Swiss Life Asset Managers – Paris

Case Study ESG

Future-proofing assets: Merging adaptation and mitigation under CAPEX constraints

PROJECT:
Paris office asset resilience

COMPANY:
Swiss Life Asset Managers

LOCATION
Paris, France

Challenge

The asset, a 1992-built office building in Paris, faces urgent compliance and resilience challenges. With no major renovations since construction, it now requires a €5M CAPEX upgrade to meet the requirements of the France's *Décret Tertiaire* and align with CRREM decarbonisation pathways. The main challenge is to balance physical risk mitigation (eg climate adaptation, energy efficiency), with strict budget constraints, as additional CAPEX is not available.

The objective is to leverage synergies within the existing renovation plan. This involves finding co-benefits that simultaneously advance regulatory compliance, support climate resilience, and improve cost efficiency without exceeding the allocated budget. This requires a strategic, phased adaptation roadmap prioritising high-impact and low-cost interventions.

Solution / Approach

To address the challenge, a comprehensive physical climate risk audit of the asset was conducted using assessments from Deepki, Swiss Re, and R4RE (Batadapt). This multi-provider assessment analyse exposure to climate hazards (eg heat stress, flooding, extreme weather) and structural vulnerabilities, while cross-referencing findings with the ongoing €5M CAPEX renovation plan.

The audit identified high-impact and low-cost resilience opportunities – "quick wins", that could be included in the existing scope of work. These measures provided dual benefits. For example, more efficient cooling systems reduce heat risk and improve operational performance, while flood resistant materials can be integrated into planned facade upgrades.

This data-driven, provider-agnostic approach ensured a risk-informed, cost-neutral resilience strategy, turning regulatory constraints into value-creating co-benefits.

Results

- **Critical risk mitigation:** The audit highlighted high heatwave vulnerability, which was addressed through targeted actions;
- **Synergy efficiency:** 97% of adaptation measures also improved energy efficiency, removing the need for additional spending;
- **Budget optimization:** >80% of resilience actions aligned with the existing €5M CAPEX plan, requiring no additional funding.

Outcome

This project underscored two critical insights for future-proofing commercial real estate: the variability in climate risk assessments across providers and the imperative to merge adaptation and mitigation strategies to optimize limited CAPEX.

1. Provider methodology divergence

The audit revealed clear discrepancies in how leading climate risk providers evaluated identical hazards. While macro-level risks (eg flood exposure) showed consensus, granular indicators varied significantly due to methodological differences:

- Heatwave risk: Some providers incorporated Urban Heat Island (UHI) effects, while others relied solely on on regional climate models. This can lead to risk score deviations between providers;

Owners must triangulate provider outputs to avoid over- or under-investment in resilience. The findings show the need for greater transparency and possibly industry wide standardisation to support more comparable risk assessments.

2. The link between adaptation and mitigation

The project demonstrated that adaptation and mitigation measures do not need to be addressed separately. They are interdependent levers to stretch CAPEX further:

- By embedding resilience actions into existing renovation plans, the team avoided incremental costs that would have been required if adaptation measures were implemented separately. This was especially important in a market where long-term decarbonisation investments, such as boiler replacements or insulation upgrades, have already reduced the budgets available for adaptation.
- With 78% of European real estate funds (INREV, 2025) reporting budget constraints for physical risk adaptation, this case shows that integrated planning is not optional, it's a financial imperative.

The traditional sequential approach of mitigating first and adapting later is no longer viable. Assets must pursue dual-benefit interventions to survive transition risks and physical shocks.

3. Strategic takeaways for asset owners

- Provider agnosticism: Use multiple climate risk assessments to pressure-test assumptions, while giving more weight to providers with stronger methodological foundations, for example those that include the urban heat island effect for urban assets;
- Phased synergies: Map adaptation measures against existing CAPEX timelines (eg pair façade upgrades with flood-resistant materials);
- Tenant-centric resilience: Highlight co-benefits, such as improved thermal comfort and energy savings, to support premium rents or green lease clauses.
- CRREM as a North Star: Align adaptation roadmaps with CRREM's 1.5°C pathway to ensure that measures support long term value, not only regulatory compliance.

This project transformed a regulatory constraint into a resilience opportunity by revealing synergies that were not visible at first. In an era where climate risks directly influence financial performance, the capacity to do more with limited CAPEX will determine which assets remain competitive in the long term.

Swiss Life Asset Managers

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