Meeting:	Village Board
Meeting Date:	9/24/12
Agenda Item:	6a

Mission Statement
Delivering quality services in a courteous, cost-effective and efficient manner.

VILLAGE BOARD MEETING STAFF REPORT

REPORT TO: Burt R. McIntyre, President
Village Board of Trustees

REPORT FROM: Paul F. Evert, Village Administrator

AGENDA ITEM: Consideration and action on hiring DB Commercial to list Village property for sale

ACTION REQUESTED: ___Ordinance ___Resolution _X_Motion ___Receive/File

POLICY ISSUE
Should the Village Board hire DB Commercial to list Village properties for sale?

BACKGROUND INFORMATION
Over the course of the last year we have experienced very little outside interest by potential buyers in the various properties owned by the Village. At one Board meeting this year, Trustee Lemorande had asked for a map of properties owned by the Village. After reviewing the map it became clear to me that the Village needs help getting these properties sold.

Also, over the course of the last six months, Dave Wiese and I have become familiar with the owners of DB Commercial. They even invited us to meet with a local industrial owner about relocating to Howard. Although we could not convince the owner of that business to build a new manufacturing facility at this time, I was impressed with how DB Commercial actively found a new user for his old site and lined up contractors to give him cost estimates to build his new facility.

After having several conversations with DB Commercial we asked them to provide us with a proposal to have them list some of the sites the Village owns. They are proposing to list the four vacant lots the Village owns in the Lancaster Creek Business Park, as well as the odd-shaped lot that runs from Velp to Lenwood. If the Board approves the proposal they have put forward, all sites would be placed on the Multiple Listing Service websites and DB Commercial would pay for any additional costs of marketing. Their standard commission is 10% which is split 50/50 if the property is sold with the help of another broker.

It's also worth noting that the principals of DB Commercial do not own property similar to those that the Village would list with them. This will prevent against any conflicts of interest.

STAFF RECOMMENDATION

I recommend entering into a listing contract with DB Commercial for a 12-month period for the six properties listed in their proposal.

FISCAL IMPACT:	
Is There A Fiscal Impact?	Only if any of the properties sell. There is no cost to enter into the marketing proposal.
Is it Currently Budgeted?	No

POLICY ALTERNATIVE(S)

The Village Board could take the following actions:

- Approve the marketing proposal with DB Commercial
- Reject the proposal
- Take no action
- Request more information

ATTACHMENTS

I Land Marketing Proposal from DB Commercial

DB

DETTMAN BIELEFELDT

COMMERCIAL

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Village of Howard Land Marketing Proposal

Area Business Parks

The New North shows over 150 business and industrial parks in its 18-county region. Brown County alone has 19 parks. In Green Bay, office space is filled at the I-43 Industrial Park, but space is available in three other parks including the new University Heights development.

De Pere has three parks; Ashwaubenon, Ledgeview, and Suamico all have two, and Wrightstown and Pulaski have one each.

In addition, a search of vacant land shows hundreds of available properties. In Howard, about 10 were listed on LoopNet. The industrial park properties were priced at about $39,900 per acre. Green Bay asks for an average price of $48,000 per acre, and De Pere lots start are $25,000 per acre.

As you are aware, there is a great deal of land available for development, and the competition for businesses is great. In addition to price, businesses look at restrictive covenants and the cooperation of the municipality. Howard has shown itself to be flexible and creative in attempting to bring industry and jobs to the area. That will definitely be a plus in marketing.

Price and Other Perks

You indicated a price of $60,000 per acre for the Lancaster Creek Business Park lots. The three remaining include:

VH-1493 – 3.476 acres
VH-1494 – 2.916 acres
VH-1490 – 3.182 acres

In reviewing the completion in the market, this price appears to be high. That is especially true when considering the elevation of those lots that make it difficult and more expensive to develop. Our recommendation would be to drop the price to $45,000 an acre.

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In regards to VH-468-1, the 3.77 acre site at Shawano Avenue and DNR Drive, the usable square footage is compromised by the irregularity of the site. Additional property could possibly be added to allow access from United Drive. With the current access and site limitations, a price of between $140,000 and $150,000 is advised.

Finally, the parcel of property on Velp Avenue, VH-566 and VH-567-2, is limited by the long, rectangular shape and possibility of wetlands on Lenwood Avenue. However, Velp Avenue continues to offer strong exposure for a business and the frontage along Velp makes that portion of the property more valuable. A few options are possible. We like the idea of splitting VH—566 in half and selling the part facing Velp along with VH-567-2 as a commercial site, and the part of VH-566 facing Lenwood Avenue as residential. The commercial site, of about 1.8 acres, would be more valuable. For this site, a sales price of about $130,000 is recommended. This might seem far below expectations, but recent sales in the Velp Avenue area make it difficult to list at a much higher price. The residential property would not be able to generate a very high price tag, either, and our recommendation would be $25,000 to $35,000.

These prices are our recommendations. However, the listed price will be your decision depending on your goals.

Marketing

DB Commercial Real Estate is on all of the major commercial real estate sites and the MLS of the Northeast Wisconsin Realtor's Association. The properties can also be accessed from our website. In addition, properties are promoted with signage, direct mail, email flyers, through social media, and through our relationships with other commercial realtors, Wisconsin Economic Development, and contacts with people who work with businesses and industry.

Commission

Commission would be 10%, the usual success rate charged for small parcels of vacant land. We co-broke with all of the other commercial realtors with a fee split of 50/50. There is no upfront marketing fee; marketing costs are paid by DB Commercial.

Prepared by DB Commercial Real Estate, LLC, 8/24/2012

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