



Market & Feasibility Advisors

Final Report
Main Street Corridor Market Study
Williamsville, New York

Submitted to:
Town of Amherst

Submitted by:
Market & Feasibility Advisors

May 5, 2013

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Executive Summary

The Main Street corridor in the Village of Williamsville and Town of Amherst is poised for higher-density redevelopment over the next two decades. Both jurisdictions have recently implemented new plans and ordinances that are already beginning to shape this transformation, led by Ellicott Development's Wyndham Garden Hotel & Residences at Main and Forest, set to open by the end of 2013.

Economic trends point towards future market strength in the corridor. The Buffalo region did not experience a housing bubble prior to 2008, and Williamsville remains one of the region's best performing housing markets. The continued strength of the Canadian dollar and the presence of Buffalo-Niagara International Airport have made the Buffalo area a very attractive destination for visitors from southern Ontario as a shopping destination and jumping off point for travel in the US. The Main Street corridor's location near the airport and between major shopping anchors at the Walden Galleria, Boulevard Mall, and Eastern Hills Mall, position it well to capitalize on economic activity from Canadian visitors.

The resident market areas around the Main Street corridor are very stable, and the local resident base is quite affluent relative to the region, but the local resident market is not expected to grow in the next five years. Thus, in order for the Main Street corridor to succeed, it will need to more attract residents and business from outside the Williamsville/Amherst area and even from outside the Buffalo region. The redevelopment of the Williamsville Water Mill presents a unique opportunity to add a true anchor use in the corridor that gives it an identity and provides a base for additional retail, dining, and visitor activity.

The corridor's prospects for individual land use types vary:

- Both the local and regional's office markets are stagnant, and the economics probably do not support new, Class A office construction without public incentives.
- Though retail is performing very well in the area, the Williamsville submarket has limited appeal to shoppers and visitors from beyond its local market area, and will only be able to add a modest amount of additional retail and dining uses in the near-term. Better branding and management are needed to grow the market and attract shoppers from the greater Buffalo and Canadian markets.
- The local residential market is very strong relative to both national and regional markets, and there is demand for new, high quality apartments and condominiums in the corridor. The corridor should be able to absorb about 455 new housing units over the next five years. Most demand will be from the market's higher end, with demand for condominiums concentrated at price points of \$225,000 and demand for luxury rental housing in the range of \$1,875 and up.
- The area's hotel market has performed extremely well in recent years, but there is a concern that new development, both locally and regionally, will oversaturate the market. Williamsville will need to build a stronger identity as a visitor destination in order to generate additional demand for hotels.

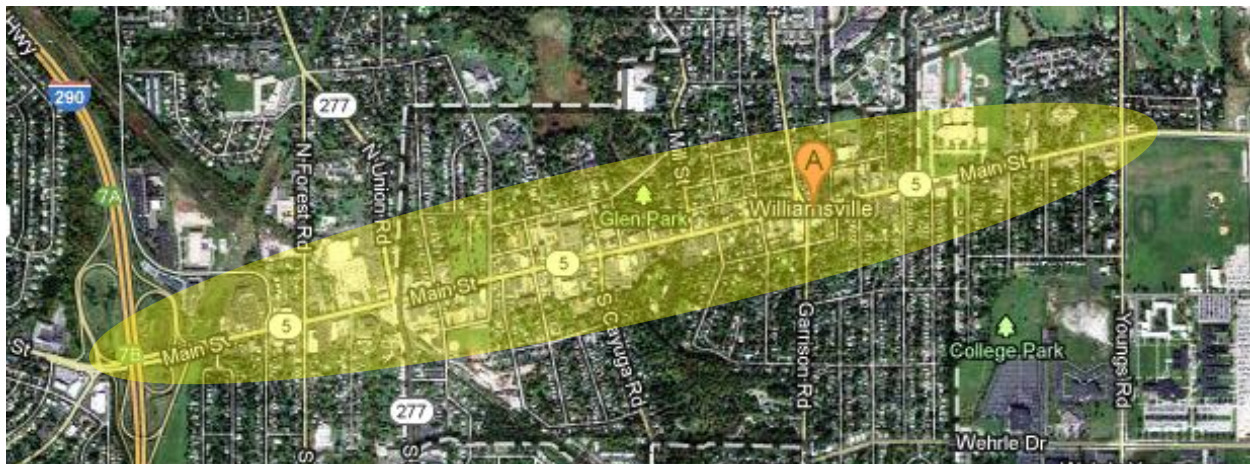
In addition to the Water Mill site, there are four other sites in the corridor that are most poised to accommodate redevelopment in the short term:

- Uniland Development's property at Main & Youngs, which presents the best opportunity for office development in the corridor;
- Iskalo Development's site at Main and Garrison, which is an excellent location for a high-end residential development with supporting retail;
- The site on the south side of Main between Hirschfield and Richfield, which also should be able to accommodate a residential development with some retail space; and
- The Williamsville Executive Center at 5500 Main Street; though this building's current use is profitable, the site itself is not being used efficiently. In the near term the street frontage could be activated with retail uses, but this would require additional parking on or around the site.

There are other sites in the corridor that present attractive redevelopment opportunities, but market, ownership, and community considerations make them longer-term prospects.

Introduction

The two-mile stretch of Main Street (State Route 5) located between Interstate 290 and Youngs Road is the commercial and civic heart of both the Village of Williamsville and the Town of Amherst, New York. Over a relatively short span this corridor includes both the Town and Village government buildings, the historic Williamsville Water Mill, the historic downtown area of Williamsville, the Erie Community College North Campus, Williamsville South High School, and several public parks.



Source: Google Earth

Both the Town and Village governments have adopted Comprehensive Plans in the past decade that envision the Main Street corridor as a walkable, mixed-use destination. Recent developments such as Hampton Inn, Shoppes on Main and, most recently, the currently under construction Wyndham Garden Hotel & Residences, have begun to bring these visions closer to reality.

In spite of these successful projects, there are still many vacant and underutilized sites in the corridor that face uncertain prospects for redevelopment (these sites are evaluated beginning on page 27). Prior to considering further incentives or regulations to shape the corridor the governments of both jurisdictions have decided to first gain a deeper understanding of the corridor's real estate market.



Future Wyndham Garden Hotel; courtesy of Ellicott Development

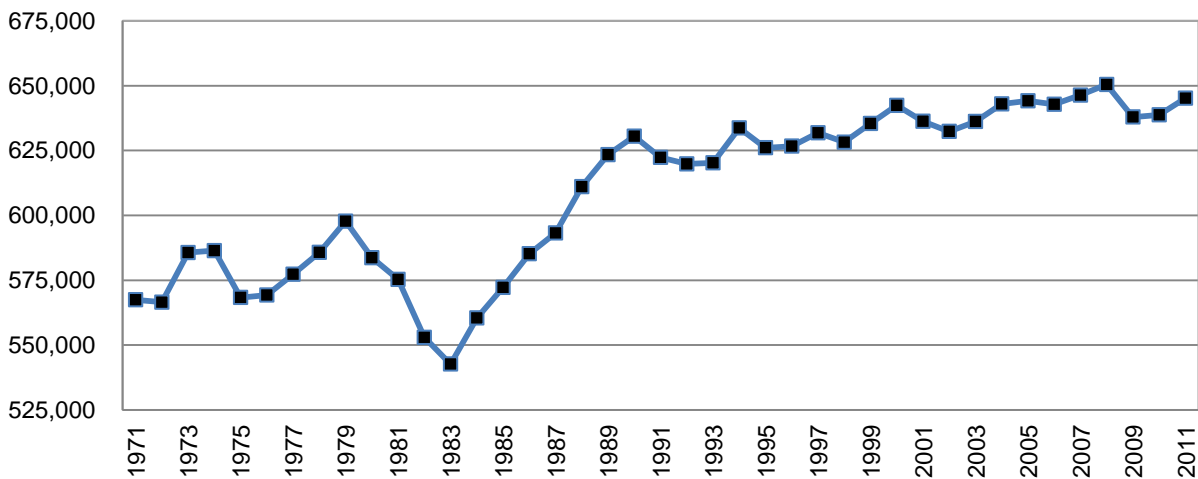
The jurisdictions have contracted Market & Feasibility Advisors (MFA) to conduct an assessment of the available markets for office, retail, dining, entertainment, tourism, and residential uses along the Main Street corridor. This report summarizes MFA's research, analysis, and findings, and provides a basis for important decisions by the Town and Village governments regarding the corridor's future development.

Regional Economic Trends and Outlook

Employment Trends

Employment in the Buffalo-Niagara Falls Metropolitan Statistical Area (MSA) has grown significantly more slowly than the national rate over the last several decades. The annual job growth rate for the region from 1971 to 2011 of 0.3 percent was much lower than the national growth rate of 2.1 percent during the same period. The region did not consistently underperform, though. Figure 1 shows that the MSA experienced rapid job loss, rapid job growth, and a long period of very slow change.

Figure 1: Employment in the Buffalo-Niagara Falls, NY MSA

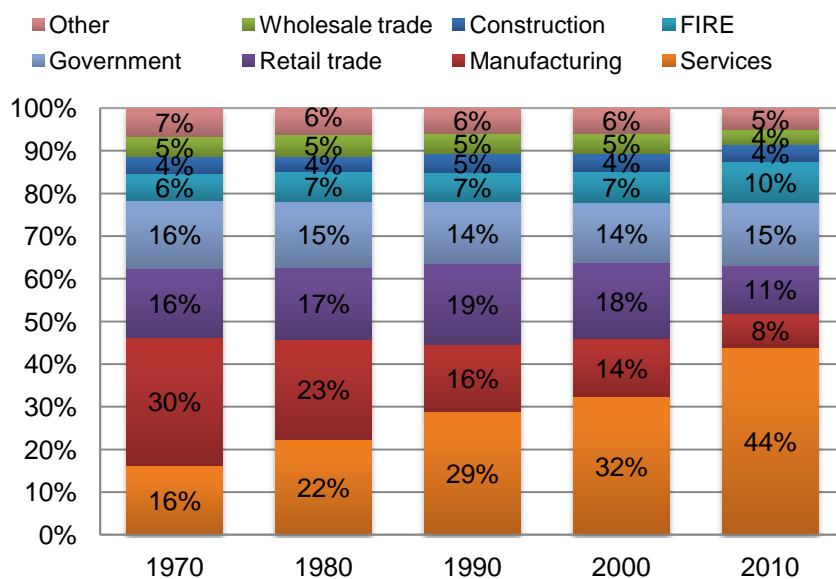


Source: U.S. Bureau of Labor Statistics

The region's job base has experienced very little change since 1990. Over the 20 year period covering 1990 to 2010 the MSA only added a total of 8,245 new jobs, a growth rate of just 1.3 percent, compared with the national growth rate of 22.2 percent over the same two decades. One positive piece of news for the region is that its job base only experienced a slight decline during the national recession that began in 2008, compared to the national decline.

The structure of the regional economy has changed dramatically over time, as shown in Figure 2.

Figure 2: Employment by Sector in MSA, 1970-2010



Source: Bureau of Economic Analysis - Series CA25

Since 1970 the share of employees in the manufacturing sector has declined from 30 percent of the employment base to just eight percent. Meanwhile, the share of retail and service workers soared from 32 percent of the region's jobs in 1970 to 55 percent in 2010¹. Aside from the Finance, Insurance, and Real Estate (FIRE) sectors, which grew from 6-10 percent of the region's job base, the other job sectors remained stable over this time period.

