

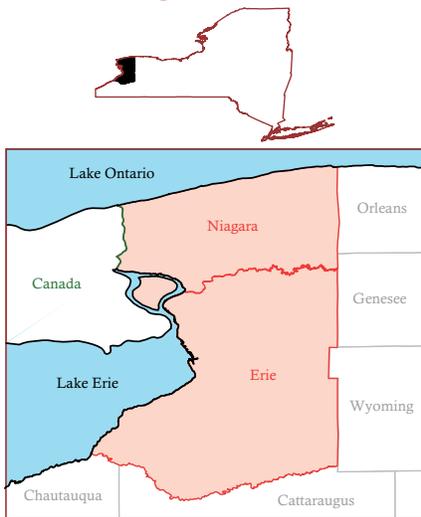
Buffalo-Cheektowaga-Niagara Falls, New York



U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2017



Housing Market Area



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 Buffalo-Cheektowaga-Niagara Falls, NY Metropolitan Statistical Area and borders Ontario, Canada. Tourism is a large contributor to the economy of the HMA, having supported approximately 47,400 jobs in 2016 (Tourism Economics).

Market Details

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Summary

Economy

Nonfarm payrolls in the Buffalo HMA have increased at a moderate pace since 2011, but the recent period of job growth is the longest in the HMA over the past 30 years. Since 2011, nonfarm payrolls increased by an average of 4,200 jobs, or 0.8 percent, annually, and the leisure and hospitality and the education and health services sectors, which added averages of 1,200 and 1,000 jobs, or 2.2 and 1.0 percent, annually, respectively, led job growth. The manufacturing sector also added jobs since 2011, reversing the declining trend that occurred from 2000 through 2010. During the 12 months ending June 2017, nonfarm payrolls increased by 4,600 jobs, or 0.8 percent, to 563,500 jobs. During the 3-year forecast period, nonfarm payrolls are expected to grow at an average annual rate of 0.9 percent annually.

Sales Market

The sales housing market in the HMA is currently balanced. The estimated sales vacancy rate is 1.0 percent, down from 1.3 percent in 2010. During the next 3 years, demand is estimated for 3,225 homes (Table 1). The 300 homes under construction and some

of the estimated 25,500 other vacant units that may reenter the market will satisfy a portion of the demand.

Rental Market

The rental housing market in the HMA is currently balanced. The estimated overall rental vacancy rate is 7.3 percent, down from 8.6 percent in 2010. Conditions in the apartment market are slightly tight. The apartment vacancy rate was 3.0 percent during the second quarter of 2017, down from 5.7 percent during the second quarter of 2010 (Reis, Inc.). During the forecast period, demand is estimated for 2,175 new market rate units (Table 1). The 1,000 units under construction will satisfy a portion of this demand.

Table 1. Housing Demand in the Buffalo HMA* During the Forecast Period

	Buffalo HMA*	
	Sales Units	Rental Units
Total demand	3,225	2,175
Under construction	300	1,000

* Buffalo-Cheektowaga-Niagara Falls HMA.
 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, 2017. A portion of the estimated 25,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is July 1, 2017, to July 1, 2020.
 Source: Estimates by analyst

Economic Conditions

Historically, the manufacturing sector led economic growth in the Buffalo HMA, but significant declines in manufacturing since 2000 have caused conditions to remain weak, resulting in recent economic growth largely in the leisure and hospitality and the education and health services sectors. Compared with 2000, nonfarm payrolls in the manufacturing sector are down by 30,900 jobs: a 37-percent decline. These losses are largely attributed to staff reductions or closures of large manufacturing firms in the HMA. From 2000 to 2014 (the most recent data available), the number of manufacturing firms with more than 500 employees declined by more than 30, representing a 25-percent decline (Census Bureau Statistics of U.S. Businesses). Among these losses, American Axle and Manufacturing, Inc., a manufacturer of automobile components, closed three facilities in the HMA in the period from 2008 through 2013, resulting in more than 1,200 jobs lost.

