

The analysis presented in this report includes data from the early stages of the COVID-19 outbreak in the United States. The unprecedentedly large and rapid changes in many data series, and the similarly unprecedentedly large policy responses, make analysis of, and longer run predictions for, the economy and housing markets exceptionally difficult and uncertain. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

## COMPREHENSIVE HOUSING MARKET ANALYSIS

# Buffalo-Cheektowaga-Niagara Falls, New York

**U.S. Department of Housing and Urban Development,**  
Office of Policy Development and Research

As of July 1, 2020



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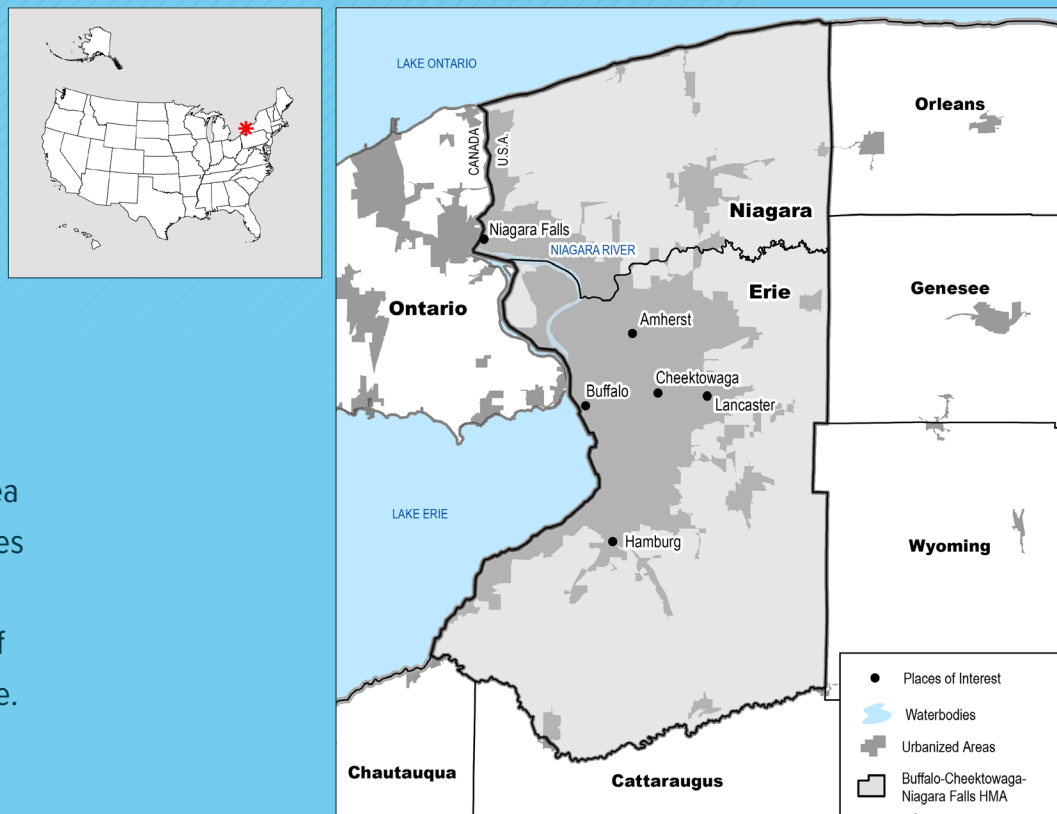


# Executive Summary

## Housing Market Area Description

The Buffalo-Cheektowaga-Niagara Falls Housing Market Area (hereafter, Buffalo HMA) consists of Erie and Niagara Counties in the western portion of upstate New York. The HMA is coterminous with the Metropolitan Statistical Area (MSA) of the same name and borders both Lake Ontario and Lake Erie. The city of Buffalo is the second largest city in New York, with a total population of 255,284 as of July 2019.

The current population of the HMA is estimated at 1.13 million.



## Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance [tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the Community Assessment Reporting [Tool](#).



## Market Qualifiers

### Economy



**Weak:** During the second quarter of 2020, nonfarm payrolls averaged 472,000, representing a decrease of 96,200 jobs, or 16.9 percent, compared with the second quarter of 2019.

As a result of the restrictions put in place in early March to slow the spread of COVID-19, nonfarm payrolls in the Buffalo HMA significantly declined during the 12 months ending June 2020 after 9 consecutive years of growth. During the second quarter of 2020, nonfarm payrolls declined in all 11 nonfarm payroll sectors, led by a decrease of 30,900 jobs, or 50.4 percent, in the leisure and hospitality sector. By comparison, from 2011 through 2019, leisure and hospitality sector payrolls increased by an average of 800 jobs, or 1.5 percent, annually. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.7 percent annually.

### Sales Market



**Slightly Tight:** The HMA had 2.1 months of available for-sale housing inventory in June 2020—down from 2.9 months of inventory in June 2019 (Buffalo Niagara Association of Realtors®).

The sales market in the HMA has a current estimated vacancy rate of 1.2 percent, down slightly from 1.3 percent in April 2010. During the 12 months ending June 2020, the average sales price of new and existing homes increased 8 percent, to a record high of \$195,000 (Metrostudy, A Hanley Wood Company). During the next 3 years, demand is estimated for 2,225 new homes, and the 300 homes under construction will satisfy a portion of that demand.

### Rental Market



**Balanced:** The overall rental vacancy rate is estimated at 6.4 percent, down from the 8.6-percent rate in April 2010.

The rental housing market in the HMA transitioned from slightly soft to balanced conditions from 2007 through 2013 and has remained balanced since. Conditions in the apartment market, however, are tight. During the second quarter of 2020, the apartment vacancy rate was 3.0 percent, down slightly from 3.1 percent during the same period a year earlier, and average asking rents increased 4 percent, to \$1,009 (RealPage, Inc.). During the forecast period, demand is estimated for 3,750 new rental units. The 1,500 units under construction will satisfy a portion of this demand.

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### 3-Year Housing Demand Forecast

Buffalo HMA	Sales Units		Rental Units	
	Total Demand	2,225	3,750	
	Under Construction	300	1,500	

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2020. The forecast period is July 1, 2020, to July 1, 2023.

Source: Estimates by the analyst





# Economic Conditions

## Largest Sector: Education and Health Services

Nonfarm payrolls in the HMA significantly declined during the 12 months ending June 2020, with all sectors losing jobs.

