

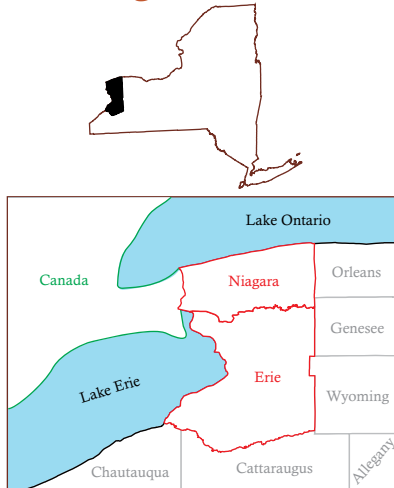


Buffalo-Niagara Falls, New York

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2012



Housing Market Area



The Buffalo-Niagara Falls Housing Market Area (HMA), coterminous with the Buffalo-Niagara Falls Metropolitan Statistical Area in western New York, consists of Erie and Niagara Counties. For purposes of this analysis, the HMA is divided into two submarkets: the Erie County submarket, which includes the city of Buffalo, and the Niagara County submarket, which is home to the city of Niagara Falls.

Market Details

- Economic Conditions2
- Population and Households5
- Housing Market Trends7
- Data Profiles14

Summary

Economy

Nonfarm payrolls in the Buffalo-Niagara Falls HMA grew slowly from the start of 2011 to the 12 months ending September 2012, when nonfarm payrolls averaged 544,300 jobs, a gain of 1,700 jobs, or 0.3 percent, from the previous 12-month period. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 0.2 percent annually, with faster growth during the second and third years of the forecast period as employment conditions slowly improve.

Sales Market

The home sales market in the HMA is balanced, with a current estimated sales vacancy rate of 1.2 percent.

Demand is expected for nearly 3,125 new homes during the forecast period. The 390 homes currently under construction and a portion of the 27,200 other vacant units in the HMA that may reenter the market will satisfy some of the forecast demand (Table 1).

Rental Market

The rental housing market in the HMA is balanced at a vacancy rate of 7.1 percent, down from 8.6 percent in 2010, reflecting increased rental demand, especially among college students and seniors. During the forecast period, demand is expected for 1,850 new rental units (Table 1). The 340 units currently under construction will meet a portion of the demand.

Table 1. Housing Demand in the Buffalo-Niagara Falls HMA, 3-Year Forecast, October 1, 2012, to October 1, 2015

	Buffalo-Niagara Falls HMA		Erie County Submarket		Niagara County Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total Demand	3,125	1,850	2,575	1,525	540	340
Under Construction	390	340	340	320	50	0

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2012. A portion of the estimated 27,200 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

Economic conditions in the Buffalo-Niagara Falls HMA have improved slowly since the start of 2011. During the 12 months ending September 2012, nonfarm payrolls averaged 544,300 jobs, an increase of 1,700 jobs, or 0.3 percent, from the previous 12-month period, when payrolls increased by 5,400 jobs, or 1.0 percent (Table 2). These gains represent a significant improvement compared with payrolls that were unchanged during 2010 and that lost 13,900 jobs during the economic decline in 2009. During 2009, approximately 59 percent of the net

losses were concentrated in the goods-producing sectors, including a decline of 6,800 jobs, or 11.8 percent, in the manufacturing sector. During the 12 months ending September 2012, the average unemployment rate increased to 8.4 percent from 8.1 percent during the previous 12 months. By comparison, the unemployment rate averaged 5.3 percent from 2000 through 2008. Figure 1 illustrates trends in the labor force, resident employment, and the average unemployment rate in the HMA from 2000 through 2011.

Although the HMA was at one time a major industrial area with a large steel-manufacturing industry, the economic base of the HMA has slowly shifted away from manufacturing since the 1980s. In lieu of being a stronghold of manufacturing jobs, the HMA has become the education and healthcare center for much of western New York. Since 2000, the share of nonfarm payroll jobs in the manufacturing sector has declined from 15 to less than 10 percent, whereas the share of jobs in the education and health services sector has increased from 15 to 17 percent. Figure 2 shows the share of total nonfarm payroll jobs in the HMA by sector, and Figure 3 shows sector growth in the HMA from 2000 to the current date.

Despite its history of declining employment, the manufacturing sector improved significantly in job growth during the past year. During the 12 months ending September 2012, the manufacturing sector in the HMA increased by 2,000 jobs, or 3.8 percent, to average 52,900 jobs compared with the number of jobs recorded during the 12 months ending September 2011. New developments in the manufacturing sector may contribute to additional growth during the forecast period.

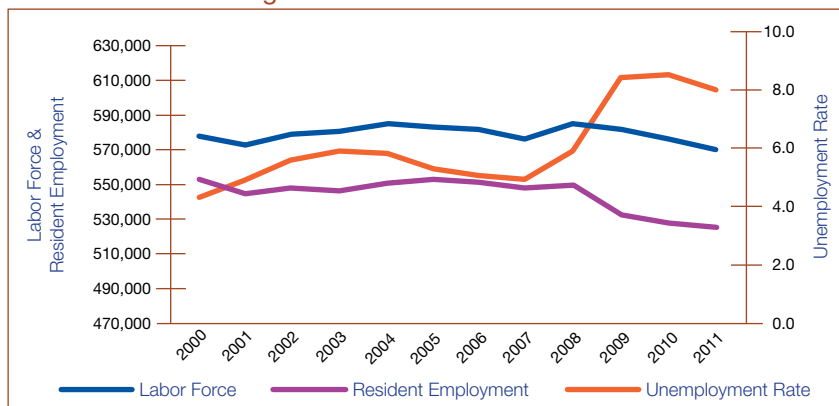
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Buffalo-Niagara Falls HMA, by Sector

