

CHECK OUT WHAT'S  
INSIDE THE ISSUE:

**Page 1 - 4**

**The Impact of the Election On  
Your Business**

**Written by Aaron Cutler**

**Page 5 - 12**

**Northeast Monthly  
Status Reports**

## THE IMPACT OF THE ELECTION ON YOUR BUSINESS

**Written by Aaron Cutler**

Well, we made it past the election (sort of) and now is a good time to assess the impact that the new political climate will have on our industry.

For our purposes, we are assuming, as all the major news outlets have, that Joe Biden will be our next president. With a Biden presidency will come a lot of proposed changes, and likely far fewer enacted changes. Here we will try to separate the illusion from reality and see what the effects of these changes will be.

**Con't next page**



**BUILD**

**Site Selection &  
Feasibility Studies**



**BUY**

**Sales & Acquisition  
Diversify Portfolios**



**CONNECT**

**Strategic  
Partnerships**



**MANAGE**

**Restructure, Reinvest,  
Divest, & Redevelop**



### Con't from page 1

There are four main areas where a more left-leaning government could have an influence on gas station/c-store valuations and sales: Electric vehicles (EVs); 1031 Exchanges; increased capital gains taxes; and a rise in the federal minimum wage.

Electric vehicles, and a shift in our energy usage, are likely coming irrespective of whether a Democrat or a Republican is in office. The question is more a matter of timing. At C-Store Investments we are watching the EV industry carefully and we will have more to report in coming months about its effect on our industry. For the time being, however, we do see EVs making inroads, and we see a Biden regime making this a major plank of its political agenda.

Biden will likely spend a lot of time and political capital trying to revamp our energy system, and EVs are a major piece of that puzzle.

This development, combined with the fact that many car companies are planning to roll out new EV models anyway, points to EVs making major headway over the next four years into the public consciousness. We are skeptical that EVs will make a major dent in fuel sales for at least a decade, but we think the tides are getting ready for a shift soon.

Another potential target of the Biden team is 1031 exchanges. These instruments allow real estate investors to defer taxes when selling commercial properties, and they are a major catalyst for transactions in investment real estate. They have some effect on our industry but more toward the higher end, where investors are purchasing properties that are leased by major oil companies. These valuations are at an all-time high, but they are distinct from the valuations of ongoing operations.



### *Start Building Your Strategy*

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### **Convenience Store Investments**

**We help C-Store owners, oil companies, and investors maximize their sales proceeds, divest from poor performing properties, and assist with mergers/acquisitions.**

### Con't from page 2

For the purposes of most of our clients, 1031 exchanges are helpful to use to defer taxes after selling their properties. Our prediction is that they will remain a viable option as they are a very popular tool for a wide range of people. If the Senate goes to the Democrats, there will likely be an income cap on the individuals who may avail themselves of these exchanges, but it is very unlikely to go away altogether. If the Republicans hold the Senate we don't see much changing here at all.

Capital gains may be the biggest target tax-wise of Biden's presidency. He has said that he would like to raise corporate taxes and raise the capital gains rate for people making more than \$1 million per year. This may not be a concern to many of you, but for those who sell it could take a big bite from your sale proceeds. Again, if the Senate remains in Republican hands, even if Biden beats the drum for this tax hike, we predict it will be dead on arrival.

A new federal minimum wage hike may have a harmful effect on profitability for c store owners. Many owners have found, with the tight labor market over the last few years, that they need to pay more competitively to keep help anyway.

We predict that any hike will happen over several years, but as with the other items in this survey, it will serve to create headwinds for our industry.

Adding to the burden of these concerns is obviously the pandemic that we continue to muddle through. The curtain could rise on the pandemic, though, as demonstrated by the recent good news with the Pfizer vaccine. When things do turn around we will see a lot of happy Americans and there is little doubt that they will be driving more and consuming more c-store items.



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# INSIDER

## Gas Station and Convenience Store Official Newsletter

### Con't from page 3

What does all this mean for the gas station/c-store industry? At first blush it doesn't look great, but the reality is that with a divided Washington, it is going to be very difficult to get anything monumental passed. Our prediction is that the people, not the legislators, will dictate the shift. If people adopt EVs at a faster rate or if there is widespread discontent with the tax code then we may see some faster changes. We will see minimum wages continue to rise but that will likely be offset with some inflation, hopefully some of which will be in the prices inside convenience stores. And when the pandemic lifts we are in for a boost.

Gas station/c-store valuations have been at all-time highs for a few years now. The ebbs and flows of the tax code may have an impact on the timing of deals but are not likely to put a huge dent in valuations, especially if there is not much happening with taxes. We do see EVs looming, however, and we think that they are going to have the most effect on our industry in the years to come. For now, enjoy the decent margins and the (relative) calm before the next political storm, and be glad you don't own a movie theater. Things may not look perfect for our industry, but we are in pretty good shape.

At C-store Investments, we are watching the developments, local, regional and national, that affect our industry and we put our experience, expertise and analysis to work for you. Please feel free to call or email us to discuss anything about your business or the industry as a whole. We would love to talk to you.

