

From Apartments to Data Centers: What's Shaping Construction Insurance

The U.S. construction market remains a cornerstone of economic activity, but it faces heightened challenges amid rising costs, evolving risk profiles, and regional disparities. Carriers continue to tighten underwriting standards, particularly for sectors tied to habitational and for-sale risks within high-hazard geographies. At the same time, opportunities abound in areas such as data centers, energy redevelopment, and population-driven growth corridors like Texas and Florida.

CRC Specialty is uniquely positioned to guide clients through this complexity, leveraging deep expertise, long-standing carrier relationships, and innovative solutions to drive results across the construction spectrum.

APARTMENTS + MULTIFAMILY HOUSING



TRENDS

The demand for multifamily housing remains strong, driven by urbanization and affordability challenges in the single-family home market. New apartment construction in the U.S. is making a strong showing in 2025, with roughly 506,353 units projected to be completed nationwide by year's end. Although that figure falls short of 2024's record-setting pace, it still surpasses the yearly averages seen since 2015.

Over half of the new apartment construction is taking place in the South, with Texas hotspots such as Dallas, Austin, and Houston driving much of the regional boom. At the metro level, repurposing of New York offices and the continued expansion of units within the boroughs once again led NY to claim the top spot for apartment deliveries, narrowly surpassing Dallas by just over 1,000 units. Meanwhile, Naples, Florida, has seen its apartment completions nearly quadruple in just a single year.¹



INSURANCE MARKET IMPACT

Multi-family construction rates have stabilized in all venues, even extending to frame construction. For the traditional frame apartment, risk of arson or fire still remains high in many urban areas, and risk for eventual water damage continues to keep some markets at bay. That said, capacity and interest remain high. Rates are expected to remain stable to potentially decrease for proven builders in favorable venues in 2026. On the superior grade projects, rates are highly competitive and capacity widely available.



CRC ADVANTAGE

Our team specializes in packaging layered programs and accessing both domestic and international markets, with a willingness to take on complex, multifamily risks.



- + About 13% of employees now work entirely from home.
- + Nearly 28% of workdays are remote when hybrid schedules are included.
- + Leasing volumes are down more than 20% from 2019.⁴

OFFICE CONSTRUCTION



TRENDS

The office sector faces uncertainty amid shifting hybrid work trends and rising vacancy rates in major metropolitan areas. In 2025, office occupancy in major U.S. cities showed steadier but uneven progress, with national rates averaging between 51% and 54%. Houston and Dallas consistently exceed 60%, while New York and Chicago remain stable, and San Francisco and Philadelphia continue to lag. Unlike the volatility of 2024, 2025 reflected a more stable return-to-office trend, suggesting that hybrid work may have reached a new equilibrium, although regional differences remain pronounced.⁴ While ground-up construction has slowed, redevelopment and adaptive reuse projects are gaining momentum. Office-to-residential conversions are underway, with an emphasis on sustainable and energy-efficient retrofits.



INSURANCE MARKET IMPACT

Ground-up office construction remains a favorable class for carriers; though not common in 2025. Office repurposing is more common, and carrier interest dependent on venue, structural modifications required, and ultimate end-use.



CRC ADVANTAGE

With strong market intel, CRC helps clients identify the right carriers for evolving office exposures, especially in redevelopment scenarios.

DATA CENTERS



TRENDS

Explosive demand is driven by cloud computing, AI, and e-commerce, with a significant concentration in Northern Virginia, Texas, California and the Midwest. As digital infrastructure expands, data centers represent one of the fastest-growing construction segments. The U.S. data center construction market is projected to grow to \$21.43 Billion by 2030. Growth is being driven by the rapid expansion of AI workloads, large-scale development, and rising demand for low-latency edge infrastructure, all of which are reshaping facility designs and energy systems. Developers are increasingly focused on multi-gigawatt campuses, liquid-cooling upgrades, and on-site power generation to navigate grid limitations. At the same time, supply-chain constraints for high-voltage equipment and transformers are extending project timelines, giving contractors with strong vendor partnerships a competitive advantage.⁵



INSURANCE MARKET IMPACT

Multi-faceted exposures, mega-projects are all the rage but finding the right carrier for all components of infrastructure — core and shell, power generation, and fit-out is nuanced.



