

20.3%
Vacancy Rate



-544K
Net Absorption, SF



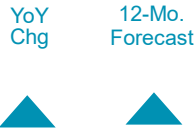
\$18.50
Asking Rent, PSF



(Overall, All Property Classes)

**ECONOMIC INDICATORS
Q2 2024**

561.6K
Buffalo, NY
Employment



4.1%
Buffalo, NY
Unemployment Rate



4.1%
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 2024 was 4.1%, which is on par with the national average of 4.1%. 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.

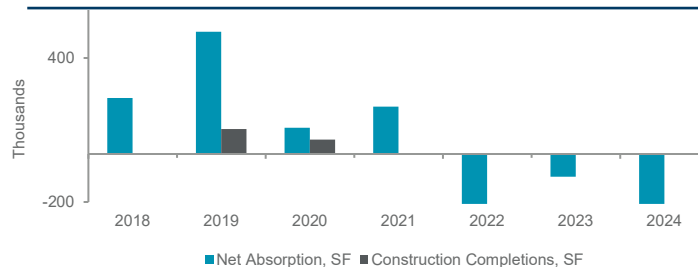
MARKET OVERVIEW: Leasing Remains Dismal for 2024 – Office Landlords Still Feeling the Pinch

Buffalo's office market, like all markets, is influenced by broader economic trends and shifts in work preferences. The shrinking market for office space continues to affect Western New York and will do so for some time to come. Every significant office building in town either has vacancy or space for sublease. With that being said, while the average asking lease rate had remained consistent over the past year in the Buffalo office market, gross lease rates will have increased as the result of additional costs due to the escalation of operating expenses and increase in build-out costs. These additional costs have put upward pressure on lease rates as landlords seek to cover their expenses and maintain profitability. There has been a notable trend where companies are showing a significant demand for well-finished, existing office space as they prefer to avoid the increased expenses associated with new construction. It is important to note that market conditions can vary and predictions regarding lease rate trends are subject to change based on various factors, including supply and demand dynamics and other market forces. There is an unprecedented amount of sublease space on the local market and that amount will continue to increase. The growing availability of sublease space is an indicator of various factors, including economic conditions, changes in business needs and market dynamics.

OUTLOOK: The "Flight to Quality" Mentality...with Landlords Being Stuck in the Middle

Physical occupancy levels observed before the pandemic aren't coming back anytime soon. Big space users are still consolidating and downsizing. Companies are reimagining their workplace like never before. As businesses decide they need less space, many have grown increasingly willing to shell out more per square foot for extra perks such as more amenities, a prime location and quality buildout. Trendy workspaces with plenty of amenities are important to companies looking to lure workers back to the office. As stated, the amount of sublease space in the market continues to grow, adding another layer to the vacancy woes...there is more space available than demand to fill it. The way the Buffalo commercial real estate market is shaking out could be a boon to space seekers – it is clearly a tenant's market. We expect Landlords will be offering incentives that the market has not traditionally seen in the past. It must be understood by Landlords that the office market is substantially changed, especially with the push from employees to remain virtual. New office projects in the region are few and far between. Some of the few ongoing CBD projects include the mixed-use redevelopment of the former Buffalo Children's Hospital (Elmwood Crossing – 8 Acres - \$110 million) and various Douglas Development projects including the continued reshaping of Seneca One Tower (1.2 million square feet).

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	10,204,665	353,758	1,284,606	16.1%	-100,928	-16,233	141,035	0	\$19.25	\$20.00
CBD	12,557,309	85,692	2,898,259	23.8%	-443,570	-421,346	128,951	0	\$17.75	\$27.00
BUFFALO, NY TOTALS	22,761,974	439,450	4,182,825	20.3%	-544,498	-437,579	269,986	0	\$18.50	\$23.50

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
726 Exchange Street, Buffalo, NY	CBD	Kaleida Health	102,351	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
199 Park Club Lane, Williamsville, NY	Amherst Suburban	Ciminelli Real Estate Corp/ Roswell Park Cancer Institute Corp	30,763	\$26,250,000 / \$853.29
8600 Transit Road, East Amherst, NY	Amherst Suburban	Iskalo Development Corporation / 8600 Transit LLC	19,627	\$3,200,000 / \$162.66

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