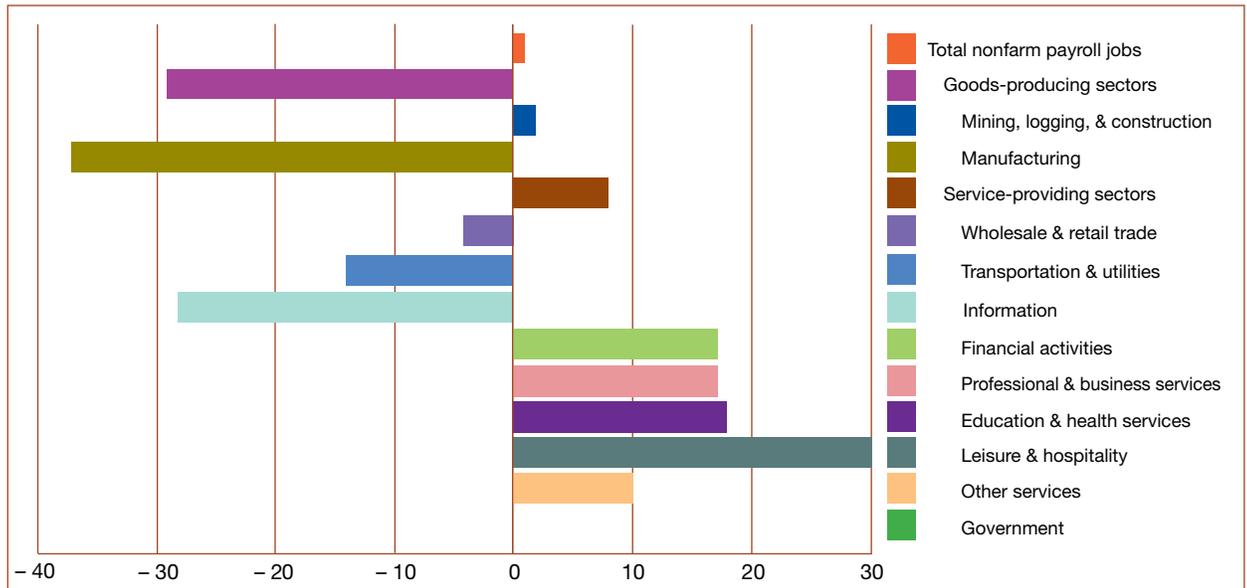
Nonfarm payrolls in the manufacturing sector declined every year from 2000 through 2010, down by an average of 3,100 jobs, or 4.6 percent, annually. Business closures, however, have since slowed, and the number of manufacturing jobs increased in 4 of the past 6 years. Since 2011, nonfarm payrolls in the sector have increased by an average of 400 jobs, or 0.8 percent, annually. Employment at the Ford Motor Company Buffalo Stamping Plant in the city of Woodlawn, Erie County, declined from approximately 1,800 in 2002 to less than 900 in 2008 in response to decreased sales of Ford automobiles. Employment further declined at this facility to approximately 570 employees by early 2013. Since that time, however, more than 500

jobs were added at the plant to make parts for the company's expanded product line, with approximately 1,125 employees currently employed.

In contrast to the manufacturing sector, the tourism industry rapidly grew and is now one of the largest economic drivers in the HMA. Some of the growth is attributed to two new casinos, Seneca Niagara Casino in Niagara Falls and Seneca Buffalo Creek Casino in Buffalo, which opened in 2002 and 2007, respectively. The two resorts, which are combined under Seneca Gaming Corporation, currently have 4,000 employees. Growth in the tourism industry has been especially strong since 2011. From 2011 to 2016, tourism spending and the number of jobs supported by tourism increased 19 and 12 percent, to \$2.36 billion and 47,400 jobs, respectively (Tourism Economics). Overall, nonfarm payrolls in the leisure and hospitality sector have increased 30 percent since 2000, the highest growth rate of all sectors in the HMA (Figure 1).

Similar to other major metropolitan areas throughout the nation, the education and health services sector, which is the largest sector in the HMA with approximately 17 percent of all nonfarm payrolls (Figure 2), added the most jobs in the HMA during the past 17 years. Since 2000, nonfarm payrolls in the sector have increased by an average of 800 jobs, or 0.9 percent, annually. Growth in this sector was in both the healthcare and social assistance and the educational services industries, which were up by averages of 600 and 200 jobs, or 0.8 and 1.4 percent, respectively. In the sector, Kaleida Health and Catholic Health System are the two largest

Figure 1. Sector Growth in the Buffalo HMA,* Percentage Change, 2000 to Current

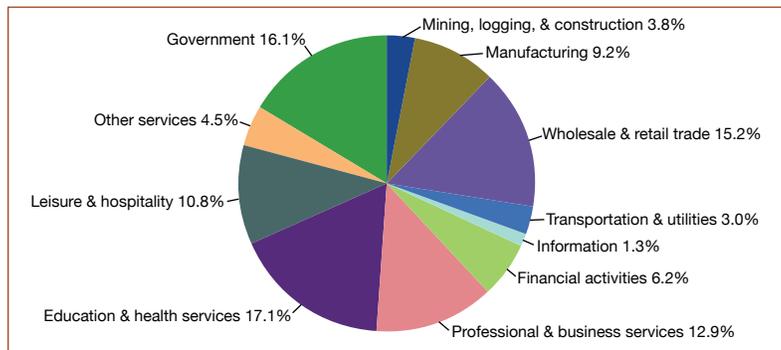


* Buffalo-Cheektowaga-Niagara Falls HMA.

