

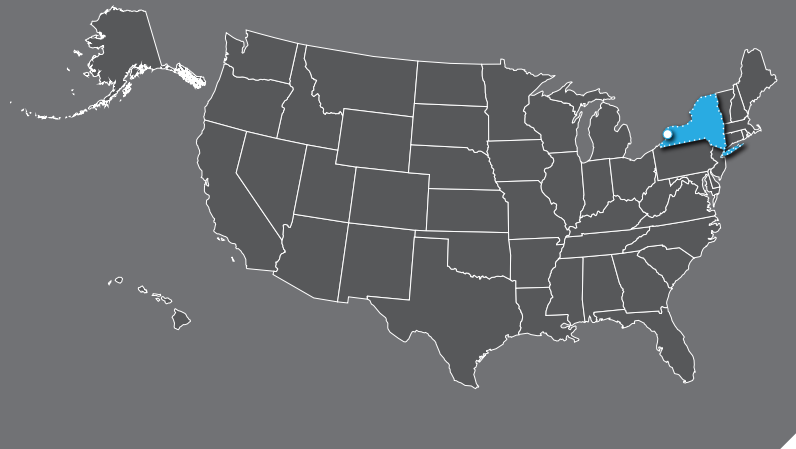
HUD PD&R Housing Market Profiles

Buffalo-Cheektowaga-Niagara Falls, New York



Quick Facts About Buffalo

- Current sales market conditions: slightly tight
- Current apartment market conditions: balanced
- Situated on the border of Lake Erie in Upstate New York, the city of Buffalo is the second most populous city in New York, with a population of 274,486 as of July 1, 2022 (U.S. Census Bureau population estimates).



Niagara Falls, New York

By [Mildred Jara](#) | As of January 1, 2024

Overview

The Buffalo-Cheektowaga-Niagara Falls, NY Metropolitan Statistical Area (hereafter, Buffalo metropolitan area) consists of Erie and Niagara Counties and is located in western Upstate New York, bordering Canada and both Lake Erie and Lake Ontario. Manufacturing is a significant sector in the metropolitan area. Historically known as an industrial hub, the metropolitan area had a large steel-manufacturing industry through the mid-20th century before gradually transitioning to a center for higher education and healthcare services, currently anchored by Kaleida Health and Catholic Health—the first and third largest employers in the metropolitan area, respectively. The presence of large universities also supports economic growth in the area. The University at Buffalo (UB), which is part of The State University of New York (SUNY) system, has an estimated annual economic impact of \$1.7 billion in the state, and SUNY Buffalo State University contributed \$680 million to the state economy in 2019 (UB and SUNY Buffalo State University, 2024). With the presence of Niagara Falls, tourism is another significant industry in the metropolitan area. In 2022, the economic impact of visitor spending in Erie and Niagara Counties was approximately \$2.2 billion and \$969 million, respectively, up

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from \$1.8 billion and \$761 million in 2019 (Tourism Economics, An Oxford Economics Company, September 2023). In Erie and Niagara Counties, employment generated by tourism totaled 27,399 and 15,169 jobs, respectively, in 2022.

- As of January 1, 2024, the population of the metropolitan area is estimated at 1.15 million, reflecting an average annual decline of 3,350, or 0.3 percent, since April 2020. By comparison, the population in the metropolitan area grew from July 2016 to April 2020, rising by an average of 1,825, or 0.2 percent, annually.
- Since 2020, net out-migration and net natural decline—averaging 1,550 and 1,800 people a year, respectively—

have contributed to population loss, coinciding with rapidly increasing home sales prices, particularly from 2020 through 2022. By comparison, from 2016 to 2020, net in-migration averaged 2,100 people a year, accounting for all the population growth during the period because natural decline averaged 275 people annually.

- As of July 1, 2023, approximately 82 percent of the population in the metropolitan area lived in Erie County, which includes the city of Buffalo, and the remaining 18 percent resided in Niagara County (Census Bureau population estimates).

Economic Conditions

Economic conditions in the Buffalo metropolitan area are moderate, with year-over-year job growth of 2.0 percent as of the fourth quarter of 2023, unchanged from the rate of growth during the same period a year ago. Ten of the 11 nonfarm payroll sectors added jobs as of the fourth quarter of 2023. As of the fourth quarter of 2023, nonfarm payrolls are 1.5 percent below the 2019 prepandemic fourth quarter level. By comparison, as of the fourth quarter of 2023, nonfarm payrolls in the New York/New Jersey region and the nation were 0.4 and 3.5 percent, respectively, above the fourth quarter of 2019 levels.

