CBRE

Supply tightens after sixth consecutive quarter of positive absorption

▼19.6%
Availability Rate

▼128,020
SF Net Absorption

▶0
SF Construction Delivered

▶0
SF Under Construction

▼$30.03
Overall Asking Rent

Note: Arrows indicate change from previous quarter.

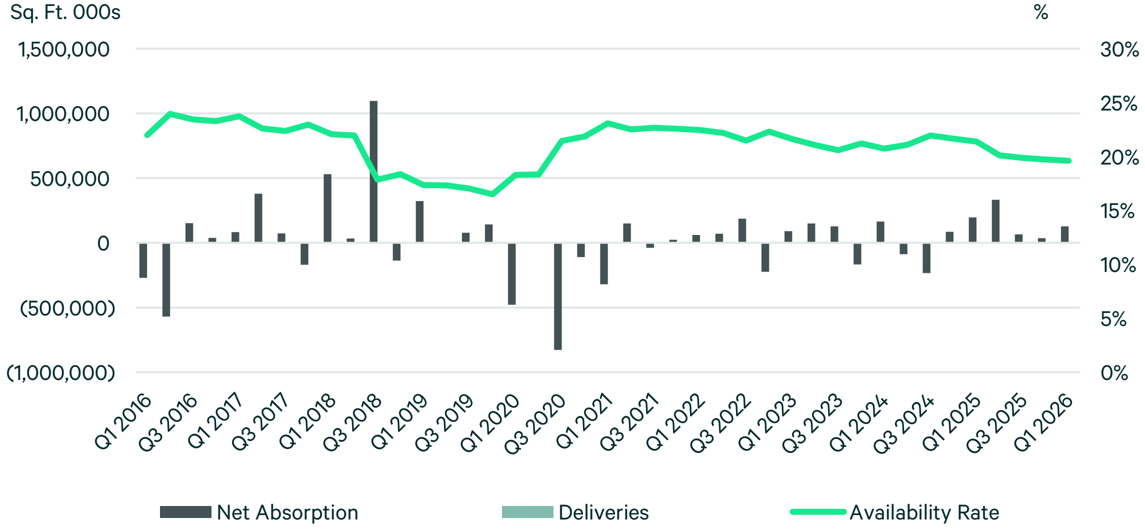
Market Overview

Westchester County demand was balanced across the county's submarkets in Q1 2026. Although leasing activity improved 26% from the prior quarter to 181,000 sq. ft., activity still trailed the five-year quarterly average by 17%.

Net absorption was positive at 128,000 sq. ft. during the quarter, supported by the removal of office inventory being repurposed for alternative uses, and by limited small space additions. The availability rate declined 10 bps from the prior quarter to 19.6%. Average asking rent held steady at $30.03 per sq. ft., unchanged from the prior quarter but up 1% from this time last year.

White Plains CBD saw fundamentals take a step back to start 2026. Leasing activity in Q1 had its slowest start to a year since 2023 with 56,000 sq. ft. of activity. Average asking rent dipped 1% from the prior quarter to $35.39 per sq. ft.—the lowest level since Q3 2020.

Figure 1: Historical Net Absorption, Deliveries, and Availability



Source: CBRE Research, Q1 2026

Economic Overview

Although the current business cycle is approaching five years in duration, U.S. economic growth remains resilient despite mounting risks. GDP growth is projected to average 2.1%, matching 2025 levels and outpacing peer economies. America's accelerated investment in AI infrastructure continues to serve as a competitive advantage, with hyperscaler capital expenditures nearing 3% of GDP—just below residential investment levels. However, concerns surrounding the sustainability of this growth trajectory are weighing on both credit and equity markets.

Geopolitical tensions tied to Operation Epic Fury and volatility in global energy prices present additional risks. Assuming the conflict is resolved swiftly and U.S. oil prices remain near $80 per barrel, the impact on economic growth should be modest. However, headline inflation—forecast to average 3.2% this year, up from the mid-2% range reported in February—could be materially affected. A prolonged conflict would likely elevate inflation expectations and long-term interest rates, potentially weighing on commercial real estate fundamentals.

Total employment in Westchester County increased by 9,100 positions quarter-over-quarter in Q4 (+2.0%). However, employment declined by 300 positions year-over-year (-0.1%). Office-using employment rose by 2,000 positions in Q4 (+2.0%), led by gains in professional and business services (+1,000 jobs, +1.5%), financial activities (+900 jobs, +3.1%), and information (+100 jobs, +1.6%). Overall, office-using employment in Westchester stands at 103.2% of pre-pandemic (2019) levels.

