

Strong leasing led to seventh consecutive quarter of positive absorption



Note: Arrows indicate change from previous quarter.

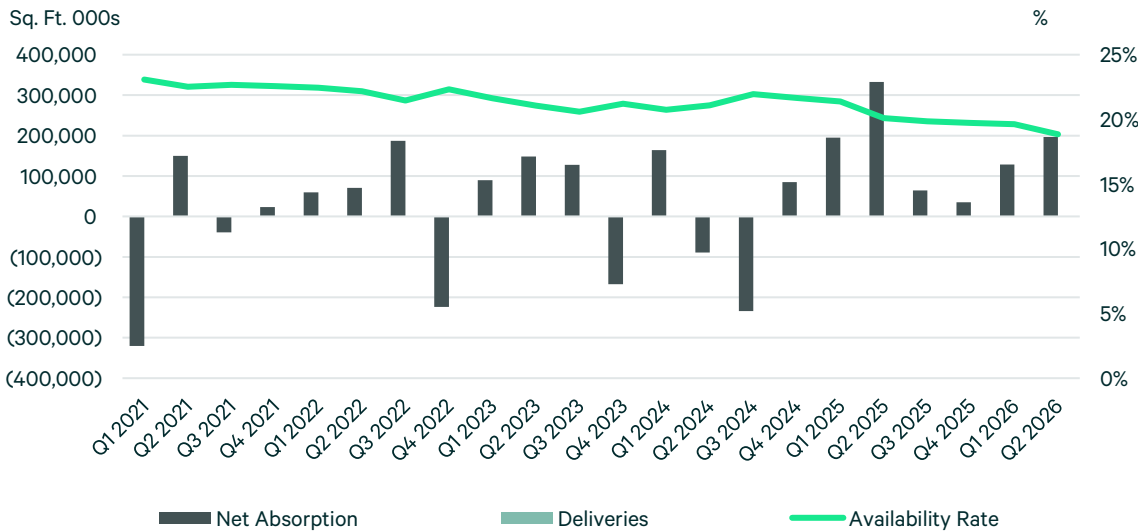
Market Overview

Westchester County demand strengthened across the county’s submarkets in Q2 2026. Leasing activity rebounded 49% from a tepid Q1 to 239,000 sq. ft.—9% above the five-year quarterly average.

Net absorption was positive at 196,000 sq. ft. during the quarter—the seventh consecutive quarter of positive absorption—driven primarily by above-average leasing rather than the office-stock conversions that fueled prior quarters. The availability rate declined 80 bps from the prior quarter to 18.8%. Average asking rent held steady at \$30.06 per sq. ft., virtually unchanged from both the prior quarter and a year ago.

White Plains CBD saw fundamentals improve after a slow start to the year. The submarket recorded 45,000 sq. ft. of absorption in Q2, bringing year-to-date absorption to 61,000 sq. ft., while the availability rate fell 90 bps from the prior quarter to 20.6%.

Figure 1: Historical Net Absorption, Deliveries, and Availability



Source: CBRE Research, Q2 2026

Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

Total employment in Westchester County added 9,800 positions since Q1 (+2.2%) and 6,700 positions year-over-year (1.5%). Office-using employment rose by 900 positions since Q1(+0.9%), led by gains in professional and business services (+600 jobs, +0.9%), financial activities (+100 jobs, +0.3%), and information (+200 jobs, +4.0%). Overall, office-using employment in Westchester stands at 102.2% of pre-pandemic (2019) levels.

Westchester County’s unemployment rate remained at 3.6% as of May 2026—unchanged from Q1 2026. The national unemployment rate stood at 4.3% during the same period.

Leasing Activity

Leasing activity in Westchester County rebounded 49% from a tepid Q1, reaching 239,000 sq. ft. in Q2—9% above the five-year average. Occupiers continued to prioritize quality and location: the CBD accounted for 43% of new leasing in the quarter, and Class A assets across all submarkets made up 81% of Q2 demand and 76% of year-to-date leasing. Renewals, which are excluded from leasing activity, totaled 183,000 sq. ft., which is 41% ahead of the five-year average. Three of the five largest deals in Q2 were renewals, including the two largest deals: Atlas Air Worldwide’s 65,000 sq. ft. renewal at 1 North Lexington Avenue in White Plains and Central National Gottesman’s 63,000 sq. ft. renewal at 3 Manhattanville Road in Purchase.

The CBD submarket led all submarkets in both renewal and new leasing activity, capturing the quarter’s largest renewal and 43% of new leasing. Its 103,000 sq. ft. of leasing activity was 58% above the five-year quarterly average, driven primarily by Jackson Lewis P.C.’s 63,000 sq. ft. transaction at 1 North Lexington Avenue.

Figure 2: Leasing Activity Trend



Figure 3: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Atlas Air Worldwide	64,607	Renewal	1 North Lexington Avenue	Westchester CBD
Central National Gottesman	62,888	Renewal	3 Manhattanville Road	Westchester East
Jackson Lewis P.C	45,868	New Lease	1 North Lexington Avenue	Westchester CBD
Montefiore Medical Center	37,049	Expansion	555 Taxter Road	Westchester West
Cuddy & Feder	26,356	Renewal	445 Hamilton Avenue	Westchester CBD

Source: CBRE Research, Q2 2026

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Westchester West saw 73,000 sq. ft. of new leasing in Q2, the second-highest total of any submarket and 128% above its five-year average. Montefiore Medical Center’s 37,000 sq. ft. expansion at 555 Taxter Road in Elmsford reinforced the submarket’s strong appeal to healthcare-industry growth.

