business for sale

Filling Station for Sale: How to Make the Right Choice

When purchasing a CORO site, you'll need to scrutinise the terms and conditions in place. It's imperative to know whether the lease will be renewed by the oil company, or if the responsibility will fall on you as the buyer. This will need to be discussed and agreed upon before the purchase is made. In order to receive a suitable return on investment, the buyer should plan to operate the petrol station for at least ten years.

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Approaching the fuel retail industry to find a filling station for sale may seem like a daunting task; it's not very apparent how the process works and what to look out for as an interested buyer. Entering into a petrol station franchise doesn't have to be complicated, with a resource like Business For Sale.

Types of Petrol Stations in South Africa

There are two types of petrol stations in South Africa. They are:

- Petrol stations owned by major oil companies like Sasol, Engen, BP Etc
- Ones owned by individuals.

How Do I Buy a Petrol Station in South Africa?

Oil Company Petrol Stations

Oil company-owned petrol stations are also known as CORO (Company Owned Retail Operated) sites. The oil company owns the property under a long-term lease, and is responsible for investing all the capital into the station. The company will appoint the franchisee / operator.

The franchisee will oversee the petrol station and ensure that regulations and operations from the owners are being adhered to. There are various agreements discussed and agreed upon between the franchisee and the owner. Should the franchisee purchase the CORO site, only the operating entity may be bought as the oil company will still own the property and holds the lease.

Private Petrol Station

Where the petrol station is owned privately, the owner has exclusive rights to the land, the capital invested, and operating procedures. These are known as RORO (Retail Owned Retailer Operated) sites. Should the buyer enter into a Supply Agreement, the buyer will undertake all responsibility for the purchased filling station.

Factors to Consider When Purchasing a Petrol Station

There are different aspects that should be taken into account before making your purchase. These include:

- **Business performance in the books**: Just like with purchasing any business or franchise, you should complete a detailed current and historical evaluation of the numbers. Things to evaluate (over the last 3 years) include:
    - Turnover
    - Alternative income streams (i.e. the sale of goods, a car wash, etc)
    - The balance sheet
    - Expenses trading statement
    - The number of Litres they pump per month (this is a good indication of potential profit)

When purchasing a CORO site, you'll need to **scrutinise the terms and conditions in place**. It's imperative to know whether the lease will be renewed by the oil company, or if the responsibility will fall on you as the buyer. This will need to be discussed and agreed upon before the purchase is made. In order to receive a suitable return on investment, the buyer should plan to operate the petrol station for at least ten years.

- **Plans of Action:** Should there be significant changes in the economy, infrastructure, or other factors that could potentially affect the business, a contingency plan should be discussed with current owners – they should have one in place, but other factors should be considered as well.
- **Competition analysis:** With any franchise or business purchase, competitor analysis should be completed. Depending on location, pricing, service offering, and customer loyalty, you can make a call as to whether your potential purchase will hold strong against the competition.

Buying or selling a business has never been easier with our online business brokering platform; whether you're an entrepreneur looking for business prospects, or an existing business looking to get your sale noticed by multiple business buyers. Contact us to find out more.