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How Better Property Data Can Improve Commercial Real Estate Insurance

A recent roundtable co-convened by ULI, CREFC, and IBHS found that more consistent building and resilience inputs could help owners, lenders, and insurers better evaluate physical risk, strengthen underwriting, and support investment choices.

Verified and uniform property data could let commercial real estate owners, lenders, and insurers more thoroughly address potential harms and promote resilience investments, according to a recent roundtable that brought together more than 30 leaders from the real estate, finance, and insurance industries.

The roundtable—hosted by the Urban Land Institute's Randall Lewis Center for Sustainability, the Insurance Institute for Business & Home Safety (IBHS), and the CRE Finance Council (CREFC)—built on previous efforts to address the growing insurability and financing challenges commercial real estate has faced in recent years. Previous publications, including the 2024 ULI/Heitman report *Insurance on the Rise: Climate Risk and Real Estate Investment Decisions* and the 2025 roundtable discussion between commercial real estate and property insurance executives, identified many of the same challenges and opportunities.

The four-hour discussion, conducted under the Chatham House Rule, focused on how property insurance policies reflect heightened physical climate risk and explored ways that the commercial real estate, insurance, and finance industries can work together to move beyond risk transfer to risk reduction.

The importance of verified property data and the lack of alignment in how property attributes are collected, categorized, and disclosed across the real estate ecosystem emerged as an overarching theme of the roundtable. Currently, owners, insurers, lenders, and rating agencies rely on different data points at different times in the deal-making process. This inconsistency dilutes market signals and makes the process more difficult for stakeholders to accurately assess. As one commercial real estate participant noted, "Without these economic signals, we often don't know *how much* to invest in resilience." Participants agreed that greater standardization in evaluating commercial property resilience needs, and the expected returns on those investments, would be beneficial to everyone represented at the table.

Moderator Holly Neber, chair of the ASTM Property Resilience Assessment Task Group, said that the discussion underscored the need for greater consistency in how property risk and resilience data are collected and shared. "The industry has an opportunity to create a common language around resilience," she said. "If developers, investors, lenders, insurers, and regulators can align on the data that matters most, it will be easier to evaluate risk, justify resilience investments, and recognize their value across the entire real estate lifecycle."

Seven key takeaways emerged from the roundtable:

1. Real Estate owners should think long term about future insurance volatility while rates decrease

Based on discussions with large and small institutions and brokers, participants noted that U.S. commercial property insurance rate increases have moderated, falling from 5.6 percent in the fourth quarter of 2024 to 3.8 percent in the second and third quarters of 2025, and 2.9 percent in the fourth quarter. Although these numbers highlight decreases in the rate of property insurance growth, they don't tell a complete or single story for real estate.

Participants warned that the benefits of lower rates could be short lived as insurance markets are cyclical and can change with the next natural disaster. The exact impact of insurance rates depends on insurance type (casualty, for example, has risen in some cases and fallen in others), asset class, and jurisdiction, encouraging real estate owners to think longer term about future volatility across a range of risks.

2. Better data can lead to better pricing and coverage

Because insurance premiums are driven by inflation, reinsurance rates, and litigation costs, as well as more frequent weather-related claims, investments in risk reduction might not be immediately reflected in premium costs. Providing accurate building information, however—including construction type, occupancy, protection and exposure (COPE) data, as well as secondary modifiers, such as roof materials and construction—has had a positive impact on premiums for some commercial real estate participants, as this more specific data enables insurers to price risk more accurately. "The better and more accurate data we receive, the more comfortable we'll be with the exposure," noted one insurer. A commercial real estate participant agreed, noting that their effort to collect and supply additional building information resulted in reduced premiums, as well as expanded coverage.

Furthermore, the effort to collect and analyze building attributes helped a commercial real estate firm better understand which building characteristics matter most to insurers. One such element was the roof, and as a result, the firm is now exploring IBHS's FORTIFIED™ Program as an insurer-recognized, third-party verified construction method to improve the performance and insurability of their assets.