	12 Months Ending September 2011	12 Months Ending September 2012	Percent Change
Total Nonfarm Payroll Jobs	542,600	544,300	0.3
Goods Producing	70,700	74,100	4.7
Mining, Logging, & Construction	19,800	21,200	7.1
Manufacturing	50,900	52,900	3.8
Service Providing	471,900	470,200	-0.4
Wholesale & Retail Trade	82,500	82,500	-0.1
Transportation & Utilities	15,900	16,000	0.5
Information	7,600	7,400	-2.9
Financial Activities	31,100	31,600	1.7
Professional & Business Services	72,100	69,700	-3.3
Education & Health Services	91,700	93,800	2.2
Leisure & Hospitality	53,200	51,700	-2.9
Other Services	23,200	23,300	0.4
Government	94,500	94,300	-0.2

Notes: Based on 12-month averages through September 2011 and September 2012. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Buffalo-Niagara Falls HMA, 2000 Through 2011

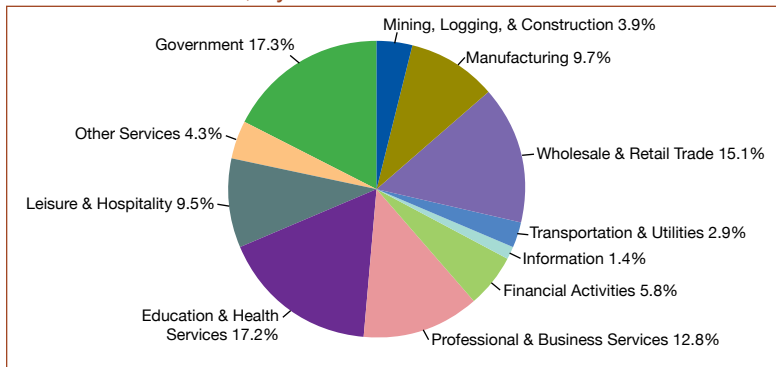


Source: U.S. Bureau of Labor Statistics

Greenpac USA LLC is expected to add 108 jobs starting in 2013 at a new \$430 million, 300,000-square-foot containerboard mill that is currently under construction in Niagara Falls. In addition, starting in mid-2013, Welded Tube of Canada Inc. plans to add 121 jobs and invest \$50 million in a new facility in Lackawanna to produce steel tubing for the oil and natural gas industry. The Ford Motor Company is expected to invest \$135 million and add 400 jobs during the next 4 years at the Buffalo Stamping Plant in Hamburg.

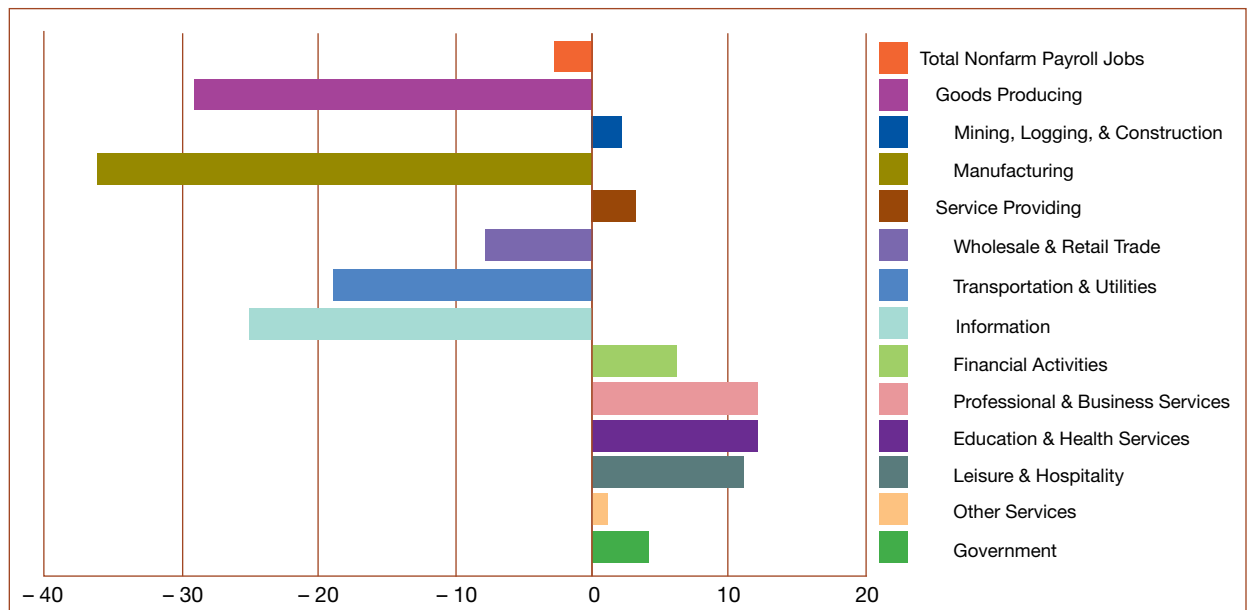
The education and health services sector led growth in the HMA during the 12 months ending September 2012, adding 2,100 jobs, a 2.2-percent increase, compared with the number of jobs recorded during the previous 12 months. From 2000 through 2010, the education and health services sector increased by an average of 7,700 jobs, or 0.9 percent, per year. The largest healthcare employers in the HMA are Kaleida Health, Catholic Health System, and Roswell Park Cancer Institute, with approximately 8,450, 6,275, and 3,500 employees, respectively (Table 3). Joint ventures between private healthcare employers and local universities are an important component to the HMA economy. As of the fall of 2010, more than 90,000 college and university students resided in the HMA, with the University at Buffalo (UB) accounting for approximately one-third of student enrollment. UB is the second largest employer in the HMA, with approximately 7,100 employees, and it enrolls 29,100 students. According to the Office of

Figure 2. Current Nonfarm Payroll Jobs in the Buffalo-Niagara Falls HMA, by Sector



Note: Based on 12-month averages through September 2012.
Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Buffalo-Niagara Falls HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through September 2012.
Source: U.S. Bureau of Labor Statistics

Government and Community Relations, as of the 2006–07 academic year (the latest data available), UB had an annual economic impact on the state of New York that exceeded \$1.7 billion. Recent growth in the education and health services sector was led by hiring at the new \$291 million, 10-story facility that combines Kaleida Health's Gates Vascular Institute and UB's Clinical and Translational Research Center located in Buffalo, adjacent to Buffalo General Medical Center. The development, which opened in May 2012, includes a Federal Housing Administration-insured mortgage and is expected to support 700 jobs in the HMA after hiring is complete.

