

Marina Auto Mall vs. Mission Boulevard

John Pico - February 20, 2006

Page 1 of 2

Here are my thoughts on Marina Auto Mall versus Mission Boulevard. The bottom line is that Mission Boulevard is a dying street and the faster you can get out of there, the better.

Hayward's heyday was back in the 1970s and 1980s and it has been a declining area ever since. When Hank Torian, Art Bridges, Don Lucas and the rest of the old gang went there in the late 1960s and early 1970s, there was no Marina Auto Mall and there was no Fremont Auto Mall. All but two of the dealerships in Fremont were on Fremont Avenue and they were the two "auto centers" between Oakland and San Jose.

Today, Hayward auto row is in decline and Marina and Fremont Auto Malls are thriving. Lucas was glad to get out of the Honda store on Mission Boulevard; AutoNation could not get out of the Nissan store, so they are going to close it and Nissan will keep it closed; and Bud Allan had his Hayward Chevrolet store listed with National Business Brokers for a year and nobody would even make an offer.

Chrysler Jeep is dead. (Dealerships are like dinosaurs, you put a bullet in their brain and they walk five miles before the drop. Said Barzegar has a couple of more miles left, but don't be deceived by the fact his lights are still on. He will go away.)

Knezevich, once the bright star of Ford, ended up the year with a loss in both his Ford and Lincoln-Mercury dealerships.

The good news is that you got sued for an ADA violation and it forced you to take a hard look at your store and the street and see just how lousy the area really is.

Anyway one looks at it, Marina Boulevard is growing and Mission Boulevard is dying.

Marina and Fremont both advertise heavily and have giant reader boards on the Nimitz Freeway (I-880). The daily traffic count at Auto Mall Parkway and 880 runs 144,000 Southbound and 164,000 northbound. At Marina Boulevard and 880, the count runs 244,000 Southbound and 240,000 northbound. At Teagarden and Marina (where Ford, Nissan, Pontiac and Buick are located, the traffic is so heavy that last month (January 2006) they had to install traffic light cameras to help control the drivers.

The dealerships on Marina are new, vibrant and on the rise. When Tim Paulus got the Ford store it had a decade history of selling about 30 new cars a month. After he moved it to Marina Boulevard, have averaged almost 200 new cars per month. (Tim is Bob Knezevich's closest competitor and it would be a good guess that Bob Knezevich will never reach his glory years of the 1990s again - at least on Mission Boulevard he won't.)

Marina Auto Mall vs. Mission Boulevard

John Pico - February 20, 2006

Page 2 of 2

It speaks volumes that the two guys that were in the hunt for Hayward Dodge were two of Dodge's top dealers who remembered Hayward Dodge in the good old days. It's kind of like racing, the car is good and the driver is good, but the track is bad.

Marina would not only give you a better location, but it would give you a better facility and a better piece of property (larger). It is the future.

How do you get there?

You first became a Chrysler dealer in 1972 and, for the past 34 years you have supported the product and the franchise through bankruptcy and through good times. If Iacocca needed someone to go to Congress, you stepped up and went; if he needed a donation, you made it; if the zone manager needed vehicles sold because of the bank the factory accumulated throughout the year, you took extra vehicles.

I think we need to bring them (the factory) into the loop and work something out that would benefit both of you. Right now you own a building on Capitol Expressway that Chrysler sold you and that will shortly be worthless when your lease expires because you do not own the land. At the same time, you are leasing a building on Mission Boulevard that will cost over a million dollars to bring into compliance with the American with Disabilities Act (ADA) and you are fodder for any lawyer that wants to make you a target. (After this last suit, you can be sure that you have a big X on your back already.)

The ideal situation would be to get your money back for the building on Capitol; sell Dodge on Capitol to Normandin, so that he can make an Alpha; get out of the building on Mission; build a new facility on Marina; pick-up Chrysler Jeep to put with Dodge on Marina; and concentrate on selling vehicles.

As you go up Mission Boulevard from south to north, the dealership three doors up from you is closing (Nissan) and the dealership is going away; the dealership two doors up from you closed and the facility is for sale; the dealership next door (Chevrolet) to you has been for sale for a year and couldn't get an offer; the dealership on the other side of you (Ford) hasn't been black in two years and the Arco station next to him is making a killing. (Hmmm. Gas Station? Nope, let's stick to selling cars.)

I have the plot map for the land and the blueprints for the dealership on Marina. I'll share them with you when I see you this weekend. Anyway, I have more to share and we have a lot to talk about. I look forward to visiting.

In the interim, if you have any question or comments, please feel free to call.