

PROPERTY INSURANCE SURVEY RESULTS

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FEDERAL RESERVE BANK
OF MINNEAPOLIS



DISCLAIMER

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.



THANK YOU!

THANK YOU TO OUR RESPONDENTS:

We received responses from 35 owners and operators of multifamily rental housing across our Ninth District (including Minnesota, Montana, North Dakota, South Dakota). Today's numbers reflect responses from the 26 respondents with housing in Minnesota.

THANK YOU TO THOSE WHO SHARED OUR SURVEY:

- HousingLink
- Metropolitan Consortium of Community Developers
- Minnesota Multi-Housing Association
- Montana Housing
- Twin Cities Housing Alliance
- And a student team from the Humphrey School of Public Affairs



MINNESOTA ANECDOTES MOTIVATED US TO FIND OUT MORE

We talked with an array of multifamily property owners—large and small, for-profit and nonprofit, market-rate and affordable—and heard similar stories over and over:

- Property owners are seeing dramatic increases in their property insurance costs
- Owners we spoke with are paying notably more than they used to for coverage that will leave them more financially exposed should they need to use it



ARTICLE

Talking “toilets, taxes, and tenants”: Challenges mount for apartment owners in Twin Cities area



ARTICLE

In Greater Minnesota, apartment owners’ operating costs rise as small cities “scream for more housing”

WHO WE HEARD FROM IN FALL 2024

- The 26 multifamily housing owners & operators with units in Minnesota who responded own and operate:
 - ~35,000 total units
 - Most operate Class C, naturally-occurring affordable housing (NOAH), and/or income-restricted affordable properties
- Results are a snapshot
 - Convenience sample
 - Interpret results cautiously

