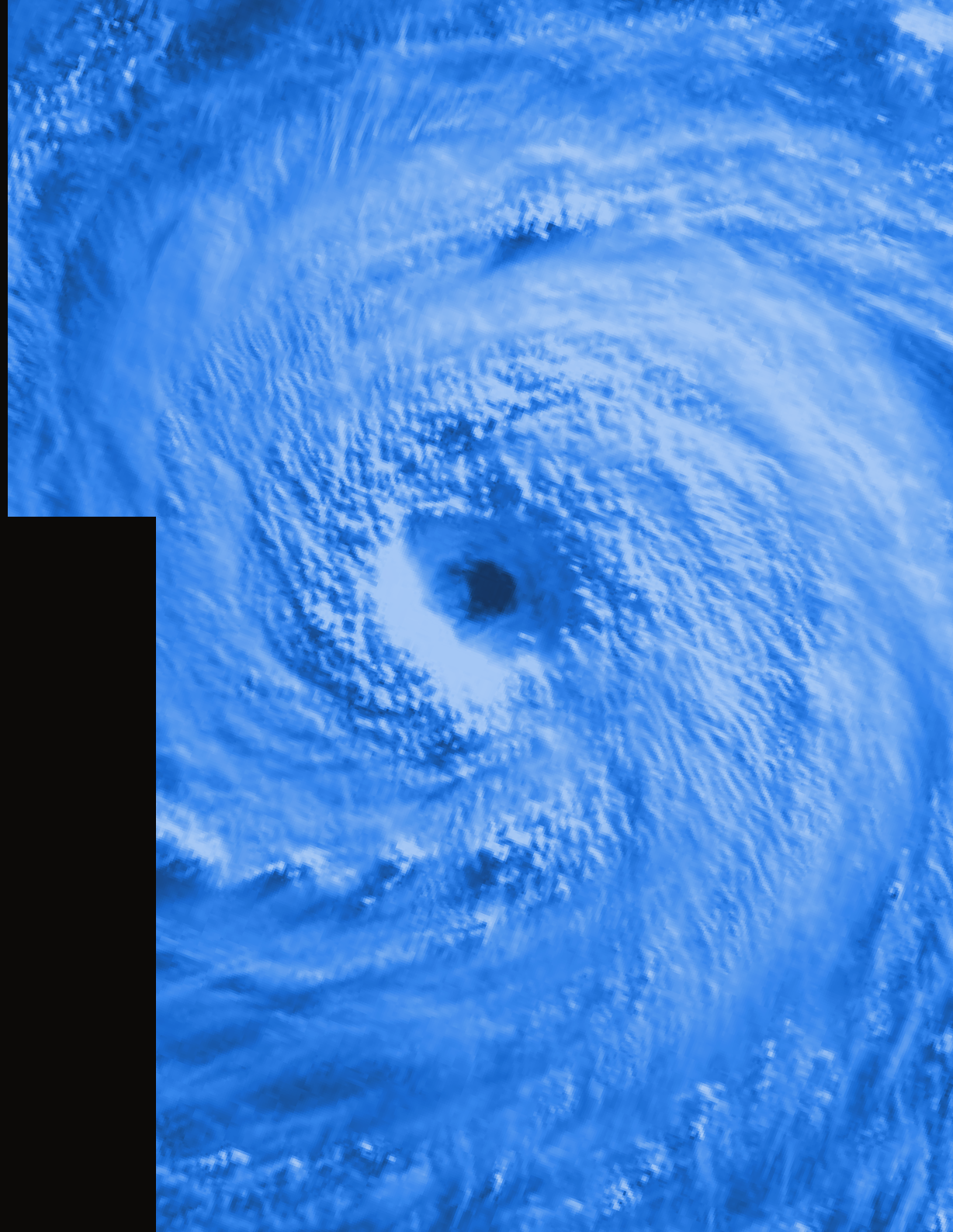


Braving The Storm

How Property Owners and Facility
Managers Can Prepare for and
Respond to Hurricane Season



Contents

Introduction	03
The Threat: Hurricanes and Their Impact on Commercial Properties	04
The Prep: The Cost, in Both Dollars and Time, of Hurricane Preparation	10
The Aftermath: How to Handle Repairs Following a Hurricane	18
The Fine Print: Insurance and Hurricanes	27
Conclusion	33

Introduction



Austin Rabine
Co-Founder and CEO

According to data from the National Oceanic and Atmospheric Administration, the nine most costly natural disasters in the history of the United States were all hurricanes.

One of the most fascinating aspects of running a technology company is that, sometimes, the full application and potential of a tool only reveals itself over time.

When we started SITE Technologies, we knew that our company's program would help solve critical problems for property owners and managers. Our approach utilizes drones to comprehensively document all of the exterior facets of a property, including the parking lot, roof, facade, and landscaping. We then take that footage and leverage proprietary artificial intelligence and the acumen of internal experts to determine what aspects of the property require repairs and maintenance.

We knew these tools would help owners understand how to prioritize their capital improvement budgets, and that they would help facility and property managers conduct their inspections more efficiently and accurately.

However, there were uses for SITE's platform and programmatic approach that we didn't foresee. Sometimes, it took someone on the ground, often a customer, to unlock the full potential of our technology. That was the case with hurricanes.

Every year, hurricanes inflict billions of dollars in damage to commercial property across the United States. In fact, according to data from the National Oceanic and Atmospheric Administration, the nine most costly natural disasters in the history of the United States were all hurricanes.

Moreover, all of those events occurred within the last 35 years; all but one took place in the past two decades; three transpired in just the past five years; and one, Hurricane Helene, which was responsible for \$78.7 billion in damage, hit in 2024. More powerful storms are increasing in both strength and frequency. And, in addition to the horrible loss of life, destruction of communities, and profound trauma they cause, they are costing property owners billions of dollars.

These costs have not gone unnoticed by the insurance industry. According to research from insurance brokers Marsh McLennan,

premiums on commercial properties rose an average of 11% across the country in 2023, but increased up to 50% in storm-prone locations such as the Gulf Coast and Florida. And, for some property owners, insurance has become virtually unobtainable.

At SITE, we've always considered our team to be a partner to the customers we serve. That's why, as we came to understand the scope of what our customers were contending with when it came to hurricanes, we wanted to create a document that would help them. We wanted to understand how property owners and facility managers could best prepare for and respond to hurricanes.

We also wanted to uncover the costs, in both time and money, that hurricane preparation and response create for property and facility managers. That's why we enlisted Censuswide, one of the world's most respected market research consultancies, to conduct a survey of property and facility managers in hurricane-prone areas about those expenses and what kinds of tools could reduce them.

Over the course of this white paper, you will hear from a range of experts. These specialists include SITE employees, as well as one of the foremost disaster insurance agents in the country, a leading climate scientist studying the escalation of hurricanes in the United States, and a veteran facility manager who is routinely grappling with all of the issues hurricanes present for commercial property.

I hope that the insights and advice of the experts we spoke with, coupled with an array of other tools and data, will assist anyone reading this white paper. The aim is to help property owners and facility managers develop strategies to more effectively prepare for and respond to hurricanes.

To that end, we've also provided information throughout the document about how SITE's tools can aid in the process. SITE is invested in helping our customers navigate the growing threat of hurricanes safely, securely, and efficiently. And we believe that our approach can help commercial property owners and managers achieve those objectives.

The Threat: Hurricanes and Their Impact on Commercial Properties

Before we consider how property owners and managers can optimally prepare for and respond to hurricanes, it's important to first understand why hurricanes represent such a growing problem in the Southeastern United States.

Hurricane season in the Atlantic portion of the United States extends from June 1 to November 30—an expansive, six-month period. To a non-expert, it may seem obvious that hurricanes are growing in frequency in this part of the United States. Media coverage of such occurrences would certainly suggest a proliferation of named storm events.

In actuality, though, according to Dr. Manoochehr Shirzaei, it's not the frequency of these storms that's the issue — it's the magnitude.

Dr. Shirzaei is widely considered an expert in the field of hurricanes. Not only does he serve as Chief Scientist and Fellow at United Nations University and as a United States Representative to UNESCO LASII, but his day job is as Professor of Remote Sensing and Environmental Security at Virginia Tech. His team also recently produced a study for the United Nations on Hurricane Helene that attempted to quantify the impact of the storm on real estate assets.

“We have a more or less similar number of hurricanes per year,” Shirzaei said. “But the intensity of those hurricanes is steadily increasing. And we have good reason to believe the changing climate, specifically warming of the ocean and atmosphere, is driving the hurricanes to become stronger and more intense in terms of precipitation and wind.”

It's not the frequency of these storms that's the issue — it's the magnitude.



At least
\$12B
worth of
properties were
destroyed

When asked how this increased magnitude is measured, he explained that experts tend to focus on three areas: the wind speed of the storm, the total damage wrought by the storm, and the size of the area impacted.

Shirzaei said that Helene represented a good example of a storm that met all three criteria. Helene's winds reached a maximum velocity of 137 miles per hour. The scope of the storm on the United States mainland reached from Florida all the way north to Virginia. And, according to the **study** Shirzaei produced for the U.N., at least \$12 billion worth of properties were destroyed.

At one point in history, Shirzaei said, Helene was the kind of storm that affected the United States mainland once every few decades. But such devastating storms are rapidly growing in frequency.

