THIRD QUARTER 2025

NEWMARK

Westchester County Office Market Overview

Market Observations

Major Developments

- In a landmark move for the New York Power Authority (NYPA) and the Downtown White Plains office market, NYPA acquired a pad site at the Hamilton Green development for $30 million in early 2025, with construction now underway on a new ~310,000 SF, 16-story headquarters. The project, led by Cappelli Enterprises in partnership with RXR Realty, marks the first major commercial office building in Westchester County in nearly half a century. NYPA's relocation will retain nearly 1,000 jobs in White Plains and is expected to generate hundreds of construction jobs through its completion, currently slated for mid-2027. The move replaces NYPA's aging facility at 123 Main Street and signals a meaningful catalyst for downtown revitalization, reinforcing momentum in a market where large-block, class-A office supply has been constrained.

- 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.

Leasing Market Fundamentals

- Market fundamentals continued the trajectory seen in the first half of 2025, with absorption improving even amid lighter leasing activity as outdated inventory continued to exit the market. Vacancy fell to 22.7%, direct availability declined to 23.1%, and sublease availability dropped to just 1.3%, signaling increasingly tight supply. Much of this improvement reflects the removal of more than 400,000 SF at the former "700 Series" complex and steady activity in the White Plains CBD.

- After a brief rebound in the previous quarter, leasing activity slowed again in Q3. Total volume, which ended at 300,000 SF, finished 18.7% below the third quarter of 2024, with new lease transactions down 28.5% and renewal activity down 19.8% year-over-year. The scarcity of quality space, particularly around transit-oriented buildings in Downtown White Plains, contributed to the softer pace. Even so, the slowdown appears more like a temporary pause than a true pullback, as many occupiers continue to evaluate long-term space needs amid broader economic uncertainty.

- Average asking rents continued to trend higher in 2025, driven largely by the removal of more than 400,000 SF of lower-tier space at the "700 Series" complex. This reset the market baseline, tightening availability and shifting the weighted average upward as higher-quality space now carries more influence. As a result, Class B asking rents climbed sharply year-over-year, rising from $25.72/SF in Q3 2024 to $27.44/SF, a 6.7% increase

Outlook

- Market fundamentals in Q3 2025 confirm that the long-anticipated correction to elevated vacancy is underway. With obsolete large blocks along the East I-287 corridor being removed for redevelopment, on-the-ground conditions are tighter than headline figures suggest, and the broader trend points to continued tightening. Still, demand remains softer post-COVID, financial pressures persist, and rising build-out costs, now influenced in part by tariff-related uncertainty, continue to challenge owners.

- While it is difficult to quantify the direct impact on leasing, the evolving U.S.-China tariff environment may be prompting some tenants to take a more cautious approach as they evaluate potential effects on costs and supply chains, which could be contributing to more deliberate decision-making in the near term.

- Healthcare and government sectors are expected to remain a key source of demand in Westchester County, underpinned by major developments such as White Plains Hospital's 70,000 SF multi-specialty outpatient center in Scarsdale and Westchester Medical Center's $220 million Critical Care Tower. On the public side, the county is building a new mental health safety-net clinic in White Plains and consolidating its Department of Health offices, providing a stable institutional anchor for the region heading into 2026.

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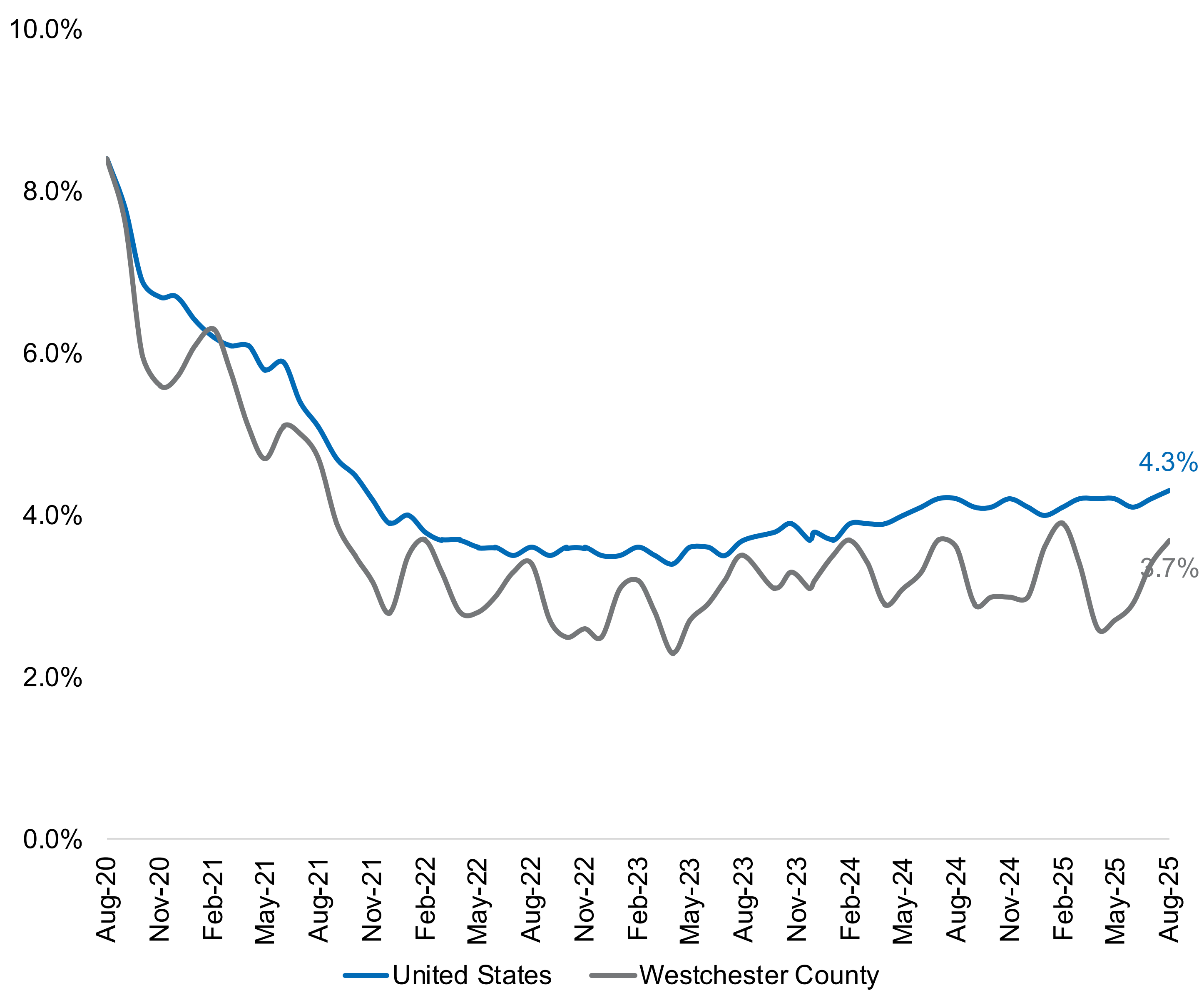
Economy

