

An aerial photograph of a city skyline, likely New York City, featuring several prominent skyscrapers and a dense urban landscape. The city is surrounded by green hills and trees. The sky is clear and blue.

NEWMARK

Westchester County Office Market Overview

THIRD QUARTER 2026

An aerial photograph of a suburban neighborhood with several houses, trees, and parking lots. The houses are mostly two-story buildings with varying roof colors. The area is surrounded by greenery.

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Market Observations



Inventory Transformation

- Westchester's office inventory has contracted from ~35.0 million SF in 2013 to 23.6 million SF in 2026, leaving the market at just 67.4% of its former size. Although the largest single reset occurred between 2014 and 2015, the continuing structural trend is especially clear since 2017, with inventory declining by another 4.1 million SF, or 14.8%. The contraction accelerated over the past year, when an additional 1.6 million SF, or 6.3%, was removed from the competitive inventory.
- This smaller market materially changes the context for historical leasing comparisons. On a raw square-footage basis, Q3 leasing was down 17.6% from a year earlier. However, after adjusting for the reduction in office inventory, the comparable decline was 12.0%, with leasing representing 1.04% of current inventory versus 1.18% a year earlier. While the inventory-adjusted decline still reflects quarterly softness and remains below the 1.57% third-quarter 10-year average, leasing through the first nine months of 2026 reached 4.90% of current inventory, higher than the comparable share in each of the previous four years. The results point to a third-quarter slowdown following a stronger first half, rather than a broad-based deterioration in demand.
- Adaptive reuse and property repositioning will continue to narrow the market's opportunity set. Recent plans involving 540 White Plains Road and 30 Glenn Street provide additional examples of traditional office properties being considered for alternative uses, this time within the Class B segment. Market discussions also suggest that an owner of a sizable Class A property, a well-known campus along the East I-287 corridor, is evaluating the feasibility of conversion. While no formal applications have been made public, projects that advance and secure approvals could begin entering the conversion pipeline in 2027, placing further downward pressure on countywide inventory and potentially removing a greater share of higher-quality space than prior conversion activity.



Leasing Conditions

- Leasing activity slowed markedly during the third quarter, totaling ~250,000 SF, down 17.6% year over year and 47.0% from the previous quarter. Typical summer seasonality, coupled with broader economic uncertainty that may have contributed to slower business decision-making, played a role in the decline, but seasonality alone does not explain the overall easing. The absence of larger transactions had an outsized effect on the quarterly total.
- The composition of activity illustrates the softness clearly. No transaction exceeded 50,000 SF, 84% of completed deals involved 10,000 SF or less, and renewals accounted for ~63% of leased square footage. Smaller transactions continued to provide the market's "bread-and-butter" activity but were not sufficient to replace the 30,000- to 100,000-SF leases that typically elevate volume. The results therefore reflect not only fewer major commitments, but also an unusually limited contribution from large-block leasing.
- Conditions in the White Plains CBD further demonstrate how limited options are influencing activity. Deal count was unchanged from a year ago, yet leased square footage declined nearly 65%, reflecting smaller average deal size and the absence of a major execution. None of the quarter's largest leases occurred in the CBD, an unusual outcome for the county's principal office center. However, this does not necessarily indicate a lack of interest in the market. The supply of well-located, renovated space remains limited, with several of the more viable availabilities reportedly under negotiation or trading paper. At the same time, portions of the available inventory remain affected by property-level financial or operational challenges, including lender-related and parking issues at select buildings. Demand is therefore concentrated within a narrow group of competitive Class A assets, while less differentiated or operationally constrained properties continue to face leasing challenges.



Outlook & Market Positioning

- Westchester's active tenant pipeline now totals ~1.0 million SF, providing a more constructive backdrop for leasing over the next several quarters. Demand includes several meaningful large-space requirements, led by Memorial Sloan Kettering, Montefiore and Siemens at more than 100,000 SF each, while JPMorgan is reportedly evaluating ~80,000 to 140,000 SF. Together, these major users represent nearly half of the identified pipeline, creating the potential for a small number of transactions to meaningfully increase quarterly leasing totals.
- Healthcare and laboratory users account for the largest share of identified demand, followed by financial-services and insurance firms, while legal and professional-services tenants provide a broader base of small- and mid-sized activity. This composition should favor properties capable of accommodating larger, specialized or high-quality requirements, particularly along the I-287 corridors and within the White Plains CBD. Several requirements involve relocations, expansions or the repositioning of existing operations, which should drive new leasing in the market's most competitive buildings. Much of the space these tenants leave behind is older and may need significant investment to compete. Some of it could become a candidate for renovation, repositioning or alternative uses, adding to the inventory transformation already underway.
- The interest-rate environment should continue to shape investment and repositioning decisions, particularly as higher financing costs coincide with rising construction costs and significant capital requirements for property improvements. In September, the Federal Reserve raised the federal funds target range by 25 basis points to 3.75% to 4.00%, adding to the cost of capital as owners evaluate whether to invest in or reposition assets. Limited equity availability and lender requirements may further constrain some repositioning plans, while well-capitalized owners of renovated Class A assets should remain positioned to capture demand.

