MID-YEAR 2025

NEWMARK

Westchester County Office Market Overview

Market Observations

Major Developments

- The sale of the former "700 Series" office portfolio, totaling ~660,000 SF across five buildings, was finalized in May 2025. Built in the 1970s and early 1980s, the properties at 701, 707, 709, 711, and 777 Westchester Avenue were 50% vacant at the time of sale and sit on a 55-acre campus along the once-renowned "Platinum Mile." The underperforming portfolio was acquired for $37 million by a partnership of Rose Equities and Garden Commercial, which is affiliated with New Jersey–based developer Zygi Wilf, principal of Garden Homes—a firm with a substantial multi-state commercial real estate portfolio. The new ownership plans to redevelop the site into a large-scale residential and mixed-use community.

- Over the past five years, 1.3 million SF of office space has been removed from the statistical inventory, primarily through conversions to medical and residential uses. The "700 Series" redevelopment project adds to a growing list of office-to-residential conversions sweeping the New York suburbs, as aging commercial buildings grapple with high vacancy rates in the wake of COVID and shifting demand.

- In a milestone transaction for White Plains, the New York Power Authority (NYPA) has completed the $30 million purchase of a pad site at Hamilton Green, where it will develop a new 350,000-SF headquarters. This marks the first major office development in Westchester County in nearly half a century. Spearheaded by developer Louis Cappelli, the project will retain nearly 1,000 NYPA jobs in Downtown White Plains and is expected to generate hundreds of construction jobs. The new headquarters will replace NYPA's aging facility at 123 Main Street and serve as a catalyst for continued revitalization of the city's core.

Leasing Market Fundamentals

- Total availability declined to 25.0% and vacancy dropped to 23.6%, both reaching their lowest levels since 2021. Nearly 550,800 SF of positive absorption in the first half contributed to the drop, aided by the removal of 400,000 SF of obsolete space at the former "700 Series" complex and renewed government sector activity in the White Plains CBD. Sublease availability also fell to just 1.5%, another post-2021 low.

- After a slow start to the year, demand rebounded in the second quarter, bringing total first-half leasing volume to approximately 820,000 SF, an 11.3% increase over midyear 2024, though still trailing the 10-year historical average by about 100,000 SF. The White Plains CBD led with nearly 265,000 SF transacted, representing roughly one-third of all leasing, up 22.8% year-over-year and nearly 10% above its long-term average. This second-quarter boost helped close the gap toward the historical midyear average of 900,000 SF, following three consecutive sluggish first halves.

- The Northern Westchester submarket also gained momentum, highlighted by Ralph Lauren's 25,000 SF lease at Pepsi Way in Somers and a lease by White Plains Hospital at 2651 Strang Boulevard in Yorktown Heights.

- Pricing moved higher over the past quarter, with Class A ($29.39/SF) and Class B ($26.50/SF) rates rising 1.9% and 2.6%, respectively. The increases were largely driven by the removal of 400,000 SF of lower-tier space at the obsolete "700 Series" complex. This reset the market baseline, shifting the weighted average upward as higher-priced space now carries greater influence, while also tightening availability and adding upward pressure on rents.

Outlook

- Market fundamentals at quarter's end suggest the early stages of a long-anticipated correction to elevated vacancy levels driven by obsolete large blocks. With long-vacant space now removed from inventory for planned redevelopment along the East I-287 corridor, the market is beginning to reflect what many touring brokers and tenants have observed: conditions are tighter than they appear on paper. While isolated spikes will likely occur, the broader trend points to continued tightening over the long term.

- That said, the market is not fully shifting in favor of landlords. Demand has clearly contracted since COVID, and owners continue to face pressure in a challenging financial environment. Build-out costs have soared in recent years, now with the added impact of tariffs. Owners still need to compete aggressively to secure deals.

- 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 drop further to the high teens, as opposed to the current 23.6% vacancy level reflected at quarter's end.

- While there have been recent headlines surrounding hospital funding pressures, particularly tied to federal Medicaid reductions, which have reportedly prompted some layoffs and service cuts, the impact on the local office market remains difficult to predict. Given healthcare's significant presence in the region, financial strain could dampen leasing demand, as systems tighten budgets or delay expansion. On the flip side, Westchester's relative affordability compared to Manhattan and the boroughs could position it as a receptor market for new space requirements or consolidations.

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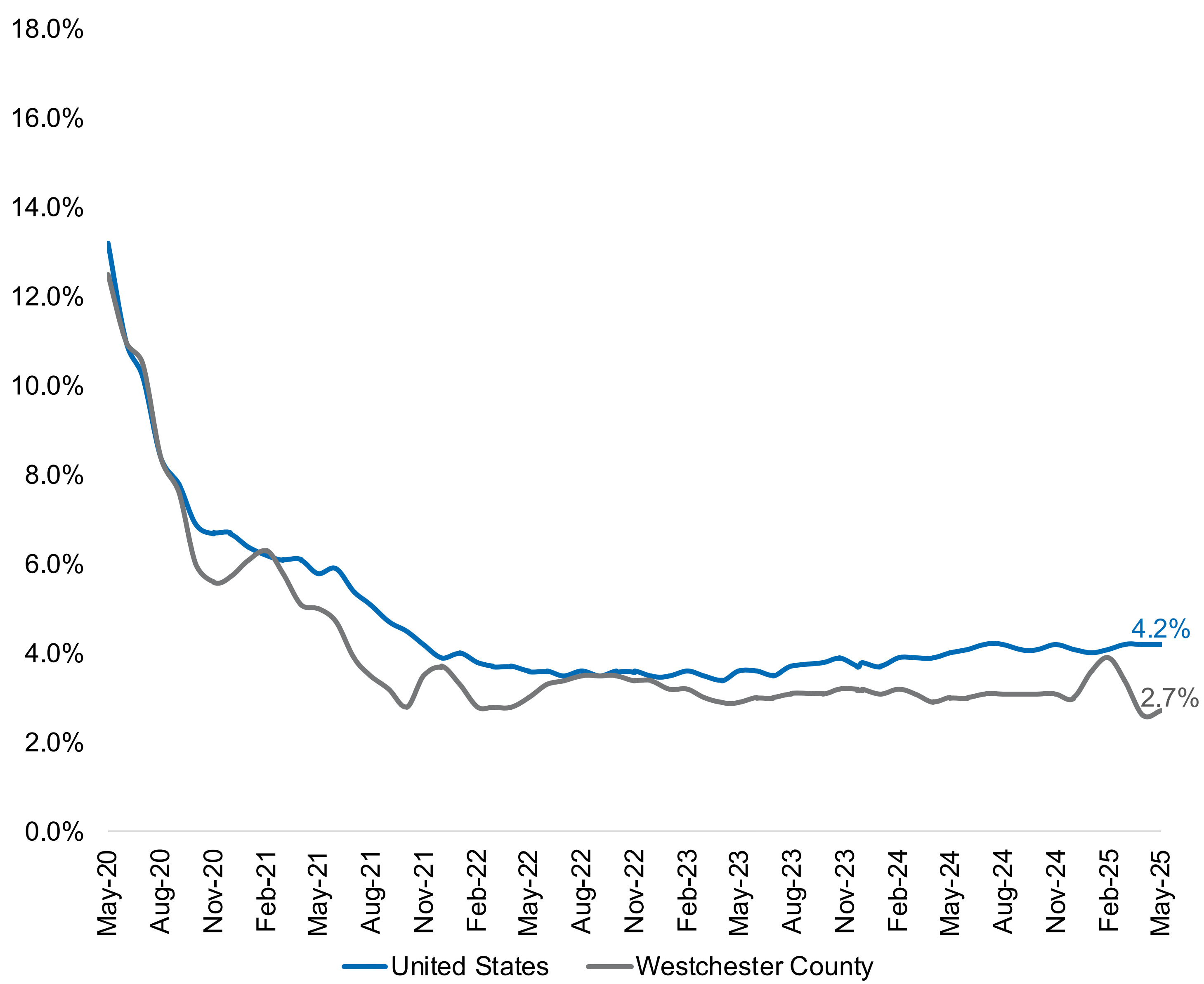
Economy