As of the fourth quarter of 2023—

- Total nonfarm payrolls in the metropolitan area averaged 562,100, representing a year-over-year increase of 10,900

jobs, or 2.0 percent, from the same quarter a year ago, slightly higher than rates of 1.9 and 1.5 percent for the nation and the New York/New Jersey region, respectively. By comparison, as of the fourth quarter of 2022, nonfarm payrolls in the metropolitan area increased by 10,700 jobs, or 2.0 percent, from the fourth quarter of 2021.

- The government sector had the strongest year-over-year job gain and grew at a faster rate than any other sector, increasing by 3,600 jobs, or 4.1 percent, from a year ago and accounting for 33 percent of net job gains in the metropolitan area. Nonfarm payrolls in the local, state, and federal government subsectors rose by 2,200, 900, and 500 jobs, or 3.9, 4.4, and 4.4 percent, respectively, from

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As of the fourth quarter of 2023, 10 of the 11 nonfarm payroll sectors in the Buffalo metropolitan area added jobs compared with a year ago.

| | Fourth Quarter | | Year-Over-Year Change | |
|----------------------------------|---------------------|---------------------|-------------------------|---------|
| | 2022 (Thousands) | 2023 (Thousands) | Absolute (Thousands) | Percent |
| Total Nonfarm Payrolls | 551.2 | 562.1 | 10.9 | 2.0 |
| Goods-Producing Sectors | 75.3 | 76.7 | 1.4 | 1.9 |
| Mining, Logging, & Construction | 21.6 | 21.8 | 0.2 | 0.9 |
| Manufacturing | 53.7 | 54.9 | 1.2 | 2.2 |
| Service-Providing Sectors | 475.9 | 485.3 | 9.4 | 2.0 |
| Wholesale & Retail Trade | 77.8 | 78.5 | 0.7 | 0.9 |
| Transportation & Utilities | 22.7 | 22.5 | -0.2 | -0.9 |
| Information | 5.5 | 5.6 | 0.1 | 1.8 |
| Financial Activities | 35.1 | 36.0 | 0.9 | 2.6 |
| Professional & Business Services | 75.1 | 76.2 | 1.1 | 1.5 |
| Education & Health Services | 93.8 | 95.1 | 1.3 | 1.4 |
| Leisure & Hospitality | 54.3 | 56.2 | 1.9 | 3.5 |
| Other Services | 23.3 | 23.5 | 0.2 | 0.9 |
| Government | 88.3 | 91.9 | 3.6 | 4.1 |
| Unemployment Rate | 3.2% | 4.1% | | |

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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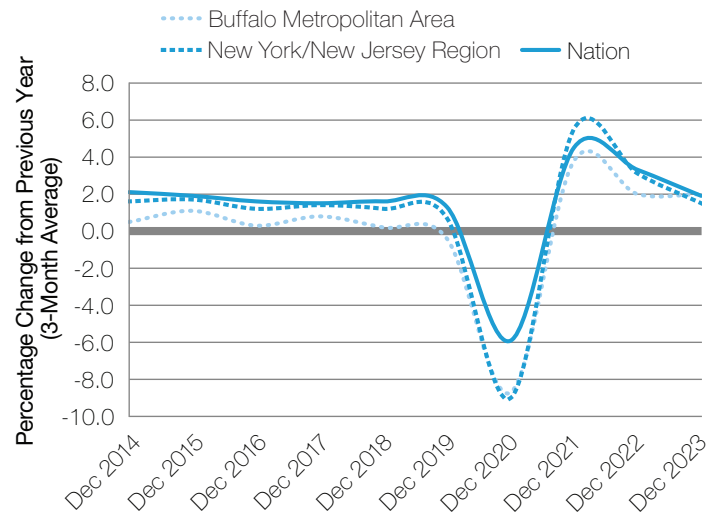
the fourth quarter of 2022. The addition of 154 new full-time faculty members at UB during 2023 partly contributed to the job growth in the state government subsector.

- Jobs in the leisure and hospitality and the education and health services sectors increased by 1,900 and 1,300 jobs, or 3.5 and 1.4 percent, respectively, compared with the fourth quarter of 2022. The growth in the sectors was partly due to increased tourism and the completion of a new hospital. The average occupancy rate at hotels in the metropolitan area was 55.5 percent, up from 53.6 percent as of the fourth quarter of 2022 (CoStar Group). In October 2023, the \$70 million Lockport Memorial Hospital in the city of Lockport was completed.
- The unemployment rate in the metropolitan area averaged 4.1 percent, up from 3.2 percent as of the fourth quarter of 2022. By comparison, the unemployment rate in the nation averaged 3.5 percent, up from 3.3 percent as of the fourth quarter of 2022.

