

Dr. Art Edgerton, Medical Office Sale

Deal Story



"Mark Mayfield and Randy Graham did a phenomenal job of advising me, negotiating on my behalf, coordinating repairs identified during due diligence and successfully selling my building. All while allowing me to maintain focus on my medical practice, located out of state. I highly recommend their services and would use them again if the opportunity ever arises."

***Dr. Art Edgerton
Cardiothoracic Surgeon
Pinehurst, NC***

For more information, contact:

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**Rock Hill Medical Park
200 South Herlong, Suite E-1
Rock Hill, South Carolina**

Challenge

In the worst commercial real estate market in our generation, Dr. Edgerton decided to sell his medical office building. Not long afterward, he relocated to another medical practice out of state. There were approximately 2.75 years remaining on the lease of his building to a hospital. This made selling the building to an investor very difficult, due to the short term lease commitment from the tenant. The market was demanding 5, 7 or even 10 year lease terms as minimums, due to uncertainty in the economy and stringent bank financing requirements.

Action

We advised Dr. Edgerton that in order to make his property competitive in the market place, a longer lease term and aggressive pricing was needed. We proposed that Dr. Edgerton guarantee an additional 1.25 years to the 2.75 years remaining, in the event the hospital does not extend their current lease in the future. The initial feedback from potential buyers was not promising, due to the short lease term, even with the additional term commitment from the Doctor. However, we identified an investor that owned several other medical office buildings in the area and convinced them that the deal made sense, due to the proximity of the building to the hospital and the high probability that the hospital would lease long term.

Results

By advising Dr. Edgerton to the realities of the market place and targeting a qualified investor that was familiar with the local market, we quickly sold a difficult asset, in a challenging market, for a premium price. We successfully sold his property for 13% more than a comparable medical office investment, with a 5 year lease term, when comparing Cap Rates.