

APPENDIX G

OFFICE USE MARKET REPORT



Housing And Neighborhood Development Services

*HANDS-on Approach to
Housing & Community Planning*

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To: Val Santucci, VS Construction Corporation
From: Angela Witkowski, Housing and Neighborhood Development Services
Date: August 5, 2003
Re: Office Market Demand in Yorktown, New York

The Comprehensive Plan Committee is considering a recommendation to rezone several parcels to OB (Office Business) for the Economic Development element of the Plan. An approximately 43 acre parcel located on the south side of Route 6 in the northeast corner of Yorktown is among those being considered for inclusion in this recommendation. This parcel is just west of the Town of Somers approximately one mile east of the Taconic Parkway interchange at Jefferson Valley Mall. Although the existing Comprehensive Plan had also recommended that the parcel eventually be rezoned OB, the parcel remains zoned for half acre Single Family Residential lots. The office market and associated demand in Northern Westchester County was analyzed to determine whether demand was sufficient to support office development at this location, as suggested by this proposed Plan recommendation.

The major findings and conclusions resulting from this study are summarized in the following questions and answers and discussed in the report which follows.

- Has Planning and Zoning activity in Yorktown during the past several years indicated a growing demand for office space?

Two major findings related to Planning and Zoning indicate that there is no real demand for office space in Yorktown. The only vacant OB-1 parcel in Yorktown, located just east of the Taconic Parkway interchange at Jefferson Valley Mall, was rezoned to RSP-2 in 1998 to allow development of an age-restricted apartment complex for . Furthermore, there have been no rezonings to the OB-2 district that was adopted in 1990. The intent of this district was to allow development of Technical Office and Research parks, however, it differs only slightly from the OB-1 district. Thus, according to the Town Planner, the OB-2 district will be eliminated and appropriate OB-2 uses and regulations will be included in an amended OB district.

- Does Yorktown and the subject site in particular have the elements necessary to attract office development?

Major obstacles to Yorktown as a viable office location are the lack of public transportation and limited housing choices affordable to office workers. The subject site is approximately one mile east of the Taconic Parkway interchange, adjacent to a residential neighborhood and has few nearby restaurants, and no lodging or other facilities that would attract a large office development. Although the Jefferson Valley Industrial Park is across Route 6 from the subject site, it bears no relevance to the subject due to the significant distance and barrier that Route 6 provides. The existing industrial subdivision includes a few circa 1960-70s buildings and two buildings that appear to have been built in the 1990s. A real estate leasing sign is posted at the entrance to the industrial park for a 20,000 square foot building and indicates that the light industrial building is 50 percent leased.

- How does the North Westchester Office submarket fare in relation to the other four office submarkets and as a part of the total Westchester County Office Market?

The most active submarkets in Westchester County are White Plains Central Business District (6,300,000 square feet) and East Westchester (11,200,000 square feet). Although North Westchester includes 8,500,000 square feet in 72 buildings, making it the second largest market in total space, it also includes 13 communities while the other four submarkets include from one to seven municipalities or portions thereof. Due to the amount of space available in Downtown White Plains, Rye, Harrison and other municipalities closer to New York City and with Metro North stations, the North submarket has historically and consistently had difficulty competing with the other four submarkets.

- How have the slow economy and global concerns, particularly, since September 11 affected the office market in the New York Metropolitan area and in Westchester County?

Since the September 11 attacks, there has been tremendous uncertainty exacerbated by the economic downturn, wars in Afghanistan and Iraq, and corporate scandals. The impact of these events is expected to continue for some time and do not lead to an expansive economy or major moves by established businesses. There is a surplus of sublet space and rents have gone down, allowing some firms to trade up. The motivation driving current leasing activity is to economize and survive through this time of crisis. Therefore, demand for new office space will not surface until some significant positive changes occur in the economy and there is no indication that rezoning the subject parcel from R-20 to OB-1 would lead to any office development at its location.

