

# News

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## Moody's Analytics Forecasts US Office Vacancy Rate Hitting Historic High of 19.9% in 2021

**NEW YORK, August 17, 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 Q2 data on US CRE markets collected by the Moody's Analytics Real Estate Information Services (REIS) group.

The office property sector was already experiencing downward pressure on the usage intensity of office space even before the COVID-19 crisis. Now, burdened with a wide-scale shift towards remote working as offices remain closed, it is expected to be particularly hard hit in the coming years.

National vacancies will rise past historic highs within the next few years. Our projections show the vacancy rate rising to 19.3% in 2020 before surpassing the 1991 record high of 19.7% to reach 19.9% in 2021 and 20.0% in 2022.

The office sector is also projected to incur significant distress in effective rents, which we expect to fall by 10.4% nationally in 2020—including as much as 21% in New York and other markets.

"Many companies continue to push back returning to the office, with some already planning to telecommute until 2021. Whether the increased availability of remote working infrastructure will have long-term effects on office demand remains to be seen," said Victor Calanog, Head of CRE Economics at Moody's Analytics. "However, the long-term nature of office leases means that it may take some time for vacancy rates to reflect the real trend."

Retail properties are expected to fare even worse than office properties, with their effective rents expected to fall by 11.1% this year given wide-scale store closures and the rising threat to the sector posed by e-commerce. By contrast, industrial and multifamily properties are likely to fare better. Vacancies in those sectors 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.

CRE market participants may access these 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](#) or [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 11,200 people worldwide and maintains a presence in 40 countries.

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