

**ANALYSIS OF MARKET DEMAND AND REAL ESTATE
INDICATORS FOR THE REDEVELOPMENT
OF THE
NIAGARA OPPORTUNITY AREA
CITY OF NIAGARA FALLS, NEW YORK
SEPTEMBER 25, 2015**

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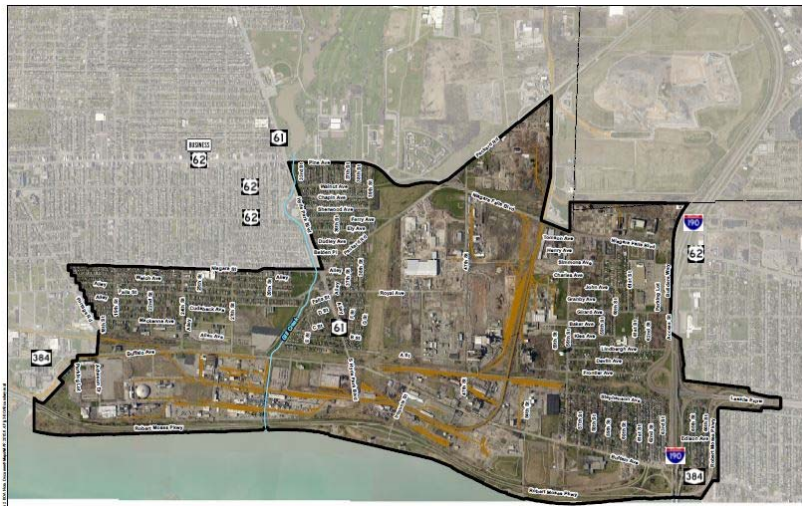
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I. EXECUTIVE SUMMARY

A. Introduction and Overview

RKG Associates, Inc. (RKG), on behalf of the City of Niagara Falls, New York, and as a sub-consultant to LaBella Associates, D.P.C., of Rochester, New York, has been retained to provide economic and planning consulting services for the redevelopment of the Niagara Opportunity Area (refer to Map 1).



Map 1 – Aerial View of the Niagara Opportunity Area – City of Niagara Falls, NY

1. Land Utilization

The following Table I-1 summarizes selected land uses throughout the Niagara Opportunity Area (NOA)¹ and presents associated characteristics, noting the following:

- There are approximately 1,916.5 acres of land in the NOA, with nearly 27 percent of the acreage classified as in industrial uses (516 acres).
- The assessed value of the industrial uses, at \$146.3 million, accounts for nearly 28 percent of the assessment value within the NOA.
- Residential land accounts for nearly 12.5 percent of the land area and comprises 16.6 percent of the assessment value.
- Retail and dine/drink uses, along with auto related uses, account for one percent of the NOA acreage and less than one percent of the assessment value.

¹ The baseline data for this analysis includes parcel information from the local Assessor's database. As such, parcels are tabulated in their entirety while in some instance only a portion of the land area (parcel) may be physically within the NOA boundaries.

- The FAR (floor-area-ratio) is a measure of how densely developed the land parcels are throughout the NOA, averaging a FAR of 0.08, but varying from a low of an 0.03 FAR for industrial uses to a high of a 0.64 FAR for apartments.

Table I-1: Selected Land Use Characteristics – Niagara Opportunity Area

Selected Land Use	Acreage	Land Value	Land \$/Acre	Total Value	SF	Total \$/SF	FAR
Single Family Residential	190.52	\$4,841,400	\$25,411	\$71,704,900	1,832,174	\$39.14	0.22
2- and 3-Family Residential	40.51	\$953,400	\$23,534	\$14,556,900	676,488	\$21.52	0.38
Apartments	6.29	\$158,500	\$25,181	\$2,158,300	174,361	\$12.38	0.64
% of Total (avg FAR)	12.4%	15.6%	\$25,085	16.6%	62.4%	\$32.96	0.26
Accommodations	5.93	\$621,100	\$104,748	\$2,363,600	53,526	\$44.16	0.21
% of Total (avg FAR)	0.3%	1.6%	\$104,748	0.4%	1.2%	\$44.16	0.21
Dine and Drink	1.26	\$51,500	\$40,752	\$482,300	22,749	\$21.20	0.41
Auto Related	6.27	\$347,200	\$55,374	\$1,121,400	29,787	\$37.65	0.11
Retail	11.70	\$1,170,000	\$100,000	\$3,351,450	110,668	\$30.28	0.22
% of Total (avg FAR)	1.0%	4.1%	\$81,559	0.9%	3.8%	\$30.36	0.19
Other Commercial & Service	34.65	\$915,300	\$26,416	\$4,131,900	212,440	\$19.45	0.14
% of Total (avg FAR)	1.8%	2.4%	\$26,416	0.8%	4.9%	\$19.45	0.14
Recreational	13.67	\$965,000	\$70,573	\$3,428,050	63,505	\$53.98	0.11
% of Total (avg FAR)	0.7%	2.5%	\$70,573	0.6%	1.5%	\$53.98	0.11
Storage	28.86	\$492,800	\$17,075	\$3,698,200	156,513	\$23.63	0.12
% of Total (avg FAR)	1.5%	1.3%	\$17,075	0.7%	3.6%	\$23.63	0.12
Community Services	14.83	\$338,700	\$22,844	\$6,556,400	128,077	\$51.19	0.20
% of Total (avg FAR)	0.8%	0.9%	\$22,844	1.2%	3.0%	\$51.19	0.20
Industrial	515.70	\$7,683,580	\$14,899	\$146,304,705	754,303	\$193.96	0.03
% of Total (avg FAR)	26.9%	20.2%	\$14,899	27.5%	17.5%	\$193.96	0.03
Public Services	202.47	\$5,243,000	\$25,895	\$248,523,973	441	NA	NA
% of Total (avg FAR)	10.6%	13.8%	\$25,895	46.7%	NA	NA	NA
Vacant Land	378.12	\$7,273,798	\$19,237	\$7,331,798	0	NA	NA
% of Total (avg FAR)	19.7%	19.1%	\$19,237	1.4%	NA	NA	NA
Total all BOA	1,916.49	\$38,099,202	\$19,880	\$532,216,800	4,302,285	\$123.71	0.05

Source : LaBella Associates, D.P.C. and RKG Associates, Inc.

- There are nearly 202.5 acres classified as in public use, accounting for almost 48 percent of the NOA assessment value (typically much of this land is tax exempt).
- Vacant land accounts for an additional 378 acres with an assessed value of \$7.3 million.

B. Key Findings

The key findings from his analysis are summarized next and are presented in greater detail in other sections of this report.

1. Economic Indicators

- The count of businesses in the County increased by 3.6 percent (170 establishments) over the 2005 to 2104 timeframe. More notable, however, is the increase of 195 businesses since the end of the last recession (2010) as the County exhibited a growth of 4.2 percent since 2010. Nonetheless, some sectors have marginally declined since the recession's end, such as professional/technical services and the arts/entertainment sectors. The Western Tier Counties (which includes Niagara County) realized an increase of 1,480 businesses over the same time, accounting for a 4.4 percent growth with nearly all of the growth occurring since the end of the recession.
- While employment, in total, declined in Niagara County by 2,120 persons (2005 to 2014), since 2010, the County has realized an increase of slightly more than 2,700 employees, a reversal of earlier trends. Similar to Niagara County, the region also reversed earlier losses in employment in many industry sectors since 2010, including manufacturing, wholesale trade and transportation/warehousing.

- Industry sectors in Niagara County which currently out-perform the region include the utilities sector and retail trade, reflecting the tourism component to the local economy. Nonetheless, wholesale trade and nearly all of the business/professional service sectors continue to under-perform relative to the region.
- Across all industry sectors in the County, the average annual wage in 2014 was \$37,300, an increase of 11.1 percent since 2005, less than the 21.2 percent inflation rate. More recently, since 2010, the average all industry wage has increased by 4.4 percent, still less than the 8.6 percent inflation rate since 2010. On the whole, wages in construction, wholesale trade, most business/professional services sectors and health care have kept pace with inflation in the County, indicating a real growth in wages.
- **Demand** – Utilizing projected employment growth (2014 to 2024), RKG estimates that the unadjusted annual demand for building square feet (SF), countywide, is nearly 77,100 SF in total, which includes an “oversupplied inventory” in sectors projected to lose employment. In other words, increases in demand will be met with increases in vacancies. Other observations include the following:
 - Annual demand in some sectors is nominal, at less than 2,000 SF, suggesting that speculative development (without tenants in hand) could present a financial risk many developers are unwilling to take.
 - Annual demand for industrial space, in the manufacturing sector, is declining reflecting a loss of employment and consequently a likely over-supply of inventory.
 - While industrial demand for manufacturing may be in over-supply, there is potential demand projected for construction, wholesale trade and transportation/warehousing uses.
 - The ten-year demand for accommodations/food services exceeds 225,000 SF, suggesting that a hospitality venue may be supported (pending other considerations).

