

# 2024 MID-YEAR SALES REPORT

## WESTCHESTER



**139**  
TRADES

**\$470 M**  
VOLUME

**\$3.4 M**  
AVG DEAL  
PRICE

## CURRENT TRENDS AND OPPORTUNITIES IN INVESTMENT SALES

By John Barrett, Managing Director at RMF

The real estate market in Westchester County is undergoing significant changes, presenting both challenges and opportunities for investors. As we navigate through the current economic landscape, it is crucial to understand the evolving trends, lending standards, rising operating expenses, and potential near-term risks that could impact investment decisions.

### PROMISING ASSET TYPES AND GEOGRAPHICAL AREAS

Transit-oriented development continues to drive new multi-family development in Westchester County. The proximity of MTA North rail stations, typically located in downtown areas, is generating increased demand for restaurant spaces and retail properties.

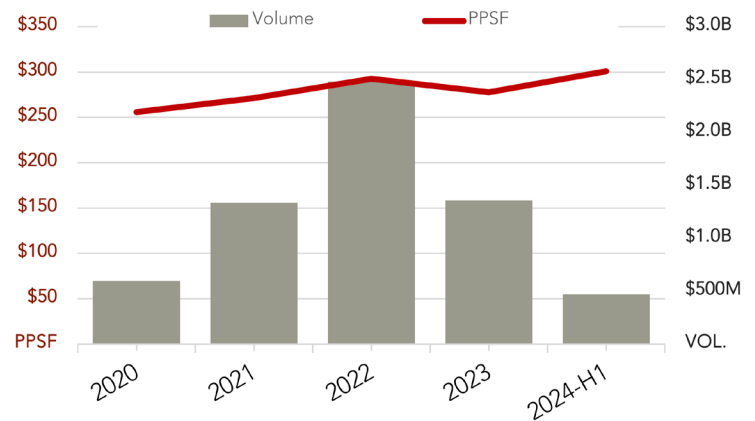
Carmen Baumen, an Investment Sales Broker at RMF, notes, "The suburban resurgence trend of urban dwellers moving to suburban areas for more space and lower costs continued to drive residential housing demand, thereby continuing to qualify multifamily housing and mixed-use development as two promising asset types in lower Westchester County. Apartments remain attractive due to steady demand from renters and buyers seeking suburban lifestyles, driven by a combination of demographic shifts and affordability compared to nearby New York City. Mixed-use properties that integrate residential, retail, and/or office spaces continue to gain popularity, catering to the preferences of a more integrated lifestyle and offering diversified income streams by appealing to a broad range of tenants."

### LENDING STANDARDS AND FINANCING VOLUME

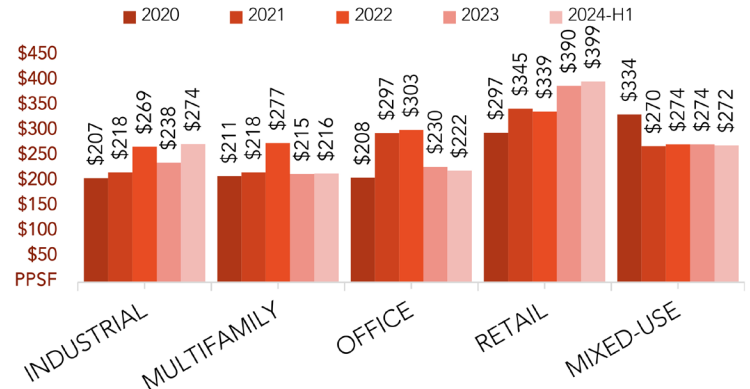
Investors are currently facing higher interest rates, lower loan-to-value (LTV) ratios, and financial institutions under regulatory pressure to strengthen their balance sheets and capital ratios. This combination of factors makes qualifying for a loan cumbersome, if not nearly impossible. For example, a recent transaction closed with a 45% LTV where it would have been 80% just five years ago, and the interest rate would have been half.

We expect the Federal Reserve to cut interest rates at least once, if not twice, by 25 basis points each time this year, unless the unemployment rate skyrockets before the end of the year. Several interest rate cuts are anticipated next year, with rates for commercial properties settling in the mid-5% range. As of the date of this report, inflation appears to have moderated significantly.

