

Westchester County Office Market Overview



Market Observations



Major Transactions

- In one of the most significant redevelopment projects since the reconstruction of 1111 & 1129 Westchester Avenue, New Jersey-based developer Zygil Wilf, principal of Garden Homes—a firm with a substantial multi-state commercial real estate portfolio—is set to finalize the acquisition of the approximately 660,000-SF '700 series' buildings. The portfolio includes 701, 707, 709, 711, and 777 Westchester Avenue in White Plains, located along the once-renowned 'Platinum Mile' on the I-287 Corridor. The developer intends to build a residential and mixed-use project on the site. While Zoning approvals are not yet in place, the developer is reportedly backed by "patient capital".
- In a landmark move, the New York Power Authority (NYPA) has purchased a pad site at Downtown White Plains' Hamilton Green for a record \$30 million to build its new 350,000-SF headquarters. This marks Westchester's first major office development in nearly 50 years. The project, led by developer Louis Cappelli, will retain nearly 1,000 NYPA jobs in the area and create hundreds of construction jobs, replacing NYPA's outdated current location at 123 Main Street.



Leasing Market Fundamentals

- At the end of Q1 2025, the county's total vacancy rate rose to 26.0%, up from 25.7% the previous quarter and 23.2% a year earlier. The availability rate—which includes space expected to be vacated within 12 months—edged down slightly to 27.0% from 27.1% last quarter.
- Leasing activity improved this quarter, reaching nearly 350,000 square feet—16.3% higher than the same period last year. Despite the uptick, volume was 18.0% below the 10-year historical average. Demand was primarily driven by mid-sized transactions ranging from 10,000 to 50,000 square feet, while smaller 'bread-and-butter' deals were less common.
- The Downtown White Plains market set the pace, accounting for 165,000 square feet across 20 deals, 48% above its historical average. And although several companies, such as Danone, DelBello and Byram Healthcare have contracted, new entrants and expansions have helped offset the negative absorption caused by these reductions. In terms of business sectors, over the past year, the legal and government sectors have been the most active sources of demand in the CBD submarket.
- Following the post-pandemic peak of \$28.74/SF in 2023, direct average asking rents have edged down slightly, settling at \$28.48/SF by the end of Q1 2025. In 2024, the annual rent growth was negative for the first time since 2019. The growth rate may trend upward again as obsolete space is removed from the market, reducing availability and pushing prices higher.



Outlook

- Westchester's office market currently has nearly 1.0 million SF of active tenant requirements, just below the 10-year average of 1,087,500 SF. Healthcare and medical users lead demand, with 10 active requirements totaling 290,000 square feet—accounting for 30% of the total. The education sector follows with 192,000 SF across 4 requirements, while retail/trade and manufacturing sectors represent 189,500 square feet across 10 requirements, driven by sub-industries such as apparel, cosmetics, and beverages. Other notable demand comes from insurance, finance, and legal tenants.
- Despite reaching a new historic high, the County's office vacancy rate may be nearing a bottom, as healthy new demand and a fresh wave of office redevelopments and conversions begin to ease oversupply and signal a potential shift in market dynamics.
- Over the past five years, 1.3 million square feet of office space has been removed from the statistical inventory, primarily through conversions to medical and residential uses. The planned redevelopment of the '700 series' buildings will add to the growing list of properties repurposed for non-office functions. Additionally, more than 1 million SF of obsolete, unmarketable office space remains in the pipeline for removal. If most of this inventory were taken offline today, Westchester's vacancy rate would fall to a more accurate level of around 21.0% as opposed to the current 26.0% vacancy level reflected at quarter's end.

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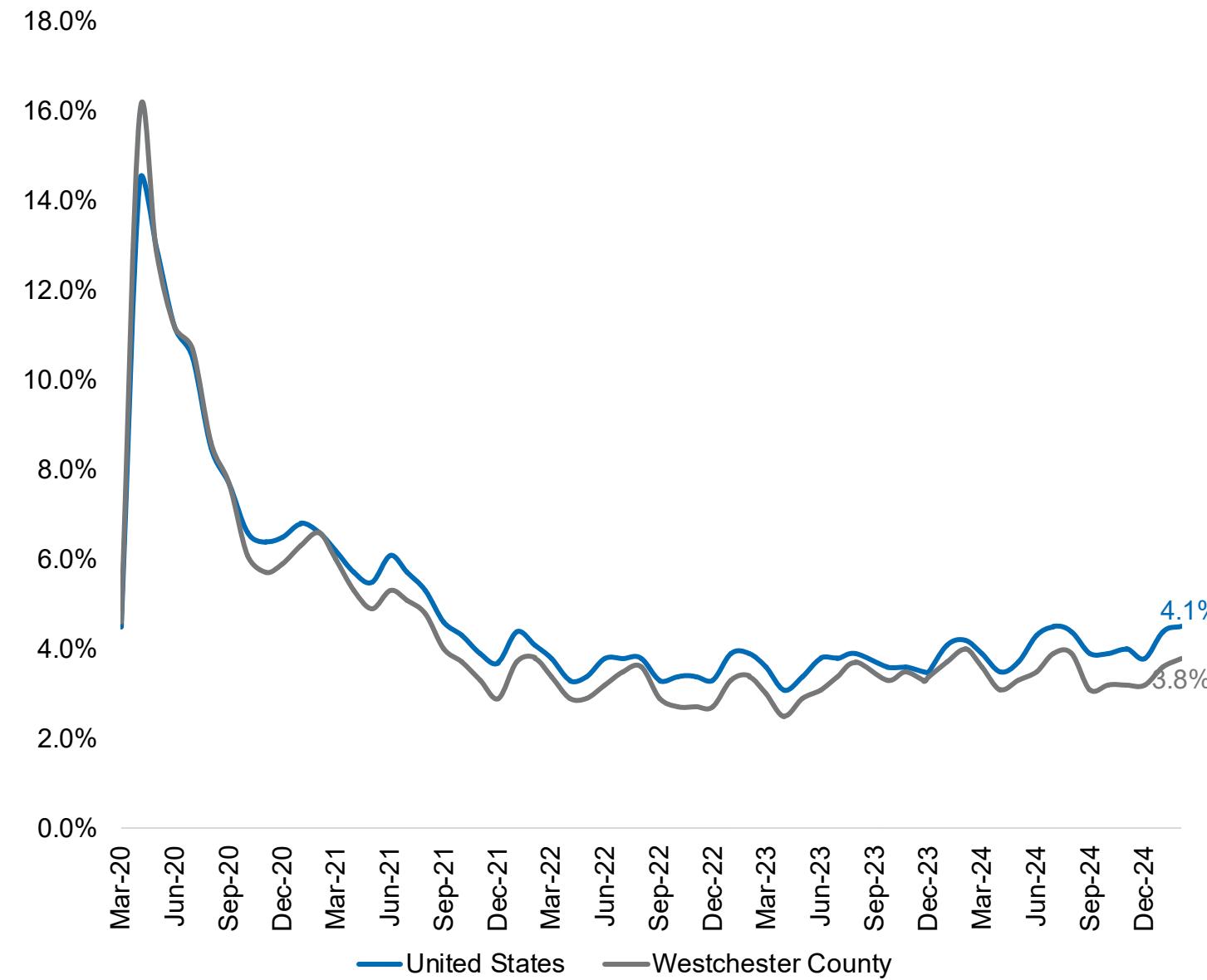
Economy



