

Q4 2025

New York City CRE Debt Market Update

Liquidity Flows to High Ground

2025 CRE Mortgage Originations

\$20M or Less

\$20M-\$100M

\$100M or More

Three years ago, as interest rates began their steep rise, commercial real estate (CRE) lending activity dried up to below half the 2021/2022 market peak – to levels not seen since the recovery from the global financial crisis in 2011.

Now, as we near the end of 2025, the data tells a clear story – a rebound is underway, with meaningful new liquidity flowing into the CRE market. But that rising tide is not lifting all boats – it is flowing to select assets and sponsors, toward scale and quality.

In this white paper we follow the flow of debt across the NYC CRE market, identifying winners and losers in this new era, and exploring the trends that may shape the market in 2026.

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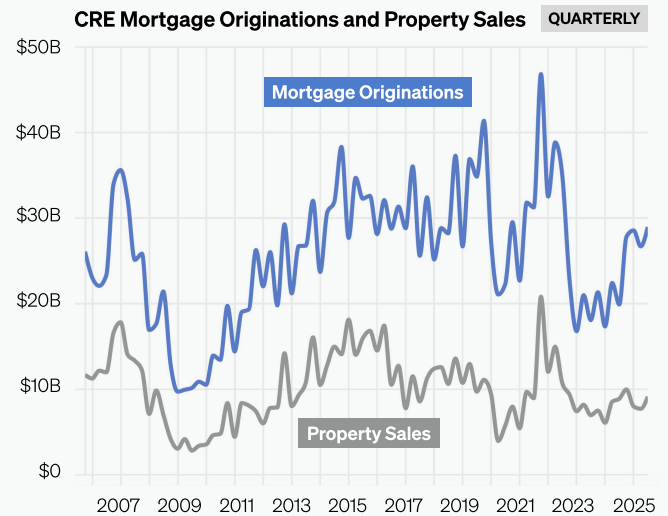
To set the stage for evaluating recent market shifts, it's helpful to first look back at long-term lending trends and related market forces.

After emerging from the global financial crisis, New York CRE enjoyed a dozen years of stability and mostly steady growth, facilitated by rock-bottom borrowing costs. The steep rate increases that began in mid-2022 created a shockwave that intersected with a range of other factors, creating a storm for the industry:

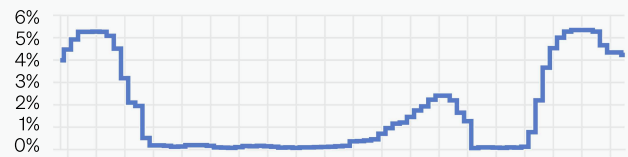
- Stimulus-fueled inflation caused operating expenses and construction costs to jump, followed by decreased liquidity as those same stimulus funds dried up.
- Rent Stabilized Multifamily properties saw Net Operating Income (NOI) decline as allowed rent increases failed to track inflation.
- Cap rate expansion applied downward pressure on property values and owner equity, creating refinancing challenges.
- Post-COVID challenges continued to loom large in New York, including the impact of remote work draining office demand, rent collection difficulties due to shuttered businesses and sidelined workers, and various quality of urban life concerns. The slow recovery of subway ridership provides one metric of decreased engagement in city life.

These factors impacted virtually everyone in the CRE universe. New commercial mortgage originations fell to 2011 levels – where they remained for two full years.

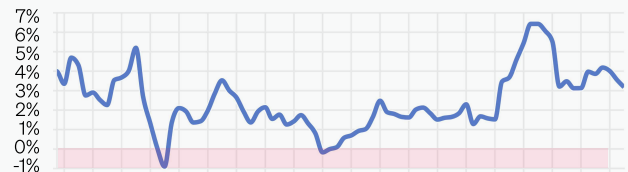
As rates began easing incrementally in late 2024 and the market acclimated to the changed environment, lending activity picked up meaningfully. That growth is proving to be durable in 2025.



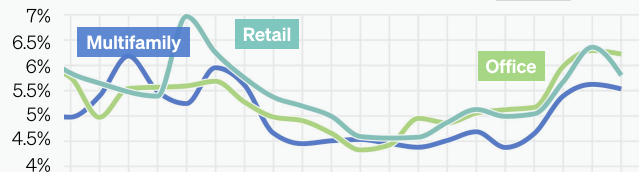
Fed Funds Effective Rate



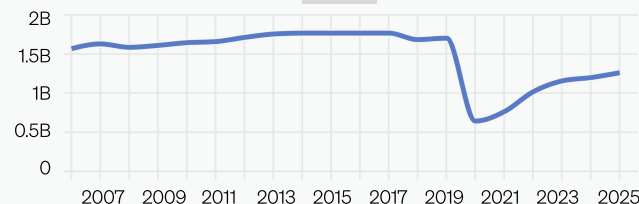
Inflation (CPI for All Urban Consumers, NY-NJ-PA) QUARTERLY



Average Cap Rates for Major Asset Classes YEARLY



MTA Subway Ridership YEARLY

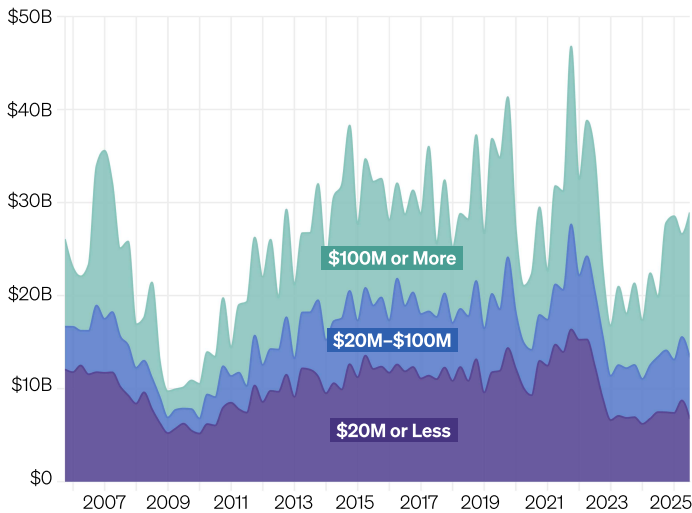


Where have the benefits of this fresh liquidity been most pronounced?

Large Loans

All CRE Mortgage Originations

QUARTERLY

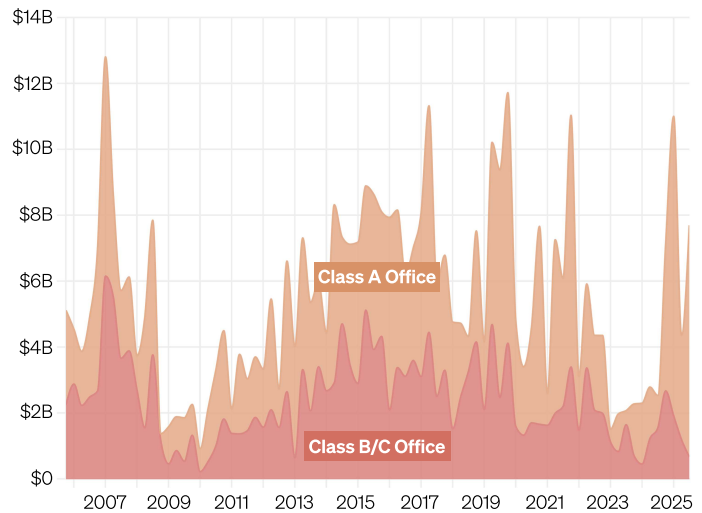


Since early 2023, lending on sub-\$20M loans has remained roughly flat at 2011 levels, while the vast majority of the growth observed in 2025 has flowed to \$100M+ loans.

Class A Office

Core Manhattan Office Mortgage Originations

QUARTERLY

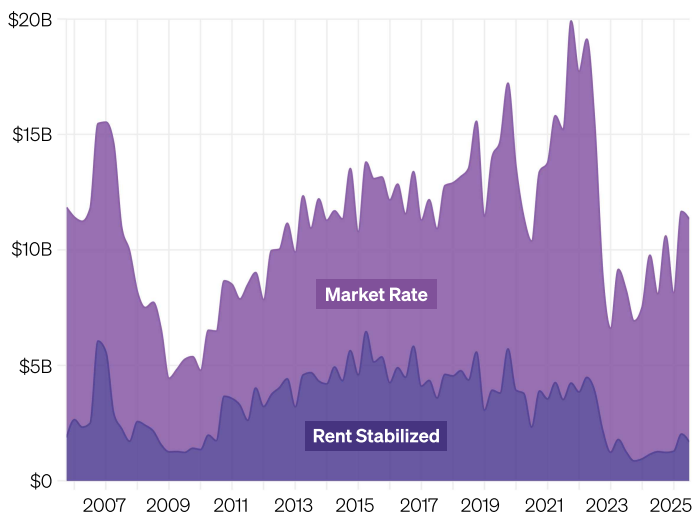


Class A Office typically commands the largest share of office financing, but the recent bump has disproportionately flowed to the largest assets. Office debt is explored further on page 14.

Market Rate Multifamily

Multifamily Mortgage Originations

QUARTERLY

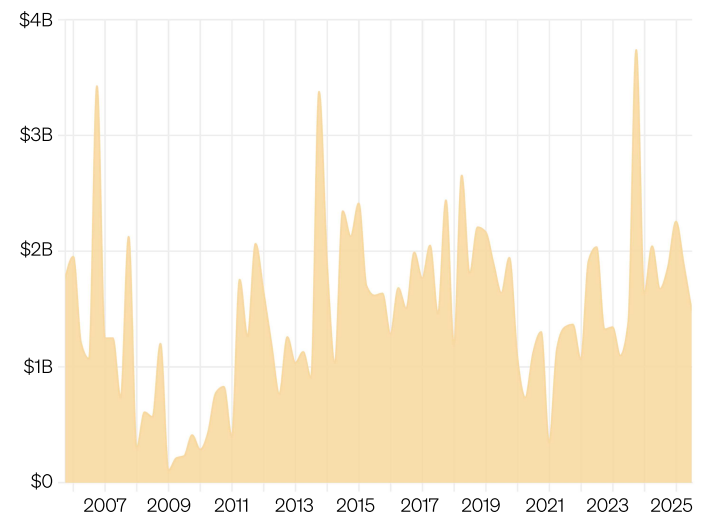


Market Rate Multifamily mortgage lending has seen steady growth over the last several quarters. Conversely, lending on Rent Stabilized properties remains severely depressed at around 2009 levels.