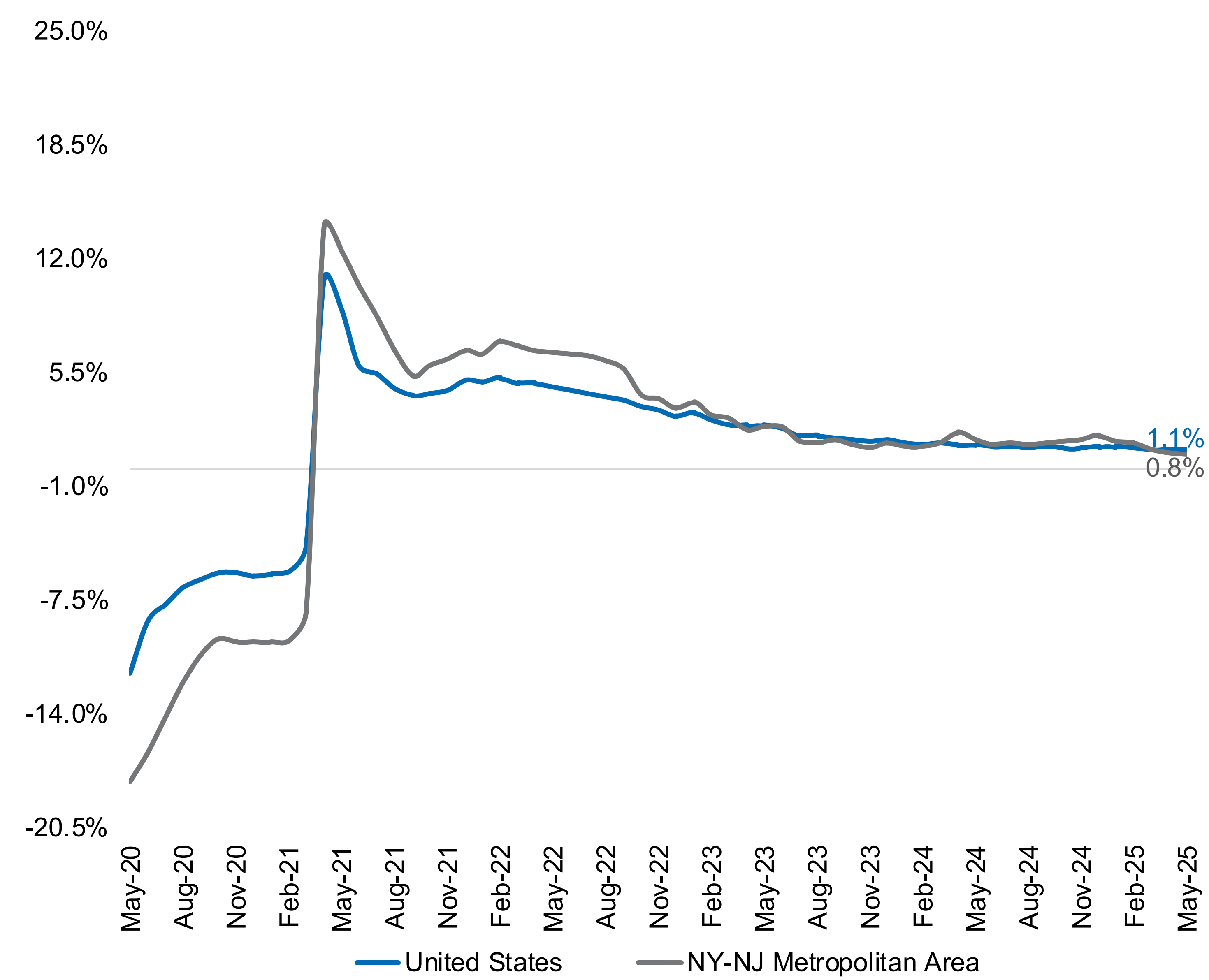
Metro Employment Trends in Westchester County

The unemployment rate in Westchester County ended at 2.7% as of May 2025, while New York state's level trended higher at 4.0% and the national rate ended at 4.2%. 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