The manufacturing sector has traditionally been a strong economic pillar in the metropolitan area. As of the fourth quarter of 2023, the manufacturing sector accounted for 10 percent of nonfarm payrolls in the area, and nonfarm payrolls in the sector increased by 1,200 jobs, or 2.2 percent, from the fourth quarter of 2022. Viridi Parente, Inc., a battery storage system manufacturer, is planning an ongoing expansion in the metropolitan area. During 2023, Viridi Parente created more than 200 manufacturing jobs in the city of Buffalo, and it plans to have more than 500 employees by 2026. In September 2023, Retech Systems LLC, a furnace manufacturer, announced a \$10 million expansion in the city of Tonawanda, creating 40 new full-time jobs by the end of 2023. In October 2023, the Buffalo-Rochester-Syracuse region was awarded a federal Tech Hub designation as a part of the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act. This designation is expected to support job growth in the metropolitan area, particularly job gains in high-tech manufacturing. During the fall of 2023, a career fair in the

city of Buffalo hosted more than 30 high-tech start-up companies looking to fill hundreds of positions. Odoo, a business management software tool company in the city of Buffalo that took part in the job fair, added 103 new jobs in 2023 and was looking to fill an additional 70 to 90 job openings by the end of 2024.

The rate of job growth in the Buffalo metropolitan area was slightly faster than the rates for both the New York/New Jersey region and the nation as of the fourth quarter of 2023.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Buffalo Metropolitan Area

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|----------------------|-----------------------------|---------------------|
| Kaleida Health | Education & Health Services | 8,194 |
| M&T Bank Corporation | Financial Activities | 8,000 |
| Catholic Health | Education & Health Services | 7,202 |

Note: Excludes local school districts.

Source: 2023 Business First Book of Lists

Sales Market Conditions

Sales housing market conditions in the Buffalo metropolitan area are slightly tight but easing, with an estimated vacancy rate of 1.2 percent, up slightly from 1.1 percent in April 2020. The metropolitan area had 1.7 months of available for-sale housing inventory in December 2023, up from 1.5 months in December 2022 and 1.1 months in December 2021 (Buffalo Niagara Association of REALTORS®). The interest rate for a 30-year fixed-rate mortgage averaged 6.8 percent in December 2023, up from an average of 6.4 percent in December 2022

and 3.1 percent in December 2021, contributing to declines in home sales during the past 2 years (Freddie Mac). During 2023, new and existing home sales fell 14 percent from a year earlier, following a 7-percent decrease in 2022 (CoreLogic, Inc.). Despite declining home sales during the past 2 years, the inventory of homes for sale is low, creating upward pressure on home sales prices. During 2023, the average sales price of new and existing homes rose 5 percent from a year ago to \$251,900, compared with a 10-percent increase during 2022 from a year earlier.

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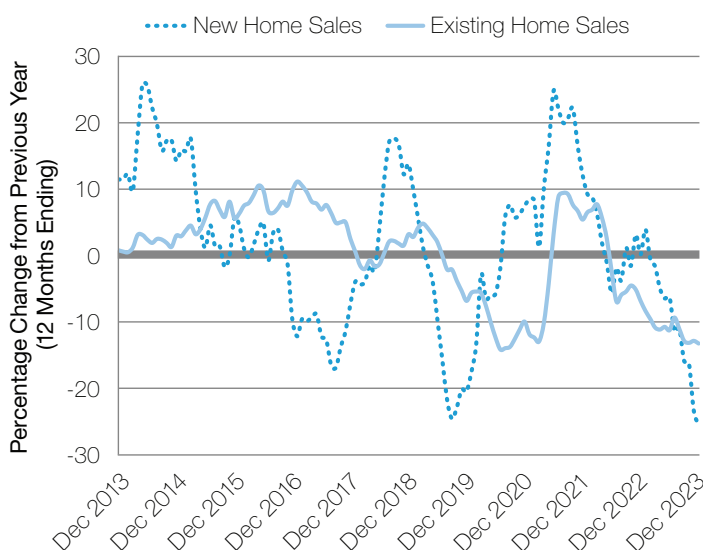
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As of December 2023, 1.3 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 1.5 percent in December 2022 (CoreLogic, Inc.). The rate of seriously delinquent mortgages and REO properties in the metropolitan area reached a recent high of 3.9 percent in August 2020, when the COVID-19 pandemic economic contraction made it more difficult for many homeowners to stay current on mortgage payments, leading to an increase in delinquencies.

