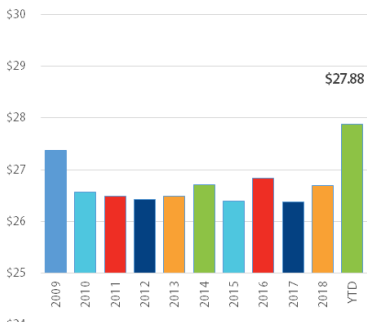
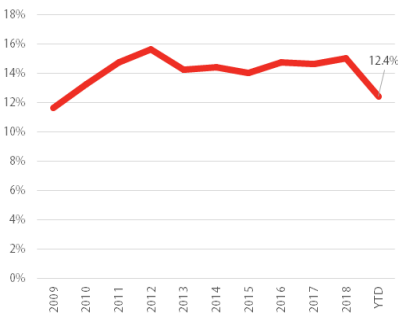


# Westchester County

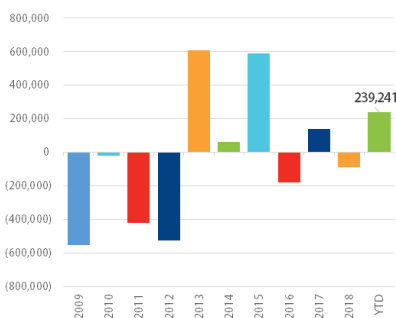
## Overall Average Asking Rent



## Overall Historical Vacancy



## Overall Historical Net Absorption



## Year-to Date Performance points to Healthy Office Market

### Economy and Office Market Overview

Tepid labor market conditions persist in Westchester County, with only 0.50 percent growth quarter-over-quarter in total non-farm employment in the three-county area of Orange-Rockland-Westchester. The Financial and Health and Social Services sectors continue to lead the growth in the office-using sectors, registering 5.50 percent and 4.50 percent growth, respectively. In the office-using portion of the Manufacturing sector, long-time White Plains tenant, Bunge, an agribusiness and food production company, announced the decision to relocate its headquarters from the White Plains Central Business District (CBD) to St. Louis, Missouri. The move is expected to take place in 2020. The company plans to vacate approximately 70,000 square feet (SF) of office space at 50 Main Street in the Westchester Financial Center.

Nonetheless, the county's office performance indicators point to healthy market conditions. With the progression of market restructuring and increased leasing activity, vacancy dropped to 12.4 percent, approaching the 10-year mark where it stood at 11.6 percent. Positive performance was also seen in the average asking rent, which rebounded with a \$1.38 PSF increase since the third quarter of 2018, as well as in net absorption which witnessed a twofold increase.

### Vacancy

Overall market vacancy took a notable dip in the 3rd quarter to 12.4 percent, representing a 170-basis point (bps) decrease quarter-over-quarter from 14.1 percent and a decrease of 320 bps since the 3rd quarter 2018 when it stood at 15.6 percent.

Vacancy was down in all submarkets market-wide. In the suburbs, it was down by 360 bps to 12.8 percent compared to 16.4 percent in the 3rd quarter of 2018. The White Plains CBD saw vacancy drop to 10.5 percent-down 190 basis points year-over-year from 12.5 percent. The steepest declines in vacancy were seen in the Northern and Southern submarkets which registered 15.7 percent and 7.6 percent vacancy, respectively, compared to 19.7 percent and 11.4 percent the year prior.

Leasing activity, in terms of square-foot volume saw more than a twofold increase quarter-over-quarter with an estimated 319,000 SF leased. Meanwhile year-to-date leasing was also up relative to the same period in the previous year by 13.6 percent and 662,874 SF leased.