2. Hospitality Indicators

- There are more than 3,800 hotel rooms in Niagara County with an average occupancy rate (from the sampled inventory) in the County of 60.8 percent over the last six years, and more recently 67.4 percent for 2014)². Typically, within the hospitality industry an annual average occupancy rate of 65 percent is often considered the minimum threshold that could trigger new development.
- Average room revenues (reflecting occupancy) increased from \$51/room in 2009 to \$67/room in 2014 (averaging \$61/room). In RKG’s opinion this is a minimal per room return that is unlikely to support new construction unless “new brands” are seeking to enter the market or additional amenities (such as conference/meeting centers) are offered to improve occupancy. Also, it should be noted, that reportedly, two properties,

² A 2011 report, *Economic and Market Assessment: Niagara Falls, New York*, prepared by HVS Consulting and Valuation Services (hereinafter the HVS Study), reported 3,300 hotels rooms in 2009, average occupancy of 57 percent and an average revpar of nearly \$48.

a 110-room Wingate by Wyndham and a 76-room Fairfield Inn & Suites are under construction.

3. Retail Indicators

- The 2011 HVS Study found that the Fashion Outlets Mall in Niagara Falls was among the best performing outlet malls in the United States (averaging sales of \$800± SF at the time), and concluded that there was limited opportunity for additional outlet mall development in Niagara Falls.
- The 2014 estimated retail sales in the City of Niagara Falls (as prepared by RKG), were just under \$450 million, however, the estimated sales leakage (a measure of local demand *not captured* at local stores) approximates \$170.5 million or 35 percent of local consumer demand.
- Recapturing a portion of this estimated sales leakage represents opportunities for existing and would-be new merchants to the City, given attractive locations and other favorable site criteria. RKG conservatively estimates that a five to 25 percent for recapture of sales leakage could result in the development of 25,000 to 120,000 SF of new retail, Citywide.
- The opportunity for additional retail development in the NOA would depend on favorable site location criteria, typically including traffic counts, population density and access/visibility to name a few. In RKG's opinion, additional retail in the NOA would typically be smaller scale and neighborhood convenience oriented, unless part a major re-development (such as a shopping center or mass merchandiser) which is considered unlikely at this time³.

4. Residential Indicators

- Over the 2000 to 2010 decade, both housing units and households (occupied housing units) increased within the NOA, Niagara County, and the metropolitan area, but not within the City of Niagara Falls. The number of households (owner and renter) are projected to decline in both the City and the NOA through 2019. Vacant housing units are projected to increase for all geographies.
- Since 2000, owner households in the NOA have increased among those aged 45 to 64 years, while all other cohorts exhibited a loss, as in the City and the County. The general declines in households among those aged less than 44 years of age, coupled with the increase in households among those in the next age cohorts, most likely reflects an aging in place of existing householders.
- Renter households increased in the NOA, the County, but not in the City over the last decade. The increase in the NOA and the City was among householders aged 45 to 64 years. The declines in renter households in the NOA were nominal and spread across several age cohorts.

³ Part of the challenge includes identifying stores and merchants that do not already have a presence in the market, or are seeking a superior and more competitive location(s) than they have now. As discussed elsewhere in this analysis, the site, location and surrounding neighborhood characteristics of the NOA may not lend themselves to this level of activity.

- The median owner housing values in the NOA are less than \$60,000, while in the City the median value is closer to \$70,000, nominal in both instances. The increases in median housing value for the NOA and the City lagged the rate of inflation over the decade, Median gross rents in the NOA and the City increased by \$300± over the decade to \$650 (NOA in 2010) and \$630 (City in 2010). Both rent increase were well above the rate of inflation over the decade.
- Conversations with local officials indicate that over the last 12 years (2001 through 2013) there were nearly 360 residential permits for new construction in the City, with 60 as single family units (averaging five per year) and the remainder as multi-family units, mostly two-families.
- **Demand** – As previously indicated, households in the NOA and the City are projected to decline over the next five although countywide some growth is projected, approximating 60 owner units per year and 55 renter units per year. Whether any of this could be captured, or built, within the NOA is questionable, at this time, considering the trend of limited residential permit activity citywide, the comparatively low values of the existing owner housing and the comparatively low rents in the NOA, neither of which, in RKG’s opinion, would support new construction, unless high density and mixed use.

II. SOCIO-ECONOMIC & MARKET INDICATORS

This chapter presents selected baseline and projected socio-demographics for the Niagara Opportunity Area (NOA) neighborhood; the City of Niagara Falls, New York; Niagara County, New York; the Buffalo-Cheektowaga-Niagara Falls, New York metropolitan area; and, the Western Tier Counties⁴ of New York, where appropriate. An overview of selected socio-demographic characteristics (refer to Table I-1) indicates a declining population for all geographic areas, historically most pronounced in the City of Niagara Falls and projected to be greatest percent terms) for the NOA. All areas are projected to experience a growth in their populations aged 65 and older.

Table II-1: Overview and Comparison of Selected Characteristics – Niagara Opportunity Area

Summary Demographics Population	2000	2010	Change		Projected	
			#	%	2019	% Δ - 2010
NOA 1/	5,622	5,302	(320)	-5.7%	5,069	-4.4%
City of Niagara Falls, NY	55,601	50,193	(5,408)	-9.7%	48,291	-3.8%
Niagara County, NY	219,832	216,469	(3,363)	-1.5%	215,057	-0.7%
Metropolitan Area 2/	1,170,069	1,135,510	(34,559)	-3.0%	1,132,629	-0.3%
Population 25 to 54 Years						
NOA 1/	2,297	2,184	(113)	-4.9%	1,937	-11.3%
City of Niagara Falls, NY	22,439	20,064	(2,375)	-10.6%	18,072	-9.9%
Niagara County, NY	93,335	86,247	(7,088)	-7.6%	79,420	-7.9%
Metropolitan Area 2/	493,681	448,535	(45,146)	-9.1%	423,918	-5.5%
Population 65+ Years						
NOA 1/	1,086	743	(343)	-31.6%	792	6.6%
City of Niagara Falls, NY	10,361	7,759	(2,602)	-25.1%	8,564	10.4%
Niagara County, NY	34,033	34,388	355	1.0%	40,192	16.9%
Metropolitan Area 2/	185,865	178,752	(7,113)	-3.8%	205,364	14.9%
Median Household Income						
NOA 1/	\$30,708	\$29,407	(\$1,301)	-4.2%	\$36,616	24.5%
City of Niagara Falls, NY	\$26,688	\$29,585	\$2,897	10.9%	\$38,429	29.9%
Niagara County, NY	\$38,297	\$42,572	\$4,275	11.2%	\$58,820	38.2%
Metropolitan Area 2/	\$38,601	\$46,174	\$7,573	19.6%	\$60,599	31.2%
<i>(inflation 26.6%)</i>						
Civilian (16+) Employment						
NOA 1/	2,062	1,860	(202)	-9.8%	1,917	3.1%
City of Niagara Falls, NY	22,233	19,184	(3,049)	-13.7%	20,067	4.6%
Niagara County, NY	100,806	95,519	(5,287)	-5.2%	103,350	8.2%
Metropolitan Area 2/	532,189	532,607	418	0.1%	535,331	0.5%

Source: US Census; American Community Survey & RKG Associates, Inc.

1/ Census tracts 217 and 220 (block groups 2 and 3 and a portion of 4, the latter not included in these counts)

2/ The Buffalo - Cheektowaga - Niagara Falls, NY metropolitan area

Only the NOA realized a decline in median household income between 2000 and 2010, however, projections to 2019 indicate growth at a rate similar to other areas. Employment declines of the last decade are projected to reverse themselves through 2019.

A. Economic Indicators

This section presents selected changes in the number of businesses; employment; and, average wages, by selected industry sector for Niagara County and the Western Tier Counties, as developed by the New York State Department of Labor (NYSDOL) and RKG. This section

⁴ These include Allegany, Catteraugus, Chautauqua, Erie and Niagara Counties.

then concludes with a projection of employment change in Niagara County, by selected industry sector for 2024, along with estimates of potential demand for future commercial/industrial square footage (SF) needs.

1. Establishments

As shown in Table II-2, the number of businesses in Niagara County increased by 3.6 percent over the 2005 through 2104 (3rd quarter) timeframe, representing an increase of nearly 170 establishments. More notable, however, is the increase of 195 businesses since the end of the last recession (2010) as Niagara County exhibited a growth of 4.2 percent since 2010. Nonetheless, the growth in businesses was not realized across all industry sectors including information services, management, education and health care. Some sectors have marginally declined since the recession's end, such as professional/technical services and the arts/entertainment sectors⁵.