The professional and business services and the leisure and hospitality sectors have represented significant sources of payroll growth in the HMA since 2000, increasing 12.1 and 10.6 percent, respectively. This trend changed during the past year, however, with substantial job losses reported in both sectors. During the 12 months ending September 2012, the most significant payroll declines in the HMA were in the professional and business services sector,

down 2,400 jobs, or 3.3 percent, from a year earlier, but losses were very uneven within the sector. During the past 12 months, the administrative, support, waste management, and remediation services industry declined by 3,600 jobs, or 10.8 percent, more than offsetting the increase in the professional, scientific, and technical services industry of 1,000 jobs, or 3.5 percent, compared with the number of jobs recorded during the previous 12 months. During the same period, the leisure and hospitality sector declined by 1,500 jobs, or 2.9 percent, including a loss of 700 jobs, or 1.6 percent, in the food services and drinking places industry.

During the 12 months ending September 2012, the mining, logging, and construction sector grew by 1,400 jobs, or 7.1 percent, and the financial activities sector grew by 500 jobs, or 1.7 percent, compared with the number of jobs recorded during the previous 12 months. In May 2011, M&T Bank, which employs nearly 4,600 people in the HMA, announced plans to add 133 jobs in Buffalo as a result of its purchase of Delaware-based Wilmington Trust Corp.

During the 3-year forecast period, non-farm payrolls are expected to increase by an average of nearly 1,300 jobs, or 0.2 percent, annually, with faster growth during the second and third years of the forecast period as employment conditions slowly improve. Recent growth in the education and health services and the manufacturing sectors is expected to continue throughout the forecast period.

Table 3. Major Employers in the Buffalo-Niagara Falls HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Kaleida Health	Education & Health Services	8,450
University at Buffalo	Government	7,100
Catholic Health System	Education & Health Services	6,275
Employer Services Corporation	Professional & Business Services	6,275
TOPS Markets, LLC	Wholesale & Retail Trade	5,125
M&T Bank	Financial Activities	4,600
HSBC Bank USA	Financial Activities	4,000
Catholic Diocese of Buffalo	Other Services	3,525
Roswell Park Cancer Institute	Education & Health Services	3,500
Wegmans Food Markets, Inc.	Wholesale & Retail Trade	3,125

Notes: Excludes local school districts. TOPS Markets, LLC, is headquartered in HMA; the employment count is for Western New York.

Source: Buffalo Business First Book of Lists 2012

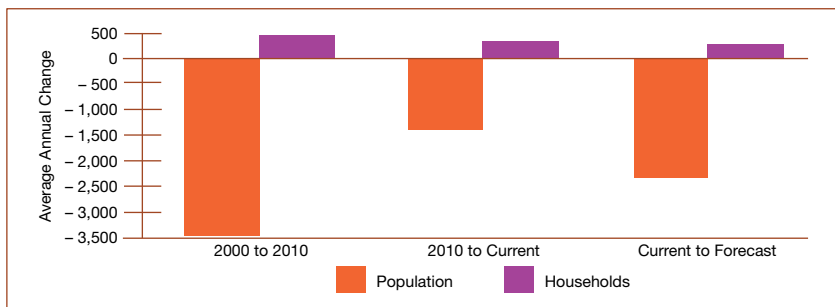
Population and Households

As of October 1, 2012, the population of the Buffalo-Niagara Falls HMA was estimated at 1.13 million, a decrease of 1,400, or 0.1 percent, annually from the April 1, 2010 population. (Tables DP-1 through DP-3 at the end of this report provide information on population growth in the HMA and in each submarket from 2000 to the current date.) From 2000 through 2010, the population of the HMA decreased by 3,450, or 0.3 percent, annually (Figure 4). Net natural change (resident births minus resident deaths) averaged 480 people a year from 2000 through 2010 but slowed to 280 people a year from 2010 through October 1, 2012. Net natural change is expected to grow at a rate of 300 people annually during the forecast period. From 2000 through 2010, net out-migration averaged 3,950 people annually as retirees moved to warmer

climates and workers left the HMA for employment opportunities in regions of the country with stronger job growth. According to Internal Revenue Service data, from 2000 through 2010, net out-migration from the HMA to Florida and North Carolina accounted for losses of 12,900 and 6,050 people, or 30 and 14 percent of total net out-migration from the HMA, respectively. From 2000 through 2007, net out-migration from the HMA averaged approximately 4,050 people annually. During this period, the population of the HMA declined by an average of 4,475, or 0.4 percent, annually. As the national economy began to weaken, however, the migration trend changed, with fewer people leaving the HMA because of the relatively stable housing market in the HMA and reduced job opportunities in other parts of the country. From 2007 through 2011, net out-migration averaged 1,100 people per year, with the population declining by 910, or 0.1 percent, per year. During the forecast period, however, net out-migration is anticipated to more than double from the level recorded during the past 5 years and average 2,625 people a year, because economic conditions throughout the country are expected to improve faster than within the HMA. The population of the HMA is expected to decline by 2,325, or 0.2 percent, annually during the next 3 years. See Figure 5 for components of population change from 2000 through the forecast period.