New York State's unemployment rate rose to 4.6% in December 2025, up from 4.2% at the end of Q3. The national unemployment rate stood at 4.4% during the same period.

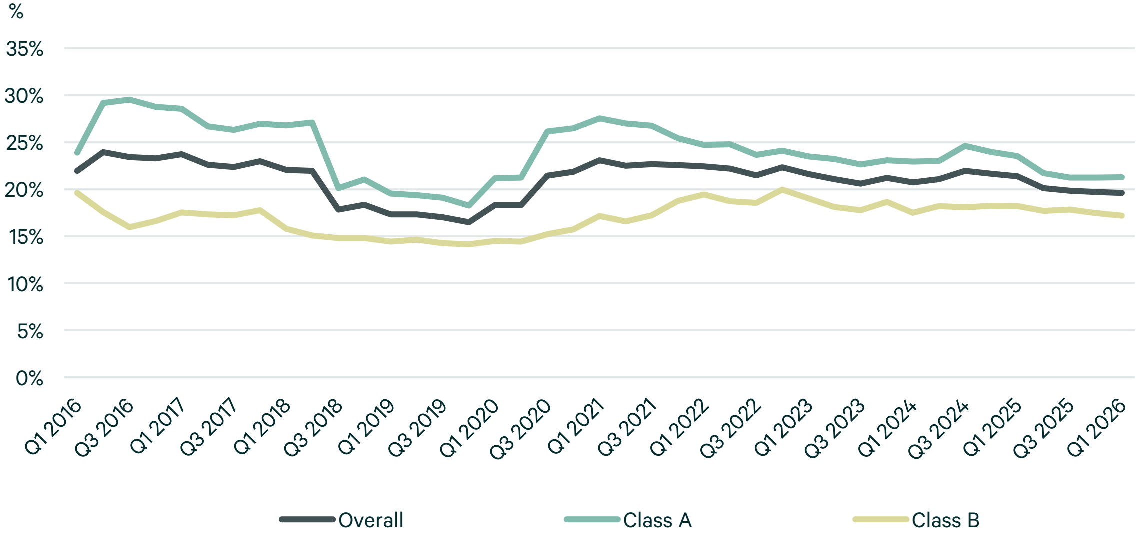
Asking Rent

Average asking rent across Westchester County was flat quarter-over-quarter and increased 1% year-over-year to $30.03 per sq. ft. While no meaningful quarterly rent movement was observed across the county's submarkets, notable annual shifts occurred in the White Plains CBD and Westchester West.

Asking rents in the White Plains CBD declined 8% year-over-year, reflecting the leasing of high-priced Class A space at 50 Main Street and 1 North Lexington Avenue, alongside the addition of low-priced sublease space at White Plains Plaza.

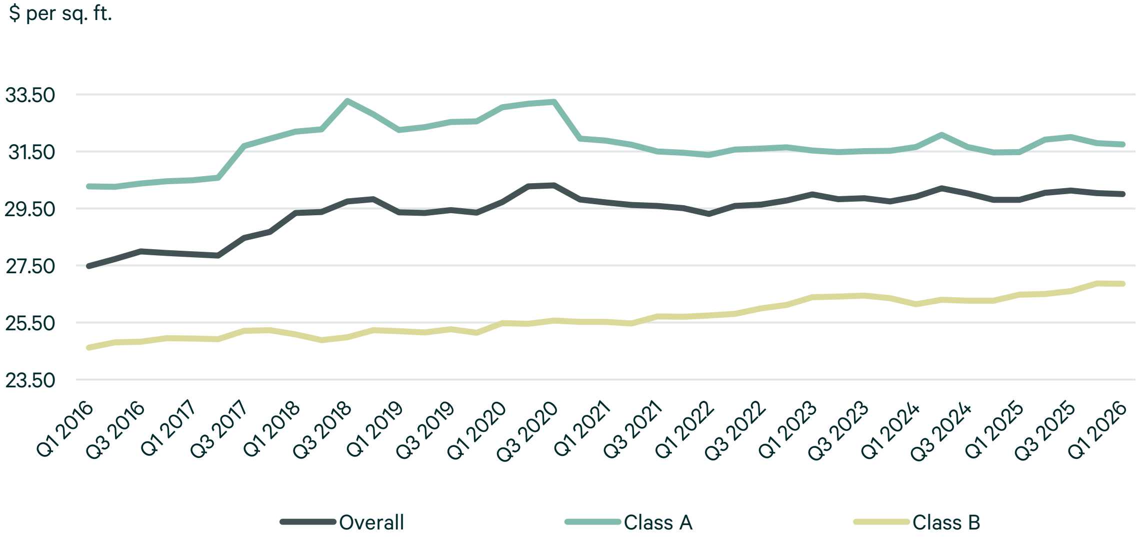
In contrast, Westchester West recorded a 4% year-over-year increase in asking rent, driven by high-priced availabilities at 3 West Main Street, 1 Bridge Street, and 50 South Buckhout Street in Irvington, New York.

