

MARSH

REITs risk report

REITs are expanding into specialized sectors, and into new risk profiles

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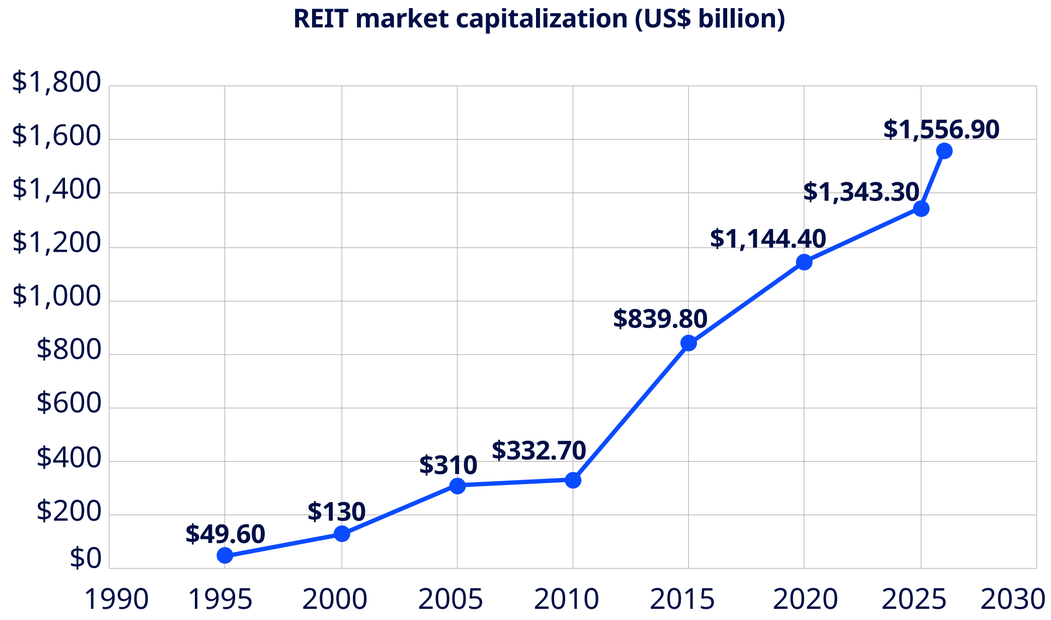
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New investments, new opportunities, new risks

Real estate investment trusts continue to grow rapidly, with market capitalization on the FTSE Nareit All Equity REITs index multiplying from just under US$50 billion in 1995 to US$1.5 trillion in 2026



Source: Nareit

But the sector has not solely grown in size; it has changed. REITs have expanded their investment focus well beyond traditional property sectors, such as office, retail, and apartments, into more specialized sectors, including healthcare, digital infrastructure, and self-storage. In fact, while traditional investments accounted for roughly 75% of the index's market capitalization, today, new and emerging sectors make up the larger share.

As REITs compete for market share, investor attention is moving toward property types supported by structural demand rather than purely cyclical real estate trends. Digitalization, demographic aging, and shifts in consumer behavior are all influencing how REITs build portfolios and where they expect the greatest potential for value.