The above conclusions were reached through review of various Commercial Real Estate periodicals and the Comprehensive Plan Technical Memo regarding Economic Development, research of the Town of Yorktown Planning and Town Board's minutes, analyzing the listings of available office space in Westchester County's website link to MrOfficespace.com, a field survey of the north Yorktown area surrounding the site, and a visit to the Town Building and Planning Departments. The following narrative discusses these findings further.

Yorktown Planning and Zoning Activity

The zoning map on display in the Building Department identifies only four parcels zoned OB-1. These include the IBM site at the south end of Yorktown adjacent to the Taconic Parkway, an adjacent parcel north of Route 134, and the Contractor's Registrar site at the north end of Yorktown on East Main Street (Route 6) east of the Taconic Parkway.

Although a parcel directly opposite Contractor's Registrar on the west side of the Taconic Parkway is identified as OB-1, it was actually rezoned to RSP-2 in 1998 to allow development of a 208-unit age-restricted apartment complex. The developer, Capelli Enterprises, submitted a site plan in 2001, received a release from the moratorium in 2002 and, as stated in the Planning Board public hearing of January, 2003, is seeking final site plan approval. Due to environmental concerns and a desire to provide adequate open space and to create a new sewer district for the adjacent single family residential neighborhood, a 41 acre portion of the 56 acre parcel is being donated to the Yorktown and Westchester Land Trusts as a conservation easement.

A comment from Mr. Brink, a resident of the subdivision near the RSP-2 site who spoke at the January, 2003 public hearing indicates that office development in this north end of Yorktown is not considered appropriate. As quoted from the minutes of the public hearing, "Mr. Brink stated his neighborhood has dealt with developers for the past 10 years. Mr. Brink felt the neighborhood was very positive about this proposal, unlike past proposals, and we are appreciative that the Planning Board made a good plan a better plan. Brink stated, even though my community will benefit from the sewers being offered, we would never agree to a project that did not stand on its own merit, without the sewers. Brink felt that this proposal was the best of all evils with regard to development. As any development will generate traffic, Brink stated, this proposal should generate less, especially compared to an office park."

The subject site is also adjacent to a residential subdivision and it is reasonable to expect that the residential neighbors may also object to office development as inappropriate. Furthermore, the first east-west street (Gay Ridge Road) dead ends at the subject site as a stub street rather than a cul-de-sac. This indicates that the developer of the subdivision and the Town envisioned continued residential development onto the adjacent subject site.

While this former OB-1 site is adjacent to the Taconic Parkway interchange, the subject site is more than one mile to its east. This raises the rather telling question that if office development never occurred on a site with excellent highway access, why would it occur on a site requiring that office workers travel over a mile along heavily traveled Route 6 to enter and exit the Taconic Parkway? Before even considering the office market conditions, the absence of public transportation and the traffic congestion on Route 6 due to Jefferson Valley Mall, make office development highly unlikely at the subject site.

The only current office development proposals being considered are a 2,000 square foot office as part of a mixed use development at 334 Underhill Road and a second building on ten of the 33 vacant acres remaining at the Contractor's Register site. According to the minutes from the Planning Board Public Hearing on February 11, 2002, Contractor's Register occupied the existing building 13 years prior and would not consider a third building for at least twenty years.

The comments from neighbors in the adjacent residential subdivision indicated that the residents have concerns about the additional traffic that will be generated on the inadequate access road from Route 6 (East Main Street). Other residents noted that 15 years ago Contractor's Register had stated that there would be no more building and there was concern that 23 acres of the parcel may remain vacant for future office development. It is not beyond the realm of possibility that residents along Gay Ridge Road and Curry Street adjacent to the subject parcel will voice similar concerns if that R-20 parcel is rezoned to OB.

Another indication of the weak demand for office development in Yorktown is that since the Town adopted the OB-2 (Office Business - 2) district in 1990, there has been no land zoned to OB-2. As stated in the introduction to this report, the intent of this district was to allow for development of Technical Office and research parks, however, it differs only slightly from the OB-1 district. Therefore, according to the Town Planner, the OB-2 district will be eliminated and the OB-1 district will be amended to include appropriate OB-2 uses and regulations. This proposed action resulted from a recommendation which arose from this current Comprehensive Planning process. Yet, there is seemingly no empirical basis, or legitimate planning justification, for perpetuating or expanding a zoning district that serves no functional purpose in some areas of the Town.

