



17.3%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

-102,095

Net Absorption, SF



\$17.70

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q2 2022

538.6K

Buffalo, NY
EmploymentYoY
Chg12-Mo.
Forecast

3.8%

Buffalo, NY
Unemployment Rate

3.6%

U.S.
Unemployment Rate

Source: BLS

ECONOMY: Expansion & Diversity Impact Buffalo's Economy

The Buffalo-Niagara MSA incorporates a five-county area around Buffalo, NY. The 2020 Census reported the Buffalo-Niagara MSA population at 1.2 million, ranking it as the 49th largest MSA in the country. According to the U.S. Bureau of Labor Statistics, Buffalo's average unemployment rate for the second quarter of 2022 was 3.8%, which is slightly higher than the national average of 3.6%. Buffalo's economy continues to expand and diversify, led by major growth in the healthcare and education sectors. The region's largest economic sectors are financial services, technology, healthcare and education. The COVID-19 pandemic that initially struck the US in March 2020 remains a dual threat to both public health and the economic well-being of the Region. The local economy has shown some improvements as the end of Q2 2022 approached, however the situation remains very fluid. It is taking time for businesses to recover from the pandemic, and many won't survive. It remains to be seen how much of a rebound will occur.

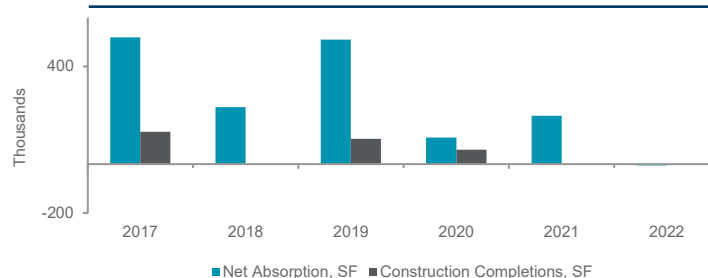
MARKET OVERVIEW: Leasing Remains Flat for First Half of 2022

While the average asking lease rate has remained consistent over the past 12 months in the Buffalo office market, the outlook going forward is that gross lease rates will be increasing as the result of additional costs due to operating expenses associated with the COVID-19 pandemic. Leasing as-a-whole will remain flat as no significant activity is anticipated in either the CBD or the Amherst Suburban Markets. The only exception to this projected outlook is in the CBD Class A market, with continued limited availability and a current direct vacancy rate of 7%, it remains to be seen whether developers will build on spec, continue with other redevelopment projects or wait and see on potential corporate downsizing to fill the void in this sector.

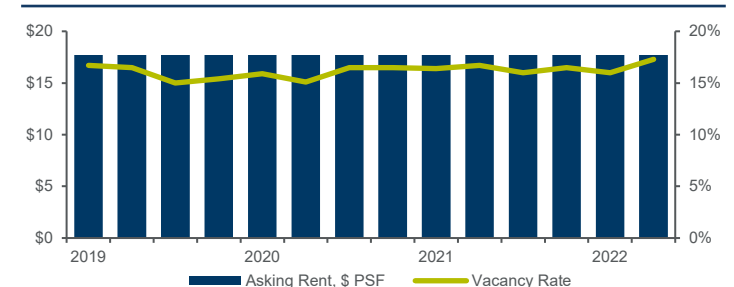
OUTLOOK: The Apocalypse of Availabilities is Here

The impact COVID-19 has had on the Buffalo Metropolitan Market continues. Every office space user is evaluating space needs. Companies are reimagining their workplace like never before. People are starting to make decisions and we are seeing a huge increase in sublease space in the market. The way the Buffalo commercial real estate market is shaking out could be a boon to space seekers. The future projection is that Landlords are going to have some sleepless nights and there's no better time than now to be in the market if you are a tenant. Flexibility may be the lone life preserver in the choppy waters that are the current office market. Landlords will be offering incentives that the market has not traditionally seen in the past. Areas that continue to see projects moving forward include the Buffalo-Niagara Medical Campus, the Elmwood Village and the Hertel Avenue / Niagara Street Business Districts. Commercial Corridors that are showing signs of interest and potential redevelopment include Seneca Street, Grant Street and the Broadway Fillmore Area. CBD Projects "in the works" include the redevelopment of the former Buffalo Children's Hospital (Elmwood Crossing – 8 Acres - \$110 million), the continued reshaping of Seneca One Tower (1.2 million square feet (msf)) and the Salvation Army's \$86 million housing project in the BNMC. In the suburban market Acquest is planning an office complex at 2190 Wehrle Drive (84,375 sf - \$40 million build-to-suit for a single user) and the Town of Amherst continues to move forward with its Audubon Reuse Plan, an ambitious mixed-use redevelopment project that will reshape a vast swath of 53 acres located in Amherst's core.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Amherst Suburban	10,368,624	233,815	1,207,815	13.9%	-6,734	-42,665	159,674	0	\$18.25	\$23.00
CBD	12,600,431	206,962	2,324,756	20.1%	-95,361	38,139	45,824	0	\$16.75	\$27.00
BUFFALO, NY TOTALS	22,987,055	440,777	3,532,571	17.3%	-102,095	-4,526	205,498	0	\$17.70	\$23.60

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Seneca One Tower, Buffalo, NY	City	AML RightSource	39,946	Direct
500 Seneca Street, Buffalo, NY	City	Trusted Nurse Staffing	32,229	Direct
500 Colvin Woods Pkwy, Tonawanda, NY	Suburban	Arbor Commercial Mortgage	30,197	Direct
220 Northpointe Parkway, Amherst, NY	Suburban	Town of Amherst	29,156	Direct
3920 Main Street, Amherst, NY	Suburban	Parkview Health Services	23,000	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
6950 South Transit Road, Lockport, NY	Suburban	KeyBank National Association / Benderson Development Company	73,000	\$4,100,000 / \$55.48
899 Main Street, Buffalo, NY	CBD	Uniland Development Company / Bestself Properties Inc	32,644	\$8,960,000 / \$274.48
45 Spindrift Drive, Williamsville, NY	Suburban	Spindrift Medical Park / MMAC HT Amherst Spindrift NY LLC	28,823	\$28,750,000 / \$997.47

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