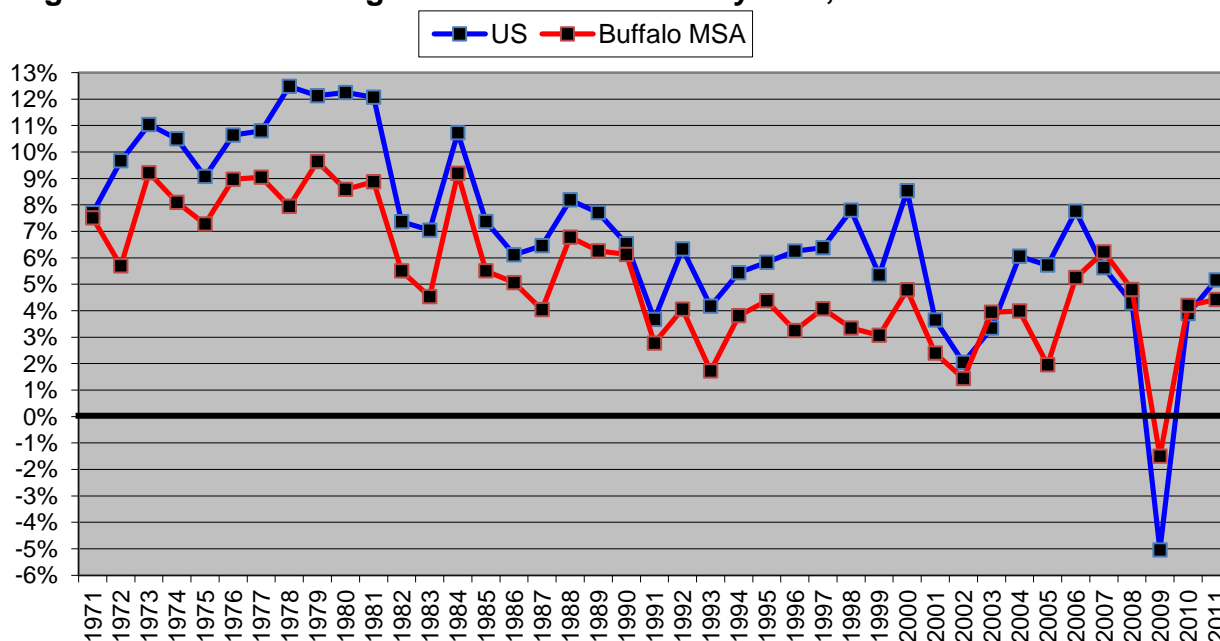
Personal Income

The long trend of a shift from higher-wage manufacturing jobs to lower paying service jobs has been a drag on the region's economy, depressing home values and retail buying power. This trend has contributed greatly to the region's economic struggles.

As Figure 3 demonstrates, the Buffalo-Niagara MSA experienced smaller increases to personal income than did the U.S. every year from 1971 to 2001. Buffalo outperformed the rest of the nation in five of the nine following years, including during the heart of the recession that began in 2008. While personal incomes in Buffalo and in the US fell in 2009, local incomes only dropped by 1.5 percent compared to a national decline of 5.0 percent.

Local business and economic development leaders attribute the recent strength of the Buffalo region's economy to the ongoing strength of the Canadian dollar and the economic activity generated by spending from residents of southern Ontario coming across the border.

Figure 3: Percent Change in Personal Income by Year, 1970-2011



Source: U.S. Bureau of Economic Analysis, Table CA1-3

¹ Retail and Services are evaluated in tandem, as their definitions changed in 2001 as part of the U.S. Bureau of Economic Analysis' change from the Standard Industrial Classification (SIC) system to the North American Industry Classification System (NAICS) by the U.S. Bureau of Economic Analysis (BEA); this change shifted some retail categories to services. As a result, many jobs formerly categorized as Retail are now considered to be Services jobs.

Retail Sales

Trends in the Buffalo area's retail sales over the past decade track closely with the region's personal income figures. From 2001 through 2009 the volume of retail sales in Erie County increased every year, with a compound average growth rate (CAGR) of 2.9 percent. The region did experience a steep drop in retail sales during 2009 as the national economy fell into recession, but sales rebounded strongly, with retail sales jumping 5.75 percent during 2010. By 2011, the county's retail sales were back to their pre-recession levels.

Table 1
Retail Sales in Erie County, 2001-2011 (\$000s)

Period	Taxable Sales & Purchases	Change from Previous Period	
		Amount	Percent
3/01 - 2/02	\$11,009,803	\$9,965	0.09%
3/02 - 2/03	\$11,330,625	\$320,850	2.91%
3/03 - 2/04	\$11,600,942	\$270,290	2.39%
3/04 - 2/05	\$11,956,767	\$355,825	3.07%
3/05 - 2/06	\$12,342,595	\$384,969	3.22%
3/06 - 2/07	\$12,500,402	\$157,806	1.28%
3/07 - 2/08	\$13,348,618	\$848,216	6.79%
3/08 - 2/09	\$13,451,665	\$103,047	0.77%
3/09 - 2/10	\$12,894,176	(\$557,489)	-4.14%
3/10 - 2/11	\$13,363,031	\$741,855	5.75%
Total/CAGR	\$2,353,228	\$263,533	2.18%

Source: New York State Department of Taxation & Finance

As with personal income, retailers in the area attribute their success to spending from visitors from Ontario, driven by the strength of the Canadian dollar. This issue is explored in greater detail in the Retail Market section that follows.

Real Estate Market Conditions

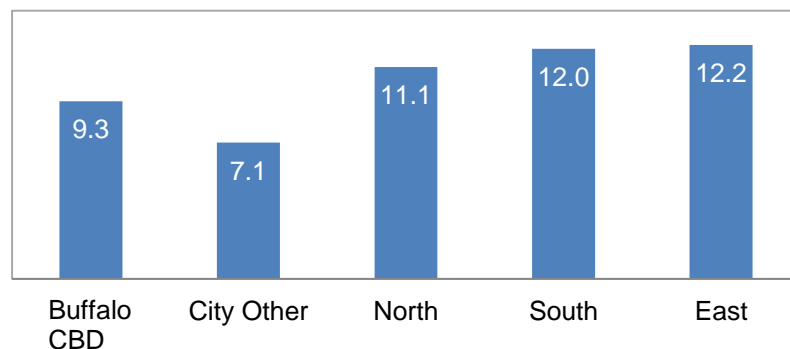
Market conditions are summarized in this section for the regional office, retail, housing, and lodging markets. Regional information is taken from various MarketView reports published by the Buffalo office of CB Richard Ellis (CBRE), Zillow, The Property Gauge, and the Buffalo Niagara Association of Realtors.

Office Market

The regional office market report by CBRE breaks the region into five submarkets: Buffalo's Central Business District, City Other (includes the rest of the City of Buffalo), North (includes the UB-North Campus Area, Tonawanda, Grand Island), South (includes Hamburg, Orchard Park, West Seneca) and East (includes Williamsville, Cheektowaga, and East Amherst/Clarence). The region's office market includes a total of more than 26 million square feet of office space and another six million of flex/office space.

In the report from the third quarter of 2012, the latest report available, the overall vacancy rates for the entire region was 10.4 percent, down slightly from the 10.7 percent figure one year prior. In 2012 the Buffalo office vacancy rates compared very favorably to the national figures. The national office vacancy rate in Q3 2012 was 15.5 percent, down from 16.5 percent the previous year.

Figure 4: Office Vacancy Rate by Submarket



Source: CB Richard Ellis *MarketView*, Fourth Quarter 2012

During 2012 the Buffalo region experienced a very small increase of just 35,000 square feet in the amount of occupied office space (excluding flex/office), a measure known as "net absorption." The report notes that the region's overall stable vacancy and absorption rates indicate neither gains nor losses its office economy from year to year. This is reinforced by the fact that there has been very little new office space constructed in the region in the past five years, and nearly all new space has been built to serve specific anchor tenants.

The East submarket, which includes Williamsville, is one of the weaker submarkets for traditional office space in the region. During 2012 the submarket experienced a negative net absorption, with its inventory of occupied space decreasing by 34,000 square feet. Its lease rates are generally in line with the rest of the region, with quoted rates of \$18-24/SF for Class A office space and \$15-18/SF for Class B office space. The overall vacancy rate in the East submarket is the highest in the region at 12.2 percent, but this includes the 16 percent rate for flex/office space. The submarket's vacancy rate for traditional office space is about 10 percent, which is about even with the regional average, but still above the vacancy rates in stronger submarkets. The East submarket's higher than average vacancy rate can be partially explained by its inventory of older Class B and C buildings, which are less attractive to tenants.

Interviews with local developers and brokers confirmed all of the above market data. It was generally agreed that Williamsville is a mature market that is largely driven by professional office users occupying small spaces of less than 5,000 square feet. Part of the market's limitation is due to the lack of new,

quality space, and brokers believe that there would be sufficient demand to fill a new Class A office building in the corridor. However, with rents topping out around \$22-24/SF, the economics of developing new office space are very challenging. At these rental rates developers would struggle to obtain financing for new buildings without additional economic incentives.

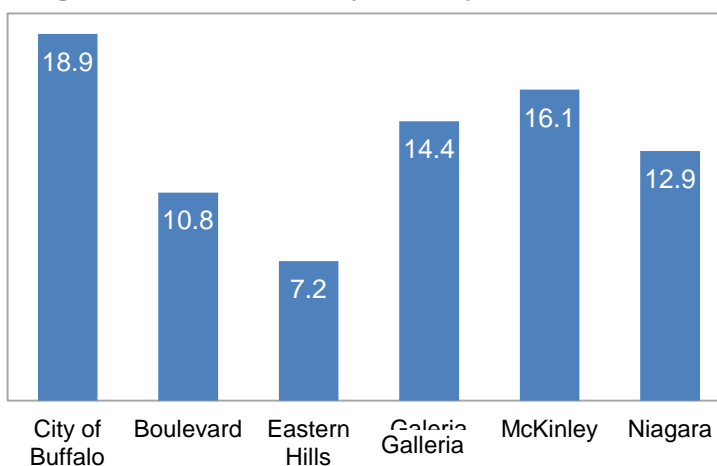
Retail Market

CBRE's Retail *MarketView* report breaks the region into six submarkets: City of Buffalo, Eastern Hills (includes Williamsville, East Amherst, Clarence), McKinley (includes West Seneca, Orchard Park, Hamburg), Boulevard (includes West Amherst, Kenmore, Tonawanda), Galleria (includes Cheektowaga, Depew, Lancaster), and Niagara (includes Lockport, Grand Island, Niagara Falls).

In the report from the fourth quarter of 2012, the latest report available, the availability rate for retail spaces in the Buffalo region as a whole stood at 13.0 percent, down from the 14.4 percent figure one year prior. At the time of the *MarketView* report, the Buffalo retail landscape mirrored the national retail vacancy rate of 12.9 percent.

The Eastern Hills submarket, which includes Williamsville, boasts the lowest retail vacancy in the region. At 7.2 percent, the submarket's vacancy rate is half of neighboring Galleria's 14.4 percent retail vacancy. The other four submarkets have between 10.8 percent (Boulevard) and 18.9 percent (City of Buffalo), as shown in Figure 5. Retail rents are flat throughout the region, with rents for quality space generally in the range of \$25-30/SF.

