

REAL ESTATE MARKET UPDATE

WINTER 2025–2026



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REAL ESTATE PRACTICE AREA: Year-One Highlights and What's Ahead

At the start of this year, we officially launched Brown & Riding's Real Estate Practice Area, an initiative driven by the consistent year-over-year growth we've seen across this vertical and the opportunities we've unlocked together with our retail partners. From the beginning, our focus has been simple: strengthen collaboration, expand expertise, and deliver greater value to you and your clients in a rapidly shifting market.

In its first year, the practice exceeded expectations. We've seen meaningful growth across all product lines and with every retail partner we serve. We've added talented brokers, continued developing specialists, and committed ourselves to deepening the collaborative culture that makes Brown & Riding unique. As a team, we established ambitious goals and objectives for our first year, and we hit every one of them.

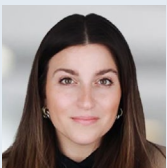
This momentum is especially significant given the headwinds in today's property market. Even as conditions tightened, we continued to grow because of the strength of our talent, the clarity of our strategy, and our commitment to excellence in serving our clients. As our group continues to mature, so do the relationships we're building with real estate-focused retailers and insureds across the country. The success of our first year reflects true collaboration internally across our specialty teams and externally alongside the retailers who place their trust in us.

As we look ahead, we're not slowing down. Our goal remains the same: to be the most skilled, responsive, and strategically aligned partner for the real estate market.

As the real estate market continues to evolve, shifting carrier appetites, regional property dynamics, and heightened underwriting scrutiny are shaping how risks are evaluated and placed. These changes reinforce the importance of proactive strategy and strong wholesale partnerships. In the sections that follow, our Property, Casualty, Professional Liability, and Non-Profits: Human Services specialists share insights on current market conditions and highlight recent successes that demonstrate how Brown & Riding is helping retail partners navigate complexity and secure stronger outcomes.

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PROPERTY MARKET TRENDS: EAST VS. WEST

On both coasts, property markets show continued signs of stabilization, but the dynamics differ sharply by region. On the East Coast, softening conditions and increased capacity are leading to lower rates, reduced wind deductibles, and greater carrier participation. Together, these shifts signal a more flexible and competitive landscape nationwide, benefiting insureds across the country. Meanwhile, on the West Coast, an influx of capacity is driving competition in earthquake and wildfire coverage, with improved rates, expanded terms, and broader MGA (Managing General Agent) appetites, creating new opportunities for strategic placements.

EAST COAST

The 2025 East Coast property insurance market reflects a notable shift in reinsurance dynamics. After several years of constrained capacity and elevated costs following catastrophic hurricane seasons, the market has seen a resurgence of excess capacity. Global reinsurers, buoyed by strong capital positions and improved catastrophe modeling, have re-entered the space aggressively, offering broader terms and competitive pricing. This influx has driven down reinsurance rates, particularly for layered programs and high-limit placements, where reductions of 10–16% have been observed. The availability of excess capacity has also enabled insurers to reinstate aggregate limits and expand coverage for previously excluded risks, such as coastal flood and frame construction. While pricing pressure benefits cedents and ultimately insureds, reinsurers remain cautious, embedding tighter underwriting controls and catastrophe risk analytics to mitigate volatility in a climate-exposed region.

We are seeing a notable shift in policy structure, particularly around wind deductibles and overall terms. Deductibles that once hovered at punitive levels, sometimes as high as 10–15% in hurricane-prone areas, are now trending downward, with many carriers moving from 5% to 3% or even offering fixed-dollar options. This evolution reflects a softening market and increased competition as insurers seek to differentiate themselves through more favorable conditions. At the same time, demand for deductible buy-downs is accelerating, driven by insureds leveraging higher budgets to reduce retained risk. Beyond deductibles, terms are broadening: sublimits are increasing, coverage carve-outs are being reinstated, and capacity is returning for previously restricted exposures like coastal frame construction. Collectively, these changes signal a trend toward greater flexibility and buyer-friendly conditions, a stark contrast to the restrictive environment of just a few years ago.

WEST COAST

After several years of steep rate hikes, 2025 marked a turning point. Global reinsurance and surplus lines markets deployed increasingly competitive capacity for West Coast property risks. Despite heavy wildfire losses early in 2025, the E&S property market on the West Coast showed an overall growth in available capacity for earthquake and wildfire risks due to several new MGAs entering the marketplace, focusing on wildfire, earthquake, and other catastrophe-exposed risks, while leveraging alternative capital to expand capacity.

As E&S carriers continued to deploy meaningful capacity into this space, opportunities for strategic placement, particularly in higher-risk West Coast zones, expanded. The Brown & Riding property team leveraged these conditions to secure decreased rates and broader terms, including extended building definitions, blanket coverage, and expanded sublimits. These enhancements were not available for many insureds in prior years. Most accounts have seen 10–25% rate reductions. 2026 E&S property rates are expected to decline or flatten compared to 2025.



