Sea Level Rise Gets Real (Estate)

National Adaptation Forum

April 2019
About RE Tech Advisors

- **Advisors** supporting the fiduciary and investment objectives of commercial real estate leaders and market stakeholders.

- **Experts** unlocking value at the intersection of sustainability, technology, and buildings.

- **Problem solvers**, designing and implementing award-winning environmental, social, and governance (ESG) programs.
Institutional real estate investment

Real estate investment “funds”

Mutual Fund
(Stocks, Bonds)

Real Estate Fund/REITs
(Buildings)
Introduction

- Drivers of increased interest and discussion on climate risk in real estate:

- Resilience Module

- TCFD: Task Force on Climate-Related Financial Disclosures

- Recent events
Types and examples climate risks to be disclosed:

<table>
<thead>
<tr>
<th>Transition Risks</th>
<th>Physical/Operational Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy and Legal Risks</strong></td>
<td><strong>Acute Risk</strong></td>
</tr>
<tr>
<td><strong>Technology Risk</strong></td>
<td><strong>Chronic Risk</strong></td>
</tr>
<tr>
<td><strong>Market Risk</strong></td>
<td>Examples:</td>
</tr>
<tr>
<td><strong>Reputation Risk</strong></td>
<td>- Hurricanes, cyclones</td>
</tr>
<tr>
<td><strong>Examples:</strong></td>
<td>- Flooding</td>
</tr>
<tr>
<td>Carbon tax</td>
<td>- Wildfires</td>
</tr>
<tr>
<td>Renewable energy mandates</td>
<td>- Tornados, windstorms</td>
</tr>
<tr>
<td>Energy disclosure mandates</td>
<td>- Landslides, avalanches</td>
</tr>
<tr>
<td>Land use policies</td>
<td>- Extreme snowfall</td>
</tr>
<tr>
<td>Litigation</td>
<td>Examples:</td>
</tr>
<tr>
<td>Building or system obsolescence</td>
<td>Sea level rise</td>
</tr>
<tr>
<td>Modernization costs</td>
<td>Drought</td>
</tr>
<tr>
<td>“Stranded assets”</td>
<td>Heat waves</td>
</tr>
<tr>
<td>Operational efficiency</td>
<td>Water scarcity</td>
</tr>
<tr>
<td>Cost competitiveness</td>
<td>Food security</td>
</tr>
<tr>
<td>“Creative destruction”</td>
<td></td>
</tr>
</tbody>
</table>

Examples:
- Supply/demand shifts
- Regional economic disruption
- Migration shifts, new demographic patterns
- Community and public relations
- Brand mgmt.
- Political influence
- Customer loyalty
- Sea level rise
- Drought
- Heat waves
- Water scarcity
- Food security

Source: Task Force for Climate-Related Financial Disclosures
Initial real estate research

“Successful real estate projects depend on the long term stability and prosperity of cities.”

“...insurance as the main protection for asset value is not an effective solution to mitigate the risk of devaluation...”

“Based on our analysis, National Real Estate Advisors does not invest in South Florida...”
Climate risk exposure vs. market allocation

- % of total value at risk
- % of total market allocation by asset value
Thank you!

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