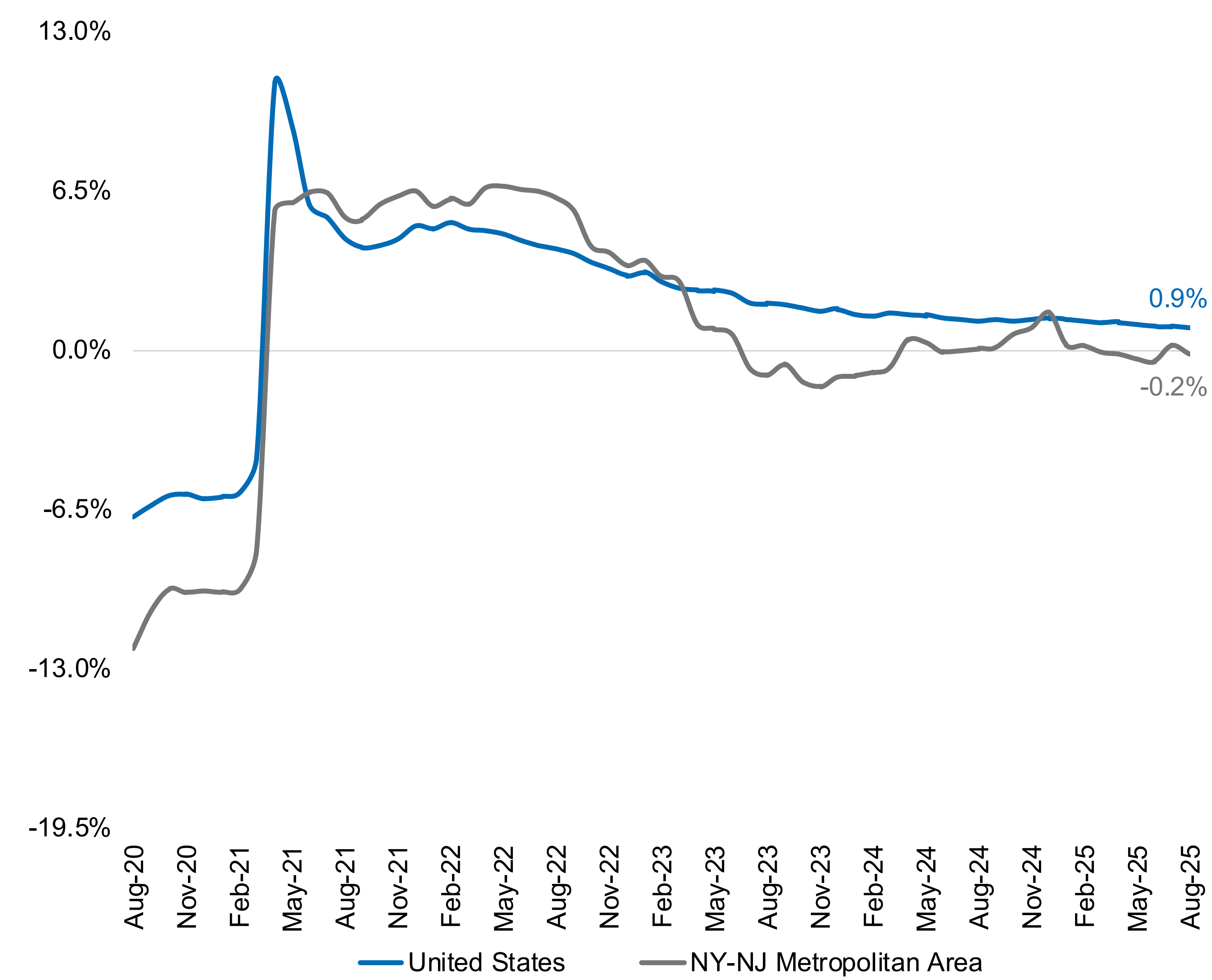
Metro Employment Trends in Westchester County

As of August 2025, the unemployment rate in Westchester County rose to 3.7% (not seasonally adjusted). Meanwhile, the seasonally adjusted rate for New York State held at 4.0%. On the national level, the unemployment rate was 4.3% for August 2025. Nonfarm payroll figures show that while the metro region including Westchester County maintained job growth, it remains modest relative to the national pace.

