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## Press Release

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2 May 2008

***“If we continue to ignore the impacts of climate change there will be severe consequences for the property market and the wider economy”***

***Professor Mark Maslin, Director Of Ucl’s Environment Institute (see below for full quote)***

**Hermes Real Estate and the UCL Environment Institute  
announce findings of research into the effects of climate  
change on UK Property**

Hermes Real Estate and the UCL Environment Institute have on 2<sup>nd</sup> May unveiled groundbreaking research that identifies the potential impacts of climate change on property in the UK and defines areas of the country that are most at risk from these impacts.

The report, the first of its kind in the UK, was commissioned by Hermes Real Estate in order to help the real estate industry better understand which areas and property types are likely to feel the strongest effects of climate change and focuses on the vulnerability of 14 cities across the country.

**Report reveals pronounced north-south trend:**

Analysis of research data confirms that there is a pronounced north-south “slope” with southern cities such as London, Southampton and Bristol carrying a consistently higher exposure to all impacts of climate change than those in the north such as Glasgow, Belfast and Edinburgh. The report also shows that the most significant threats of flooding, temperature increases and decreases in soil moisture may vary substantially depending upon the location and asset type. This therefore requires a much more detailed understanding of the likely impacts and the development of local measures to mitigate these risks.

**Residential property will bear the brunt of climate change:**

Of the property sectors that the report studied, residential property will bear the brunt of climate change followed by retail, office and industrial property, with warehouse/distribution property likely to be least affected. However, whilst residential property carries relatively high risks across all climate change impacts, city centre property of all types is especially vulnerable to the risks of rising temperatures and associated heat waves, exacerbated by the “heat island” effect created by intensely urban areas.

**Flooding poses the greatest threat to property in the UK**

The biggest threats associated with climate change are extreme rainfall and associated flooding, with winter rainfall increasing dramatically by as much as 26% in some locations together with more frequent intense storm events. This increased precipitation will mean far greater flooding risk and the potential for increased pollution as sewage systems could be overwhelmed.

The flooding risk for all property sectors is significant, but is likely to hit the residential sector particularly hard given the location and scale of existing and planned residential developments in flood plains. Most notable is the case of Greater London, where 23% of all dwellings on average during 2003-5 were built in flood risk areas.

**Rising temperatures pose threat to life if housing stock not addressed**

The predicted rise in temperatures and associated heat waves, along with a significant reduction in summer rainfall of up to 50% are also predicted to have serious consequences, with the average temperature in London in 2030 rising to the same levels as that of the 2003 heat wave that killed 35,000 people across Europe.

**Drought will increase cases of subsidence:**

A reduction in summer rain will see greater risk of water shortages and soil moisture levels fall in some locations by nearly 50%, significantly increasing the risk of subsidence in buildings, particularly older buildings or those built on clay soils.

**Vital infrastructure 'lifelines' are particularly vulnerable:**

Infrastructure systems vital not just to property but the whole of society, such as transport, energy supply and water supply, are particularly vulnerable to climate change. These 'lifelines' are vulnerable to a combination of the effects of climate change and the breakdown

of these critical elements of infrastructure would have direct and potentially catastrophic consequences for local, regional and national economies and people's lives.

**Commentary:**

**Keith Bugden, Director of Hermes Real Estate** comments:

"In the real estate industry, in common with many other business sectors, the sustainability agenda has principally focussed on the reduction of carbon dioxide emissions and energy consumption. As a result of this focus on climate change mitigation, relatively little is currently understood about the likely impacts of climate change upon UK real estate. A study of this kind is therefore essential if we are to meaningfully debate the way forward.

"We know we can expect warmer, wetter winters; far hotter, drier summers and more frequent extreme weather conditions – most obviously flooding and droughts.

It is a sobering thought that the authors of the report have advised that the risks posed by climate change may well have been underestimated by the IPCC, with the possibility that predicted changes may well be more severe and occur earlier than anticipated. What is crucial is that we gain a clearer understanding of where and how severely these changing conditions will be felt and how we as an industry we can work effectively alongside local and national government and private sector partners to meet the challenges we face in the coming years"

**Professor Mark Maslin, Director of UCL's Environment Institute**, comments:

"What our research has made clear is that the building stock in the UK needs to be adapted to cope with increased rainfall and flood risk, as well as extended dry spells and higher temperatures during the summer months. This report can help protect the future of the Real Estate market in the UK - if we continue to ignore the impacts of climate change there will be severe consequences for the property market and the wider UK economy.

