

**ECONOMY: Expansion & Delivery 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 49<sup>th</sup> largest MSA in the country. According to the U.S. Bureau of Labor Statistics, Buffalo's average unemployment rate for the fourth quarter of 2024 was 3.9%, which is lower than the national average of 4.2%. 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. Due to its strategic location near the Great Lakes and major transportation routes, the Buffalo-Niagara region plays a crucial role for various industries, especially logistics and distribution, and for fostering trade and commerce between different areas.

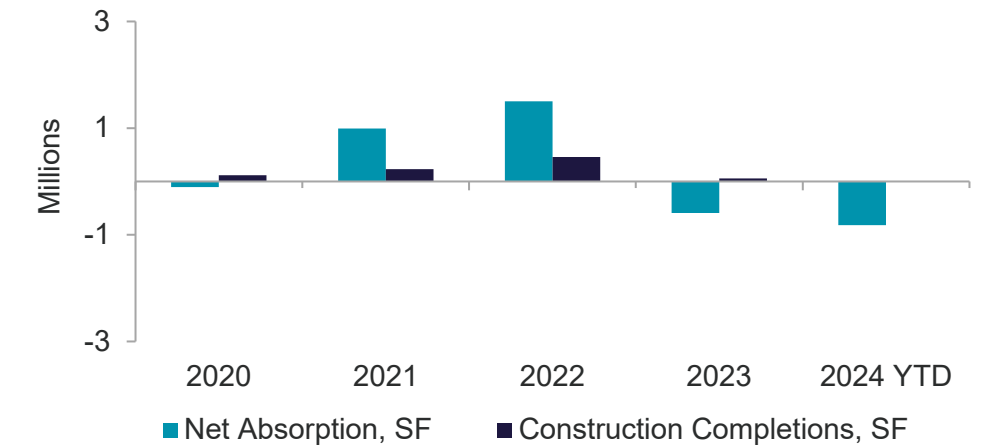
**MARKET OVERVIEW: COMPETITION FOR INDUSTRIAL PRODUCT SLOWS**

The Buffalo-Niagara MSA region has approximately 116 million square feet (msf) of industrial space including 62.7 msf of manufacturing space, 50 msf of warehouse/ distribution space and 3.3 msf of office service space. The overall vacancy rate for end-of-year 2024 was 6.3% and the overall weighted average asking rental rate is at \$8.31 per square foot (psf); although within Class A warehouses, rates are higher.