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Economy

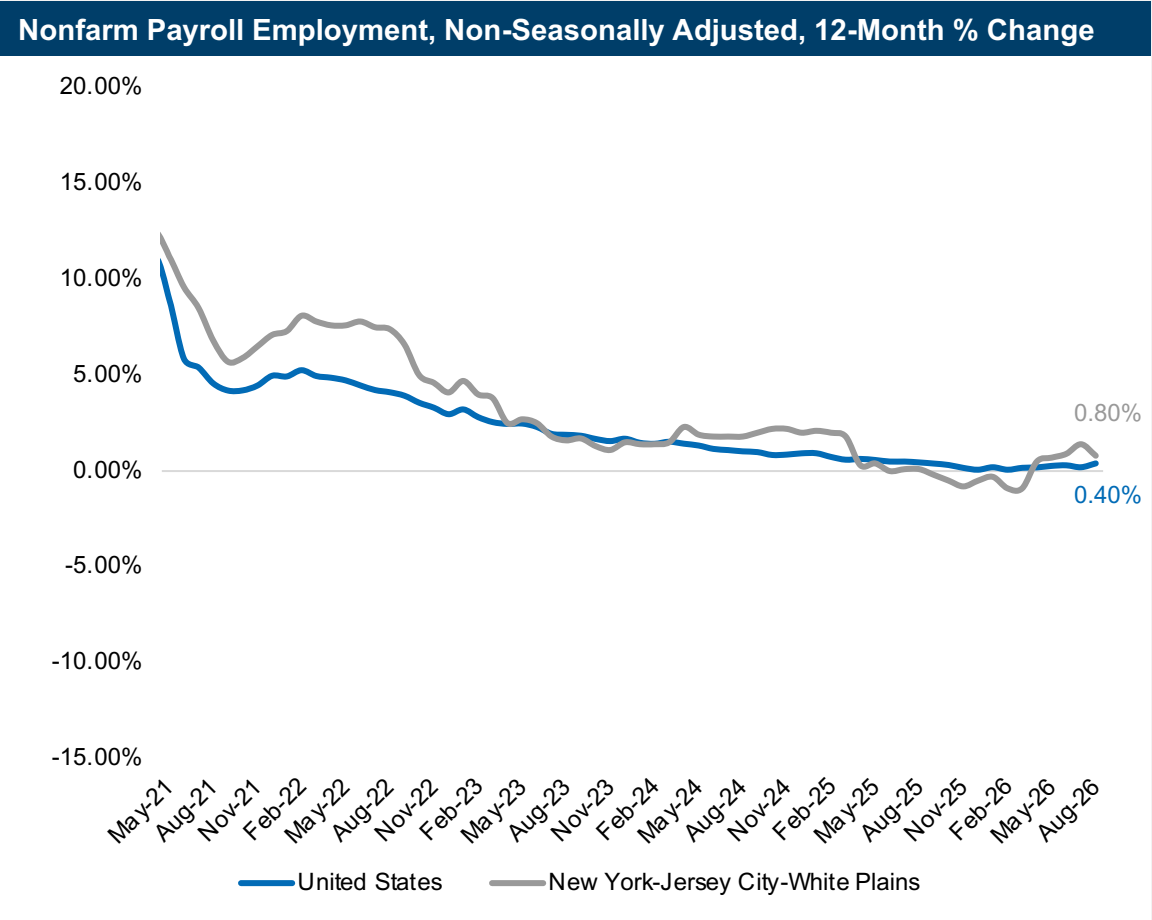
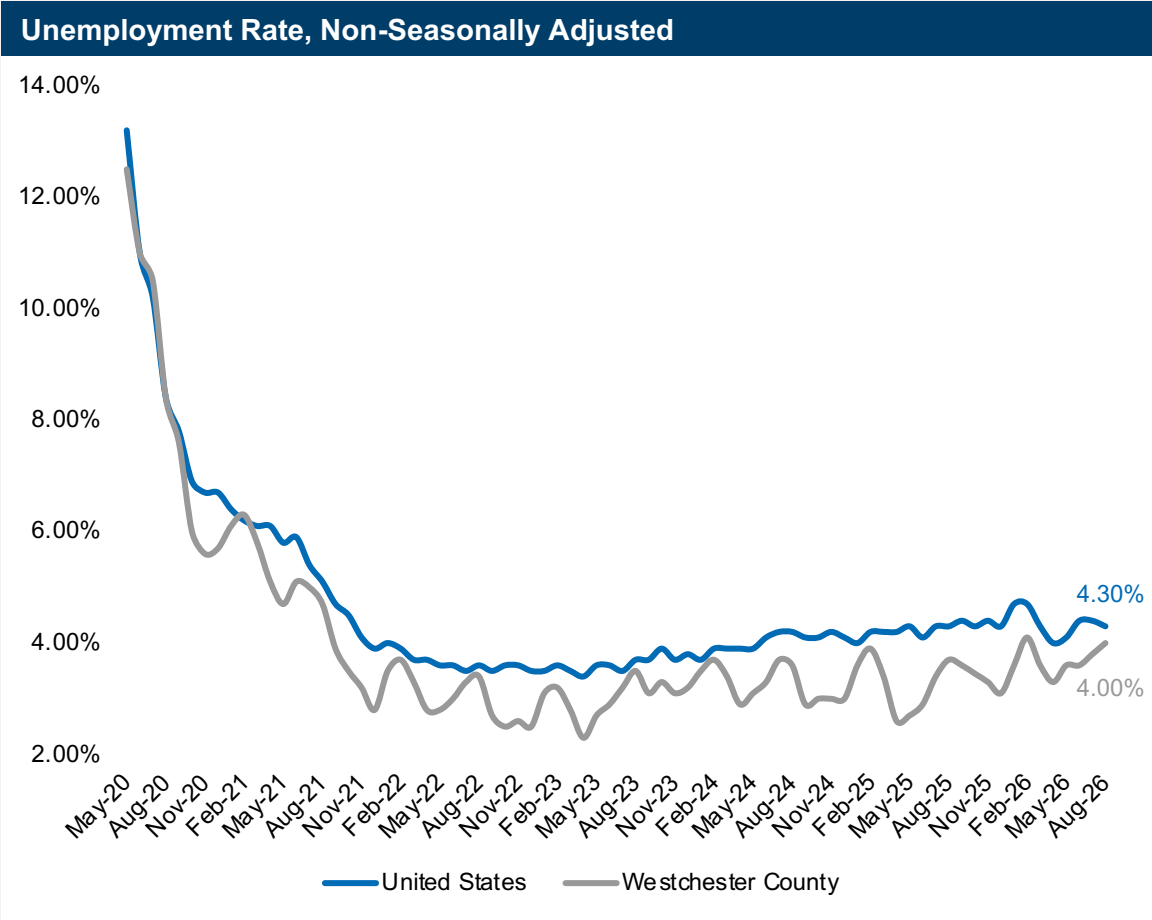
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Metro Employment Trends in Westchester County