Unemployment Rate, Non-Seasonally Adjusted



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

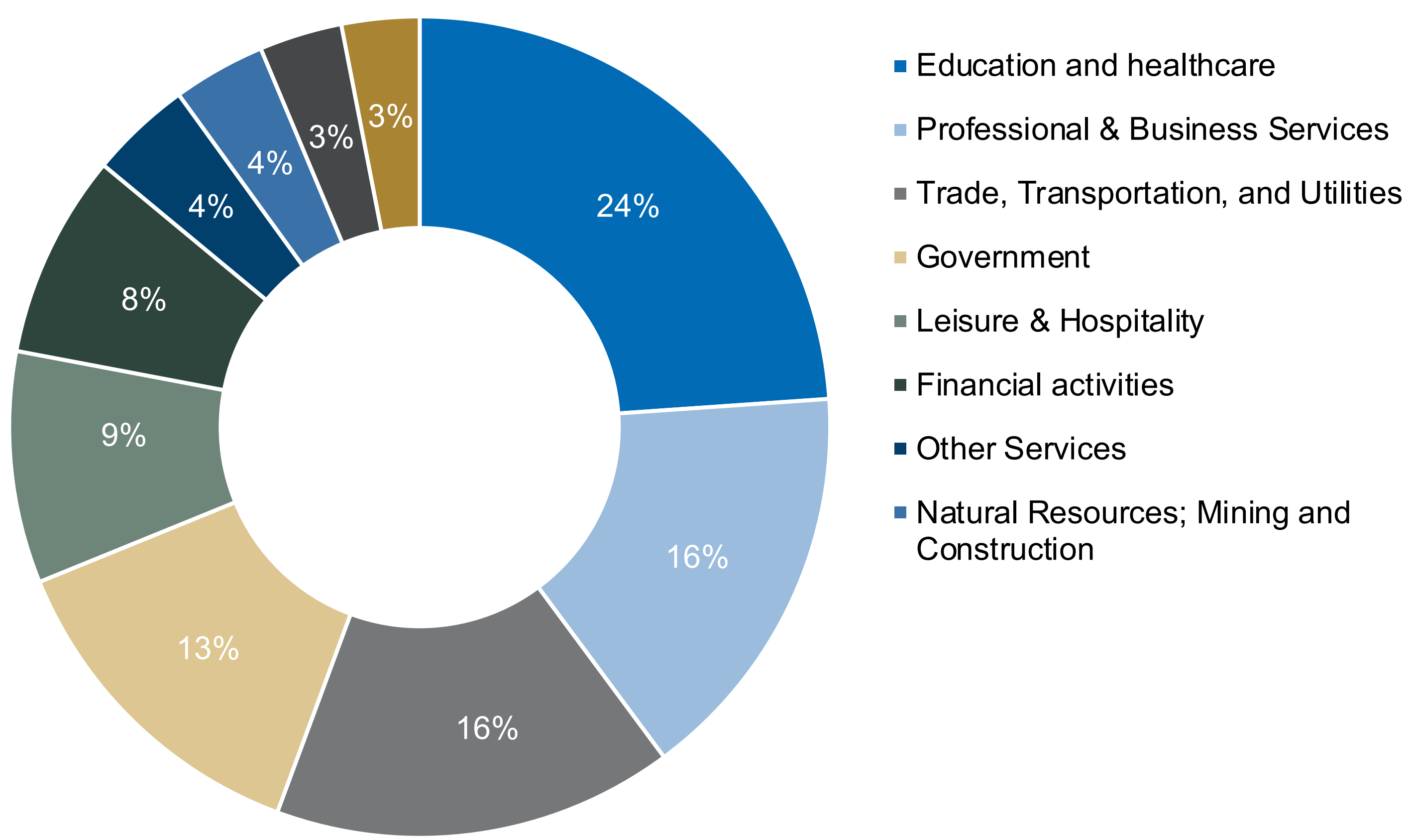


Source: U.S. Bureau of Labor Statistics, Westchester County Area

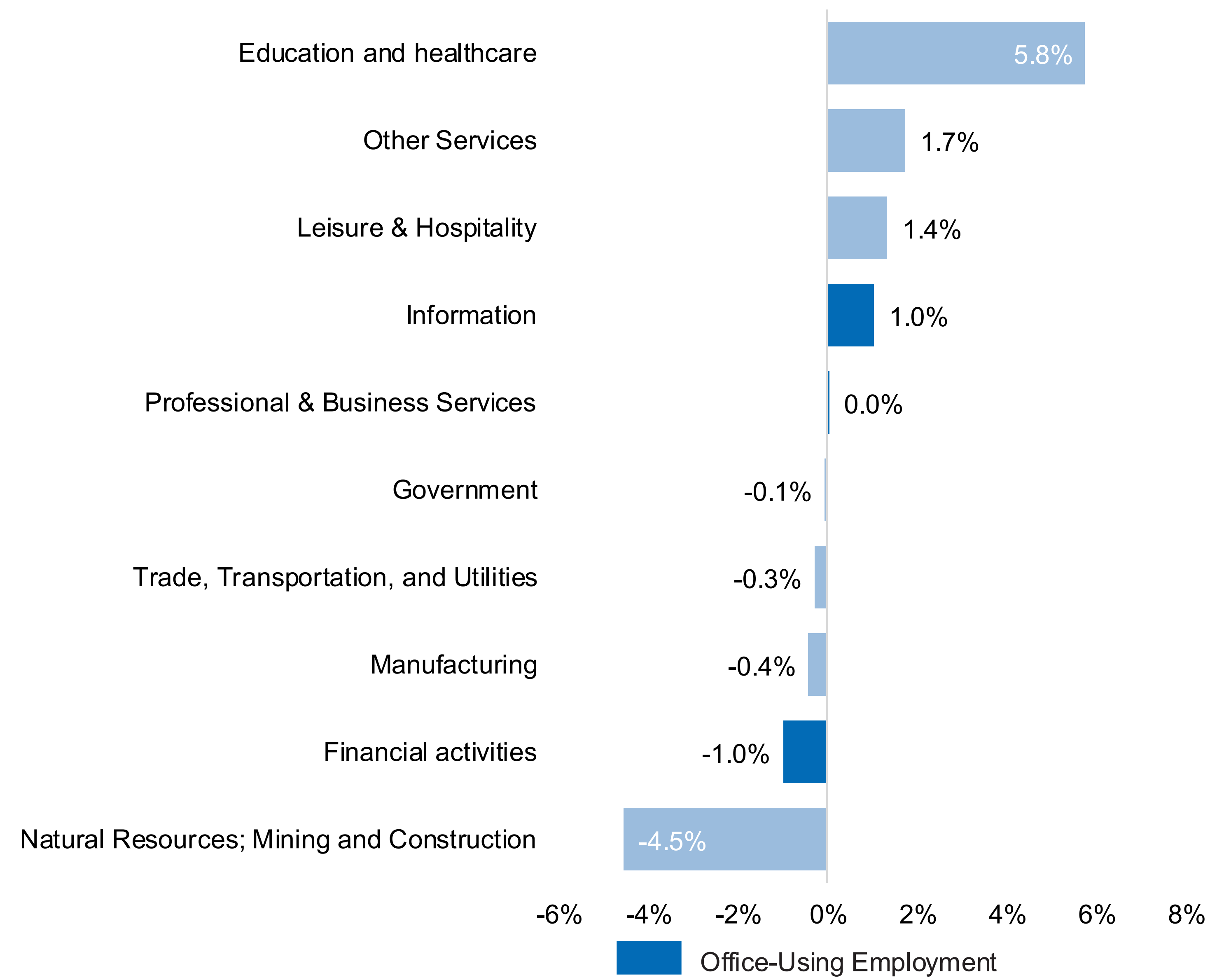
Employment Growth and Employment by Industry

