



# Understanding MOB Ownership

Which Model of Healthcare Real Estate Ownership is Best for You?



## Joint Venture or Partnership Ownership

Physician tenants and the owner create a new company or LLC to jointly own a medical office building, ambulatory surgery center, etc.

**Pros:**

- Achieves real estate investment desires of physicians
- Relatively easy financing and structure
- Allows for professional real estate oversight for management, capital improvements, leasing & financing
- Aligns interest of physicians and owners

**Cons:**

- Consensus needed for decision making
- Relatively illiquid investment of shares or units



## Condominium Ownership

Physician tenants own the suites they occupy in a medical office building and pay condominium association fees

**Pros:**

- Achieves real estate investment desires of physicians
- Provides “tangible” asset ownership

**Cons:**

- Illiquid investment
- Potential Fraud and Abuse law issues if owned by hospital
- External financing may be difficult
- Complex and costly set-up



## Direct Ownership

Physician tenants wholly own a medical office building. Generally best suited for a smaller, single-tenant building.

**Pros:**

- Achieves real estate investment desires of physicians
- Full control of real estate to the extent not restricted by a ground lease to the hospital

**Cons:**

- Higher risk of fluctuating real estate values
- If physician/hospital relationship changes, asset ownership could become a problem



Realty Trust Group’s expert team of Healthcare Real Estate professionals can help you navigate issues like MOB Ownership and other complicated topics. Call Greg Gheen: (865) 521-0630



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