

# **EDR's 2018 Benchmark Survey of Environmental Consultants**

SUMMARY OF RESULTS

Fall 2018

# EDR’s 2018 Benchmark Survey of Environmental Consultants

---

## *SUMMARY OF RESULTS*

During the summer of 2018, EDR invited a sample of about 15,000 environmental consultants and engineers to complete a survey to benchmark key metrics such as Phase I ESA Pricing, turnaround time, business concerns, and market outlook.

Over 500 environmental professionals (EPs) responded to EDR’s survey over a two week period. Respondents represent EPs from almost every US state and a wide cross-section of firm sizes and types. The following document provides a summary of survey results.

## Contents

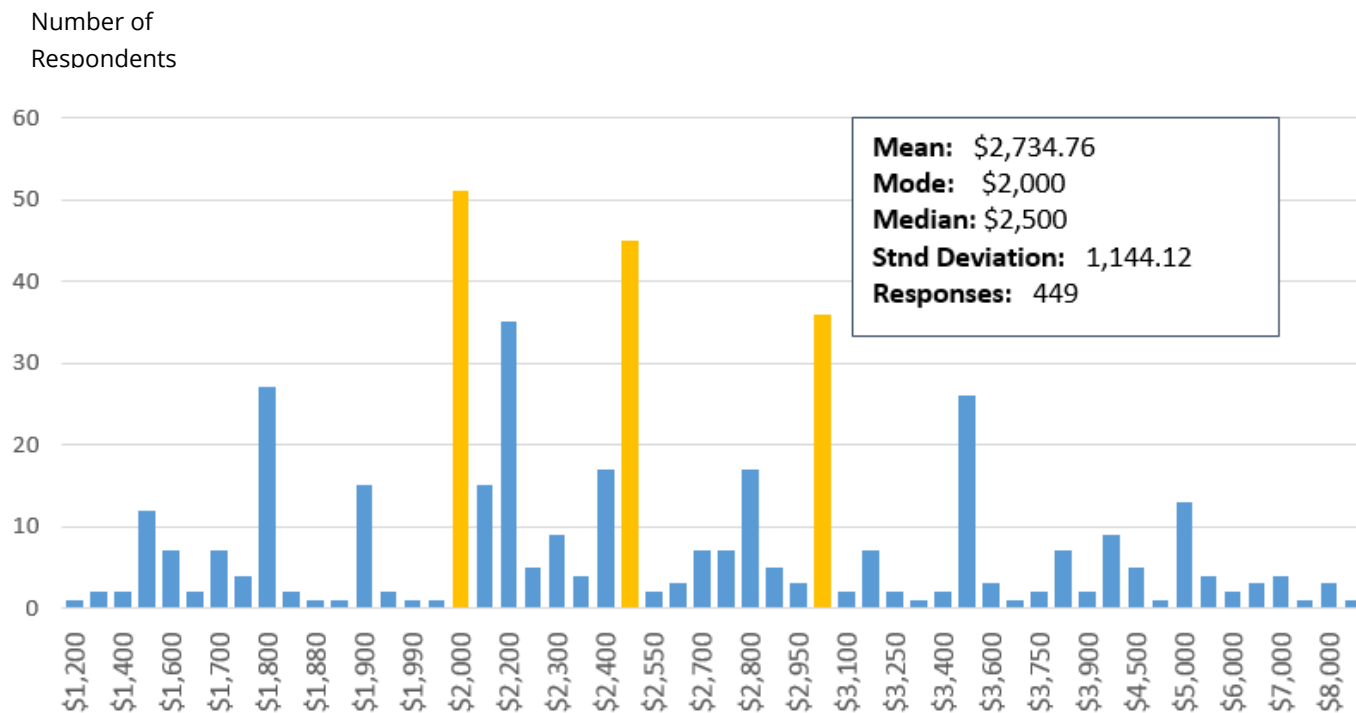
---

- Pricing ..... 2
  - Average Price: Basic AAI Compliant Phase I ESA..... 2
  - Price Changes Since 2015 ..... 3
  - Price versus Speed ..... 3
- Turnaround Time ..... 4
  - Average Turnaround Time ..... 4
  - Hours per Task..... 5
- Risk Tolerance ..... 6
  - Phase I ESAs Leading to Phase IIs ..... 6
  - Client Risk Aversion..... 6
    - Environmental Due Diligence Standards ..... 7
- Outlook & Challenges ..... 8
  - Anticipated Phase I Volume for 2019 ..... 8
  - Staffing..... 9
  - Business challenges ..... 9

