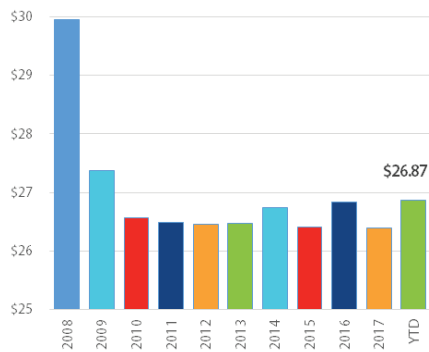
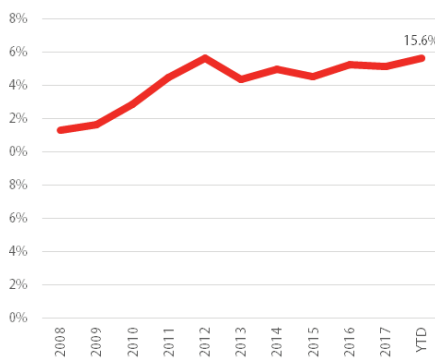


Health Care Services Drive Office Leasing Activity

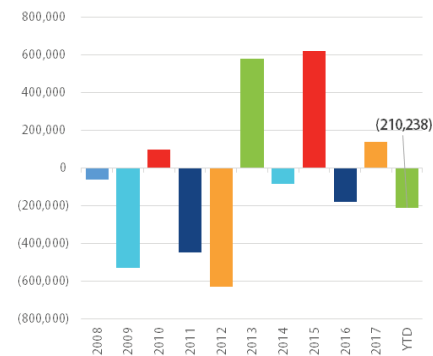
Overall Average Asking Rent



Overall Historical Vacancy



Overall Historical Net Absorption



ECONOMIC AND OFFICE OVERVIEW

Minimal employment growth was witnessed in the three-county area that comprise the Orange-Rockland-Westchester Metropolitan area, posting a mere .52 percent change year-over-year in September 2018. The only sectors that showed any notable growth in employment were Professional and Business Services and Health Services. The latter witnessed 2.3 percent growth year-over-year and marked the strongest growth of all office-using sectors. The impact of that on the office market was seen in the continued expansion of office space by healthcare entities, including Montefiore Medical Center which increased its Westchester County footprint in third quarter.

Vacancy

Based on an adjusted inventory with the removal of inactive office buildings, such as the still vacant IBM campus in Somers which is subject to conversion, vacancy registered at 15.6 percent at the end of third quarter 2018, edging upwards by 80 basis points (bps) year-over-year.

The highest vacancy was recorded in the Northern submarket at 19.7 percent, followed by the East I-287 submarket at 17.7 percent. Conversely, the White Plains Central Business District (CBD) with a vacancy of 12.5% is signaling a shortage of large blocks of space. This shortage has the potential to benefit its neighboring rival, the Stamford CBD in Fairfield County, CT where large blocks of space are more readily available.

Absorption

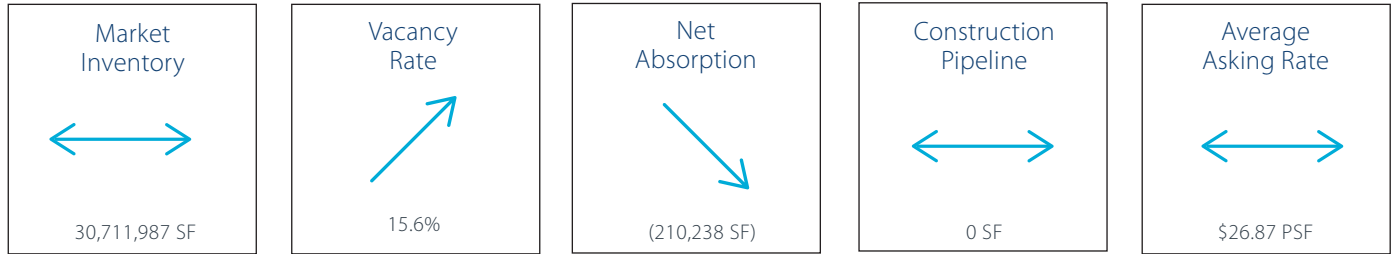
While net absorption swung to positive ground in the third quarter 2017 based on an adjusted vacant inventory, by the third quarter of 2018 year-to-date net absorption was negative by an estimated 210,238 SF. Most of this unabsorbed space emanated from the Northern submarket which closed the quarter with over 149,000 SF of negative net absorption year-to-date.

Asking Rents

The overall market average asking rent remained relatively flat at \$26.87 per square foot (PSF) relative to third quarter 2017. The slight upward pressure stemmed primarily from the increase in the average asking rent in the White Plains CBD where rents went up by 4.7 percent year-over-year. Prime assets, in particular, in the CBD were responsible for the jump in the average asking rental rate where rents were notably higher than the submarket average of \$33.48 PSF. One of these buildings was 50 Main Street, at the Westchester Financial Center, with an asking rate of \$43.00 PSF. The center, dubbed 'City Square' by its new owner, Ginsburg Development, is subject to conversion into a multi-use facility which will include residential, office and retail space pending Council approval.

