

Strong 2024 Previews 2025 Opportunities

The residential real estate market in Westchester and Bronx Counties experienced a dynamic year in 2024, influenced by economic conditions, rising interest rates and evolving buyer preferences. Despite market challenges, both counties demonstrated resilience, driven by robust demand for affordable housing and suburban living.

The commercial real estate market in Westchester and Bronx Counties navigated a transformative year in 2024, driven by evolving tenant demands, economic adjustments, and shifts in work and retail behaviors. While challenges persisted in office leasing, industrial and multifamily sectors demonstrated notable growth.

Key Market Highlights

Westchester County

Home Sales and Pricing

- The median home price in Westchester County for 2024 reached **\$760,000**, reflecting a 3% year-over-year increase.
- Total residential sales volume declined **7%**, attributed to higher borrowing costs and limited inventory in prime locations like Scarsdale, White Plains and Rye.
- Luxury market segment (homes priced above \$2 million) remained steady, driven by demand from affluent buyers relocating from New York City.

Inventory Trends

- Inventory levels remained historically low, with an **average supply of 2.8 months** compared to the healthy benchmark of six months.
- Townhomes and condos saw an uptick in listings, particularly in New Rochelle and Yonkers, where new developments attracted first-time homebuyers.

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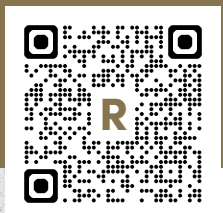
Prepared by
Regency Homes
Realty Group, Inc.
and
Regency Commercial
Real Estate
455 Central Park Ave.,
Scarsdale, N.Y.



Rajeev Chennattu
Owner/Broker
(914) 720-6220
rchennattu@gmail.com



Teena Arun
Associate Broker
(914) 562-3417
teena@teenaarun.com



Key Market Highlights ...continued

Buyer Demographics

- A notable increase in millennial buyers seeking suburban homes with easy access to Metro-North train stations.
- Strong interest from downsizers opting for smaller properties or townhomes, particularly in Dobbs Ferry and Hastings-on-Hudson.

New Developments

- Westchester witnessed significant new construction activity, particularly in Yonkers, New Rochelle, White Plains and Tarrytown, with an emphasis on energy-efficient homes and mixed-use developments.

Office Market

- Office vacancy rates rose to **22%**, with tenants favoring smaller, flexible workspaces over traditional large office footprints.
- Class A office buildings in White Plains saw modest leasing activity, with average rents stabilizing at **\$35 per square foot**.

Industrial Real Estate

- Strong demand for warehouse and distribution space pushed industrial vacancy rates to an all-time low of **4.5%**.
- Average industrial rents climbed to **\$18 per square foot**, supported by e-commerce and logistics growth.

Retail Trends

- Experiential retail saw a resurgence, particularly in mixed-use developments.
- Prime retail corridors, including downtown Scarsdale and Tarrytown, maintained stable rents averaging **\$40 per square foot**.

Multifamily Developments

- Several mixed-use projects broke ground, incorporating multifamily units above retail, especially in New Rochelle, White Plains and Yonkers.

Bronx County

Home Sales and Pricing

- The Bronx recorded a median home price of **\$600,000**, a **4% year-over-year increase**.
- Sales activity remained steady, driven by strong demand for multi-family properties, particularly in neighborhoods like Riverdale, Morris Park and Kingsbridge.

Investment Activity

- Investors targeted multi-family homes and mixed-use properties, drawn by high rental demand and cap rates averaging **6-7%**.
- The Bronx saw several new affordable housing projects break ground, bolstering inventory and meeting demand at the lower price points.

Renter Trends

- Rents increased by an average of **5%**, with the median monthly rent for a one-bedroom apartment reaching **\$1,950**.
- Strong demand for rentals from young professionals and immigrant families continued to shape the market.

Transportation Impact

- Ongoing improvements to the Metropolitan Transit Authority (MTA) and the Metro-North Penn Station access project boosted property values near future stations in the East Bronx.

Industrial and Logistics

- Industrial space continued to dominate the Bronx market, with vacancy rates under **5%** and rents averaging **\$22 per square foot**.
- Last-mile delivery hubs gained traction, driving increased investment in industrial properties.

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Multifamily Investments

- Multifamily properties remained a key focus for investors, with cap rates averaging **5.8%**.
- New affordable housing projects, supported by tax incentives, added over 2,000 units to the market in 2024.

Retail Activity

- The Bronx retail sector stabilized, with rents for neighborhood retail spaces averaging **\$45 per square foot**.
- Demand for grocery-anchored retail centers and healthcare-oriented spaces increased.

Office Market

- Office demand remained tepid, with vacancy rates nearing **25%**, particularly in secondary locations.

Economic Influences

Interest Rates

- The Federal Reserve's rate hikes resulted in average 30-year fixed mortgage rates hovering around 7.1% by year-end, impacting affordability and buyer purchasing power.

Employment Growth

- Both Westchester and the Bronx benefited from steady employment growth, particularly in the healthcare, education and tech sectors, bolstering housing demand.

Policy Impacts

- New York State's push for more affordable housing resulted in tax incentives for developers, particularly in the Bronx, fostering new affordable units.

Commercial

Interest Rates

- Rising interest rates impacted commercial transaction volumes, with financing costs increasing significantly.

Policy Impacts

- New York State's push for affordable housing brought increased incentives for multifamily developers in both counties.

Employment Trends

- Growth in healthcare, education and logistics sectors supported demand for related commercial spaces.



Opportunities for 2025

Affordability Focus

- Rising interest rates make residential affordability critical. Regency Homes Realty Group can help clients capitalize on first-time buyer programs and emphasize properties that meet affordability standards.

Suburban Appeal

- Highlight Westchester's suburban charm and transit accessibility to attract city dwellers.

Investment Opportunities

- Emphasize the Bronx's strong rental market and new developments for investor clients.

Energy Efficiency and Sustainability

- Leverage demand for eco-friendly homes by marketing energy-efficient properties and upgrades.

Industrial Growth

- Focus on last-mile delivery and logistics properties to meet surging demand.

Mixed-Use Developments

- Capitalize on the trend of combining residential, retail and office spaces to maximize value.

Affordable Housing Incentives

- Leverage tax credits and subsidies to expand multifamily investment opportunities.

Adaptive Reuse

- Explore opportunities for converting underperforming office and retail spaces into residential or mixed-use properties.



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Conclusion

Despite challenges, the residential real estate market in Westchester and Bronx Counties demonstrated resilience in 2024. Regency Homes Realty Group is well-positioned to navigate the evolving landscape by leveraging market insights, fostering community relationships and providing tailored solutions for buyers, sellers and investors.

Meanwhile, the commercial real estate market in Westchester and the Bronx also showcased resilience and adaptability in 2024, with industrial and multifamily sectors leading the way. Regency Commercial Real Estate is well-positioned to guide clients through these evolving opportunities, leveraging market insights and expertise.

Looking forward to
a prosperous 2025!