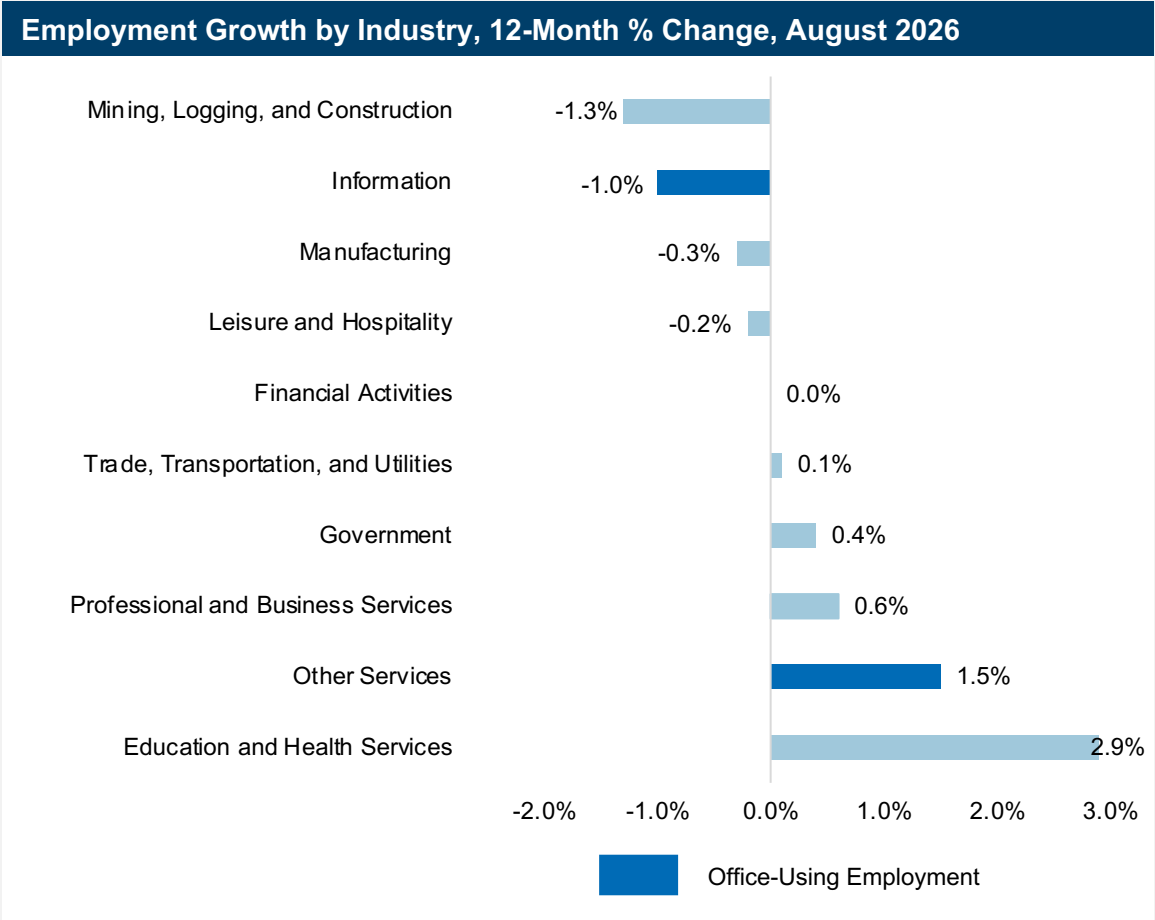
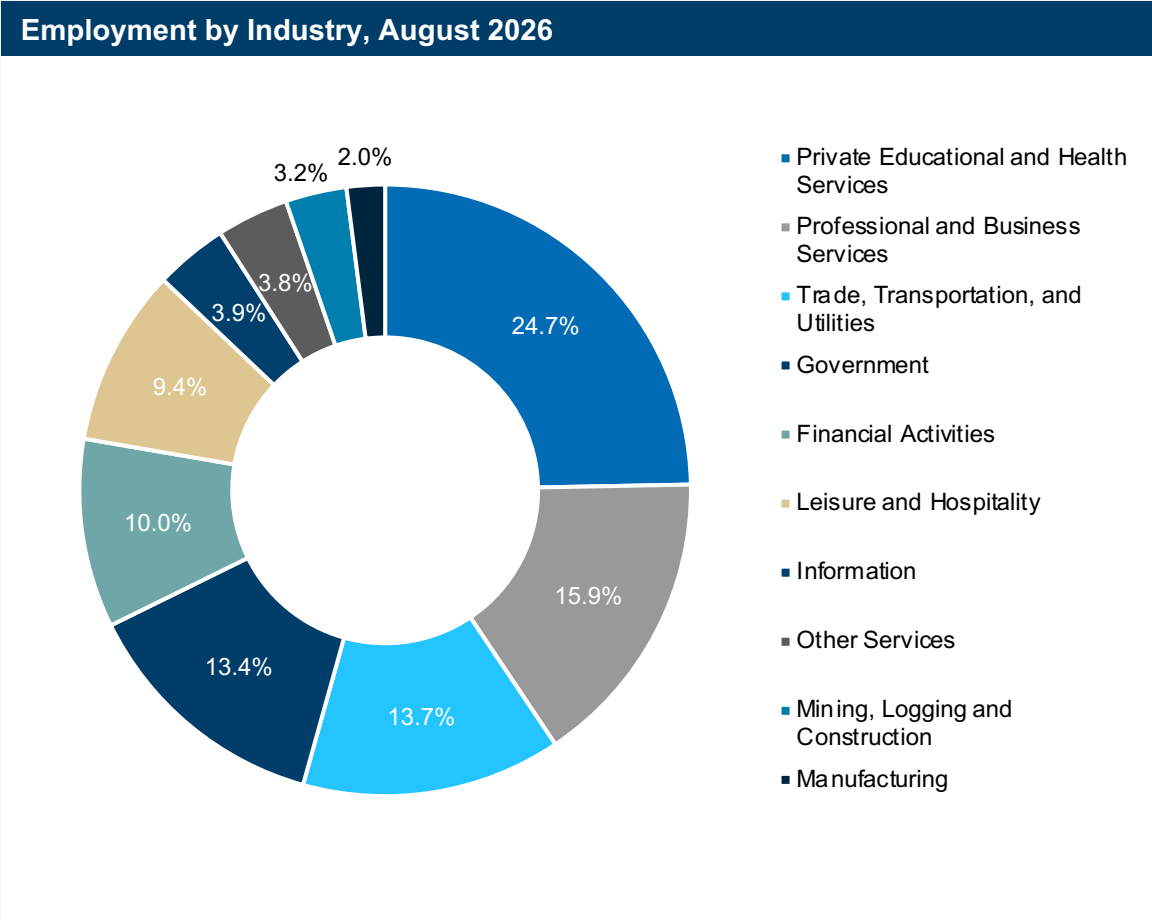
Westchester County's labor market cooled slightly against the nation's summer trend but held onto its edge. The local unemployment rate rose to 4.00% in August 2026, still 30 basis points below the U.S. rate of 4.30%, a narrower gap than June's 80 basis points, as Westchester's rate climbed faster than the national rate over the summer. Payroll growth stayed stronger: the "New York-Jersey City-White Plains" employment dataset that includes Westchester posted a +0.80% year-over-year gain as of August 2026, outpacing the U.S.'s +0.40% by 40 basis points. Unemployment is converging toward the national rate while payrolls keep growing faster, a mixed but still favorable setup heading into the fourth quarter.