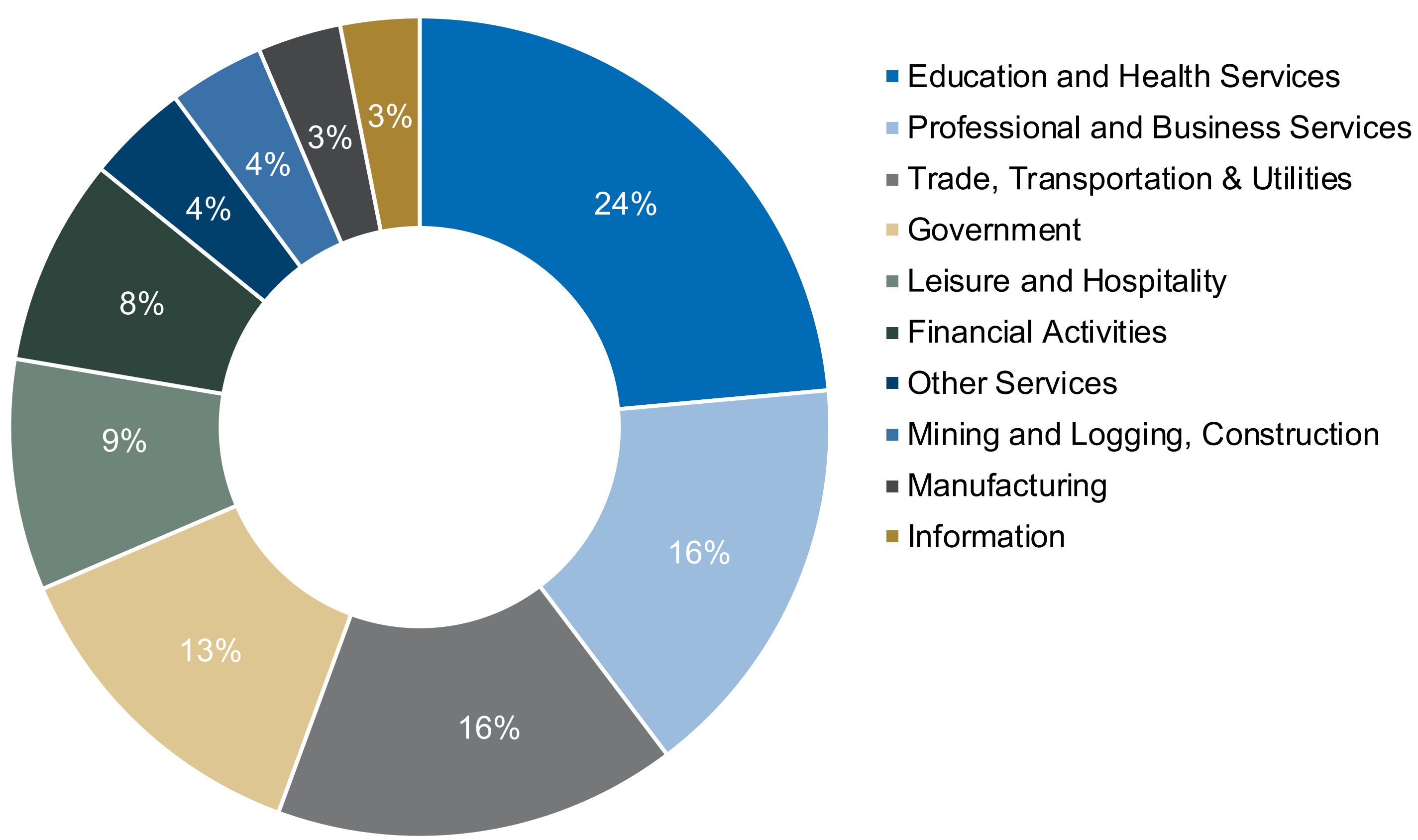


Source: U.S. Bureau of Labor Statistics, Westchester County Area

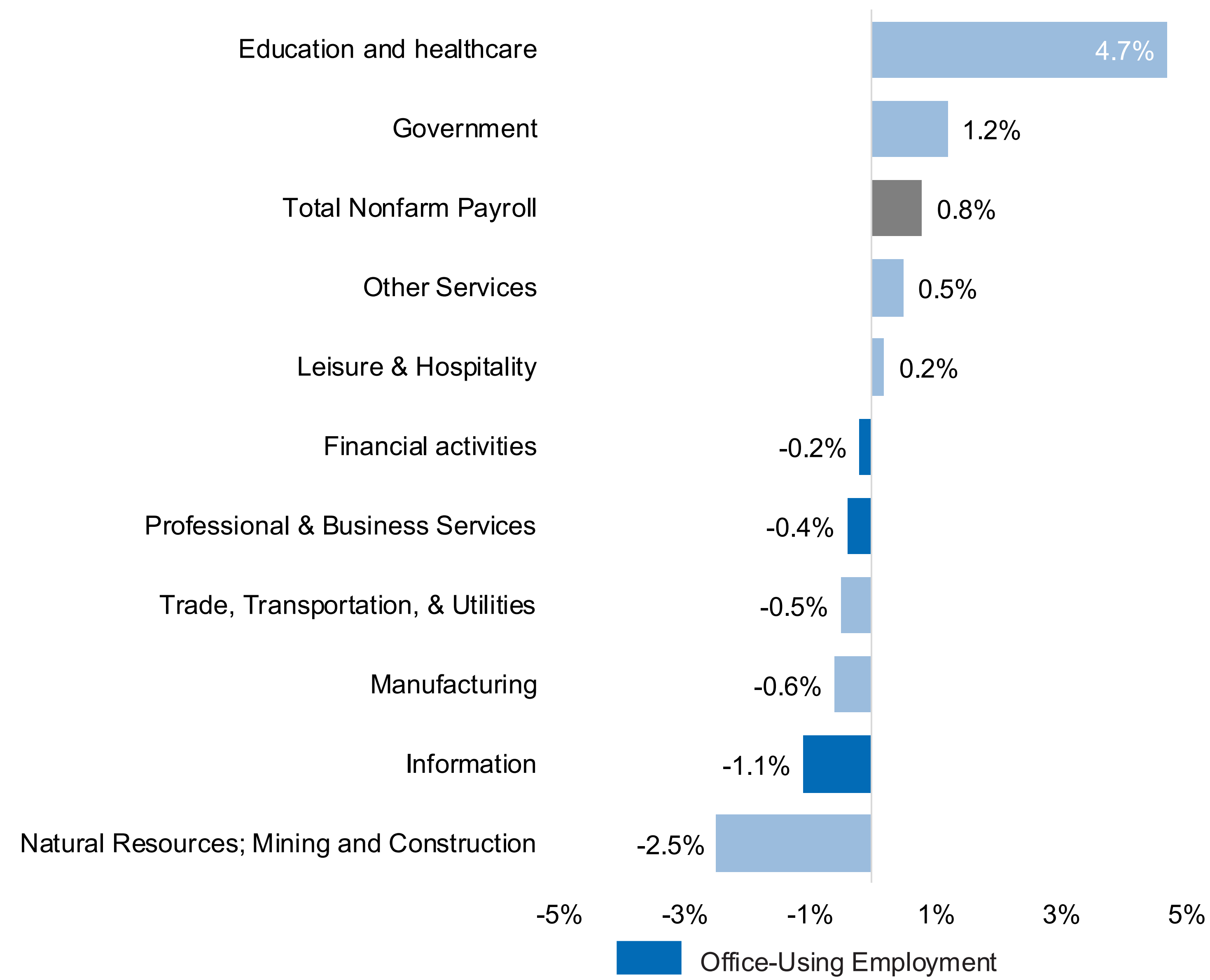
Employment Growth and Employment by Industry

The New York Metro Area year-over-year job growth continues to be driven by non-office-using sectors, with education and healthcare leading at +4.7%, and government employment up 1.2%. Total nonfarm payrolls increased a modest 0.8%, while several key office-using sectors saw declines. Professional & business services fell 0.4%, financial services dipped 0.2%, and information contracted by 1.1%. Trade, transportation, & utilities (-0.5%) and manufacturing (-0.6%) also posted losses, while construction saw the steepest decline at -2.5%.