Elements Required for Office Location

The May 12, 2003 issue of the Westchester County Business Journal included an article by Glenn J. Kalinoski entitled, "New York City companies explore Westchester." John McCarthy of McCarthy O'Callaghan Company Inc. stated in the article that a number of New York City law firms have moved their support operations, such as accounting departments, to the White Plains Central Business District since Fall of 2002. Although his firm has received approximately 25 inquiries since January, 2003, he noted that he may get 2 or 3

inquiries out of those 25 that result in signing a lease, and that could be anywhere from nine months to a year.

The primary reason cited for the interest in Downtown White Plains is the easy access to New York City via the Metro-North Harlem line, the moderate rents of \$25 to \$30 per square foot compared with \$50 to \$60 per square foot in Midtown Manhattan, and the current Tenant's Market in which landlords are willing to offer incentives such as reduced rents in order to attract tenants or keep existing tenants. Other reasons cited are that Westchester is the most attractive alternative in terms of transportation, where executives live, stable taxes, residential opportunities and recreational and cultural activities.

Thus, major obstacles to Yorktown as a viable office location are the lack of public transportation and limited housing choices affordable to office workers. As the next section of this report indicates, the rents are not much less than the rents in Downtown White Plains or in the Eastern Westchester Market. Therefore, firms will be more likely to investigate Westchester submarkets other than the North as preferable office locations.

North Westchester in Relation to other Westchester Office Submarkets

According to the Westchester County Department of Economic Development, the county includes over 35 million square feet of space in nearly 300 buildings. The Westchester Office Market, like the rest of the country, has been trying to survive since 2001. During 2000, about 3,300,000 square feet of space was leased which was an increase of 500,000 square feet (15 %) over the 2,800,000 square feet leased during 1999. However, throughout the 1990s vacancy rates were over 20 percent until 1998 when leasing activity became more brisk.

Although the vacancy rate dropped from 18 percent in 1998 to 11.5 percent by 2000, the hopeful signs diminished as the vacancy rate rose up to 18 percent by the end of 2001. The office market had come to a virtual standstill due to the September 11th attacks, the onset of a recession, corporate scandals, and downsizing of many firms. Thus, the vacancy rate dropped only slightly to 16 percent at the end of 2002. Another indication of the troubled Westchester Office Market was that average asking rents which had risen to over \$25 per square foot in 2000, had dropped below \$24 per square foot by the end of 2002.

The first quarter of 2003 has shown more activity than the first quarter of 2002, due to a number of small moves by medical offices taking larger space and several law firms as noted above. An article in the Journal News (March 27, 2003) credits a good deal of the activity with an oversupply of sublease space returned to the market by companies that had overestimated their growth and below market rental rates driven by the oversupply. The most illustrative example of this conclusion is that IBM Corporation sublet 42,000 square feet of the 850,000 square foot Westchester One building in White Plains to three tenants for \$19 per square foot.

The company has been trying to sublease 150,000 square feet since 2001 and the remaining 700,000 square feet was put on the market in 2002. The three new tenants all relocated from smaller space in Downtown White Plains and were also offered one month of free rent, free parking and financing for improvements. Another example is that the owner of a newly renovated 638,000 square foot complex at 333 Westchester Avenue offered concessions along with rent ranging from \$20 to \$23 per square foot.

The real estate brokers cited in the article indicated that free rent has not been used as an incentive since the early 1990s and many tenants are taking advantage of the current tenants' market to lease more or better space at reduced rents. The national director for market analysis at Grubb & Ellis stated that "tenants could expect to [get] their best deals this year, with terms gradually tightening into 2003. We're unlikely to see the return of a true owner's market with broadly rising rents and limited selections of space until 2005 at the earliest."

Due to the distinct differences among the five Westchester Office submarkets, the Westchester Office Market cannot be analyzed as one entity. These 5 submarkets are shown in Exhibit 1 along with the communities included in each, the total square foot office area of each, and the total number of buildings.