PROPERTY MARKET TRENDS (continued)

WHY THIS MATTERS FOR COASTAL PROPERTY RISKS AND FOR PARTNERING WITH BROWN & RIDING

Working with Brown & Riding means partnering with a team that goes beyond quoting coverage. We collaborate, strategize, and deliver solutions that genuinely align with the insured's needs. Our model is built on speed, precision, and competitiveness, ensuring every placement is approached with intentionality and expertise.

This is the Brown & Riding advantage: a seamless placement experience, trusted expertise, and a commitment to making your job easier while helping you exceed client expectations.

RECENT SUCCESS STORIES



EAST COAST

MULTI-STATE APARTMENT SCHEDULE

- Total Insured Value: \$300M+
- Challenge: A difficult market environment requiring annual adjustments to the layering structure
- Our Approach:
 - Worked closely with our markets to navigate shifting conditions
 - Leveraged strategic configurations to optimize placement each year
- Outcome: Achieved more than a 50% premium reduction over the past three years

WEST COAST

AFFORDABLE HOUSING PLACEMENT

- Challenge: Account with both frequency and severity of losses
- Our Approach:
 - Secured engagement from carrier partners who previously could not consider affordable housing
 - Explored every available option
- Outcome:
 - Delivered a 32% rate reduction
 - Provided lower deductible options and higher limit options
 - Resulted in a highly satisfied insured



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CASUALTY MARKET INSIGHTS

MARKET OVERVIEW

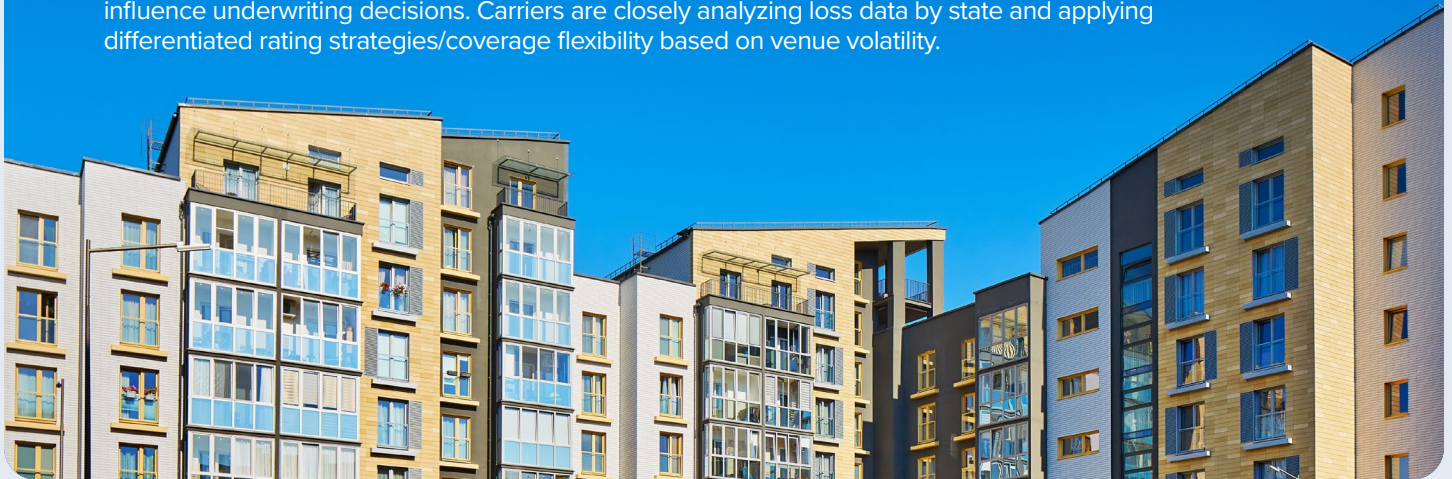
The real estate casualty marketplace remains complex as 2025 draws to a close. While the broader casualty sector has started to stabilize, this segment continues to experience underwriting restraint. Carriers remain focused on portfolio profitability amid rising claim costs and adverse legal verdicts.

That said, the overall tone has shifted from retrenchment to measured competition. Many carriers are starting to reach their desired rate adequacy and are now cautiously seeking growth, particularly in well-managed portfolios supported by strong wholesale partnerships and detailed submissions.

Capacity is available, but underwriting selectivity is sharper than ever. Carriers are rewarding insureds who demonstrate commitment to risk control, provide clear documentation, and engage in transparent marketing strategies that allow for meaningful underwriting dialogue.

