

FIGURES | WESTCHESTER COUNTY OFFICE | Q3 2026

Weak demand ends seven-quarter streak of positive absorption



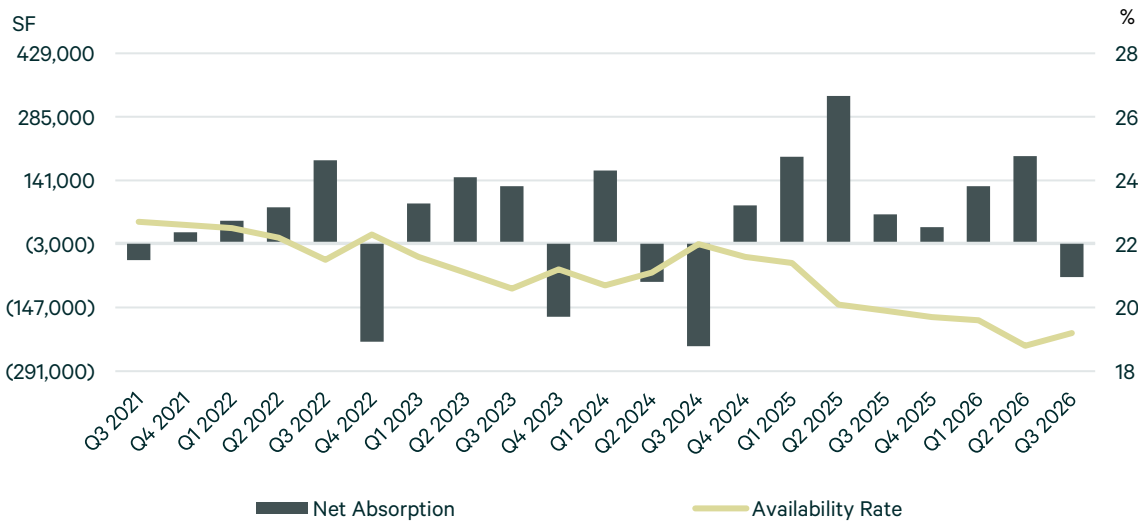
Note: Arrows indicate change from previous quarter.

Market Overview

Office fundamentals softened as supply increased and leasing activity slowed. The quarter posted negative net absorption of 78,000 sq. ft., reversing the 196,000 sq. ft. from Q2 2026. Availability increased 40 bps to 19.2%. This uptick breaks a seven-quarter streak of positive absorption. Tenants signed leases totaling 90,000 sq. ft., down from 240,000 sq. ft. in Q2 2026 and 180,000 sq. ft. in Q1 2026, the lowest quarterly volume in the period from Q3 2021 through Q3 2026. Despite weaker demand, average asking rents edged higher, reaching \$30.45 per sq. ft. compared with \$30.09 per sq. ft. in Q2 2026, amid a nonexistent construction pipeline.

Although the market did not witness a strong performance in Q3, the contraction of the office market has helped to stabilize availability and asking rents over the past several quarters. The quarter looks like a setback rather than a reversal of trends. Availability is still the second-lowest since Q3 2021, year-to-date net absorption remains positive at 246,000 sq. ft., and asking rents continued to edge higher.

Figure 1: Historical Net Absorption and Availability



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Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

