

FIGURES | WESTCHESTER COUNTY | Q1 2024

Leasing activity surpassed five-year quarterly average by 9%



Note: Arrows indicate change from previous quarter.

QUICK FACTS

- Quarterly leasing activity totaled 225,000 sq. ft., up 10% from Q4 2023 and 9% above the five-year quarterly average.
- The availability rate was 20.7%, down 50 basis points (bps) from the prior quarter and 90 bps lower than a year ago.
- Quarterly net absorption was positive 164,000 sq. ft.
- Average asking rents were \$29.85 per sq. ft., virtually unchanged both quarter-over-quarter and year-over-year.

Market Overview

Westchester County saw most fundamentals improve in Q1 2024. Leasing improved for the second consecutive quarter, with 225,000 sq. ft. of activity in Q1—up 10% from Q4 2023 and 9% above its five-year quarterly average. Due to limited space additions and above average leasing activity, absorption was 164,000 sq. ft., which pushed availability down 50 bps from the prior quarter to 20.7%. Average asking rent held stable both quarterly and annually at \$29.85 per sq. ft.—near the all-time high.

White Plains CBD notched 72,000 sq. ft. of leasing activity for the second straight quarter and nearly surpassed the first three quarters of 2023 combined. The downtown submarket was host to the fourth largest lease in the county with Welby, Brady & Greenblatt’s 12,000 sq. ft. relocation to 50 Main Street from 11 Martine Avenue.

Economic Conditions

Continued economic growth paired with the Fed signaling more accommodative policy all suggests the U.S. economy is heading toward a ‘soft landing’. GDP growth should be less than half 2023’s pace when growth topped 3% attributable to a more prudent consumer and much weaker hiring. More caution from businesses means a good chunk of recent hiring came from publicly funded sectors (e.g., education, healthcare, state & local governments). A key exception is leisure & hospitality, driven by continued demand for discretionary services.

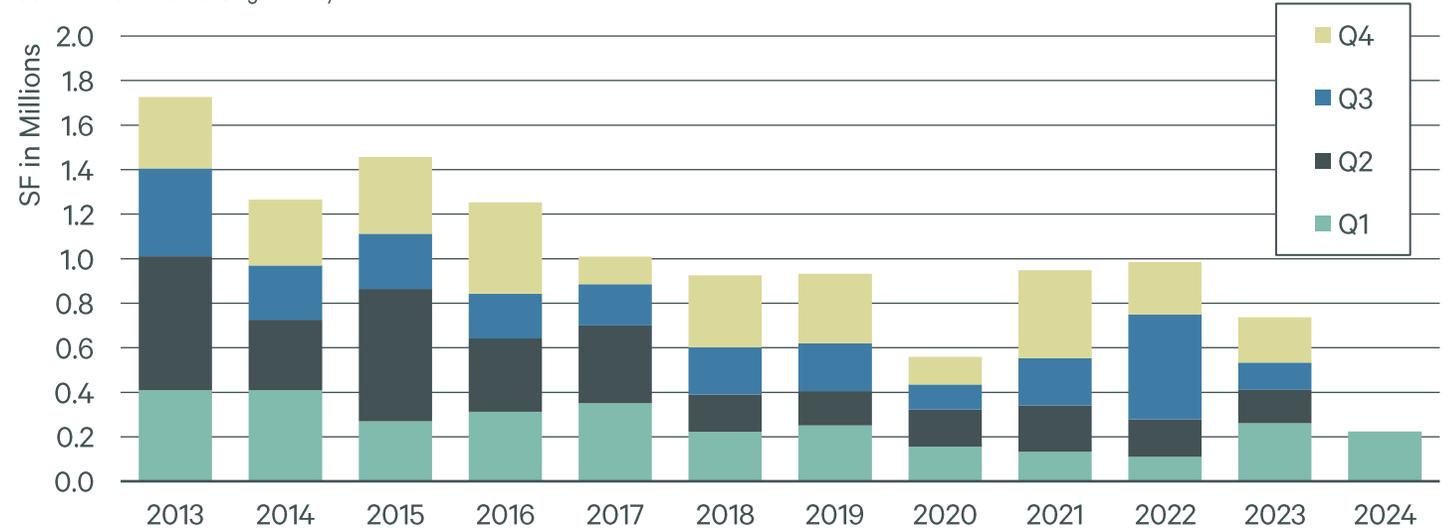
Total employment in the Hudson Valley contracted in Q1 2024, letting go of 17,500 jobs (-2.4%) quarter-over-quarter. Year-over-year, employment in the Hudson Valley is up by 4,600 positions (+0.6%). Office-using employers (OUE) accounted for 5,000 quarter-over-quarter reduction in Q1 (-3.3%). Professional and business services let go of 4,400 positions since Q4 (-4.4%), while financial activities let go of 400 positions (-1.0%), and information employers reduced headcount by 200 (-1.8%). The Hudson Valley’s overall employment remains at 97.5% of its December 2019 level.

