

Protecting value in at-risk developments: The case for Property Flood Resilience (PFR)

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Surface water flood risk is becoming a more important consideration for housing delivery across England, particularly in areas where demand for new homes remains strongest. More than one million homes are now estimated to be in areas at high risk of surface water flooding, while one in three homes built in 2024 could face some level of flood risk by 2050.ⁱ

At the same time, developers are operating in a more challenging delivery environment shaped by higher build costs, tighter financing conditions and higher expectations for resilience and long-term place quality.

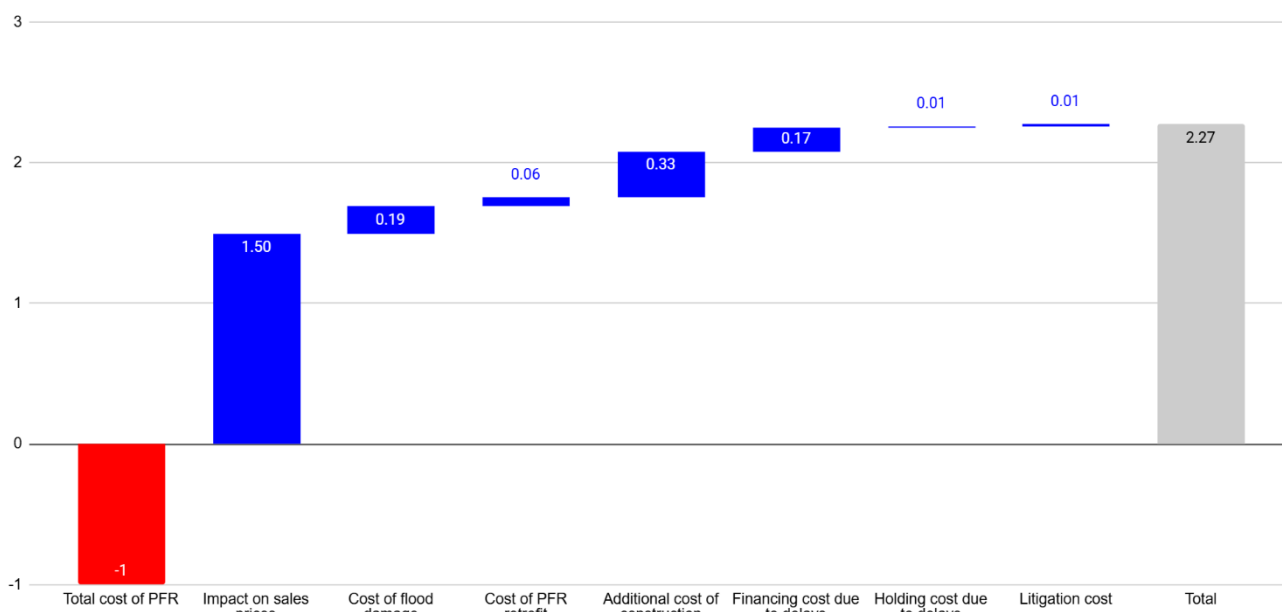
New research by Public First explores the commercial exposure developers can face where flooding occurs during construction and active sales periods. Public First modelled three hypothetical but realistic development scenarios in areas exposed to surface water flood risk, including a large-scale development in the East of England, a medium-scale development in the East Midlands, and a small development in London. Across all scenarios, the modelling assumed that wider drainage and site mitigation measures were already in place, focussing on the residual impacts that can still occur from heavy rainfall. The key findings include:

- **Our mid-point scenario suggests that developers could save around £2.27 in avoided losses for every £1 invested in PFR measures.**
- The modelling found that flooding during construction can create commercial impacts ranging from £12 million to more than £90 million before adjusting for flood likelihood.
- Much of the commercial value identified in the modelling came from protecting sales values and buyer confidence for unsold homes, alongside reducing delays, remediation works and financing pressures.
- Dense urban developments may face particularly strong commercial pressures from disruption. The London scenario produced the highest relative returns from resilience investment.
- Recent developments in Bridport and Bognor Regis demonstrate how flooding can create disruption during active build-out periods, even where wider drainage and mitigation measures are already in place.
- The modelling in this paper suggests that relatively low-cost property-level resilience measures – of c.£1,000 per dwelling when installed during construction – can help reduce some of these downstream impacts. It demonstrates a positive cost-benefit for developers in all scenarios where the risk of surface water flooding is medium (above 1%) or high (above 3%). In particular, the modelled scenarios are in areas where the risk of surface water flooding is 2-2.5%.

Developers are financially exposed long before sites are fully completed and occupied. On phased developments in particular, flooding can occur while homes are still under construction, being marketed or sold off-plan. Where this happens, the impacts can extend beyond physical flood damage alone to include delays to construction and completions, remediation works, disruption to active sales periods and impacts on pricing assumptions for unsold homes.

While this paper focuses on the commercial case for developers, the wider benefits of flood resilience for households, insurers and government are also substantial. Surface water flooding alone is estimated to cause around £1.2 billion in annual damages across England, while homes built after 2008 are not eligible for Flood Re.

Figure 1: Breakdown of benefit cost ratio of PFR for Central Bedfordshire development scenario



Source: Public First analysis

Table 1: Costs and benefits of PFR, by case study

| | Case study 1 | Case study 2 | Case study 3 |
|---|---------------------------------------|-------------------------------|------------------|
| Location | Central Bedfordshire, East of England | Leicestershire, East Midlands | Lewisham, London |
| Development scale | 500 units | 200 units | 50 units |
| Weighted average local surface flood risk | 2.40% | 2.10% | 2.10% |
| Estimated total cost of damages/avoided losses | £91.44m | £27.63m | £12.11m |
| Estimated adjusted cost of damages/avoided losses | £1.10m | £0.29m | £0.13m |
| Estimated cost of PFR* | £0.48 | £0.20m | £0.05m |
| Benefit-cost ratio | 2.27 | 1.48 | 2.57 |

Source: Public First analysis

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ⁱ Aviva, *Proportion of new homes built in flood areas rises to one in nine*, February 2026.

