

Two main issues dominated the news headlines in 2015, one positive and one negative.

The first was the VW emissions scandal which first reared its head in September, the full effects of which are yet to be felt. It is likely that the impact of this in practical terms will not be felt for some time as the true cost to the company emerges. However, the first negative effects were realised in November as used car sales for VW brands fell by 20% whereas the overall used car market improved by 3.8%. Headlines continue to be negative with the US President of VW resigning earlier this month.

The second, was that the used car market and new car registrations reached a record breaking 2.63m, beating the previous record of 2.58m in 2003, after 43 months of consecutive growth. Many in the sector believe 2016 could see a new high for registrations and we believe this will positively fuel demand for new sites and premises. However, a slowdown in the housing market is what many in the sector want as numerous requirements cannot be satisfied owing to higher alternative use values, particularly for residential.

There have been a few high profile business acquisitions in the last few months of 2015/start of 2016 which has consolidated the sector even further. Those of particular note are as follows:

- Vertu acquired Greenoaks Mercedes-Benz who have dealerships in Reading, Ascot and Slough.
- Group 1 acquired Spire Automotive, a 12 dealership group.
- Marshall Motor Group acquired SG Smith in November for £24.4m. They represent a number of VWG brands in South London.
- Lookers acquired Benfield in September for £87.5m. They trade 30 dealerships across Northern England.
- Vantage acquired Toyota/Lexus in Leeds/Wakefield for £12.7m
- Eden Motor Group acquired Wokingham Motors who represent Peugeot (new car sales), Renault and Vauxhall in the town.

It is common knowledge in the market that Jaguar Land Rover (JLR) is seeking to redefine their market areas at the same time as enhancing their retail network. This has led to many business and property transactions involving the two brands and we highlight a few below:

- Rybrook buy Jaguar/Land Rover businesses in Huddersfield from Perrys.
- Cambria acquires Land Rover in Welwyn Garden City from Jardine for £10.8m.
- Ridgeway announce plans for a new Jaguar/Land Rover facility in Oxford at Milton Gate.
- Charles Hurst opens a new Jaguar/Land Rover facility in Belfast.
- Inchcape acquire Land Rover in York from Armstrong Massey.
- Lookers buy Amersham Jaguar from Jardine.

It certainly seems as if JLR are the major brand leading the quest for new and improved premises although many other, particularly premium, brands continue to dictate their requirements to dealers. We see no signs of this activity diminishing through 2016 as car sales figures continue to improve.

Please contact the above for further information or advice regarding this update.

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