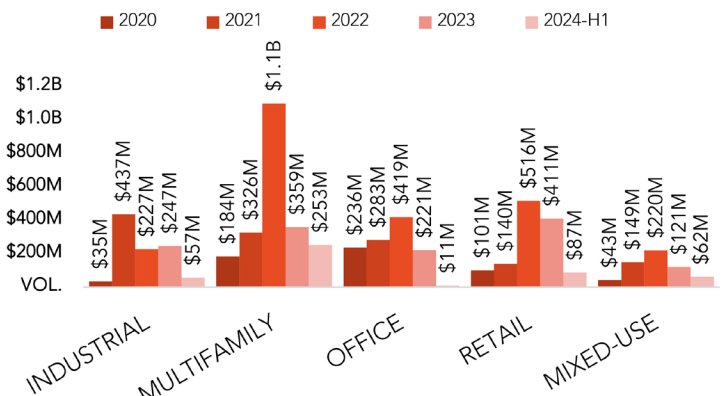
**AVERAGE PPSF & TOTAL VOLUME <sup>1 2</sup>**



**MARKET SEGMENTS: AVERAGE PPSF <sup>1</sup>**



**MARKET SEGMENTS: VOLUME <sup>1</sup>**



1) Westchester Investment/Building Sales

2) Data Excludes Known Development Sites & Specialty Use Property

## CURRENT TRENDS AND OPPORTUNITIES IN INVESTMENT SALES

Baumen adds, "Westchester County's economic health, including employment rates, income levels, and business activity, can impact lending standards. Strong local economies may support more favorable lending terms. The demand for different types of properties within Westchester County can also affect financing volume. Lenders may be more willing to finance properties in high-demand sectors with stable cash flows. Additionally, the regulatory environments can challenge the feasibility of projects and affect financing options. Looking ahead to 2024 and beyond, the Federal Reserve's decisions on interest rates will continue to be crucial. Any increases in the federal funds rate could translate to higher borrowing costs for investors in Westchester. Economic growth within Westchester County, including employment trends and business expansion, will play an increased role in shaping local interest rate dynamics. If inflation remains a concern nationally, it could lead to continued upward pressure on interest rates, affecting borrowing costs in Westchester County."

### OPERATING EXPENSES AND ASSET MANAGEMENT

Over the past 2-3 years, all expense categories, especially insurance, utilities, and real estate taxes, have risen significantly. Rent increases have not kept pace, reducing Net Operating Income (NOI) while interest rates have risen, thereby reducing property values for most types except for Single Tenant Net Leased (STNL) properties, where the tenant is responsible for all expenses, and Triple Net (NNN) retail properties, where a large portion of expenses are reimbursed to the owner. Property managers are under tremendous pressure to keep oversight tight. Owners are advised to put their expenses out to bid at least every two years to minimize expense growth.

Harry Delany, an Investment Sales Broker at RMF, describes the impact of rising operating costs on property management. "The rising cost of utilities, operating expenses, and insurance is taking its toll on buildings' P&Ls. Owners have cut corners on expenses across the board to keep their buildings, while rent increases have been very low. The cost increases are pushing buildings to, break-even or experience losses, particularly for ETPA buildings. This has driven down valuations."

Delany emphasizes the need for aggressive expense management to maintain profitability. "In the near term, a primary challenge will be growing the net operating income at a time when expense growth is so significant and rent growth is so slow. Owners will have to aggressively micromanage expenses or find upside for additional income."

### NEAR-TERM MARKET RISKS AND MANAGEMENT STRATEGIES

Government overreach, both local and national, is a significant concern. Proposals such as a 5% national rent cap for multi-family properties have been discussed, though a national cap does not make sense given that real estate is inherently local. Property owners and investors should stay informed about potential regulatory changes and build a robust team of professionals, including a commercial real estate broker, local banker, CPA, and attorney, to navigate these challenges.

