

March 13, 2014

Penske, owner of local car dealerships, buys Greenwich BMW

Richard Lee and Maggie Gorgon



Lou Liodori, general manager of Mercedes-Benz of Greenwich, shows a new SLK convertible at the West Putnam Avenue dealership in this undated photo. Photo: Contributed Photo, ST

A Michigan-based marketer of more than 40 brands of automobiles has expanded its stable of dealerships in Connecticut with the acquisition of [BMW](#) of Greenwich.

Penske Automotive Group, based in Bloomfield Hills, Mich., said Thursday that it expects the dealership to generate about \$190 million in revenue on an annualized basis. It did not disclose the purchase price.

The deal coincides with the separate sale last week of four parcels and buildings on West Putnam Avenue in Greenwich that house two Greenwich car dealerships, totalling \$24 million.

Watson Enterprises sold the property at [217 W. Putnam Ave.](#), where Greenwich Cadillac-Oldsmobile sits, for \$5.2 million.

According to the buyer, West Putnam Realty, the property will continue as a car dealership, as will the other three lots that were bought in separate transactions -- the auto showroom for Mercedes-Benz of Greenwich at [252 W. Putnam Ave.](#), for \$2.8 million; the Mercedes dealership space at [261 W. Putnam Ave.](#), for \$13.5 million; and the dealership's auto service building at [262 W. Putnam Ave.](#), for \$2.5 million.

The Mercedes-Benz dealership is also operated by Penske.

"This stretch of West Putnam Avenue has become a magnet for luxury auto dealers, and this asset is right at the 50-yard line," said [Joseph Simone](#), president of [Simone Development](#), parent company for West Putnam Realty.

The strip is also home to Porsche and Audi dealerships operated by New Country, as well as an [Aston Martin](#) and Bentley dealership, both owned by Miller Motorcars, among other car outlets. "It is valuable as a car dealership and will continue to be so," Simone said.

All together, the transactions include about three acres, when coupled with the buildings, were assessed for a total of \$22 million.

Penske holdings across county

The Greenwich BMW operation, at [355 W. Putnam Ave.](#), joins an extensive list of dealerships and businesses in Connecticut operated by Penske including Audi Fairfield, Honda of Danbury, MAX BMW Motorcycles in Brookfield, MB Sprinter of Fairfield, Mercedes Benz of Fairfield, Mercedes of Greenwich and Porsche of Fairfield, as well as [Fairfield Collision Center](#) and the [Smart Center](#) in Fairfield, according to the company's website.

"The addition of the BMW brand to our existing automotive dealership operations in Connecticut is a key strategic investment for our company," [Robert Kurnick](#), president of Penske Automotive Group, said in a statement. "BMW of Greenwich complements our existing presence with Mercedes-Benz, Audi, Porsche and Honda in the Connecticut market, allowing us to continue scaling our operations." The staff stays in place, and Penske will implant its business practices, said [Anthony Pordon](#), executive vice president of corporate development, adding that the company likes to allow management of its dealerships a large degree of independence.

"We let everything run at the local level," he said.

Penske management plans to meet with BMW representatives to discuss any desired changes to the facility, Pordon said.

A spokesperson for BMW of Greenwich was unavailable for comment.

Penske Automotive Group, traded on the New York Stock Exchange under the ticker symbol "PAG," operates automotive dealerships, commercial vehicle distribution and car rental franchises in the

United States, Western Europe, Australia and New Zealand and employs about 18,000 people. It reported revenue of \$3.9 billion in the fourth quarter of 2013, compared with \$3.4 billion in the same period in 2012.

Traded on the New York Stock Exchange, the shares fell 2.3 percent, or \$1, to \$43.52 on Thursday.

'Hot market'

The decision to expand in Greenwich makes sense because of the demographics of the area, said [Maryann Keller](#), a Stamford-based automotive industry consultant.

"Greenwich is a very hot market for luxury car makers. Penske bought the Mercedes store in Greenwich about two years ago. Big chain dealers usually like to cluster in one market area," she said. "It makes sense for them economically."

Keller predicted that the public won't see many changes at BMW of Greenwich, adding that automobile makers have a set of criteria that must be followed in the purchase of a dealership. They also review a buyer's history as a dealership owner.

"For a public company to buy a dealership, they have to be approved by the manufacturer. The manufacturer wants to be sure that their brand is properly represented," she said.

Penske is a member of the [Connecticut Automotive Retailers Association](#), and one of the few corporate-owned operations that run dealerships in the state, according to association President [Jim Fleming](#), noting that the vast majority of its 250 new car dealer members are family-owned businesses.

"It's a good sign," said Fleming, referring to the purchase of BMW of Greenwich. "Three or four years ago when some dealers wanted to sell rather than go out of business, no one would buy them. Banks wouldn't lend."

As a result, employment at new car dealerships across the state fell from 15,000 in 2007 to 12,000 in 2008 and 2009. It has rebounded to 13,000, according to Fleming.

Despite being a major, publicly traded corporation, Penske Automotive Group participates in association meetings, which often focus on issues at the state and local levels, he said.

"We're like a chamber of commerce for dealers," Fleming said. "They (Penske) are a good company."