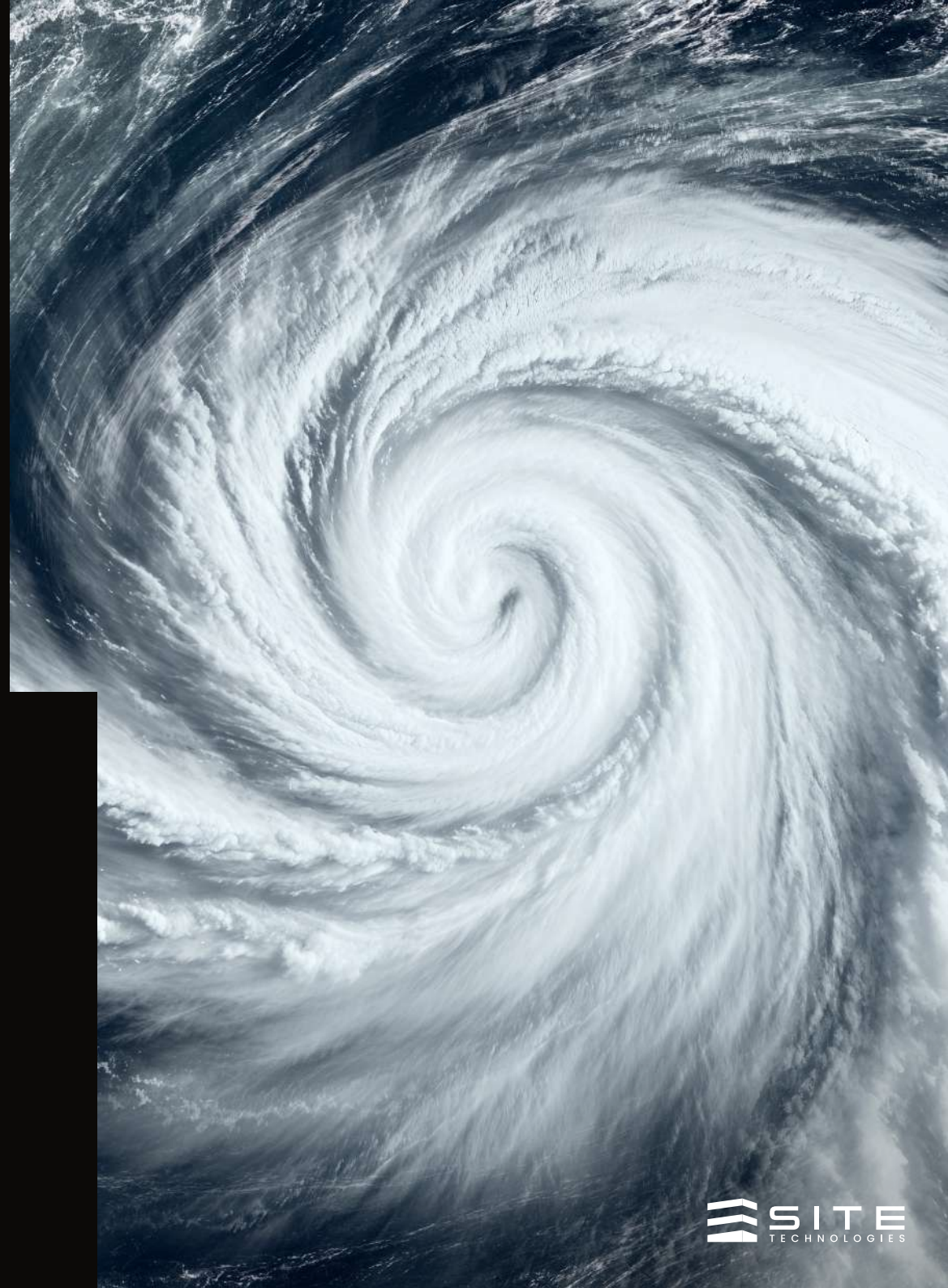
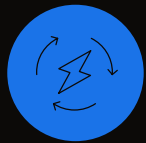
Based on **data** from the NOAA, major Atlantic storms—i.e., storms that are categorized as three, four, or five according to the Saffir-Simpson scale—have struck the United States, on average, 5.8 times per decade since 1851. There have already been three such storms in the first three years (2021-2024) of the current decade.

“This is an alarming rate,” Shirzaei observed.

Understanding Your Risk

More frequent major storms mean a greater likely impact to human life, the environment, and commercial properties.

That's why it's important for commercial property owners and managers to carefully evaluate the potential risk posed to their property by major storms. The following risk assessment checklist will help you start the process of preparing for hurricane season. Please note that this is a generalized checklist and will likely need to be refined for your specific building.

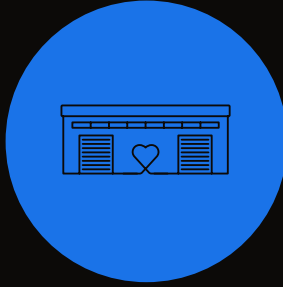


Understanding Your Risk



Property Location and Exposure

- ✓ Is the property located in a designated hurricane evacuation or storm surge zone?
- ✓ Has FEMA flood zone mapping been reviewed?
- ✓ Is the building elevation sufficient to reduce flood risk?
- ✓ Are surrounding properties or terrain likely to increase wind/flood exposure?



Building Envelope and Structural Integrity

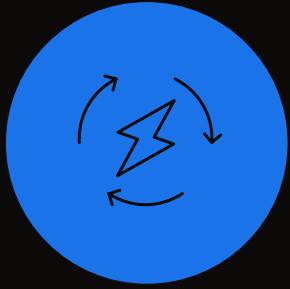
- ✓ Has the roof condition been assessed (loose materials, age, waterproofing)?
- ✓ Are roof tie-downs, hurricane straps, and fasteners inspected?
- ✓ Are the exterior walls, cladding, and façade secure and free of cracks?
- ✓ Are windows and doors impact-rated or equipped with shutters?
- ✓ Are garage/loading bay doors reinforced against high winds?
- ✓ Are skylights, vents, and rooftop equipment secured?



Flood Protection

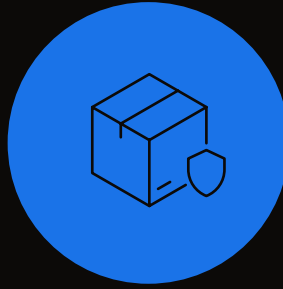
- ✓ Are flood barriers, sandbags, or deployable flood panels available?
- ✓ Are drainage systems, sump pumps, and backflow preventers inspected and operational?
- ✓ Is critical equipment located above flood-prone levels?
- ✓ Are stormwater retention systems inspected and cleared?

Understanding Your Risk



Utilities & Critical Systems

- ✓ Are backup generators tested and fuel levels confirmed?
- ✓ Are electrical panels and data servers elevated and protected?
- ✓ Are HVAC units anchored and elevated?
- ✓ Is emergency lighting operational and batteries charged?
- ✓ Have fire protection and sprinkler systems been tested?



Interior Safety & Asset Protection

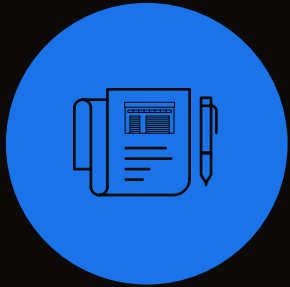
- ✓ Are critical documents and records digitized or stored off-site?
- ✓ Is inventory secured or relocated away from windows/flood-prone areas?
- ✓ Are IT equipment and servers backed up and protected?
- ✓ Are hazardous materials (chemicals, fuels) secured?



Emergency Procedures & Planning

- ✓ Has the hurricane response plan been documented and distributed?
- ✓ Are employee roles/responsibilities assigned for storm prep?
- ✓ Are evacuation routes clearly posted and accessible?
- ✓ Is a communication plan in place (phone tree, text alerts, mass notification system)?
- ✓ Is the emergency contact list updated (staff, vendors, utilities, insurance, contractors)?

Understanding Your Risk



Insurance & Financial Preparedness

- ✓ Have insurance policies been reviewed for wind, flood, and business interruption coverage?
- ✓ Are deductibles, exclusions, and limits understood?
- ✓ Are claims procedures documented and adjuster contacts available?
- ✓ Were pre-storm property photos/videos updated for records?



Vendors & Recovery Partners

- ✓ Are agreements in place with restoration contractors?
- ✓ Are debris removal services pre-arranged?
- ✓ Are fuel suppliers and generator rental companies confirmed?
- ✓ Are security services available post-storm if needed?



Post-Storm Recovery Readiness

- ✓ Is there a plan for damage assessment and documentation post-storm?
- ✓ Are there procedures for rapid reopening or temporary relocation of operations?
- ✓ Are employee assistance programs identified for displaced staff?

The Prep: **The Cost, in Both** **Dollars and Time,** **of Hurricane** **Preparation**



Preparing for hurricane season can seem like a daunting task, but it can be a manageable, relatively efficient process. That is especially true if you are leveraging all of the tools currently available.



Property & Facility Manager Survey

However, while it may be a feasible task, it can also require a significant expenditure in both time and money.

As noted in the introduction, to understand exactly how much time and money property and facility managers were devoting to hurricane preparedness each year, SITE commissioned Censuswide to conduct a survey of property and facility managers throughout the United States.