### Check out our Archives:

<https://www.cstoreinvestments.com/blog/>



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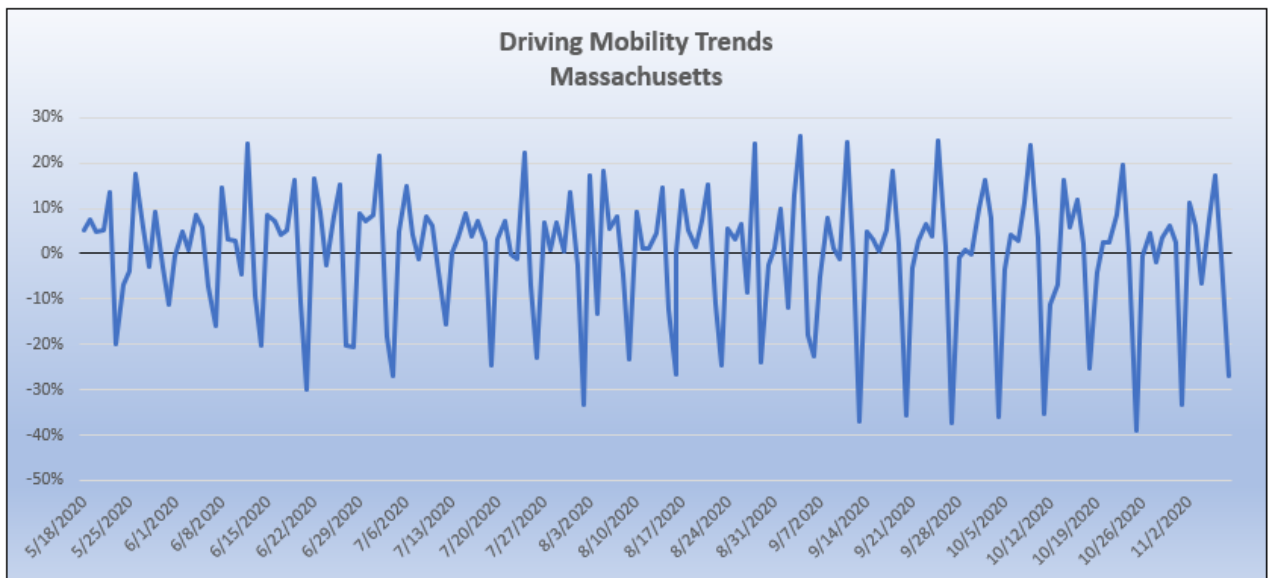
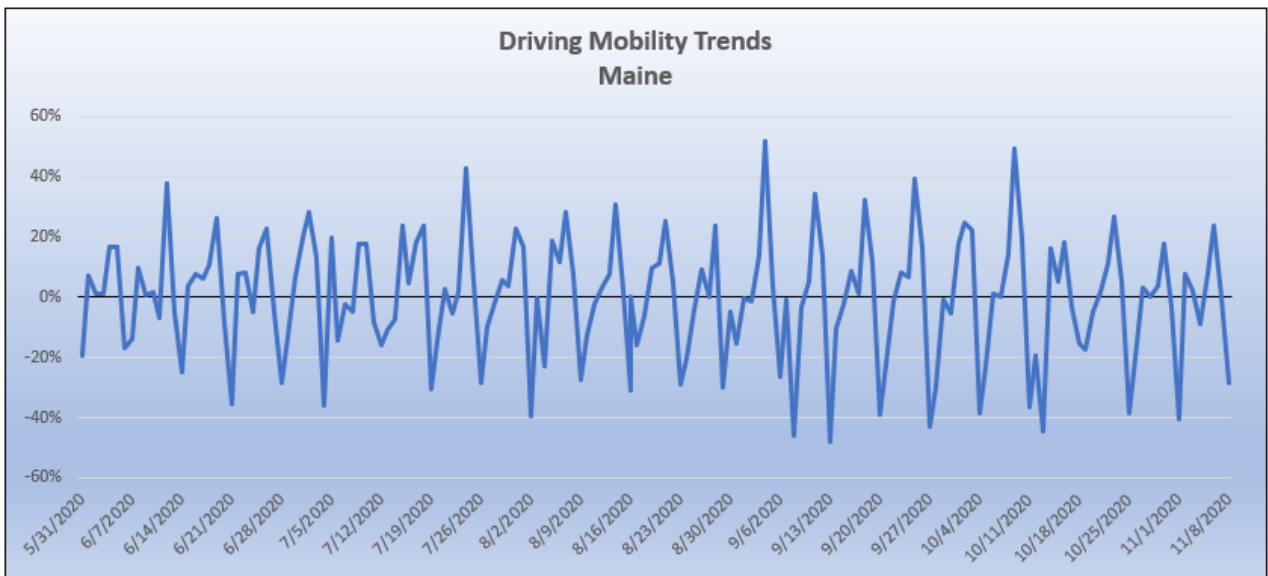
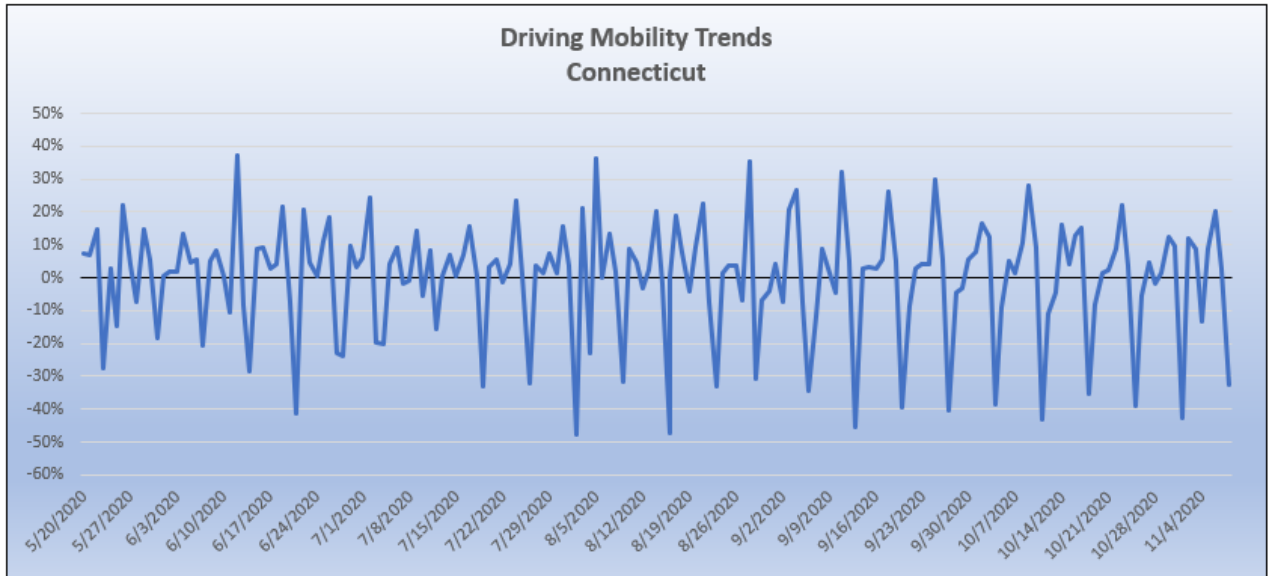
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### Convenience Store Investments

