

An aerial photograph of a city skyline, likely Newmark, showing a dense cluster of buildings of various heights and colors, interspersed with green trees. In the background, there are rolling green hills under a clear blue sky with some light clouds. The word "NEWMARK" is overlaid in the top left corner in a white, sans-serif font.

NEWMARK

Westchester County Office Market Overview

1Q26

Market Observations



Major Developments

- Development activity across Westchester County remains centered on selective projects and large-scale institutional investment, reinforcing a long-term shift in how space is developed and utilized. In Downtown White Plains, progress at Hamilton Green continues to anchor new office delivery, as New York Power Authority advances construction on its ~310,000-SF, 16-story headquarters, one of the few notable office developments underway in the county. Surrounding the project, a growing concentration of new retail, fitness, and hospitality offerings, along with historic residential deliveries, is enhancing the live-work-play dynamic and reinforcing the area's position as a transit-oriented hub near the Metro-North Railroad station. Further supporting long-term growth, the District Galleria project has secured zoning approvals, with the sponsor advancing site plan approval for a proposed \$2.5 billion, 3.4 million-SF mixed-use development in the core of White Plains.
- At the same time, major institutional users are driving significant capital deployment in the market. Regeneron Pharmaceuticals is advancing a \$1.8 billion expansion of its Tarrytown headquarters, adding ~900,000 SF of lab, office, and manufacturing space through 2027 in what represents the largest private development project in the county's history. In White Plains, White Plains Hospital has commenced a ~\$1 billion campus expansion that will deliver roughly 500,000 SF of new clinical space, further establishing healthcare as a key demand driver.
- While not directly additive to traditional multi-tenant inventory, these projects reflect a shift toward specialized, mixed-use environments. Alongside ongoing conversions and the removal of obsolete assets, this trend continues to reshape the county's inventory while supporting employment growth and long-term stability.



Leasing Market Fundamentals

- Leasing activity posted an unexpected uptick in the first quarter of 2026, totaling approximately 450,000 SF, up 30.1% year-over-year and 14% above the 10-year Q1 historical average. The improvement marks a notable departure from the measured pace observed through much of 2025, when activity stabilized at just over 1.3 million SF for the full year amid a more selective leasing environment.
- Renewal activity was a key driver of demand, led by Prestige Consumer Healthcare's 79,386 SF re-commitment at 660 White Plains Road in Tarrytown, including 10,500 SF of expansion within its existing footprint, followed by Mast-Jägermeister US's nearly 30,000 SF renewal at 10 Bank Street in Downtown White Plains. The strength in renewals and expansion activity suggests occupiers are increasingly prioritizing securing and modestly growing their footprint within a tightening availability landscape. This may be indicative of constrained supply conditions prompting tenants to act earlier, either to preserve existing space or capture limited expansion opportunities before market options become further restricted.
- Asking rents continued to trend higher in 2026, with Class A space rising to \$30.81/SF, a 6.4% year-over-year increase, while Class B rents increased 5.0% over the same period. The shift reflects both improving pricing power in higher-quality assets and the normalization of the county's underlying inventory base following the removal of lower-tier space at the "700 Series" complex as well as the exclusion of approximately 1.2 million SF at IBM's former Somers campus, which had previously weighed on overall pricing levels. With these adjustments now largely absorbed, Class B rents have stabilized, while Class A continues to exhibit stronger upward momentum driven by increasingly concentrated demand for best-in-class assets.



Outlook

- Market fundamentals in early 2026 reflect a vacancy correction that has now materialized in the data. The removal and reclassification of 2.05 million SF of obsolete inventory has tightened effective availability, driving the countywide vacancy rate down to 19.9% from a recent peak of 27.0%. As a result, headline metrics are increasingly aligned with underlying market conditions, as a meaningful portion of older and functionally obsolete stock has been removed from the competitive set. At the same time, declining Class A availability is driving upward pressure on rents, with early growth emerging in select submarkets.
- Construction and tenant improvement costs are beginning to trend higher again following a period of post-pandemic stabilization, driven by persistent labor constraints, elevated financing costs, and ongoing geopolitical volatility impacting supply chains and input pricing. This renewed cost pressure may create friction for landlords seeking to reposition or reinvest in older assets, particularly within secondary and lower-amenity buildings. Against this backdrop, expectations for lower interest rates have moderated. While monetary policy remains uncertain, the likelihood of a sustained downward trajectory in rates appears less pronounced than anticipated at the end of 2025. As a result, the market is expected to remain increasingly bifurcated, favoring well-located, high-quality assets with reinvestment capacity, while lower-amenity buildings continue to face greater headwinds in leasing and recapitalization.
- From a capital markets perspective, activity is beginning to reopen after a prolonged pause, led by the sale of 360 Hamilton Avenue in Downtown White Plains. TKF Burnside, a private investment firm with a long track record of acquiring and repositioning commercial real estate assets, acquired the 394,000 SF building for \$67.5 million, establishing a key pricing benchmark and signaling renewed private capital targeting suburban office assets at reset valuations.