In the Westchester (NY-NJ) region job-growth remains concentrated in non-office-using sectors. For example, the Education and Health Services sectors posted the only significant gain in August 2025 (+5.8%) for the area. Meanwhile, key office-using sectors are under pressure: financial Activities shed 5,900 jobs (-1.0%) while professional and business services remained unchanged.

Employment by Industry, August 2025



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

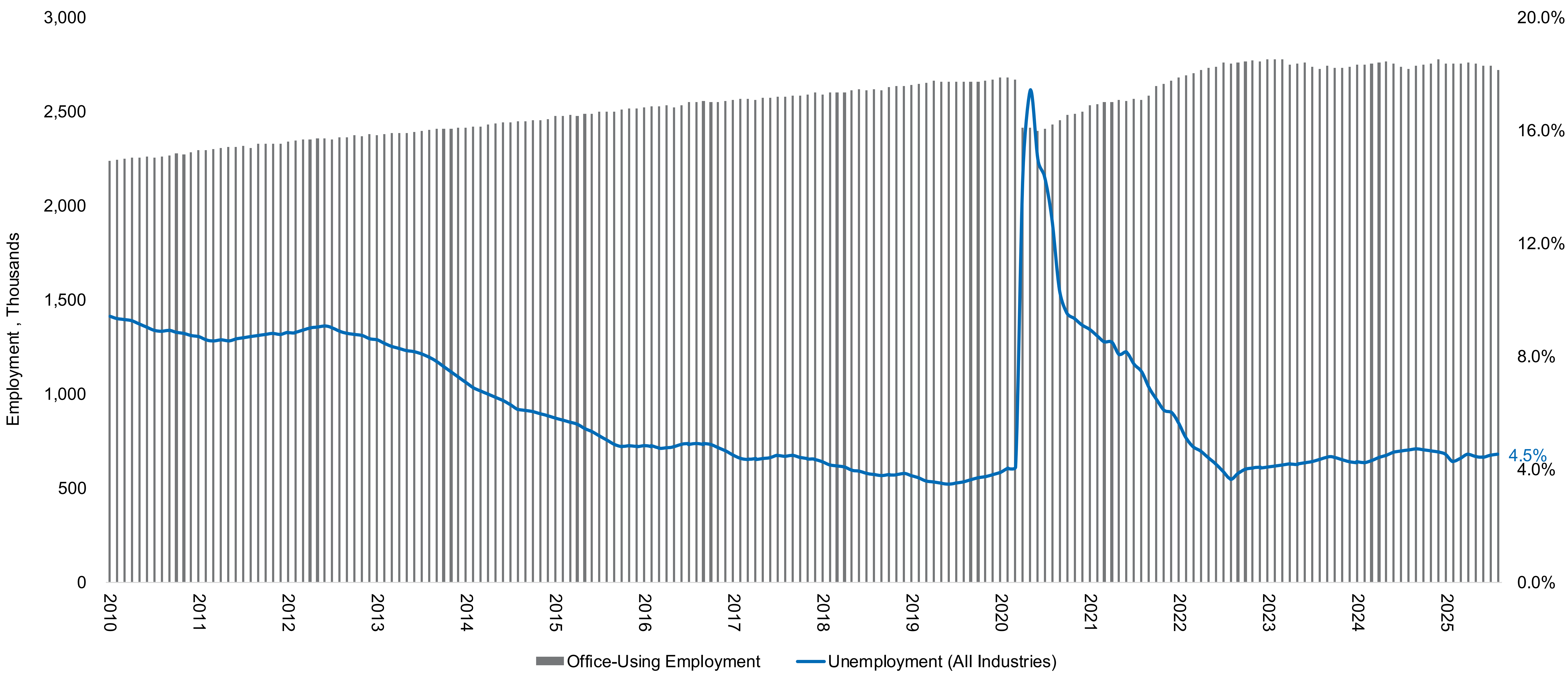


Source: U.S. Bureau of Labor Statistics, Westchester County Area (*Not Seasonally Adjusted*)

