



Environmental Consultants & Contractors

## DRY CLEANERS AND REAL ESTATE TRANSACTIONS

*The mere presence of a dry cleaner in a real estate deal can significantly stigmatize the property and affect the future lease and sale of the property due to the widespread use of the chemical cleaning agent Perchloroethylene or "Perc" (PCE).*

An unofficial survey of real estate professionals, environmental consultants, regulatory, and retail strip center owners indicated that of the dry cleaners who have had a Phase II environmental subsurface investigation conducted, 75 % to 85% have had some level of subsurface contamination.

Understanding the dry cleaners environmental risks and liabilities at the real estate deal's onset, in order to develop, package, effectively manage property strategy, and develop a positive exit strategy for future property re-deployment is imperative.

Careful underwriting is clearly warranted when your retail strip center current or historical tenant is or was an on-site dry cleaner and not a drop point. Even with good contractual language in leases, mortgages, and other transactional documents, substantial legal dollars can be expended to bring responsible parties to settlement or held fully accountable through litigation for subsurface contamination.

The South Carolina Dry Cleaner Restoration fund has been in place since 1996. The active dry cleaner in the shopping center you are considering should be signed up for the fund.

Some dry cleaners that use petroleum based (Stoddard solvent) or the newer environmental friendly cleaning liquids, do not have to be in the fund. If this is the case, you should still inspect the site and consider conducting sampling.

**SCS Engineers** has supported Real Estate clients' business for over three decades. As an employee-owned firm, we all have the same vested interest to make it work for us and our clients. We are only successful when our clients are successful, and operate as an extension of our client's staff.

The site may have handled solvent in the past --- even Stoddard solvent users handle soaps that contain chlorinated solvents, which are the primary source of contamination at most dry cleaners.

If a facility is registered, a buyer can typically ask for a letter from the Dry Cleaning group at the South Carolina Department of Health and Environmental Control (DHEC), which will provide a limited waiver of liability for the property owner and the lenders.

At a site with a former dry cleaners, it is still possible that the site has been registered with the fund and the former operator has been identified as the responsible party for the fund.

Therefore, it is still possible to receive a waiver from DHEC.

***Remember: This needs to be done prior to purchase.***

In addition to our extensive Environmental support services, **SCS Engineers** offers our Real Estate clients specialized Real Estate services when they are purchasing a dry cleaning business site.

**SCS Engineers** has assessed more than 100 dry cleaning facilities for retail strip center property owners, local redevelopment agencies, financial institutions, investors, and buyers of real property. SCS personnel performing dry cleaning assessments include professional geologists and engineers with combined experience of more than 75 person-years.

For more information on the environmental responsibilities and implications of purchasing a dry cleaning business, please contact:  
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