

MARKETBEAT

BUFFALO INDUSTRIAL REPORT

A CUSHMAN & WAKEFIELD ALLIANCE RESEARCH PUBLICATION



2Q10

AT A GLANCE

•The second quarter of 2010, continued to have an abundance of available large big box and overpriced product. The CBD in particular contains obsolete space for which there is little demand. The overall market is full of large, second generation buildings with more than 20,000 square feet (sf) of space. In contrast, the demand for smaller spaces ranging between 5,000 to 10,000 sf is up and prices are stable.

•Projected unemployment rate is to remain steady and the employment rate is expected to increase slightly in 2011. Year-to-date leasing activity is approximately 343,000 sf and vacancy rate decreased from 12.4% to 12%.

•Cardinal Health, a significant player in the Sub-East market, renewed 150,000 sf of existing space at 3356 Walden Avenue in Cheektowaga.

•After outgrowing their space at 3370 Walden Avenue in Cheektowaga, InLighten, a competitive digital media communications firm, acquired for \$2.15 million a 45,360-sf storage warehouse building on a 3.63-acre site located at 9645 Wehrle Drive, Clarence.

•Villa Olympic Inc., a Canadian company, purchased 4-acres of land in Wheatfield at 6420 Inducon Corporate Drive to manufacture and distribute heating, ventilation and air conditioning equipment.

•A handful of local companies such as Steuben Foods, Honeywell, Metallurgic Systems and Goya have committed to their existing locations. These companies all have plans to either upgrade or expand at current sites and to increase employment.

•Former Hanna Furnace site in Lackawanna, which was once the center of steel and iron industry, is undergoing cleanup. The 20-acres surrounding the Union Ship Canal is slated to become a multifaceted park named Ship Canal Commons. The preservation and recreation portion is expected to open by Labor Day 2010.

ECONOMIC INDICATORS

National	2009	2010F	2011F
GDP Growth	-2.4%	3.1%	3.9%
CPI Growth	-0.3%	1.8%	2.1%
Regional			
Unemployment	8.4%	8.4%	8.3%
Employment Growth	-2.5%	0.7%	1.4%

Source: Moody's/Economy.com

Beat on the Street

"Although the second quarter of 2010 showed improvement in certain market segments, we are cautiously optimistic that the third quarter, and the remainder of 2010, will exhibit a more sustained and broader recovery".

-Richard J. Schechter, Senior Director & Associate Broker

MARKET HIGHLIGHTS

SIGNIFICANT 2Q10 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
2839 Broadway	Victory Packing	40,000	OS
2400 Walden Ave	Hospira Worldwide	26,000	W/D
500 Commerce Dr	Op Tech Environmental Services	21,200	MF
345 Lang Road	Cintas' Document Shredding	14,000	W/D
99 Wales Ave	Paintball Of Tonawanda	11,500	W/D

SIGNIFICANT 2Q10 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
9645 Wehrle Dr	InLighten	45,306	\$2,150,000
40 Stanley St	K&E Fabricating Co	234,138	\$900,000
1695 Overhead Rd	IRR Supply	22,500	\$825,000
5650 Harris Hill Rd	Overhead Real Estate	13,362	\$500,000

SIGNIFICANT 2Q10 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
N/A			

MARKET STATISTICS

MARKET/ SUBMARKET	OVERALL	YTD	DIRECT WEIGHTED AVERAGE			
	VACANCY	LEASING	NET RENTAL RATE*			
	RATE	ACTIVITY	HT	MF	OS	W/D
C-BUFFALO	11.1%	N/A	N/A	\$3.03	\$4.00	\$3.51
N-NIAGARA	18.4%	N/A	N/A	\$3.27	\$6.00	\$4.50
S-TOWN	11.6%	2,700	N/A	\$4.57	\$5.42	\$3.04
SUB-EAST	6.0%	185,519	N/A	\$5.36	\$5.32	\$3.86
TOTAL	11.7%	188,219	N/A	\$4.06	\$5.19	\$3.73

*Rental rates reflect \$psf/year

HT = High Tech MF = Manufacturing OS = Office Service W/D = Warehouse/Distribution



For industry-leading intelligence to support your real estate and business decisions, go to Cushman & Wakefield's Knowledge Center at www.cushmanwakefield.com/knowledge

Please consider your environmental responsibility before printing this report.

Pyramid Brokerage Company
1900 Rand Building
Buffalo, NY 14203
(716) 852-7500
www.pyramidbrokerage.com

*Market terms & definitions based on BOMA and NAIOP standards.

This report contains information available to the public and has been relied upon by Cushman & Wakefield on the basis that it is accurate and complete. Cushman & Wakefield accepts no responsibility if this should prove not to be the case. No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.
©2010 Cushman & Wakefield, Inc. All rights reserved.