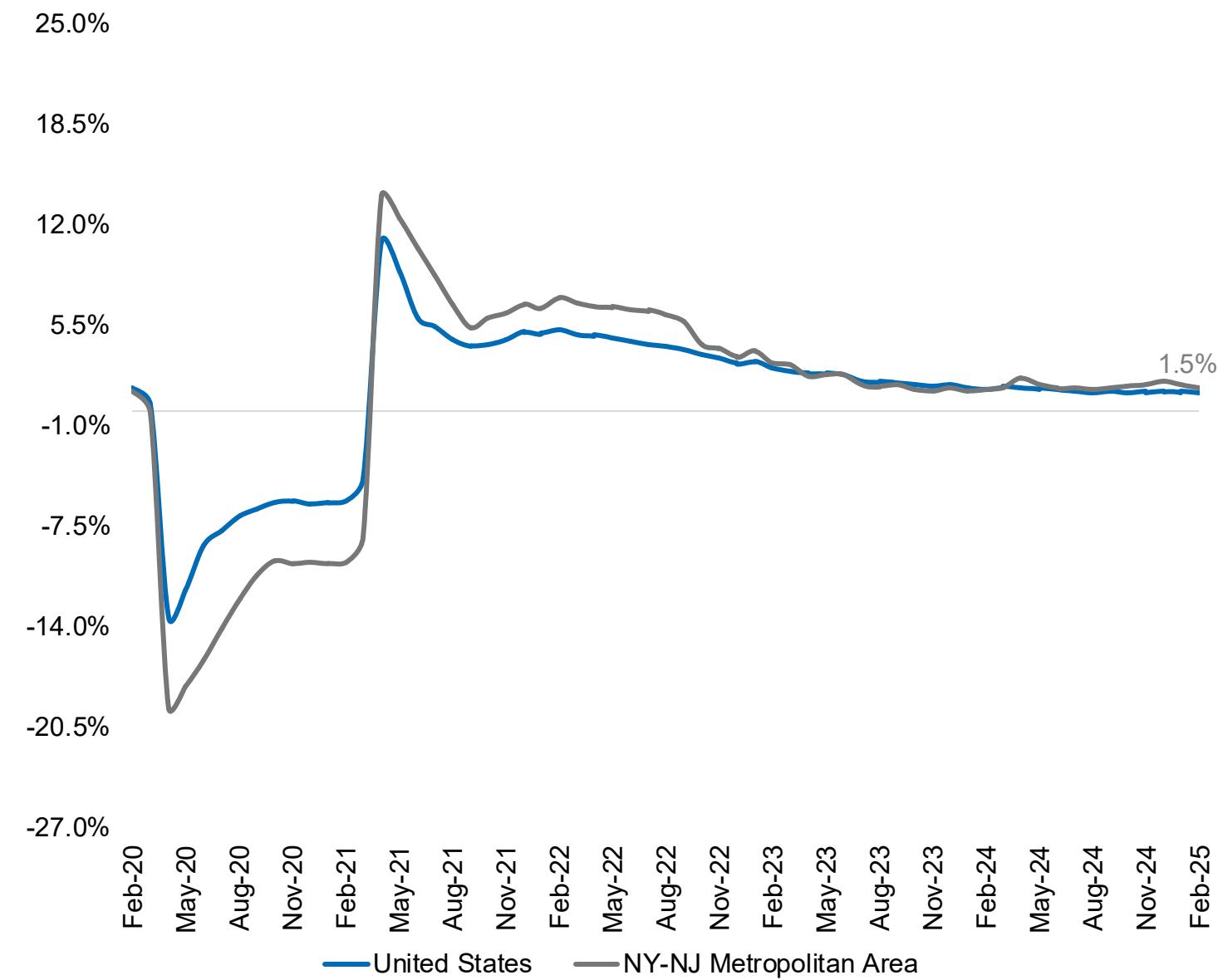
Metro Employment Trends in Westchester County

The unemployment rate in Westchester County ended at 3.8% as of February 2025, while New York state's level trended higher at 4.4% and the national rate ended at 4.1%. Nonfarm payroll employment figures indicate that while the metro area, which includes Westchester County, NY, experienced job growth over the year, it was modest compared to the national average.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