Hospitality

Hospitality Mortgage Originations

QUARTERLY



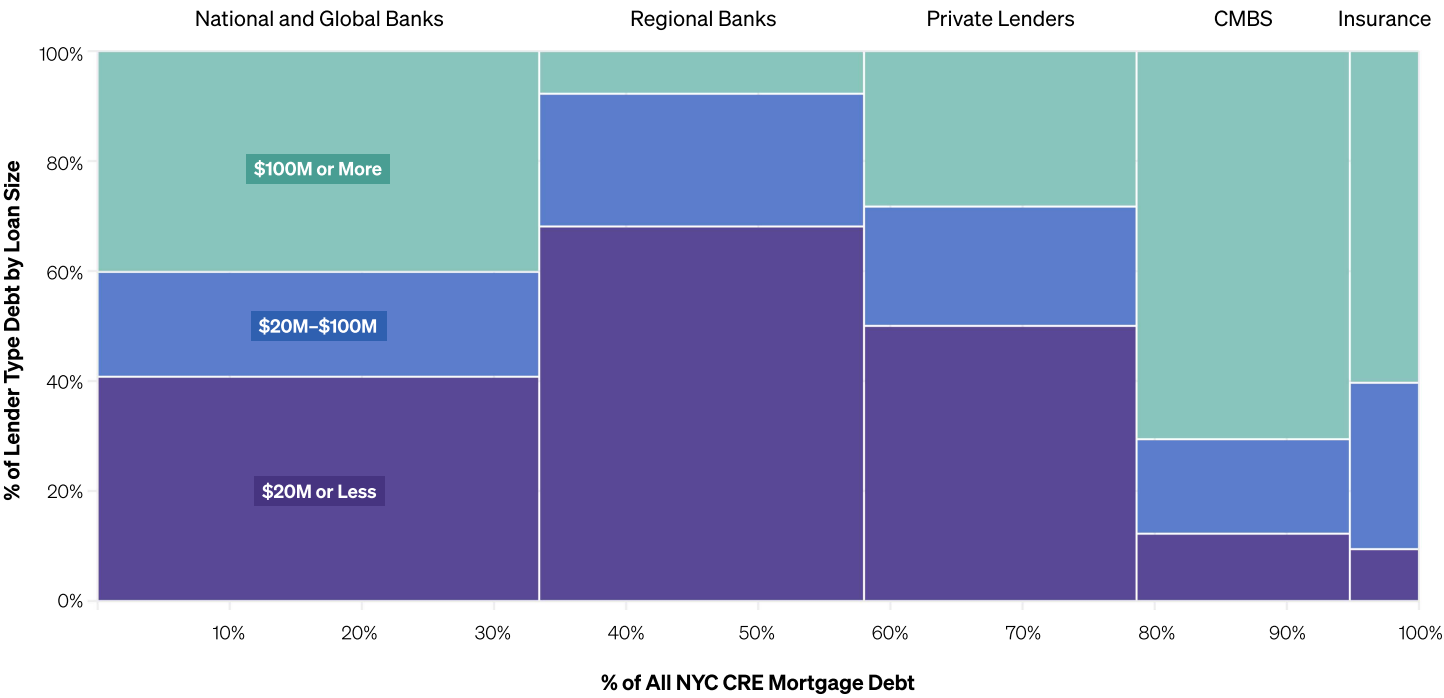
Due to improving market dynamics, 2024 and 2025 are on track to be two of the most active years for financing of hospitality assets, surpassing prior market peaks that occurred in a much lower-interest environment.



Where is the liquidity flowing from?

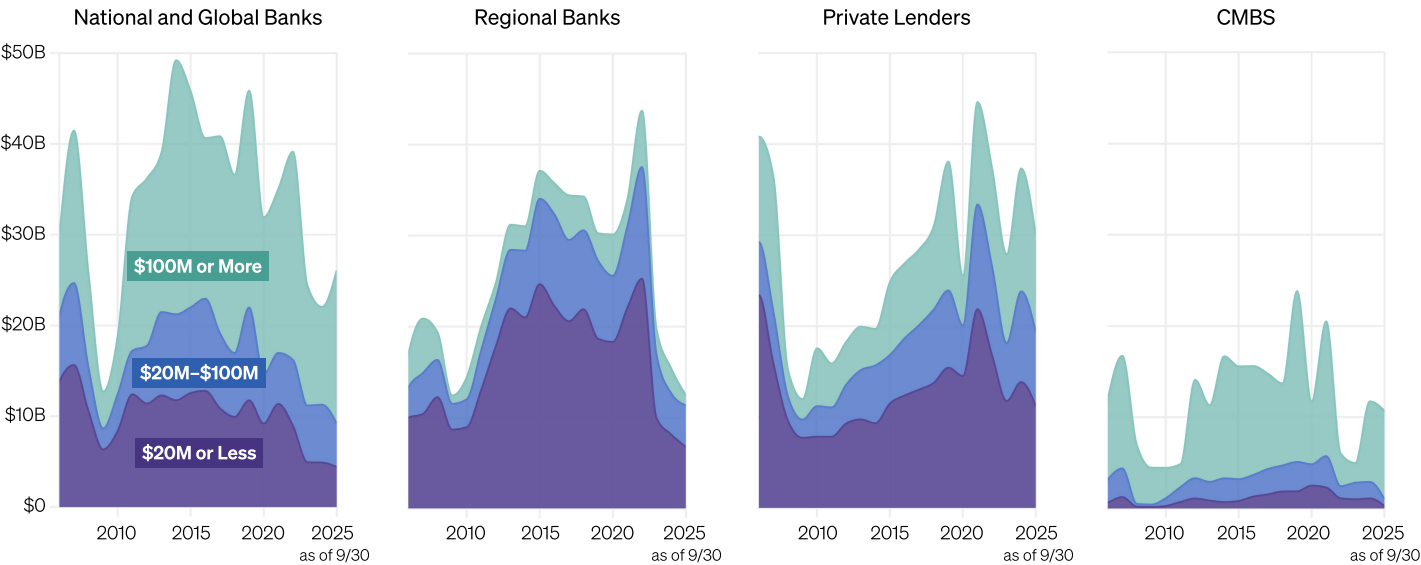
For reference, there is approximately \$520B in outstanding NYC CRE first-lien mortgage debt, with the breakdown by lender type and loan size shown below.

Breakdown of Total Current Mortgage Debt

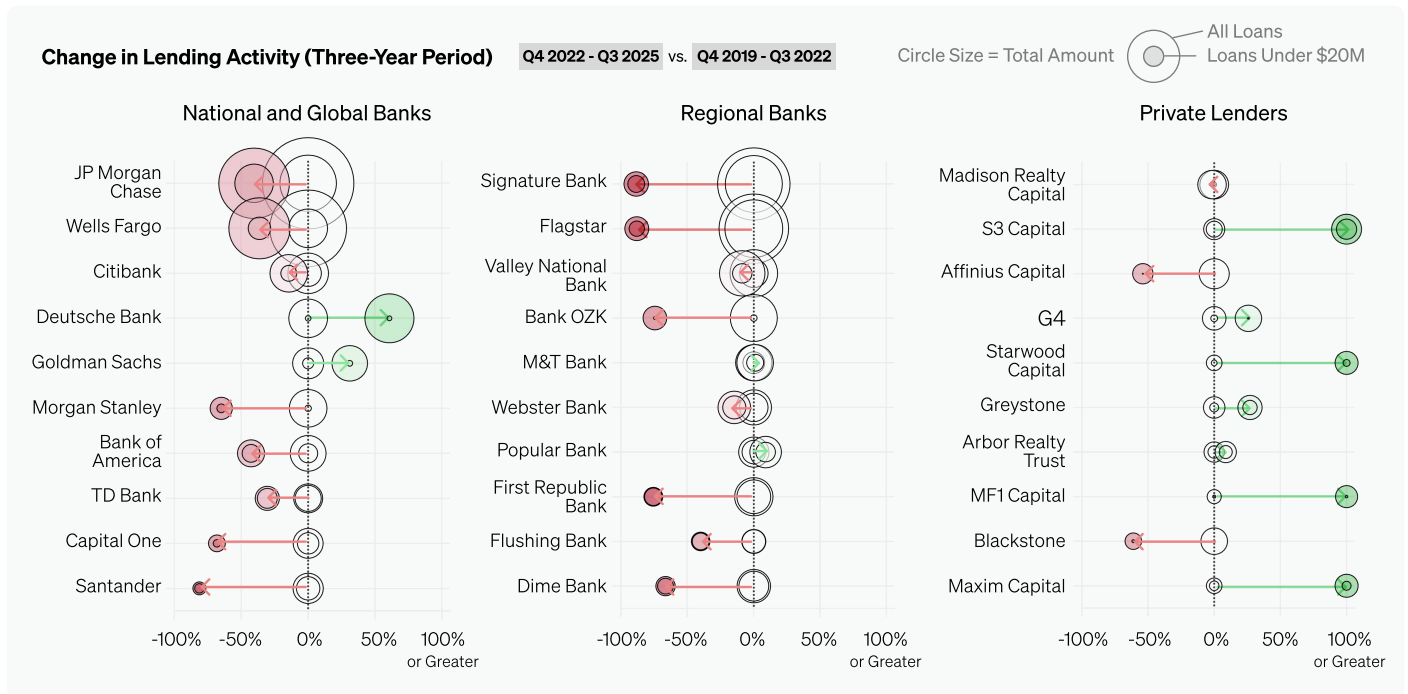


Shown below are the changes in lending patterns by lender type over time. 2025 growth is coming from national and global banks, private lenders, and CMBS – and primarily in the form of larger loans.