Figure 2: Availability Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Overall Average Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

Westchester County posted 128,000 sq. ft. of positive net absorption in Q1, reducing availability by 10 bps to 19.6%. Space deliveries were limited and most of the largest additions during the quarter measured less than 7,000 sq. ft. Improved absorption was driven by the announcement of nearly 700,000 sq. ft. of office space slated for conversion to alternative uses. Four properties are undergoing repurposing: two residential conversions, one hospital conversion, and one self-storage conversion.

Westchester East accounted for the majority of Westchester's quarterly absorption, supported by conversions at 1111 and 2700 Westchester Avenue. These removals combined with solid leasing activity brought absorption to its highest positive total since Q1 2022. The 174,000 sq. ft. of positive absorption drove availability down 50 bps to 22.6%.

White Plains CBD recorded modest positive absorption of 16,000 sq. ft., as leasing gains were largely offset by new availability. The largest space added during the quarter was CBC's full-floor, 20,000 sq. ft. sublease at 1 North Broadway. Current availability in the CBD stands at 21.5%.

Westchester South—which includes the major metropolitan hubs of Yonkers and New Rochelle—experienced mild negative absorption of 2,000 sq. ft. Availability edged up 10 bps to 12.5%, the highest level recorded since Q3 2025.

Figure 4: Net Absorption Trend

Source: CBRE Research, Q1 2026

Leasing Activity

Leasing activity in Westchester County got off to its slowest first quarter since 2023. Q1's 181,000 sq. ft. exceeded the prior quarter's figure by 26% but remained 17% below the five-year quarterly average .

White Plains CBD recorded 56,000 sq. ft. of leasing activity, up 104% quarter-over-quarter but 12% below its five-year quarterly average. The submarket's largest transaction was Sidney Frank Importing's 30,000 sq. ft. renewal at 10 Bank Street. Total renewal activity—counted outside of leasing activity—reached 49,000 sq. ft., representing a 373% increase from the previous quarter.

One additional transaction was the sale of 360 Hamilton Avenue downtown to TKF Burnside for $67.6 million dollars in February. This trend is the latest example of new capital coming into the CBD.

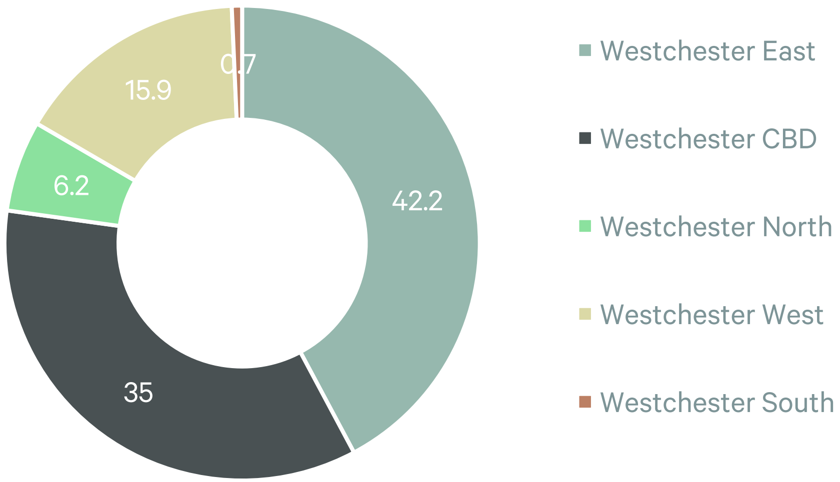
Westchester East emerged as the county's standout submarket for the second consecutive quarter, leading both leasing and renewal activity. The city of Purchase captured two significant renewals, Wells Fargo's 21,000-sq.-ft. recommitment at 2500 Westchester Avenue and Greywolf Capital's 19,000-sq.-ft. renewal at 4 Manhattanville Road. New leasing activity was led by Gordon Rees's 15,000 sq. ft. lease at 440 Mamaroneck Avenue.

