REAL ESTATE MARKET UPDATE

SUMMER/FALL 2026

INTRODUCTION

As we move through the second half of 2026, the real estate insurance market is creating opportunities we have not seen in several years. Property continues to soften with increased capacity and aggressive competition, while casualty remains more nuanced and professional liability is generally stable.

For real estate owners, operators, and developers, this is a market that rewards strategy rather than simply chasing the lowest price. Now, while favorable conditions exist, is the time to evaluate program structure, strengthen coverage, and build sustainable carrier and retail relationships.

In this market update, our real estate specialists share what we are seeing across property, casualty, and professional liability and how we are helping our retail partners capitalize on today's market while preparing insureds for what comes next.

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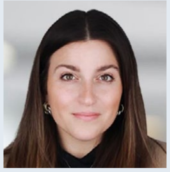

JulieAnne Lally
Principal, Senior Vice President, Real Estate Practice Leader
direct: 713.715.4988 | mobile: 281.908.8719
jlally@brcins.com

QUICK LINKS

PROPERTY

The 2026 property market has softened at a historic level, leading to rates not seen since pre-2020. There are currently broader terms attainable, more capacity available, and all at lower costs than we have seen in nearly a decade. MGAs and carriers competing at unprecedented levels are the driver across the marketplace.

Insureds have continued to see substantial savings due to market competition, while carriers begin analyzing profitability over the long run. Industry giants have recently come out in publications stating they will no longer chase the market down because these accounts are being priced too thinly. However, they continue to compete as they race to maintain market share.

MARKET OBSERVATIONS

- Rates across the E&S property market are down 15–30% on average, with some accounts realizing 40–50%+ due to competition.
- Standard markets are holding the line on terms, deductibles, and rates while E&S carriers continue to chase new business and compete on standard market placements.
- A lack of significant CAT events has led to an abundance of reinsurance capacity being available to MGAs and carriers, aiding in the continued softening of the market throughout 2026.
- Shared and layered programs are consistently oversubscribed by 50–100%, driving rates down beyond technical pricing for carriers in many instances.
- The key threat to the continued softening is a major CAT event which could quickly slow or reverse the current rate environment. Without a large CAT event, possibly even multiple events, the market softening could continue into 2027.

PROPERTY (continued)

KEYS TO WINNING IN A SOFT MARKET

- **Timing of Renewal:** Market early while capacity remains abundant and avoid waiting if a CAT risk or poor loss quarter by carriers shifts the market.
- **Carrier Sustainability:** Confirm whether quoted pricing is sustainable or simply market-share driven. Is it worth switching from a long-term partner for nominal savings?
- **Coverage Quality:** Do not trade away key coverage, sublimits, occurrence wording, or blanket valuation purely for rate savings. Secure the coverage now so that you have bargaining chips when the market inevitably shifts.
- **Valuation Discipline:** Maintain credible replacement cost values and business interruption worksheets. Underreported values will create issues when the market hardens.
- **Claims Execution:** Review claims handling capability, adjuster access, payment history, and wording clarity before moving capacity.

RECENT SUCCESS STORY

$350M Mixed-Use Property Schedule

- **Exposures:** The client's $350M schedule spanned apartments, manufactured housing, and industrial warehousing, with 15% of locations fully vacant.
- **Challenge:** The schedule was placed across four retail brokers with 18 separate renewal dates for the property placements alone. As the insured grew rapidly through acquisitions, insurance had become a bottleneck in deal execution rather than a support to it. Standard markets were unwilling to accept the vacant apartment and manufactured housing locations, and multiple lenders and equity partners layered on inconsistent insurance requirements location by location.
- **Strategy:** The retailer placed the 43% of TIV that standard markets would accept directly, while B&R pursued a master placement for the full schedule while also layering in California earthquake coverage for 57% of TIV and deductible buydowns to meet Florida lender requirements.
- **Solution:** Competition among E&S markets intensified as they recognized the value of the account's diversification. The resulting master shared/layered program delivered full limits at 37% below prior spend, broader coverage under a single effective date, flexibility to add future acquisitions, and greater efficiency than running parallel standard and E&S programs.

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Daniel Filbey
Principal, Senior Vice President, Broker
direct: 213.593.3455 | mobile: 317.201.7508
dfilbey@brcins.com

CASUALTY

The 2025 casualty real estate market saw increased rates, reduced capacity, and coverage reductions. As we approach fall 2026, we have seen a stabilization in primary rates with both the standard and excess & surplus lines marketplaces. While primary liability rates have settled, nuclear verdicts continue to cause stress within the excess marketplace, resulting in increased pricing and reduced lead excess capacity. While many states saw significant tort reform in 2025 and others have introduced tort reform legislation in 2026, we have not seen these reforms impact the overall claim activity and loss costs. This is particularly prevalent in certain geographic venues and segments such as affordable housing and student housing.