Notes: Current is based on 12-month averages through June 2017. During this period, payrolls in the government sector showed no net change.

Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Buffalo HMA,* by Sector



* Buffalo-Cheektowaga-Niagara Falls HMA.

Note: Based on 12-month averages through June 2017.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Buffalo HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Kaleida Health	Education & health services	10,000
Catholic Health System	Education & health services	7,925
M&T Bank Corporation	Financial activities	7,500
Employer Services Corporation	Professional & business services	6,800
University of Buffalo	Government	6,800
Seneca Gaming Corporation	Leisure & hospitality	4,000
TOPS Markets, LLC	Wholesale & retail trade	3,950
Wegmans Food Markets, Inc.	Wholesale & retail trade	3,400
Erie County Medical Center Corporation	Government	3,075
Roswell Park Cancer Institute	Education & health services	3,025

* Buffalo-Cheektowaga-Niagara Falls HMA.

Note: Excludes local school districts.

Source: Buffalo Business First 2017 Book of Lists

employers with 10,000 and 7,925 total employees, respectively (Table 2). A combination of acquisitions and growth led total employment to increase by approximately 3,550 at Kaleida Health and by 3,650 at Catholic Health System, compared with 2000 (Buffalo Business First *Book of Lists*, 2000 and 2017).

Economic conditions in the HMA have fluctuated since 2001 with periods of job gains and losses. Nonfarm payrolls in the HMA declined in 5 of 6 years from 2001 through 2006, largely because of significant decreases 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. In the manufacturing sector, nonfarm payrolls declined by an average of 3,500 jobs, or 4.8 percent, annually. Losses include the closures of Trico Products Corporation and Carbide Graphite Group, Inc., resulting in 210 and 200 jobs lost, respectively. Partially offsetting these losses were gains in the

professional and business services and the financial activities sectors, which increased by 1,000 and 800 jobs, or 1.6 and 2.6 percent, respectively. Additions in these sectors include Bank of America Corporation and M&T Bank Corporation, expanding operations in the HMA during 2003, resulting in approximately 350 and 260 new jobs, respectively.

Economic conditions partially recovered during 2007 and 2008; payrolls increased by an average of 3,000 jobs, or 0.5 percent, annually. Gains were largest 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, or 3.0, 2.7, and 1.4 percent, respectively. SAIL-IT, an information technology and management consulting firm, expanded operations in 2008, resulting in 150 new jobs and contributing to growth. Gains in the aforementioned sectors during this time were partially offset by continued losses in the manufacturing sector, which was down by an average of 2,200 jobs, or 3.6 percent, annually.

Nonfarm payrolls in the HMA declined during 2009 and were unchanged in 2010, but losses were not as severe as in the nation as a whole because of strong gains in the education and health services and the professional and business services sectors. During the 2-year period, nonfarm payrolls in the HMA decreased by an average of 7,000 jobs, or 1.3 percent, annually, compared with national job losses that averaged 1.7 percent annually. More than three-fourths of the net losses in the HMA were in the manufacturing and the wholesale and retail trade sectors, which were down by

averages of 3,900 and 1,500 jobs, or 7.1 and 1.8 percent, respectively. In the wholesale and retail trade sector, losses were in both the retail trade and the wholesale trade subsectors, which were down by averages of 900 and 600 jobs, or 4.2 and 1.0 percent, respectively. Two sectors that did experience job gains during this period were the education and health services and the professional and business services sectors, which were up by averages of 1,700 and 1,100 jobs, or 2.0 and 2.3 percent, respectively. More than 80 percent of the gain in the education and health services sector was in the healthcare and social assistance industry, which increased by an average of 1,400 jobs, or 2.0 percent, annually.

Economic conditions improved from 2011 through 2016, although at a moderate pace. This period of job growth, however, was the longest in the HMA over the past 30 years. Nonfarm payrolls during the 6-year period increased by an average of 4,200 jobs, or 0.8 percent, annually, compared with nationwide job growth that averaged 1.7 percent annually. Within the HMA, gains were largest in the leisure and hospitality and the education and health services sectors. In the leisure and hospitality sector, gains were partially attributed to the Seneca Buffalo Creek Casino moving to a new, permanent facility, resulting in nearly 500 new jobs. After declining for 15 consecutive years from 1996 through 2010, nonfarm payrolls in the manufacturing sector increased by an average of 400 jobs, or 0.8 percent, annually. In addition to gains at the Ford Buffalo Stamping Plant, Welded Tube, USA, Inc., a manufacturer of steel tubing, opened a new facility in 2013, resulting in 85 new jobs.