Table of Contents

Economy

01

Leasing Market Fundamentals

02

01

Economy

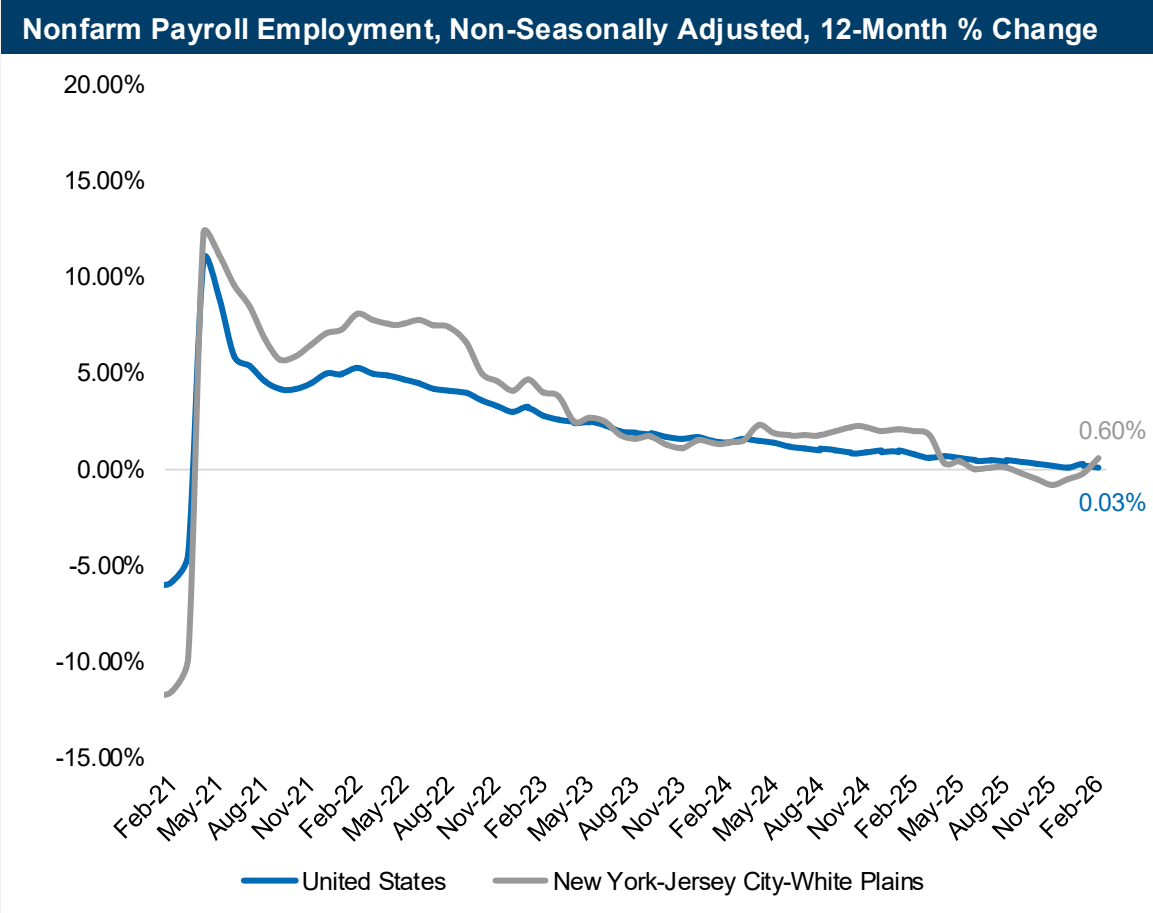
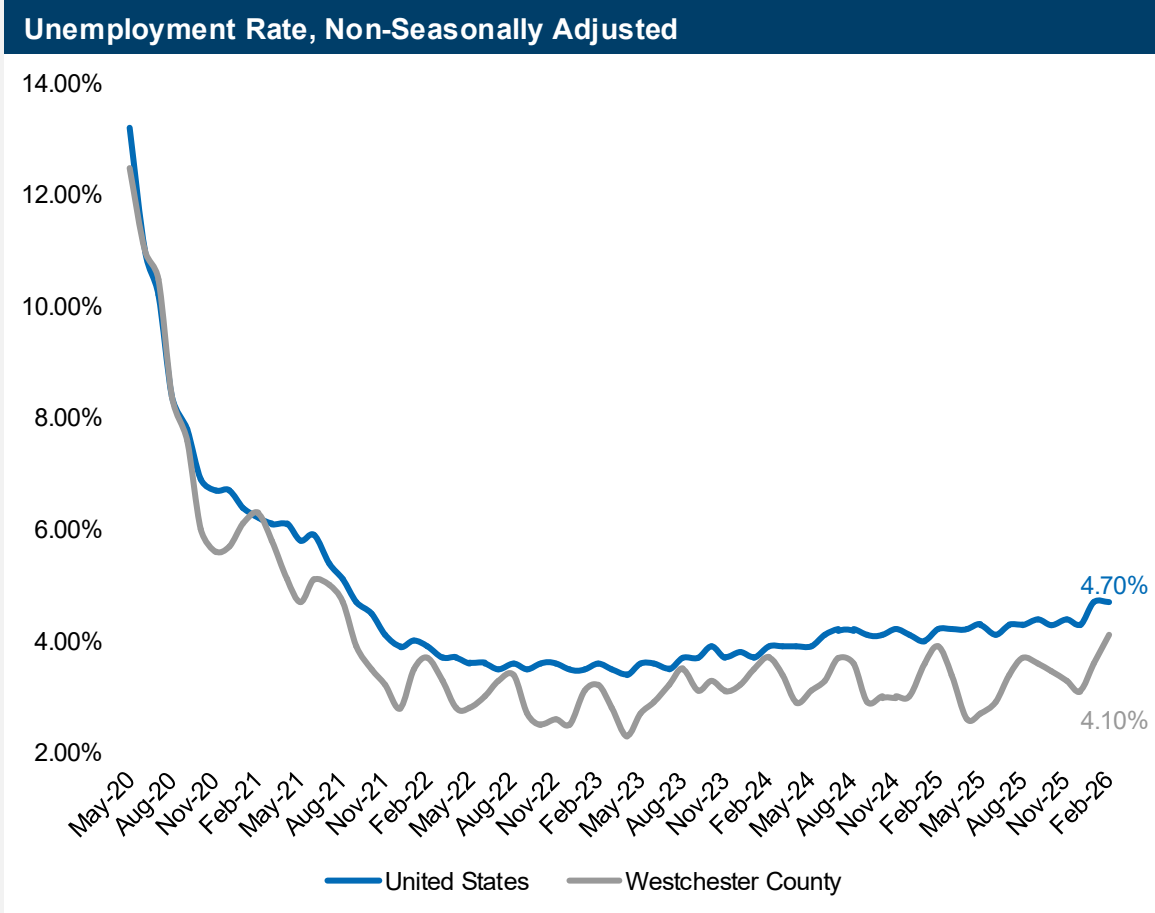
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Metro Employment Trends in Westchester County