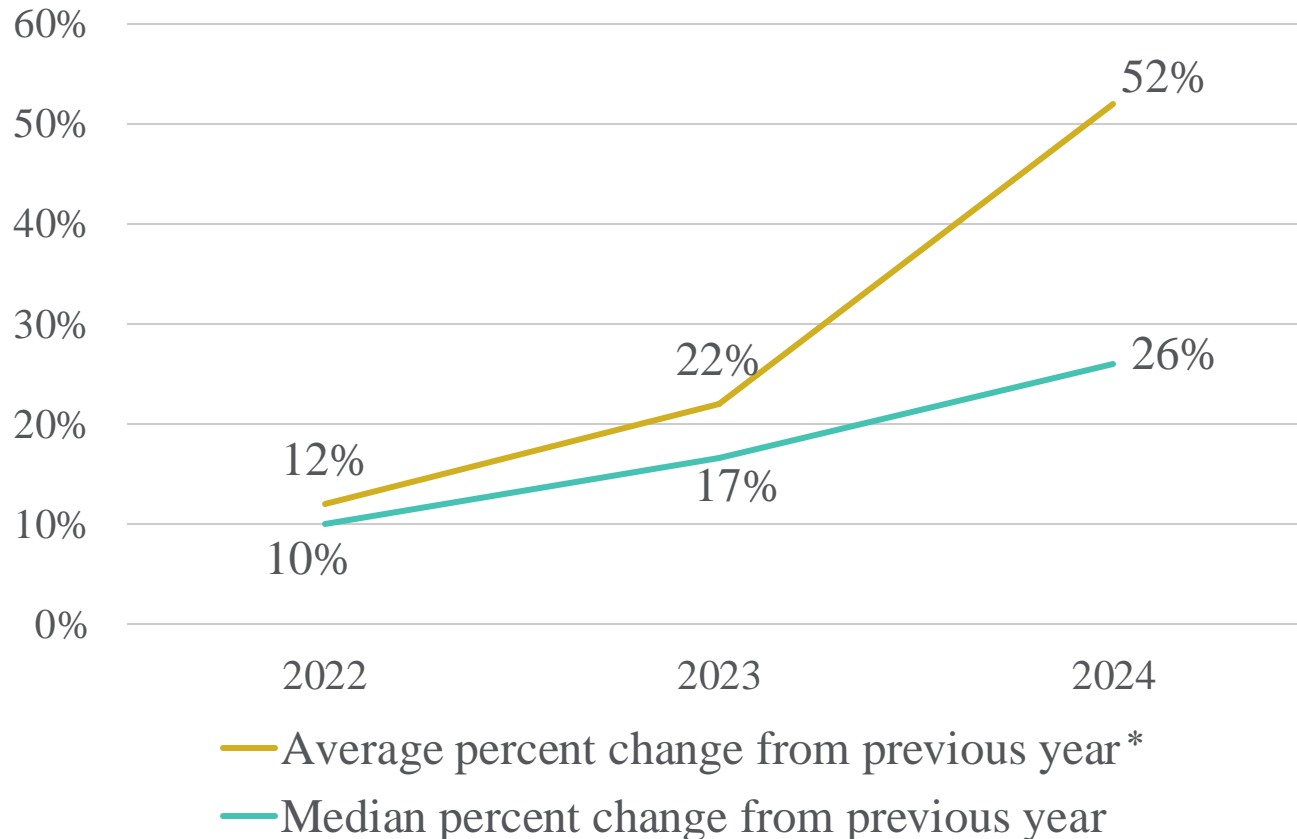


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PREMIUMS CONSISTENTLY INCREASED FROM 2022-2024

Changes in Property Insurance Premiums YoY



*Averages calculated across all 26 survey respondents

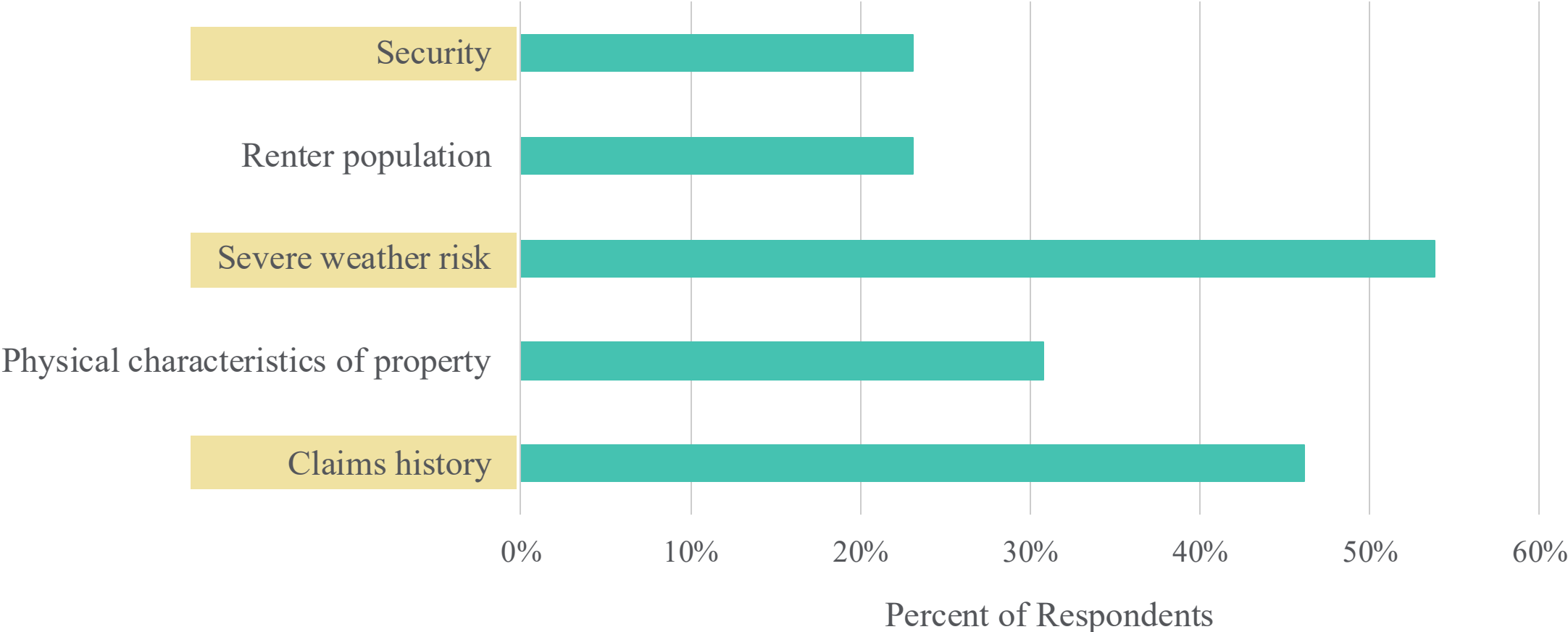
“We estimate that over 50% of our overall operating expense inflation since 2020 can be explained by property insurance premium increases, where property insurance increased from 6% of our total operating expenses in 2020 to a forecasted 14% in 2024.”