EXHIBIT 1: Westchester Office Submarkets				
SUBMARKET	MUNICIPALITIES		Total Sq. Ft.	Total Buildings
North 25 % of Office Space in Market	Armonk Bedford Briarcliff Manor Hawthorne Mount Kisco Mount Pleasant North Castle	Ossining Peekskill Pleasantville Somers Valhalla Yorktown Heights	8,500,000	72
South 8 % of Office Space in Market	Bronxville Larchmont Mamaroneck Mount Vernon	New Rochelle Pelham Yonkers	2,700,000	35
East 34 % of Office Space in Market	East White Plains Harrison Port Chester	Purchase Rye Rye Brook	11,200,000	79
West 14 % of Office Space in Market	Ardsley Dobbs Ferry Elmsford Hartsdale	Scarsdale Tarrytown West White Plains	4,600,000	54
White Plains CBD 19 % of Office	Downtown White Plains		6,300,000	44

Space in Market			
TOTAL MARKET			33,300,000 284

Source: Westchester County Department of Economic Development, 2002.

The North Submarket, of which Yorktown is a part, includes 8,500,000 square feet in 72 buildings. Although the total amount of space and the total number of buildings make this the second largest submarket in the County with 25 percent of Westchester's office space total, the North submarket also includes 13 municipalities while others include from 1 to 7 municipalities or portions thereof.

The South Submarket is the smallest office market with 2,700,000 square feet in 35 buildings. Although two of the largest cities in Westchester, New Rochelle and Yonkers, are in the South Submarket both have old downtown buildings and associated problems. Despite the efforts being made toward revitalization, the lack of interest in this office submarket was evidenced by one developer's decision to convert plans for downtown New Rochelle office space to residential condominiums.

The East Submarket is the largest and most active with 11,200,000 square feet in 79 buildings. Communities such as Harrison, Purchase, Rye and Rye Brook are very attractive office locations as they all have excellent highway access to I-287, I-95, and I-684 and are in close proximity to the Westchester Airport. Major institutional uses such as SUNY at Purchase, Pace University, and medical centers all add to the East Submarket's attractiveness.

The West Submarket includes 4,600,000 square feet of office space in 54 buildings and, according to Westchester County Business Journal (June 16, 2003), has suffered the most from the economic downturn. The former Fuji film space in Elmsford returned 121,000 square feet to the market in 2002 and space returns continued. This resulted in 72,420 square feet of negative absorption for the year.

The White Plains Central Business District includes 6,300,000 square feet in 44 buildings and is continuing to grow due to many large mixed - use developments that are under construction. Leasing activity rose 39 percent in the first quarter of 2003 over the first quarter of 2002 and jumped 65 percent from the fourth quarter of 2002.

An important indicator of the health of a market is the amount of space available for sublease as it is typically due to corporate downsizing or business failure rate in uncertain economic times. The MrOfficeSpace.com website link from Westchester County Economic Development Corporation was searched to obtain all current office listings by submarket. Each listing also indicates whether it is being offered as a Direct Lease or a Sublet. Exhibit 2 identifies the total space amount, the total area available for lease and the total amount of sublet space included in the total available space for each submarket.

**EXHIBIT 2: Total Space, Available Space and Available Sublet Space
in Westchester Office Submarkets**

	Total S.F. in Submarket	Total S.F. Available	S.F. Available / Total Sq. Ft.	Total from Sublet	Sublet / Available
NORTH	8,500,000	1,069,796	13%	93,378	9%
EAST	11,200,000	1,105,589	10%	134,043	12%
WHITE PLAINS CBD	6,300,000	1,230,875	19%	263,080	21%
WEST	4,600,000	855,903	19%	85,035	10%
SOUTH	2,700,000	78,599	3%	0	0
TOTAL	33,300,000	4,340,762	13%	575,536	13%

Source: MrOfficeSpace.com, Westchester County Department of Economic Development; June 19, 2003. Chart prepared by Housing and Neighborhood Development Services.