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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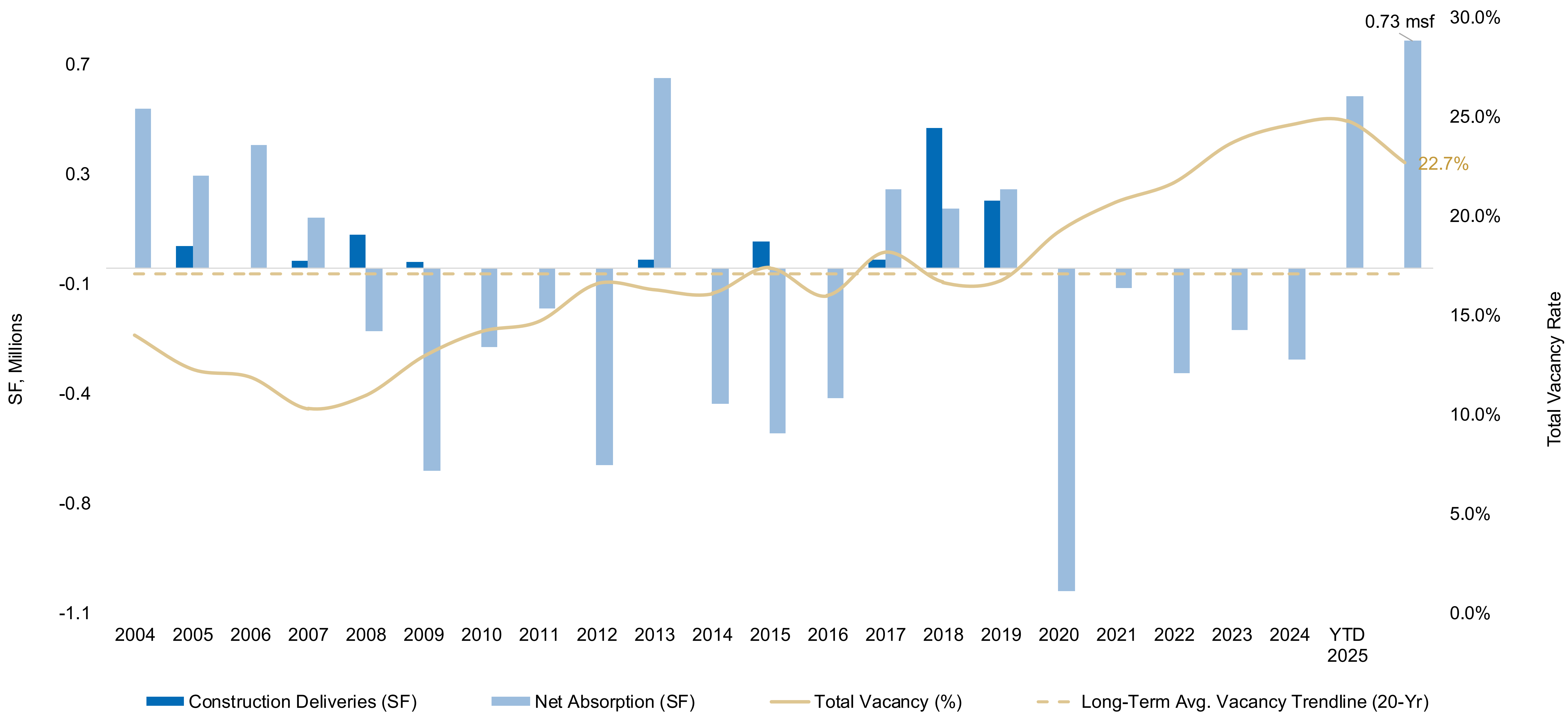
Leasing Market Fundamentals

Steady Absorption and Easing Vacancy Continued in Q3

Market fundamentals continued the trajectory seen in the first half of 2025, with absorption rising despite limited leasing activity, as older, outdated inventory was removed from the market, a dynamic still contributing to overall market absorption. Both vacancy and total availability rates eased further, reflecting ever tightening supply conditions.

Historical Construction Deliveries, Net Absorption, and Vacancy

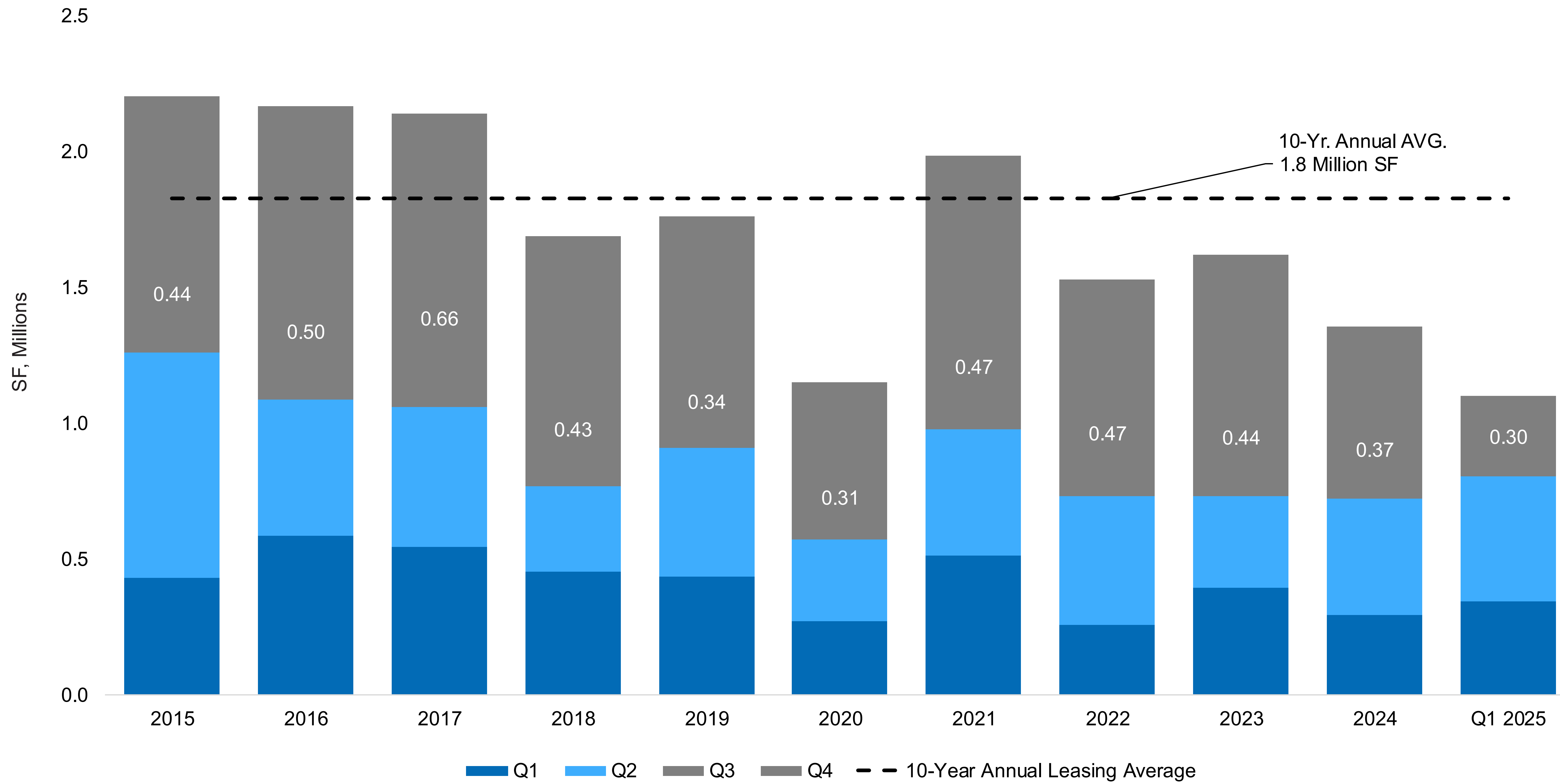


Source: Newmark Research

Softening Q3 Leasing May Reflect Pause, Not Decline

After a brief rebound in the previous quarter, leasing activity slowed again in Q3. Total volume finished 18.7% below the third quarter of 2024, with new lease transactions down 28.5%. The scarcity of quality space, particularly around transit-oriented buildings in Downtown White Plains, contributed to the softer pace. Even so, the slowdown appears more like a temporary pause than a true pullback, as many occupiers continue to evaluate long-term space needs amid broader economic uncertainty.

