

## HOW TO VALUE A CAR WASH by Elliot Silverstone, CCIM

There are 3 main ways to value a car wash

- 1) Replacement costs
- 2) Comparable sales
- 3) Financial calculations

Generally, a Certified Real Estate Appraiser should be hired to value the Car Wash. Most financial institutions will rely on the report from a Certified Real Estate Appraiser as part of their financial decision for lending. In some instances, the lender will work with a Realtor to provide an "Opinion of Value" from an experienced Car Wash Broker.

### **Other Important Considerations:**

\* Always remember your exit strategy. How long do you want to own, will you sell at this time, give to someone, exchange 1031 for another property, maybe a passive investment etc., maybe the property location is so good it could be purchased for another completely different asset.

\*\* Beware of fast and general rules such as x times sales or x times Net Operation Income. Consideration has to be given as to who and how the present car wash was being run, reason for sale, was the owner operating, did he have a manager, were the cost of operation better or worse than you could run it for, marketing efforts, can I sell more car washes, and other considerations. We prefer to do a complete cash flow analysis. There are many factors to consider but the analysis is simple:

### HOW MUCH TO I INVEST AND WHAT IS MY RETURN ON MY INVESTMENT

\*\*\* Consider the cash advantages of depreciation to your present tax situation. A good CPA or financial advisor can really help with this thought.

**Texas Car Wash Brokers will provide a detailed cash flow analysis for you**

