



White Plains Office Space Market Begins Resurgence

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[WHITE PLAINS](#) — A yogurt company moving to former retail space on Bloomingdale Road, a Fortune 500 insurance company headed to South Broadway, and a millennial-owned startup thriving on Mamaroneck Avenue are all indications of a recent upswing in the office-space market in the White Plains central business district.

A vibrant downtown, easy access to public transportation and a willingness by the city's government to work with business are all fueling the turnaround, experts say, along with a change in what companies are looking for in their workplaces.

"Companies are buying into the urban, transit-oriented place for their employees," said Howard Greenberg, a commercial real estate expert in White Plains.



Danone North America will move its headquarters — along with 400 jobs — from Greenburgh to The Source building in White Plains early next year (Photo: Rich Liebson/The Journal News)

That includes some businesses choosing to move to non-traditional spaces over existing office stock, he noted. "They are kind of saying, 'Gee - everything around here is boring... Let's see if we can do something that's a little more interesting,' and that's what they are doing in (former) retail space," he said.

Access to mass transit, lively downtowns with good shops and restaurants, and attractive apartments for different income levels are all "factors attract 'talent' — the lifeblood of any growing business," said William Mooney, president and CEO of the Westchester County Association.

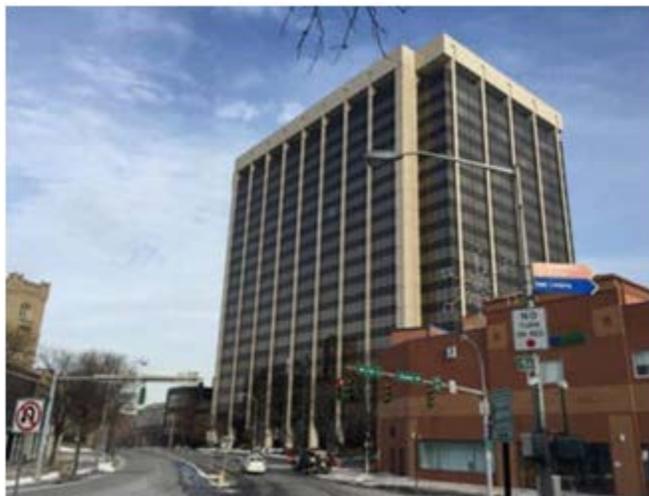
"White Plains and other Westchester cities are becoming magnets for business as they offer what people are looking for today," he said.

Vacancy rate improves

All of the available statistics point to one thing: White Plains' office market condition is improving.

Newmark Grubb Knight Frank (NGKF), a commercial real estate advisory firm, said the White Plains central business district office market ended 2016 with an availability rate of 20.7 percent, a significant improvement from the 2015 rate of 25.5 percent. "Availability" includes any space listed or officially marketed as available, even if it currently has tenants.

Cushman & Wakefield, a commercial real estate company, tracks a slightly different statistic, the "vacancy rate," which only counts spaces that are actually empty. It found the 2016 fourth quarter vacancy rate for office space in White Plains was 21.7 percent, compared to 22.6 percent the year before. CBRE, another commercial real estate firm, reported the 2016 fourth quarter vacancy rate as 20 percent compared to 21.6 percent a year ago.



Westchester One at 44 S. Broadway in White Plains (Photo: Rich Liebson/The Journal News)

Law firms accounted for the largest portion, or 27 percent, of the total 664,369-square-foot leasing in 2016, followed by the insurance sector with a share of 24.1 percent, according to NGKF.

What's more interesting, however, is which businesses are signing new leases downtown, said Gregory Frisoli, executive managing director at NGKF.

"There are definitely a lot of new leases from tenants that have come to White Plains from outside of the area," he said.

Most notable is a lease signed recently by New York Life Insurance Company, which plans to move from its current home in Mount Pleasant, just north of Sleepy Hollow, to the Westchester One building at 44 S. Broadway. The company will take over 146,000-square-feet on the upper floors and move 500 employees there over the next year.

