

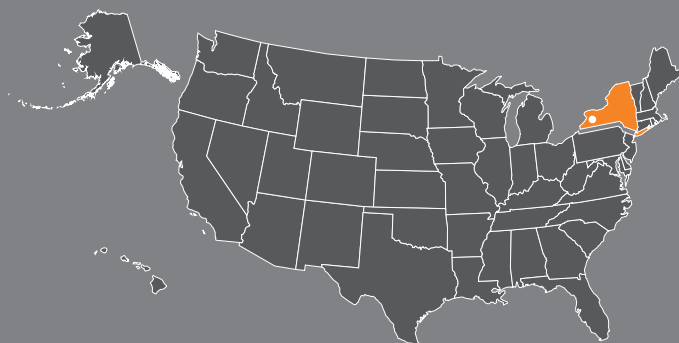
HUD PD&R Housing Market Profiles

Buffalo-Niagara Falls, New York



Quick Facts About Buffalo-Niagara Falls

- **Current sales market conditions: balanced.**
- **Current rental market conditions: balanced.**
- **Current apartment market conditions: tight.**
- **Nonfarm payrolls increased by 2,000 jobs, or 0.4 percent, during the first quarter of 2013 from the same period a year earlier.**



By David A. Bank | As of April 1, 2013

Overview

The Buffalo-Niagara Falls metropolitan area in western New York consists of Erie and Niagara Counties. The metropolitan area, home to the city of Buffalo, is known for Niagara Falls, a major tourist attraction on the United States border with Canada.

- As of April 1, 2013, the population was estimated at 1.13 million, a decline of 1,150, or 0.1 percent, annually since April 1, 2010.
- During the period from 2000 through 2007, the population decreased by an average of 3,925, or 0.4 percent, annually. The decrease was the result of net out-migration, as retirees moved to warmer climates and residents left the metropolitan area for employment opportunities in regions of the country with stronger job growth.
- By comparison, the population decline slowed to an average annual rate of 1,050 people, or 0.1 percent, from 2007 through 2010, reflecting a slowdown in out-migration because the metropolitan area housing market remained relatively stable during the national recession.



During the past 3 months, nonfarm payrolls in the Buffalo area increased by 2,000 jobs, to 539,600.

	3 Months Ending		3-Month Change (2012–13)	
	March 2012 (thousands)	March 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	537.6	539.6	2.0	0.4
Goods-producing sectors	67.9	65.6	– 2.4	– 3.5
Mining, logging, and construction	17.0	15.2	– 1.9	– 11.0
Manufacturing	50.9	50.4	– 0.5	– 1.0
Service-providing sectors	469.6	474.0	4.4	0.9
Wholesale and retail trade	82.8	83.7	0.9	1.0
Transportation and utilities	15.6	15.7	0.2	1.1
Information	7.6	7.4	– 0.2	– 2.6
Financial activities	31.5	32.0	0.4	1.4
Professional and business services	71.2	72.7	1.5	2.1
Education and health services	92.9	93.5	0.6	0.7
Leisure and hospitality	51.8	54.4	2.6	5.0
Other services	23.1	23.1	0.0	0.1
Government	93.2	91.6	– 1.6	– 1.8

Source: U.S. Bureau of Labor Statistics

Economic Conditions

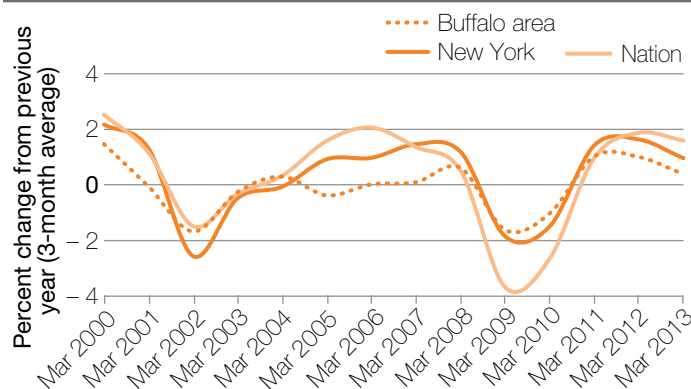
Despite nearly 3 years of gains that began in mid-2010, nonfarm payrolls in the Buffalo-Niagara Falls metropolitan area remain below the peak of 552,100 jobs recorded in 2008.