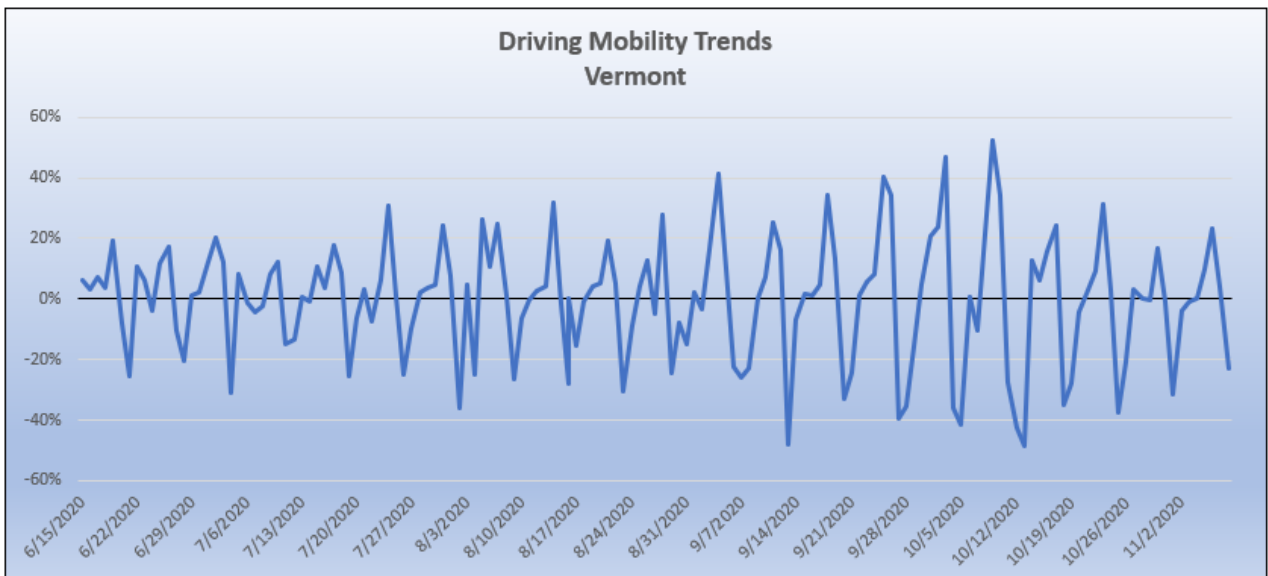
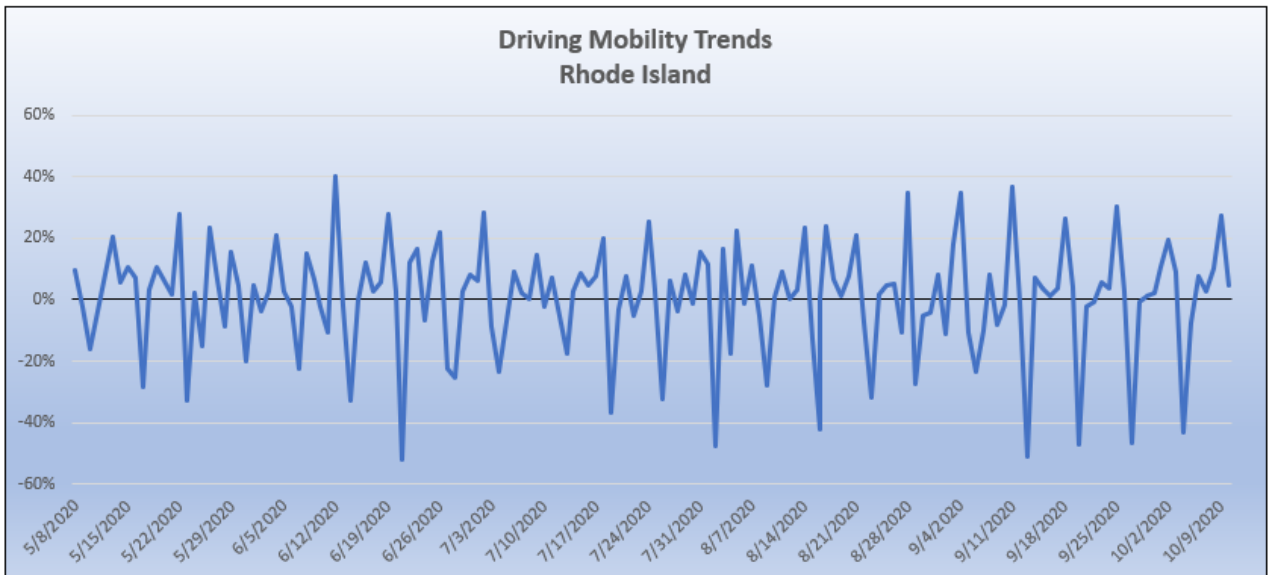
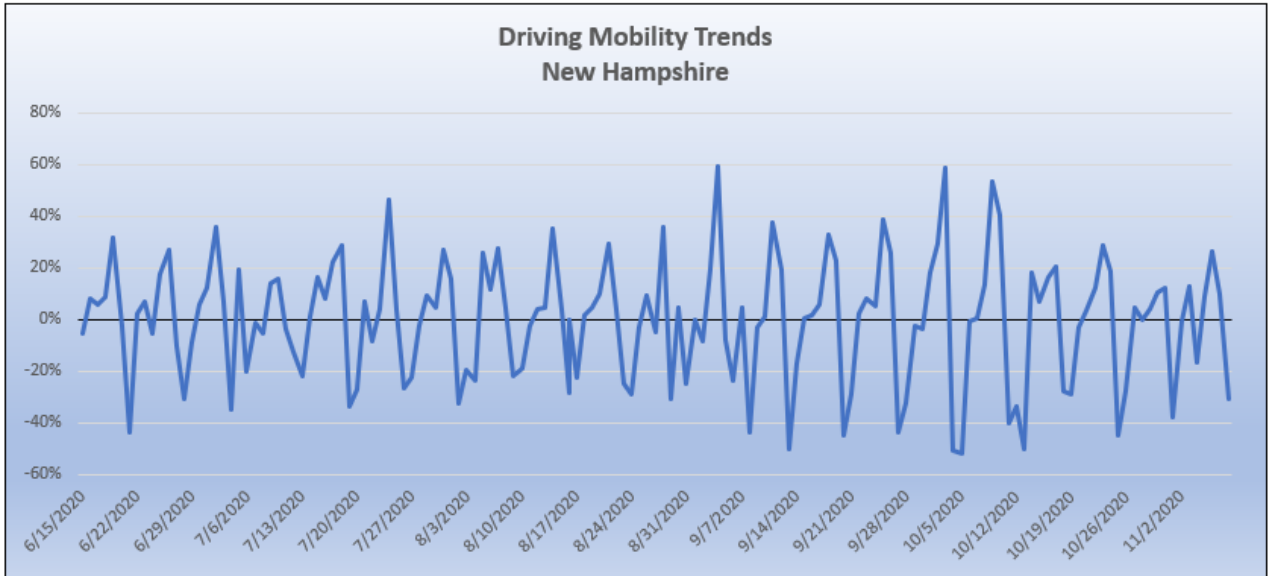
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# MOBILITY RATES



