

# METHOD OF SALE OPTIONS

## AUCTION

### DESCRIPTION:

Hire a third party to advertise and auction properties. The auctioning entity would be responsible for marketing properties and executing the sales. Based on review of a couple businesses, the auction entity does not directly charge the City. The auction entity would require the buyer to pay a premium (about 5%). The City would have an option to set a floor price.

### BENEFITS:

Fast and efficient option for selling properties. Low staff time involved. Low principal—agency problem.

### DRAWBACKS:

Possibility of selling properties at a discount (market is weak right now). Low control of process.

## AGENT

### DESCRIPTION:

Hire a third party to advertise and sell properties. The agent would be responsible for marketing properties and negotiating sales. An agent would charge a commission (about 5%-6%). The City would work with the agent to set a sale price.

### BENEFITS:

Reliable and efficient option for selling properties. Low staff time involved. In most cases, highest sale price attained.

### DRAWBACKS:

Principal-agency problem.

## FOR SALE BY OWNER

### DESCRIPTION:

Direct City staff to market and sell properties. Staff would place for sale signs on properties, pursue marketing outlets as directed and provide customer service. Costs to the City would include staff time and marketing fees.

### BENEFITS:

If properties sell quickly, this would be a low cost option and the City would retain control over the entire process.

### DRAWBACKS:

City staff is not specialized in selling real estate and may not get the highest selling price. This process would require dedicated staff.