

Greenfield
Advisors

Economic, Market
and Valuation Analysts

Greenfield Advisors LLC *Formerly Mundy Associates*

The Greenfield Advisor

Why Mess with Success?

Clients of Mundy Associates recently received notice about our name change, but for many of our readers, this may be the first you've heard of it!

A recent article in The Economist (7/23/05) about the big-four in e-commerce (Amazon, E-Bay, Google, and Yahoo) notes that successful firms are constantly re-inventing themselves. Since it's founding 28 years ago, Mundy Associates has become internationally renowned for constantly staying "ahead of the curve" in complex real estate counseling and valuation. This latest change — from Mundy to Greenfield — is more than just a name change. While continuing to honor the cutting-edge methods and principles which have kept Mundy/Greenfield in the forefront of the profession for so many years, this "re-branding" marks a new chapter in our life as a firm.

Over the next few months, we will unveil quite a few new services and benefits for our clients, along with significant expansions in the scope of our professional practice. This new client newsletter, The Greenfield Advisor, replaces Monday@Mundy, which was produced and e-mailed for many years. Like everything else, it's a work in progress, and will improve with subsequent editions.

We welcome feedback and suggestions! Please send them to info@greenfieldadvisors.com, or call *Client Services* at 206-623-2935, extension 213.

Issue 1-1, August, 2005

Dr. John Kilpatrick will speak on October 12th at a day-long seminar on Property Taxes at the Washington State Convention Center. The seminar has been approved for continuing legal and appraisal education credit for the State of Washington. For more information, or a copy of the conference brochure, contact client services at Greenfield Advisors, 206-623-2935, ext. 213.

Transit Tunnels and Property Values

Transit-tunnel related terrorism is front page news of late. By coincidence, researchers at Greenfield Advisors have recently finished an empirical study of the impact of transit tunnels on surface property values. The study — one of the most complete in the real estate empirical literature, finds that transit tunnels have a significant impact on surface residential property values, and that this impact exists both for immediately adjacent property as well as nearby properties.

This working paper is scheduled to be available for distribution by September 1. For a complimentary copy as soon as it is published, please e-mail us at info@greenfieldadvisors.com.

Real Estate Valuation — Legal Issues

The annual Year in Review from the ABA's Section on Environment, Energy, and Resources Law is a must-read at Mundy Associates. The current issue just hit our desks, and we're still wading through it. However, it's already provided some terrific insight which we'd like to share.

In previous M@M's, we discussed the impending "Scope of Work" updates to the Uniform Standards of Professional Appraisal Practice. Much of the "Scope" project is focused on reinforcing what appraisers ought to be doing already. One of the most frequently neglected components of an appraisal analysis and report is the consideration of the use and user of the appraisers work. In short, an appraisal analysis -- and the scope of work which defines that analysis -- is germane only to a particular user and a particular intended use. The importance of this was powerfully illustrated this past year in *In Re: Grand Jury Subpoena v. Torf* (350 F3d 1010, 9th Circuit, 357 F.3d 900, 2004). Torf was a consultant hired by an attorney to assist with a property owner's EPA negotiations. The negotiations were successful in reaching an administrative settlement. Later, an Grand Jury subpoena'd Torf's records. A magistrate judge granted the motion to quash but a Federal district court judge reversed and held Torf in contempt. (*continued on page 2*)

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The 9th Circuit Court of Appeals reversed, finding that the motion to quash met the standard for work product and was thus protected. However, it was critical that Torf's work, workfile, and reports were prepared only for use of the attorneys and only for the intended use in anticipation of litigation. Otherwise, Torf would have been obliged to deliver the files and would have been guilty of contempt for failing to do so.

The lesson for real estate counselors and appraisers? Be very careful to document the intended use and user and document that those drive the entire scope of work. (Thanks to Robert Collings of Schnader Harrison, Segal & Lewis and Douglas Arnold of Alston & Bird for writing up this case.)

Groundwater Contamination

A recent empirical study by researchers Greenfield Advisors researchers finds significant property value impacts from perchlorate contamination of drinking water.

The study examined residences in a Northern California community. Greenfield Advisors researchers, using a repeat-sales methodology, examined price trends both before and after a recent public announcement that neighborhood wells were contaminated. Research uncovered an economically significant regime-shift in price trends after the announcement, which appeared to continue two years after the event. Greenfield Advisor's findings will be published in a working paper later this year. For copies of the working paper, contact info@greenfieldadvisors.com.

Brownfield Redevelopment

Dr. John Kilpatrick of Greenfield Advisors is the co-author of a series of articles on adaptive re-use of brownfields which have recently appeared in a variety of local business publications, such as the [Tampa Bay Business Journal](#), [The Cincinnati Business Courier](#), and the [Kansas City Business Journal](#). In each locale, the article was customized for local consumption by local Partners of SCS Engineering, a nationwide environmental engineering firm.

A generic version of this article, titled "Adaptive Re-Use of Brownfields: A Challenge for the Valuation Profession" appeared in the Summer, 2005, edition of [RICS Americas](#), published for U.S. and Canadian members of the **Royal Institution of Chartered Surveyors**. For a copy of this article, contact info@greenfieldadvisors.com. *Note: Dr. Kilpatrick is a member of the Faculty of Valuation of RICS.*

Miscellanea

- The Spring, 2005, issue of the [Central Puget Sound Real Estate Research Report](#) is now available. Anyone interested in subscribing should check out the web site, www.realestatereport.com. *Dr. John Kilpatrick of Mundy Associates LLC is the Editor of the Report.*
- With the latest round of Pentagon base closures in the news, it's handy to reflect on the complexity of adaptive re-use of military facilities. Terri Williams has a great piece in the current [Urban Land](#) which traces the closure and re-use of Kelly Air Force Base in Texas. It's a great read for anyone involved in any of these projects. *Greenfield Advisors has recently consulted on two such major adaptive re-use projects, including a prospective base closure in Minnesota and a nuclear power plant shut-down in Michigan.*
- Prof. Noelwah Netusil (Reed College) has an informative article in the current issue of **Land Economics** titled "The Effect of Environmental Zoning and Amenities on Property Values: Portland, Oregon." From our perspective, the author accomplishes two important tasks. First, studying 30,014 arms-length single-family transactions in Portland over the period 1999-2001, the article rejects the hypothesis that environmental zoning has a uniform effect on property values. Indeed, the effect may be positive or negative depending on a number of other factors, which implies that the cost of environmental zoning is disproportionately borne by landowners.

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