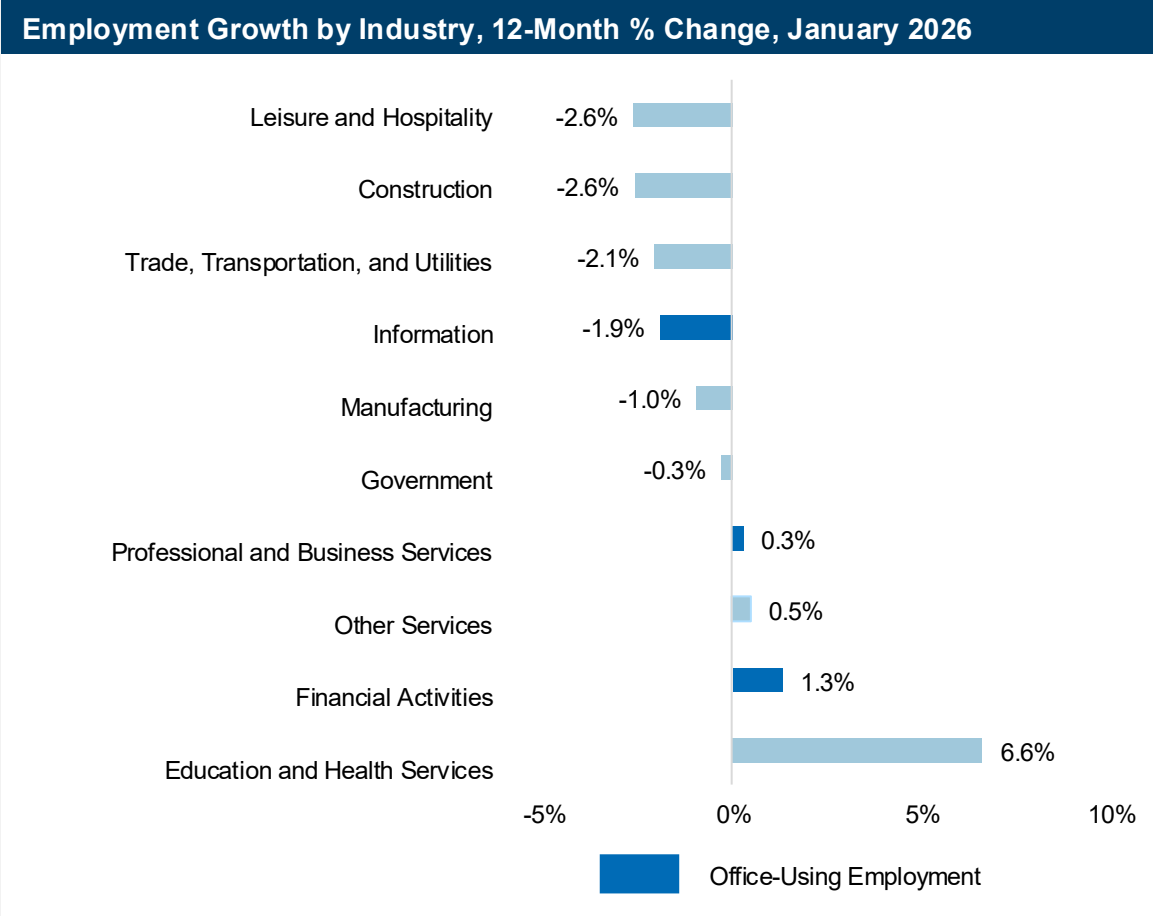
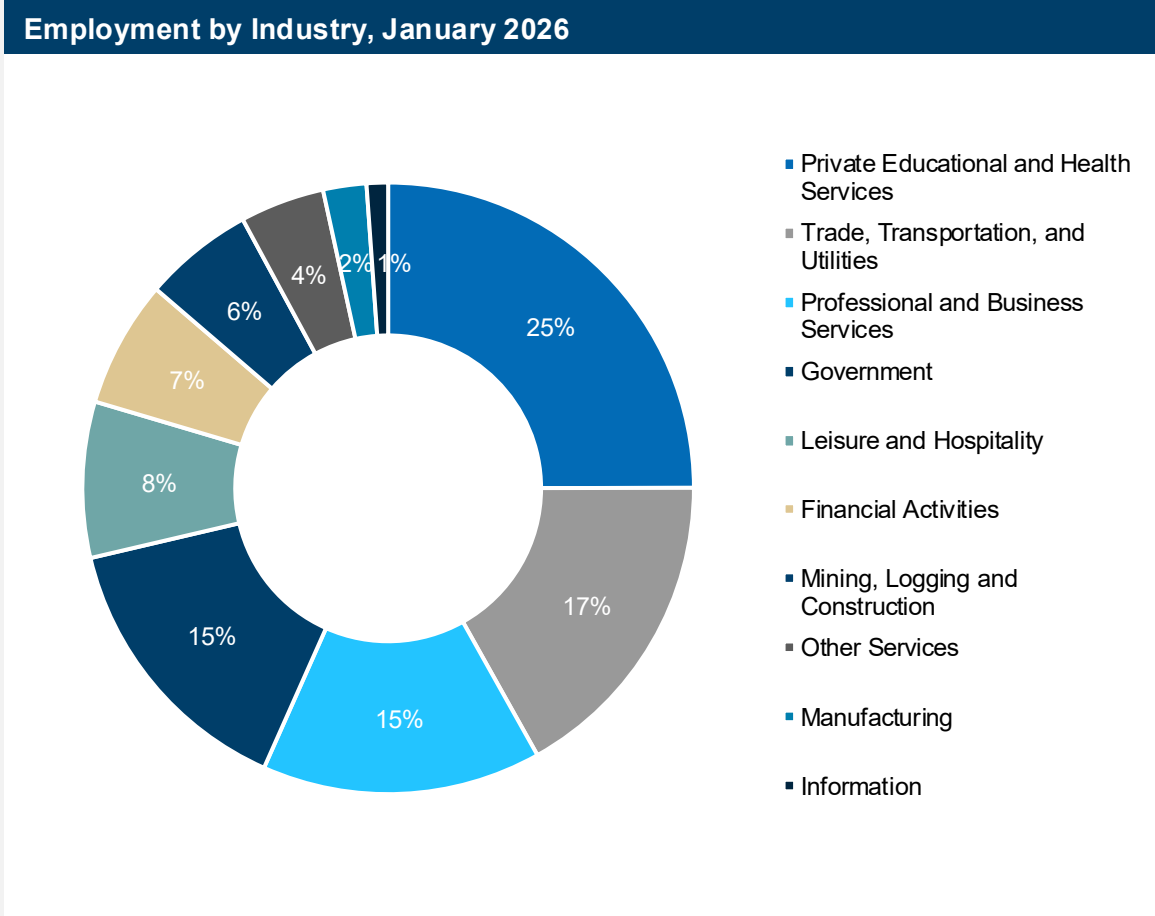
Westchester County's labor market remained healthy in the first quarter, with the local unemployment rate holding well below the national level. On the payroll side, the "NY-Jersey City-White Plains" employment dataset that includes Westchester showed notable improvement through February 2026. After a weak fourth quarter, this dataset rebounded sharply. The U.S. posted a +0.03% year-over-year gain in February, while Westchester's reading climbed to +0.60% above year-ago levels, crossing back into positive. This turnaround suggests that the regional job losses of late 2025 have fully moderated, supporting a more constructive outlook for local economic activity.