KEY MARKET THEMES

- Heightened Scrutiny on Habitational Exposures – Underwriters remain wary of frequency-driven losses such as slips/falls, while assault & battery/firearm claims continue to drive severity. Well-documented maintenance procedures, tenant screening, and security improvements remain key differentiators.
- Tenant Mix Drives LRO Appetite – Tenant operations continue to make or break carrier participation. Restaurants, fitness users, and late-night occupancies often trigger capacity reductions, while low-hazard office and service tenants continue to see competitive terms.
- Property Management Liability in Focus – Carriers are closely reviewing the contractual relationships between property owners and managers. Overlapping insured structures and unclear risk transfer are leading to exclusions or, in some cases, coverage carve-backs if well clarified in the submission.
- Jurisdictional Impact – Litigation-heavy venues such as California, Texas, Georgia, and New York continue to influence underwriting decisions. Carriers are closely analyzing loss data by state and applying differentiated rating strategies/coverage flexibility based on venue volatility.



B&R APPROACH AND SOLUTIONS

Brown & Riding's Real Estate Casualty team continues to deliver consistent results through a disciplined, collaborative, and strategic approach. Our focus remains on advocacy through expertise, leveraging deep carrier relationships, in-house specialists, and technical placement strategy to drive better outcomes.

Our differentiators include:

- Holistic Marketing Strategy: Coordinated engagement across the entire practice to ensure consistent messaging and cohesive structure
- Portfolio Optimization: Consolidation of schedules to enhance underwriting leverage and streamline capacity allocation; not letting one or a few locations impact terms and pricing for the entire portfolio
- Retention and Coverage Alignment: Working with the retail broker, insured, and underwriter to support carrier confidence and minimize pricing volatility, all while keeping the risk within the insured's tolerance threshold
- Multi-Line Collaboration: Integrating specialty teams (pollution, property, MLPL) to ensure all exposures are addressed comprehensively

CASUALTY MARKET INSIGHTS (continued)

RECENT SUCCESS STORIES

Multi-State Mixed-Use Schedule

- Exposure: 15M sq ft commercial shopping centers with mixed-use and habitational exposure as well
- Challenge: Pricing was no longer tolerable for the insured. The insured already had a large SIR up from years past.
- Solution: Obtained GL and short lead from the same carrier and introduced new E&S participants into the next excess layers, improving total capacity and reducing overall premium without sacrificing coverages.
- Premium: GL – \$1.1M; Lead \$2M – \$365K; 3x2 – \$215K

LRO Schedule – Predominately Retail

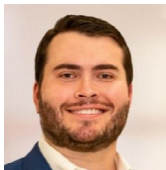
- Exposure: 2M sq ft (Harris County, Houston, TX)
- Challenge: Reduction in capacity and stricter terms offered by incumbent surrounding key coverages such as A&B, Firearms, and SAM
- Premium: GL – \$165K; Lead \$2M – \$75K; 3x2 – \$45K (A&B, Firearms, and SAM covered throughout the tower)

Habitational Schedule

- Exposure: 1,200 residential units with retail space underneath (Houston, TX)
- Challenge: A new opportunity to our retail broker competing against the incumbent. Retail broker secured primary terms but had trouble securing the Excess terms.
- Solution: Split Excess \$10M between two carriers that followed the underlying carrier's stance on A&B, SAM, and Firearms
- Premium: Lead \$5M – \$110K; 5x5 – \$55K

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PROFESSIONAL LIABILITY

In professional liability insurance, carriers are paying close attention to social inflation: the trend of lawsuits becoming larger, more frequent, and more expensive. For real estate professionals, this shift means tighter underwriting and greater scrutiny on every submission.

What's Driving Insurer Concerns

Carriers aren't tightening standards for no reason. They're reacting to noticeable shifts in litigation trends, jury behavior, and economic conditions that are reshaping how risk plays out.

High-Value Verdicts and the Costly Impact on Claims

Large jury awards are no longer limited to personal injury or product liability cases. That same upward trend has made its way into professional liability — including real estate E&O. What might once have been a small disclosure or listing error can now grow into a six- or seven-figure claim once attorney fees and damages are added in. According to Chubb, claim severity within the first \$1 million of coverage for the real estate and hospitality sectors has risen by 56% since 2016, underscoring just how significantly litigation costs have escalated.¹

PROFESSIONAL LIABILITY (continued)

Underpriced Risk and Tighter Margins

Some insurers are realizing their past pricing models didn't fully capture the longer claim timelines and higher defense costs that are now common. In response, they're examining submissions more closely, asking deeper questions, and adjusting pricing or coverage terms to reflect today's realities. Firms with thorough documentation, regular staff training, and consistent processes are better positioned to stand out and secure favorable terms.

