

REAL ESTATE

Climate change influencing consumers' real estate decisions

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Coastal areas are among those most prone to climate change. Image credit: Redfin

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More consumers are considering the daunting realities of climate change when buying or selling their homes, according to real estate brokerage Redfin.

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Climate change is impacting home values and the ways home buyers are considering their future living plans, according to new findings from Redfin. In combating the harsh realities that climate change imposes, risk awareness must be raised, as more consumers become concerned with the current environmental state, as evidenced in 27 percent of Americans reporting natural disasters impacting where they want to live.

"Even if you are fortunate enough to be able to adapt your home, you need to think through the long-term effects of climate change when making investments," said Daryl Fairweather, chief economist at [Redfin](#), Seattle.

Redfin's latest report, presented to several government agencies, gathers information from several sources and surveys.

As the world turns

Climate change is expected to exacerbate the housing shortage in the U.S., as environmental ills could deplete the housing stock and/or make some houses unlivable, owners could see the equity in their homes evaporate and demand for resilient homes would increase.

Active listings of homes for sale are down 22 percent from 2020, and home prices have increased 13 percent since last year.



Fewer home renters than homeowners said they did extensive research regarding climate issues. Image credit: Better Homes and Gardens

A **Freddie Mac** analysis, updated in May 2021, currently lists the United States as short 3.8 million housing units.

Rising energy, insurance and maintenance costs alongside increasing mortgage rates are also all possible ramifications of climate change.

Environmental concerns are already impacting consumers' approaches to housing.

In an October 2020 Redfin survey of more than 3,000 U.S. residents 18-years-old and older, 27 percent of respondents said that natural disasters impact where they want to live. Twenty-one percent also said they believe climate change is already negatively affecting home values, while 23 percent said they anticipate climate change to affect home values in the next five years.

In another Redfin survey, homeowners reported various investments in climate protection with 22 percent investing money against extreme temperatures, 20 percent regarding flooding, 16 percent regarding earthquakes and 15 percent against tornados.

Nearly half of respondents, 49 percent, who plan to move in the next year say that natural disasters are a factor in their decisions, while 48 percent listed extreme temperatures and 36 percent cited rising sea levels as reasons.



Using ClimateCheck, consumers can now see climate-related risks for properties on Redfin. Image credit: Redfin

An additional survey from Redfin of 1,023 people who have moved into a new home since March 2020 compared homeowners' and renters' climate attitudes.

Only 7 percent of home renters said they did extensive research regarding climate issues before they moved into their homes, compared to 25 percent of homeowners. Almost half of home renters, 49 percent, said that climate issues were not something they thought about.

Higher stakes locations

Whether people are looking to own homes or simply vacation, there is no denying that climate change is increasingly giving consumers pause and affecting their decision-making.

With the consequences of climate change becoming more apparent with each passing season, luxury hospitality brands and travel agencies are starting to see an impact.

In recent years, sustainability has become top of mind among affluent consumers, who are increasingly aware of how their travel impacts the environment. More luxury travelers are opting to incorporate environmentally positive

practices into their itineraries, while others are reconsidering or rescheduling trips to areas facing climate disasters ([see story](#)).

Some consumers live in areas that are more prone to the negative effects of climate change, leading them to be more cognizant of these kinds of detriments.

According to cited climate risk assessment company [ClimateCheck](#) data, one-third of Utah homes are at risk of burning. In California, 6.7 percent of homes face high fire risk, and additional RedFin data shows that California's fire-ravaged areas saw home sales drop 38 percent after fires.

In August, Redfin and ClimateCheck, began publishing climate risk information for every location page on its site.

This tool could be beneficial for affluents who tend to purchase waterfront homes, or the many affluents who look for properties in California, a state that is very prone to wildfires ([see story](#)).

"If you are in an area where sea levels are rising, raising your home two feet might prevent flood damage now, but 15 years from now you may need your home to be elevated by five feet," Dr. Fairweather said. "These are going to be tough decisions, even for people with the means to make these kinds of investments."

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