Leasing Activity

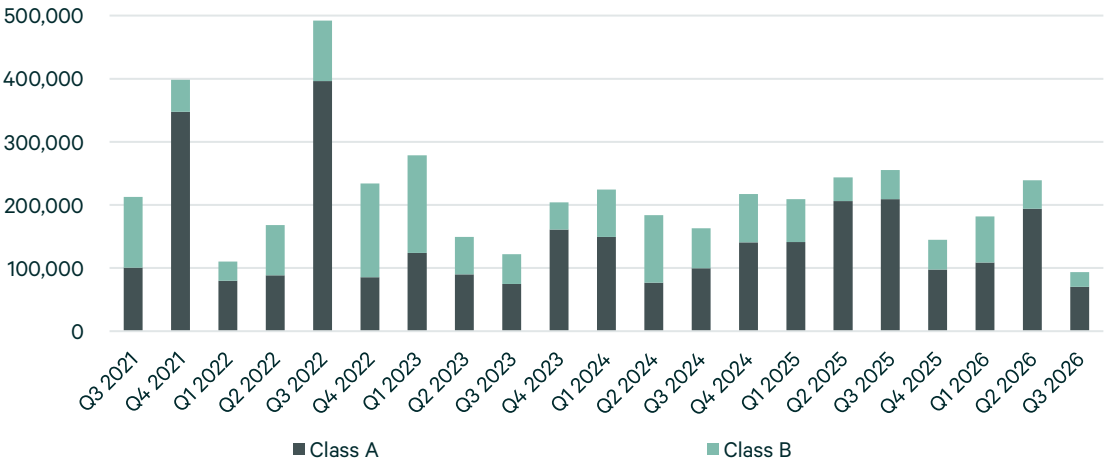
Leasing activity in Q3 2026 slowed sharply compared with recent quarters. Tenants leased 94,000 sq. ft. in the quarter, 57% behind the five-year average and down 61% from the prior quarter. bringing year-to-date 2026 activity to 515,000 sq. ft.; this represented a 61% quarter-over-quarter decline from 239,000 sq. ft. in Q2 2026. Even amid a subdued volume, the desire for quality persisted as 74% of leasing activity occurred in Class A product.

Westchester CBD saw the most new leasing in Q3 of any other submarket with 47,000 sq. ft.—down 55% from the prior quarter and 26% below the five-year average. The CBD submarket accounted for half of all leasing in Q3 an outsized share compared to the five-year average share of 31% and the 39% share since 2022. Interest in quality and centrally located vibrant areas have been trends that are more prevalent over the past two years.

Westchester West followed with 26,000 sq. ft. The other submarkets all saw leasing below the five-year average as Westchester North, Westchester East and Westchester South, recorded 12,000 sq. ft., 8,000 sq. ft. and 1,000 sq. ft. respectively.

Figure 2: Leasing Activity Trend

Class A



CBRE Research

Figure 3: Key Lease Transactions

Tenant	Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Address	Submarket
Acadia Realty Trust	29,000	R	D	411 Theodore Fremd Avenue	Westchester East
Northwell Health	16,000	L	D	520 White Plains Road	Westchester West
Barnard Construction	11,000	L	D	50 Main Street	Westchester CBD
Micro Powders	10,000	RE	D	580 White Plains Road	Westchester West
Ares Management	9,000	R	D	560 White Plains Road	Westchester West

Source: CBRE Research, Q2 2026. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

Availability Rate & Net Absorption

The seven quarter streak of positive absorption ended in Q3. Net absorption was negative 78,000 sq. ft. edging the availability rate up 40 bps quarter-over-quarter to 19.2% but was a 70 bps lower than one year ago.

The submarkets saw moderate changes to their availability rates. Westchester East and Westchester West each saw 50 bps quarterly increases to their availability rates following a below average quarter of leasing activity. Despite weak activity levels in the CBD and Westchester North, slight positive occurred due to the limited new availabilities added in Q3. The CBD’s availability rate is now 20.5%—a 40 bps improvement from a year ago.

Asking Rent

The market’s overall asking rents in Q3 2026 inched higher by 1% from the prior quarter to 30.45 per sq. ft. Q3’s increase was the largest single quarter increase in asking rent since Q1 2023. Gradual asking rent increases have been mild in both Class A and Class B product as Class A asking rent reached \$32.08 per sq. ft. and Class B at \$24.52 per sq. ft.

