



## **2012 RESEARCH AGENDA**

The property assessment market is at a crucial point in its evolution as the real estate market struggles its way out of the downturn, new drivers for assessments take shape and technological developments change the way that data is accessed, stored and managed. EDR Insight's research provides insight and guidance on the forces driving property risk assessments, the strategic and tactical issues that environmental professionals and commercial real estate lenders face and the evolving best practices in environmental risk management by lenders.

In planning the 2012 Research Agenda, EDR Insight relied on a variety of inputs, including direct outreach to our lender and environmental consulting clients, tracking of common inquiries for market research data from clients, topics of discussion in the commonground community, dialogue in other social media channels and our own ongoing outside research.

EDR Insight's 2012 Research Agenda outlines our roadmap for analytical research in the following three core topic areas:

**Topic Area 1. Property Assessment Market Metrics**

**Topic Area 2. Strategic Intelligence for Environmental Professionals**

**Topic Area 3. Lender Risk Management**

These three areas form the cornerstone of the research that EDR Insight will be conducting in 2012. Research will be conducted using a mix of internal research as well as tapping into outside Subject Matter Experts where appropriate. EDR Insight's research is written for the following audiences: environmental due diligence professionals, commercial real estate lenders and other stakeholders in commercial property transactions.

Below are highlights of the 2012 Research Agenda. Within each core topic area, the relevant issues are identified along with a description of the scope of EDR Insight's planned research and a summary of the types of content generation relevant to each topic area. The challenges identified in each area are based on extensive client outreach and form the basis for EDR Insight's research. Over time, EDR Insight will revisit these issues on a regular basis to ensure that the associated research meets the changing needs of our clients.

## **Core Topics and Key Issue Descriptions**

The pace and magnitude of change facing anyone in the property assessment market will only intensify. Our research agenda recognizes the need for environmental professionals, commercial real estate lenders and other risk managers to follow these changes and adjust their business practices accordingly. This is at the core of EDR's 2012 Research Agenda.

Below is a summary of the key issues within each of the three broad topic areas to be addressed in our research over the coming year.

### **TOPIC AREA 1: Property Assessment Market Metrics**

The market for property assessments is diverse, ranging from desktop due diligence, Phase I environmental site assessments, energy assessments, appraisals, Phase II ESAs and more. EDR has traditionally been a trusted, credible source of metrics on the Phase I ESA industry. Environmental consultants routinely turn to EDR for information on the size of their market and forecasting data to help them plan for tomorrow. This arm of the Research Agenda paves a new road toward the development of a broader market model that seeks to quantify the size of multiple market segments in the property assessment industry, and document how the drivers for these types of services are changing over time as traditional markets mature and new areas of the property assessment market gain traction.

#### **Scope of EDR Insight's Research**

The property assessment market is significant—and growing. Research will involve constructing the industry's first market model, quantifying the market size of various submarkets in the property assessment space, and investing in outside research where appropriate. Our industry surveys to both environmental consultants and commercial real estate lenders will provide valuable inputs into how the markets for a full range of property

assessments are changing. EDR's methodology for estimating Phase I ESA volume and market size, the foundation of its ScoreKeeper service, will also be enhanced to reflect the demand-driven approach of the property assessment market model, benefitting from the outside data points used as inputs to the broader model.

### **Planned Research**

- Launch of EDR Insight's Property Assessment Market Map and Methodology
- Quarterly updates and forecasts

## **TOPIC AREA 2: Strategic Intelligence for Environmental Professionals**

The consulting and engineering sector is at the cusp of a major transformation. The old way of doing business is beginning to change as the market is challenged to expand their expertise as new risks take shape, embrace technological improvements, deliver their services efficiently and diversify into new service areas or client sectors. Amidst this backdrop of change, the top challenges that environmental professionals face are:

- identifying new growth areas and business lines,
- staying abreast of technical developments,
- educating clients and
- maintaining an edge in a competitive market environment.

EDR Insight's research is designed to help environmental consulting firms plan, execute and manage their site assessment businesses as well as expand outside of their traditional spheres of operation.

### **Scope of EDR Insight's Research**

EDR will rely on its own research and outreach to environmental consultants to track strategic market trends, as well as develop partnerships with outside subject matter experts on topics like pricing, social media, marketing and business development. The purpose is to deliver content that helps environmental professionals adapt to a changing market, foster an awareness of new business opportunities, better meet clients' demand and face their marketing and business development challenges.

### **Planned Research Topics**

- Analyses of geographic trends in due diligence activity
- Quarterly market intell reports on the commercial real estate market
- Quarterly capsule summaries of specific market sectors, list of active players
- Leading drivers for environmental due diligence
- Educating clients about vapor intrusion risk

- Meeting pricing pressures
- Leveraging technology to meet client demands
- Benchmarks on pricing and turnaround time
- The controversy of conducting file reviews
- Identifying opportunities in new market areas
- Tips and tricks for developing a marketing, social media campaign

### **TOPIC AREA 3: Lender Environmental Risk Management Policy Development**

There has been an evolution in how lenders think about risk with more of an emphasis on a property's past use than on loan size. Tiered approaches to due diligence are also becoming more common. Amidst an intensely competitive backdrop, banks face pressure from regulators to improve risk management practices while not delaying the process of originating loans. In the continued market downturn, banks are under extreme pressure to implement environmental policies, but many lack the knowledge to make due diligence decisions, understand reports or plans next steps as red flags are raised.

#### **Scope of EDR Insight's Research**

EDR is in a unique position to help lenders, especially at smaller banks, raise awareness about the importance of due diligence, as well as give them the tools they need to write policies. The scope of research will focus on educating banks about the importance of environmental due diligence with an eye toward common triggers for banks' environmental due diligence, making informed environmental due diligence decisions and best practices in policy writing.

#### **Planned Research**

- Quarterly environmental risk aversion index
- Key trends and best practices in lender risk management
- Tips for writing an environmental policy
- Guidance for justifying the value of environmental due diligence
- Case studies in lender due diligence
- Benchmarks on risk management practices by bank size
- Leveraging technology in banks' environmental due diligence function
- Meeting the challenges of managing environmental due diligence data
- Refinancing and foreclosure due diligence in the downturn

#### **Event-Driven Research**

EDR Insight will also respond to late-breaking events or developments that impact the market for property assessments or risk management by publishing time-sensitive content throughout the year as topics arise.

## **DELIVERY OF EDR INSIGHT RESEARCH**

Research will be delivered in the form of:

- Research Notes delivered directly to clients via targeted emails
- Monthly Market Intell Reports
- Webinars
- EDR Insight web pages
- Survey results
- Presentations
- Event-driven alerts