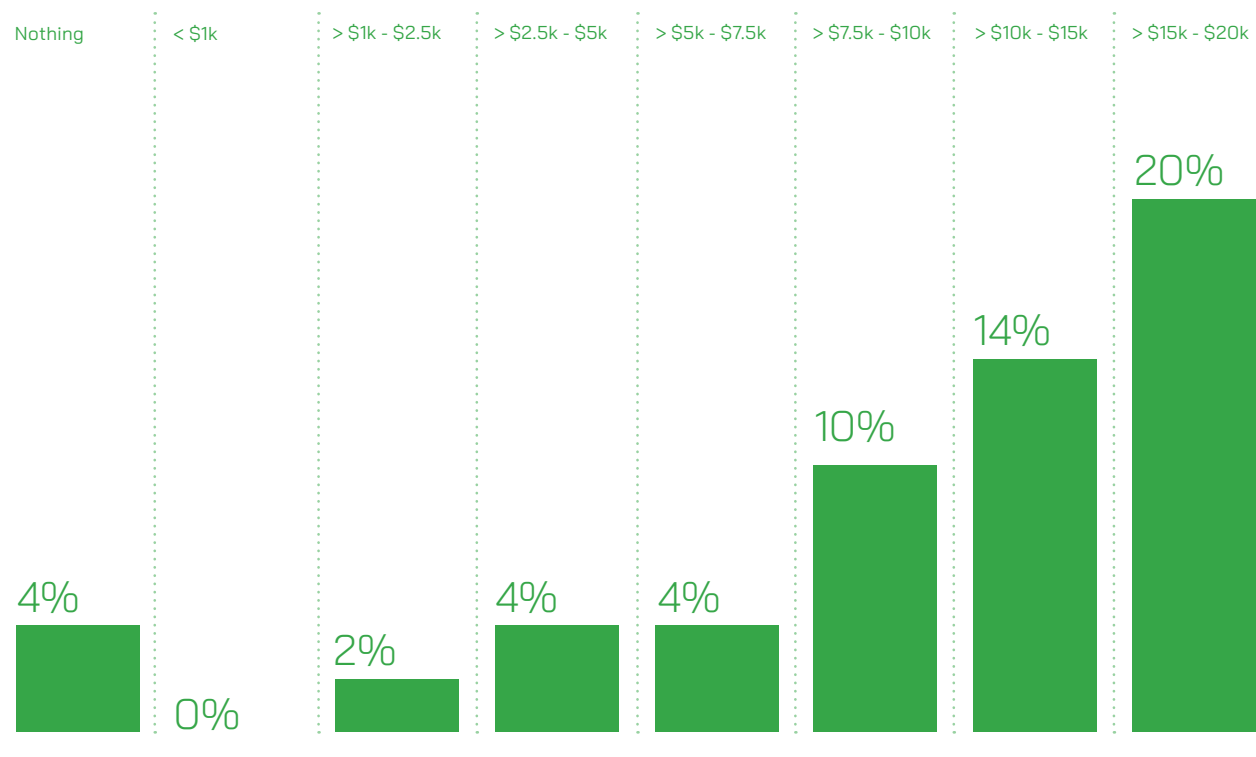
The majority of the respondents (68%) managed only 2-3 properties, but the time and money required to prepare those properties for hurricane season was notable.

The following charts illustrate the amount of money respondents spent per property in preparing for hurricane season.

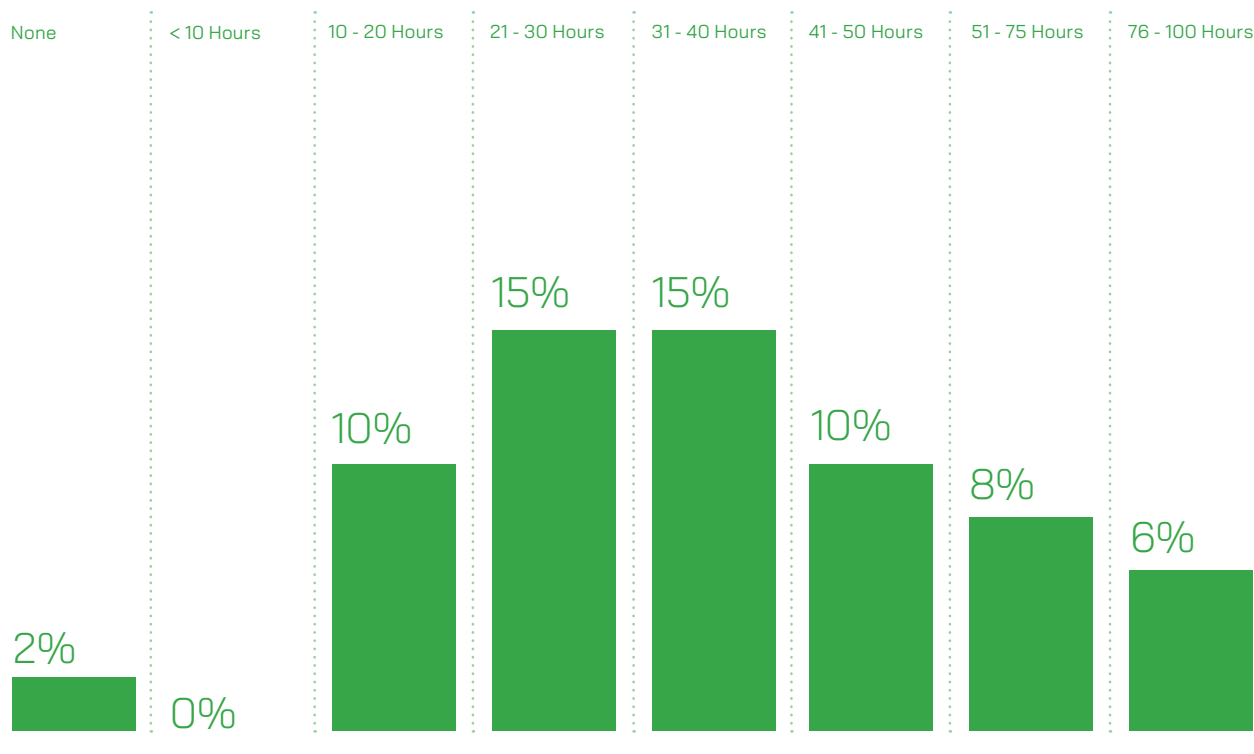
Annual Cost Per Property of Hurricane Preparations

As the chart here reflects, the largest cohort of respondents (20%) spent between \$15,000 and \$20,000 annually per property in hurricane season preparations. Moreover, nearly half of all respondents (44%) spent at least \$7,500 annually per property on hurricane preparedness. This data makes it clear that hurricane preparations can represent a relatively significant financial investment for property owners.

The expenditure of time in preparing for hurricanes was similarly notable, as detailed in the following chart.



The largest cohort of respondents (20%) spent between \$15,000 and \$20,000 annually per property in hurricane season preparations.



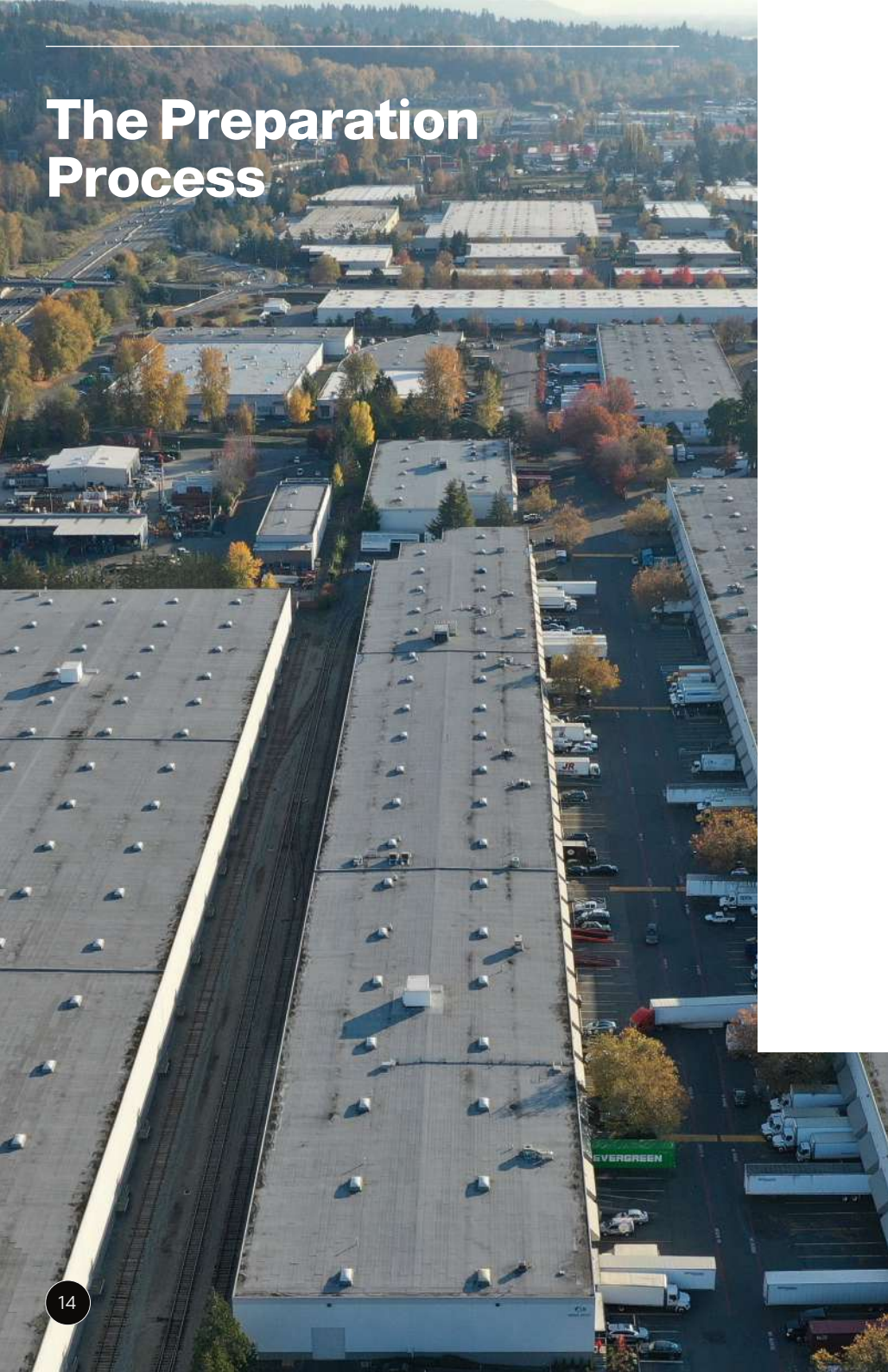
Nearly a quarter of respondents (24%) are expending even more time, between 41 and 100 hours, on the preparation process.