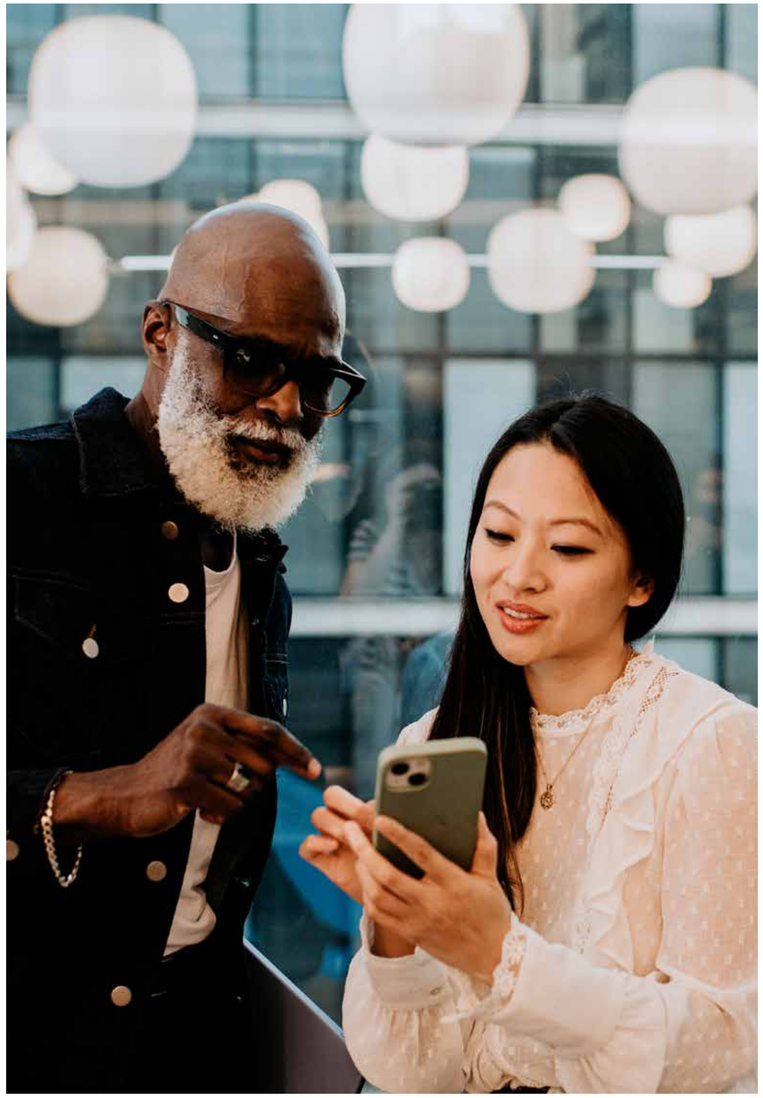


Why are REITs shifting focus?

> REITs are investing more heavily in sectors supported by structural trends, including digitalization, demographic changes, and evolving consumer behavior, rather than relying primarily on traditional property segments.

These sectors are generally not replacing traditional real estate investments. Instead, they are broadening the opportunities for REITs. They can also bring operating models and risk considerations that differ meaningfully from legacy sectors.

But the same forces attracting capital are also changing the questions investors need to ask about diligence, resilience, and insurance.



> New and emerging property sectors now account for more than 50% of the FTSE Nareit All Equity REITs Index market capitalization.

Source: Nareit

What is attracting REITs to emerging sectors?

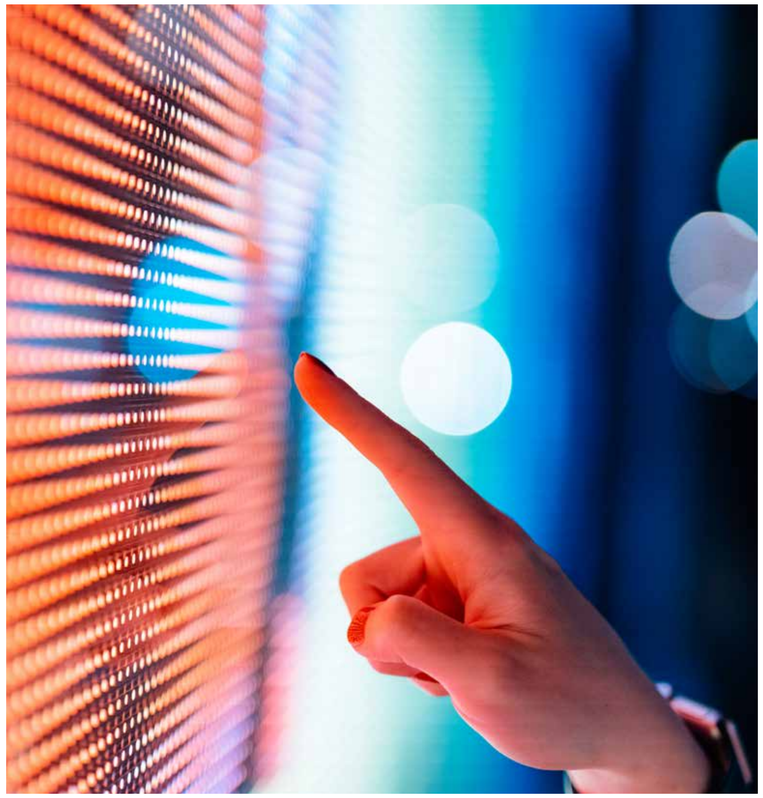
The shift reflects a combination of long-term economic and social changes. As the economy becomes more data-driven and AI-intensive, demand is rising for the physical infrastructure behind it, including data centers and related digital infrastructure.

Demographic changes are also reshaping the market. An aging population typically requires more frequent and specialized care, which is increasing demand for healthcare real estate. Healthcare REITs grew from a market capitalization of US$4.7 billion in 1995 to US$261 billion in 2026. That growth is notable not only in absolute terms, but also in market share — healthcare REITs now command 17% of the All Equity REITs index, up from 3% in 1995.

Further, as healthcare services continue to migrate away from acute care hospitals and toward outpatient, ambulatory, and senior living settings, several ownership models have been adapting to these new settings.

Consumer behavior is another driver. Smaller living spaces, especially in urban areas, are supporting steady demand for self-storage.

This does not mean that traditional sectors no longer matter — and in fact still make up close to half of REITs' market capitalization. But many REITs are taking the potential headwinds into consideration when they make their investments. For example, office assets are still adjusting to the long-term effects of remote and hybrid work while e-commerce and omnichannel fulfillment continue to impact the retail sector.



