

WHY WE LIKE CAR WASHES



ESSENTIAL
BUSINESSES¹



STEADY CONSUMER
DEMAND



RECESSION-
RESISTANT



HIGH-TRAFFIC
LOCATIONS



CONVENIENT
ACCESS

ADVANTAGES TO INVESTING
IN ESSENTIAL ASSETS CLASSES

- 1 **BONUS DEPRECIATION:** Potentially deduct up to 100% of qualified improvement costs in the first year (2025 rates).²

- 2 **DSTs CAN PROVIDE ACCESS TO INSTITUTIONAL REAL ESTATE:** DSTs provide entry into high-quality commercial assets typically out of reach for individual investors, managed by experienced sponsors.

- 3 **1031 EXCHANGE ELIGIBILITY:** Opportunity to leverage a DST investment for potential tax deferral through 1031 exchanges.

- 4 **PASSIVE INCOME GENERATION:** Professionally managed operations can generate a hassle-free, passive income stream.

- 5 **COST SEGREGATION:** Maximize deductions by identifying property components eligible for shorter depreciation schedules.



**Sources: <https://tradenetlease.com/q4-2024-net-lease-cap-rate-report/>; <https://bouldergruop.com/research.html>; <https://www.avisonyoung.us/web/netlease/insight-article/-/article/2024/02/12/c-store-report>; <https://talkbusiness.net/2025/02/the-supply-side-growth-challenges-expected-in-convenience-store-sector-in-2025/>
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1 - The North American Industry Classification System (NAICS) categorizes car washes (NAICS Code 811192) under Automotive Repair and Maintenance (NAICS Code 8111). During COVID-19, the U.S. Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) classified "Automotive Repair and Maintenance" as Essential Critical Infrastructure. Such designation was issued in the context of COVID-19 response guidance and does not constitute a guarantee of future governmental classification.
2 - The Tax Cuts and Jobs Act (TCJA) provisions, including those allowing for accelerated depreciation such as 100% bonus depreciation were permanently extended for properties purchased on or after January 19, 2025, on July 4, 2025, when President Trump signed the "One Big Beautiful Bill."*



SPOTLIGHT ON: CAR WASHES

SEVERAL UNIQUE FACETS OF THE COVID-19 PANDEMIC ENCOURAGED EVEN FURTHER GROWTH WITH LASTING EFFECTS. NO-TOUCH CAR WASHES HAVE EARNED “ESSENTIAL BUSINESS” DESIGNATION IN A NUMBER OF MARKETS, AND RIDESHARE SERVICES LIKE UBER AND LYFT NOW REQUIRE ROUTINE PROFESSIONAL CLEANING OF VEHICLES, POTENTIALLY BOOSTING DEMAND.

- 1 **ESSENTIAL RETAIL:** Car washes are considered “essential” retail because vehicles need regular cleaning, regardless of economic conditions.
- 2 **STEADY REVENUE:** Unlimited wash programs and subscription models can provide predictable, recurring revenue.
- 3 **“AMAZON-PROOF”:** Car washes are less susceptible to online competition, as they offer a service that cannot be replicated online.
- 4 **HIGH ROI POTENTIAL:** Well-managed car washes can generate strong returns on investment, with some exceeding 20% annually.
- 5 **TAX ADVANTAGES:** Car washes offer significant tax benefits, including bonus depreciation, which allows owners to write off a large portion of the initial investment in the first year.
- 6 **SCALABILITY:** The car wash model can be scaled up easily, allowing investors to replicate their success across multiple locations.
- 7 **EVOLVING INDUSTRY:** The car wash industry is constantly evolving with new technologies and customer preferences, requiring investors to stay informed and adapt to changes.

FIVE ELEMENTS OF AN IDEAL CAR WASH LOCATION

1

ACCESSIBILITY

The carwash site should be easily accessible for drivers

2

HIGH TRAFFIC

The site should be located in a high traffic area

3

FEW NEARBY COMPETITORS

Direct competitors should not be within 3 miles of your site

4

DIVERSE CLIMATE

Adverse weather conditions can boost business

5

RIDESHARE VOLUME

High volume of rideshare vehicles can benefit business

*Sources: <https://tradenetlease.com/q4-2024-net-lease-cap-rate-report/>; <https://bouldergroup.com/research.html>; <https://www.avisonyoung.us/web/netlease/insight-article/-/article/2024/02/12/c-store-report>; <https://talkbusiness.net/2025/02/the-supply-side-growth-challenges-expected-in-convenience-store-sector-in-2025/>
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