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Cities Face Cutbacks as Commercial Real Estate Prices Tumble.

Lost tax revenue fuels concerns over an urban 'doom loop.'

In San Francisco, a 20-story office tower that sold for $146 million a decade ago was listed in December for just $80 million.

In Chicago, a 200,000-square-foot-office building in the city's Clybourn Corridor that sold in 2004 for nearly $90 million was purchased last month for $20 million, a 78 percent markdown.

And in Washington, a 12-story building that mixes office and retail space three blocks from the White House that sold for $100 million in 2018 recently went for just $36 million.

Such steep discounts have become normal for office space across the United States as the pandemic trends of hybrid and remote work have persisted, hollowing out urban centers that were once bustling with workers. But the losses are hitting more than just commercial real estate investors. Cities are also starting to bear the brunt, as municipal budgets that rely on taxes associated with valuable commercial property are now facing shortfalls and contemplating cutbacks as lower assessments of property values reduce tax bills.

Continue reading.

The New York Times

By Alan Rappeport

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