KEY OBSERVATIONS

- Insurers are beginning to soften their stance and provide coverage givebacks for assault & battery, abuse & molestation, and firearms. This trend isn't affecting all insurance carriers, as many still have restrictive coverage such as habitability and human trafficking exclusions, particularly in tough venues and classes.
- Consolidated portfolios continue to create opportunities with a wider carrier pool and increased premium thresholds, resulting in increased market competition and producing broader terms and conditions.
- Geographical location, crime score, and affordable housing units continue to plague portfolios with increased rates and overall carrier consideration.
- Shared umbrella programs continue to offer the most competitive umbrella pricing if the account qualifies.

B&R SOLUTIONS

- **Open Market Approach:** Focusing on the open brokerage markets and avoiding contract programs generates fair market competition for the insured to drive rates down and broaden terms without the pressures of premium quotas or brokerage contingencies.
- **Creativity:** Utilizing specialized real estate brokers produces creativity in the marketplace to meet clients' objectives and lender requirements through a comprehensive marketing strategy that includes specialized liability wrap-around coverages to complement the commercial general liability policy and meet Fannie Mae/Freddie Mac requirements. These coverages give back for assault & battery, sexual assault & molestation, habitability, firearms, and animals.
- **Collaboration with Retail Partners:** Often, our clients have large portfolios in the standard market with a few locations that threaten the ability for the entire portfolio to stay in the program, due to increased loss activity, unfavorable venues, and many other factors. We work closely with our retail partners to find a solution to pull the locations out of the master programs, allowing the rest of the portfolio to take advantage of the benefits available in the standard markets.

RECENT SUCCESS STORY

MASTER REAL ESTATE PORTFOLIO

- **Coverage:** Primary GL, Lead 2M, 15M x 2M, 10M x 17M, 10M x 27M, 10M x 37M, 10M x 47M
- **Exposure:** 2K+ units, 2K+ acres of vacant land, 6M+ square feet of LRO
- **Geographic Location:** California
- **Premium:** $2,300,000
- **Opportunity:** B&R took this account over in 2025 via BOR. B&R worked closely with the client over the next two years to update and expand the statements of value, replace the primary carrier, and establish a long-term relationship with greater flexibility. B&R performed a full marketing effort and qualification of the program, and with guidance from both the insured and retail partner, the excess tower remained intact and solidified long-term relationships on the account.

CASUALTY (continued)

RECENT SUCCESS STORY

HOTEL PORTFOLIO

- **Coverage:** Primary General Liability
- **Exposure:** 15 locations, 1,500+ rooms, $50M+ sales
- **Geographical Location:** Multi-state portfolio in the Southeast
- **Premium:** $395,000
- **Opportunity:** B&R was able to consolidate a hotel portfolio for an owner/operator consisting of 15 locations across three states in the Southeast with broad terms into a shared program. The retail broker was able to utilize an umbrella program and consolidate the property into a master program as well, eliminating 15 separate insurance programs and effective dates, resulting in premium savings and a streamlined insurance cycle for the insured.

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Travis Tarrant
Assistant Vice President, Broker
direct: 678.258.1793 | mobile: 678.725.1268
ttarrant@brcins.com

PROFESSIONAL LIABILITY

The real estate professional liability market remains generally stable, with ample capacity and healthy competition among insurers for well-managed risks. While most insureds continue to benefit from flat to modest rate movement, underwriters remain focused on claim trends involving fair housing allegations, tenant disputes, property valuation issues, and professional services tied to increasingly complex real estate transactions.

Accounts with strong risk management controls, documented procedures, positive financial performance, and favorable loss histories are seeing the most advantageous renewal outcomes. Conversely, carriers continue to scrutinize firms with discrimination allegations, property management claims, or significant transactional exposure.

UNDERWRITING FOCUS AREAS

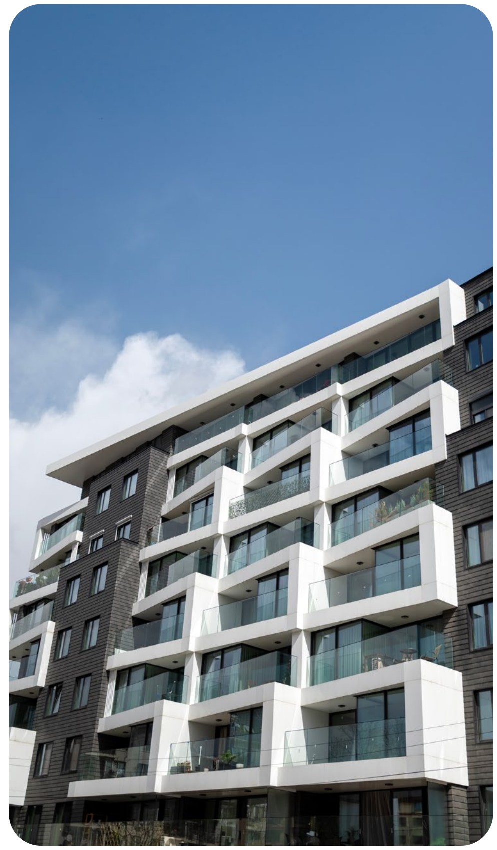
Real estate professional liability underwriters continue to place significant emphasis on operational controls and compliance procedures. Key areas of concern include:

- Fair Housing Act and discrimination allegations
- Property management operations and tenant relations
- Leasing and occupancy disputes
- Errors in property valuations, appraisals, or market analyses
- Failure to disclose material property conditions
- Documentation and record retention practices
- Oversight of third-party vendors and contractors
- Multi-state operations with varying regulatory requirements

Underwriters increasingly seek evidence of formal training programs, standardized documentation procedures, and quality-control measures designed to reduce allegations of professional negligence.