Source: U.S. Bureau of Labor Statistics, New York-Jersey City-White Plains Area, Westchester County

Office-Using Momentum Rebalances as Service Sectors Drive Growth

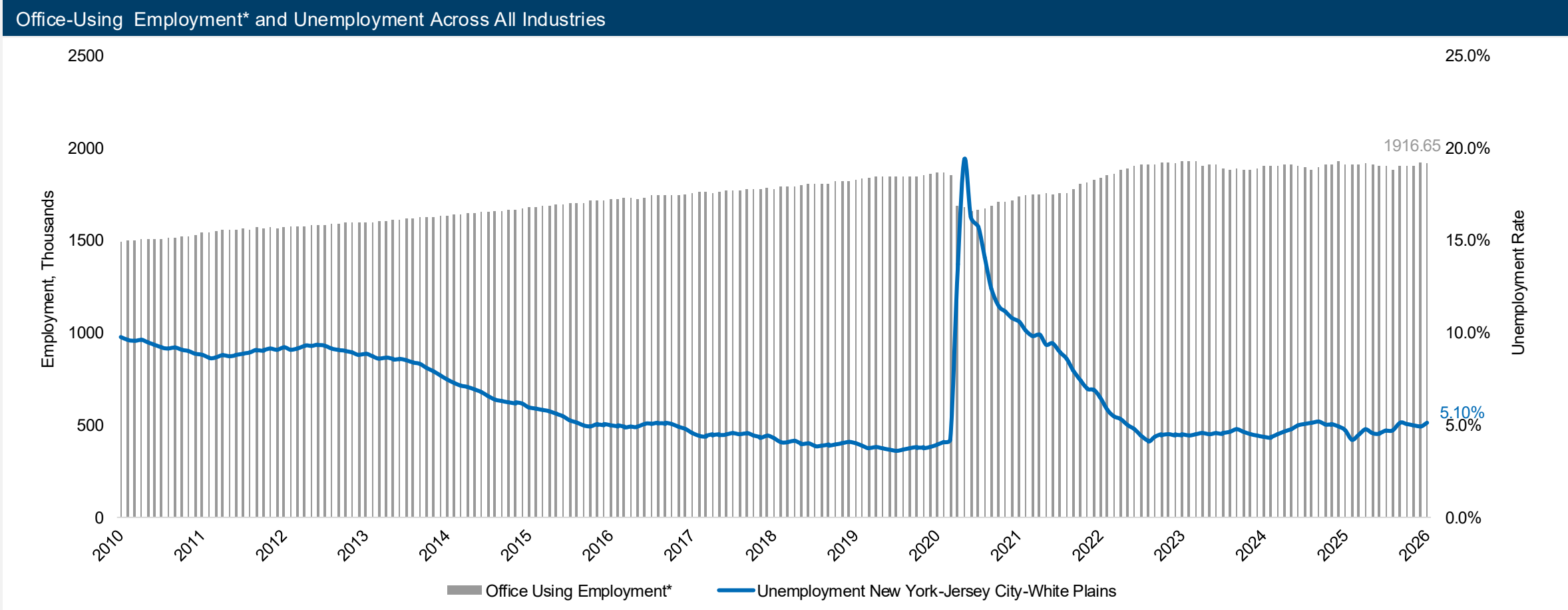
Office-using sectors showed stronger momentum in February, extending the improvement that began at the start of the year. Education and Health services resumed its role as the primary growth driver, with payrolls up 6.6% year over year and serving as an important anchor for the broader office-using base. Financial services posted solid gains at 1.3% year over year, while Professional and Business services eked out small increases, underscoring a generally stable environment across key office-using industries. Although Information posted a year-over-year decline, the minor shift in job levels is less significant given that the sector accounts for only about 1% of Westchester County’s nonfarm employment.



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

Office-Using Employment Holds Firm as Unemployment Edges Higher

The New York–Jersey City–White Plains economic release shows that office-using employment has held relatively steady in recent years, helping to preserve a solid base of demand-supporting jobs post-COVID. As of January 2026, office-using employment totaled roughly 1.92 million positions, indicating that the region’s core white-collar sectors remain intact even as growth has moderated. Over the same period, the area unemployment rate moved up to 5.1 percent in January from 4.9 percent in December, placing it near the upper end of the range observed over the past three years. Overall, the data points to a labor market that is still stable, but one where employers are hiring more cautiously as they head into Q2.



Source: U.S. Bureau of Labor Statistics, New York-Jersey City-White Plains Area
 *Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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Leasing Market Fundamentals

