

A conference presented by the IBA Real Estate Section

14th Annual IBA Real Estate Investments Conference

10–12 April 2024

Tivoli Avenida Liberdade Lisboa, Lisbon, Portugal



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Picking up the pieces: real estate redevelopment after disaster strikes



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PICKING UP THE PIECES:

- Real estate redevelopment
after disaster strikes.



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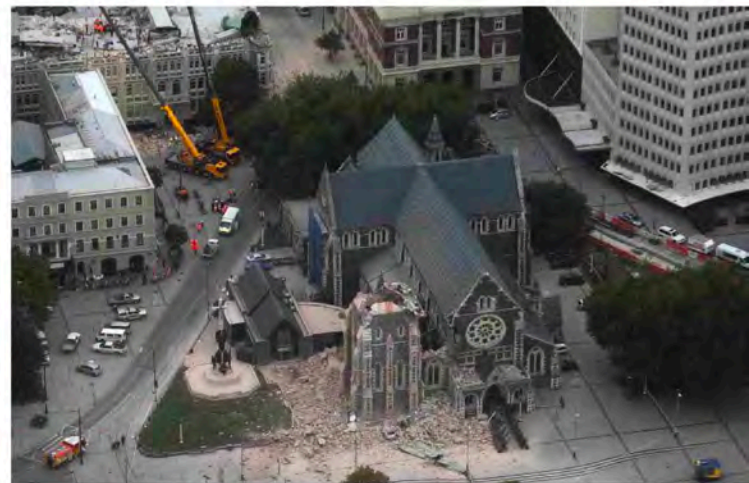
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A DECADE OF NZ DISASTERS

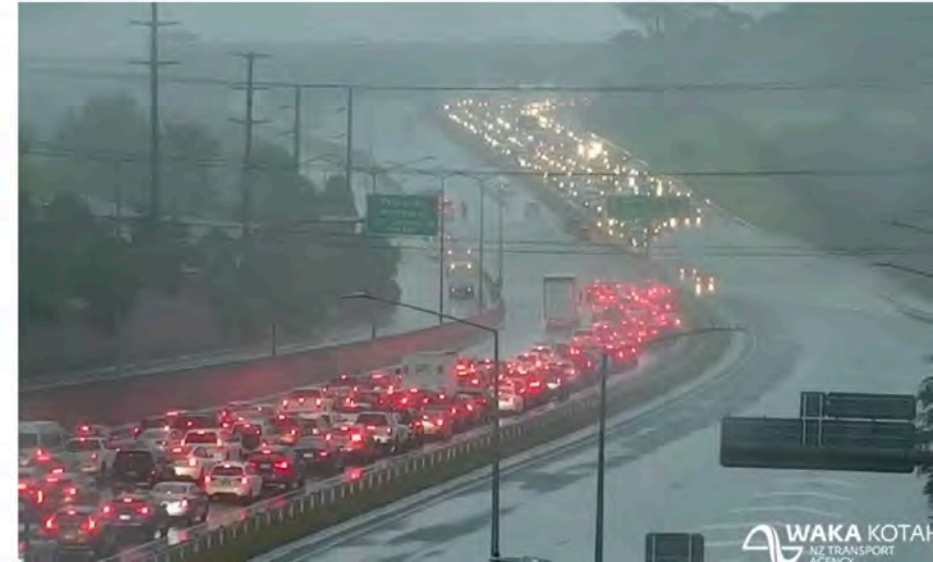
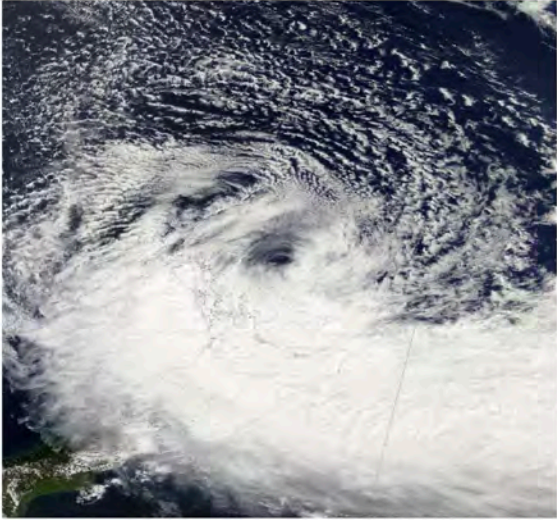
Event	Date	Insured Loss	Total Economics Loss	% of GDP at the time
Canterbury Earthquake series	December 2010	\$35 billion	\$40 billion	17%
Kaikoūra Earthquake	November 2016	\$2.4 billion	\$7.5 billion	2.5%
Auckland Anniversary Weekend floods	January 2023	\$1.9 billion	\$6 billion	2.4%
Cyclone Gabrielle	February 2023	\$1.8 billion	\$6 billion	2.4%
TOTAL		\$41.1 billion	\$53.5 billion	

Source – New Zealand Insurance Council

▶ Canterbury Earthquakes 2011



Cyclone Gabrielle and Auckland Flood Events



Cyclone Gabrielle and Auckland Flood Events



War. Ukraine. 2014 - ...