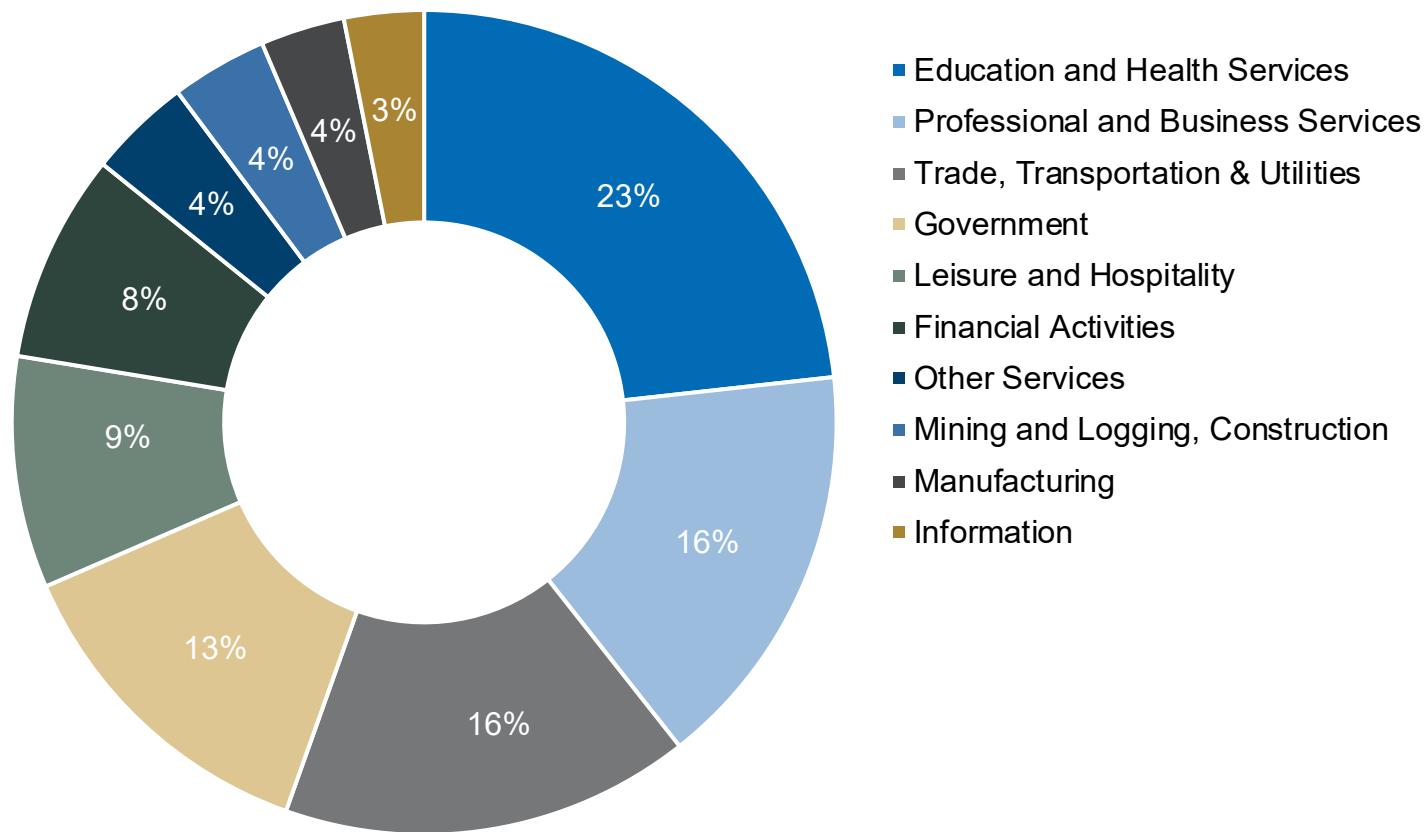


Source: U.S. Bureau of Labor Statistics, Westchester County Area

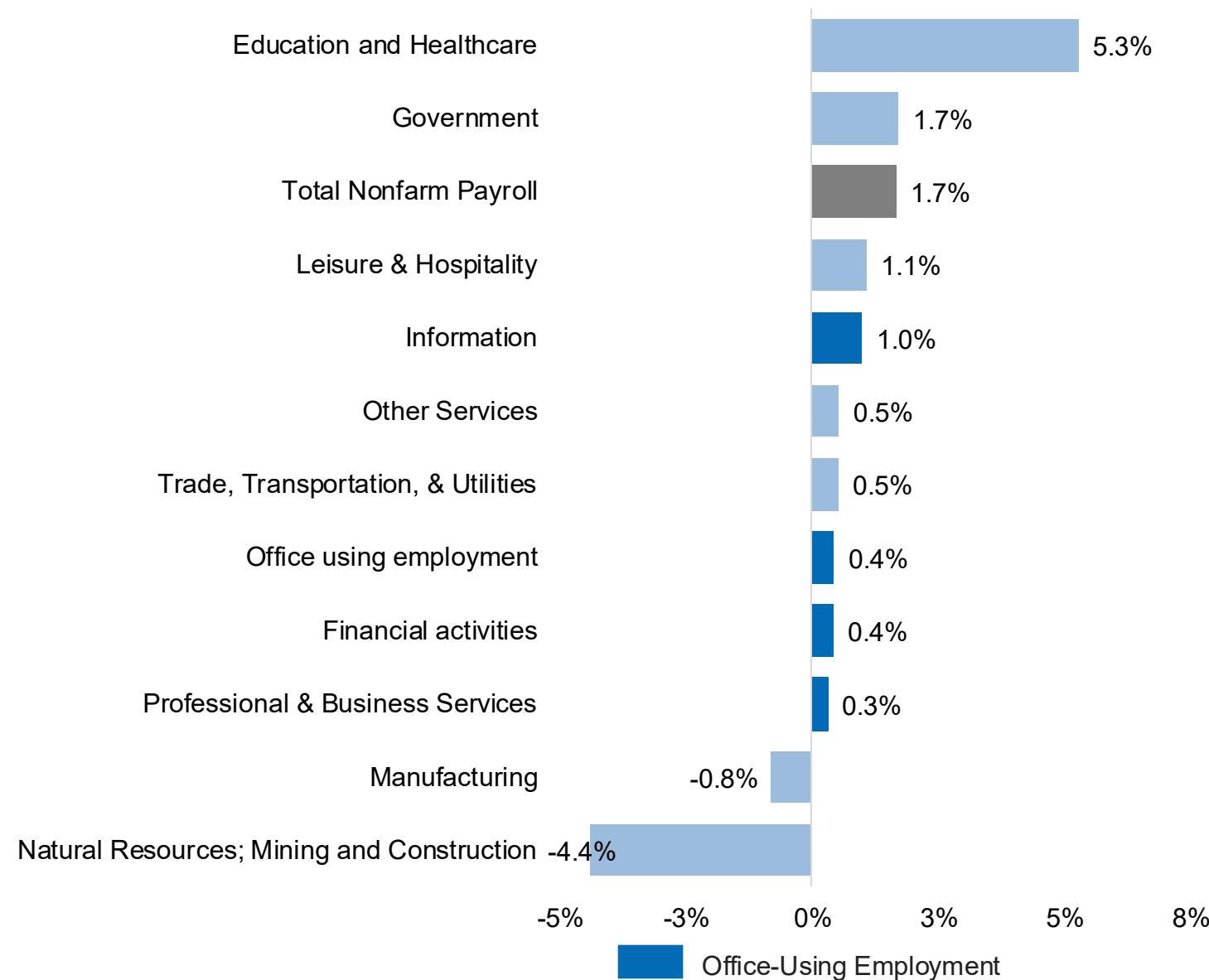
Employment Growth and Employment by Industry

The largest employment industries in the Westchester County, NY area are the Healthcare, Education and Professional Services sectors. During the 12-month period ending in February 2025, the area experienced varied employment growth across different industries, including office-using sectors. The education and health services sector remained the primary driver of job growth, with a 5.3% year-over-year increase, followed by government employment at 1.7%. The only two sectors to experience year-over-year declines were manufacturing and construction, with decreases of 0.8% and 4.4%, respectively.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