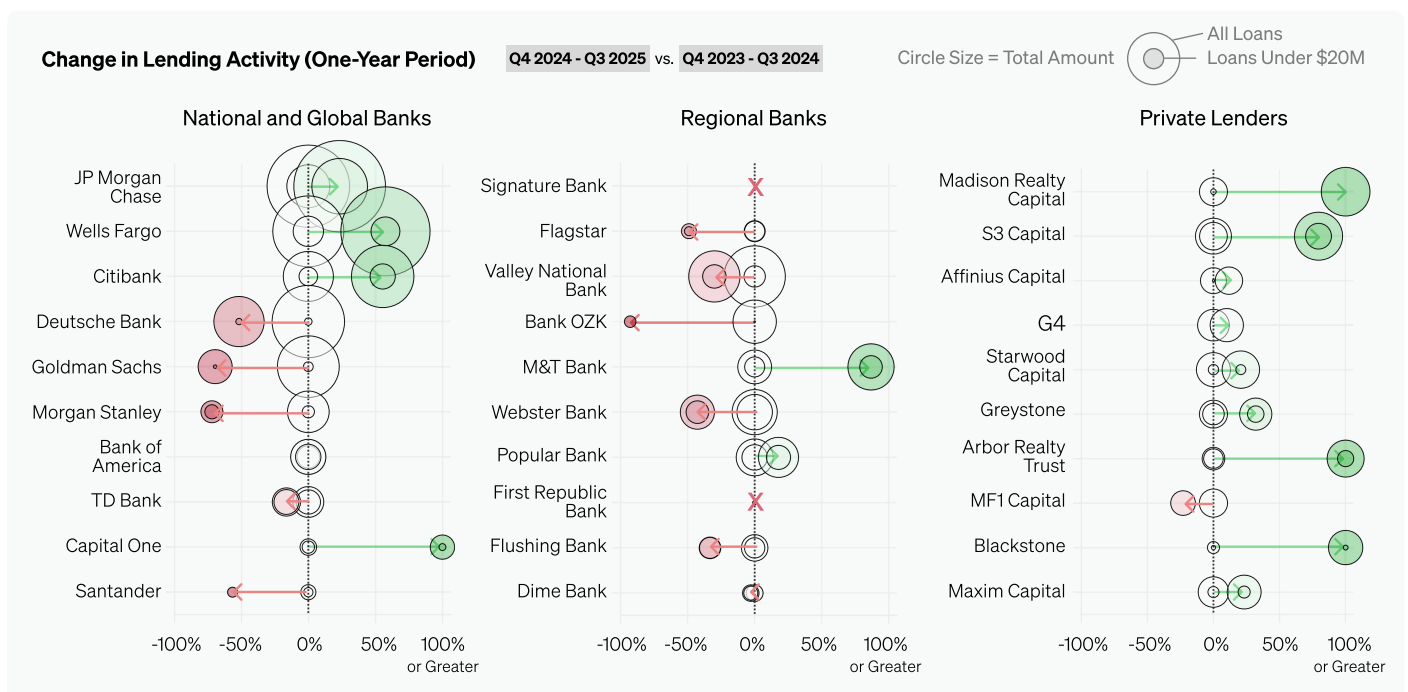
CRE Mortgage Originations by Loan Size YEARLY



For a more granular view, we can examine the activity of prominent lenders in the NYC market. The top charts shown below illustrate how lending volume shifted in the three years since the interest rate jump versus the prior three-year period. As interest rates rose, lending declined for almost all banks. The loss of Signature and First Republic and the pullback of Flagstar from CRE lending had a particularly pronounced impact. Some private lenders ramped up.



Looking at the same lenders, but comparing the most recent 12 months to the prior 12 months, we can see that private lenders continue to grow aggressively. National banks present a mixed bag, while many regional banks continue to pull away from CRE, with some exceptions.

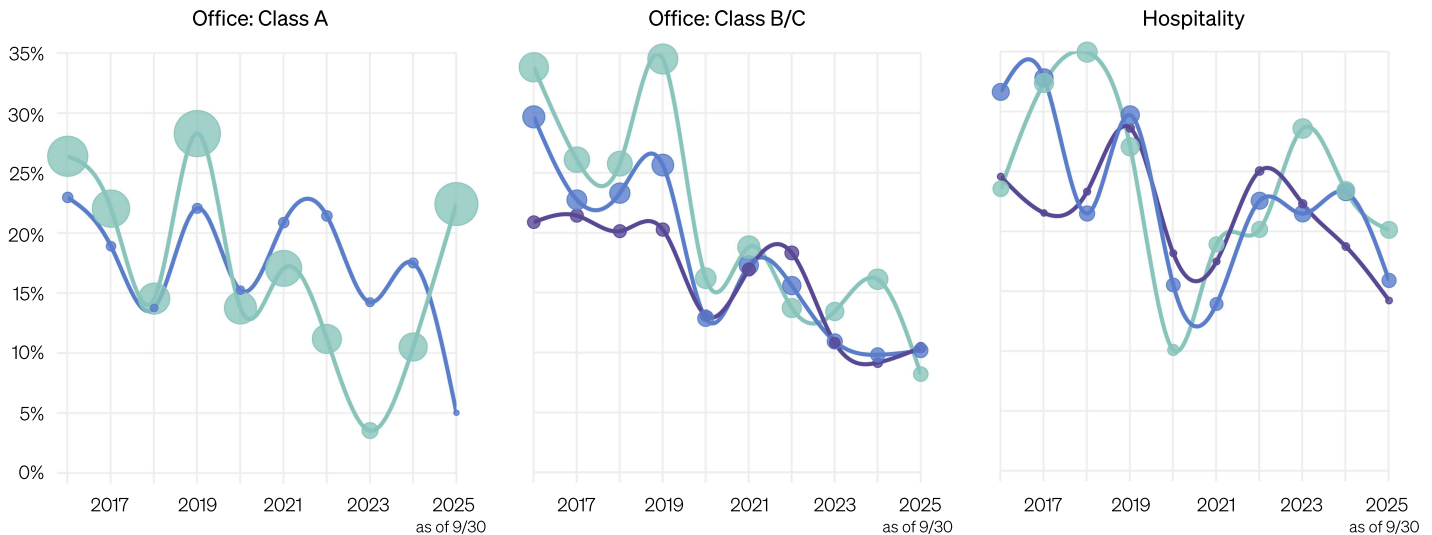


Another useful metric of market activity is turnover – the percentage of all debt in the market that was satisfied, refinanced, modified, or newly issued each year.

Current Mortgage Debt Turnover Per Year by Loan Size

\$20M or Less \$20M-\$100M \$100M or More

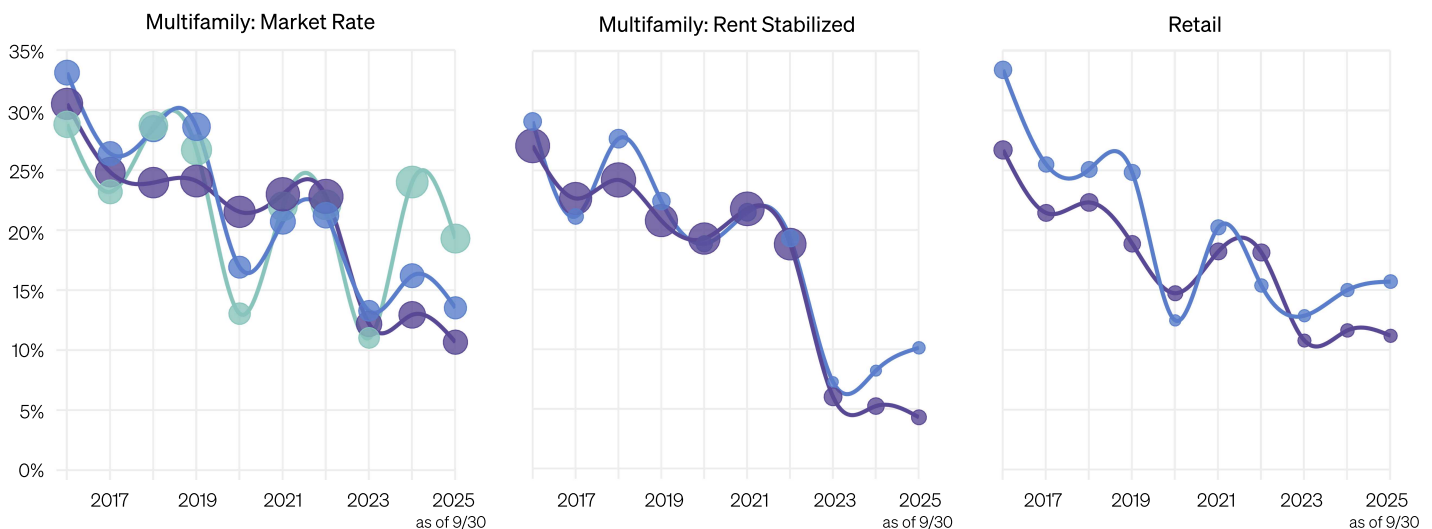
Annual Turnover  \$20B
\$10B



\$100M+ Class A Office activity has experienced a dramatic resurgence since its 2023 low.

Class B/C Office activity has seen a leveling-off after a decade of decline that predated both the higher interest rate environment and COVID-era challenges.

After a challenging 2020/2021, Hospitality saw a significant bump in lending activity in 2023/2024.



Market rents continue to grow, but multifamily activity remains subdued due to bank concerns about CRE exposure and capital reserve guidance, with the recent bounce specific to \$100M+ loans.

Rent Stabilized lending remains deeply depressed, for multiple reasons explored further on pages 10-13.

Retail lending activity remains weak but shows signs of recovery in 2024/2025.

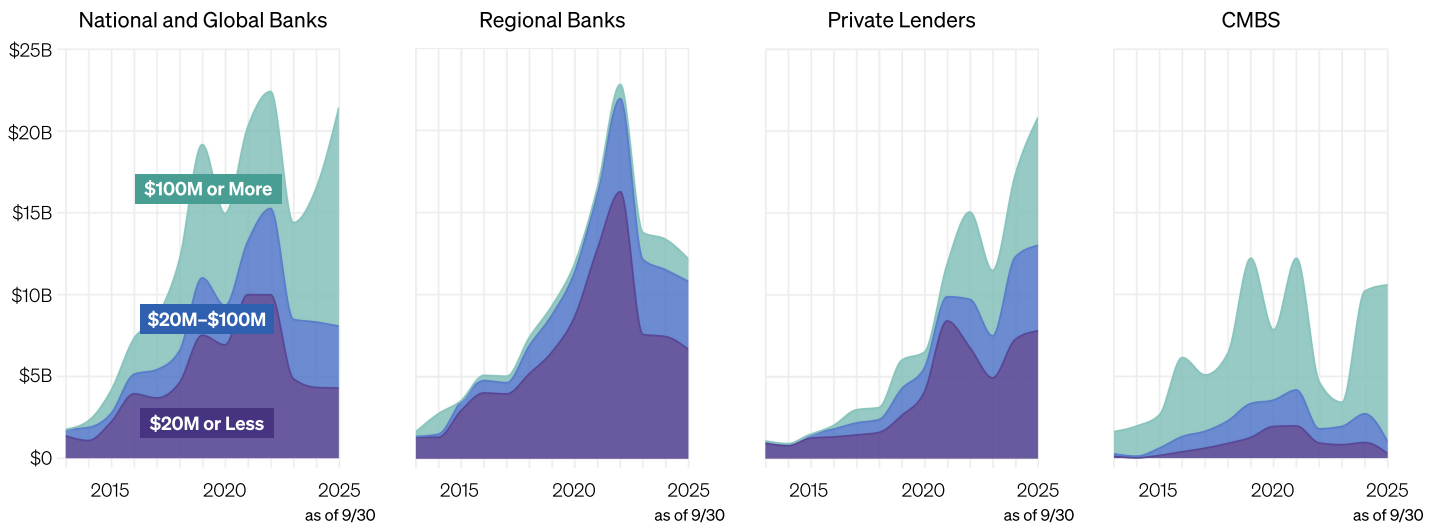


This uneven recovery begs questions about the refinancing viability of smaller loans and less-favored property types.

