

# NORTHEAST SNAPSHOTS

Northeast Real Estate Business provides a look into the varying landscapes of Northeastern office, industrial, retail and multifamily markets.

NORTHEAST  
SNAPSHOTS

OFFICE

## HUDSON VALLEY



Rao

The Hudson Valley office market is currently seeing some of the effects that rising prices can have on an area. With the Manhattan office market experiencing rents in the triple digits per square foot, many companies can't afford to pay these sky-

rocketing prices and are looking to the Hudson Valley to relocate. As a result, several Fortune 500 companies are moving to this region.

Starwood Hotels & Resorts Worldwide recently expanded its lease at 1133 Westchester Avenue in White Plains by 49,686 square feet. However, the company, which is looking to occupy a large block of space in Westchester County, is running into a problem: there is a severe lack of large block space available in the region. The rate of new development is increasing as is the occupancy rate, but much of this space isn't geared for larger users. Approximately 80 percent of the market consists of space measuring 5,000 square feet or less. In order to meet this demand, Northeast developers need to construct larger projects or build-to-suits for single users.

Bio-Med Realty Trust broke ground

this spring on a 360,000-square-foot, \$145 million laboratory and office complex in the 752,000-square-foot Landmark at Eastview multi-tenant technology park in Greenburgh and Mount Pleasant. Regeneron Pharmaceuticals will lease 194,000 square feet of space in this new building for its corporate headquarters; the remainder of the space is available for multiple tenants.

Other developers in the Hudson Valley office market are Joe Simone of Simone Development and SL Green. SL Green used to focus on Manhattan real estate, but since its acquisition of Reckson Associates Realty Corp., the company has placed additional focus on Westchester County.

These new companies seeking space in the Hudson Valley are entering a market with increasing rental rates. Class A rents increased 15 percent

from last year and now measure \$35 to \$40 per square foot in downtown White Plains. Even Class B and C rental rates are measuring in the mid to upper \$20s.

While the rental rates are increasing, vacancy rates are decreasing from 14 percent last year to 12 percent this year. The market is expected to tighten up in the second half of this year as more new product comes online.

In the future, one should keep an eye on Rye Brook as a submarket to absorb much of the Greenwich, Connecticut, lack of space. Tenants are also encouraged to look at space in Rockland County, due to this county's higher vacancy rates.

— Michael P. Rao is principal at New York Commercial Realty Group in White Plains, New York.