

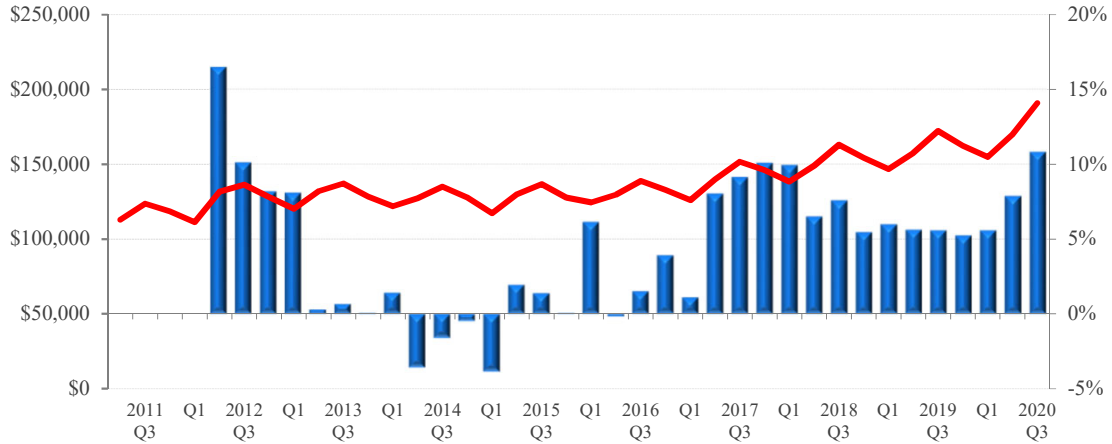
Buffalo-Cheektowaga-Niagara Falls Area

Local Market Report, Third Quarter 2020

including the impact of COVID-19 on the local economy

Today's Market...

Median Price (Red Line) and One-year Price Growth



Local Price Trends			
Price Activity	Buffalo	U.S.	Local Trend
Current Median Home Price (2020 Q3)	\$190,800	\$309,100	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2020 Q3)	10.8%	11.6%	
3-year (12-quarter) Appreciation (2020 Q3)	25.9%	22.2%	
3-year (12-quarter) Housing Equity Gain*	\$39,200	\$56,167	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$53,700	\$102,233	
9-year (36 quarters) Housing Equity Gain*	\$67,100	\$139,867	

*Note: Equity gain reflects price appreciation only

	Buffalo	U.S.	
Conforming Loan Limit**	\$510,400	\$765,600	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$331,760	\$765,600	
Local Median to Conforming Limit Ratio	37%	not comparable	

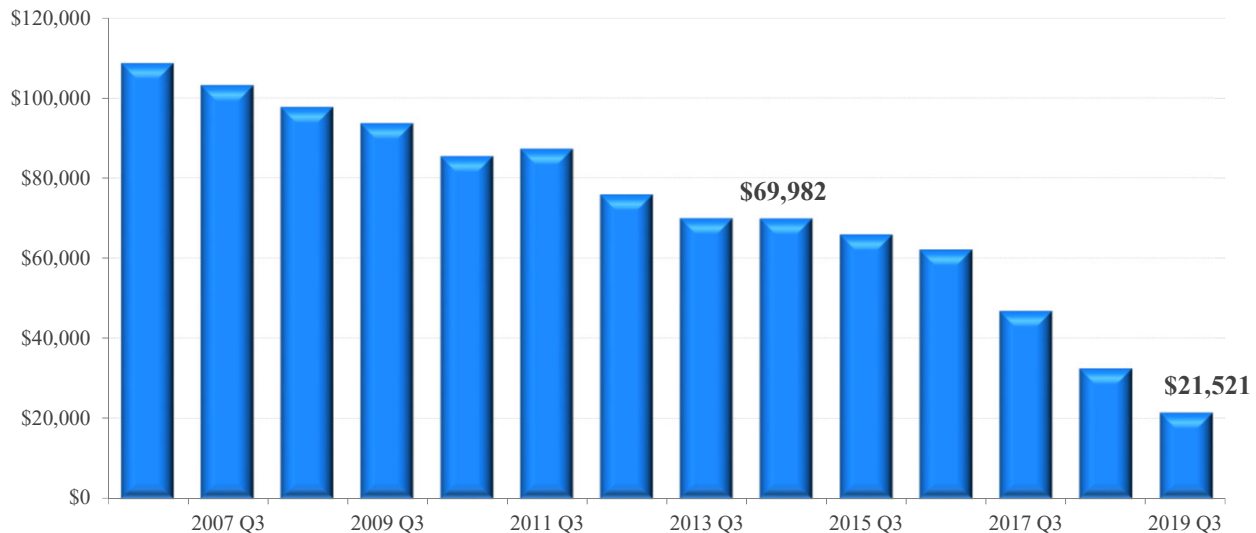
Note: limits are current and include the changes made on January 1st 2020.