# Pricing

## Average Price: Basic AAI Compliant Phase I ESA

EDR has tracked Phase I prices for over two decades. The most recent results tracked with historical data, increasing slightly on average.



## Price Changes Since 2015

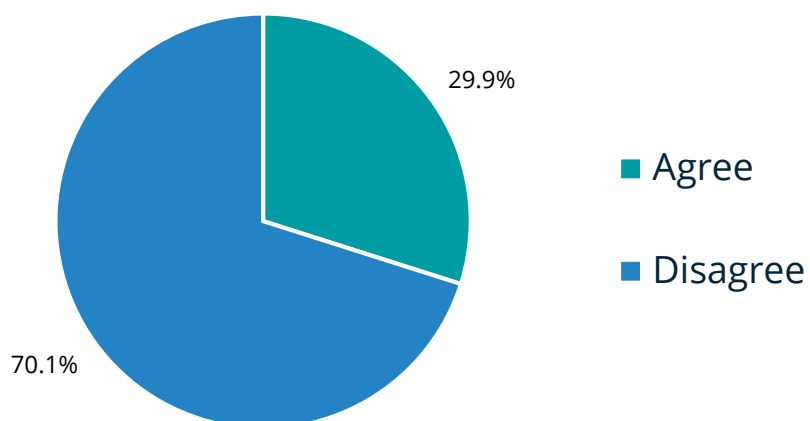
Comparing this year's results to results of EDR's 2015 Benchmark Survey, Phase I price increased on average 5% over three years, though that increase varied by firm size. Regional firms increased prices by more than 15% while national providers saw increases of only 1%.

	2018 Benchmark	2015 Benchmark	% Change
Average price	\$2,735	\$2,601	5%
Average for lenders	\$2,430	\$2,402	1%
<b>BY FIRM SIZE:</b>			
Local	\$2,518	\$2,372	6%
Regional	\$2,783	\$2,416	15%
National	\$2,726	\$2,686	1%
International	\$4,105	\$3,810	8%

## Price versus Speed

The survey asked respondents whether they agreed or disagreed with the following statement:

**Speed is more important than price in winning clients for Phase I ESA projects today.**

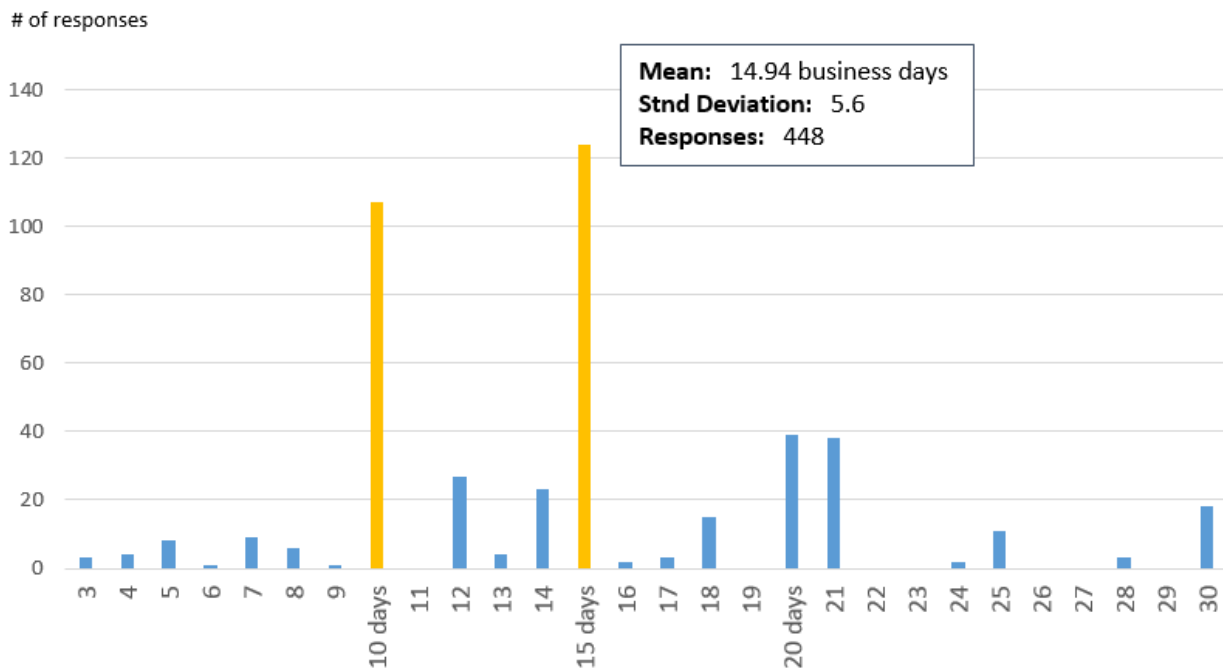


# Turnaround Time

## Average Turnaround Time

The survey asked respondents to report on the average turnaround time for a typical Phase I ESA with no out-of-scope considerations. Most respondents reported two or three business weeks.

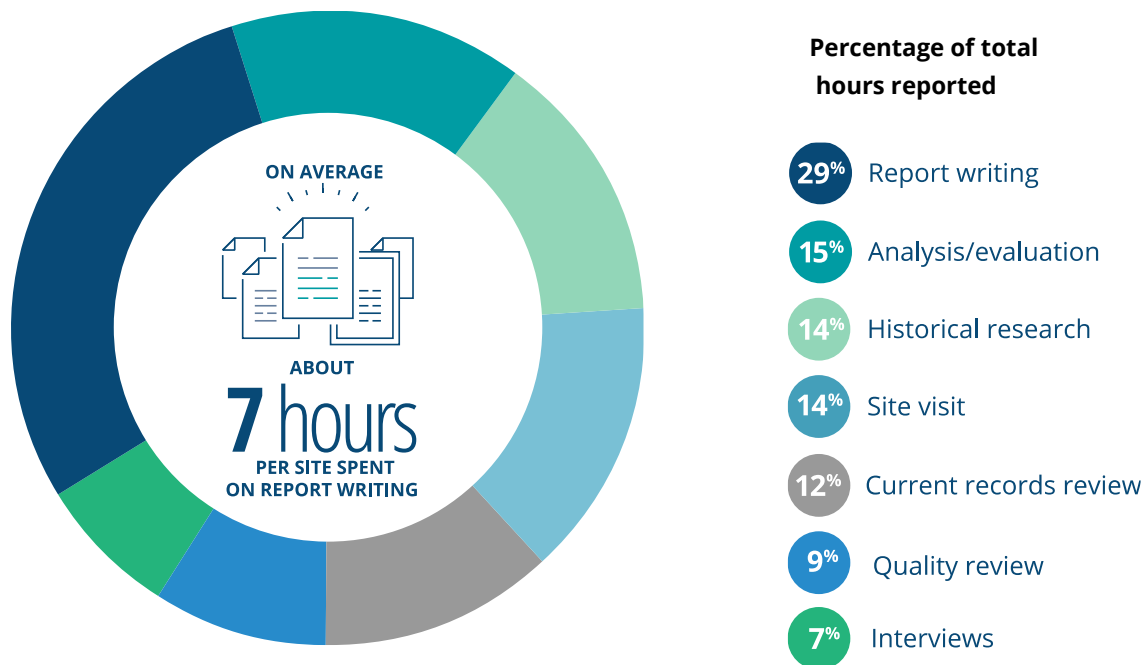
**What is the standard turnaround time for a basic Phase I environmental site assessment? (AAI / ASTM E1527 scope, no non-scope issues).**



## Hours per Task

Respondents were asked to break down hours spent on a Phase I ESA by task. Analysis showed that more hours are spent on report writing than any other Phase I ESA-related task. In fact, more hours are spent on writing than quality review and site visit combined. By comparison, quality review receives less than one hour of attention per project.

