

Developers discuss why they are investing in Westchester

BY RYAN DEFFENBAUGH
rdeffenbaugh@westfairinc.com

Health care facilities and apartment developments are booming, while old office properties are meeting the wrecking ball to become something new.

Those were the three trends that dominated conversation and investment, in Westchester County's commercial real estate market last year. Each was also prominent during a panel conversation Jan. 10 at the Building Owners and Managers Association of Westchester's annual State of the Market lunch in White Plains.

The panel featured big-name developers representative of those trends, including: Charles Epstein, vice president of development for Lennar Multifamily Communities; Guy Leibler, president of Simone Healthcare Development; and Peter Duncan, president and CEO of George Comfort & Sons.

With questions from moderator Robert P. Weisz, RPW Group's president and CEO, each company leader explained what they see in Westchester.

SIMONE DEVELOPMENT: BUILDING FOR A RAPIDLY CHANGING HEALTH CARE INDUSTRY

As Leibler gave a rundown of the company's projects in Westchester, the focus was clear. In 2015, Simone opened the first new Westchester Avenue office building in decades: a four-story, 85,000-square-foot medical office for Westmed. In 2017, the company wrapped up its full renovation of the Boyce Thompson Center, which brought an 85,000-square-foot, mixed-use medical and retail complex to a formerly abandoned brick research institute in Yonkers. And in November, the company filed plans to convert a mostly unused office building at 104 Corporate Park Drive in Harrison to a four-level pedi-

atric ambulatory care facility, to be leased by Montefiore Medical Center.

Weisz asked Leibler why Simone Development has focused its recent efforts in the medical sector. Leibler described the region as a health care capital for the world, with brands such as New York-Presbyterian, NYU Langone, Montefiore, Mount Sinai and Northwell. Also, health care has changed radically and therefore so has its real estate needs.

"Everything that can be moved out of the hospital setting into a medical office building, a surgery center or some kind of specialty center, is happening," Leibler said, crediting the trend to rising costs in the industry and changing technologies.

The company also is considering risk when it focuses on health care, Leibler said.

"We've seen what has happened to those of us who have been in the office building market in the last 25 years, and certainly what's happening in the retail industry with displacement and disruption. We think health care is, although changing, something we are all going to need for the rest of our lives."

The company has another project coming as well. Leibler announced that Simone recently signed a contract for the Hitachi building at 50 Prospect Ave. in Tarrytown, which serves as the American headquarters for the Japanese global manufacturer. Leibler said his company believes the building is a "perfectly positioned property for medical." That's all Simone has said for now, and the Business Journal was unable to reach a Hitachi representative as of press time. An online listing for the building from Colliers International says the 51,030-square-foot, three-story office building "will be delivered vacant."

LENNAR MULTIFAMILY: BETTING BIG ON WHITE PLAINS RENTERS

For Lennar Multifamily, the focus is also clear. The



From left: Charles Epstein; Guy Leibler; and Peter Duncan. Photo by Ryan Deffenbaugh.

company is the apartment development arm of the national homebuilder Lennar Corp.

In the next several years, the company could build more than 1,000 new apartments in White Plains between two developments. One project is nearing the start of construction in the city's restaurant district: a 15-story tower with 434 apartments and ground-level retail on a 2.1-acre site with frontage on Mamaroneck Avenue, East Post Road and Mitchell Place.

The residential towers the company planned to build over the Westchester Pavilion shopping center have been delayed, leaving a mall-sized hole in the city's downtown. But the developer has come back with new plans it says are more feasible. The White Plains Common Council has opened review on that plan, which includes 814 residential units in two, 14-story towers. The plan would also add about 25,000 square feet of new retail space at street level.

Epstein said the county, particularly White Plains, offers a "rent alternative" to those priced out of the New York City market. The city

has the proximity to transit attractive to renters, along with entertainment and retail options. Even beyond Lennar's proposals, the city has attracted steady interest from apartment developers.

"We think more supply coming to White Plains is going to benefit awareness for White Plains," Epstein said. "We just want to make sure there is good product being built, as there is a great demand."

Noting that there are between 5,000 and 10,000 new apartment units in different phases of development in Westchester, Weisz asked if there are concerns of saturating the market. Epstein actually argued that Westchester is underserved by apartments.

GEORGE COMFORT & SONS: JUMPING ON THE CONVERSION TREND

The Manhattan-based George Comfort & Sons has been increasingly active in Westchester in recent years, but its strategies have varied by property. The company bought the former Good Counsel campus in White Plains in 2015, where it has proposed a plan that

would add apartments, assisted living and graduate student housing. The company also owns a roughly 215,000-square-foot office building at 900 King St. in Rye Brook, which it plans to tear down to build a 269-unit senior housing campus with age-restricted townhouses and apartments, as well as an assisted living facility.

But the company isn't only converting properties. Last year, George Comfort spent \$55 million to purchase Reckson Executive Park in Rye Brook, a six-building office complex totaling 560,000 square feet. The office park joins The Centre at Purchase among the office assets the company currently hasn't announced any plan to convert.

"What we see in Westchester County is there is a change going on ... with the transformation of many former office buildings, which were not really cutting it, into other uses," Duncan said. "We are trying to take advantage of that with some of the things we are doing."

Since acquiring the Reckson Executive Park buildings, Duncan said his

company has leased about 60,000 square feet with new tenants, with about 25,000 square feet of renewals.

"I wouldn't say the office market is in any way defunct," Duncan said. "I think it has changed dramatically and the good news is there has been a lot of property that's been repurposed, which has helped tighten up the office market."

In repurposing that underutilized office space, Duncan said Westchester County is "way ahead" of Fairfield County, where George Comfort also has significant holdings. His company, he said, is involved with the "poster child of disaster" in Fairfield County, the vacant 700,000-square-foot UBS office tower in Stamford. While he added that there are two "very large tenants circling a significant amount of space" in the building, he described a greater confidence in Westchester's market.

"Where I was very excited about buying a suburban office park in Rye Brook, I'm not sure I would actually buy another suburban office park in Fairfield County at this point in time," Duncan said.