital and actually had to learn how to walk again. And that and I still remember that plastic surgeon, to this day. And that's what really inspired me, seeing how much time he took and patients and all that. So I learned a model from him, which which has kind of helped me as I've grown to my practice and started treating patients.

 Trisha Talbot 22:45

That's kind of like the answer to your first question that people are trained. Yep. Well, Jeff, this has been a wonderful interview. I really appreciate your time. Thank you.

 Jeff Anzalone 22:55

Yeah, appreciate you being here and love all the stuff you're doing. Keep up the good work.

 Trisha Talbot 22:59

Thank you. I'm grateful for you tuning in to the Providers Properties and Performance podcast. If you enjoyed it, please subscribe, rate, review and share the podcast with others. As a disclaimer, this podcast is intended for educational and entertainment purposes only and not intended for specific real estate investment advice.