

Negative absorption in 2024 pushes availability rate to 21.4%

▼ 21.6%
Availability Rate

▲ 84,599
SF Net Absorption

▲ 217,303
SF Leasing Activity

▼ \$29.81
PSF Average Asking Rent

Note: Arrows indicate change from previous quarter.

QUICK FACTS

- Quarterly leasing activity totaled 217,000 sq. ft., up 33% from the previous quarter and 8% above the five-year quarterly average.
- Annual leasing activity totaled 789,000 sq.ft., up 6% year-over-year, but 36% behind the 10-year average.
- The availability rate dropped 40 bps quarter-over-quarter to 21.6% but was up 40 bps from a year ago.
- Quarterly net absorption was positive 85,000 sq. ft., which brought year-to-date absorption to negative 74,000 sq. ft.
- The average asking rent was \$29.81 per sq. ft., down 1% quarter-over-quarter and equal to year-end 2023.

Market Overview

The Westchester County office market saw minor improvement in demand year-over-year. Annual leasing activity reached 789,000 sq. ft. in 2024, up 6% year-over-year, but 36% behind the 10-year average. Q4 leasing activity was a bright spot totaling 217,000 sq. ft., up 33% from Q3 and 8% above its five-year quarterly average.

Even with the quarterly uptick in leasing, full-year absorption skewed to negative 74,000 sq. ft. and pushed the availability rate to 21.4%—40 bps higher than a year ago. Average asking rent in Westchester County was \$29.81 per sq. ft.—down 1% quarter-over-quarter but unchanged year-over-year.

The county’s main CBD fared better. White Plains finished 2024 with a strong 130,000 sq. ft. of leasing driven by government lease transactions from New York State and The County of Westchester— the highest total since Q3 2017. The robust leasing dropped the CBD’s availability rate to 22.5%.—the lowest rate since the end of 2021.

Economic Conditions

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

Total employment in the Hudson Valley rose in Q4 2024, increasing by 3,600 jobs (+0.5%) quarter-over-quarter. Year-over-year, employment in the Hudson Valley is up by 8,700 positions (+1.2%). Office-using employers (OUE) accounted for a gain of 1,400 positions in Q4 (+0.9%). Professional and business services accounted for most of the increase, adding 1,400 positions in Q4 (+1.4%), while financial activities added 300 positions (+0.8%), and information employment declined by 300 roles (-2.8%). The Hudson Valley’s overall OUE stands at 102.4% of the 2019 level.

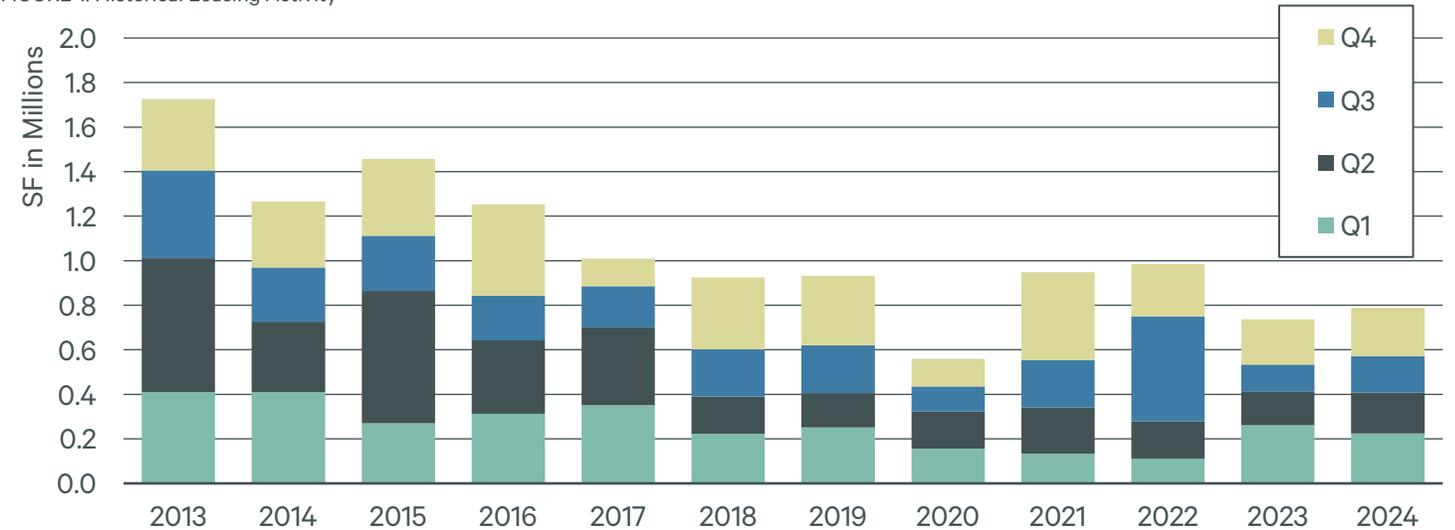
New York’s overall unemployment rate is 4.4%, unchanged from the end of Q3 and above the national unemployment rate of 4.2%.

