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Office Buildings Remain Half Empty But US Cities Can Shrug It Off.

- **Occupancy has hovered near 50% since January 2023: Kastle**
- **S&P sees 'stable credit picture' for most major US cities**

Four years after Covid-19 filled hospital emergency rooms, closed schools and emptied out cities, US offices remain about half vacant.

Office occupancy in 10 of the largest US metropolitan areas rose to a new high of 53% for the week ended Jan. 31, according to Kastle Systems, a firm that provides security to buildings. The firm's barometer on how corporate return-to-office policies is going has been hovering around that level for 13 months. Yet, cities are shrugging off empty offices and its implications for the commercial real estate market because they can, for now.

"Commercial real estate is not a key driver of general fund revenues for the majority of local governments," said Michael Rinaldi, head of US local governments at Fitch Ratings, in an email. "Declines can be managed through careful expenditure management and/or stability in other revenue sources, including residential property taxes, sales tax, utility taxes, etc."

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Bloomberg CityLab

By Joseph Mysak Jr

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