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

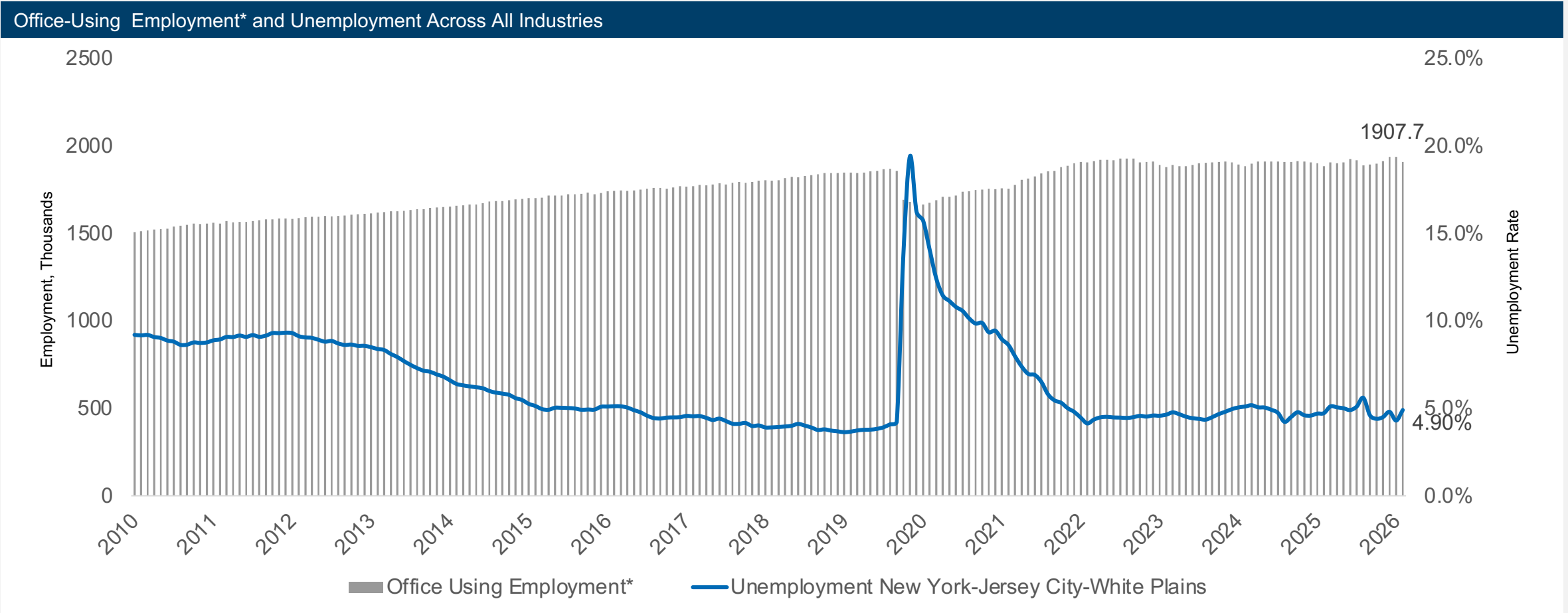
Employment Growth Is Concentrated in Healthcare, While Four Sectors Lose Jobs

Job growth across the New York-Jersey City-White Plains metro area was uneven in the twelve months through August 2026. Education and Health Services led all sectors, up 2.9%, followed by Other Services at 1.5%, Professional and Business Services at 0.6%, and Government at 0.4%. Trade, Transportation and Utilities added 0.1%, and Financial Activities held flat. Four sectors lost jobs over the period: Leisure and Hospitality fell 0.2%, Manufacturing fell 0.3%, Information fell 1.0%, and Mining, Logging and Construction posted the steepest decline at 1.3%. Growth is now concentrated in health care and business services, while construction and information jobs keep shrinking.



Office-Using Employment Holds Near Cycle High as Unemployment Stays Near Average

Office-using employment in the New York-Jersey City-White Plains metro area held near 1.91 million jobs in August 2026, above the five-year average of 1.90 million and roughly in line with the 12-month rolling average of 1.91 million. Core white-collar sectors remain resilient even as hiring has slowed elsewhere. The unemployment rate was 4.9% in August 2026, up slightly from 4.3% in July but still within the mid-4% range that has held for most of the year.



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.