CRC ADVANTAGE

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NEW YORK CONSTRUCTION



TRENDS

New York's construction market is unlike any other, shaped by unique labor laws (notably NY Labor Law 240/241), litigation trends, and high project values. NYC is seeing ongoing demand for high-rise multifamily and mixed-use developments as well as redevelopment in outer boroughs. New York's 2025 construction landscape shows a solid rebound in nonresidential spending, led by manufacturing and data center projects. Headwinds include higher material costs (notably copper amid tariffs), labor shortages, and federal budget uncertainty around infrastructure.



INSURANCE MARKET IMPACT

There is limited carrier appetite for liability due to the Scaffold Law. Excess placements remain challenging.



CRC ADVANTAGE

CRC maintains critical relationships with carriers that are still active in the New York market, ensuring access to capacity that others cannot.



Florida's 2025 population is estimated at more than 23 million, making the Sunshine State the third most populous state in the U.S. after California and Texas.⁹

FLORIDA CONSTRUCTION

TRENDS

Florida remains a hotbed for both opportunity and complexity. The Sunshine State is in the midst of a historic building surge, with projected construction outlays exceeding \$89 billion across housing, commercial, and infrastructure work. From major transportation upgrades to large mixed-use projects, development is reshaping communities statewide at a scale not seen before.⁷

Population growth drives residential and commercial construction, but the state's CAT exposure adds significant challenges. The state continues to see a strong multifamily and condo pipeline as well as coastal redevelopment in hurricane-exposed areas.

INSURANCE MARKET IMPACT

The Florida Condo construction market remains distressed with primary CIP premiums beginning at \$2 million for many projects, independent of construction value. Understanding the most effective layering and carrier quota share strategies is mandatory when playing in this high-stakes arena.

CRC ADVANTAGE

CRC's catastrophe modeling capabilities and strong E&S market relationships are essential for navigating Florida placements.

TEXAS GROWTH

TRENDS

Texas remains a national leader in construction activity, driven by population migration, business-friendly policies, and robust demand for housing and industrial development. The state is experiencing rapid growth in data centers and healthcare, along with steady momentum in mixed-use developments and adaptive reuse. Spending is expected to remain solid, especially in infrastructure and specialized segments, but tariff-driven cost pressures and a slowdown in traditional commercial projects are moderating the pace.

INSURANCE MARKET IMPACT

Carrier appetites are broad, though hail and wind exposures drive deductibles higher.

CRC ADVANTAGE

CRC's boots-on-the-ground presence in Texas ensures tailored solutions informed by local market realities.

INVESTMENTS + REDEVELOPMENT OF THE WEST



TRENDS

Energy transition projects and redevelopment in the western U.S. represent both opportunities and unique risks. The sector is seeing growth in renewable energy (solar, wind, battery storage) alongside the redevelopment of legacy industrial sites. Civil construction serves as an anchor for regional construction activity, projected to reach \$72.9 Billion in 2025 and \$69.3 Billion in 2027, driven by investments in transportation, energy, water, and climate resilience.⁸



INSURANCE MARKET IMPACT

Specialized underwriting is required as these large, high-value investments often fall between construction and energy underwriting units.



CRC ADVANTAGE

CRC Specialty's construction and energy expertise intersect here, providing holistic solutions for projects bridging both sectors.

BOTTOM LINE

The construction insurance market is complex and varies significantly by region. Whether navigating Florida's construction litigation environment, structuring coverage for data centers, or addressing liability in New York, CRC Specialty delivers the tools, relationships, proprietary programs, and expertise to secure results others can't. We're more than a broker. We're your strategic partner in building solutions for construction clients. Contact your CRC Specialty Producer today for assistance.

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ENDNOTES

1. New Apartment Construction Tops 500K Units This Year, More Than Half in 1 Region, Rent Cafe, August 20, 2025. <https://www.rentcafe.com/blog/rental-market/market-snapshots/new-apartment-construction/#:~:text=New%20Apartment%20Construction%20Tops%20500K%20Units%20This%20Year%2C%20More%20Than,the%20end%20of%20the%20year>
2. Single-Family Stars Down on Economic and Tariff Uncertainty, NAHB, May 16, 2025. https://www.nahb.org/news-and-economics/press-releases/2025/05/single-family-stars-down-on-economic-and-tariff-uncertainty#:~:text=The%20April%20reading%20of%20single%2Dfamily%20starts%20was:,material%20costs%20*%20Exacerbating%20housing%20affordability%20challenges
3. Housing Experts Project Another Year of Modest Growth for U.S. Condominiums and Homeowners Associations in 2025, Foundation for Community Association Research. <https://foundation.caionline.org/research/industry-data/#:~:text=Growth%20in%20Community%20Associations,373%2C000%20in%20the%20coming%20year>