A Balancing Act in the Real Estate Property Market

The real estate property market enters the second half of the year with a sense of cautious optimism. While macroeconomic concerns and extreme weather events remain on the radar, the real estate property space continues to benefit from strong market participation and a surplus of capacity. Retailers who stay proactive, flexible and focused on insured objectives are finding opportunities to restructure programs and deliver results.

CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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Stabilized rates and strong capacity

After several years of hardening, the real estate property market is experiencing welcome signs of rate relief in some segments. Deals are getting done, even in tough territories, as brokers tap into the broad market appetite and deploy creative program structuring.

Capacity is not just available, it's abundant. A steady influx of new MGAs and carriers, both domestically and in London, continues to bring fresh capital into the space. This is creating healthy competition among markets, especially on the E&S side, with many players aggressively vying for business.

Retailers are leveraging this environment by treating renewals as if they were new business, starting from scratch to find better terms, pricing or coverage. In many cases, that effort has translated to rate decreases through restructured towers or layering in new participants.

Pressure points

Despite the overall positive market tone, geographic challenges persist. Convective storm activity, wildfire exposures and other climate-driven risks remain problematic, particularly in the Midwest, Oklahoma and wildfire-prone parts of California. Markets are either hesitant to quote or are deploying minimal lines, often requiring creative multi-carrier structures to fill out a full placement.

Convective activity has also become a common catalyst for insureds transitioning out of the admitted marketplace. In these cases, brokers are adapting to deliver custom solutions that meet coverage and lender requirements.

Seasonally, storm activity is expected to pick up, with forecasters predicting another active hurricane season. While it's impossible to know the precise impact of upcoming storms, the industry remains on alert. Real-time weather tools and storm tracking systems are key resources for staying prepared and identifying insureds at potential risk.

Inflation impact

While current tariffs have not yet caused a major disruption to the real estate property market, they may have downstream implications, particularly for the construction sector. For now, acquisition activity has merely slowed. However, increased labor costs, supply chain delays and higher material pricing could further slow new development, especially in the habitational and hospitality sectors. Tariff-related disruptions to global supply chains may also lead to higher replacement costs and require reassessment of property valuations to ensure accurate insurance-to-value (ITV) calculations.

Economic inflation and social inflation have receded somewhat as rate drivers. However, the full effect of inflationary pressures, especially those tied to construction, remains something to watch as the year unfolds.

You can **read more about Q2 economic impacts** in our recent overview.

Labor dynamics and immigration enforcement

Construction labor markets are also feeling the impact of heightened enforcement activity and regulatory pressure related to workforce documentation. These shifts are tightening an already limited labor pool, contributing to wage inflation and project delays.

A significant share of the construction workforce includes immigrant labor, many in physically demanding roles. Increased scrutiny and uncertainty have led to sudden labor exits and the result has been additional strain on labor availability – especially in trades like roofing and painting.

As the labor pool tightens, employers are forced to offer higher wages to remain competitive. Residential building has seen average hourly wage increases nearing 10% year-over-year, with overall construction labor rates continuing to rise. This combination of labor scarcity and wage pressure is extending timelines, increasing project costs and in some cases delaying ground-up development altogether.

More broadly, the reduced workforce is contributing to the ongoing housing affordability crisis – higher construction costs translate to higher home prices. The U.S. still faces a shortfall of millions of housing units, and immigration crackdowns threaten to further limit the workforce needed to address it.

The issue has also created regional labor disparities, with metro areas dependent on immigrant labor seeing sharper impacts. These disruptions may not only slow down projects but could have long-term ripple effects on housing inventory and affordability.

Exploring parametric options

As traditional insurance markets struggle to keep up with escalating catastrophe risks, some brokers are turning to parametric insurance as a complementary solution. These policies trigger payouts based on measurable event parameters, such as earthquake magnitude, wind speed or wildfire footprint, rather than traditional loss adjustment. For real estate owners facing growing coverage gaps in high-risk zones like California or the Gulf Coast, parametric options offer speed, predictability and the ability to plug holes left by tightening terms on standard policies.

As risks become more difficult to model and capacity becomes selective, parametrics are emerging as a viable part of the larger risk strategy toolkit. Retailers with knowledge of parametric structures can help clients evaluate whether these solutions might offer added protection for uncovered or underinsured exposures.

You can **learn more about Amwins parametric insurance solutions** here.

Opportunities remain

New business continues to surface, not just in real estate but from adjacent sectors like manufacturing. In regions where standard carriers have pulled back or exited, E&S markets are stepping in to pick up business, often with more flexible terms or broader package options.

Retailers with deep market relationships and a clear understanding of carrier appetites are well-positioned to capitalize on these openings. Focusing on mid-sized accounts with less CAT exposure can open doors to faster turnarounds and stronger pricing.

Emerging risks

New exposures are taking shape, particularly around sustainability initiatives and technology-driven amenities. The rise of EV batteries, scooters and e-bikes in both hospitality and multifamily settings introduces fresh underwriting concerns related to fire and storage risk. Similarly, the use of rooftop solar panels, while often beneficial from an energy cost standpoint, can add complexity and cost to insurance placements. Retailers should be prepared to provide detailed information on any emerging risk exposures, especially if they're associated with energy systems or battery storage.

Strategic communication

In today's market, clear and consistent communication between all parties, whether it's with retailers, brokers, carriers or insureds, is more critical than ever. Establishing realistic timelines and outcomes helps avoid surprises and keeps placements on track.

Retailers who take time to understand their clients' evolving needs can tailor solutions that are not only creative but also achievable. This approach fosters trust and ensures everyone is aligned, ultimately leading to stronger program results.

Takeaway

As named storms begin to roll in and wildfire risk lingers, the real estate insurance market remains on guard. The unpredictability of weather patterns emphasizes the need for rapid response tools and coordinated communication between retailers, brokers and insureds.

Still, the broader outlook is one of opportunity. Creative structuring, a buyer-friendly rate environment and continued competition among markets all suggest a stable to improving landscape (barring major CAT disruptions). Retailers who stay focused, adaptable and responsive will be best positioned to guide their clients through whatever comes next.

We help you win

Commercial and residential real estate is a risk-prone industry. To mitigate this risk, your clients may seek coverage for niche exposures that aren't always available in the standard lines market. As one of the nation's largest wholesale real estate insurance brokers, Amwins is committed to providing innovative risk solutions, regardless of property class or location.

Collaboration is a core tenet of our business, and we live it through our strategic partnerships with leading insurance carriers. No matter the coverage requirements, Amwins' top priority is helping you secure the solutions that best serve the needs of your clients.

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