The charts below illustrate the vintage of all current commercial mortgage debt in the market.

Current Mortgage Debt by Vintage and Loan Size

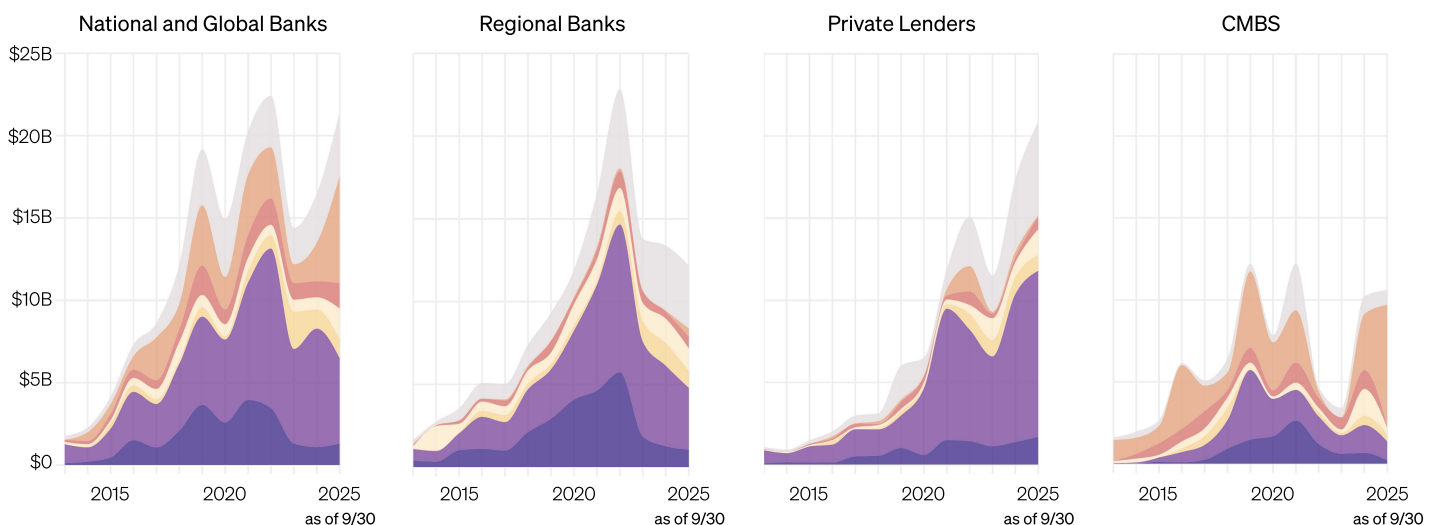
YEARLY



Current Mortgage Debt by Vintage and Collateral Type

YEARLY

Multifamily: Rent Stabilized Multifamily: Market Rate Office: Class B/C Office: Class A Hospitality Retail All Others



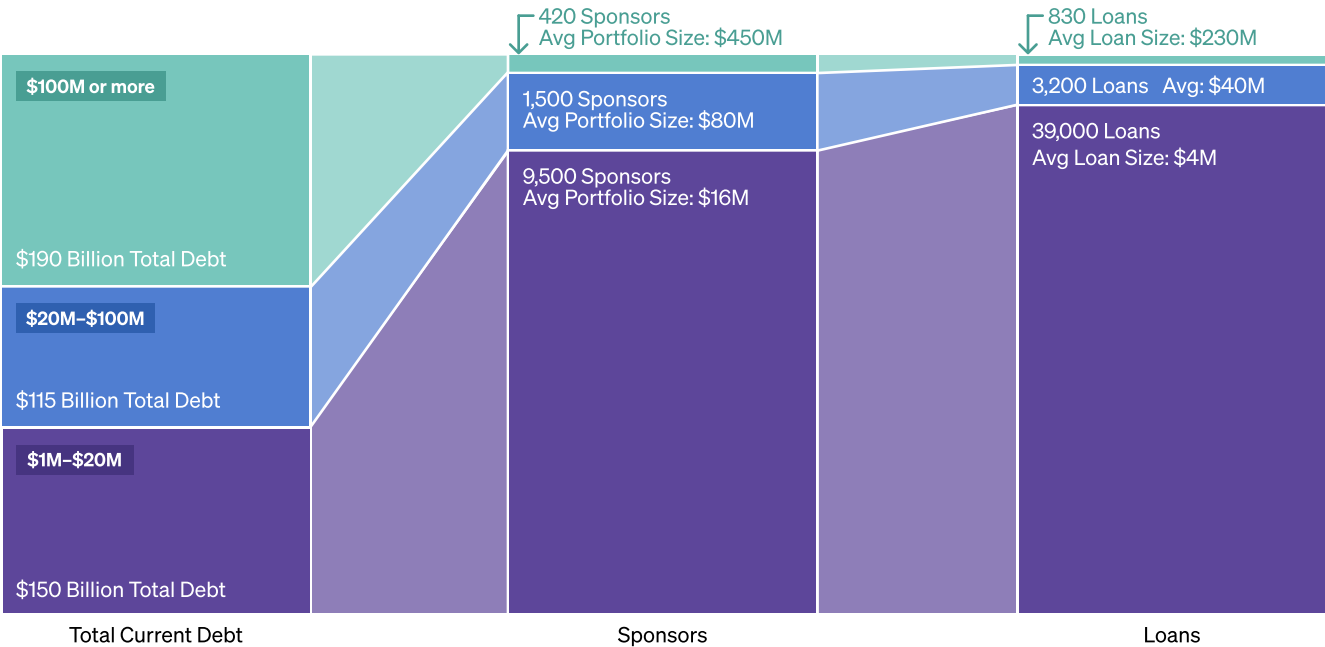
More than \$100B in loans were originated by banks during the 2020-2022 market peak. Based on typical lending practices, many of these loans are likely to mature or reset to market rates after five years of low fixed-rate interest. This implies a need for significant liquidity between now and 2027, and that these borrowers will also be facing much higher borrowing costs as their rates reset. More than \$30B of that total is associated with Rent Stabilized Multifamily and Class B/C Office mortgages.



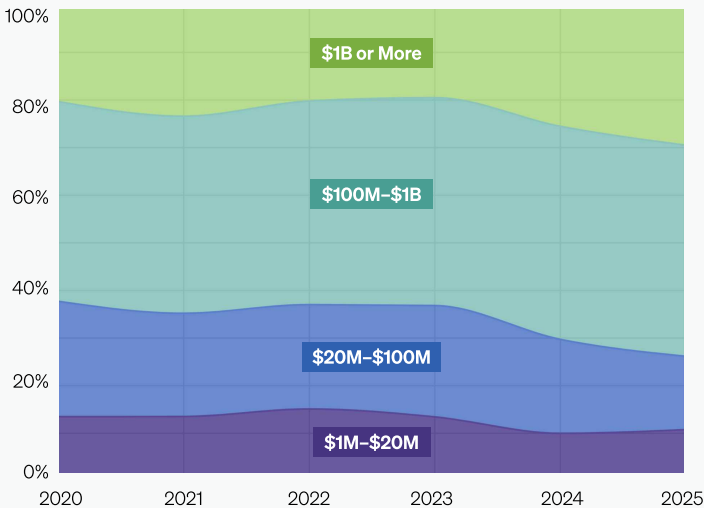
While the market recovery for large loans is an encouraging sign, it has limited relevance for most CRE investors and lenders.

There are \$190B in NYC commercial mortgages larger than \$100M. This amount is composed of just 830 large loans to 420 sponsors. By contrast, there are \$265B in mortgages between \$1M and \$100M, but that cohort includes more than 42,000 loans to 11,000 sponsors. In short, for every headline-making nine-figure loan to RXR or Vornado, there are hundreds of loans to smaller sponsors, and it's these smaller loans that are at the core of the industry.

Breakdown of Current Mortgage Debt by Sponsor and Loan Size



Lending Volume Based on Sponsor Debt Portfolio Size YEARLY



A Shrinking Share for Smaller Sponsors

In the last two years, a declining share of new debt liquidity has flowed to smaller sponsors. In 2023, sponsors with less than \$100M in outstanding debt across their portfolio accounted for 37% of all CRE borrowing. In 2025, with lenders favoring larger loans and sponsors, that number has declined to 26%.

On the following pages, we examine lending activity and property sales levels specific to the sub-\$100M market, with breakdowns by collateral type and borough.



With two months left in 2025, Market Rate Multifamily originations will certainly exceed 2023 and 2024 levels, but are still well below averages of the prior decade. Property sales are likely to exceed all but the peak years of 2021–2022, with much of this activity driven by the continued gentrification of Brooklyn, visible in the charts on the next page.