"The solutions for these problems are available - it is now an economic matter and a question of government and business having the will to take decisive action to protect our homes, workplaces and infrastructure. In all probability it is the insurance market that will first drive change - when the growing risks are understood and increased premiums demanded for buildings at risk, for example in floodplains, home owners and landlords will act.

"In a wider sense, a post Kyoto agreement in 2012 will be the critical point. The conclusion of those international agreements will dictate the severity of climate change impacts after 2030 - at the moment all we know for sure is that there will be significant impacts, it is now just a question of waiting to see how widespread and fundamental that impact will be."

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For further press information please contact Debbie Cracknell or Clare Duffy at Redwood Consulting on 020 7828 5553.

## Notes to Editors

### About Hermes Real Estate

Hermes Real Estate is responsible for some £12bn of real estate in the UK and operates across all the primary markets of retail, office and the industrial sectors (as at 31 December 2007).

Hermes operates an integrated portfolio management and research approach to target high quality, well located properties, investment opportunities and development sites and recently won the Property Week Fund Manager of the Year Award 2008.

Hermes is committed to responsible property investment, working on sustainable and community initiatives across its portfolio.

### About Professor Mark Maslin and Professor Yvonne Rydin (authors of the report)

**Professor Mark Maslin** is the Director of the UCL Environment Institute with a 3 years budget of over £1 million. He is also currently the Head of the 5\*\* Department of Geography. Maslin is a leading climatologist with particular expertise in past global and regional climatic change and has published over 90 papers in journals such as *Science, Nature, and Geology*. He has been awarded grants of over £5 million, seventeen of which have been awarded by NERC. His areas of scientific expertise include global warming, Government climate change policies, causes of past and future global climate change, ocean circulation, gas hydrates, Amazonia, East Africa, and Human evolution.

He has also written 5 popular books, over 20 popular articles (e.g., for *New Scientist*, and *Guardian*), appeared on radio, television and been consulted regularly by the BBC, Channel 4, Channel 5 and Sky News. Programs have included *Horizon*, *Newsnight*, *Dispatches*, *Time Team* etc. He was a consultant and filmed for the BBC highly successful *Supervolcano* and their follow up series *Superstorm* which was aired in 2007. He was also a consultant and presenter for the Sky News highly successful *Green Britain Week* in January 2007. The first UCL Environment Institute Policy Report led by Prof. Maslin was the basis of the Channel 4 'Dispatches' program *Greenwash* (5/3/07) and made the front cover of the *Guardian* newspaper. His latest popular book is the high successful Oxford University Press "Global Warming: A Very Short Introduction". This is a pocket sized book which provides a summary of the historical background, scientific debate, future impacts and the politics of global warming.

**Professor Yvonne Rydin** is professor of planning, environment and public policy at university college London's Bartlett school of planning. She is currently chairing the lead expert group for the DBERR foresight project on sustainable energy management and the built environment. She has extensive knowledge of environmental policy, governance and sustainability issues at the urban level. Her recent research projects include a project for HEFCE's higher education innovation fund on sustainable construction and planning in London as well as EU FRP projects on: the economic and

cultural conditions of decision-making for the sustainable city; and the implementation of local sustainability indicators. Other work within London has involved study of institutional change and interest representation concerning planning for sustainability in the early days of the GLA. Her interests extend to community engagement on sustainable development, ranging from understanding the collective action problem in theoretical terms to developing practical solutions.

*RECENT PUBLICATIONS INCLUDE:*

*Networks and Institutions in Natural Resource Management* (co-edited with E. Falleth) (2006; Edward Elgar)

*Urban and Environmental Planning in the UK* 2<sup>nd</sup> edition (2003; Palgrave)

*Conflict, Consensus and Rationality in Environmental Planning: an institutional discourse approach* (2003; Oxford University Press)