Baumen adds, "In Westchester County, as in any real estate market, potential near-term market risks can present challenges for property owners and investors. For example, fluctuations in economic conditions, including potential recessions or slowdowns, can affect property demand, occupancy rates, and rental income. Rising interest rates can increase borrowing costs, potentially reducing property affordability and investment returns. Overbuilding or an excess supply of properties in certain segments (e.g., residential, commercial) can lead to increased competition and lower rental rates. It is important for an investor, real estate or otherwise, to diversify. Diversifying investment portfolios across different asset types and geographic locations within Westchester County can mitigate risks associated with a downturn in any single market segment or concentrated location. Remaining agile and adaptable in response to changing market conditions by adjusting leasing strategies, property management practices, and capital expenditures is also necessary. Perhaps most importantly, seeking guidance from experienced real estate brokers and advisors will provide valuable insights and strategies tailored to current market conditions and regulatory changes."

### CONCLUSION

Despite current market challenges, now remains a favorable time to list properties. Stable demand, coupled with a low inventory, creates the best atmosphere for sellers to achieve competitive pricing and favorable terms. Effective management of operating expenses and staying informed about economic and regulatory changes will be key for investors to successfully operate within the market.

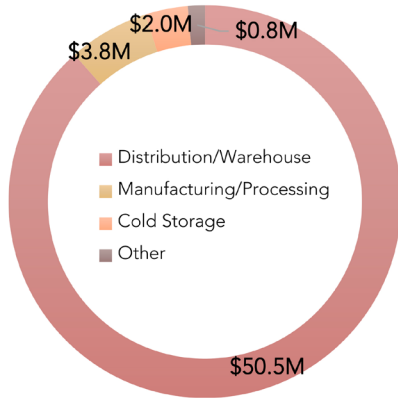
## DATA POINTS

### METRICS: 2024-H1

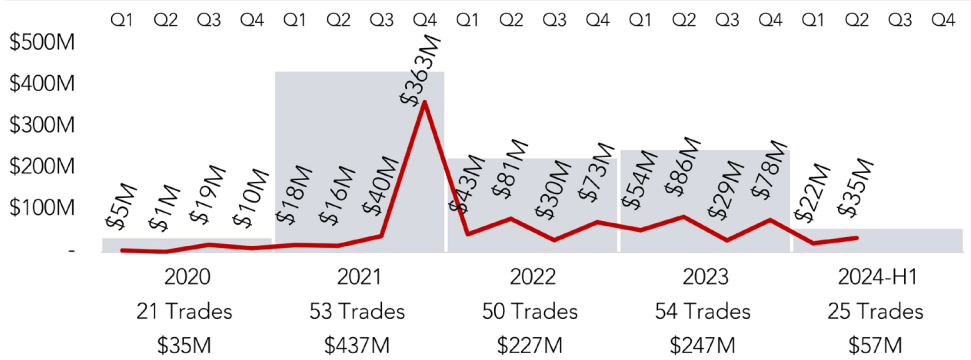
Metric	%Δ
\$57M Total Volume	↓ 59.2%
25 Trades	↓ 7.4%
\$2.3M Average Deal Price	↓ 56.0%
\$274 Average Price Per SF	↑ 23.5%