3. Early coordination across teams helps enable appropriate data collection and application

Collecting accurate building data is a critical first step to capital investment planning. However, data collection alone does not suffice. Participants emphasized the need to engage multiple departments, such as risk management, acquisition due diligence, asset management, and investor reporting, as well as working collaboratively with insurance brokers to maximize effective use of that data. When insurance brokers and deal teams better understand secondary modifiers, owners can better assess which capital expenditure investments may have the greatest impact on premiums, as well as better articulate managed risk when requesting a waiver of lender requirements.

Several tools help individual actors in the real estate ecosystem gauge property risk and can help facilitate greater cross-sector collaboration. For example, ASTM's Property Resilience Assessment (PRA) provides a standardized framework for evaluating physical climate and natural hazard risks on commercial and multifamily real estate. This process can help inform capital expenditures, as well as collect data that could benefit owners, insurers, and lenders alike.

Leveraging data from an ASTM PRA, stakeholders can use ULI's CRE Guide to Property Insurance Underwriting tool to facilitate conversation between owners and issuers to ensure both parties understand the value of proposed investments in risk reduction. The ULI Guide has more than 50 data points that may be evaluated during the property insurance underwriting process, and are specifically tied to climate and environmental hazards and their impact on premium cost.

Together, resources such as the ones mentioned above can help create common ground and understanding for investing in risk reduction measures that can positively affect insurability.

4. Investors and lenders are struggling to manage their exposure as risk and complexity converge

Portfolio-level deals, particularly ones that involve commercial mortgage-backed financing, are becoming more complex. They often involve four or five different lenders, each with their own requirements. Transactions could involve multiple geographic markets, each with different risks that could therefore result in a misalignment of appropriate property insurance coverage. One lender explained that "it is extraordinarily complicated for lenders to know, in good faith, if they have what they need to protect themselves."

European investors expressed similar concerns regarding the effective disclosure and management of physical risks in U.S. assets. As one participant representing a European firm noted, "There is significant capital in Europe that wants to invest in the U.S., but there's a belief that the U.S. isn't quite ready for European data requirements yet."

To address these challenges, CREFC's Property Risk & Resilience effort is developing a voluntary due diligence guide highlighting resilience-related questions that investors and lenders could ask borrowers.

5. Mission-oriented lenders, such as green banks, are pioneering new financial models that incentivize climate risk reduction

Smaller, mission-driven institutions are uniquely positioned to test innovative financing approaches that bridge the gap between resilience planning and capital deployment. One example is the Montgomery County Green Bank's Resilience Dedicated Fund—a low-interest revolving loan facility underwritten at the portfolio level to accelerate investment in resilient infrastructure. Green Bank's dedicated resilience fund encourages borrowers to integrate resilience by requiring that at least 50 percent of financed improvements directly reduce climate-related risks.

Recognizing that effective resilience investments require more than capital alone, the fund pairs financing with technical assistance to help borrowers identify, evaluate, and implement locally appropriate risk reduction measures. This integrated approach strengthens project performance, improves long-term asset resilience, and demonstrates how innovative financial tools can catalyze investment in climate adaptation.

6. Casualty uncertainty is creating price volatility

Insurance industry participants noted that property insurance underwriting is relatively straightforward. In comparison, underwriting casualty insurance is more challenging and therefore more volatile. There are no real benchmarks for underwriting casualty and liability insurance, and that lack is creating volatility. Coverages for sexual abuse and molestation, assault and battery, firearms, animal attacks, and habitability are, at times, being excluded, given large associated claims and escrows. Although such escrows are not a major issue with large institutional owners, they are troublesome for small multifamily owners and the lenders who provide financing.

7. Returns on resilience extend beyond insurance

Beyond insurability, participants noted that investments in risk reduction provide additional benefits, such as improving conditions for occupants or tenants, and preventing future losses due to damage repair or downtime. Participants also noted that the benefits of asset-level resilience depend significantly on the surrounding community, as the effective operation of a building may depend on market-scale assets such as utilities or transportation infrastructure.

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