Job growth continued during the past year at a steady pace. During the 12 months ending June 2017, nonfarm payrolls increased by 4,600 jobs, or 0.8 percent (Table 3). Gains were largest in the education and health services, the government, and the leisure and hospitality sectors, which increased by 1,700, 1,400, and 1,200 jobs, or 1.8, 1.6, and 2.0 percent, respectively. Growth in the education and health services and the government sectors are partially attributed to expansions at the Buffalo Niagara Medical Campus, which is home to 150 private and public companies. An unspecified number of the 3,000 planned new jobs at the campus were added during the past year, and it is

expected that all planned jobs will be created by 2020. In the leisure and hospitality sector, Seneca Buffalo Creek Casino added approximately 300 jobs in early 2017 when its expansion was completed. Partially offsetting the gains were losses in the transportation and utilities and the wholesale and retail trade sectors, which were down by 600 and 500 jobs, or 3.4 and 0.6 percent, respectively.

During the 12 months ending June 2017, the unemployment rate in the HMA averaged 5.1 percent. The current rate is unchanged compared with the rate during the 12 months ending June 2016 but is down from the 8.4-percent rate averaged from 2009 through 2012. The current unemployment rate is higher than the statewide and nationwide rates of 4.7 percent each. Figure 3 shows trends in the labor force, resident employment, and unemployment rates in the HMA from 2000 through 2016.

During the 3-year forecast period, nonfarm payrolls are estimated to increase by an average of 4,900 jobs, or 0.9 percent, annually, and growth is expected to be relatively steady during all 3 years. Gains are expected to be strongest in the education and health services and the leisure and hospitality sectors. Job gains are also expected to continue in the manufacturing sector at a moderate pace. Expected gains include SolarCity Corporation opening a new manufacturing facility in South Buffalo, Erie County, during the first year for the forecast period. Approximately 1,500 new jobs are expected to be created at the facility within a year of opening. Additionally, Strategic Financial Services, a financial services firm, is opening a new office in the city of Buffalo, which will result in approximately

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Buffalo HMA,* by Sector

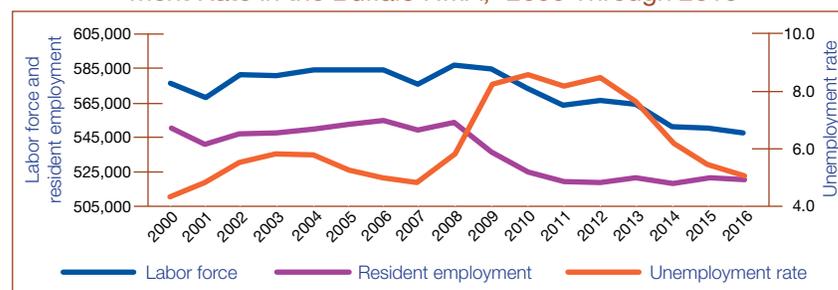
	12 Months Ending		Absolute Change	Percent Change
	June 2016	June 2017		
Total nonfarm payroll jobs	558,900	563,500	4,600	0.8
Goods-producing sectors	73,700	73,300	- 400	- 0.5
Mining, logging, & construction	21,600	21,200	- 400	- 1.9
Manufacturing	52,200	52,100	- 100	- 0.2
Service-providing sectors	485,200	490,100	4,900	1.0
Wholesale & retail trade	86,200	85,700	- 500	- 0.6
Transportation & utilities	17,400	16,800	- 600	- 3.4
Information	7,200	7,100	- 100	- 1.4
Financial activities	34,400	34,900	500	1.5
Professional & business services	71,700	72,500	800	1.1
Education & health services	94,700	96,400	1,700	1.8
Leisure & hospitality	59,400	60,600	1,200	2.0
Other services	24,800	25,300	500	2.0
Government	89,500	90,900	1,400	1.6

* Buffalo-Cheektowaga-Niagara Falls HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through June 2016 and June 2017.

Source: U.S. Bureau of Labor Statistics

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Buffalo HMA,* 2000 Through 2016



* Buffalo-Cheektowaga-Niagara Falls HMA.

Source: U.S. Bureau of Labor Statistics

150 new jobs by the end of 2017 and up to 1,500 new jobs within the next 5 years. Expected gains at the Buffalo Niagara Medical Center

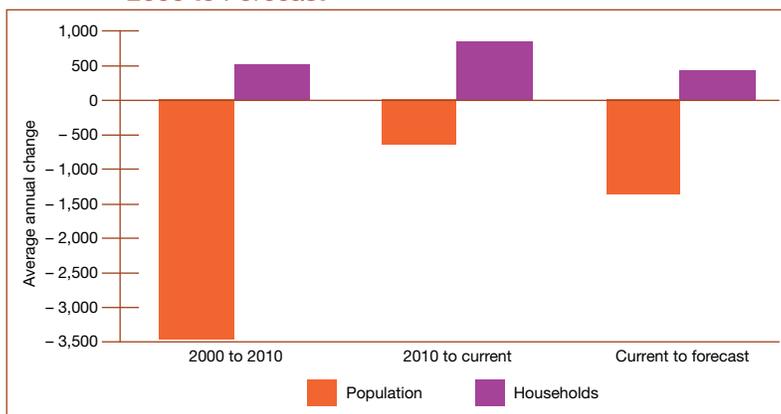
include approximately 80 new faculty members at University of Buffalo's medical school, which will open a new building in late 2017.

