

Automotive News

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Time for private equity dealers?

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A number of aging auto dealers want to leave the business, but big public dealership groups aren't snapping up properties the way they used to. What to do?

Automakers must cooperate with and cultivate private equity investors looking to buy private dealership groups of five to 15 stores, says Sheldon Sandler, CEO of **Bel Air Partners**, a financial advisory firm for auto retailers.

Sandler, speaking last week at the Automotive News World Congress in Detroit, said large public dealership groups were snapping up such properties in the second half of the 1990s. From 1996 through 2001 there were 27 such sales of private groups on the *Automotive News* list of the top 100 dealership groups, he said, but from 2002 through 2006 there were only five. Last year there were none.

"In my opinion, there won't be in the ensuing three, four, five years," Sandler said.

"What I see is a liquidity crunch for the aging car dealer."

Middle-sized private equity firms have been trying to get into auto retailing, he said, but "haven't received a warm welcome from the manufacturers."

Sandler said automakers must accept — and maybe even partner with — private equity investors to get some deals done: "It's time for the manufacturers to reach an accommodation with the equity people who are willing to take the risk and are motivated to do these deals."

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