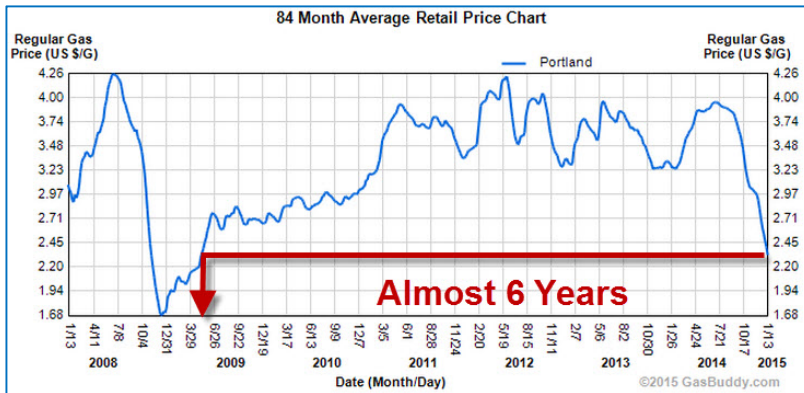


What I'm Seeing - Gas Stations (January 2015)



Fuel Prices - As the New Year begins in Oregon and SW Washington, optimism is in the air. Tom Kloza, chief oil analyst at Oil Price Information Service (OPIS), recently forecast that the average price of gasoline nationwide will drop below \$2.00 per gallon this month and will average \$2.49 in 2015. Since last summer, gas prices have fallen to their lowest level in almost six years. This is not only good news for customers, but also operators experiencing above average margins on falling prices.



Fuel margins increase when gas prices fall for two reasons: a decline in credit card fees (% of sale price) and the retailer's ability to lower the street price at a slower rate than the declining cost of goods.

Case Study - On a recent job, I had originally thought a small urban station might have limited appeal to buyers. However, as I researched the market I learned that in a neighborhood with high barriers to entry this type of property could be very desirable to the right buyer. Fuel distributors and multi-station owners are typically interested in this size of station given the low staffing requirements, maintenance and operating costs. It is a point of sale opportunity for fuel, which is where they have a competitive

advantage due to their vertical control of delivery, purchasing and logistics. They typically renovate, add profit centers, maximize vendor discounts, purchase in bulk and utilize cutting edge software to automate inventory management.

NACS 2015 C-Store Marketing Trends

Social Media – Personalized messaging to customers

Digital Experience – Fun shopping with digital displays and vending

Mobile Checkout – ApplePay, CurrentC and other apps

Sale Activity – Transactions in 2014 exceeded the previous year and buyers remain active at the start of 2015. Brokers indicate strong activity on new listings given limited sale inventory with increasing demand from multi-station operators and fuel

distributors. Most buyers are searching for value-add opportunities with good fuel storage capacity in the \$500,000 to \$2 million price range. A number of stations are selling within the first month of listing or are trading off market. However, demand has not yet reached overpriced stations with a “help me retire” asking price.

Please call anytime if I can be of assistance in Oregon or SW Washington.

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2014 Gas Station Sale Comparables

(Going Concern Transactions)

	Appraisal & Consulting Group LLC Data		
	Low	Average	High
C-Store Size (SF)	1,346	2,811	4,686
Year Built	1948	1980	2004
Dispensers	2	5	11
Site Size (SF)	14,810	34,885	91,040
Traffic Count (ADT)	5,000	12,189	20,500
Sale Price	\$725,000	\$1,580,449	\$2,800,000
Fuel Gallons (Monthly)	55,000	89,619	190,000
In-Store Sales (Monthly)	\$35,000	\$87,312	\$185,000
Gross Profit Multiplier	2.4	3.0	4.2
Capitalization Rate	11.0%	13.8%	15.7%

“It puzzles me how they know what corners are good for filling stations. Just how did they know gas and oil was under there?” -Dizzy Dean, Baseball Hall of Famer