

News

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Moody's Analytics Launches Climate Scores on its Commercial Real Estate Platform

NEW YORK, October 12, 2021 – Moody's Analytics is pleased to announce that proprietary climate risk scores are now available on its leading commercial real estate (CRE) analytics platform, [REIS](#). Climate risk scores quantify the exposure of commercial properties and geographies to the physical impacts of climate change, providing investors, brokers, and lenders a more holistic view of risk exposure.

"This integration marks an important step in the evolution of our property analytics platform into a full-service risk assessment proposition for the CRE industry," said Luis Amador, General Manager of Moody's Analytics CRE Solutions. "The ability to view property level climate risk data alongside traditional performance metrics offers a competitive advantage at every stage of the CRE lifecycle, from loan or investment screening to ongoing evaluation and reporting. It enables CRE industry participants to build resiliency into their portfolios and engage in more forward-looking decision-making."

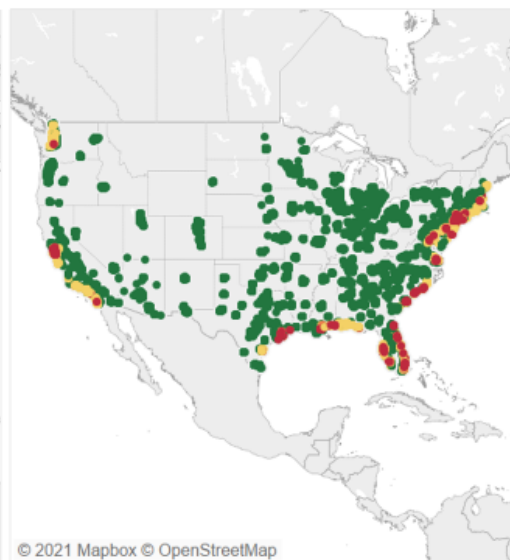
The CRE sector faces some of the most direct and tangible risks from physical climate hazards. Acute physical risks, such as floods and wildfires, can cause immediate and substantial damage to real estate assets. Chronic physical risks, such as sea level rise or heat stress, can significantly disrupt CRE markets from both supply and demand perspectives.

Moreover, climate change exacerbates existing risks in several ways including increasing restoration and remediation costs and presenting uncertainty around the viability of a property or market. Understanding the likelihood and severity of these risks can help CRE market participants make better decisions over both near and longer-term time horizons.

**Flood Risk in the United States
Apartment Real Estate Market**



**Sea Level Rise Risk in the United
States Apartment Real Estate Market**



Source: Moody's

[New research](#) from Moody's Analytics examines how climate change is affecting real estate markets today and discusses implications for the future. A case study of the Miami metropolitan area demonstrates that developers are not yet integrating climate risks into their assessments. The Miami metro saw one of the highest percentage of assets exposed to flooding, yet it added the most volume of new space to its inventory during 2015 to 2019 period. While these results tend to contradict the basic idea that risk should lead to lower development, more nuanced theory does support the potential for less impact to be realized in areas which have greater wealth and/or are amenity filled.

Moody's climate risk scoring methodology utilizes best-in-class, peer-reviewed models to measure both current and forward-looking climate risks, providing a transparent and consistent standard for monitoring the impacts of climate change on CRE performance fundamentals.

This launch follows [expansion](#) of data coverage of the physical risks posed by climate change with new sub-sovereign climate risk scores introduced by Moody's ESG Solutions. It coincides with the ongoing ["Moody's on Climate"](#) campaign that focuses on Moody's leadership in addressing the shared challenge of climate change through our insights, solutions and corporate commitments.

About Moody's Analytics

Moody's Analytics provides financial intelligence and analytical tools to help business leaders make better, faster decisions. Our deep risk expertise, expansive information resources, and innovative application of technology help our clients confidently navigate an evolving marketplace. We are known for our industry-leading and award-winning solutions, made up of research, data, software, and professional services, assembled to deliver a seamless customer experience. We create confidence in thousands of organizations worldwide, with our commitment to excellence, open mindset approach, and focus on meeting customer needs. For more information about Moody's Analytics, visit our [website](#) or connect with us on [Twitter](#) or [LinkedIn](#).

Moody's Analytics, Inc. is a subsidiary of Moody's Corporation (NYSE: MCO). Moody's Corporation reported revenue of \$5.4 billion in 2020, employs approximately 11,500 people worldwide and maintains a presence in more than 40 countries.

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