The North Submarket has 1,069,796 square feet available, or 13 percent of the total space in the submarket. Space available for sublet includes 93,378 square feet or 9 percent of the total space available. The West submarket has 855,903 square feet available, or 19 percent of its total area. However, the amount of sublet space now totals 85,035 square feet or 10 percent of the available space, indicating that the West Submarket is beginning to absorb the sublet space which came into the market at the end of 2002.

The South Submarket has no sublet space included in the 78,599 square feet (3 percent) available. This indicates that although the market is small and has not been very active, the tenants are most likely long term businesses that are satisfied with the familiar territory and reasonable rents.

Not surprisingly, the two most desirable and active office submarkets include over two thirds of the sublet space in Westchester with a total of 397,123 square feet. The White Plains CBD has the largest amount with 263,080 square feet or 21 percent of the total 1,230,875 square feet (19 percent) available. The East submarket includes 134,043 square feet of sublease space in the 1,105,589 square feet available. Sublease space accounts for 12 percent of the available space, however, the size of the East Submarket results in a relatively low availability rate of 10 percent of the total submarket.

The listing information by submarket is explored further in Exhibit 3, which shows the number of buildings, number of spaces, total square feet of buildings with space available, total square feet available, vacancy rate for the buildings with listings, minimum and maximum asking rents per square foot, minimum and maximum square feet of individual space available, and the age range of the buildings with listings.

**EXHIBIT 3:
Buildings with Available Space in Westchester Office Submarkets**

	No. of Bldgs	No. of Space	Total Bldg. SF	Total SF Available	Vac Rate	Min Rent	Max. Rent	Min SF	Max SF	Bldg Age
NORTH	31	62	3,158,294	1,069,796	34%	\$12.00	\$28.50	1,000	160,000	1966-2003
EAST	30	81	4,145,264	1,105,589	27%	\$16.50	\$33.00	787	97,500	1966-90
White Plains CBD	24	94	4,929,797	1,230,875	25%	\$17.50	\$35.00	400	42,571	1962-90
WEST	36	119	4,705,187	855,903	18%	\$17.00	\$36.00	800	47,000	1954-97
SOUTH	11	29	1,037,844	78,599	7%	\$16.00	\$25.00	250	13,000	1904-88
TOTALS	132	385	17,976,386	4,340,762	24%	\$12.00	\$36.00	250	160,000	1904-2003

Source: MrOfficeSpace.com, Westchester County Department of Economic Development; June 19, 2003.
Chart prepared by Housing and Neighborhood Development Services.

The North Submarket has the highest vacancy rate at 34 percent with 62 spaces amounting to 1,069,796 square feet available in 31 buildings that total 3,158,294 square feet. Most buildings are circa 1980s, however, they range from 1966 to one that is being developed now in Goldens Bridge. The minimum size available for lease is 1,000 square feet and the maximum is 160,000 square feet. Rents per square foot range from \$12 to \$28.50, with most around \$25 per square foot.

The East Submarket has the next highest vacancy rate at 27 percent of the 31 buildings with space available for lease. There are 81 available spaces amounting to 1,105,589 square feet in 31 buildings with a total of 4,145,264 square feet. Buildings range in age from 1962 to 1990 and rents range from \$16.50 to \$33 per square foot. Space available for lease ranges from 787 square feet to 97,500 square feet.

The White Plains submarket has 94 spaces totaling 1,230,875 square feet in 24 buildings with a combined total of 4,929,797 square feet. This amounts to 25 percent of the buildings with space available. Rents range from \$17 to \$36 per square foot and contiguous lease space ranges from 400 square feet to 42,571 square feet. These buildings range in age from 1962 to 1990, however, Downtown White Plains has numerous construction projects underway due to its revitalization efforts. It also should be noted that the rents have been substantially reduced below market due to the large inventory of sublet space as described previously.

The West Submarket has 119 spaces ranging in size from 800 to 47,000 square feet for a total of 855,903 available square feet. This amounts to 18 percent of the combined 4,705,187 square feet in 36 buildings with listings. Rents range from \$17 to \$36 per square foot and buildings range in age from 1954 to 1997.