*From 2023-H1*

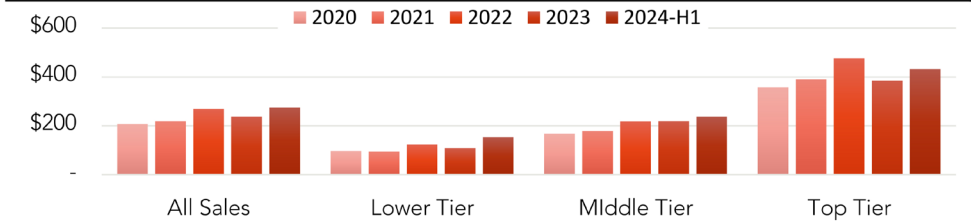
### VOLUME BY TYPE: 2024-H1



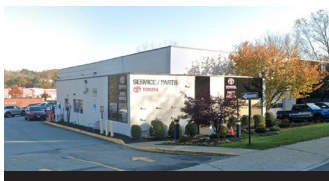
### VOLUME HISTORY



### AVERAGE PRICE PER SF

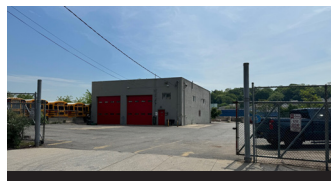


## FEATURED TRANSACTIONS



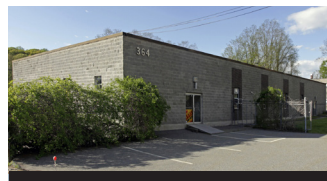
#### 225 Kisco Ave | Mount Kisco

SALE PRICE: \$5,000,000  
 BUILDING SF: 12,285 SF  
 PPSF: \$407.00



#### 852 Nepperhan Ave | Yonkers

SALE PRICE: \$4,200,000  
 BUILDING SF: 5,859 SF  
 PPSF: \$717.00



#### 364 Adams St | Bedford Hills

SALE PRICE: \$2,750,000  
 BUILDING SF: 9,000 SF  
 PPSF: \$306.00



#### 111 Plain Ave | New Rochelle

SALE PRICE: \$2,300,000  
 BUILDING SF: 9,950 SF  
 PPSF: \$231.00

## VIEWPOINTS

**JOHN BARRETT:** Despite challenges, notable transactions like the sale of 225-227 Kisco Ave in Mount Kisco for \$5 million highlight the ongoing demand for well-located industrial properties. The property, an auto parts and service center, spans 12,285 square feet, equating to a price of \$407/SF. The market continues to face challenges from rising operating costs, but long-term prospects remain positive due to the ongoing demand for logistics and warehousing spaces.

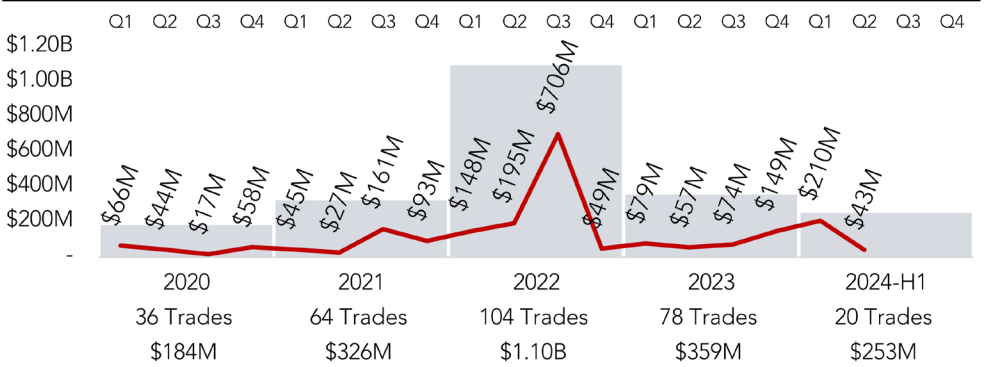
## DATA POINTS

### METRICS: 2024-H1

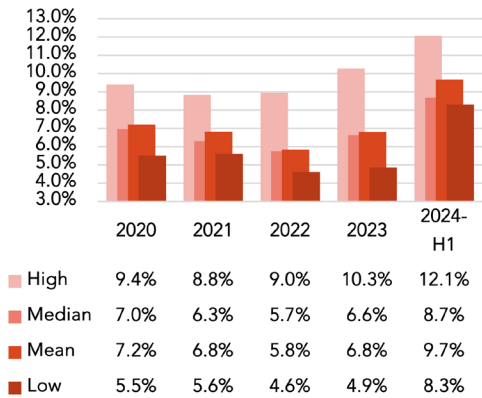
Metric	%Δ
\$253M Total Volume	↑ 86.2%
20 Trades	↓ 50.0%
\$12.6M Average Deal Price	↑ 272.3%
\$216 Average Price Per SF	↑ 7.1%

