

New York is sinking, and its bankers could go down with...

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As the [Guardian](#) reported yesterday:

New York City is sinking in part due to the extraordinary weight of its vertiginous buildings, worsening the flooding threat posed to the metropolis from the rising seas, new research has found.

The rate would appear to be small. It is 1mm - 2mm a year. But then add this to the fact that water levels around New York have risen about 22cm since the 1950s, with that trend increasing, and something a banker told me a while ago looks to be all too real a prospect.

When discussing climate change that banker suggested that sinking cities was the biggest problem he thought the sector faced. Over 80% of the property portfolio of many banks was, he suggested, in cities where the likelihood of flooding was likely to increase rapidly. Give it thirty years or so, he reckoned, and the security that those properties had to offer in forms of loan collateral would disappear.

I asked if this was panicking the sector. He said it wasn't. Property loans tend to be much shorter for commercial property than domestic mortgages, and commercial property was often the most vulnerable platt of the portfolio. But, he assured me that all bankers took the view that they would be able to offload their risk to someone else before the water hit the basements and destroyed the functioning of the properties on which their asset worth depended.

The reality was that it was easy to tell that's he knew that was just nonsense. What he really thought was that all those offering these loans now would be long gone before the problem hit, taking their bonuses with them. That was the real reason why they were were not concerned. It was someone else's issue, or so they thought, and they'd take the money and ignore the consequences now.

That said, Frank Sinatra might need to think again about New York, as might bankers.