



CLIENT SUCCESS STORY

HCREA Leads Long Established Family Dental Practice Through Lengthy, Difficult Lease Renewal Negotiations with Their Midtown Manhattan Landlord

THE CHALLENGE

Drs. Boyd, P.C. is a leading dental practice based in Midtown Manhattan. For over 80 years, four generations of the Boyd family have committed themselves to providing superior dental care and advancing the standards of dentistry for their patients. Today, five members of the Boyd family continue the work begun in 1930 by Dr. Norman Boyd.

The practice has been located in a high-end building on Madison Avenue since 1973. In 2012, Dr. Norman Boyd's son and the practice's current Managing Partner, Dr. Alvin T. Boyd, DMD, brought in HCREA's health care real estate professionals to begin strategizing in advance of their 2014 lease renewal. HCREA was hired because they had successfully negotiated on the practice's behalf two times in the past 10 years. "We started early because we understood that if we wanted the option of going somewhere else, it would likely take two years to find another space and build it," says Dr. Boyd. "I felt we were in a better negotiating place if we had the luxury of time. I didn't want to be in a situation where we were trapped with no time to go anywhere else."

Dr. Boyd knew that longtime tenants are at a disadvantage because they tend to want to stay in their space. "Whenever you are someplace for a long time and have a significant investment in the physical space, the landlord has you over a barrel," he says. "The fact that you likely do not want to start over somewhere else is working against you." Another challenge to any Manhattan-based dental practice is the fact that most Class A buildings don't really want health care tenants. They are concerned about medical gases, plumbing issues and the volume of non-employees using the building's lobby, corridors and elevators.

THE SOLUTION

HCREA began by exploring the options for appropriate space in the surrounding blocks. They found few options and determined all would be very costly to lease and customize. It was agreed that negotiating the best possible terms with the existing landlord was the prudent decision. Dr. Boyd wanted more space to add storage facilities to the practice as he was currently storing old patient charts in his garage. He also wanted the option of taking over the small dental space next door if that tenant ever terminated their lease.

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*Alvin T. Boyd, DMD
Managing Partner
Drs. Boyd, P.C.*

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Another issue where the practice needed the expertise of HCREA had to do with “re-measuring,” a common practice in New York City where landlords re-measure the tenant’s existing space to include hallways and other common spaces. This has resulted in many city tenants paying for more space while their footprint remains the same.

“The process was long and very frustrating,” says Dr. Boyd. The landlord delayed many times knowing the practice really couldn’t walk away. HCREA helped Dr. Boyd stay the course, knowing what he could and should ask for and advising the practice when to be patient. “The bottom line is when I read a lease I may as well be reading Chinese. I don’t really know what I’m looking at as it’s not my area of expertise,” says Dr. Boyd. “We use HCREA because they understand what they are evaluating and can thoroughly explain to us the terminology and what the various added on conditions actually mean.”

THE RESULTS

In an all too common situation where the health care tenant has little leverage and little choice, HCREA was able to secure for Dr. Boyd 5,900 square feet of space for an additional 10 years for his family’s practice to continue and flourish in the same prestigious location. HCREA negotiated additional storage space to create a chart room on another floor in the building and a refurbishment allowance from the landlord for the common areas. Drs. Boyd will also have an option on the space next door when and if the current tenant leaves. Although the landlord re-measured the space, HCREA was able to negotiate a base rent and other terms to compensate for this and produce a total cost beneficial to Dr.’s Boyd.

Even though it took 18 months to complete this negotiation, the final package HCREA worked out with the landlord met the practice’s objectives and avoided the work and expense of a move. “The HCREA team is knowledgeable, approachable and responsive,” he says. “We have confidence that they know what they are doing and that we are in good hands.” In the end, the process enabled Dr. Boyd and his family to get a result that created value for his practice, his patients and his family.