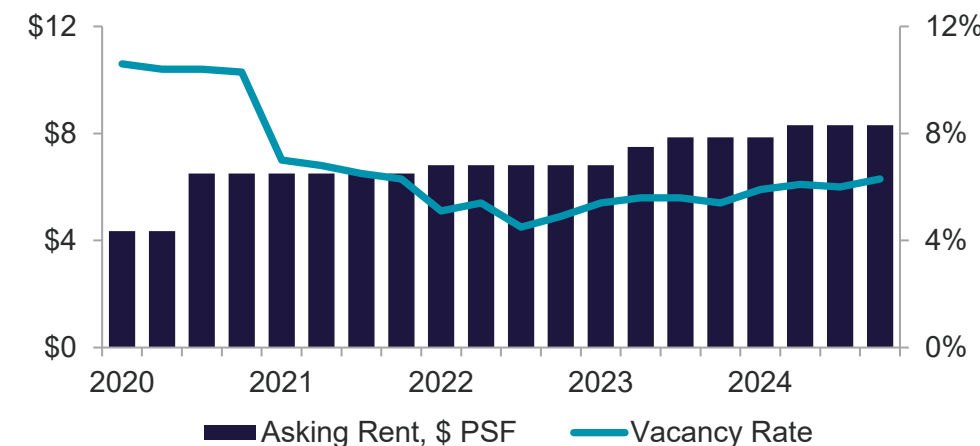
**OUTLOOK: IS THE DEMAND FOR QUALITY INDUSTRIAL SPACE OVER?**

Leasing activity in Buffalo's industrial market remains strong; however, market velocity has slowed and availability has increased. Over the past few years, the price per square foot for industrial buildings has risen sharply, due to rising construction costs and operating expenses. Currently, the Buffalo Industrial Market faces a severe shortage of 25,000 to 50,000 square foot buildings for purchase, a trend expected to continue into the foreseeable future. Warehouse and industrial product overall is selling for above asking price and sells quickly. One of the largest issues facing Western New York is the lack of buildable industrial vacant land. This constraint is driving new development into Niagara and Genesee Counties along the interstate corridors. Projects that are "in the works" include Uniland's Phase II at Renaissance Commerce Park in Lackawanna (150,000 sf), Sonwil's 5100 North America Drive (333,000 sf), the IMA Life North America Project at Colvin Woods in Tonawanda (80,000 sf) and the Buffalo Urban Development Corp's Northland Corridor Project-Phase IV and V (250,000 sf). The Micron Project in Syracuse marks a significant milestone in New York State's industrial landscape, yet its full impact on our region remains to be seen. A promising initial step towards harnessing this potential is the announcement by the US Department of Commerce awarding the Buffalo-Rochester-Syracuse region \$40M to create a semiconductor superhighway along Interstate I-90. The synergy between the two projects could possibly transform New York into a central hub for technological innovation and manufacturing excellence. Additionally, with the new administration, the impact of pending tariffs on construction materials and imported goods overall remains to be seen. A direct consequence could be an increased demand for industrial space as companies seek to localize operations and avoid tariff-related costs. This shift could intensify competition for available properties and accelerate the need for new industrial development in the region.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



**MARKET FUNDAMENTALS**

	YOY Chg	Outlook
<b>6.3%</b> Vacancy Rate	▲	▲
<b>-819K</b> YTD Net Absorption, SF	▼	▼
<b>\$8.31</b> Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▬

**ECONOMIC INDICATORS**

	YOY Chg	Outlook
<b>561K</b> Buffalo, NY Employment	▲	▲
<b>3.9%</b> Buffalo, NY Unemployment Rate	▲	▲
<b>4.3%</b> U.S. Unemployment Rate	▲	▲

*Source: BLS*

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)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
SUBURBAN	68,388,927	6.3%	199,393	339,797	938,278	0	299,539	\$6.50	\$10.50	\$7.95
CITY	47,804,609	6.3%	594,204	21,821	63,793	0	580,894	\$6.50	\$10.50	\$7.95
<b>BUFFALO TOTALS</b>	<b>116,193,536</b>	<b>6.3%</b>	<b>793,597</b>	<b>361,618</b>	<b>1,002,071</b>	<b>0</b>	<b>0</b>	<b>\$6.50</b>	<b>\$10.50</b>	<b>\$7.95</b>

\*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)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Warehouse / Distribution	50,137,082	3,699,080	7.4%	-119,645	-404,454	0	0	\$6.50	\$10.50	\$7.95
Manufacturing	62,685,026	3,079,668	4.9%	-95,117	-383,298	0	0	\$6.50	\$10.50	\$7.95
Office Service / Flex	3,371,428	527,977	15.7%	-38,885	--32,024	0	0	\$6.50	\$10.50	\$7.95

KEY LEASE TRANSACTIONS 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3880 Jeffrey Blvd, Hamburg, NY	Suburban	Tesla	200,000	Direct
2475 Walden Avenue, Cheektowaga, NY	Suburban	Wavepoint Warehousing Inc	100,264	Direct
2345 Walden Avenue, Cheektowaga, NY	Suburban	NBF Holding USA Inc	98,368	Direct
310 Grand Island Blvd, Tonawanda, NY	Suburban	Borderworx Logistics	52,300	Renewal

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
3500 Genesee Street, Cheektowaga, NY	Suburban	Delica AG / Magellan Technology Inc	129,334	\$6,500,000 / \$50.26
91 Sawyer Avenue, Tonawanda, NY	Suburban	91 & 93 Sawyer LLC / William J. Magavern	124,250	\$6,500,000 / \$52.31
66 Milens Road, Tonawanda, NY	Suburban	Yellow Freight Express / Estes Express Lines	122,090	\$8,330,000 / \$68.23
220 James E Casey Drive, Buffalo, NY	City	220 JEC Buffalo LLC / Raina Real Estate Holdings LLC	86,980	\$3,583,000 / \$41.19
1370 William Street, Buffalo, NY	City	1370 William LLC / 1370 William Street Property LLC	81,683	\$4,050,000 / \$49.58
6650 Transit Road, Cheektowaga, NY	Suburban	USF Holland Realty LLC / Estes Express Lines	57,892	\$5,550,000 / \$95.87

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