Westchester North's 10,000 sq. ft. of Q1 leasing was up 59% from the prior quarter, though still 71% below its five-year quarterly average. UnitedHealth Group accounted for a 5,000 sq. ft. renewal at 100 South Bedford Road, reinforcing the area's role as a hub for healthcare-oriented office tenants.

Figure 6: Leasing Activity Trend

Source: CBRE Research, Q1 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Sidney Frank Importing	30,000	Renewal	10 Bank Street	Westchester CBD
Wells Fargo Advisors	21,000	Renewal	2500 Westchester Avenue	Westchester East
Greywolf Capital Management	19,000	Renewal	4 Manhattanville Road	Westchester East
OnMed	16,000	New Lease	7 Renaissance Square	Westchester CBD
Gordon Rees Scully Mansukhani	15,000	New Lease	440 Mamaroneck Avenue	Westchester East

Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: 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	20.2%	21.3%	19.8%	1.5%	$31.78	68,322	68,322	-	-
Class B	10.27	16.6%	17.2%	16.3%	0.9%	$26.76	59,698	59,698	-	-

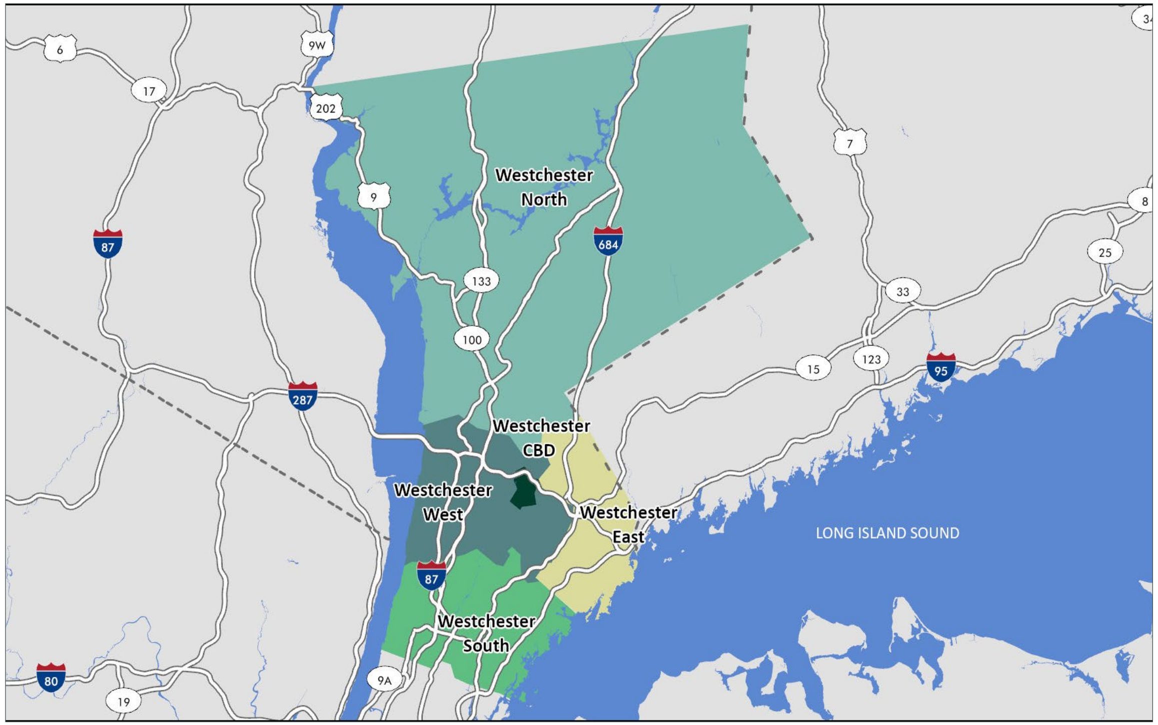
Market Statistics by Submarket

Figure 10

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	20.1%	21.5%	18.9%	2.6%	$35.39	15,928	15,928	-	-
Westchester East	8.52	22.0%	22.6%	21.4%	1.2%	$29.89	173,821	173,821	-	-
Westchester North	6.32	14.4%	15.5%	14.8%	0.7%	$26.07	(26,314)	(26,314)	-	-
Westchester South	2.17	11.3%	12.5%	11.1%	1.4%	$27.08	(1,968)	(1,968)	-	-
Westchester West	3.41	21.1%	21.8%	21.3%	0.4%	$28.71	(33,447)	(33,447)	-	-
Total	**25.47**	**18.7%**	**19.6%**	**18.4%**	**1.2%**	**$30.03**	**128,020**	**128,020**	**-**	**-**

Source: CBRE Research, Q1 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 Fairfield 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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