New York’s overall unemployment rate is 4.4%, down from 4.6% at the end of Q4 and above the national unemployment rate of 3.9%. The Fed will likely make three, 25 basis point cuts this year, but recovery is not expected until the first cut is actually delivered. Better than expected growth over the last 18 months has been helpful in holding real estate vacancy down, notably in the industrial, retail and multifamily sectors.

Leasing Activity

Quarterly leasing totaled 225,000 sq. ft.—9% above the five-year quarterly average and 10% higher than the prior quarter.

FIGURE 1: Historical Leasing Activity



Source: CBRE Research, Q1 2024.

FIGURE 2: Top Transactions | Q1 2024

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address	Submarket
35,580	R	D	PKF O`Connor Davies, LLP	500 Mamaroneck Avenue	Westchester East
22,018	L	D	Citrin Cooperman & Company, LLP	1133 Westchester Avenue	Westchester East
12,328	L	D	Travelers Insurance Company	120 White Plains Road	Westchester West
11,970	L	D	Welby, Brady & Greenblatt	50 Main Street	Westchester CBD
11,228	L	D	Northwell Health	440 Mamaroneck Avenue	Westchester East

Source: CBRE Research, Q1 2024.. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

Westchester County tracked 28 deals, which is up 47% quarter-over-quarter. Activity was concentrated in Westchester East, which has led leasing for seven consecutive quarters. The 80,000 sq. ft. of activity—3% ahead of the submarket’s five-year average—was led by Citrin Cooperman & Company, LLP’s 22,000 sq. ft. relocation to 1133 Westchester Avenue.

Westchester CBD notched 72,000 sq. ft. of leasing activity in Q1, on par with the previous quarter and 34% ahead of its five-year quarterly average. The largest transaction was Welby, Brady & Greenblatt’s 12,000 sq. ft. lease at 50 Main Street, but unlike previous quarters, 93% of activity was driven by transactions under 10,000 sq. ft.

Westchester West totaled 38,000 sq. ft. of leasing, a 72% improvement quarter-over-quarter and 27% above the five-year average. The submarket captured the third largest transaction of the quarter, with Travelers Insurance Company’s 10,000 sq. ft. lease at 120 White Plains Road, in Tarrytown.

