

The revitalization of the Buffalo-Niagara Region continues with the advent or continuation of several projects. This includes the public unveiling of the Seneca Nation of Indian's final design for their permanent Buffalo Creek Casino in the City's Cobblestone District. This ambitious plan holds a development price tag of at least \$275 million and will include a 200-plus room luxury hotel. The Seneca Nation has also broken ground on their 251-acre Hickory Sticks Golf Club in Lewiston, NY. This project is worth \$20 million and will feature a par-72 golf course. Additionally, plans for the Buffalo Outer-Harbor Project forged ahead, the first phase of the Erie Canal Inner-Harbor project was completed and the courting of Bass Pro for the former Memorial Auditorium site continues. The award winning Buffalo-Niagara Medical Campus also shows signs of continued growth with the University of Buffalo acquiring the former Trico/M. Wile sites on Goodell Street.

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

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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 and 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, big box retailers such as Barnes & Noble, Best Buy, Borders Books & Music and Kohl's continue their expansion push. National restaurants that have shown up on the scene include The Cheesecake Factory, Melting Pot, Bravo! And Famous Dave's. The "Donut Wars" continue with Tim Horton's and Dunkin' Donuts continuing in their aggressive Western New York expansions. Additionally, drug store giants Rite Aid, Walgreens and CVS also continue their expansion push. In any given area all three can be found within blocks of one another. Rite Aid further expanded it's holdings with the acquisition of rival Eckerd.

The office market continues on the same trends as previous years. Large blocks of true Class "A" office space in Downtown Buffalo and key suburbs like Amherst are still hard to come by. Uniland Development is hoping to ease some of this need with the construction of a second building at their Sheridan Meadows North office complex. This 52,000sf, three-story structure should be completed in 2008. Iskalo Development has also started construction on a new 80,000sf, three-story Class "A" office building in the North Forest/Audubon area. Some key Downtown developments include the completion of Uniland's 285 Delaware Avenue office building and their renovation, in conjunction with Acquest Development, of the former Dulski Federal Building (now referred to as 200 Delaware) into a multi-tenanted facility that will include housing, a hotel and Class "A" office space.

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

Noteworthy developments in the industrial market include Riverview Commerce Park's completion of the first of it's multi-tenanted buildings (56,000sf) and plans to break ground on a second 90,000sf building in Summer 2008. Additionally, the expansion at Buffalo Lakeside Commerce Park continues with Savarino Construction obtaining 6 acres for two planned 50,000sf flex buildings and Sonwil Distribution purchasing 54 acres for a 300,000sf distribution facility.



Classification	Low Rental Rates	High Rental Rates	Effective Average Rental Rates	Vacancy Rate
<b>Downtown Office —Full Service Rates</b>				
New Construction (AAA)	NA	NA	NA	NA
Class A (Prime)	\$25.00	\$32.00	\$26.00	7.5%
Class B (Secondary)	\$14.00	\$18.00	\$17.00	17.6%
<b>Suburban Office —Full Service Rates</b>				
New Construction (AAA)	\$21.00	\$23.00	\$21.50	8%
Class A (Prime)	\$20.00	\$24.00	\$21.00	5%
Class B (Secondary)	\$15.00	\$18.00	\$17.00	13%
<b>Industrial Space —Net (Triple Net) Rates</b>				
Bulk Warehouse	\$3.00	\$5.00	\$4.50	7%
Manufacturing	\$3.00	\$5.25	\$4.25	12%
High Tech/R&D	\$5.00	\$8.00	\$7.00	9%
<b>Retail Space —Full Service Rates</b>				
Downtown (High Street Shops)	NA	NA	NA	NA
Neighborhood Service Centers (Retail Units in Parks)	\$6.00	\$15.00	\$12.00	9%
Community Power Centers (Big Box)	\$16.00	\$25.00	\$18.00	6%
Regional Malls	\$15.00	\$40.00	\$22.00	10%
<b>Development Land</b>				
Classification	Low (per acre)		High (per acre)	
Office in CBD ( <i>Per Buildable</i> )	\$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	

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