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## SPEAKERS

Felicia Froe, Trisha Talbot

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- T** Trisha Talbot 00:00

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 00:15

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 00:42

Today's podcast episode is my interview on the Money with a Mission podcast with Dr. Felicia Froe. We discuss goals of physician ownership of healthcare properties, considerations for owning and operating a property, as well as exit strategy.
- F** Felicia Froe 01:00

Okay you guys. Hi Trisha, so happy to have you here today. Thank you.
- T** Trisha Talbot 01:06

Thank you, Felicia.

F Felicia Froe 01:08

Trisha and I had a little hiccup we were scheduled before. I was sick. She was gracious enough to come back today. So I really, really appreciate it. And I find that so many people are just that gracious. We all realize that life just doesn't go like we want it to go.

T Trisha Talbot 01:22

We're all human.

F Felicia Froe 01:24

Yeah, sometimes we wish we weren't. But it does happen that way. So Trisha, thank you so much, Trisha's company is DOCPROPERTIES, like we talked about in the intro. But that's not if you started with commercial, but you had some education in real estate before you went into commercial. Talk to us about how you got to where you are today.

T Trisha Talbot 01:48

Sure. So going way, way back to my introduction to real estate. My mother and my aunt say they had a residential real estate company. And then, you know, they had some rentals that they did. I was not attracted to residential real estate for a variety of reasons, but I thought negotiating or losing deals over refrigerators and dishwashers was not necessarily going to bring me joy.

T Trisha Talbot 02:14

So when I decided to get into real estate, I went into the commercial side and I got into it. I was finishing up my MBA and I did a like a market research for a new new medical office building for a medical office developer and market research paper. And so I finished that and then they had an opening in their leasing department. So I started there, did that for a couple of years and then went into third party brokerage still all focused on healthcare real estate, and did a ton of leasing in my early early career and moved into investment sales from there and then, you know, just with my relationships with the variety of physicians and then getting referrals from them, you know, I work in a lot of physician owned real estate and selling that to investors in the medical office healthcare real estate asset class.

F Felicia Froe 03:09

You made that sound like it happened all in like a year.

T Trisha Talbot 03:12

Oh, no, no, no. This is 20 years of a lot of deals and, you know, challenges and, and successes all rolled into one and learning from them.

F

Felicia Froe 03:30

So it sounds like though the very first lesson you learned wasn't a lesson you had to learn personally, you learned it through your mother and your aunt about not wanting to do residential. Were they were they investing and owning and managing or were they doing the real estate sales?

T

Trisha Talbot 03:48

So they did the transactions and then they did hire somebody to do management. I think they were doing it on their own and then they partnered with somebody to offer management as well. And then they did do their own like they had houses that they rented.

F

Felicia Froe 04:05

So I talk to so many physicians who when they start thinking about I'm going to get into real estate they talk about I'm going to buy a house I'm going to rent it out and I know a few who've done that and within a year to two years. They're they're like this is nickel and dimes and I don't want to do this anymore especially when they learn more about commercial side. So how do you talk to people. Do you ever talk to physicians who are saying I want to buy real estate and talk about single family houses or are all the ones that get to you are already looking at commercial and buying?

T

Trisha Talbot 04:37

Oh, I get into all sorts of conversations. I get into marriages, divorces, children, yeah, everything. So you know I think it depends on what you want and then obviously your access to capital is another you know, big thing but there are some that you know, I know invest in multifamily. There are some that stay in the residential field. And, you know, I think it depends on how much time and what they have set up in, like standard processes. I went to a talk of a physician who invested in an apartment, and he specifically invested in apartments that were between his home and the hospital, where he practiced, and so in his early days, you know, before everybody paid electronically, he would go, if somebody was late, he would pick up their, you know, go and pick up their check.

T

Trisha Talbot 05:43

And then if somebody's like refrigerator broke, he had, you know, a number, he had a list of numbers for all of his tenants, and, you know, they would call this handyman service that he employed. And then the handyman would have a workbook of, you know, say the refrigerator broke down, he would say, okay, you can go to these stores and pick out, he's already picked

out three different refrigerators that he's already pre approved, they had his credit card on file, they would charge it, and you know, and all of that. So that's super structured. And you can do anything if you want to structure it like that.

