



# US commercial real estate suffers as telework becomes the new norm

Story by Joy Addison • 1d

At the beginning of COVID-19 pandemic telework seemed like a temporary fix for not being able to go into the office. But, new research from The Conference Board shows that less than 30% of companies are [prioritizing the return to the office](#). Julie Whalen of CBRE Global Commercial Real Estate Services says the commercial real estate space is in trouble.

"Office vacancies in the U.S. are currently at about 18.4% which is a historical high. As a point of comparison, it was about 12% right before the pandemic in late 2019" Whalen said.

Researchers say [the shift to remote work](#) plays a major role.

Micheal Dalton of The U.S. Bureau of Labor Statistics says his research finds that more than half of companies in finance, insurance, educational services and management increased telework.

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"Large employers have been more likely to report an [increase in telework](#) since the pandemic" Dalton said.

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The University College London predicts that by 2029, commercial buildings will be worth about 40% less than their value in 2019.

"With falling rent, and higher interest rates, and less occupancy in the market, means that values of buildings will continue to fall through the end of next year" Whalen said.

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Most of the commercial building occupancies are in the downtown districts of large cities, and that's creating money problems for other businesses in those areas.

"It's like a first order effect, that employers of certain industries are moving towards more remote work, and then secondly, the businesses that were relying on people coming into work and being in-person are negatively impacted," Dalton said.

When the value of commercial buildings drop, that means owners pay lower property taxes, and that leads to less money for the communities where they're located.

Since we [no longer have to live where we work](#), commercial real estate developers have become creative with their empty space, turning it into mixed-use buildings that include floors for offices and residences or hotels in the same building. This is another "new norm," unless we decide to go back into the office.

*Original article source:* [US commercial real estate suffers as telework becomes the new norm](#)