Three structural forces reshaping REIT portfolios

1

Digitalization and AI demand are increasing the need for data centers and related infrastructure

2

Demographic aging is supporting healthcare real estate, especially senior living and outpatient settings

3

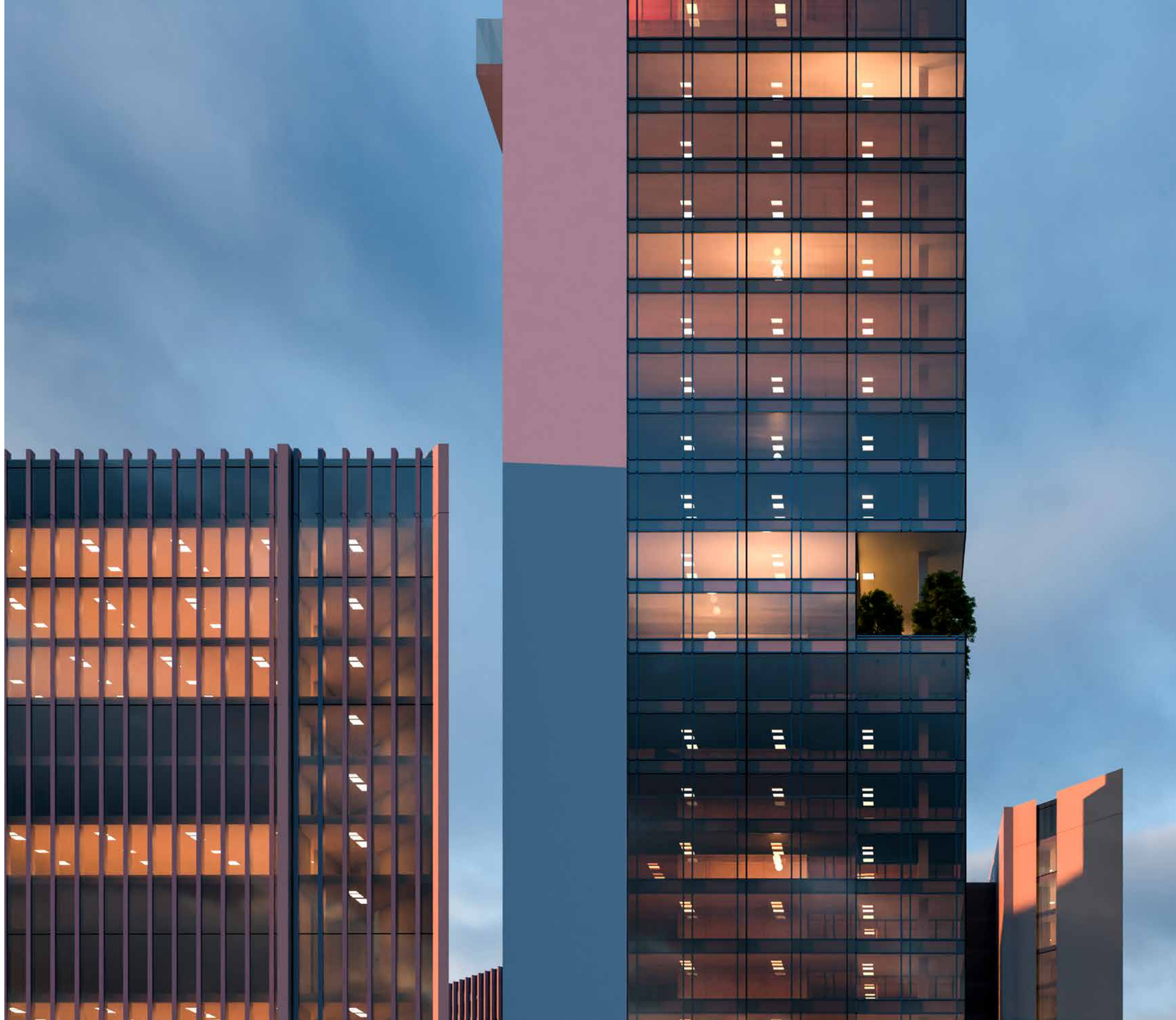
Smaller living spaces, mobility, and changing household behavior are sustaining self-storage demand

A changing risk landscape

Moving into new sectors can change a REIT's risk profile. Healthcare investments, for example, can be prone to reimbursement, compliance, and even environmental issues. Digital infrastructure properties could face challenges related to labor, power, and water shortages, while self-storage properties could have significant liability concerns.

All this is happening while REITs are also dealing with broader headwinds, including refinancing pressures, climate-related risks, and escalating cyber concerns. As portfolios become more specialized, risk management strategies need to be more tailored, both at the asset level and across the broader portfolio.

This report explores these three sectors, each of which is attracting significant REIT interest. Each offers a distinct investment thesis, shaped by powerful long-term demand drivers. Each also presents a different mix of operational, contractual, environmental, and insurance-related risks that can influence value, resilience, and long-term performance. Understanding both sides of that equation is becoming increasingly important as REITs refine their strategies and seek growth in a more specialized real estate landscape.



Healthcare: Opportunities aplenty as long as risks are managed thoroughly

Demographic changes, shifts in care delivery, and capital constraints are reshaping the healthcare landscape. These changes can present new opportunities for REITs, making healthcare companies compelling investment targets; but the industry has a complex risk profile.