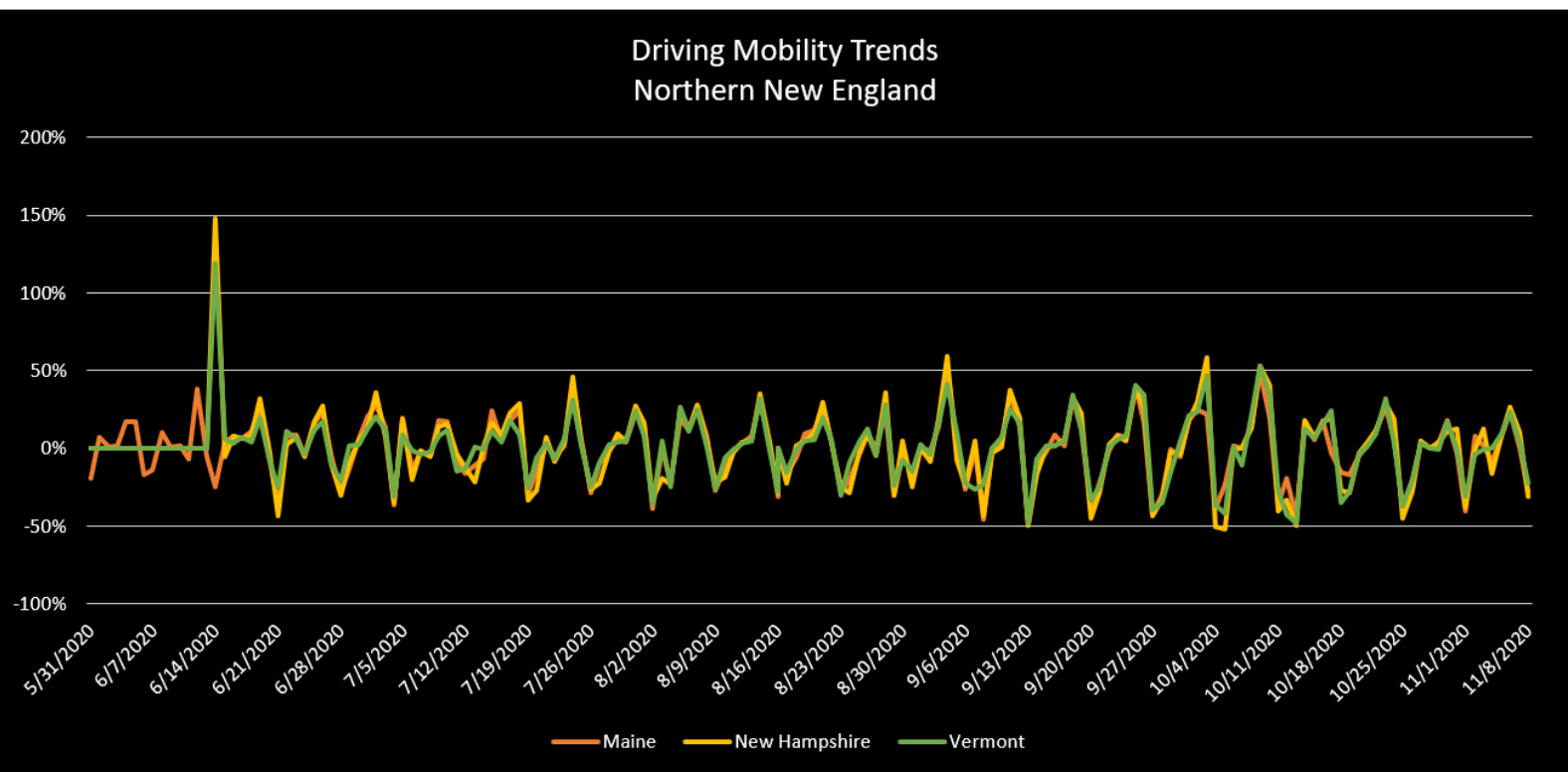
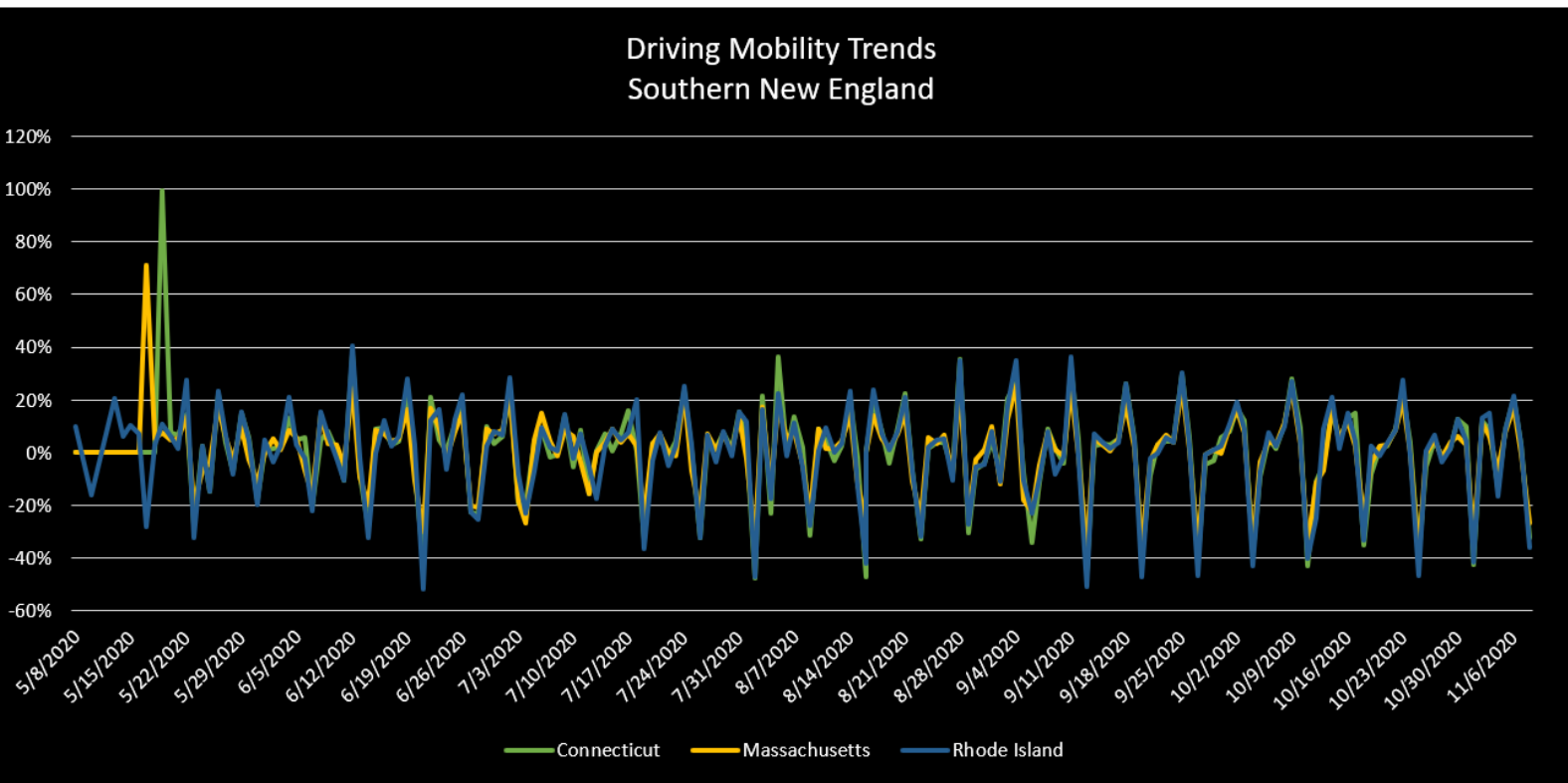
Source: Apple \*These Charts are based off of when each state lifted their stay at home order.

