

## CLIMATE CHANGE

# Portfolio Assessment

Identify and proactively manage climate related risks with Landmark Valuation Services.

Our Climate Change Portfolio Assessment report provides a bespoke insight on an array of perils and will demonstrate to the PRA that you've taken reasonable steps to understand what the future impacts may look like and how it is factored into your risk management and loss modelling processes.



Climate change is presenting unique challenges that lenders are now having to face.

For example, hotter, drier summers are increasing the potential for subsidence and therefore ground stability is now an increasing risk that lenders should be aware of.

Recently, the dry summer of 2022 exemplified this risk, leading to 18,000 subsidence insurance claims. Insurers are expected to pay out £219 million in

claims resulting from the summer's record-breaking high temperatures.

By combining our expertise in property and environmental data with our risk modelling tools, the Portfolio Assessment identifies climate-related risks by individual property address.

It considers the likelihood of climate change events and the resulting value impairment or expected losses, enabling lenders to proactively manage risks.

### Key features:



Flood risk, including fluvial, pluvial, groundwater and storm surge

**COMPREHENSIVE ANALYSIS**



Ground instability risk, including subsidence

**COMPREHENSIVE ANALYSIS**



Coastal Erosion, resulting from rising sea levels

**COMPREHENSIVE ANALYSIS**



Energy Efficiency Policy Change risk

**COMPREHENSIVE ANALYSIS**



This service is unique in its ability to quantify climate change risk for lenders



As well as a detailed overview report, you get all property level data



Climate Change Risk Portfolio Assessment is an **award winning** service., having received the Mortgage Finance Gazette Innovation Award.



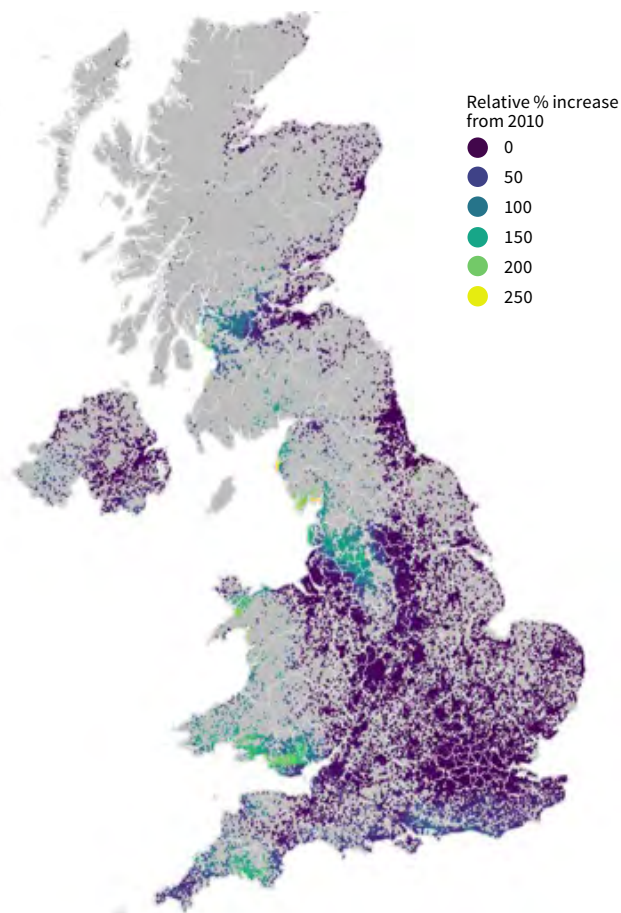
For more information regarding the Climate Change Risk Portfolio Assessment service, please contact a member of our team to discuss your needs at:

[CLICK HERE TO EMAIL](#)

When analysing a portfolio, we match all the addresses to identify each property's unique reference number (UPRN) and attribute each address with property specific data that is relevant to climate change, such as flood risk, subsidence, coastal proximity and energy efficiency.

At property level we look at how the flood, subsidence and coastal erosion risks will evolve over time in each of 4 climate scenarios. The increased incidence of flood and subsidence events will impact property value both by making the properties less appealing but also by making buildings insurance harder to acquire. The analysis quantifies these value impacts and relates them to the value and the outstanding balance so a loss given default value can be calculated.

### Extreme High Winter Precipitation by 2050 RCP 8.5



With the Met Office's UKCP18 report suggesting an increase in storm surge and rising sea levels, this will increase the rates of erosion in coastal areas. This may affect not only properties located close to the shore line itself but also buildings located in tidal river basins away from the coast.

We therefore look at both proximity to the coast line and coastal erosion rates, as there are certain areas of the coastline that are more likely to erode than others.

### Energy Efficiency Policy Change:

Transitional perils, such as a change of existing policies or a demographic are a very real possibility. For example, if Government progresses any changes relating to the energy efficiency of properties –requiring homeowners to upgrade F and G rated properties with expensive remediation work. This could create a negative effect on property values with low-rated homes becoming blighted by their ratings. Transitional perils like this are potentially significant, yet are harder to predict as they are aligned to the whim of a government.

### How can losses be calculated?

Having determined which perils to include in the report, we are then able to assess how these may impact property value in the various future climate change scenarios. It can then be determined which of these value impacts could result in a loss if the property was taken into possession by considering the size of the balance relative to the property value.

**The Climate Change Portfolio Assessment is a popular service that has already helped many lenders prepare their climate change strategy for the PRA.**

[Find out more at landmark.co.uk/lvs](https://landmark.co.uk/lvs)



We connect Lenders and Surveyors across the UK Property Industry

**Landmark**  
Valuation Services

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