

ARTICLE | Creating Resilience

How Property Management is Building Resilience to Climate Risk



Introduction

With the built environment estimated to account for up to [40% of all greenhouse gas emissions globally](#), the real estate industry is well positioned to play a lead role in combating climate change. Phenomena such as extreme weather events and rising sea-levels already pose a significant risk to real estate assets and surrounding areas, requiring owners, investors and occupiers to address physical climate risk and augment operational resilience to maintain the asset's value and viability.

As individuals responsible for the day-to-day operations of a building, property managers are at the forefront of the sustainability mission. By adopting sustainable practices, embracing innovation, engaging stakeholders and collaborating with partners, property managers can reduce risks that built assets face from many climate-associated impacts.

This article—with contributions from CBRE's Property Management (PM) leaders and other industry experts—explains how property managers are safeguarding against physical climate risk and building operational resilience in three key ways:

 <p>Identifying and Managing Physical Climate Risk</p>	 <p>Driving Sustainability in the Built Environment</p>	 <p>Leveraging Sustainability Data Intelligence Platforms</p>
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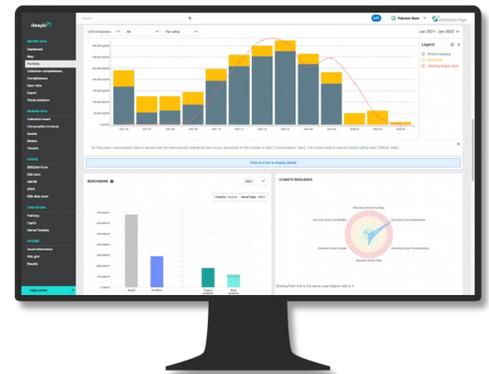
Identifying and managing climate risk

While some buildings may be able to withstand the impacts of climate change, their appeal to owners and occupiers may be lessened. Weather-related events such as flooding or wildfires can restrict access, render buildings temporarily unusable or reduce their desirability and value. From an operational perspective, the increased exposure to more frequent and severe extreme weather incidents will affect many aspects of building maintenance, such as glazing, cladding and façades, with a direct impact on operational costs over time.

CBRE identifies and manages physical climate risks for its managed properties and portfolios in several ways, including using our AI capabilities to drive actionable insights at the intersection of climate-related risks and compliance with local regulations. We also leverage a physical risk assessment tool embedded into Deepki, a sustainability SaaS platform for real estate with which CBRE has had a strategic partnership since 2023.

Buildings account for up to **40%** of all greenhouse gas emissions globally

The Deepki platform gives a high-level view of risk under different climate scenarios and then allows a vulnerability assessment to be made on individual properties to assess the likelihood of that building being adversely impacted. In addition, CBRE uses Climate X to assess physical climate risk and resilience against a range of different scenarios while including the ability to plan adaptation measures.



Safeguarding assets against climate risk

Before deciding upon specific actions to safeguard assets against climate risk and enhance resilience, property managers must first gain a thorough understanding of what these risks entail. To use floods as an example, a range of tools can be deployed to assess potential impacts and identify mitigating solutions. High-quality, well-maintained site drainage ensures these systems are kept clear of debris, helping to redirect water from the assets and prevent damage. Other measures, such as adopting sustainable urban drainage systems and porous parking areas, are increasingly specified at the development stage to provide additional mitigation by slowing down and absorbing water that can contribute to flash flooding.

Using technology and data analytics

Technology and data analytics can enhance operational efficiency and help property owners understand the potential impacts of climate risk on their portfolios. Property management teams use an array of data sources to paint a detailed picture of asset performance and inform actions to improve building management and operations. For example, temperature data gained from internal environment monitoring can identify property areas prone to overheating. This information can then inform façade treatment to minimize the impact of solar pickup and influence office restacking plans to ensure workers who are in the office most frequently are not situated in the parts of the building that are hardest to treat.

Identifying obstacles to implementation

Implementing climate risk mitigation and adaptation measures faces numerous challenges, many related to property owners' perceptions of risk. Some real estate industry stakeholders focus on short-term horizons and either do not see climate change as a proximate threat or fear that acting will negatively affect their immediate interests. Risks are often viewed as not being predictable enough to warrant concrete action, and their impact may not be consistent across portfolios. Although there will come a tipping point where certain areas become no-go zones for investment and insurance, the uncertainties of climate change can make property owners and investors reluctant to introduce measures today that reduce long-term costs and preserve asset value.

Assessing impacts on real estate costs, values and investment decisions

Climate risk affects real estate values and the cost of ownership and occupancy, with more resilient buildings performing better against existing regulations, commanding higher rents and achieving higher value at sale. Although climate change risk has yet to be formally factored into property valuation, some valuation governing entities may eventually begin to do so. If this happens, it may impact investors' views of how long they wish to hold a property as climate-related risk increases over time. Some owners may wish to dispose of assets and reinvest in less risky locations, while others may opt to invest in hardware to improve a building's resilience.

Resilient buildings command higher rents and long-term asset value

Some commercial real estate owners are making investment decisions based on inherent climate risks in portfolios or potential acquisitions, with some deals falling through because of negative outcomes from climate risk assessments and due diligence.