Availability & Absorption

Westchester County saw its seventh consecutive quarter of positive absorption with 196,000 sq. ft. in Q2. The availability rate fell 80 bps from the prior quarter to 18.8%, only 50 bps from the level seen in Q1 2020. Unlike prior quarters, when the conversion or demolition of office stock drove absorption, above-average leasing was the main driver in Q2. Through mid-year 2026, absorption was 324,000 sq. ft., the second-best mid-year total since 2020, only trailing 2025.

White Plains CBD recorded 45,000 sq. ft. of absorption in Q2 bringing year-to-date absorption to 61,000 sq. ft. The availability rate is now 20.6%, down 90 bps from the prior quarter and down 540 bps from the peak in 2023. The submarket saw few space additions during Q2, the largest two being subleases: 8,000 sq. ft. at 7 Renaissance Square and another 6,000 sq. ft. at 10 Bank Street.

Westchester West saw the greatest bps decline of the quarter as 44,000 sq. ft. of positive absorption moved the availability rate down 130 bps to 20.5%. Few new spaces were added, the largest being a 12,000 sq. ft. space at 50 South Buckhout Street.

Westchester South—which includes the major metropolitan hubs of Yonkers and New Rochelle—remained the tightest submarket in Westchester. Q2’s 6,000 sq. ft. of absorption drove the availability rate down 30 bps to 12.2%.

Figure 4: Net Absorption Trend



Figure 5: Availability Rates by Class



Source: CBRE Research, Q2 2026

Asking Rent

Westchester County’s Q2 average asking rent was \$30.06 per sq. ft., which has been stable for the past five quarters. Asking rent in the county has only grown 1% since the end of 2023. Quarterly rent movement at the submarket level was negligible, with no market showing a change greater than 1% from the prior quarter.

On an annual basis, Westchester CBD’s average asking rent has declined 5%, as continued leasing of high-quality space removes above-average priced listings from the availability pool. Conversely, Westchester West has seen a 4% increase in asking rent, as higher-priced space has come onto the market over the past 12 months.

Figure 6: Overall Average Asking Rate by Class



Source: CBRE Research, Q2 2026

Market Statistics

Figure 7: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	15.20	20.0%	20.9%	19.4%	1.5%	\$31.61	50,939	119,261	-	-
Class B	10.27	16.6%	17.2%	16.3%	0.9%	\$27.02	145,170	204,868	-	-

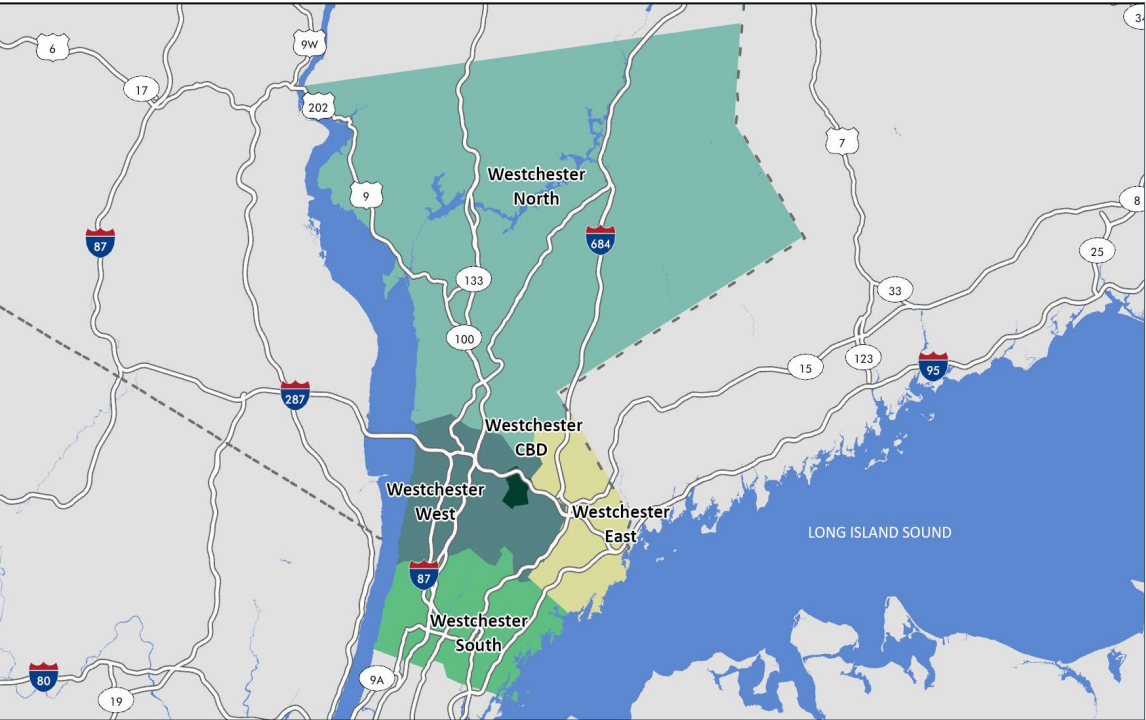
Market Statistics by Submarket

Figure 8

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Westchester CBD	5.04	19.88%	20.60%	17.90%	2.70%	\$35.07	45,177	61,105	-	-
Westchester East	8.52	20.76%	21.41%	20.42%	0.99%	\$30.20	97,951	271,772	-	-
Westchester North	6.32	14.40%	15.41%	14.65%	0.75%	\$26.13	43,792	-23,085	-	-
Westchester South	2.17	10.96%	12.21%	10.84%	1.37%	\$26.93	3,229	3,992	-	-
Westchester West	3.41	19.66%	20.47%	19.93%	0.54%	\$28.95	5,960	10,345	-	-
Total	25.47	18.02%	18.85%	17.60%	1.24%	\$30.06	196,109	324,129	-	-

Source: CBRE Research, Q2 2026

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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