



Environmental Conditions in Real Estate Transactions

September 22, 2010

Introduction to Transactional Real-World Concepts

1. **Economically**, real estate is worth what income it produces
2. **Scientifically**, the name of the game is verifiable and repeatable truth regardless of whose ox is gored
3. **Politically**, the body of government regulation in place reflects dominant political science as much or more than pure science
4. **Practically**, the ability to understand and profit from the mix of these three elements at any given location is what separates the successful from the failures in the arena of Brownfield redevelopment

1. The Law, the Liability and the Opportunity:

Introducing Brownfield player
Cherokee Investment Partners LLC



Cherokee

2. Liability and State of Washington Form 17



Form 17

3. Property Valuation

- The Buyer's big question: is the economic gain of a clean site worth the cost of clean up in economic terms?
- The Seller's big question: is the relief from liability plus the economic gain worth the cost of clean up in economic terms?
- One way to get answers: an environmental contingency clause contained in an offer wherein Buyer reviews *all* available environmental documents
- This review's results are the initial "deal vs. no-deal" point of decision

4. Needs & Tools for Quantifying Risk:

Environmental Asset Services Inc., a Trammell Crow Company service (a division of CB Richard Ellis, Inc.)

1. Internal review of *all* available environmental documents
2. Selection of a competent, flexible, skilled, and conversant environmental consultant
3. Performance of a "*Super Phase I*"
4. Evaluation of any/all existing scientific data

4. Needs & Tools for Quantifying Risk (con't):

5. Data gaps
6. Health Risk Assessment (HRA)
7. Assessment of the "constructability risks"
8. Meetings/interviews with the involved lead, and any ancillary involved regulatory agencies
9. Environmental remediation estimates
10. Environmental insurance
11. Environmental counsel
12. Evaluation of the market perception to be expected and any impacts to lease and/or sale pricing

Environmental Services

TrammellCrowCompany

■ ASSET MANAGEMENT ■ DEVELOPMENT ■ INVESTMENT ■ PROPERTIES



HOME

ABOUT US

LOCATIONS

NEWS

OUR PROFESSIONALS

CAREERS

LOG IN

SEARCH



Environmental Asset Services, Inc.

[Home](#) [Brownfield Acquisitions & Dev. \(BAD\)](#) [Environmental Proj. Mgmt. \(EPM\)](#) [Tenant Inspection Prog. \(TIP\)](#) [Case Studies](#) [Brochure](#)

Environmental Asset Services, Inc. ("EASI") is a wholly-owned subsidiary of Trammell Crow Company that provides specialized environmental expertise pertinent to the development, ownership and management of commercial real estate. Established in 1993, EASI offers clients a variety of services specific to the management of environmental issues as they affect commercial real estate. EASI accomplishes this through three primary lines of business:

- Brownfield Acquisitions and Development (BAD)
- Environmental Project Management (EPM)
- Tenant Inspection Program (TIP)

Simply put, EASI assists in preserving and enhancing property value, especially those impacted by, or threatened with, environmental pollution. EASI is uniquely equipped to manage environmental issues as they apply in this industry. EASI does not replace environmental consultants or legal advisors. Rather, EASI utilizes these resources while acting to manage all aspects of environmental projects and issues on behalf of our clients through the application of specialized environmental experience and expertise.

For a full overview of each of our service lines, please click [here](#).

KEY LEADERSHIP



[Neal Holdridge](#)
Principal
[Email](#)



[Robert Chute](#)
Manager,
Project
[Email](#)

Visit [Professionals](#) to find additional contacts.

[Contact Us](#)

[Disclaimer - Terms of Use](#)

[Privacy Policy](#)

[CB Richard Ellis](#)

©2010 Trammell Crow Company, all rights reserved.

Case Studies



Quick Facts	
Location:	Van Nuys, CA
Site:	50 acres
Size:	489,740 SF – 7 buildings
Type:	Industrial
Use:	Speculative Development
Result:	The property was documented to be fit for redevelopment, and through a combination of regulatory agency negotiation, indemnification, remediation escrow holdback accounts, grading contingency plans and an environmental insurance policy, the property was purchased with institutional capital and was a major success story.

Quick Facts	
Location:	City of Industry, CA
Site:	~ 9 acres
Size:	190,900 SF
Type:	Industrial Warehouse/Distribution
Use:	Speculative Development
Result:	Successful development of a Superfund site undergoing ongoing remediation utilizing liability risk mitigation provided through a combination of Responsible Party indemnification, and procurement of an U.S. EPA covenant not to sue.

Case Studies



Quick Facts	
Location:	Irwindale, CA
Site:	126.5 acres
Size:	1.8 MSF - 18 bldgs
Type:	Industrial
Use:	Former sand & gravel mining pit with asphalt batching operations
Result:	Property was successfully evaluated and master planned to manage and control stormwater runoff. Property was fully leased up and enrolled in EASI's Tenant Inspection Program

Quick Facts	
Location:	Burbank, CA
Site:	8.1 acres
Size:	156,000 SF
Type:	Office
Result:	The property, part of Lockheed's "Skunkworks", with soil and groundwater contamination from solvents and heavy metals, was successfully re-developed and sold, while liability and responsibility for remediation remained with Lockheed.

Case Studies



Quick Facts

Location:	Garland, TX
Site:	5 acres
Size:	42,450 SF
Type:	Industrial
Use:	Manufacturer of heavy metal powders and solutions for the metal plating industry
Result:	Tenant implemented Best Management Practices (BMPs) and engineering controls as requested. Tenant realized production cost savings as a result and the property sold without delay or cost reduction.

Quick Facts

Location:	Bell, CA
Type:	Industrial
Size:	23,500 SF
Use:	Commercial ink formulator
Result:	Scrutiny of tenant chemical usage and spillage as a result of inspection conducted under EASI's TIP resulted in documentation showing the property was clean, and a change in chemical use by the tenant, all leading to the successful positioning and disposition of the asset.

“PROPERTY IS THE FRUIT OF LABOR;

is desirable, is a positive good in the world. That some should be rich shows that others may become rich, and hence is just encouragement to industry and enterprise. Let not him who is houseless pull down the house of another, but let him work diligently and build one for himself, thus by example assuring that his own shall be safe from violence when built.”



ABRAHAM LINCOLN, 1864

Contact Information



Russell L. Johnson | Vice President

CB Richard Ellis | Brokerage Services

16201 E. Indiana Avenue, Suite 1100 | Spokane Valley, WA 99216

C: 208 661 2850

russ.johnson@cbre.com

(Opening the new Spokane CBRE Office November 1, 2010)