The North Star Universal, LLC

Securing NYC CRE Amid Today’s Risk Landscape

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Executive summary

NYC commercial real estate is sending mixed but instructive signals. A $1.3 billion CMBS financing on a landmark Times Square office tower shows renewed investor confidence in prime assets, even as climate-driven insurance costs and a refinancing-heavy lending market create real exposure. The North Star Universal, LLC reads this moment as one where confidence and vulnerability coexist — and where disciplined, data-anchored planning determines which owners convert today's headlines into long-term stability.

A landmark financing reflects renewed confidence

In early August 2025, the Durst Organization secured a $1.3 billion CMBS loan for One Five One, a Times Square skyscraper — signaling growing investor faith in prime Manhattan offices even amid ongoing financing challenges. Landmark deals of this size are a meaningful confidence signal for the broader trophy-office segment.

Insurance costs surge amid climate pressure

Insurance premiums are climbing rapidly as climate risk and natural catastrophe losses mount. U.S. commercial real estate insurance rates have risen more than 17% in some areas, with global catastrophe losses topping $100 billion annually — a structural cost pressure on NOI that is independent of leasing performance.

Loan originations rebound, but refinancing risk remains

By June 2025, new CRE loan originations jumped 48% year-over-year, though total bank loan holdings rose less than 1%. Refinancings account for 69% of new loans, underscoring that most current lending activity reflects maturing debt rather than new investment — keeping refinancing risk elevated even as overall lending activity picks up.

Market signal summary

Market signal	What it means	Risk direction
$1.3B CMBS loan on One Five One (Aug. 2025)	Investor confidence in prime Manhattan office is returning despite financing headwinds	Positive – supports valuations
Insurance rates up 17%+ in some areas	Climate-driven catastrophe losses (>$100B globally/yr) are pushing carrying costs higher	Negative – pressures NOI
CRE loan originations up 48% YoY (June 2025)	Lending activity is rebounding, but total bank loan holdings rose under 1%	Mixed – access improving, capacity tight
Refinancings are 69% of new loans	Maturity walls, not new acquisitions, are driving most loan activity	Negative – refinancing risk concentrated

Navigating these trends with resilience

- Conduct stress testing for expiring loans and monitor debt service metrics.
- Reassess insurance coverage to counter escalating premiums and climate-related risk.
- Align debt strategy with evolving capital markets and alternative lending sources.

Why now matters

Amid renewed confidence and ongoing vulnerabilities, building resilience is vital. By anchoring decisions in data and risk foresight, we help NYC property leaders move beyond headlines and secure long-term stability rather than reacting deal-by-deal to market news.