

Florida Property Insurance Trends Every Multifamily Investor Should Know

A Look at the Numbers Behind the Headlines

SEPTEMBER 2026



Florida's insurance market is being described as turning a corner. Rate cuts from the state's insurer of last resort, falling litigation filings, and a wave of headlines calling 2026 the year Florida insurance finally softened. All of it is true, but almost none of it describes what a multifamily operator is looking at on a renewal notice.

The headline numbers are homeowners data. The reality for apartment owners is a separate market, moving on a different timeline, with its own drivers. Understanding the difference is what separates an underwriting model that holds up from one that gets surprised at year two.

What The News Is Measuring

The Florida homeowners insurance story is genuinely improving. State regulators approved an average 8.7% rate reduction for Citizens Property Insurance policyholders in 2026, the first such cut since 2015, with more than 330,000 policyholders across all 67 counties receiving decreases. Citizens has also shrunk dramatically as private carriers absorb its book, dropping from roughly 1.42 million policies in October 2023 to approximately 395,000 by January 2026, the lowest level since 2012.

That improvement traces back to the 2022 and 2023 legal reforms (Senate Bill 2-A and House Bill 837), which eliminated one-way attorney fees and restricted assignment-of-benefits abuse. Those changes have driven insurance litigation filings down more than 35% on a cumulative basis.

Reinsurance costs, the single biggest input into what carriers charge, have followed a similar path: risk-adjusted reinsurance costs fell 1.70% in 2024 versus 2023 and another 0.46% in 2025 versus 2024, following a sharp run-up from 2022 to 2023.

However, that is a single-family story built on single-family policy data, and it does not transfer cleanly to an apartment community.

What Changed, And What Did Not

Reform brought reinsurance costs down from a crisis peak. It did not bring them down to pre-crisis levels, and it did not touch the underlying exposure that makes Florida expensive to insure in the first place:

- Hurricane risk
- High rebuild costs
- Construction labor and material pricing that has moved permanently higher

The commercial habitational segment, the insurance industry's term for apartment and multifamily coverage, remains one of the hardest lines in commercial property insurance heading into 2027. Water claims dominate frequency, reinsurance treaties tightened again at January renewals, and carriers have continued pushing older frame properties out of the admitted market and into surplus lines. Citizens itself is barred from writing new commercial-residential multiperil policies, limited to wind-only or wind-excluded coverage for new business, which pushes more of that risk toward the private and surplus markets.

Some relief is showing up. Multifamily property premiums are now coming in flat to modestly down for well-performing, lower-risk properties, even as liability coverage keeps climbing and deductibles stay elevated. That is a meaningfully different picture than "the Florida insurance crisis is over."

