Today's Market...

Buffalo-Cheektowaga-Niagara Falls Area
Local Market Report, Fourth Quarter 2019

Local Price Trends

<table>
<thead>
<tr>
<th>Price Activity</th>
<th>Buffalo</th>
<th>U.S.</th>
<th>Local Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Median Home Price (2019 Q4)</td>
<td>$162,300</td>
<td>$272,300</td>
<td>Prices continue to grow relative to last year</td>
</tr>
<tr>
<td>1-year (4-quarter) Appreciation (2019 Q4)</td>
<td>5.3%</td>
<td>6.5%</td>
<td>Gains in the last 3 years have extended the trend of positive price growth after the recession</td>
</tr>
<tr>
<td>3-year (12-quarter) Appreciation (2019 Q4)</td>
<td>22.2%</td>
<td>16.4%</td>
<td></td>
</tr>
<tr>
<td>3-year (12-quarter) Housing Equity Gain*</td>
<td>$29,500</td>
<td>$38,367</td>
<td></td>
</tr>
<tr>
<td>7-year (28 quarters) Housing Equity Gain*</td>
<td>$34,100</td>
<td>$93,467</td>
<td></td>
</tr>
<tr>
<td>9-year (36 quarters) Housing Equity Gain*</td>
<td>$35,800</td>
<td>$102,433</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Equity gain reflects price appreciation only

Conforming Loan Limit**

<table>
<thead>
<tr>
<th></th>
<th>Buffalo</th>
<th>U.S.</th>
<th>Most buyers in this market have access to government-backed financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conforming Loan Limit**</td>
<td>$484,350</td>
<td>$726,525</td>
<td></td>
</tr>
<tr>
<td>FHA Loan Limit</td>
<td>$314,827</td>
<td>$726,525</td>
<td></td>
</tr>
<tr>
<td>Local Median to Conforming Limit Ratio</td>
<td>34%</td>
<td>not comparable</td>
<td></td>
</tr>
</tbody>
</table>

Note: limits are current and include the changes made on January 1st 2019.

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 2020 NAR Regional Vice President representing region 2 is Drew Fishman.
**Benefits of Ownership:**

**Total Equity Appreciation**

<table>
<thead>
<tr>
<th>Total Equity Gained** through 2020 Q1 from quarter in which home was purchased</th>
<th>Buffalo</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-year (4-quarter)</td>
<td>$10,269</td>
<td>$20,164</td>
</tr>
<tr>
<td>3-year (12-quarter)*</td>
<td>$36,350</td>
<td>$50,433</td>
</tr>
<tr>
<td>5-year (20-quarter)*</td>
<td>$45,754</td>
<td>$79,032</td>
</tr>
<tr>
<td>7-year (28 quarters)*</td>
<td>$51,817</td>
<td>$105,840</td>
</tr>
<tr>
<td>9-year (36 quarters)*</td>
<td>$56,184</td>
<td>$114,186</td>
</tr>
<tr>
<td>If purchase in 2005, the national price peak</td>
<td>$85,816</td>
<td>$66,678</td>
</tr>
</tbody>
</table>

*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.

Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession.
**Drivers of Local Supply and Demand...**

<table>
<thead>
<tr>
<th>Local Economic Outlook</th>
<th>Buffalo</th>
<th>U.S.</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month Job Change (Dec)</td>
<td>-1,900</td>
<td>Not Comparable</td>
<td>Employment continues to decline and will weigh on demand in some areas</td>
</tr>
<tr>
<td>12-month Job Change (Nov)</td>
<td>-300</td>
<td>Not Comparable</td>
<td></td>
</tr>
<tr>
<td>36-month Job Change (Dec)</td>
<td>4,300</td>
<td>Not Comparable</td>
<td></td>
</tr>
<tr>
<td>Current Unemployment Rate (Dec)</td>
<td>4.7%</td>
<td>3.5%</td>
<td>Buffalo's unemployment situation is worse than the national average and weighs on confidence</td>
</tr>
<tr>
<td>Year-ago Unemployment Rate</td>
<td>4.4%</td>
<td>3.9%</td>
<td>Local employment growth is poor and needs to improve</td>
</tr>
<tr>
<td>1-year (12 month) Job Growth Rate</td>
<td>-0.3%</td>
<td>1.4%</td>
<td></td>
</tr>
</tbody>
</table>

**Share of Total Employment by Industry**

**Buffalo-Cheektowaga-Niagara Falls Area**

- Natural Resources/Mining/Construction: 5.3%
- Manufacturing: 9.3%
- Trade/Transportation/Utilities: 18.4%
- Information: 1.2%
- Financial Activities: 6.6%
- Prof. & Business Services: 13.2%
- Educ. & Health Services: 18.4%
- Leisure & Hospitality: 10.5%
- Other Services: 4.6%