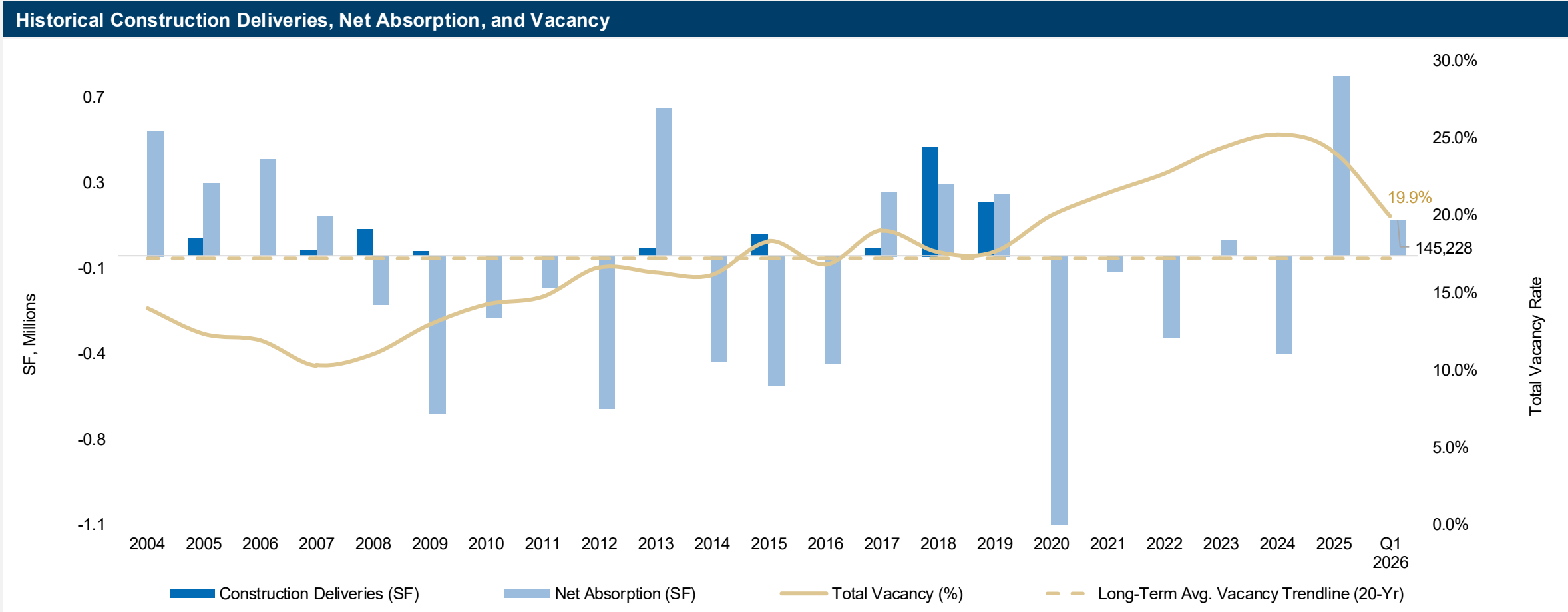
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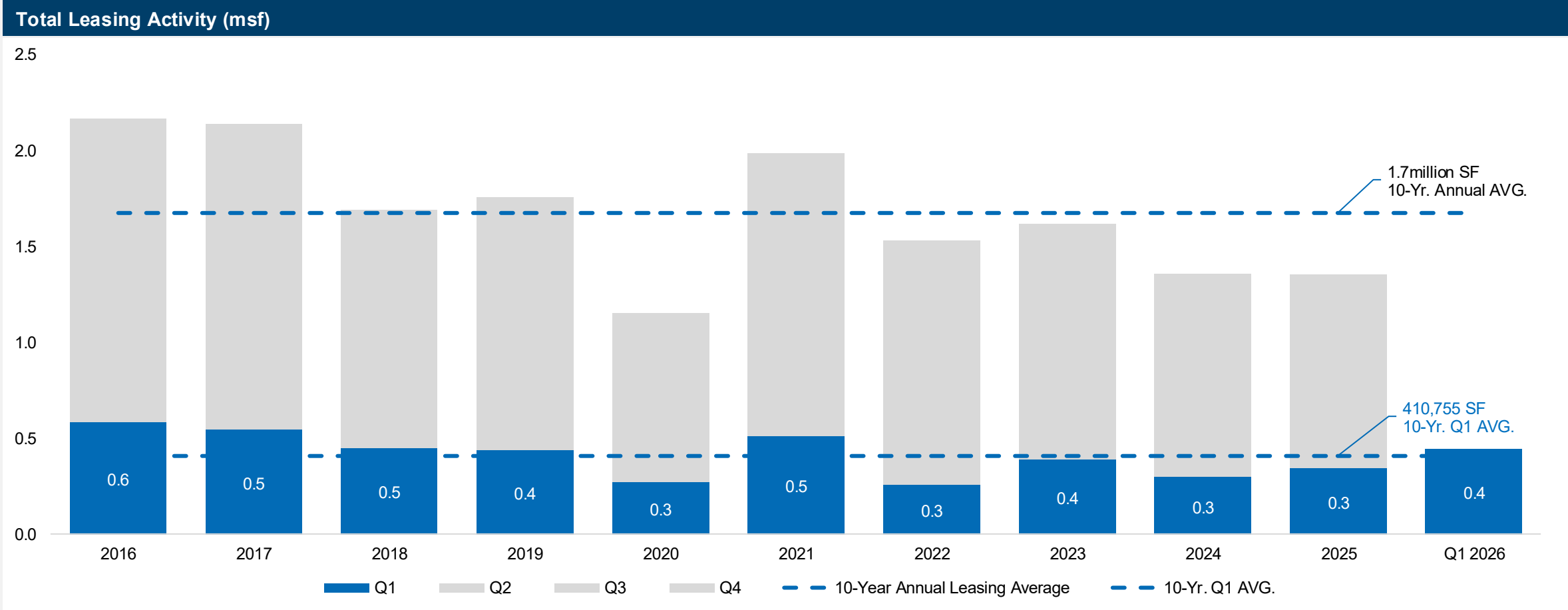
A Reset Start to 2026; Fundamentals Improve Amid Inventory Changes

Westchester County enters 2026 with a reset statistical baseline, reflecting improved fundamentals. Total vacancy declined by 310 basis points quarter-over-quarter to 19.9%, driven largely by structural changes to the inventory base, while the market recorded net absorption of 145,228 SF to start the year. While certain dynamics remain unchanged, notably the lack of new ground-up office development, this quarter marks a shift in the pace of inventory contraction that has defined the market over the past several years.