During the first quarter of 2013—

- Nonfarm payrolls in the metropolitan area increased by 2,000 jobs, or 0.4 percent, to 539,600 jobs compared with the number of jobs recorded during the first quarter of 2012, a slowdown from the growth of approximately 1 percent recorded during the previous 2 years.
- The most significant gains occurred in the leisure and hospitality and the professional and business services sectors, which were up 2,600 and 1,500 jobs, or 5.0 and 2.1 percent, respectively, from the first quarter of 2012.
- The most significant job losses occurred in the mining, logging, and construction and the government sectors, which were down 1,900 and 1,600 jobs, or 11.0 and 1.8 percent, respectively.
- The average unemployment rate increased to 9.1 percent from 9.0 percent during the same period in 2012.

Greenpac USA LLC is expected to add more than 100 jobs starting in mid-2013 at a new \$430 million, 300,000-square-foot container-board mill in Niagara Falls. In addition, also starting in mid-2013, Welded Tube of Canada Inc. plans to add approximately 120 jobs and invest \$50 million in a new facility in Lackawanna to produce steel tubing for the oil and natural gas industry.

During the past 3 months, nonfarm payroll growth in the Buffalo area slowed to 0.4 percent, well below the state and national rates of 0.9 and 1.6 percent, respectively.



Source: U.S. Bureau of Labor Statistics

Largest employers in the Buffalo area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Kaleida Health	Education and health services	8,450
University at Buffalo	Government	7,100
Catholic Health System	Education and health services	6,275

Note: Excludes local school districts.

Source: Buffalo Business First Book of Lists 2012

Sales Market Conditions

The sales housing market in the Buffalo-Niagara Falls metropolitan area is currently balanced, with conditions improving somewhat during the past year, in part because of minimal single-family building activity since 2008. During the 12 months ending March 2013, new and existing home sales (including sales of single-family homes, townhomes, and condominiums) and the average home sales price increased. Despite modest improvements in economic conditions, the percentage of homes that were 90 or more days delinquent, were in foreclosure, or recently transitioned into REO (Real Estate

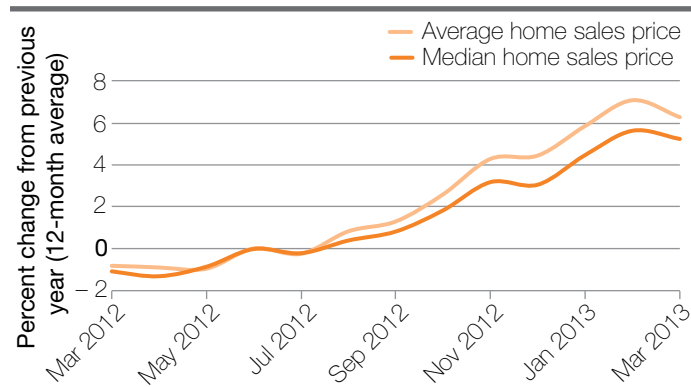
Owned) increased significantly during the past 2 years in the metropolitan area and statewide, contrary to the national trend of decline since early 2010. Despite rising from 5.6 percent in March 2012, the distressed-loan rate of 6.5 percent in the metropolitan area remains less than the national rate of 7.0 percent (LPS Applied Analytics).

Based on data from the Buffalo Niagara Association of REALTORS®, during the 12 months ending March 2013—

- Home sales totaled 9,625, up nearly 8 percent, while the inventory of new listings declined more than 5 percent from the 12 months ending March 2012.
- The average home sales price was \$144,900, up more than 6 percent compared with the average price recorded during the same period the previous year.