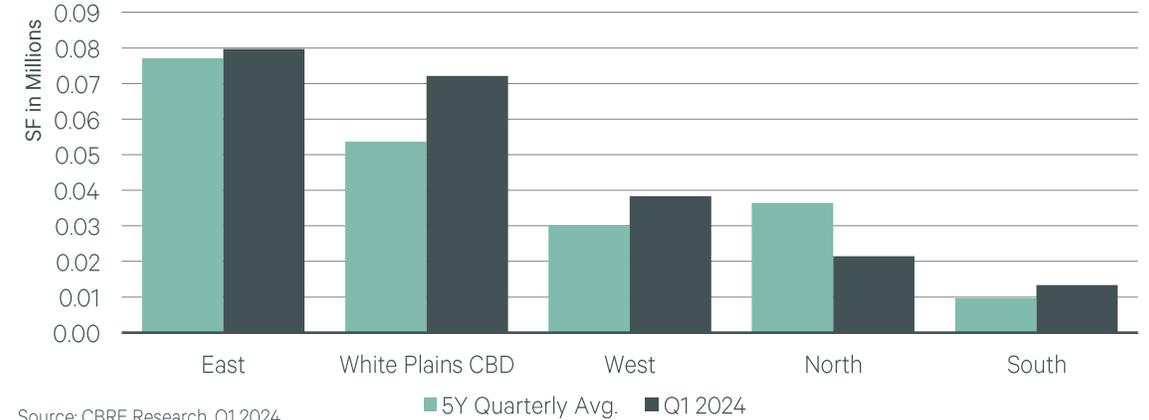
Westchester South captured 13,000 sq. ft. of activity in Q1—enough to pass the five-year average by 38%—most of the leasing was provided by Long Island Vision Care’s lease at 1 Executive Boulevard, in Yonkers.

Professional Services accounted for the largest share of leasing activity in Q1 at 26%—a significant departure from the 2% this sector’s share of leasing for full-year 2023. The legal sector—a Westchester mainstay—constituted 18% of new activity in Q1, up from 14% in 2023.

Net Absorption and Availability

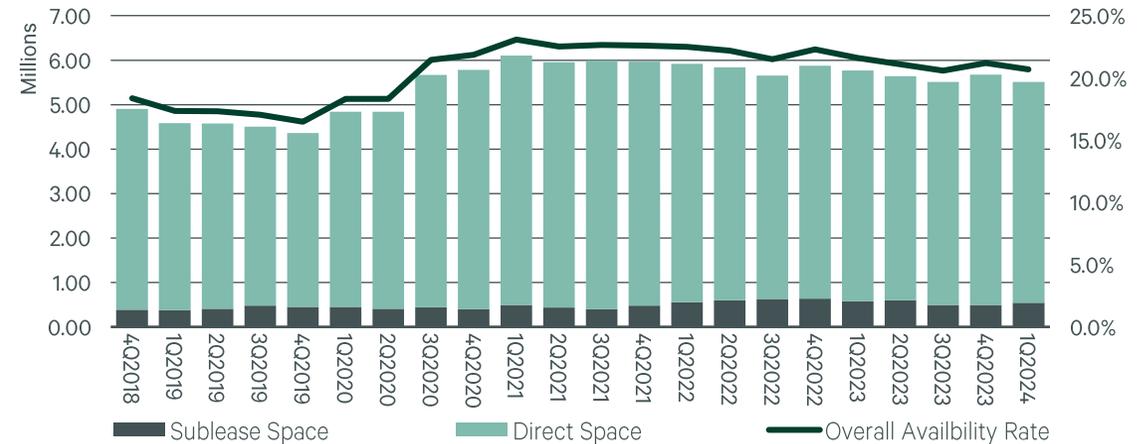
Net absorption was 164,000 sq. ft. in Q1, which caused a corresponding 50 bps quarterly drop in the availability rate to 20.7%. Availability prior to the pandemic in Q1 2019 sat at 17.3%. Three of Westchester’s five submarkets experienced quarter-over-quarter drops in their respective availability rates.

FIGURE 3: Quarterly Leasing Activity by Submarket



Source: CBRE Research, Q1 2024.

FIGURE 4: Availability Rate | Direct vs. Sublease Breakdown



Source: CBRE Research, Q1 2024.

