

ENVIRONMENTAL ECONOMICS

Appraisals vs. Environmental Valuation

	APPRAISAL	ENVIRONMENTAL VALUATION
Conforms to the Uniform Standards of Professional Appraisal Practice (USPAP)	Yes	Yes A standard appraisal is a "starting point" for an environmental valuation
Environmental Condition Considered	No Generally all environmental issues are "assumed away"	Yes The actual condition of the property is analyzed
Comparable Market Data Required	Yes Typically obtainable from commercial data sources, such as COMPS.com, LoopNet, CoStar, MLS, etc.	Yes All opinions must be based upon case studies. Typically commercial data sources not available. Requires cross-reference of agency databases with public records, plus verification with key market participants. Dozens of "leads" may yield only one valid case study
Environmental Agency Research Required	No	Yes Extensive environmental agency research. For each comparable, a file (typically from 1 to 12 boxes) is reviewed. Often also involves a EDR or FirstSearch report.
Remediation Costs Analyzed	No	Yes Engineers are consulted in determining the most cost-effective remediation strategies
Impact on Use Analyzed	No	Yes All impacts on use are considered, including loss of use during assessment or remedation, and on-going impacts, such as deed restrictions
Environmental Risks Analyzed	No	Yes All environmental risks are studied, such as project incentive (entrepreneurial profit) or market resistance (stigma) and must be supported by actual market case studies or data
Mitigation or "Offsets" Considered	No	Yes Offsets, responsible parties and credit worthiness, and insurance or legal claims can be analyzed to derive a "net" impact on the property's value
"As Is" Valuation Conclusion	No Hypothetical (pretend) value that may or may not reconcile with the actual value	Yes The valuation is inclusive of the actual environmental conditions