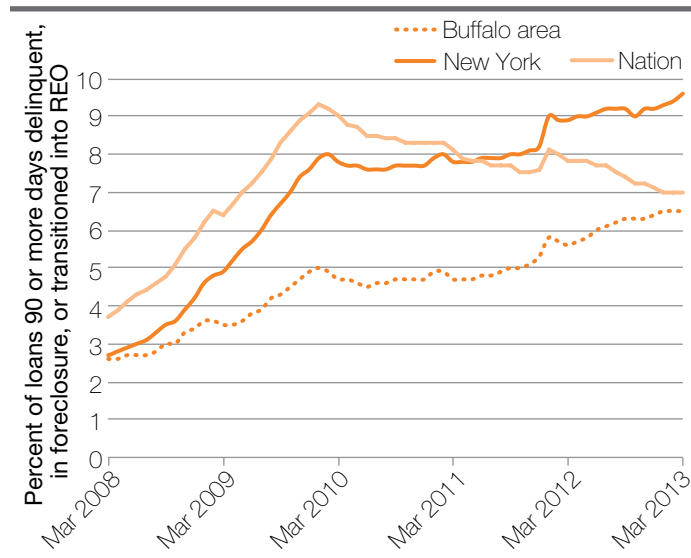
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The average and median home sales prices in the Buffalo area continued to increase.



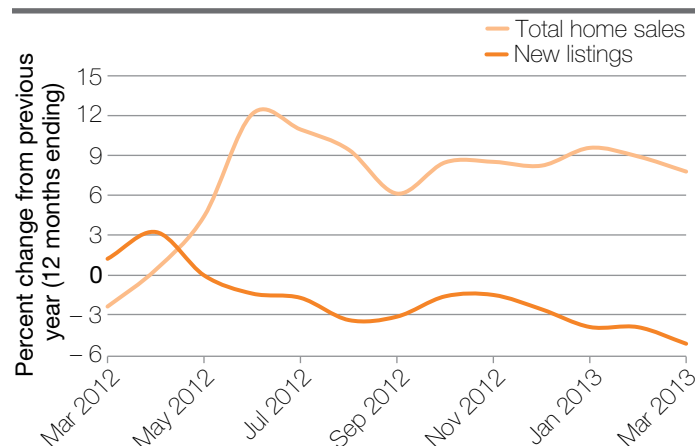
Note: Includes single-family homes, townhomes, and condominiums.
Source: Buffalo Niagara Association of REALTORS®

The distressed loan rate increased significantly over the past 2 years in the Buffalo area and throughout New York.



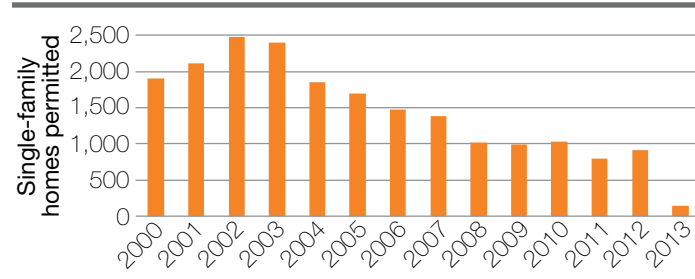
REO = Real Estate Owned.
Source: LPS Applied Analytics

The number of home sales increased significantly, but the inventory of new listings declined steadily in the Buffalo area.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Buffalo Niagara Association of REALTORS®

Single-family building activity in the Buffalo area has remained at very low levels since 2008, reflecting the ongoing effects of weak economic conditions.



Note: Includes data through March 2013.
Source: U.S. Census Bureau, Building Permits Survey

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- The median home sales price was \$122,500, up more than 5 percent from the median sales price during the 12 months ending March 2012.

Single-family building activity, as measured by the number of homes permitted, increased during the past year from extremely low levels, in response to improvements in the sales market.

