## WHAT IMPACT DOES ASBESTOS HAVE ON THE VALUE OF A BUILDING?

Asbestos' impact on property values is difficult to substantiate. One bank's experience with asbestos shows just how fickle the market can be. In 1985, when Bank of America sold its world headquarters building (erected in 1969), asbestos was not an issue in the $660 million sale. In July, 1986, asbestos was a major obstacle in Bank of America's attempts to sell the 15 year old, twin, 52 story Arco Towers in Los Angeles that it owned jointly with Atlantic Richfield. The two partners sold the building to Shuwa Corporation for an estimated $600 million to $650 million. The bank reportedly had been asking $700 million to $800 million, but concern over the potential cost of asbestos abatement, estimated at $50 million, reportedly lowered offers.

Another example is the purchase by Integrated Resources, Inc. of the 666 Fifth Avenue Building in New York City from the Crown family. That building reportedly has a fairly limited amount of asbestos. Yet Integrated was able to get a $20 million credit equivalent to about a year's net operating income from the seller for asbestos removal. That credit dropped the price of the building to $300 million.

Industrial plants are also seeing the same faith when they try to sell their large facilities and warehouses that contain asbestos insulation or fire proofing.

All in all, a building with asbestos is worth far less than it would be without asbestos materials in it.

## HOW DO I FIND OUT IF I HAVE ASBESTOS IN MY BUILDING?

If you feel you may have asbestos containing materials in some part of your building, and your building is large, you need to retain a consultant that specializes in asbestos assessments. If you have a small building (less than 10,000 square feet), it may be possible to identify your possible asbestos containing areas yourself.

In order to identify asbestos containing materials in a building, a survey must be conducted. A good building survey includes the following:

- identification of asbestos containing materials by testing samples of suspect materials for the presence of asbestos
- determination as to whether the material is damaged or will be damaged by normal use of the facilities, water damage, or vandalism
- complete inspection of all visible spaces including all places in the building that can be walked into, squeezed into, or looked into
- evaluation of how the population of the building interacts with the asbestos containing materials
- examination of as-built specifications for the building to see if asbestos was specified in the construction

Once you have a detailed survey of the building and all asbestos has been identified and documented, you have taken the first major step toward the correction of your problem.



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