# MOBILITY RATES



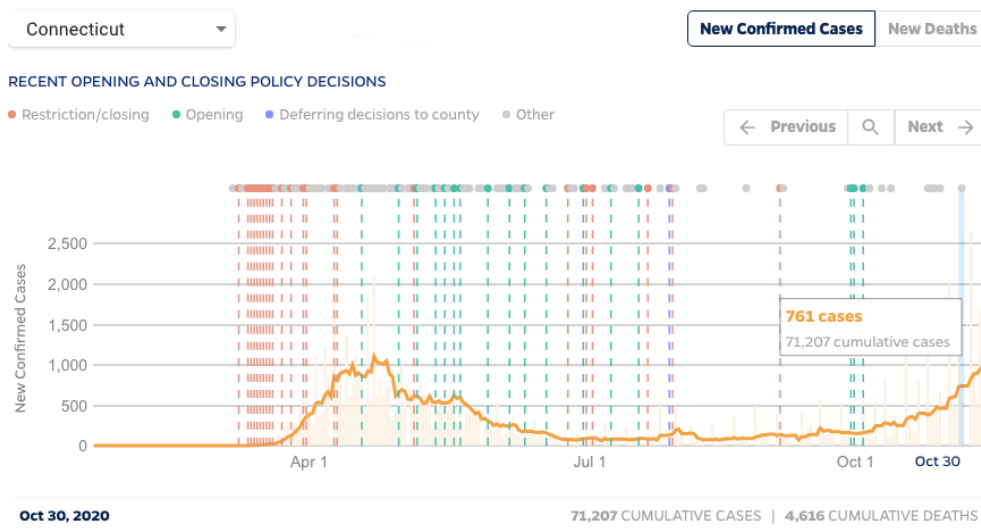
Source: Apple \*These Charts are based off of when each state lifted their stay at home order.

# MOBILITY COMPARISON RATES

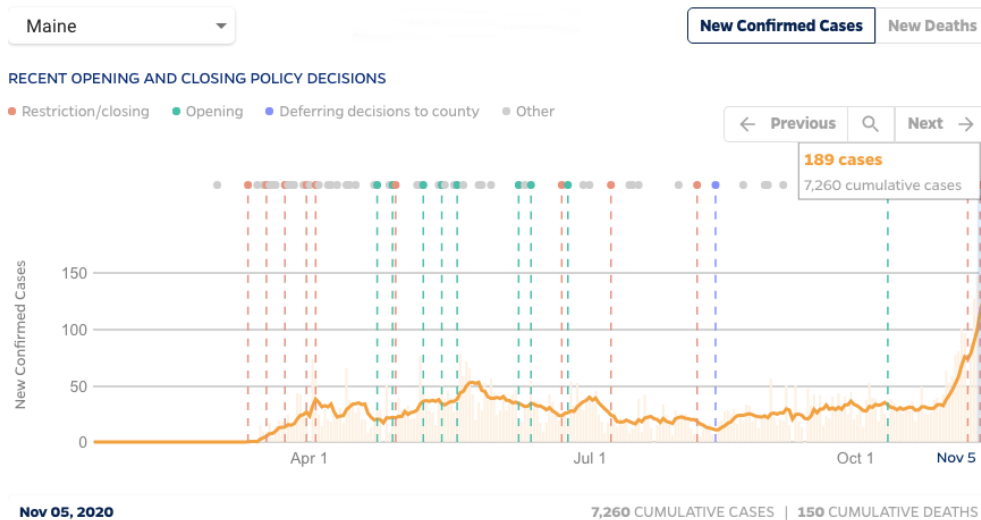


Source: Apple \*These Charts are based off of when each state lifted their stay at home order.

