

# MARKETBEAT

## Westchester County

### Office Q1 2019



#### WESTCHESTER COUNTY OFFICE

##### Economic Indicators

	Q1 18	Q1 19	12-Month Forecast
Westchester Employment	459.9k	472.9k	▲
Westchester Unemployment	4.5%	3.5%	▼
U.S. Unemployment	4.1%	3.8%	▼

#### Economy

Following two years straight of first quarter employment declines, Westchester County started 2019 off with 12,992 more jobs than one year ago. The unemployment rate continued to fall from the previous year, posting a 100-basis point (-bp) drop over the last twelve months to 3.5%.

#### Market Overview

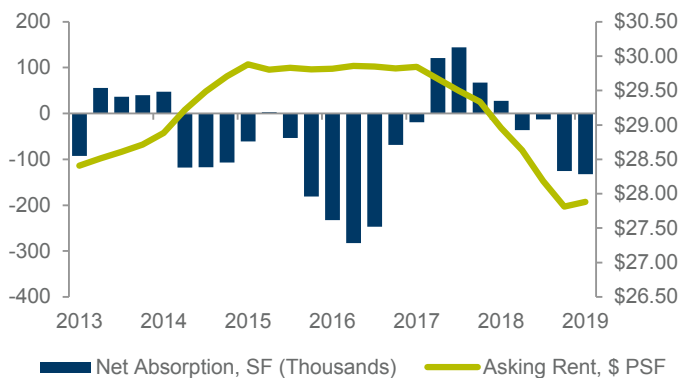
New leasing activity showed positive growth in the first quarter, increasing 2.8% from one year ago to 251,127 square feet (sf). Despite the increase in leasing activity, demand remained 17.8% short of the five-year quarterly average of 305,636 sf. The West I-287 submarket registered approximately 44.0% of first quarter demand in the county with 110,244 sf of activity, followed by the East I-287 submarket which recorded 83,691 sf in new leasing transactions.

##### Market Indicators (Overall, All Classes)

	Q1 18	Q1 19	12-Month Forecast
Vacancy	24.6%	23.9%	▼
YTD Net Absorption (sf)	-43.8k	-68.9k	▲
YTD Leasing (sf)	244.2k	251.1k	▲
Average Asking Rent*	\$28.34	\$28.64	▲

\*Rental rates reflect gross asking \$psf/year

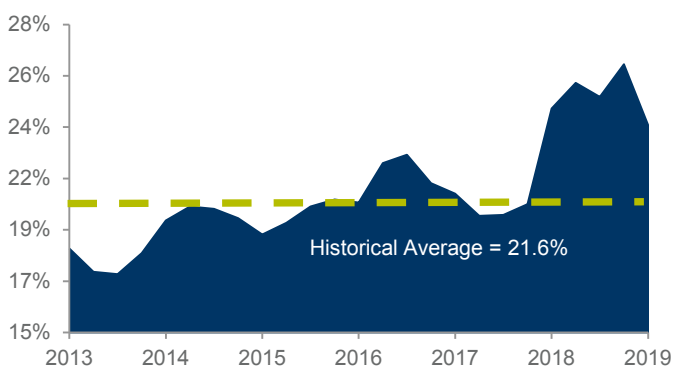
#### Overall Net Absorption/Overall Asking Rent 4-QTR TRAILING AVERAGE



The overall vacancy rate in Westchester County shrunk 70 basis points (bps) relative to one year ago to 23.9%. The contraction in the overall vacancy rate is mainly attributed to removing 1.1 million square feet (msf) of the former IBM campus in Somers. As a result, the Hudson Valley submarket's overall vacancy rate shrunk 720 bps over the last twelve months to 89.0%.

Average asking rents in the county were up \$0.30 per square foot (psf) from the previous year to \$28.64. The Northern and White Plains CBD submarkets registered the largest increase year-over-year, up by \$0.80 psf and \$0.30 psf, respectively. Class A space in downtown White Plains, however, recorded an \$0.86-psf year-over-year hike to \$37.38, making it the most expensive submarket in the county.

#### Overall Vacancy



#### Outlook

As space in the downtown White Plains submarket continues to be absorbed, leasing velocity in the White Plains CBD is anticipated to weaken. Furthermore, pricing in the White Plains CBD is expected to continue its upward trajectory, which may also diminish tenant demand. The East and West I-287 submarkets are expected to be the main drivers of growth in the following months as landlords begin to renovate and complete building capital improvements, which will make the tradeoff of a less accessible office building more attractive for tenants wanting to be in a more urban setting.

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SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
White Plains CBD	5,282,330	159,012	798,564	18.1%	-51,492	-51,492	42,120	0	\$33.80	\$37.38
East I-287	9,353,917	165,064	1,513,443	17.9%	25,109	25,109	83,691	0	\$29.56	\$29.64
Northern	1,763,189	9,472	957,624	54.8%	3,582	3,582	11,534	0	\$27.97	\$28.22
West I-287	4,774,652	87,149	1,135,151	25.6%	-48,938	-48,938	110,244	0	\$26.98	\$28.30
Hudson Valley	568,000	0	505,710	89.0%	0	0	0	0	\$24.00	\$24.00
Southern	1,830,296	8,866	284,174	16.0%	2,855	2,855	3,538	0	\$26.31	\$28.16
<b>WESTCHESTER TOTALS</b>	<b>23,572,384</b>	<b>429,563</b>	<b>5,194,666</b>	<b>23.9%</b>	<b>-68,884</b>	<b>-68,884</b>	<b>251,127</b>	<b>0</b>	<b>\$28.64</b>	<b>\$29.58</b>

BUILDING CLASS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (DIRECT)*	OVERALL AVERAGE ASKING RENT*
Class A	17,879,517	408,323	4,071,988	25.1%	-88,703	-88,703	149,736	0	\$29.62	\$29.58
Class B	5,692,867	21,240	1,122,678	20.1%	19,819	19,819	101,391	0	\$25.51	\$25.51

\*Rental rates reflect gross asking \$psf/year

\*\*Does not include renewals

#### Key Lease Transactions Q1 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1311 Mamaroneck Avenue, White Plains	63,575	UnitedHealth Group	New Lease	East I-287
1 International Drive, Rye Brook	25,523	POP Displays	New Lease	East I-287
2500 Westchester Avenue, Purchase	25,000	Wells Fargo	New Lease	East I-287
50 Main Street, White Plains	17,812	Goldberg Segalla	New Lease	White Plains CBD
117 Stevens Avenue, Valhalla	16,493	State of NY	New Lease	West I-287

#### Key Sales Transactions Q1 2019

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
Portfolio Sale	3,100,000	Mack-Cali / Robert Martin Co	\$487,500,000 / \$157	Southern
1-6 Warehouse Lane, Elmsford	395,137	Mack-Cali / Realterm Logistics	\$70,250,000 / \$178	West I-287
555-565 Taxter Road, Elmsford	353,727	Special Servicer / GHP	\$45,635,545 / \$129	West I-287
104 Corporate Park Drive, White Plains	118,000	HistoGenetics LLC / Simone Development	\$14,000,000 / \$118	East I-287

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