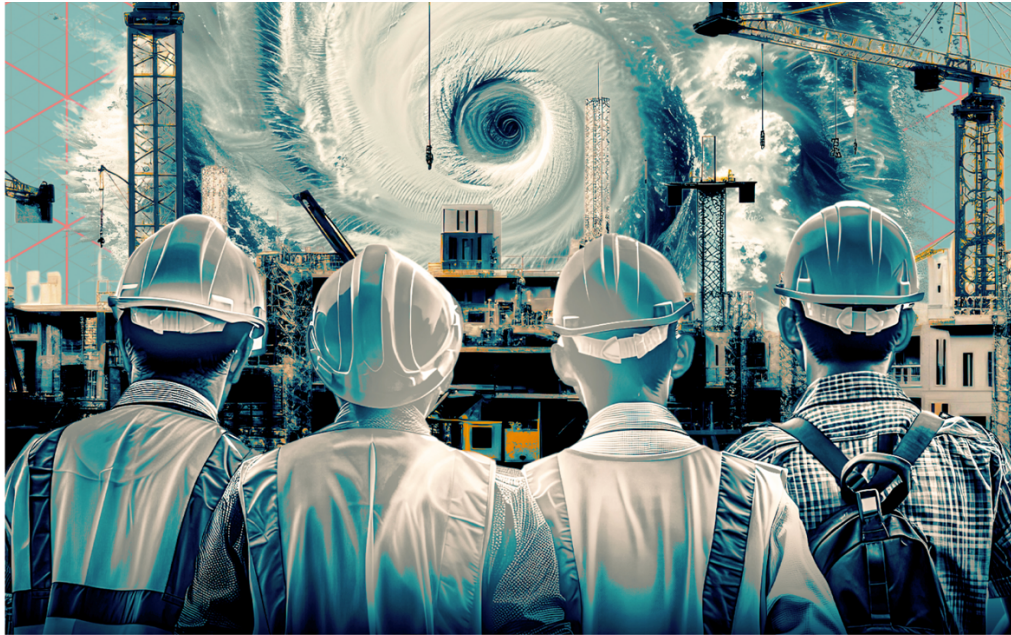


How South Florida builders are prepping for hurricane season

Insurance, planning and projectiles are top of mind for industry players



(Photo Illustration by Steven Dilakian for The Real Deal with Getty)

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Hurricane season is on, and South Florida's real estate industry is preparing.

Hundreds of projects are under construction across the region, and all are at risk of damage and delays if a hurricane makes landfall. Preparation is paramount, industry experts say, as forecasters expect another very active season.

Last year's hurricane season [was an expensive one](#), but it largely spared the tri-county region. In total, 2024 saw 18 named storms, 11 hurricanes

and five major hurricanes. Two of which, Hurricanes Milton and Helene, made landfall on Florida's west coast just two weeks apart, and caused more than \$100 billion in estimated damage.

"There's never been one like this. Helene was a wakeup call. This is literally catastrophic," Tampa Mayor Jane Castor told CNN at the time.

The destruction included a [crane collapse](#) in St. Petersburg at developer John Catsimatidis' construction site for his Residences at 400 Central condo project. Winds reached over 100 miles an hour and slammed the crane into the offices of the Tampa Bay Times across the street, leaving a gaping hole in the building.

This year's season, which runs from June 1 to Nov. 30, is expected to see a similar level of storm activity. Colorado State University's hurricane researchers predicted the Atlantic will see 17 named storms, nine hurricanes and four major hurricanes in 2025. Scientists say [climate change](#) is fueling stronger and more frequent storms, which means more risk for South Florida's developers to navigate during construction.

Fail to plan, plan to fail

"Preparedness for your site is a critical element of how you handle storms," said Brian Seymour, a land use and development attorney with Gunster in West Palm Beach. Hiring the right contractor is crucial, Seymour said, as it is typically their crews and subcontractors who handle hurricane planning.

"As soon as we sign a contract for a project, we put a project specific hurricane preparedness plan together that maps out how we will respond and prepare the site. It's a game plan to manage those storms," said Sean Ouellette, COO of [Kast Construction](#).