-- SURVEY RESPONDENT



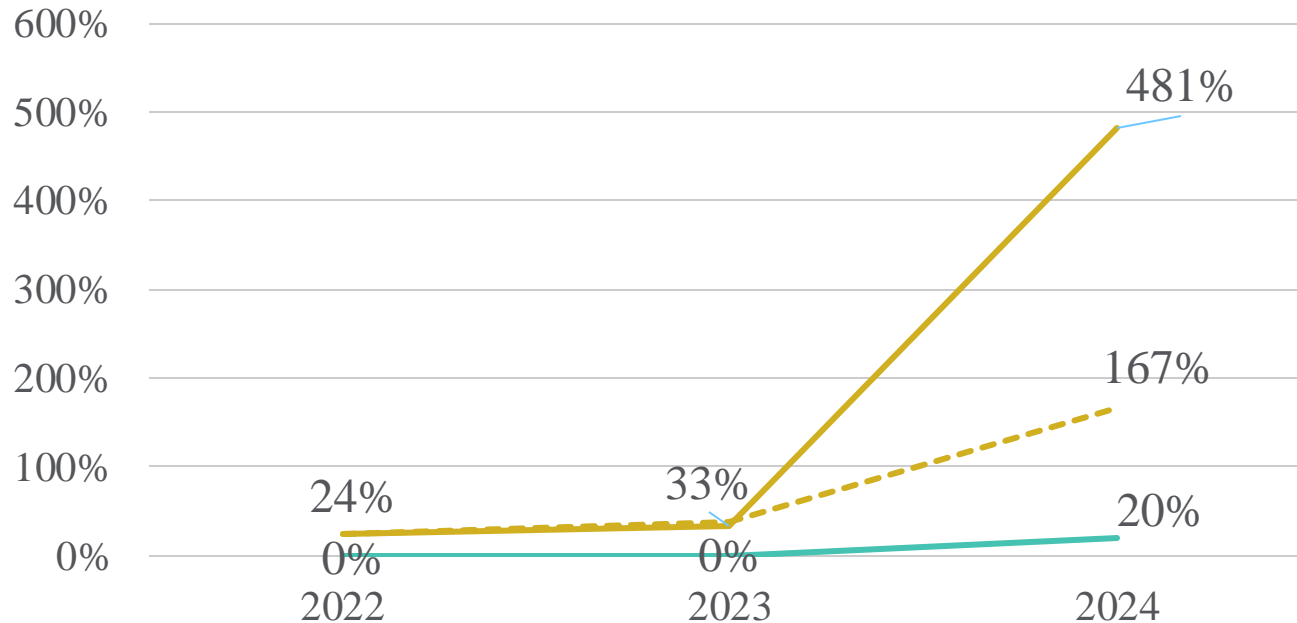
ACCORDING TO OWNERS, INSURERS AIM TO LOWER RISK

Insurer Explanations for Premium Increases to Housing Owners and Operators



DEDUCTIBLES SHARPLY INCREASED IN 2023-2024

Changes in Property Insurance Deductibles YoY



- Average percent change from previous year *
- - Average percent change from previous year (wo/outlier)
- Median percent change from previous year