Time Spent Annually Per Property on Hurricane Preparations

As this chart illustrates, 16% of respondents are devoting 31-40 hours, potentially a full week of work, to hurricane preparedness. Nearly a quarter of respondents, 24%, are expending even more time, between 41 and 100 hours, on the preparation process.

This data supports the notion that hurricane preparations often require a noteworthy investment of time and money from facility and property managers. And based on the information provided by Dr. Shirzaei, that's a dynamic that's unlikely to change soon. In fact, unless property and facility managers begin to utilize some of the best-in-class technologies available to them, the investment of time and money in this process is likely to increase over the next decade.

The Preparation Process



The hurricane preparation process begins with a checklist similar to the one provided in the prior section of this white paper, but there are additional nuances that property owners and facility managers need to be mindful of.

To illuminate some of those intricacies, we spoke with Ben Bischmann, Senior Vice President of National Operations for Bridge Industrial. At Bridge, Bischmann oversees a portfolio of 154 properties comprising approximately 42 million square feet.

And a large portion of that portfolio is vulnerable to hurricanes. Approximately 10 million square feet of Bridge's holdings are in New Jersey. More critically, there are 36 properties totaling nine million square feet in the Miami area, with an additional 2.5 million square feet expected to deliver in the next six months.

Prior to his role at Bridge, Bischmann spent nearly two decades as a third-party facilities manager for JLL and Colliers.

"I've seen how a lot of clients have done it wrong," he said about his time as a third-party representative. "And it's been fun to take all the best practices I've learned over the last 20 years and apply them to our portfolio."

Bischmann counseled that having a detailed written plan, with numerous potential contingencies depending on different scenarios, for each property or group of properties is essential. He said that property owners and managers who are new to the process can leverage resources from trade groups, such as BOMA International, to help them develop an initial strategy.

But then there are the considerations that are harder, though not impossible, to plan for.

Bischmann said that one thing many people don't think about until a storm actually hits is how local personnel may be impacted. "We tend to have a lot of plans at a property, but we don't realize

The Preparation Process



that quickly our resources are going to be limited just based on people dealing with their own issues at their own homes,” he explained.

For this reason, Bischmann suggested that, whenever possible, it’s valuable to have resources and professionals from outside the local area that can be called upon during a disaster. He also said that it’s crucial to assist your local team with their personal needs—securing child or elder care, for instance—so they can be available to fulfill their job responsibilities.

“If you can’t find childcare or you have elderly parents, employees need to deal with that first. And the properties are going to come second and rightfully so,” Bischmann said. “But once our employees knew that they had childcare and their families were safe, they had no problem coming out and spending as long as it took to get our properties looking good and communicating with everyone.”

One crucial component of helping those local employees, who Bischmann referred

to as “your first responders,” take care of their families and those properties was making sure that they had ready access to cash.

“Cash is king,” in an emergency he explained. The people you need assistance from, whether it’s a babysitter to watch your children or laborers to clear debris, won’t take a check, and modern conveniences such as Venmo may be unavailable.

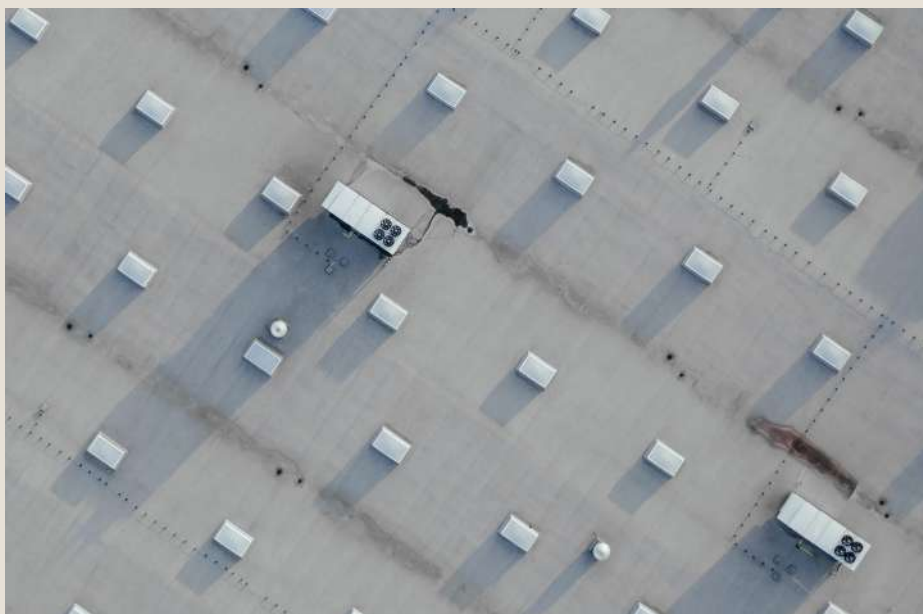
Timing is another crucial facet of the preparation process. Bischmann said that while the property and facility managers he oversees begin their preparations in earnest 60 days prior to the start of hurricane season on April 1, the key to truly effective and efficient hurricane preparedness is treating it as a year-round task.

“This is not just all hands on deck April 1st, let’s get it done. It’s a continuous thing,” he said.

How SITE Can Help

“Having SITE get out and either capture and assess, or merely capture, precise property conditions before hurricane season starts will allow an owner to identify potential hazards that are existing right now.”

Jack O'Connor, SITE Technologies



According to Bischmann, one of the most effective tools he utilizes to prepare Bridge’s portfolio for hurricane season is the SITE program.

“We have consultants, and they’re very good at what they do. And they can look at roofs and they can look at parking lots and they can look at stormwater, but they can’t capture everything,” Bischmann said. “They take photos of existing conditions, but that doesn’t tell the whole picture. Inevitably, you’re going to miss something.”

For instance, Bischmann gave the example of missing one tie-down among many on an HVAC roof unit. Such an oversight is easy to envision and could have disastrous consequences.

The comprehensive nature of SITE’s approach is part of what distinguishes it from—and makes it a critical complement to—manual property inspections. Joe Loethen, Senior Director of Engineering and Innovation for SITE, provided a concise explanation of SITE’s process.

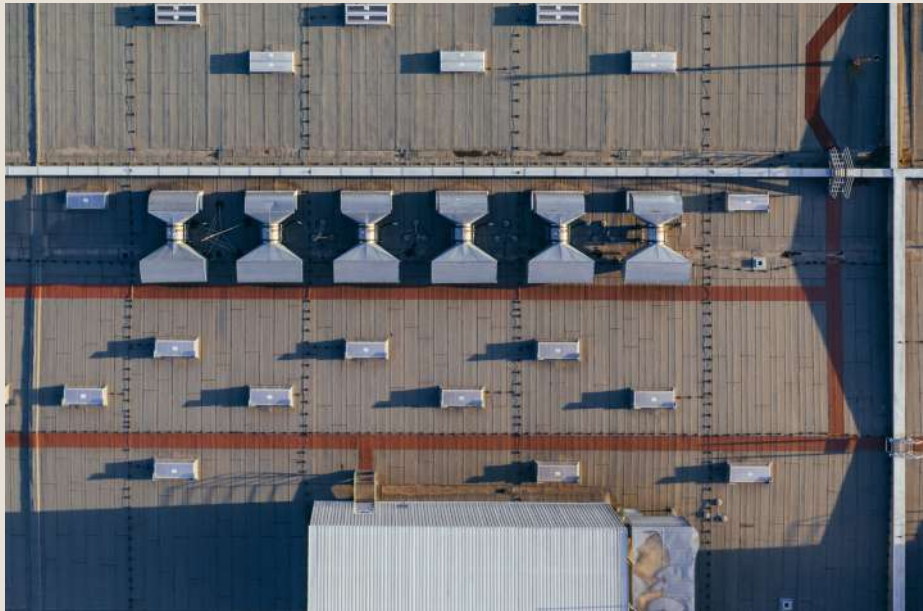
“We capture high-resolution imagery, typically through the use of drones, of the various exterior elements of a property, including pavement, landscaping, facade, and roofing, to document the existing condition of a property,” Loethen said.

“We then take that imagery and engage with AI tools and internal experts to analyze those conditions, confirm the current situation, and evaluate how conditions might degrade over time under normal or extreme environmental circumstances.”

