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Surgery Ownership and Added Years

Surgery Ownership

Question:

I am a GP partner and have been offered the chance to buy into the practice premises. The building is owned by the other two partners and leased to the practice. One of the partners has asked for his spouse to succeed him as part owner on the event of his death to protect her interests in any deal signed. I have never heard of this before. Can you advise?

Answer:

Historically, with owner-occupied premises, if one property-owning partner left, another would be engaged to take their place. This practice has now been diluted, primarily because of the fall in the number of larger premises owned by doctors, together with the fact that many young doctors do not want to buy into property.

In order to separate the GP practice element from the premises element, it is fairly common for the GP owners to lease back to the GPs of the practice. Initially the parties might well be the same (with the GP landlords also being the tenants) but the separation does mean that there can be variations. This would indeed be the case if the property-owning partner you mention allows his share to pass to his wife.

There is nothing remiss about this, although it does solidify the division between the landlords or premises-owners and the tenants or practice GPs. Arguably this could limit flexibility because the landlords and tenants need to decide on the division of the premises- related expenses and responsibilities and need to be in agreement over any structural changes, such as an extensions or an upgrade.