

WESTCHESTER COUNTY

Office Q2 2022

	YoY Chg	12-Mo. Forecast
26.6% Vacancy Rate	▲	▼
-265K Net Absorption YTD, SF	▼	▲
\$30.11 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
468K Westchester County Employment	▲	▲
3.5% Westchester County Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY: Job Growth Continues

The second quarter of 2022 marked Westchester County's eighth consecutive quarter of rising total employment. Compared to midyear 2021, Westchester County added 11,408 new positions, causing the unemployment rate to contract 150 basis points (bps) to 3.5%—10 bps lower than the national average of 3.6%. Despite the strong tailwind in the labor markets, total employment in the county has yet to normalize to pre-pandemic levels.

DEMAND: Tenant Demand Tapers

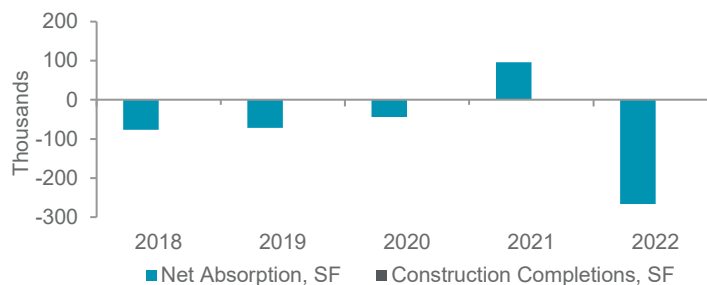
The first half of 2022 was pronounced with tepid leasing activity as tenant demand throughout the county shrank by 35.3% from midyear levels witnessed one year ago. Furthermore, year-to-date (YTD) new leasing activity was 38.6% below the five-year average of 545,088 square feet (sf), further signaling moderate leasing markets. The county slowdown also impacted Downtown White Plains with YTD leasing activity falling 25.4% short of the five-year average of 159,619 sf. Although new leasing activity has tapered, the frequency of tenant renewals remains strong, increasing 34.2% from the five-year average, which was largely influence by Heineken renewing for 50,874 sf at 360 Hamilton Avenue in downtown White Plains.

Office supply increased by 3.8% quarter-over-quarter, ending the midyear with an overall vacancy rate of 26.6%. Relative to this time last year, overall vacancy in the county increased 200 bps, with the largest escalation occurring in the White Plains Central Business District (CBD), registering a 17.2% growth in vacant supply, ending the quarter with an overall vacancy rate of 23.0%. In total however, the East I-287 corridor added the most amount of space YTD, producing nearly 380,000 sf of additional vacancies, registering an overall vacancy rate of 21.6%. As a result, the county recorded a 265,848 sf YTD decrease in occupancy with the most significant decline occurring the East I-287 corridor, losing slightly more than 216,000 sf of office tenancy.

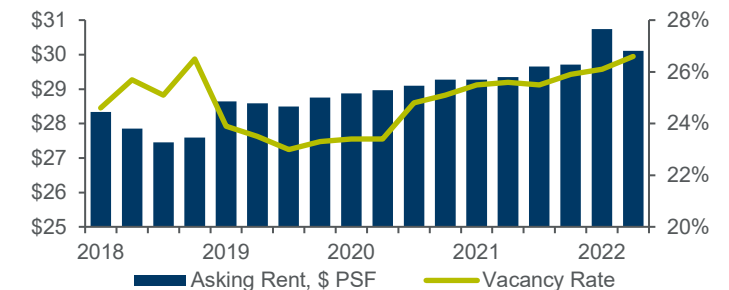
PRICING: Asking Rents Climb Upwards

Overall average asking rents in the county increased by \$0.78 per square foot (psf) over the last twelve months, ending the first quarter at \$29.91. Downtown White Plains averaged \$35.32 psf, up \$0.57 year-over-year (YOY). Throughout the county, average asking rents for Class A space grew by \$0.95 psf since the first quarter of 2021, averaging \$30.74 in the first three months of 2022, while asking rents for Class B space fell by \$0.19 psf to \$26.86.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

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 AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
White Plains CBD	5,284,924	85,176	1,129,372	23.0%	14,213	-36,077	119,070	0	\$36.15	\$39.18
East I-287	8,831,791	203,038	1,707,794	21.6%	-161,820	-216,183	84,238	0	\$30.73	\$30.85
Northern	1,764,708	4,935	945,650	53.9%	-20,903	-6,096	17,795	0	\$27.64	\$28.02
West I-287	4,776,387	208,410	1,092,504	27.2%	-25,218	-26,297	92,876	0	\$27.82	\$28.54
Hudson Valley	568,000	0	505,710	89.0%	0	0	0	0	\$24.00	\$24.00
Southern	1,830,296	4,097	242,394	13.5%	2,800	18,805	20,785	0	\$28.20	\$28.30
WESTCHESTER COUNTY TOTALS	23,056,106	505,656	5,623,424	26.6%	-190,928	-265,848	334,764	0	\$30.11	\$30.98

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
360 Hamilton Avenue, White Plains	White Plains CBD	Heineken	50,874	Renewal*
120 Bloomingdale Road, White Plains	White Plains CBD	Byram Healthcare Centers	28,944	New Lease
445 Hamilton Avenue, White Plains	White Plains CBD	Gelfand Rennert & Feldman	14,003	New Lease
400 Columbus Avenue, Valhalla	West I-287	Boston Children's Health Physicians	13,360	New Lease
4 Manhattanville Road, Purchase	East I-287	DAC Group	11,777	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
73 Market Street, Yonkers	Southern	QIC US Management / Nuveen	187,435	\$7.0M / \$37
118 North Bedford Road, Mount Kisco	Northern	118 N Bedford Associates / Buckingham Property Management, LLC	36,000	\$5.6M / \$156

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