Q1 2026 Leasing Surpasses Long-Term Average Amid Constrained Supply

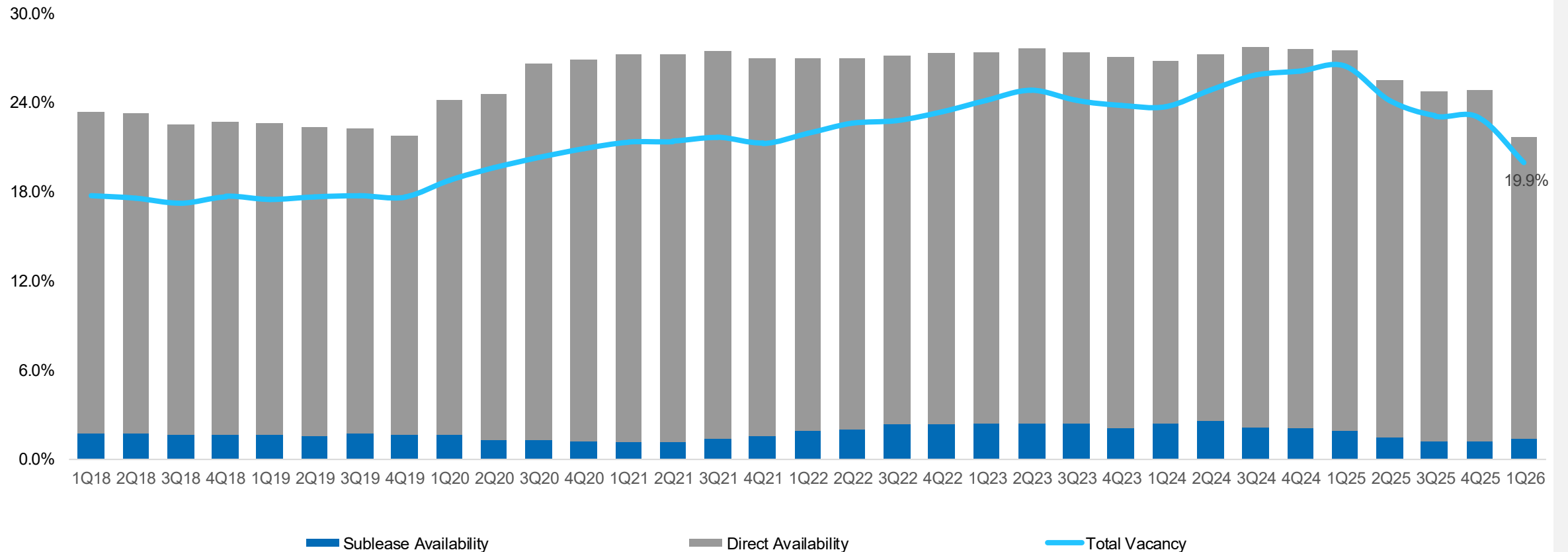
Q1 2026 leasing activity surpassed the 10-year Q1 average of 410,755 SF, reaching ~450,000 SF after consistently falling below that benchmark from 2022 through 2025. This reflects a recalibration in leasing volumes post-pandemic, as hybrid and remote work have reshaped tenant demand. Activity has been further constrained by a limited supply of high-quality options, a direct result of minimal new office construction in the county. Against this backdrop, Q1 2026 clearing even this recalibrated bar suggests renewed momentum.



Vacancy Reset: Inventory Reclassification Drives Improved Conditions

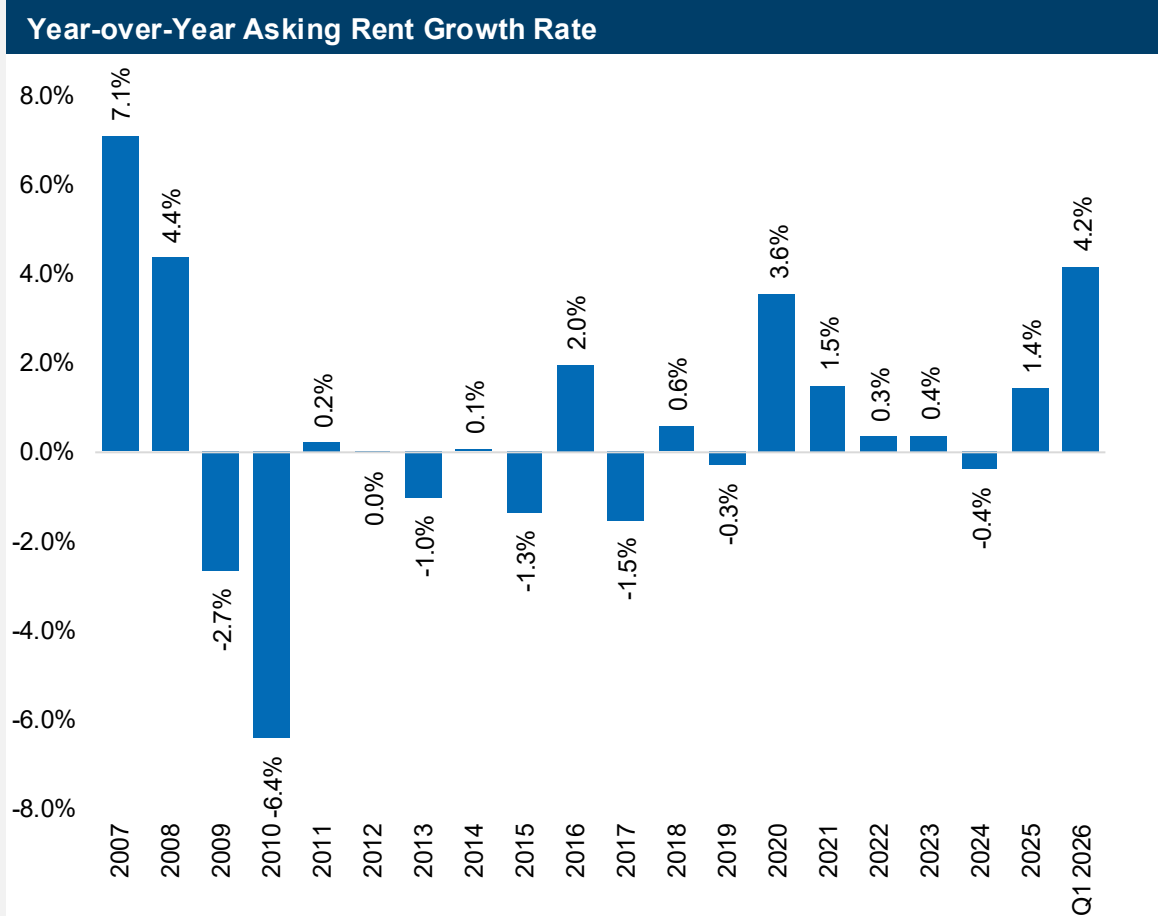
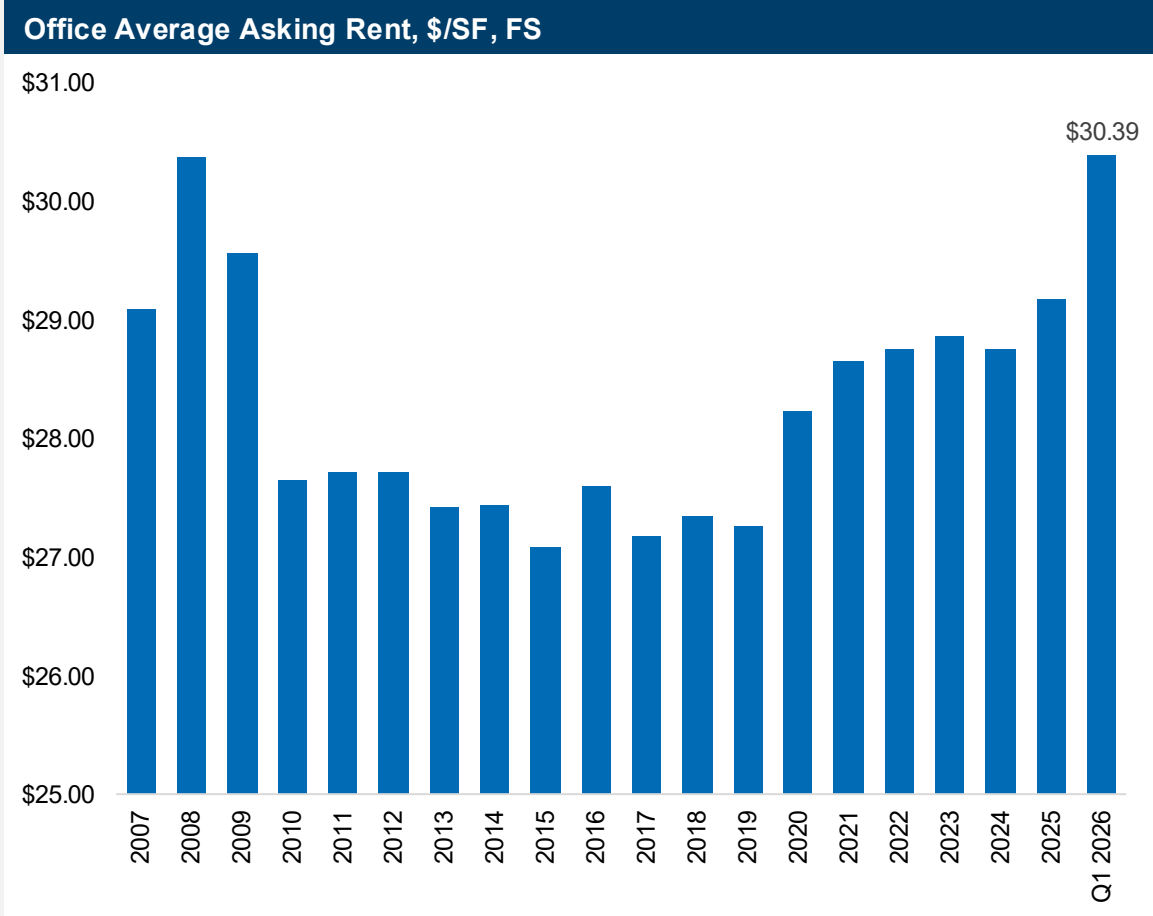
Total vacancy declined to 19.9%, marking a significant quarter-over-quarter improvement driven primarily by a reset in the county's inventory base at the start of 2026. With the removal and reclassification of several large, functionally obsolete assets, most notably the former IBM campus in Somers, the market now reflects a more accurate representation of stabilized occupancy conditions. As a result, vacancy is less distorted by obsolete space and better aligned with underlying leasing fundamentals, with future movement expected to be increasingly driven by tenant demand rather than inventory adjustments.