02

Leasing Market Fundamentals

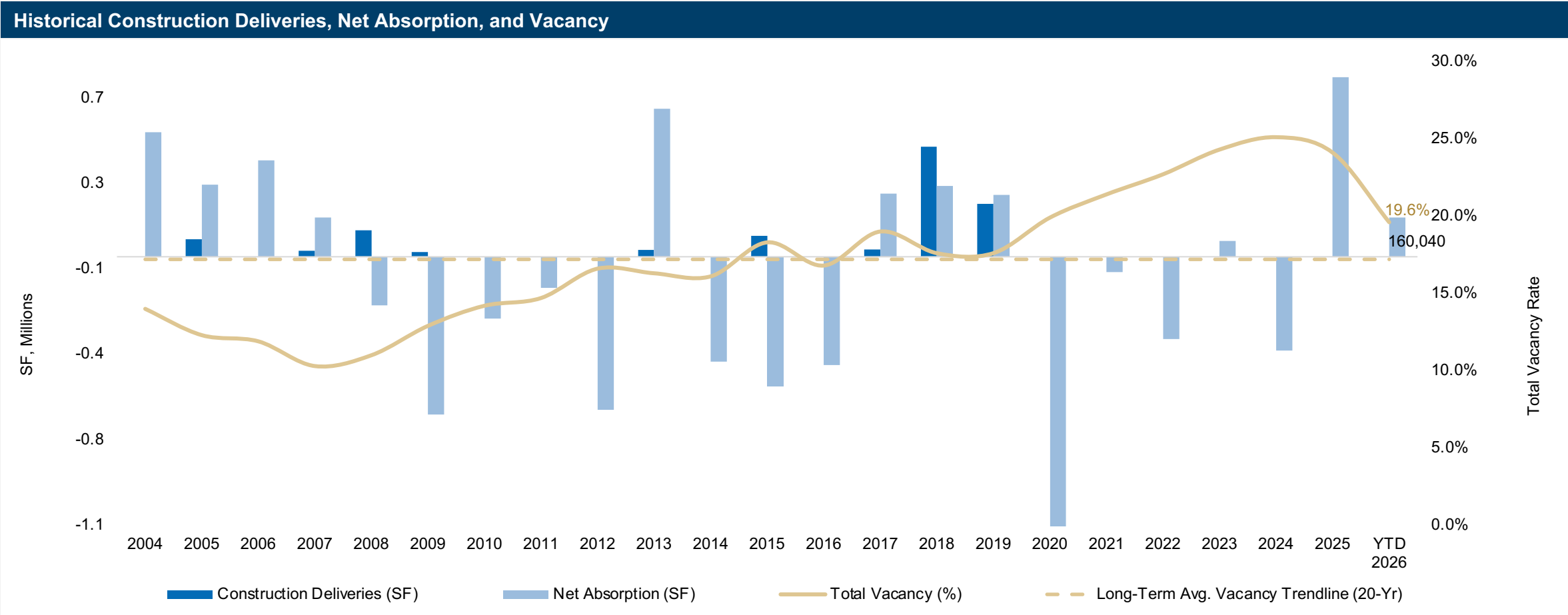
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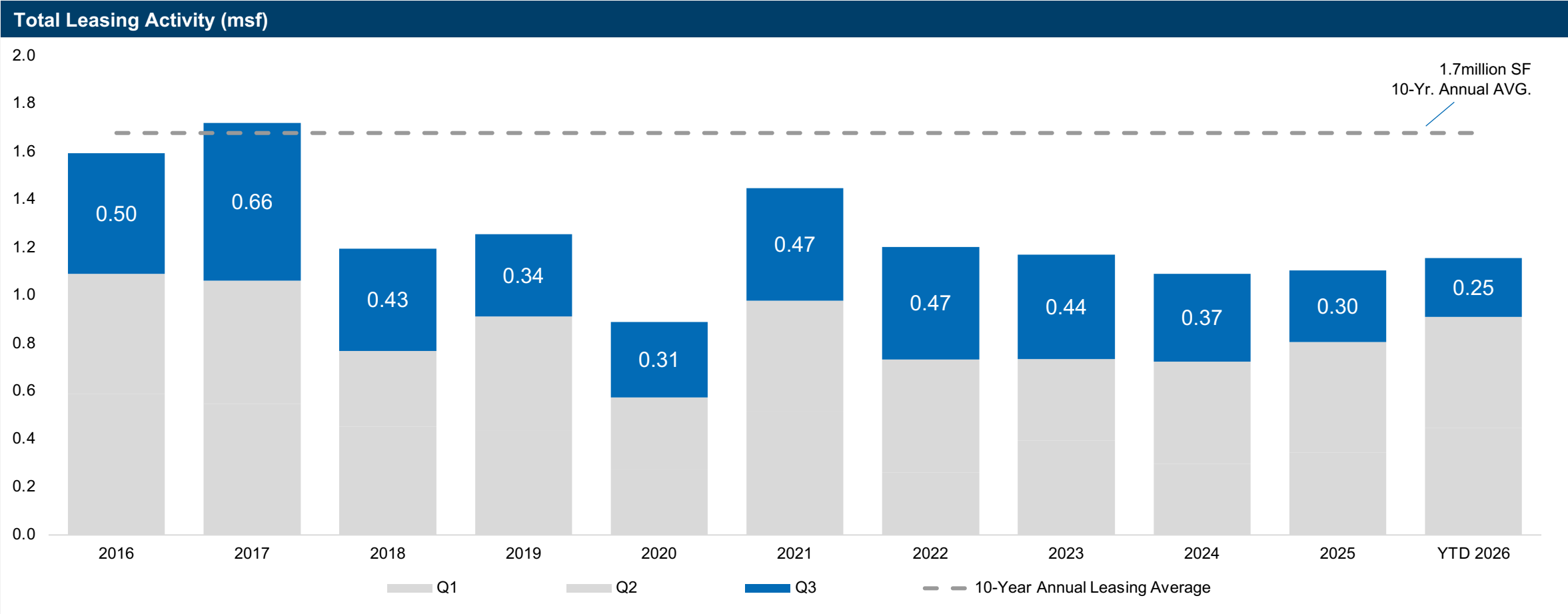
Vacancy Stabilizes as Earlier Inventory Contraction Reshapes the Market

Westchester County’s office fundamentals remained relatively stable through the third quarter despite a slowdown in leasing activity. The year-to-date vacancy rate averaged 19.6%, while net absorption remained positive at 160,040 SF through September following a modest decline during Q3. The lower vacancy rate partly reflects earlier contraction of the inventory base rather than broad-based demand growth. Construction is underway on a single-tenant headquarters for the New York Power Authority in Downtown White Plains, marking the market’s first significant office construction in years without adding competitive multi-tenant supply.



Q3 Leasing Slows as Limited Supply Shapes Activity; YTD Activity Remains Above 2025

Q3 2026 leasing activity slowed considerably, totaling ~250,000 SF, down 17.6% Y-o-Y and 47.0% from the previous quarter. While softer economic sentiment and uncertainty may have contributed to slower decision-making, the decline largely reflects structural constraints from years of office inventory removals and adaptive-reuse conversions. Limited options, particularly for larger requirements, continued to shape activity, with no transaction exceeding 50,000 SF and 84% of deals involving 10,000 SF or less. Despite the weaker quarter, YTD leasing remained slightly above the comparable 2025 period, suggesting a slowing and increasingly bifurcated market rather than a broad-based decline in tenant demand.