T

Trisha Talbot 06:18

But, you know, not, I don't know. And in doing that, I think the biggest thing that anyone needs to decide, you know, and physicians, especially because their day job is so typically intense, scheduled, and, you know, I think when you're done working your day job as a physician having to go and then spend, you know, several hours doing a second job of real estate investing, I think it's a lot, you know, if you're single, that might be fine for you. But even if you have a real estate background, I think hiring professionals that can deal with the things during the day, and then maybe email you some decision points that you need to make as the owner and this doesn't, it's independent of asset class, it's just do I, how do I want to how involved do I want to be, and do I want to hire professionals, you know, that can take care of this during the day, because, you know, inevitably, you know, vendors, real estate vendors, they, they start sometimes at six in the morning, so they'll be done at three, and they can't necessarily always commit to a time because, you know, they get stuck on a job solving a problem that, you know, isn't going their way.

T

Trisha Talbot 07:40

And sometimes they have to cancel and then come the next day. So, you know, if you have a buffer between, you know, you being an owner, you know, and hiring a professional property manager, you know, or handyman or whatever you have have these things where there's a buffer between you being bothered in your day job in order to have income producing real estate.

F

Felicia Froe 08:04

And I think what you're saying is perfect, because I think that many of us don't think that's going to be a big deal. But that becomes even managing a manager becomes a lot. And when you look at even from even if you have, let's say you have 10 single families, the income from that, look at the headache, compared to the income, it may not be worth it for you. So it's really something to look at. Plus the idea that what you talked about is having to get all the processes in place, even to manage a manager. So those things, it's very, very important. As physicians we can be that picky and we can be that detailed sometimes. We do it all the time in our practice and our work. But to do it for something else. I'm just gonna say I would go with something else. Bottom line, I don't know that I would go with a bunch of single families. I still have four single families I do. In sometimes it's a pain in the neck, I just don't want to sell them for some reason. But if you're starting out, I would start somewhere else.

F

Felicia Froe 08:04

So let's say you're, you have your own practice. So I used to work at a, I was an employed physician, my last group was employed physician, I have owned a building that I worked into. So I've done both of those types of things. But let's say we got private practice folks out there

So I've done both of those types of things. But let's say we got private practice folks out there who are renting space, and never really thought about real estate or are thinking about real estate, but don't think about it the way I think that you really would help them think about it in a better way. So talk about DOCPROPERTIES and your company.

T Trisha Talbot 09:36

Yeah, absolutely. So I sell a lot of physician owned real estate and I get it in a variety of conditions. And so sometimes it's a physician that says hey, you know, I've owned this for a while. I want to know what the value is. And you know, I have 10-12 years left to practice and what do I do with this property? Sometimes they just come to me saying, Here's my property, tell me the value and tell me how I need to fix it.

T Trisha Talbot 10:07

Sounds like you've had some experience with that.

T Trisha Talbot 10:07

So with a lot of physician owned real estate that hasn't had a lot of structure in it. Sometimes there's leases in place, a lot of times they are, they've expired, and they're month to month. Sometimes there's other tenants that aren't paying market rent, and they're on month to month. There's some deferred maintenance, because, you know, sometimes in these cases, like a few partners will get together, and they don't want to pay the management fee. So somebody raises their hand that they'll do it. But you know, they just the bandwidth to deal with all of this, you know, they'd rather, at the end of the day, they're human, they're exhausted, and they don't want to go and, you know, worry about the HVAC system, unless it breaks, and then it's a fire, and then they have to get called out and then you know, it's, it's a mess.

T Trisha Talbot 11:03

Right? So yeah when I talk to them, you know, I get their information and sort of take a look at it. And then I give them you know, depending on the leases that they have in place, it can sometimes be a short term fix, or sometimes it's a long term fix where they have to wait for tenants to expire. But the goal is to put a building on the market, you know, its maximum value.