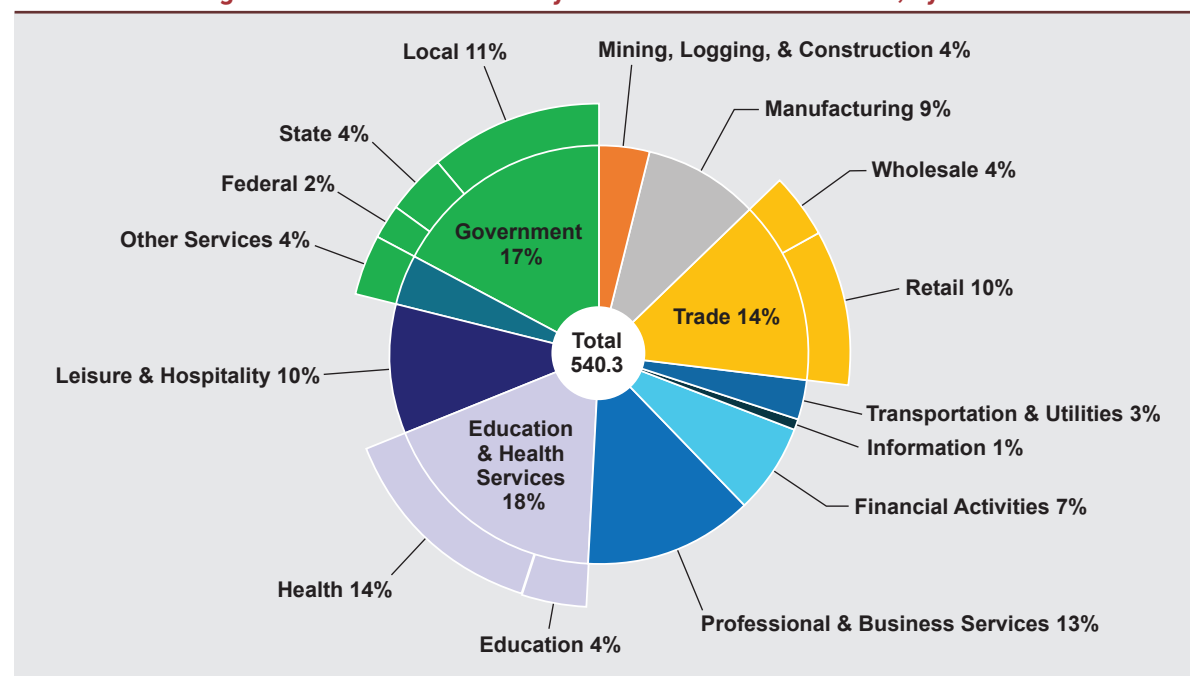
## Primary Local Economic Factors

The education and health services, government, and wholesale and retail trade sectors are the largest nonfarm payroll sectors in the HMA, accounting for 18, 17, and 14 percent of all nonfarm payroll jobs, respectively (Figure 1). The education and health services sector includes Kaleida Health and Catholic

Health, which are the two largest employers in the HMA, with 8,125 and 7,350 employees, respectively (Table 1). Buffalo Niagara Medical Campus, which was formed in 2002, is a 120-acre medical campus that is home to approximately 20,000 total employees at more than 150 private and public companies. In 2018, Jacobs School of Medicine and Biomedical Sciences, which is the medical school at the University at Buffalo, relocated to a new building at the Buffalo Niagara Medical Campus. Approximately 1,200 faculty and staff are employed at the medical school, although most of those jobs were relocated from different areas of the HMA.

Before the job losses that occurred during the past year, growth in the economy was heavily reliant on tourism, with people visiting the area for sporting events, concerts, conventions, gambling, and to view Niagara Falls. In 2017, visitors to the HMA spent nearly \$2.50 billion, and tourism directly and indirectly supported 48,900 jobs in the HMA (Tourism Economics). The city of Buffalo has had significant redevelopment of the downtown area in recent years. In addition to new office buildings, bars, and restaurants opening, Buffalo RiverWorks, a multipurpose entertainment venue with restaurants, opened in early 2015 along the Buffalo River, creating an unspecified number of jobs.

**Figure 1. Share of Nonfarm Payroll Jobs in the Buffalo HMA, by Sector**



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2020.  
Source: U.S. Bureau of Labor Statistics

**Table 1. Major Employers in the Buffalo HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Kaleida Health	Education & Health Services	8,125
Catholic Health	Education & Health Services	7,350
M&T Bank Corporation	Financial Activities	7,000
University at Buffalo	Government	7,000
Employer Services Corporation	Professional & Business Services	6,800
Tops Markets, LLC	Wholesale & Retail Trade	5,425
Seneca Gaming Corporation	Leisure & Hospitality	4,000
Erie County Medical Center Corporation	Government	3,400
Wegmans Food Markets, Inc.	Wholesale & Retail Trade	3,375
HSBC Bank USA, N.A.	Financial Activities	3,200

Notes: Excludes local school districts. Employment totals are as of 2019.

Source: Moody's Analytics

Higher education is also a significant contributor to the economy of the HMA, although employment at area schools has been relatively flat in recent years. The HMA contains 12 colleges and universities, including two community colleges. The largest of those schools is the University at Buffalo, which is part of The State University of New York (SUNY) system, with 31,900 students and approximately 7,000 employees. In 2017, the total economic impact of the university on Western New York was \$228 million (UB Business and Entrepreneur Partnerships Impact Study 2017).

## Current Conditions—Nonfarm Payrolls

The first confirmed cases of COVID-19 in the Buffalo HMA were reported on March 14, 2020 (Centers for Disease Control and Prevention). Interventions taken in mid-March to slow the spread of COVID-19, including enforcing social distancing and discouraging nonessential travel, caused economic activity in the HMA to significantly decline.

During the 12 months ending June 2020, nonfarm payrolls in the HMA declined by 26,000 jobs, or 4.8 percent, compared with the same period a year earlier. Job losses, however, were largely concentrated in the second quarter of 2020, when nonfarm payrolls were down by 96,200 jobs, or 16.9 percent, compared with the second quarter of 2019 (Table 2). The largest decline during the second quarter of 2020 was in the leisure and hospitality sector, which was down by 30,900 jobs, or 50.4 percent.

Approximately 83 percent of the decline in the sector was in the accommodation and food services industry, which was down by 25,700 jobs, or 49.5 percent; decreases in the industry were largely attributed to statewide restrictions limiting or preventing restaurants and bars from offering indoor dining. In addition, approximately 4,000 employees were furloughed when Seneca Buffalo Creek Casino and Seneca Niagara Resort & Casino temporarily closed in mid-March.

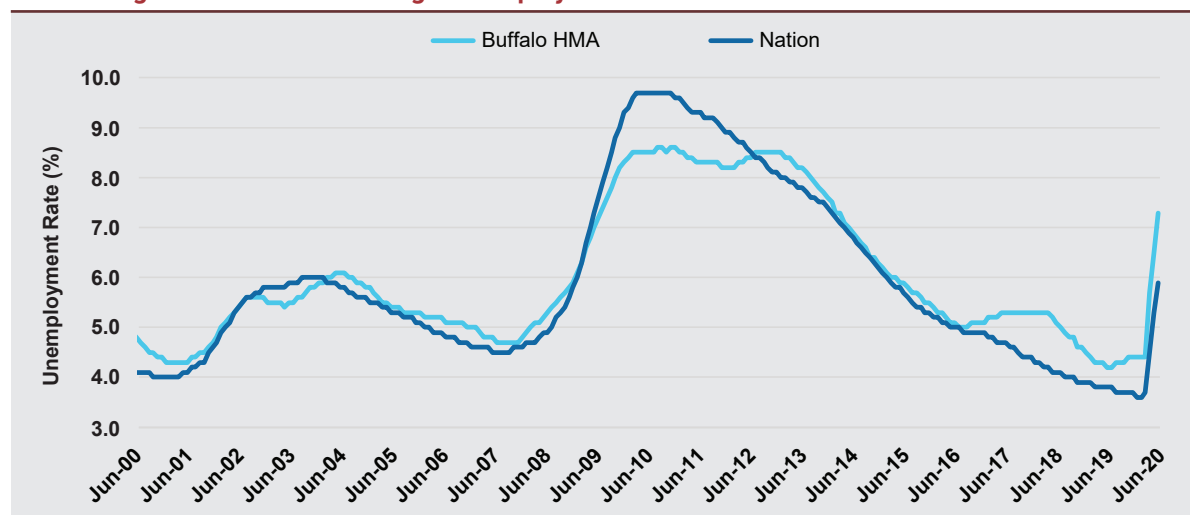
In the wholesale and retail trade sector, nonfarm payrolls decreased by 13,900 jobs, or 17.3 percent. Statewide restrictions that were put in place in mid-March prevented retailers from offering in-store sales. As a result, nearly 80 percent of the losses in the sector were in the retail trade subsector, which declined by 11,100 jobs, or 18.7 percent. Restrictions were eased in early June 2020, however, resulting in some of the jobs returning. Compared with nonfarm payrolls in the subsector in May 2020, nonfarm payrolls in June 2020 were up by 2,600 jobs, or 5.4 percent. By comparison, in June 2019, nonfarm payrolls in the subsector increased by 300 jobs, or 0.5 percent, compared with May 2019.