Table II-2: Establishments by Industry Sector for Selected Years – Niagara Opportunity Area

Number of Establishments	Niagara County, NY					Western Tier Counties, NY 1/					Niagara County as % of Western Region	
	2005	2010	2014 (3Q)	Δ 2005-14	Δ 2010-14	2005	2010	2014 (3Q)	Δ 2005-14	Δ 2010-14	2005	2014 (3Q)
23 - Construction	464	482	485	4.5%	0.6%	3,011	3,091	3,032	0.7%	-1.9%	15.4%	16.0%
31 - Manufacturing	284	282	283	-0.4%	0.4%	1,795	1,711	1,630	-9.2%	-4.7%	15.8%	17.4%
22 - Utilities	7	9	11	57.1%	22.2%	43	50	67	55.8%	34.0%	16.3%	16.4%
42 - Wholesale Trade	210	198	202	-3.8%	2.0%	1,883	1,770	1,722	-8.6%	-2.7%	11.2%	11.7%
44 - Retail Trade	721	693	704	-2.4%	1.6%	4,943	4,803	4,868	-1.5%	1.4%	14.6%	14.5%
48 - Transportation and Warehousing	144	135	142	-1.4%	5.2%	849	856	865	1.9%	1.1%	17.0%	16.4%
51 - Information	41	43	36	-12.2%	-16.3%	438	449	389	-11.2%	-13.4%	9.4%	9.3%
52 - Finance and Insurance	236	190	193	-18.2%	1.6%	1,977	1,752	1,770	-10.5%	1.0%	11.9%	10.9%
53 - Real Estate and Rental and Leasing	115	114	126	9.6%	10.5%	1,124	1,123	1,119	-0.4%	-0.4%	10.2%	11.3%
54 - Professional and Technical Services	326	337	336	3.1%	-0.3%	2,705	2,844	2,988	10.5%	5.1%	12.1%	11.2%
55 - Management of Companies and Enterprises	28	28	22	-21.4%	-21.4%	247	265	264	6.9%	-0.4%	11.3%	8.3%
56 - Administrative and Waste Services	225	282	312	38.7%	10.6%	1,587	1,918	2,254	42.0%	17.5%	14.2%	13.8%
61 - Educational Services	51	49	42	-17.6%	-14.3%	407	431	437	7.4%	1.4%	12.5%	9.6%
62 - Health Care and Social Assistance	466	479	443	-4.9%	-7.5%	3,560	3,611	3,532	-0.8%	-2.2%	13.1%	12.5%
71 - Arts, Entertainment, and Recreation	84	65	92	9.9%	-3.2%	497	530	566	13.9%	6.8%	16.9%	16.3%
72 - Accommodation and Food Services	464	457	495	6.7%	8.3%	3,023	3,146	3,353	10.9%	6.6%	15.3%	14.8%
81 - Other Services, Ex. Public Admin	485	487	487	0.4%	0.0%	3,476	3,478	3,613	3.9%	3.9%	14.0%	13.5%
91 - Government	151	150	174	15.2%	16.0%	1,068	1,124	1,294	21.2%	15.1%	14.1%	13.4%
TOTAL	4,676	4,651	4,845	3.6%	4.2%	33,903	33,916	35,386	4.4%	4.3%	13.8%	13.7%

Source : New York State Department of Labor (NYSOL) and RKG Associates, Inc.
1/ Includes Allegany, Cattaraugus, Chautauque, Erie and Niagara counties

In contrast, the Western Tier Counties (which includes Niagara County) realized an increase of 1,480 businesses over the 2005 to 2014 period (4.4 percent) with nearly all of the growth occurring since the end of the recession, representing a 4.3 percent growth and 1,470 businesses. Similar to Niagara County, business losses continue in some industry sectors across the region, including manufacturing, wholesale trade, information services, real estate and health care. However, in some of these industry sectors, Niagara County has rebounded since the recession while the region has not, such as in manufacturing and wholesale trade.

While the total number of businesses in Niagara County has steadily accounted for the same percentage of businesses region-wide (2005 and 2014), some sectors such as construction, manufacturing and wholesaled trade have increased their presence.

2. Employment

Employment in Niagara County declined from 74,450 in 2005 to 72,330 in 2014 (3rd quarter) representing a near 3.0 percent decline. However, since 2010, the County has realized an increase of slightly more than 2,700 employees for a near 4.0 percent growth rate (Table II-3). Industry sectors reversing earlier losses include construction, manufacturing and finance/insurance. While other sectors continued their growth, some sectors also continued

⁵ The 2011 HVS Study reported 396 businesses in downtown Niagara Falls in 2010, or 8.5 percent of those countywide.

their decline such as utilities, transportation/warehousing, information services and health care⁶.

Table II-3: Employment by Industry Sector for Selected Years – Niagara Opportunity Area

Number of Employees	Niagara County, NY					Western Tier Counties, NY 1/					Location Quotients	
	2005	2010	2014 (3Q)	Δ 2005-14	Δ 2010-14	2005	2010	2014 (3Q)	Δ 2005-14	Δ 2010-14	2005	2014 (3Q)
23 - Construction	3,117	2,537	3,370	8.1%	32.8%	21,781	20,643	24,374	11.9%	18.1%	1.20	1.18
31 - Manufacturing	12,067	8,306	8,937	-25.9%	7.6%	82,225	65,108	67,623	-17.8%	3.9%	1.24	1.13
22 - Utilities	670	496	333	-50.3%	-32.9%	2,795	2,211	1,973	-29.4%	-10.8%	2.02	1.44
42 - Wholesale Trade	1,488	1,504	1,592	7.0%	5.9%	24,195	21,339	22,341	-7.7%	4.7%	0.52	0.61
44 - Retail Trade	9,703	9,966	10,775	11.0%	8.1%	74,206	72,369	74,231	0.0%	2.6%	1.10	1.24
48 - Transportation and Warehousing	2,257	2,028	1,805	-20.0%	-11.0%	15,830	14,811	15,707	-0.8%	6.0%	1.20	0.98
51 - Information	661	542	515	-22.1%	-5.0%	10,448	8,533	8,283	-20.7%	-2.9%	0.53	0.53
52 - Finance and Insurance	1,275	1,122	1,203	-5.6%	7.2%	28,710	25,614	26,554	-7.5%	3.7%	0.37	0.39
53 - Real Estate and Rental and Leasing	677	507	688	1.6%	35.7%	7,789	7,048	7,905	1.5%	12.2%	0.73	0.74
54 - Professional and Technical Services	1,479	1,815	2,154	45.6%	18.7%	24,583	28,268	27,456	11.7%	-2.9%	0.51	0.67
55 - Management of Companies and Enterprises	944	877	999	5.8%	13.9%	9,207	12,090	14,296	55.3%	18.2%	0.86	0.60
56 - Administrative and Waste Services	3,218	2,893	3,344	3.9%	15.6%	34,109	33,690	33,592	-1.5%	-0.3%	0.79	0.85
61 - Educational Services	1,463	1,464	1,133	-22.6%	-22.6%	14,238	15,232	14,547	2.2%	-4.5%	0.87	0.66
62 - Health Care and Social Assistance	10,204	10,907	11,001	7.8%	0.9%	80,642	85,098	85,542	6.1%	0.5%	1.07	1.10
71 - Arts, Entertainment, and Recreation	865	960	1,144	32.3%	19.2%	7,823	8,021	10,320	31.9%	28.7%	0.93	0.95
72 - Accommodation and Food Services	5,992	5,969	7,550	26.0%	26.5%	48,741	53,012	59,466	22.0%	12.2%	1.04	1.08
81 - Other Services, Ex. Public Admin	2,720	2,436	2,374	-12.7%	-2.5%	22,228	22,360	23,172	4.2%	3.6%	1.03	0.87
91 - Government	14,906	14,679	12,308	-17.4%	-16.2%	113,625	113,568	95,289	-16.1%	-16.1%	1.10	1.10
TOTAL	74,453	69,624	72,331	-2.9%	3.9%	626,879	612,357	617,037	-1.6%	0.8%	Under Performs	
											Over Performs	

Source : New York State Department of Labor (NYSDOL) and RKG Associates, Inc.

1/ Includes Allegany, Cattaraugus, Chautauque, Erie and Niagara counties

Similar to Niagara County, the region also reversed earlier losses in employment in many industry sectors since 2010, including manufacturing, wholesale trade and transportation/warehousing. Employment in utilities, information services and administration services continued their decline. The overall decline for all employment was 1.6 percent (2005 to 2014) while there was less than a 1.0 percent increase, across all sectors, since 2010.

a) Location Quotient

A reasonable reflection of how a local economy is performing can be measured by comparing employment growth, for specific industry sectors, to that of a larger economy. In this instance, the changes in employment in Niagara County are compared with those for the Western Tier Counties over the 2005 to 2014 (3rd quarter) timeframe (Table II-3). This measurement, or ratio, is typically referred to as a location quotient. If the ratio in employment is near 1.0 (often plus or minus 20%), this indicates that Niagara County is performing on par to the larger area, in terms of employment growth and the concentration in that industry sector. If the ratio is less than 0.8, then Niagara County is under-performing in that industry sector relative to the Western Tier Counties. A location quotient greater than 1.2 indicates a better performance in Niagara County compared to the region. The location quotient analysis for Niagara County indicates the following:

- There are a limited number of over-performing sectors in Niagara County, notably including the utilities sector for both 2005 and 2014. Manufacturing was strong to the region in 2005 but has fallen back to par with the region, while retail trade has surpassed the region in 2014.
- Wholesale trade and nearly all of the business/professional service sectors continue to under-perform relative to the region.
- All other sectors perform more or less on par with the region.