T Trisha Talbot 11:29

Medical buildings are I find interesting and unique, because the value of the building is the tenants inside of it. Because it's the same with all income producing real estate, but in particular, the investors that are looking at this asset class, they're looking for, I mean, there are kind of local regional guys and gals that will purchase something with five years left on the lease, but typically, the national buyers, the REITs, private equity, they're looking for, you

know, as close to 10 years, if not, sometimes they ask for longer, but you know, 10 years left on the lease. So if you're a physician, and you're like, you know, I've got 12 years left at the end, you know, I would like the capital out of my building now so that I can do other things in it, they can invest in other asset classes, they can do passive investments into other real estate funds, either private or public REITs.

**T** Trisha Talbot 12:34

And, you know, do a variety of different things. And then at the end, you know, they sign a 10 year lease, and then 10 years when they're done practicing, they don't, they don't have to worry about selling the building, they don't have to worry about finding a tenant to put in it in order to get the maximum value. So that's a sale leaseback opportunity that a lot of physicians do like to do.

**F** Felicia Froe 12:59

So you're talking about - we'll just wrap that around. So you're talking, if someone comes to you already owning their building, they may have other people in their building that they're leasing to also. They may be the sole tenant in that building, whatever. So this person has been in practice for however many years, let's say 10 years, they like what you're saying they're going to practice, I know I want to practice for another 10-15 years. However, I want to also pull the equity out of this building or not, it's not even pulling the equity. So they could pull the equity out by refinance, but they could also sell the building, which makes it attractive for investors at that point, because they're going to still be a tenant in that building.

**F** Felicia Froe 13:44

So that makes it even an easier sell at that point as opposed to if they're the only tenant now they're done practicing the end of their life, end of their medical life, let's say now they're trying to sell this building, that's a little harder sell potentially, especially to investors, or you might have to sell it to another medical group because of the upgrades and things we have to do in our medical practice buildings is that we're in.

**T** Trisha Talbot 14:08

Yeah, so I mean, when you're done practicing, and you know, say, Hey, okay, I'm done and you move out. You have to find a tenant to backfill that space. There's tenant improvements involved in that it's a now it's a 10 year old space or even older, depending on you know, when you originally built it out or the condition you know, ADA requirements are changing all the time so you may have to do some unexpected capital improvements.

**T** Trisha Talbot 14:36

And then, you know, you can put, you hope that you get a tenant in there that will sign you know, a long term lease, but typically if it's second generation, they're going to push back and only want to do about five years. So the most value if you're a physician, owning a building that

only want to do about five years. So the most value if you're a physician, owning a building that you practice in the maximum value you can get out of the building is to sign a 10 year lease yourself, get everybody else on as long a lease as possible and sell the building then and get the proceeds, and then go and redeploy that capital in other places.

F

Felicia Froe 15:07

That makes sense. That makes perfect sense.

F

Felicia Froe 15:09

What if you're, you're out, you're practicing and you're renting, and you're like, this just makes no sense to me kind of like you're renting your apartment like, this makes no sense to me. How do we get into a building? Do we build? Do we buy something already there? How does that - what do you kind of recommended? I know it depends so.

T

Trisha Talbot 15:30

So first, I recommend having some runway. So before your lease ends, and I would say at least three years, just if you're considering developing, or if you don't know what the inventory is, you know, at least you can do kind of a gauge at three years. And then you know, if you're like, No, I don't want to build, so I'm just gonna buy and then you know, maybe you revisit it another year, but you need to have runway, the worst thing to do with any real estate, especially commercial real estate, is to have to be forced into a reactive decision rather than proactive because it typically will cost a lot of money, and you're not going to get what you want.

T

Trisha Talbot 16:09

So if you do it on a proactive way, one, you have the negotiating ability to just walk away from deals if they don't end up going the way you want.

F

Felicia Froe 16:19

Yes.

T

Trisha Talbot 16:20

And instead of having to live with a term that you find incredibly uncomfortable, So you know, I, and knowing maybe how big of a building you're looking for, if you're looking to have a space for your practice, maybe with some expansion, or if you're looking to occupy some of it, and then have tenants as well. So kind of knowing what you're looking for, which obviously, you know, you have to know how much capital you have to work with, because you need to have some sort of budget.

T Trisha Talbot 16:49

Now, there are a lot of capital sources, a lot of joint venture partners in the healthcare asset class that specifically focus on partnering with physicians, because they know that they have to have a place to practice. They have to have a place for patients to come in. I mean, telemedicine, I think gained a lot of traction in COVID, but it can only take you so far. You still have to examine patients in person for a lot of conditions. You can't perform surgery over telemedicine. So those have to be done.

