

MD Johnson Inc. Automotive News

*Dealership Values all over the board?
Maybe not.*

SEATTLE, WA, UNITED STATES, May 12, 2020 /EINPresswire.com/ -- Dealership Values all over the board? Maybe Not.

There is a lot of speculation about the value of auto dealerships given the current situation. Even more speculation when a dealership is in contract to be sold/purchased. Much like during the 2008 recession, buyers became overly aggressive on discounting and sellers often failed to drop prices quickly enough to be on the market. Wild speculation includes buyers talking "quantum change" with sellers saying "fine, I will keep my store until things turn around". The truth is, it's not "all good" and neither is "the sky is falling".

No one will be closing the sale or purchase of a dealership while stores are closed. Banks are unable to process floor plans or cap loans and factories often are prohibited from processing a buy sell when the dealership is shut down. Execution of a closing also requires teams, which are currently disbanded. So, pushing on a buyer, when you are a seller, is like rearranging the deck chairs on the Titanic - futile.

If you are thinking that "this sounds like a good time to renegotiate (decrease) my offer", you can do that, and you may get a concession. But they will never forget it and will let every seller know what you did. Be perceived as a good buyer. If you want out, just do so. But don't reprice someone under duress. This industry is full of people that never quit and are gifted with really long memories. Make no mistake, some bargains will be available, that have not been seen in many years.

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Covid 19 is a small speed bump for auto dealers.”

Mark Johnson



Mark D Johnson, President MD Johnson Inc.

 **MD JOHNSON, INC.**

During the recession I closed about 30 transactions where the dealer was out of trust (special asset or workout group), among other things. Rule Number 1, never surprise your lender. Be completely transparent. It will be a bumpy restart but it will happen fairly soon, and this will quickly become a distant memory. After doing this for 20 years we have seen a few things. Call us to chat about what's on your mind. We are all former dealers, we get it. [Mark Johnson](#)

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