Available Space as Percent of Overall Market



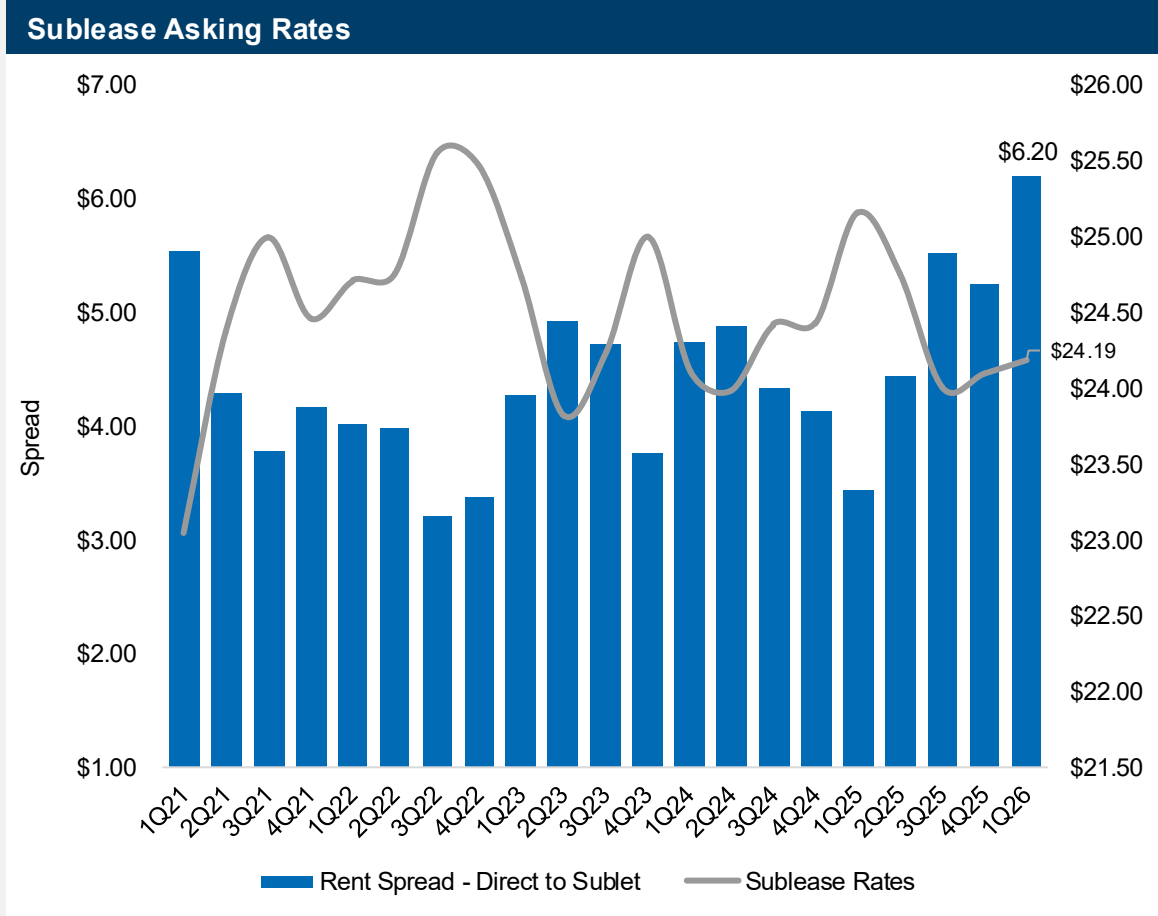
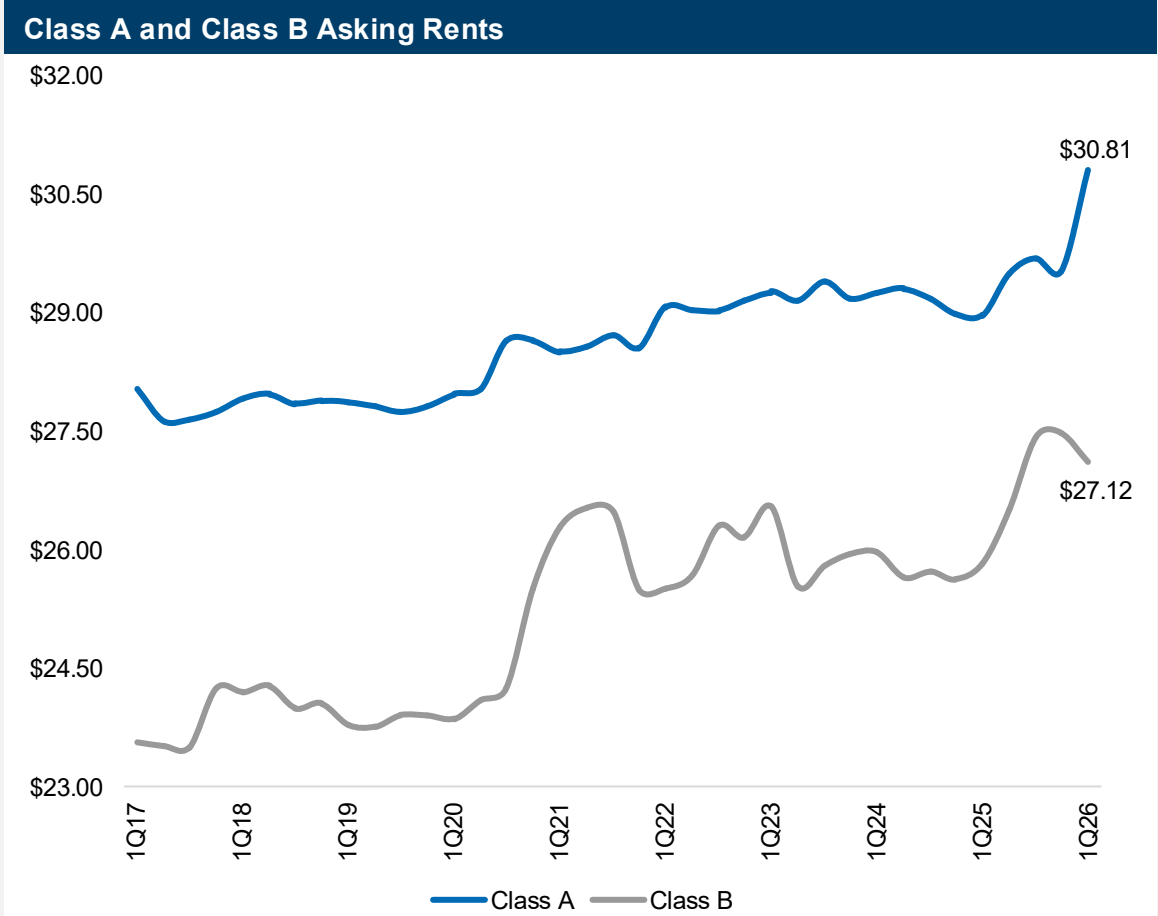
Asking Rent Growth Accelerates After Lower-Tier Space Removal