Nonfarm payrolls in the education and health services and the professional and business services sectors were down by 13,000 and 12,700 jobs, or 13.1 and 17.3 percent, respectively. Nearly 90 percent of the losses in the education and health services sector were in the health care and social assistance industry, which was down

**Table 2. 3-Month Average Nonfarm Payroll Jobs (1,000s) in the Buffalo HMA, by Sector**

	3 Months Ending June 2019	3 Months Ending June 2020	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>568.2</b>	<b>472.0</b>	<b>-96.2</b>	<b>-16.9</b>
<b>Goods-Producing Sectors</b>	<b>74.7</b>	<b>65.7</b>	<b>-9.0</b>	<b>-12.0</b>
Mining, Logging, & Construction	21.9	18.0	-3.9	-17.8
Manufacturing	52.8	47.7	-5.1	-9.7
<b>Service-Providing Sectors</b>	<b>493.5</b>	<b>406.3</b>	<b>-87.2</b>	<b>-17.7</b>
Wholesale & Retail Trade	80.2	66.3	-13.9	-17.3
Transportation & Utilities	18.9	14.4	-4.5	-23.8
Information	6.8	6.5	-0.3	-4.4
Financial Activities	36.5	35.2	-1.3	-3.6
Professional & Business Services	73.6	60.9	-12.7	-17.3
Education & Health Services	99.6	86.6	-13.0	-13.1
Leisure & Hospitality	61.3	30.4	-30.9	-50.4
Other Services	26.0	19.3	-6.7	-25.8
Government	90.6	86.7	-3.9	-4.3

Notes: Based on 3-month averages through June 2019 and June 2020. Numbers may not add to totals due to rounding. Data are in thousands.  
Source: U.S. Bureau of Labor Statistics

**Figure 2. 12-Month Average Unemployment Rate in the Buffalo HMA and the Nation**

Note: Based on the 12-month moving average.  
Source: U.S. Bureau of Labor Statistics

by 11,600 jobs, or 14.4 percent. The decline in this industry was largely attributed to restrictions placed on most elective procedures at private doctor offices, hospitals, and dentist offices as an intervention to slow the spread of COVID-19. Within the professional and business services sector, nonfarm payrolls in the administrative and support and waste management and remediation services and the professional, scientific, and technical services industries were down by 6,000 and 5,500 jobs, or 20.4 and 19.0 percent, respectively.

## Current Conditions— Unemployment

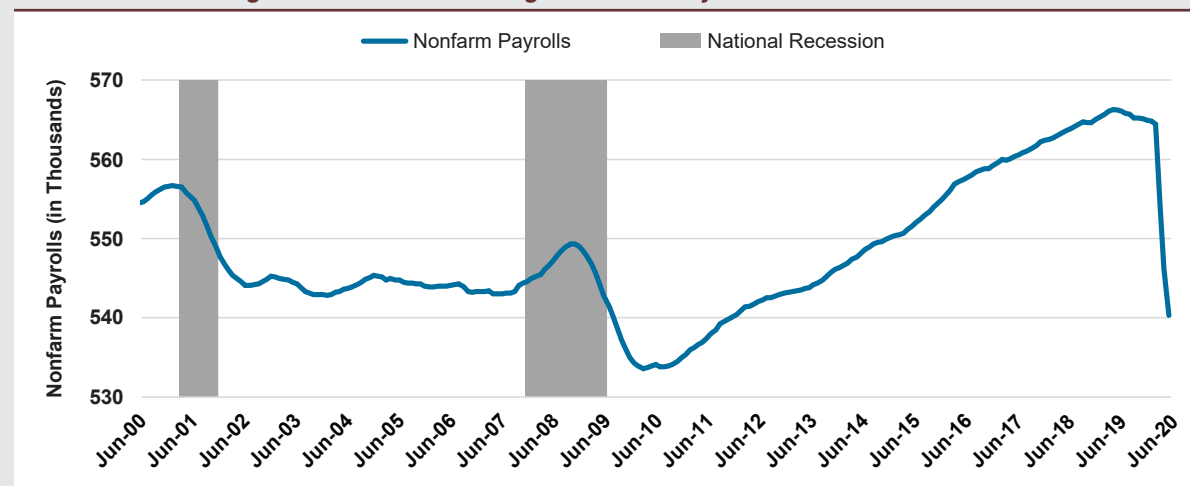
As a result of the large job losses during the past year, the unemployment rate significantly increased. During the 12 months ending June 2020, the unemployment rate in the HMA averaged 7.3 percent—up from the 4.2-percent rate during the same period a year earlier (Figure 2). Similar to the trends in nonfarm payrolls, however, the increase in the rate was largely concentrated in the second quarter of 2020. During the second quarter of 2020, the unemployment rate in the HMA averaged 15.7 percent. The current 3-month rate is at its highest level in more than 30 years and is more than four times the 3.9-percent rate during the second quarter of 2019. The current second-quarter unemployment rate is higher than the statewide and nationwide rates of 15.0 and 12.9 percent, respectively.

## Economic Periods of Significance

### 2001 through 2006

Economic conditions were relatively weak from 2001 through 2006, with nonfarm payroll declines in 5 of 6 years, largely due to significant losses in the manufacturing sector. During the 6-year period, nonfarm payrolls were down by an average of 2,200 jobs, or 0.4 percent, annually. By comparison, nonfarm payrolls nationwide increased an average of 0.6 percent annually during that period. Within the HMA, losses were largest in the manufacturing sector, which declined by an average of 3,500 jobs annually, or 4.8 percent. From the first quarter of 2001 through the fourth quarter of 2006, a total of nearly 120 manufacturing establishments closed, representing a decrease of 8 percent (Quarterly Census of Employment and Wages). Partially offsetting those losses were gains in the professional and business services and the financial activities sectors, which increased by an average of 1,000 and 800 jobs annually, or 1.6 and 2.6 percent, respectively. Figure 3 shows the 12-month average nonfarm payrolls in the HMA since 2000.

**Figure 3. 12-Month Average Nonfarm Payrolls in the Buffalo HMA**



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

### 2007 and 2008

Economic conditions improved during 2007 and 2008; nonfarm payrolls increased by an average of 2,900 jobs, or 0.5 percent, annually. The largest gains were in the professional and business services, the leisure and hospitality, and the education and health services sectors, which increased by averages of 2,100, 1,300, and 1,200 jobs annually, or 3.0, 2.7, and 1.4 percent, respectively. In the professional and business services sector, SAIL-IT, an information technology and management consulting firm, expanded operations in 2008, resulting in 150 new jobs. Losses continued in the manufacturing sector, although the decline slowed to an average of 2,200 jobs, or 3.6 percent, annually.

### 2009 and 2010

Nonfarm payrolls declined during 2009 as a result of the Great Recession and were relatively unchanged during 2010, but the job losses were not as severe as the national average overall due to strong gains in the education and health services sector. During the 2-year period, nonfarm payrolls in the HMA decreased by an average of 7,100 jobs, or 1.3 percent, annually, compared with an average annual 2.5-percent decline nationwide. More than three-fourths of the net losses in the HMA were in the manufacturing and the wholesale and retail trade sectors, which declined by 3,900 and 1,500 jobs, or 7.1 and 1.8 percent, respectively.

In the manufacturing sector, approximately 150 jobs were lost when General Motors Company ceased production of V-8 engines at their Tonawanda facility in 2009. Partially offsetting the losses in those sectors were gains in the education and health services sector, which increased by an average of 1,700 jobs, or 2.0 percent, annually. More than 80 percent of the increase in the sector was in the health care and social assistance industry, which increased by 1,400 jobs, or 2.0 percent, annually. Additional gains were in the leisure and hospitality sector, which increased by an average of 1,100 jobs, or 2.3 percent, annually.

### 2011 through 2019

Economic conditions improved from 2011 through 2019, albeit at a slow pace. During the 9-year period, nonfarm payrolls increased by an average of

3,300 jobs annually, or 0.6 percent. The largest gains were in the education and health services and the leisure and hospitality sectors, which increased by averages of 1,200 and 800 jobs, or 1.2 and 1.5 percent a year, respectively. In the leisure and hospitality sector, Seneca Buffalo Creek Casino moved into a new permanent location in 2013 and completed an expansion in 2017, resulting in a total of approximately 800 new jobs. Nonfarm payrolls also increased in the manufacturing sector during the 9-year period, which added an average of 300 jobs, or 0.6 percent, annually. More than 500 jobs have been added at the Ford Motor Company Buffalo Stamping Plant in the town of Hamburg, Erie County, since 2013 in response to the company expanding its product line.