The South Submarket has only 29 spaces ranging from 250 to 13,000 square feet in 11 buildings. The 78,599 square feet available accounts for 7 percent of the combined total of 1,037,844 square feet. Rents range from \$16 to \$25 per square feet and buildings range in age from 1904 to 1988.

The listing information is broken down further in Exhibit 4 on the following page to identify the available space for the municipalities within each submarket. A clear indication of where Yorktown stands in the North Submarket is in the fact that 2 office buildings totaling 145,000 square feet have 92,000 square feet of space available, amounting to a 63 percent vacancy. These two buildings are located in an office park adjacent to the Routes 202/35 interchange of the Taconic Parkway. The minimum space available is 4,000 square feet and maximum contiguous space is 65,000 square feet. The rent is a relatively low \$22.50 per square feet and the buildings were constructed in 1988. Though the anchor tenant in this office park is Mercy College, the site has convenient access to the Taconic Interchange, and the grounds and the buildings are well-maintained and attractive, it remains difficult to lease space in these buildings. The next lowest vacancy rate in the North Submarket is in Armonk with 35 percent of the 7 buildings with space available. The minimum rent in Armonk is \$12 which sets the minimum for the North Submarket.

In fact, the only municipalities in all of the submarkets which shows a higher vacancy rate than Yorktown are Goldens Bridge in the North Submarket and Greenburgh in the East Submarket. The Goldens Bridge vacancy rate is due to the 100 percent available in a brand new 313,980 square foot building. The Greenburgh vacancy rate of 97% is in a 137,000 square foot building constructed in 1997. Although the broker was not available to discuss the Greenburgh building, the age of the building indicates that it is probably due to a former tenant downsizing or simply moving to another location. Clearly, the inventory of available space will be able to meet demand for several years.