The county’s overall average asking rent rose sharply at the start of 2026 to \$30.39/SF, marking the first time it has surpassed the \$30/SF threshold since the 2008 peak. The increase was driven primarily by the removal of lower-tier space from both the “700 Series” complex along I-287 East and the exclusion of approximately 1.2 million SF at IBM’s former Somers campus, which had previously averaged in the low \$20s/SF and weighed on the countywide average. As a result, year-over-year asking rent growth accelerated to 4.2%.



Class A vs Class B Rent Spread Widens Following Prior-Year Compression

The widening spread between Class A and Class B rents in 2026 reflects a re-normalization of pricing dynamics following the prior year's inventory-driven compression. With the one-time removal of deeply discounted Class B space now largely absorbed into the dataset, Class B rents have stabilized, while Class A continues to exhibit stronger pricing power driven by concentrated demand for higher-quality assets.



Source: Newmark Research, CoStar

Leasing Volume Rises Above Long-Term Average, Led by Renewals

Leasing activity totaled approximately 450,000 SF in the first quarter of 2026, up 30.1% year-over-year and 14% above the 10-year Q1 historical average. Renewal activity was a key driver of demand, led by Prestige Consumer Healthcare's 79,386 SF re-commitment at 660 White Plains Road in Tarrytown, including 10,500 SF of expansion space within its existing footprint. Deal sizes continued to skew smaller, with transactions between 5,000–10,000 SF driving much of the activity this quarter, increasing 240% year-over-year. This was followed by a 65.9% increase in deals under 5,000 SF.

Top Lease Transactions Q1 2026				
Tenant	Building(s)	Submarket	Type	Square Feet
Prestige Consumer Healthcare	660 White Plains Road	Tarrytown – West I-287	Renewal, Expansion	79,386
Mast-Jaegermeister US	10 Bank Street	White Plains – CBD/Train	Renewal	29,754
OnMed	7 Renaissance Square	White Plains – CBD	Renewal, Expansion	23,106
Wells Fargo Advisors	2500 Westchester Avenue	Purchase – East I-287	Renewal	21,294
Gordon Rees Scully Mansukhani	440 Mamaroneck Avenue	Harrison – East I-287	New Lease / Local Expansion	15,106
Penino & Moynihan	1025 Westchester Avenue	White Plains – East I-287	Renewal	13,893

Notable Q1 2026 Sale Transactions				
Building	Market	Sale Price	Price/SF	Square Feet
360 Hamilton Avenue	White Plains – CBD	\$67,500,000	\$172.0/SF	384,000
110, 140, 150 Lockwood Avenue	New Rochelle – Southern	\$17,343,803	\$175.8/SF	98,646
99 White Plains Road	Tarrytown – West I-287	\$9,700,000	\$287.4/SF	33,745

Westchester County Office Submarket Overview (Page 1 of 2)

Please reach out to your
Newmark business contact for this information

Westchester County Office Submarket Overview (Page 2 of 2)

Please reach out to your
Newmark business contact for this information

Karolina Alexandre

Research Manager

Westchester County Research

karolina.alexandre@nmrk.com

Joe Barocas

Research Analyst

Westchester County Research

joe.barocas@nmrk.com

Westchester County Office

800 Westchester Avenue, Suite 706

Rye Brook, NY 10576

t 203-531-3600

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

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