# Global Property Market Fluctuations Amid COVID-19 Impact on Commercial Sectors



Since the onset of the COVID-19 pandemic four years ago, the global property market, a preferred asset class for the wealthy, has experienced notable fluctuations. The office sector has been significantly impacted due to a surge in remote work, combined with a challenging economic environment marked by rising interest rates. Across Europe, office valuations have plummeted by over 30% in cities such as London, Brussels, and Zurich since late 2019. In the United States, office vacancy rates have soared, particularly in San Francisco, where office visits have declined by 50% between March 2019 and March 2023. New York's office visits have also decreased by 17%, despite efforts by Wall Street banks to encourage a return to the office.

While the office sector struggles, other segments of the commercial property market show resilience. In the U.S., retail property prices have seen an uptick, driven by limited supply and new footfall tracking technology aiding in optimal site selection. The industrial sector, including warehouses, experienced a boost due to increased e-commerce activities during the pandemic, with signs of recovery in major cities like London. The residential market is also bouncing back, with U.S. house prices nearing their pre-pandemic highs, supported by a scarcity of housing stock and strong wage growth, similar trends observed globally in cities like Toronto, Singapore, and Sydney.

Listed real estate investment trusts (REITs) have also performed relatively well, sometimes outpacing the broader U.S. stock market. However, the overall health of the property market hinges on monetary policies. With U.S. interest rates expected to remain at high levels, buyer caution persists. Nonetheless, many investors express optimism about controlling inflation and a potential economic soft landing in the U.S. This scenario may foster a positive outlook for property valuations over the coming five years, buoyed by lower interest rates and limited supply. Long-term investors continue to find real estate an attractive asset class, despite recent turbulent times.