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 2021 NAR Regional Vice President representing region 2 is Margaret Hartman.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2020 Q3 from quarter in which home was of purchased

Price Activity	Buffalo	U.S.	Local Trend
1-year (4-quarter)	\$21,521	\$16,096	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$46,930	\$47,598	
5-year (20-quarter)*	\$65,978	\$80,260	
7-year (28 quarters)*	\$70,055	\$109,512	
9-year (36 quarters)*	\$87,297	\$147,140	

*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...

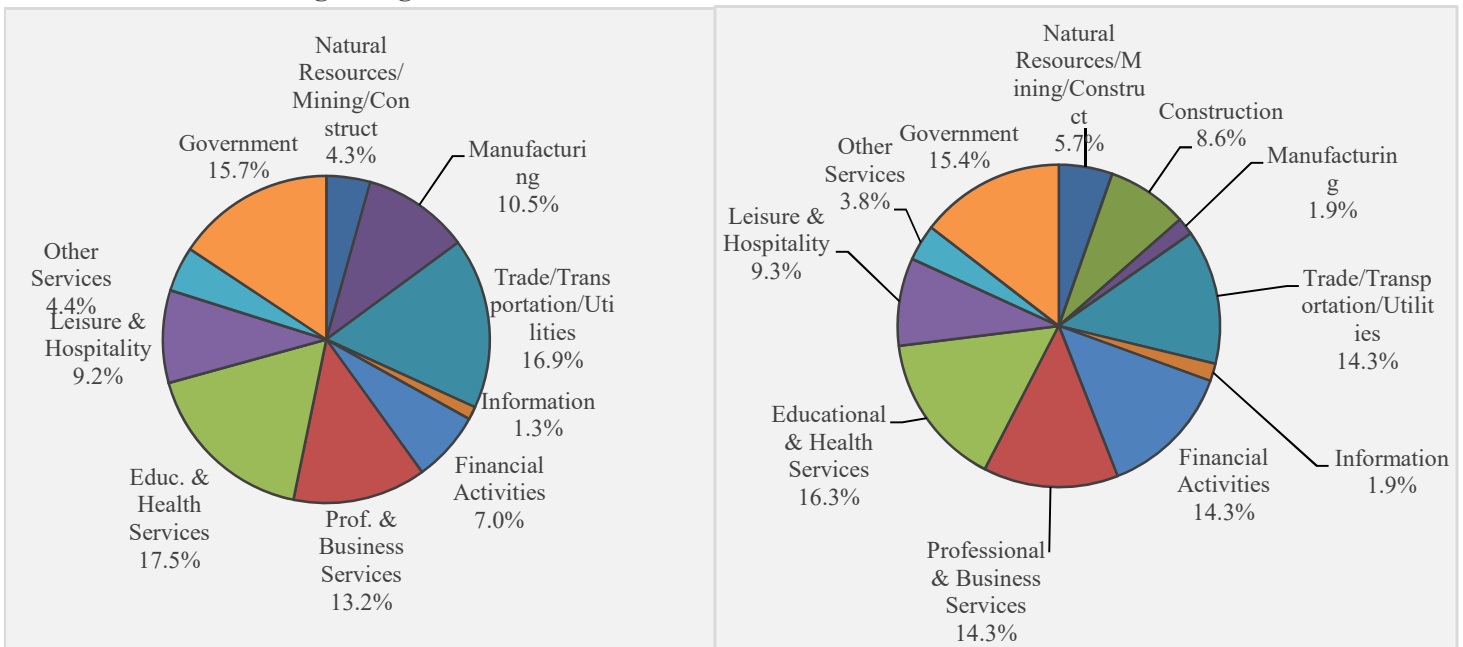


Local Economic Outlook	Buffalo	U.S.	
12-month Job Change (Sep)	-45,200	Not Comparable	Job losses are a problem and will weigh on demand, but layoffs are declining, a trend that could help buyer confidence
12-month Job Change (Aug)	-52,500	Not Comparable	
