

Car wash battle coming to a head in metro Detroit

By [Kirk Pinho](#)
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Mayor and Council –

Please the following two articles regarding the rapid increase in the car wash development in the region. To date we have three proposals for similar developments, two of them will come before City Council. The third only requires Planning Commission consideration.

- Victor

Credit: El Car Wash

El Car Wash, based in Miami, through a local developer has tied up around 50 sites for new car washes from Detroit to Flint to Lansing

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There's a race right now in metro Detroit to see which car wash operators can wash away the competition. And **private equity dollars are flowing freely**.

The first El Car Wash location in suburban Detroit is expected to open in the spring. Construction has started at a Brighton Township location and in Madison Heights at a former Applebee's restaurant not far from Oakland Mall. Plans are also progressing at the site of an old Tim Horton's coffee shop on Woodward Avenue south of downtown Ferndale.

It's one of several **car wash companies seeking to expand**, along with Southfield-based Jax Kar Wash and Holland-based Tommy's Express, both of which are **planning several new ground-up locations in Southeast Michigan**.

El Car Wash, based in Miami, still plans about 50 locations around the region spanning between Lansing and Flint in spite of tough headwinds like increased costs of borrowing for construction as well as economic uncertainty.

"That's where we're heading. The question is, how quickly can we get there," Justin Landau, co-CEO of El Car Wash along with Geoff Karas, said in an interview last week.

"It's just making sure that the quality remains high. It's probably the most uncertain of a consumer market we've seen in a couple years, but the difference with us and a lot of other types of businesses is time horizon."

Landau said [El Car Wash's owner, the massive New York City-based private equity fund Warburg Pincus LLC](#), has taken a long-term view and not demanded the company expand quicker than the market will support.

"We can really think multiple years in the future, versus being forced to do what a lot of other guys have done in the public markets, where it's like, 'We have to meet a store count, so you just have to open things,' even if you don't believe it's the right thing to open," Landau said. "Our guys are saying, 'Let's just continue to be prudent. This is about quality, not quantity.'"

Other locations working their way through the approval process include a former PNC Bank branch in Novi on Grand River Avenue, the southeast corner of Hall and Romeo Plank roads at a former Fifth-Third Bank site in Clinton Township and a Troy property at Long Lake and Dequindre roads.



Credit: Michael Lee/Crain's Detroit Business
Jax Kar Wash in Southfield.

Flooding the market

Jason Milen, who is co-chair of the board for Jax along with his father Bruce, said his company has traditionally weathered economic downturns well.

"The consumer confidence issue doesn't seem to be bothering us," Milen said. "In fact, even in recessions, we tend to typically do pretty well. We believe it's because people are actually keeping their cars longer, so they want to take better care of them."

However, increased interest rates have hampered Jax.

"We are definitely seeing a slowing of growth amongst other operators that were expanding more quickly before because the dollar isn't going as far as it used to," Milen said. "We did slow down some of our plans and we're being much more cautious with the newer properties that we're moving forward on. However, and this is the important part, our financial health is very good and we are still moving forward with expansion."

Currently, Jax has five locations on which it is "definitely" moving forward, including two in Wisconsin and three in Southeast Michigan: 29022 Stephenson Hwy. at the northeast corner of 12 Mile Road in Madison Heights; 1451 E. Big Beaver Road between Stephenson and John R Road in Troy; and on Traditions Drive in the area of Seven Mile and Haggerty roads in Northville Township, Milen said.

He noted a decline in car wash volume, attributed, he said, to a warmer winter and less snow, meaning less salt on the roads and fewer washes.



Credit: Tommy's Express

Tommy's Express car wash chain is based in Holland in West Michigan.

Rolling up

Tommy's, one of the country's largest and fastest growing chains, opened nearly 50 new locations last year, with four in metro Detroit, and had more than 400 in development, [Crain's Grand Rapids Business reported](#) earlier this year. Tommy's was the eighth-largest in the country, according to [December 2022 rankings by Professional Carwashing & Detailing Magazine](#), while Jax clocked in at No. 26. Zax Auto Wash, based in Wixom, was No. 32.

El Car Wash was No. 29.

Carrie Caldwell, communications manager for Tommy's, said in an email that a half-dozen Tommy's locations are in the works around Detroit, although for some of them the real estate purchases have not been finalized. They include Lincoln Park, Madison Heights and Ypsilanti, she said.

Big investors like private equity firms have targeted car wash companies — traditionally mom-and-pop operations — for roll-up as the industry has modernized with things like monthly subscriptions, creating a more stable revenue model. That follows similar patterns in industries including [self-storage](#), [manufactured housing](#) and [marinas](#), where real estate investment trusts have muscled their way in.

Jax was sold to Birmingham-based PE firm TRP Capital Partners for an undisclosed price (although sources said it was a \$40 million to \$45 million deal) in [February 2022](#); El Car Wash was sold in July 2022 for an undisclosed price.

Editor's note: This story has been updated to correct Justin Landau's title, which is co-CEO of El Car Wash alongside Geoff Karas.

Growing West Michigan car wash chain gives Jax a run for its money

By Pat Evans , Grand Rapids Business Journal

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Credit: Tommy's Express

Tommy's Express car wash chain is based in Holland in West Michigan.

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One of the nation's largest and fastest-growing car wash companies is based in Holland in West Michigan.

Tommy's Express opened 48 locations in 2022 — four of them in metro Detroit — and has more than 400 in development as the company takes advantage of an exploding segment of the car wash industry.

The \$15 billion car wash industry is projected to reach \$20.7 billion by 2028, according to Grand View Research.

There are 60,000 car wash establishments in the U.S., and about 15,000 of them are of the express conveyor belt variety. Those are expected to reach up to 50% market share by 2027 or 2028, said Alex Lemmen, CEO of Tommy's Express and Tommy Car Wash Systems.

"The car wash industry is on fire, and for good reason; it's like quick service restaurants of the late 1960s," Lemmen said. "There is a new trend with the express car washing, automatic conveyor tunnels; they're fast and convenient and fueled by membership programs."

"This type of car washing has been around a long time, but in the past 10 years, it's like McDonald's and the drive-through (which) revolutionized fast food."

As Crain's Detroit Business has reported, several private equity-infused car washes, including Southfield-based [Jax Kar Wash](#), which is No. 30 on the list of largest conveyor car wash companies, are expanding. Miami-based [El Car Wash](#), No. 36 on the list, is making inroads in Detroit with its PE money.

[Read the full report at the Grand Rapids Business Journal.](#)

By Pat Evans , Grand Rapids Business Journal