



” Property Purchase and Climate Risk

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Climate change is one of the most significant challenges the modern world faces. We are increasingly experiencing extreme weather events, such as heavy rainfall, floods, droughts, heatwaves, hurricanes and wildfires. The summer of 2023 brought extreme heatwaves across Europe, particularly in the southern regions of the continent. Spain and Italy recorded temperatures exceeding 45°C, with a record-breaking 48.8°C in Sicily, the highest ever recorded in European history. Poland is also experiencing extreme weather events: on August 19 and 20 of this year, measuring devices in the Bielany district of Warsaw recorded daily rainfall levels of 119 mm, equivalent to nearly 120 litres of water per square meter. These drastic changes affect not only ecosystems and nature, but also daily life, including its economic aspects. Understanding how climate change may impact property values, as well as safety and quality of life, is becoming crucial for informed decision-making in the housing market. The risk of property value depreciation or significant increases in maintenance costs are just some of the challenges today's buyers face.

In the context of this article, the term "climate risk" refers to the threats posed by observed climate changes that could negatively affect the future value, safety, or usability of a property.

These risks may manifest in many ways in the future. As market participants' awareness grows, properties located in areas with an elevated risk of extreme weather events or their consequences may be perceived as less attractive. Even if this risk is not seen as immediate, the awareness of it may lead to decreased interest and, consequently, lower property values. Properties exposed to damage from floods, strong winds, storms or wildfires may require frequent repairs and maintenance, which will increase their upkeep, insurance or financing costs. Extreme weather conditions may lead to disruptions in energy, water or communication supplies, reducing the quality of life for residents and the investment appeal of the region, thereby diminishing the desirability of living in that area. This, in turn, may lead to migrations and further economic degradation of the region, with all the related consequences for property values.

It is important to recognize that this risk will materialize not only in distant corners of the world – Polynesia, Bangladesh, the Netherlands, Australia or California. In Poland, too, there are areas with a high probability of experiencing phenomena related to climate change. Coastal regions, particularly Pomerania, including the Vistula Delta and the Hel Peninsula, are at risk due to rising Baltic Sea levels. River valleys are vulnerable to flooding caused by heavy rainfall, while central Poland faces the threat of droughts and water shortages.

So how can one minimize this risk? Above all, it is essential to invest time in gathering and familiarizing oneself with information on several key issues.

When verifying the location of a property, attention must be paid primarily to flood and waterlogging risks, considering coastal areas, as well as regions already experiencing drought and water availability problems. It is also worth analysing the location at a "micro" scale by assessing the immediate surroundings of the property and its physical characteristics.

Until 2018, Polish law allowed residential construction in flood-prone areas and there are many such properties. Therefore, if you plan to purchase a house near water reservoirs, it is important to check whether the property is located in an area prone to flooding. This applies not only to the vicinity of major rivers, but also to smaller watercourses. Similarly, if you want to buy property by the sea – while Poland is currently less threatened by rising sea levels than other countries – some areas of the Baltic coast may experience the effects of this phenomenon, such as coastal erosion, groundwater salinization, and increased flood risks. It is also advisable to check the presence and quality of protective infrastructure, such as flood embankments or stormwater drainage systems.

For properties located in areas susceptible to drought, it is important to assess the efficiency of local water sources and the effectiveness of water supply management systems. It is also advisable to check if there have been any past problems with water supply in the chosen location.



At the "micro" scale, attention should be paid to the characteristics of the property's surroundings, which will affect the quality of life. The density of buildings around the selected property should be verified (including building heights) and whether proper ventilation for the area is ensured. The amount of green space and the presence of tall trees in the vicinity are also critical. This is important not only for rainwater absorption in the event of heavy downpours or protection against strong winds, but also for mitigating the urban heat island effect, which not only reduces comfort, but may also, especially with increasingly frequent heatwaves, pose serious health risks to residents.

Potential buyers should also consider the physical features of the property. The use of modern solutions, such as energy-efficient heating and cooling systems, green roofs, façades made of low-absorption materials, windows with low heat transmission, rainwater recovery and utilization systems, as well as renewable energy solutions, will lower property maintenance costs and increase its resilience to changing climate conditions. For older properties, purchasing decisions should be preceded by a calculation of the costs of necessary renovations.

Minimizing climate risk when buying a home requires informed and thorough analysis. In a rapidly changing environment, drawing conclusions solely from the past is no longer sufficient. Climate risks are a very significant and entirely new factor shaping property values, and their impact on the real estate market, already evident today, will become increasingly important over time.



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