

18.5%
Vacancy Rate



-278k
Net Absorption, SF



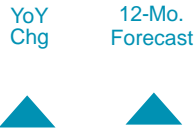
\$17.70
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2022

541.6K
Buffalo, NY
Employment



3.7%
Buffalo, NY
Unemployment Rate



3.7%
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 fourth quarter of 2022 was 3.7%, which is on par with the national average of 3.7%. 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 Q4 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.

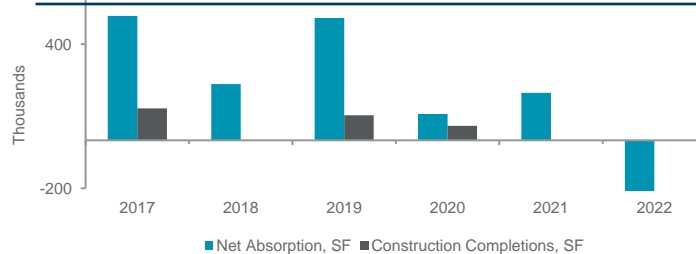
MARKET OVERVIEW: Leasing Remains Flat for Year-end 2022

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 Central Business District (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 7.5%, 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.

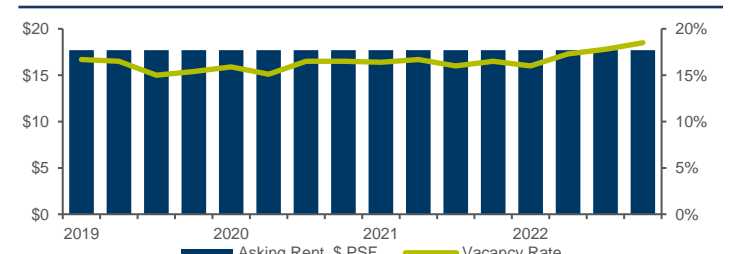
OUTLOOK: The Apocalypse of Availabilities is Here...and will Remain for the Foreseeable Future

The impact COVID-19 has had on the Buffalo Metropolitan Market continues and it is suggested that physical occupancy levels observed before the pandemic aren't likely to come back with the ripple effect being felt over a number of years. Every office space user is evaluating space needs. Companies are reimagining their workplace like never before. We continue to see 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. We expect Landlords will be offering incentives that the market has not traditionally seen in the past. Landlords have to understand that the office market is substantially changed Post-Covid-19. CBD Projects "in the works" include the mixed-use 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). In the suburban market Acquest is planning an office complex at 2190 Wehrle Drive (84,375 square feet - \$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	374,755	1,311,686	16.3%	-121,561	-287,476	318,527	0	\$18.25	\$23.00
CBD	12,600,431	206,962	2,353,618	20.3%	-47,792	9,277	133,734	0	\$16.75	\$27.00
BUFFALO, NY TOTALS	22,969,055	581,717	3,665,304	18.5%	-169,353	-278,199	452,261	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
101 Oak Street, Buffalo, NY	City	Top Seeds	35,641	Direct
500 Seneca Street, Buffalo, NY	City	Trusted Nurse Staffing	34,790	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
2421 Main Street, Buffalo, NY	City	1199 SEIU United Healthcare Workers	20,846	Direct
500 Seneca Street, Buffalo, NY	City	Lactalis	19,253	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS 2022

95 Washington Street, Buffalo, NY	City	HSBC Bank USA National Association / Jemal's Atrium LLC	229,013	\$9,000,000 / \$39.29
2970 Transit Road, West Seneca, NY	Suburban	LGP Capital LLC / Amerco Real Estate Company	90,000	\$3,200,000 / \$35.31
6950 South Transit Road, Lockport, NY	Suburban	KeyBank National Association / Benderson Development Company	73,000	\$4,100,000 / \$55.48
17 Court Street, Buffalo, NY	City	17 Court Street Associates LLC / Buffalo Biodiesel Inc	49,450	\$3,300,000 / \$66.73
899 Main Street, Buffalo, NY	City	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
672 Delaware Avenue, Buffalo, NY	City	FNUB Inc. / Douglas Development Corporation	28,531	\$3,750,000 / \$131.43

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