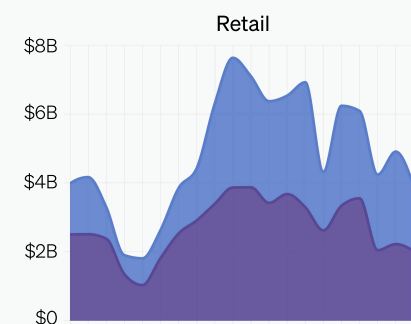
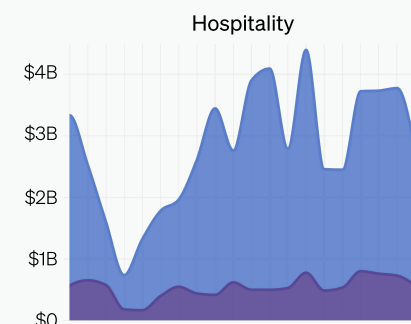
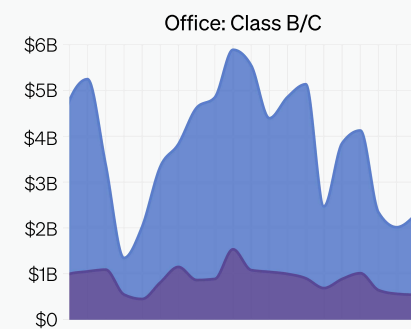
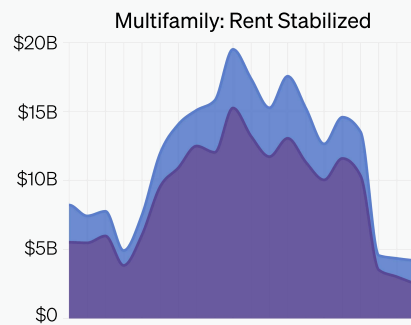
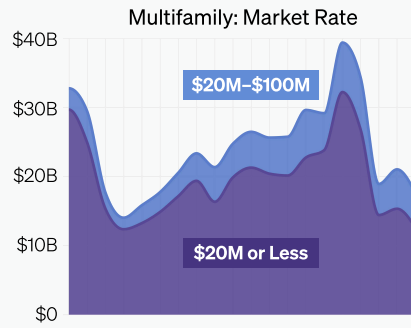
Sales of Rent Stabilized properties tumbled quickly following the passage of the Housing Stability and Tenant Protection Act (HSTPA) of 2019, while generous market liquidity held mortgage originations near highs until interest rates began to rise in 2022, at which point they declined precipitously.

A decade-long decline in Class B/C Office mortgage originations and sales reinforces that these assets were losing relevance and value prior to interest rates increasing. Has the market bottomed out? Will the gentle upturn observed in 2025 turn into a sustained rally as investors get serious about repositioning? This is a key question for 2026.

The recovery of tourism combined with constrained supply (including Airbnb restrictions and hotels taken offline for use as shelters) is bolstering hotel performance, and these strong fundamentals have stimulated Hospitality lending and sales activity.

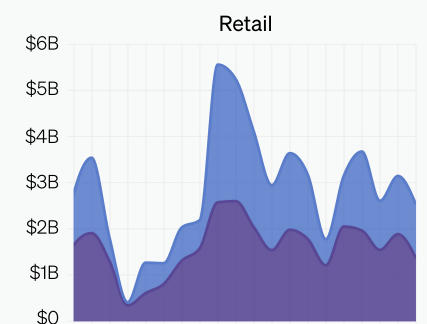
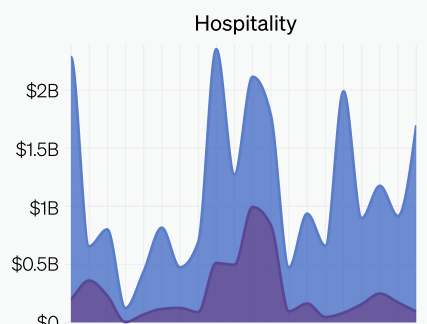
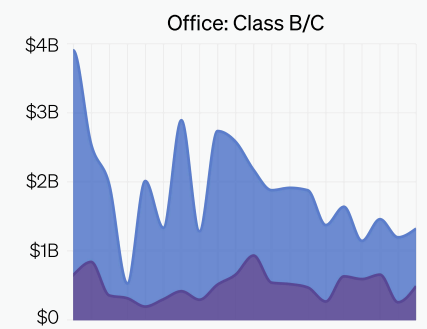
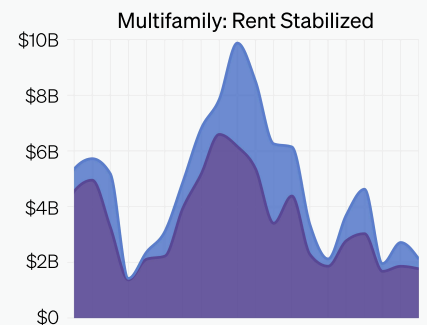
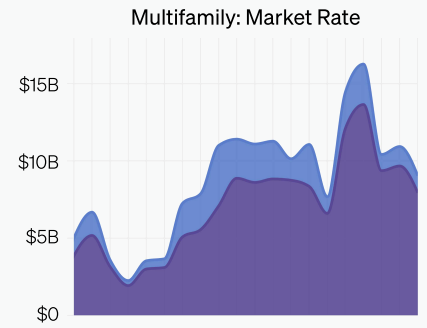
Lending on Retail properties remains down but stable, while sales are near 10-year averages.

CRE Mortgage Originations YEARLY



2010 2015 2020 2025
as of 9/30

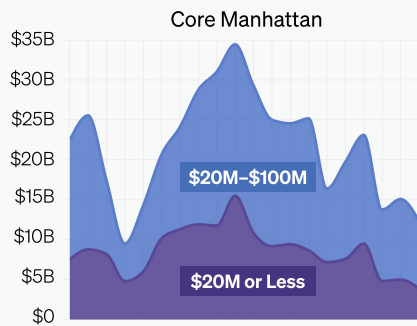
Property Sales YEARLY



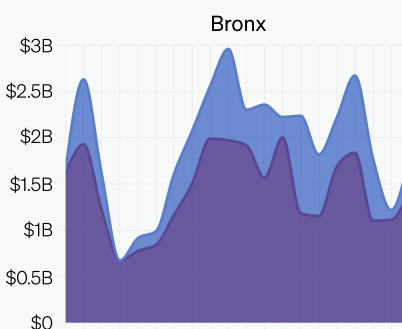
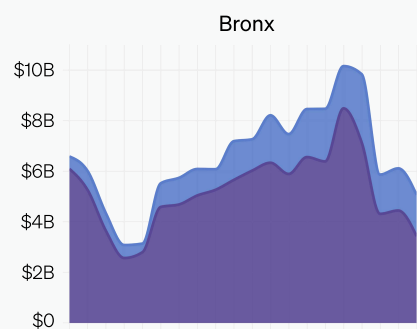
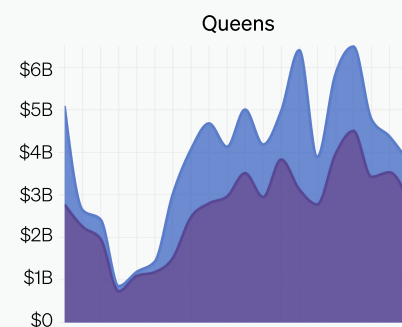
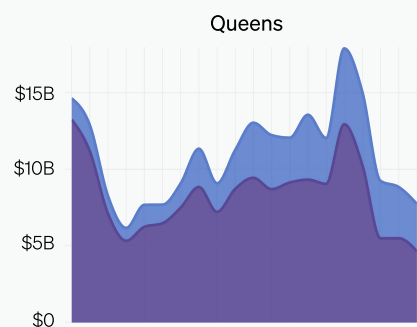
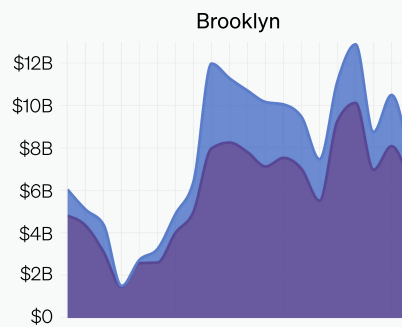
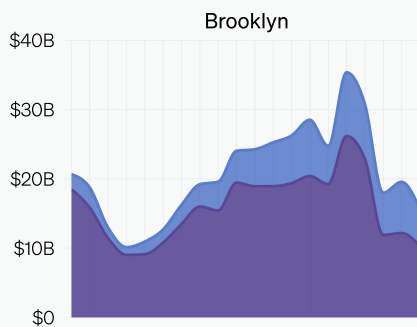
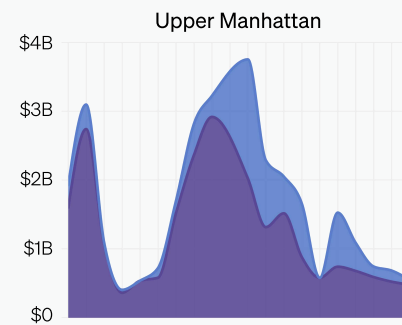
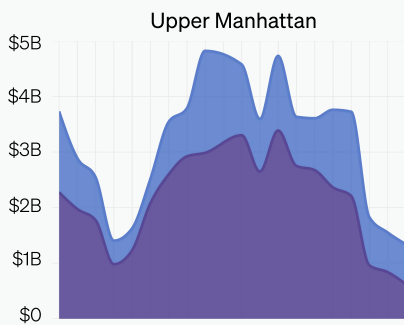
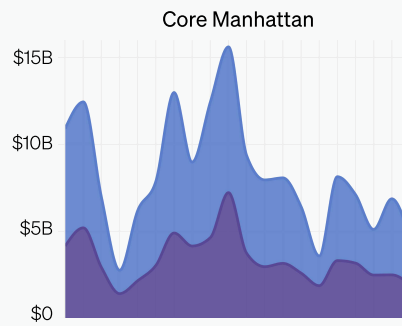
2010 2015 2020 2025
as of 9/30



CRE Mortgage Originations YEARLY



Property Sales YEARLY



as of 9/30

as of 9/30

Core Manhattan mortgage originations and sales have remained sluggish compared to the peaks of a decade ago due to the factors described previously, as well as the tepid response to current development incentives like 485-x. Recent efforts to relax zoning and spur development, combined with lower borrowing costs, may support an upturn into 2026.

Upper Manhattan remains challenged due to its high density of Rent Stabilized Multifamily properties.

While lending in Brooklyn is down from all-time highs, this should be viewed in the context of the enormous boom in Brooklyn over the last decade. Brooklyn property remains very much in demand as evidenced by continued strength in the sales market.

The building boom in Long Island City and other western Queens neighborhoods was a defining feature of the last decade, though this development rush cooled as borrowing costs rose.