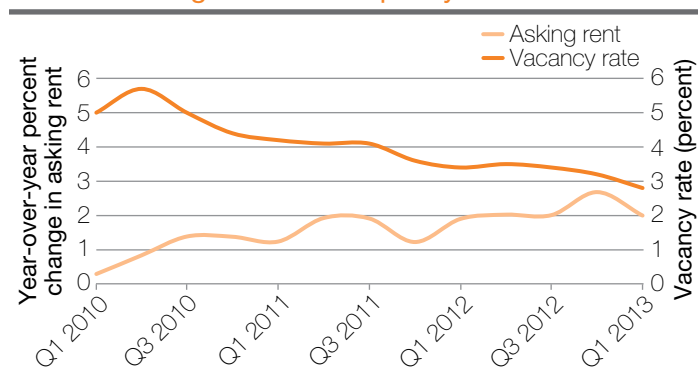
- Based on preliminary data, during the first quarter of 2013, building permits were issued for 150 single-family homes in the metropolitan area, up 15 percent from the 120 homes permitted during the first quarter of 2012.

Rental Market Conditions

The rental housing market in the Buffalo-Niagara Falls metropolitan area is balanced, with conditions improving from soft during the past 3 years because of increased rental demand and little production of new units.

- The estimated overall rental vacancy rate is currently 6.7 percent, down from 8.6 percent on April 1, 2010.
- Despite the balanced overall rental market conditions, the apartment market in the metropolitan area is tight, with vacancy rates declining significantly and rents increasing during the past year.
- The apartment vacancy rate in the metropolitan area during the first quarter of 2013 was 2.8 percent, down from 3.4 percent a year earlier (Reis, Inc.).
- During the same period, the average monthly rent was approximately \$770, an increase of 2 percent from the first quarter of 2012.

The apartment market in the Buffalo area is tight and continued to tighten over the past year.



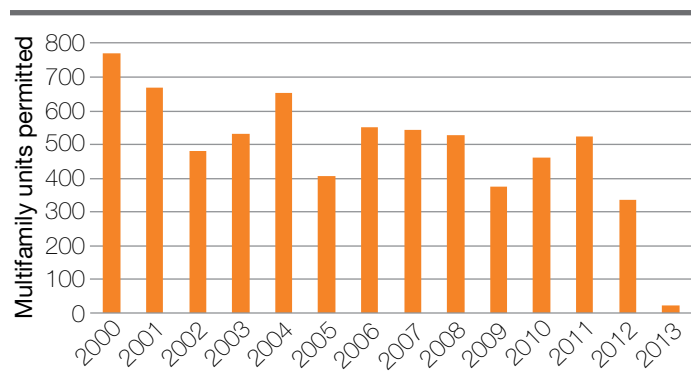
Source: Reis, Inc.

- During the 12 months ending March 2013, single-family home permitting totaled 700 homes, up 120 homes, or 21 percent, compared with the number of homes permitted during the previous 12 months.
- Despite recent increases, single-family building activity remains very sparse compared with the average of 960 single-family homes permitted annually from 2008 through 2011 and the average of 1,925 homes permitted annually from 2000 through 2007.

During the past year, multifamily building activity, as measured by the number of units permitted, decreased significantly despite tight apartment market conditions.

- During the first quarter of 2013, 20 multifamily units were permitted, down from 40 units during the first quarter of 2012 (preliminary data).
- During the 12 months ending March 2013, 200 multifamily units were permitted, down from the 440 units permitted during the previous 12 months and the average of 450 units permitted annually from 2009 through 2011.
- Recent developments include Villas on Rensch, a student apartment building across the street from University at Buffalo-North Campus in Amherst that opened in the fall of 2012 with 152 units, each with four individually rented bedrooms, for 608 total beds.
- The 112-unit Villages of Mission Hills is a recently completed apartment development in Hamburg, and the Apts. At The Lafayette is an adaptive reuse project with 115 market-rate apartment units that opened in the summer of 2012 in downtown Buffalo.

Despite tight apartment market conditions, multifamily building activity declined over the past 12 months in the Buffalo area.



Note: Includes data through March 2013.

Source: U.S. Census Bureau, Building Permits Survey