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Big accounting changes loom for leasing

Hospitals and medical groups may want to rethink their real estate dealings. The Financial Accounting Standards Board, a national nonprofit that sets generally accepted accounting practices, has released proposed rule changes in how businesses treat leasing expenses. The changes ultimately could make it cheaper and easier to purchase property than rent it, says Marisa Manley of Healthcare Real Estate Advisors, a Manhattan firm that specializes in developing health care space.

If approved, the changes could take effect as early as 2012. They would require businesses—including those involved in health care—to perform new calculations. These include determining operating expenses for the full term of any lease, and deciding in advance whether they plan to renew the lease—and for how long.

"Medical practices will be expected to predict far-off events, and they will lose the flexibility they have now," says Ms. Manley.

She predicts that will lead to shorter leases in which landlords have less incentive to make costly capital improvements to leased spaces. It also could lead to more doctor practices choosing to buy rather than rent.

The FASB is currently seeking comment on the changes in its guidelines.