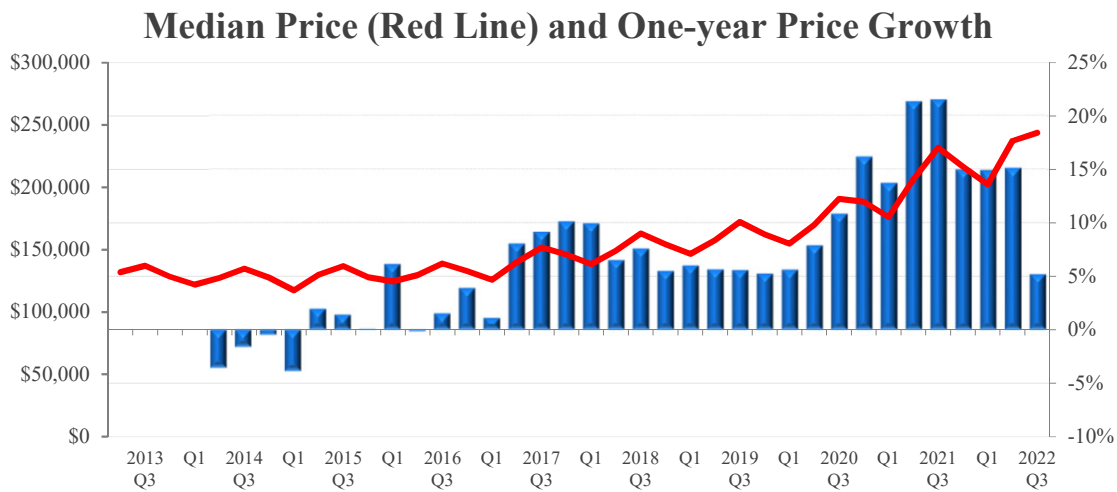


# Buffalo-Cheektowaga-Niagara Falls Area

## Local Market Report, Third Quarter 2022

### Today's Market...



Local Price Trends			
Price Activity	Buffalo	U.S.	Local Trend
Current Median Home Price (2022 Q3)	\$243,800	\$391,467	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2022 Q3)	5.2%	8.6%	
3-year (12-quarter) Appreciation (2022 Q3)	41.6%	41.4%	
3-year (12-quarter) Housing Equity Gain*	\$71,600	\$114,567	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$107,000	\$164,133	
9-year (36 quarters) Housing Equity Gain*	\$106,700	\$184,600	

\*Note: Equity gain reflects price appreciation only

	Buffalo	U.S.	
<b>Conforming Loan Limit**</b>	\$726,200	\$1,089,300	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$472,030	\$1,089,300	
<b>Local Median to Conforming Limit Ratio</b>	34%	not comparable	

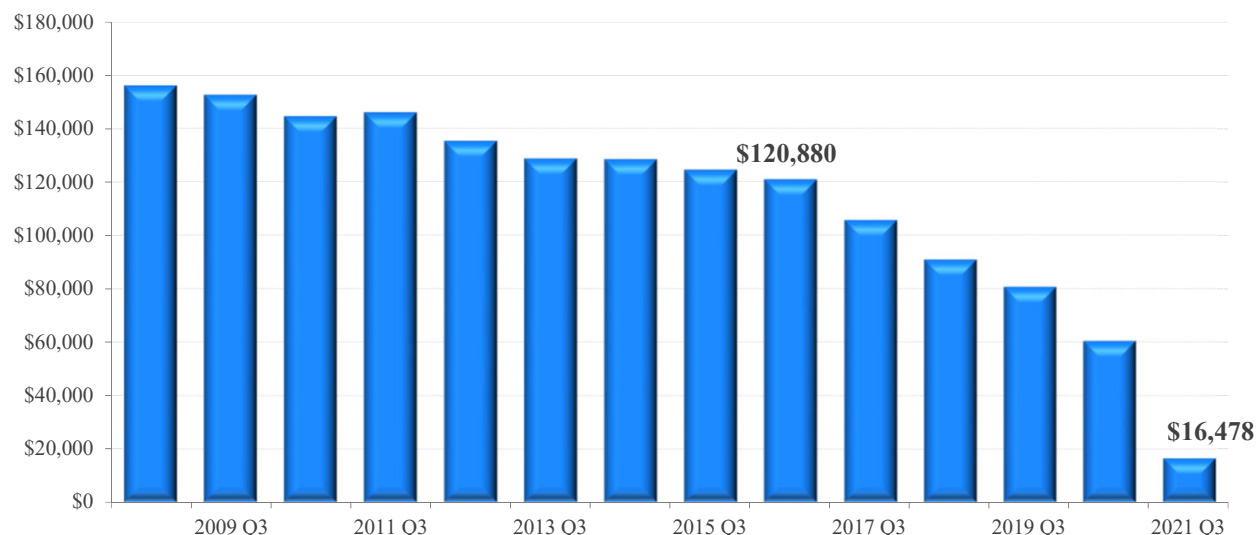
Note: limits are current and include the changes made on January 1st 2023.