## Employment Forecast

During the 3-year forecast period, the economy of the HMA is expected to slowly recover from the recent job losses, and nonfarm payrolls are estimated to increase an average of 1.7 percent annually during the next 3 years. Those gains are expected to be largely concentrated in the leisure and hospitality and the wholesale and retail trade sectors, as the restrictions that were put

in place to slow the spread of COVID-19 are steadily eased. Job growth is expected to be stronger than during the previous decade, but that is largely because a significant portion of the expected added jobs will be those that were lost during the pandemic.





# Population and Households

Current Population: 1.13 million

The population of the HMA has generally declined since 2000 due to net out-migration, but the decrease has slowed since 2007.

## Population Trends

As of July 1, 2020, the estimated population of the Buffalo HMA is approximately 1.13 million, representing an average decrease of 960 people, or 0.1 percent, annually since April 2010 (Table 3). From 2000 to 2007, the population declined by an average of 4,475 people, or 0.4 percent, annually (Figure 4). This decrease was due to net out-migration, which averaged 5,075 people per year, and was largely attributed to steady job declines and elevated unemployment rates. In response to job gains during 2007 and 2008, net out-migration decreased to an average of 1,925 people annually from 2007 to 2009, causing the population decline to slow to an average of 1,150 people, or 0.1 percent, annually. Because job losses during the Great Recession were not as severe in the HMA as in the nation as a whole, the unemployment rate in the HMA was below the national rate during the recession and in the initial years that followed. As a result, net out-migration further slowed to an average of 310 people annually from 2009 to 2014. Consequently the population continued to decrease but at the slower pace of 65 people, or less than 0.1 percent, annually. Since 2014, net out-migration

has increased to an average of 1,325 people annually, partially because job growth in the HMA has underperformed that of other metropolitan areas in the region. The higher net out-migration has caused the population decline to accelerate to an average of 1,575 people, or 0.1 percent, annually.

## Net Natural Change

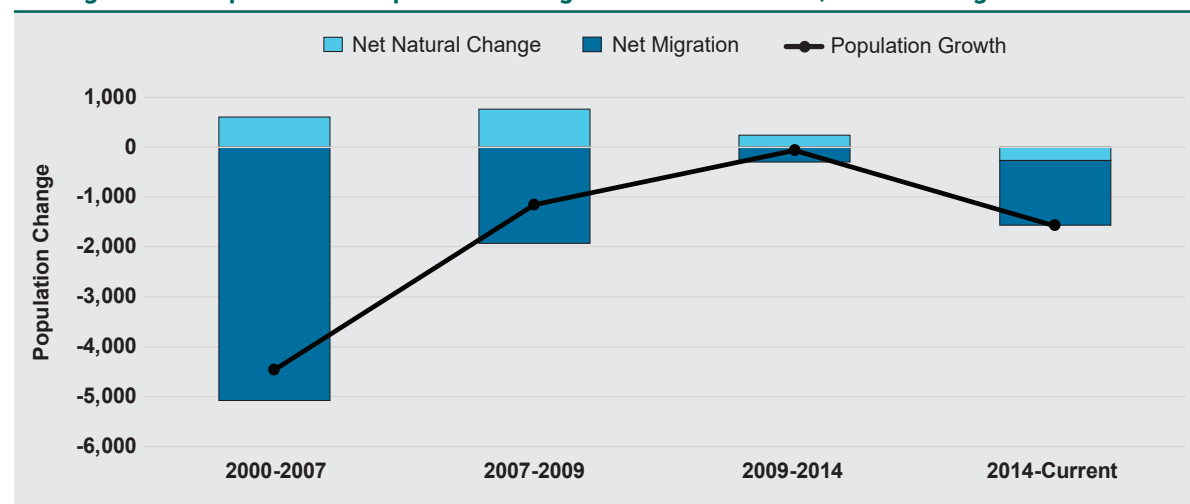
The median age in the HMA in 2018 was 40.9 years—higher than the nationwide median age of 38.2 years (2018 American Community Survey [ACS] 1-year data). As of 2018, the 60-and-older age cohort made up 25.5 percent of the total population—up from 21.8 percent of the population in 2010 (Figure 5). As a result of the growing elderly population, largely due to residents aging in place, net natural change (resident births minus resident deaths) has been declining since 2010, and that figure has been negative since 2016 (that is, deaths exceeded births). Net natural change averaged 810 people annually from 2007 to 2010 but slowed to an average of 100 people annually from 2010 to 2016. From 2016 to 2019, there was net natural decline each year, which averaged 290 people annually. During the past year, net natural decline was estimated to have increased to approximately 1,000 people because of the deaths related to the COVID-19 pandemic. From March through June of 2020, there were nearly 660 COVID-19-related deaths in the HMA (Center for Disease Control and Prevention).

Table 3. Buffalo HMA Population and Household Quick Facts

Population Quick Facts		2010	Current	Forecast
	Population	1,135,509	1,126,000	1,120,000
	Average Annual Change	-3,450	-960	-1,875
	Percentage Change	-0.3	-0.1	-0.2
Household Quick Facts		2010	Current	Forecast
	Households	473,720	483,600	484,600
	Average Annual Change	500	970	340
	Percentage Change	0.1	0.2	0.1

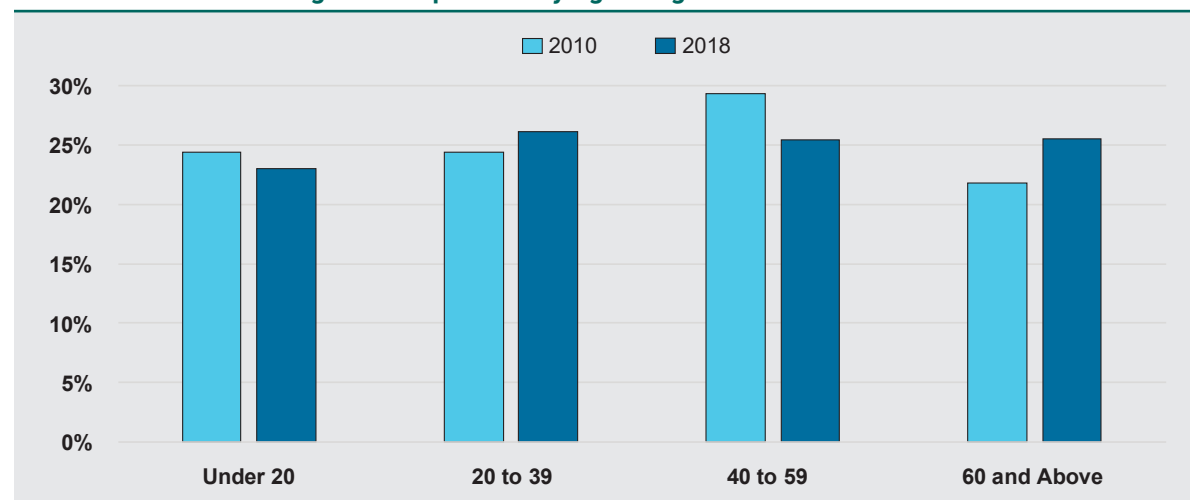
Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (July 1, 2020) to July 1, 2023.  
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst



**Figure 4. Components of Population Change in the Buffalo HMA, 2000 Through the Forecast**

Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (July 1, 2020) to July 1, 2023.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

**Figure 5. Population by Age Range in the Buffalo HMA**

Source: U.S. Census Bureau

## Buffalo City Population Trends

The population of the city of Buffalo has declined each decade since 1960, but the rate of decline has significantly slowed since 2010. As of July 1, 2019, the population of the city of Buffalo was 255,284, making up nearly 23 percent of the total population in the HMA. From 2010 to 2019, the population of the city decreased by an average of approximately 35 people annually, or less than 0.1 percent. By comparison, the population was down by an average of approximately 5,325 people, or 1.3 percent, annually from 1950 to 2010, including an average 1.1-percent decline from 1980 to 2010. The recent slowdown was due to a combination of fewer people moving out of the city and more people moving in—especially into the downtown portion of the city—in response to the significant redevelopment of the downtown area.

