

Real Estate Trends to Watch in 2025

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The real estate industry plays an integral role in providing individuals with comfortable places to live and equipping businesses with adequate spaces to conduct their operations. Recent years have seen considerable growth across the sector; however, with growth comes risks. As such, real estate businesses should remain vigilant in monitoring the industry's emerging trends in 2025 and adjust their risk management practices accordingly.



Natural Disasters Exposures

Natural disasters have surged in the last few decades, leaving the real estate industry with elevated weather exposures. Coastal properties are particularly vulnerable to these exposures. Due to their proximity to the ocean, these properties are susceptible to damage from saltwater corrosion, erosion, and storm surges, especially during hurricanes. Additionally, wildfire-prone areas are more likely to face widespread property losses, as evidenced by the recent California wildfires. Altogether, natural disasters have caused major destruction among residential and commercial structures, driving down the value of properties in disaster-prone areas and making it difficult for real estate businesses to lease and sell them.

Technological Innovations

The real estate industry is increasingly embracing technology, namely artificial intelligence (AI) and the Internet of Things (IoT). AI tools can automate certain tasks and workflows, such as reviewing lease documents and screening potential tenants. Meanwhile, IoT technology is transforming property management processes by using sensors to collect timely information on various building components. This allows for early detection of problems and prompt action to prevent costly property damage. As this technology advances, real estate companies should stay on top of the latest innovations and consider incorporating these solutions. Failure to do so could cause them to fall short among their competitors.

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Cybersecurity Concerns

As real estate businesses leverage technology, they could face additional cybersecurity threats. IoT sensors, smart building features and cloud-based systems could be particularly prone to data breaches and other types of cyberattacks, especially without adequate safeguards in place. One of the most prevalent cybersecurity threats facing the real estate sector is ransomware. According to a recent report from Coalition, ransomware incidents generate an average of \$353,000 in total losses per attack.

Insurance Market Volatility

Rising claim frequency and severity have generated hardened conditions across the general liability and commercial property insurance segments in the last few years. As insurers adjust their risk appetites, many real estate companies have become subject to stricter underwriting requirements and reduced coverage limits. In high-risk locations, insurers may exit the market altogether, posing underinsurance concerns for impacted real estate businesses.

Going Forward

Various trends are impacting the real estate sector this year, emphasizing the importance of staying adaptive. By tracking these developments and addressing their exposures, real estate businesses can maintain operational success. Contact us for more industry updates and risk management guidance.

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