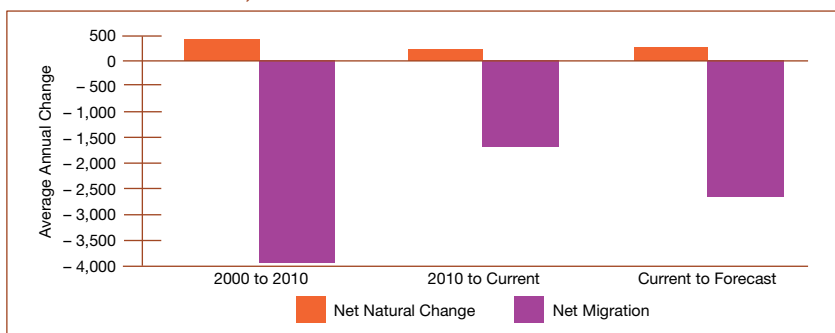
An estimated 916,400 people currently reside in the Erie County submarket, down 1,050, or 0.1 percent, annually from a population of 919,040 in 2010. As of April 1, 2010, the city of Buffalo, with a population of 261,310, accounted for 28 percent of the population in the submarket. During the 2000s, the

Figure 4. Population and Household Growth in the Buffalo-Niagara Falls HMA, 2000 to Forecast



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

Figure 5. Components of Population Change in the Buffalo-Niagara Falls HMA, 2000 to Forecast



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

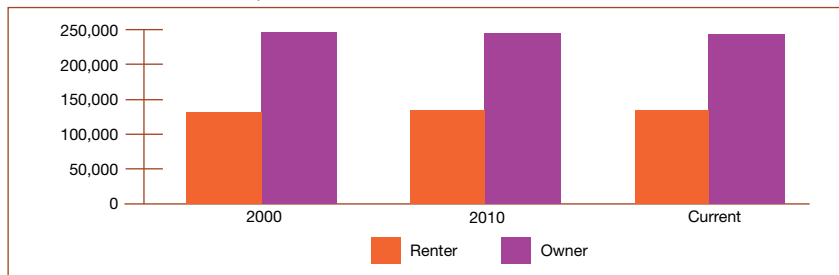
submarket population decreased by an average of 3,125, or 0.3 percent, annually. The population decline was a result of out-migration, which averaged 3,600 people annually from 2000 through 2010. The population of the submarket is expected to decline by 1,975, or 0.2 percent, annually during the forecast period.

The population of the Niagara County submarket is currently estimated at 215,600, down an estimated 350, or 0.2 percent, annually compared with a population of 216,469 in 2010. As of April 1, 2010, the city of Niagara Falls, with a population of 50,193, accounted for 23 percent of the population in the submarket. During the 2000s, the submarket population decreased by an average of 340, or 0.2 percent, annually, with the entire decline resulting from out-migration. The population of the submarket is expected to decline by 370, or 0.2 percent, annually during the forecast period.

An estimated 474,700 households currently reside in the HMA; 383,700 reside in the Erie County submarket and 91,000 in the Niagara County submarket. From 2000 through 2010, the number of owner households in the HMA changed very little, increasing by an average of 75 households per year. By comparison, during the same period, renter households increased by an average of 430 households, or 0.3 percent, per year. Despite the decline in population, since April 1, 2010, household growth in the HMA has averaged an estimated 390 households, or 0.1 percent, annually. According to the American Community Survey, as of 2011, the population ages 62 years and older in the Buffalo-Niagara Falls HMA totaled 218,600, an increase of 1,800, or 0.8 percent, from nearly 216,800 as of the 2010 Census. An estimated 64.2 percent of Erie County submarket households and 68.7 percent of Niagara County submarket households are currently owners (Figures 6 and 7). Since 2010, the number of owner households has declined by an estimated average of 810, a 0.3-percent decrease, per year, whereas the number of renter households has grown by an estimated 1,200, or 0.7 percent, annually. Also since 2010, the homeownership rate in the HMA has decreased from 65.6 percent to an estimated 65.1 percent, because weak economic conditions and strict lending standards resulted in more renter households.

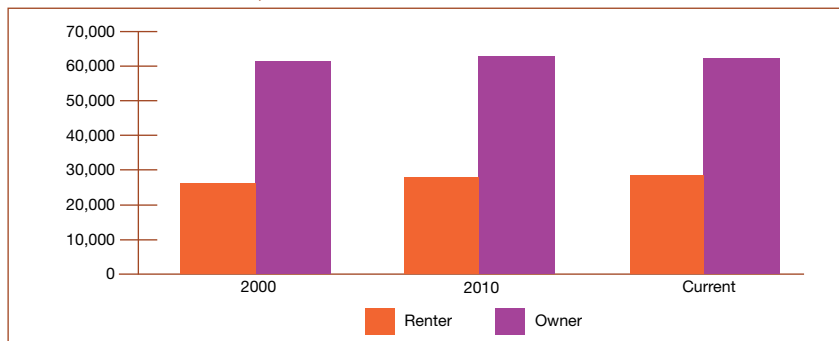
During the 2000s, the nonhousehold population in the HMA declined by 2,300, to 32,700 living in group quarters as of April 1, 2010. In the Erie County submarket, the population living in nursing homes and correctional facilities declined by averages of 270 and 90, or 3.7 and 1.5 percent, respectively, per year from

Figure 6. Number of Households by Tenure in the Erie County Submarket, 2000 to Current



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

Figure 7. Number of Households by Tenure in the Niagara County Submarket, 2000 to Current