## Household Trends

An estimated 483,600 households currently reside in the Buffalo HMA, representing an average increase of 970 households, or 0.2 percent, annually since 2010. By comparison, from 2000 to 2010, the number of households was up by an average of 500 households, or 0.1 percent, annually. The number of households has increased since 2010 despite a declining population because a greater share of the population loss was attributed to family households, which have a higher average household size than nonfamily

households. From 2010 to 2018, households with four or more people decreased an average of 1.1 percent annually, compared with an average 0.7-percent annual increase in households with 3 or fewer people (ACS 2010 and 2018 1-year data). All net household growth during the past 10 years has been in renter households; that growth is partially attributed to more people moving into the city of Buffalo, where rental housing is more prevalent. Since 2010, the number of renter households has increased by an average of 1,125, or 0.7 percent, annually compared with a decline in owner households, which has averaged 170, or 0.1 percent, annually. The current homeownership rate in the HMA is estimated at 63.9 percent, down from the rate of 65.6 percent in 2010 (Figure 6).

## Student Population and Households

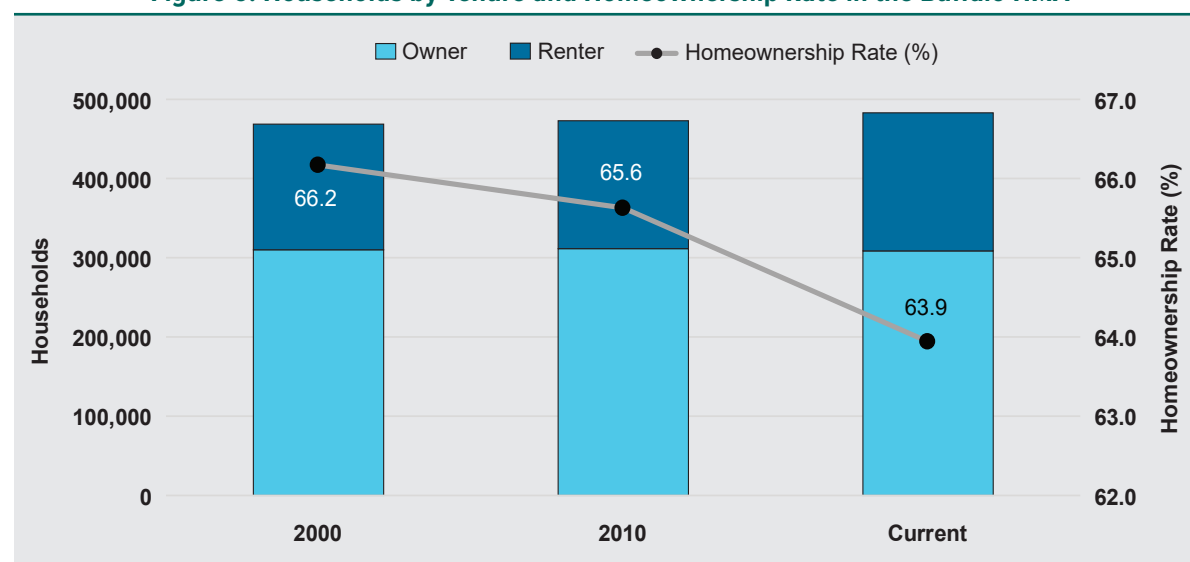
The HMA is home to 10 colleges and universities that house students. The total enrollment at those universities is estimated at approximately 60,400; enrollment is estimated to have been relatively

unchanged from 2010 through the 2019–2020 school year. Approximately 22 percent of the students enrolled at those colleges and universities are housed in on-campus dormitories. Of the remaining students, an estimated 90 percent reside within the HMA, and student households account for approximately 9 percent of all renter households.

## Forecast

During the 3-year forecast period, net out-migration from the HMA is estimated to slightly increase. In addition, COVID-19-related deaths are expected to keep net natural decline slightly elevated, especially during the first year of the forecast period, although net natural decline is not estimated to be as high as it was during the past year. As a result, the population decrease is estimated to slightly accelerate to an average of 1,875 people, or 0.2 percent, annually during the forecast period. Similar to trends since 2000, however, the number of households is estimated to continue to increase, up by an average of 340, or 0.1 percent, annually, reaching 484,600 households at the end of the forecast period.

**Figure 6. Households by Tenure and Homeownership Rate in the Buffalo HMA**



Note: The current date is January 1, 2020.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

# Home Sales Market

## Market Conditions: Slightly Tight

The sales housing market in the HMA is currently slightly tight, and the months of available for-sale housing inventory declined during the past year.

## Current Conditions

The sales housing market in the Buffalo HMA is currently slightly tight. The current vacancy rate is estimated at 1.2 percent—down from 1.3 and 1.8 percent in 2010 and 2000, respectively (Table 4). Sales market conditions in the HMA were slightly soft from 2000 through 2008 but transitioned to balanced from 2009 through 2014 due to lower levels of net out-migration. Conditions remained balanced from 2015 through 2019 despite higher levels of net out-migration. The balanced conditions were largely attributed to continued low levels of single-family home construction activity. Conditions tightened during the past year despite decreased sales activity due to a 31-percent decline in the number of homes for sale, which is partially attributed to the reluctance of homeowners to list their homes for sale during the COVID-19 pandemic. In June 2020, the HMA had 2.1 months of available for-sale housing inventory—down from 2.9 months of inventory in June 2019 (Buffalo Niagara Association of Realtors®).

**Table 4. Home Sales Quick Facts in the Buffalo HMA**

	Buffalo HMA	Nation
<b>Vacancy Rate</b>	1.2%	NA
<b>Months of Inventory</b>	2.1	2.8
<b>Total Home Sales</b>	12,250	5,492,000
1-Year Change	-12%	-3%
<b>New Home Sales Price</b>	\$382,900	\$409,100
1-Year Change	9%	-1%
<b>Existing Home Sales Price</b>	\$187,800	\$315,800
1-Year Change	8%	4%
<b>Mortgage Delinquency Rate</b>	4.0%	4.0%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2020; and months of inventory and mortgage delinquency data are as of June 2020. The current date is July 1, 2020.

Sources: CoreLogic, Inc.; Metrostudy, A Hanley Wood Company; Buffalo Niagara Association of Realtors®

## REO Properties and Delinquent Mortgages

In June 2020, 4.0 percent of home loans in the Buffalo HMA were seriously delinquent or had transitioned into real estate owned (REO) status—up from 1.6 percent in June 2019 (CoreLogic, Inc.). The significant rise during the past year was due to an increase of more than 170 percent in the number of home loans that were 90 or more days delinquent, which is largely attributed to households being unable to make their mortgage payments as a result of the significant job losses during the COVID-19 pandemic. The current rate in the HMA is identical to the nationwide rate but lower than the 7.1-percent statewide rate.