Employment by Industry, May 2025



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

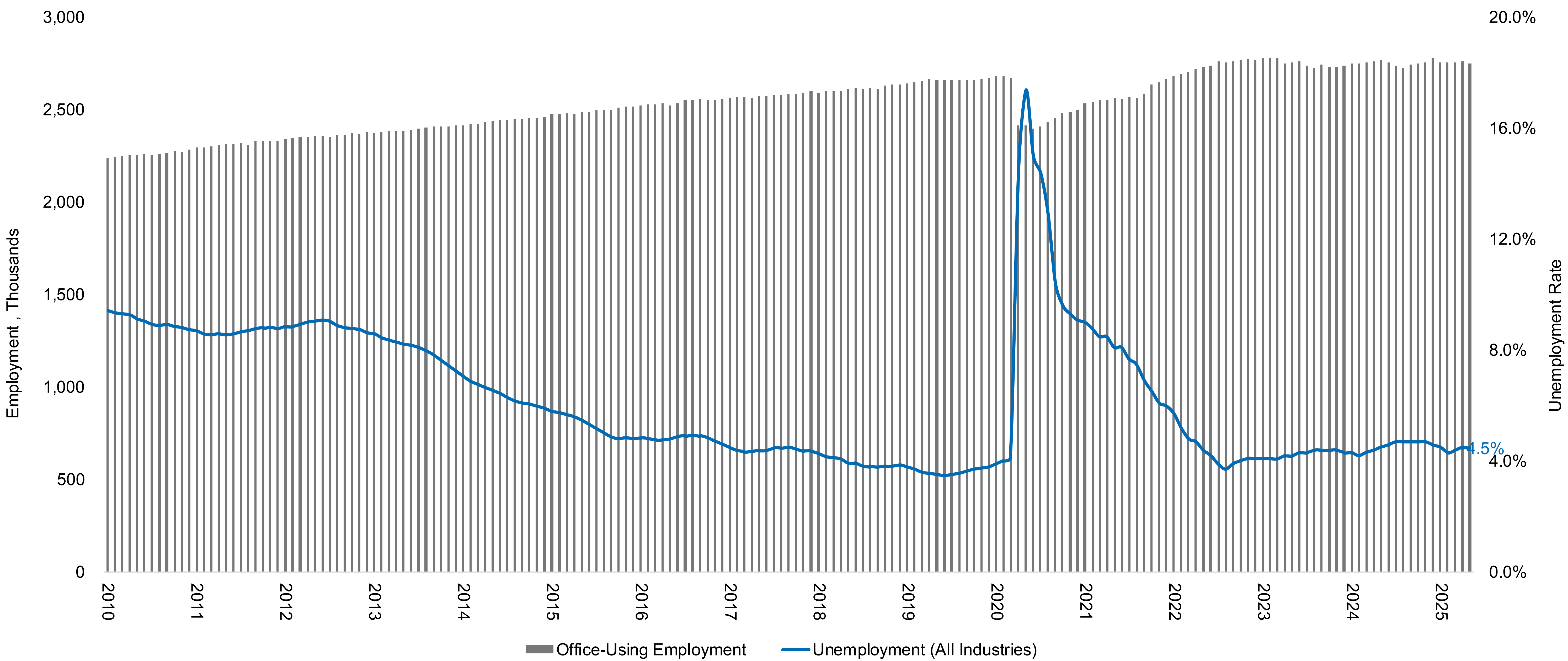


Source: U.S. Bureau of Labor Statistics, Westchester County Area (*Not Seasonally Adjusted*)

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.

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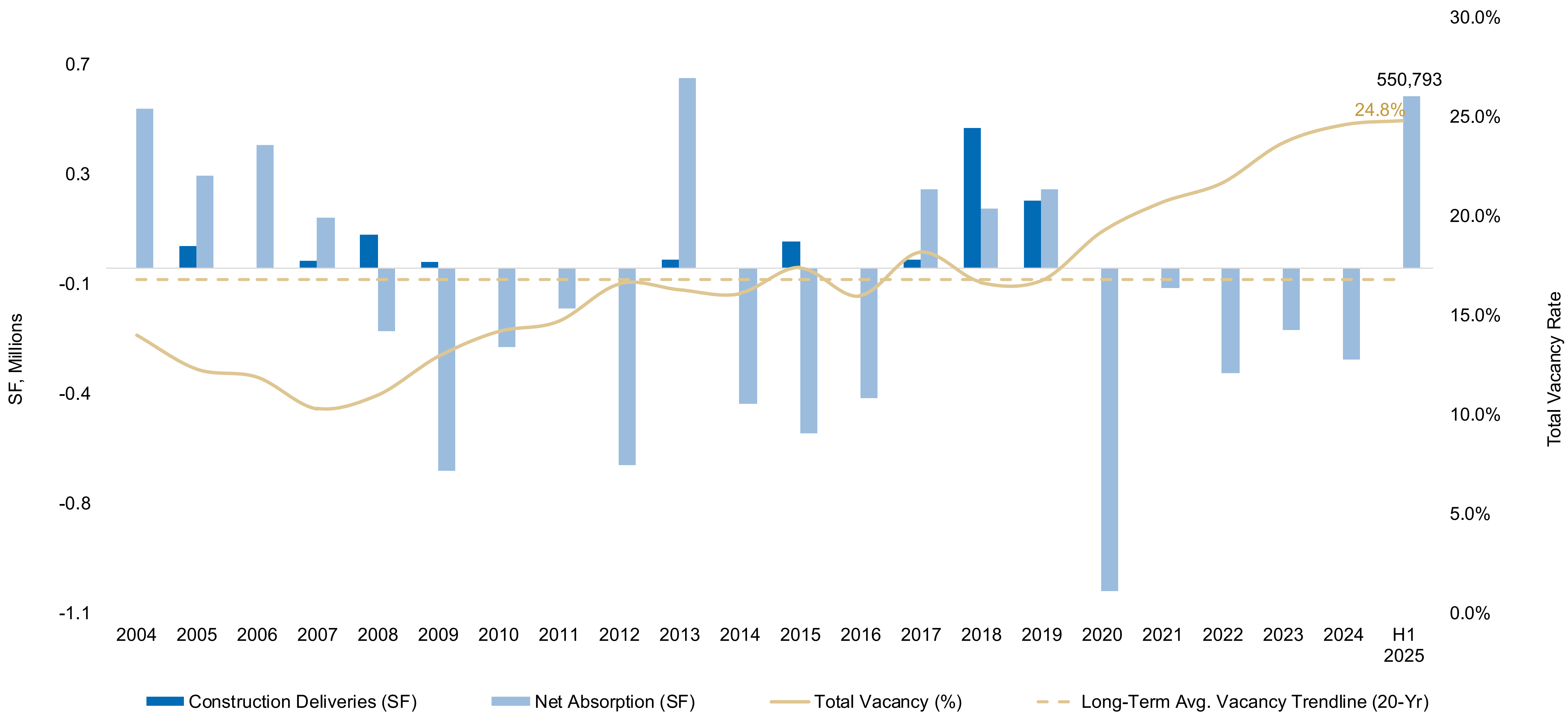
Leasing Market Fundamentals

Midyear 2025 Sees Improvement in Key Market Indicators

Market fundamentals showed a bright spot at midyear 2025, with total availability and vacancy rates declining to 25.0% and 23.6%, respectively, down from peak levels of 26–27%. Occupancy improved as nearly 550,800 SF was absorbed in the first half of the year.