*From 2023-H1*

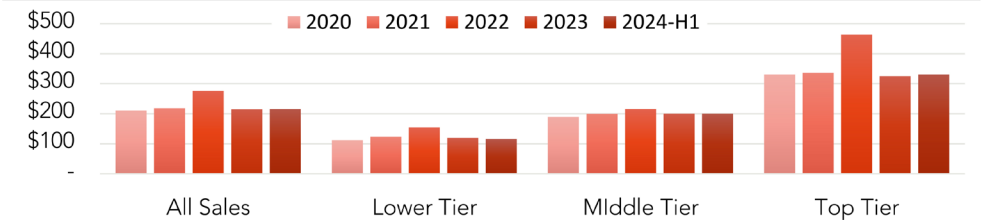
### VOLUME HISTORY



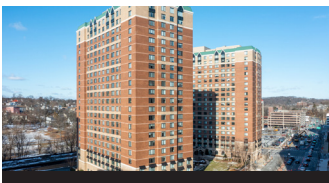
### CAPITALIZATION RATES



### AVERAGE PRICE PER SF

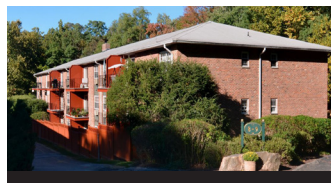


## FEATURED TRANSACTIONS



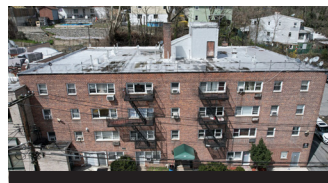
#### 15-45 Bank St | White Plains

SALE PRICE: \$195,000,000  
BUILDING UNITS: 501  
PPU: \$389,222.00



#### 26 Scenic Dr | Croton on Hudson

SALE PRICE: \$31,000,000  
BUILDING UNITS: 144  
PPU: \$215,280.00



#### 376 Mclean Ave | Yonkers

SALE PRICE: \$4,300,000  
BUILDING UNITS: 34  
PPU: \$126,471.00



#### 200 Bedford Ave | Mount Vernon

SALE PRICE: \$3,500,000  
BUILDING UNITS: 41  
PPU: \$85,366.00

## VIEWPOINTS

**JOHN BARRETT:** A significant transaction was the sale of 26-31 Scenic Drive in Croton-On-Hudson for \$31 million to LAS Properties. The townhouse development has 144 units, resulting in a sales price of just over \$215,000/unit. The sector's growth is driven by strong demand for residential rental units throughout all of Westchester County, not just the cities.

**HARRY DELANY:** Multifamily owners have been waiting to see what happens to interest rates in September, struggling to handle high expense increases, and awaiting a potential political change in November. ETPA is making it difficult with rent increases below inflation. There will be more opportunities for cash buyers to purchase ETPA buildings in 2025, as owners are feeling the pain and waiting it out will not solve the problem.

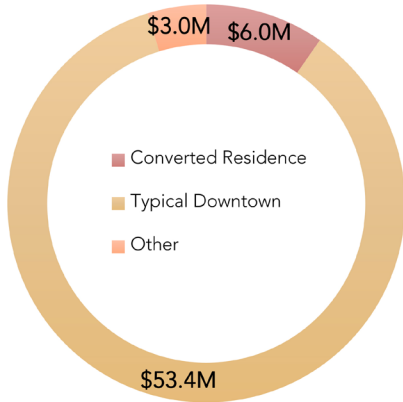
## DATA POINTS

### METRICS: 2024-H1

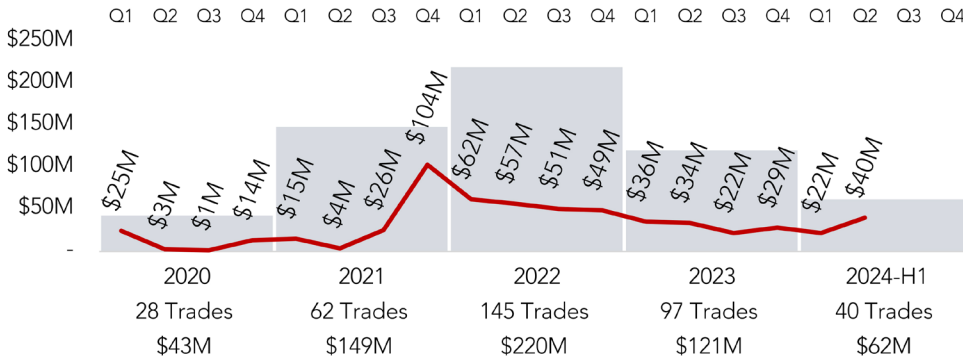
Metric	%Δ
\$62M Total Volume	↓ 10.8%
40 Trades	↓ 18.4%
\$1.6M Average Deal Price	↑ 9.3%
\$272 Average Price Per SF	↓ 3.9%