Total Leasing Activity (msf)

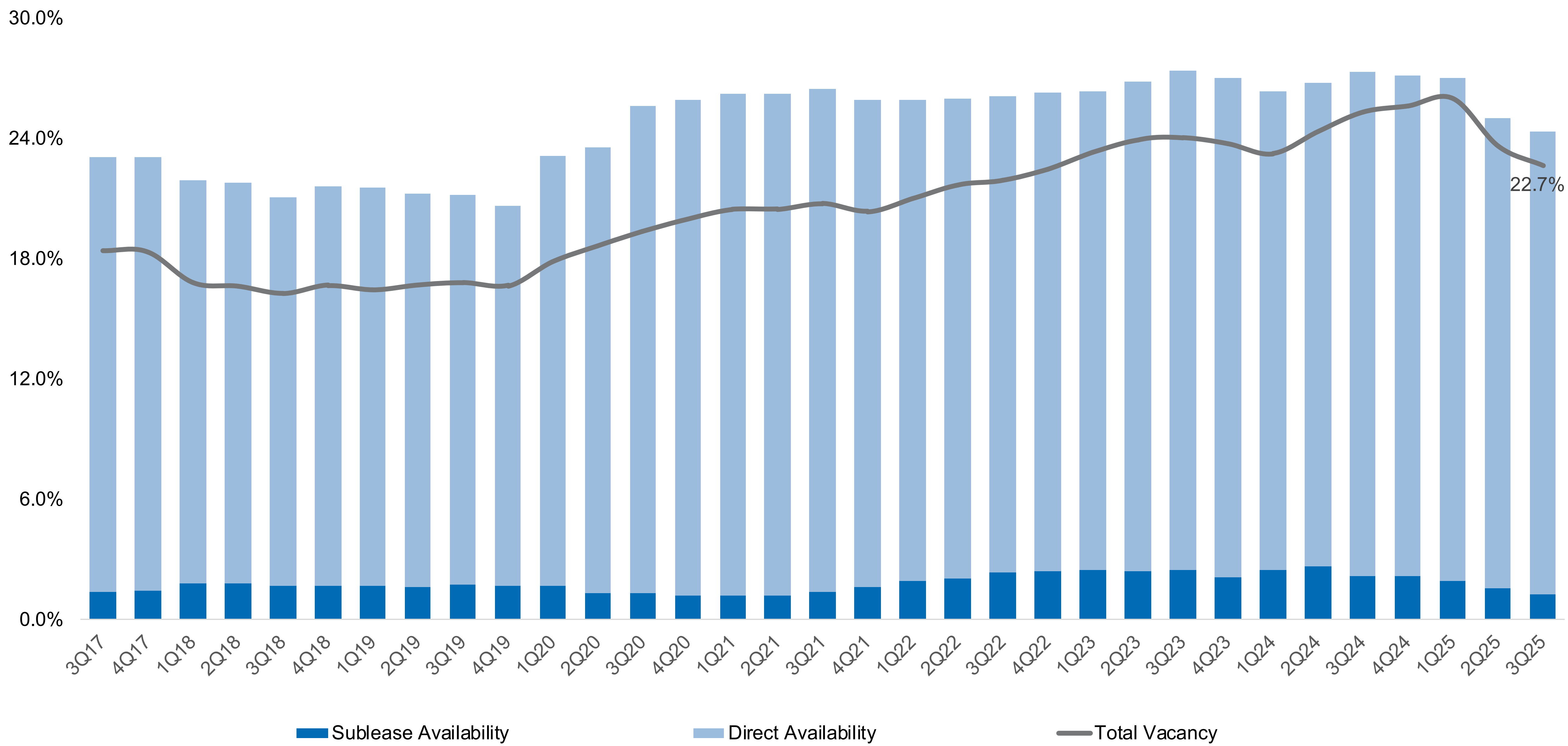


Source: Newmark Research

Q3 Vacancy and Availability Reach New Lows

Market fundamentals continued to improve in Q3, with total vacancy declining to 22.7%, direct availability easing to 23.1%, and sublease availability reaching just 1.3%. The improvement has been supported by the removal of outdated inventory, including more than 400,000 SF at the former “700 Series” Exchange office complex, along with ongoing activity in the government sector within the White Plains CBD.