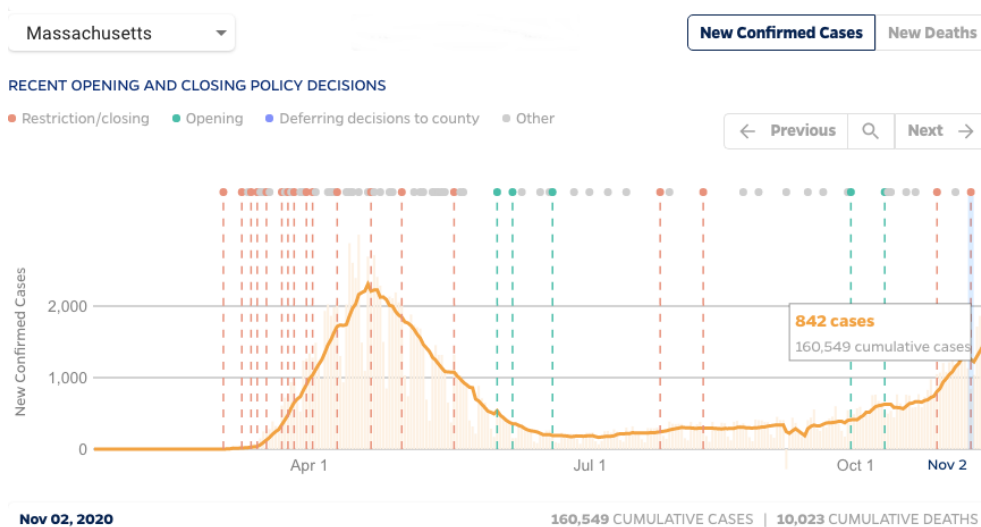
# CONFIRMED COVID CASES BY STATE WITH MOST RECENT POLICY ENACTED



**November 09th, 2020**  
**Active Cases: 3,307 cases**  
**Cumulative Case: 81,432 cases**



**November 09th, 2020**  
**Active Cases: 195 cases**  
**Cumulative Case: 7,888 cases**



**November 09th, 2020**  
**Active Cases: 1,328 cases**  
**Cumulative Case: 172,727 cases**

Source: John Hopkins



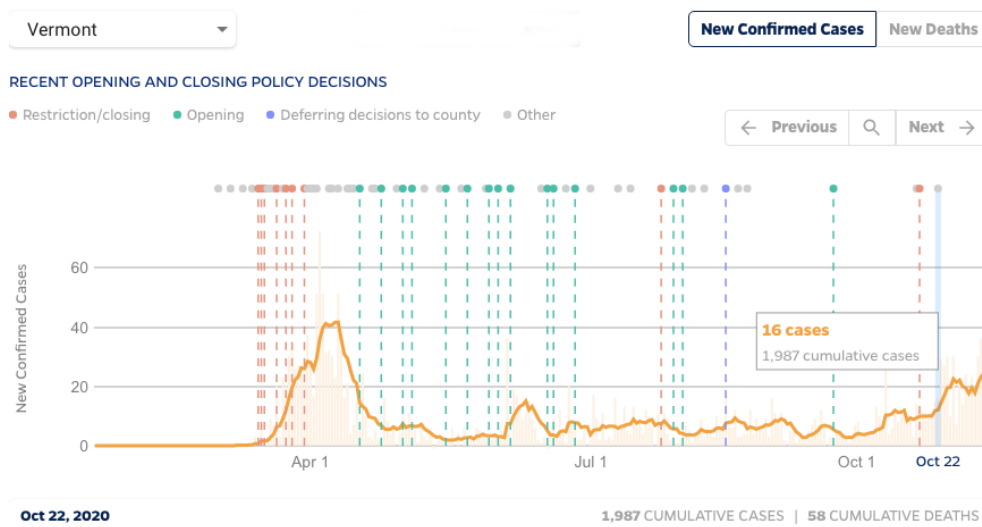
# CONFIRMED COVID CASES BY STATE WITH MOST RECENT POLICY ENACTED



- Governor Sununu issued the eleventh extension of State of Emergency declared in Executive Order 2020-04



- Governor Raimondo convened a task force to support cities, towns as they build long-term economic resiliency



- Governor Phil Scott announced the second round of the Frontline Employee Hazard Pay Grant Program

