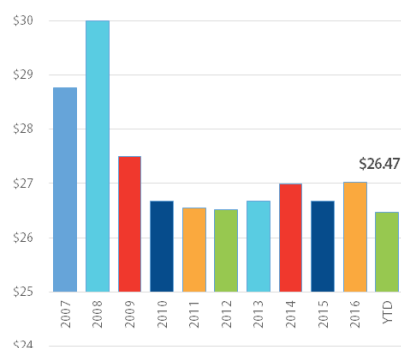
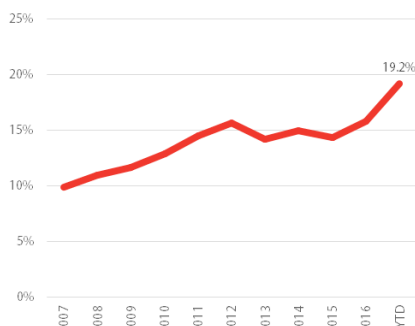


# Westchester County

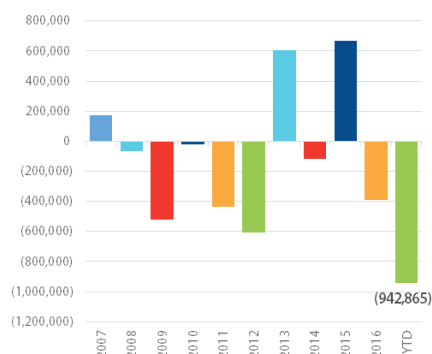
## Average Asking Rent



## Overall Historical Vacancy



## Overall Historical Net Absorption



## Office Inventory Showed First Signs of Market Rebalancing

### Economic and Office Market Overview

While still positive, year-over-year growth in Westchester County was more tempered relative to the previous quarter. The combined Orange-Rockland-Westchester County area recorded a 1.5 percent increase in total non-farm employment with 10,000 new jobs since October 2016. Office-using sectors driving the growth were in Professional and Business Services as well as Finance, which saw a total of 3,000 new jobs in a 12-month period. Healthcare and Social Assistance jobs made up a good portion of the increase, notably Ambulatory Care Services, with 3,400 new jobs. Unemployment remained fairly flat at 4.4 percent, up 100 basis points from the previous year.

The office market in Westchester County continued on the path of rebalancing itself as vacant office buildings underwent demolition or repurposing and total office inventory was reduced. Nonetheless, the year closed with slightly weaker general market indicators relative to 2016, with higher vacancy and lower leasing volume. The market continues to be propelled by the stronger demand from healthcare service providers.

### Vacancy

Overall office vacancy, at 19.2 percent, was up 340 basis points (bps) year-over-year, but down by 400 bps quarterly. The reduction in office vacancy was partly attributable to the fallen office inventory after the demolition of five office buildings along Corporate Park Drive in White Plains in the East I-287 Corridor submarket.

The lowest vacancy was witnessed in the Southern submarket at 8.9 percent, which had dropped 200 bps year-over-year. This area saw a good number of deals by medical tenants in the course of 2017, including several renewals. Conversely, the Northern submarket was still burdened by high vacancy at 37.3 percent.

### Absorption

Total net absorption still trended negative by 942,865 square feet (SF) by year end owing to the still vacant buildings in the Northern submarket. However, in the third and fourth quarters of 2017 this downward trend was reversed, bringing total net absorption in the overall market up by 190,515 SF.

The Northern and East I-287 Corridor submarkets continued to drive the negative net absorption trend, with the latter witnessing slightly worsened conditions and closing with a negative 144,000 SF.

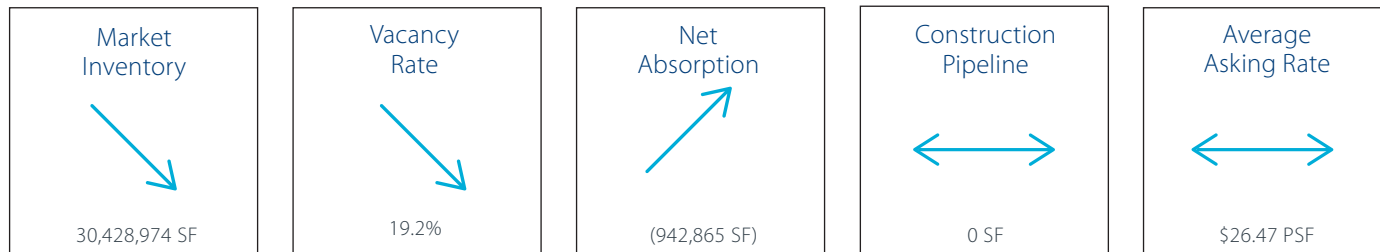
Key move-ins in the fourth quarter included the occupancy of 101,000 by Sumitomo Mitsui Bank at 1 N Lexington Avenue in the White Plains Central Business District (CBD) as well as 50,000 SF by Hospital for Special Surgery at 1133 Westchester Avenue.