Figure 5: Retail Vacancy Rate by Submarket



Source: CB Richard Ellis *MarketView*, Fourth Quarter 2012

As noted in the preceding section the retail market in the Buffalo area is heavily influenced by the buying habits of Canadian consumers. According to the observations of local retailers, brokers, and developers, Canadian shoppers are drawn across the border by the strength of the Canadian dollar, better selection, lower prices, and a recent increase in the limit of the amount of purchases that are duty-free limit have all driven demand. While Canadian shoppers have traditionally come to Buffalo to “power shop” at major malls and power centers, retailers report that Canadians are becoming more demanding, and are starting to seek out more authentic experiences in Western New York.

Williamsville has not yet emerged as a top destination, but some retailers have seen increases in customer activity by Canadian shoppers. Still, without a targeted branding and marketing campaign, Williamsville will not register on the radars of most Canadian visitors. The potential redevelopment of the Williamsville Water Mill is seen as a critical element of the village's appeal as a regional retail destination, as it represents a unique property in a truly special location that could potentially become a major draw, depending on its end uses. If all of these elements are successfully assembled, it is not difficult to imagine Williamsville emerging as a popular destination for “girls’ day out” trips, family getaways, or romantic weekends for visitors from Ontario.

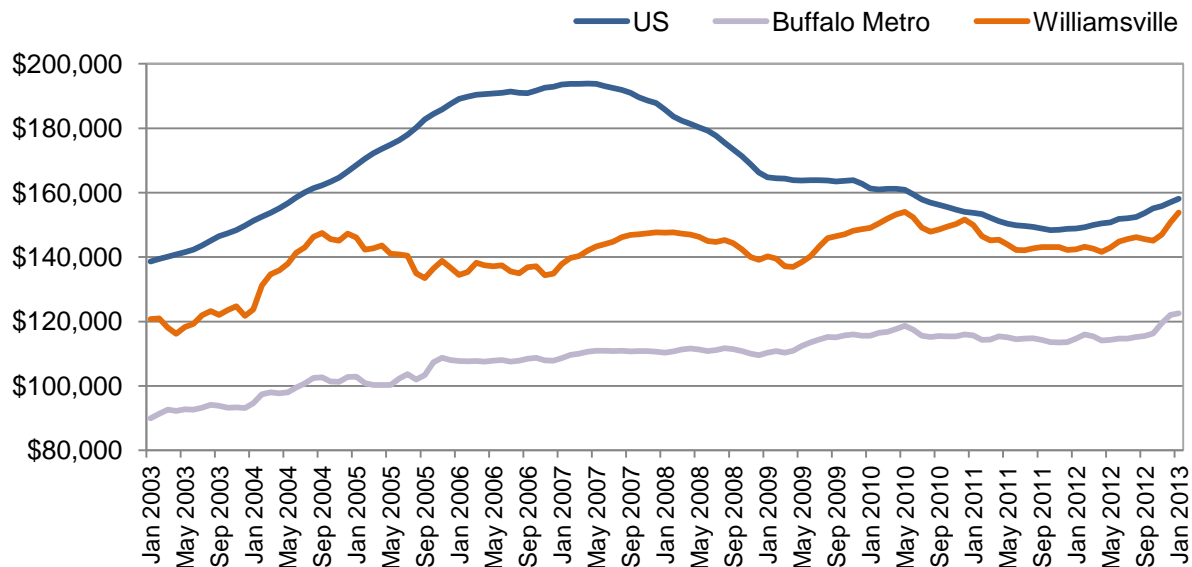
Residential Market

In the last 10 years, home values in Williamsville (ZIP Code 14221) have risen from an average of \$116,000 in 2003 to an average of \$153,800 in 2013, according to figures from Zillow.com. This 32 percent increase mirrors the Buffalo Metro area. The region's median home values increased from an average of \$90,000 in 2003 to an average of \$122,500 in 2013, an increase of 36 percent.

While Williamsville and the Buffalo region experienced strong and steady increases in home values in the last 10 years, the rest of the nation saw a rapid real estate boom followed by a painful bust. Figure 6 shows that home values in the US spiked mid-decade, only to come crashing back down to 2004 levels by 2012. As a result of Williamsville's stability relative to the nation, the local market actually saw its values rise by more than twice the national rate of 14 percent from 2003 to 2013.

At the peak of the national market in mid-2007, the national average home value exceeded Williamsville's by more than \$50,000. As of January 2013, the gap was less than \$5,000.

Figure 6: Average Home Values 2003 - 2013



Source: Zillow.com

The rental apartment market in Western New York is tracked by The Property Gauge, a regional research firm. According to The Property Gauge's Fall 2012 report, the average apartment rent in the Western New York region was \$994.52 per month. With an average apartment size of 1,020 SF, the overall average rent is \$0.88/SF. The region's rental housing stock is quite dated, as the average unit was built in 1973.

The Williamsville area has seen very limited apartment development activity over the past 20 years. The Property Gauge only reports three apartment communities of more than 50 units in the 14221 ZIP code that have been developed since 1990, all of which are garden-style suburban developments. These three properties, Renaissance Place, Windsong Place, and Coventry Green include a total of 678 apartments, and have far stronger rents than regional averages. Rents in Renaissance Place range from \$1,148 for a one bedroom unit to \$1,704 for a three bedroom apartment, and range from \$1.11 to \$1.21 per square foot. Rents in Windsong Place range from \$1,028 for a one bedroom to \$1,562 for an apartment with two

bedrooms and a den, and range from \$1.02 to \$1.17 per square foot. Rents in Coventry Green range from \$1,035 for a one bedroom to \$1,510 for a three bedroom apartment, and range from \$1.07 to \$1.23 per square foot.

Based on interviews with brokers and developers who are active in the area, there appears to be demand for higher quality housing in the Main Street corridor, but the market has yet to be effectively tested. The 33 units currently under development as part of Ellicott Development's project will provide the first true test of this potential market, but this project will not be marketed until later in 2013. The closest comparable development in existence is a 12 unit luxury apartment development completed by Jonathan Bevilacqua at North French and Transit Roads, which was successfully leased. Both Ellicott and Bevilacqua's developments feature larger units with 2-3 bedrooms and 1,700-2,000 SF, and are attempting to drive prices with larger units as opposed to higher rents on a per-square foot basis.

A key consideration for potential housing development in the Main Street corridor is the disparate market segments that may be interested in the area. The consensus among local real estate professionals is that the Main Street corridor's appeal is mainly to empty nesters and/or part-year "snowbirds," who want to live in proximity to the shopping and dining available in the corridor. Multi-family developments in Williamsville are not seen as a likely draw for younger renters, as they are far more inclined to want to live in the City of Buffalo. However, as members of the very large Generation Y cohort form households and delay marrying and having children, demand for rental housing of all types is expected to increase in the region.

Finally, a recent market study conducted by Erie Community College found demand for student housing in the vicinity of its campus at the east end of the Main Street corridor. Since ECC is already taking action to provide housing for this segment, the student housing market will not be considered in this study.

Hotel Market

The hotel market in the Buffalo area has performed well in recent years, as this property type has unquestionably benefitted from the Canadian market. Both demand and pricing have been driven by the strength of Canadian dollar and appeal of Buffalo as a shopping destination and a point of departure for US travel from Buffalo-Niagara International Airport.

A 2012 research study by Visit Buffalo Niagara (VBN) estimated that Canadians made an average of 3.1 million shopping trips to the Buffalo area in the preceding three years, of which 1.2 million were overnight visits. VBN cites the impact of Canadian shoppers was as a primary driver of Buffalo's strong hotel market performance, particularly in the summer months, when weekend hotel occupancy in the area was at 95 percent in both July and August 2012. This trend is consistent with other northern border cities; an October 2012 report by *Hotel News Now* found similar trends in Seattle, Detroit, Fargo, ND, and Burlington, VT.

The hotel market in Erie County has posted strong growth since 2009, with average annual occupancy reaching 66.4 percent and the average daily room rate (ADR) increasing by eight percent, to \$93.92.

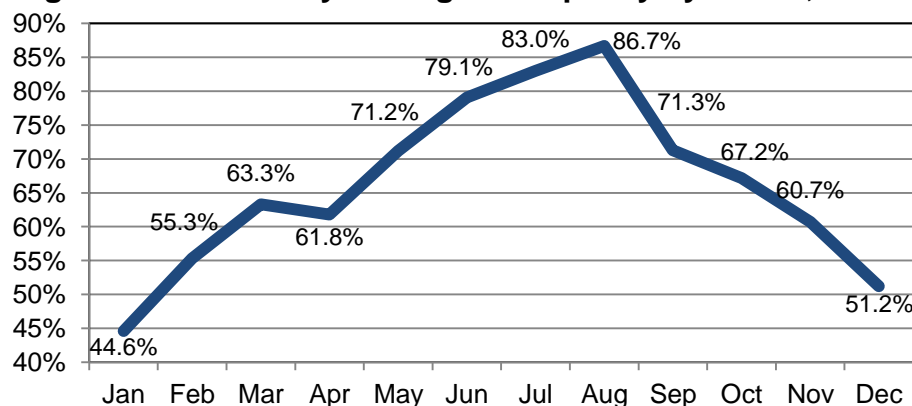
Table 2: Hotel Market Performance in Erie County, 2009-2012

Year	Occupancy Rate	Average Daily Room Rate (ADR)
2009	63.3%	\$ 87.09
2010	64.7%	\$ 87.45
2011	66.1%	\$ 90.96
2012	66.4%	\$ 93.92

Source: Visit Buffalo Niagara; Smith Travel Research

Erie County has also done well to boost its occupancy throughout the year. Though visitation to the region still remains variable by season, peak occupancy in the summer was 86.7% in August 2012 and the county maintained occupancy rates above 60 percent during the "shoulder" months of March-May and September-November. Figure 7 shows seasonal occupancy for 2012.

Figure 7: Erie County Average Occupancy by Month, 2012



Source: Visit Buffalo Niagara; Smith Travel Research

In response to this strong market performance several developers have proposed new hotel projects, specifically in downtown Buffalo where six hotel developments containing a total of 576 new hotel rooms have either been built or proposed in the past three years, according to a recent story in the *Buffalo News*. There is also a new Staybridge Suites being built on Sweet Home Road near the University at Buffalo North Campus by a partnership between Bevilacqua Development and Ellicott Development.

Williamsville itself had long been dormant as a hotel market until the 2006 opening of the Hampton Inn on Main Street, right in the village core. Over the past seven years this hotel has been one of the strongest performing properties in the entire region, with nearly full occupancy for most of the year and room rates typically in excess of \$150 per night. In response to the strength of both the local and regional hotel markets two developers are pursuing plans for new properties. Ellicott Development's 120-room Wyndham Garden Hotel is set to open later in 2013, and Iskalo Development has acquired the 102-room Lord Amherst Inn (located just west of the study area) with plans to rehabilitate it into an upscale, 95-room boutique hotel, and add a 137-room Hyatt Place on the same property. When complete, these three projects will add a net of 250 new hotel rooms to the local market.

Residential Market Area Profiles

Data from this section come from ESRI Business Analyst. For the purposes of this study, the region is broken into three submarkets: Williamsville, Greater Amherst, and Buffalo Region. These submarkets are defined the following way for the purposes of this study:

Williamsville - The Williamsville submarket includes all those living within a **5-minute drive** of the center of the village. The submarket spans more or less from Harlem Road to Transit Road. Residents in this area use the services available to them in the Village of Williamsville as their primary market for everyday shopping. Residents here use Williamsville as their primary market for groceries, gas, and basic services like salon appointments and auto care.