Historical Construction Deliveries, Net Absorption, and Vacancy

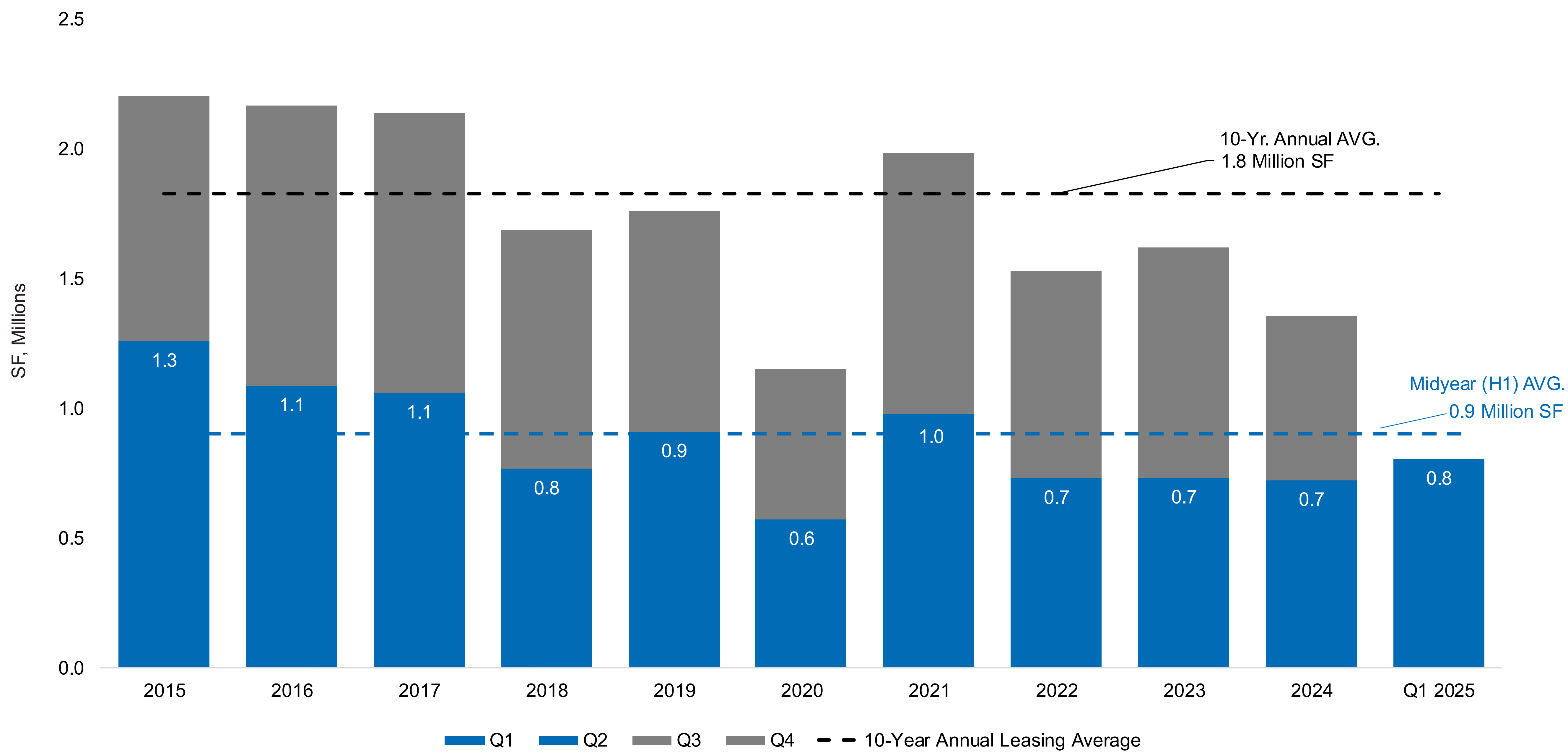


Source: Newmark Research

Leasing Picks Up After Slow Start to 2025

After a slow start to the year, leasing activity rebounded this quarter, totaling nearly 470,000 SF. The White Plains CBD led demand in the first half, accounting for one-third of all leasing. This second-quarter boost brought midyear volume closer to the historical average of 900,000 SF, following three consecutive sluggish first halves.

Total Leasing Activity (msf)

