



INVESTORS, HERE'S YOUR RECIPE FOR DISASTER

Your real estate investment is prey to many risks that can be mitigated. But what about natural disasters? There's no preventing an unstoppable force.



Let's review the economic cost of the worst U.S. Natural Disasters in the last decade or so:

- Hurricane Katrina - \$160 billion
- Hurricane Harvey - \$125 billion
- Hurricane Irma - \$50 billion
- Hurricane Sandy - \$65 billion
- Hurricane Ike - \$30 billion
- 2011 Tornado Outbreak - \$11 billion
- 2018 U.S. Wildfires - \$16.5 billion

You read that right - billions.

Real estate investing is a people business. At the end of the day, we want our residents to be safe, happy, and well taken care of every step of the way — in rain or shine.

BEFORE DISASTER STRIKES

CONSIDER LOCATION

We all know the timeless real estate adage: location, location, location.

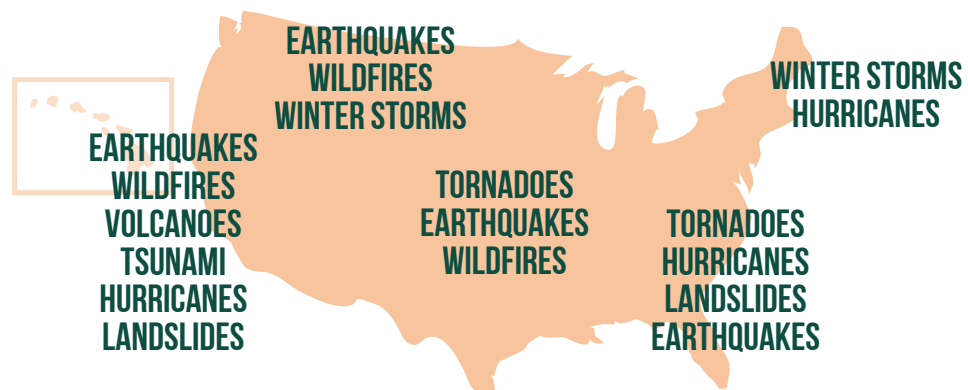
Your location can protect or expose your property to natural disasters. The most common natural disaster in the United States is flooding. When considering a property, examine its flood risk and history. Low-lying areas are more prone to flooding. In addition, different regions in the country are more likely to experience different natural disasters.

California has wildfires, coastal cities see hurricanes, and Tornado Alley is a hotspot for wicked weather.

Familiarize yourself with your market's unique risks and plan accordingly.

U.S. NATURAL DISASTERS: THREATS BY REGION

SOURCE: RED CROSS



INVEST IN INSURANCE

No, not literally—the best thing you can do to prevent losses from natural disasters is to invest in a solid insurance policy. Typically, there are different types of coverage for different types of disasters. In a high-risk area, your insurance premiums are going to be higher.

Investors, get insurance and understand your policy. Know what it covers and what you are entitled to.

Encourage your residents to have insurance as well.

TAKE SAFETY MEASURES

Great real estate investors have their residents' best interests at heart. This is where your management team plays a major role. Ensure that your properties are well-equipped to help your residents stay safe during a disaster. Fire extinguishers, smoke and carbon monoxide detectors, storm shutters, and defined evacuation routes are key. Just ensuring that there is a room without outside walls can guard residents against a major storm or tornado.

While you cannot prevent a disaster, you can help your residents stay safe.

Reduce the risk of property damage with a top-notch maintenance team. In the case of an impending storm, ensure that trees are trimmed back, pipes are properly protected during the winter, and that residents are well-informed of ways to protect their home from seasonal damages.



DIVERSIFY

Natural disaster risks cannot be eliminated. But a diverse portfolio protects your passive income should a property be damaged or unusable after a disaster, because other properties can sustain your income while repairs are made.

AFTER DISASTER STRIKES

WAIT FOR THE OKAY

Wait until area officials have declared it safe to return and inspect damages. Anyone entering a damaged or flooded building should be aware of hazards – from sharp debris and unwelcome animal guests to risk of electrocution.

KEEP EXCELLENT RECORDS

For the sake of insurance claims, be sure to have any damage documented. Photo and video evidence are essential in submitting a claim that accurately reflects your losses. Additionally, keep records of any work done by contractors to repair the property.

TRUST THE EXPERTS

There are two steps to getting back on track when a home has been damaged by a natural disaster:

Emergency repairs, such as placing tarps on a roof and securing doors and windows, are the first priority. This protects the property from further damages as well as potential looters. Remove personal items and valuables from the property for additional protection.

Long-term solutions come later. This is when you decide what to do with the property. If you choose to repair everything, you want a trusted team on your side – one with attention to detail, quality work, and clear communication.

STAY IN CONTACT

As distressing as these property damages can be, it is enormously traumatic for your residents. Check in on them. Insurance can cover temporary lodging while the property is restored. Let your residents know that you are there for them, what the timelines look like, and what you believe is best for their safety and financial well-being: to wait or to move on.