

WESTCHESTER COUNTY

Office Q3 2022

	YoY Chg	12-Mo. Forecast
26.6% Vacancy Rate	▲	▼
-453K Net Absorption YTD, SF	▼	▲
\$30.44 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2022

	YoY Chg	12-Mo. Forecast
476K Westchester County Employment	▲	▼
3.4% Westchester County Unemployment Rate	▼	▲
3.5% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY: Unemployment Continues to Shrink

The nation recorded a net increase of 5.7 million jobs over the last twelve months, translating to a 160-basis point (bp) reduction in the unemployment rate to 3.5%. Over the same period, Westchester County added approximately 16,930 new jobs, growing at an annual rate of 0.45%—28 basis points (bps) higher than the five-year average growth rate of 0.17%. As a result, the unemployment rate fell 110 bps from the third quarter of 2021 to 3.4%.

DEMAND: Leasing Activity Rebounds

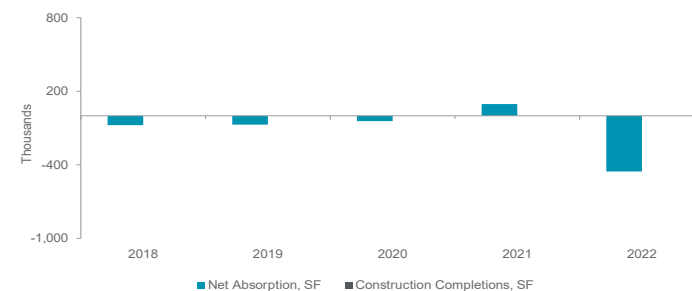
Following a tepid first half of 2022, leasing velocity rebounded in Westchester County, ending the third quarter at 807,729 square feet (sf)—nearly 10.0% higher than the five-year historical average of 734,623 sf. Similarly, county-wide leasing activity was up a notable 18.7% compared to this time last year totaling 807,729 sf. The surge in tenant demand during the third quarter was primarily due to Regeneron Pharmaceuticals leasing 170,060 sf at 175 King Street and more than 50,000 sf of new leases transacted at Kingsbrook Office Park in Armonk.

Despite the boost in tenant demand, overall office supply in Westchester County was up 9.1%, year-over-year (YOY). As a result, the vacancy rate increased by 174 bps, closing the third quarter at 26.6%. The notable influx in new supply was mainly attributed to substantial growth in the sublease inventory—increasing 59.1% since the third quarter of 2021. Approximately 40.0% of the new sublease supply added over the last twelve months was attributed to 87,735 sf becoming available at 80 Grasslands Road in Elmsford. The vacant supply in downtown White Plains also rose from this time last year, up 17.7% YOY, translating to a 384-bp uptick in the overall vacancy rate to 25.5%.

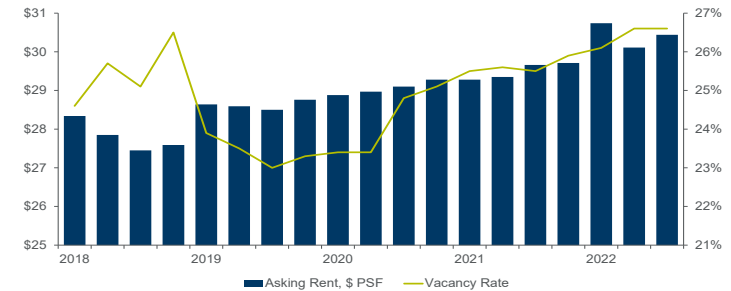
PRICING: Rising Rents

Westchester County registered a \$0.75 per square foot (psf) increase YOY in overall average asking rents, closing the third quarter at \$30.44. Asking rents in downtown White Plains grew by \$1.19 psf, on average, since the third quarter of 2021 to \$36.46. Class A average asking rents were also up, increasing by \$0.86 psf YOY to \$31.27. Despite the elevation in overall vacancy levels, county-wide taking rents climbed by \$1.14 psf over the last twelve months, averaging \$29.40 in the third quarter of 2022.

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	135,424	1,212,387	25.5%	-144,398	-169,340	175,212	0	\$36.46	\$39.60
East I-287	8,831,791	246,567	1,710,148	22.2%	-45,883	-262,066	263,117	0	\$30.61	\$30.73
Northern	2,214,708	0	935,424	42.2%	10,245	9,065	195,253	0	\$27.74	\$28.05
West I-287	4,649,890	241,486	980,675	26.3%	-14,877	-41,183	122,682	0	\$28.46	\$29.39
Hudson Valley	568,000	0	505,710	89.0%	0	0	0	0	\$24.00	\$24.00
Southern	1,830,296	8,439	246,899	14.0%	-8,847	9,958	51,465	0	\$28.12	\$28.51
WESTCHESTER COUNTY TOTALS	23,379,609	631,916	5,591,243	26.6%	-203,760	-453,566	807,729	0	\$30.44	\$31.27

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
175 Kings Street, Armonk	Northern	Regeneron Pharamceuticals	170,060	New Lease
600 Mamaroneck Avenue, Harrison	East I-287	White Plains Hospital	59,840	Renewal*
2 International Drive, Rye Brook	East I-287	Kyndryl	26,212	New Lease
140 Grand Street, White Plains	White Plains CBD	NY State Appellate Court	25,476	Renewal*
3 International Drive, Rye Brook	East I-287	Schimenti Construction	20,829	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1 West Red Oak Lane, Harrison	East I-287	Baker Companies / 1 W. Red Oak Lane LLC	21,875	\$ 4.4M / \$201

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