Regulatory oversight, reimbursement challenges, infrastructure requirements, and liability considerations mean that sound investments require comprehensive diligence.

In this environment, REITs are increasingly selective, often drawn to healthcare assets that are most likely to generate long-term demand, support diversification, and withstand financial shocks.

Structural demand drawing REIT investment

Healthcare represents a large and growing share of the economy. In 2024, healthcare spending rose to $5.3 trillion, up more than 7% from 2023 and accounting for 18% of the nation's gross domestic product, a slight increase from 17.7% the prior year. And national health spending is projected to reach close to $9 trillion, representing just over a fifth of the economy, by 2034.

The rise in healthcare demand is expected to be sustained, with the aging population a main driver. In 2020, just under 17% of the US population was 65 or older, up from 13% in 2010. Over 65-year-olds account for 37% of personal healthcare spend.

> US healthcare spending reached US$5.3 trillion in 2024, 18% of GDP

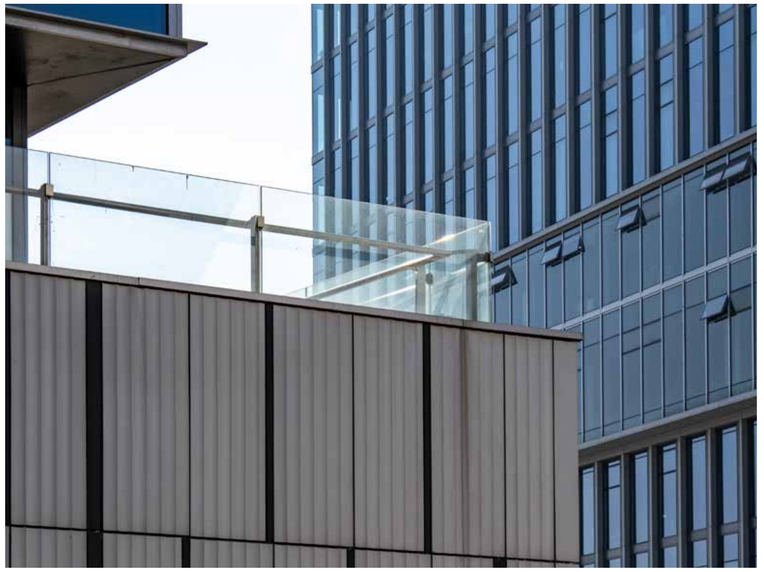
As demand for care rises, so does demand for the facilities that support it. Healthcare tends to hold up better than many sectors during downturns, which adds to its appeal for long-term investors.

Beyond demographics, structural changes in how care is delivered are creating new real estate opportunities. Healthcare services are steadily shifting away from acute care hospitals toward outpatient settings, surgical centers, medical office buildings, and senior care facilities. These non acute settings often align more naturally with REIT investment models, offering standardized facilities, scalable footprints, and clearer separation between real estate and operations.

Healthcare assets also offer a way to monetize real estate that has historically been held on balance sheets. As healthcare organizations — particularly for profit and private equity backed systems — seek to unlock capital, REITs provide a mechanism to separate property ownership from operations, converting owned real estate into leased assets while freeing capital for reinvestment.

These arrangements can take a variety of forms, from sale-leasebacks involving entire facilities to more targeted transactions focusing on discrete assets or service-oriented real estate components.

> Healthcare REIT market capitalization grew from US$4.7 billion in 1995 to US$261 billion in 2026.



Non-acute care assets a focal point for REITs

REIT investment activity has largely concentrated on healthcare subsectors outside of traditional acute care hospitals, which are operationally complex, require significant operating capital, and are heavily exposed to reimbursement risk.

Instead, REITs have mostly focused on senior living facilities, outpatient care facilities, surgical hospitals, and medical office buildings. These facilities are often operated by for profit entities, private equity sponsors, or national healthcare platforms, creating opportunities to separate real estate from operations. In some cases, the opportunity may involve only part of a healthcare campus, such as a parking structure, that may lend itself to distinct ownership and operating arrangements.

As care continues to migrate out of hospitals and into ambulatory settings, this segment is expected to remain a key area of REIT investment.

Another major trend impacting REITs' interest in healthcare investment is the rapid evolution of medical technology. Facilities increasingly require specialized infrastructure to support advanced equipment, robotic surgery, and sophisticated ventilation and isolation systems. The pace at which technology becomes obsolete introduces both capital expenditure demands and risk considerations for property owners.

Spotlight on senior living

The aging of the US population — often referred to as the "gray tsunami" — is creating sustained, long term demand for housing and care environments designed specifically for older adults. As life expectancy increases and the baby boomer generation — those born between 1946 and 1964 — continues to age into retirement years, the demand for senior living has increased while year-over-year inventory growth has fallen.

This demographic shift is reshaping utilization patterns in senior care. Older populations can require more frequent and specialized care, often in settings that fall outside traditional acute care hospitals. Senior living communities, including independent living, assisted living, and memory care facilities, are increasingly central to this care continuum.