When Bischmann partnered with SITE for Bridge’s portfolio, he immediately recognized the potential that the program offered to assist with hurricane preparations. That’s why he had it written into the contract that all Bridge properties in hurricane-prone areas are “flown,” in other words, photographed by drones, as close to June 1 as possible.. This not only gives Bischmann a detailed understanding of a property’s condition prior to any storm damage, but it also can help prevent that damage from occurring in the first place.

“Having SITE get out and either capture and assess, or merely capture, precise property conditions before hurricane season starts will allow an owner to identify potential hazards that are existing right now,” said Jack O’Connor, Director of Customer Success at SITE. O’Connor detailed a variety of circumstances in which the SITE program can help identify potential problems before a hurricane. For example, properties are often leased to tenants, and the property owner may not be fully aware of how the tenant is utilizing the property.

How SITE Can Help



“Tenants might be storing chemicals, propane tanks, etc. outside the property,” he said. SITE’s imagery enables a property owner or manager to identify those situations and alert their tenant to the potential hazard well in advance of a storm.

Citing another scenario, Loethen said that issues like vulnerable roofs are often invisible to the human eye, but they can be captured by SITE’s combination of precise photography, AI analysis, and expert human review.

“You might be able to do an early detection on some minor roof damage that already exists but isn’t really showing any leaking,” Loethen said. “There’s no real symptoms that would lead you to go inspect the roof.”

But in the event of a storm, that minor roof issue could lead to extensive roof or even interior damage.

For facility managers who are overseeing dozens or even hundreds of properties, SITE’s platform also makes it simple for them to understand exactly what building

features they’re looking at while scrutinizing properties they may not be intimately familiar with.

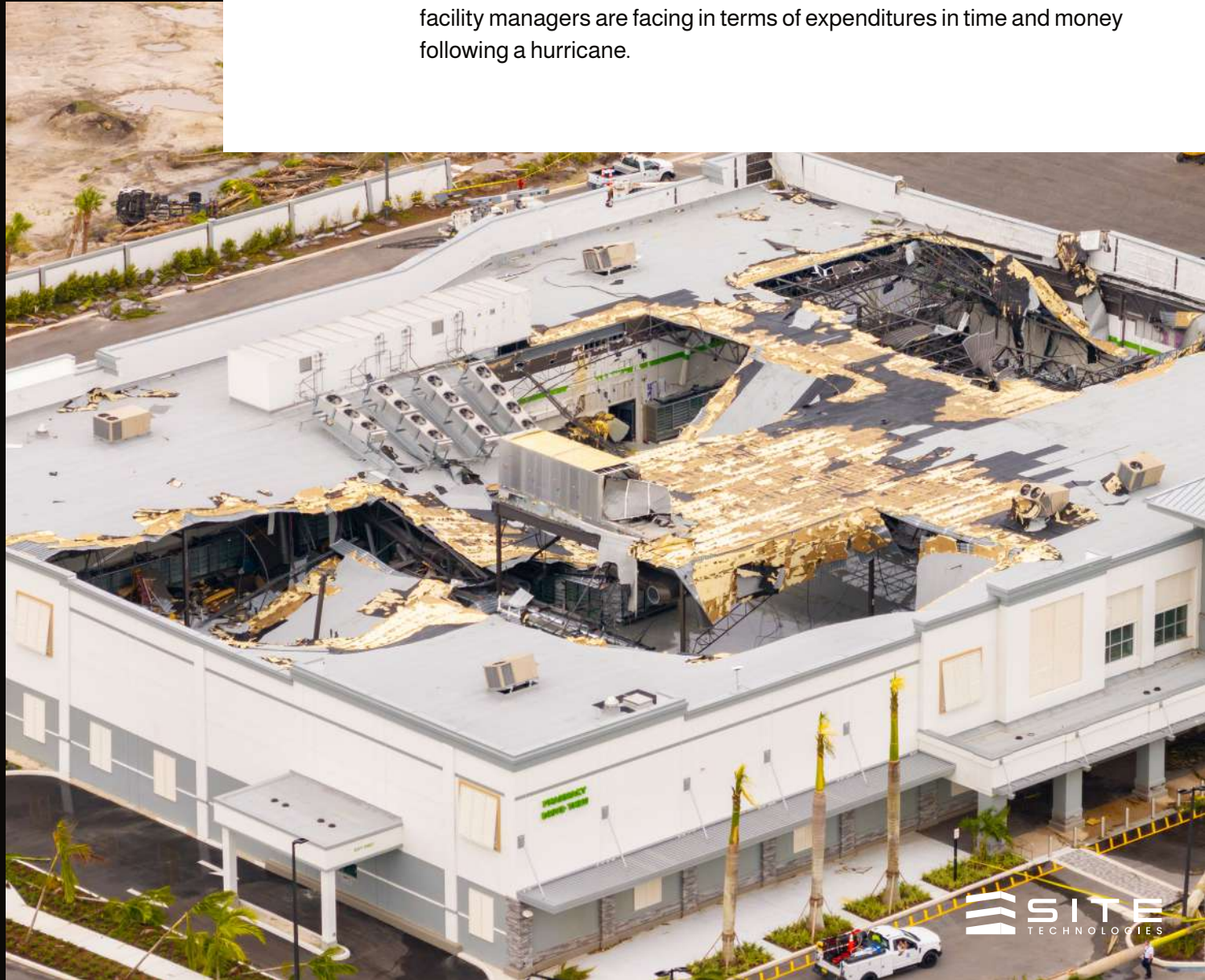
“If you were to commission someone to go out and do a property assessment, you’re typically going to get a PDF document that has images of the property conditions embedded into it. But it’s not super intuitive when someone is reading that report to understand where each image actually exists on the building,” O’Connor said. “Whereas, in our platform, every single photo has a pin that is geo-referenced. It really allows you to walk a property from your desk.”

And that kind of virtual precision can make hurricane preparation more effective, efficient, and inexpensive.

The Aftermath: How To Handle Repairs Following a Hurricane

Let's imagine that the worst has happened and your property has sustained damage from a hurricane. How long will the repair process take? How much will it cost?

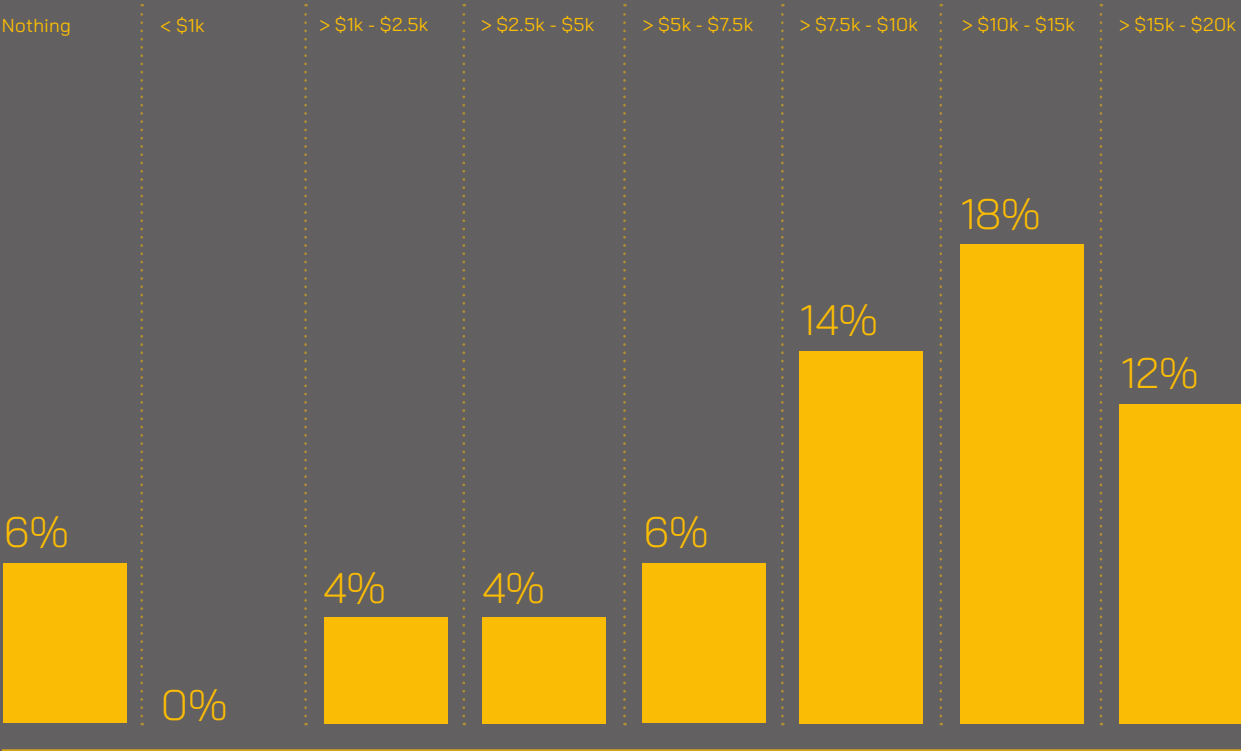
Both of those details will vary widely—depending on the severity of the storm, the vulnerability of the property, and numerous other factors. Nonetheless, we wanted to understand, on average, what property and facility managers are facing in terms of expenditures in time and money following a hurricane.