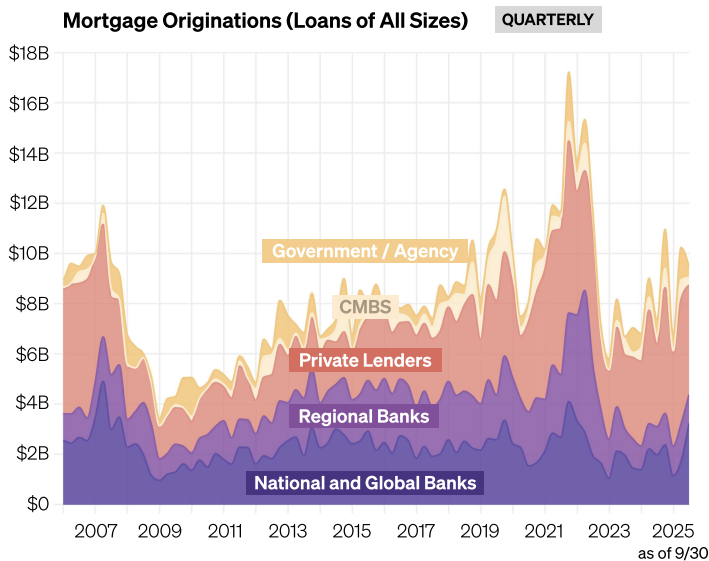
Bronx lending and sales are driven primarily by multifamily, with recent lending peaks related to new luxury development along the borough's southern waterfront. Recent declines are correlated heavily with Rent Stabilized Multifamily challenges, which are explored in the next section.



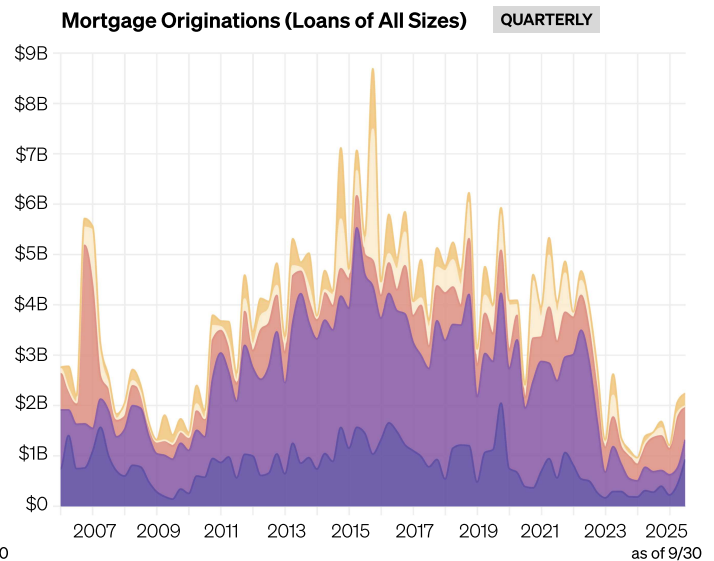
Multifamily represents the heart of NYC CRE lending, by both count and dollar volume of loans.

Rent stabilization remains the single most important variable shaping multifamily property performance and lending dynamics. Stabilization affects properties in different ways based on their location, percentage of stabilized units, existence of ground floor retail, and other factors. Here we separate out Rent Stabilized properties having at least 25% of units subject to rent stabilization, excluding 421-a properties (as 421-a rents track closer to market rate).

Market Rate



Rent Stabilized



In the Market Rate segment the importance of private lenders is apparent, as they play an outsized role in financing new construction and bridge lending. In the Rent Stabilized segment, the critical role of regional lenders over the last 15 years, and their steep pull-back from these assets, is an important factor in today's market. The most recent two quarters have shown positive traction for Rent Stabilized lending. However, this activity is concentrated among larger loans, larger sponsors, and properties with substantial market rate or retail components.

Percentage of Sub-\$100M Multifamily Lending



Fragmentation of the Multifamily Lending Market

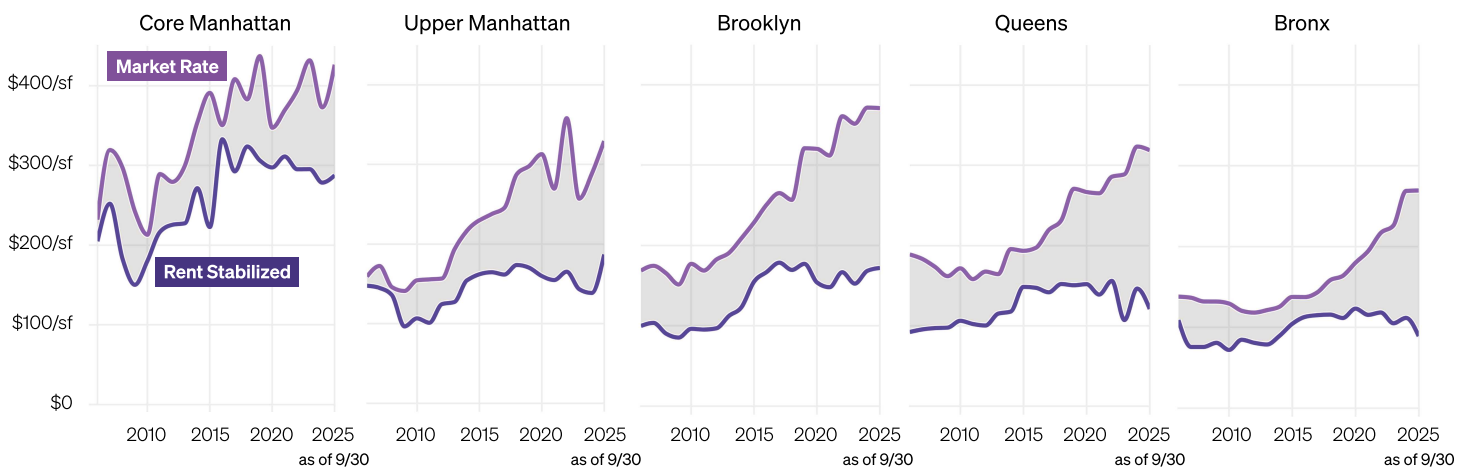
Until 2020, the top 20 banks examined on Page 4 accounted for 50%-65% of all sub-\$100M Multifamily lending. Today, these lenders account for only a quarter of all lending activity and no major new lenders have emerged. As a result of this fragmentation, borrowers face the challenge of developing new banking relationships, exploring private lending options outside their historic bank relationships, or juggling multiple lender relationships.



The value of Market Rate and Rent Stabilized Multifamily properties continues to diverge.

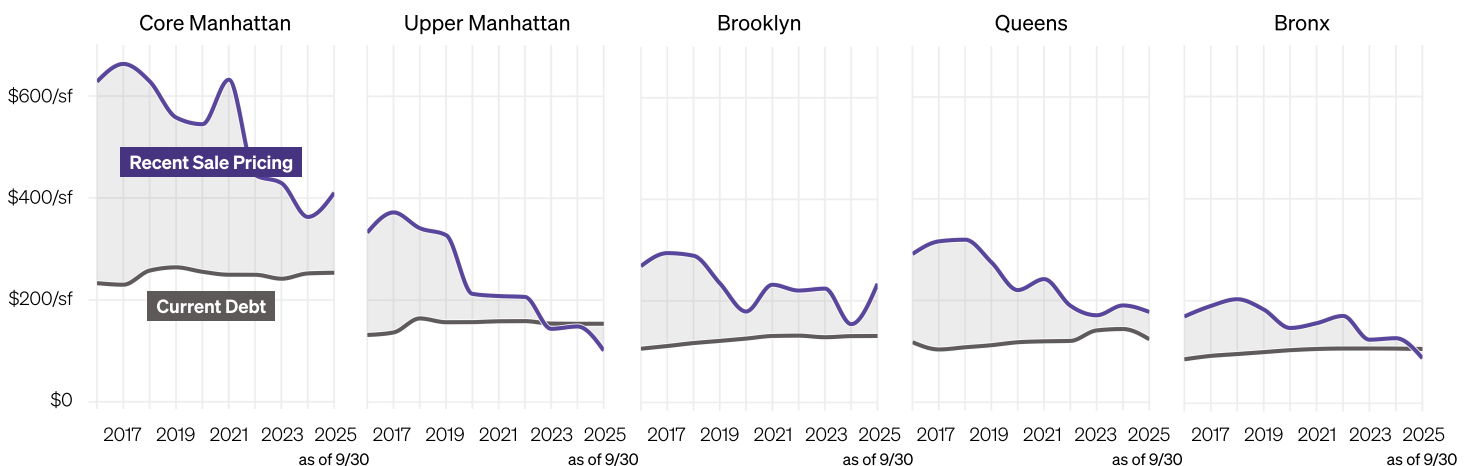
In Core Manhattan, where even a small percentage of market rate units or retail rent can offset value deterioration due to rent stabilization, the value (measured by debt per square foot) differential between Market Rate and Rent Stabilized mortgages remains reasonably narrow. But in the other boroughs, where many properties lack meaningful additional rental income, values continue to diverge further every year. These figures likely understate the true scale of the challenges facing the Rent Stabilized segment – weaker properties have been unable to refinance recently, and therefore are underrepresented here.

Debt per Square Foot for Newly Originated Mortgages YEARLY



The charts below plot average current property debt against recent average sale prices per borough, for properties where the majority of units are rent stabilized. In Upper Manhattan and the Bronx, current debt per square foot now exceeds average recent sale prices, which implies that many properties are underwater and impossible to refinance without an injection of new equity.

Recent Average Sale Prices vs. Current Debt Levels YEARLY



The challenges for smaller sponsors and Rent Stabilized properties translate to tangible distress.

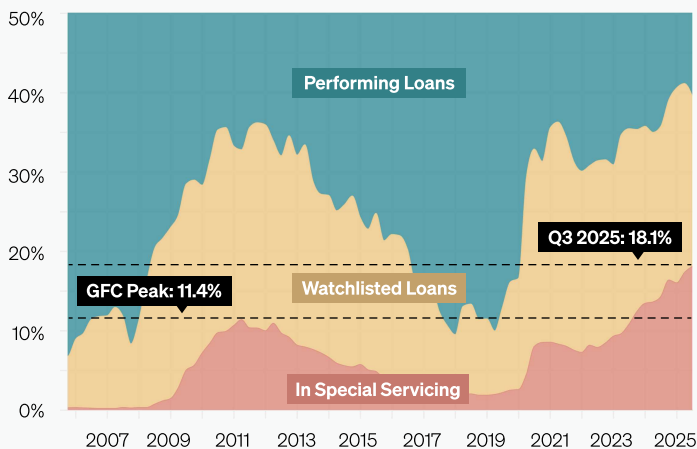
Smaller sponsors exhibit greater distress than larger sponsors across a range of metrics, and generally carry a higher debt load. Rent Stabilized properties exhibit greater distress than Market Rate – except for past-due real estate taxes, as the Market Rate segment pays higher taxes and includes stalled new development projects.

Distress Metrics by Sponsor Size



Status of CMBS Loans Under \$100M

QUARTERLY



A Warning from the CMBS Market?