Occupancy trends reinforce the sector's appeal. Following pandemic related disruptions, senior living occupancies have rebounded and are now at par, or even above, pre-2020 levels. Because new development has not kept pace with projected demand, a potential supply demand imbalance has been created.

Senior living also represents a sector where capital is expected to play a growing role. As the aging population accelerates demand, investment is needed, not only to acquire existing assets, but also to develop new communities designed to meet evolving care needs.

For REITs seeking exposure to long term growth underpinned by demographic certainty, senior living remains a particularly compelling area of focus within healthcare real estate.



Understanding *the risk profile*

Healthcare systems face a wide range of risks that extend well beyond traditional property ownership and can put financial pressure on them. These include:

Reimbursement risk. Many healthcare providers rely heavily on government reimbursement, with federal, state, and local government spending accounting for close to half of total health spending. Changes in reimbursement policy can directly affect a tenant's ability to meet lease obligations, creating downstream risk for REITs.

Regulatory and compliance risk. Healthcare is among the most highly regulated industries, with requirements varying significantly by state and jurisdiction. REITs entering new markets may encounter state specific mandates — such as seismic retrofitting, climate resilience standards, or licensing rules — that require substantial capital investment.

Environmental and infrastructure risks. The use of hazardous substances, including radioactive material, and medical waste may create environmental exposures for healthcare facilities, which can trigger stricter handling, disposal, and regulatory requirements. Aging infrastructure, combined with increasing climate related extreme weather, such as flooding and windstorms, heightens the risk of property damage and operational disruption.

Liability exposure. Healthcare facilities serve vulnerable populations, and general liability risks — from falls and building safety issues to HVAC-related incidents such as Legionella — can be significant. Determining responsibility between operators and property owners is not always straightforward, especially when infrastructure systems are implicated. Even nonclinical assets can carry healthcare-specific liability considerations. For example, a parking garage serving a hospital or outpatient facility may need to accommodate a higher concentration of patients and visitors with mobility limitations, making accessibility, maintenance, traffic flow, and incident response particularly important.

Technology risk. Medical equipment and building systems evolve rapidly, and outdated infrastructure can lead to operational failures and patient safety concerns, with the risk compounded if systems malfunction across multiple locations.

Business interruption risk. Disruptions affecting core building systems or utilities — including water, HVAC, or other critical infrastructure — can interrupt care delivery, reduce revenue for operators, and create knock-on financial effects for property owners and investors.

Distinct operational and liability considerations

Healthcare assets are fundamentally different from other real estate sectors. Unlike retail or office properties, healthcare facilities are purpose-built environments with specialized rooms, ventilation systems, and safety requirements.

Tenant populations are also distinct. Patients and residents are often less mobile and more vulnerable, increasing exposure to injury and liability claims. These factors heighten the importance of building design, maintenance, and risk allocation within lease agreements.

Lease structures themselves require careful scrutiny. While sale leaseback arrangements can unlock capital, overly aggressive lease terms may strain tenants' financial viability over time, particularly in a sector where margins are thin and reimbursement uncertainty persists. This can be especially relevant where the real estate is closely tied to care delivery or patient access. If a disruption at the property level affects the operator's ability to deliver services, the resulting financial strain may extend beyond the tenant's operations and ultimately affect rent flows and asset performance.

Managing complex risks to drive long-term growth

For REITs investing in healthcare, success largely depends on disciplined risk management integrated throughout the investment lifecycle.

Early and thorough due diligence is critical. This includes assessing tenant financial health, reimbursement exposure, regulatory obligations, infrastructure condition, and historical claims experience. Understanding who bears responsibility for specific risks — particularly general liability and environmental exposures — is essential. It is also important to assess who would be responsible if an incident affects both the property itself and operations, such as a water issue, environmental event, or infrastructure failure.

Contract review plays an important role in clarifying risk allocation. Lease agreements, operating arrangements, and insurance provisions should be evaluated to ensure responsibilities are clearly defined and aligned with risk tolerance. Particular attention should be paid to indemnification language, remediation obligations, business interruption provisions, and how losses would be allocated if an event leads to both property damage and lost operating income.

Portfolio level insurance strategies can also help address complexity. Aggregating coverage across assets may improve consistency, reduce gaps, and provide greater certainty around limits and exclusions in a challenging insurance market.

Finally, REITs benefit from maintaining an informed, adaptive approach. Healthcare regulations, technology, and delivery models continue to evolve. Ongoing monitoring, benchmarking, and collaboration with operators can help align real estate strategies with sector realities.



Digital infrastructure: Significant investment potential, but multiple risks can shape outcomes

As demand for data storage, cloud services, AI workloads, and high-density computing continues to rise rapidly, the physical assets that support that growth — especially data centers — are increasingly being viewed as critical, long-term real estate investments.

For REITs, the appeal is clear. Digital infrastructure is no longer a niche asset class, but a critical backbone of the modern economy, supporting everything from payments and enterprise systems to healthcare, energy, and next-generation AI models.