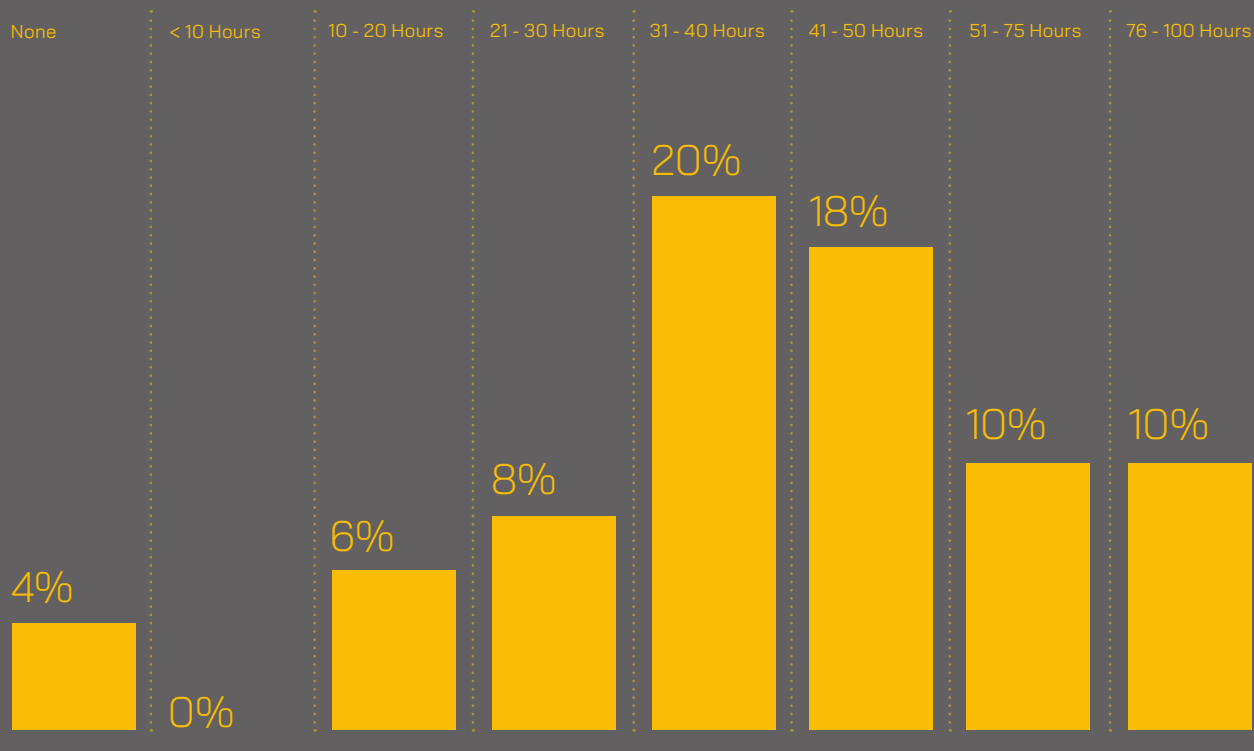
Annual Cost Per Property of Post-Hurricane Repairs

The largest cohort of respondents, 18%, said they spent up to \$15,000 annually per property on repairs following a hurricane. As with pre-storm preparations, nearly half (44%) of respondents spent at least \$7,500 per property, while, in contrast, only 6% of respondents said they had no expenses related to post-hurricane repairs. This data illustrates just how prevalent hurricane repair expenses are for commercial properties.

The costs in terms of workload were also comparable to the amount of time spent on hurricane preparedness, as detailed in the following graph.



The largest cohort of respondents, 18%, said they spent up to \$15,000 annually per property on repairs following a hurricane.



More than half (58%) spent between 31-100 hours per property on these tasks.

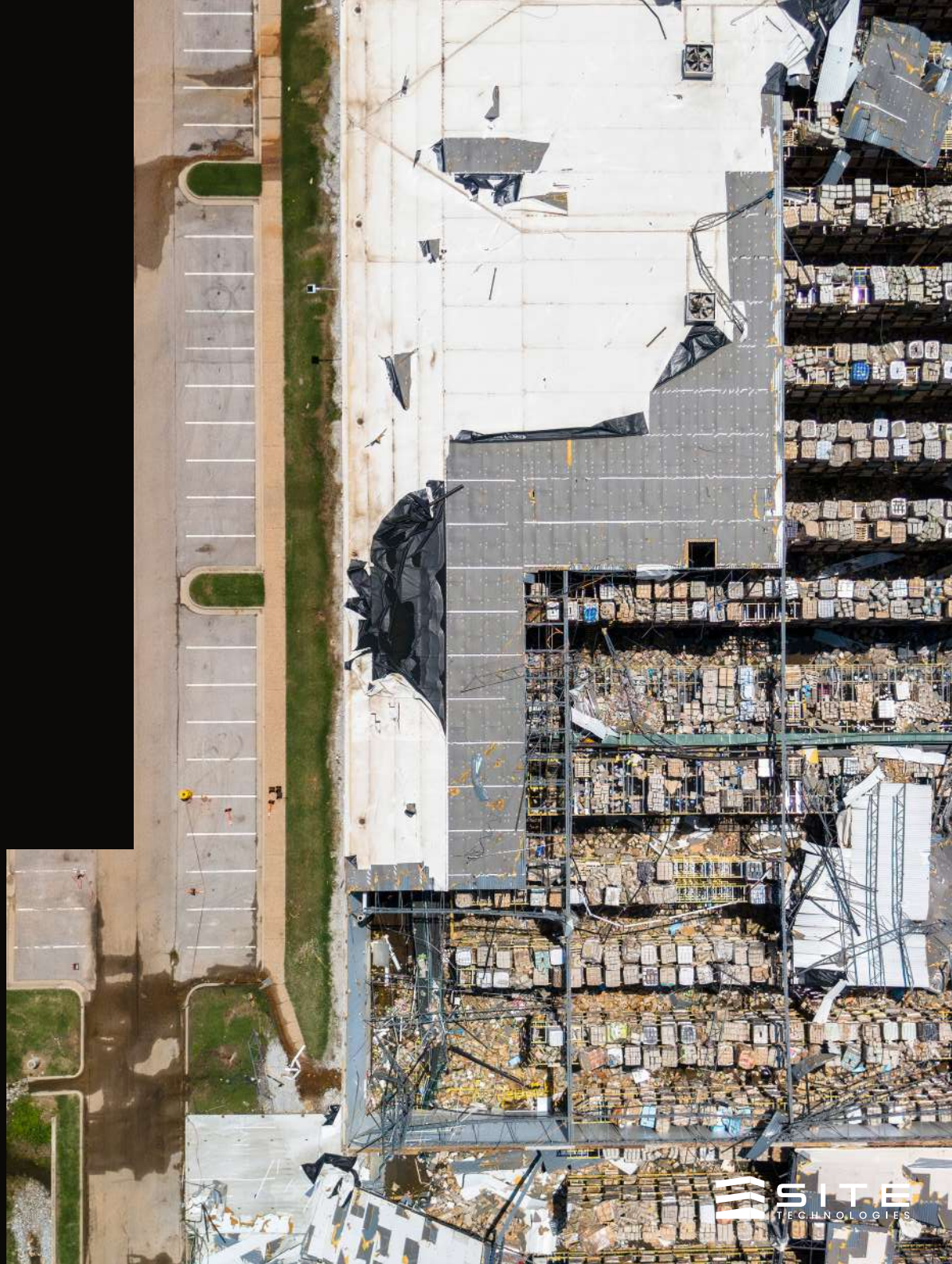
Time Spent Per Property on Post-Hurricane Response

As with the financial costs, it's clear from this data that post-hurricane response requires a notable expenditure of time for property and facility managers. Similar to the amount of time spent on hurricane season preparations, the largest group of respondents, 20%, spent up to 40 hours per property on post-hurricane response work. Nearly as many respondents, 18%, devoted even more of their time to post-hurricane activities, as much as 50 hours per property. Meanwhile, more than half (58%) spent between 31-100 hours per property on these tasks. Conversely, only 4% of respondents said that post-hurricane response accounted for none of their work hours.

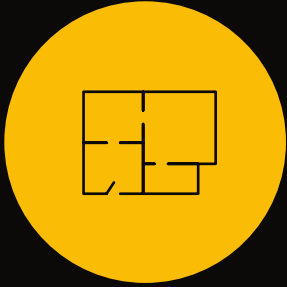
Restoration Process & Priorities

After a hurricane, facilities managers face critical tasks including assessing damage, securing facilities, and managing repairs to essential systems like HVAC, plumbing, and electrical. They also need to address structural damage, potentially impacting roofs, windows, and doors, as well as external elements like gutters and drainage systems. A key concern is ensuring business continuity by restoring these systems and addressing safety issues.

The critical areas of focus for facilities managers after a hurricane will vary due to a variety of factors, but the following are some of the most likely areas that they will need to address.



