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What do commercial real estate owners and their insurers need in the face of climate-driven risk and increasing insured losses—and how does the new ASTM Property Resilience Assessment (E3429-24) meet those needs?

“Meeting the Moment: How the New ASTM Property Resilience Assessment Standard Aligns the Needs of Commercial Real Estate and Insurers in a Changing Climate”

By: [Albert J. Slap](#), President, RiskFootprint™

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Introduction: A Moment of Convergence

Climate-driven hazards—floods, windstorms, wildfire, extreme rainfall—are no longer distant threats. They are current and compounding risks for commercial real estate owners and insurance providers alike. Losses are mounting. Coverage is tightening. Premiums are rising. And the data gap is widening. Insurers increasingly demand verifiable evidence that policyholders are mitigating risk. At the same time, commercial property owners need reliable analyses to justify capital expenditures on resilience retrofits—especially when trying to quantify ROI and protect asset value.

This is where the new **ASTM Property Resilience Assessment Standard (E3429-24)** comes in. It offers a common framework and trusted methodology to build an *evidence base*—one that meets both parties' needs for risk reduction, financial justification, and communication.

The Dual Need: “Evidence-Based Resilience”

A recent industry roundtable highlighted the shared challenge:

“When it comes to rising risk, insurers and the commercial real estate industry are in the bullseye together.” – Rosemarie Grant, ULI Resilience Summit

Two unmet needs were repeatedly voiced:

- **Insurers** need **quantified data** showing what actions the insured has taken to control losses and improve resilience.
- **Property owners** need **credible analysis** to understand the ROI and risk-reduction benefit of retrofitting or upgrading buildings against climate hazards.

These needs are two sides of the same coin—each demands a trustworthy, verifiable *evidence base*.

Enter ASTM E3429-24: A Standardized Property Resilience Assessment (PRA)

The ASTM PRA provides a consistent and systematic approach to assessing property-level resilience against natural hazards, including those made more severe by climate change. It complements existing standards like the ASTM Phase I Environmental Site Assessment (E1527) and the Property Condition Assessment (E2018), and is designed to serve stakeholders across real estate and insurance markets.

The PRA process has three stages:

1. **Hazard Identification** – What risks exist at this property (e.g., flood, wildfire, wind)?
2. **Risk and Vulnerability Evaluation** – How exposed and prepared is the property to withstand and recover from those hazards?
3. **Resilience Measure Identification** – What feasible actions or retrofits can meaningfully reduce that risk?

Critically, the PRA includes **on-site evaluation** by trained professionals, and it incorporates both engineering and financial perspectives. The process concludes with a recommended menu of resilience measures that reflect real-world feasibility and cost.

How the PRA Supports Commercial Real Estate Owners

For owners and investors, PRA offers a roadmap for informed capital planning:

- **Quantify risk** before the next event strikes.
- **Compare cost and benefit** of resilience retrofits.
- **Evaluate ROI** in terms of damage avoidance, reduced downtime, tenant satisfaction, and market value protection.
- **Engage insurers** with concrete evidence to negotiate better coverage and more predictable premiums.

For example, a PRA might determine that a \$250,000 floodproofing measure could avoid millions in damages in a 100-year storm scenario—especially for vulnerable spaces like garages, lobbies, or mechanical rooms.

How PRA Supports Insurance Providers

For insurers, the PRA helps bridge the verification gap:

- Provides independent, third-party assessments of risk mitigation.
- Offers a standardized method for evaluating hazard exposure and resilience.
- Enables transparent, data-driven underwriting and premium-setting.

In some cases, such as with [FM Global](#), insurers already offer “resilience credits” (5% premium discounts) for policyholders who implement certified retrofits. PRA supports this by supplying the *certification backbone*—through documentation, inspection, and performance verification during what RiskFootprint™ calls the **PRA Plus 3™** phase (implementation and quality assurance).

The Power of “Before-and-After” Analysis

One of the most valuable features of the ASTM PRA standard is Section 9.11.1, which calls for a “before-and-after” analysis of expected benefits from resilience investments. This includes:

- Estimated damage potentially avoided (in dollars)
Reduced restoration time (in days) - Avoided business interruptions
- Potential insurance implications

For example, a multi-family building’s parking garage, with significant projected flood damage from a 100-year event, could see that risk eliminated with a flood barrier. The same barrier could also spare the lobby from damage and hundreds of restoration days —data that both insurers and owners can act on.

Recommendation: Bring Insurers Into the Conversation Early

The PRA process becomes even more powerful when **insurers are engaged early**, ideally before Stage 3. This collaboration helps:

- Define what documentation and certification insurers will accept.
- Clarify potential premium adjustments.
- Build mutual trust through shared information.

By aligning expectations up front, owners can design resilience upgrades with confidence—and insurers can gain confidence in the risk profile of the property.

Conclusion: A Shared Evidence Base for a Resilient Future

The ASTM PRA standard represents a turning point in the relationship between commercial real estate and insurance. It offers a shared language, a shared process, and—most importantly—a shared *evidence base*. In a world of escalating hazard risk, uncertainty, and rising losses, this is exactly the kind of common ground both sides need. It is crucial to keep top of mind that **resilience isn’t a destination—it’s a continuous process**. The new ASTM PRA standard provides the map, the metrics, and the means to move forward—together.