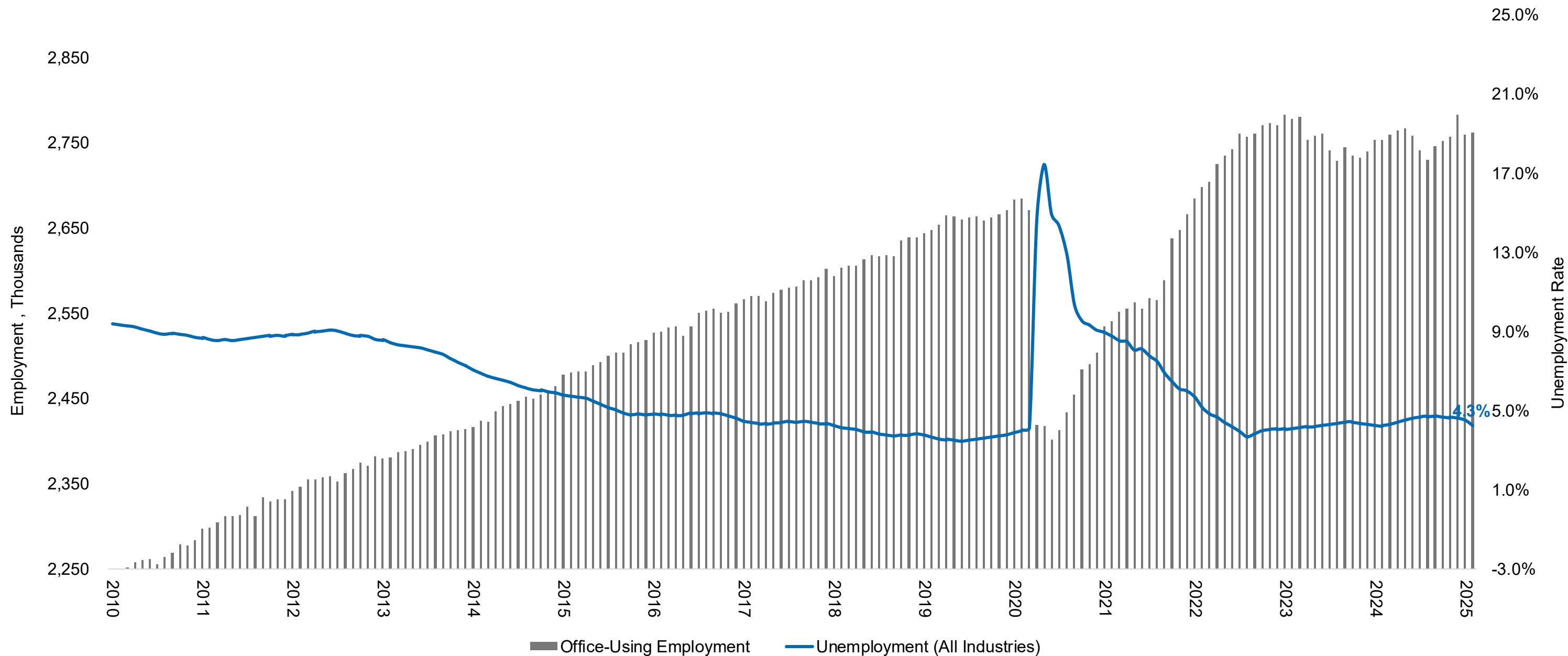


Source: U.S. Bureau of Labor Statistics, Westchester County Area (Not Seasonally Adjusted)

Overall Office-Using Employment Trends

Office-using employment in NY-NJ-PA Metro Area, which includes Westchester County, increased slightly by 0.3% year-over-year, and remained stable from the previous month, with a marginal increase of 0.1%. Office-using industries which trended upward over the past year included: Information (+1.0%), financial services (+0.4%) and professional services (+0.3%).

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, NY-NJ-PA Metro Area (Not Seasonally Adjusted)

*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

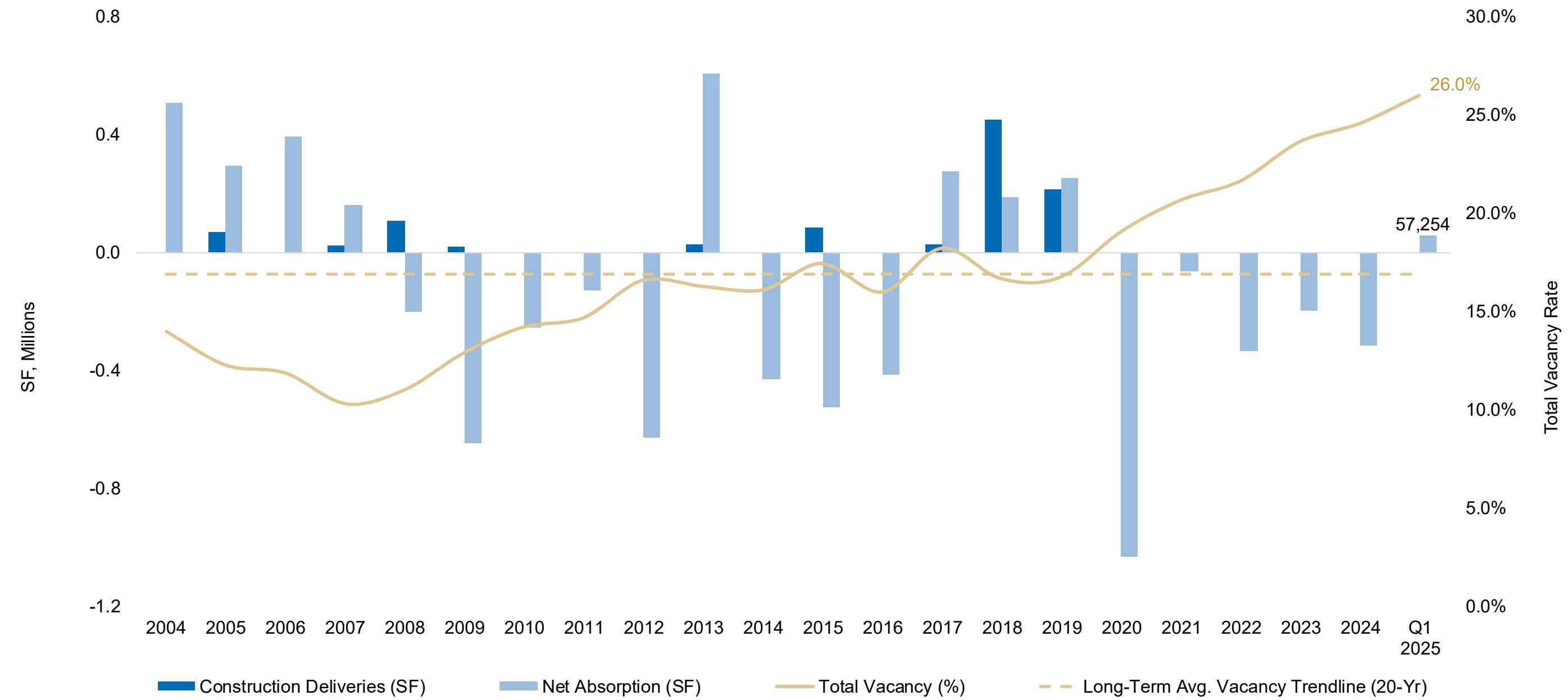
Leasing Market Fundamentals



Positive Momentum in Net Absorption Despite Uptick in Vacancy

After four consecutive quarters of occupancy losses, net absorption turned positive this quarter, with 57,254 SF in occupancy gains. Tenants continued to sign leases well ahead of their current expirations. For example, as of the end of March, Pure Insurance had a lease out for 33,369 SF at Gateway in White Plains, more than a year before its lease at Westchester One is set to expire.