## Existing Home Sales

Existing home sales (including REO sales and regular resales) declined during the past year after increases in 6 of the previous 8 years. During the 12 months ending June 2020, approximately 11,800 existing homes were sold—down by 1,650 homes, or 12 percent, compared with the number of homes sold during the 12 months ending June 2019 (Metrostudy, A Hanley Wood Company). The decline during the past year, however, was largely concentrated during the second quarter of 2020, which is primarily attributed to the significant job losses resulting from the COVID-19 pandemic. During the second quarter of 2020, existing home sales



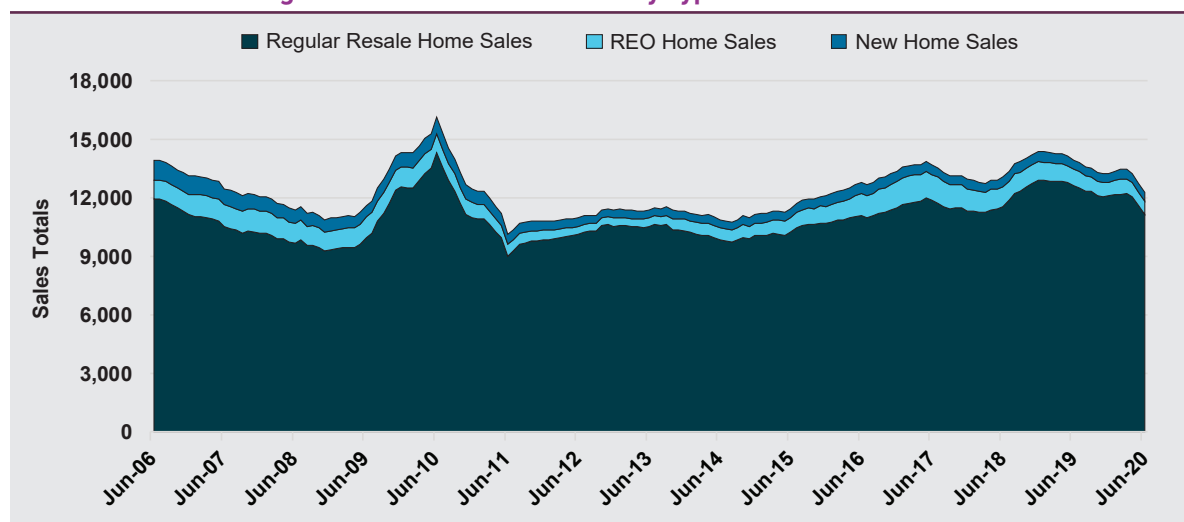
declined by 1,175 homes, or 37 percent, compared with the second quarter of 2019.

Before the decline during the past year, existing home sales increased by an average of 500 homes, or 4 percent, annually from 2012 through 2018. The current level of existing home sales is still up 14 percent compared with the 10,350 homes sold during 2011, when sales were at the lowest level in more than 15 years. The current level of sales, however, is down 7 percent from the average of 12,700 existing homes sold during 2009 and 2010, when sales were elevated as a result of the federal first-time home buyer tax credit, which was created by the Housing and Economic Recovery Act. Figure 7 shows the 12-month average sales totals by sales type in the HMA since 2006, and Figure 8 shows the number of new and existing home sales by price range during the 12 months ending June 2020.

## New Home Sales

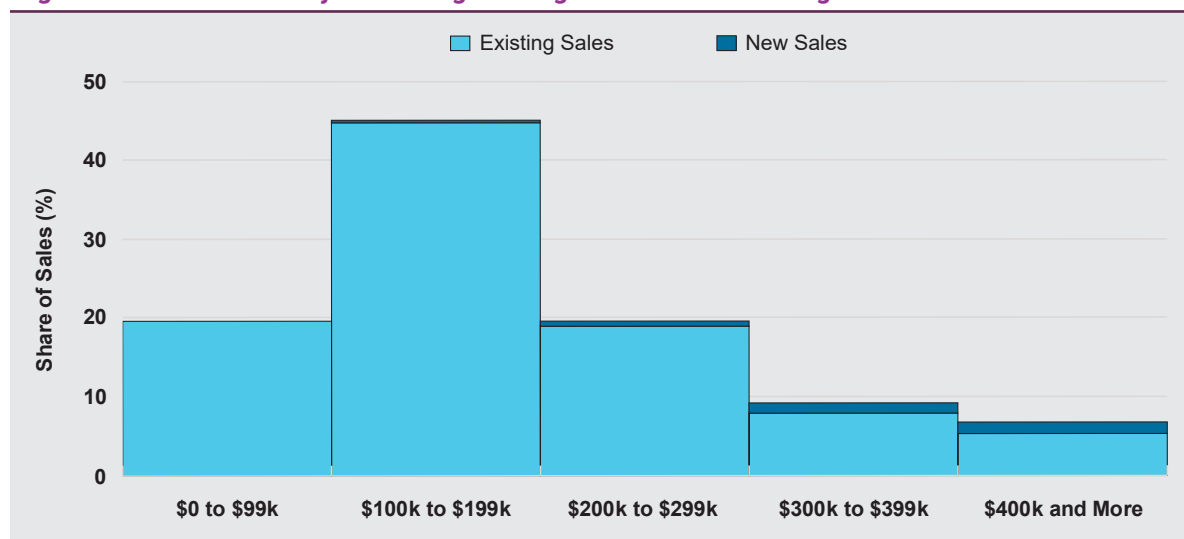
New home sales declined during the past year and in 3 of the past 4 years. During the 12 months ending June 2020, approximately 450 new homes sold—a decrease of 30 homes, or 7 percent, from the same period a year earlier (Metrostudy, A Hanley Wood Company). New home sales have declined an average of 5 percent annually since 2017 compared with an average 7-percent increase from 2013 through 2016. In addition, the current level of sales is down 53 percent from the 960 new homes sold during 2005, when housing market conditions were stronger and demand was

**Figure 7. 12-Month Sales Totals by Type in the Buffalo HMA**



REO = real estate owned.  
Source: Metrostudy, A Hanley Wood Company

**Figure 8. Share of Sales by Price Range During the 12 Months Ending June 2020 in the Buffalo HMA**



Note: New and existing sales include single-family homes, townhomes, and condominium units.  
Source: Metrostudy, A Hanley Wood Company

higher for housing in the suburban portions of the HMA, where developable land is more abundant.

## Home Sales Prices

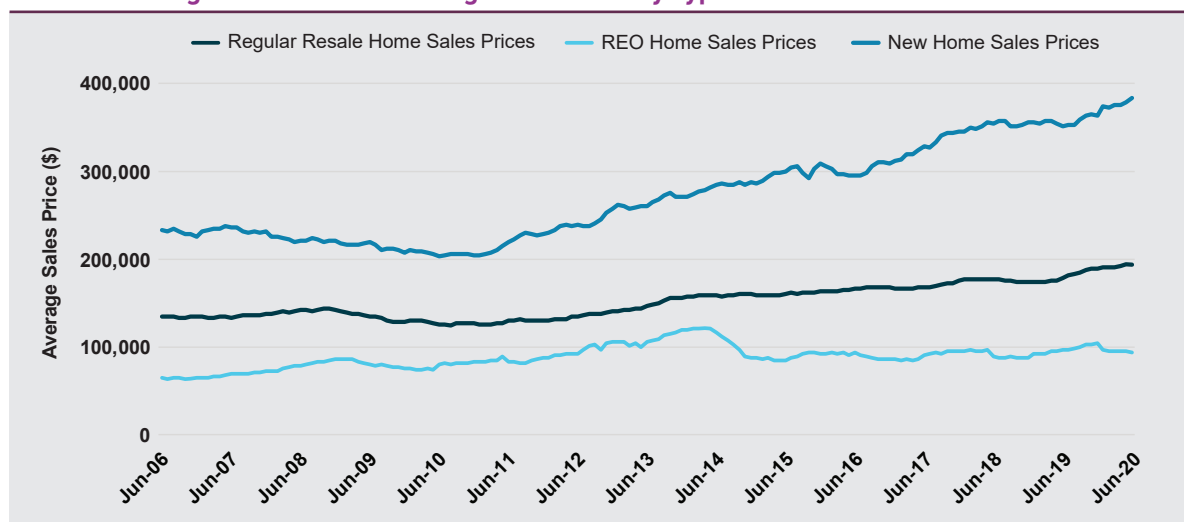
In response to tightening sales market conditions during the past year, the average sales price of existing homes increased at the fastest pace in 6 years. During the 12 months ending June 2020, the average sales price of existing homes increased 8 percent, to \$187,800, which is an all-time peak level (Metrostudy, A Hanley Wood Company). By comparison, from 2014 through 2018, the average sales price of existing homes increased an average of 2 percent annually.