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

2000 through 2010. Declines in the Erie County submarket during the 2000s completely offset minimal gains recorded in the Niagara County submarket during the same period. Despite the decline from 2000 through 2010, the nursing home population has increased somewhat since 2010. According to the McGraw-Hill Construction Pipeline database, two new nursing homes opened in Buffalo during 2012, adding 690 beds: 300 beds at High-Pointe on Michigan and 390 beds at the Erie County Home at the Erie County Medical Center. In contrast to the population in nursing homes and correctional facilities, the number of college and university students living in dormitories throughout the HMA increased significantly during the 2000s. From 2000 through 2010, the

dormitory population in the HMA grew by an average of 300, or 2.6 percent, annually, to 13,250. During 2011, as a result of increasing enrollment, UB and Buffalo State College each added a new dormitory, increasing capacity by approximately 1,100 beds. A new 400-bed dormitory at Erie Community College is in the final planning stages and is expected to be complete during the forecast period. The non-household population in the HMA is expected to moderate during the next 3 years, with the Erie County submarket accounting for all the growth.

The number of households in the HMA is expected to increase by 330, or 0.1 percent, annually during the next 3 years, to total 475,700, with growth of 0.1 percent in both submarkets.

Housing Market Trends

Sales Market—Erie County Submarket

The home sales market in the Erie County submarket is currently balanced, with the sales vacancy rate estimated at 1.2 percent, unchanged from 2010, partly the result of moderate levels of single-family building activity since 2006. According to the Buffalo Niagara Association of REALTORS® (BNAR), during the 12 months ending September 2012, 92 percent of all homes sold in the submarket were single-family homes, essentially unchanged from 2009. During the 12 months ending September 2012, new and existing single-family home sales increased by 420, or 7 percent, to 6,150 homes. Single-family home sales were down 6 percent from the average of 6,500 homes sold

annually from 2008 through 2010, when home sales benefited from the availability of the first-time homebuyer tax credit. The average sales price of new and existing single-family homes was \$151,900 during the 12 months ending September 2012, a 2-percent increase from the previous 12 months and 7 percent more than the average annual home sales price of \$140,600 recorded from 2008 through 2010. During the 12 months ending September 2012, new and existing single-family homes averaged 65 days on the market, unchanged from the 12 months ending September 2011.

During the 12 months ending September 2012, condominiums and

Housing Market Trends

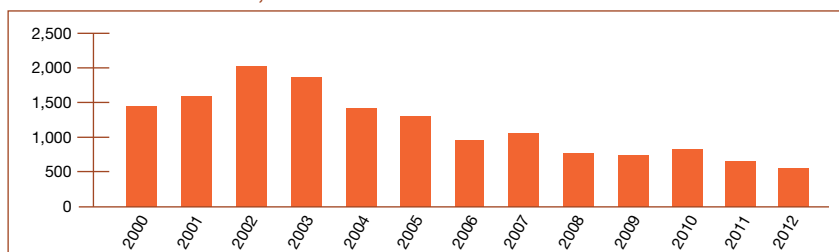
Sales Market—Erie County Submarket *Continued*

townhomes represented 8 percent of all new and existing home sales in the submarket, unchanged from 2009. According to BNAR, the number of new and existing condominium and townhome sales increased by 30 units, or 6 percent, from 500 units sold in the 12 months ending September 2011 to 530 units sold in the 12 months ending September 2012. Condominium and townhome sales during the past year are down 10 units, a 2-percent decline from the average of 540 units sold annually from 2008 through 2010. The average sales price of a condominium and townhome during the 12 months ending September 2012 was \$153,800, down \$3,700, or 2 percent, from the previous 12 months and up 9 percent from the average annual sales price of \$139,700 recorded from 2008 through 2010. During the 12 months ending September 2012, new and existing condominiums and townhomes averaged 89 days on the market, up from the average of 74 days during the 12 months ending September 2011. Despite the increase in home sales activity over the past year, according to LPS Applied Analytics, as of September 2012, 6.1 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), up from 4.9 percent during September 2011.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, was essentially unchanged in the Erie County submarket during the past year. Based on preliminary data, during the 12 months ending September 2012, the number of single-family homes permitted was up by 20 homes to 540 compared with the number of homes permitted during the 12 months ending September 2011. By comparison, from 2008 through 2010, an average of 790 single-family homes was permitted annually (Figure 8). In addition to the single-family homes permitted, an estimated 10 percent of the multifamily units permitted in the submarket since 2010 were intended for owner occupancy, down from an estimated 20 percent from 2000 through 2009.

The new single-family subdivisions under construction in the submarket include Spaulding Green and Shadow Woods in the town of Clarence, northeast of Buffalo. Spaulding Green is a high-end development with four-unit townhomes and single-family homes starting in the \$400,000s. The subdivision will include 380 homes, with buildout expected to occur in phases during the next decade. Shadow Woods is a smaller subdivision with space for 66 homes; prices for two-, three-, and four-bedroom homes range from \$290,000 to \$400,000. In addition, Pleasant Acres West is a 98-home development in Orchard Park, southeast of Buffalo, with prices for four-bedroom homes ranging from approximately \$300,000 to \$370,000. In addition to projects currently under construction, recent condominium developments for sale include 150 homes at Villas at Brierwood in Hamburg, south of

Figure 8. Single-Family Building Permits Issued in the Erie County Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through September 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market—Erie County Submarket *Continued*

Buffalo, completed in 2012, with prices for two-bedroom homes ranging from \$190,000 to \$250,000.

Whereas new developments added to the supply of available single-family housing, particularly in the suburban towns of Clarence, Orchard Park, and Lancaster, the city of Buffalo undertook a major demolition effort of vacant and abandoned buildings in response to the long-term trend of

population decline in the city. From 2000 through 2010, the city demolished approximately 6,200 vacant structures, most of which were single-family homes in severe disrepair. Demolitions are expected to continue at a similar rate throughout the forecast period.

