Business Reporter: Turning physical risk into financial insight

A case for forward-looking, asset-level risk modelling

LONDON, UNITED KINGDOM, July 9, 2026 /EINPresswire.com/ -- In an article published on Business Reporter climate risk data and technology company First Street explains why physical climate risk is no longer just an environmental concern but also a material financial issue that directly affects revenue, operating costs, capital expenditure and asset valuation. As extreme weather events become more frequent and severe, investors are demanding forward-looking analysis that quantifies how physical climate risk will affect individual assets and future financial performance.

The financial consequences are already evident. Corporate profit warnings linked to extreme weather have increased more than 6.5-fold over the past two decades, highlighting the growing impact of climate disruption on business performance. Yet many organisations continue to rely on historical loss data and qualitative ESG frameworks that were not designed to assess future climate conditions. This can lead to climate risk being systematically underpriced, resulting in misallocated capital, higher insurance costs, supply chain disruption, operational downtime and impaired asset values. Portfolio-level assessments present another challenge. By averaging risk across multiple assets, they can obscure significant vulnerabilities at individual locations, where factors such as elevation, drainage and construction determine actual exposure to flooding, wind or wildfire.

Asset-level climate modelling provides a more accurate alternative. Using physics-based models and precise geospatial data, organisations can quantify site-specific hazards, estimate financial impacts and evaluate the return on resilience investments. This enables climate risk to become a direct input into capital allocation, insurance pricing, asset valuation and investment decisions.

To find out more about how forward-looking, asset-level modelling improves profitability, [read the article](#).

About Business Reporter

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About First Street

First Street™ is the standard for climate risk financial modelling. Using transparent, peer-reviewed methodologies, First Street calculates the past, present and future climate risk for every property around the globe and makes it available for consumers, industry and government.

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