Leasing Activity

Westchester County Q4 leasing totaled 217,000 sq. ft.—8% ahead of the five-year quarterly average. The improvement from the prior quarter brought the annual total to 789,000 sq. ft., 6% higher than 2023 figures. White Plains CBD led all submarkets in Q4 with 130,000 sq. ft. of leasing activity, up 75% quarter-over-quarter and 129% above its five-year quarterly average.

Annual leasing activity reached 302,000 sq. ft. —the highest leasing total since 2021. This is also the first time since 2020 that the downtown submarket’s annual leasing outpaced all other submarkets.

FIGURE 1: Historical Leasing Activity



Source: CBRE Research, Q4 2024.

FIGURE 2: Top Transactions | Q4 2024

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address	Submarket
57,266	L	D	Westchester Department of Health	11 Martine Avenue	Westchester CBD
30,000	R	D	Clarfeld Financial Advisors, Inc.	520 White Plains Road	Westchester West
22,000	L	D	Gerber Life Insurance	44 South Broadway	Westchester CBD
17,929	L	D	The Cookware Company	580 White Plains Road	Westchester West
15,500	L	D	Leason Ellis, LLP	1 North Lexington Avenue	Westchester CBD

Source: CBRE Research, Q4 2024.. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

The downtown market saw two of the largest leases of the year with the New York Attorney General’s Office expanding at 44 South Broadway for 47,000 sq. ft. and the Westchester Department of Health taking 57,000 sq. ft. at 11 Martine Avenue.

In Q4 Westchester West notched 45,000 sq. ft. of leasing activity driven by the Cookware Companies 18,000 sq. ft. lease at 580 White Plains Road. The business parks along White Plains Road in Tarrytown carried the Western submarket for 2024 containing 10 of the largest leases seen in the submarket. Annual leasing totaled 135,000 sq. ft. for the submarket—11% ahead of last year’s figures.

Westchester East leasing activity cooled in Q4 totaling 25,000 sq. ft. Leasing fell 67% behind its five-year quarterly average. The Eastern submarket accumulated 258,000 sq. ft. of annual leasing activity, 21% less than 2023’s annual total and the lowest rate of activity seen since the onset of the pandemic. However, the Eastern submarket captured the largest renewal of 2024, with PKF O`Connor Davies, LLP 36,000 sq. ft. extension at 500 Mamaroneck Avenue.

Leasing activity in Westchester was led by the health care sector, the industry constituted 23% of leasing in 2024. Westchester continued to demonstrate that its educated labor force and proximity to New York City appeal to the health care and R&D sectors. Financial firms accounted for 18% of activity for the year. The legal sector, a Westchester mainstay, constituted 16%.

Net Absorption and Availability

Absorption was positive in Q4 totaling 85,000 sq. ft.—the first quarter of positive absorption since Q1. However, annual absorption remained negative at 74,000 sq. ft.—the first year of negative absorption since 2021. Subsequently, Westchester County’s availability rate dropped 40 bps quarter-over-quarter to 21.6% but still 40 bps higher than last year.

