

INSURANCE COMPLEXITY Newsletter of Iowa Realty Commercial

Dear Esteemed Clients,

The multifamily insurance market is poised for a transformative year in 2025, reflecting a complex interplay of economic, environmental, and regulatory factors. After experiencing a prolonged period of significant premium increases driven by escalating claims costs and heightened risk perceptions—particularly from natural disasters and liability exposures—insurers are beginning to recalibrate their approaches to multifamily properties. This shift comes as reinsurers adapt to changing market dynamics, leading to a more competitive landscape that may offer opportunities for stabilization in pricing. However, challenges persist, particularly for older wood-frame buildings and properties located in high-risk areas. As the industry grapples with the aftermath of severe weather events and evolving safety standards, multifamily property owners will need to adopt robust risk management strategies to navigate this evolving insurance environment effectively. The focus will increasingly be on enhancing property resilience, leveraging technology for incident prevention, and demonstrating proactive safety measures to secure favorable terms in an ever-changing market. To summarize, here are some of the key factors driving insurance costs:

1. Premium Increases:

While not as steep as in previous years, premiums are still projected to rise:

- Primary liability placements for multifamily portfolios: +10% to +20
- Umbrella rates: +10% to +15%

2. Stabilization Trends:

- The property insurance market is softening slightly, with risk-adjusted rate increases ranging from flat to +10% for most asset classes
- Reinsurers are benefiting from restructured treaties and increased capital, potentially leading to more normalized prices

3. Factors Influencing Rates:

- Natural disasters: Recent hurricanes (Helene and Milton) have added pressure to the market
- Construction type: Wood-frame buildings face higher risks and potentially higher premiums
- Location: Properties outside catastrophe-prone regions may see more favorable term
- Safety features: Newer properties with modern safety measures are preferred by insurers



4. Market Challenges:

- Multifamily and industrial properties continue to face the most significant challenges in the insurance market
- Fire risks remain a concern, with substantial losses reported in residential fires

5. Risk Management:

- Strong risk management practices are becoming crucial for securing better insurance terms and protecting property values
- Automated incident prevention and documentation are key strategies for 2025

While the outlook shows some improvement compared to recent years, multifamily property owners and managers should continue to focus on risk mitigation and property improvements to secure the best possible insurance terms in 2025 and beyond.

Happy New Year,

Joanne Stevens, Dan Dempsey, and Ben Stevens



MULTIFAMILY NEWSLETTER

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JANUARY 2025 NEWSLETTER

Save The Date

2025 NAI Global Market Outlook

A deep dive into commercial real estate, focusing on the latest trends, developments, and opportunities.

January 21, 2025 | Loews Miami Beach Hotel

1601 Collins Ave. Miami Beach, FL 33139

naiglobal.swoogo.com/GMO25

Best Ever Conference

Premier commercial real estate conference for active and passive investors.

March 3-5, 2025 | Salt Lake City Hyatt Regency

170 SW Temple, Salt Lake City, UT 84101

besteverconference.com

Useful Websites

Stdb.com

Site To Do Business: powerful data-driven platform for commercial real estate professionals.

Appfolio.com

Property management software for multifamily and commercial real estate owners.



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WHAT IS YOUR MULTIFAMILY PROPERTY WORTH?

I am always happy to do a **FREE, NO OBLIGATION**, Real Estate Review for your multifamily property. You ought to know today's market value of your real estate investments.

If this is something you would like, simply give me a call at 319-378-6786, email me at joannestevens@iowarealty.com, or visit www.apartmentbrokersofiowa.com

Joanne Stevens is a specialist in listing and selling multifamily housing communities throughout the U.S. With her 20 plus years of experience in developing, zoning, owning, retailing, managing, turning around and brokering multifamily communities, she can maximize your sale price.

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