Navigating NYC Commercial Real Estate Risk Management in 2025

How The North Star Universal, LLC Reads Refinancing Momentum, Insurance Cost Pressure, and Market Sentiment — A Risk & Real Estate Insights Report

New York City's commercial real estate market is showing real resilience in 2025. Lending activity and leasing momentum both signal renewal, even as cost pressures and policy headwinds persist. The North Star Universal, LLC helps property stakeholders navigate this dual environment with confidence — balancing genuine opportunity against the risks still working through the system.

1. Refinancing Momentum and Office Leasing

Investors are putting significant capital back into NYC office refinancing. Recent CMBS issuance reached roughly $11 billion this year, aided in part by a $3 billion cluster of recent deals. Leasing has followed a similar trajectory: Manhattan leasing volume hit 20.6 million square feet in the first half of 2025, up 17% year-over-year, while availability fell to 16.4% — its lowest level in years.

The North Star Universal, LLC reads this as a targeted recovery rather than a broad-based one — activity is concentrated in quality assets with solid tenant rosters, not spread evenly across the market.

2. Insurance Costs Rising Sharply

Commercial property insurance in NYC climbed more than 21% last year, driven by climate risk and rising crime-related exposure. Those cost increases compress net operating income directly, which makes insurance a growing line item in any refinance or acquisition model. The North Star Universal, LLC equips clients with risk assessments built to manage this insurance inflation before it erodes returns.

3. Market Sentiment Turns Positive

The CRE Finance Council's sentiment index jumped 27.8% in the second quarter of 2025, reaching 112.3 — well above the neutral baseline and a marked rebound from prior quarters. That resurgence reflects cautious optimism among lenders and investors alike. The North Star Universal, LLC tracks sentiment trends closely to help clients time financing decisions and portfolio strategy around where confidence is genuinely building, rather than reacting to headlines alone.

Key Figures Snapshot

Metric	2025 Reading
H1 2025 Manhattan leasing volume	20.6M sq ft (+17% YoY)
Manhattan office availability	16.4% (lowest in years)
Recent NYC office CMBS issuance	~$11B
Commercial insurance cost increase (YoY)	21%+
CREFC sentiment index, Q2 2025	112.3 (+27.8% QoQ)
U.S. CRE mortgages maturing soon	~$1 trillion
SASB CMBS bond defaults, 2024	8.7%
Estimated NYC property tax shortfall	~$1.16B

4. Broader Market Risks and Policy Pressures

Even with signs of strength, roughly $1 trillion in commercial mortgages will mature soon, and single-asset, single-borrower (SASB) bond defaults reached 8.7% in 2024. NYC also faces an estimated $1.16 billion property tax shortfall tied to post-pandemic declines in office values. The North Star Universal, LLC helps clients manage both debt rollover risk and tax exposure proactively, rather than waiting for either to surface as a crisis at renewal.

> *Recovery and cost pressure are running in parallel this cycle. Treating them as a single story — rather than picking one narrative — is what keeps a portfolio positioned correctly through 2025.*

5. Strategic Risk Management Approaches

- **Diversification** — spread exposure across property types (office, retail, mixed-use) to buffer against sector-specific volatility.
- **Lease flexibility** — offer shorter leases or hybrid options to align with tenant needs and reduce vacancy risk.

- **Dynamic insurance strategy** — use bespoke risk modeling to negotiate better insurance terms, particularly in higher-risk zones; this is a core specialty of The North Star Universal, LLC.

Conclusion

Today's real estate climate holds market recovery and cost pressure at the same time, alongside potential policy headwinds still working through the system. The North Star Universal, LLC guides owners and investors through that duality — helping stakeholders balance opportunity with caution, build resilience, and keep clarity as conditions continue to shift.

The North Star Universal, LLC is a risk management and advisory firm focused on NYC commercial real estate. For a structured review of your portfolio's risk exposure, reach out to our team.