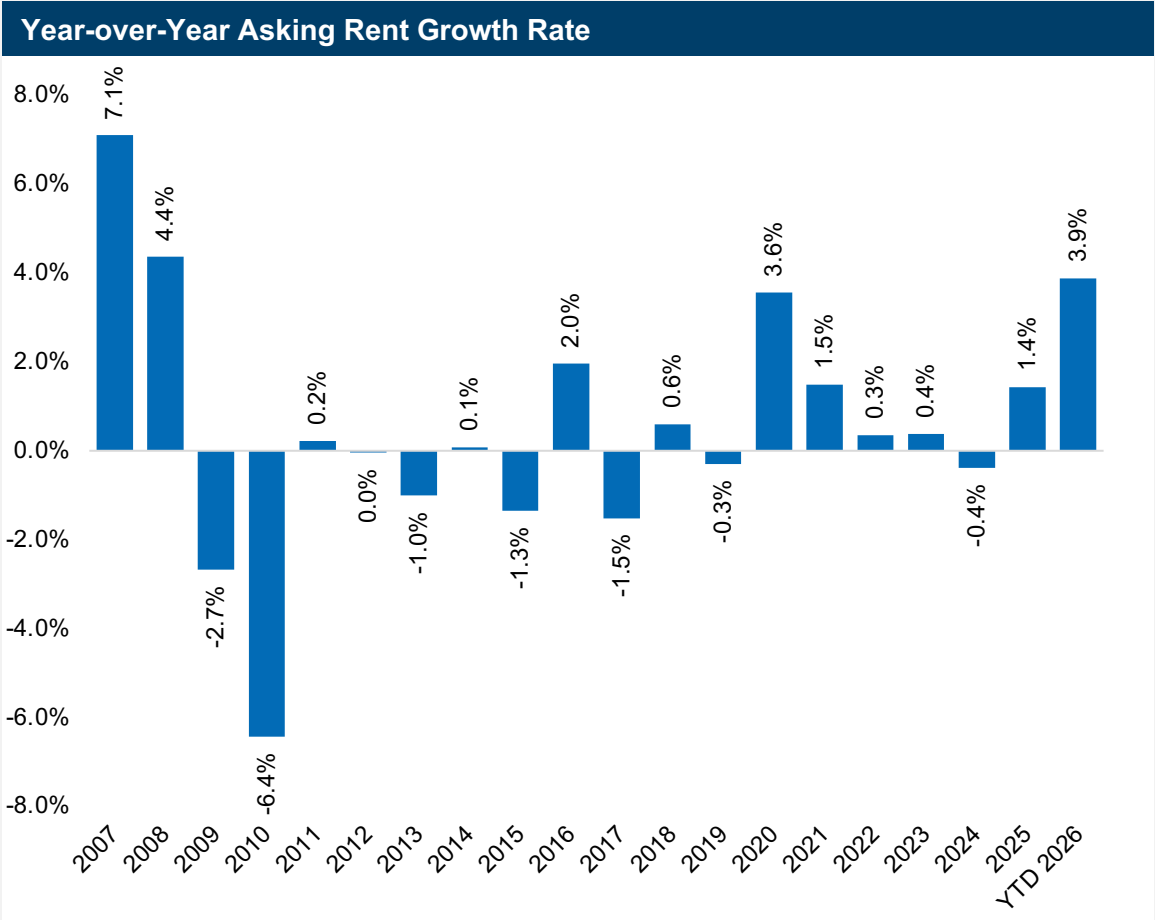
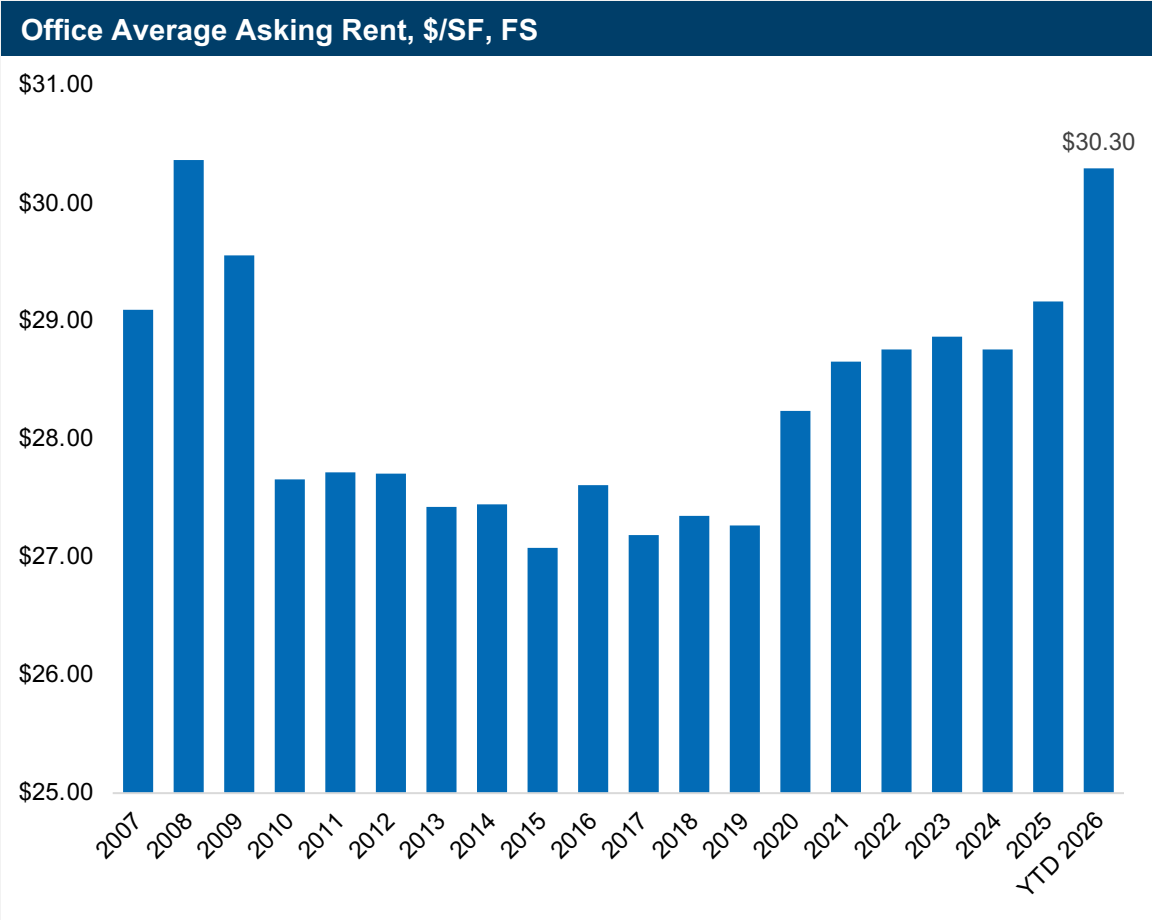
Vacancy Edges Lower as Total Availability Ticks Up Slightly

Westchester County’s vacancy rate edged down 15 basis points to 19.4% in Q3, despite slower leasing and negative net absorption of 38,611 SF. YTD absorption remained positive at ~160,000 SF. While physically vacant space declined by roughly 35,000 SF, total availability increased slightly by 16 basis points to 21.6%. These trends, combined with continued office conversions and inventory removals, point to a market where vacancy can improve even as leasing demand softens.