⁶ The 2011 HVS Study reported 9,655 employees in downtown Niagara Falls in 2010, or 13.9 percent of those countywide.

3. Average Annual Wages

Across all industry sectors in Niagara County the average annual wage increased from \$33,570 in 2005 to \$37,300 in 2014 (3rd quarter), an 11.1 percent increase, less than the 21.2 percent inflation rate over the same period. Since 2010, the wage has increased by 4.4 percent, still less than the 8.6 percent inflation rate since 2010 (Table II-4). On the whole, wages in construction, wholesale trade, most business/professional services sectors and health care have kept pace with inflation in Niagara County, indicating a real growth in wages.

Table II-4: Average Wages by Industry Sector for Selected Years – Niagara Opportunity Area

Average Annual Wage	Niagara County, NY					Western Tier Counties, NY 1/					Niagara County as % of Western Region	
	2005	2010	2014 (3Q)	Δ 2005-14	Δ 2010-14	2005	2010	2014 (3Q)	Δ 2005-14	Δ 2010-14	2005	2014 (3Q)
23 - Construction	\$37,791	\$40,619	\$45,892	21.4%	13.0%	\$40,031	\$47,672	\$51,488	28.6%	8.0%	94.4%	89.1%
31 - Manufacturing	\$55,377	\$53,048	\$54,700	-1.2%	3.1%	\$49,485	\$54,026	\$55,876	12.9%	3.4%	111.9%	97.9%
22 - Utilities	\$82,950	\$95,957	\$99,348	19.8%	3.5%	\$71,258	\$85,481	\$89,576	25.7%	4.8%	116.4%	110.9%
42 - Wholesale Trade	\$38,768	\$44,505	\$48,352	24.7%	8.6%	\$44,608	\$51,890	\$57,448	28.8%	10.7%	86.9%	84.2%
44 - Retail Trade	\$19,235	\$21,765	\$23,344	21.4%	7.3%	\$19,985	\$22,048	\$24,560	22.9%	8.4%	96.3%	95.0%
48 - Transportation and Warehousing	\$27,572	\$28,654	\$34,492	25.1%	20.4%	\$34,050	\$36,906	\$40,716	19.6%	10.3%	81.0%	84.7%
51 - Information	\$41,703	\$43,129	\$42,944	3.0%	-0.4%	\$41,962	\$49,566	\$53,652	27.9%	8.2%	99.4%	80.0%
52 - Finance and Insurance	\$31,632	\$39,507	\$43,696	38.1%	10.6%	\$48,995	\$54,625	\$56,848	16.0%	4.1%	64.6%	76.9%
53 - Real Estate and Rental and Leasing	\$25,074	\$29,329	\$36,532	45.7%	24.6%	\$29,828	\$33,385	\$36,176	21.3%	8.4%	84.1%	101.0%
54 - Professional and Technical Services	\$41,908	\$45,713	\$52,008	24.1%	13.8%	\$43,854	\$53,019	\$56,340	28.5%	6.3%	95.6%	92.3%
55 - Management of Companies and Enterprises	\$58,547	\$65,334	\$75,932	29.7%	16.2%	\$56,787	\$67,877	\$84,512	48.8%	24.5%	103.1%	89.8%
56 - Administrative and Waste Services	\$27,866	\$40,155	\$42,952	54.1%	7.0%	\$25,894	\$31,966	\$31,064	20.0%	-2.9%	107.6%	138.3%
61 - Educational Services	\$32,138	\$27,728	\$35,388	10.1%	27.6%	\$26,521	\$31,201	\$36,436	37.4%	16.8%	121.2%	97.1%
62 - Health Care and Social Assistance	\$29,319	\$32,603	\$35,540	21.2%	9.0%	\$30,300	\$36,302	\$40,532	33.8%	11.7%	96.8%	87.7%
71 - Arts, Entertainment, and Recreation	\$15,464	\$15,742	\$16,848	8.9%	7.0%	\$31,454	\$40,959	\$33,352	6.0%	-18.0%	49.2%	50.5%
72 - Accommodation and Food Services	\$11,070	\$13,095	\$15,816	42.9%	20.8%	\$11,772	\$14,336	\$16,196	37.6%	13.0%	94.0%	97.7%
81 - Other Services, Ex. Public Admin	\$16,199	\$18,856	\$20,364	25.7%	9.2%	\$19,061	\$22,237	\$23,456	23.1%	5.5%	85.0%	86.8%
91 - Government	\$38,581	\$45,296	\$44,344	15.5%	-1.7%	\$39,585	\$46,200	\$48,768	23.2%	5.6%	97.5%	91.3%
TOTAL	\$33,567	\$35,718	\$37,304	11.1%	4.4%	\$34,231	\$39,100	\$41,524	21.3%	6.2%	98.1%	89.8%
		<i>Inflation</i>		<i>21.2%</i>	<i>8.6%</i>		<i>Inflation</i>		<i>21.2%</i>	<i>8.6%</i>		

Source: New York State Department of Labor (NYSDOL) and RKG Associates, Inc.
1/ Includes Allegany, Cattaraugus, Chautauque, Erie and Niagara counties

Similar to Niagara County, the industry sectors throughout the region generally realized real growth in average wages over the 2005 to 2014 period, but less so since the recession ended in 2010. In 2005, the all industry average wage in Niagara County accounted for 98.12 percent of that for the Western Tier Counties, but this diminished to just under a 90.0 representation in 2014. The average wage in the utilities sector in Niagara County surpasses that for the region, and this is also an industry sector where the previously identified location quotient is high. Conversely the average wage in administrative services in Niagara County is well above that for the region, while the location quotient is just barely above par to the region.

4. Employment Projections and SF Needs

NYSDOL has developed estimates of employment change, by industry sector for the state and for regions within the state, including the Western Tier Counties (as a whole). RKG has utilized the projected percent change, by industry sector, to develop an estimate of 2024 employment for Niagara County, reflecting a ten year change from 2014. Total employment in Niagara County was 72,330 in 2014 and slightly more than 47,800 for the selected industries (as in Table II-5), accounting for two-thirds of the employment. Applying the industry specific growth estimates, as developed by NYSDOL, to the Niagara County base in 2014 results in a projected employment of 52,890 persons in the selected industries (as in Table II-5) indicating an employment increase of 5,080 in those sectors, representing a 10.6 percent increase by 2024.

RKG then converted these employment projections, by industry sector, to potential demand estimates for additional building space (or SF) by type of use such as commercial, industrial and office/flex, as examples. This methodology utilizes industry standard estimates of SF per employee and converts the projected growth in employment into space (SF) demands. Realistically, not all of the projected growth in employment would result in demand for new or additional space, as some demand could be met by the existing vacancies in the market or occur through increased utilization of space at existing businesses.

Table II-5: Employment Projections and Estimated SF Demand – Niagara Opportunity Area

Estimated Employment and SF Needs by Selected Industry Sector	AVG SF per EMP	Niagara County, NY		Niagara County, NY - Gross Annual Demand (SF)
		2024 Employment	Change from 2014	
Office/Flex				
Information	250	476	(39)	(963)
Finance/Insurance	250	1,269	66	1,647
Real Estate	250	749	61	1,536
Professional/Technical	200	2,539	385	7,691
Management	200	1,110	111	2,216
Administration/Waste Services	300	3,925	581	17,444
Subtotal		10,069	1,166	29,571
Institutional				
Educational Services	300	1,183	50	1,515
Health Care/Social Assistance	150	13,280	2,279	34,190
Subtotal		14,464	2,330	35,705
Commercial				
Arts and Entertainment	250	1,447	303	7,565
Accommodations/Food Services	250	8,460	910	22,754
Other exc. Public Administration	250	2,709	335	8,374
Subtotal		12,616	1,548	38,693
Industrial				
Construction	200	3,787	417	8,342
Manufacturing	1000	8,321	(616)	(61,639)
Wholesale Trade	750	1,717	125	9,389
Transportation/Warehousing	1500	1,918	113	16,994
Subtotal		15,743	39	(26,914)
TOTAL		52,891	5,082	77,056

Source : New York State Department of Labor (NYSDOL) and RKG Associates, Inc.

