

RESEARCH | RISING INSURANCE COSTS

Navigating the Changing Landscape of Insurance in Real Estate

Escalating insurance premiums are reshaping the real estate landscape, particularly in high-risk areas and for older buildings. Limited carrier options, coupled with factors like inflation and natural disasters, are pushing premiums higher. This trend is not only affecting prospective homeowners but also influencing the commercial real estate sector, leading to increased expenses for apartment owners and complicating underwriting for developers.

- ▶ Exiting insurers from high-risk areas and aging buildings lead to increased premiums.
- ▶ Higher insurance costs dissuade prospective homeowners from buying or building, especially in states where national providers have restricted new policies.
- ▶ Escalating insurance costs put pressure on the commercial real estate sector, increasing expenses for apartment owners and complicating underwriting for developers.
- ▶ Limited carriers issue policies for deals built before 1980.
- ▶ New multifamily projects decline due to difficult underwriting processes.
- ▶ Factors affecting insurance market include inflation, natural disasters, and liquidity in insurance capital markets.
- ▶ Property valuations are being reshaped, particularly in areas with elevated environmental risks, impacting transaction flow.

The Moll and Morasch Group is committed to assisting owners with efficiently operating their apartment assets in all capacities. We have strong connections with several insurance providers and brokers who have been able to aid our clients in sourcing cost effective policies that have significantly reduced their expenses. If you are currently in need or have been considering looking at new insurance policies for your assets, please contact us today.

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