**U.S.**

- Natural Resources/Mining/Construction: 4.4%
- Manufacturing: 3.9%
- Trade/Transportation/Utilities: 14.1%
- Information: 16.1%
- Financial Activities: 14.1%
- Prof. & Business Services: 15.0%
- Educ. & Health Services: 10.8%
- Leisure & Hospitality: 10.8%
- Other Services: 3.9%
- Government: 16.5%
- Construction: 8.4%
- Natural Resources/Mining/Construction: 5.3%

**12-month Employment Change by Industry in the Buffalo-Cheektowaga-Niagara Falls Area (Dec - 2019)**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Buffalo</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods Producing</td>
<td>NA</td>
<td>Information</td>
</tr>
<tr>
<td>Natural Resources/Mining/Construction</td>
<td>200</td>
<td>Financial Activities</td>
</tr>
<tr>
<td>Natural Resources and Mining</td>
<td>NA</td>
<td>Prof. &amp; Business Services</td>
</tr>
<tr>
<td>Construction</td>
<td>NA</td>
<td>Educ. &amp; Health Services</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-800</td>
<td>Leisure &amp; Hospitality</td>
</tr>
<tr>
<td>Service Providing Excluding Government</td>
<td>NA</td>
<td>Other Services</td>
</tr>
<tr>
<td>Trade/Transportation/Utilities</td>
<td>-1,200</td>
<td>Government</td>
</tr>
<tr>
<td>Government</td>
<td>16.5%</td>
<td>200</td>
</tr>
<tr>
<td>Educ. &amp; Health Services</td>
<td>18.4%</td>
<td>900</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>10.5%</td>
<td>1,600</td>
</tr>
<tr>
<td>Other Services</td>
<td>4.6%</td>
<td>-1,600</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>6.6%</td>
<td>100</td>
</tr>
<tr>
<td>Prof. &amp; Business Services</td>
<td>13.2%</td>
<td>600</td>
</tr>
<tr>
<td>Construction</td>
<td>8.4%</td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>15.0%</td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>Natural Resources/Mining/Construction</td>
<td>5.3%</td>
<td></td>
</tr>
</tbody>
</table>

**State Economic Activity Index**

<table>
<thead>
<tr>
<th>Index</th>
<th>New York</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month change (2019 - Dec)</td>
<td>2.0%</td>
<td>2.8%</td>
</tr>
<tr>
<td>36-month change (2019 - Dec)</td>
<td>NA</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

- New York's economy is growing, but decelerated from last month's 2.18% change and lags the rest of the nation
Construction continues to decline from last year. The current level of construction is 9.2% above the long-term average.

Local Fundamentals

<table>
<thead>
<tr>
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<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month Sum of 1-unit Building Permits through Dec</td>
<td>950</td>
<td>not comparable</td>
</tr>
<tr>
<td>8-year average for 12-month Sum of 1-Unit Building Permits</td>
<td>870</td>
<td>not comparable</td>
</tr>
<tr>
<td>Single-Family Housing Permits (Dec) 12-month sum vs. a year ago</td>
<td>-4.0%</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

Production above trend for an extended period of time could cause prices to moderate as inventory is built up.

Construction continues to decline from last year.
Affordability

**Monthly Mortgage Payment to Income**

<table>
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<tr>
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<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio for 2019</td>
<td>6.7%</td>
<td>16.0%</td>
<td>Historically strong, but weaker than the third quarter of 2019</td>
</tr>
<tr>
<td>Ratio for 2019 Q4</td>
<td>6.6%</td>
<td>14.9%</td>
<td></td>
</tr>
<tr>
<td>Historical Average</td>
<td>7.4%</td>
<td>18.4%</td>
<td>More affordable than most markets</td>
</tr>
</tbody>
</table>

**Recent Trend - Local Mortgage Servicing Cost to Income**

- The price-to-income ratio is high by historic standards and getting worse
- Affordable compared to most markets

**Median Home Price to Income**

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<tr>
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<th>Buffalo</th>
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<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio for 2019</td>
<td>1.2</td>
<td>2.8</td>
<td>The price-to-income ratio is high by historic standards and getting worse</td>
</tr>
<tr>
<td>Ratio for 2019 Q4</td>
<td>1.2</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>Historical Average</td>
<td>1.1</td>
<td>2.7</td>
<td>Affordable compared to most markets</td>
</tr>
</tbody>
</table>
The fourth quarter was a banner period for residential mortgages across the United States. In an environment of declining interest rates and strong economic conditions, many buyers and owners applied for new or refinanced loans. At the end of 2019, mortgage rates declined nearly 100 basis points compared to a year earlier. According to mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 3.70 percent in Q4 2019 from 4.78 percent in Q4 2018. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.80 percent for 2020.
REALTOR® Price Expectations

REALTOR® Price Expectations for the Next 12 Months
(U.S. Average in Blue Dashed Line)

Source: NAR

<table>
<thead>
<tr>
<th>REALTOR® Price Expectations</th>
<th>New York</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 - Dec</td>
<td>1.5%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Prior 12 months</td>
<td>0.0%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

REALTORS® expect weaker price growth in New York than in the U.S. in the next 12 months although their local expectations are higher than a year ago.
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/