

When Bad Things Happen to Good Property

by Robert A. Simons

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This book is dedicated to my parents, Jacques and Marianne Simons, of blessed memory, who raised me with a world view, a sense of justice, and encouraged me to follow my dreams. I also honor my grandmother, Anny Moll, who taught me that moderation and paying attention can go a long, long way.

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The BIG MATRIX inside back cover

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Foreword

Few real estate investors or owners set out to grasp even the most basic issues related to environmental contamination of real property, but rather develop rudimentary expertise as a result of being involuntarily hauled through the process. Why is a fundamental and potentially catastrophic risk treated by real estate professionals as an act of God, not worthy of education, understanding, and quantification?

Environmental contamination issues are complex and multi-disciplinary, and generally fall outside of real estate professionals' experiential comfort zone. Historically, the nexus of legal analysis and science did not fit well into the temperament of most "deal maker" personality types who drove the real estate industry. Having faced contamination issues as a real estate broker, property manager, developer, workout specialist, and institutional portfolio manager, this need is particularly acute due to the devastating effects that badly managed contamination problems can have on property values.

Risk which is not understood cannot be measured. Risk which cannot be measured, cannot be managed. *When Bad Things Happen to Good Property* provides an expert's view of a world alien to most real estate investors. Understanding the expert's view of value diminution significantly refines the investor's ability to evaluate risk, and make well-advised investment decisions. To understand real estate risk, the institutional investor must understand how environmental risks impact real estate investments. How is real estate value diminished by an environmental condition? How does stigma impact value? During the course of litigation, how will the expert witnesses analyze and value the property? A simple analysis performed by reducing market value by remediation costs is no longer adequate to measure risk in this increasingly institutionalized industry. This book does an excellent, thorough, and concise job of analyzing the components of value diminution in context with litigation.

When Bad Things Happen to Good Property provides a framework for understanding the basic concepts connecting real estate contamination with science, litigation, and valuation. It is a must read for individuals in each and every discipline connected to the real estate business before and after facing an environmental contamination issue.

—David C. Feltman
Executive Vice President
AEGON USA Realty Advisors, Inc.