The preceding Table II-5 presents an unadjusted estimate of the annual demand for building SF, by type of use and industry sector, in Niagara County for the next ten years, indicating:

- Annual gross demand is estimated to be nearly 77,100 SF across all sectors, which includes an “oversupplied inventory” in sectors projected to lose employment. In other words, increases in demand will be met with increases in vacancies.
- Annual demand in some sectors is nominal, at less than 2,000 SF, suggesting that speculative development (without tenants in hand) could present a financial risk many developers are unwilling to take.
- Annual demand for industrial space, in the manufacturing sector, is declining reflecting a loss of employment and consequently a likely over-supply of inventory.
- The ten-year demand for accommodations/food services exceeds 225,000 SF, suggesting that a hospitality venue may be supported, pending additional factors (this analysis considers hotel demand indicators in a subsequent section).

Two important considerations with respect to any new commercial/industrial development include: (1) this analysis is stretched over a ten-year time period and results in incremental development annually; and, (2) potential tenants could include small businesses, entrepreneurs, and start-ups, requiring flexible lease rates and terms that may be insufficient to warrant the cost of new construction.

B. Hospitality Indicators

According to Smith Travel Research (STR) a leading provider and resource for information on the hospitality/lodging industry, there are more than 3,800 hotel rooms (or room keys) in Niagara County, New York, spread over 60 inventoried properties. Slightly more than 1,000-rooms (or 27 percent) have been built in the last ten years. Reportedly, two properties, a 110-room Wingate by Wyndham and a 76-room Fairfield Inn & Suites are under construction.

Working with STR, RKG sampled eight of these properties accounting for nearly 1,200-rooms or slightly more than 30 percent of the County inventory, in order to review performance trends over the last five years (2009 through 2015 1st quarter). These properties represented a mix of economy, midscale, upper midscale and upscale class hotels.

1. Occupancy

The average room demand over this period is nearly 250,100 with an average supply of 409,100, resulting in an average occupancy rate of 60.8 percent. This overall occupancy rate has steadily improved from 51.4 percent in 2009 to 67.4 percent for 2014. Considering the year-round recreational and entertainment venues in the Niagara Falls area, there is little seasonal variation to the monthly occupancy rate, averaging a low of 60.7 percent in April and a high of 62.2 percent in December. Although, as might be expected, occupancy peaks on the weekends, averaging 76.2 percent on Friday and nearly 85 percent on Saturday. Typically, within the hospitality industry an annual average occupancy rate of 65 percent is often considered the minimum threshold that could trigger new development.

2. Rates and Revenue

Over the same period, the average daily room rate was just under \$100, increasing from \$94 in 2009 to nearly \$105 in 2014. Actual average room revenues (reflecting occupancy) increased from \$51/room in 2009 to \$67/room in 2014 (averaging \$61/room). In RKG's opinion this is a minimal per room return that is unlikely to support new construction unless "new brands" are seeking to enter the market or additional amenities (such as conference/meeting centers) are offered to improve occupancy.

C. Retail Indicators

In 2014, the estimated local consumer demand for a selected variety of retail goods and services was \$480.2 million in the City of Niagara Falls, New York (as presented in Table II-6).

The estimated retail sales in Niagara Falls, in 2014, amounted to nearly \$449.2 million, indicating an overall sales leakage (net) of more than \$31 million from the City. All markets experience some degree of sales leakage, typically measured as the local consumer demand not being captured (or spent) at local establishments and thereby leaking to other markets. The reasons for sales leakage are many, including but not limited to, consumers shopping while at work or as part of their commute; the perception of a broader selection and pricing at non-local establishments; or, catalog and internet shopping as examples.

The estimated retail sales leakage (net) from Niagara Falls is more than \$31 million. However, once "adjusted" for those market segments where the City out-performs local demand (indicating it is an importer of such sales), such as drug stores and general merchandisers, the estimated actual sales leakage is closer to \$170.5 million or 35 percent of demand.

Recapturing a portion of this estimated sales leakage represents opportunities for existing and would-be new merchants in Niagara Falls. The existing retailers might lengthen their hours of operation; improve marketing and general operations; or, more fundamentally, expand their offering and sharpen pricing. Also, the presence of sales leakage and the opportunity to recapture a portion of it could entice new development and stores to Niagara Falls, given attractive locations and other favorable site criteria. It is unlikely that any market could ever

recapture all of its sales leakage, but this analysis offers a conservative range of five to 25 percent for recaptured sales, and such a recapture could result in the development of 25,000 to 120,000 SF of new retail (as presented in Table II-6).

Table II-6: Estimated Retail Sales, Leakage and Recapture – New SF – Niagara Opportunity Area

Household - Retail Demand and Sales 2014	City of Niagara Falls, New York			Estimated Supportable NEW SF of Retail thru Recapture		
	Demand	Sales	(Under)/Over	5%	15%	25%
Major Merchandise Line	\$480,230,721	\$449,198,324	(\$31,032,397)	24,143	72,430	120,716
Motor Vehicle and Parts Dealers-441	\$10,258,993	\$10,416,416	\$157,423	0	0	0
Automotive Parts/Accsrs, Tire Stores-4413	\$10,258,993	\$10,416,416	\$157,423			
Furniture and Home Furnishings Stores-442	\$12,870,407	\$1,328,609	(\$11,541,798)	2,467	7,401	12,336
Furniture Stores-4421	\$6,424,713	\$939,202	(\$5,485,511)	914	2,743	4,571
Home Furnishing Stores-4422	\$6,445,694	\$389,407	(\$6,056,287)	1,553	4,659	7,764
Electronics and Appliance Stores-443	\$12,820,725	\$7,734,557	(\$5,086,168)	1,047	3,141	5,235
Household Appliances Stores-443111	\$1,734,429	\$3,914,027	\$2,179,598			
Radio, Television, Electronics Stores-443112	\$7,586,418	\$3,413,519	(\$4,172,899)	596	1,788	2,981
Computer and Software Stores-44312	\$3,197,537	\$407,011	(\$2,790,526)	404	1,213	2,022
Camera and Photographic Equipment Stores-44313	\$302,341	\$0	(\$302,341)	47	140	233
Building Material, Garden Equip Stores -444	\$71,758,955	\$30,823,625	(\$40,935,330)	7,085	21,255	35,424
Home Centers-44411	\$24,870,545	\$25,301,809	\$431,264			
Paint and Wallpaper Stores-44412	\$1,000,601	\$367,002	(\$633,599)	171	514	856
Hardware Stores-44413	\$6,474,621	\$1,194,640	(\$5,279,981)	1,427	4,281	7,135
Other Building Materials Dealers-44419	\$17,960,423	\$2,478,142	(\$15,482,281)	1,821	5,464	9,107
Building Materials, Lumberyards-444191	\$11,118,248	\$1,482,032	(\$9,636,216)	1,205	3,614	6,023
Outdoor Power Equipment Stores-44421	\$2,955,569	\$0	(\$2,955,569)	704	2,111	3,519
Nursery and Garden Centers-44422	\$7,378,948	\$0	(\$7,378,948)	1,757	5,271	8,784
Food and Beverage Stores-445	\$105,451,013	\$41,633,993	(\$63,817,020)	5,705	17,116	28,527
Supermarkets, Grocery (Ex Conv) Stores-44511	\$63,833,536	\$17,481,857	(\$46,351,679)	4,214	12,641	21,069
Convenience Stores-44512	\$4,754,200	\$10,326,705	\$5,572,505			
Specialty Food Stores-4452	\$8,464,443	\$652,335	(\$7,812,108)	773	2,320	3,867
Beer, Wine and Liquor Stores-4453	\$28,398,834	\$13,173,096	(\$15,225,738)	718	2,155	3,591
Health and Personal Care Stores-446	\$39,892,398	\$67,825,526	\$27,933,128	610	1,830	3,051
Pharmacies and Drug Stores-44611	\$31,850,503	\$63,941,743	\$32,091,240			
Cosmetics, Beauty Supplies, Perfume Stores-44612	\$2,795,802	\$681,374	(\$2,114,428)	240	721	1,201
Optical Goods Stores-44613	\$1,626,308	\$990,395	(\$635,913)	104	313	521
Other Health and Personal Care Stores-44619	\$3,619,785	\$2,212,014	(\$1,407,771)	266	797	1,328
Clothing and Clothing Accessories Stores-448	\$30,586,929	\$55,513,746	\$24,926,817	2,114	6,341	10,568
Men's Clothing Stores-44811	\$923,818	\$0	(\$923,818)	147	440	733
Women's Clothing Stores-44812	\$4,041,505	\$6,755,694	\$2,714,189			
Children's, Infants Clothing Stores-44813	\$1,082,987	\$0	(\$1,082,987)	162	485	808
Family Clothing Stores-44814	\$9,148,705	\$3,207,309	(\$5,941,396)	1,264	3,792	6,321
Clothing Accessories Stores-44815	\$731,520	\$679,541	(\$51,979)	12	37	62
Other Clothing Stores-44819	\$1,469,798	\$961,312	(\$508,486)	96	288	480
Shoe Stores-4482	\$2,856,763	\$0	(\$2,856,763)	433	1,299	2,164
Jewelry Stores-44831	\$9,000,189	\$41,652,076	\$32,651,887			
Luggage and Leather Goods Stores-44832	\$1,331,644	\$2,257,814	\$926,170			
Sporting Goods, Hobby, Book, Music Stores-451	\$13,241,728	\$953,734	(\$12,287,994)	2,796	8,389	13,982
Sporting Goods Stores-45111	\$6,261,033	\$285,350	(\$5,975,683)	1,245	3,735	6,225
Hobby, Toys and Games Stores-45112	\$3,402,415	\$399,342	(\$3,003,073)	790	2,371	3,951
Sew/Needlework/Piece Goods Stores-45113	\$816,801	\$0	(\$816,801)	303	908	1,513
Musical Instrument and Supplies Stores-45114	\$1,044,980	\$106,695	(\$938,285)	213	640	1,066
Book Stores-451211	\$1,276,131	\$136,886	(\$1,139,245)	187	560	934
News Dealers and Newsstands-451212	\$202,252	\$25,461	(\$176,791)	16	49	81
Pre-recorded Tapes, CDs, Record Stores-45122	\$238,116	\$0	(\$238,116)	43	128	213
General Merchandise Stores-452	\$89,900,506	\$141,383,466	\$51,482,960	0	0	0
Department Stores Excl Leased Depts-4521	\$36,277,348	\$80,503,529	\$44,226,181			
All Other General Merchandise Stores-45299	\$53,623,158	\$60,879,937	\$7,256,779			
Miscellaneous Store Retailers-453	\$20,976,007	\$12,421,803	(\$8,554,204)	2,033	6,099	10,166
Florists-4531	\$736,208	\$726,811	(\$9,397)	2	5	8
Office Supplies and Stationery Stores-45321	\$4,246,835	\$1,086,493	(\$3,160,342)	575	1,724	2,873
Gift, Novelty and Souvenir Stores-45322	\$4,813,180	\$6,266,328	\$1,453,148			
Used Merchandise Stores-4533	\$1,350,003	\$1,505,839	\$155,836			
Other Miscellaneous Store Retailers-4539	\$9,829,781	\$2,836,332	(\$6,993,449)	1,457	4,371	7,285
Foodservice and Drinking Places-722	\$72,473,060	\$79,162,849	\$6,689,789	285	856	1,427
Full-Service Restaurants-7221	\$32,368,984	\$37,324,687	\$4,955,703			
Limited-Service Eating Places-7222	\$29,134,050	\$26,621,302	(\$2,512,748)	233	698	1,163
Special Foodservices-7223	\$7,818,723	\$12,487,276	\$4,668,553			
Drinking Places -Alcoholic Beverages-7224	\$3,151,303	\$2,729,584	(\$421,719)	53	158	264