Historical Construction Deliveries, Net Absorption, and Vacancy

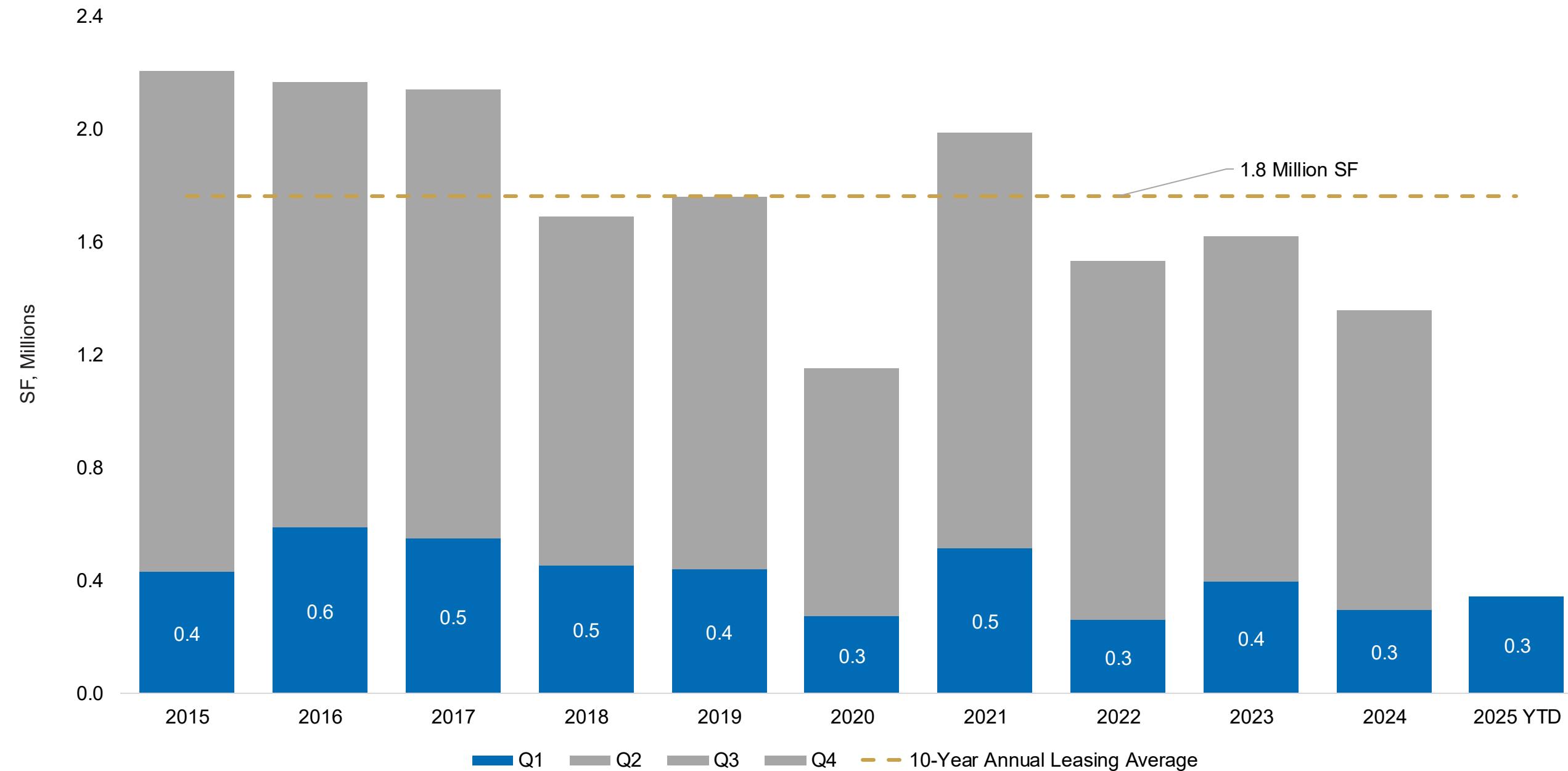


Source: Newmark Research

Leasing Lags Behind Historical Trends Due to Scarce Quality Inventory

Leasing activity remained subdued due to limited quality inventory. In 2024, only 1.4 million SF was leased—including renewals—marking the lowest annual total since 2020. The trend continued into Q1 2025, with approximately 350,000 SF in total transactions, 18.0% below the 10-year historical average.

Total Leasing Activity (msf)