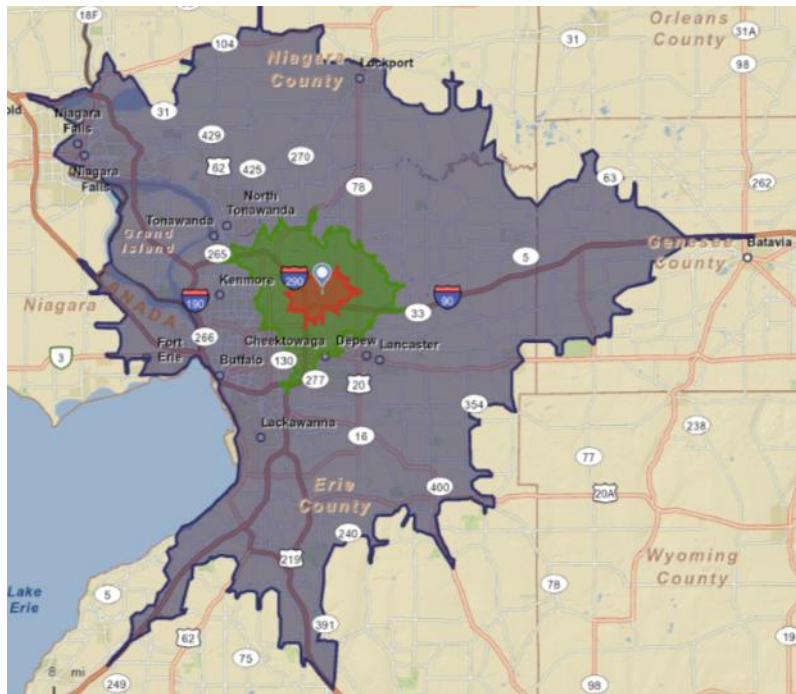
Greater Amherst – The Greater Amherst submarket includes all those living within a **10-minute drive** of the village center. This area includes all of Williamsville, Snyder, the airport area, and Bowmansville, as well as parts of Amherst, East Amherst, Cheektowaga, Kenmore, and Tonawanda. Some residents of these areas will use Williamsville as their primary destination for meals, shopping, and entertainment, but Williamsville competes with more convenient locations for many of this submarket’s residents.

Buffalo Region – The Buffalo Region submarket includes all those living within a **30-minute drive** of Williamsville. This market includes most of the Buffalo-Niagara MSA’s population, with only outlying rural areas of Erie and Niagara counties beyond the 30-minute range. This area also includes a large section of the western part of Genesee County along Interstate 90, as well as the city of Fort Erie, Ontario and its surrounding area. The village’s draw to this market is solely as a destination for specialty retail, dining, and entertainment.

Data from this analysis come from ESRI Business Analyst, which adapts figures from the U.S. Bureau of the Census’ 2011 American Community Survey (ACS). Summaries of the data follow.

Population

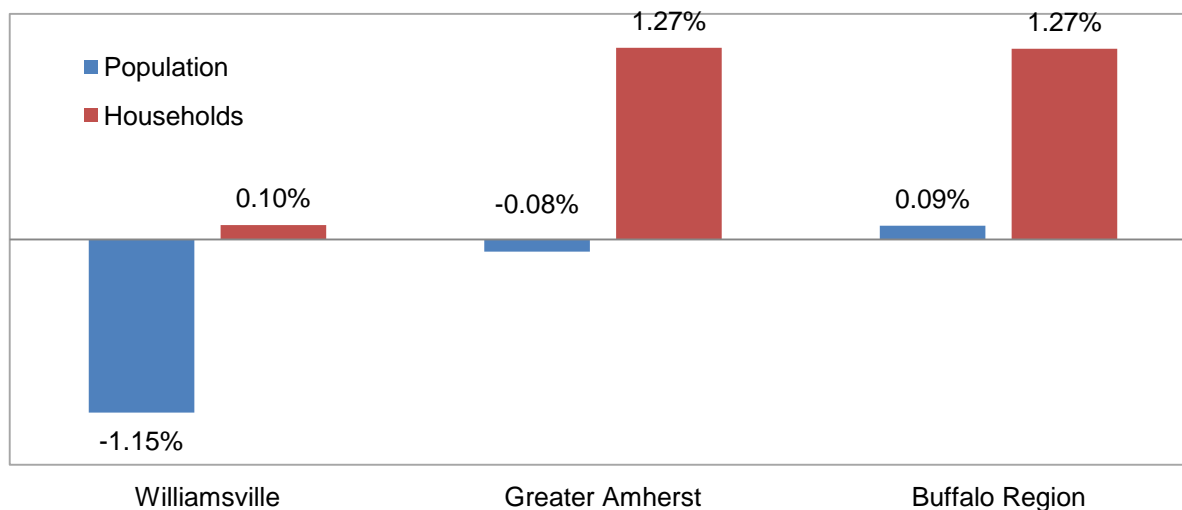
- *Williamsville* – The Williamsville area had 25,590 residents in 2012, down slightly from the 2010 Census count of 25,811. By 2017, the submarket is projected to lose a small amount of its population, declining to 25,295 residents.
- *Greater Amherst* – Greater Amherst’s had 197,377 residents in 2012, up slightly from the 2010 Census count of 196,796. This area is not expected to grow further, with a projected 2017 population of 197,215.



Source: ESRI

- *Buffalo Region* – The Buffalo Region had 1,022,099 residents in 2012, up a small amount from 2010 when it had 1,018,042 people. Estimates place the population of the submarket at 1,023,020 people by 2017, a negligible gain from 2012.

Figure 8: Population and Household Change 2012 - 2017



Source: ESRI Business Analyst

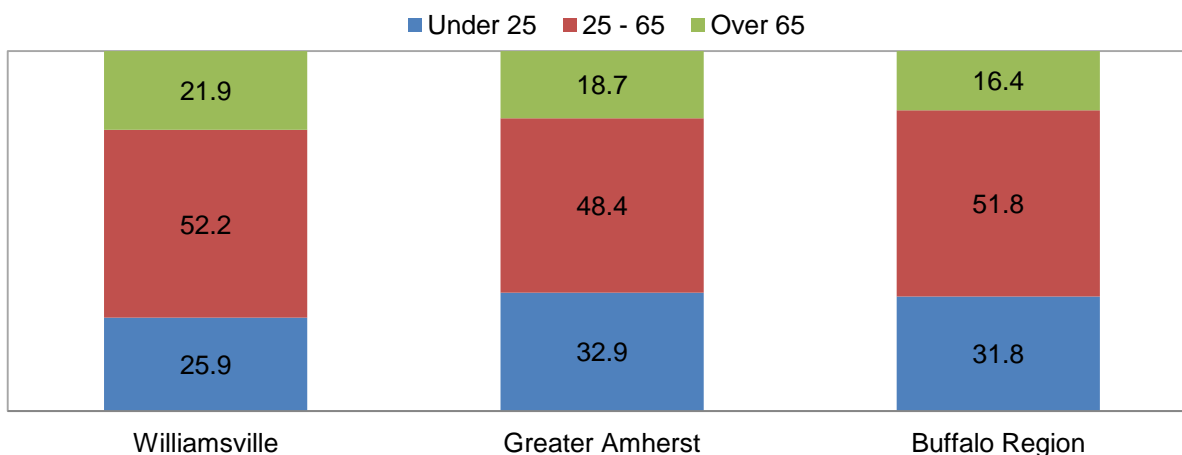
Households

- *Williamsville* – This submarket held 11,463 households in 2012, fewer than the 11,640 counted in 2010. The number of households is projected to remain flat through 2017, when the anticipated number of households will be 11,474. As of 2012, 70 percent of households own their homes. Though the population is projected to continue to fall, the number of households will remain flat because average household size will continue to shrink. Figure 7 demonstrates this phenomenon. In 2012, the average household size in the neighborhood market was 2.21 persons. By 2017, this submarket is expected to house 2.20 people per household.
- *Greater Amherst* – The Greater Amherst submarket contained an estimated 81,204 households in 2012, down slightly from the 2010 Census total of 81,400. The share of owner occupied units is similar to Williamsville’s, at 69 percent. Though the population in this submarket is projected to fall slightly from 2012 to 2017, the number of households will grow to 82,239 as a result of shrinking household sizes. The average household size for this market area was 2.43 persons in 2012, making it somewhat larger than the Williamsville submarket. Similarly, the Greater Amherst submarket’s average household size is projected to fall to 2.40 persons by 2017.
- *Buffalo Region* – The Buffalo Region submarket grew to 426,473 households in 2012, down from the 2010 Census figure of 427,760. The region has a far lower homeowner rate than the local markets, at just 61 percent. The number of households is projected to increase though, with the regional submarket projected to have 431,881 households by 2017. From 2012 to 2017, the Buffalo Region is projected to grow its population by just 0.9 percent while increasing the number of households by 1.3 percent.

Age Profile

- *Williamsville* – In the Williamsville submarket, the median age is 45.4 years. The proportion of residents over age 65 is 21.9 percent, and 25.9 percent are below the age of 25.
- *Greater Amherst* – Greater Amherst’s median age is far younger, at 32.9 years. It is considerably lower than Williamsville’s median age because the multitude of college students included in this submarket. The share of residents over age 65 is 18.7 percent, while the share of residents younger than age 25 is 32.9 percent.
- *Buffalo Region* – The median age of the Buffalo Region submarket is 40.7 years. Compared with the other submarkets, the Buffalo Region has the smallest share of residents over age 65 at 16.4 percent. The area has 31.8 percent of its residents under the age of 25 years.

Figure 9: Age Profile of Submarkets 2012

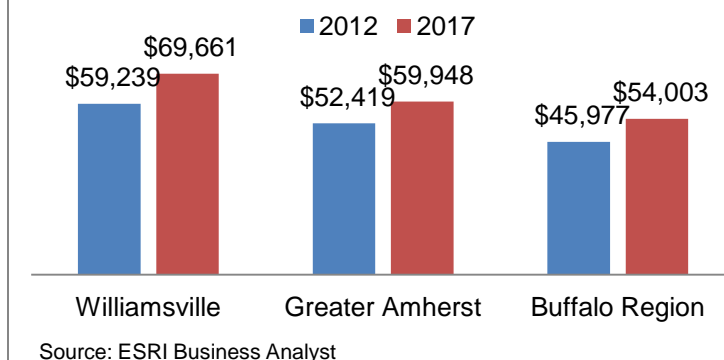


Source: ESRI Business Analyst

Income

- *Williamsville* – In 2012, the median household income in the Williamsville submarket was \$59,239. The share of households earning more than \$75,000 per year was 39.0 percent. By 2017, the median income is projected to grow significantly to \$69,661. The per-capita income is also projected to grow from \$35,835 to \$41,159 by 2017. The median income growth from 2012 to 2017 is 17.59 percent (3.52 percent annually), while the per-capita income is projected to grow by 16.11 percent (3.22 percent annually). The aggregate income level of the Buffalo Region submarket in 2012 was \$914.12 million, and is expected to grow to \$1.04 billion by 2017.
- *Greater Amherst* – Greater Amherst submarket’s median income in 2012 was \$52,419 and 33.2 percent of its households made more than \$75,000 per year. By 2017, the median income is

Figure 10: Median Income for Submarkets



Source: ESRI Business Analyst

projected to grow to \$59,948. The per-capita income is also projected to grow from \$31,093 to \$35,537 by 2017. The median income growth from 2012 to 2017 is 14.36 percent (2.87 percent annually), while the per-capita income is projected to grow by 14.29 percent (2.86 percent annually). This submarket is poised for solid income growth, but at a rate not quite as rapid as the Williamsville submarket. The aggregate income level of the Buffalo Region submarket in 2012 was \$6.14 billion, and is expected to grow to \$7.01 billion by 2017.