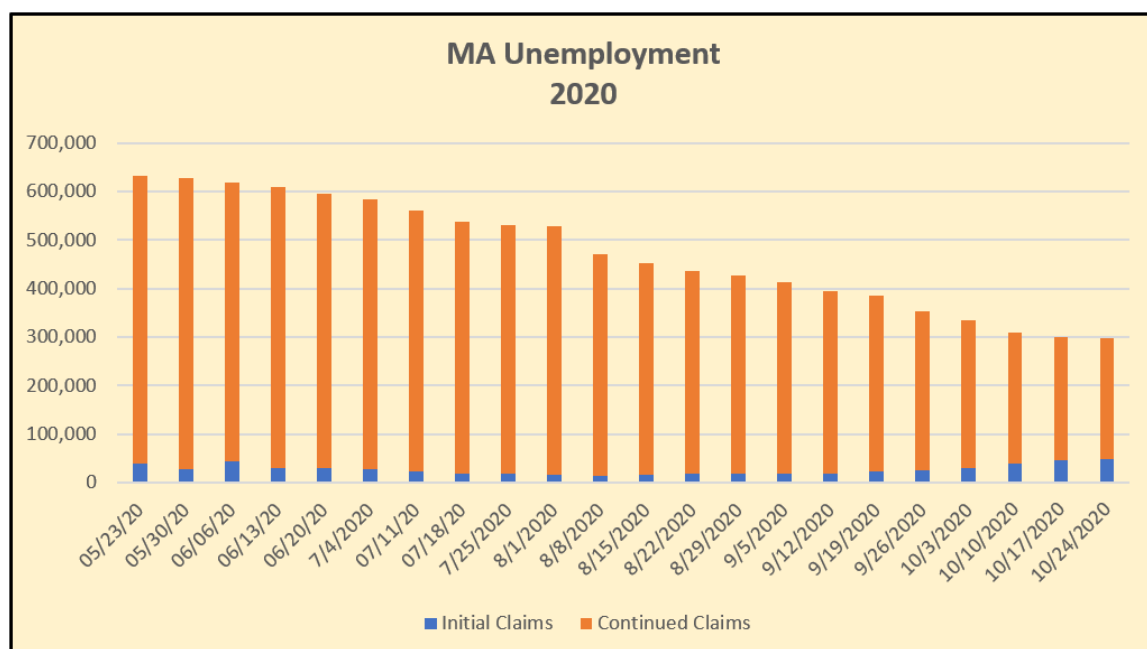
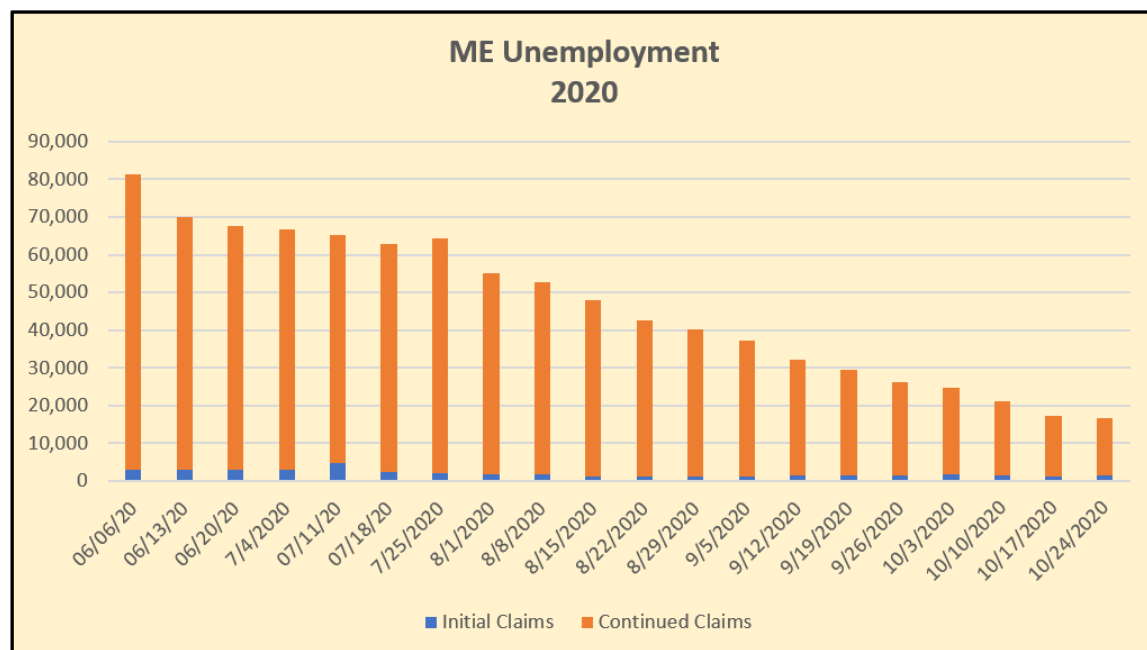
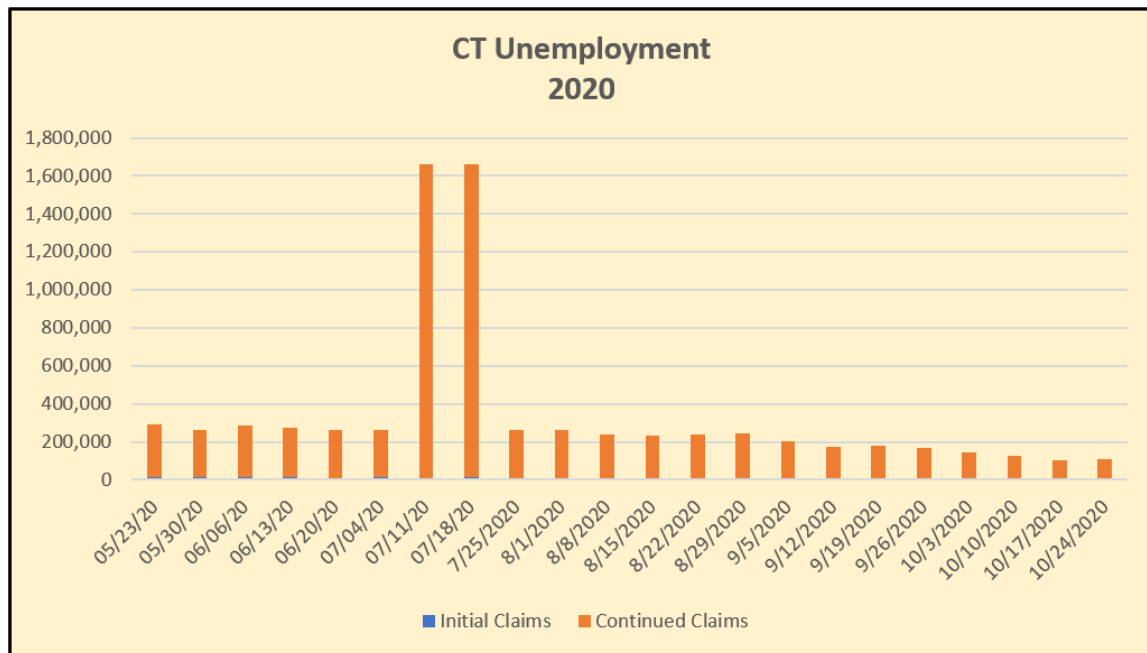
**November 09th, 2020**  
**Active Cases: 211 cases**  
**Cumulative Case: 12,699 cases**

