

## Metropolitan Area Economic Overview

POPULATION		EMPLOYMENT	
Total Est. 2006	1,154,410	Total Est. 2006	503,655
Population Growth Index – 2011	0.26	Office Index	0.91
Income Index	1.03	Health Services Index	0.87
Affordability Index	1.16	Government Index	1.13
Education Index	1.03	Retail Services Index	0.92
Age Index	1.09	Wholesale Index	0.94

## Buffalo At-A-Glance

(Rent/Square foot/Year)	Low	High	Effective Avg.	Vacancy
<b>DOWNTOWN OFFICE</b>				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 24.00	\$ 30.00	\$ 25.00	5.0%
Class B (Secondary)	\$ 14.00	\$ 18.00	\$ 17.00	20.0%
<b>SUBURBAN OFFICE</b>				
New Construction (AAA)	\$ 21.00	\$ 23.00	\$ 21.50	8.0%
Class A (Prime)	\$ 19.00	\$ 22.00	\$ 20.00	9.0%
Class B (Secondary)	\$ 15.00	\$ 18.00	\$ 17.00	13.0%
<b>INDUSTRIAL</b>				
Bulk Warehouse	\$ 3.00	\$ 5.00	\$ 4.50	7.0%
Manufacturing	\$ 3.00	\$ 5.25	\$ 4.25	12.0%
High Tech/R&D	\$ 5.00	\$ 8.00	\$ 7.00	9.0%
<b>RETAIL</b>				
Downtown	N/A	N/A	N/A	N/A
Neighborhood Service Centers	\$ 6.00	\$ 15.00	\$ 12.00	9.0%
Community Power Center	\$ 16.00	\$ 25.00	\$ 18.00	6.0%
Regional Malls	\$ 15.00	\$ 40.00	\$ 22.00	12.0%

## DEVELOPMENT LAND

	Low (Price/Acre)	High (Price/Acre)
Office in CBD (Per Buildable SF)	\$ 12	\$ 20
Land in Office Parks	\$ 100,000	\$ 175,000
Land in Industrial Parks	\$ 30,000	\$ 100,000
Office/Industrial Land - Non-park	\$ 30,000	\$ 100,000
Retail/Commercial Land	\$ 60,000	\$ 1,200,000
Residential	\$ 20,000	\$ 120,000

## Market Overview

Development continues in the Buffalo-Niagara Region. This includes the ground-breaking for the Seneca Nation of Indian's Buffalo Creek Casino in the City's Cobblestone District, the completion of a 604-room hotel at the Seneca-Niagara Casino and the announcement of a championship-level golf course and resort that will be built on 250 acres in Lewiston, NY. Additionally, plans for the Buffalo Outer-Harbour Project forged ahead and the courting of Bass Pro for the former Memorial Auditorium continues.

Location plays a major role in the success of any area and Buffalo-Niagara provides a market that no other city in the U.S. or Canada can match. Buffalo-Niagara is home to six international bridges, which facilitate \$81 billion in annual trade between Canada and the U.S., and is strategically located within 500 miles of 55% of the US population and 62% of the Canadian population. As an international trade center, the region accommodates 38% of the total trade conducted between the US and Canada.

Buffalo-Niagara is home to more than 30 higher-education institutions, including New York State's largest, most comprehensive public research university, The University of Buffalo (UB).

Activity in the real estate market has been steady over the past year. In the retail market, Kohl's, Lowe's and Best Buy continue their expansion in the big-box arena. National restaurants that have shown up on the scene include Red Robin & Cheeburger Cheeburger. Ruby

Tuesday's, Fuddrucker's and Smoky Bones have expanded their local holdings. Tim Horton's and Dunkin' Donuts continue their Western New York expansion. The "Lifestyle Center" concept is becoming more appealing to some historically mall-based retailers. This is due to the fact that shoppers have been showing a preference for speedy shopping at stores they can park directly in front of and retailers like the lower cost of open-air plazas, which have less than half the expenses of enclosed, heated malls.

The office market continued on the same trends as previous years. Large blocks of true Class "A" office space in Downtown Buffalo and key suburbs like Amherst remained hard to come by. Some key developments included the construction of Uniland's 116,800sf, five-story building at 285 Delaware and the announcement of plans for a new 40-story, 1.2 million square-foot high-rise in the City's Central Business District.

The industrial market still has a shortage of modern, high-bay 20,000-100,000 square foot warehouse facilities. Warehouse space in close proximity to the Buffalo-Niagara International Airport has been running at high occupancy levels.

Noteworthy developments in the industrial market included the announcement of an \$80 Million project that will redevelop old grain elevators located along the Buffalo River into an ethanol plant and Buffalo Lakeside Commerce Park continues its expansion push with the acquisition of 100+ acres of land.

Source: NAI Pyramid Brokerage - Buffalo