Source : Claritas and RKG Associates, Inc.

1. Location Criteria

From a retailer's perspective, the opportunity for additional retail development in the City of Niagara Falls would also depend on favorable site location criteria, typically including traffic counts, population density and access/visibility to name a few. While such criteria are not the end all and be all in determining new sites, they are important, and some "standard" criteria are presented in Table II-7.

Table II-7: Typical Retail Site Location Criteria – Niagara Opportunity Area

Store Type	Typical Market (examples)	Typical Market (miles)	Desired Population	Traffic Counts		Desired Co-Tenant	Store Size SF	
				Low	High		Low	High
Supermarket	Kroger	4	60,000	20,000	40,000	Discounter	50,000	70,000
Drugstore	Rite Aid	3	25,000			Varies	10,000	15,000
Wholesale Club	Costco	10	75,000	Major arterial		Freestanding	80,000	135,000
Discounter	Target	10	40,000	40,000			135,000	200,000
Department Store	Macy's	12	250,000	Regional access		Malls	125,000	260,000
Apparel Specialty	Kohl's	10	125,000	Regional access		Varies	75,000	20,000
Apparel (small)	The Gap	8	100,000			Malls	1,500	12,000
Linens	Bed, Bath & Beyond	6	125,000			Power centers	35,000	45,000
Home Improvement	Home Depot	7	150,000	Major arterial		Freestanding	110,000	135,000
Electronics	Best Buy	8	250,000	Major arterial		Freestanding	35,000	45,000
Toys	Toys R Us	8	Hi-density	Major arterial		Malls	35,000	45,000
Sporting Goods	Sports Authority	8	400,000	Major arterial		Strip centers	40,000	45,000
Books	Barnes & Noble	5	Hi-density	Major arterial		Strip centers	25,000	45,000
Fast Food	McDonald's	3	25,000	20,000	35,000	Freestanding	2,500	3,000
Restaurant	Olive Garden	3	50,000	30,000		Varies	5,700	9,200

Source : Urban Land Institute (ULI) and RKG Associates, Inc.

D. Residential Indicators

This section presents an overview of selected changes in the residential stock in the NOA, the City of Niagara Falls and Niagara County. Over the 2000 to 2010 decade (as indicated in Table II-8) the number of housing units and households (occupied housing units) increased within the NOA, Niagara County, and the metropolitan area, but not within the City of Niagara Falls. The number of households (owner and renter) are projected to decline in both the City and the NOA through 2019. Owner households in the NOA account for 51± percent as compared with less than 50 percent in the City and the 64± percent in Niagara County. Vacant housing units are projected to increase for all geographies.

Table II-8: Housing Supply Characteristics and Trends – Niagara Opportunity Area

HH Units by Tenure NOA 1/	2000	2010	Change		% of Total Units		Projected	
			#	%	2000	2010	2019	% Δ - 2010
Total Housing Units	2,410	2,655	245	10.2%	100.0%	100.0%	2,572	-3.1%
Occupied Units	2,064	2,300	236	11.4%	85.6%	86.6%	2,199	-4.4%
Owner Households	1,248	1,358	110	8.8%	51.8%	51.1%	1,277	-6.0%
Renter Households	816	942	126	15.4%	33.9%	35.5%	922	-2.1%
Vacant Units	346	355	9	2.6%	14.4%	13.4%	373	5.1%
For rent	173	70	(103)	-59.5%	7.2%	2.6%		
Rented/Sold, not occ.	12	2	(10)	-83.3%	0.5%	0.1%		
For sale only	45	22	(23)	-51.1%	1.9%	0.8%		
For seasonal use	10	2	(8)	-80.0%	0.4%	0.1%		
All other vacant	106	259	153	144.3%	4.4%	9.8%		
City of Niagara Falls, NY								
Total Housing Units	27,834	26,220	(1,614)	-5.8%	100.0%	100.0%	25,640	-2.2%
Occupied Units	24,099	22,603	(1,496)	-6.2%	86.6%	86.2%	21,878	-3.2%
Owner Households	13,888	12,442	(1,446)	-10.4%	49.9%	47.5%	11,809	-5.1%
Renter Households	10,211	10,161	(50)	-0.5%	36.7%	38.8%	10,069	-0.9%
Vacant Units	3,735	3,617	(118)	-3.2%	13.4%	13.8%	3,762	4.0%
For rent	1,978	1,335	(643)	-32.5%	7.1%	5.1%		
Rented/Sold, not occ.	271	157	(114)	-42.1%	1.0%	0.6%		
For sale only	403	241	(162)	-40.2%	1.4%	0.9%		
For seasonal use	154	84	(70)	-45.5%	0.6%	0.3%		
All other vacant	929	1,800	871	93.8%	3.3%	6.9%		
Niagara County, NY								
Total Housing Units	95,715	99,120	3,405	3.6%	100.0%	100.0%	100,569	1.5%
Occupied Units	87,846	90,556	2,710	3.1%	91.8%	91.4%	90,760	0.2%
Owner Households	61,397	62,616	1,219	2.0%	64.1%	63.2%	61,926	-1.1%
Renter Households	26,449	27,940	1,491	5.6%	27.6%	28.2%	28,834	3.2%
Vacant Units	7,869	8,564	695	8.8%	8.2%	8.6%	9,809	14.5%
For rent	3,363	2,773	(590)	-17.5%	3.5%	2.8%		
Rented/Sold, not occ.	801	524	(277)	-34.6%	0.8%	0.5%		
For sale only	1,383	925	(458)	-33.1%	1.4%	0.9%		
For seasonal use	859	1,108	249	29.0%	0.9%	1.1%		
All other vacant	1,463	3,234	1,771	121.1%	1.5%	3.3%		
Metropolitan Area 2/								
Total Housing Units	511,583	519,094	7,511	1.5%	100.0%	100.0%	523,570	0.9%
Occupied Units	468,719	473,720	5,001	1.1%	489.7%	477.9%	476,954	0.7%
Owner Households	310,164	310,915	751	0.2%	324.0%	313.7%	309,212	-0.5%
Renter Households	158,555	162,805	4,250	2.7%	165.7%	164.3%	167,742	3.0%
Vacant Units	42,864	45,374	2,510	5.9%	44.8%	45.8%	46,616	2.7%
For rent	16,020	15,369	(651)	-4.1%	16.7%	15.5%		
Rented/Sold, not occ.	3,345	2,442	(903)	-27.0%	3.5%	2.5%		
For sale only	5,596	3,996	(1,600)	-28.6%	5.8%	4.0%		
For seasonal use	2,778	4,144	1,366	49.2%	2.9%	4.2%		
All other vacant	15,125	19,423	4,298	28.4%	15.8%	19.6%		

Source: US Census; American Community Survey & RKG Associates, Inc.

