

# Property transactions and climate advisory risks

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The impacts of climate change has altered the shape of our land (literally) and the way we live and interact with our environment has shifted. This shift has been widespread, and solicitors need to be aware that as the climate continues to change so too does their exposure to risk.

## **Advising on property transactions and managing the risks**

Unseasonable weather and extreme weather events are now commonplace, and Australia is no stranger to the loss suffered as a result. Solicitors need to consider how climate risks may affect property transactions and ensure comprehensive advice is provided to manage the risks associated with a changing environment. This may include:

▼ **Title concerns:** erosion and/or shifting coastlines could raise concerns about property boundaries and titles. Solicitors must now conduct thorough due diligence to ensure that property titles remain accurate despite changing physical conditions.

▼ **Climate change clauses:** incorporating clauses into contracts that address issues like sea level rise, changing weather patterns, or future environmental regulations

▼ **Alternative energy and green infrastructure:** advising on the legal implications of investing in renewable energy sources and implementing green infrastructure on properties (e.g. solar panels, rainwater harvesting systems, and other climate friendly solutions).

▼ **Local government:** stay informed of Local Government regulations and zoning changes relating to climate change.

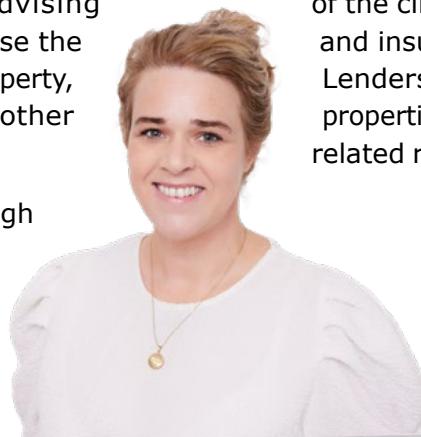


A solicitor's approach may vary depending on the specific circumstances however, solicitors must consider their duty of care to their clients, in conjunction with the impacts of climate change, especially when it comes to property transactions.

- ▼ **Contractual provisions:** inclusion of specific contractual provisions that address climate related issues. These provisions may outline responsibilities and liabilities concerning climate risks and damages that may arise during the property transaction.
- ▼ **Disclosure requirements:** advising vendors and agents to fully disclose the potential risks associated with a property, including flooding, erosion, and other weather related hazards.
- ▼ **Due diligence:** conducting thorough due diligence on properties to assess their vulnerability to climate related risks, both

immediate and long term. This may include investigating the potential for flooding, bushfire prone areas, rises in sea levels, and other climate related hazards that could impact the property's value and insurability.

- ▼ **Insurance and finance:** stay informed of the client's situation to ensure financing and insurance arrangements are in place. Lenders and insurers are cautious about properties that may be vulnerable to climate related risks.



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