Population and Households

As of July 1, 2017, the estimated population of the Buffalo HMA is 1.13 million, which is down by an average of 620 people, or 0.1 percent, annually since April 2010. The population of the HMA declined every decade from 1970 to 2010, which is largely attributed to losses of manufacturing jobs. During the 40-year period, the population decreased by 213,700 people, representing a 16-percent decline. The net population loss was especially notable in the central cities of Buffalo and Niagara, where the populations during this period decreased by 201,500 and 35,400 people, or 44 and 41 percent, respectively. Recent stabilization of the manufacturing sector and growth in the tourism industry, however, caused the population decline to slow.

From 2000 to 2009, the population of the HMA decreased by an average of 3,750 people, or 0.3 percent, annually (Census Bureau decennial census counts and population estimates, as of July 1). The decline was because of strong net out-migration, which averaged 4,275 annually, that was attributed to weak economic conditions, especially compared with the rest of the nation. From 2009 through 2014, job losses and corresponding high levels of unemployment throughout the country caused the trend of residents moving out of the HMA to regions with better employment possibilities. During the 4-year period, net in-migration averaged 250 people a year, which caused the population to increase by an average of 360 people, or less than 0.1 percent, annually. Tightening labor market conditions nationwide resulted in increased levels of out-migration during the past 3 years, as the outflow of residents moving to regions with better job opportunities increased. These levels of net out-migration, however, are lower than in the 2000s because of continued job growth in the HMA. Since 2014, net out-migration averaged 2,200 people annually, and the population declined by an average of 2,050 people, or 0.2 percent, annually. Figure 4 shows population and household growth in the HMA, and

Figure 4. Population and Household Growth in the Buffalo HMA,* 2000 to Forecast



* Buffalo-Cheektowaga-Niagara Falls HMA.

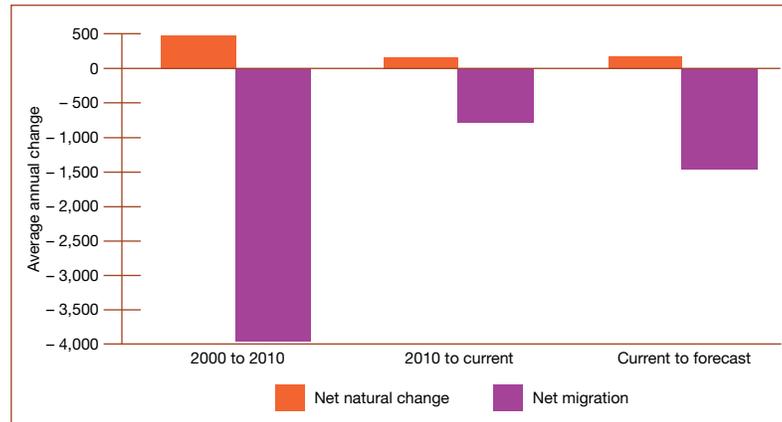
Notes: The current date is July 1, 2017. The forecast date is July 1, 2020.

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

Population and Households *Continued*

Figure 5 shows the components of population change in the HMA from 2000 to the forecast date.

Figure 5. Components of Population Change in the Buffalo HMA,* 2000 to Forecast



* Buffalo-Cheektowaga-Niagara Falls HMA.

Notes: The current date is July 1, 2017. The forecast date is July 1, 2020.

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

Figure 6. Number of Households by Tenure in the Buffalo HMA,* 2000 to Current



* Buffalo-Cheektowaga-Niagara Falls HMA.

Note: The current date is July 1, 2017.

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

An estimated 479,700 households currently reside in the HMA. Since 2010, the number of households has increased by an average of 820, or 0.2 percent, annually, compared with household growth from 2000 to 2010 that averaged 500, or 0.1 percent, annually. Since 2010, all net household growth has been in renter households, which is partially attributed to new households choosing to rent rather than own because of tighter lending standards. The number of households has increased since 2000 despite population decline, which is partially attributed to larger-sized households moving out of the metropolitan area. Figure 6 illustrates the number of households by tenure in the HMA from 2000 to the current date.