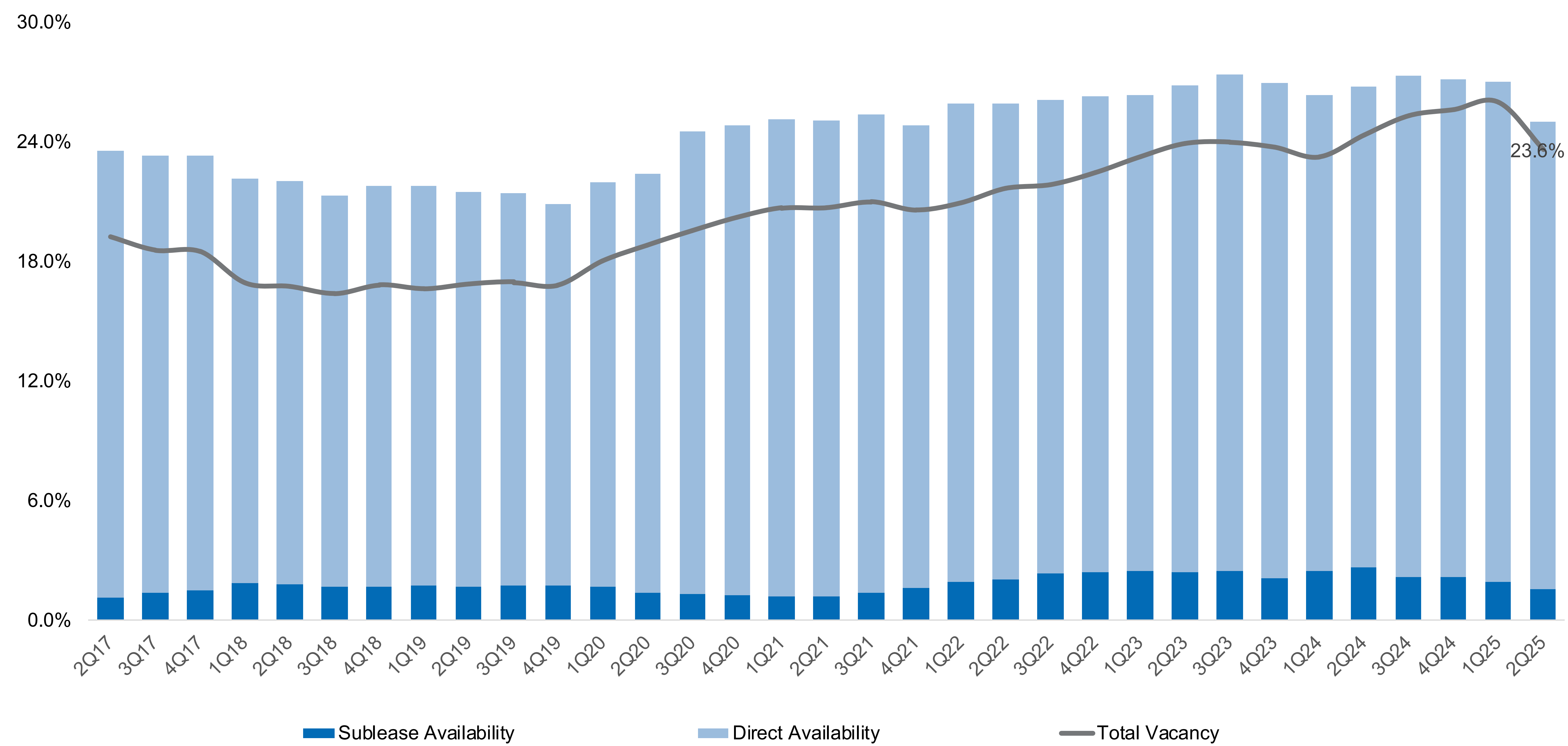


Source: Newmark Research

Total Availability Holds at 25%; Vacancy Drops to 23.6%

For the first time since 2021, the total availability rate settled at a flat 25.0%, while sublease availability dropped to just 1.5%, also the lowest level since that year. The total vacancy rate, which reflects space that has been physically vacated, similarly declined this quarter to 23.6%. The improvement was primarily driven by the removal of more than 400,000 SF of obsolete space at the former "700 Series" Exchange office complex, with additional support from government sector activity in the White Plains CBD.

