

Practices

Automotive Retail

The U.S. automotive retail sector continues to consolidate at a rapid pace. Record profits experienced following the COVID-19 recession fueled record deal-making. While inflation, higher-interest rates and a normalization of inventory levels are pressuring the post-pandemic era's high gross margin levels, ongoing healthy profits are supporting and even accelerating the volume of buy-sell transactions. Looking forward, certain dealers may face challenges from a lower SAAR environment, increased competition, lower service revenue from electric vehicles, ride sharing and autonomous systems, manufacturers' facility requirements and economic uncertainty. Scale and further efficiencies will likely be a key factor in driving future profitability for dealers. Public auto retailers, private equity and family offices are recognizing this potential opportunity for consolidation and many independent dealers are deciding that this environment presents an opportunity to sell while business and multiples remain strong.

Dealership Buy/Sell Transactions

Our deeply experienced team of lawyers has represented clients buying or selling "top 100" dealership groups, as well as single points, across the country. While a majority of our buy-side and sell-side clients are domestic, we have represented foreign buyers of dealerships, as well as sales to foreign buyers. Our collaborative team is comprised of corporate, real estate, finance, tax, and franchise lawyers who have practiced together for many years and we have additional industry-specific expertise available, including labor and employment,

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Our Team

Related Work

Corporate
Corporate Finance and
Lending
Eminent Domain and
Property Rights
Labor and Employment
Land Use and
Development
Litigation
M&A and Private Equity
Real Estate Acquisitions
and Sales
Real Property Tax
Planning and Appeals
Tax
Traditional Labor Law

intellectual property, and other specific areas of law. We have excellent working relationships with all nationally known dealership brokers, the national and regional accounting firms that focus on dealerships, and national banks with specialty lending groups for dealerships, which typically results in smooth transactions.

Manufacturer Relations

We have extensive experience representing dealers applying to acquire or dispose of dealerships, protesting add-points, negotiating facility upgrades, defending warranty audits, and resolving manufacturer's right of first refusal exercises. Our team has negotiated framework agreements with manufacturers to allow larger dealer groups to more efficiently plan acquisitions in new and existing markets. We have also represented dealers in resolving disputes, in mediation, before state administrative agencies, and through litigation in various courts across the United States.

Real Estate and Facilities

Our team has comprehensive knowledge of issues impacting dealership real estate and related manufacturer requirements for dealership facilities, especially in connection with buy/sell transactions. We routinely handle real estate purchase and sale, lease, construction, and renovation contracts for dealership facilities.

Tax Planning

We frequently resolve federal, state, and local tax controversies and audits of dealerships by various tax authorities, and provide income and estate tax advice and succession planning for family-owned dealerships. Tax planning in advance of a transaction is essential, and we routinely work with a dealer's existing tax advisor and accountants.

Labor and Employment

In the area of employee relations, we assist dealers implementing employee compensation and benefit plans, and in drafting employment, incentive, and non-compete agreements for key managers. Our team represents dealer management in defending union organizing activities, addressing unfair labor practice charges, resolving employee claims of discrimination, and ensuring compliance with wage and hour and similar laws.

Lending and Financing

We have deep experience in auto floorplan financing and secured lending transactions with banks, manufacturer's captive finance companies, and private and institutional lenders.

What We Do

- Dealership buy/sell transactions
- Dealership succession planning
- Tax planning, structuring, and audit advice
- State law and regulatory counseling
- Real estate purchase and sale transactions
- Land use and zoning and environmental matters
- Eminent domain and property tax disputes
- Lending and financing transactions for dealership assets
- Employee compensation/ERISA counseling
- Union avoidance advice
- Litigation defense