

Q4 2018

## Office Insight

# Redevelopments and medical tenants are reshaping the Westchester office market

- Traditional office properties continue to be purchased and redeveloped throughout the county
- The healthcare sector continues to change the identity of the Westchester County office market
- The flex space market is rising in the northern suburbs of the county

Over the course of 2018, we have seen multiple office properties bought and redeveloped into mixed-use and medical space. The fourth quarter was no exception. Simone Development Cos purchased 104 Corporate Park Drive in White Plains for \$14 million. The plan is to develop a four-story pediatric ambulatory care center for Montefiore Medical Center. Included in the facility will be urgent care space, lab facilities, MRI imaging suite, radiology and other technology.

The county continues to see the healthcare industry lease office space. The medical manufacturer Carl Zeiss leased 24,000 square feet at One North Broadway in White Plains and Premier Home Health Care Services leased 15,000 square feet at 1 North Lexington in White Plains. Cystic Fibrosis and Northwell Health also leased space in the county for 1,700 and 12,000 square feet respectively.

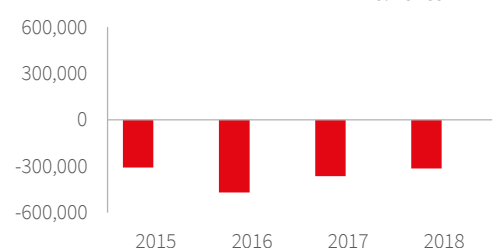
One of the few rising sectors in the county is the industrial/flex market. Mack-Cali recently sold the six-building, 384,000-square-foot Elmsford Distribution center for \$70.25 million. This shows a sign of strength and durability for this market in the county.

## Outlook

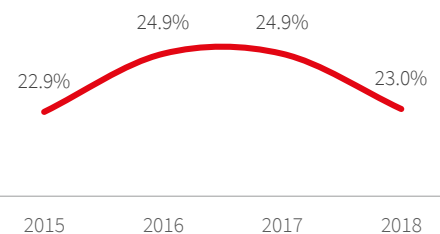
The Westchester County office market will continue to be revived by building redevelopments and medical tenants. These changes are significantly changing the landscape of the office market in Westchester. High quality office space in the county will be positively effected as other properties are redeveloped into medical, residential and recreational uses.

Fundamentals	Forecast
YTD net absorption	-314,579 s.f. ▶
Under construction	0 s.f. ▶
Total vacancy	23.0% ▼
Average asking rent (gross)	\$28.24 p.s.f. ▶
Concessions	Stable ▶

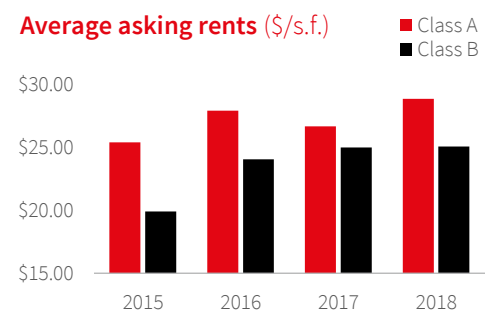
## Supply and demand (s.f.)



## Total vacancy



## Average asking rents (\$/s.f.)



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