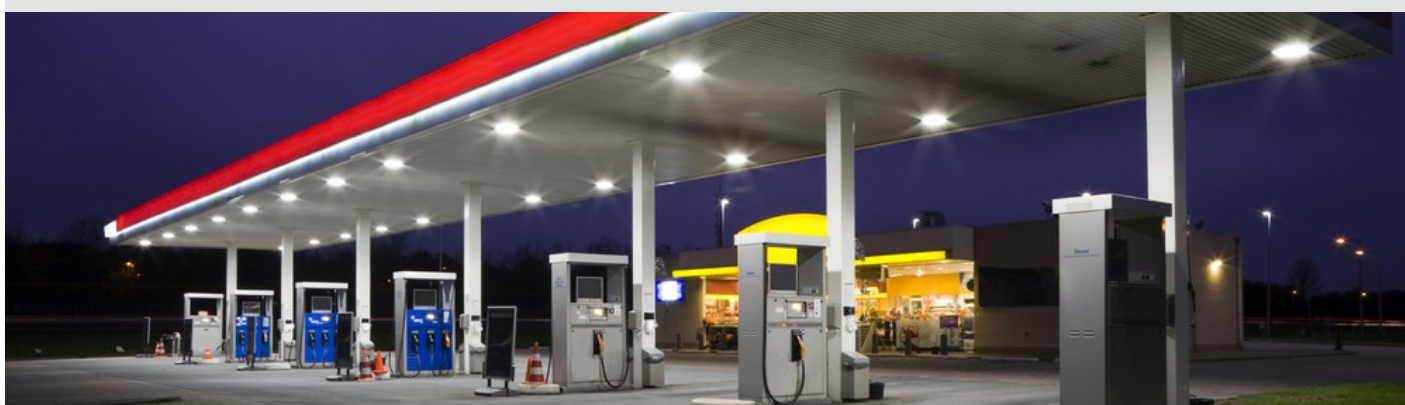


The UK petrol station market: what's happening?



As we come to the end of the financial year 2017/2018 and look forward to the next, we reflect on the progress and strength of the industry. Requirements for petrol stations did not see a great decline and top dealers are still making significant deals.

CONTACT

Mark Frostick
07785 522958
mark.frostick@rapleys.com

The year did record a slight drop in petrol station numbers but this was marginal at just 52 fewer sites, down to 8,407 (source: Experian Catalist Market Summary Report Nov 2017). We expect a number of these are small local unbranded sites and we do continue to see a steady flow of closed down sites also reopening. Rapleys has transactions in solicitors hands on a number of sites to reopen, including a site that has been closed for almost 15 years! We also expect to see more new to industry sites being developed and existing stock redeveloped.



Demand for sites across the board remains strong and the lack of available stock is continuing to keep both freehold and leasehold prices high. As margins remain strong this is likely to continue. If the backlash against diesel continues there could be some change in the nature of fuel demand but we

have yet to see this have a significant effect.

In terms of the major news, we have continued to see the top dealer groups expand and at present **MRH, Motor Fuels, Euro Garages, Rontec, Co-Op** and **Petrogas** combined operate approximately 20% of all petrol stations in the country. Their numbers have been boosted by corporate takeovers of a number of the smaller groups within the Top 50. Examples include, **MFG** acquired **Golden Cross** in January, **MRH** acquired **Chartman** in September and **Petrogas** acquired 7 sites from **Carsley Group**. At current rates there may not be enough groups to form a top 50!

However, in terms of numbers **Euro Garages** have acquired the most by going global. Having started from a single site in Bury in 2001 they have now expanded into Europe to become the largest retail customer of **Esso**. They are looking further afield with the recently announced \$2.15 bn deal to acquire 762 sites in the US from **The Kroger Co** which suggests that the two questions are:

- where are they going to acquire next?
- if they are looking at the US will they have to change their name?

The UK petrol station market: what's happening?



CONTACT

Mark Frostick
07785 522958
mark.frostick@rapleys.com

The last 12 months have also seen the supermarkets revisiting ties with fuel operators and again this has been met with mixed success. Recently we have seen **MRH** tie up with **Co-op**, **Euro Garages** with **Sainsburys** and **Morrisons** with **Rontec**. However, of these, only the latter is still on-going after a trial period. This would appear to be due to operational issues rather than being a bad concept and we expect that further tie ups are likely to be trialled in the future.

We have also seen the return of demand for Motorway Service Areas. There have been relatively few new developments in recent years with the new services on the M5 at Gloucester being the only notable exception. We are pleased to be seeing announcements and planning applications on a number of new locations throughout the UK though, with **Petrogas** possibly being the most active as they look to replicate their success in Ireland.

Looking forward, the recently announced deal merging MFG and MRH could lead to a new level of super group with almost 1,000 sites. It is too early to confirm the fallout of this deal but we could see its ripples felt for a long time.

We predict that the market will continue as the last 12 months have with demand for sites to continue, corporate activity to be high and more sites to open. The last few years have seen changes and growth and we expect this to continue through 2018 and into 2019.

For further details on currently available sites please go to www.rapleys.com/properties or speak to **Mark Frostick** or **Stuart Lobb**.