Ukrainian cities fully destroyed by Russian Army:

- ✓ Mariupol (population – 622,522)
- ✓ Sievierodonetsk (population – 110,612)
- ✓ Maryinka (population – 9,256)
- ✓ Bakhmut (population – 72,310)
- ✓ Rubizhne (population – 55,247)
- ✓ Popasna (population – 22,111)
- ✓ Volnovakha (population – 20,469)
- ✓ Lyman (population – 20,469)
- ✓ Iziium (population – 45,884)

Demolished and bombed buildings: As of April 2024, there were almost 250,000 damaged buildings direct damage to these facilities is estimated at **\$58.9 billion.**

War. Ukraine. 2014 - ... War images



Ukraine's reconstruction during the war

✓ Energy and critical transportation infrastructures are being rapidly restored (up to 70%)



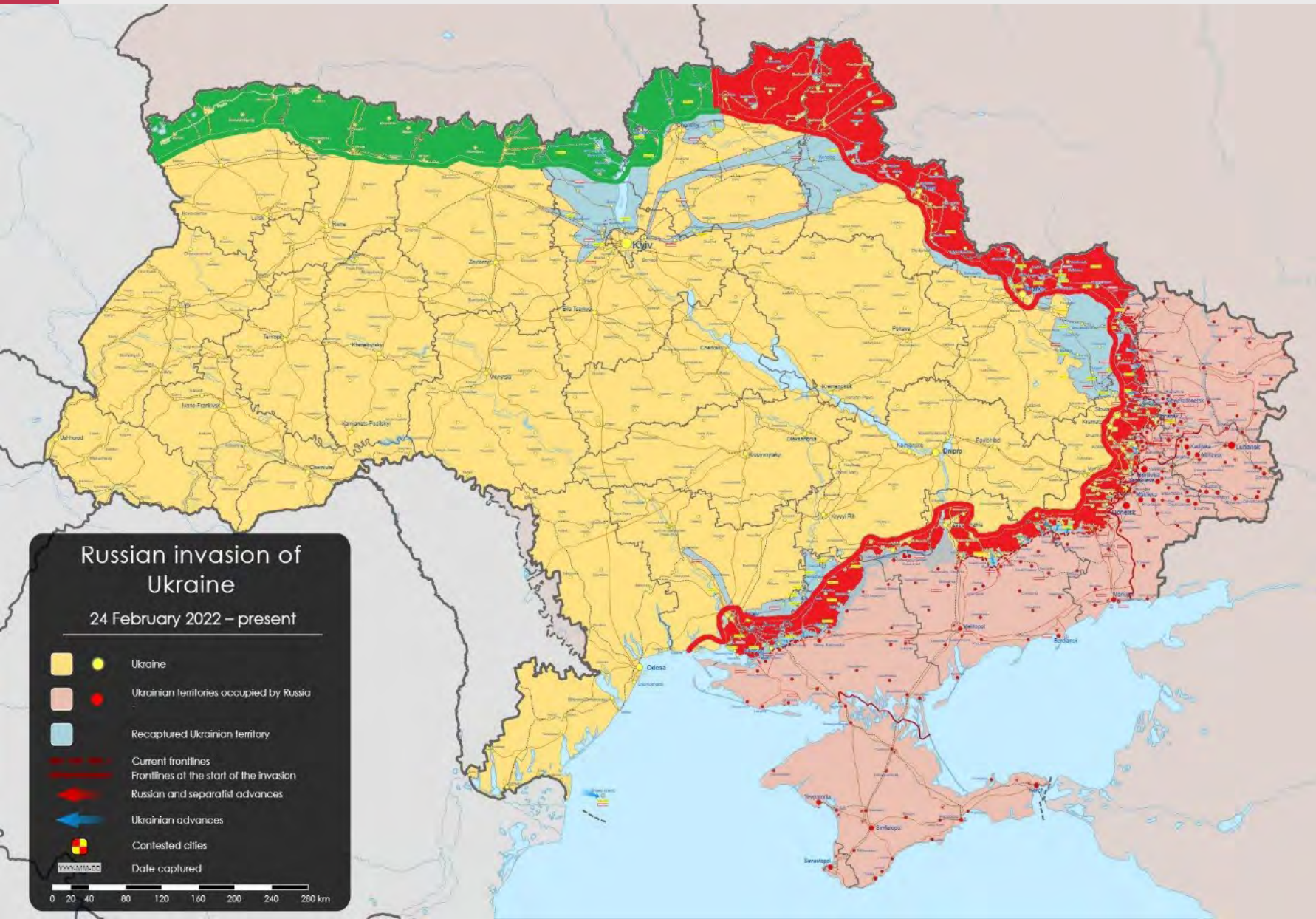
✓ The restoration of vital infrastructure, including kindergartens, schools, and universities, is progressing steadily (up to 35%)

✓ The rehabilitation of the residential premises is happening at a slower pace, but it is still ongoing

! Ukraine Adapts Construction Legislation to Address the Challenges of War (simplification of the procedures)



Where it is impossible to get insurance?