PROFESSIONAL LIABILITY (continued)

PROPERTY MANAGEMENT REMAINS A KEY DRIVER



Property management exposures continue to generate a disproportionate share of professional liability claims. Claims often arise from allegations involving:

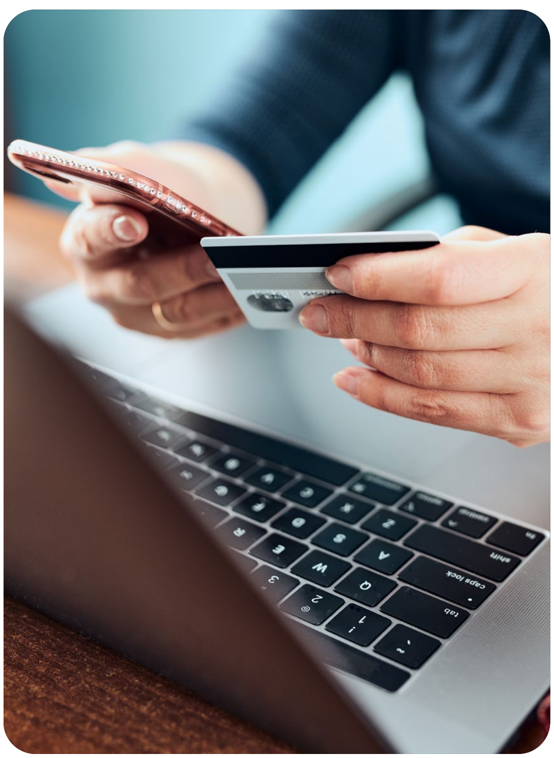
- Mishandling of tenant deposits
- Fair housing violations
- Failure to maintain properties
- Lease administration errors
- Improper screening procedures
- Negligent hiring or supervision of property personnel

Social Inflation and Claim Severity

While claim frequency remains relatively stable, claim severity continues to trend upward. Defense costs associated with professional liability allegations have increased substantially, particularly when claims involve:

- Class-action litigation
- Fair housing and discrimination allegations
- Americans with Disabilities Act (ADA) accessibility disputes
- Wrongful eviction claims
- Regulatory investigations

Even claims lacking merit can result in substantial legal expenses, reinforcing the importance of broad defense coverage and adequate limits selection.



Technology and AI Considerations

The adoption of AI-powered leasing, screening, valuation, and property management tools is creating new areas of underwriting scrutiny. Carriers are evaluating how firms utilize automated technologies for:

- Tenant screening
- Property valuation models
- Leasing decisions
- Customer communications
- Maintenance management

Insurers increasingly expect firms to maintain human oversight of automated decision-making processes, particularly where fair housing or discrimination concerns may arise.

Cyber and Professional Liability Convergence

Cyber and professional liability exposures continue to become more interconnected within the real estate sector. Property managers and real estate firms routinely maintain sensitive personal and financial information, making them attractive targets for cybercriminals. In addition, social engineering and cybercrime claims continue to be routinely filed within the real estate sector, in part due to the volume of financial transactions.

Market Outlook

The real estate executive risk outlook remains favorable overall, particularly for insureds demonstrating strong compliance cultures, documented procedures, positive financial performance, and proactive risk management. Capacity remains available, and most marketplace participants expect stable conditions through the remainder of 2026.

PROFESSIONAL LIABILITY (continued)

BROWN & RIDING VALUE CREATION AND WINS

- **Multi-Operational Resort and Hotel:** Consolidated multiple management liability policies into one management liability program.
- **Non-renewal of HOA:** Incumbent carrier non-renewed the HOA's D&O policy due to claims activity. We replaced coverage with an alternate carrier.
- **Commercial Real Estate Developer:** Placed a real estate developer's professional policy for a first-time buyer.
- **Real Estate Private Equity Fund:** Inherited a management liability policy and rewrote the account on a proper asset managers/private equity fund policy form.
- **Real Estate Brokerage and Services Firm:** Facilitated the insured through the sale of their firm and placement of the go-forward program.

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Wes Benefield
Principal, Senior Vice President, National Professional Liability Practice Leader
direct: 972.777.9284 | mobile: 682.220.2720
wbenefield@brcins.com

LEARN MORE

Brown & Riding's Real Estate Practice was designed 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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