Investor interest is evident in REIT fund allocations, with data centers representing 18.5% of assets under management in the first quarter of 2026, making them the second-largest allocation among equity REIT property sectors.

> Data centers represented 18.5% of REIT assets under management in Q1 2026.

And the opportunity may extend beyond hyperscale data centers, with the broader digital infrastructure ecosystem including edge facilities, power and cooling systems, fiber connectivity, and the mission-critical contractors and service providers required to keep digital operations running continuously and smoothly.

But the investment opportunities that make the sector so compelling can also increase complexity. A wide range of risks can materially impact investment outcomes. Key areas of focus include power and water availability, skilled labor, and exposure to natural catastrophe loss as well as community “not in my back yard” concerns. These factors, and their impact on site selection, development timelines, and operational resilience, need to be identified and addressed early to help keep digital infrastructure projects economically viable.

Securing sufficient, scalable power can be challenging

Data centers are energy-intensive by design, with requirements increasing in line with AI and high-density workloads. US-based data centers consumed 183 terawatt hours (TWh) of electricity in 2024, more than 4% of the country’s total electricity consumption. By 2030, that demand is expected to more than double.

A central question for REITs is whether a site’s power supply is reliable enough to support continuous operations and flexible enough to expand with tenant needs over time. Delays in utility interconnections, constrained grid capacity, or uncertain long-term power arrangements can quickly weaken the economics of an investment. In an environment where speed to market matters and service-level commitments can be strict, even modest delays can create downstream contractual and financial pressures, which may not always be insurable.

Energy procurement itself is also becoming more complex. Data center owners and developers are increasingly exploring alternatives, such as renewable energy, hybrid power models, and on-premises solutions to meet their objectives. But while these options may provide the required power, they may also introduce regulatory, operational, and contractual challenges, underscoring the importance of robust energy due diligence.



Skilled labor availability can affect delivery and operations

Labor constraints can materially influence a project throughout its lifecycle, from development timelines through operations. The rapid buildout of digital infrastructure has created unprecedented demand for specialized workers. The construction phase, for example, requires electricians, HVAC technicians, fiber-optic specialists, plumbers, and other skilled trades. Operations can depend on a smaller but permanent group of highly technical personnel, including facilities managers, network engineers, and cooling systems specialists.

This spike in demand is taking place against the backdrop of an already constrained skilled labor market, with trades that require multi-year training programs already in short supply. The US is expected to need as many as 140,000 additional skilled professionals by 2030.

At the same time, digital infrastructure is competing with other industries — and other digital infrastructure projects — for the same workers, increasing the risk of poaching, wage inflation, and delivery delays if the required labor is not available.

Labor availability is highly location-dependent, especially when development shifts to more rural areas that may lack adequate housing, services, and broader support systems for large-scale population growth, even a temporary one.

For REITs considering an investment in digital infrastructure, labor availability should be one of the considerations incorporated into site diligence, including an assessment of whether the needed labor can be attracted and retained at a reasonable cost over the life of the asset.

Natural catastrophe exposure can reshape asset economics

Digital infrastructure assets are expected to deliver near-continuous service, which could be endangered by natural catastrophes, especially since consequences often extend well beyond physical damage.

Flood, wind, including from hurricanes and tornados, and wildfire, among other perils, can threaten facilities directly, disrupt utility service, damage surrounding infrastructure, impair access, or trigger extended downtime. In a sector where strict service-level agreements may allow only minutes of downtime per year and where penalties for even short outages can be severe, disruptions can quickly affect revenue, tenant relationships, asset valuations, and refinancing prospects.

Catastrophe exposure needs to be considered early, preferably as part of the site selection process, with diligence exploring whether the benefits of a particular location — be it tax advantages, lower land prices, or something else — could potentially be offset by higher resilience costs, more challenging insurance placements, or more difficulties attracting long-term high-paying tenants.

Traditional property assessments may not fully capture the scale of either direct or indirect losses. More detailed analysis, including probable maximum loss studies and broader resilience reviews, can help investors better understand damage scenarios and the potential effects of delayed startup or operational disruption.

Water availability is becoming a material constraint

A rise in computing density is often accompanied by increased cooling demands, which can make water availability a significant investment consideration. Drought conditions, competing local demand, and regulatory pressures can affect long-term water availability or increase the cost and complexity of securing sufficient amounts.

For investors, this reality underscores the importance of due diligence in the site-selection process to determine whether a site that may tick all other boxes has constrained, contentious, or difficult-to-scale water availability, which can create material operating challenges over time.

Taking an ecosystem-wide approach

Digital infrastructure operates as an interconnected ecosystem, with a weakness in one area potentially rippling through the entire network. Labor shortages can delay construction and compromise maintenance. Delayed power interconnections can affect tenant commitments and revenue. Water constraints can limit cooling abilities. And a catastrophic event can damage the asset while also disrupting utilities, transportation, and staffing levels, potentially leading to prolonged downtime.

