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Empty Downtowns Are Still Depleting Local Coffers.

In much of the country, downtowns remain relatively empty. The implications for property values, mortgage debt and property tax collections have not yet fully played out, says a Columbia University economist.

A few weeks ago, a building on West 50th Street in Midtown Manhattan sold at a steep discount. The 23-story office building had sold for $332 million as recently as 2006, but at an auction in July, it fetched only $8.5 million.

This was not a fluke or even an isolated incident. With office workers staying away from their offices in droves, downtown office buildings have sold at fire-sale prices, with defaults on office loans reaching near-record levels.

To get a sense of how shaky the downtown office market remains, Governing spoke with Stijn Van Nieuwerburgh, a professor of finance and real estate at Columbia University who coined the term “urban doom loop” back in 2022.

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by Alan Greenblatt

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