Kast is a general contractor with offices in West Palm Beach, Coral Gables and Tampa with more than a dozen projects in the works throughout the state. Water damage during storms is one of the biggest issues for construction sites, Ouellette said. It can cause damage to concrete block exterior walls that still don't have the stucco and paint finished, both of

which protect the concrete block from water. Exposed concrete blocks could allow water penetration to the interior of the building, potentially damaging interior drywall and finishes.

“It’s not completely watertight until you get the stucco and paint on, and that’s really the barrier,” he said.

The temporary fix: Kast crews cover concrete block exterior walls with a waterproofing solution that they roll onto the wall, much like paint is rolled on.

“Those kinds of things we do in real time as we build a job,” Ouellette said. “It’s not something you start as hurricane season comes. You do it as you go.”

Contractors also handle securing sites in the days leading up to a storm.

“The most concerning thing on a construction job are materials and supplies that are loose and not already part of the building or fixed to the building,” said Peter Dyga, CEO of the Associated Builders and Contractors for the Florida East Coast Chapter. Ahead of a hurricane, Dyga said crews remove garbage, tie down materials, secure cranes and halt deliveries.

Things can get trickier for a condo project in that nebulous period near the end of construction when a project is approaching turnover. Jorge Larrieu, Jr., [KW Property Management & Consulting's](#) director of sales for developer services, said his team works with developers on hurricane preparedness during those final stages. This includes writing the emergency preparedness guide and hurricane manual for projects, and securing a building’s mechanical systems.

Also, the pool chairs.

“We come in and we safeguard all the pool chairs and anything that could become a projectile,” Larrieu said. But it’s after the storm where things get thorny.

“It becomes tricky because there’s typically a split between insurance responsibility. Is it the developer, or is it the association’s policy? It becomes a lot more complex to determine,” he said. “Is this part of the [temporary certificate of occupancy]? Or has this been turned over?”

Money matters

The cost of damage from a hurricane can be a significant liability for South Florida developers, especially in an environment of ever-increasing costs: materials, labor, land and lending rates are all rising

High-rise developers may fall into a major pitfall of having “shoestring budgets,” said Anthony M. Lopez, an attorney and CEO of Your Insurance Attorney. This becomes an issue when a developer needs to pursue a claim against its insurer for hurricane damage. A payout can take months or even years, and in the meantime, developers without adequate reserves must still repair the damage and continue construction.

“If the shell or floors or windows already paid for have been damaged [in a hurricane] and you are fighting with the insurance company [on] whether that’s covered, you can’t stop the project while you do that,” Lopez said. “We see situations where the budgets are so tight that the money doesn’t exist to continue the project. Just making sure you have the proper reserves to continue with the project is extremely important.”

While cash on hand is critical, so is having the right insurance policies. Banks often won’t close on a construction loan until insurance policies are in place, according to Oscar Seikaly, CEO of NSI Insurance Group. He said developers need two kinds of policies to cover hurricane damage: builder’s risk and either an owner-controlled insurance program (OCIP) or a contractor-controlled insurance program (CCIP).

Builder’s risk covers the building itself, as well as materials and equipment, while OCIP and CCIP plans cover liability.

“You don’t want to lose \$1 million worth of tile because they just flew away,” Seikaly quipped.

Pricing for these policies can prove challenging, given the dependency on so many unknowns.

This hurricane season, the likelihood of heavy storms is just one of many issues dogging developers and general contractors. Supply-chain issues; on-again, off-again tariffs; and uncertainty created by the Trump administration’s deportations make it difficult to game out costs, said Lisa Colon, a real estate and public and private construction projects attorney at Saul Ewing in Miami.

All this requires developers and general contractors to play “clairvoyants” when taking out builder’s risk insurance at the start of a new project, she said. The cost of insurance rises as a project’s cost increases. So, as developers factor in additional expenses due to tariffs and supply-chain bottlenecks, project costs and premiums go up.

Insurers are also looking at a timeline for projects, Seikaly said.

“What they always look at is how many hurricane seasons will you be going through,” he said. The more seasons, the higher the price. “They want to know if during the hurricane season the windows are going to be in. They like the whole building to be enclosed by the second hurricane season -- that’s where you have a disaster.”