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ASSET PRESERVATION OR “BUTTONING UP BUILDINGS”

By: Donald E. Cole
Vice President, Environmental Health and Safety
Senior Industrial Hygienist



Asset Preservation or “Buttoning Up Buildings” are terms often discussed in today’s real estate climate. The boom in development and construction across many areas of the country, has resulted in a depressed economy and left many projects and completed buildings either vacant, in foreclosure, or with no demand for occupants or tenants. As a result, we often are left with an “empty” building. These buildings are an asset or investment to individuals and groups of investors. It is important to maintain and preserve these buildings until they are sold or occupied and producing a positive cash flow to the owner. Some facilities may only endure a short downtime and may have a planned “moth balling” for an extended time frame. In a foreclosure, a bank may be the sudden owner of a development and will likely be looking for a new group of investors.

To maintain the marketability and appeal to potential investors an “Asset Preservation” plan is a way to maintain the value of a building during the down time in occupancy. We have often seen conditions in unoccupied buildings rapidly deteriorate over time causing a decrease in the property's value. A pro-active preservation plan will assure the asset remains in good condition and a well documented plan will aid in the marketability of the asset.

To establish an effective Asset Preservation Program, an owner will need to document existing conditions, identify repair needs and provide for reduced risks of sudden events. Recording conditions over time will provide for an effective operations and maintenance plan, and maintain acceptable interior conditions.

The various tasks and programs that should be considered for implementation may include:

1. Conduct a "Base Line" study at the early stages of a program. Base line tasks may include thermal scanning of the building envelope and interior areas. Thermal scanning will aid in the detection of moisture intrusion, leaks, building envelope air leaks, insulation gaps, and excess heating of mechanical and electrical equipment. This process will help to identify an existing negative condition that may need to be corrected early in the Asset Preservation Program and prevent the potential of significant damage to a property.
2. Moisture mapping and visual investigations at the beginning of an Asset Preservation Program will also aid in both the documentation of existing conditions and provide for early correction of negative conditions. Both interior areas and exterior building envelope conditions should be inspected. A base line drawing and database tracking will also add value to the overall process in tracking conditions over time.
3. Interior conditions should be monitored at the beginning and throughout the preservation period and should include data logging instruments to track long term temperature and humidity conditions of the asset. Installing fixed real time monitors to enable instantaneous evaluation of conditions can enable quick and cost effective asset monitoring.
4. While mechanical, electrical, and plumbing systems may be operated at minimum levels to reduce operational costs of an asset, these systems should be monitored periodically. Domestic water systems should either be isolated and drained where possible or flushed on a routine basis. Domestic water should never be left idle in piping over extended periods. Regular flushing or draining down the systems will prevent accumulation of bacteria in the system. Mechanical piping should be maintained and chemical levels documented periodically to ensure these systems are maintained for optimum operating conditions. Some mechanical heating and cooling will be required during the Asset Preservation period to keep interior conditions at recommended levels.
5. An overall Operations and Maintenance (O&M) Program should be initiated so that all elements of the facility are maintained proactively. The facility may have components and equipment that are under warranty and should be maintained according to the owner's manual during warranty periods and beyond. The O&M Program would establish maintenance schedules and frequencies of preventative maintenance for the asset. The plan would also address regular building related inspections, documentation of indoor air quality conditions, drainage/grounds inspections, and building envelope inspections.

While an effective Asset Preservation Program will add initial costs to a facility/development, it will provide value by documenting specific actions that have preserved an asset. By committing to an effective Asset Preservation Program, a property owner will be able to maximize the investment return and a potential buyer will know that the purchase comes with much less risk.

About the Author:

Donald E. Cole brings over 28 years of environmental, forensic building investigation, and litigation expert witness expertise to the team of Gobbell Hays Partners, Inc. (GHP). Mr. Cole is well-versed in most areas of environmental investigation and remediation design in buildings of all types. Mr. Cole has also managed numerous projects related to

environmental abatement and controls in medical, private, and public facilities across the United States.

Mr. Cole's extensive project portfolio includes asbestos surveys, mold/moisture assessments, IAQ investigations, environmental abatement design, demolition design / management, Phase I Environmental Site Assessments, development and managing Preventative Maintenance Programs, construction moisture management observation, industrial hygiene, construction litigation expert witness testimony, and pest bird management and controls. Mr. Cole can be reached at (615) 782-6876 or dcole@ghp1.com.



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217 Fifth Avenue North, Nashville TN 37219