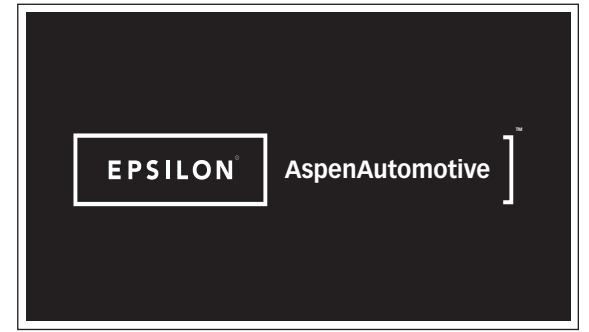


CANADIAN AUTOWORLD

AUGUST 2016 VOLUME 25 NUMBER 8

WWW.CANADIANAUTOWORLD.CA



@CANAUTOWORLD

\$3.00



Fort Mac dealer shows true heart

▲ Jackson Hayes

FORT MCMURRAY, ALTA. – On May 2, NorthStar Ford Group had 197 staff working at its operations in Fort McMurray.

On May 3, a single staff member remained. With the wildfires that ravaged the town destroying roughly 2,400 homes and buildings and forcing over 88,000 from their homes, that kind of devastating impact on businesses there is hardly unique.

What sets the dealership group and its owners Marty and Dennine Giles apart from many of others is how, in the face of major adversity, they turned their efforts to helping others first.

Even after finding out their house had been reduced to ashes, the pair raised hundreds of thousands of dollars for relief efforts, coordinated shipments of goods to affected areas and worked to ensure every last staff member would have the support they needed.

And don't think this philanthropic turn started with the wildfire. Far from it.

"Dennine and I have been working for the communities for years as the strong values of NorthStar calls for us to support the communities and the people that support us," he explained.

"My question would be to people who wouldn't do all this, what the f--- is wrong with you? Without your community, as a dealer, you are nothing. That town has paid my kids' college tuition; it's built our businesses and helped us take some great holidays and help other people. Now it's our turn."

Dealer wants to build Toronto's 'next great dealership'

▲ Lawrence Papoff

Perched in the middle of the hustle and bustle of Toronto's Dufferin and Wilson area is Toronto Hyundai owned by Benny Leung. Leung can see growth coming. It's everywhere.

The Dufferin and Wilson area of Toronto is changing. High and low-rise condo developments are popping up changing the face of the neighbourhood and adding to its population.

At the area's summit, where Dufferin meets Highway 401, stand Yorkdale Shopping Centre and a nameless mall just north of it, home to big-box stores like Costco and Home Depot.

Yorkdale's growth is devouring its surface parking spaces. In the fall, the mall will open its latest expansion, including underground parking, all said to cost \$331 million.

Rush hour is every hour as cars struggle up and down

the main arteries. A City of Toronto study estimates hourly, northbound traffic volume on Dufferin at nearly 1,200 vehicles with southbound at nearly 1,300.

But business at the malls and the area's stores and car dealerships is brisk.

The Dufferin and Wilson arteries are home to every mainstream brand except Kia and Nissan.

"I see the future," Leung says, "because of my background as an engineer, I want to solve the problem. We engineers don't wait; we act, not react. If not, you are a follower. I don't follow people."

In keeping with his motto, about three years ago, Leung bought a slice of land just southwest of the Costco store and north of Yorkdale. In November, he bought the adjoining slice, giving him close to three acres, enough for two dealerships. One will be the new home of Toronto Hyundai.

A visit to the present Toronto Hyundai shows why the

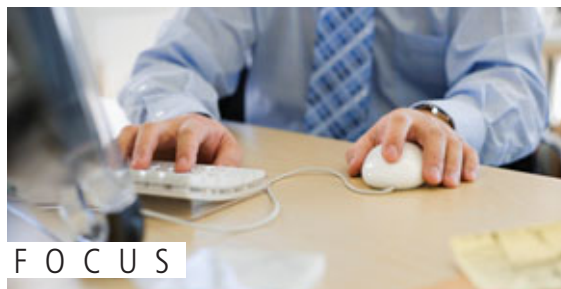
INSIDE

| SEE PG 23

| SEE PG 12



17 POLICARO BMW LOUNGE GOES LUX



FOCUS

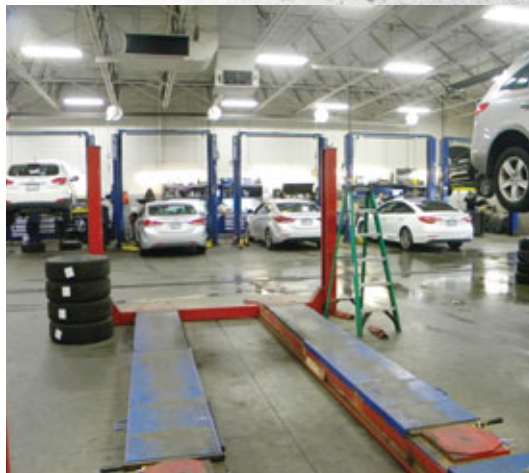
26 SYSTEMS AND SOFTWARE



43 A PEEK AT MERCEDES-BENZ' PRODUCT PLAN

The 'next great dealership'

FROM PAGE 1



The 'hood

- The area: Wilson Avenue, Billy Bishop Way, Dufferin St. and Highway 401 West.