During the next 3 years, demand is expected for 2,575 new homes in the Erie County submarket (Table 1). The 340 homes currently under construction will satisfy a portion of the demand. Demand is anticipated for 435, 850, and 950 additional new homes in the first, second, and third years of the forecast period, respectively. Table 4 illustrates estimated demand for new market-rate sales housing in the submarket by price range. A portion of the 22,000 other vacant units in the submarket may reenter the home sales market and satisfy some of the forecast demand.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Erie County Submarket, October 1, 2012, to October 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	310	12.0
200,000	249,999	800	31.0
250,000	299,999	570	22.0
300,000	349,999	360	14.0
350,000	399,999	180	7.0
400,000	499,999	150	6.0
500,000	and higher	210	8.0

Note: The 340 homes currently under construction and a portion of the estimated 22,000 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

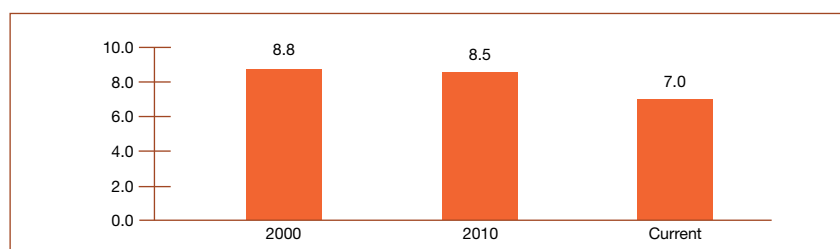
Rental Market—Erie County Submarket

The rental housing market in the Erie County submarket is balanced, an improvement from the soft conditions in 2010, reflecting increased rental demand, especially among college students and seniors. The current overall rental vacancy rate is estimated at 7.0 percent, down from 8.5 percent in 2010 (Figure 9). The apartment market in the submarket is tight,

with vacancies declining and rents rising during the past year. According to Reis, Inc., the apartment vacancy rate for the HMA was 3.4 percent in the third quarter of 2012, down from 4.1 percent in the third quarter of 2011. During the same period, the average market rent was \$762, up 2 percent from \$747 during the third quarter of 2011. In the third quarter of 2012, apartment market rents for the HMA averaged \$519 for an efficiency unit, \$685 for a one-bedroom unit, \$807 for a two-bedroom unit, and \$950 for a three-bedroom unit.

Multifamily construction, as measured by the number of multifamily units permitted, decreased rapidly in the submarket during the past year as

Figure 9. Rental Vacancy Rates in the Erie County Submarket, 2000 to Current



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

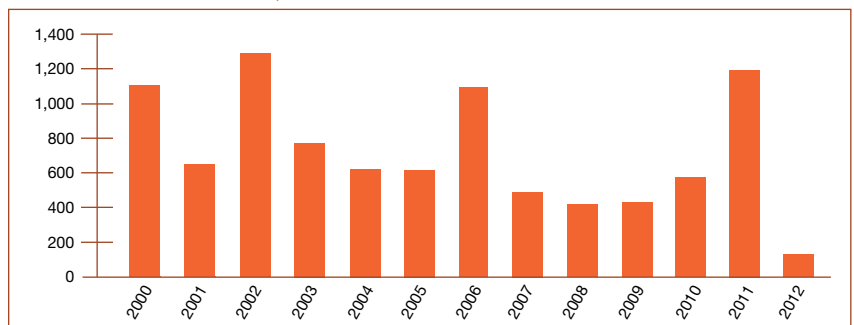
recently completed units came on the market. Based on preliminary data, during the 12 months ending September 2012, the number of multifamily permits declined to 160 units permitted, down 230 units, or 59 percent, from the 390 units permitted during the 12 months ending September 2011. As economic conditions started to improve, multifamily construction in the submarket increased significantly, with 1,200 multifamily units permitted during 2011. By comparison, an average of 470 units was permitted annually from 2008 through 2010 (Figure 10).

Although the number of student dormitories increased during the past decade, substantial growth in college and university student enrollment added to rental demand and contributed to low vacancy rates in the Erie County submarket and throughout the HMA. Recent developments in the submarket include Villas on Rensch, a student apartment building in Amherst that opened in the fall of 2012 with 152 units, each with four individually rented bedrooms, for a total of 608 beds. The rent is approximately \$700 per bedroom. In addition to an increase in rental demand from students,

increased demand for apartments for seniors as the population in the HMA continues to age led to the construction of several new developments. The Villages of Mission Hills is a recently completed, 112-unit apartment development in Hamburg with two-bedroom units renting for approximately \$885. Eagle Crest Senior Village, a 90-unit apartment development in Orchard Park, completed construction in 2011. Rents at Eagle Crest Senior Village start at \$865 and \$975 for one- and two-bedroom units, respectively. In downtown Buffalo, the Apts. At the Lafayette is an adaptive reuse project with 115 market-rate apartment units that opened in the summer of 2012. Rents start at \$895 for one-bedroom units and \$1,195 for two-bedroom units.

During the next 3 years, demand is expected for nearly 1,525 new market-rate rental units in the Erie County submarket, with demand averaging nearly 510 units per year. The estimated 320 units currently under construction will meet a portion of this demand (Table 1). Table 5 shows the forecast demand for new market-rate rental housing in the Erie County submarket by rent level and number of bedrooms.

