MSCI enhances Real Estate climate analysis through partnership with CRREM

The agreement integrates new decarbonisation pathways data into MSCI Climate Value-at-Risk to enable greater flexibility in transition risk calculations

LONDON – June 20, 2022 – MSCI, a leading provider of critical decision support tools and services for the global investment community, has agreed to a strategic partnership with Carbon Risk Real Estate Monitor (CRREM) that will enhance MSCI’s emission intensity data and decarbonization pathways analysis to enable real estate investors to better assess and manage transition risk.

The partnership will see two CRREM decarbonization pathways being embedded into the established MSCI Climate Value-at-Risk (VaR) model, increasing the number of transition risk pathways available for MSCI’s real estate users from 15 to 17.

CRREM data also enables improved climate calculations within the MSCI Real Estate Climate VaR model when actual carbon emissions disclosures are unavailable. It increases the granularity of the emission intensity proxies, in particular by providing sub-categories of the retail and alternative sectors.

MSCI Real Estate Climate VaR provides a forward-looking and return-based valuation assessment to measure climate-related risks for real estate assets in an investment portfolio. MSCI Real Estate Climate Value-at-Risk is currently available as part of MSCI ESG Research’s cross-asset Climate Value-at-Risk product.

Oliver Marchand, Global Head of ESG and Climate Research & Development, MSCI, said: “Investors are increasingly seeking to quantify and analyze climate risk exposures to enable them to make informed decisions about asset allocations and take steps to meaningfully tackle climate change. Integrating data and methodology from CRREM further expands the information available to real estate investors using Climate VaR, so they can set climate goals, report on progress, measure risk over the long term and push towards net-zero.”

René Veerman, Head of Real Assets, MSCI, said: “The built environment contributes to almost 40% of global carbon emissions and with physical risk impacting property values, real estate investors arguably have the greatest imperative to act and significant opportunities to unlock. At the same time, many global investors have been increasing their allocations to real estate and other private assets, so there is a larger proportion of the investment world looking to understand the full extent of the financial risks, of which decarbonization pathways are an essential part.

“MSCI Real Assets helps our clients make climate-informed investment decisions, wherever they are on this journey.”

Prof. Dr. Sven Bienert, Director IIÖ and head of the CRREM initiative, said, “We’re excited to be partnering with MSCI to further expand the use of our global CRREM decarbonization pathways within the real assets industry. By enhancing the understanding of how investors can manage both their climate impact and opportunities we’re hopeful we can help accelerate the transition to a net-zero...”
economy. This step is also supporting further global industry alignment regarding decarbonization targets and standards for our industry.”

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About MSCI Inc.

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data, and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

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