#### Local NAR Leadership

The Buffalo-Cheektowaga-Niagara Falls market is part of region 2 in the NAR governance system, which includes all of New York, New Jersey, and Pennsylvania. The 2022 NAR Regional Vice President representing region 2 is Ilene Horowitz.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



### Total Equity Gained\*\* through 2022 Q3 from quarter in which home was of purchased

Price Activity	Buffalo	U.S.	Local Trend
1-year (4-quarter)	\$16,478	\$38,029	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$80,687	\$129,179	
5-year (20-quarter)*	\$105,598	\$160,886	
7-year (28 quarters)*	\$124,457	\$193,144	
9-year (36 quarters)*	\$128,717	\$217,820	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

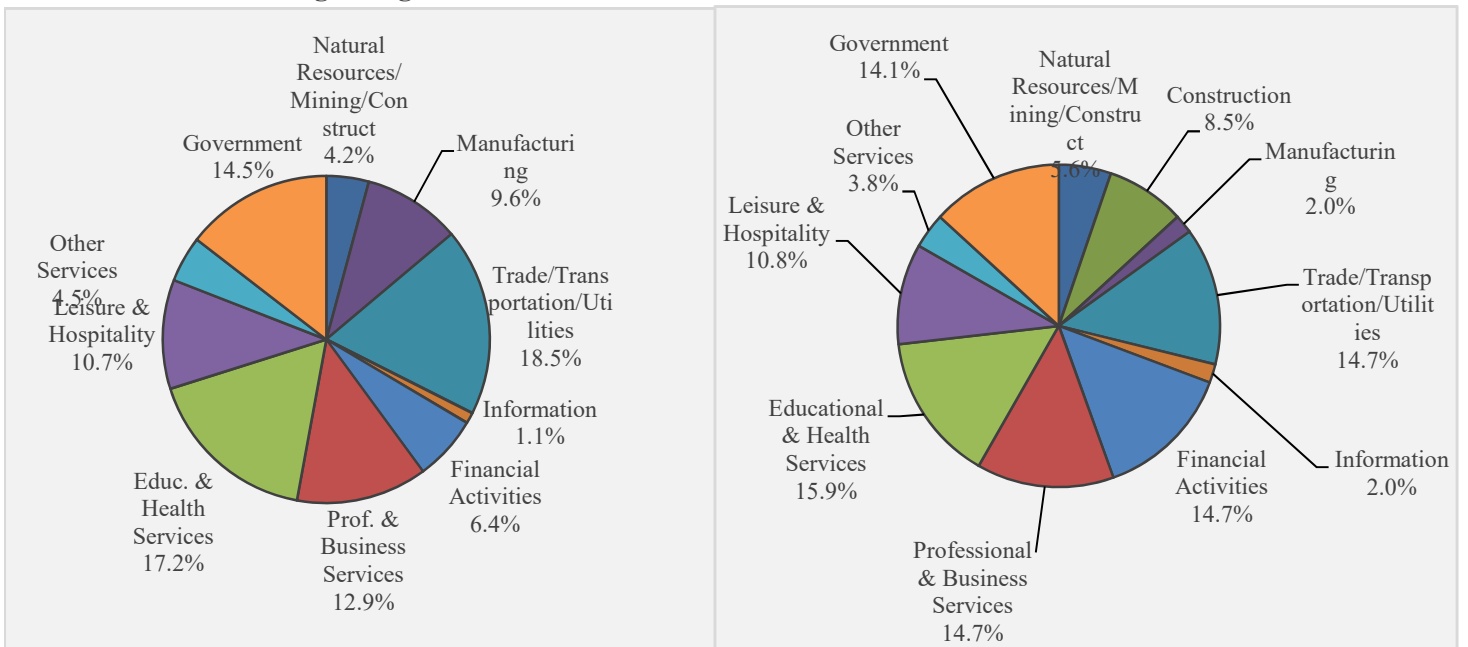


Local Economic Outlook	Buffalo	U.S.	
12-month Job Change (Sep)	17,100	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Aug)	20,500	Not Comparable	
36-month Job Change (Sep)	-25,300	Not Comparable	Unemployment in Buffalo is better than the national average and improving