During the 3-year forecast period, net out-migration is expected to continue, albeit at a slower pace compared with 2000 to 2009, and the population of the HMA is estimated to slightly decrease by an average of 1,325 people, or 0.1 percent, annually. Households are estimated to slightly increase during the forecast period at an average annual rate of 0.1 percent, or 400 households.

Housing Market Trends

Sales Market

The sales housing market in the Buffalo HMA is currently balanced. The current sales vacancy rate is estimated at 1.0 percent, which is down from 1.3 percent in 2010 and the 1.8-percent rate in 2000 (Table DP-1 at the end

of this report). During the 12 months ending June 2017, the HMA had 3.5 months of available inventory of new and existing homes, down from 5.1 months of inventory during the previous 12-month period (Buffalo

Housing Market Trends

Sales Market *Continued*

Niagara Association of Realtors®). Inventory levels are also down from 8.1 months of available inventory during the 12 months ending June 2011. Sales market conditions in the HMA were slightly soft from 2000 through 2008 but transitioned to balanced from 2009 through 2014 because of net in-migration and decreased levels of single-family construction activity. Since 2015, conditions have remained in balance despite net out-migration, which is primarily attributed to steady job growth enabling more residents to purchase homes.

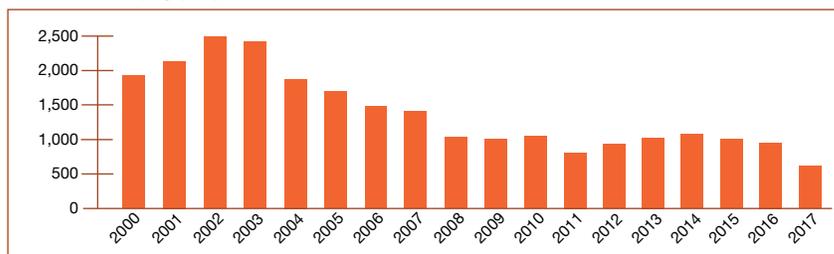
During the 12 months ending May 2017, approximately 16,850 new and existing single-family homes, townhomes, and condominiums sold, representing an increase of 140 homes, or 1 percent, from the 12 months ending May 2016 (CoreLogic, Inc., with adjustments by the analyst). In response to steadily improving economic conditions, home sales increased an average of 4 percent annually during the past 4 years, and the current level of sales is up 14 percent compared with the average of 14,750 homes sold annually from 2011 through 2013. Current sales activity, however, remains down 9 percent compared with the average of 18,550 homes sold annually from 2003 through 2006, a period in which sales activity was at its highest levels because of lenient borrowing

requirements for homebuyers. During the 12 months ending May 2017, the average sales price of new and existing single-family homes, townhomes, and condominiums sold increased 2 percent to \$144,200. Average sales prices have increased or were relatively unchanged in all but one year since 2000, up an average of 3 percent, annually, and the current average price is at a peak level. Sales prices did not decrease similar to the rest of the nation during the national housing crisis because of relatively low levels of foreclosures.

The rate of seriously delinquent loans (loans that are 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the HMA is slightly higher than the national rate. Rates in the HMA, however, did not reach the same peaks as the rest of the nation, in part, because job losses were less severe in the HMA than the rest of the nation during the recession. In May 2017, 2.8 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 3.7 percent in May 2016 and a peak of 5.5 percent in January 2014 (CoreLogic, Inc.). The current rate is lower than the statewide rate of 4.7 percent but higher than the 2.3-percent nationwide rate. The peak rate in the HMA, however, was notably lower than the statewide peak of 8.6 percent in January 2013 and the nationwide peak of 8.6 percent in February 2010.

Single-family homebuilding, as measured by the number of homes permitted, has been relatively stable since 2008, although levels remain below those from the early 2000s (Figure 7), when home sales levels were highest. From 2000 through

Figure 7. Single-Family Homes Permitted in the Buffalo HMA,* 2000 to Current



* Buffalo-Cheektowaga-Niagara Falls HMA.

Notes: Includes townhomes. Current includes data through June 2017.

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

Housing Market Trends

Sales Market *Continued*

2005, an average of 2,075 homes were permitted annually. During 2006 and 2007, homebuilding activity declined to an average of 1,425 homes permitted annually in response to lower levels of sales activity. Construction activity further declined during 2008, and levels remain low, because homes sales are still well below the peak levels. From 2008 through 2016, an average of 970 homes were permitted annually, and homebuilding activity ranged from 790 homes permitted in 2011 to 1,050 homes permitted in 2014. During the 12 months ending June 2017, approximately 970 homes were permitted, down 2 percent from the previous 12-month period (preliminary data).