**EXHIBIT 4:
Available Space in Westchester Office Submarkets' Municipalities**

NORTH	No. of Bldgs	No. of Space	Total SF	Total SF Available	Vac Rate	Min Rent	Max. Rent	Min SF	Max SF	Bldg Age
Armonk	7	12	458,000	160,179	35%	\$12.00	\$28.50	1,200	38,233	1966-91
Briarcliff Manor	1	1	55,400	4,900	9%	\$25.00	\$25.00	4,900	4,900	1985
Goldens Bridge	1	4	313,980	313,980	100%			80,000		UC 2003
Hawthorne	10	14	662,600	173,288	26%	\$14.00	\$25.00	2,000	119,000	1980-90
Mt. Kisco	1	2	36,000	2,930	8%	\$26.00	\$26.00	1,000	1,930	1989
North Castle	1	4	50,400	8,317	17%	\$25.00	\$25.00	1,416	3,100	1986
North Salem	1	1	7,900	1,516	19%	\$15.00	\$15.00		1,516	1985
Somers	1	2	540,000	160,000	30%	\$25.00	\$25.00	80,000	160,000	1987
Valhalla	6	16	889,014	152,686	17%	\$23.00	\$28.50	1,154	29,448	1972-90
Yorktown Hts	2	6	145,000	92,000	63%	\$22.50	\$22.50	4,000	65,000	1988
TOTAL NORTH	31	62	3,158,294	1,069,796	34%	\$12.00	\$28.50	1,000	160,000	1966-2003
EAST	No. of Bldgs	No. of Space	Total SF	Total SF Available	Vac Rate	Min Rent	Max. Rent	Min SF	Max SF	Bldg Age
Harrison	2	9	360,000	131,475	37%			1,342	69,314	1983-86
Portchester	1	2	58,211	3,000	5%	\$16.50		1,500	1,500	1986
Purchase	13	40	2,219,362	428,111	19%	\$17.00	\$33.00	787	50,000	1966-87
Rye	3	5	312,000	14,799	5%	\$27.00	\$32.00	1,700	5,599	1984-90
Rye Brook	7	15	743,909	388,883	52%	\$19.00	\$28.00	870	97,500	1981-86
White Plains	4	10	451,782	139,321	31%	\$24.50	\$27.00	1,400	102,525	1968-86
TOTAL EAST	30	81	4,145,264	1,105,589	27%	\$16.50	\$33.00	787	97,500	1966-90
WHITE PLAINS CBD	No. of Bldgs	No. of Space	Total SF	Total SF Available	Vac Rate	Min Rent	Max. Rent	Min SF	Max SF	Bldg Age
Harrison	2	4	240,000	33,542	14%	\$25.50	\$26.50	1,200	24,040	1968-71
White Plains	22	90	4,689,797	1,197,333	26%	\$17.50	\$35.00	400	42,571	1962-90
WPCBD	24	94	4,929,797	1,230,875	25%	\$17.50	\$35.00	400	42,571	1962-90
WEST	No. of Bldgs	No. of Space	Total SF	Total SF Available	Vac Rate	Min Rent	Max. Rent	Min SF	Max SF	Bldg Age
Dobbs Ferry	1	2	52,000	22,000	42%	\$23.00		9,000	13,000	1976
Elmsford	12	45	1,701,426	281,528	17%	\$19.00	\$29.00	800	30,800	1972-88
Greenburgh	1	3	137,000	133,000	97%				47,000	1997
Hartsdale	2	8	110,000	13,204	12%	\$22.00	\$25.00	780	4,202	1972
Scarsdale	4	12	383,000	42,138	11%	\$22.00	\$36.00	356	9,000	1954-70
Tarrytown	13	40	1,962,638	313,791	16%	\$17.00	\$29.00	800	30,920	1970-86
White Plains	3	9	359,123	50,242	14%	\$18.00	\$26.00	1,054	21,870	1974-86
TOTAL WEST	36	119	4,705,187	855,903	18%	\$17.00	\$36.00	800	47000	1954-97
SOUTH	No. of Bldgs	No. of Space	Total SF	Total SF Available	Vac Rate	Min Rent	Max. Rent	Min SF	Max SF	Bldg Age
New Rochelle	4	18	509,844	40,164	8%	\$16.00	\$25.00	250	13,000	1930-86
Pelham	2	3	199,000	8135	4%	\$22.00	\$25.00	685	5000	1904-64
Yonkers	5	8	329,000	30300	8%	\$23.00	\$25.00	1800	10100	1981-88
SOUTH	11	29	1,037,844	78,599	7%	\$16.00	\$25.00	250	13000	1904-88

Source: MrOfficeSpace.com, Westchester County Department of Economic Development; June 19, 2003.
Chart prepared by Housing and Neighborhood Development Services.

Conclusion: Effect of Economic and Global Concerns on the Office Market

Given the amount of space that must be absorbed in desirable office locations like Downtown White Plains, Rye Brook, and Purchase, there is no reason to expect that there will be a rush to build new office space in North Westchester, particularly in an area without convenient highway and Metro North access. Though the market is not as slow as during the economic downturn of the early 1990's when more than 20 percent of the space was available in most markets, the office market had been overbuilt dramatically during the 1980s with an average of 110 million square feet built per year nationally. Despite the healthy economy as that decade progressed, the space was not absorbed until well into the 1990s.

Since the September 11 attacks, there has been tremendous uncertainty exacerbated by the economic downturn, wars in Afghanistan and Iraq, and corporate scandals. The impact of these events is expected to continue for some time and do not lead to an expansive economy or major moves by established businesses. The trend toward a more cautious attitude in business decisions was discussed in the May 19, 2003 Westchester Business Journal article "Tightening Up." According to one Valhalla - based architect, "People are taking spaces as they are. There is less custom redesigning." A property manager in Rye Brook was also quoted and stated that "There is a focus on sublet space, utilizing existing space and making it work for you. Within this, companies are looking to trade up. They are able to do so, in part, because rents have gone down." These statements further support the conclusion that the motivation driving current leasing activity is to economize and survive through this time of crisis. Therefore, demand for new office space will not surface until some significant positive changes occur in the economy and in the world. This leads to the conclusion that there is no indication that rezoning the subject parcel from R1-20 to OB would lead to any office development at its location and it should remain zoned for residential development.