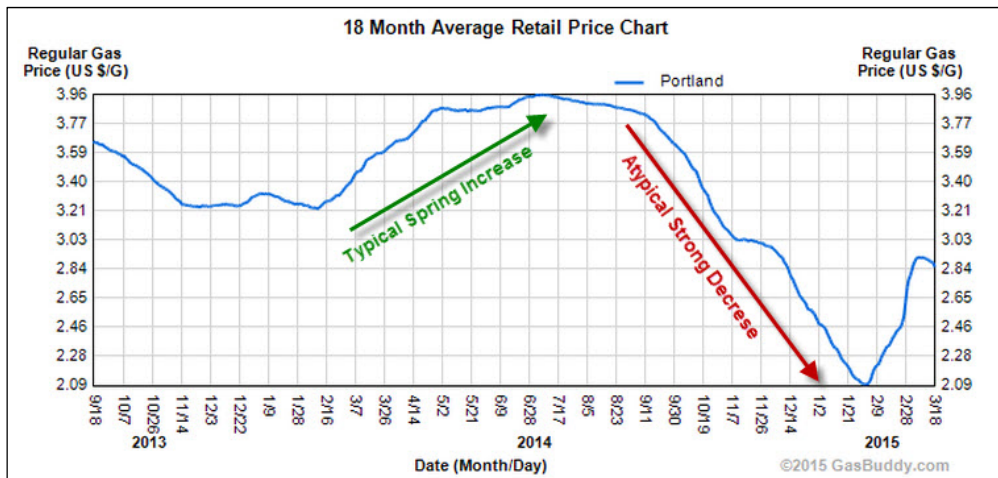


# Gas Stations: What I'm Seeing - March 2015



Fuel prices have risen since the beginning of February, which is typical for this time of year as refiners switch over to summer blends and shut down for annual maintenance. Over the past ten years, prices have increased an average of \$0.50 per gallon from the start of the year to the spring peak in pricing (NACS). Good news moving forward is that with increased supply, prices nationally are expected to remain below \$3.00 per gallon with GasBuddy.com forecasting an average of \$2.65 for 2015.

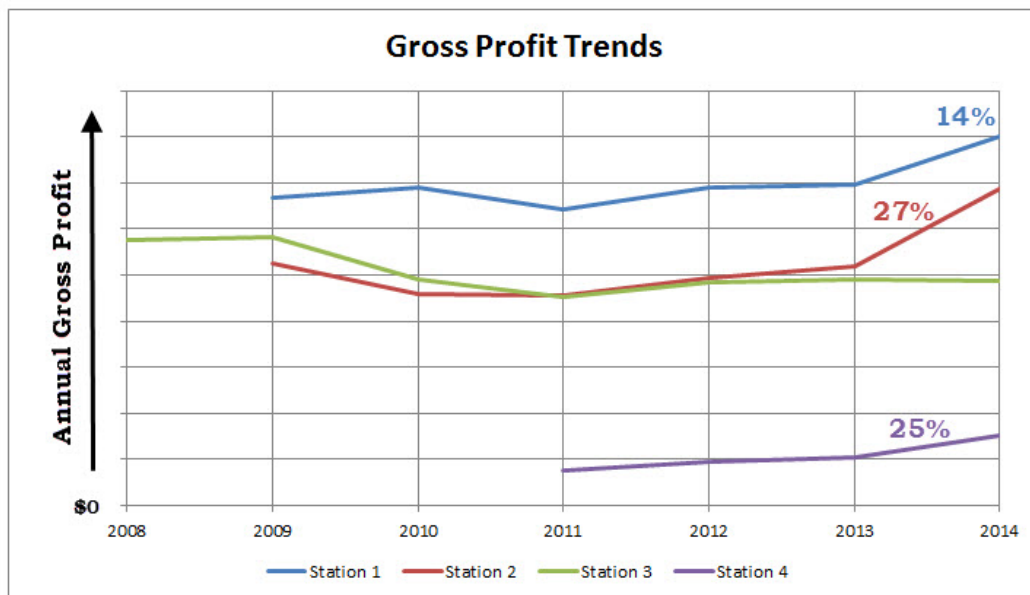


**2015 Economic Forecast**

- ↑ GDP
- ↑ Personal Consumption
- ↑ Real Disposable Income
- ↓ Unemployment Rate

Source: Wells Fargo Securities, LLC

**Why this Matters:** So, how does this affect gas station operators? Favorably. A number of operators are indicating that 2014 was very profitable due to a strong fourth quarter when fuel margins increased due to falling prices (cost of goods). In order to verify this anecdotal information, I plotted the historical total gross profit of the last four gas stations I've appraised that included year end 2014 financials. As noted below, 3 of the 4 stations reported a strong increase in gross profit during 2014 (the outlier was a high volume station in a competitive small town market.)



Source: Appraisal & Consulting Group LLC Database

Revenue  
 (Less Cost of Goods)  
 Gross Profit  
 (Less Operating Expenses)  
 Net Operating Income

**The Take Away:** With the economy improving and gas prices expected to remain below average, it should be another profitable year.



Please call anytime if I can be of assistance in Oregon or Washington:

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