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The Future Of Commercial Real Estate And Big City Budgets.

More than three years after the beginning of the COVID-19 pandemic, the shift to remote work for many office workers has put the future of commercial real estate, and potentially city government budgets, on shaky ground.

One data and analytics group estimated that commercial property values are down 12 percent over the past 12 months, putting today's values on par with those in May 2018. In comparison, residential home values are about 50 percent higher than in mid-2018.

The divergence in commercial and residential property values makes it hard to predict the fiscal consequences for local governments broadly. Total property tax revenue accounts for 30 percent of local general revenue, but the pain from this transition will likely be concentrated in major cities with big commercial districts.

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