### Absorption

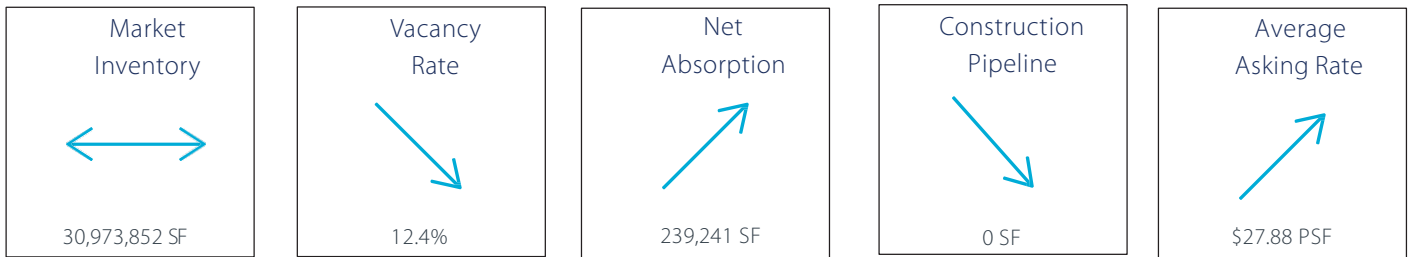
While quarter-over-quarter performance remained slightly weakened relative to the first quarter of 2019, year-to-date net absorption closed on a stronger note in the 3rd quarter, with a positive 239,241 SF- a notable improvement relative to the 3rd quarter of 2018, which had registered negative net absorption by 210,238 SF, as well as compared to the previous two years.

### Asking Rents

The overall average asking rent increased by about a \$1.00 per square foot (PSF) year-over-year while it remained relatively flat quarter-over-quarter. The most noteworthy year-over-year increases were in the West I-287 submarket by \$1.28 PSF and the White Plains CBD by \$2.77 PSF.

## Office Market Snapshot

Below are 2019 year-to-date overall market indicators for Westchester County's office market compared to the second quarter of 2018:



### Notable Lease Transactions

Tenant	Property/Submarket	SF/Type
Atlas Air	2000 Westchester Ave/East I-287	120,000/Renewal
Montefiore Medical	555 Taxter Rd/West I-287	61,970/Expansion
Intercontinental Exchange	1311 Mamaroneck Ave/East I-287	21,000/New
Allstate	120 White Plains Rd/West I-287	15,000/New
Boston Children's Health Physicians	503 Grasslands Rd/ Northern	11,000/Renewal
CohnReznick LLP	10 Bank St/White Plains CBD	9,487/New
Finkelstein, Blankinship, Frei-Pearson & Garber, LLP	1 N Broadway/White Plains CBD	8,198/New

### Notable Sales Transactions

Address/Submarket	Buyer/Seller	Price	SF/Price PSF
550 & 600 Mamaroneck Ave/East I-297	Anchor Health Properties/ Celestial Capital Group, Inc	\$27,066,596	242,486/\$112
1275 Mamaroneck Ave/East I-287	The Windward School/ March of Dimes, Inc.	\$12,300,000	113,883/\$108
101 E Post Rd/ White Plains CBD	White Plains Hospital/ Unicorn Contracting Corp	\$9,782,840	40,000/\$245

### Quarter Highlights

- Watch for a marked pattern of more frequent relocations by large companies from the suburbs or out of state to the White Plains CBD in a three-year period. Starting in 2017, sizable landmark relocations included New York Life Insurance (192,060 SF) from the Northern submarket to the White Plains CBD, Sumitomo Mitsui Banking Corporation (100, 107 SF) from Manhattan, and Danone North America (80,000 SF) from the West I-287 submarket.
- Expect a shortage of large blocks of available space to weigh on significant lease signings. Accordingly, other key tenants have relocated or expanded downtown into mid-sized blocks of office space within the range of 10,000 to 25,000 SF. These deals included Carl Zeiss, Pernod Ricard, Serendipity Lab, Star Brands North America, and more recently Finkelstein, Blankinship, Frei-Pearson & Garber, LLP. The absence of the larger lease signings in the CBD are more a function of the shortage of large blocks of available space in the submarket and not of diminished demand.