Available Space as Percent of Overall Market

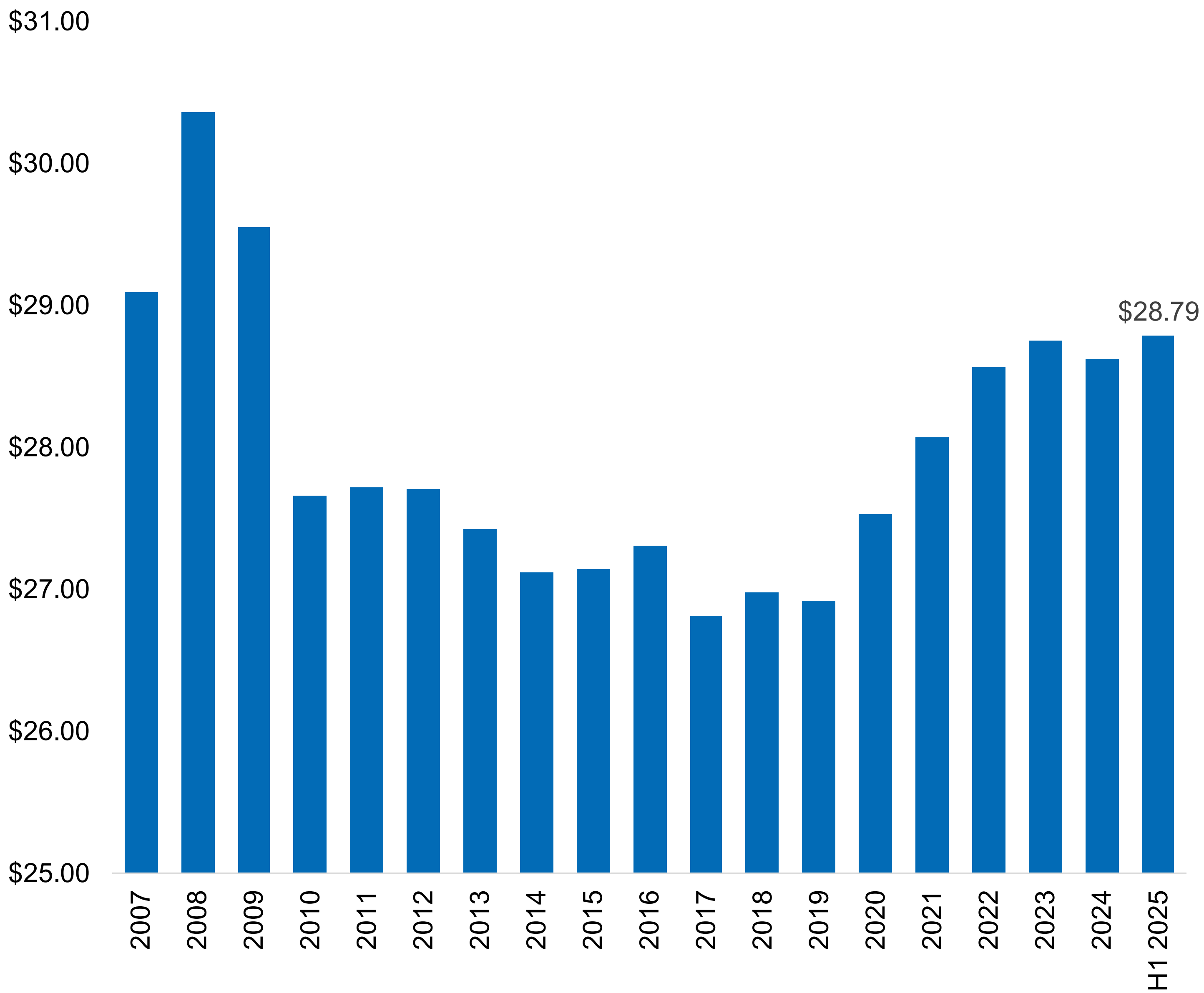


Source: Newmark Research

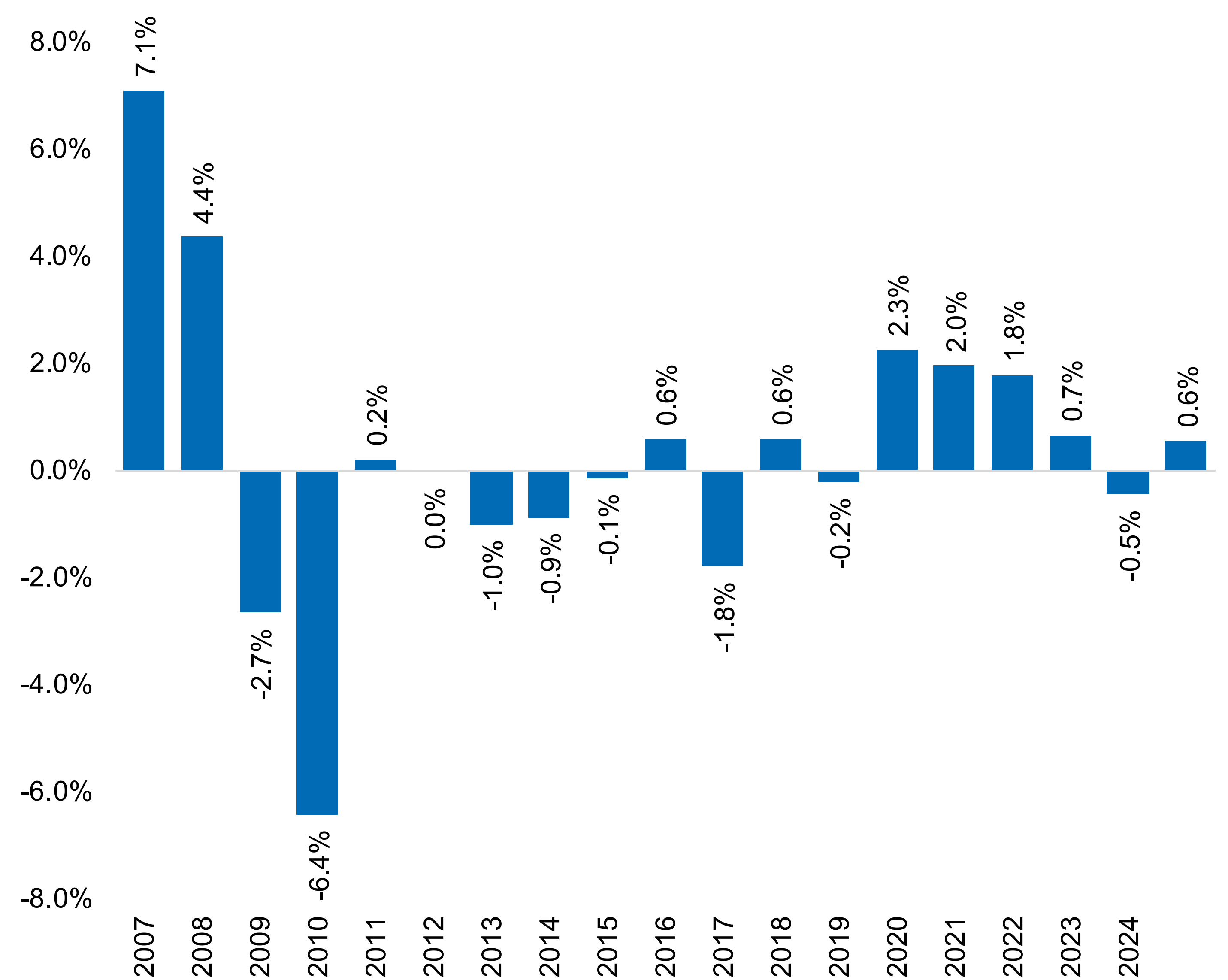
700 Series Removal Triggers Rent Repricing

As expected, average asking rents moved higher this quarter, largely due to the removal of nearly 450,000 SF of lower-tier space at the “700 Series” complex, which is being repositioned for residential redevelopment. This reset the market baseline, with higher-priced space now weighing more heavily on the average. The reduction in obsolete inventory also tightened availability, contributing to upward pressure on rents.