Figure 10. Multifamily Building Permits Issued in the Erie County Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through September 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market—Erie County Submarket *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Erie County Submarket, October 1, 2012, to October 1, 2015

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700 to 899	25	750 to 949	230	850 to 1,049	340	1,200 to 1,399	15
900 to 1,099	15	950 to 1,149	110	1,050 to 1,249	170	1,400 to 1,599	45
1,100 or more	30	1,150 to 1,349	45	1,250 to 1,449	70	1,600 to 1,799	75
		1,350 to 1,549	25	1,450 to 1,649	35	1,800 to 1,999	90
		1,550 to 1,749	25	1,650 to 1,849	35	2,000 to 2,199	45
		1,750 or more	25	1,850 or more	35	2,200 or more	30
Total	75	Total	460	Total	690	Total	310

Notes: Numbers may not add to totals because of rounding. The 320 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Sales Market—Niagara County Submarket

The home sales market in the Niagara County submarket is currently balanced, with the sales vacancy rate estimated at 1.4 percent, down from 1.5 percent in 2010, partly the result of low levels of single-family building activity since 2008. According to BNAR, during the 12 months ending September 2012, 98 percent of all home sales in the submarket were single-family homes, essentially unchanged from 2008. During the 12 months ending September 2012, sales of new and existing single-family homes, including condominiums and townhomes, increased by 45 homes, or 3 percent, to 1,500 homes. By comparison, total home sales averaged 1,650 annually from 2008 through 2010, when home sales benefited from the availability of the first-time home-buyer tax credit. The average sales price of new and existing single-family homes, condominiums, and townhomes during the 12 months ending September 2012 was \$114,100, an increase of 1 percent from the previous 12 months and 6 percent more than the average annual home sales price of \$107,200 recorded from 2008 through 2010. During the 12 months ending September 2012, new and existing

single-family homes, condominiums, and townhomes averaged 84 days on the market, up from an average of 81 days during the 12 months ending September 2011. According to LPS Applied Analytics, as of September 2012, 7.0 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO, up from 5.5 percent during September 2011.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, was essentially unchanged in the Niagara County submarket during the past year. Based on preliminary data, during the 12 months ending September 2012, the number of single-family homes permitted totaled 90, up from 80 homes permitted during the 12 months ending September 2011. By comparison, from 2008 through 2010, an average of 230 single-family homes was permitted annually in the submarket (Figure 11). In addition to the single-family homes permitted, an estimate of less than 5 percent of the multi-family units permitted in the submarket since 2000 were intended for owner occupancy. Condominiums and

Housing Market Trends

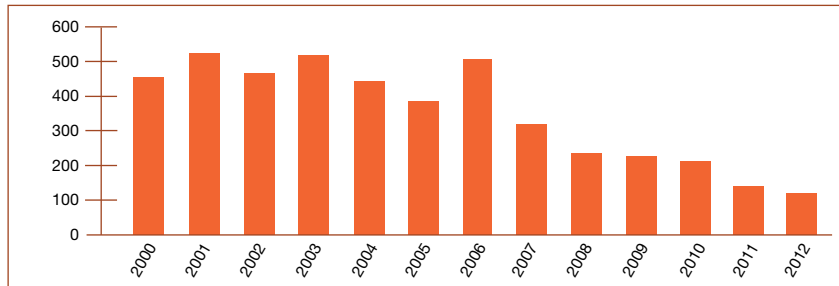
Sales Market—Niagara County Submarket *Continued*

townhomes do not represent a significant part of the sales market in the submarket, accounting for approximately 2 percent of home sales since 2007, according to BNAR. New

developments currently under construction include The Villas at Wheatfield Lakes in Wheatfield, east of Niagara Falls, which is expected to include 80 single-family homes when buildout is complete, with prices ranging from \$170,000 to \$215,000 for two-, three-, and four-bedroom homes.

During the next 3 years, demand is expected for 540 new homes in the Niagara County submarket (Table 1). The 50 homes currently under construction will satisfy a portion of the demand. Demand is anticipated to increase from 110 additional homes in the first year of the forecast period to 200 homes in the third year. Table 6 illustrates estimated demand for new market-rate sales housing in the submarket by price range. A portion of the 5,200 other vacant units in the submarket may reenter the home sales market and satisfy some of the forecast demand.

Figure 11. Single-Family Building Permits Issued in the Niagara County Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through September 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Niagara County Submarket, October 1, 2012, to October 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	190	35.0
200,000	249,999	220	40.0
250,000	299,999	80	15.0
300,000	and higher	55	10.0

Note: The 50 homes currently under construction and a portion of the estimated 5,200 other vacant units in the submarket will likely satisfy some of the forecast demand.

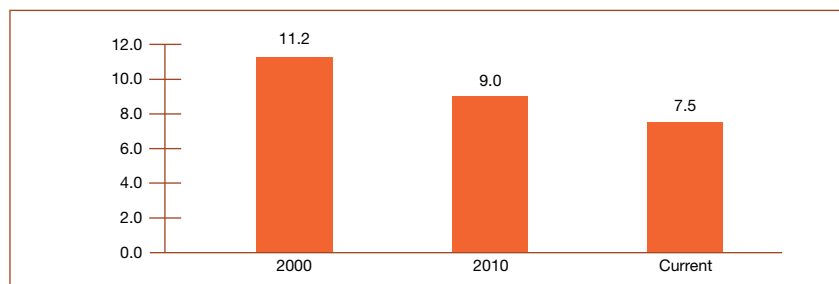
Source: Estimates by analyst

Rental Market—Niagara County Submarket

The rental housing market in the Niagara County submarket is balanced, with conditions tightening from soft during the past 2 years because of increased rental demand and low production levels of new units. The

current overall rental vacancy rate is estimated at 7.5 percent, down from 9.0 percent in 2010 (Figure 12). The apartment market in the submarket, however, is tight. The apartment vacancy rate for the North portion of the Reis, Inc. Buffalo market, a geography that includes the largest communities in the Niagara County submarket, was 3.4 percent in the third quarter of 2012, down from 4.0 percent in the third quarter of 2011. During the same period, the average market rent for the North submarket was \$843, up nearly 2 percent from \$829 during the third quarter of 2011.