Investors will increasingly avoid certain locations and cities perceived as susceptible to climate impacts. Capital will shift from high-risk to moderate- or lower-risk areas, and cities.

Other potential impacts

Property management service providers have started using predictive modelling to better position themselves to effectively tackle the impacts of climate change. Examples include snow and ice removal companies getting detailed weather reports, so they know when to mobilize their vehicle fleets, and providers offering hyperlocal precipitation forecasting to predict the likelihood of flash flooding. Some challenges will be unique to specific sectors. A cold-storage facility in a hurricane-prone area, for instance, might plan for prolonged periods without power. This trend is likely to lead to greater adoption of battery storage and local power generation capacity, such as through on-site renewables, to maintain operations and mitigate the risk of total stock loss.

Climate risk is reshaping real estate investment and operations.
 Capital is shifting toward resilient assets, while predictive modeling guides response strategies.



Driving sustainability in the built environment

Operational resilience, a critical aspect of sustainability, entails ensuring the effective management of properties and portfolios in the face of various disruptions. Property managers champion sustainable building operations by implementing energy-efficiency measures, promoting renewable energy sources, and encouraging resource conservation. Through technology and data analytics, property managers can monitor energy consumption, identify areas for improvement and implement targeted solutions that reduce greenhouse gas emissions and enhance operational efficiency, while ensuring the building remains operational during potential periods of disruption.



Integrating sustainability into property management operations

Client demand for [sustainability services](#) as part of day-to-day management led CBRE to establish sustainability as an embedded service line within its PM business in 2020. Property management teams engage with clients to collect sustainability-related information, upload that data into Deepki’s platform and use it to analyze building performance across a range of sustainability criteria, and provide insights to make meaningful improvements at the asset level. This enables property managers to serve as the “glue” between client strategy and operational delivery, ensuring they can effectively report on the performance of asset owners’ portfolios.

Sustainability established as an embedded service line in CBRE's Property Management business

Tackling sustainability challenges

The main challenge for property managers to drive sustainability is accessing the necessary data and information to measure and assess areas for improvement.

Property managers can use data pulled from utility suppliers, building information systems and other sources to cross-reference building performance against industry benchmarks, such as GRESB or decarbonization pathways, such as Carbon Risk Real Estate Monitor (CRREM) in some markets, among others.

Data can be used to create visualizations to communicate with owners where an individual property sits on a path to decarbonization and where investment needs to be made in their portfolio to achieve their goals, creating a bespoke action plan for each asset. Benchmarks can also be run against industry peers across a range of energy-efficiency metrics.

Once priorities have been established, property managers must then obtain buy-in from owners to address these issues. Securing access to capital is a key hurdle. Property managers must devise and present a compelling case for owners to invest in sustainability strategies that reduce risks, improve efficiencies and enhance asset value.

The ability to add these insights into their reporting enables property management teams to start a whole new conversation with investors about other value-add opportunities.

Property managers turn data into action—analyzing sustainability to improve assets. Property managers bridge strategy and delivery—driving portfolio performance.



Engaging with industry stakeholders

Having a seat at the table is important to understand and influence where the market is heading. Maintaining relationships and memberships with leading industry groups at the local, national and global levels are critical for property management companies.

Initiatives include the U.K.-led Better Buildings Partnership (BBP), which developed the Managing for Performance toolkit. The toolkit helps property managers and owners assess the operational performance of their assets against their own specifications, identify performance gaps and measures that might serve to close them and chart a route to net zero. The BBP's recently revised version of its Green Lease Toolkit, and other green leasing resources like the Institute for Market Transformation's Green Lease Leaders program, also aim to promote sustainability in leasing and operation of buildings while recognizing the key role occupiers play.



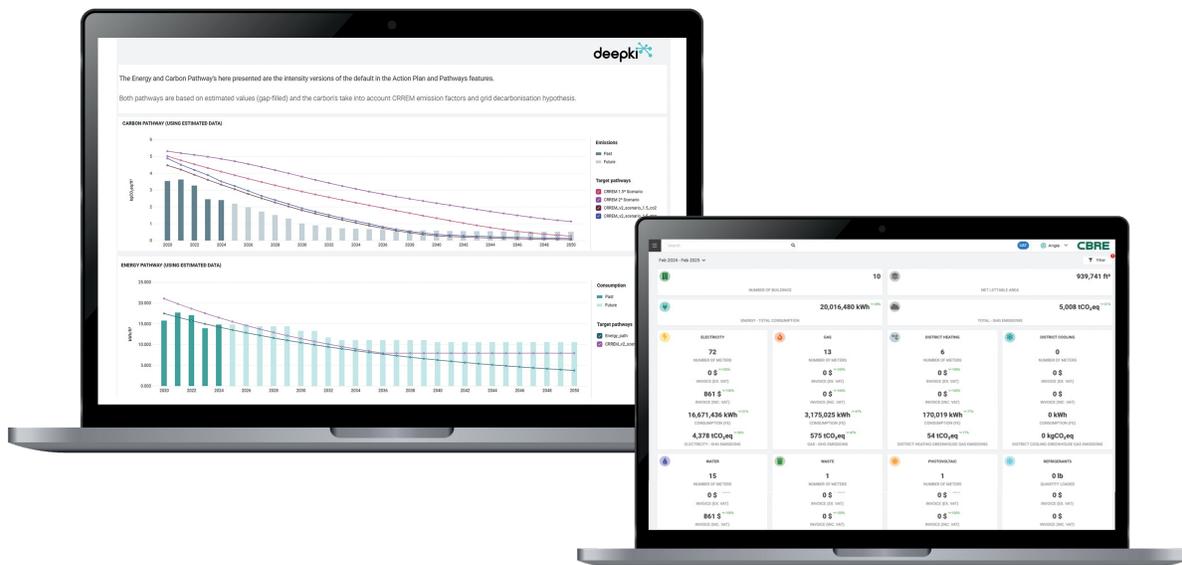
Leveraging sustainability data intelligence platforms