**For a typical Phase I ESA, how long do you typically spend on these activities?**

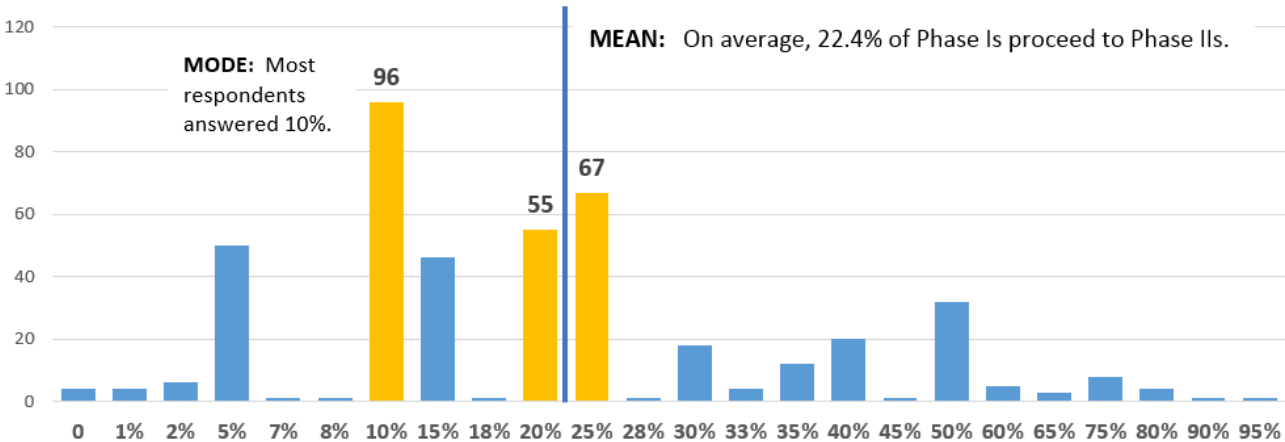


# Risk Tolerance

## Phase I ESAs Leading to Phase IIs

Close to one quarter of Phase I ESAs will lead to an additional Phase II, according to survey respondents.

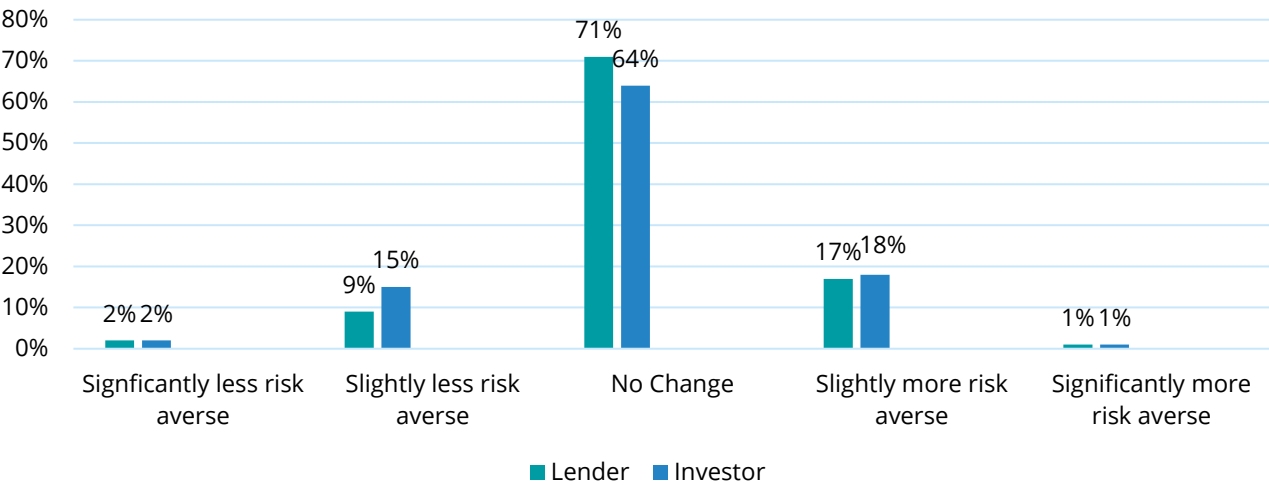
**In general, approximately what percentage of Phase I ESAs that you work on lead to Phase II projects?**