During 2023—

- Existing home sales in the metropolitan area declined 13 percent year over year to 12,800, following a 7-percent decline during 2022 (CoreLogic, Inc.). Resales accounted for 99 percent of existing home sales during 2023, and the remaining 1 percent were distressed sales.
- Approximately 430 new homes sold, reflecting a 26-percent decline from the 580 new homes sold in 2022. During 2022, new home sales were relatively unchanged from 2021.
- The average sales price for existing homes rose 6 percent from a year earlier to \$245,300, slowing from a 10-percent increase during 2022. The rate of price growth during the past 2 years slowed compared with the 14-percent average annual increases during 2020 and 2021.
- The average sales price for new homes was \$447,800, representing a 1-percent increase compared with 2022,

New and existing home sales declined in the Buffalo metropolitan area during the past year.

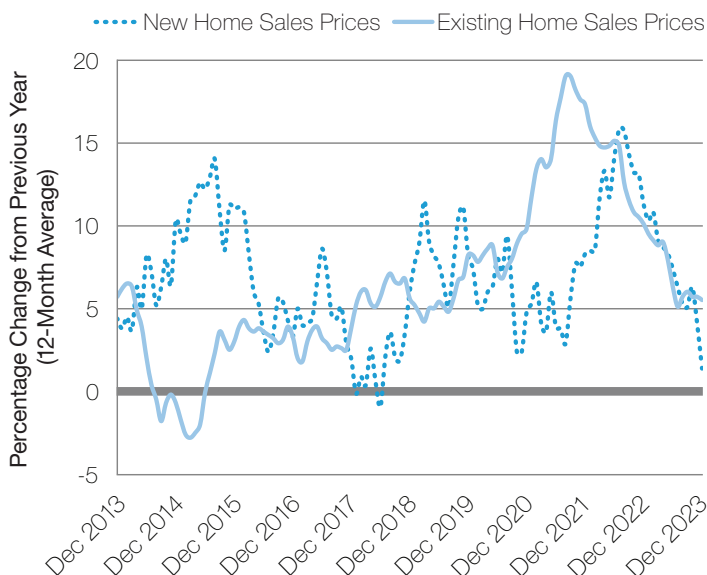


Note: Sales are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

when the average new home sales price rose 11 percent from a year earlier. By comparison, prices for new homes increased 8 percent in 2021.

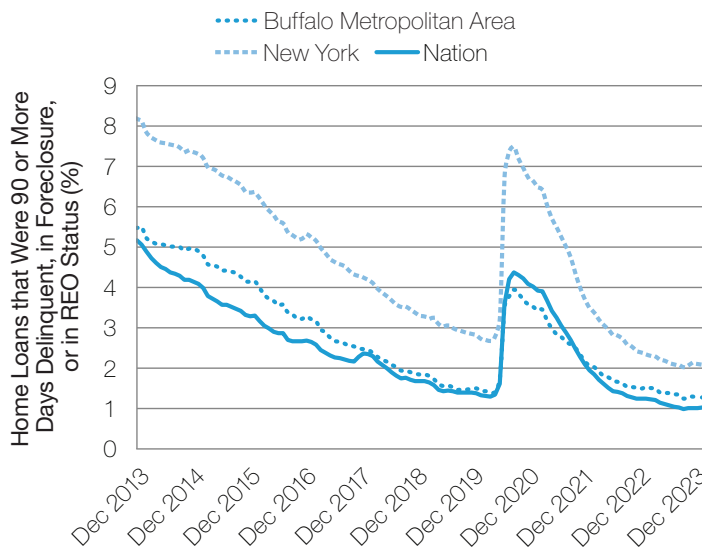
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During the past year, new and existing home sales price growth in the Buffalo metropolitan area slowed compared with a year earlier.



Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

The rate of seriously delinquent mortgages and REO properties in the Buffalo metropolitan area in December 2023 was lower than the rate in New York but slightly higher than the national rate.