*From 2023-H1*

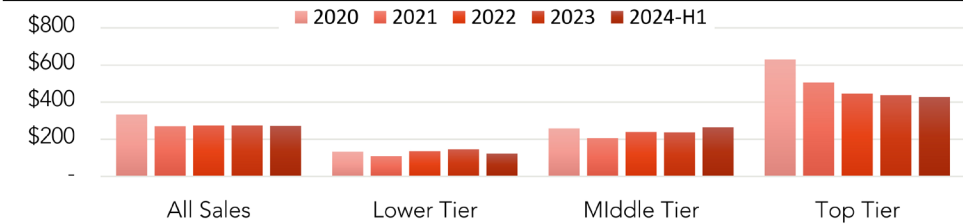
### VOLUME BY TYPE: 2024-H1



### VOLUME HISTORY



### AVERAGE PRICE PER SF



## FEATURED TRANSACTIONS



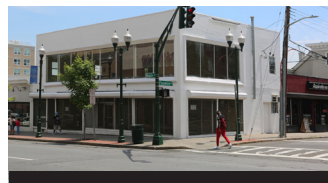
#### 46 E Parkway | Scarsdale

SALE PRICE: \$13,000,000  
BUILDING SF: 23,706 SF  
PPSF: \$548.00



#### 440 White Plains Rd | Eastchester

SALE PRICE: \$7,195,000  
BUILDING SF: 25,550 SF  
PPSF: \$282.00



#### 406-10 Main St | New Rochelle

SALE PRICE: \$3,235,000  
BUILDING SF: 12,400 SF  
PPSF: \$261.00



#### 37 Theodore Fremd Ave | Rye

SALE PRICE: \$3,000,000  
BUILDING SF: 8,495 SF  
PPSF: \$353.00

## VIEWPOINTS

**JOHN BARRETT:** Key transactions, such as the sale of 46 E Parkway in Scarsdale for \$13 million, demonstrate ongoing interest in diversified income streams. This property spans 23,706 square feet, resulting in a price per square foot of \$548. Mixed-use properties offer flexibility and stability, attracting investors looking for long-term returns in stable, mature markets with high barriers to entry.

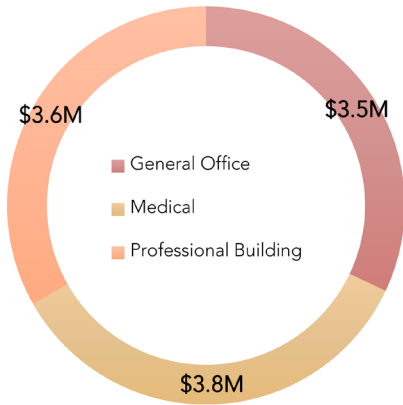
**CARMEN BAUMAN:** Similar to Westchester County's retail market, typical downtown locations that cater to "live-work-play" constitute the lion's share of the mixed-use market's total volume. The integration of retail spaces, restaurants, cafes, and entertainment venues within mixed-use developments enhances convenience and creates vibrant social hubs, fostering environments where residents can live, work, and have leisure activities within walking distance. This reduces dependence on cars and promotes sustainability.

## DATA POINTS

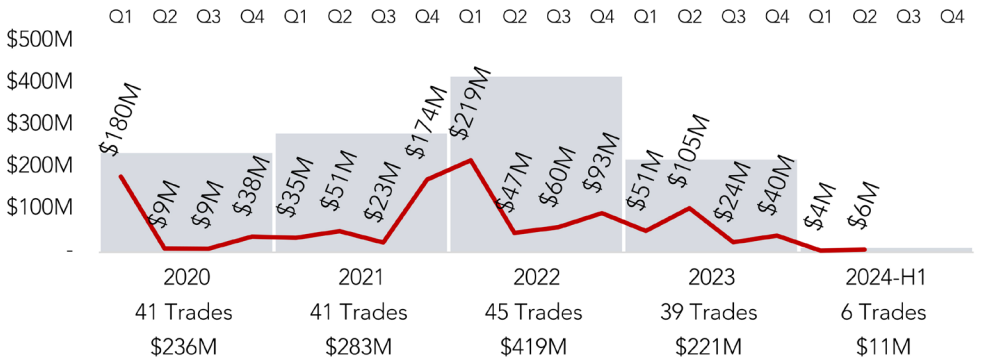
METRICS: 2024-H1	%Δ
\$11M Total Volume	↓ 93.1%
6 Trades	↓ 70.0%
\$1.8M Average Deal Price	↓ 77.1%
\$222 Average Price Per SF	↑ 14.0%