For REITs investing in digital infrastructure projects, the first goal is to understand how these different threats could impact the lifecycle of a project and determine whether a specific investment makes long-term financial sense.

Despite these risks, digital infrastructure projects remain a compelling area of investment for REITs, especially given the growth expectations and the industry's essential role in the economy. But the sector's appeal should not obscure the fact that investments should be accompanied by extensive diligence to assess the impact of risks. Rather, a comprehensive view of threats can help REITs better understand the resiliency investments that are more likely to improve financeability, tenant confidence, and value creation and review insurance programs and contracts to determine whether they effectively mitigate risks.



Self-storage: Attractive investments but risks require close scrutiny

Use of self-storage has grown steadily in recent years; more than 12.5% of US households rented a self-storage facility in 2024, compared to 9% in 2005. As customer demand increased, so has the interest of REITs in these investment opportunities with historically strong financial and repeat customer performance with relatively simple operations.

A significant part of the sector's appeal lies in the everyday dynamics that drive demand. Households — particularly those in urban areas — are often dealing with smaller living spaces and higher housing costs. Life events, such as moving, downsizing, renovating, or a growing family, can also create temporary or longer-term storage needs. Businesses may use self-storage for inventory, records, or equipment.

> More than 12.5% of US households rented self-storage in 2024, compared with 9% in 2005.

As a result, even when housing activity slows, demand for extra storage space does not entirely disappear. But while self-storage facilities may seem like operationally straightforward investments for which demand continues to increase, they can create a complex mix of property, liability, contractual, and reputational exposures.

For REITs investing in this industry, understanding these risks early can help create more resilient portfolios and support more effective insurance strategies.

Strong demand, flexible deployment

Historically strong performance and the ability to scale have made self-storage an attractive investment opportunity. Not only is the sector often viewed as one of the better-performing real estate classes, but these companies typically have a relatively efficient operating model compared to more management-intensive real estate asset types.

Another advantage for investors lies in the flexibility as to where and how capital can be deployed — whether in ground-up developments, acquisitions, or reinvestments in existing high-performing sites.

Geography is an important part of the equation. While urban locations may offer stronger demand because households tend to have less available storage space, these markets often come with higher land, development, and insurance costs. Suburban and secondary markets, on the other hand, may offer favorable economics that need to be weighed against different demand drivers.

To make the most effective investments, REITs should look beyond where demand appears to be strongest and consider where operators are most likely to generate the best return on the land. This requires a careful analysis of the multitude of risks that can impact self-storage facilities.

Property risks remain a considerable threat

Property risks remain the primary concern for self-storage investors. This is compounded by a main challenge for investors; owners and managers of self-storage properties do not always know what risks are sitting behind each unit's door.

While lease agreements may prohibit certain materials and uses, enforcement has limits. Tenants, for example, may store flammable goods, including lithium batteries and other hazardous materials, even if restrictions exist. A single unit can therefore create a disproportionate loss if its contents contribute to a fire or make suppression more difficult.

This creates a risk environment that differs significantly from more traditional retail, office, or multifamily assets.

Natural catastrophe exposure also needs to be carefully assessed. Depending on location, self-storage units may be exposed to flood, wind, or earthquake risks. The impact of a catastrophic event may extend beyond direct property damage; facilities may become inaccessible, especially if nearby infrastructure is affected, and recovery may be delayed. Portfolio owners with broad geographic footprints should consider catastrophe aggregation alongside individual site exposures.

Pollution risk cannot be overlooked. Hazardous substances stored in units can leak, contaminate adjacent space, leading to cleanup requirements and potentially complex environmental claims.

Liability issues can arise in everyday operations

In some ways, self-storage facilities share similar liability characteristics with other customer-facing real estate assets. People come and go and move heavy belongings through common areas, creating the potential of slip-and-fall incidents and other liability claims.

But the sector also has some more specific exposures. Door-related injuries, for example, can be a meaningful source of loss; roll-up doors may jam, close unexpectedly, or cause impact injuries.

Access arrangements can also influence a facility's risk profile. Those that allow customers to enter with minimal supervision, offer extended hours, or 24-hour access, may face heightened concerns around personal safety, theft, and unauthorized activity. Some operators intentionally restrict late-night access on the grounds that the risk of theft or unauthorized activity tends to rise after hours.

Security incidents can become bigger business issues

Self-storage users often assume their belongings will be secure. When break-ins occur, especially when facilities are targeted multiple times, they can quickly undermine confidence in the individual facility or the entire brand.

Liability for stolen property often depends on lease terms, the tenant's own coverage, the availability of a tenant protection program, and whether negligence by the operator can be established. If poor access controls, security failures, or other lapses are found to have contributed to the loss, disputes can become costly.

Investors also need to pay careful attention to the way operators are trying to mitigate property misuse, such as units being used for unauthorized residential occupancy or other illicit activity, for example drug labs. Even isolated incidents can attract media attention and tie a facility's name to criminal behavior, unsafe conditions, or poor oversight. In some cases, these incidents can evolve into legal challenges.