Westchester’s CBD commanded \$36.30 per sq. ft., a 20% premium to the next closest average rent within Westchester County. This highlights the desire for strong access to transportation. This submarket saw 3% quarterly growth in asking rent following the addition of a few smaller spaces with asking rents in the low-mid \$40s per sq. ft.

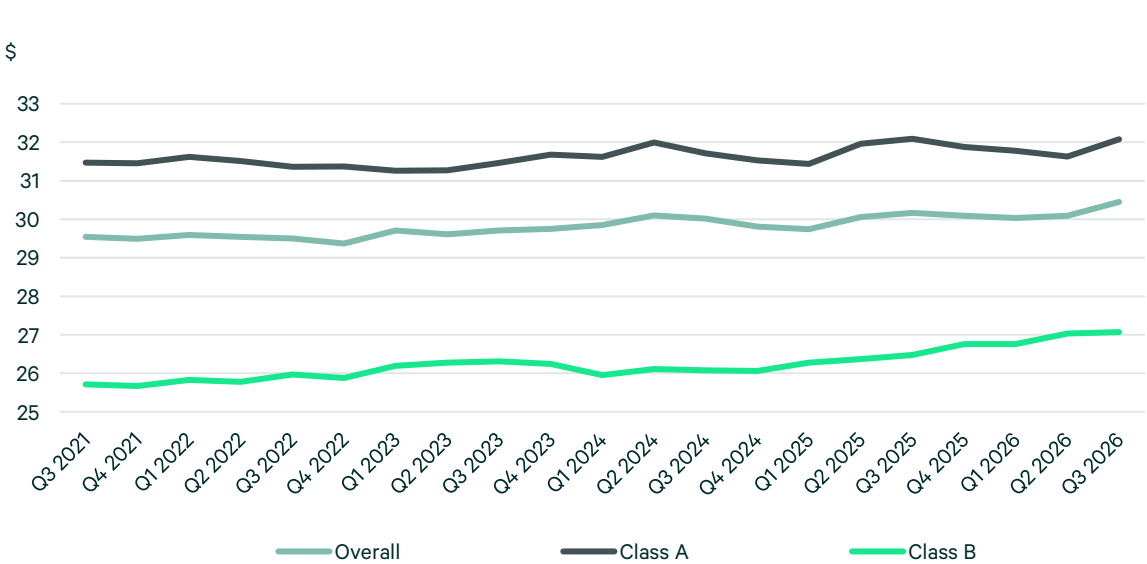
No other submarket posted quarterly asking rent changes of more than 1%. Westchester East’s rent was \$30.68 per sq. ft., Westchester West’s hit \$28.68 per sq. ft., Westchester South at \$27.01 per sq. ft., and Westchester North at \$26.16 per sq. ft.

Figure 4: Availability Rates



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Figure 5: Average Asking Rate by Class



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Market Statistics by Class

Figure 7: Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Total Vacancy (%)	Avg. Asking Rate (\$/SF/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Quarterly Leasing (SF)	YTD Leasing (SF)
Class A	15.20	21.4%	20.0%	1.4%	20.5%	\$32.08	(77,250)	42,011	70,156	372,827
Class B	10.27	15.8%	14.9%	0.9%	14.9%	\$27.07	(504)	204,364	23,614	141,512
Total	25.47	19.2%	17.9%	1.2%	18.3%	\$30.45	(77,754)	246,375	93,770	514,339

