

Does the price impact of flooding fade away?

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Purpose

Climate change will present many new challenges for professionals in the built environment. Observers have speculated that the increase in damage to property caused by more frequent and severe flood events may result in loss of property value. However a consistent link between flood risk and value has not been proven in the UK to date. This paper aims to investigate the impact of flooding on property value in the UK.

Design/methodology/approach

As part of an ongoing study into the impact of flooding on property value in the UK, the available international evidence has been examined and general lessons drawn. A case study is presented of an example site, flooded in 2000, using actual transaction data.

Findings

This research demonstrates that, in general, there is a tendency for people to forget about the risk of flood damage with time. However, various manifestations of floodplain designation or regulation including mandatory insurance purchase can maintain awareness in the longer term. For the case study the impact of the flood on house prices is seen to be temporary, lasting less than three years.

Research limitations/implications

Both the case study and the previous international research indicate that studies of the price impact of flood events should consider temporal aspects. Tentative conclusions from a single case study suggest that taking the long view of likely future recovery could promote price stability for flooded communities.

Originality/value

The discounting of flood-prone property is naturally of concern to property stakeholders including the valuation profession and property owners. This research is unique in using transaction data to measure

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