



U.S. Mitigation Credit Market Value Tops \$300 Billion in 2019

EASI revealed that the US Mitigation Banking industry now holds \$300 billion in approved mitigation credits, confirming the value of eco-assets on rural lands

SAN FRANCISCO, CALIFORNIA, USA, August 12, 2019 /EINPresswire.com/ -- Eco-Asset Solutions and Innovations (EASI) confirmed today that the U.S. mitigation banking industry has passed the \$300 billion mark in approved, land-based ecological assets available for sale as compensatory mitigation credits. That's a fifty percent increase in held assets since 2017, the last time EASI estimated overall industry worth.

EASI also confirmed that industry transaction value has more than doubled in the past two years, from just over \$2 billion in annual sales to \$4.8 billion in 2018. The increase in value is attributed to the rapid expansion of mitigation banking as a way to offset environmental impacts from commercial and industrial development or infrastructure operation. Not only has the number of approved mitigation banks and mitigation credits grown, but the average price per credit has also been on the rise. Wetland credits, for example, have led the way in value-rise from an average of about \$10,000 each in the 1990s to over \$150,000 today.

These figures came to light as EASI was preparing its 2019 [Land Value Slide Deck](#). Ten lessons-learned were revealed as EASI reviewed project results from the past five years. The lessons have to do with the opportunities and potential pitfalls landowners should know about before they develop ecological assets on their properties.

"First of all, the business opportunities are very real," said William Coleman, EASI's CEO. "Although the industry has been in expansion mode the past few years, there are still many parts of the U.S. that can benefit from new mitigation bank projects. But before going down that road, a landowner should complete a full-fledged business review to lower project risk and boost future mitigation bank performance."

A mitigation bank is a tract of land dedicated to conservation purposes, where the landowner earns mitigation credits that can be sold to developers as compensation for regulated environmental impacts. Mitigation credits are a type of ecological asset. They represent protection or enhancement of ecological quality supporting wetlands and stream zones, certain species and habitats, as well as rivers and lakes in a growing number of regions. Mitigation credits have been known to significantly boost landowners' annual income, the appraised value of land, as well as overall estate value.

"That's the next lesson," Coleman said. "Landowners deserve to know about the market value of eco-assets that may be present on their property. Land appraisals nowadays must include an ecological asset review. We've seen that eco-asset values can actually redefine what appraisers call 'highest and best use' for land. When that happens, after all land use costs and benefits have been thoroughly studied, a landowner can expect to see strong return on investment from mitigation banking."

Highest and best use means the "reasonably probable use of land" that results in the highest value once all the business factors have been evaluated, according to the U.S. Appraisal Institute.

“Imagine your property had minerals or oil and gas that could be developed, but you never knew about it,” said Coleman. “Imagine that your appraiser never researched the question, and that you sold the land without taking into consideration the market value of those natural resources. You would have left lots of money on the table. That’s what many rural landowners are doing today – they buy and sell parcels without ever knowing the value of ecological assets anchored to the land.”

Other lessons learned shown in the Land Value Slide Deck include the importance of a soup-to-nuts business evaluation for any new mitigation bank proposal. Understanding revenue potential is one thing, according to Coleman, but a landowner has to learn about mitigation bank development costs as well as local market conditions such as available mitigation credit supply, demand for mitigation credits and mitigation credit rates of sale. “Only then can the landowner have enough information to confidently enter this business arena.”

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