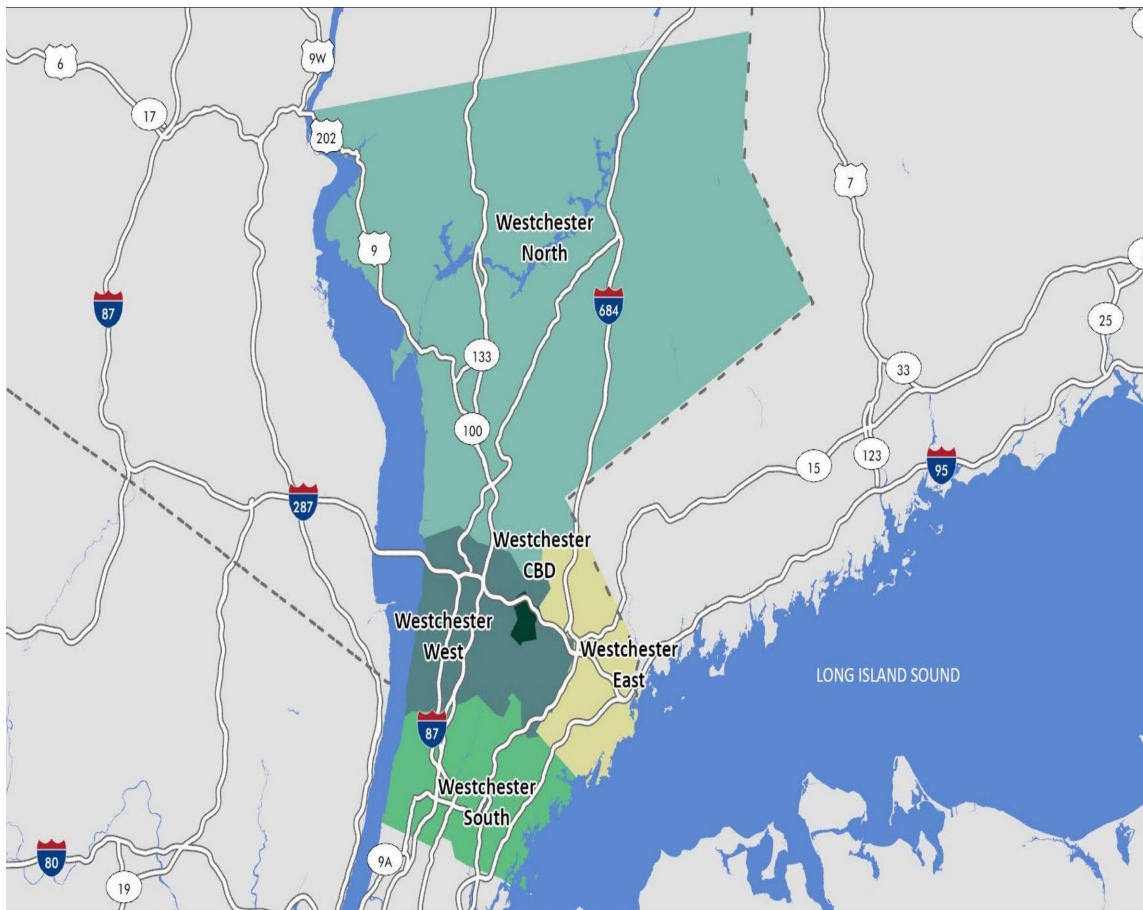
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Figure 8: Market Statistics by Submarket

Submarket	Net Rentable Area (MSF)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Total Vacancy (%)	Avg. Asking Rate (\$/SF/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Quarterly Leasing (SF)	YTD Leasing (SF)
Westchester CBD	5.04	20.5%	18.0%	2.5%	19.3%	\$36.30	5,130	66,235	46,765	206,192
Westchester East	8.18	21.5%	20.5%	1.0%	20.9%	\$30.68	(40,955)	174,401	7,759	116,880
Westchester North	6.32	15.2%	14.5%	0.8%	14.2%	\$26.16	12,403	(10,682)	11,908	43,368
Westchester South	2.17	12.1%	10.7%	1.4%	10.7%	\$27.01	2,258	6,250	1,200	14,509
Westchester West	3.75	22.9%	22.3%	0.6%	22.3%	\$28.68	(56,590)	10,171	26,138	133,390
Total	25.47	19.2%	17.9%	1.2%	18.3%	\$30.45	(77,754)	246,375	93,770	514,339

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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.

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