



Adam Thompson MRICS ACI Arb
Director, Primary Care Surveyors Ltd

T: 01243 374740
M: 07825 246209

athompson@primarycaresurveyors.com
primarycaresurveyors.com

Primary Care Infrastructure

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There has been much speculation and discussion about the future structure of primary care, with a particular concern being recruitment of GPs and how this affects succession planning for practices. This may in turn affect the continuation of the GP practice as we know it.

The challenge of recruiting partners to practices has been a difficult one, with many GPs choosing to continue their careers as salaried doctors. In some areas this has happened en masse, with there being widespread concern as to the future viability of all practices in a given locality, and it is leading to innovative solutions being considered, including collaboration with Foundation Trusts. There have been instances of a Foundation Trust joining the GP practice as a tenant on the lease, but it is not inconceivable that the Foundation Trust could join, or even replace, partners of the practice as owners of a medical centre.

There has been a significant rise in the number of merges taking place, which have in some instances decreased the number of partners and increased the

number of salaried doctors. When this happens, some surgeries are no longer in the traditional owner-occupied practice model and it can be appropriate for leases to be granted with the landlord being the partner and the tenants being salaried doctors within the merged practice.

This separation between ownership and occupation premises may, in the future, be extended further. The increasing significance of Any Qualified Provider (AQP) may lead to those bodies becoming the service provider, in which case it may then be appropriate for them to take the lease as tenant of the medical premises. Likewise, the Multi-Speciality Community Provider (MCP) is another body that may end up being the tenant of premises.

Federations or alliances may also evolve to become more like corporate bodies, such as limited companies or community interest companies, but equally may become the tenant or even the owner of the premises.

It is difficult to foresee what the eventual landscape will be for healthcare property, but this is almost incidental since this will be dependent on the future landscape of service provision. Whether the AQP, MCP or CCG will be the pre-eminent body in a locality, will presumably then influence the future ownership and occupation of premises.

Currently it is estimated that approximately two-thirds of all surgeries are owner-occupied by the partners of a

GP practice; it will be fascinating to review the proportion in, say, five years' time. Assuming that this proportion has reduced, it will be interesting to see if the growth in private ownership of property has been brought about by established property investment companies dedicated to the sector (of which there are already a few) or if the growth in third party ownership might be through growth of ownership by AQPs, MCPs, CCGs, Vanguard or some other body yet to emerge.

As mentioned, there are some established property investment companies dedicated to the primary care sector. These investors are looking to the future as to what the new models will be and will need to work with GP practices and other bodies to ensure that property is meeting the needs of the service provider.

Whilst these investors have been attracted to the sector by virtue of long lease lengths and the tenants having their rent reimbursed by the NHS, it may be that the property investors will need to be more flexible, depending on the new service models. Should the MCPs come into being, the contract may have a term of 10-15 years, therefore it is likely that lease lengths of 25 years will not be as palatable as they have been to date. Whilst shorter lease lengths may be more appealing to the tenant, this is likely to lead to an increase in rental values as the cost of providing new premises will need to be recuperated over a shorter period.

The primary healthcare landscape is entering a period of what will probably be drastic change. There are likely to be different models of service provider emerging, and also it is also likely that these will be viewing property with a different perspective, possibly seeking greater flexibility as to how the building works, and looking to operate to a higher level of utilisation, but conversely seeking shorter lease terms.

The property industry is well placed to reflect changes in service provision, providing that it is acknowledged that greater flexibility can be provided but may need to be matched by an increase in rental values to compensate the landlord for providing such flexibility.