Office Market Snapshot

Below are third quarter 2018 overall market indicators for Westchester County's office market compared to the third quarter of 2017:



Notable Lease Transactions

Tenant	Property/Submarket	SF/Type
Montefiore Medical Center	555 Taxter Rd/West I-287	30,000/ Sublease-Expansion
Publishers Circulation	300 Executive Blvd/West I-287	24,147/ Renewal
Montefiore Medical Center	20 Cedar St/Southern	20,000/ New

Trends to Watch

- Healthcare services continue to drive demand for office space and make up a good portion of office leasing activity each quarter. An aging population and changing area demographics are forcing healthcare networks to strategize and expand their footprints. Of particular note was the continued expansion by Montefiore Medical Center across several submarkets in Westchester County.

Notable Sale Transactions

Address/Submarket	Buyer/Seller	Price	SF/ Price PSF
20 S Broadway, Yonkers /Southern	Chestnut Holdings /Abbey Road Advisors	\$26,000,000	\$175
2975 Westchester Ave, Purchase /East I-287	Schur Management Company /RPW Group	\$24,000,000	\$200
277 North Avenue, New Rochelle /Southern	Fisher Development /277 North Ave LLC	\$22,000,000	\$647
34 S Bedford, Mount Kisco /Northern	Hammes Partners /DWS	\$17,500,000	\$451



20 S Broadway, Yonkers
148,593 SF

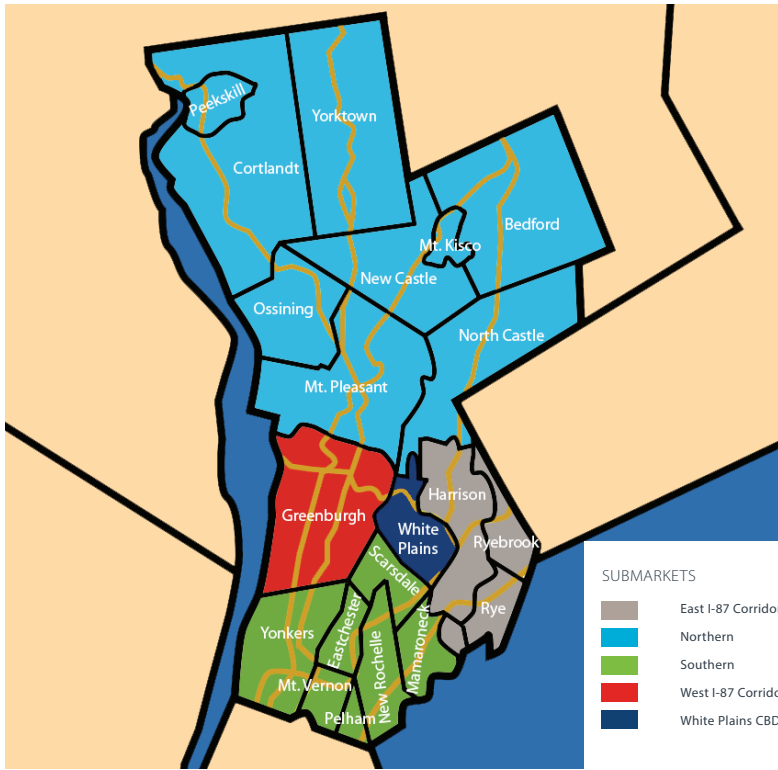


2975 Westchester Ave, Purchase
120,000 SF

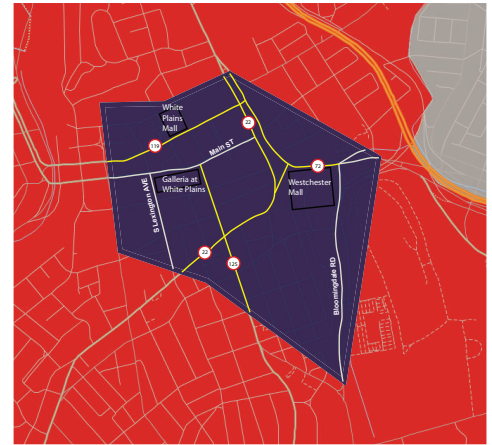


277 North Ave, New Rochelle
34,000 SF

Westchester County Submarkets



White Plains CBD



Market By The Numbers

Submarket	Inventory (SF)	Vacant (SF)	Vacancy (%)	Vacancy Trend (Q3'17- Q3'18)	Availability (%)	3Q18 Net Absorption (SF)	Year-to-Date Absorption	Under Construction (SF)	Overall Average Asking Rent
White Plains CBD	6,291,471	783,432	12.5%	Up	17.3%	-17,299	-56,063	0	\$33.48
Northern	6,767,054	1,333,307	19.7%	Down	24.5%	27,259	87,098	0	\$24.41
West I-287	3,631,667	468,366	12.9%	Down	24.4%	996	-49,744	0	\$24.75
East I-287	9,757,362	1,725,043	17.7%	Up	20.9%	-22,047	-149,934	0	\$28.30
Southern	4,264,433	487,174	11.4%	Down	16.3%	40,081	-41,595	0	\$24.07
Market Total	30,711,987	4,797,322	15.6%	Up	20.7%	28,990	-210,238	0	26.87



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