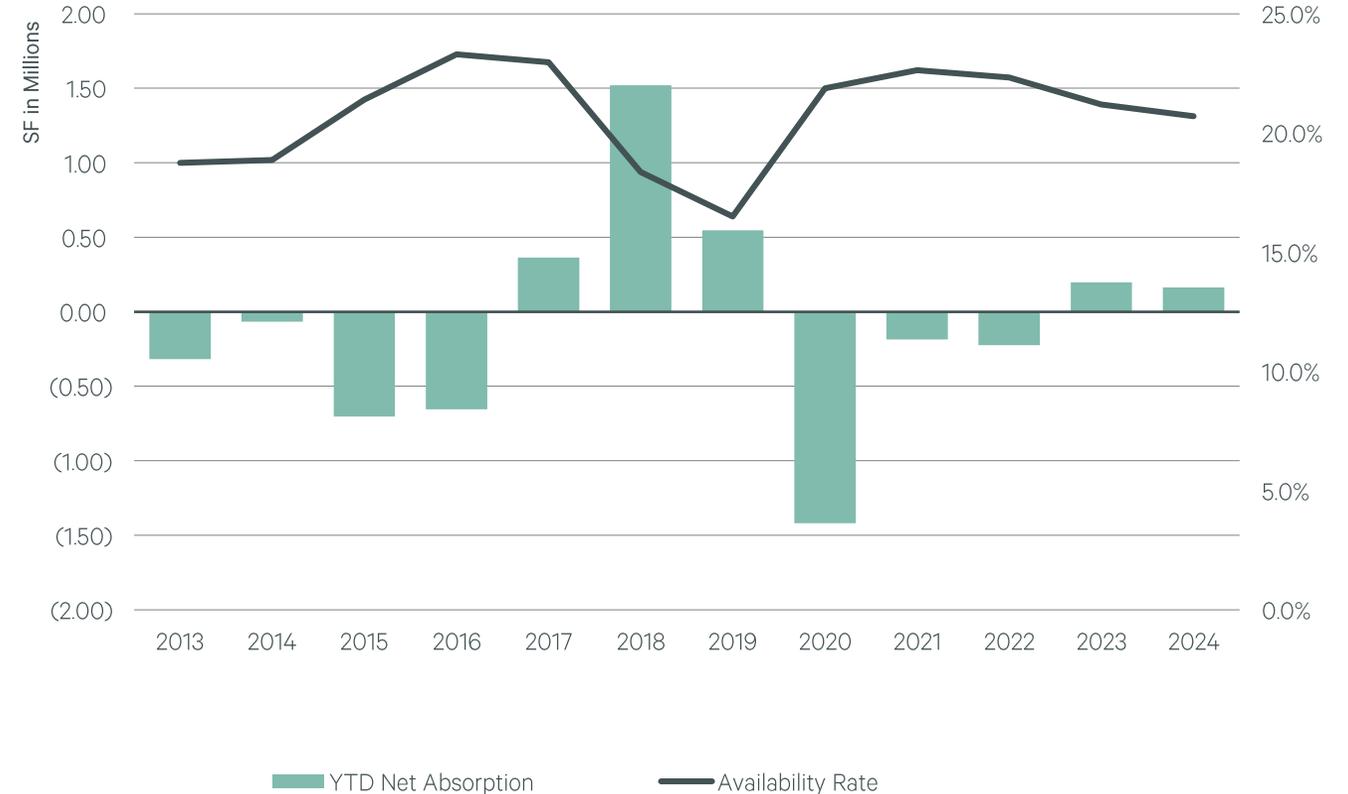
Westchester CBD notched 11,000 sq. ft. of positive absorption in Q1, despite 89,000 sq. ft. of New York Life Insurance Company’s sublet space that was listed at 44 South Broadway. Availability fell by 160 bps to 24.4%, though it was still up 20 bps from a year ago.

Westchester North experienced 242,000 sq. ft. of positive absorption in Q1—the most of all submarkets, driven by the removal of 480 Bedford Road in Chappaqua and 1 Zeiss Drive in Thornwood from inventory. Both buildings had shifted their tenant focus away from office and towards medical and industrial occupiers, respectively. Availability dropped by 160 bps from Q4 2023, to 19.9%, the lowest level since Q4 2014.