Current Unemployment Rate (Sep)	3.3%	3.5%	
Year-ago Unemployment Rate	4.4%	4.7%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	3.3%	4.3%	

## Share of Total Employment by Industry

Buffalo-Cheektowaga-Niagara Falls Area

U.S.



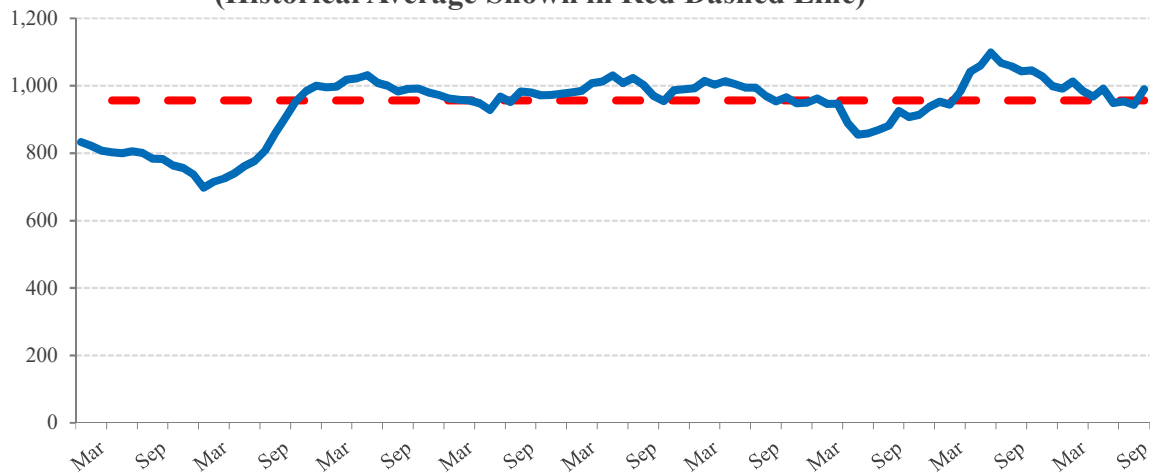
### 12-month Employment Change by Industry (Sep - 2022)

Goods Producing	NA	Information	-100
Natural Resources/Mining/Construction	100	Financial Activities	1,200
Natural Resources and Mining	NA	Prof. & Business Services	900
Construction	NA	Educ. & Health Services	4,500
Manufacturing	2,100	Leisure & Hospitality	4,900
Service Providing Excluding Government	NA	Other Services	1,200
Trade/Transportation/Utilities	5,000	Government	700

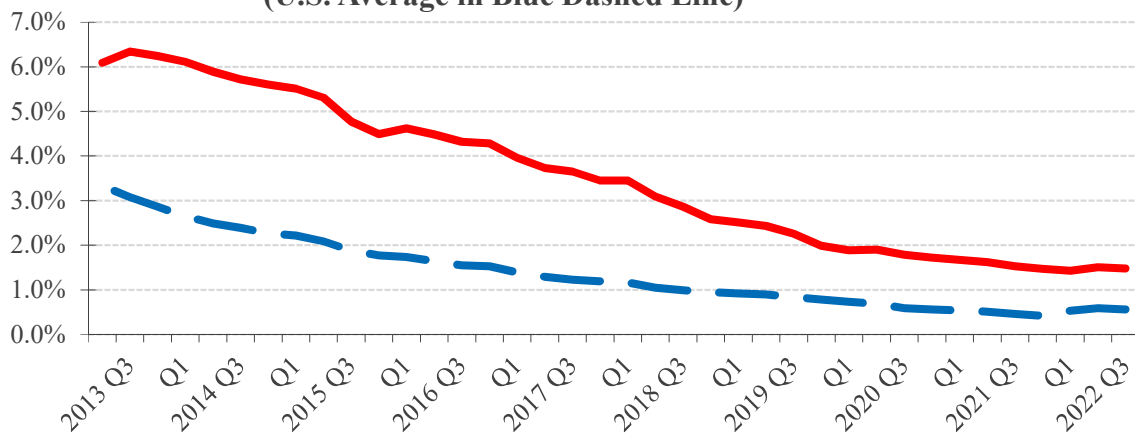
State Economic Activity Index	New York	U.S.	
12-month change (2022 - Sep)	6.5%	4.9%	New York's economy is stronger than the nation's, but slowed from last month's 7.07% change
36-month change (2022 - Sep)	4.0%	5.2%	