Current construction activity includes Avalon Meadows in the city of East

Amherst in Erie County. Nearly one-half of the 75 planned single-family homes at the community have been completed since 2013, and it is expected that the remaining homes will be built as they are sold. Prices for these two-, three-, and four-bedroom homes start at \$390,000, \$450,000, and \$540,000, respectively. Approximately two-thirds of the 150 planned townhome units at The Villas at Brierwood have been completed since 2013 in the city of Hamburg in Erie County, with the rest of the units expected to be complete within the next 5 years. All of the planned townhomes will contain two bedrooms, and prices will range from \$259,900 to \$299,900.

During the 3-year forecast period, demand is estimated for 3,225 new single-family homes, townhomes, and condominiums (Table 1). The 300 homes under construction and a portion of the estimated 25,500 other vacant units that may reenter the market will satisfy some of the demand. Demand is expected to be relatively steady during all 3 years. New home prices are expected to start at \$175,000 (for townhomes), and 45 percent of all demand is estimated to be for homes priced from \$250,000 to \$349,999 (Table 4).

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Buffalo HMA* During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
175,000	199,999	160	5.0
200,000	249,999	480	15.0
250,000	299,999	810	25.0
300,000	349,999	650	20.0
350,000	399,999	480	15.0
400,000	449,999	320	10.0
450,000	499,999	160	5.0
500,000	and higher	160	5.0

* Buffalo-Cheektowaga-Niagara Falls HMA.

Notes: The 300 homes currently under construction and a portion of the estimated 25,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is July 1, 2017, to July 1, 2020.

Source: Estimates by analyst

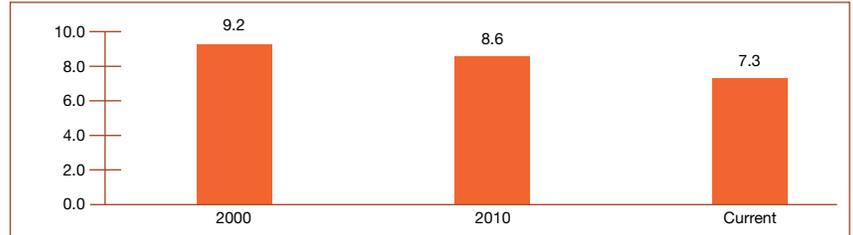
Rental Market

The rental housing market, including apartment units and single-family rental homes, in the Buffalo HMA is currently balanced. The overall rental vacancy rate is estimated at 7.3 percent, down from 8.6 percent in 2010 (Figure 8). Conditions were slightly soft from 2000 through 2008 because of strong net out-migration. Since

2009, conditions have transitioned into, and remained in, balance because of stricter borrowing requirements for homeowners and net in-migration from 2009 through 2014.

Conditions in the apartment market are currently slightly tight, compared with balanced conditions in 2010.

Figure 8. Rental Vacancy Rates in the Buffalo HMA,* 2000 to Current



* Buffalo-Cheektowaga-Niagara Falls HMA.

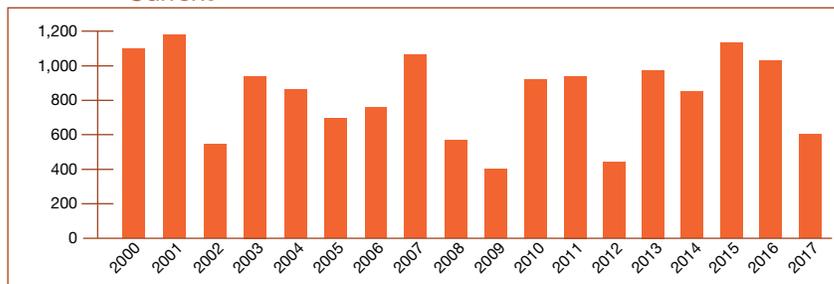
Note: The current date is July 1, 2017.

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

During the second quarter of 2017, the apartment vacancy rate was 3.0 percent (Reis, Inc.). The current vacancy rate is down from 3.2 percent during the second quarter of 2016 and from the 5.7-percent rate during the second quarter of 2010. Vacancy rates declined, in part, because obsolete apartment communities with high vacancies in parts of the city of Buffalo were demolished and replaced by new communities in growing portions of the city where absorption was strong. During the second quarter of 2017, the average market rent increased 3 percent, to \$859, from a year ago. Rents increased an average of 3 percent annually during the past 3 years compared with an average 2-percent growth rate during the previous 4 years.

Multifamily building activity, as measured by the number of multifamily units permitted, has been strong since 2010, in response to declining apartment vacancy rates. Figure 9

Figure 9. Multifamily Units Permitted in the Buffalo HMA,* 2000 to Current



* Buffalo-Cheektowaga-Niagara Falls HMA.

Notes: Excludes townhomes. Current includes data through June 2017.