F Felicia Froe 17:29

Not yet.

T Trisha Talbot 17:30

Yeah, right, exactly. But for procedures and for physical examinations that has to happen inside of a space. And so that is why it's attractive to certain investors that that focus on the space.

F Felicia Froe 17:46

So are you looking at are you doing office space, inventory, surgical space, hospitals, all of them? Do you have a specialty in there?

T Trisha Talbot 17:56

So medical office buildings, urgent care centers, surgery centers, that's kind of where I live for the most part.

F Felicia Froe 18:03

Okay. Okay. And you said before we got on the call on the interview, you talked about that you were very, very busy. What's going on? What's keeping you so busy? People selling, buying, I'm sure all of it, but yeah, what's happening?

T Trisha Talbot 18:17

A lot of people are selling, you know, there's a lot of, there's a lot of private equity money in the market that is, you know, buying practices, and it makes them. So then, you know, they're trying to figure out what they what they need to do with their real estate. And they're, you know, we are at the top of the market. And everyone's expecting, I think a recession of some sort. So, you know, in even though healthcare real estate is recession resilient, it will get affected, you know, slightly.



F Felicia Froe 18:52  
Yeah.

T Trisha Talbot 18:53  
So I think, you know, that's the, you know, right now, we're at the top of the market. So if you have you've ever contemplated selling a building, now would be the time, you know, it'll come back around. But you know, if, in the next 24 or 36 months, you're like, you know, I do want to make a change of some sort right now would be a good time to consider getting your property evaluated and finding how much it's worth and kind of making those decisions.

F Felicia Froe 19:20  
So do you work with physicians who, like already have their set as far as you're building or they're practicing and all that kind of stuff, but they want to invest in a healthcare real estate because they know doctors tend to pay their rent, they know that this is not going to go away. We always need it. I was also gonna ask you this. Are people buying smaller places because they're seeing less patients in the office now or is that even a thing?

T Trisha Talbot 19:45  
I haven't seen that. I haven't seen that yet. I because I think the single practitioner model is not incredibly common to create a group and a partnership just for coverage purpose.

F Felicia Froe 20:00  
Yeah, yeah.

T Trisha Talbot 20:01  
Because you're one person. And so I have actually seen I mean, I think when I first got into this, you know, of 1500 square feet for single practitioner, I would do a couple of those. But now, I think all of those guys have been purchased or employed.

F Felicia Froe 20:21  
You're Arizona Scottsdale? Right? Okay. And you do you consult in any other part of the country or everything's in Arizona for you?

T Trisha Talbot 20:31  
So I do. I represent owners and clients that have properties across the country. And I have a

So I do. I represent owners and clients that have properties across the country. And I have a broker network for the local municipalities that I've done a lot of deals with, and they're great and know what they're doing. So I do, like I help create a strategy, and then I work with local brokers to transact.

**F** Felicia Froe 21:00

Got it. Now I was starting to ask a question and I shifted, I'm gonna go back because I still do want to answer to that. Oh, investors. So we have a lot of investors that listen to this, who may be interested in investing in health care buildings, medical managed buildings, or medically-occupied buildings. Do you have a place for them to come to have... be on a list and say, hey, if you've got somebody who wants to buy something... you talked about there's lots of private equity in the stream right now... How can they get involved in this? They don't, they don't necessarily want to practice in the building themselves, but they'll be happy to help somebody else get into a building, and take a part of that to their own investment portfolio.

**T** Trisha Talbot 21:41

So that's coming with me next year. Because I've had several requests for that. So you know, it's called passive investing, they don't necessarily want to be active, or they don't want to occupy it. So that's coming next year, in the meantime, you know, if they do have some of that interest, I can point them in some directions,

**F** Felicia Froe 22:04

Okay. Perfect. So in about a year, you will be able to or not even a year, six months, so sometime in the very near future, because... This is what I'm realizing I was... today, okay, I got five minutes, I can get this done before I take off. And the next thing I know, it's 10 minutes have gone by. So time is just going fast for me. And I think for other people too.