Westchester East witnessed negative absorption of 28,000 sq. ft. in the first quarter, which resulted in a modest 30 bps increase in availability to 20.0%. Despite above average leasing, space additions of 26,000 sq. ft. at 1133 Westchester Avenue and 11,000 sq. ft. at 800 Westchester Avenue outpaced activity.

Westchester South’s 9,000 sq. ft. of absorption dropped the availability rate 40 bps to 8.9% in Q1—matching its record low from Q3 2023.

FIGURE 5: Net Absorption | Historical



Source: CBRE Research, Q1 2024.

Average Asking Rent

Average asking rent in Westchester County was \$29.85 per sq. ft., virtually unchanged both quarter-over-quarter and year-over-year.

Westchester East’s 3% decline was the only significant quarterly change in asking rent among all submarkets. Average asking rent for Westchester East was \$28.47 per sq. ft.—the lowest level since Q4 2019. The dip was caused by 50,000 sq. ft. of direct space priced below the average that came to market in Q1.

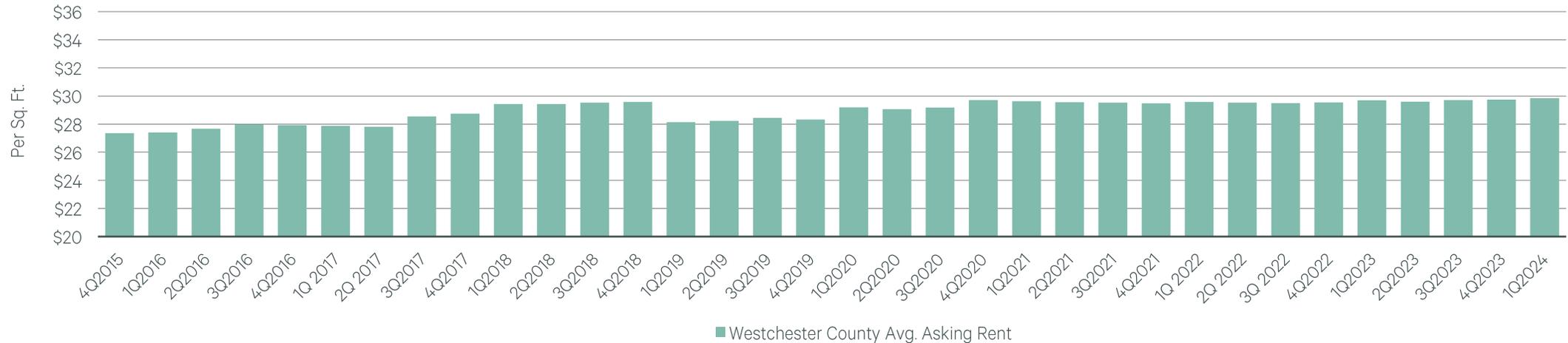
Westchester North experienced a modest 1% decrease quarter-over-quarter due to 480 Bedford Road’s removal from inventor, while Westchester West notched a 1% increase from Q4, as space priced below the average was removed from the market.

FIGURE 6: Average Asking Rent | By Submarket



Source: CBRE Research, Q1 2024.

FIGURE 7: Average Asking Rent | Quarterly Historical



Source: CBRE Research, Q1 2024

FIGURE 8: Q1 2024 | Market Statistics

Submarket	Market Rentable Area (MSF)	Total Available (MSF)	Availability Rate (%)	Vacancy Rate (%)	Net Absorption (SF)	Leasing Activity (SF)	Average Asking Rent (\$/SF/Year)
Westchester North	6.69	1.33	19.9%	19.5%	241,528	21,502	\$25.28
Westchester CBD	5.32	1.30	24.4%	22.9%	10,950	72,128	\$36.54
Westchester West	3.34	0.87	26.1%	24.1%	(69,674)	38,298	\$27.49
Westchester East	9.08	1.82	20.0%	18.6%	(28,452)	79,695	\$28.47
Westchester South	2.14	0.19	8.9%	8.9%	9,304	13,364	\$26.97
WESTCHESTER COUNTY	26.57	5.51	20.7%	19.6%	164,257	224,987	\$29.85

Source: CBRE Research, Q1 2024.