Available Space as Percent of Overall Market

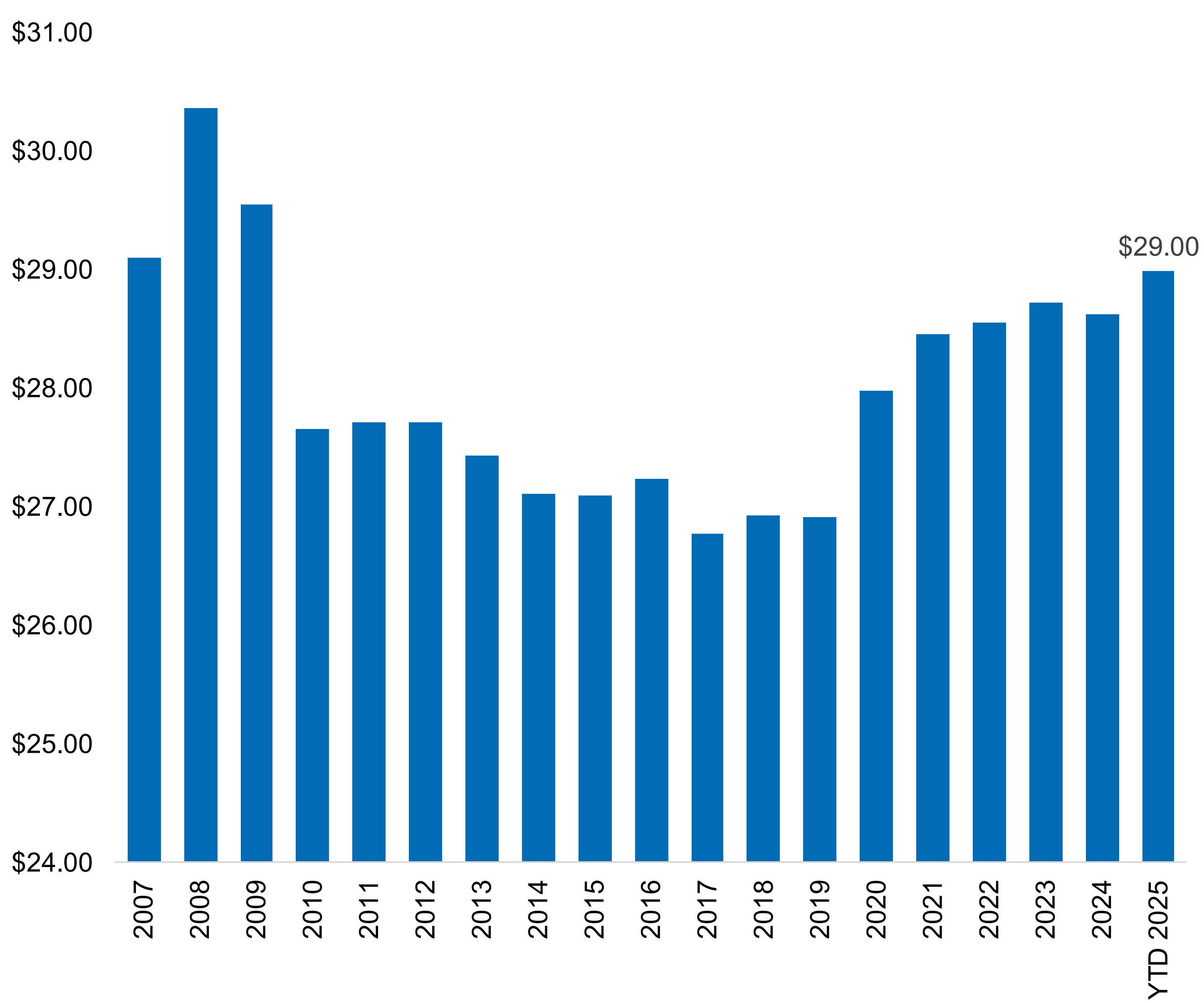


Source: Newmark Research

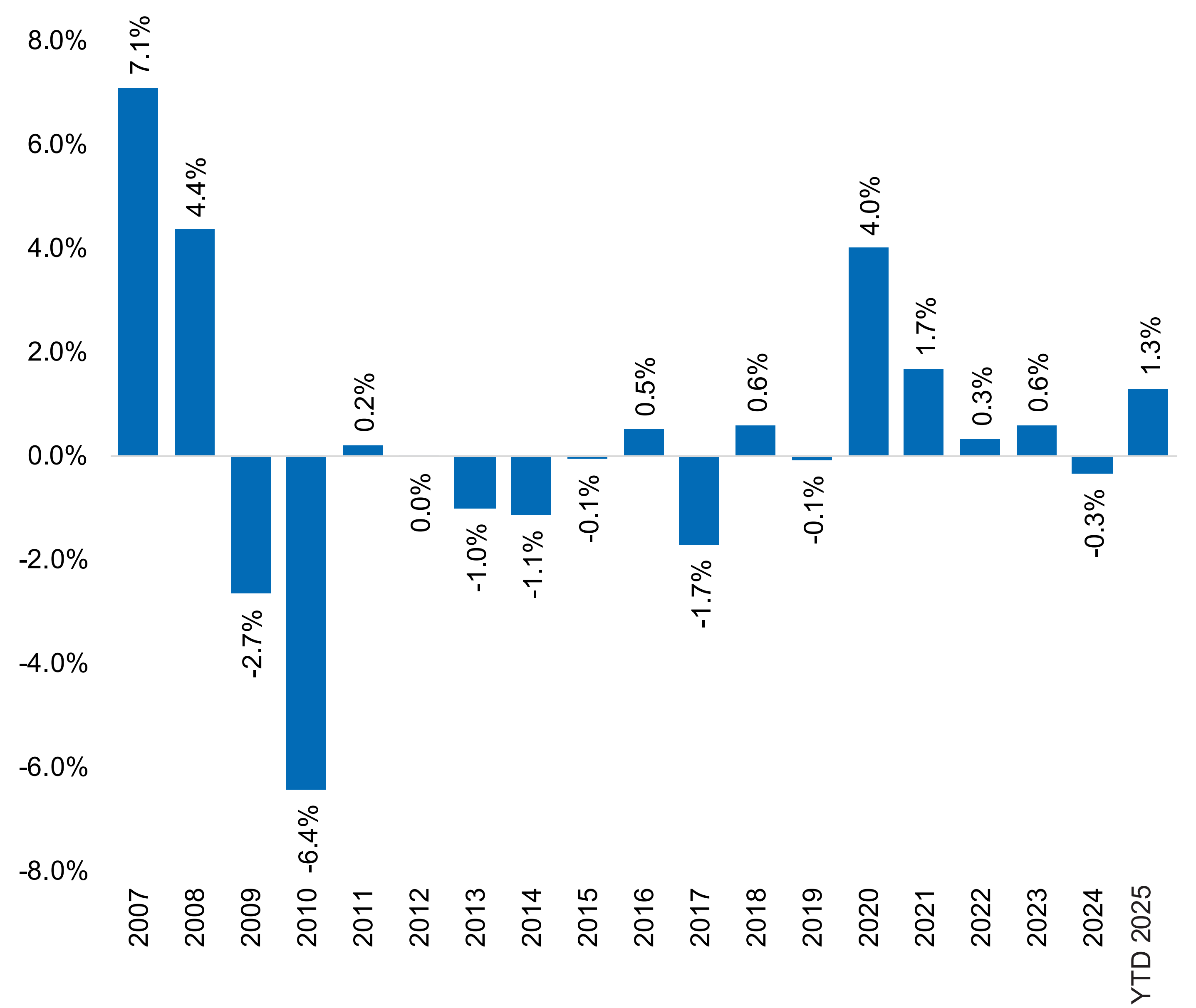
Clearing Obsolete Product Spurs Rent Realignment