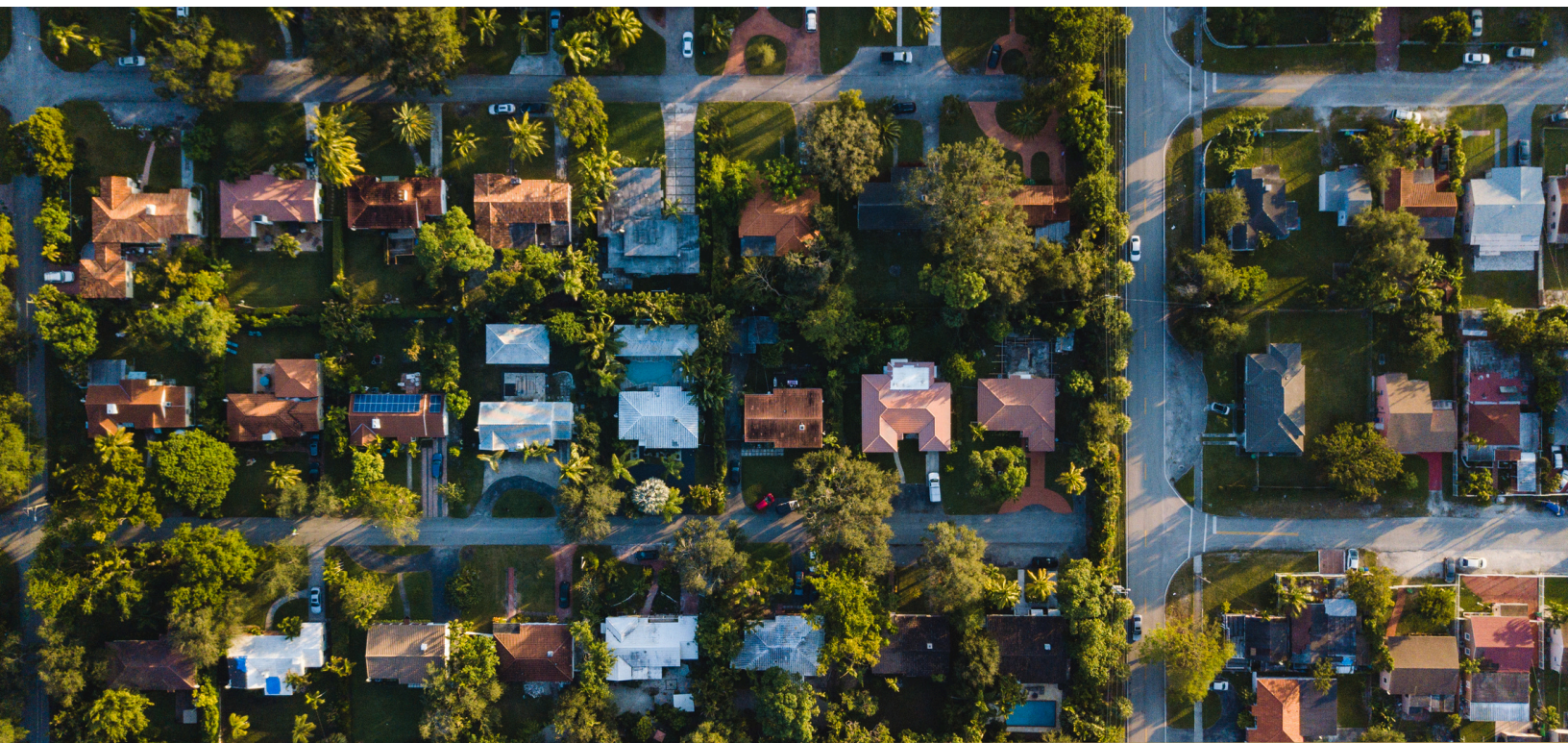
Why Multifamily Feels This Differently Than a Single-Family Home —

The dollar figures make the gap concrete. Well-maintained suburban apartment properties in non-catastrophe states are running \$300 to \$600 per unit annually in 2026. Older frame construction, coastal Florida exposure, and less favorable claims histories push that to \$900 to \$2,500 or more per unit.

Multifamily premiums surged an average of 45% year-over-year in 2024 alone, driven by construction cost inflation, catastrophic weather losses, rising reinsurance costs, and increasing liability claim severity.

The more revealing number comes from a Federal Reserve staff note published in September 2025. The industry has historically modeled insurance at roughly 8% of total operating expenses. Current analysis puts the real figure at 15-17%. That represents a structural shift in what it costs to run an apartment community, and it explains why so many buyers underwriting deals on a 2019 or 2021 expense baseline are working from the wrong floor.

The National Multifamily Housing Council's own risk survey work points to the same conclusion: insurance and liability costs rank among the top ongoing threats to NOI predictability across the industry, not a temporary post-storm spike working its way out of the system.





Geography Still Sets the Baseline

Storm track and landfall history remain among the largest drivers of what a Florida property pays to insure. Northeast Florida's coastal geography carries real weight, and the litigation-driven claims history that inflated South Florida rates for years never touched Northeast Florida in the same way.

That pattern is visible even at the residential level, where Jacksonville-area coverage regularly prices at a fraction of Miami-Dade or Broward equivalents for comparable coverage. It is directionally the same dynamic that shapes commercial exposure across Northeast Florida.