Market Area Overview

Definitions

Availability: Space that is being actively marketed and is available for tenant build-out within 12 months. Includes space available for sublease as well as space in buildings under construction.

Asking Rent: Weighted average asking rent.

Leasing Activity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing, but excluding renewals.

Leasing Velocity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing and renewals.

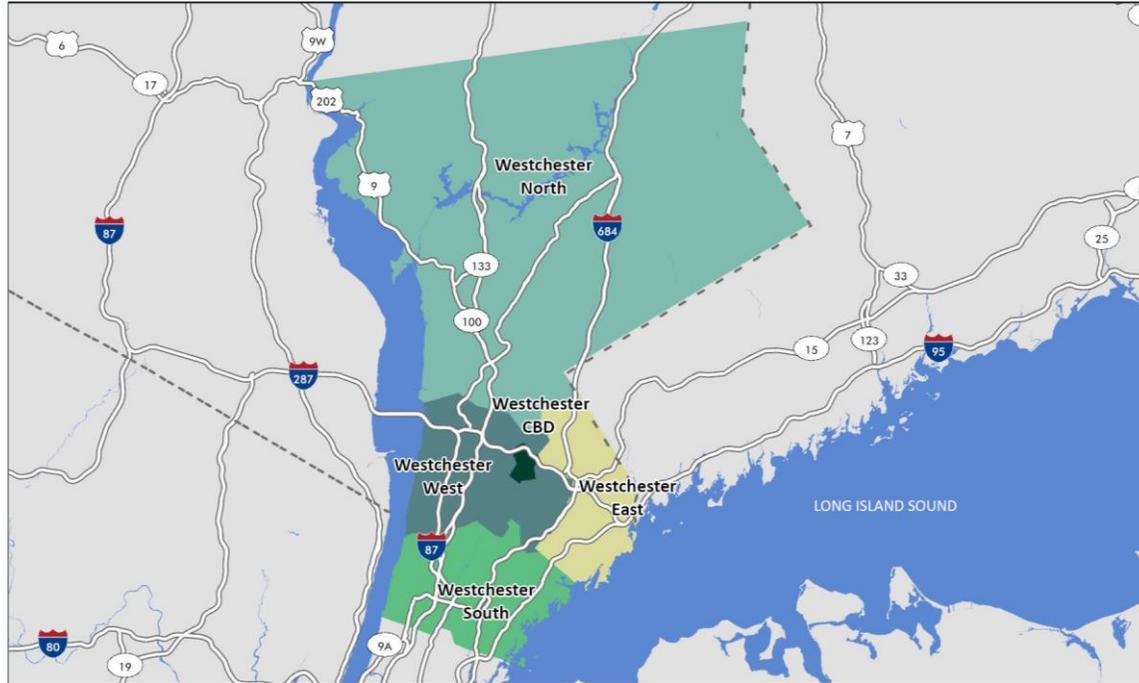
Net Absorption: The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.

Vacancy: Unoccupied space available for lease.

Survey Criteria

CBRE's market report analyzes Westchester County's fully modernized office buildings that total 20,000 SF or larger, Class A and B only, multi-storied, conventionally modernized, and not owned and occupied by a government or medical institution. New construction must be available for tenant build-out within 12 months. CBRE assembles all information through telephone canvassing and listings received from owners, tenants and members of the commercial real estate brokerage community.

Market Area Overview



Submarket	Total Stock (MSF)
Westchester North	6.69
Westchester CBD	5.32
Westchester West	3.34
Westchester East	9.08
Westchester South	2.14
WESTCHESTER COUNTY	26.57

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