Landmark
Valuation Services

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.

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.

Hotter, drier summers will increase the potential for subsidence, particularly on shrink/swell clay. Ground stability presents itself as an increasing risk that lenders should be aware of.

The dry summer of 2018 caused exceptional subsidence losses for insurers; it was reported that claims made between July and September were the highest level seen for 12 years.

In all, more than 10,000 households were said to have made claims that totalled more than £64m, with shrink/swell clay being cited as a principal risk factor, in addition to the proximity of large trees.

Key features:

- Flood risk, including fluvial, pluvial, groundwater and storm surge
  FULL ANALYSIS
- Ground instability risk, including subsidence
  FULL ANALYSIS
- Coastal Erosion, resulting from rising sea levels
  FULL ANALYSIS
- Energy Efficiency Policy Change risk
  FULL 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

Landmark Valuation Services received an **Innovation Award** at the Mortgage Finance Gazette Awards 2019 for our new Climate Change Risk Assessment service.

For more information regarding the Landmark Valuation Services Climate Change Risk Assessment service, please contact Jayne Coppinger at:
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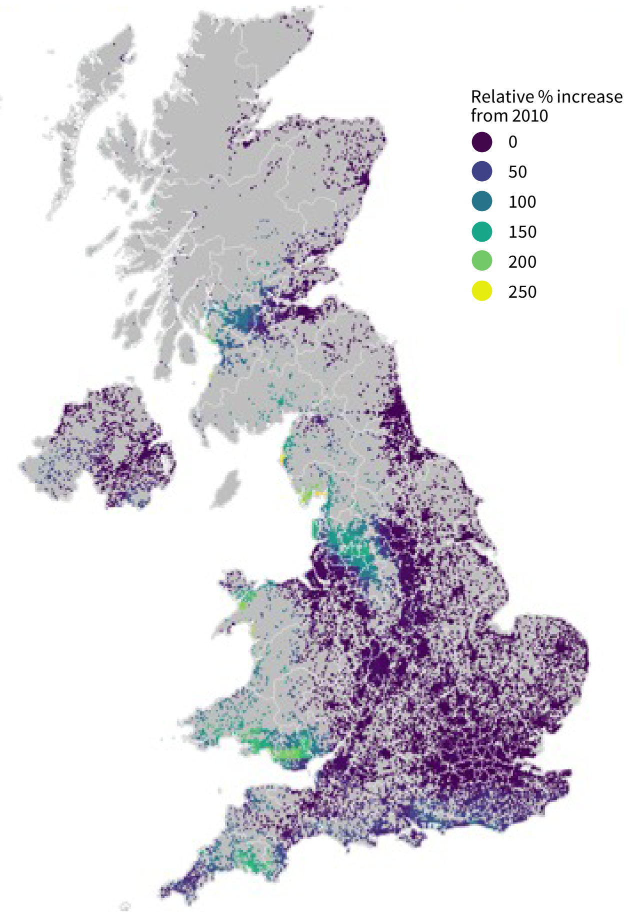
When analysing a portfolio we match all the addresses to AddressBase to identify each property's unique reference number (UPRN) and attribute each address with property-specific data that is relevant to climate change, such as flood risk, forecast precipitation and property value.'

'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.

We also believe that it is key to advise the PRA of what perils you are not considering as part of your climate change impact reporting. Following discussions with lenders and from assessing our data, we have excluded the following:

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

Climate Change Portfolio Assessment — Risk Management — Seamless Lender Integration — Lender and Surveyor Case Management

We connect Lenders and Surveyors across the UK Property Industry | **#QuestContinues**

Landmark Valuation Services

If you require any assistance please contact our customer services team:
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landmark.co.uk/lvs