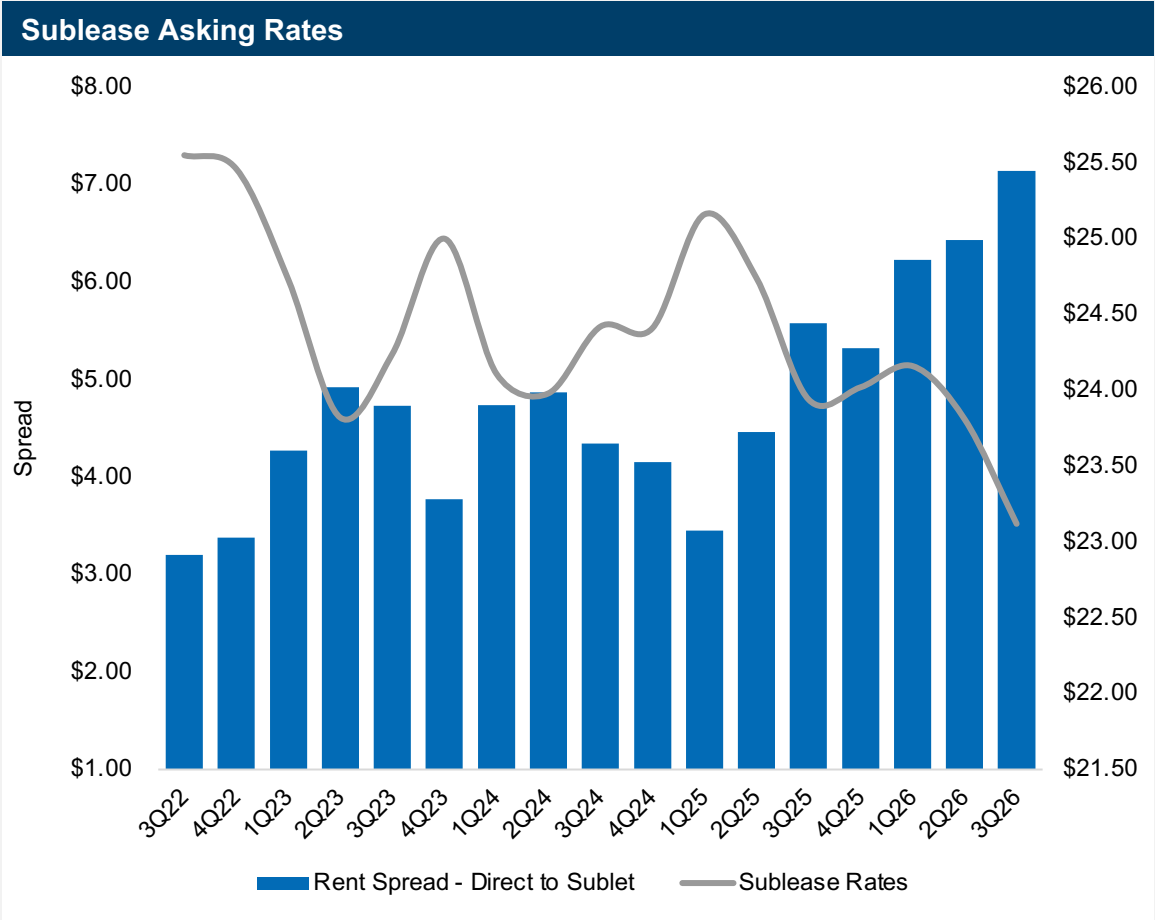
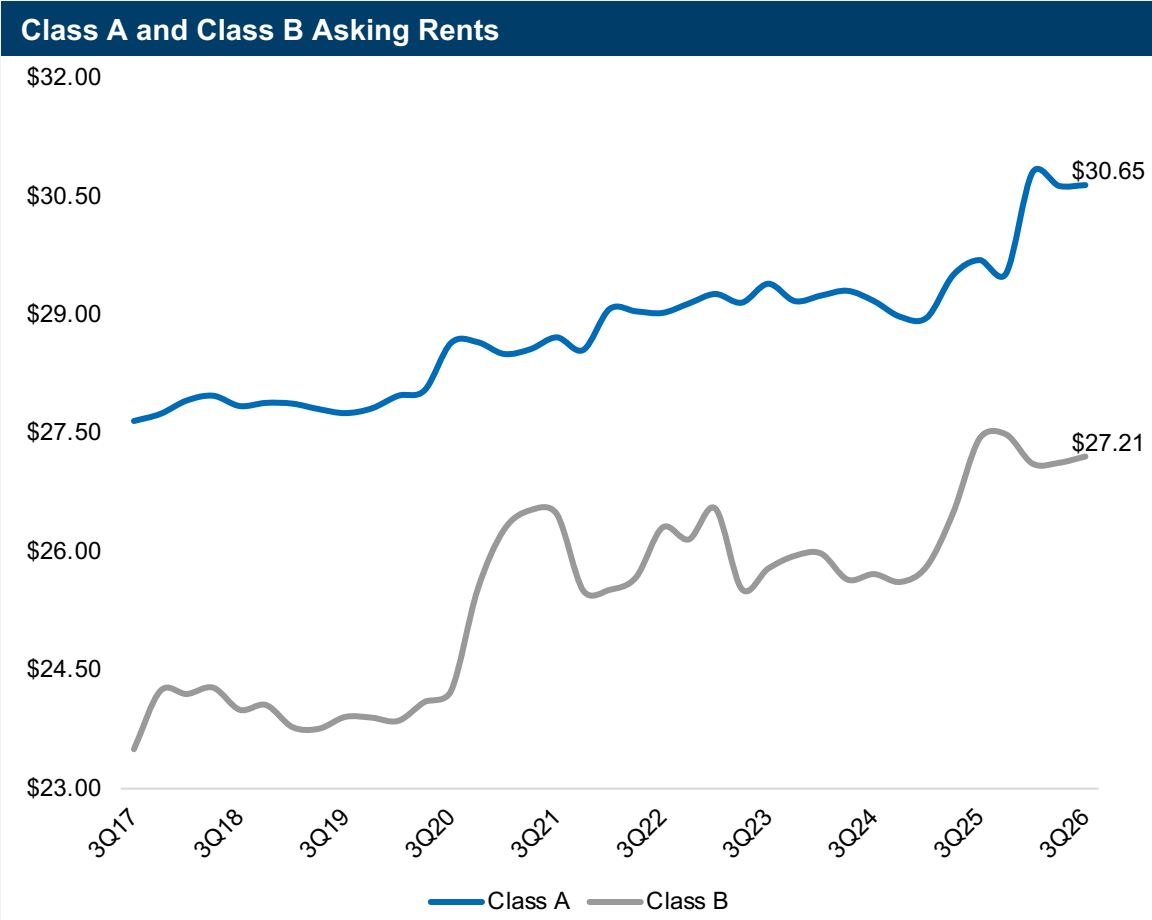
Asking Rents Reach Their Highest Level Since 2008

The county’s average asking rent increased to \$30.30/SF through the first nine months of 2026, its highest level since 2008 and a 3.9% increase from 2025. The increase continues to reflect the earlier removal of lower-tier space from the “700 Series” complex along I-287 East and the exclusion of ~1.2 million SF at IBM’s former Somers campus, which had averaged in the low \$20s/SF and weighed on the countywide average. Asking rents have since stabilized near the \$30/SF threshold, indicating that the earlier structural repricing has held rather than reflecting uniform rent growth across all properties.



Class A Rent Premium Remains Elevated as Direct-to-Sublease Spread Widens

The Class A/Class B rent spread remained elevated at \$3.44/SF in Q3 2026, compared with \$2.26/SF one year earlier, despite narrowing slightly in the first half of the year. Class A asking rent increased 3.2% year over year to \$30.65/SF, while Class B declined 0.8% to \$27.21/SF, consistent with concentrated demand for higher-quality assets following the prior year’s inventory-driven compression. The divergence was more pronounced between direct and sublease space, where the spread widened to \$7.14/SF as sublease asking rent fell to \$23.12/SF while direct pricing remained near \$30/SF.