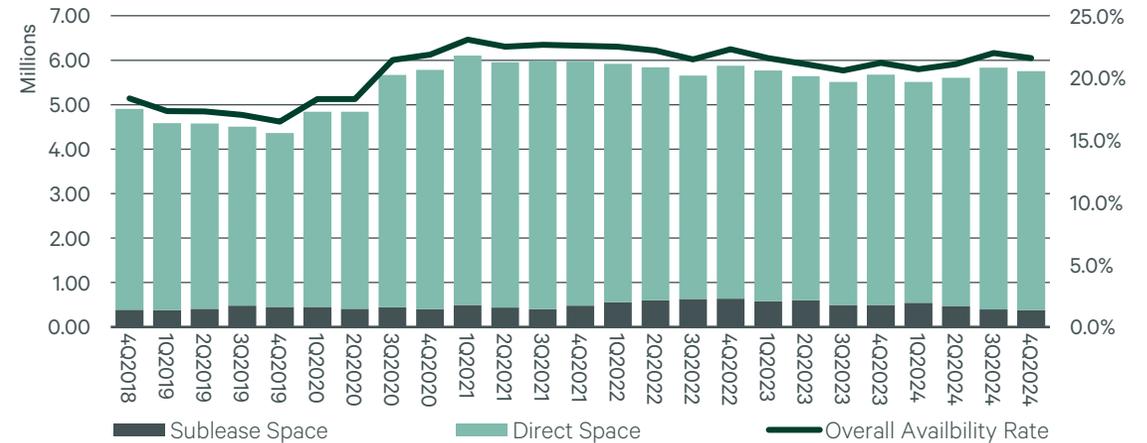
Three out of the five submarkets in Westchester experienced positive absorption in Q4 2024.

FIGURE 3: Quarterly Leasing Activity by Submarket



Source: CBRE Research, Q4 2024.

FIGURE 4: Availability Rate | Direct vs. Sublease Breakdown



Source: CBRE Research, Q4 2024.

Westchester CBD notched positive absorption of 96,000 sq. ft. in Q4 driven by strong leasing and minimal space additions. Despite possessing the county’s largest addition of the year with New York Life Insurance’s 89,000 sq. ft. sublet at 44 South Broadway, year-end absorption was still positive at 115,000 sq. ft. This dropped availability 180 bps quarter-over-quarter to 22.5%—the submarket’s lowest availability rate since Q4 2021.

Westchester East notched 27,000 sq. ft. of positive absorption in Q4, lowering its availability rate to 22.5%. Three of the top five largest space additions in 2024 occurred in Westchester East, which contributed to the submarket’s lowest annual absorption since 2020 with negative 255,000 sq. ft.

Quarterly absorption in Westchester South totaled negative 24,000 sq. ft. and brought availability up 110 bps to 12.6%—the highest rate seen in the southern submarket since the March 2021. This was driven by the second largest space addition in the county—the Westchester Department of Health’s 28,000 sq. ft. space at 145 Huguenot Street in New Rochelle—added in Q4. Annual absorption amounted to negative 71,000 sq. ft.

FIGURE 5: Net Absorption | Historical



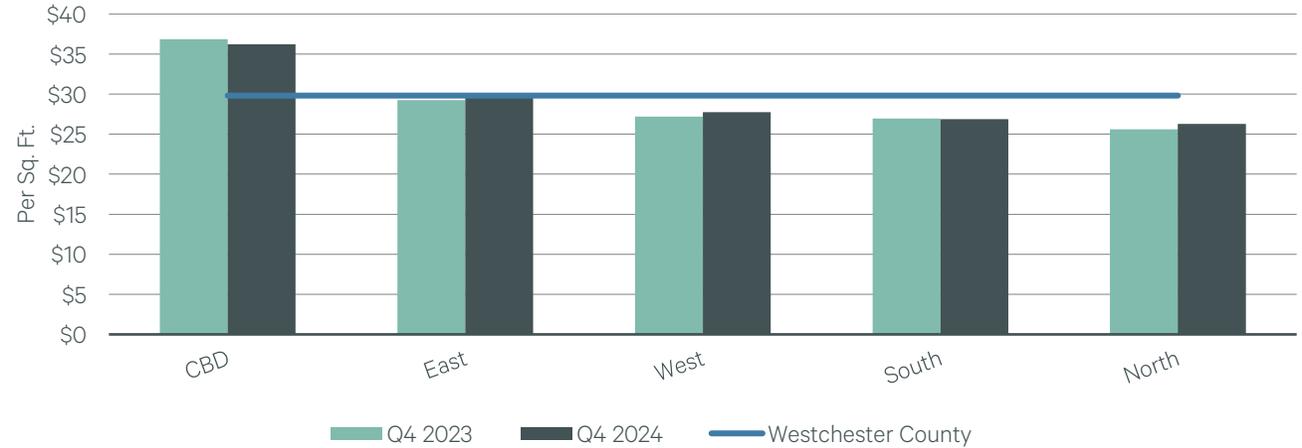
Source: CBRE Research, Q4 2024.