*From 2023-H1*

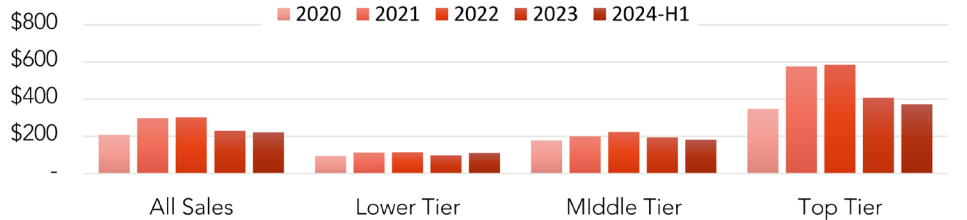
### VOLUME BY TYPE: 2024-H1



### VOLUME HISTORY



### AVERAGE PRICE PER SF



## FEATURED TRANSACTIONS



#### 4 Fisher Ln | White Plains

SALE PRICE: \$2,731,602  
BUILDING SF: 5,820 SF  
PPSF: \$469.00



#### 598 Tuckahoe Rd | Yonkers

SALE PRICE: \$2,600,000  
BUILDING SF: 15,200 SF  
PPSF: \$171.00



#### 7 Dempsey Pl | Eastchester

SALE PRICE: \$730,000  
BUILDING SF: 5,492 SF  
PPSF: \$133.00



#### 1 North St | Hastings on Hudson

SALE PRICE: \$1,000,000  
BUILDING SF: 5,400 SF  
PPSF: \$185.00

## VIEWPOINTS

**JOHN BARRETT:** The office market in Westchester is expected to shrink from its current 26 million square feet to about 20 million square feet as B and C class properties are repurposed or redeveloped for alternative uses. Recently, a 110,000 square foot B class office property was put under contract for adaptive reuse as a multi-family development, located within walking distance to the second busiest Metro North train station. Office property campuses are increasingly being redeveloped into mixed-use communities offering a Live-Work-Play environment. Post-Covid, the momentum for returning to the office is accelerating as more companies require employees to return.

**HARRY DELANY:** Office properties are sitting with high vacancy rates. There should be opportunities to buy B- & C properties at a discount prior to or after foreclosure, and repositioning or converting to residential. Office properties that seem to be leasing well are medical and A properties. Leases appear to be smaller in scale.