This is why it is important to underwrite insurance costs with real numbers specific to the county and the asset, rather than importing a South Florida assumption into a Duval or St. Johns County deal.

How We Underwrite Around It

We do not treat the insurance line as a fixed input to plug in from last year's number. We build it fresh at acquisition using current quotes and forward-looking assumptions, not trailing twelve-month figures that may already be stale by the time a deal closes.

We also build in breathing room. A wider insurance cushion at acquisition costs a basis point or two of projected return on paper. It costs far more to discover at year two that the number was wrong and the deal no longer covers debt service the way it did in the model.

That is what basis protection means in practice: not just buying at a discount to replacement cost, but underwriting the full cost structure conservatively enough that a hard insurance market does not undo the thesis.



None of this changes our conviction on Northeast Florida. Jacksonville is not completely immune to hurricanes, but its geography has historically kept it shielded from direct hits: the coastline curves inward here, prevailing winds tend to turn Atlantic storms north and northeast before they reach shore, and systems crossing the Gulf typically weaken before arrival. Hurricane Dora in 1964 remains the only hurricane on record to make a direct landfall on Jacksonville. The real exposure comes from water rather than wind, storm surge and river flooding along the St. Johns, as Hurricane Irma showed in 2017. Flood zone and elevation are the risk factors we weigh most heavily in underwriting, and that discipline is what keeps insurance treated as a real variable in every acquisition we consider.

What to Ask When Evaluating a Sponsor

For an investor evaluating a multifamily sponsor, insurance underwriting is a legitimate diligence question, not a technical footnote to skip past. A useful question for any operator: is the insurance line in the pro forma built from a current quote, or carried forward from a prior year's expense schedule? The gap between those two answers can be the difference between a deal that performs as modeled and one that does not.

Also ask whether the sponsor's markets carry structural exposure or structural advantage. A property ten miles inland in a lower-litigation county starts from a fundamentally different cost base than a comparable asset on the coast, and that difference should show up in how the underwriting model treats risk, not just in where the marketing materials point.

Is the insurance line in the pro forma built from a current quote, or carried forward from a prior year's expense schedule?



The Bottom Line

Florida's insurance market looks stable at the regulatory level, with rate cuts and shrinking litigation. At the property level, where multifamily operators actually underwrite and renew coverage, the picture is still complex.

The operators who come out ahead over the next several years will not be the ones hoping insurance costs revert to where they were. They will be the ones who priced today's numbers in from the start, built the cushion the model actually needs, and let that discipline show up in performance rather than in a surprise at renewal.



Interested in connecting with us?



CONTACT

Tony Raimondo

Co-Founder & CEO

tony@southernedgecapital.com

(917) 658-7912

www.southernedgecapital.com

Southern Edge Capital acquires and repositions multifamily communities in high growth Southeast markets, creating value through a vertically integrated platform driven by operational execution rather than market appreciation.

DATA SOURCES

Florida Office of Insurance Regulation, Market Stability Reporting, January 2026 | | Citizens Property Insurance Corporation, press release, December 2025, and policyholder data, June 2026 | | Florida Statute 627.351(6) | | Federal Reserve staff note on multifamily insurance expense, September 2025 | | National Multifamily Housing Council, State of Multifamily Risk Survey, 2024 | | Latent Insurance, "Apartment Building Insurance: 2026 Owner & Investor Guide" | | E360 Insurance, "Commercial Apartment Insurance Cost Guide," 2026 | | Multifamily.loans, Multifamily Insurance Market Update, May 2026 | | GoldenTrust Insurance, Florida Home Insurance Rate Analysis, 2026 | | Own Luxury Homes, Florida Property Insurance Cost by County, 2026

This article is intended for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any security. Investing in real estate involves significant risk, including the potential loss of principal. Past performance is not indicative of future results. All projections and forward-looking statements are based on current market data and assumptions that may change. Prospective investors should conduct their own due diligence and consult with qualified financial, legal, and tax advisors before making any investment decision.

Copyright © 2026 Southern Edge Capital. All rights reserved.