Invasive Plant Education and Outreach for Real Estate Professionals

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Opportunities

• Who is impacted by invasive plant problems?
• Situation in the Eastern US
• How can we build better access to invasive plant control problems?
• Examples
• Partnership and cooperative opportunities
Who Is Impacted By Invasive Plant Problems?

• Exploration of Ecosystem Service Values
  – Ecosystem Services are the flow of values that are generated by land for the landowner, as well as communities and economies
  – Invasive plants can be expensive for landowners, but also for society.
  – By quantifying the long-term effects of an invasive plant, we can better identify the beneficiaries of control.
Who Is Impacted By Invasive Plant Problems?

• Exploration of Ecosystem Service Values
  – Many ecosystem services are being quantified
  – Wetlands, water quantity, water quality
  – Where do invasive plants fit in?
    • Who is impacted?
    • Who benefits from control activities?
  – Real estate professionals need to understand these values
Situation in Eastern US

- Over 80% of land is privately owned
- Invasive plant problems continue to grow
- Most invasive plant problems are viewed as fixtures to land, not outcomes of management
- Very few local-level regulatory tools exist to require or incentivize invasive plant management
Situation in Eastern US

- Fragmentation of private lands is a major factor for invasive plant spread.
- The only certainty about private lands in the East is that they will be sold/transferred over time.
Situation in Eastern US

• Real estate trends in rural land
  – Timber companies have exited land business
  – Timber Investment Management Organizations (TIMOs) have become a major holder of land
    • Manage for institutional investors
    • Timber management as driver for investment returns
    • Highest and Best Use as driver for investment returns
How Can We Build Better Access To Invasive Plant Problems?

• Exploration of Real Estate Values
  – Private lands will continue to transfer
  – Opportunities for treatment could increase if real estate professionals were aware of the costs associated with invasive plants
    • Rural appraisers
    • Developers
    • Landscape architects/planners
    • Environmental Consultants (Phase I Assessments)
    • REIT/TIMO asset managers
How Can We Build Better Access To Invasive Plant Problems?

• Examples of real estate value loss due to invasives
  – In the west, leafy spurge was found to reduce range individual property values by as much as 83% (Weiser, 1997)
  – In aquatics, hydrilla infestations = lower lake property values
  – With kudzu on rural forest lands, control costs can exceed net present value of land (Miller)
How Can We Build Better Access To Invasive Plant Problems?

• When can outreach to real estate professionals be successful?
  – The invasive plant needs to have the potential to cause instrumental damage to property
  – utility, management, aesthetics

• Kudzu: YES
• Cogongrass: YES
• Chinese Tallow: Maybe?
• Microstegium: ???
• Real Estate Values
  – Example: Appraisal and Environmental Issues
    • A client is purchasing a 100 acre forested property as a long-term investment.
    • 20 acres has kudzu
    • The client is under contract to purchase for $3000/acre, or $300,000, with contingencies.
    • An appraiser is contracted by the client to determine the value of the property.
    • Based on the comparable land sales, the tract is worth $300,000.
    • None of the comparable sales had kudzu patches
• Real Estate Values
  – Example: Appraisal and Environmental Issues
    • Based on the infestation, it will likely cost a total of $1500/acre over 4 years to control the kudzu.
    • The rural appraiser does not account for the kudzu losses or costs in his appraisal.
• **Real Estate Values**
  
  – **Example: Appraisal and Environmental Issues**
    
    • If the appraiser was aware of the kudzu costs and lost values:
    
    • He could call a professional to get an estimate on the cost of treatment.
    
    • He could make the buyer aware of the problem.
    
    • If the contract allows, the buyer could respond with an adjusted price (in this case, $270,000), or ask the seller to pay for the treatment.
• Real Estate Values
  – Example: Appraisal and Environmental Issues (cont.)
    • The buyer also contracted with an environmental consultant to perform a Phase I Environmental Assessment.
    • The consultant visually inspects the property for contaminants and environmental issues.
    • She has a difficult time accessing the entire kudzu patch.
• Real Estate Values
  – Example: Appraisal and Environmental Issues (cont.)
    • What do we know about kudzu patches?
    • Commonly growing on ravines
    • Historically, ravines were common dumping sites for refuse, old equipment, etc.
    • What is under the kudzu patch?
    • With knowledge of the costs and issues associated with kudzu, could the consultant provide value-added services and information to the buyer?
• Real Estate Values
  – Example: Forest asset management
    • Cogongrass
    • Already severely impacted the Gulf states.
    • Largest existing invasive plant threat
    • EDRR is in full swing to combat new spot infestations
    • What is it about cogongrass that makes it such a large threat?
      – The Southeast represents the largest timber supply in the US (60% of our national supply).
      – Cogongrass threatens the most important land use in the region.
      – Forests and cogongrass are not compatible.
• Real Estate Values
  – Example: Forest asset management
  • Many TIMOs own land across the Southeast
  • South Carolina situation
    – Many large TIMOs have tracts in Hampton and Allendale.
    – The same TIMOs have tracts in cogongrass infested areas (they should be aware of the problem).
    – Many forestry contractors that work these properties may be overlapping in cogongrass infested areas.
    – Many hunt club leases in Hampton/Allendale go to Florida hunting groups.
    – There is a value proposition to sell to TIMO managers concerning cogongrass risk.
• Real Estate Values

  – Example: Forest asset management
    • Are TIMO asset managers aware of the increased management costs that they face?
    • Are TIMO asset managers aware of the decreased real estate values?
    • How much are they willing to invest to keep cogongrass from infesting their property?
      – Matching funding for EDRR
      – Matching funding for eradication
Partnership Opportunities

• Accessing invasive plant infestations through real estate professionals will require:
  – Conviction to uncover needs of new influencers
  – Disciplined application professionals
  – New tools for analyzing invasive plant impacts
  – Investment from public and NGO community
  – Matching investment from the private real estate investment community
Questions?

Thank You
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