The Evolving Legal and Social Landscape

Today's legal environment makes it easier and more appealing to bring claims. Third-party litigation funding, aggressive advertising by plaintiff firms, and widespread social media exposure have all fueled public sympathy for claimants. Courts are also broadening what qualifies as negligence or a breach of fiduciary duty. For real estate professionals, even something small like a missed inspection issue or unclear comment in a listing can now escalate into a costly dispute.

Long-Term Exposure

Professional liability exposures don't end when a deal closes; claims can arise years later, sometimes under very different legal or market conditions. That's why insurers place such importance on how firms handle documentation, client communication, and disclosures from the start. A clear, well-documented record remains the best defense when old transactions come back under review.

Real Estate Services Under the Microscope

Underwriters are taking a closer look at this sector than ever before. Higher deductibles, reduced limits, and narrower terms are becoming more common, especially in states known for active litigation. Even firms with clean records are being asked to show how they handle risk, from disclosures and training to client communication and internal oversight.



What This Means for Real Estate Professionals

So, what does all this mean for brokers, agents, appraisers, and property managers? Insurers are looking not just at what you do, but how you do it. A clean loss history and strong operational practices carry more weight than ever.

Good documentation, clear communication, and consistent risk management are more than best practices; they directly influence coverage, pricing, and renewal outcomes. Firms that can demonstrate these strengths tend to earn stronger carrier relationships and long-term stability.

What It All Means

The professional liability environment for real estate services isn't unstable, but it's evolving. Social inflation, rising verdicts, and a more assertive litigation culture have changed how underwriters view risk. The good news: insurers still want to partner with firms that manage it well. Real estate professionals who maintain organized records, transparent communication, and proactive risk management will continue to stand out and secure the best terms available in a changing market.

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Citations:

1. *From Emerging Risks to Escalating Claims: Understanding Liability Trends in the Real Estate and Hospitality Industry*, Chubb, May 2024

SEXUAL ABUSE AND MOLESTATION

The insurance industry has seen an increased contractual demand for Sexual Abuse and Molestation Liability within the real estate sector. Specific to building owners (with no direct contact with occupants), there is a growing requirement to secure this coverage. As public awareness and legal scrutiny surrounding abuse and molestation claims have intensified, both insurers and lenders have responded by enforcing risk management protocols in coverage policies and loan agreements. Many commercial property lenders now require borrowers to secure specialized abuse and molestation liability insurance as part of the financing conditions when the property is leased. Limits may range from \$1M to \$4M.

This trend highlights a broader shift in the industry toward proactive risk mitigation and contractual accountability to address the increasing financial, reputational, and legal risks associated with abuse-related claims. As a result, real estate investors, brokers, insurers, and legal counsel must collaborate more closely to ensure that both insurance coverage and loan documentation meet regulatory requirements and adequately address the intent of the coverage and the associated risks.

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THE BROWN & RIDING DIFFERENCE IN TODAY'S MARKET

Today's market demands more than transactional placement. It requires a strategic partner who can adapt, anticipate, and advocate. At Brown & Riding, our differentiators are rooted in that philosophy. We combine specialty expertise with disciplined execution to help our retail partners navigate shifting conditions, strengthen submissions, and secure the most competitive, comprehensive protection available. Below is a closer look at how we deliver that value across every stage of the process.

Coverage Tailored to Your Operations

We work with multiple carriers specializing in real estate, allowing us to match the insured's specific operations with the most appropriate coverage forms and endorsements. Our team continuously monitors the marketplace for new or enhanced coverage extensions introduced by carriers, ensuring our clients stay informed and benefit from the latest protections available. This proactive approach helps us close potential coverage gaps and ensure you're protected where you're most exposed.

Stronger Submissions for Better Terms

Our team will work with our retailers to obtain thorough submissions that stand out to underwriters. This approach not only improves the likelihood of favorable pricing and terms but also builds credibility with insurers that value disciplined, transparent risk management practices.

Ongoing Support and Claims Advocacy

When a claim or concern arises, we're here to guide and advocate for you. We help facilitate communication with carriers, provide clarity throughout the process, and ensure you have the support needed to achieve the best possible outcome.

Staying Ahead of Market Shifts

We monitor industry trends, verdict data, and carrier appetite to anticipate changes before they affect our clients. By staying proactive, we help you adjust coverage strategies early, rather than reacting to higher premiums or tighter terms later.

CONCLUSION

Brown & Riding's Real Estate Practice was built to help retailers navigate the market with clarity. Our specialty teams remain closely aligned, monitoring market trends and working collaboratively to support stronger submissions, better communication with carriers, and more stable outcomes for insureds.

If you would like to learn more about any of the trends discussed here or explore how our team can support specific placements or upcoming renewals, we welcome the opportunity to connect and continue the conversation. For more information, visit our [Real Estate Practice](#) page.

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