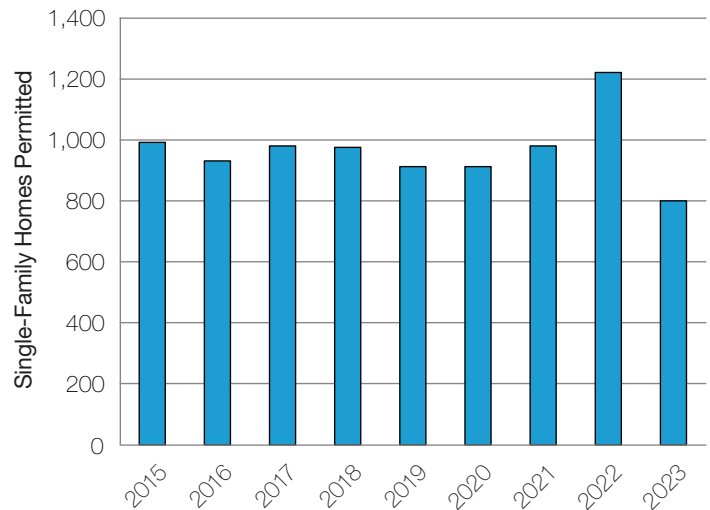
REO = real estate owned.
Source: CoreLogic, Inc.

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Homebuilding activity, as measured by the number of single-family homes permitted, fell during the past year, corresponding with the large decline in home sales, partly attributable to rising mortgage interest rates.

- During 2023, single-family home permitting totaled 800 homes, reflecting a 35-percent decline from approximately 1,225 homes permitted during 2022 (preliminary data, with adjustments by the analyst).
- Despite changing economic conditions, new home construction in the metropolitan area was relatively stable from 2015 through 2021, averaging 950 homes annually. Approximately 75 percent of all single-family homes permitted in the metropolitan area during 2023 were in Erie County, and the remaining 25 percent were permitted in Niagara County.
- In Erie County, Briar Hollow, a single-family home community in the town of Amherst, is under construction and expected to have 137 three- and four-bedroom homes, ranging from 1,366 to 2,203 square feet, with prices starting at \$264,990. Construction began in 2019, and all home sites have been sold, with most homes completed.

Single-family home permitting activity in the Buffalo metropolitan area fell during 2023, following a recent high during 2022.



Sources: U.S. Census Bureau, Building Permits Survey; 2015–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

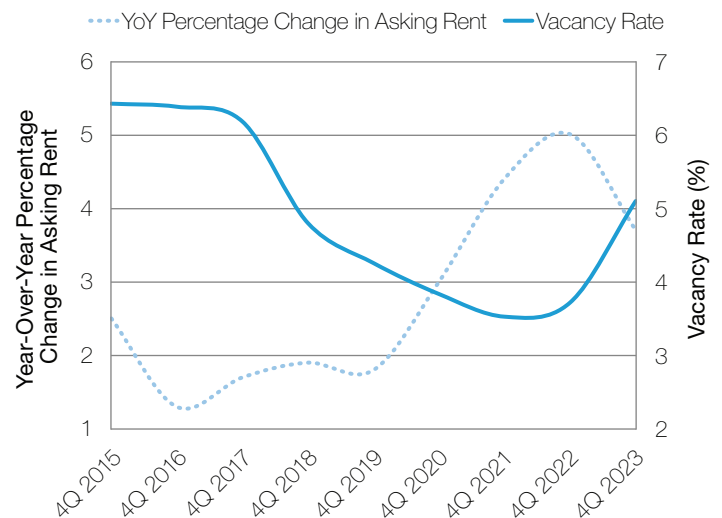
Apartment Market Conditions

Apartment market conditions in the Buffalo metropolitan area are balanced as of the fourth quarter of 2023 compared with tight conditions a year ago. During 2023, growth in the average apartment asking rent slowed, and the average vacancy rate increased compared with a year earlier, partly because of an increase in multifamily construction and the number of new units entering the market strongly outpacing absorption. During the past year, approximately 830 apartment units were completed, whereas nearly 170 were absorbed (CoStar Group). By comparison, during 2022, 700 apartment units were completed, and approximately 590 units were absorbed. As of the fourth quarter of 2023, apartment vacancy rates increased in six of the seven CoStar Group-defined market areas that make up the metropolitan area compared with the fourth quarter of 2022. However, average asking rents rose in all seven market areas.

As of the fourth quarter of 2023—

- The apartment vacancy rate in the metropolitan area was 5.1 percent, up from 3.7 percent as of the fourth quarter of 2022. The average asking rent in the metropolitan area was \$1,233, representing a nearly 4-percent increase from the fourth quarter of 2022, when the average asking rent increased 5 percent compared with the fourth quarter of 2021.
- Market conditions ranged from tight to soft across the metropolitan area, with vacancy rates ranging from

As of the fourth quarter of 2023, growth in the average apartment rent in the Buffalo metropolitan area slowed from a year earlier, whereas the average vacancy rate rose.