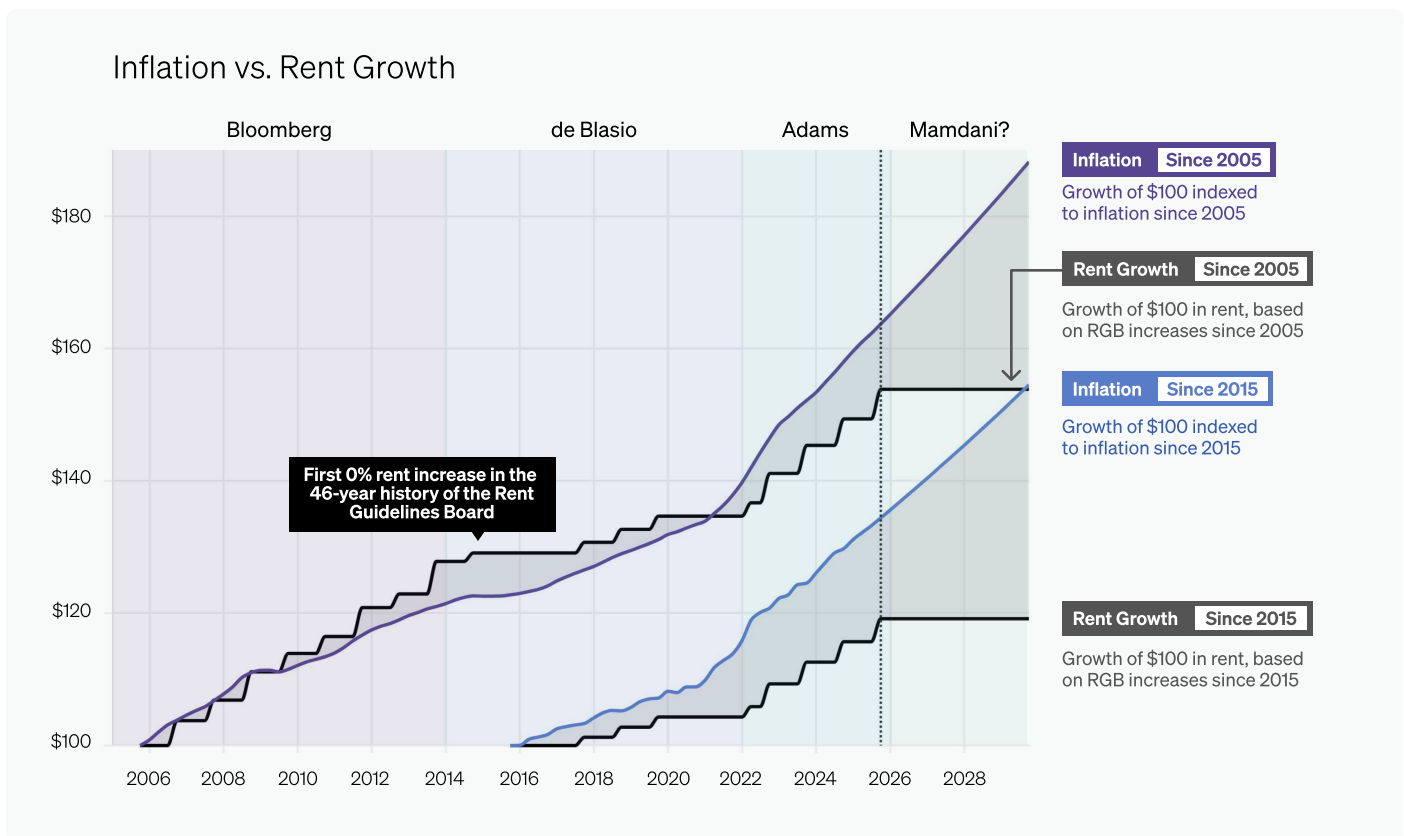
While banks and private lenders have extensive flexibility to modify and extend troubled loans, CMBS loans generally have less flexibility given the fixed repayment obligations to bondholders. For this reason (and the public nature of CMBS data), these loans provide unique transparency into distress concerns. Liquidity challenges have pushed distress for NYC CMBS loans under \$100M to an all-time high, eclipsing even global financial crisis levels.



With Election Day upon us, concerns about the policies of a Mamdani administration loom large over the Multifamily sector.

The Mayor's office has substantial control over appointments to the Rent Guidelines Board, which sets annual increases for rent stabilized apartments, and there are typically few impediments to stacking it with candidates of the administration's choosing. Recent news suggests Eric Adams might consider a fresh appointment of board members on his way out, with the intent of delaying the new administration's appointees from gaining control in year one.

The chart below provides some historical context for the impact of low or zero annual rent increases. For owners who acquired a property 20 years ago, rents and inflation generally tracked closely during the Bloomberg administration. For owners who purchased a property 10 years ago during the de Blasio administration, three of eight years saw rent freezes and rent increases consistently lagged inflation. As a result, these owners have likely been seeing NOI decline since day one. We then project how the gap between income and expenses would continue to grow in the future if inflation tracks with recent averages (3.5%) but rents remain frozen for four years.



In practice, actual operating expenses for many properties, particularly those in Upper Manhattan and the Bronx, have increased well beyond headline inflation numbers as some annual cost increases for insurance and energy have spiked to double digits. Recently, the idea of cost relief for landlords has been floated alongside the discussion of a rent freeze. That may be needed to prevent operating expenses from eclipsing income for these properties.

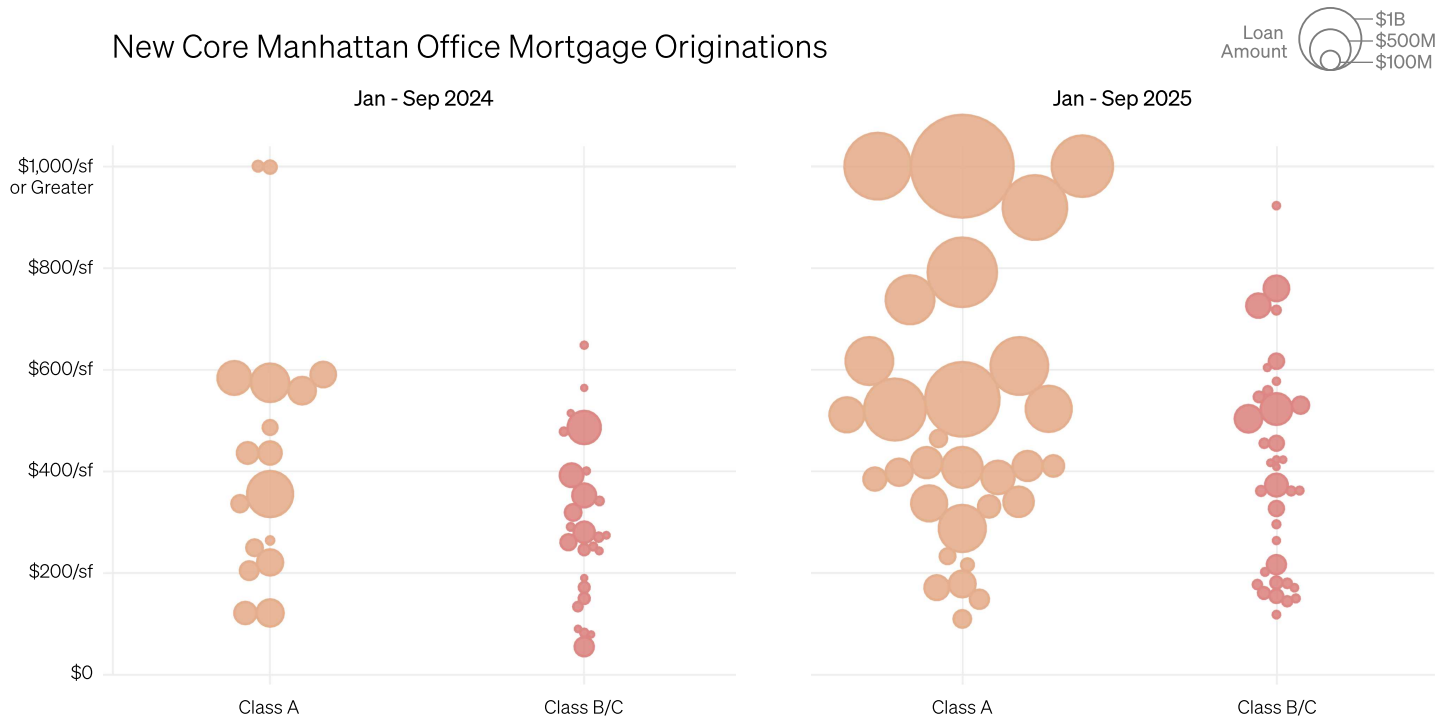
Since this asset class represents roughly \$100B or 20% of all CRE debt in New York City, its health is a concern that extends beyond Rent Stabilized property investors.



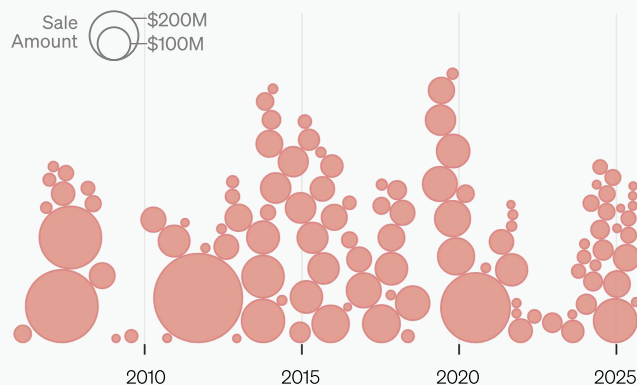
Large office loans are leading this recovery, with signs that the highest-quality Class B/C Offices are gaining momentum.

The chart below visualizes office mortgage originations for the first 9 months of 2024 vs. 2025 – a broad improvement in both quantity and value (debt per square foot) of loans can be seen. For Class B/C Office originations above \$500/sf, most loans are secured by high-quality properties in close proximity to Grand Central Terminal or Flatiron / Gramercy. Below \$200/sf, most loans are secured by properties in Midtown South and/or pending conversion to other uses.

New Core Manhattan Office Mortgage Originations



Office Sales in Midtown South Rezoning Area



Repositioning Midtown South

An uptick in sales activity is visible in the recently rezoned areas of Midtown South, which includes many troubled Class C Office buildings. The rezoning is intended to speed the conversion of some office properties to residential use.

While dollar volume of sales and sale price per square foot in this zone remain at depressed levels, the count of sale transactions in the last year is at a 20-year high, signaling investor optimism about repositioning.

