



MAYHUGH
COMMERCIAL ADVISORS

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CRE OWNERS CONSIDER X WIND INSURANCE

As insurance premiums rise by as much as 150%, many clients are exploring alternative options like X wind insurance.

At Mayhugh Commercial Management, we understand that while protecting your assets is essential, rising costs may prompt you to reconsider your coverage. The decision to switch depends on your unique risk profile.

Despite the financial pressures, we strongly advise maintaining core coverage to protect against risks such as fire, hurricanes, and tornadoes. At minimum, fire, flood, and liability insurance are vital and affordable. If considering wind insurance, deductible options range from 2% to 10%, with the most significant premium changes occurring between 2% and 5%. Beyond 5%, premium reductions become less substantial.

Before considering a switch to X wind insurance, carefully evaluate the following factors:

Loan Obligations: If you have a loan, switching to X wind may not be allowed. Loan agreements often require specific insurance, and non-compliance could lead to default.

Property Characteristics: Evaluate your property's age, construction, and compliance with the 2002 Florida Building Codes. Concrete construction and regular maintenance, especially roof upkeep, enhance hurricane resilience.

Asset History: Review past storm events, insurance claims, and whether you can meet current deductibles given updated valuations.

Risk Profile: Can you replace your property without significant financial stress if a hurricane or tornado causes total loss? X wind insurance may reduce your premiums by 65% to 70%, but understanding your risk is essential.

For more informed decisions, consult storm history resources like [NOAA's National Hurricane Center](#) and the [National Weather Service](#).

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What does this mean for Tenants?

Many tenants have already seen higher common area maintenance (CAM) and operating expenses (OPEX) in 2024, with another wave of increases expected soon.

Most commercial leases in Florida are triple net (NNN), meaning tenants absorb these rising costs, including real estate taxes, insurance, repairs, and management fees. Landlords typically provide an annual CAM/OPEX budget, and when costs exceed this, tenants must reimburse the difference through reconciliation bills.

Of these costs, insurance and real estate taxes alone contribute over \$4.00 PSF, driving the sharp increase. Over the past 24 months, CAM/OPEX fees have more than doubled in some cases, creating significant challenges for tenants, particularly small businesses with slim margins. While most have managed to absorb these costs so far, the pressure is mounting.

CURRENT AVERAGE CAM/
OPEX RATES PER SQUARE
FOOT IN SWFL

\$5-\$10
OFFICES

\$4-\$6
INDUSTRIAL

\$6-10
RETAIL

DATA SOURCES:

Insurance Costs:	The data on rising insurance costs is sourced from Mayhugh Commercial Advisors' property management department, which oversees over 1 million square feet.
CAM/OPEX FEES:	The data on CAM/OPEX fees is provided by Mayhugh Commercial Advisors' property management and brokerage departments, which survey a wide range of commercial property types.

YOUR PROPERTY, OUR PRIORITY.

Managing a commercial property can be a full-time job. With our expertise, you can relax knowing that your property is in capable hands.

We leverage the expertise of our meticulous management team and award-winning leasing professionals to ensure every detail is handled with precision, providing a seamless client experience.

Property Management Services:

Rent collection	Lease abstracting
Tenant correspondence/ inquiries	Marketing and Property Branding
Site inspections	Rent escalations and annual reconciliations
Property maintenance	Preparation of monthly financials
Vendor bidding and selection	Variance reports
Leasing and Lease Renewals	Pre-Leasing space preparation
Service contract negotiation	
Budget preparation	

Learn more about our Property Management Services at mayhughcommercial.com/property-management/

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