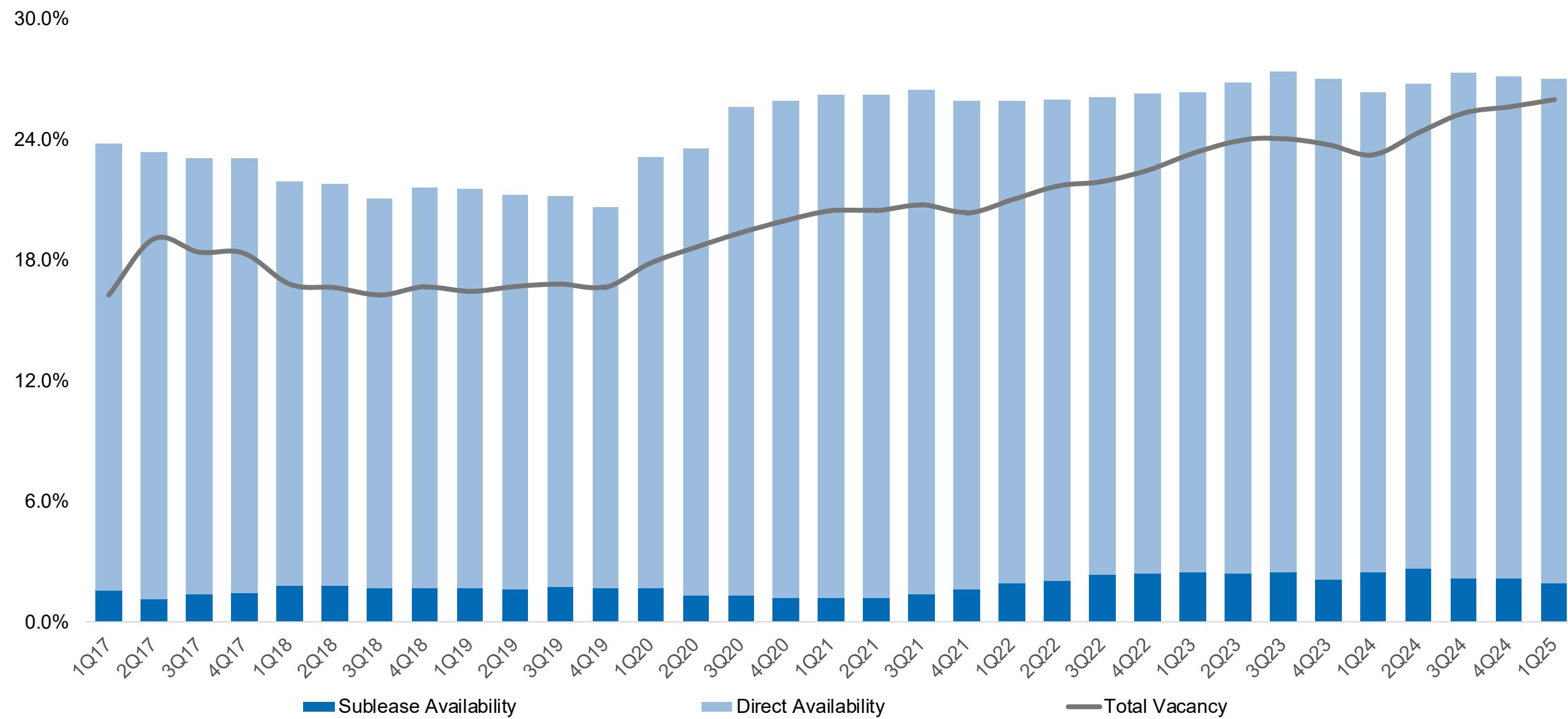


Source: Newmark Research

Vacancy Rate Moves Back up in Q1; Remains Skewed by Large Obsolete Block in North

As sublease terms expire and tenants vacate space, the direct vacancy rate has risen to 26.0%. However, this figure remains inflated due to large obsolete blocks in the northern market. Additionally, approximately 500,000 SF of vacancy is expected to be removed from inventory in 2025, as 701, 707, 709, 711, and 777 Westchester Avenue in White Plains are reportedly being acquired for residential redevelopment.

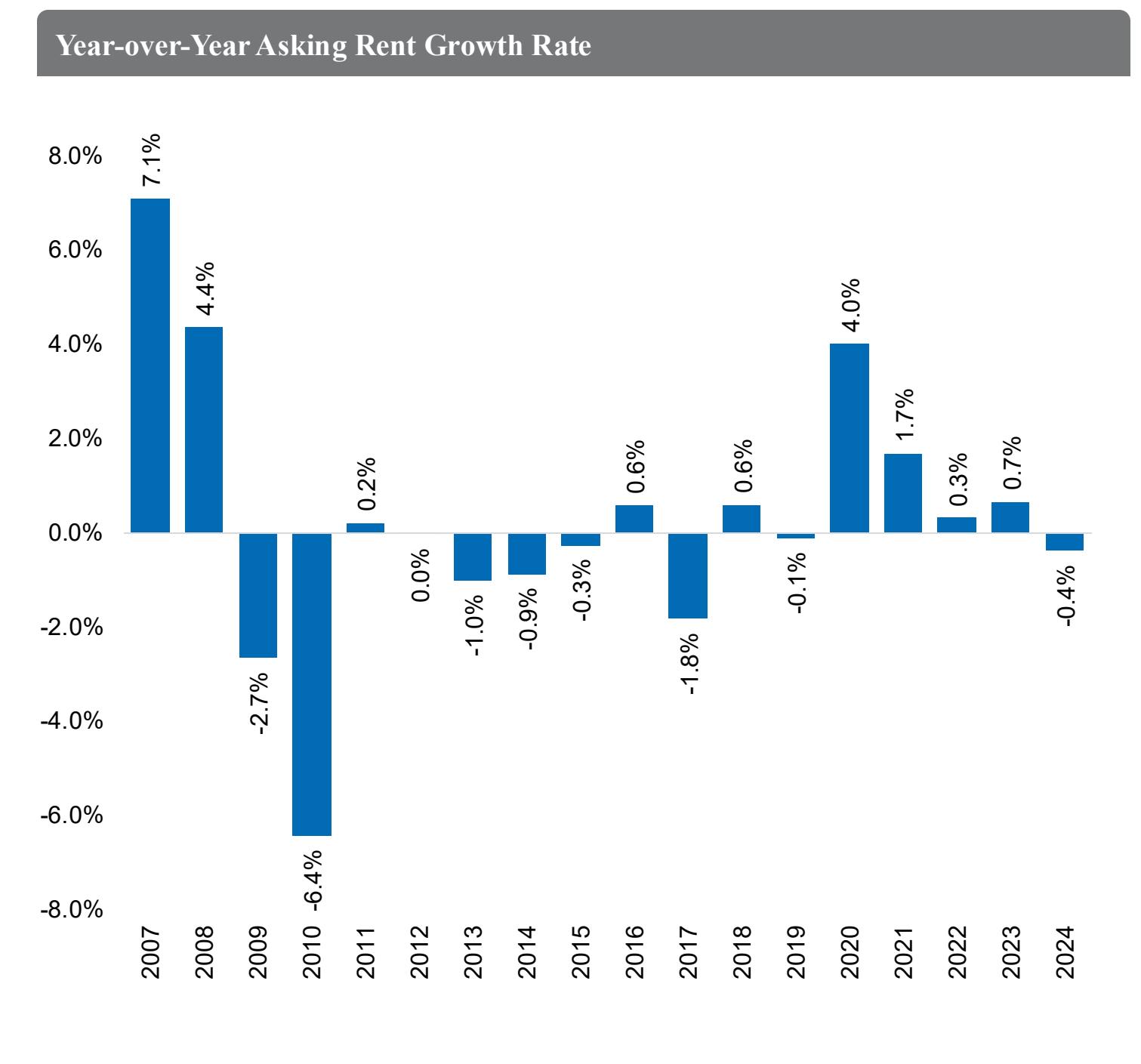
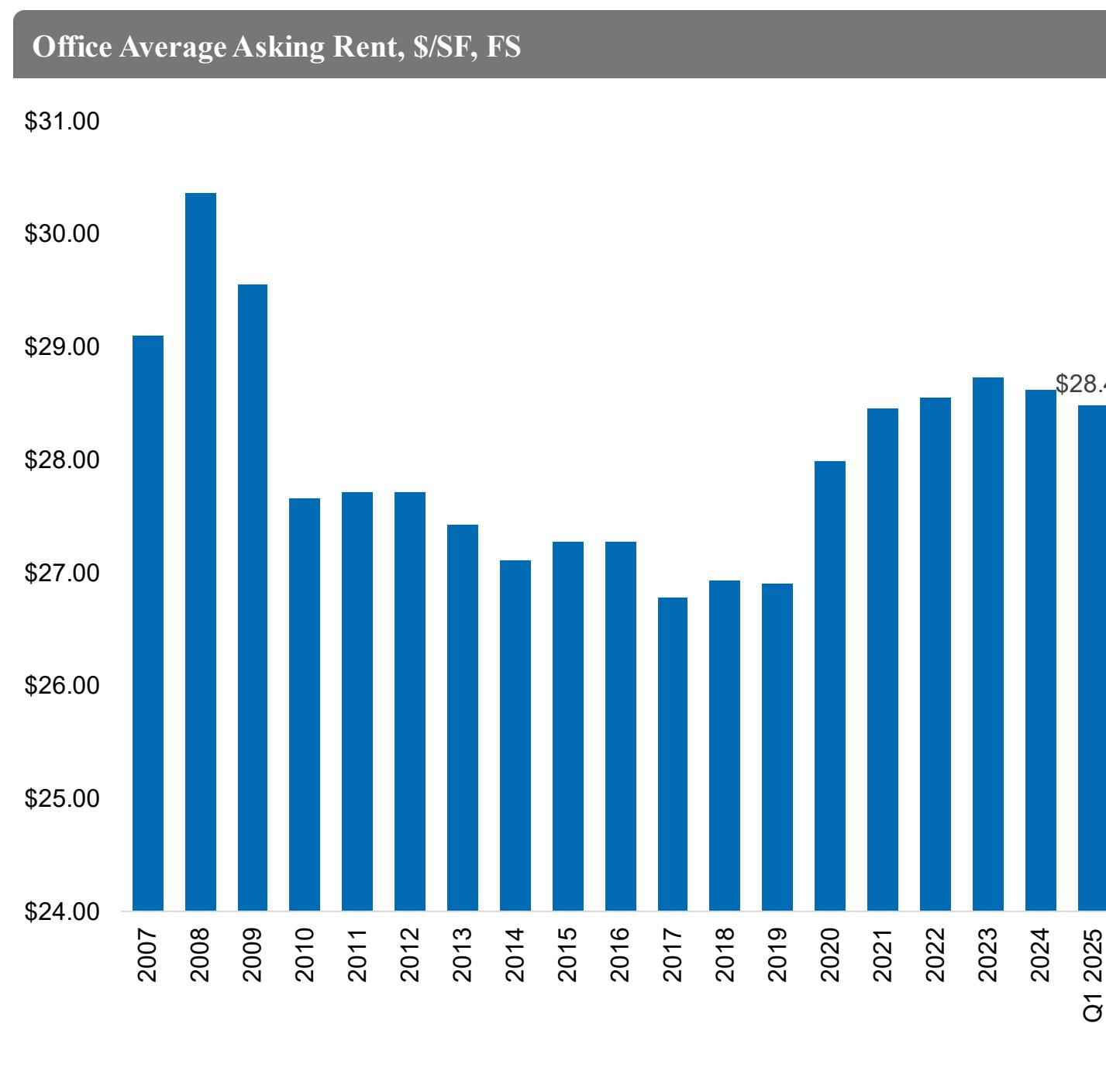
Available Space as Percent of Overall Market