**F** Felicia Froe 22:26

So in the near future, you will have the ability to help people, passive investors invest in the medical space.

**T** Trisha Talbot 22:34

Correct.

**F** Felicia Froe 22:35

And we're going to tell you guys how to find out about that and how to be on the list and know when that's going to happen here in just a few minutes.

F

Felicia Froe 22:43

You have a network of people so that if somebody lives in North Carolina and has a building they want to sell or they want to buy, they can still contact you. And you can help them with that in some capacity. Yes. And I've just picked North Carolina because I happen to know a few people in North Carolina, in the country.

F

Felicia Froe 23:00

Okay, that's perfect. That's really, really good.

F

Felicia Froe 23:04

I really like this and the mission with that... In Money with Mission, we're always trying to figure out how to.. how does that have a social impact? If people can buy, if a doctor can buy a building or a medical practice can have a building in a place where there's an underserved community, that's a win for them, because now they own some property, an asset and have a place for those peoples under that underserved community to come and get the medical care they need. Keep them out of an emergency room, because we know how much that costs and get the care, get the real care.

F

Felicia Froe 23:04

So there's a real need for this kind of thing. So more of us owning our own practices, owning our own, not just our practice, our real estate, that's a good way to me to get into real estate, you own your own house, you're gonna live in it, you know what that's gonna look like. Own your own medical building, own your own building where you're going to practice and get a big one so that you can now put some other people in there and make some rent from that. Now this is a good thing... is an amazing thing for your portfolio.

F

Felicia Froe 24:06

We had on the show a while ago, Dr. Burns, who actually owned, built, developed a hospital. They ran it and now they're out of it, but they still own the real estate. So I mean, that's just just perfect. Now somebody's got a long term tenant in there. They own this real asset. You guys know what I mean by real asset? I know you do. Not the paper, not the stock stuff that we don't have no clue what the heck that is.

F

Felicia Froe 24:32

But you could drive by your building. That's real. That's what I'm talking about. So if you haven't thought about that before, think about it now. If you don't want to own your own building, because you are employed, somebody does and there's going to become a time very

soon with Trisha where you'll be able to connect with those folks and help them own their own building. Now you put that asset into your portfolio. This is a win win win, guys, so don't ignore this. Trisha. How can people get in touch with you?

**T** Trisha Talbot 24:59

Yeah, So my websites the same name as my company. docproperties.com, there's phone number, email, but you can click and schedule a call, and you can schedule a call with me to talk to me about what you're wanting to do. And I can help you from there.

**F** Felicia Froe 25:18

Okay, so if somebody's looking to start doing their investing, be a passive investor, are you wanting them to call and get on your list now? Or is there another way for them to keep track of what's going on?

**T** Trisha Talbot 25:28

Yeah, so they can email their info@docproperties.com. And we're keeping a list. But I have, you know, I have my podcast as well, there's a link to it again, on my website. In the meantime, if they want to just sort of continue to understand. You know, there's a lot of investors that I've interviewed. So it lets them know what they're looking for in the market. You know, for properties.

**T** Trisha Talbot 25:55

I've interviewed physician owners, so you can see you know, some other physicians that have had success stories or not so successful stories. So we've talked through a few of those.

**F** Felicia Froe 26:06

What's the name of your podcast?

**T** Trisha Talbot 26:08

It's called Providers, Properties, and Performance.

**F** Felicia Froe 26:10

So Providers, Properties, and Performance is Trisha's podcast. I'm sure it's on all the platforms, wherever you listen to your podcast, you can find that. And Trisha writes, there's blogs, there's so much information on her site, about owning your own medical properties. So check it out,

everything's gonna be in the show notes. I know, nobody's sitting at their computer writing all this stuff down.

**T** Trisha Talbot 26:34

That's why I just give website instead of all the details because for them to google it and and yes, when they when they're not driving.

**F** Felicia Froe 26:42

docproperties.com Easy, easy, easy. docproperties.com You can do that. Remember to give you money and mission. Trisha, thank you so much for being here. I really appreciate it. And we'll talk to you again soon.

**T** Trisha Talbot 26:55

Thanks, Felicia.

**T** Trisha Talbot 26:59

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