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Atlanta, Boston Budgets Most Sensitive to Office-Market Stress.

- **Moody's report analyzes US cities' property-tax bases**
- **Some big municipalities rely more on the revenue than others**

Remote work and rising interest rates have battered office values, a potential worry for city officials and the investors who count on property-tax revenue to help repay some of the municipal debt they buy.

But a Moody's Investors Service analysis shows the impact of the upheaval in the commercial real estate market will vary from city to city depending on two key variables: the percentage of cities' tax dollars derived from property taxes and the share of the tax base made up by commercial property.

By these metrics, Atlanta and Boston's budgets are most sensitive to a decline in office, retail and hotel values among the 14 cities analyzed, while Phoenix and Philadelphia are best positioned. In Atlanta, commercial property makes up 48% of assessed value and property taxes comprise almost 40% of city revenue. By contrast, in Phoenix, commercial property accounts for about a quarter of assessed value, but real estate taxes make up just 9% of city revenue.

Continue reading.

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