Limited Options and Smaller Deals Constrain Third-Quarter Leasing

Westchester’s third-quarter leasing market was defined by smaller transactions and limited high-quality options. The five largest leases totaled just above 80,000 SF, with only one deal exceeding 15,000 SF and four involving renewals. None occurred in the White Plains CBD, where a shortage of quality, amenitized space constrained activity, although several tenants were negotiating on the few viable options available. On the investment side, the \$83.1 million sale of 750 White Plains Road at \$377.70 per SF demonstrated that select, well-positioned assets can still command premium pricing.

Top Lease Transactions Q3 2026				
Tenant	Building(s)	Submarket	Type	Square Feet
Acadia Realty Trust	411 Theodore Fremd Avenue	Rye – East I-287	Renewal	29,322
Westchester Library System	570 Taxter Road	Elmsford – West I-287	Renewal	14,371
Westchester Health Medical (Northwell Health)	465 Columbus Avenue	Valhalla – North	Renewal	14,033
SW Management	145 Huguenot Street	New Rochelle – South	Renewal	12,015
North East Structural Steel	800 Westchester Avenue	Rye Brook – East I-287	New Lease	11,320
Notable H1 2026 Sale Transactions (By Price/SF)				
Building	Market	Sale Price	Price/SF	Square Feet
750 White Plains Road*	Scarsdale – West I-287	\$83,092,507	\$377.7/SF	220,000
503 Grasslands Road	Valhalla – Northern	\$7,150,000	\$357.5/SF	20,000
110, 140, 150 Lockwood Avenue	New Rochelle – Southern	\$17,343,803	\$175.8/SF	98,646
360 Hamilton Avenue	White Plains CBD	\$67,500,000	\$175.8/SF	384,000
*Former Lord & Taylor site				

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Westchester County Office Submarket Quick Stats | Class A

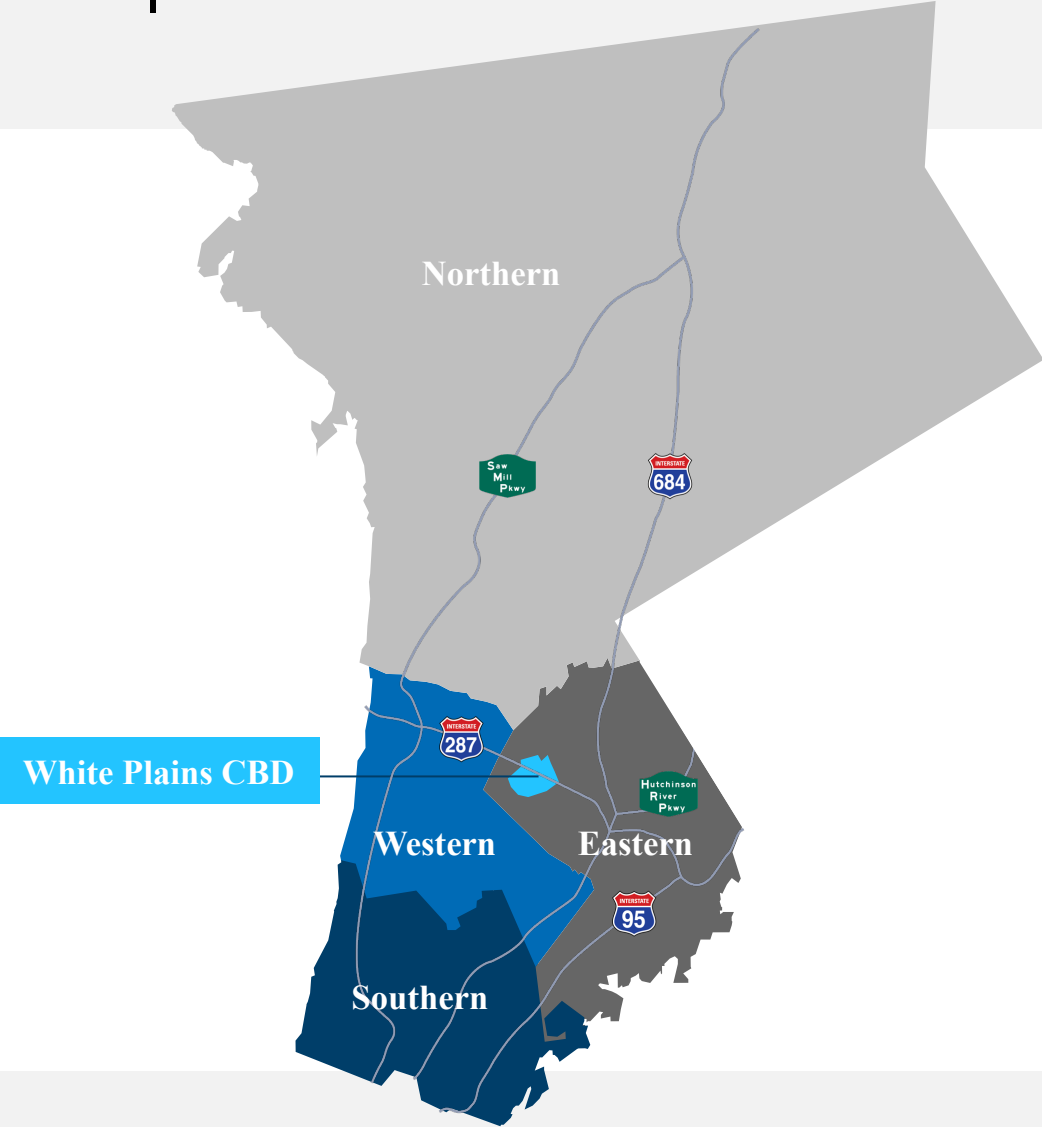
White Plains CBD	
4.3 Inventory (MSF)	18.2% Vacancy Rate
5,665 Net Absorption (SF)	\$37.43 Asking Rent (\$/SF)

Eastern	
7.3 Inventory (MSF)	20.9% Vacancy Rate
-24,980 Net Absorption (SF)	\$31.11 Asking Rent (\$/SF)

Western	
2.6 Inventory (MSF)	24.4% Vacancy Rate
-35,913 Net Absorption (SF)	\$28.47 Asking Rent (\$/SF)

Southern	
951,368 Inventory (SF)	10.3% Vacancy Rate
13,754 Net Absorption (SF)	\$29.17 Asking Rent (\$/SF)

Northern	
4.1 Inventory (MSF)	23.9% Vacancy Rate
9,303 Net Absorption (SF)	\$26.47 Asking Rent (\$/SF)



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