Source: Newmark Research

Asking Rents Dip Post-Peak, but Upward Pressure Looms as Obsolete Space Exits Market

Following the post-pandemic peak of \$28.74/SF in 2023, direct average asking rents have edged down slightly, settling at \$28.48/SF by the end of Q1 2025. In 2024, the annual rent growth was negative for the first time since 2019. The growth rate may trend upward again as obsolete space is removed from the market, reducing availability and pushing prices higher.



Source: Newmark Research

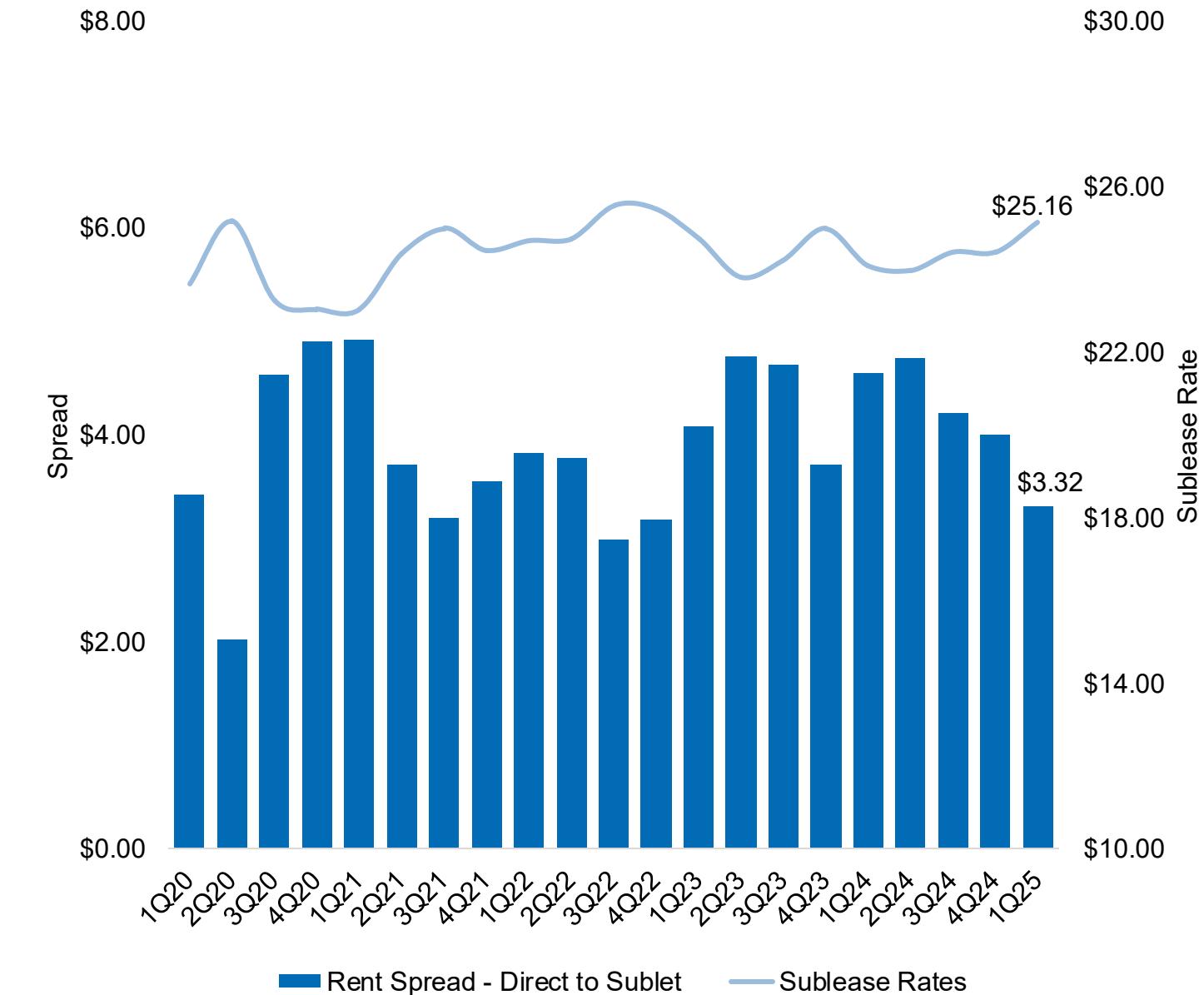
Sublease and Class B Rents Close In on Class A Rates

