



A nice, clean deal

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Recently, I was retained to sell a portfolio of four car washes. Being a specialist in commercial and multifamily building sales, I wasn't sure how I would fare in finding such a niche buyer. After a round of marketing it is (surprisingly) apparent how many "traditional" investors are also interested in this asset class.

Analogous to multifamily property owners, car wash owners invest with different strategies in mind. Some buy and hold existing properties for the in-place income. Some build ground up and operate. Others buy run-down washes, put money into the upgrade, and sell off the asset as a value-add play.

A few other interesting facts surfaced:

- * Car washes are most frequently sold as a package: the business, the building, and the land. However, on occasion, the components are sold separately.
 - * Net Operating Income is more a product of the weather (closed on rainy days) than the economy. Sales on sunny weekends are high; sales following snow days are higher.
 - * Car washes are nearly recession-proof. In a bad economy with high unemployment, people are less prone to buy new cars and more likely to wash and detail their old ones.
 - * Possibly the hardest part of the equation is getting the license to begin with. In New Jersey, where this particular portfolio is located, new licenses are rarely if ever obtained. The state stopped giving out permits 20 years ago, so all of the operational car washes are grandfathered in.
- And like everything in real estate...it's about location, location, location.

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