

LESSONS LEARNED:

ENVIRONMENTAL ENGINEERING

OBSERVATIONS AND LESSONS FROM THE SCHOOL OF EXPERIENCE

DUE DILIGENCE FOR SITE SELECTION

When evaluating sites for purchase, buyers' decisions are sometimes made based on incomplete information. Unfortunately, it's often after the deal is closed that some buyers realize how costly and regrettable that can be. In light of ever-changing environmental regulations, real estate professionals increasingly rely on due diligence services provided by consulting engineering firms. Performing due diligence studies in the early stages of site selection can help avoid costly decisions and may result in substantial savings.

Due diligence evaluations can help avoid unanticipated development or maintenance costs that could jeopardize the overall feasibility of a property. These studies can also assist real estate professionals determine the true value of a property. When evaluating several properties, whether locally or in different states, due diligence studies allow potential sites to be compared on an equal basis. Due diligence studies help purchasers determine which sites meet their selection criteria, and which site is the best value.

Some issues for consideration when evaluating undeveloped sites include: determining the presence and location of wetlands and streams; soil quality as it relates to foundation, slab, and pavement support, and stormwater infiltration; the presence of shallow rock or groundwater; and any pre-existing environmental contamination. Studies that may be performed include:

- Preliminary Subsurface Explorations
- Seismic Evaluations for Shallow Rock
- Environmental Assessments
- Wetlands and Stream Determinations
- Historical and Cultural Resource Evaluations

Sites that are being considered for a new use (such as an industrial site being redeveloped for residential use) require different types of due diligence studies than undeveloped sites. Some issues for evaluation include environmental contamination, lead-based paint, and asbestos. Similarly, some issues for fully developed properties that will be used for the same purpose include determining the condition of existing structures, HVAC, electrical, fire protection, Americans with Disabilities Act (ADA), and plumbing systems, along with surrounding pavements and site amenities. Other studies can evaluate indoor air quality, the presence of mold, lead-based paint, and asbestos which may require expensive remediation. Identifying substantial deficiencies in the condition or maintenance of a property may result in a purchase price reduction, or the purchaser may decide not to buy the property once aware of the potential costs or risks associated with the site. Studies for these types of sites may include:

- Brownfields Evaluations
- Property Condition Assessments (PCAs) (HVAC, Structural, ADA, etc.)
- Lead/Asbestos Surveys
- Pavement Evaluations
- Asset Management Studies
- Roofing Condition Surveys
- Indoor Air Quality Assessments

Due diligence studies can also be beneficial from the property owner's perspective. Before putting a property up for sale, due diligence studies can help owners identify conditions that can be corrected prior to offering the property for sale, thereby potentially increasing the property's value. Some corrections can be relatively low cost, yet add significant market value to the property. By addressing and correcting conditions that could be viewed negatively, the property can become more attractive to potential buyers.

The professionals at ECS welcome the opportunity to provide more information on the due diligence process and assist you with evaluating a property's condition. We hope that this "Lessons Learned" is helpful to you next time you are involved in purchasing or selling a property.

Respectfully,

ECS Corporate Services, LLC