Figure 12. Rental Vacancy Rates in the Niagara County Submarket, 2000 to Current



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

Housing Market Trends

Rental Market—Niagara County Submarket *Continued*

Apartment market rents in the Reis, Inc. North submarket averaged \$554 for an efficiency unit, \$731 for a one-bedroom unit, \$882 for a two-bedroom unit, and \$1,450 for a three-bedroom unit in the third quarter of 2012.

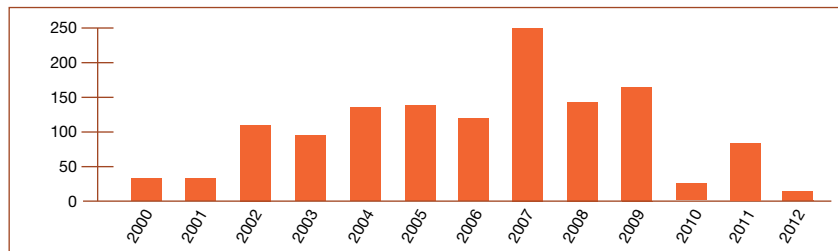
Multifamily building activity, as measured by the number of multifamily units permitted, decreased slightly in the Niagara County submarket during the past year. Based on preliminary data, no multifamily units were permitted during the 12 months ending September 2012, down from 10 units

permitted during the 12 months ending September 2011. By comparison, an average of 110 units was permitted annually from 2008 through 2010 (Figure 13).

Recent market-rate developments include Remington Lofts, a 167,000-square-foot adaptive reuse development with 80 apartment units and commercial space, at the former Remington Rand Company manufacturing facility in North Tonawanda, across from the Erie Canal. Remington Lofts opened in 2011 and has rents ranging from \$1,250 for a one-bedroom unit to more than \$3,000 for the penthouse unit. Additional developments include 92 units at Woodlands Senior Village, in the town of Wheatfield, completed in 2010, with rents starting at \$820 and \$920 for one- and two-bedroom units, respectively.

During the next 3 years, demand is expected for 340 new market-rate rental units in the Niagara County submarket, with annual demand increasing from 60 additional units in the first year to 130 units in the third year of the forecast period. The estimated 20 units currently under construction will meet a portion of this demand (Table 1). Table 7 shows forecast demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Figure 13. Multifamily Building Permits Issued in the Niagara County Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through September 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Niagara County Submarket, October 1, 2012, to October 1, 2015

One Bedroom		Two Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
750 to 949	70	850 to 1,049	100
950 to 1,149	50	1,050 to 1,249	70
1,150 or more	20	1,250 or more	30
Total	140	Total	200

Notes: Numbers may not add to totals because of rounding. The 20 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profiles

Table DP-1. Buffalo-Niagara Falls HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	553,784	528,711	522,400	- 0.5	- 0.7
Unemployment Rate	4.3%	8.5%	8.4%		
Nonfarm Payroll Jobs	559,100	538,200	544,300	- 0.4	0.6
Total Population	1,170,111	1,135,509	1,132,000	- 0.3	- 0.1
Total Households	468,719	473,720	474,700	0.1	0.1
Owner Households	310,164	310,915	308,900	0.0	- 0.3
Percent Owner	66.2%	65.6%	65.1%		
Renter Households	158,555	162,805	165,800	0.3	0.7
Percent Renter	33.8%	34.4%	34.9%		
Total Housing Units	511,583	519,094	518,400	0.1	- 0.1
Owner Vacancy Rate	1.8%	1.3%	1.2%		
Rental Vacancy Rate	9.2%	8.6%	7.1%		
Median Family Income	\$45,800	\$63,500	\$65,300	3.3	1.4

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through September 2012. Median family incomes are for 1999, 2009, and 2010.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Erie County Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	950,265	919,040	916,400	- 0.3	- 0.1
Total Households	380,873	383,164	383,700	0.1	0.1
Owner Households	248,767	248,299	246,400	0.0	- 0.3
Percent Owner	65.3%	64.8%	64.2%		
Rental Households	132,106	134,865	137,300	0.2	0.7
Percent Renter	34.7%	35.2%	35.8%		
Total Housing Units	415,868	419,974	419,100	0.1	- 0.1
Owner Vacancy Rate	1.8%	1.2%	1.2%		
Rental Vacancy Rate	8.8%	8.5%	7.0%		

Note: Numbers may not add to totals because of rounding.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Niagara County Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	219,846	216,469	215,600	- 0.2	- 0.2
Total Households	87,846	90,556	91,000	0.3	0.2
Owner Households	61,397	62,616	62,500	0.2	- 0.1
Percent Owner	69.9%	69.1%	68.7%		
Rental Households	26,449	27,940	28,500	0.5	0.8
Percent Renter	30.1%	30.9%	31.3%		
Total Housing Units	95,715	99,120	99,350	0.4	0.1
Owner Vacancy Rate	1.8%	1.5%	1.4%		
Rental Vacancy Rate	11.2%	9.0%	7.5%		

Note: Numbers may not add to totals because of rounding.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 10/1/2012—Analyst’s estimates
Forecast period: 10/1/2012–10/1/2015—
Analyst’s estimates

Demand: 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.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: 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.

For additional data pertaining to the housing market for this HMA, go to to www.huduser.org/publications/pdf/CMARtables_Buffalo-NiagaraFallsNY_13.pdf.

Contact Information

David A. Bank, Economist
Boston HUD Regional Office
617-994-8240
david.a.bank@hud.gov

This analysis was 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.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to
www.huduser.org/publications/econdev/mkt_analysis.html.