

## Commercial Brokers Bullish on Hudson Valley Market in 2017

John Jordan | January 2017



From left, Paul Adler, William Cuddy, Maureen Halahan and Glenn Walsh.  
PHOTO BY JOHN VECCHIOLLA

WHITE PLAINS—A record crowd of more than 120 real estate professionals were on hand to hear a rather upbeat view of the Hudson Valley commercial real estate market this year at the [Hudson Gateway Association of Realtors' Commercial Investment Division's Annual Commercial Broker's Roundtable](#) held at the HGAR offices in White Plains.

[CID President John Barrett](#) moderated the Jan. 25th program that featured panelists: William Cuddy, executive vice president, CBRE; Glenn Walsh, executive managing director, Newmark Grubb Knight Frank, Paul Adler, regional manager, Rand Commercial Services; and Maureen Halahan, president and CEO of the Orange County Partnership.

Adler said the commercial real estate market in the Hudson Valley in 2016 “was great on many levels.” He noted that most segments of the commercial market will continue to be strong, perhaps with the exception of strip retail space. While he stressed that the Hudson Valley market is very diverse, each county (Rockland, Orange and Westchester) all experienced considerable growth in 2016, with Orange attracting world-class space users and Rockland posting record levels of lease and sale transactions.

He said the middle market was “hot to the touch” in 2016 throughout the region, particularly in the investment sales market. He said commercial real estate in the Hudson Valley is “rapidly approaching pre-recession values” and he predicted that in 2017 the region will break through and reach and perhaps surpass pre-recession values. “2017 will be an extension of 2016,” Adler predicted.



A record crowd of more than 120 real estate professionals attended this year's Commercial Real Estate Broker's Roundtable at the HGAR offices in White Plains.  
PHOTO BY JOHN VECCHIOLLA

Walsh said the prospects for certain areas of the market will be better than others. For example, the western portion of Westchester's office market did not perform that well in 2016 and he described conditions in the Northern part of the county as "horrific" with the vacancy of the Pepsi and IBM properties in Somers that have put approximately 1.6 million square feet of space back on the market and raised the office vacancy rate in that region to approximately 40%. The eastern section of the county, particularly the I-287 corporate campus corridor, was "fabulous" in 2016 and posted 640,000 square feet in leasing activity, he noted.

With the recent lease by New York Life Insurance Co. at the Westchester One office building and the pending deal that will bring the Dannon Co. Inc. headquarters to the Source at White Plains, Walsh said that 2017 will be a very good year for the office market in Downtown White Plains.

CBRE's Cuddy described the office market in Westchester as "bifurcated" and that there is a clear distinction between Class A and Class B space. Because of the short supply of Class A space in Westchester's core office market, he predicts that Class A space there will see rent increases of 5% or more in 2017.

In the core markets Cuddy said, it is no longer a tenant's market. Walsh added, "We don't have enough good available Class A space."

Halahan was very bullish on the Orange County market, noting that AmeriSource Bergen will be occupying space shortly in the Town of Newburgh for its major distribution facility, while Amy's Kitchen will also soon be building a major facility in Goshen.

A major attraction project—LEGOLAND New York—is in the approval process in the Town of Goshen. The \$500-million amusement park is to be developed off Route 17, but has received some local resistance.

Halahan related that Orange County is focused on bringing new shovel-ready sites to market and due to office consolidation by Orange Regional Medical Center and others, currently has approximately 500,0000 square feet of office space available for lease.

Sponsors of the event were: TD Bank, Rand Commercial and commercial real estate data and information services provider Xceligent, Inc.