

A Reciprocal Trade Policy to Rescue Office Real Estate, Municipalities and (Potentially) the Financial System.

From downtown San Francisco to the suburbs of Jacksonville, America's commercial real estate sector is suffering through its most severe downturn in decades. Vacancy rates are soaring, property values are sinking, and capital is drying up. As office buildings and retail corridors hollow out, local governments are losing vital tax revenue, economic vitality is eroding, and pressure within the financial system is mounting.

There's a practical fix; one already embraced abroad. Countries such as China, India, Brazil, Saudi Arabia, the UAE, and Malaysia require foreign businesses to establish a physical presence before they're allowed to conduct commercial activity within their borders. The U.S. should adopt the same principle. Requiring foreign companies to open an office and maintain a real footprint before operating in the American economy would create jobs, channel foreign capital into vacant space, and completely revitalize the country's commercial real estate sector - namely in lower cost "fly-over" communities. All this without costing taxpayers a dime.

The message to foreign companies is simple: no U.S. business without an office lease. This requirement would in an instant offset the pandemic demand shock, increase asset values and spur economic activity in cities and suburbs alike. Empty floors would fill. Downtowns would reawaken. Real estate fundamentals would firm up. Municipal taxes would recover, and the financial system would defuse a risk which is quickly growing into what could become a damaging shock.

These policies aren't about closing borders; they're about drawing meaningful, durable capital into the U.S. economy through fair and reciprocal practices. They would also help level the playing field. American companies expanding abroad already face similar requirements in foreign jurisdictions. Reciprocity is about fairness; it ensures foreign companies that benefit from access to U.S. consumers also contribute to the local economies they operate in.

The U.S. faces its own reckoning. Pandemic induced hybrid work has permanently altered office demand and higher interest rates have sidelined new development. The answer isn't retreat; it's reform. A well-targeted reciprocity policy can shift incentives and re-anchor economic engagement on American soil.

Crucially, requiring a physical presence would greatly reinforce local tax bases. As office buildings refill, municipalities would regain property tax revenue they've hemorrhaged since 2020. That cash supports schools, transit, and public safety. At the same time, renewed occupancy would create jobs in leasing, maintenance, construction, and

beyond. In fact, some countries require local employees to staff these offices, further driving economic activity.

This policy also offers insulation in uncertain times. When the next downturn hits—and it will—steady demand from embedded foreign businesses could soften the blow. The pandemic showed how fast things can unravel. Foreign businesses with a real presence offer the kind of stable, long-term tenancy that keeps markets resilient.

This isn't protectionism. It's realism. U.S. companies play by these rules when they go abroad. It's time to expect the same in return.

Commercial real estate is the foundation for millions of American jobs, services, and communities. Washington's message should be clear: participation in the U.S. economy requires at least a modest stake in it.