The move comes after New York Life sold its Mount Pleasant campus to Regeneron Pharmaceuticals for \$50 million.

A spokesman for the insurance giant told The Journal News the move will allow New York Life to continue to benefit from Westchester's talent pool and transportation "while providing a more collaborative work experience for our employees."

Also a new Westchester One tenant is the New York State Insurance Fund, which early last year left its Platinum Mile office at 105 Corporate Park Drive in Harrison and is now leasing 33,894 square-foot space in the downtown building.

Another large office transaction involved Turbonomic, a fast-growing network management startup, which recently subleased 33,738 square feet of space at 1 North Lexington Ave. from Alliance Bernstein.

Retail to office

Just around the corner from Westchester One, the shopping complex once home to the Fortunoff department store at 100 Bloomingdale Road, called "The Source at White Plains," is being multi-purposed.

The Hudson Gateway Association of Realtors moved its office into a 15,000-square-foot space on the fourth floor after a major makeover last year.

Now, the Dannon yogurt company plans to move from its present headquarters in Greenburgh to converted space in the same building.

Dannon's plan, which is currently before city officials for their approval, is to renovate a 47,000 square-foot former retail space and to build a 15,000-square-foot addition plus a 21,000-square-foot mezzanine. A 20,000-square-foot ground floor space that currently houses Morton's steakhouse and a former maternity clothing shop would be transformed into Dannon's accessory food laboratory.

"The big driving force behind them was the ability to create their own signature space," said the city's Planning Commissioner Chris Gomez of Dannon officials.

Michael Neuwirth, Dannon's public relations director, said that in considering location, the company "prioritized efficient and flexible solutions for the changing style of workplace that we envision for our future" that can adapt to changing needs.

"We want as much open space as possible to maintain the sense of community we currently have, to encourage informal and ad-hoc communication, and to ensure as much freedom and autonomy as possible in an energetic and exciting workplace."

That's a similar goal to that of KOI Creative Space, a 2,500 square-foot former storage area that was transformed into a coworking facility in 2016. The office-sharing site above Lilly's restaurant on Mamaroneck Avenue allows each member to use a spot at a communal desk, high-speed wireless internet, a conference room, printer and kitchenette. It offers multiple membership types, including single-day, part-time, and full-time use.

John Ahrens of Harrison works at KOI Creative, a co-workingBuy Photo

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Owners Ryan Doran and Jonathan Manierre opened the facility about six months ago. The space has attracted young, creative minds who want the flexibility, convenience and social aspect KOI offers. Members range from telecommuters whose employers moved away from the area to local entrepreneurs who are growing their new business.

"It's not an office that we are selling," said Manierre, during a recent interview at KOI's conference room filled with natural light. "It's really a community experience."

Dramatic change

William Cuddy, a veteran commercial real estate broker and executive vice president at CBRE Group, has witnessed the changes that White Plains had gone through. In 1997, he spoke to The Journal News when the city's business district office vacancy rate was 30.8 percent — among the highest in the nation at the time.

"First and foremost, White Plains is a dramatically different city than it was 20 years ago," said Cuddy. Now, he said, "It's a vibrant, live-work-play environment. It has always had excellent transportation infrastructure. Now you've got restaurants, nightlife, apartments. It's a 24-7 city."

White Plains' rental-apartment construction boom — including a plan to transform the 350,000-square-foot AT&T office building on Hamilton Avenue into a mix of residential and retail — is likely to attract more businesses to downtown, experts agree.

"In the next two to three years, the city expects to add more than 2,000 units in the multi-family inventory," said Karolina Pardo-Alexandre, NGKF's research manager. "And that's really driving the (office) market, too."

Pardo-Alexandre said a recently announced initiative to establish a gigabit-speed internet service in four Westchester cities, including White Plains, would make the city even more desirable. If successfully implemented, the ultra-fast internet connection could help bring in companies that require transferring large amounts of data, such as those in the fields of healthcare, technology and education.

"That's one of the most ambitious infrastructure projects in Westchester's recent history," she said. "So White Plains is definitely on the right track."