1/ Census tracts 217 and 220 (block groups 2 and 3 and a portion of 4, the latter not included in these counts)

2/ The Buffalo - Cheektowaga - Niagara Falls, NY metropolitan area

1. Age Characteristics of Owner Households

Since 2000, the number of owner households in the NOA have increased among those aged 45 to 64 years while all other cohorts exhibited a loss (Table II-9), with the exception of a nominal increase among those householders aged 25 to 34 years. The change in households by age of householder was also concentrated among those aged 45 to 64 years in the City, with a negligible increase among those aged less than 25 years. The pattern was generally similar across all of Niagara County, although there was an increase among elderly (aged 75 and older) owner households. The general declines in households among those aged less than 44 years of age, coupled with the increase in households among those in the next age cohorts, most likely reflects an aging in place of existing householders.

Table II-9: Owner Households by Age of Householder – Niagara Opportunity Area

Owner HH by Age of Householder NOA 1/	2000		2010		Change		% of Total	
	2000	2010	#	%	2000	2010		
Total Households	2,064	2,300	236	11.4%	100%	100%		
Owner Households	1,248	1,358	110	8.8%	60.5%	59.0%		
Owners by Householder Age					as % of Owner			
less than 25 yrs	12	8	(4)	-33.3%	1.0%	0.6%		
25 to 34 yrs	107	128	21	19.6%	8.6%	9.4%		
35 to 44 yrs	232	174	(58)	-25.0%	18.6%	12.8%		
45 to 54 yrs	212	312	100	47.2%	17.0%	23.0%		
55 to 64 yrs	151	289	138	91.4%	12.1%	21.3%		
65 to 74 yrs	220	170	(50)	-22.7%	17.6%	12.5%		
75 yrs +	314	277	(37)	-11.8%	25.2%	20.4%		
City of Niagara Falls, NY								
Total Households	24,099	22,603	(1,496)	-6.2%	100%	100%		
Owner Households	13,888	12,442	(1,446)	-10.4%	57.6%	55.0%		
Owners by Householder Age					as % of Owner			
less than 25 yrs	130	136	6	4.6%	0.9%	1.1%		
25 to 34 yrs	1,293	1,077	(216)	-16.7%	9.3%	8.7%		
35 to 44 yrs	2,765	1,760	(1,005)	-36.3%	19.9%	14.1%		
45 to 54 yrs	2,599	2,776	177	6.8%	18.7%	22.3%		
55 to 64 yrs	1,896	2,586	690	36.4%	13.7%	20.8%		
65 to 74 yrs	2,383	1,651	(732)	-30.7%	17.2%	13.3%		
75 yrs +	2,822	2,456	(366)	-13.0%	20.3%	19.7%		
Niagara County, NY								
Total Households	87,846	90,556	2,710	3.1%	100%	100%		
Owner Households	61,397	62,616	1,219	2.0%	69.9%	69.1%		
Owners by Householder Age					as % of Owner			
less than 25 yrs	487	550	63	12.9%	0.8%	0.9%		
25 to 34 yrs	6,087	5,190	(897)	-14.7%	9.9%	8.3%		
35 to 44 yrs	14,007	9,938	(4,069)	-29.0%	22.8%	15.9%		
45 to 54 yrs	13,926	15,329	1,403	10.1%	22.7%	24.5%		
55 to 64 yrs	9,661	13,879	4,218	43.7%	15.7%	22.2%		
65 to 74 yrs	9,093	8,814	(279)	-3.1%	14.8%	14.1%		
75 yrs +	8,136	8,916	780	9.6%	13.3%	14.2%		

Source: US Census; American Community Survey & RKG Associates, Inc.

1/ Census tracts 217 and 220 (block groups 2 and 3 and a portion of 4, the latter not included in these counts)

2. Owner Households by Housing Value

Owner households in the NOA, for 2000 and 2010, are valued under \$200,000 (Table II-10). The NOA owner households exhibit a median value of less than \$60,000 in both years and an increase in median value of around 15 percent over the decade. Owner housing values across the City were more varied in both time periods, with as high percent increase in those valued at \$200,000 or more. There was also a sharp decline in owner households valued at less than \$100,000. Nonetheless, the median value increased by a similar 15 percent (as with the NOA) increasing from about \$61,000 to \$70,000.

Table II-10: Owner Households by Housing Value – Niagara Opportunity Area

Owner HH by Income of Householder		Change		% of Total		
NOA 1/	2000	2010	#	%	2000	2010
Total Households	2,064	2,300	236	11.4%	100%	100%
Owner Households	1,248	1,358	110	8.8%	60.5%	59.0%
Owners by Householder Income				as % of Owner		
less than \$25,000	759	392	(367)	-48.4%	60.8%	28.9%
\$25,000 to \$49,999	853	352	(501)	-58.7%	68.3%	25.9%
\$50,000 to \$74,999	492	288	(204)	-41.4%	39.4%	21.2%
\$75,000 to \$99,999	118	115	(3)	-2.9%	9.5%	8.4%
\$100,000 to \$149,000	104	150	46	44.7%	8.3%	11.1%
\$150,000 or more	18	61	43	236.7%	1.4%	4.5%
Median Owner Income	\$35,434	\$44,274	\$8,840	24.9%	<i>(inflation 26.6%)</i>	
Springfield, MA						
Total Households	24,099	22,603	(1,496)	-6.2%	100%	100%
Owner Households	13,888	12,442	(1,446)	-10.4%	57.6%	55.0%
Owners by Householder Income				as % of Owner		
less than \$25,000	6,627	2,234	(4,393)	-66.3%	47.7%	18.0%
\$25,000 to \$49,999	9,283	3,220	(6,063)	-65.3%	66.8%	25.9%
\$50,000 to \$74,999	7,030	2,908	(4,122)	-58.6%	50.6%	23.4%
\$75,000 to \$99,999	3,297	2,097	(1,200)	-36.4%	23.7%	16.9%
\$100,000 to \$149,000	1,757	1,467	(290)	-16.5%	12.7%	11.8%
\$150,000 or more	505	516	11	2.2%	3.6%	4.1%
Median Owner Income	\$44,896	\$56,395	\$11,499	25.6%	<i>(inflation 26.6%)</i>	

Source: US Census; American Community Survey & RKG Associates, Inc.

1/ Census tracts 217 and 220 (block groups 2 and 3 and a portion of 4, the latter not included in these counts)

3. Owner Households by Move-In Year

Approximately 32 percent and 38 percent of owner households, respectively in the NOA and in the City, moved into their present home since 2000 (Table II-11), indicating that most owner householders have been in place since 2000 and supportive of the earlier observation of households increasing through an aging in place.

Table II-11: Owner Households by Move-In Year – Niagara Opportunity Area

Owner HH by Move In (2010 only)		Change		% of Total		
NOA 1/	2000	2010	#	%	2000	2010
Total Households	2,064	2,300	236	11.4%	100%	100%
Owner Households	1,248	1,358	110	8.8%	60.5%	59.0%
Owners by Year Move In (2010 only)		AVG/YR		% Owner	% Total	
2010 or later		76	15	5.6%	3.3%	
2000 to 2009		362	36	26.7%	15.7%	
1990 to 1999		267	27	19.6%	11.6%	
1980 to 1989		168	17	12.4%	7.3%	
prior to 1980		486		35.8%	21.1%	
City of Niagara Falls, NY						
Total Households	24,099	22,603	(1,496)	-6.2%	100%	100%
Owner Households	13,888	12,442	(1,446)	-10.4%	57.6%	55.0%
Owners by Year Move In (2010 only)		AVG/YR		% Owner	% Total	
2010 or later		572	114	4.6%	2.5%	
2000 to 2009		4,199	420	33.7%	18.6%	
1990 to 1999		2,519	252	20.2%	11.1%	
1980 to 1989		1,817	182	14.6%	8.0%	
prior to 1980		3,335		26.8%	14.8%	

Source: US Census; American Community Survey & RKG Associates, Inc.

1/ Census tracts 217 and 220 (block groups 2 and 3 and a portion of 4, the latter not included in these counts)

4. Age Characteristics of Renter Households

Similar to owner households, there was an increase in renter households in the NOA and the County over the 2000 to 2010 period, but not in the City of Niagara Falls (Table II-12). The increase in renter households in the NOA was among householders aged 45 to 64 years, which is also where what increase in the City occurred. All other age cohorts in the City experienced

a loss of renter households. What losses occurred in the NOA were nominal and spread across several age cohorts. By contrast, Niagara County realized an increase in renter householders for those aged 45 and older, and losses for those younger. There was a net 1,500 increase in renter households Countywide.