Sustainability data intelligence platforms such as Deepki enable property managers to collect sustainability data, prioritize improvement actions and measure progress toward targets, including benchmarking building performance against industry standards.

Deepki also has tools for long-term strategic planning and reporting, helping property managers create detailed investment plans to achieve net zero goals. The platform's reporting capabilities support compliance with regulatory requirements and voluntary sustainability disclosures. Detailed dashboards and scores inform initiatives such as site evaluations and performance monitoring to guide more effective sustainability strategies and efficient performance.

The necessity of data collection

Collecting quality sustainability data is crucial in identifying areas for improvement in energy usage, climate risk mitigation and other building environmental performance. Insights from sustainability data intelligence platforms help property managers identify where they can improve, streamline processes and proactively drive change.



High-value data, such as that related to energy consumption, not only helps property managers identify how buildings are performing but also how they are being used by occupiers. For instance, if a brand-new building with sophisticated heating, ventilation, air conditioning (HVAC) systems is not performing well, fine-tuning temperature control for heating and cooling, as well as schedules for running lighting and ventilation, could dramatically improve energy efficiency.

Most energy over-consumption in office buildings stems from incorrect settings during periods when the property is not in use. For example, running heating, cooling, lighting, or ventilation equipment overnight, when the building is empty. Data helps property managers identify these inefficiencies, which are often relatively simple problems to solve, thus reducing energy usage and improving performance.

Helping PM teams manage physical climate risk

Climate-related data plays a crucial role in a company's financial performance by reducing the risk of stranded assets, planning for investments in mitigation and adaptation measures, and by opening access to capital, as lenders increasingly factor sustainability into their decisions. In addition, measuring and monitoring the impact of commercial property assets on the environment provides important information for regulatory and voluntary disclosures as well as for developing mitigation strategies.

The first step in managing physical climate risk is to identify the relevant hazards. Aggregating data in sustainability intelligence platforms enables property managers to assess the risk of significant climate hazards, understand the level of exposure and quantify the vulnerabilities. This step provides an overview of the risk to which their assets are exposed. From this point, property managers can identify priorities or assets most at risk, discuss these insights with asset management to formulate long-term strategies and create an action plan to manage physical climate risks.

Take floods as an example. Data inputs and insights on a property's location—and characteristics like internal and external structure and surroundings—can help property managers identify which part of the asset will be at risk in the short, medium and long term. This same analysis can be used to identify mitigation measures such as protecting vulnerable equipment in the property's lower floors, installing flood protection equipment around the building perimeter and even changing wall and floor coverings.

Supporting sustainable building operations and operational resilience

Real estate data intelligence platforms support sustainable building operations and operational resilience by centralizing a vast amount of information across a portfolio. A centralized platform provides partners, including property managers, with insights on energy and water use, waste, carbon emissions, climate risks and more. This comprehensive view of the portfolio's global sustainability performance is critical to ensure sustainable and resilient building operations.

Data analytics also help property managers engage with stakeholders including owners, asset managers and developers to drive sustainability investments. Analytics are especially useful in making the case for green leases, which address landlords' and tenants' shared interests in improving a building's energy performance, energy metering, waste and water management and carbon emissions reduction.

Climate data reduces risk, informs strategy, and unlocks capital—empowering property managers to protect assets and plan for the future.

Centralized data powers sustainable operations—giving property managers the insights to drive resilience, green leases, and smarter investments.

Conclusion

Property managers are at the forefront of addressing impacts from climate change and building operational resilience.

By identifying and managing physical climate risk with the help of technology and data analytics, property managers can assess impacts on real estate costs, values and investment decisions to safeguard assets. Property managers will continue to drive sustainability in the built environment by integrating sustainability into property management operations, tackling sustainability challenges and engaging with industry stakeholders. Leveraging sustainability data intelligence platforms empowers property managers to ensure operational resilience by managing risk and adapting strategies to implement sustainable building operations.

Building owners and investors can [reduce insurance premiums](#) and increase long-term value through more efficient and sustainable operations. Engaging with experienced property managers can help investors protect their assets from a multitude of climate-associated risks facing the real estate industry.



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