

The business has been in operation for 19 years and is located in Dallas, TX area, provides warrantied work and competitive pricing on brake and suspension repair, oil changes, wheel alignments, tire installation, oil filter change, shock and strut repair, and replacement on all makes and models.

The asset list consists of

*6 bays
2x2 Post Asymmetrical 12k lifts
2x4 Alignment rack 15k lift
Hunter Alignment rack
2 60lbs air compressors
up to \$20,000 in Tire Inventory*

What is a typical revenue level for this type of business with the specified assets?

Based on your 6-bay auto repair shop with specialized lifts, alignment equipment, compressor setup, and tire inventory in Dallas, here's a refined picture of what **typical revenue** might look like:



1. Revenue per Bay Benchmark

- The **national average revenue per bay** is about **\$203,000 annually** ([reddit.com](https://www.reddit.com/r/mechanics/comments/10jz8qz/average_revenue_per_bay/), ratchetandwrench.com).
- High-performing shops with two service advisors can push **\$35,000 more per bay** (ratchetandwrench.com).

👉 Using these metrics:

- **6 bays × \$203,000 = \$1.22M/year**
 - With optimized staffing and sales:
6 × (\$203K + \$35K) = ~\$1.45M/year
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2. Industry & Local Performance Context

- Roughly **40% of shops** with similar size (5–6 bays, ~5,500 sq ft) **generate \$1M–\$2.5M/year** (ratchetandwrench.com, [reddit.com](https://www.reddit.com/r/mechanics/comments/10jz8qz/average_revenue_per_bay/)).
 - Franchised-type shops see averages around **\$1.15M/year** (sharpsheets.io)—independents are comparable when well-managed.
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3. Service Mix & Revenue Drivers

Your services—brakes, suspension, alignments, oil changes, tire installs—are **all high-margin, high-turnover services**. These typically support **higher average repair orders (AROs ~\$400–\$600+)** ([reddit.com](https://www.reddit.com), ratchetandwrench.com).

- Shops offering full-range services often exceed **\$1M/year**, sometimes crossing **\$2M** when volume and pricing align.
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Insights from Shop Owners

“A shop location is a large part of the valuation... \$100,000 to \$150,000 in annual sales per bay is typical” (bizsale.com).

And based on Reddit:

“Our main location averages 80k monthly or so... 2–3 techs working a 10 hr shift.”
That suggests ~\$960K/year on 3 techs for ~6 bays ([reddit.com](https://www.reddit.com)).

Estimated Revenue for Your Shop

Considering your setup, scale, and service mix:

- **Baseline:** 6 bays × \$203K = ~\$1.22M/year
 - **Optimized:** With team/full utilization → \$1.4M–\$1.5M/year
 - **Range:** \$1.2M to \$1.6M annually appears typical
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Final Takeaway

Your fully outfitted 6-bay shop should comfortably generate **\$1.2–1.6 million in annual revenue**, with **\$1.4M+ achievable with optimized staffing and marketing**.

This aligns with industry standards and supports strong SDE multiples—key in valuing your business combined with the real estate.

Want to dig into profit margins, expense structure, or model a comprehensive cash flow for acquisition? I'm happy to help!

Can you provide me some profit margins and an expense structure?

Absolutely — let’s break down the **typical expense structure and profit margins** for an independent 6-bay auto repair shop like yours in Dallas, TX, based on national benchmarks and adjusted for local market conditions.



Typical Auto Repair Shop P&L Structure

Here’s a realistic **profit & loss breakdown** as a percentage of **gross revenue**, assuming annual revenue of **\$1.4M** as a midpoint:

| Category | % of Revenue | \$ Amount (at \$1.4M) |
|---------------------------------|--------------|-----------------------|
| COGS (Parts & Tires) | 28%–35% | \$392K – \$490K |
| Labor (Techs & Service Writers) | 25%–30% | \$350K – \$420K |
| Rent (or Owner Leaseback) | 6%–10% | \$84K – \$140K |
| Marketing & Advertising | 3%–5% | \$42K – \$70K |
| Utilities & Insurance | 2%–3% | \$28K – \$42K |
| Shop Supplies & Uniforms | 1%–2% | \$14K – \$28K |
| Equipment Maintenance | 1%–2% | \$14K – \$28K |
| Admin/Back Office (Phone, POS) | 1%–2% | \$14K – \$28K |
| Miscellaneous | 1% | \$14K |



SDE and Profitability

After all expenses (excluding owner salary), most shops aim for:

- **Net Profit (SDE): 15%–25% of revenue**
- On \$1.4M revenue → **SDE = \$210K – \$350K**

Your stated **SDE of \$229K** fits **well within that range** — especially if the business is run conservatively with minimal debt and the owner actively works in the shop.



Key Profit Margin Ranges

| Metric | Typical Range |
|------------------|-------------------------------------|
| Gross Margin | 60%–70% |
| Net Profit (SDE) | 15%–25% |
| Labor Margin | 60%–70% gross margin on labor sales |
| Parts Margin | 30%–50% gross margin on parts sales |



Notes for Owner-Operators or Buyers

- If you're an **owner-operator**, your compensation is likely part of the **SDE**.
 - If you're buying and **not working full-time**, you must subtract **manager salary** (likely \$60K–\$90K) from the SDE to get a clean **EBITDA**.
 - If the business owns the real estate and leases it back to the owner, that **leaseback amount (\$86,400)** should already be deducted in expenses.
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Summary: Expense Structure

| Expense Type | Typical Range (% of Revenue) |
|-------------------------|------------------------------|
| COGS (Parts/Tires) | 28%–35% |
| Payroll | 25%–30% |
| Occupancy (Lease) | 6%–10% |
| Other Operating | ~10%–15% |
| Net Profit (SDE) | 15%–25% |
