



E2E's Dental Insights: Owning Commercial Real Estate

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Passive Income for Dentists: Owning Commercial Real Estate



Owning commercial real estate can provide numerous benefits for dentists, making it an attractive investment option. One significant advantage is the **tax benefits associated with owning property**. Dentists can take advantage of tax deductions such as depreciation, property taxes, and mortgage interest, which can help reduce their overall tax liability. These tax advantages can contribute to significant savings over time, allowing dentist to keep more money in their pocket.

Another benefit of owning commercial real estate is it serves as an **additional asset to sell or hold when time comes to sell the practice**. Dentists can choose to become landlords and generate rental income from their property, providing a steady stream of revenue after retirement. Alternatively, they can opt for a sale leaseback arrangement; where they sell the property to an investor and then lease it back for a fixed period. This approach can provide a cash windfall for dentists, allowing them to unlock the value of their real estate. This strategy is also used while the dentist is still operating their practice.

There are some common myths associated with real estate ownership that dentists should be aware of. **One common misconception is that they need to have 25% liquidity to invest in commercial real estate**. Dental-specific lenders understand the value of a dentist's practice and can use the equity from the practice as collateral, making it possible to secure financing without a substantial liquidity requirement.



Another myth is that a year is sufficient time to start researching property, when in reality, **it's advisable to begin the process 18-24 months in advance**. Real estate transactions involve various steps, such as property search, due diligence, financing, negotiations, and buildout which can take time to complete. Starting early allows dentists to thoroughly research the market, identify suitable properties, and navigate the intricacies of the real estate acquisition process.



Some dentists may feel overwhelmed by the idea of owning commercial real estate and not know where to start. It's important to recognize that there are industry leaders specializing in handling real estate projects regularly in the dental market. These professionals have extensive experience and can guide dentists through the entire process, from property selection to financing and construction. Partnering with these experts can alleviate the hassle, save time, and avoid costly pitfalls.

Owning commercial real estate can offer dentists significant advantages, including tax benefits and the opportunity for additional income upon retirement. Dispelling common myths, such as liquidity requirements and the timeline for research, is essential for dentists considering real estate investment. By leveraging dental-specific lenders and engaging industry leaders, dentists can embark on a successful real estate venture and enjoy the long-term benefits that come with property ownership.

[Reach out to Peyton Roebuck to learn more.](#)