Time to unload real estate? Factors for senior doctors to consider

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Physicians approaching retirement should reexamine their real estate holdings—homes, offices and vacation homes—as their lives and their finances evolve. Depending on your circumstances, this could be the right time to take your real estate chips off the table.

That’s the advice of Tal Frank, president of PhysicianLoans—a preferred home-loan provider for AMA members. Columbus, Ohio-based Physician specializes in loan financing for home purchases by physicians.

Real estate is generally a good investment and physicians approaching retirement are likely to have been investing in real estate for years through buying a primary residence and sometimes office space for their practice or a vacation home, Frank said. But there comes a time when a senior physician needs to ask whether it is time to sell, he said.

Have you reached peak appreciation?

If you are pondering whether to sell a real estate holding, you need to think about the timing and value of the transaction, Frank said. Some key questions to ask yourself: Has the property reached a peak in appreciation value? Are you ready to offload the property and its upkeep?

Doctors planning to retire and relocate in the next three years should meet with a real estate agent in that area to “minimize surprises.” That involves assessing the relative value of the property you have and the prospective cost of relocating while winding down your practice, Frank said.

Cash value is not always the objective, he added.
“It’s not all about continuing the game to earn more and more. You earn it to use it, and many physicians have invested over the years to use their profit for their own benefit or enjoyment.”

“If you are thinking about selling, now may be the best time,” Frank said. “Now you can get top dollar. Over the next one to three years, it is an amazing time to sell property that is approaching the peak of its value.”

You may also want to meet with an experienced loan officer to understand the cost of a new residential purchase in your preferred area of relocation.

Learn more about home and lifestyle offers available to AMA members through AMA Member Benefits PLUS.

Selling your practice space

Now may also be the time to make a change in your commercial real estate holdings, such as any practice or office space you may own.

If your retirement involves a move to another area, one key question, says Frank, is: “Do I want the work of being an out-of-state landlord?” In general, if you are retiring or relocating, owning a commercial property may be a bigger management burden than you want.

If you are just slowing down or reducing the time you spend in the office, you don’t need to own the office space. You can always lease back your own office and continue your practice uninterrupted and recoup the value of your investment, he said.

Whether you want to continue your practice or maintain the space for current tenants, Frank said the decision requires a general reassessment of your property. Key questions here, he said, include: “What is the realistic value of the property if you sell? What is the realistic cost of retaining the property?”

“At this stage of your life, your economic decisions are about lifestyle. The lifestyle you imagine at retirement could easily be more expensive than your lifestyle during your working years. That may be a reason to unload the asset and cash out,” he said.

Find out more about the AMA Senior Physicians Section, which gives voice to—and advocates for—issues that affect physicians age 65 and above, both active and retired.