The rent delta between Class A and B assets at the end Q1 2025 was \$3.02/SF. The spread has narrowed over time, and this will continue to push tenants to shed excess space and lease smaller footprints in higher-quality buildings. With much of the second-hand space concentrated in Downtown White Plains, sublease rates continued to climb, reaching \$25.16/SF. As a result, the rent gap between sublease and direct space narrowed to \$3.32/SF this quarter.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research

Mid-Size Deals Drive Demand at the Start of 2025

Leasing activity in the first quarter of 2025 totaled approximately 350,000 SF, marking a 16.3% increase over the same period in 2024. Downtown White Plains accounted for the bulk of this activity, with a combination of new leases and renewals totaling 165,000 SF—nearly triple the volume from a year ago and 48% above the 10-year historical average. Mid-size transactions fueled demand, with 13 deals ranging from 10,000 to 50,000 SF. In contrast, smaller 'bread-and-butter' deals were far less common this quarter.

Notable Q1 2025 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Clarfeld Financial Wealth Strategies	520 White Plains Road	Tarrytown – Western	Renewal	30,000
Westchester Board of Elections	445 Hamilton Avenue	White Plains – CBD	New Lease	28,300
Keane & Beane PC	445 Hamilton Avenue	White Plains – CBD	Renewal	26,356
White Plains Hospital Medical Center	222 Westchester Avenue	Eastern White Plains	Expansion	25,770
TransUnion	50 Main Street	White Plains – CBD	New Lease	23,138
M&T Bank	120 White Plains Road	Tarrytown – Western	Renewal	19,700

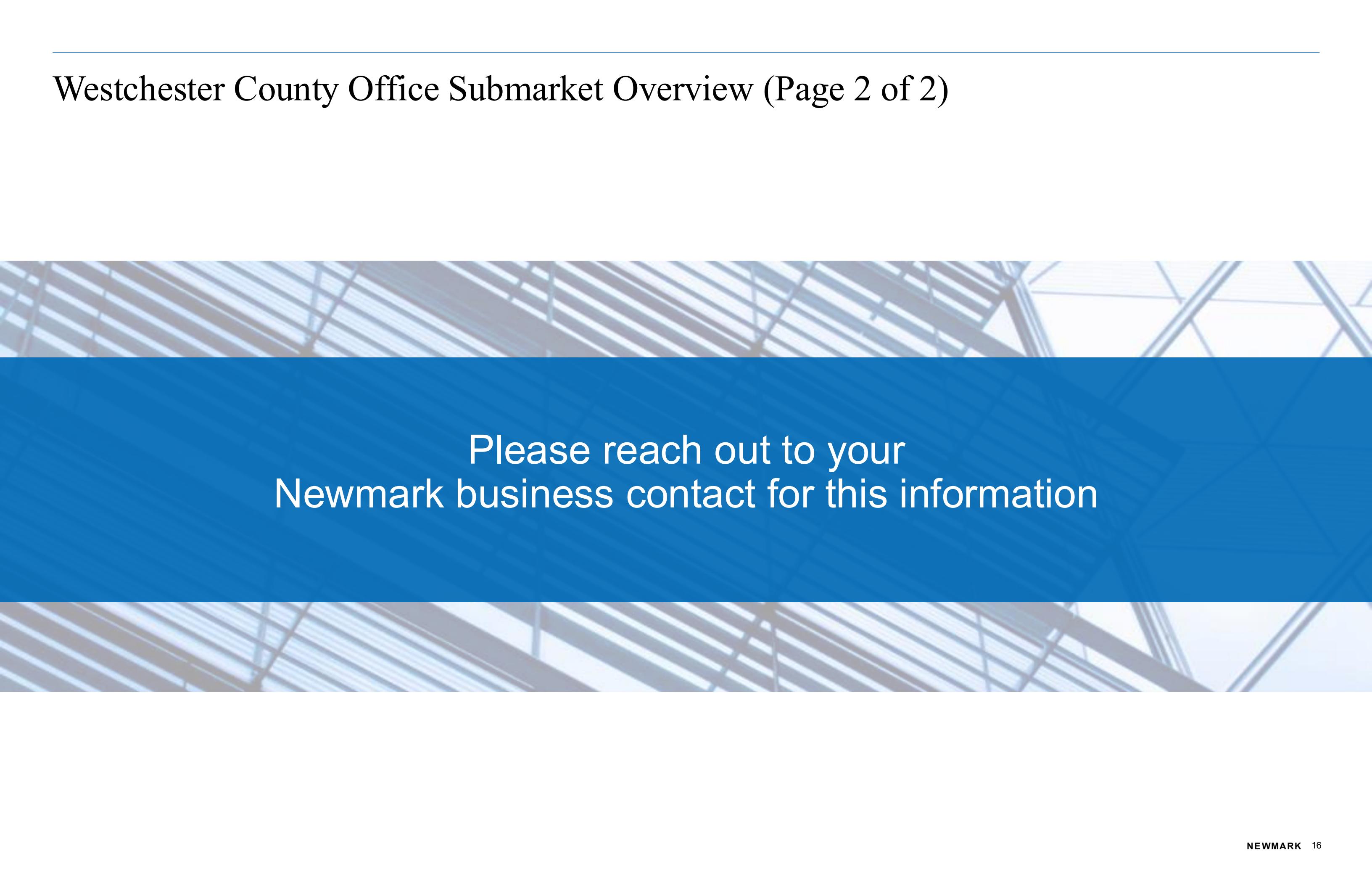
Source: Newmark Research

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Westchester County Office Submarket Map



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