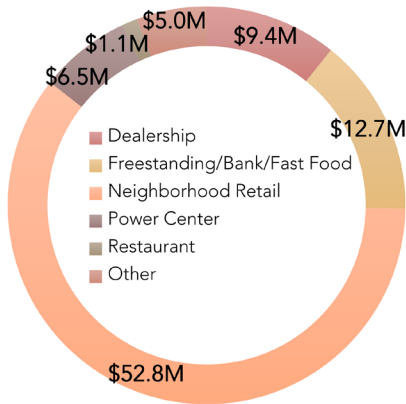
## DATA POINTS

### METRICS: 2024-H1

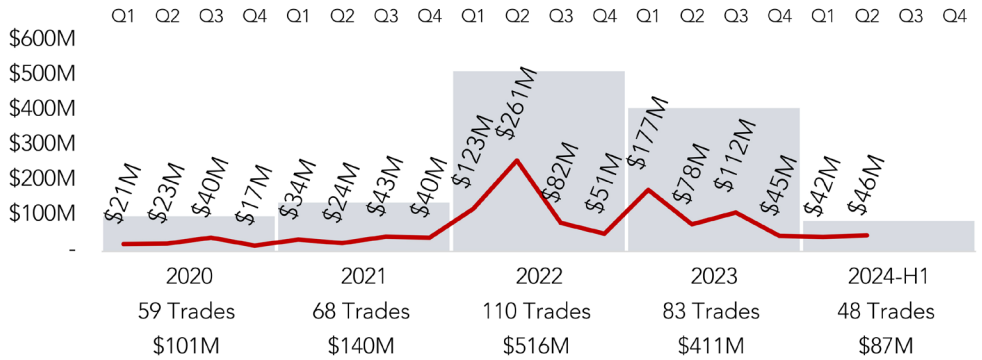
Metric	%Δ
\$87M Total Volume	↓ 65.6%
48 Trades	↑ 4.3%
\$1.8M Average Deal Price	↓ 67.0%
\$399 Average Price Per SF	↓ 0.3%

*From 2023-H1*

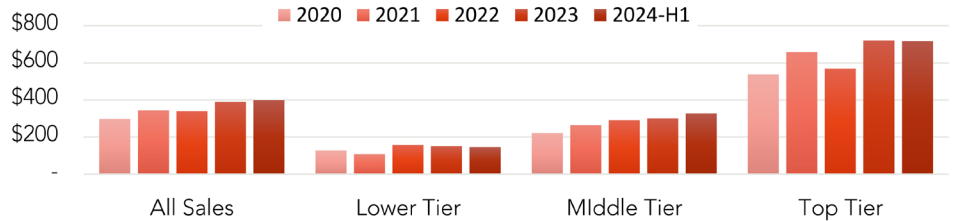
### VOLUME BY TYPE: 2024-H1



### VOLUME HISTORY



### AVERAGE PRICE PER SF



## FEATURED TRANSACTIONS



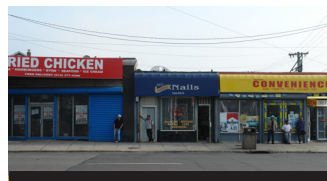
**1200 Mamaroneck Ave | White Plains**

SALE PRICE: \$8,500,000  
BUILDING SF: 12,620 SF  
PPSF: \$674.00



**887 Central Pk Ave | Scarsdale**

SALE PRICE: \$7,912,500  
BUILDING SF: 12,621 SF  
PPSF: \$630.00



**801 Yonkers Ave | Yonkers**

SALE PRICE: \$3,400,000  
BUILDING SF: 8,100 SF  
PPSF: \$420.00



**1444 E Boston Post Rd | Mamaroneck**

SALE PRICE: \$3,200,000  
BUILDING SF: 2,790 SF  
PPSF: \$1,147.00

## VIEWPOINTS

**JOHN BARRETT:** For many years, there was a perception that Westchester County was under-retailed compared to Northern New Jersey. Post-pandemic, it's evident that while Westchester may have less big-box retail, there is still plenty of retail space, even if it takes an extra 10 minutes to drive to compared to NJ. Village and downtown vacancies and rents continue to shine, but vacancies in big-box retail spaces along highways are challenging, with slowed rental growth.

**CARMEN BAUMAN:** With neighborhood retail leading the charge in the first half of this year, the blending of retail spaces with residential, office, and entertainment components is gaining popularity, creating vibrant community hubs that attract foot traffic. Indeed, there is a certain demand for upscale retail offerings and niche specialty stores that cater to affluent demographics in Westchester County. Freestanding properties such as restaurants (fast food and otherwise), banks, and dealerships also continue to trade.



# RM FRIEDLAND

COMMERCIAL REAL ESTATE SERVICES

For more information, contact:



**JOHN BARRETT**

Managing Director  
914.968.8500 x320

[jbarrett@rmfriedland.com](mailto:jbarrett@rmfriedland.com)



**CARMEN BAUMAN**

Associate Broker  
914.968.8500 x316

[cbauman@rmfriedland.com](mailto:cbauman@rmfriedland.com)



**HARRY DELANY**

Associate Broker  
914.968.8500 x301

[hdelany@rmfriedland.com](mailto:hdelany@rmfriedland.com)

Research compiled and organized by:



David Raciti  
Associate Broker



Tenerria Hughes  
Marketing Associate

NEW YORK | CONNECTICUT | [RMFRIEDLAND.COM](http://RMFRIEDLAND.COM) | 914.968.8500

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