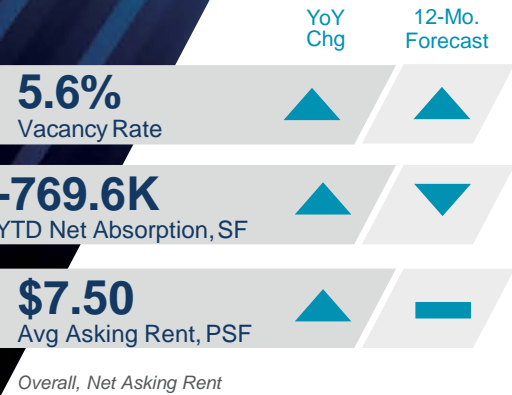


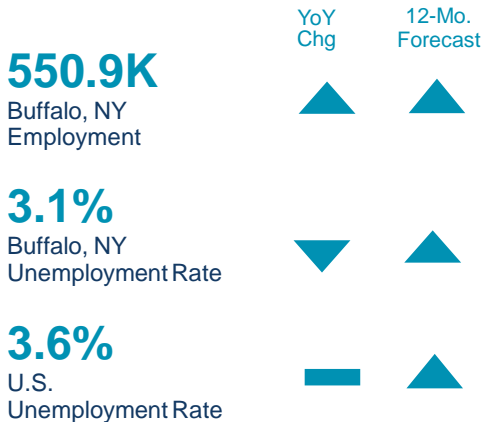
Buffalo, NY



Industrial Q2 2023



ECONOMIC INDICATORS Q4 2022



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 2023 was 3.1%, which is slightly lower 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 Buffalo-Niagara Region's strategic location makes it an attractive hub for various industries, fostering trade and commerce between different areas.

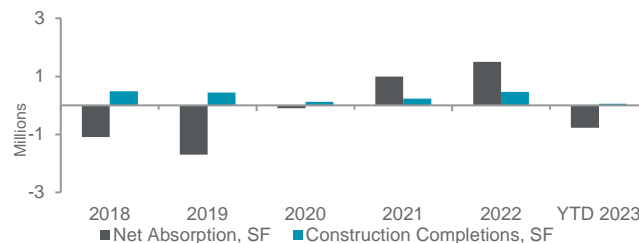
MARKET OVERVIEW: Competition for Industrial Product Continues....but at a Slower Pace

The Buffalo-Niagara MSA region has approximately 116.1 million square feet (msf) of industrial space including 62.9 msf of manufacturing space, 49.7 msf of warehouse/distribution space and 3.3 msf of office service space. The overall vacancy rate for second quarter 2023 is at 5.6% and the overall weighted average asking rental rate is at \$7.50 per square foot (psf); although within Class A warehouses, rates are higher. It is important to note that rental rates for new construction are significantly higher due to increased construction costs. The majority of available industrial inventory in the Buffalo-Niagara market is older and outdated Class B and C space that is functionally obsolete and is being redeveloped or undergoing adaptive reuse. As a result of the minimal availability significantly higher rental rates for new construction and any remaining "A" space have occurred.

OUTLOOK: Demand for Quality Industrial Space Continues

Change creates market opportunities, and the industrial market in the Buffalo-Niagara Region is "opportunistic." The need for quality industrial space remains, but at a slower rate than in previous years. Rates are increasing due to a myriad of factors and are peaking. It continues to be a landlord's market and completed deals are continuing to push rental rates higher. The need for sellable industrial product will continue into the foreseeable future, especially in the 25,000 square feet (sf) and up range. Warehouse and industrial product overall is selling for above asking price and sells quickly. On average, the price per square foot for industrial buildings has risen significantly over the past year. Additionally, one of the largest issues facing Western New York is the lack of buildable industrial vacant land. As a result, there will be more development in Niagara and Genesee Counties along the interstates. Projects that are "in-the-works" include Uniland's 6 Dona Street in Lackawanna (2 buildings - 150,000 sf each), Ciminelli's Dona Street Project (122,300 sf), Sonwil's 5100 North America Drive (333,000 sf), Pinto Constructions 134 Dingens Street (80,000 sf), Terminal Zephyr's Ship Canal Parkway Project (75,040 sf), and Benderson's proposed re-do of the BAC site in Orchard Park (90,000 sf).

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Buffalo, NY



Industrial Q2 2023

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	YTD USER SALES ACTIVITY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	YTD LEASING ACTIVITY(SF)	UNDER CNSTR (SF)	Q2 CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
SUBURBAN	68,246,960	5.6%	266,123	63,500	478,238	0	0	\$4.95	\$9.50	\$7.50
CITY	47,804,559	5.6%	78,559	31,826	18,722	0	0	\$4.95	\$9.50	\$7.50
BUFFALO TOTALS	116,051,519	5.6%	344,682	95,326	496,690	0	0	\$4.95	\$9.50	\$7.50

*Rental rates reflect weighted net asking \$PSF/year

CLASSES	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	Q2 CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Warehouse / Distribution	49,746,784	3,141,611	6.3%	-624,620	-348,701	0	0	\$5.50	\$9.50	\$7.50
Manufacturing	62,968,677	2,782,928	4.4%	24,424	-396,729	0	0	\$5.50	\$9.50	\$7.50
Office Service / Flex	3,335,058	568,505	17.0%	-12,745	-24,164	0	0	\$5.50	\$9.50	\$7.50

*Does not include renewals

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2 Steelworkers Way, Lackawanna, NY	Suburban	AWP Inc	85,330	Direct
175 Milens Road, Tonawanda, NY	Suburban	Retech Systems LLC	72,671	Direct
2345 Walden Avenue, Cheektowaga, NY	Suburban	NBF Holdings USA Inc	71,732	Direct
4817 Lake Avenue, Hamburg, NY	Suburban	Colton RV Inc	47,000	Renewal
8 Dona Street, Lackawanna, NY	Suburban	Max Advanced Brakes	42,000	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
6860 S. Abbott Road, Orchard Park, NY	Suburban	Boston Valley Pottery / TFI Orchard Park NY LLC	191,603	\$6,750,000 / \$35.23
1885 Harlem Road, Cheektowaga, NY	Suburban	1885 Harlem Road LLC / K Holdings LLC	67,224	\$2,350,000 / \$34.96
1216 South Park Avenue, Buffalo, NY	City	Parker & Rice Holdings LLC / Brendan Properties NY LLC	42,150	\$5,481,922 / \$130.06
10-12 French Road, Cheektowaga, NY	Suburban	10 French Inc / ACI Controls Inc	32,100	\$1,523,900 / \$47.47

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