**November 09th, 2020**  
**Active Cases: 1,629 cases**  
**Cumulative Case: 38,009 cases**

**November 09th, 2020**  
**Active Cases: 45 cases**  
**Cumulative Case: 2,392 cases**

Source: John Hopkins

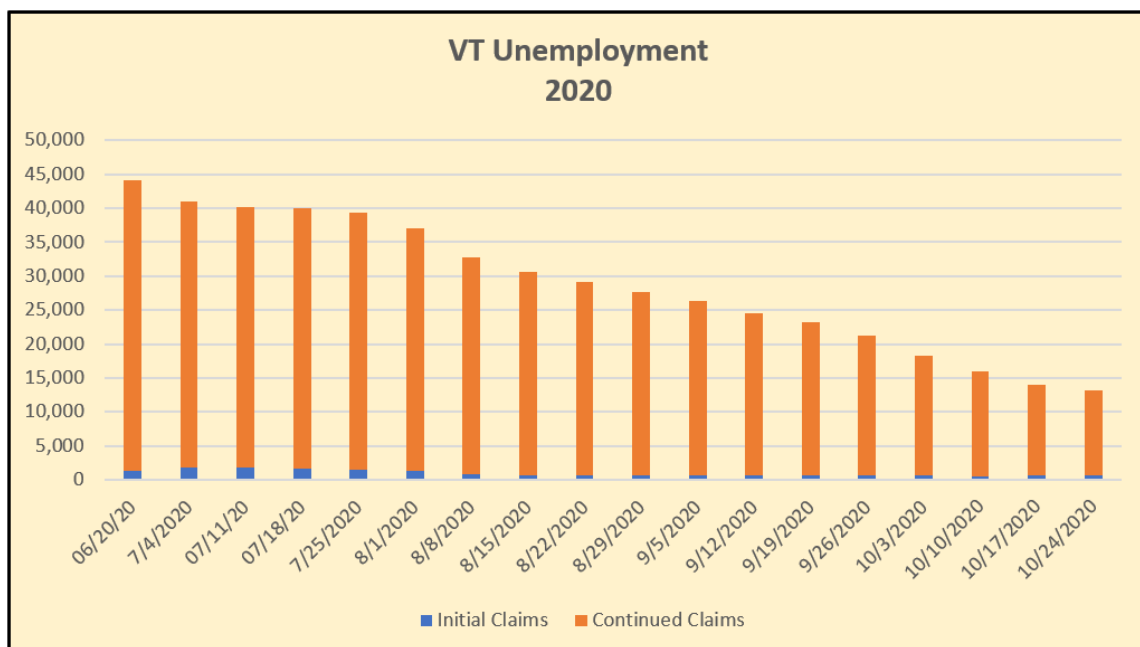
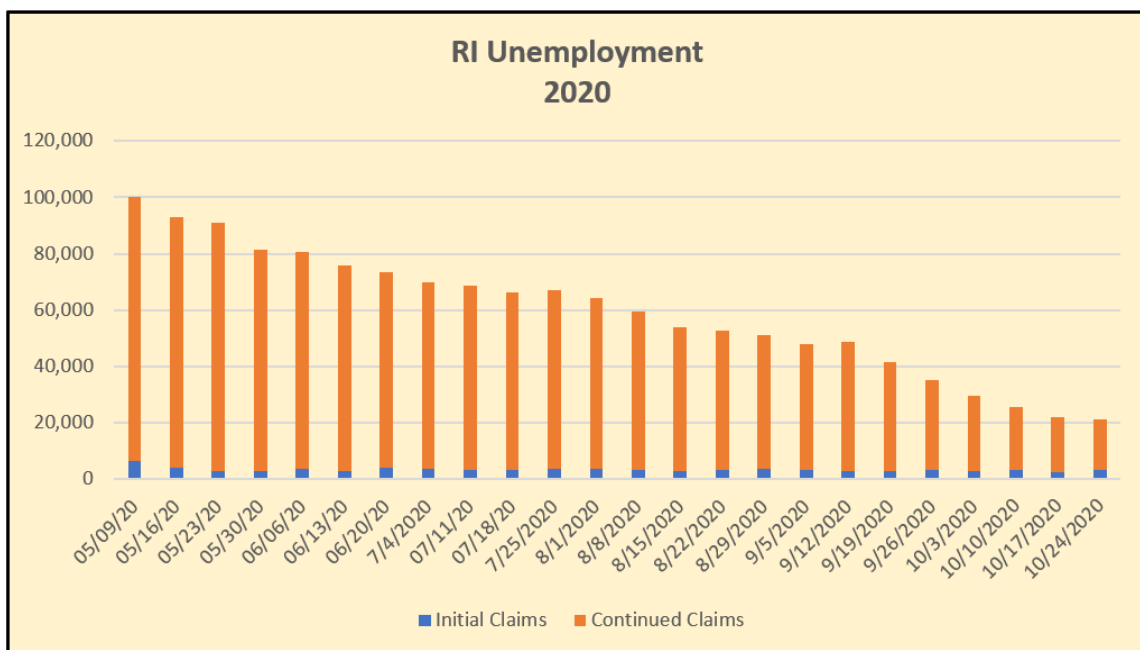
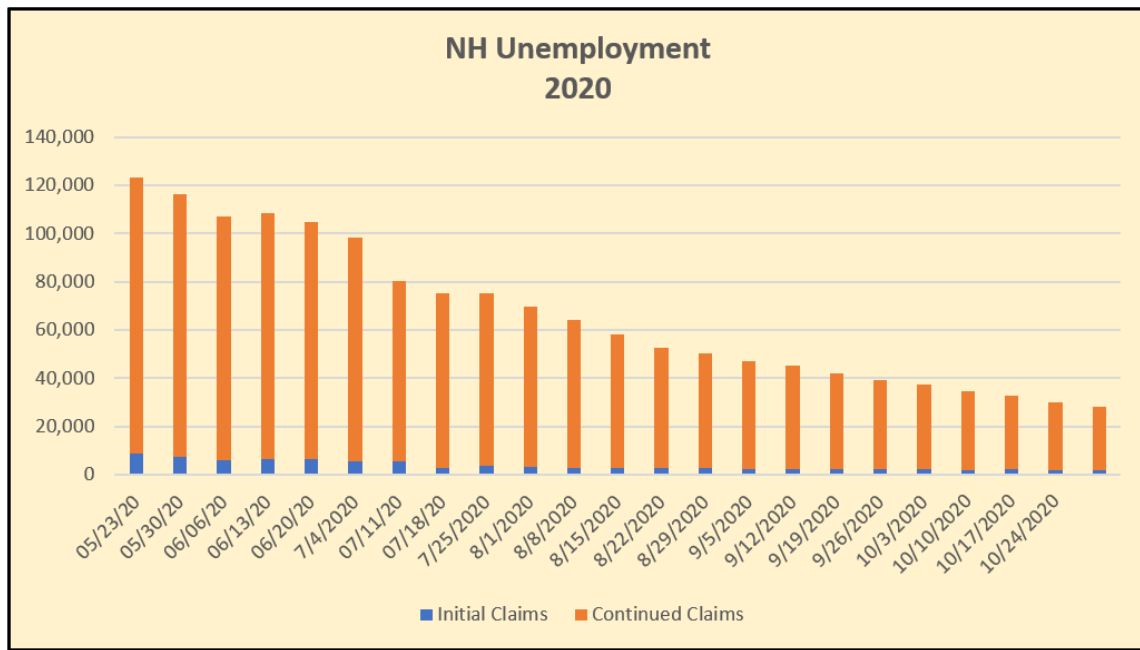
# UNEMPLOYMENT RATES BY STATE



Source: US Department of Labor

\*These Charts are based off of when each state lifted their stay at home order.

# UNEMPLOYMENT RATES BY STATE



Source: US Department of Labor

\*These Charts are based off of when each state lifted their stay at home order.

# TRAFFIC COUNTS