*Averages calculated across all 26 survey respondents

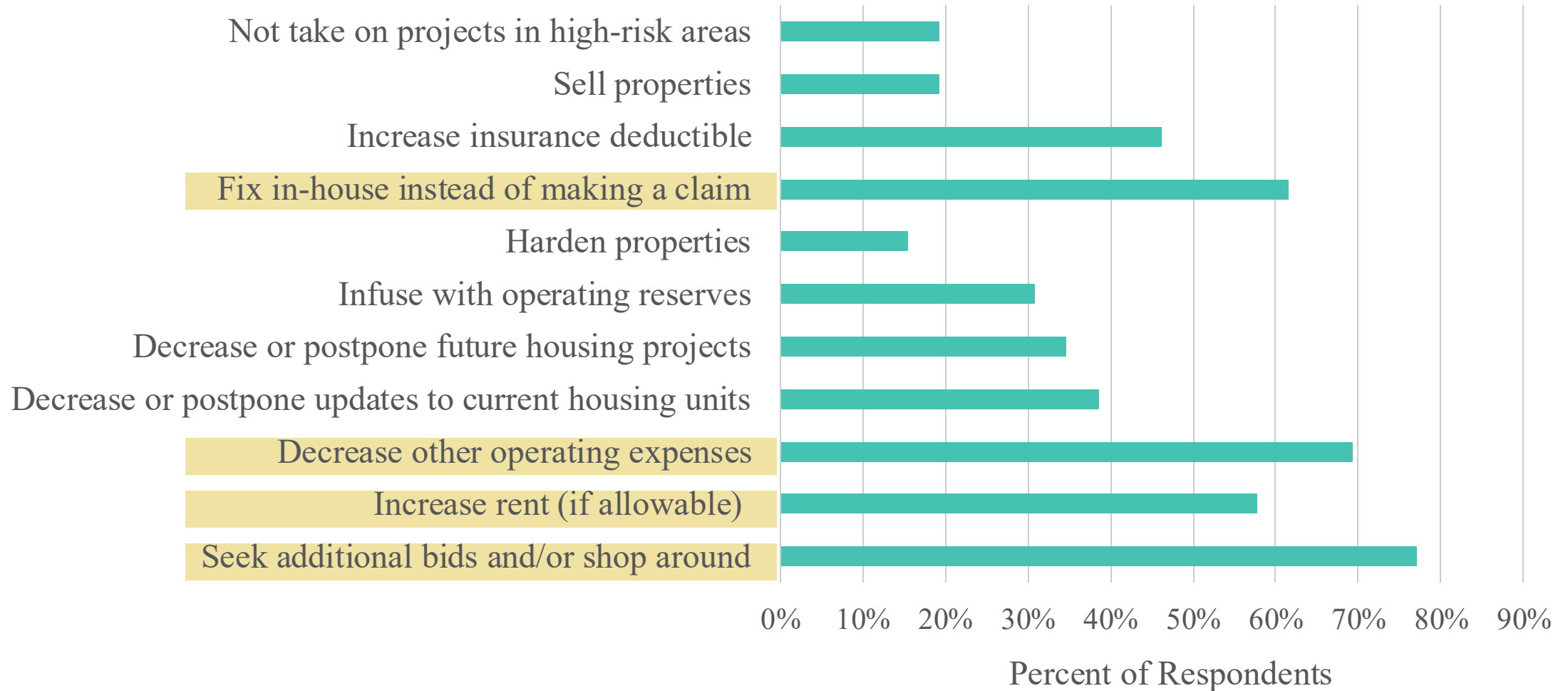
“We are being forced to take on deductible limits that [are] far too large for our small rural properties and most of [the] portfolios like ours are just one claim away from significant financial stress.”

-- SURVEY RESPONDENT



OWNERS / OPERATORS RESPOND

Strategies to Mitigate Insurance Costs



INSURANCE COSTS AFFECT HOUSING AFFORDABILITY

“If property insurance continues to increase at its current pace, operators will have less financial incentive to build and maintain affordable housing.”

-- SURVEY RESPONDENT



Cara Ewing/Minneapolis Fed; Getty Images



THANK YOU!

For more information:

minneapolisfed.org/article/2025/rising-property-insurance-costs-stress-multifamily-housing

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