Restoration Process & Priorities



Initial Assessment and Safety

- ✓ Evaluate structural integrity before entering the property
- ✓ Inspect electrical systems for live wires or shorts
- ✓ Identify health hazards (e.g., mold, contaminated water, gas leaks)



Damage Assessment

- ✓ Conduct detailed inspections of roofs, windows, doors, and walls
- ✓ Examine exterior features: gutters, downspouts, siding, and drainage systems
- ✓ Photograph and document all damage for insurance and record-keeping



System Restoration

- ✓ Test HVAC, plumbing, and electrical systems for safety and functionality
- ✓ Engage licensed professionals for repairs as needed
- ✓ Restore water, gas, and power systems in compliance with safety codes

Restoration Process & Priorities



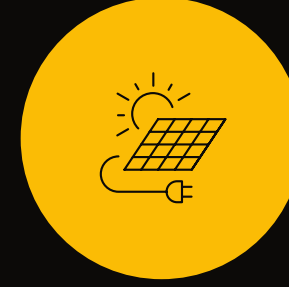
Structural Repairs

- ✓ Oversee repair or replacement of damaged roofs, windows, doors, and building envelopes
- ✓ Address compromised foundations or framing
- ✓ Ensure compliance with local building codes and hurricane-resilient standards



External Repairs

- ✓ Repair or replace gutters, downspouts, and drainage systems
- ✓ Clear and stabilize landscaping to prevent hazards
- ✓ Address signage, fencing, and exterior lighting



Contingency Planning

- ✓ Verify backup power (generators, fuel supplies) and test functionality
- ✓ Confirm communication systems (satellite phones, radios) are operational
- ✓ Develop temporary relocation or shelter-in-place strategies if required

Restoration Process & Priorities



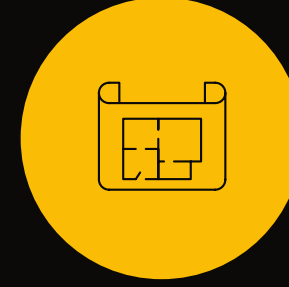
Documentation and Insurance

- ✓ Maintain a complete record of damage, repairs, and restoration work
- ✓ File claims with insurance providers, following guidance from the Insurance Information Institute
- ✓ Track expenses and receipts for financial recovery



Debris Removal

- ✓ Coordinate safe removal of fallen trees, building materials, and hazardous debris
- ✓ Ensure proper disposal or recycling per local regulations
- ✓ Secure areas to prevent accidents during cleanup



Restoration and Reconstruction

- ✓ Hire and manage contractors for repair and rebuild efforts
- ✓ Oversee project budgets, timelines, and quality control
- ✓ Restore property operations with minimal disruption to tenants or business

How SITE Can Help

“Very often the building is not walkable after it’s been hit by a hurricane. So, the drone captures help access areas that are maybe inaccessible or not deemed safe yet.”

Patrick Giblin, SITE Technologies.

Just as SITE’s program can help property owners and managers prepare for a hurricane, it is equally adept at assisting with post-hurricane assessment and repairs.

None of the properties that Ben Bischmann from Bridge oversees have sustained damage from a hurricane since he’s been utilizing SITE’s program—he joked that such luck was part of the package that SITE offers. However, SITE’s professionals identified numerous scenarios in which the program could be advantageous following a hurricane. One of those circumstances centered around merely being able to see the property.

“I think one of the primary considerations following a hurricane is actually accessibility,” said Patrick Giblin, Roofing Trade Manager at SITE. “Getting to a building is pretty difficult and getting around a building is pretty difficult, because very often the building is not walkable after it’s been hit by a hurricane. So, the drone captures help access areas that are maybe inaccessible or not deemed safe yet.”

Even when properties can be accessed, that doesn’t mean it’s safe for professionals to traverse them. This is particularly true when it

comes to sensitive and potentially damaged areas like roofs. Drones can help keep employees safe, while still providing owners and managers with an understanding of where damage exists. It’s also generally more efficient for SITE’s drones to survey a property, and that benefit is magnified at scale.

“If you’ve got a dozen properties in an area that’s hit by a hurricane, now your resources are even more strained. If you have to have one or two property managers go out and try to walk all 12 of those properties to document the conditions, that’s really challenging,” O’Connor said.

From a more holistic perspective, the SITE program can capture every aspect of the property post-hurricane. And those new images can be taken in literally the exact same fashion as the photos captured prior to the hurricane.

“We can take that same flight pattern. We can capture imagery of those same exact elements from the same height elevation perspective, and verify what damage occurred during the storm event that wasn’t there previously,” Loethen said.

How SITE Can Help

Once the second capture is completed, SITE's slider feature allows users to view every facet of the property in a "before and after" fashion. This facilitates granular comparisons, such as showing how each panel on a roof or shrub outside the lobby looked both prior to and following the storm.

SITE's platform also enables document storage, which allows property owners to manage the full range of documents that could be critical—including insurance policies, warranties, and hurricane preparedness and response plans—from one central location. And that location exists in the same virtual spot where the photography detailing any damage is also stored, enabling facility and property managers to quickly toggle between relevant documents and photographic evidence.

Finally, once assessments have been completed, SITE's AI tools and internal experts can help property owners and managers evaluate their options and develop a variety of repair and restoration scenarios.

Of course, paying for those scenarios is another challenge. And that frequently becomes the province of the complex, and occasionally fraught, relationship between commercial property owners and their insurance providers. Which brings us to the next piece of the hurricane preparation and response puzzle.



Imagery from the SITE platform

The Fine Print: Insurance and Hurricanes

Danielle Lombardo could be called an expert on disasters. Or, as she put it, “a glutton for punishment.”

Lombardo is the Vice Chair, Managing Director of Howden US, a global insurance company. She has 15 years of experience in the insurance industry focused on real estate, with what she termed a “hyper focus in catastrophe-exposed areas.”

Accordingly, Lombardo has developed expertise with hurricanes; or, as the insurance industry refers to them, named windstorms. She’s also an advocate for reform in the insurance industry and a frequent critic of some of its practices.

For example: Lombardo described the kind of disconnect she frequently sees between property owners and insurance providers with regard to named windstorm coverage. She explained that an insurance provider will evaluate the risk to a given property based on a variety of primary and secondary characteristics. The primary features of the property—what it’s composed of, how tall and wide it is, etc.—are the kind of data that any building owner will have access to.

The secondary characteristics of a property, however, can be a bit trickier.

A full list of those features is included later in this section, but they’re focused on the more detailed engineering aspects of the property. These could include what kind of roof membrane the building has or if the windows are hurricane-proof.

In many instances, owners will lack this kind of information when they begin the process of acquiring insurance. In the absence of these details, Lombardo said that an insurance carrier will default to a risk model that assumes the worst-case scenario for all of that secondary data.

Lombardo said that on a \$50 million asset, that distinction would quadruple the annual cost of insurance premiums for a building in a hurricane-prone area. Thereby increasing premiums from \$1 million per year to \$4 million per year.

That magnitude of difference can upend a potential transaction or force an existing owner to sell or relinquish a property.

“So, a big piece of what I do as a broker, and what my teams do, is we make sure that we’re optimizing data so that we get to a better result,” Lombardo said. “And part of that data optimization is getting more structural information related to the actual asset.”

Rising Insurance Costs & Volatility



Lombardo explained that over the past six years, commercial real estate has been subject to what she described as “not sustainable” increases in insurance premiums. Premium rates were increasing anywhere from 10%-300% per year. Even more than the increases themselves, these shifts were creating volatility that was challenging for real estate owners to grapple with.

“Imagine you’re a real estate owner and you are bidding on a deal—you go through due diligence, you put in your offer—and then a week before you close, the insurance market changes because there’s a hurricane. Now the cost that you underwrote [for insurance] doubles. Or even if it’s a year later, after you’ve purchased the property, and the cost doubles or triples. None of the modeling you’ve done that makes that a viable transaction has necessarily accounted for those increases.”

The problem is that a similar volatility exists for insurance companies because of extreme weather. Lombardo said that after six years of double-digit premium increases, premium prices finally began to drop this year. However, the industry remains just a catastrophe away from another round of steep price escalations.

“There needs to be a different approach to property insurance to hedge against future volatility. And that involves data optimization working in tandem with the various stakeholders in the real estate transaction, including the lender, the borrower, the insurance carrier, and the broker, and in some cases the state, to make sure that insurance is still viable moving forward,” Lombardo said.

How SITE Can Help

“I can’t tell you how many landlords just don’t have the information needed in order to give the underwriter the full picture.”

Danielle Lombardo, Howden US

When it comes to data optimization, Lombardo said, “I can’t tell you how many landlords just don’t have the information needed in order to give the underwriter the full picture.”

Lombardo explained that she has used a variety of tools to try to achieve data optimization. She said, however, that based on the description of SITE’s program, its tools were “much more real-time. And I think it would be a much better story to tell insurance underwriters and get them comfortable with the actual risk.”

Bischmann echoed this sentiment. He agreed that the insurance market, particularly in areas like Florida, has been especially challenging for the past several years. However, he added that “those carriers will work with you a little bit more if they know you’re a good operator.” And one of the methods he’s recently used to demonstrate Bridge’s detailed operating practices is their application of SITE’s program. That’s because it enabled them to “provide documentation to the carriers that we have every inch of every property covered.”

Giblin suggested that SITE’s program would also hasten the speed of insurance reimbursement, as it would make it easier to verify that a particular event was responsible for the damage in question. Moreover, the speed of being able to assess damage using SITE’s technology would allow property owners to jump to the front of the reimbursement queue.

Lombardo was particularly effusive about the potential efficiencies that could be garnered through SITE’s program. When asked if a technology like SITE’s would expedite the insurance claim and reimbursement process, she didn’t hesitate to respond affirmatively.

“Absolutely,” she said. “That would be fabulous.”

Secondary Property Characteristics

The following list, provided by Lombardo, offers examples of the types of secondary property characteristics insurers will use to determine premium pricing for commercial property. As Lombardo noted, in the event that a property owner does not provide this information, an insurer will often default to the worst case scenario for a given feature. That's why it's important for property owners to assess and document as many of their property's characteristics as possible.