Office Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

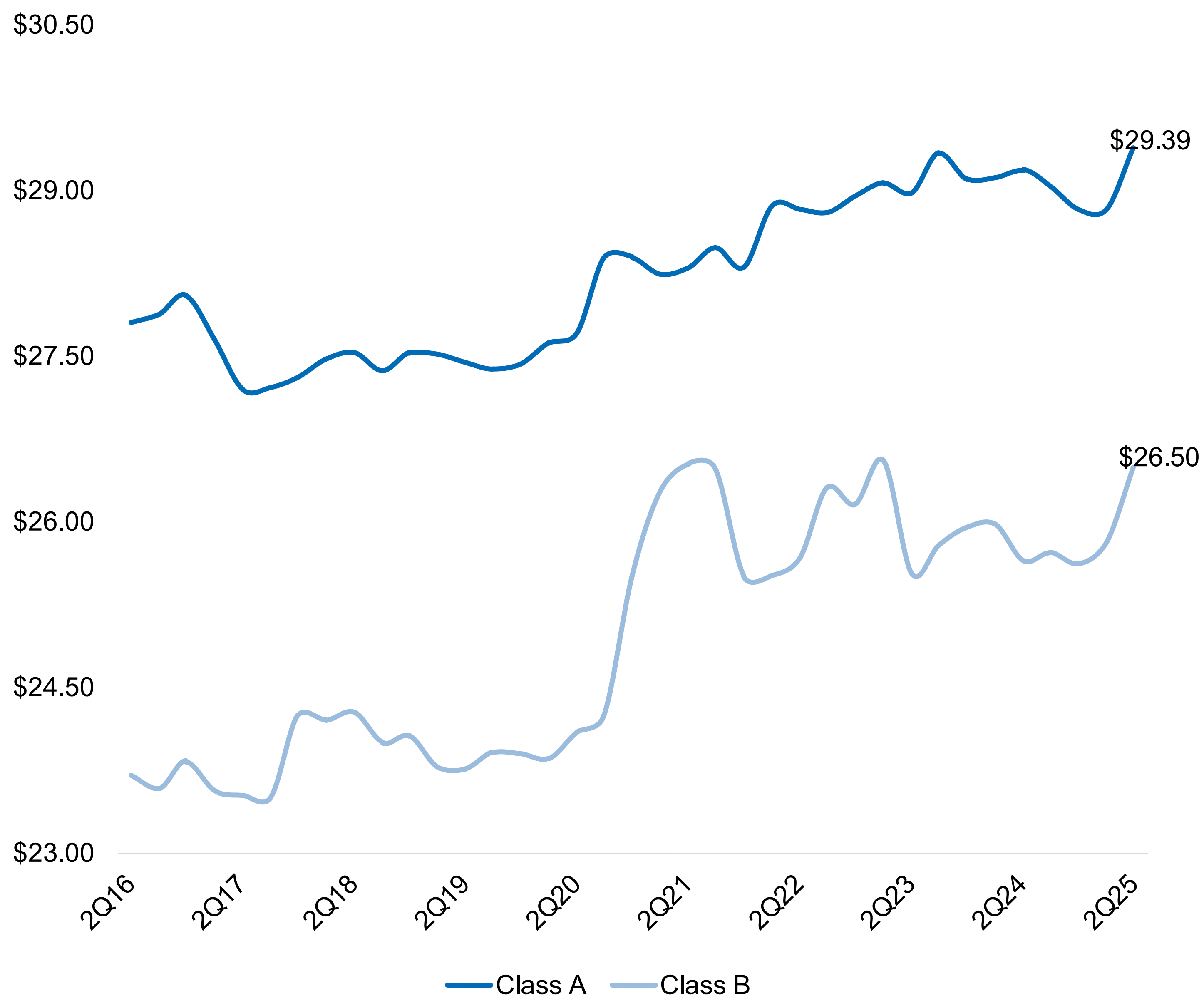


Source: Newmark Research

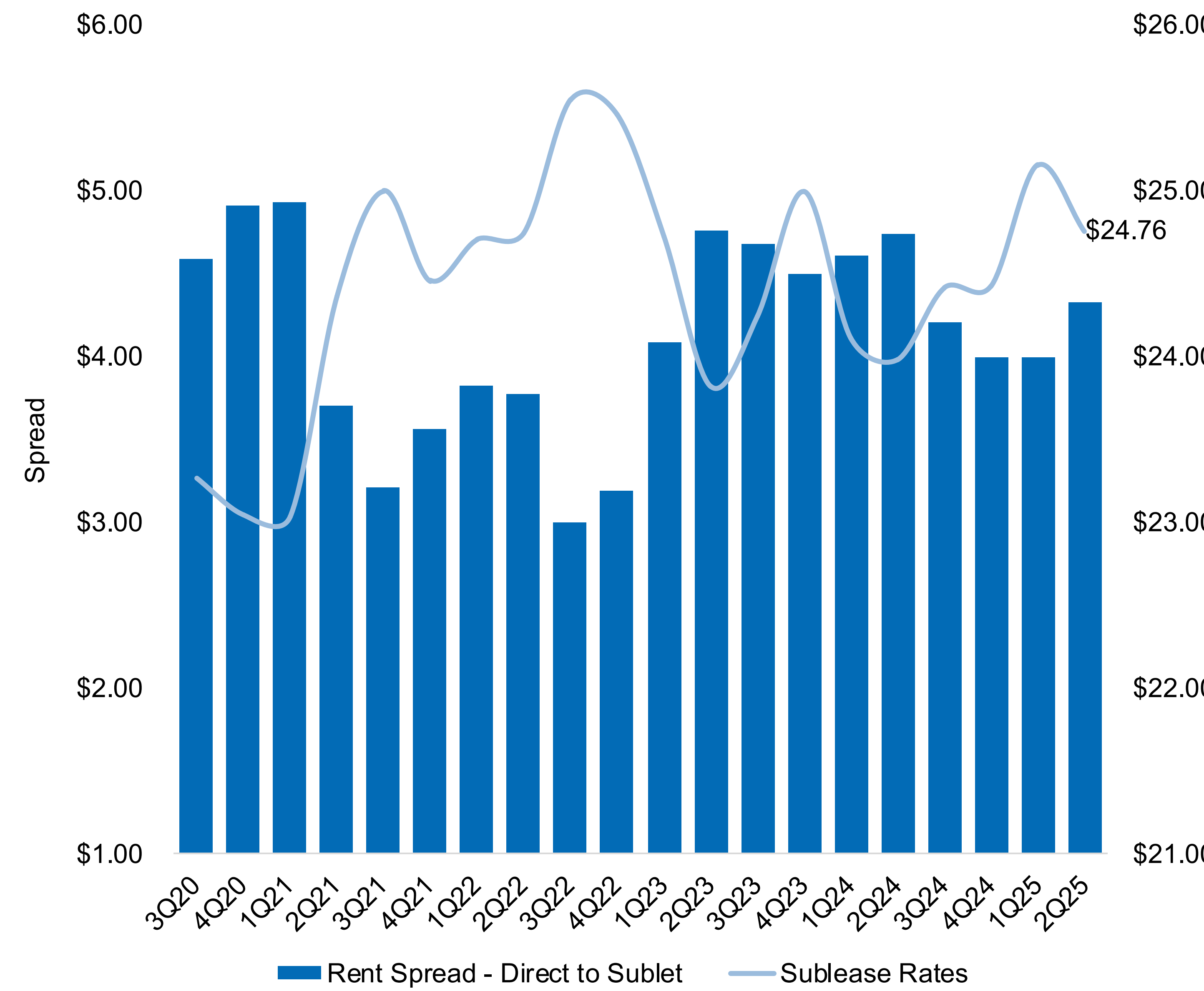
Rental Rates Climb as Lower-Priced Space Drops from Inventory

Both Class A and Class B rental rates rose this quarter, with quarter-over-quarter increases of 1.9% and 2.6%, respectively. The gains were largely driven by a shift in the weighted average asking rent following the removal of approximately 375,000 SF of lower-tier space at the “700 Series” complex, which are slated for residential redevelopment. This effectively reset the market baseline, with higher-priced space now exerting greater influence on the overall average.

Class A and Class B Asking Rents



Sublease Asking Rates



Source: Newmark Research

Midyear 2025 Leasing Activity Shows Modest Growth, Led by White Plains CBD

Leasing activity in the first half of 2025 totaled approximately 820,000 SF, an 11.3% increase from midyear 2024, though still trailing the 10-year historical average by about 100,000 SF. The White Plains CBD led county demand with roughly 265,000 SF transacted, up 22.8% year-over-year and nearly 10% above the long-term average. The Northern market also saw a boost in activity, highlighted by Ralph Lauren's 25,000 SF lease at One Pepsi Way in Somers and a new deal by White Plains Hospital Medical Center at 2651 Strang Boulevard in Yorktown Heights.

Notable Midyear 2025 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
GM Technical College*	425 Saw Mill River Road	Ardsley – Western	Renewal	43,575
Metropolitan Opera Association*	179 Saw Mill River Road	Yonkers – Southern	Renewal	36,500
PURE Insurance	1 North Lexington Avenue	White Plains – CBD	New Lease	33,402
Clarfeld Financial Wealth Strategies & Financial	520 White Plains Road	Tarrytown – Western	Renewal	30,000
Westchester Board of Elections	445 Hamilton Avenue	White Plains – CBD	New Lease	28,388
Summit Health*	171 Huguenot Avenue	New Rochelle – Southern	New Lease	28,180
Mass Mutual Life Insurance	565 Taxter Road	Elmsford – Western	Renewal	27,132
Keane & Beane PC	445 Hamilton Avenue	White Plains – CBD	Renewal	26,356
White Plains Hospital Medical Center*	222 Westchester Avenue	White Plains – East I-287	Expansion	25,770
Ralph Lauren	1 Pepsi Way	Somers – Northern	New Lease	24,984

** Flex or Medical (Non-statistical) properties*

Source: Newmark Research

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Westchester County Office Submarket Map

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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