

Investing in the Car Wash Business

Section # 4 – In-Bay / Rollover Automatic Investment Model

Source: notes taken during a 09.27.07 Business Seminar conducted by Fred Grauer, Executive Vice President – Investor Market, Conveyors, Ryko Manufacturing Company

In-Bay / Rollover Automatic Estimated Market Share in USA is

- 40% of all sites (higher in Texas)
- 55% employs Touch-Free equipment
- 45% employs Soft Cloth / Friction equipment

In-Bay / Rollover Considerations

- Purchases are impulse driven
- Primary Real Estate = \$___ / SF (\$8-\$12 SF common; \$25-\$35 SF in So. Calif.)
- Capture Rate is .5 to 1.5%
- Rooftops Critical
- Demographics Important
- Competition with High Volume Impulse Buyers
- Typical Investment (before land & building) is \$200,000 for equipment

In-Bay / Rollover Financial Model - Impulse Driven “A” Sites & Traffic Dependent

- Capture Rate (0.5-1.5% of 24 hour traffic) = _____
- Number of washing days per year (wdy) = _____ (310-320 wdy in L.A.)
- Estimated cars per year (cpy): _____ cpd x _____ wdy = _____
- Local market price for wash (average per car) = \$ _____
- Estimated revenue per year (revenue / car x cpy) = \$ _____
- Estimated variable cost per year (gross x _____) = \$ _____
- Estimated fixed cost per car (taxes, insurance, advertising, legal) = \$ _____
- Estimated mortgage cost per year:
 For minimum 20% required = \$ _____ (cash)
 For financing 80% @ _____% over _____ years = \$ _____ / year

In-Bay / Rollover Financial Model - Impulse Driven “A” Sites & Traffic Dependent

Cost Estimates:

Land: _____ sq ft (including brokerage fee, if any) x \$ _____/sq ft = \$ _____

Building Cost:

- | | |
|--|------------|
| 1. Size: _____ sq ft x \$ _____ / sq ft | = \$ _____ |
| 2. Fees: (Architect, GC, ME, Other) | = \$ _____ |
| 3. Government Fees: (Impact, C.U.P., Bldg Permit, Etc) | = \$ _____ |

Equipment:

- | | |
|-------------------------------------|------------|
| 1. Automatic \$ _____ x _____ Bays | = \$ _____ |
| 2. Self-Serve \$ _____ x _____ Bays | = \$ _____ |
| 3. Other | = \$ _____ |

Estimated Project Cost (land + building + equipment) = \$ _____

In-Bay / Rollover Financial Model - Impulse Driven "A" Sites & Traffic Dependent

Cost Estimates:

Land: 21,500 sq ft (including brokerage fee, if any) x \$12 /sq ft = \$258,000

Building Cost:

1. Size: 750 sq ft x \$ 125 / sq ft = \$ 93,750

2. Fees: (Architect, GC, ME, Other) = \$ 50,000

3. Government Fees: (Impact, C.U.P., Bldg Permit, Etc) = \$ 50,000

Equipment:

1. Automatic \$ 150,000 x 1 Bays = \$150,000

2. Self-Serve \$ _____ x _____ Bays = \$ _____

3. Other = \$ _____

Estimated Project Cost (land + building + equipment) = \$601,750

In-Bay / Rollover-Self Serve 5 + 1 Model

Cost Estimates:

Land: 21,500 sq ft (including brokerage fee, if any) x \$15 /sq ft = \$322,500

Building Cost:

4. Size: 750 sq ft x \$ 125 / sq ft Auto = \$ 93,750

5. Size: 1,950 sq ft (5 self-serve bays) = \$146,250

6. Fees: (Architect, GC, ME, Other) = \$ 50,000

7. Government Fees: (Impact, C.U.P., Bldg Permit, Etc) = \$ 50,000

Equipment:

4. Automatic \$ 150,000 x 1 Bays = \$150,000

5. Self-Serve \$ 25,000 x 5 Bays = \$125,000

6. Other = \$ 50,000

Estimated Project Cost (land + building + equipment) = \$ 987,500

Financial Results – 5 Self Serve + 1 Automatic

- Total Investment = \$987,500
- Cash Down 20%** = \$197,500

Revenue

- Revenue 5 @ \$2,200 = \$132,000
- Revenue Auto = \$176,400
- Total Revenue = \$308,400

Expenses

- Mortgage \$790,000 @ 8% / 20 yrs = \$ 78,769
- Variable Expenses 35% = \$107,940
- Fixed Expenses 12% = \$ 37,000

Net = \$ 84,683

Return on Cash Invested \$84,683 / \$197,500 = 43%

**SBA loans require 15%-25% cash down