The average sales price of new homes is also at an all-time peak after increasing during 8 of the past 10 years. During the 12 months ending June 2020, the average sales price of new homes increased 9 percent, to \$382,900. Since 2011, the average sales price of new homes has increased an average of 6 percent annually compared with an average 3-percent decline from 2006 through 2010. Figure 9 shows the 12-month average sales price by sales type in the HMA since 2006.

## Sales Construction Activity

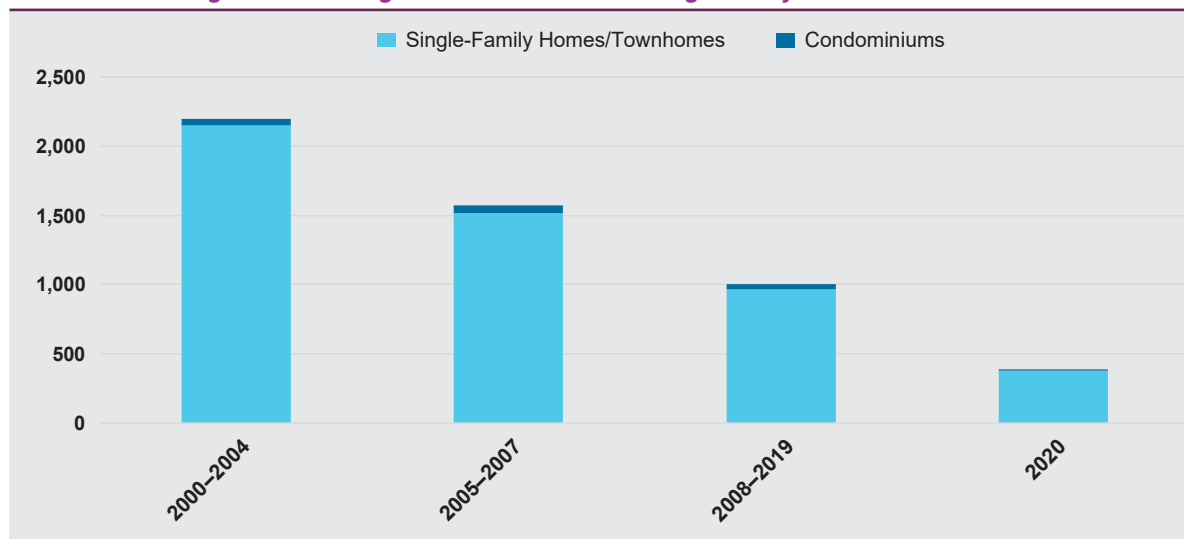
Sales construction activity—as measured by the number of single-family homes, townhomes, and condominiums permitted (see [building permits](#))—has been relatively limited since 2008, which is largely attributed to low levels of new home sales. From 2008 through 2019, an average of 1,000 sales units were permitted annually (Figure 10). Sales permitting activity during that period was

**Figure 9. 12-Month Average Sales Price by Type of Sale in the Buffalo HMA**



REO = real estate owned.  
Source: Metrostudy, A Hanley Wood Company

**Figure 10. Average Annual Sales Permitting Activity in the Buffalo HMA**



Note: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through June 2020.  
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

down 37 percent from the average of 1,575 sales units permitted annually from 2005 through 2007 and 55 percent lower than the average of 2,200 units permitted from 2000 through 2004. During the 12 months ending June 2020, approximately 860 sales units were permitted—down 12 percent compared with the number of sales units permitted during the same period a year earlier (preliminary data, with adjustments by the analyst). Condominiums have not been a significant part of the sales housing inventory, having accounted for less than 3 percent of all sales units permitted since 2000.

Recent new home construction activity includes The Preserve at Muir Woods, a single-family home community in the town of Amherst in Erie County. Approximately 16 percent of the 133 planned homes have been completed, and the remaining homes are expected to be constructed as they are sold. Prices for these three- and four-bedroom homes start at \$369,500 and \$411,000, respectively. In the town of Lancaster, more than one-half of the planned 88 single-family homes have been completed at Hidden Meadow since 2017, with the rest of the homes expected to be built within the next 3 years. Prices for these three-, four-, and five-bedroom homes start at \$353,900, \$378,000, and \$418,900, respectively. Construction in the city of Buffalo has been relatively limited because of a lack of developable land. Current construction in the city includes six additional condominium units

being added at Historic Warehouse Condominiums, an existing 30-unit condominium building that was built in 2007. Prices range from \$255,000 to \$265,000 for the one-bedroom units and from \$285,900 to \$310,000 for the two-bedroom units.

Forecast

During the 3-year forecast period, demand is estimated for 2,225 new single-family homes, townhomes, and condominiums (Table 5). The 300 homes under construction will satisfy some of that demand. Demand is expected to increase slightly each year because of slowly improving economic conditions. Annual demand, however, is anticipated to be lower than in recent years because of expected higher levels of net out-migration.

Table 5. Demand for New Sales Units in the Buffalo HMA During the Forecast Period

Sales Units	
Demand	2,225 Units
Under Construction	300 Units

Note: The forecast period is from July 1, 2020, to July 1, 2023.  
Source: Estimates by the analyst

# Rental Market

## Market Conditions: Balanced

The overall rental market is balanced, with an estimated vacancy rate of 6.4 percent.

## Current Conditions and Recent Trends

The rental market in the Buffalo HMA—including apartment units, single-family homes, townhomes, condominiums, and mobile homes for rent—is currently balanced. The overall rental vacancy rate is estimated at 6.4 percent—down from 8.6 percent in April 2010 (Table 6). Conditions in the rental market were slightly soft from 2000 through 2006 because of strong net out-migration, but conditions transitioned from slightly soft to balanced from 2007 through 2013 as a result of lower levels of net out-migration. Despite increased net out-migration, conditions have remained balanced since 2014, which is largely attributed to residents choosing to rent both single-family rental units and apartments as opposed

to purchasing homes because of relatively weak job growth before the job losses during the past year. In 2018, approximately 66 percent of all rental units were in structures with four or fewer units—down slightly from 68 percent of all rental units in 2010 (ACS 1-year data). In addition, 22 percent of all rental units in 2018 were in single-family homes—up from 20 percent of all rental units in 2010.

Conditions in the apartment market are currently tight, compared with slightly soft conditions in 2010. During the second quarter of 2020, the apartment vacancy rate in the HMA was 3.0 percent—down slightly from 3.1 percent during the second quarter of 2019 and significantly lower than the 8.5-percent rate during the second quarter of 2010 (RealPage, Inc.; Figure 11). Since 2010, the apartment vacancy rate has fluctuated, but generally trended downward, as a steady flow of newly constructed apartment units that were completed as part of the redevelopment of the downtown area were rapidly absorbed. During the second quarter of 2020, the average apartment rent in the HMA was \$1,009—up 4 percent compared with the second quarter of 2019. The average rent increased an average of 3 percent annually during the past 6 years, compared with a 1-percent average annual increase in corresponding periods from 2010 through 2014.