New Housing Construction			
Local Fundamentals	Buffalo	U.S.	
12-month Sum of 1-unit Building Permits through Sep	990	not comparable	The current level of construction is 3.5% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	956	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Sep) 12-month sum vs. a year ago	-5.1%	-7.7%	Construction is down from last year, but appears to have bottomed.

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)

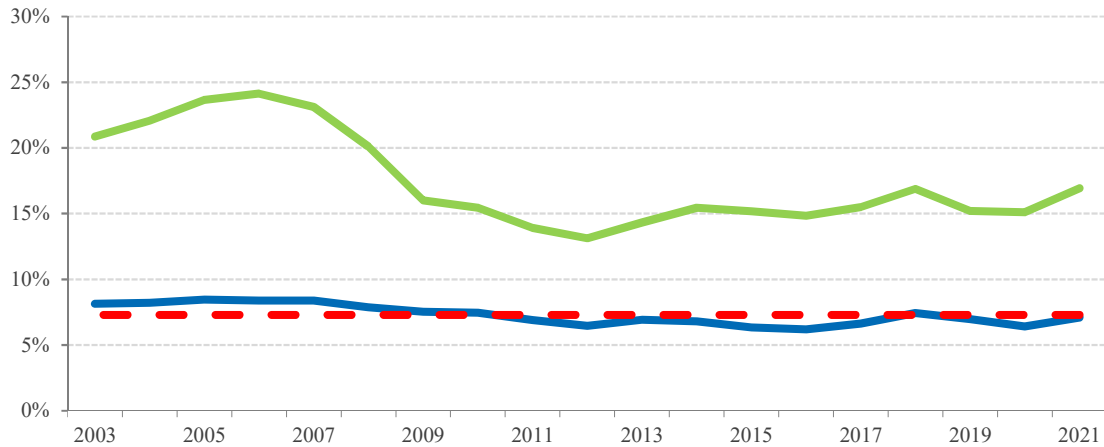


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



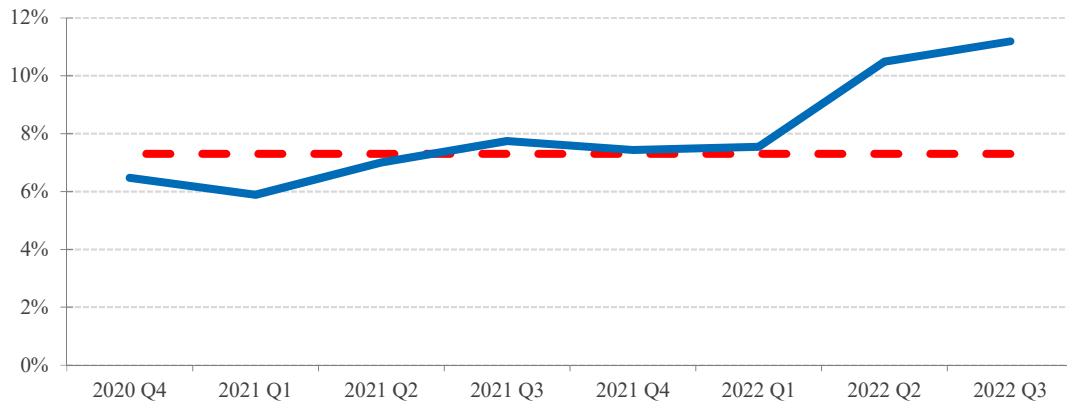
# Affordability

**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

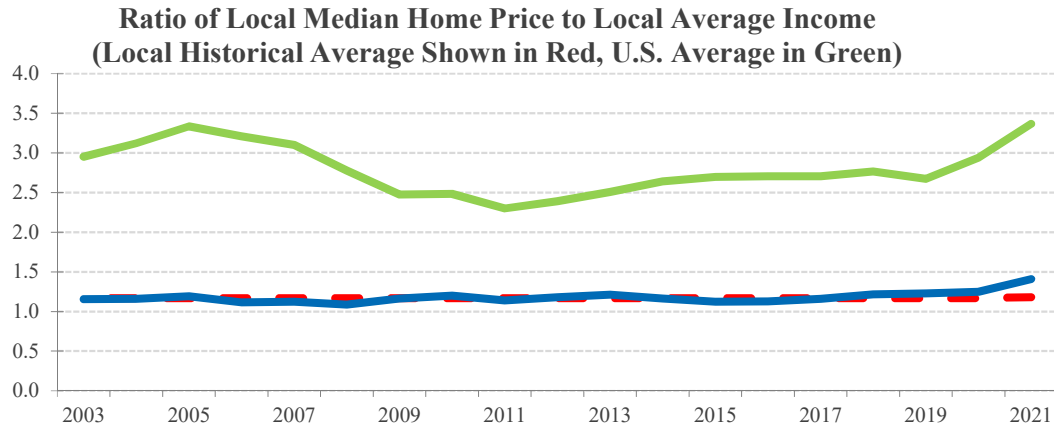


Monthly Mortgage Payment to Income	Buffalo	U.S.	
Ratio for 2021	7.1%	16.9%	Weak by local standards and could weigh on demand
Ratio for 2022 Q3	11.2%	24.4%	
Historical Average	7.3%	18.1%	More affordable than most markets

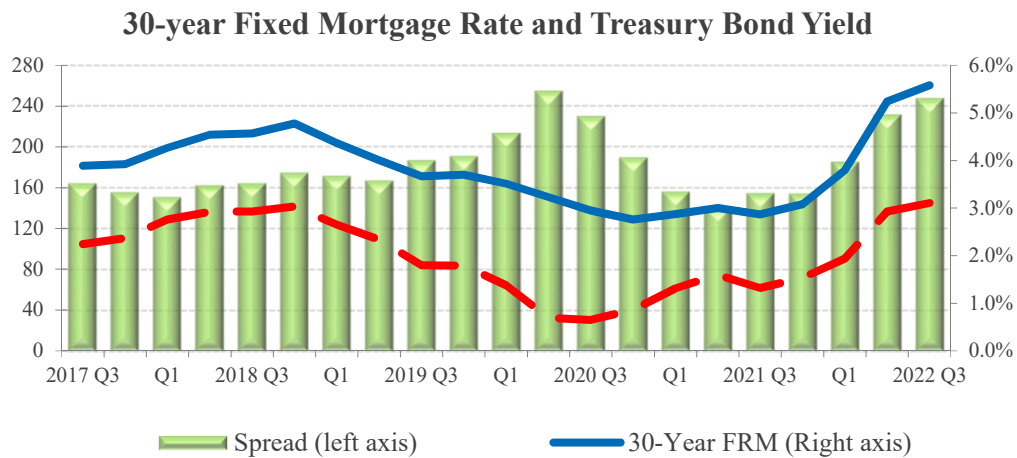
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Buffalo	U.S.	
Ratio for 2021	1.4	3.4	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2022 Q3	1.6	3.6	
Historical Average	1.2	2.7	Affordable compared to most markets



## The Mortgage Market



Mortgage rates continued their upward trek in the third quarter of the year. Due to elevated inflation, the Federal Reserve raised twice its short-term interest rates by 75 basis points each time. While both rising inflation and higher interest rates typically move up mortgage rates, the 30-year fixed mortgage rate surpassed the 6.5 percent threshold moving closer to 7 percent. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 5.6 percent in Q3 2022 from 2.9 percent a year earlier. As long as inflation remains elevated, mortgage rates will continue to rise. NAR forecasts the 30-year fixed mortgage rate to average 6.5 percent at the end of the year.

## Geographic Coverage for this Report

The Buffalo area referred to in this report covers the geographic area of the Buffalo-Cheektowaga-Niagara Falls metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Erie County and Niagara County

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)