### Asking Rates

The overall average asking rent dropped slightly by 2.0 percent to \$26.47 PSF. The same modest decrease was seen across all submarkets except in the White Plains Central Business District (CBD), which held fairly steady at \$30.72 PSF.

## Office Market Snapshot

Below are 2017 fourth quarter overall market indicators for Westchester County's office market compared to the fourth quarter of 2016:



## Notable Lease Transactions

Tenant	Property/Submarket	SF/Type
Prestige Brands	660 White Plains Rd/East-287 Corridor	68,886/Renewal/Expansion
Fordham University	400 Westchester Ave/East I-287 Corridor	62,500/Renewal
ENT and Allergy Associates	660 White Plains Rd/East I-287 Corridor	38,128/New

## Notable Sale Transactions

Address/Submarket	Buyer/Seller	Price	SF/ Price PSF
7-11 S Broadway/White Plains CBD	Empire Residential LLC	\$9,600,000	70,000/\$137
2 Depot Plz/Northern	Bedford Waterfront Grp LLC	\$5,400,000	25,000/\$216



7-11 S Broadway, White Plains



2 Depot Plz, Bedford Hills

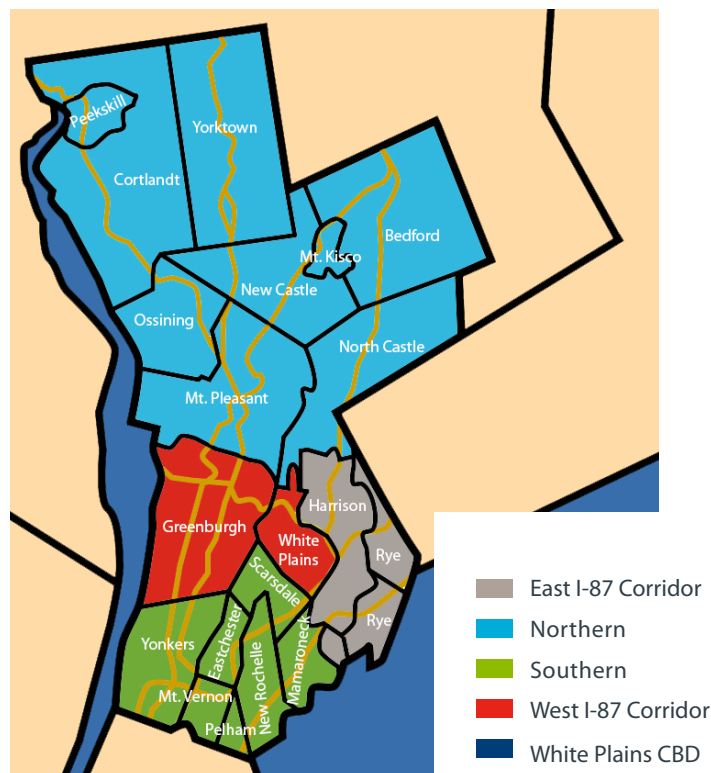
## Quarter Highlights

Repurposing of older office stock continued in fourth quarter. The demolition of the Platinum Mile office park buildings at 103-110 Corporate Park Drive in Harrison was completed in fourth quarter to make way for Wegman's supermarket and a 421-unit apartment building. This brought the total office market inventory down by 421,845 SF.

Slated for demolition is the 45,700-square foot office building at 1 Water Street in the White Plains CBD where tenants were being vacated in 4th quarter. The building will be repurposed as multi-family residential.

The City of New Rochelle in the Southern submarket, in partnership with developer RXR Realty, has put in a bid for Amazon's new headquarters location which promises to create 50,000 new jobs. The city's offer includes 20-year property tax incentives, sales tax and mortgage tax exemptions from local authorities, and substantial incentives offered by New York State, in addition to the exclusive use of David's island, a 78-acre space which is proposed for recreational purposes to Amazon.

## Westchester County Submarkets



## White Plains CBD



## Market By The Numbers

Submarket	Inventory (SF)	Vacant (SF)	Vacancy (%)	Vacancy Trend (Q2'16-Q'17)	Availability (%)	4Q17 Net Absorption (SF)	Year-to-Date Absorption	Under Construction (SF)	Average Asking Rent
White Plains CBD	6,416,423	939,723	14.6%	Down	18.0%	40,534	57,822	0	\$30.72
Northern	6,757,669	2,519,044	37.3%	Up	42.6%	11,781	-1,039,904	0	\$24.32
West I-287	3,585,656	440,781	12.3%	Down	21.8%	36,726	94,757	0	\$25.02
East I-287	9,860,548	1,608,329	16.3%	Up	20.4%	-79,085	-143,878	0	\$27.59
Southern	3,808,678	337,360	8.9%	Down	16.1%	87,095	88,338	0	\$25.76
<b>Market Total</b>	<b>30,428,974</b>	<b>5,845,237</b>	<b>19.2%</b>	<b>Up</b>	<b>24.46%</b>	<b>97,051</b>	<b>-942,865</b>	<b>0</b>	<b>\$26.47</b>



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