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

shows the number of multifamily units permitted in the HMA since 2000, of which nearly 95 percent were for apartments. From 2000 through 2004, multifamily building activity averaged 920 units permitted annually. In response to rising vacancy rates during the early 2000s, however, construction activity slowed to an average of 700 units permitted annually from 2005 through 2009. From 2010 through 2016, building activity again picked up and averaged 900 units permitted annually. During the 12 months ending June 2017, approximately 660 units were permitted, down 37 percent compared with the previous 12-month period (preliminary data).

Recent construction activity includes the 232-unit Heron Pointe in the city of Grand Island in Erie County. All units were completed by early 2017, and rents for these one-, two-, and three-bedroom apartment units start at \$1,075, \$1,425, and \$1,700, respectively. Within the city of Buffalo, Buffalo River Landing on the Buffalo River was competed in mid-2016. Rents for these one- and two-bedroom units start at \$1,300 and \$2,175, respectively.

In portions of the HMA in and near the city of Buffalo, apartment construction activity, especially since 2008, has included a significant number of

conversions of industrial buildings, partially because of the availability of state and federal historic tax credits. These conversions include 34 apartment complexes, with nearly 1,150 units that were completed from 2008 through 2016 as part of the adaptive reuse program adopted by the Erie County Industrial Development Agency (*Erie County Industrial Development Agency – Adaptive Reuse Program 2008–2016*). Recent activity includes Crescendo Lofts, a former box and carton manufacturing facility in the city of Buffalo that was converted to 41 apartments in 2016. Rents for these one- and two-bedroom units start at \$1,300 and \$1,550, respectively. Construction continues at the former Mentholatum building in the city of Buffalo. Once completed in late 2017, the former factory will include 51 one- and two-bedroom units, and rents are projected to range from \$1,150 to \$1,900.

The HMA is home to 10 colleges and universities that house students. Total enrollment at these schools is 60,300 students, of which approximately 13,350 live in on-campus dormitories. Of the off-campus students, an estimated 90 percent reside within the HMA, with the remaining students

commuting from nearby counties; student households account for approximately 8 percent of all renter households. Although privately developed and owned, apartment construction activity on or near the campus of the University of Buffalo increased in response to rising enrollment levels, which increased an average of 1 percent annually from 2011 to 2016. The 192-unit University Village at Sweethome, a privately owned apartment community for students near the university's main campus, was completed in 2016. Rents range from \$640 per room in a four-bedroom unit to \$1,050 for a one-bedroom unit.

During the 3-year forecast period, demand is expected for 2,175 new market-rate units (Table 1). The 1,000 units under construction will satisfy a portion of the demand. Demand is expected to be relatively steady throughout the forecast period, but new supply should be targeted to come online during the second and third years of the forecast, because the units under construction will satisfy all demand during the first year. Table 5 shows the estimated demand, by rent level and number of bedrooms, for new market-rate rental housing in the HMA.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Buffalo HMA* During the Forecast Period

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
900 to 1,099	190	1,000 to 1,199	120	1,500 to 1,699	110
1,100 to 1,299	460	1,200 to 1,399	360	1,700 to 1,899	45
1,300 or more	110	1,400 to 1,599	360	1,900 to 2,099	45
		1,600 to 1,799	240	2,100 or more	20
		1,800 or more	120		
Total	760	Total	1,200	Total	220

* Buffalo-Cheektowaga-Niagara Falls HMA.

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,000 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2017, to July 1, 2020.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	550,189	524,430	516,700	-0.5	-0.2
Unemployment rate	4.3%	8.6%	5.1%		
Nonfarm payroll jobs	557,300	536,200	562,900	-0.4	0.8
Total population	1,170,111	1,135,509	1,131,000	-0.3	-0.1
Total households	468,719	473,720	479,700	0.1	0.2
Owner households	310,164	310,915	310,900	0.0	0.0
Percent owner	66.2%	65.6%	64.8%		
Renter households	158,555	162,805	168,800	0.3	0.5
Percent renter	33.8%	34.4%	35.2%		
Total housing units	511,583	519,094	521,500	0.1	0.1
Owner vacancy rate	1.8%	1.3%	1.0%		
Rental vacancy rate	9.2%	8.6%	7.3%		
Median Family Income	\$45,800	\$63,500	\$69,000	3.3	1.4

* Buffalo-Cheektowaga-Niagara Falls HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2017. Median Family Incomes are for 1999, 2009, and 2015. The current date is July 1, 2017.

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: 7/1/2017—Estimates by the analyst
 Forecast period: 7/1/2017–7/1/2020—Estimates
 by the analyst

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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 this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), 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 huduser.gov/publications/pdf/CMARtables_Buffalo_Cheektowaga_NiagaraFallsNY_17.pdf.

Contact Information

Joseph Shinn, Economist
 Philadelphia HUD Regional Office
 215-430-6683
joseph.j.shinn@hud.gov

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.

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.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.