Even in the absence of a dispute, reputational damage can lead to financial concerns for a consumer-facing business. A highly publicized criminal incident, a string of thefts, or even consistently poor customer experience, can affect occupancy, pricing power, and brand value. While reputational damage may not show up immediately in REITs' property portfolio, it can still erode long-term asset performance.

Risk mitigation starts with diligence

For REITs investing in self-storage, effective risk mitigation begins with disciplined diligence. This includes a close review of location-specific catastrophe exposures, physical security measures, access protocols, maintenance practices, and historical loss experience.

Investors should also understand how an operator monitors prohibited uses and responds to incidents.

Lease agreements may offer an important line of defense and should be carefully reviewed to make sure they clearly define prohibited uses and allocate responsibility where appropriate. Because self-storage operators often use a standard lease across their portfolio, even small contractual weaknesses can have broad implications. This underscores the importance of working closely with legal counsel to identify potential liability gaps and confirm that lease language aligns with operational realities.



Insurance strategies should reflect portfolio complexity

Building a strong insurance program is essential to protect investments. Property and general liability coverage remain foundational and can be purchased on a portfolio basis across several locations rather than separately for each site, creating efficiency and consistency across multiple locations.



However, portfolio-wide programs should still account for individual site characteristics, including exposure to natural catastrophes, claims history, and security conditions, which can influence underwriting appetite, pricing, and program design. Properties in flood zones, for example, will typically require supplemental flood-specific coverage. Recurring theft or fire losses may also influence terms and pricing.

Tenant protection programs allow the facility owner to offer customers limited indemnifications for stored contents, often for an additional monthly fee. While they provide value to customers and create an ancillary revenue stream, they also introduce administrative considerations that should be evaluated against broader financial goals.

Opportunity remains strong, but discipline matters

While self-storage remains an attractive investment area, it is important that REITs do not underestimate the threats that can lead to financial and reputational losses. What may appear to be a straightforward real estate investment can involve hidden threats that can lead to significant challenges unless identified and addressed. Sound investments require disciplined diligence, thoughtful risk allocation, and robust insurance strategies that evolve with the sector.

Managing risk in a more specialized investment landscape

As REITs expand into specialized sectors, risk management needs to evolve alongside investment strategy.

While these sectors can offer attractive growth opportunities, they also bring distinct exposures that can materially affect long-term value. For REITs, managing these risks is not simply about reacting to problems after they arise. It requires disciplined diligence before acquisition, clear risk allocation throughout the investment lifecycle, and insurance and resilience strategies that reflect the specific characteristics of each asset and portfolio.

As portfolios become more specialized, risk management also needs to become more specific. A proactive approach can help REITs protect asset performance, improve resilience, and make better long-term decisions. Actions to consider include:

1

Strengthen asset-level due diligence early
Look beyond location, valuation, and tenant quality, but also to sector-specific exposures, such as reimbursement risk in healthcare, power and water availability and community activism concerns in digital infrastructure, and hidden property or liability risks in self-storage.

2

Assess risk through both an operational and ownership lens
Understand how building systems, specialized infrastructure, tenant operations, and service delivery interact, especially where a property-level issue could also disrupt operations and revenue.

3

Review contracts and leases carefully
Confirm that responsibility for liability, maintenance, environmental issues, business interruption, indemnification, and remediation are clearly defined and aligned with risk tolerance.

4

Align insurance strategy with actual exposure
Move beyond standard placements and design insurance programs around sector-specific risks, catastrophe exposure, operational dependencies, and potential aggregation across the portfolio. Weigh needed insurance limits against what is available in the market and for what cost.

5

Use portfolio-level analytics to identify concentration
Monitor geographic, tenant, climate, and operational concentrations that could amplify losses across multiple assets or business lines due to aggregation risk.

6

Build resilience into investment decisions
Assess whether sites can withstand extreme weather, utility disruption, labor shortages, cyber incidents, and changing regulatory standards.

7

Monitor tenant and operator financial health on an ongoing basis
In sectors such as healthcare, where reimbursement changes or thin margins can affect lease performance, ongoing monitoring can help identify stress before it impacts asset income.

8

Plan for evolving climate and environmental pressures
Assess both direct and indirect effects of flood, wind, wildfire, drought, and environmental liabilities on property operations, insurance costs, and long-term asset viability.

9

Pressure-test assets for business interruption scenarios
Consider how delays, downtime, utility outages, or operational failures could affect rent flows, tenant commitments, and refinancing prospects.

10

Bring in specialized risk and insurance advisors early
Sector-specific expertise can help REITs identify hidden exposures, benchmark resilience measures, structure more effective risk transfer, and make more informed investment decisions.



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- **Property damage:** Protection against losses stemming from natural catastrophes, vandalism, and other unexpected events that can affect asset values.
- **Liability claims**: Coverage for third-party injury or property damage claims arising from incidents on insured properties, helping reduce the financial impact of potential lawsuits or settlements.
- **Environmental risks**: Coverage for exposures related to contamination, pollution, and changing environmental requirements that may affect both operations and compliance.

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