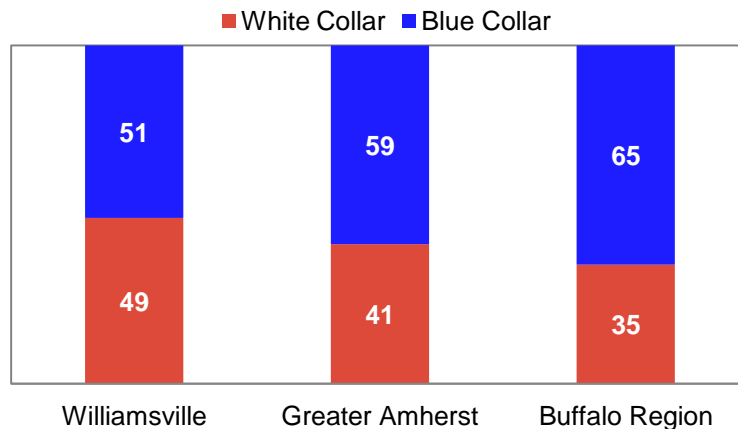
- Buffalo Region** – The 2012 median household income in this submarket was \$45,977 and just 28.2 percent of its households earned more than \$75,000 per year. By 2017, the median income is projected to grow to \$54,003. The per-capita income is also projected to grow from \$26,736 to \$30,556 by 2017. The median income growth from 2012 to 2017 is 17.46 percent (3.49 percent annually), while the per-capita income is projected to grow by 14.29 percent (2.86 percent annually). Remarkably, the anticipated per-capita growth rate in the Buffalo Region is exactly the same as the anticipated growth rate in per-capita income in the Greater Amherst sub-region. The aggregate income level of the Buffalo Region submarket in 2012 was \$27.22 billion, and is expected to grow to \$31.26 billion by 2017.

Labor Force

US Census Bureau conducts the American Community Survey (ACS) to obtain more detailed information than the decennial census collects. Among the information in the ACS is a breakdown of employed population age 16 years or more by occupation. For the sake of this study, occupation types were classified into two groups: blue collar or white collar. The occupations included in the blue collar category include all retail, personal service, construction, manufacturing, and support industries. The white collar industries include the types of jobs typically found in offices, such as management, business services, information, engineering, sciences, legal, and accounting.

As Figure 11 illustrates the shares of white collar and blue collar workers in the Williamsville market were evenly split. White collar workers in this area made up 49 percent of the labor force while blue collar workers made up 51 percent. By comparison, 59 percent of workers in the Greater Amherst area were blue collar workers, and 65 percent of all workers in the Buffalo region were blue collar. Clearly Williamsville has far more balance between blue and white collar workers than does the region at large.

Figure 11: Labor Force Share by Job Type, 2012



Source: US Census American Community Survey, ESRI Business Analyst

Commuting Patterns

- *Williamsville* – In the Williamsville submarket, 84.7 percent of employees drive to work alone. Using any method of transportation, 85 percent of workers in this area spent less than 30 minutes commuting to work each way, and just 2.6 percent spent more than one hour commuting to work. Few residents of Williamsville work within the Village; according to data from the US Census Local Employment Dynamics (LED) program, fewer than five percent of Village of Williamsville residents worked within the Village boundaries as of 2010.
- *Greater Amherst* – In this submarket, 82 percent of workers commute to their place of employment by driving to work alone. Using any transportation method, 81.7 percent of employees spend less than 30 minutes each way commuting. Just 2.4 percent spend more than one hour commuting each way.
- *Buffalo Region* – In this submarket, 80.9 percent all employees drive to work alone. The share of workers spending less than 30 minutes traveling to work is 77.5 percent, and just 2.7 percent spend more than one hour commuting each way.

Market Capture Analysis

This section estimates the short and long-term potential of the Main Street corridor (as defined on Page 2 of this report) to capture different types of development demand. There are four different types of land uses discussed here:

- Retail
- Residential
- Office
- Hotel

The retail and residential components of this section include detailed market capture analyses that project future demand for those types of development based on expected capture of demand from local and regional markets. Since office and lodging are largely influenced by external economic factors, these sections do not include quantitative capture analyses and are instead based on overall findings from the economic and market overview sections above.

Retail Market

The starting point for the retail market analysis is to understand the Main Street Corridor's current competitive position relative to the region. This is done by assessing the "draw factor" of each retail category, which measures how retail sales at area businesses compare with retail spending by the local base of residents and employees. If local businesses receive more spending than what is generated by the local market, they are considered to have a positive draw; if they receive less spending, they have a negative draw. Generally speaking, if an area has a draw factor of greater than 1.00, it attracts more business than its resident and employee population would predict. A draw factor of greater than 3.00—meaning that businesses receive more than three times as much spending as is generated by local residents—makes an area a true regional destination.

Based on estimates by the US Bureau of the Census and the Greater Buffalo-Niagara Regional Transportation Council (GBNRTC), there are presently about 2,400 households and 5,800 daytime employees within the Village of Williamsville, representing 0.8 percent of the total household and employment base in Erie and Niagara counties.

Table 3 compares retail sales as reported by the 2007 Economic Census for the Buffalo region and Williamsville with Williamsville's share of the region's total household and job base. This table includes information for the five major categories of goods and services that comprise Main Street's retail base.

Table 3

Estimated Retail Sales Draw by Category

	Retail Sales by Category (\$000)		% of Reg Total	Draw Factor	
	Buffalo MSA	Williamsville			
General, Apparel, Furniture & Other (GAFO)	1,779,619	30,451	1.71%	2.10	Sub-Regional Draw
Home Improvement	1,445,801	2,698	0.19%	0.23	Neighborhood Draw
Food & Drugs	3,654,793	17,359	0.47%	0.58	Neighborhood Draw
Accommodation & Dining	2,125,179	18,312	0.86%	1.06	Sub-Regional Draw
Personal Services	92,952	8,376	9.01%	11.07	Regional Draw

Source: US Census Bureau; US Bureau of Labor Statistics; ESRI Business Analyst; GBNRTC; Market & Feasibility Advisors LLC

There is great variation among Williamsville’s market draws for each type of retail. Not surprisingly, the corridor’s chief draw is for personal services businesses such as hair and nail salons. Williamsville accounts for more than nine percent of all regional sales in this category, making it a truly regional destination for such businesses. Williamsville also has a strong draw as a shopping destination for General Merchandise, Apparel, Furniture, and Other (GAFO), and a decent pull for accommodation and dining. For the other two categories, Home Improvement and Food & Drugs, Williamsville has a very weak draw factor and likely captures most of its business from those living or working in the immediate vicinity. Given the lack of major big-box retailers in the corridor such as Wegmans and Home Depot, this finding is not at all surprising.

Williamsville’s different draw levels for the different retail categories is critical to understanding who shops in the business district and how strong its pull is on the three different resident markets described above. Based on this retail draw factors, “capture rates” were estimated for each of the five retail categories and three resident market groups. These rates estimate how much of each category’s spending can be realistically captured in Williamsville, given its appeal (or lack thereof) to each of the three resident markets. Additional inflow factors, representing additional sales from visitors from outside the market resident market areas beyond sales to regional residents, have been estimated as well. In the case of Williamsville, inflow is likely to mainly be comprised of Canadian visitors.

Table 4 shows the assumed capture ranges for each category and market area.

Table 4
Estimated Capture Range by Market for Williamsville

Retail Category	Williamsville (0-5 min)		Amherst (5-10 min)		Regional (10-30 min)		Inflow Potential	
	Low	High	Low	High	Low	High	Low	High
CAPTURE RATES								
GAFO	8.0%	10.0%	2.0%	3.0%	0.4%	0.6%	4.0%	5.0%
Home Improvement	15.0%	20.0%	4.0%	6.0%	0.1%	0.2%	2.0%	3.0%
Food & Drugs	12.0%	15.0%	2.0%	3.0%	0.1%	0.2%	1.0%	1.5%
Eating & Drinking Places	15.0%	20.0%	5.0%	6.0%	0.2%	0.3%	5.0%	7.0%
Personal Services	40.0%	50.0%	10.0%	12.0%	2.0%	3.0%	8.0%	10.0%

Source: Market & Feasibility Advisors LLC

The next step is to apply these capture rates to the total amount of available retail spending from each of the three resident market areas. For the purposes of this analysis it is assumed that all daytime employees in the corridor live in one of the three resident areas, so employee spending is included as part of resident spending. Figures for retail spending by category are adapted from data from ESRI Business Analyst. Table 5 summarizes this information.

Table 5
Potential Retail Spending by Market Area

	GAFO	Home Improvement	Food & Drugs	Eating & Drinking	Personal Services	TOTAL	Households	Spending per HH
Williamsville Market	\$69,696	\$26,717	\$85,391	\$42,073	\$4,211	\$228,089	11,463	\$19,898
Greater Amherst Market	\$390,191	\$146,354	\$476,504	\$236,072	\$22,918	\$1,272,040	69,741	\$18,239
Buffalo Regional Market	\$1,680,546	\$1,277,939	\$2,070,482	\$1,021,368	\$96,952	\$6,147,288	345,269	\$17,804
Total Potential Spending	\$2,140,433	\$1,451,010	\$2,632,378	\$1,299,514	\$124,082	\$7,647,416	426,473	\$17,932

Source: ESRI Business Analyst; Market & Feasibility Advisors LLC

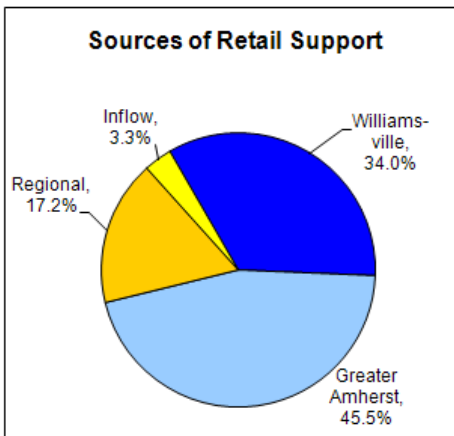
In total the resident market areas spend a total of \$7.65 billion per year on relevant retail goods and services, or \$17,932 per household. The per-household expenditures are slightly higher in the closer markets, which is logical given their higher household income levels. The Williamsville market (those living within 0-5 minutes of the corridor’s center) only represents three percent of the available market.

The Greater Amherst market (5-10 minutes) is far larger, accounting for 17 percent of the pie. The regional market is by far the largest, comprising 80 percent of the potential spending.

Table 6 applies the capture rates to the potential available resident spending totals.