Average Asking Rent

Average asking rent in Westchester County stood at \$29.81 per sq. ft., at the end of 2024, down 1% quarter-over-quarter but unchanged from a year ago. Each of the five submarkets asking rents remained stable quarter-over-quarter.

Annually, only two submarkets saw meaningful movement in asking rents. White Plains CBD's asking rent fell 2% to \$36.20 per sq. ft. due to premium priced class A space being leased off market. Westchester North's asking rent rose 3% to \$26.27 per sq. ft. due to below average Class B space being removed from availability.

FIGURE 6: Average Asking Rent | By Submarket



Source: CBRE Research, Q4 2024.

FIGURE 7: Average Asking Rent | Quarterly Historical



Source: CBRE Research, Q4 2024

FIGURE 8: Q4 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	1,374,160	20.5%	20.2%	(25,521)	12,403	\$26.27
Westchester CBD	5.32	1,194,833	22.5%	22.1%	95,720	130,661	\$36.20
Westchester West	3.34	865,216	25.9%	24.0%	10,358	44,838	\$27.76
Westchester East	9.08	2,046,762	22.5%	21.2%	27,840	25,201	\$29.54
Westchester South	2.14	270,322	12.6%	12.6%	(23,798)	4,200	\$26.88
WESTCHESTER COUNTY	26.57	5,751,293	21.6%	20.8%	84,599	217,303	\$29.81

Source: CBRE Research, Q4 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.

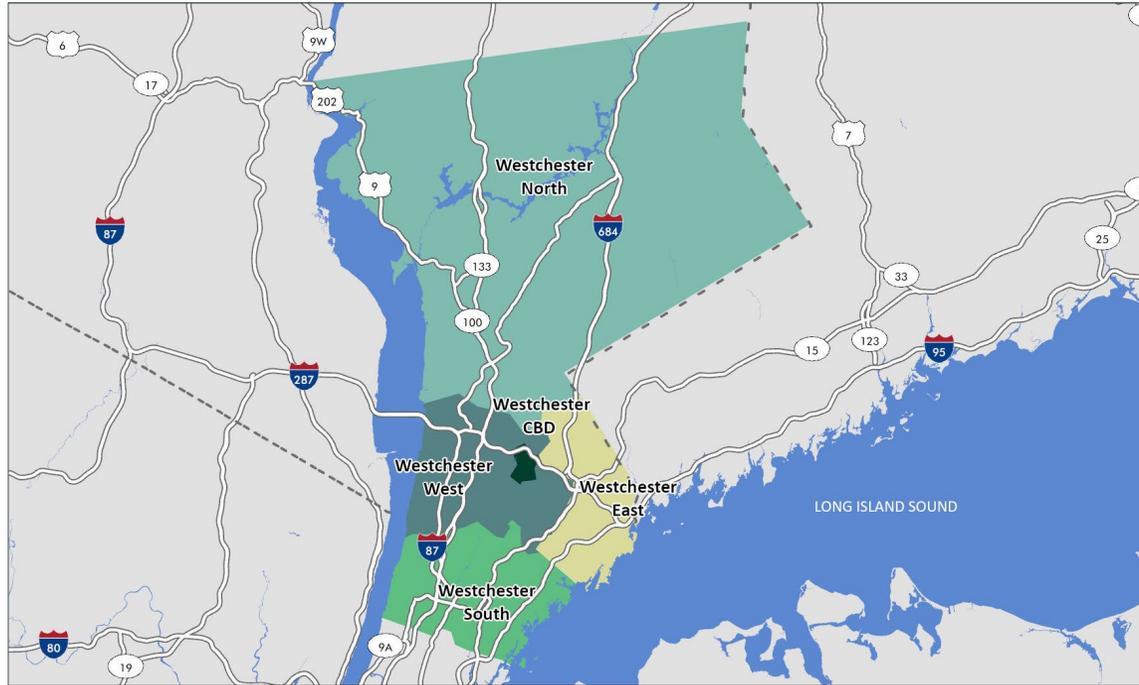
Net Absorption: The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.

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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