4Q = fourth quarter. YoY = year-over-year.
Source: CoStar Group

2.5 percent in the Buffalo Proper market area, which includes the South Campus of UB, to 7.8 percent in the Central market area, the location of SUNY Buffalo State University (CoStar Group).

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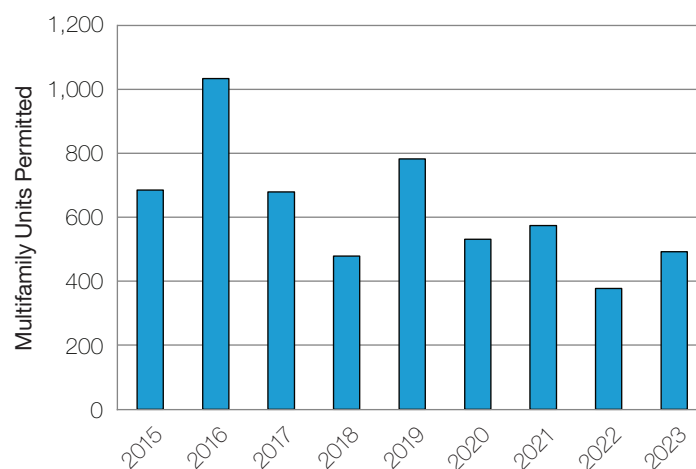
- The only market area with a decreasing year-over-year vacancy rate was the North Suburbs market area in north Erie County, with a 3.2-percent vacancy rate as of the fourth quarter of 2023, down from 3.9 percent as of the fourth quarter of 2022. The vacancy rate declined partly because absorption of nearly 200 units strongly outpaced the delivery of 80 units during 2023.
- Average apartment rent growth ranged from a modest 1-percent increase in the Central market area, which includes downtown Buffalo, to an 8-percent increase in the South Suburbs County market area, both in Erie County. The highest average apartment rent is \$1,398 in the North Suburbs market area, up 4 percent from \$1,351 as of the fourth quarter of 2022, and the lowest average rent is \$842 in the Niagara Falls market area, up 4 percent from \$810 as of the fourth quarter of 2022.

Multifamily construction in the metropolitan area, as measured by the number of units permitted, increased during 2023, partly because of tight apartment market conditions during 2022 and 2021.

- During 2023, approximately 490 multifamily units were permitted, representing a 30-percent increase compared with the number of units permitted during 2022 (preliminary data, with adjustments by the analyst).
- Multifamily permitting fluctuated from 2015 through 2019, averaging 730 units a year and ranging from a low of nearly 480 units in 2018 to a high of approximately 1,025 units in 2016. Multifamily permitting averaged 490 units a year from 2020 through 2022.

- The Rails, a 312-unit apartment community in the city of Buffalo, is under construction, with expected completion by the summer of 2024. When complete, monthly rents for studio, one-, and two-bedroom units are expected to range from \$1,220 to \$2,275.
- In the city of Buffalo, Mt. Olive Senior Manor—an apartment development with 65 age- and income-restricted units—is under construction. When complete by the summer of 2025, the units are anticipated to be restricted to households aged 55 or older with incomes at or below 60 percent of the Area Median Income.

Multifamily permitting in the Buffalo metropolitan area rose during 2023 but is below the recent highs in 2016 and 2019.



Sources: U.S. Census Bureau, Building Permits Survey; 2015–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst.

Terminology Definitions and Notes

A. Definitions

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| Apartment Vacancy Rate/Average Monthly Rent | Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up. |
| Buffalo-Rochester-Syracuse Region | An area in Upstate New York that includes the Buffalo-Cheektowaga, NY, the Syracuse, NY, and the Rochester, NY Metropolitan Statistical Areas. |
| Building Permits | Building permits do not necessarily reflect all residential building activity that occurs in a housing market area. 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. |
| Distressed Sales | Short sales and real estate owned (REO) sales. |
| Existing Home Sales | Includes resales, short sales, and REO sales. |
| Home Sales/Home Sales Prices | Includes single-family home, townhome, and condominium sales. |
| Net Natural Decline | Resident deaths are greater than resident births. |
| Resales | These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party. |
| Seriously Delinquent Mortgages | Mortgages 90 or more days delinquent or in foreclosure. |

B. Notes on Geography

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| 1. | The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018. |
|----|---|