Table 6
Potential Retail Capture by Market for Williamsville

Retail Category	Williamsville (0-5 min)		Amherst (5-10 min)		Buffalo Reg. (10-30-min)		TOTAL POTENTIAL	
	Low	High	Low	High	Low	High	Low	High
CAPTURE POTENTIAL BY MARKET AREA (\$000)								
General Retail & Service								
GAFO	\$5,575.7	\$6,969.6	\$7,803.8	\$11,705.7	\$6,722.2	\$10,083.3	\$20,101.7	\$28,758.6
Home Improvement	\$4,007.5	\$5,343.4	\$5,854.2	\$8,781.2	\$1,277.9	\$2,555.9	\$11,139.6	\$16,680.5
Food & Drugs	\$10,247.0	\$12,808.7	\$9,530.1	\$14,295.1	\$2,070.5	\$4,141.0	\$21,847.5	\$31,244.8
Subtotal	\$19,830.2	\$25,121.7	\$23,188.1	\$34,782.1	\$10,070.6	\$16,780.1	\$53,088.8	\$76,683.9
Eating & Drinking Places	\$6,311.0	\$8,414.6	\$11,803.6	\$14,164.3	\$2,042.7	\$3,064.1	\$20,157.3	\$25,643.1
Personal Services	\$1,684.6	\$2,105.7	\$2,291.8	\$2,750.2	\$1,939.0	\$2,908.6	\$5,915.4	\$7,764.5
Total Potential	\$27,825.7	\$35,642.0	\$37,283.5	\$51,696.6	\$14,052.4	\$22,752.8	\$79,161.6	\$110,091.4



INFLOW POTENTIAL	Inflow Factors		Potential Inflow (\$000)	
GAFO	4.0%	5.0%	\$804.1	\$1,437.9
Home Improvement	2.0%	3.0%	\$222.8	\$500.4
Food & Drugs	1.0%	1.5%	\$218.5	\$468.7
Eating & Drinking Places	5.0%	7.0%	\$1,007.9	\$1,795.0
Personal Services	8.0%	10.0%	\$473.2	\$776.4
			\$2,726.4	\$4,978.5

TOTAL POTENTIAL CAPTURED SPENDING (\$000)	Potential Spending	
General Retail & Service		
GAFO	\$20,905.7	\$30,196.5
Home Improvement	\$11,362.4	\$17,180.9
Food & Drugs	\$22,066.0	\$31,713.5
Subtotal	\$54,334.2	\$79,090.9
Eating & Drinking Places	\$21,165.2	\$27,438.1
Personal Services	\$6,388.7	\$8,540.9
	\$81,888.0	\$115,069.9

Source: Market & Feasibility Advisors LLC

Based on this analysis the Main Street business district is estimated to be able to support between \$81.9 and \$115.1 million in annual retail goods and services expenditures. The three categories that occupy general retail space (GAFO, Home Improvement, Food & Drugs) account for about 70 percent of the market, with Eating & Drinking Places representing another 24 percent and Personal Services about seven percent.

In terms of the residence of potential retail buyers, about 80 percent of demand comes from those living within 10 minutes of the center of the corridor in either the Williamsville or Greater Amherst markets. The regional market represents about 17 percent of demand, and inflow from those living outside the region adds about three percent to the market base.

The final step in the market analysis is to translate these potential sales figures into the amount of square feet of retail space that can be supported in the Main Street corridor. Table 7 calculates supportable square footage by applying industry standards for sales productivity per square foot to the sales figures, and then compares these figures with the current inventory of retail space.

Table 7
Potential Need for Retail Development by Type
Williamsville Main Street Business District

	Low	High
TOTAL POTENTIAL CAPTURED SPENDING (\$000)		
General Retail & Service	\$54,334.16	\$79,090.89
Eating & Drinking Places	\$21,165.20	\$27,438.11
Personal Services	\$6,388.66	\$8,540.90
Total	\$81,888.03	\$115,069.90

	Existing	New
AVERAGE SPENDING PER SQUARE FOOT		
General Retail & Service	\$250	\$300
Eating & Drinking Places	\$300	\$400
Personal Services	\$225	\$275

	Low	High
ESTIMATED SUPPORTABLE SQUARE FOOTAGE		
General Retail & Service	181,110	263,640
Eating & Drinking Places	52,910	68,600
Personal Services	23,230	31,060
Total	257,250	363,300

ESTIMATED CURRENT INVENTORY OF SPACE (SQ. FT.)		
	Current Sales (\$000)	Current Square Ft
General Retail & Service	\$50,508	202,030
Eating & Drinking Places	\$18,312	61,040
Personal Services	\$8,376	37,230
Total	\$77,196	300,300

ADDITIONAL SUPPORTABLE SPACE		
General Retail & Service	0	61,610
Eating & Drinking Places	0	7,560
Personal Services	0	0
Total	0	69,170

Source: Market & Feasibility Advisors LLC

malls to simply buy items are gone, as evidenced by the major investments made by the owners of high-end malls like the Walden Galleria in attracting destination dining and entertainment users. Malls that are not providing memorable experiences have failed throughout the U.S.; Main Streets need to learn from this trend. While the overall experience of shopping, dining, and strolling on Williamsville's Main Street is far better than at a suburban strip mall, there is ample room for improvement. If Williamsville can improve its visual environment, parking situation, pedestrian facilities, and public spaces, its appeal to retailers would improve.

Finally, and most importantly, these findings are based on the area's current resident market populations, business base, and physical conditions. The addition of additional residential development in and around the corridor would add households and buying power that currently does not exist. Also, future improvements to Main Street's transportation infrastructure, district management, and physical environment, if realized, would enhance its appeal to regional consumers and Canadian visitors (the "inflow" population"). This factor is discussed in greater depth under the hotel market heading below.

MFA estimates that the Main Street corridor can support a total of 257,000 to 363,000 square feet of retail space, based on its current market conditions. We estimate that the corridor presently contains about 300,000 square feet of retail space, which is also depicted on Table 7. Thus, the potential for additional retail space in the corridor is very limited. In the worst case, no additional space could be supported; the best case could support about 69,000 additional square feet of retail space.

There are four critical caveats to our findings:

First, the potential for additional development differs by property type. We conclude that there is no additional demand for personal service businesses and little demand for additional restaurants. However, there could be demand for as much as 61,000 additional square feet of space for general retail and service businesses.

Second, this finding only considers the total inventory of retail space, and does not account for the potential of redeveloping or repurposing existing spaces to accommodate new uses. For example, if an existing one-story strip center were to be redeveloped as a multi-story mixed-use project, there would certainly be opportunities to add new retail tenants.

Third, a strong national trend has emerged in which retail has shifted from being about acquiring goods to being about having experiences. The days of driving to shopping

A limiting factor to the Main Street corridor's potential future appeal to regional and Canadian markets stems from the decision-making process by national retailers. The success of the Talbots store on Main Street is well known and is often cited as an example of what could be possible in the area. The challenge is that the overwhelming share of national retailers chooses their locations based on pre-set locational criteria, which typically include being located in a shopping mall or lifestyle retail center that has other similar tenants. Talbots is actually well known as an outlier among national retailers in that it frequently chooses freestanding Main Street/village locations which usually have lower rental rates, as Talbots is confident in its ability to attract customers to such locations. While the success of Talbots is a terrific asset for the corridor, it is not likely to be replicated by other national retailers.

Residential Market

As profiled in the Real Estate Market Conditions section the 14221 ZIP code, which takes in Williamsville and surrounding sections of the Town of Amherst, is a very stable and desirable area with significantly higher housing values than the region as a whole. The area's housing stock is primarily comprised of single family homes, and 69 percent of households own their homes. Most of the multi-family housing stock in the Williamsville area is very old, and there have been no new market-rate, multi-family developments of any size built in the area in more than 20 years.

For the purposes of this analysis, MFA considers the potential for residential development only directly along the Main Street corridor, and not in the surrounding residential neighborhoods. Given the limited supply of properties available for development or redevelopment and the high cost of land, we make the assumption that any new housing in the corridor will be multi-story apartment or condominium development. The land economics simply do not support single-family or even townhouse development.

Evaluating demand for this sort of residential development along the Main Street corridor is largely speculative exercise, as no new product has been introduced to the market in several decades. From this perspective Ellicott Development's 33-unit apartment structure currently under construction is the ideal test case for determining the depth and breadth of demand for new residential development along Main Street.

Ellicott's building is the embodiment of the type of project that should be expected in light of the cost basis needed just to acquire and prepare an existing site for new construction. The apartments are located in a multi-level building that is part of a larger mixed-use development that includes ground level retail and structured parking. Marketing for this project is not expected to begin for several months, and thus its potential market performance cannot yet be accurately determined. However, several other developers have expressed enthusiasm for Ellicott's project, and may proceed with similar developments if it succeeds.

With these considerations in mind MFA's evaluation of the residential market in the Main Street corridor focuses purely on identifying the characteristics of the potential markets to which urban scale multi-family housing may appeal and assessing how much demand may be available from these markets. The following resident market segments are considered:

- **Boomer Homeowners** – This group consists of households in the Greater Amherst market that own their homes and are headed by a person 45-64. These households are likely already empty nesters or will become empty nesters in the next few years, and may be looking to trade down.
- **Retirees and Snowbirds** – Households currently living full-time in the Buffalo Region headed by a person age 65 or older that may be looking for a new unit and/or a part-year unit.
- **Affluent Multi-family Dwellers** – Households in the Buffalo region headed by a person age 35-64 that already live in upmarket apartments or condominiums and may be interested in moving into a new location.

- **New Gen Y Households** – Newly formed single, couple, and roommate households in the Buffalo region headed by a person under 35 that may want a multi-family unit in an inner suburban location.

Table 8 profiles the size and income characteristics of each of these market segments. In all, they represent a pool of about 32,000 households that are expected to be looking for new housing within a given year. Each segment will be seeking a different type of housing and, within each segment, household incomes will impact the price points of housing that will be desired. Thus the Boomer Homeowners segment, which has the highest household income levels of the four, will be the most likely to seek high-end housing. Conversely many in the New Gen Y Households segment, which has the lowest income levels, may not even be able to afford market-priced housing in the study area.

Table 8

Profile of Available Residential Markets

	Householder Age				Total		
	45-54		55-64				
Boomer Homeowners in Greater Amherst							
Total Households	15,079		15,200		30,279		
Owner Occupied Units	78.5%	11,837	81.8%	12,434	24,271		
Likely to Move per Year ¹	6.3%	746	5.6%	696	1,442		
Potential Households in Market by Income							
Under \$25,000	11.5%	86	13.0%	91	176		
\$25,000-49,999	15.5%	116	17.4%	121	237		
\$50,000-74,999	18.8%	140	18.2%	127	267		
\$75,000-99,999	19.1%	142	17.8%	124	266		
\$100,000+	35.1%	262	33.7%	235	496		
Retirees and Snowbirds in Buffalo Region	65-74		75+		Total		
Total Households	53,346		58,754		112,100		
Likely to Move per Year ¹	3.5%	1,867	5.3%	3,114	4,981		
Potential Households in Market by Income							
Under \$25,000	26.7%	499	44.4%	1,383	1,881		
\$25,000-49,999	30.8%	575	33.7%	1,049	1,624		
\$50,000-74,999	19.9%	372	11.2%	349	720		
\$75,000-99,999	9.5%	177	4.9%	153	330		
\$100,000+	13.0%	243	5.7%	177	420		
Affluent Multi-Family Dwellers in Region	35-44		45-54		55-64		Total
Total Households	66,194		87,987		82,421		236,602
Renter Occupied Units	37.1%	24,558	29.7%	26,132	25.1%	20,688	71,378
Number Renter Occupied							
Likely to Move per Year ¹	10.1%	2,480	6.3%	1,646	5.6%	4,127	8,253
Potential Households in Market by Income							
Under \$25,000	27.2%	675	19.5%	321	19.5%	805	1,800
\$25,000-49,999	28.8%	714	24.4%	402	21.0%	867	1,983
\$50,000-74,999	21.6%	536	21.0%	346	19.5%	805	1,686
\$75,000-99,999	11.1%	275	14.0%	230	14.8%	611	1,117
\$100,000+	11.5%	285	21.1%	347	25.2%	1,040	1,673
New Gen Y Households in Region	Under 25		25-34				Total
Total Households	18,804		58,964				77,768
Likely to Move per Year ¹	24.5%	4,607	22.5%	13,267			17,874
Number Likely to Move per Year							
Potential Households in Market by Income							
Under \$25,000	50.1%	2,308	27.2%	3,609			5,917
\$25,000-49,999	28.2%	1,299	28.8%	3,821			5,120
\$50,000-74,999	13.7%	631	21.6%	2,866			3,497
\$75,000-99,999	3.8%	175	11.1%	1,473			1,648
\$100,000+	4.2%	193	11.5%	1,526			1,719

¹ Determined by share of households that moved in the past 12 months in the Buffalo-Niagara MSA per 2011 ACS data
Source: ESRI Business Analyst; US Census American Community Survey (ACS); Market & Feasibility Advisors LLC

In addition to these resident market segments, the impact of households relocating into the region is also considered. Table 9 profiles those relocating into Erie County.