Average asking rents have trended higher this year, 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



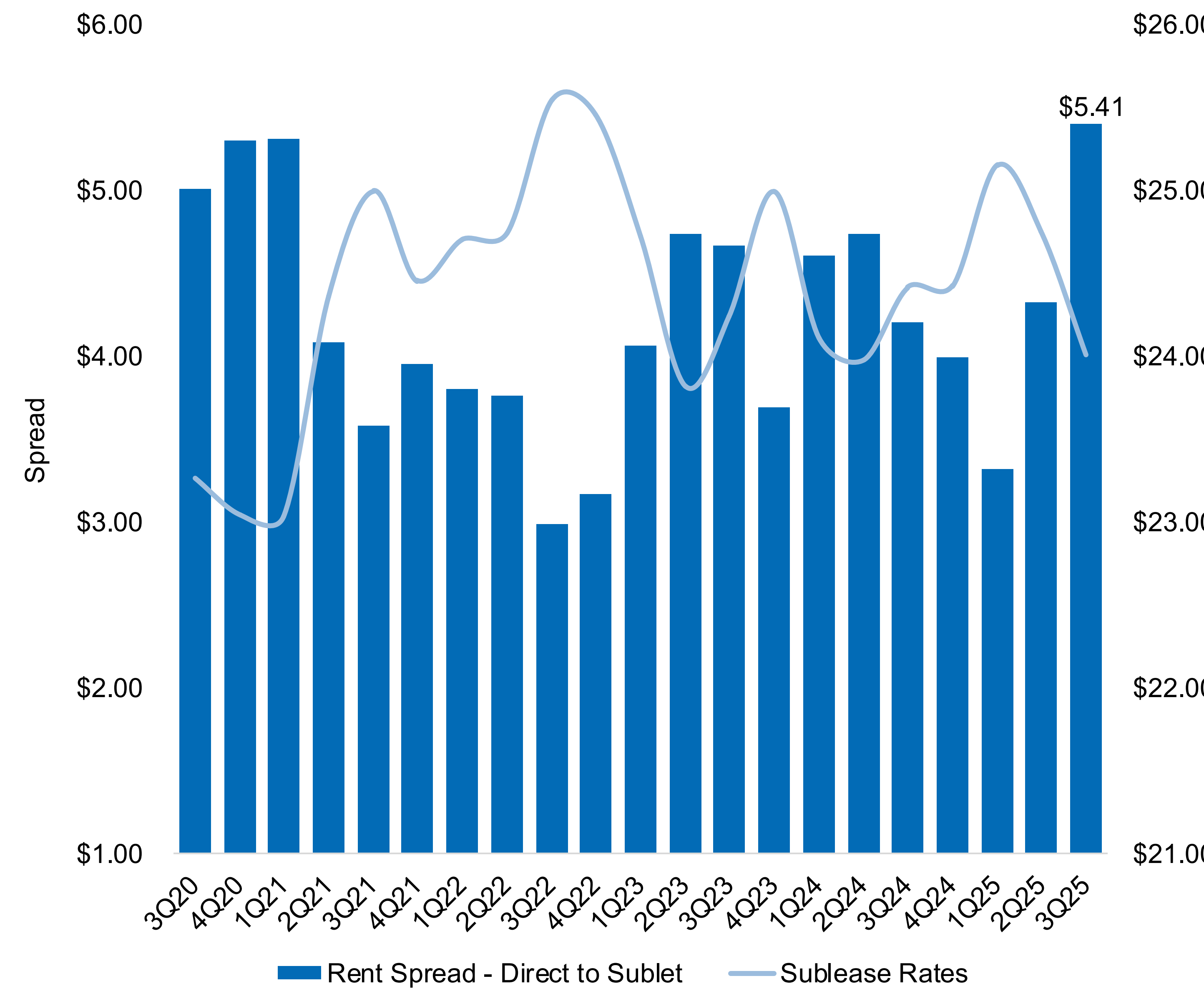
Source: Newmark Research

Rental Rates Climb as Lower-Tier Inventory Clears Out

Class B asking rents increased sharply year-over-year, rising from $25.72/SF in Q3 2024 to $27.44/SF, a 6.7% jump. This surge reflects a shift in the weighted average following the removal of roughly 375,000 SF of lower-tier space at the “700 Series” complex, which is being repositioned for residential redevelopment. With that older inventory taken out, higher-quality space now carries more influence on the Class B average.

Class A and Class B Asking Rents

Sublease Asking Rates



Source: Newmark Research

Summer Slowdown as Tight Supply and Uncertainty Temper Leasing Velocity

Leasing activity slowed over the summer, finishing slightly above 300,000 SF. While notable commitments occurred, such as Heineken USA's 50,874 SF renewal at 360 Hamilton Avenue, the scarcity of quality space and tightening conditions around transit-oriented buildings like 10 Bank Street and 50 Main Street in Downtown White Plains contributed to the softer pace. However, much of the deceleration appears to be a temporary pause rather than a true pullback, as many occupiers continue assessing long-term needs amid broader economic uncertainty.

Q3 2025 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Heineken USA	360 Hamilton Avenue	White Plains – CBD	Renewal	50,874
PDC Brands	50 Main Street	White Plains – CBD	New Lease / Out of County Relocation	26,119
RWE Clean Energy Services	50 Main Street	White Plains – CBD	New Lease	23,138
Assured Insurance	800 Westchester Avenue	Rye Brook – East I-287	Sublease	20,000
Tokio Marine	1 Manhattanville Road	Purchase – East I-287	New Lease	19,255
NYU Langone Grossman School of Medicine	1 West Red Oak Lane	Harrison – East I-287	New Lease	17,400

Source: Newmark Research

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Please reach out to your
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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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