Table II-12: Renter Households by Age of Householder – Niagara Opportunity Area

Renter HH by Age of Householder NOA 1/	2000		2010		Change		% of Total	
	2000	2010	#	%	2000	2010		
Total Households	2,064	2,300	236	11.4%	100%	100%		
Renter Households	816	942	126	15.4%	39.5%	41.0%		
Renters by Householder Age	as % of Renter							
less than 25 yrs	102	91	(11)	-10.8%	12.5%	9.7%		
25 to 34 yrs	207	222	15	7.2%	25.4%	23.6%		
35 to 44 yrs	186	175	(11)	-5.9%	22.8%	18.6%		
45 to 54 yrs	147	215	68	46.3%	18.0%	22.8%		
55 to 64 yrs	59	135	76	128.8%	7.2%	14.3%		
65 to 74 yrs	49	53	4	8.2%	6.0%	5.6%		
75 yrs +	66	51	(15)	-22.7%	8.1%	5.4%		
City of Niagara Falls, NY								
Total Households	24,099	22,603	(1,496)	-6.2%	100%	100%		
Renter Households	10,211	10,161	(50)	-0.5%	42.4%	45.0%		
Renters by Householder Age	as % of Renter							
less than 25 yrs	1,237	1,116	(121)	-9.8%	12.1%	11.0%		
25 to 34 yrs	2,271	2,141	(130)	-5.7%	22.2%	21.1%		
35 to 44 yrs	2,264	1,702	(562)	-24.8%	22.2%	16.8%		
45 to 54 yrs	1,676	2,147	471	28.1%	16.4%	21.1%		
55 to 64 yrs	893	1,505	612	68.5%	8.7%	14.8%		
65 to 74 yrs	804	726	(78)	-9.7%	7.9%	7.1%		
75 yrs +	1,066	824	(242)	-22.7%	10.4%	8.1%		
Niagara County, NY								
Total Households	87,846	90,556	2,710	3.1%	100%	100%		
Renter Households	26,449	27,940	1,491	5.6%	30.1%	30.9%		
Renters by Householder Age	as % of Renter							
less than 25 yrs	3,012	2,743	(269)	-8.9%	11.4%	9.8%		
25 to 34 yrs	6,276	6,017	(259)	-4.1%	23.7%	21.5%		
35 to 44 yrs	5,805	4,633	(1,172)	-20.2%	21.9%	16.6%		
45 to 54 yrs	4,030	5,301	1,271	31.5%	15.2%	19.0%		
55 to 64 yrs	2,242	3,886	1,644	73.3%	8.5%	13.9%		
65 to 74 yrs	2,072	2,238	166	8.0%	7.8%	8.0%		
75 yrs +	3,012	3,122	110	3.7%	11.4%	11.2%		

Source: US Census; American Community Survey & RKG Associates, Inc.

1/ Census tracts 217 and 220 (block groups 2 and 3 and a portion of 4, the latter not included in these counts)

5. Renter Households by Gross Rent

For both the NOA and the City, increases in renter households occurred among those with gross rents of \$500 and up (Table II-13) while declines were realized in all other rent levels, including the number of households with no cash rent. For the NOA and the City the median gross rent nearly doubled over the decade and the percent increase was well above the rate of inflation.

Table II-13: Renter Households by Gross Rent – Niagara Opportunity Area

Renter HH by Gross Rent NOA 1/			Change		% of Total	
	2000	2010	#	%	2000	2010
Total Households	2,064	2,300	236	11.4%	100%	100%
Renter Households	816	942	126	15.4%	39.5%	41.0%
Renters by Gross Rent					as % of Renter	
Less than \$300	277	188	(89)	-32.2%	34.0%	20.0%
\$300 to \$399	309	51	(258)	-83.5%	37.9%	5.4%
\$400 to \$499	124	94	(30)	-24.3%	15.2%	10.0%
\$500 to \$699	64	228	164	253.9%	7.9%	24.2%
\$700 and up	9	364	355	3798.7%	1.1%	38.6%
No cash rent	32	17	(15)	-46.4%	3.9%	1.8%
Median Gross Rent	\$327	\$649	\$322	98.5%	<i>(inflation 26.6%)</i>	
City of Niagara Falls, NY						
Total Households	24,099	22,603	(1,496)	-6.2%	100%	100%
Renter Households	10,211	10,161	(50)	-0.5%	42.4%	68.3%
Renters by Gross Rent					as % of Renter	
Less than \$300	3,445	896	(2,549)	-74.0%	33.7%	8.8%
\$300 to \$399	3,467	818	(2,649)	-76.4%	34.0%	8.1%
\$400 to \$499	1,920	1,283	(637)	-33.2%	18.8%	12.6%
\$500 to \$699	859	3,061	2,202	256.5%	8.4%	30.1%
\$700 and up	121	3,822	3,701	3064.3%	1.2%	37.6%
No cash rent	398	281	(117)	-29.4%	3.9%	2.8%
Median Gross Rent	\$345	\$627	\$282	81.7%	<i>(inflation 26.6%)</i>	

Source: US Census; American Community Survey & RKG Associates, Inc.

1/ Census tracts 217 and 220 (block groups 2 and 3 and a portion of 4, the latter not included in these counts)

6. Renter Households by Move-In Year

The mobility among renters is much greater when compared to owner, as nearly all renter households in the NOA and in the City moved into their apartments since 2000 (Table II-14). Nearly 36 percent of the renters in the NOA moved into their rental units since 2010, while nearly 30 percent of City renters moved into their apartments since 2010.

Table II-14: Renters Households by Move-In Year – Niagara Opportunity Area

Renter HH by Move In (2010 only) NOA 1/			Change		% of Total	
	2000	2010	#	%	2000	2010
Total Households	2,064	2,300	236	11.4%	100%	100%
Renter Households	816	942	126	15.4%	39.5%	41.0%
Renters by Year Move In (2010 only)			AVG/YR		% Renter	% Total
2010 or later		338	68		35.9%	14.7%
2000 to 2009		523	52		55.5%	22.7%
1990 to 1999		81	8		8.6%	3.5%
1980 to 1989		0	0		0.0%	0.0%
prior to 1980		0	0		0.0%	0.0%
City of Niagara Falls, NY						
Total Households	24,099	22,603	(1,496)	-6.2%	100%	100%
Renter Households	10,211	10,161	(50)	-0.5%	42.4%	68.3%
Renters by Year Move In (2010 only)			AVG/YR		% Renter	% Total
2010 or later		2,973	595		29.3%	13.2%
2000 to 2009		5,982	598		58.9%	26.5%
1990 to 1999		682	68		6.7%	3.0%
1980 to 1989		347	35		3.4%	1.5%
prior to 1980		177	35		1.7%	0.8%

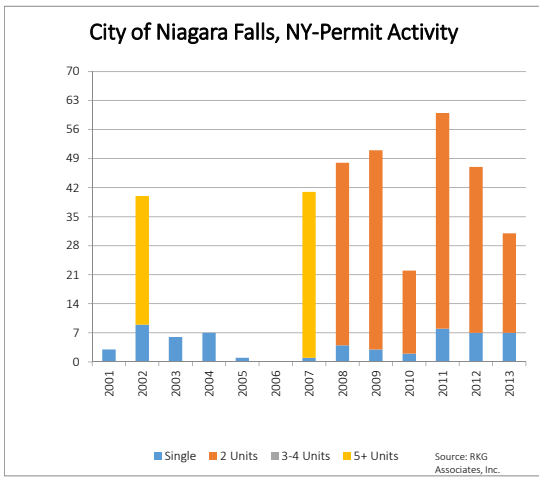
Source: US Census; American Community Survey & RKG Associates, Inc.

1/ Census tracts 217 and 220 (block groups 2 and 3 and a portion of 4, the latter not included in these counts)

7. Permit Activity

Over the last 12 years (2001 through 2013) there were nearly 360 residential permits for new construction in the City of Niagara Falls, with nearly 60 as single family units and the remainder as multi-family units, mostly two-families, as indicated in Graph II-1. These findings are generally consistent with the 2011 HVS Study which indicated a total of 141

permits issued over the 2005 to 2010 time period for the City of Niagara Falls. This equates to around 24 permits annually (no distinction was made between single-family and multi-family units). Nearly all the permit activity of that time occurred between 2007 and 2009.



Graph II-1 – Residential Building Permit Activity

8. Estimated Residential Demand

As previously indicated, there is a projected loss of households across all of the City of Niagara Falls and the NOA (refer to Table II-8) while growth is indicated for Niagara County. Utilizing estimates developed by Alteryx (a leading secondary market provider of demographics and other statistical data) the projected annual increase in housing in Niagara County (2014 to 2019) is for approximately 60 owner units per year and 55 renter units per year. Whether any of this could be captured, or built, within the NOA is questionable, at this time, considering the trend of limited residential permit activity in the City and the comparatively low values and rents in the NOA.