Climate Change Preparedness
Guiding Principles for the Commercial Real Estate Industry
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Climate change can have significant impacts affecting the overall economy; directly, by damaging structures, and indirectly, by compromising transportation systems, communications, and utilities. An increasing number of extreme weather events and future sea level rise may lead to more frequent and extensive flooding along the coast and inland waterways. In response, local and state agencies, building owners, lenders, insurance underwriters, and tenants are now considering how to prepare for and respond to such events.

The following are NAIOP's guiding principles regarding climate change preparedness and the commercial real estate industry:

- **Preparing for storm related events should be a shared responsibility between the public and private sectors.** The primary role for city and state governments should be to ensure the continuity and protection of public infrastructure and public safety. (Having a "climate change proof" building in the middle of a flooded neighborhood, without power or adequate transportation, provides no real public or private benefit.) Stakeholders should be at the table with state and local decision makers early on in the process to prioritize short-term and long-term public and private responses.
- **Best Management Practices developed in other cities should be shared among public and private sector stakeholders**, and their applicability to the Commonwealth should be carefully considered.
- **Not all properties will be affected by climate change in the same way.** Owners should have the flexibility to make decisions based on the needs of the individual properties, ownership, tenancy, and product type. Tenants will have varying expectations for building accessibility during and after severe weather events. (e.g., Institutional owners, such as hospitals, may be more likely to make significant investments in order to prevent a shutdown of any kind, while commercial offices may not need the same investments since a safe shutdown and simple return to service would be sufficient).
- **Both costs and risks need to be evaluated by the ownership when considering climate change-related investments or upgrades to buildings, as well as regulatory changes** (e.g., if the costs are high and the risks are low, owners cannot be expected to incur unsustainable expenses that result in uncompetitive rents).
- **A combination of incentives and regulatory flexibility may be needed to make the investments in storm preparedness measures viable for the commercial real estate industry** (e.g., Zoning changes that would allow for increased building heights, exceptions from gross floor area calculations, or allowing fuel tanks to be stored on a floor above the basement.)
- **The real estate industry, through the actions of owners, investors, lenders, and insurance carriers, will lead to appropriate property preparation and responses to existing and projected weather trends.** Regulatory mandates from the government are not the best way to address this issue, because they inappropriately assume industry inaction, and lack the necessary flexibility to accommodate building and site specific variables.