

WESTCHESTER COUNTY



Office Q3 2023

	YoY Chg	12-Mo. Forecast
27.4% Vacancy Rate	▲	▲
-158K Net Absorption YTD, SF	▼	▼
\$30.68 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
491K Westchester County Employment	▲	▼
3.2% Westchester County Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Employment Growth Continues

The U.S. labor market registered a net increase of three million new non-farm payrolls over the last twelve months, marking the 13th consecutive quarter of positive job growth. Likewise, Westchester County (WCC) marked its 10th consecutive quarter of net positive job growth, ending the third quarter with virtually 10,000 more jobs than the prior year. Subsequently, the unemployment rate in WCC remained near an all-time low, closing the third quarter at 3.2%—10 basis points (bps) lower than the start of 2022. National and local economies generally exhibited favorable conditions in the third quarter, even in the face of heightened economic uncertainty.

DEMAND: Leasing Activity Ebbs While Supply Grows

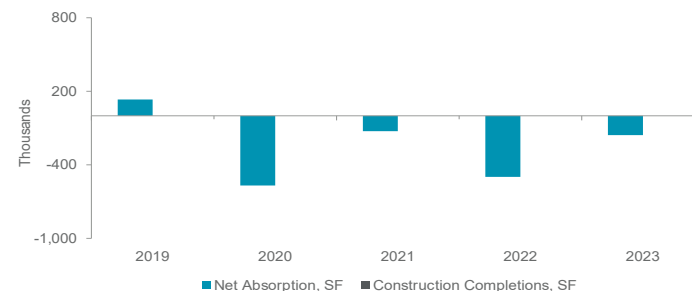
In contrast to the robust leasing performance exhibited in the first half of 2023, tenant demand significantly slowed in the third quarter, declining by 31.8% compared to year-to-date (YTD) levels reported in 2022. Similarly, total YTD demand dropped to 377,841 square feet (sf)—17.2% below the five-year average of 696,286 sf. Notably, the White Plains Central Business District (CBD) observed a substantial contraction of 40.2% from the five-year leasing average of 164,116 sf. Conversely, the East I-287 corridor surpassed its five-year benchmark by an impressive 15.3%, resulting in 287,086 sf of YTD leasing activity. However, the addition of vacant supply overshadowed this noteworthy contraction in the leasing markets.

Westchester County recorded a year-over-year (YOY) net increase of 178,965 sf of additional office supply, pushing the overall vacancy rate up by one percentage point to 27.4%—the highest level recorded in more than two decades. The East I-287 corridor contributed nearly 250,000 sf of additional supply, primarily attributed to the U.S. Tennis Association releasing 120,000 sf of space at 70 West Red Oak Lane in Harrison and Mastercard adding over 100,000 sf at 100 Manhattanville Road in Purchase. As a result, the overall vacancy rate in the East I-287 corridor jumped by 280 bps over the last twelve months, reaching 24.5%. Similarly, the White Plains CBD added 97,238 sf over the past twelve months, resulting in a 180-basis point increase in the overall vacancy rate, concluding the third quarter at 26.5%. Consequently, YTD absorption registered negative 157,423 sf.

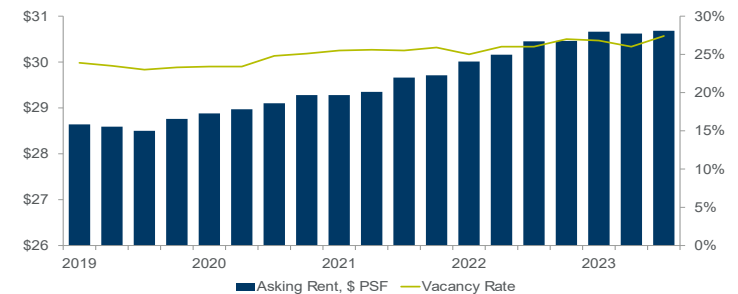
PRICING: Asking Rents Push Higher

Overall average asking rents grew by \$0.26 per square foot (psf) over the last twelve months to \$30.68. Class A office buildings registered a \$0.18 psf increase during that time to \$31.43. Likewise, Class B rents showcased a \$0.28 psf YOY boost to \$27.39. Most of the County's overall escalation in the average asking rent was attributed to additional space becoming available in downtown White Plains, rising \$0.53 psf YOY to \$37.00. Conversely, the East I-287 corridor registered a \$0.10 psf drop in the overall average, ending the third quarter at \$30.56.

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	104,637	1,297,436	26.5%	-85,848	-73,391	98,005	0	\$37.00	\$39.57
East I-287	8,849,791	188,397	1,983,465	24.5%	-223,085	-220,696	287,086	0	\$30.56	\$30.81
Northern	2,107,974	5,526	637,620	30.5%	11,103	202,927	33,423	0	\$28.16	\$28.10
West I-287	4,649,890	279,970	1,119,237	30.1%	-21,733	-59,137	112,594	0	\$28.45	\$29.27
Hudson Valley	568,000	0	505,710	89.0%	0	0	0	0	\$24.00	\$24.00
Southern	1,830,296	13,208	237,902	13.7%	-9,471	-7,126	45,509	0	\$28.10	\$29.05
WESTCHESTER COUNTY TOTALS	23,290,875	591,738	5,781,370	27.4%	-329,034	-157,423	576,617	0	\$30.68	\$31.43

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
600 Mamaroneck Avenue, Harrison	East I-287	Carr Workplaces	24,040	New Lease
303 South Broadway, Tarrytown	West I-287	Tishman Construction	13,895	Renewal*
270 North Avenue, New Rochelle	Southern	New State Capital Partners	12,600	New Lease
450 Mamaroneck Avenue, Harrison	East I-287	SightMD	10,574	Renewal*
40 Saw Mill River Road, Hawthorne	West I-287	Hudson Valley Community Services	10,023	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
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No significant sales in Q3.

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