

WESTCHESTER COUNTY



Office Q2 2023

	YoY Chg	12-Mo. Forecast
26.0% Vacancy Rate	▲	▲
161K Net Absorption YTD, SF	▲	▼
\$30.62 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
485K Westchester County Employment	▲	▼
2.8% Westchester County Unemployment Rate	▼	▲
3.6% U.S. Unemployment Rate	▬	▲

Source: BLS

ECONOMY: Unemployment Falls to A Record Low

Over the past twelve months, nonfarm payrolls in the United States witnessed a 2.6% surge, while the unemployment rate remained unchanged at 3.6%. In Westchester County, there was a noteworthy gain in overall employment levels with the addition of 4,702 new jobs, marking the twelfth consecutive quarter of positive job growth. Furthermore, the unemployment rate in the second quarter reached a historic low of 2.8%, as it decreased by 30 basis points (bps) compared to the same period last year. Despite increased economic uncertainty, local labor market conditions in Westchester County continue to exhibit resilience and positive momentum.

DEMAND: Tenant Demand Increases

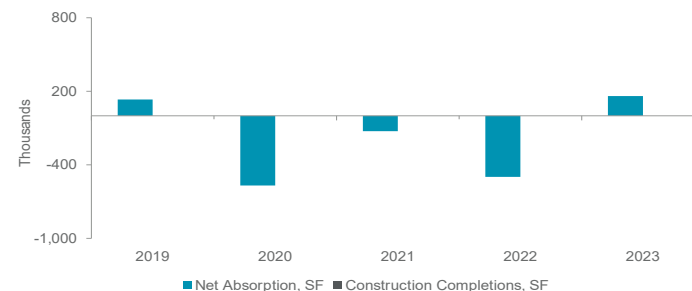
Tenant leasing activity outpaced mid-year demand by 10.1% year-over-year (YOY), totaling 377,841 square feet (sf). The East I-287 corridor dominated in leasing, accounting for 56.2% of county-wide demand. Conversely, tenant leasing activity in the White Plains Central Business District (CBD) recorded a significant decline of 67.1% from the previous year, settling at 40,286 sf. While these isolated extremes occurred, tenant demand across Westchester County remained subdued, falling 14.4% below the first half five-year average of 441,301 sf.

The overall vacancy rate in Westchester County decreased slightly compared to the same period last year, dropping by 43 basis points (bps) to 26.0%. The Northern submarket registered a substantial decline in overall vacancy levels, falling by 2,210 bps YOY to 31.1%. This decrease was primarily attributed to the removal of 1 Zeiss Drive in Thornwood from the statistical inventory and Regeneron's leasing of 175 King Street in Armonk. On the other hand, downtown White Plains recorded a modest increase of 220 bps in overall vacancy since the second quarter of 2022, rising to 25.0%. Nevertheless, county-wide occupancy levels remained positive, totaling 161,025 sf in year-to-date (YTD) overall net absorption.

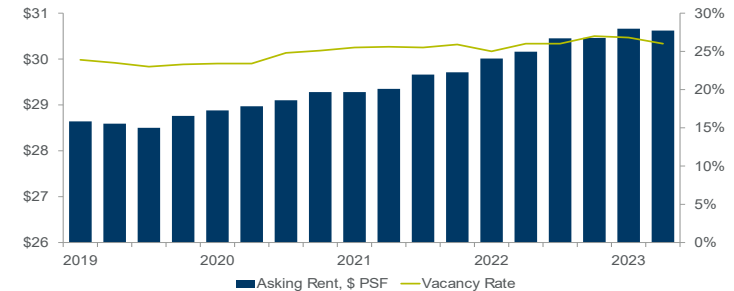
PRICING: Asking Rents Tick Upwards YOY

Overall average asking rents increased by \$0.32 per square foot (psf) over the last twelve months to \$30.62. Class A office buildings registered a \$0.22 psf uptick YOY, ending the second quarter at \$31.33. Similarly, Class B average asking rents grew by \$0.32 psf to \$27.30 compared to one year ago. Downtown White Plains registered the largest YOY growth in the average asking price for space in Westchester County, rising \$0.67 psf to \$37.20. Overall, average asking rents appear to be rising faster in metropolitan-centric office markets.

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	102,588	1,218,157	25.0%	-16,474	7,937	40,286	0	\$37.20	\$39.89
East I-287	8,831,791	216,105	1,739,115	22.1%	29,390	-3,780	212,226	0	\$30.41	\$30.46
Northern	2,107,974	3,074	652,297	31.1%	-55,976	190,702	22,749	0	\$28.06	\$28.11
West I-287	4,649,890	275,414	1,096,738	29.5%	-54,990	-32,082	76,152	0	\$28.50	\$29.22
Hudson Valley	568,000	0	505,710	89.0%	0	0	0	0	\$24.00	\$24.00
Southern	1,830,296	17,305	228,431	13.4%	-21,427	-1,752	26,428	0	\$28.13	\$28.76
WESTCHESTER COUNTY TOTALS	23,272,875	614,486	5,440,448	26.0%	-119,477	161,025	377,841	0	\$30.62	\$31.27

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6 International Drive, Rye Brook	East I-287	Deutsche Bank Securiteis	22,731	New Lease
100 South Bedford Road, Mount Kisco	Northern	Caremount Medical	15,138	Renewal*
86 Main Street, Yonkers	Southern	Special Citizens Futures Unlimited	11,139	New Lease
520 White Plains Road, Tarrytown	West I-287	Sapience Therapeutics	10,348	New Lease
120 White Plains Road, Tarrytown	West I-287	Aerolase Corp	19,859	Expansion/Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
500 Mamaroneck Avenue, Harrison	East I-287	Empire State Realty Trust / Bushburg Properties	275,000	\$53M / \$192.73
480 Bedford Road, Pleasantville	Northern	Summit Development / Atkins Com-panies	500,000	\$40M / \$80.00

LORI ALBERT

Tri-State Research Director
lori.albert@cushwake.com

STEVEN FIORE

Senior Research Analyst
steven.fiore@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.