- The City of Toronto has designated the area for regeneration, meaning light industrial, new neighbourhoods, parks and open spaces are slated for the area.*

- As of 2014, there were applications for an 11-storey, mixed-use building (207 units), 186 townhouses, a new public street and a two-storey Kia dealership. Nearby, Tippett Rd., two residential buildings with 290 units and 30, three-storey townhouses with 30 units.*

- Traffic volume per hour north and south traffic on Dufferin St. are 1,100 and over 1,200 respectively and over 900 eastbound and 1,100 westbound on Wilson Ave. That's close to capacity on all.*

- Subway and bus transit available.

- In 2011, there were 7,200 residents. Between 2006 and 2011, the area added about 1,250 or 16% as compared to city growth of 4.5%.

- Area building projects are expected to bring 3,500 to 4,500 new residents to the area.*

- Yorkdale Shopping Centre attracts over 20 million shoppers a year.**

dealer wants to move. The store is 12,000 square feet, which translates into a four to five-car showroom, leaving only elbowroom between each vehicle.

There is even less room in the parking lot. With little room to maneuver, moving customers' cars into the service department within moments of arrival must be done with military precision. He is pleased to say there are no cars left on the street to irritate the neighbours.

Leung insists the tight spaces don't hamper sales or CSIs. His sales for 2015 were 900 new and 200 used, making him the third-best for the brand.

"Every 10 square feet generate one car sold," he says proudly. There are dealerships – Hyundai and non-Hyundai – that are two and three times the size but they can't compete with those numbers.

"I don't think any dealership in Canada can duplicate this!"

As for CSIs, he says the store's are high: No. 3 in the zone; No. 7 in the country and No. 1 on DealerRater.

In 2015, he says he sold 24 of Hyundai's luxury car, the Genesis, with none on display. That's the third-highest total in Ontario.

He bought the store in 1998 when its service department was a shed out back. He sold his Oakville Hyundai store in 2008 to concentrate on the Yorkdale store.

The gamble paid off.

With Leung concentrating on the one store, sales went from 500+ in May of that year to 900+ by year's end. But there are limits.

"When we opened the present dealership in 2004, I told Steve Kelleher (then CEO Hyundai Canada) that Yorkdale Hyundai would be No. 1 in Canada. But that's not possible with this dealership because of the location and size," he says.

With a street and a railway overpass blocking expansion, a move north is the only way to go if he wants to stay in business. He reasons that meeting the new Hyundai image guidelines is not worth the investment at the store's present location.

THE GRAND PLAN

Leung figures the land he bought will be home to Toronto Hyundai and one more dealership.

His site plan for Toronto Hyundai dreams of a service department with 24 bays, a drive-thru and two or three wash bays, a parts department and plenty of parking on Level 1.

Level Two will house a 15 to 20-car showroom.

The dealer has big plans for levels three and four. He hopes those will be the home of a Genesis franchise. Only 20 to 35 dealers will sell the luxury brand and he aims to be one of them.

He envisions a dealership serving customers as if they were in a six-star hotel with VIP service capable of competing with the other luxury brands.

The new Toronto Hyundai will be 36,000 square feet in all and come with a sticker price of \$10 million.

He expects to turn the sod in about two years. As for the other dealership, he's looking for another franchise for that store. Building that should cost about \$8 million.

There are no plans or sketches for the second one yet, but Leung has drawn up a prospectus designed to woo an OEM. It's entitled *Toronto's Next Great Dealership* and comes complete with a resume of his successful career as a dealer, sales stats, a profile of the area, its population, shopper numbers and the like.

If there was any doubt as to who will run this store, the prospectus erases all doubt: it will be Benny Leung.

"Benny is expanding. He is interested in adding an additional brand partner to a new, exciting dealership development project..." the spiral-bound document announces.

The dealer knows he has an option: retire and live happily ever after on the profit from the sale of the Yorkdale-area parcels, which are now worth a guestimated \$20 million or more, much more than he paid for them. But he dismisses that option.

"It's not about the money. It's my passion. And I feel an obligation to my 50 employees. I look after 50 people here. They don't want me to retire. They love me!" **AWI**

*City of Toronto Study

** Opportunity Overview, B. Leung