## Client Risk Aversion

For this question, results were collected for Lender and Investor clients separately.

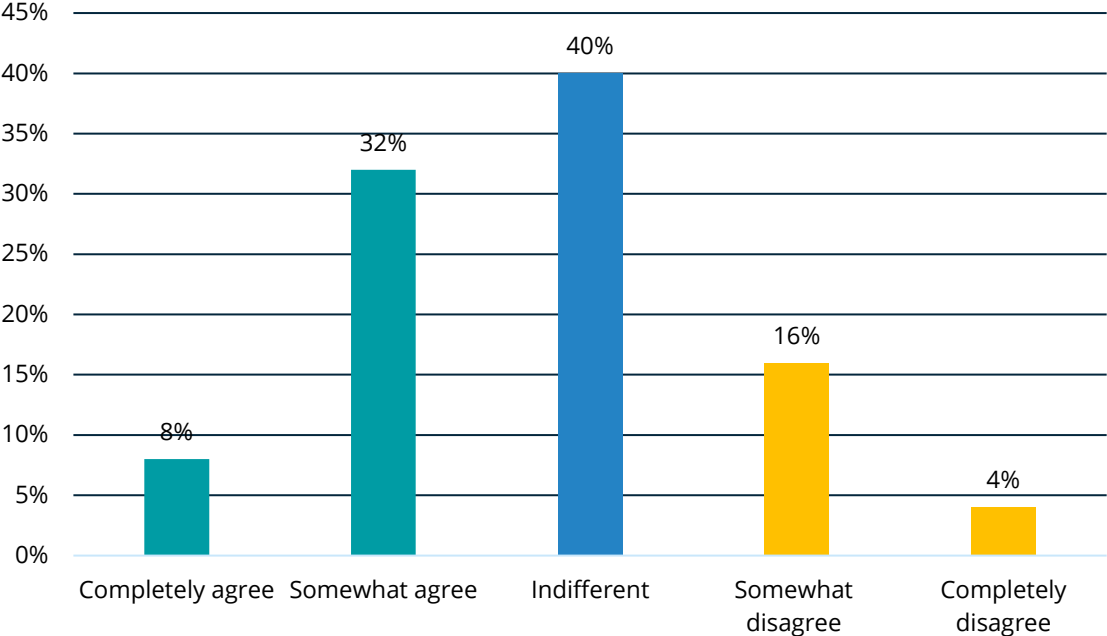
**In general, how would you rate your clients' risk tolerance versus last year?**



# Environmental Due Diligence Standards

We asked survey respondents about their perception of lending due diligence standards as a gauge of their bullishness on market outlook.

**In the past year, commercial real estate lenders have tightened their environmental due diligence standards and are more demanding in terms of having thorough environmental due diligence conducted.**