Table 9
Relocators

Households Migrating Into Erie County per Year	9,569 (IRS, 2009-10)			
Migrating Households by Householder Income	% of HHs	Total	Owners	Renters
			28.7%	71.3%
Under \$25,000	60.8%	5,819	1,670	4,149
\$25,000-49,999	23.9%	2,283	655	1,628
\$50,000-74,999	10.6%	1,017	292	725
\$75,000-99,999	3.5%	337	97	240
\$100,000+	1.2%	112	32	80
Total		9,569	2,747	6,822

Source: Internal Revenue Service; US Census American Community Survey (ACS); Market & Feasibility Advisors LLC

In 2010 federal tax returns were filed in Erie County by 9,569 households that had filed elsewhere in 2009. Of these a more than half were headed by a person under the age of 25, most of whom were likely college students. As a result a majority of these new residents (61 percent) earned less than \$25,000 per year, according to Census data. The Census also reports that most new households to the region (71 percent) rent their homes.

Estimated Capture of Housing Demand

Table 10 displays expected annual capture of housing units from these market segments. This represents the expected number of new housing units that should be able to be absorbed within the market area each year based on current demographic and housing market characteristics.

Table 10

Potential Annual Residential Unit Capture in Main Street Corridor

	Local Boomer Homeowners	Regional Retirees & Snowbirds	Regional Multi-Family Dwellers	Regional New Gen Y Households	Regional Relocators	Total Capture
Total Size of Market Segment	1,442	4,981	8,253	17,874	9,569	
By Income Range						
Under \$25,000	176	1,881	1,800	5,917	4,149	
\$25,000-49,999	237	1,624	1,983	5,120	1,628	
\$50,000-74,999	267	720	1,686	3,497	725	
\$75,000-99,999	266	330	1,117	1,648	240	
\$100,000+	496	420	1,673	1,719	80	
Potential Annual Capture by Income Segment						
Under \$25,000	0.5%	0.2%	0.0%	0.0%	0.0%	
\$25,000-49,999	1.0%	0.2%	0.1%	0.0%	0.1%	
\$50,000-74,999	2.0%	0.4%	0.2%	0.2%	0.2%	
\$75,000-99,999	3.0%	0.6%	0.5%	0.2%	0.4%	
\$100,000+	4.0%	0.6%	0.5%	0.4%	0.4%	
Potential Market Capture by Income Segment						
Under \$25,000	1	4	-	-	-	5
\$25,000-49,999	2	3	2	-	2	9
\$50,000-74,999	5	3	3	7	1	19
\$75,000-99,999	8	2	6	3	1	20
\$100,000+	20	3	8	7	-	38
Total Annual Capture	36	15	19	17	4	91

Source: Internal Revenue Service; US Census American Community Survey (ACS); Market & Feasibility Advisors LLC

In total there should be demand for about 91 new residential units per year in the Main Street corridor. Over a five year period the corridor can be expected to absorb about 455 new housing units. The segment producing the greatest amount of demand is the local Boomer Homeowner market, which accounts for 40 percent of demand. The three other current resident markets (Retirees & Snowbirds, Multi-family Dwellers, and New Gen Y Households) each represents about 15-20 percent of the market. There is little demand expected from relocators into the Buffalo area, as most households moving into the region are young adults with limited incomes who are likely not able to afford new housing.

Of the expected demand 64 percent is from households that earn more than \$75,000 per year, 21 percent is from households earning between \$50,000-74,999, and 15 percent is from households earning below \$50,000 per year.

Table 11 translates this demand by income segment into rental versus owner-occupied housing and housing price points. Sale price ranges are determined by assuming that the affordable sale price for a household is no more than three times its annual income. Rental prices assume that a household will spend no more than 30 percent of its gross monthly income to rent a unit.

Table 11

Residential Unit Capture in Main Street Corridor by Tenure and Price Point

	Local Boomer Homeowners	Regional Retirees & Snowbirds	Regional Multi-Family Dwellers	Regional New Gen Y Households	Relocators	Total Capture
Expected Market Capture by Income Segment						
Under \$25,000	1	4	-	-	-	5
\$25,000-49,999	2	3	2	-	2	9
\$50,000-74,999	5	3	3	7	1	19
\$75,000-99,999	8	2	6	3	1	20
\$100,000+	20	3	8	7	-	38
Total	36	15	19	17	4	91
Owner Occupied Units by Sale Price Range						
% Owner Occupied	75%	50%	25%	10%	29%	
No. Owner Occupied	27	8	5	2	1	42
Less than \$150,000	2	4	1	-	1	7
\$150,000-225,000	4	2	1	1	0	7
\$225,000-300,000	6	1	2	0	0	9
\$300,000+	15	2	2	1	-	19
Renter Occupied Units by Monthly Rent						
% Renter Occupied	25%	50%	75%	90%	71%	
No. Renter Occupied	9	8	14	15	3	49
Less than \$1,250	1	4	2	-	1	7
\$1,250-1,874	1	2	2	6	1	12
\$1,875-2,499	2	1	5	3	1	11
\$2,500 or Higher	5	2	6	6	-	19

Source: Market & Feasibility Advisors LLC

The expected breakdown of unit demand in the Main Street corridor is 42 sale units and 49 rental units per year. Over a five-year period this comes to 210 for-sale/condominium units and 245 apartment units that can be supported in the corridor. The for-sale market will be weighted toward the top end, with two-thirds of expected demand being for units priced \$225,000 or higher. The rental market will have strong demand for both high-end units that rent for more than \$2,500 per month and for moderately priced units with rents of \$1,250 and up. Though there will be some demand for less expensive rental and for-sale housing, it may not be possible for the private market to provide this housing type in the corridor, given the economics of redevelopment.

Office Market

The office market in the Main Street corridor is largely comprised older Class B or lower buildings, smaller historic commercial buildings, or converted single-family homes. The tenants that have historically been attracted to the corridor have been small professional and medical services businesses, typically occupying less than 1,500 square feet of space and paying rents of less than \$18/SF. A market driven by from small users that pay modest rents is highly unlikely to generate sufficient demand to merit the construction of new Class A office buildings.

Given the makeup of the local market and the weakness of the office market in the Buffalo region and the

East submarket, the prospect of new office development in the Main Street corridor depends squarely on the ability to attract corporate anchor tenants that are seeking Class A space and are willing to pay top-of-the-market rental rates of \$24/SF or more. In order to finance the construction of a new building of 50,000 SF or more, a developer will need to pre-lease at least half of the building (25,000 SF). Thus, any new construction of office space in the short-term will need to be either a build-to-suit project for one end user or will depend on a developer securing an anchor tenant prior to beginning construction.

In the longer term, if Williamsville is able to improve its downtown core through the redevelopment of the Water Mill, improving the pedestrian environment, and providing better access to parking, the corridor will be more appealing to high-end office users. At this point new office construction would be more achievable.

Hotel Market

The continued strength of the Canadian dollar has fueled several excellent years in the Buffalo area's hotel market and a wave of new hotel developments both in the city and its suburbs. In the Main Street corridor the Hampton Inn has performed consistently well since its opening, with healthy demand from business travelers during the week and from leisure travelers on weekends, most of whom are visiting family or friends in the area.

The success of the local and regional market has led two of the Buffalo area's most active developers to pursue new lodging developments in the area. Ellicott Development will complete its new Wyndham Garden Inn later in 2013 and Iskalo Development plans to rehab the Lord Amherst Inn and add a new Hyatt Place just west of I-290 within the next two years. These three projects together will increase the local inventory of hotel rooms by 250.

While the developers of these properties are confident that they will be successful, there is concern in the marketplace that too much stock is being placed in the continued strength of the Canadian dollar as a drive of visitor spending, and that the lodging market risks becoming overbuilt. As a result, real estate professionals in the area want to see how the new Wyndham Garden and redeveloped Lord Amherst Inn perform before advocating for additional hotel development in the Main Street corridor.

The long-term prospects of the Main Street corridor's lodging market depend heavily on placemaking activities that could transform it into more than just another suburban strip. If the corridor is able to stake out a distinct identity and become a viable regional destination, there will be more demand from leisure travelers for weekend and summer visitation to the area. If not, it will continue to function as a market that largely draws on business travel and those visiting friends and family.

Another opportunity is for smaller-scale inns or Bed & Breakfasts, as there are no such properties in Williamsville at this time. Though the proposed lodging at the Water Mill would at least partially meet this need, there may be additional opportunities to convert one or more existing homes on or near Main Street into inns.

Assessment of Redevelopment Sites in Corridor

MFA’s research and discussions with key stakeholders in the market also included an examination of what potential redevelopment sites could have the greatest impact on the corridor and what uses may make sense for those sites. Based on this work we have identified five sites along the corridor that should be prioritized for redevelopment in the next 5-10 years. Profiles of each site follow, along with thoughts on optimal uses for each site.

Spring Street/Williamsville Water Mill

The Village of Williamsville’s Community Plan recommends transforming the historic Williamsville Water Mill and its surrounding blocks on Spring Street into “a regional hub of arts and cultural activity.” Since the adoption of the Plan in 2010 the Village has moved ahead with this vision, and has reached an agreement with Iskalo Development to rehabilitate the mill and its surrounding properties.

Iskalo’s \$8 million redevelopment plan calls for rehabbing the mill itself and adding new structures around it. Their plan would remake the area into an arts and recreation event space with supporting dining and retail uses, 12 lodging rooms, and connections to Main Street and Glen Park.



Proposed plan for the Water Mill site; courtesy of Iskalo Development

If realized, Iskalo’s plan would fulfill the Village’s vision for the mill area and add a visitor generator that would grow demand in Williamsville for additional retail, dining, and lodging uses in the longer term. In the shorter term the project would certainly increase pressure for the redevelopment of the adjacent sites on Spring Street, particularly the VFW Hall at Spring and Rock Streets. It would also drive additional demand for shared public parking on the north side of Main Street.

6126 Main Street @ Youngs

Uniland Development obtained a rezoning in 2011 for this six-acre site at the east end of the Main Street corridor, outside the Village boundary. This critical site is at the eastern gateway to the corridor and it is at the same intersection as the Erie Community College campus. Uniland has plans for a mixed-use development anchored by a Class A office building, and potentially including a hotel, retail and multi-family residential uses.



Source: Google Earth

Uniland hopes to attract an anchor office tenant and then proceed with a new, 3-4 story building with ground-level retail. This project represents an important test of the corridor’s potential appeal to corporate office users and could pave the way for additional office development along Main Street.

Williamsville Executive Center (5500 Main Street)

Owned by First Amherst Development Group, this three-story, 84,000 SF office/retail building with a large surface parking lot in front of it is both out of scale with Main Street and increasingly obsolete as an office building. Though the building is 90 percent



Source: Google Earth

occupied, its lease rates are modest and its owners acknowledge that there is more demand from lower-value personal service businesses than from professional office users.