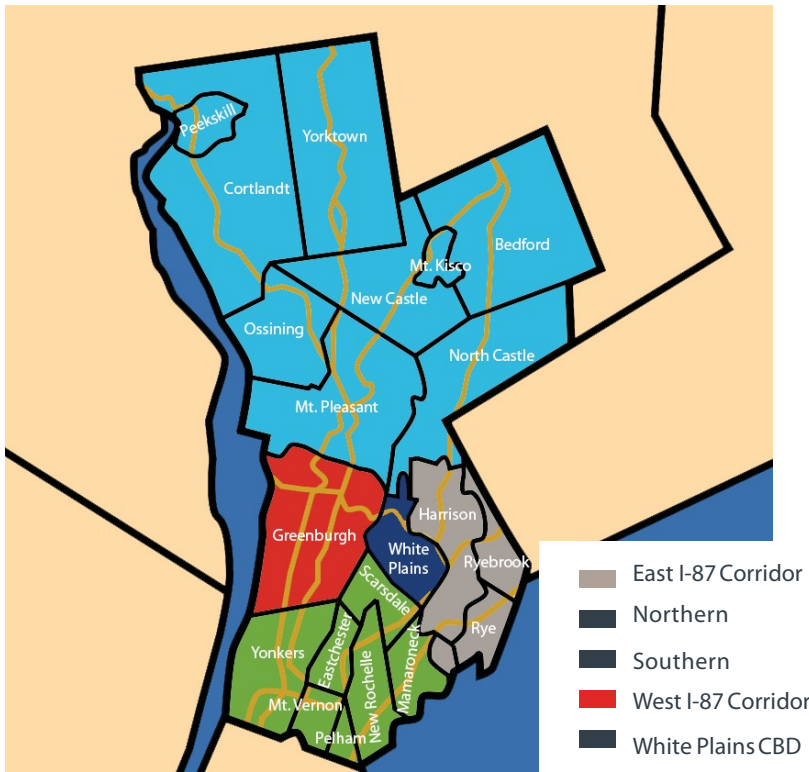
550 & 600 Mamaroneck Ave,  
Harrison  
242,486 SF



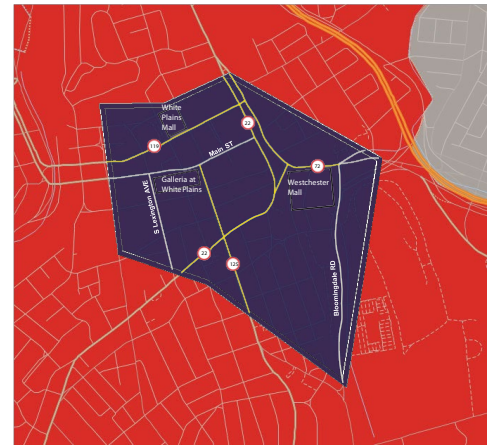
101 E Post Rd,  
White Plains  
40,000 SF



1275 Mamaroneck Ave,  
White Plains  
113,883 SF



White Plains CBD



Market By The Numbers

Submarket	Inventory (SF)	Vacant (SF)	Vacancy (%)	Qtr-over-Qtr Vacancy Trend	Availability (%)	3Q19 Net Absorption (SF)	Year-to-Date Absorption	Under Construction (SF)	Overall Gross Asking Rent
Northern	6,795,216	1,066,006	15.7%	Down	19.90%	17,952	84,663	0	\$23.88
West I-287	3,587,553	335,244	9.3%	Down	22.26%	18,553	79,277	0	\$26.03
East I-287	10,035,088	1,466,393	14.6%	Down	17.35%	-5,017	93,450	0	\$28.56
Southern	4,664,261	353,500	7.6%	Down	12.26%	32,845	-3,683	0	\$25.61
Suburban Total	25,082,118	3,221,143	12.8%	Down	17.80%	64,333	253,707	0	\$26.20
White Plains CBD	5,891,734	621,088	10.5%	Down	15.35%	-22,908	-14,466	0	\$36.25
Market Total	30,973,852	3,842,231	12.4%	Down	17.4%	41,425	239,241	0	\$27.88



For more information, please contact:

Sean Cahill  
Principal & Managing Director  
203.614.1264  
[sean.cahill@avisonyoung.com](mailto:sean.cahill@avisonyoung.com)

Tula Voutieros  
Senior Research Analyst  
203.614.1486  
[tula.voutieros@avisonyoung.com](mailto:tula.voutieros@avisonyoung.com)



Properties

383 Main Avenue  
6th Floor  
Norwalk, CT 06851  
203.614.1260