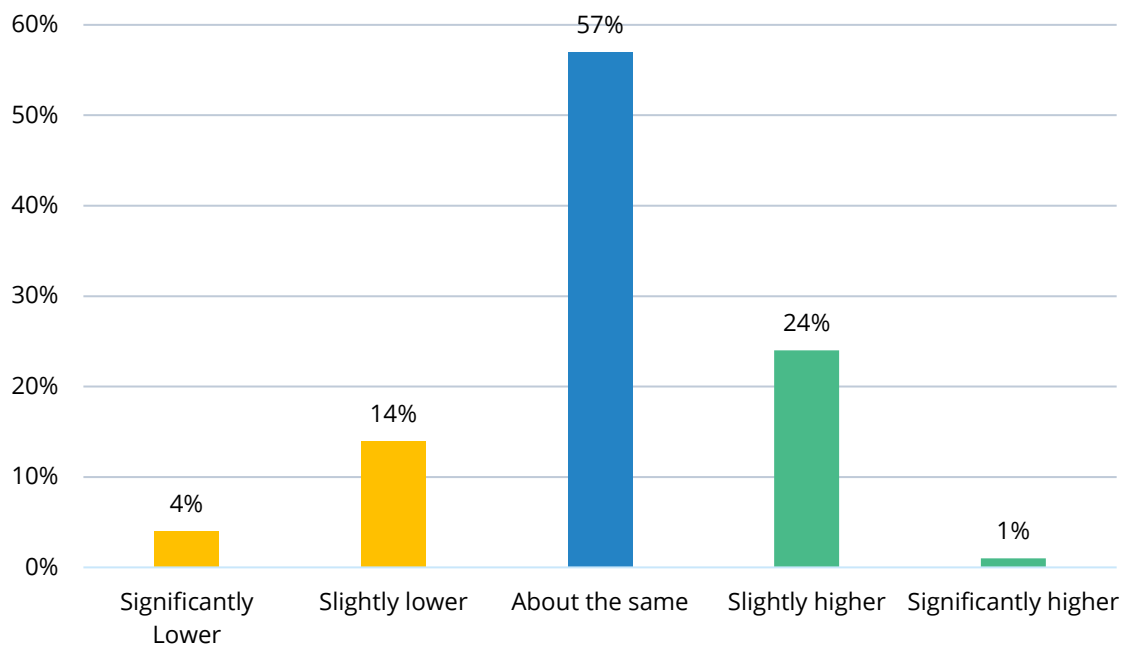
# Outlook & Challenges

Survey respondents were asked several questions aimed at understanding their expectations for the future. Analysis of these questions leads to the conclusion that EPs are cautiously optimistic for the next few years.

## Anticipated Phase I Volume for 2019

The majority of respondents predicted that Phase I volume would remain steady into 2019, with slightly more predicting growth than decline.

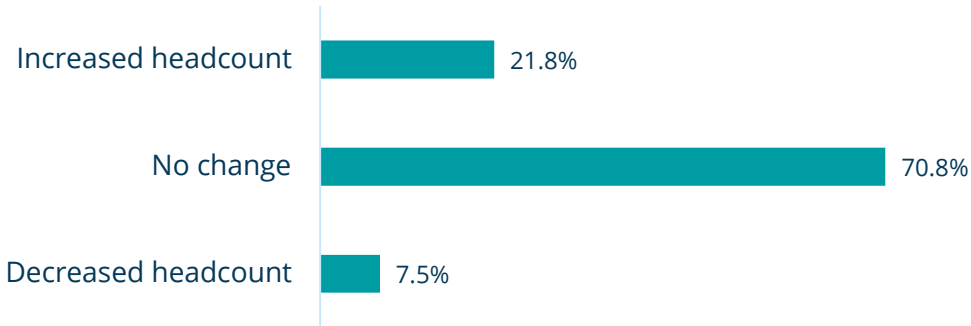
**Looking ahead to 2019, what are your expectations for annual Phase I ESA volume relative to 2018?**



## Staffing

We asked EPs about hiring trends, as an indicator of business health and optimism for growth. While the vast majority of respondents reported their firms were holding headcount stable, more firms saw headcounts increase than decrease.

### How has your firm's Phase I ESA staffing changed over the past year?



## Business challenges

The survey asked respondents to consider challenges facing their business. Our analysis showed the biggest concerns for EPs are profitability, growing new business and setting budgets and forecasts for business growth.

### How challenging are the following business issues to your work today?

