



Expert's View

By Robert E. Bainbridge

When the Government Takes Your Property

New research studies substantiate the impact of eminent domain actions on convenience retail sites

Convenience stores are frequently involved in eminent domain actions. Because they are often located at the intersections of major traffic routes, whenever streets are widened or traffic patterns change, the access to convenience stores also changes.

Eminent domain is the right of the government to take private property for the public good. The property owner must be compensated for any loss. The basis of this compensation is fair market value.

As a convenience store owner, you need to know something about the latest published research on eminent domain takings and their impact on the value of convenience retail properties.

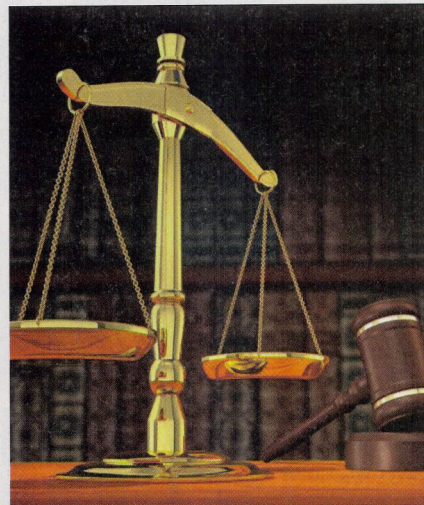
Roadway alterations often include widening the existing street, installing taper lanes, constructing left-turn lanes, adding raised medians and access management. Convenience retail properties suffer the most when access is degraded. A study from the Texas Transportation Institute shows that gas stations incur an average loss of 18 percent of gross sales with the installation of a raised median. This loss in gross sales is enough to render the average convenience store business unprofitable.

In other words, the effects of a raised median could wipe out the pre-tax profit of \$40,000 to \$50,000 of the average store in the United States, and greatly reduce the market value of the real estate.

Another study by the Center for Transportation Research and Education at Iowa State University shows that although many businesses suffer when access is degraded, the economic loss for gas stations is the highest among all property types studied.

These published studies are the best evidence today of the severe economic impact on convenience stores when the site becomes less accessible. Because convenience stores are special-built properties with no alternative uses, the market value of the property is dramatically reduced when access is degraded.

The compensation to convenience store owners should be higher than for other property types. Now, published studies sup-



port this fact. So, before settling an eminent domain taking, a convenience store owner should make sure they are receiving fair and full compensation for any loss. ■

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Editor's Note: The opinions expressed in this column are the author's, and do not necessarily reflect the views of *Convenience Store News for the Single Store Owner*.