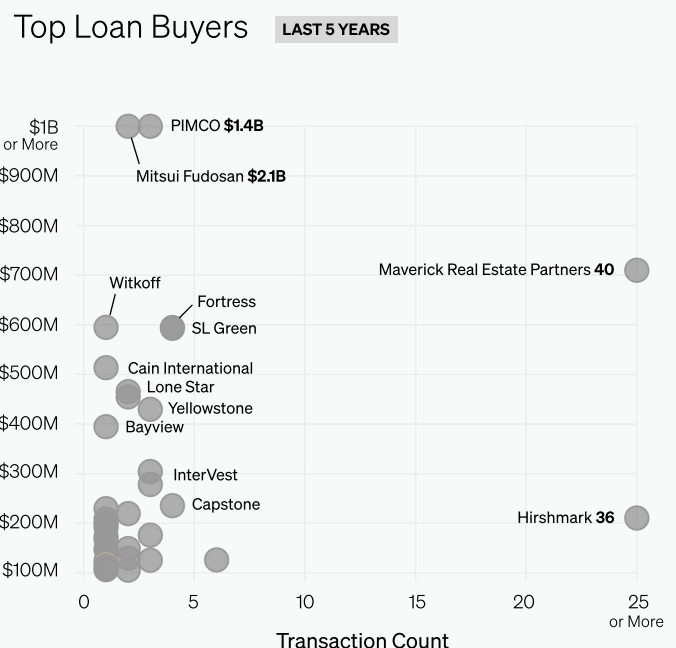
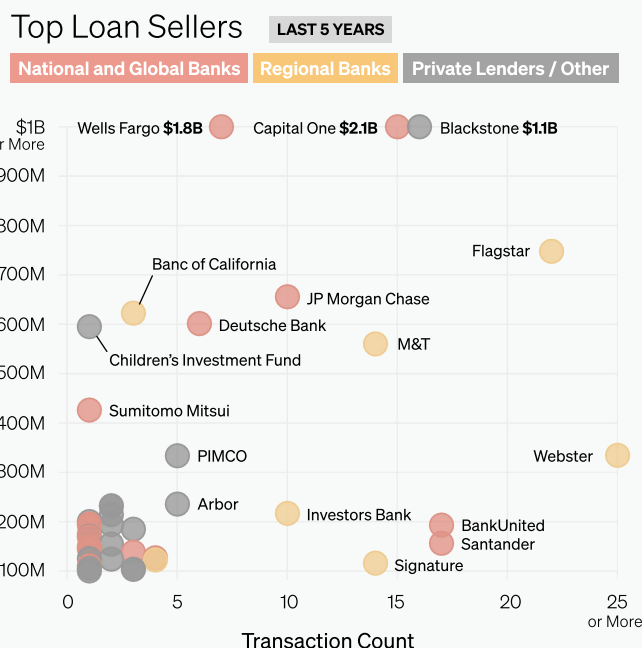
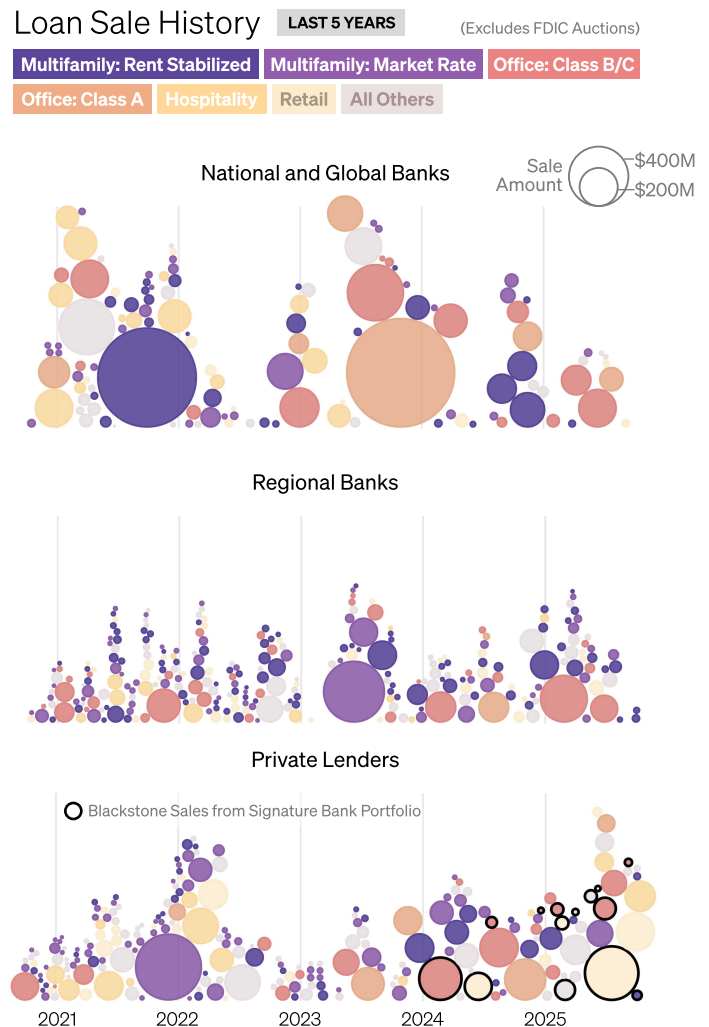
2025 is on track to be the most active of the last five years for loan sales by regional banks and private lenders, potentially indicating an increased desire to resolve lingering distress as the market improves.

In the last 12 months, \$3B of mortgage debt has been sold, with the majority of that activity coming from regional banks and private lenders.

The largest individual sales are associated with office and retail loans, with relatively few multifamily trades.

Virtually all trades have gone to private credit buyers, with a small amount of sold debt subsequently securitized.

Blackstone continues to part out segments of the Signature Bank portfolio acquired from the FDIC. Acquirers of other parts of the Signature portfolio remain in a lockup period until 2026.



Are the green shoots in today's market the first steps toward a broad recovery, with the strongest properties and sponsors leading the way? Or do current trends indicate a deepening bifurcation with institutional investors crowding out middle-market and “mom and pop” investors?

At this time last year, the view of NYC commercial mortgage lending activity was bleak, with liquidity nearly frozen and well-founded concerns that latent distress could ignite into a broader credit crisis. With rates easing and banking regulators continuing to tread lightly, it seems plausible that residual distress will be worked out methodically during a longer-term recovery. Factors to watch and open questions for 2026 include:

- With Class A Offices leading the recovery charge, will Class B/C Offices follow closely behind? Or have the fates of these two asset classes diverged permanently, with large firms embracing return-to-office and smaller firms deciding that the upsides of remote work outweigh the obligations of traditional office leases? The data is challenging to interpret as office properties sit on a continuum of size and quality, and the boundary between classes is subjective. What the data does tell us is that the value of smaller, lower-quality offices that lack valuable retail space has plummeted due to poor demand, and there are few signals that demand will recover to pre-COVID levels. The city is taking meaningful policy-based steps to facilitate residential conversion of these assets to address the current housing crisis – but the cost, physical limitations of conversion, and political unpopularity of more aggressive development incentives remain serious obstacles.
- A portion of the Rent Stabilized Multifamily segment remains underwater, with crippling uncertainty as to how the policies of a new mayor, inflation, and other factors may impact the financial viability of these properties. With this asset class virtually abandoned by regional banks, it remains very unclear what the future holds for refinancing these properties, and there are few clues to be found in today's data.
- Will regional banks return to dominance in sub-\$100M CRE lending? Or does the fact that many major players exceed the Fed's guidance for CRE exposure mean that these lenders will continue to scale back, with a fragmented group of private lenders filling the gap?
- Perhaps the biggest paradox in today's market is the poor liquidity available for smaller Market Rate Multifamily properties. Rents are at all-time highs, vacancies at all-time lows, and little new supply is coming to the market. Yet lender reticence about CRE exposure is keeping activity in this segment depressed. If a durable recovery is underway, intuitively these assets should be next up to see a return to a healthy financing market.
- Will smaller sponsors remain at a disadvantage due to poor access to capital? And if so, will institutional-grade sponsors with lower-cost capital permanently displace smaller players? There are already signs this may be occurring – see Carlyle and Greenbrook acquiring more than 300 two- and three-family Brooklyn properties since 2020, an asset type historically the domain of small investors.
- What is likely to happen to the \$100B in fixed low-rate mortgages expected to mature or reset to market rates in the next 24 months? Will the improving environment provide a sudden burst of liquidity to aid refinancing, potentially in conjunction with cap rate compression, which would reduce the need for sponsors to inject fresh equity? Or will lenders need to modify these loans to keep them performing while awaiting a longer-term recovery?
- Are the record-high distress levels among CMBS loans a “canary in the coal mine” warning of unresolved latent distress? Or is this an anomaly fundamentally unrelated to the health of loans on bank balance sheets?

We'll be watching in the coming months to see whether liquidity continues to rise and flow more broadly through the market, or simply supports further consolidation among the largest players.



Source and Methodology Notes

Sources

1. Data for this report is sourced from a combination of public and commercial sources. Because data sources are commingled for cleaning and enhancement purposes, individual sources are generally not referenced.
2. Primary data sources include:
 - ACRIS
 - NYC Department of Finance
 - Other NYC OpenData datasets
 - CRED iQ
 - Real Capital Analytics
 - Pincus
 - New York State Unified Court System
 - Other related data sets

General Notes

1. This analysis is specific to CRE loan and sale transactions. Transactions related to single-family homes, individual condominium units, or co-operatives are excluded.
2. Transactions involving city, state, or federal agencies are generally excluded, including loans related to infrastructure projects (e.g. airport financing). Agency (Fannie/Freddie) loans are broken out where appropriate.
3. Transactions deemed to be non-arms-length or otherwise not representative of actual market values are excluded where possible.
4. Data sources include errors, which we endeavor to repair through both algorithmic and manual cleaning processes.
5. When not referenced explicitly, we classify Multifamily properties with more than 25% of units subject to rent stabilization as Rent Stabilized and all other properties as Market Rate. Properties with 421-a abatements are classified as Market Rate, given that most of these properties are modern buildings where rents track closer to market rates.
6. When evaluating multi-property loan or sale transactions, we distribute the the total transaction value across properties on a pro rata basis based on square footage.
7. As many sponsor entities are partnerships between other sponsors, we use our best judgement when defining discrete sponsors entities for the sponsor-based analyses on pages 7 and 12.
8. Staten Island is excluded from this analysis based on the small number of commercial properties in the borough and inconsistent data availability.

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