Roof

- Roof Covering
- Roof Age/Condition
- Roof Geometry
- Roof Anchor
- Roof Sheathing Attachment
- Roof Equipment Hurricane Bracing

Ancillary Structures

- Commercial Appurtenant Structures
- Residential Appurtenant Structures

Risk / Business Continuity

- BI Preparedness
- BI Redundancy

Foundation / Lower Levels

- Frame-Foundation Connection
- Basement
- Ground Level Equipment

Façade / Envelope

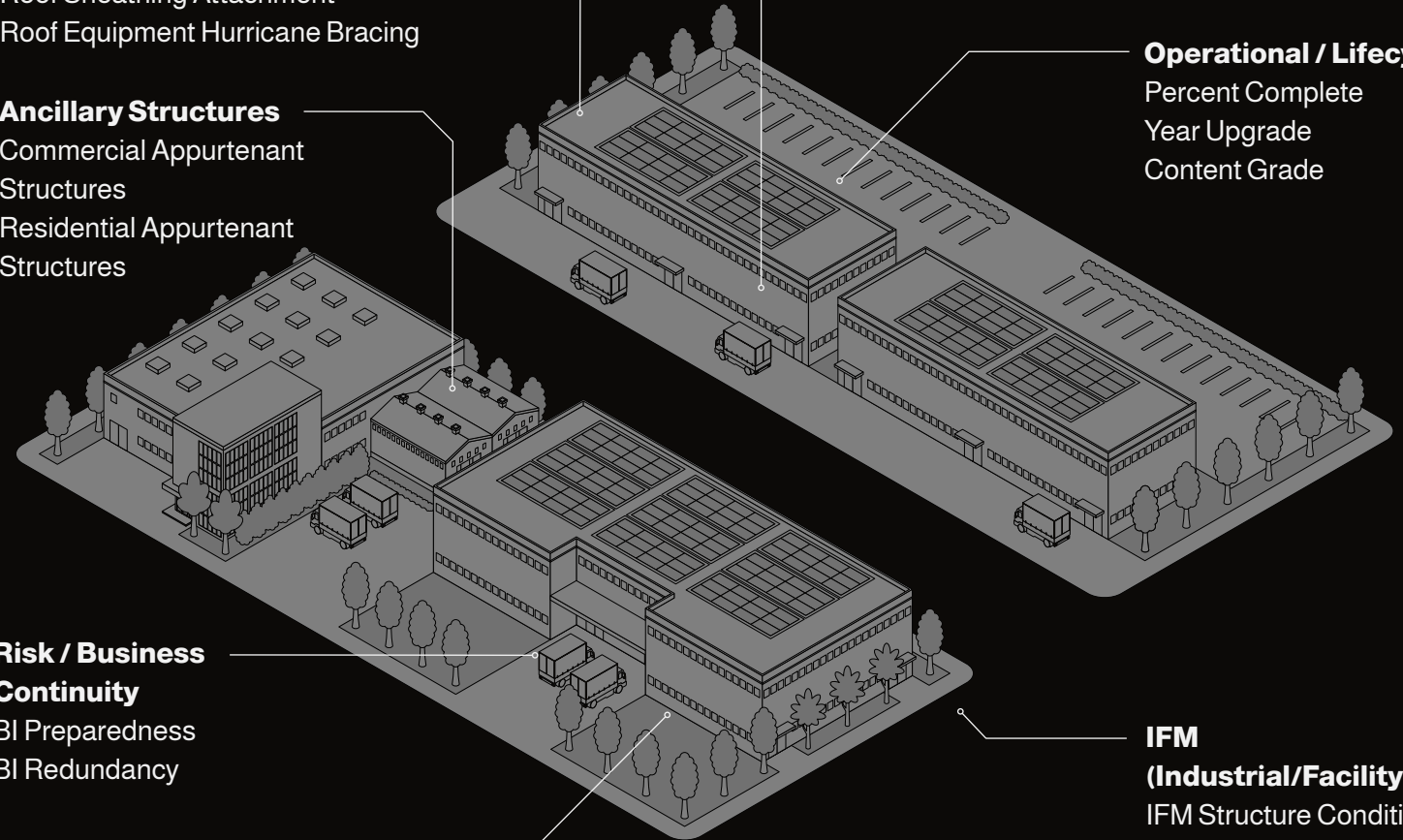
- Construction Quality
- Cladding Type
- Opening Protection

Operational / Lifecycle

- Percent Complete
- Year Upgrade
- Content Grade

IFM

- (Industrial/Facility)**
- IFM Structure Condition
- IFM Outdoor Machinery/ Equipment Bracing
- IFM Vertical Exposure Distribution
- IFM Site Hazard

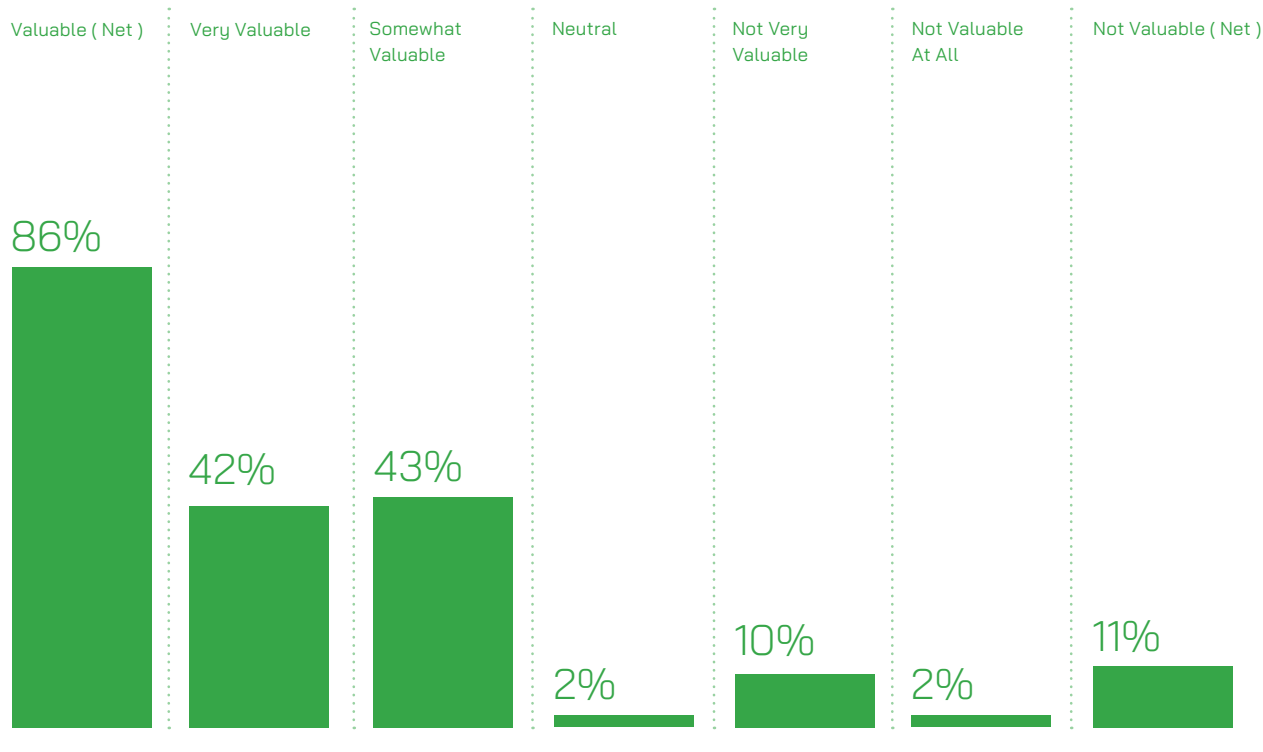


The New Tools: How AI Can Help Property Owners Prepare for and Recover From Hurricanes

Over the course of this white paper, we have considered many of the versatile applications for AI tools like SITE's program to help property owners and managers prepare for and respond to hurricanes.

However, is there an appetite and interest for such tools among the professionals who would use them most? Based on the survey we conducted, it would seem there is.





A clear majority (86%) of respondents felt that a program like SITE's would add value to their hurricane preparation and response procedures.

When asked, "In surveying post-hurricane damage, how valuable, if at all, do you think it would be to have a tool that had mapped the existing condition of your property's façade, roof, and landscaping features prior to the storm?" Respondents answered according to the results depicted in the table to the left.

Overall, a clear majority (86%) of respondents felt that a program like SITE's would add value to their hurricane preparation and response procedures. Further, nearly half (42%) believed it would be very valuable.

And the process of demoing SITE's program is both relatively straightforward and, crucially, complimentary.

As Loethen explained, "We are happy to do a demo of existing properties that we have in the platform. So, you can quickly see what kind of resolution we can provide in analysis. Then, if you have some interest, we are typically willing to do a flight and analysis of some of your property, at no charge, as a proof of concept to show you our capabilities on one of your own buildings."

Conclusion

Based on the findings of this white paper, several things are clear: hurricanes are growing in strength and pose a significant risk to commercial property; property and facility managers are devoting notable expenditures in both time and money to prepare for and respond to hurricanes; the insurance industry is volatile and is perhaps one storm away from imposing substantial premium increases on commercial property owners.

And, finally, there is a tool that can minimize all of these issues, save one. It can help property owners and managers prepare for and respond to hurricanes more efficiently and inexpensively; it can also help reduce insurance premiums and expedite the insurance claim and reimbursement process following a storm.

It's true: SITE's program cannot control the weather or reduce the threat of hurricanes to commercial property. But, when it comes to hurricanes, it can help commercial property owners and managers with pretty much everything else.

To see how SITE can help protect your properties during hurricane season, schedule a platform demo at <https://sitetechnologies.io/request-a-demo>.