**Table 6. Rental and Apartment Market Quick Facts in the Buffalo HMA**

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	8.6	6.4
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	20.0	22.0
	Multifamily (2–4 Units)	48.0	44.0
	Multifamily (5+ Units)	31.0	33.0
	Other (Including Mobile Homes)	1.0	1.0
Apartment Market Quick Facts		Current	YoY Change
	Apartment Vacancy Rate	3.0	-0.1
	Average Rent	\$1,009	4

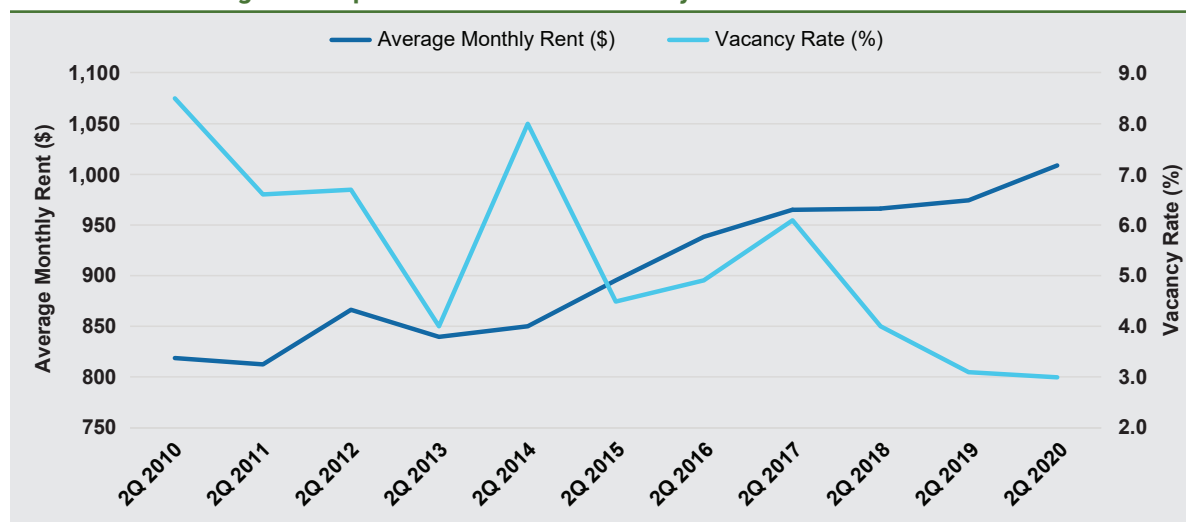
YoY = year-over-year.

Notes: The current date is July 1, 2020. Percentages may not add to 100 due to rounding.

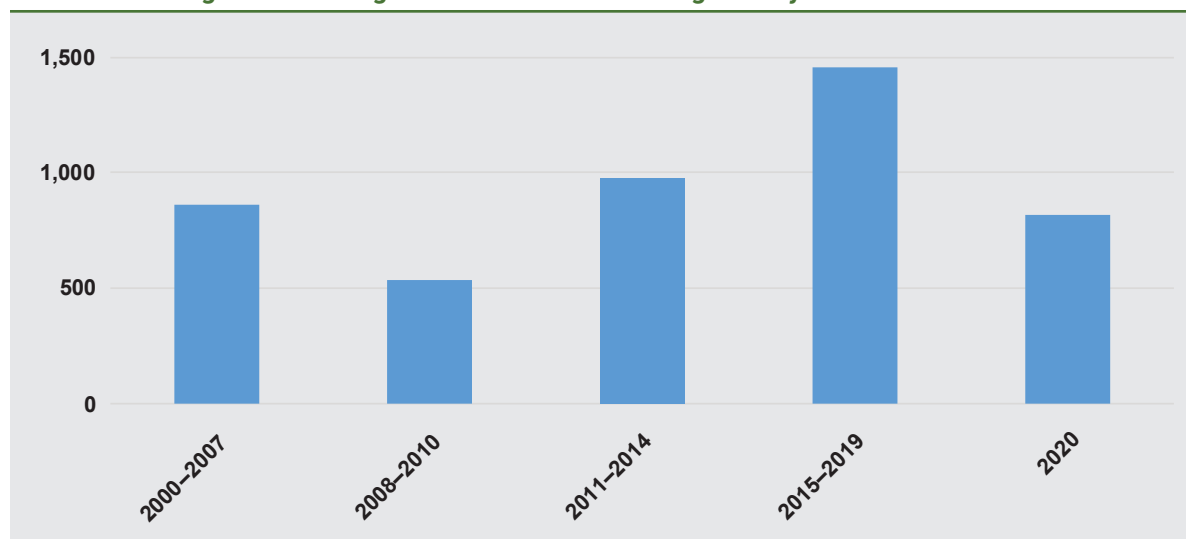
Sources: 2010 and 2018 American Community Survey, 1-year data; RealPage, Inc.





**Figure 11. Apartment Rents and Vacancy Rates in the Buffalo HMA**

Q2 = second quarter.  
Source: RealPage, Inc.

**Figure 12. Average Annual Rental Permitting Activity in the Buffalo HMA**

Note: Includes apartments and units intended for rental occupancy. Data for 2020 are through June 2020.

Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

## Rental Permit Activity

In response to newly constructed apartment units being absorbed at a rapid pace, rental permitting activity—as measured by the number of rental units permitted—has been strong in the HMA since 2015. From 2000 through 2007, an average of 860 rental units were permitted annually (Figure 12). Rising apartment vacancy rates during 2007, however, caused rental permitting activity to slow to an average of 540 units permitted annually from 2008 through 2010. As a result of tightening apartment market conditions, rental permitting activity increased to an average of 980 units permitted annually from 2011 through 2014 and to an average of 1,450 units permitted annually from 2015 through 2019. During the 12 months ending June 2020, approximately 1,600 rental units were permitted—up 10 percent compared with the number of rental units permitted during the same period a year earlier (preliminary data, with adjustments by the analyst).

## New Construction

Recent activity includes the 52-unit The Parkway Luxury Apartments, which is in the town of Amherst in Erie County; it was completed in late 2019. Rents for these newly constructed one- and two-bedroom apartments start at \$1,525 and \$2,100, respectively. The 72 units at the River's Edge Apartments community were completed in mid-2019. Rents for the units range from \$1,750 to \$2,900 for the two-bedroom units and from \$2,000 to \$3,200 for the three-bedroom units. In the city of Buffalo, construction is underway

at The Grid, which is a 215-unit apartment community that is expected to be completed in late 2020. Rents for the studio, one-bedroom, and two-bedroom apartments are expected to start at \$1,100, \$1,250, and \$1,700, respectively.

### Student Housing

Construction of on-campus student dormitories has been extremely limited since 2012. Construction of off-campus, privately-owned student apartments, however, has been active in recent years. In the town of Amherst, the 216-unit Monarch 716 apartment community was completed in late 2017. The units are rented by the bedroom, and rents are \$665 per bedroom in two-bedroom apartments and \$515 per bedroom in four-bedroom apartments. An additional 196 units are under construction at The Station, which is expected to be completed in mid-2021 and will be less than a mile from University at Buffalo. Rents are expected to range from \$810 per bedroom in four-bedroom apartments to \$885 per bedroom in two-bedroom apartments.

### Forecast

During the 3-year forecast period, demand is estimated for 3,750 new rental units in the HMA (Table 7). Demand is expected to be relatively steady during the forecast period, but new supply should be targeted to come online during the second and third years of the forecast period because the 1,500 units under construction will satisfy all demand during the first year.

**Table 7. Demand for New Rental Units in the Buffalo HMA During the Forecast Period**

Rental Units	
Demand	3,750 Units
Under Construction	1,500 Units

Note: The forecast period is July 1, 2020, to July 1, 2023.  
Source: Estimates by the analyst



# Terminology Definitions and Notes

## A. Definitions

<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
<b>Demand</b>	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
<b>Forecast Period</b>	7/1/2020–7/1/2023—Estimates by the analyst.
<b>Great Recession</b>	The Great Recession occurred nationally from December 2007 to June 2009.
<b>Home Sales</b>	Includes single-family, townhome, and condominium sales.
<b>Net Natural Decline</b>	Net natural decline occurs when the number of resident births is less than the number of resident deaths.

<b>Net Out-Migration</b>	<b>Net out-migration occurs when out-migration is greater than in-migration.</b>
<b>Rental Market</b>	<b>Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.</b>
<b>Seriously Delinquent</b>	<b>Mortgages 90+ days delinquent or in foreclosure.</b>

#### B. Notes on Geography

<b>1.</b>	<b>The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.</b>
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#### C. Additional Notes

<b>1.</b>	<b>This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.</b>
<b>2.</b>	<b>The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.</b>



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