# Dealership Update - Changing times

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Brexit: an event that, at the time, felt a little as if the world was about to end. We are nearly 5 months on from 25 June 2016 and whilst turmoil in foreign exchange continues with the pound predicted by some to reach parity with the Euro over the next few months, the FTSE has reached a record high.

However, so far there appears to have been little effect in the automotive sector with both corporate and property deals continuing with some high profile (and costly) examples including:

- Kia opening Europe's largest dealership in Brentford
- Dick Lovett opening a 25 car Aston Martin showroom in Bristol
- Peter Vardy opening a new Jaguar Land Rover dealership in Aberdeen
- Arnold Clark opening the UK's largest Hyundai dealership in Glasgow

Of course these deals will have been planned and financed well in advance of the Brexit date but during the preceding period of uncertainty, the strength of the UK economy appears to have vindicated those approving these high profile deals. Indeed further significant developments are continuing to be announced post-Brexit including:

- JCT600 obtaining planning consent for a new Mercedes-Benz dealership in Harrogate
- Swansway announcing plans for a new Jaguar dealership in Crewe
- Arnold Clark planning a new Motorstore in Nottingham
- Inchcape announcing plans for a new Audi dealership in Bolton

Furthermore, since our last automotive update, the sector has seen the largest corporate acquisition for 10 years with Marshall Motor Holdings acquiring Ridgeway for £106.9m to become the 7th largest group in the UK; an acquisition where Rapleys was appointed to advise on the property elements of the acquisition. There have also been a number of others, both pre and post Brexit, including:

- Lookers acquire Drayton Group for £55.4m (July)
- Lookers acquire Knights Group for £27.2m (August)
- Jardine Motors acquire Colliers Motor Group (June)
- Vertu acquires Gordon Lamb for £18.7m (June)

It remains to be seen what impact Brexit will have as Article 50 has yet to be exercised and, given recent court rulings, there is uncertainty as to whether the Government can make this decision without the support of Parliament.

Many groups are yet to report their half year results although market sentiment has, so far, generally been positive. It seems as if most in the sector remain confident about the state of the UK economy and that confidence has translated into investment in the sector at a time when the temptation might have been to "sit tight". It is, however, widely anticipated that Article 50 will be exercised in the first half of 2017 and, if this is the case, we will be in for another round of uncertainty next year.