

## LEASE VS. BUY ANALYSIS



CAPITAL LINK

Connecting Health Centers to Capital Resources

### Trying to Determine Whether to Lease or Buy Facilities?

The start of a capital project presents a health center with two basic options:

**Lease:** Lease from existing owner or invite a developer/partner to purchase the building, renovate the space and lease it back to the health center.

**OR**

**Buy:** Purchase the building and renovate, build new or expand an existing site through primarily borrowed funds and some cash reserves.

#### How Does My Center Decide? Qualitative and Quantitative Information Help

As part of the project planning process, Capital Link can prepare a **Lease vs. Buy Analysis** with two key components to address the “pros and cons” of either leasing or owning the facilities outright.

The qualitative and quantitative components of the analysis are used to begin the discussion on whether a particular community health center should lease or own its facility to meet space needs, both present and future. The analysis is meant to assist the health center through the decision process by initiating certain questions and examining center specific details, while ultimately leaving the final decision up to the center. Once the center has reached a decision on whether to lease or buy, they can have access to Capital Link’s **Consultant Database** consisting of construction managers, architects, real estate and site selection consultants and other valuable information.

#### General Rules About Leasing Vs. Buying

##### Leasing

- Allows more flexibility and is faster to negotiate
- Health center does not have to be concerned with managing the building
- Appropriate for a fairly new health center or a health center in a growth situation
- Less expensive in the short-run

##### Buying

- Allows the health center to use the building according to the organization’s needs
- Acts as readily available collateral, which can be used for financing
- Less expensive in the long-run
- Appropriate for health centers that know their space needs for the next 5-10 years

Contact us for a consultation:

[www.caplink.org/consultation](http://www.caplink.org/consultation)