

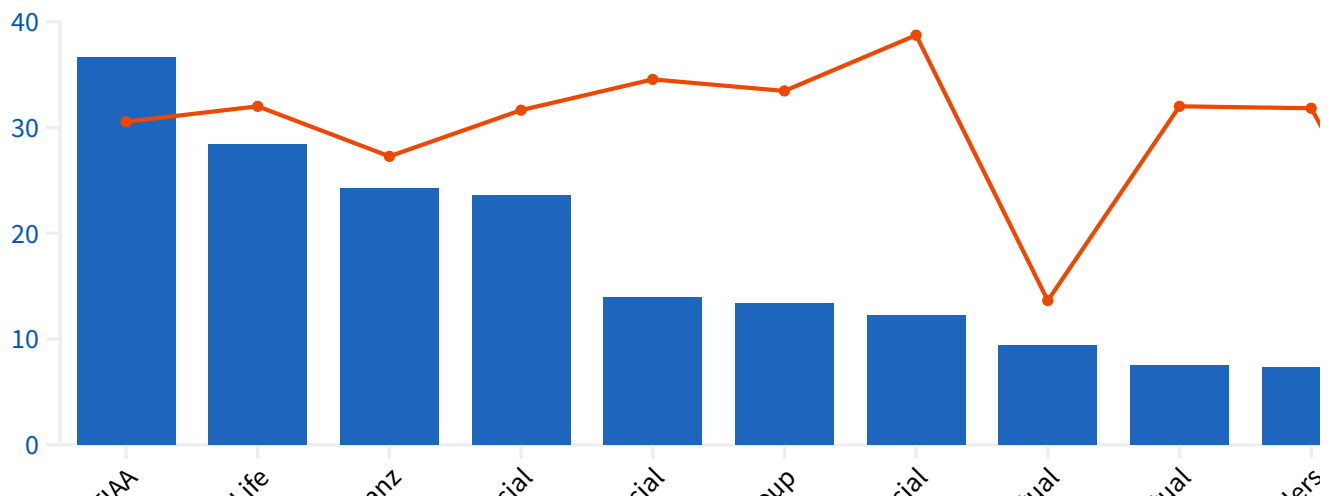
CHART OF THE DAY

Some Life Insurers' Office Portfolios Have Relatively High Vacancies

Rates Climb Above National Average for 11 of 15 Largest Property Holders of This Type

Life Insurers Balance Varying Levels of

Total US Office Square Feet in Millions



By [Mark Heschmeyer](#) and [Nicole Shih](#)
CoStar News

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Life insurance companies, like some other investor groups, face deteriorating values in their U.S. office holdings. And some of those insurers are exposed to higher-than-average office vacancies.

Since the beginning of 2020, office occupiers have given back over 150 million square feet, nearly 2% of inventory, according to CoStar data through June. So far this year, tenants have vacated nearly 40 million square feet more than they have occupied, putting 2023 on pace for the largest amount of negative net absorption on record.

As a result, the national office vacancy rate is at a record 13.1% and still climbing, according to CoStar data.

Of the 15 life insurance companies CoStar data shows as holding the largest volume by square footage of direct investments in office properties, 11 of those portfolios have vacancies that exceed the national average.

Notably though, office buildings make up only about \$85 billion of life insurers' total commercial real estate exposure of \$900 billion, according to a report this month from Moody's Investors Service. Mortgages on properties make up \$600 billion of that total. Losses from these modest holdings in direct real estate may be minimal, Moody's said, with most having unrealized gains in properties that could mitigate the effects.

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