

# News

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## New Moody's Analytics CRE Forecasts Predict 11% Drop in Retail Rents in 2020

**NEW YORK, May 01, 2020** – Moody's Analytics today announced its new forecasts for commercial real estate (CRE) rents and vacancies, covering eight property types and more than 3,000 submarkets across the US. The forecasts reflect the latest curated Q1 data on US CRE markets collected by the Moody's Analytics Real Estate Information Services (REIS) group.

The retail property sector, pressured by the rise of e-commerce even before the COVID-19 crisis and now burdened with wide-scale store closures, is expected to be affected worst. National vacancies will rise past historic highs, with effective rents projected to fall by 11% in 2020. This drop will constitute almost twice the total decline in rents the retail property sector experienced after the Great Recession in the four years spanning 2008 to 2011.

"The COVID-19 pandemic has prompted unprecedented challenges in the economy, and multifamily and commercial real estate markets are changing rapidly as a result," said Victor Calanog, Head of CRE Economics at Moody's Analytics. "Store closures have made it difficult for retail tenants to pay rent, which has negatively impacted landlords. It is not yet clear how effective government support will be in this sector."

The office sector is also projected to incur significant distress, given the severity of the downturn and social distancing policies implemented to combat the pandemic. As employers have been compelled to execute remote working policies, national vacancies may break the 20% mark by 2021, and effective rents in some markets like New York may fall by close to 25%. By contrast, industrial and multifamily properties are likely to fare better. Vacancies are still projected to rise and effective rents are expected to turn negative, but the impact will not be as severe as on retail and office properties.

Research from the Moody's Analytics REIS team explores market trends across sectors. Some recent COVID-19-related studies include:

- [The Future of Multifamily](#)
- [The Future of Retail Rental Markets](#)
- [California Property Markets](#)

CRE market participants may access the forecasts through the [REIS platform](#), and can gain further insight by using the Moody's Analytics [COVID-19 CRE Impact Dashboard](#), available free of charge for the duration of the crisis.

### **About Moody's Analytics**

Moody's Analytics provides financial intelligence and analytical tools to help business leaders make better, faster decisions. Our deep risk expertise, expansive information resources, and innovative application of technology help our clients confidently navigate an evolving marketplace. We are known for our industry-leading and award-winning solutions, made up of research, data, software, and professional services, assembled to deliver a seamless customer experience. We create confidence in thousands of organizations worldwide, with our commitment to excellence, open mindset approach, and focus on meeting customer needs. For more information about Moody's Analytics, visit our [website](#) or connect with us on [Twitter](#) and [LinkedIn](#).

Moody's Analytics, Inc. is a subsidiary of Moody's Corporation (NYSE: MCO). Moody's Corporation reported revenue of \$4.8 billion in 2019, employs approximately 11,100 people worldwide and maintains a presence in 40 countries.

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