



How Montecito Helped a Dominant Urology Group Expand Its Real Estate Investment

“Montecito’s history and the fact that they only do healthcare real estate made us feel very comfortable with them. To have a partner that understands the medical practice and understands doctors’ needs is extremely important.”



Arkansas Urology

Scot Davis, CEO
Arkansas Urology

The Situation

As the largest urology practice in the state, Arkansas Urology includes approximately 30 providers across 14 locations. Maintaining ownership of its real estate, which provides passive income streams for physicians, was important to the group’s overall strategy. At the same time, this approach complicated the balancing of interests of physicians in the group; whenever the practice bought out ownership shares of retiring physicians, it took on new debt to be shouldered by younger doctors.

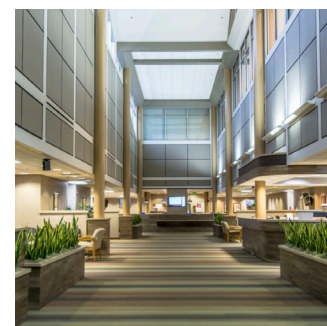
The Solution

Montecito presented the group with the opportunity to remain invested in their property while aligning physician interests. Montecito also offered flexibility to accommodate the group’s desire to retain for future development a piece of land adjoining its flagship location. Through Montecito’s distinctive PREP program, physicians also could re-invest a portion of the sale proceeds back into the buildings, gaining monthly income, significant tax advantages, and an opportunity to share in the profits when Montecito eventually resells the properties as part of a larger portfolio that can command premium pricing.

The Result

After interviewing other potential buyers, the group sold four medical office properties to Montecito. The transaction freed up cash that the group could use to buy out shares of senior physicians while funding a \$20 million expansion of its real estate portfolio to provide income for younger partners. Also, a number of physicians chose to re-invest their real estate earnings back into their buildings via PREP.

Montecito brought additional opportunities to the group that included partnering in medical real estate development; using AI to improve patient compliance with prescribed treatments; and a unique cash balance program enabling physicians to shelter more income from taxes. These opportunities solidified the sense that Montecito was not merely a one-time purchaser of the group’s medical real estate but a partner committed to their long-term success.



Arkansas Urology Portfolio SQ FT: 72,556 • ASSETS: 4

The four properties, which represent a combined total of more than 72,500 square feet, include three medical office buildings and an ambulatory surgery center. All are 100% occupied under long-term leases by Arkansas Urology.

Physicians take care of everyone | Montecito takes care of physicians

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