Located on a three-acre site in the heart of the Village, this site could be used more efficiently. Street-front retail could be added, but this would require nearby public parking, as there is not enough room for on-site surface parking for this use. If part or all of the building were to be torn down, though, the site would easily be able to accommodate a new residential or office structure with ground-level retail. Any new development done in this manner would need to generate substantial rent or sale prices in order to justify the investment, though.

Main/Garrison

Iskalo Development owns this 1.6-acre parcel at the southeast corner of Main and Garrison. Iskalo's original idea for this site was for retail and/or hotel uses, but they have since decided that the site likely makes more sense for multi-family residential development—MFA supports this contention based on our market analysis. Given the small size of the site, it will likely require high-density development with structured parking in order to make the project feasible.



Source: Iskalo Development

NE corner of Main and Forest

This site occupies a triangular area between Tops Plaza and the intersection of Main Street and N. Forest Road, just outside the Village boundary. Its current uses are one and two-story, auto-oriented retail and commercial uses, including Amherst Collision, Wendy's, KeyBank, and a medical office building. This site's prominent location at the western gateway to the Village, across from the new Wyndham Garden Hotel, makes it a candidate for redevelopment, most likely for high-density multi-family development. However, there are many viable businesses on this site and multiple property owners, making it a difficult and potentially expensive site to redevelop. It is likely to remain as is in the next five years, but will be an attractive redevelopment site in the longer term.



Source: Google Earth

Hirschfield/Richfield site

This two-acre site is located at the eastern entrance to the Village, across Main Street from Williamsville South High School. The site, which straddles the Town/Village boundary, presently contains two small, obsolete commercial buildings that house small, local tenants, but is mainly comprised of unbuilt land.

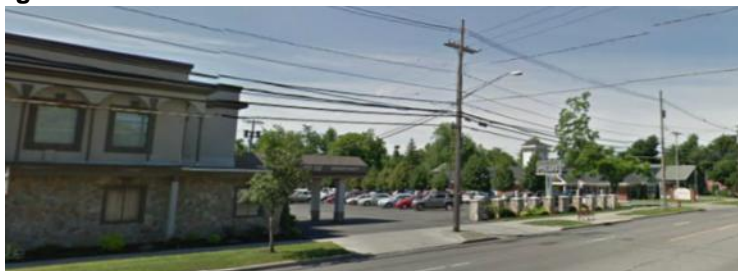


Source: Google Earth

This property would be an attractive location for future retail and/or residential development, and site preparation costs for redevelopment would be modest. However, its current owners' plans are unclear and the potential sale price of this property may present a challenge to its successful redevelopment.

South side of Main between Pfohl and Highland

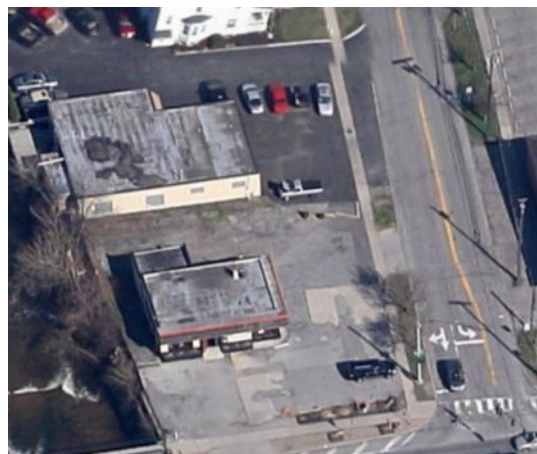
Like the above site at Hirschfield and Main, this site is about two acres and contains low-density uses, making it a potential candidate for higher-density redevelopment. This site is more complicated, though, as the existing structures are better quality and contain strong businesses like Milos Restaurant and medical offices. This site also has multiple owners, making it a more difficult site to redevelop.



Source: Google Earth

Touch of Brass/Hettig's Service

This half-acre site occupies a very prominent location in the center of the Village on the north side of Main Street between Ellicott Creek and Mill Street. Its presence directly in view of Glen Park, the Williamsville Water Mill, and Creekview Restaurant, combined with its low-density service uses, has long made it a topic of discussion for revitalization in the Village. That said, it will be a challenging site to redevelop, as it is very small, located in an environmentally sensitive area, owned by businesses that have no intention of selling and, in the case of Hettig's, very popular in the community.



Source: Google Earth

This site's best repurposing would be as a civic use, but this should not even be considered unless the property owners and the public are supportive.

Ed Youngs Hardware/Read's Cleaners Site

Occupying about 2.4 acres in the heart of the Village of Williamsville this site presents the problem of being home to several iconic businesses and having a large surface parking lot that runs for an entire block, interrupting the rhythm of the village's pedestrian environment. Another challenge for this site is the presence of the Creekview Restaurant (pictured at far right), which is adjacent to these parcels but lacks its own dedicated parking. With its Main Street location and proximity to Island Park, Glen Park and the Water Mill, this site could have great appeal for high-end residential development with supporting retail, but would almost certainly need to preserve some existing businesses and have an on-site parking structure. These factors would add to the cost of any redevelopment project and would also likely require the project to have multiple phases. Both of these issues would complicate financing for such a project, making it a likely long-term redevelopment site.



Source: Google Earth

Talbots/Original Pancake House Site

Located directly across Main Street from the Williamsville Executive Center building, this 2.9-acre site is similar to the Ed Youngs/Read's site in terms of being an auto-oriented site with limited landscaping in the core of the Village that houses successful businesses. As with the Ed Youngs site, this site also holds potential for residential development with ground-level retail. However this site would perhaps be even more difficult to redevelop, given the presence of Talbots and the Original Pancake House, two national-credit tenants that represent



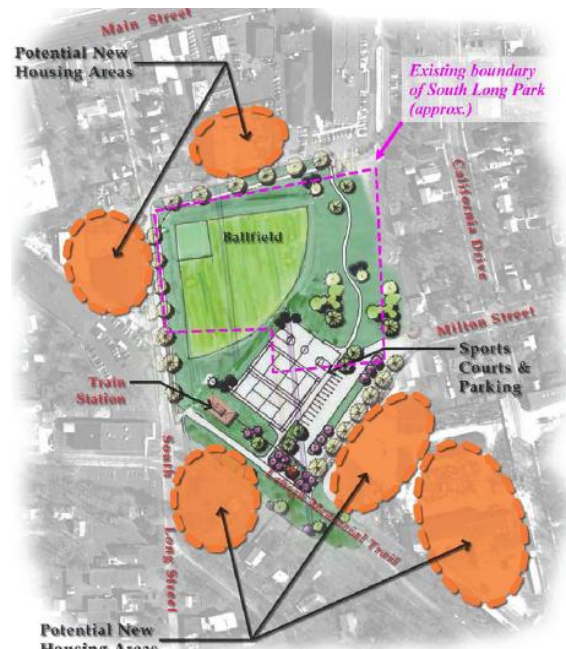
Source: Google Earth

perhaps the two greatest sources of attracting retail and dining spending from outside the area. In addition to the cost and phasing issues associated with the Ed Youngs site, this site would add the extra layer of potentially harming Williamsville's brand by disturbing these successful businesses. Any redevelopment of this site would therefore need to be conducted in a very well planned manner.

South Long Street

In addition to the “Village Square” area around the Water Mill, the Williamsville Community Plan also prioritized the industrial area located along South Long Street and the Lehigh Memory Trail as a second focus area for redevelopment. The plan identified five separate sites around Long Street Park as candidates for future housing development, paired with improvements to the park itself and a potential adaptive re-use of the historic train depot as a restaurant/café.

Though these sites abut neighborhoods that are predominantly made up of single-family housing, the public and private investments that would be required to transform the South Long Street area in the manner envisioned by the Community Plan would likely require higher density redevelopment. The scale of such development would likely be at lower density and heights than projects directly along Main Street, but the mostly likely housing types for this area are garden-style apartments (3-4 stories), townhouses, and zero-lot line detached houses.



Source: Village of Williamsville Community Plan

The strength of Williamsville’s for-sale housing market relative to the region makes new townhouse and detached housing products attractive options for developers looking to build in the area. However, the cost of acquiring, preparing, and redeveloping these sites will merit price points at the top of the market, where demand will be limited. Given these factors any housing development in this area will need to be pursued in concert with improvements to the park and open spaces, as well as with the redevelopment of the train station. The station offers a truly unique community anchor that holds great appeal to the market segments that would be drawn to the types are prices of housing envisioned for this area.

Summary of Site Potentials

As is to be expected along a corridor with a 200-year history as a commercial center, each potential redevelopment parcel presents challenges to the public and private interests that may seek to improve it. There is exactly one site in the corridor—the Uniland site at Main/Youngs—that would be considered to be an attractive development parcel if it were not located in a village area. All other potential sites are either small (less than three acres), have multiple owners, viable active uses, potential environmental concerns, and/or issues with adjacent users.

In spite of these challenges, the strength of the Williamsville market makes many of these sites attractive for potential redevelopment. Table 12 summarizes the potential for each site in terms of end uses and timing.

Table 12

Evaluation of Potential Redevelopment Sites in Main Street Corridor

No.	Site Name	Jurisdiction	Potential End Uses	Timing
1.	Williamsville Water Mill	Village	Arts, event, retail, lodging	3-5 years
2.	6126 Main @ Youngs	Town	Office Hotel Retail	0-2 years 3-5 years 3-5 years
3.	Williamsville Exec Center	Village	Office (continued use) Retail Residential	0-2 years 3-5 years 5+ years
4.	Main/Garrison	Village	Residential	0-2 years
5.	NE corner of Main/Forest	Town	Residential	5+ years
6.	Hirschfield/Richfield site	Village/Town	Residential/Retail	0-2 years
7.	Pfohl/Highland site	Village	Residential/Retail	3-5 years
8.	Touch of Brass/Hettig's	Village	Civic/Park	5+ years
9.	Ed Youngs/Read's	Village	Residential/Retail	5+ years
10.	Talbots/Pancake House	Village	Residential/Retail	5+ years
11.	South Long Street	Village	Residential	3-5 years

Source: Market & Feasibility Advisors LLC

Acknowledgements

This report was completed by Market & Feasibility Advisors LLC (MFA) under the guidance of staff from the Town of Amherst, Village of Williamsville, and Amherst Industrial Development Agency (AIDA). The following staff made key contributions to the coordination and execution of MFA's work:

Gary Black, Assistant Planning Director, Town of Amherst (primary contact)
Lynda Juul, Village Administrator, Village of Williamsville
David Mingoia, Deputy Director, Amherst IDA
Dan Howard, Senior Planner, Town of Amherst
Eric Gillert, Planning Director, Town of Amherst

MFA is also indebted to the following members of the business and civic community in Williamsville and Amherst for their willingness to take time and provide critical insight and information in support of our work:

Jonathan Bevilacqua, Bevilacqua Development
James Boglioli, Benderson Development
David Chiazza, Iskalo Development
Mike Clark, CB Richard Ellis
Steve Hunt, Hunt Commercial Real Estate
Paul Iskalo, Iskalo Development
Mayor Brian Kulpa, Village of Williamsville
Carl Montante, Uniland Development Company
Ben Oblatz, First Amherst Development
Carl Paladino, Ellicott Development
Brian Paladino, Ellicott Development
Dennis Penman, Ciminelli Development
David Tytka, Uniland Development Company
James Zaepfel, Zaepfel Development

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