Real estate located in the areas close to the front line is not eligible for insurance

/Carey

THE LAST THREE MAJOR DISASTERS IN CHILE

27 f (2010) earthquake:

Statistics:

- Although there is no official number, it is estimated that approximately **525** people died and **56** disappeared.
- **75%** of the population was affected.
- **370,000** homes were destroyed or damaged.
- **133** hospitals were damaged, which is equivalent to 71% of the total hospital network.
- **6,168** educational establishments were damaged.
- **211** bridges were destroyed or damaged.
- **Over 900** rural and coastal towns and communities were affected.
- The estimated loss for the country was **29,663 billion USD**, equivalent to 18% of the 2009 GDP.
- There was an impact on land transportation routes and supply issues.



Santa Olga Fire (2017)

Statistics:

- **11** fatalities.
- **Over 500,000** hectares of forests, agricultural land, and residential areas were directly affected. On the first night alone, 396,000 hectares were burned in this area.
- **Between 1,000 and 1,200** homes were destroyed.
- It is estimated that among all the aircraft used to combat the fire, a total of **42,839,652** liters of water were dropped.
- The estimated loss for the country was **333 million USD.**



Viña and Quilpué fire (2024)

Statistics:

- **31,700** people were affected in Viña del Mar and **7,800** in Quilpué.
- Over **15,000** homes were affected.
- **133** fatalities.



Hergüner

Hergüner Bilgen Üçer
Avukatlık Ortaklığı / Attorney Partnership

REBUILDING TURKEY AFTER EARTHQUAKE DISASTER

Recovery/delivery models as the framework to undertake the recovery process

- Urban Regeneration
- Social Housing By TOKİ (The Housing Development Administration)

The respective roles of central / local government / private sector / community in the recovery framework

- Collaboration between the central government, local authorities, private sector, and the community
- Challenge between balancing the need for quick aid and the long-term sustainability
Establishing disaster centres and micro-intervention groups

INFRASTRUCTURE RESILIENCE AND EMERGENCY RESPONSE CAPABILITY

- Raising awareness of the regulatory aspect in construction works and inspection process for the existing buildings in Turkey
- Assessing the performance of buildings and infrastructure in the affected areas

FUNDING OF THE RECOVERY PROCESS

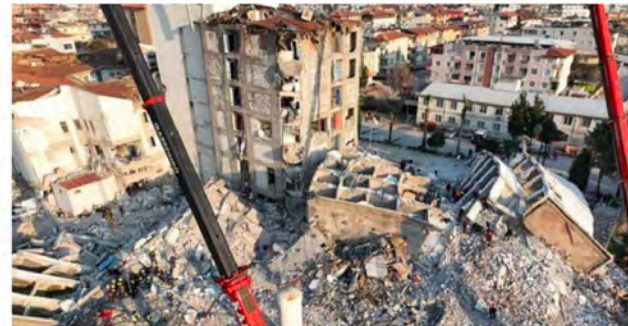
- Implementation of new taxes and donations contributed by individuals and the private sector
- Low-interest consumer loans to the victims
- Alternative financing mechanisms, including international support from institutions like the EBRD and the World Bank

EFFECTS OF DISASTERS IN TURKEY TO INSURANCE

- Requirement of DASK (compulsory earthquake insurance) policies
- Increase in the construction costs that affect the property insurance market

BUILDING BACK BETTER

- City planning principles, environmental concerns, and feasibility of the housing
- A comprehensive work of legislation underlying the reconstruction and regeneration
- Transparency in fund allocation



**REAL ESTATE
REDEVELOPMENT
AFTER DISASTER
STRIKES**

In 2023, the insurance industry covered roughly 40% (US\$ 108 billion) of the economic losses (US\$ 269 billion), indicating a large protection gap:

(source sigma 1/2024)

- The **earthquake in Turkey and Syria** was the costliest economic loss of the year
- The **earthquake in Morocco** and the **floods in Slovenia** were the costliest events ever in these countries and the **storms in Italy** were the highest-ever insured loss in Italy

Climate change causing increase in frequency and severity of catastrophic events:

(source sigma 1/2024)

- The insured losses surpassed US\$ 100 billion for the fourth year in a row
- Insured losses from natural catastrophes will continue to **grow 5% to 7% annually**

Importance of having accurate and updated sums insured to include:

- The **increase in the cost of materials, components and labour**
- Rising costs in the construction sector due to **supply chain disruptions**



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