

# Healthcare Real Estate Laws Can Be Tricky, Texas Real Estate Business

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The current economic climate has resulted in a flight to safety for many real estate investors. Since healthcare real estate is generally considered a safe investment because of the stability of the tenant base and the demand for the product, many real estate investors have turned to medical office buildings as a desired asset class.

Prior to engaging in development, investment or leasing transactions involving medical office buildings, real estate professionals must understand how healthcare real estate differs from other asset classes. For example, medical office buildings will be subject to different design and construction standards than general office buildings due to the unique nature of the use. In addition, if the medical office building is located on a hospital campus, the hospital will likely exercise certain controls over the leasing of the building and use of the space.

A minefield of laws and regulations exist surrounding medical office building transactions, which often require the analysis of the applicability of federal fraud and abuse laws, which can carry severe penalties. Any economic benefit received in a transaction between parties who may have a potential referral relationship can trigger applicability of these laws.

To be successful in the healthcare real estate market, developers and owners will need to understand the practical considerations and legal and regulatory environment surrounding this product. In all cases, parties desiring to enter into the medical office market should enlist the assistance of architects, contractors, attorneys and other real estate professionals who are knowledgeable and experienced in the healthcare industry.

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