36-month Job Change (Sep)	-44,400	Not Comparable	Unemployment has risen since the same period last year, but Buffalo's labor market has been more resilient than the national average
Current Unemployment Rate (Sep)	6.7%	7.9%	
Year-ago Unemployment Rate	4.0%	3.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-8.0%	-3.9%	

Share of Total Employment by Industry

Buffalo-Cheektowaga-Niagara Falls Area

U.S.



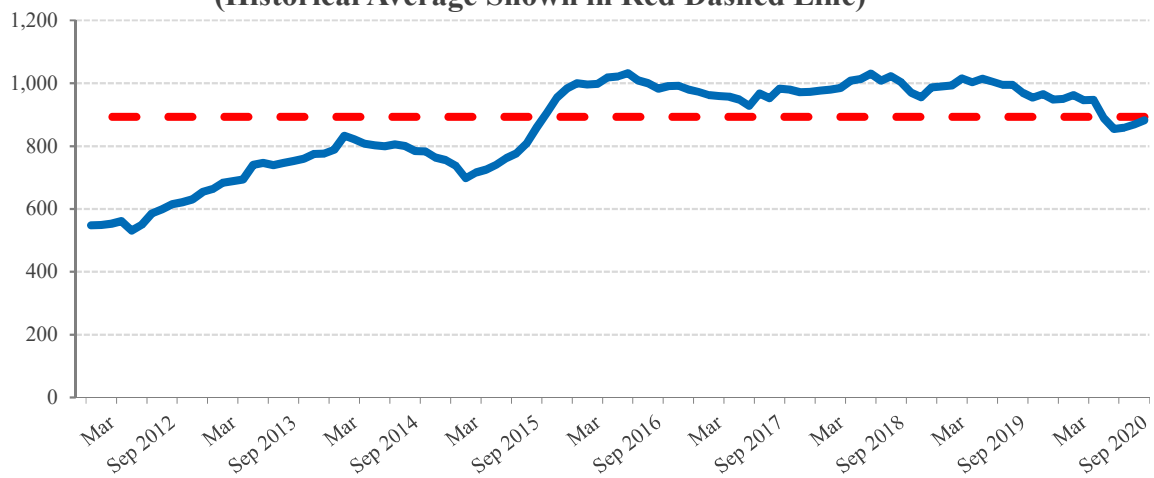
12-month Employment Change by Industry in the Buffalo-Cheektowaga-Niagara Falls Area (Sep - 2020)

Goods Producing	NA	Information	-300
Natural Resources/Mining/Construction	-1,100	Financial Activities	-1,100
Natural Resources and Mining	NA	Prof. & Business Services	-6,900
Construction	NA	Educ. & Health Services	-6,700
Manufacturing	1,100	Leisure & Hospitality	-16,300
Service Providing Excluding Government	NA	Other Services	-3,200
Trade/Transportation/Utilities	-11,600	Government	-6,400

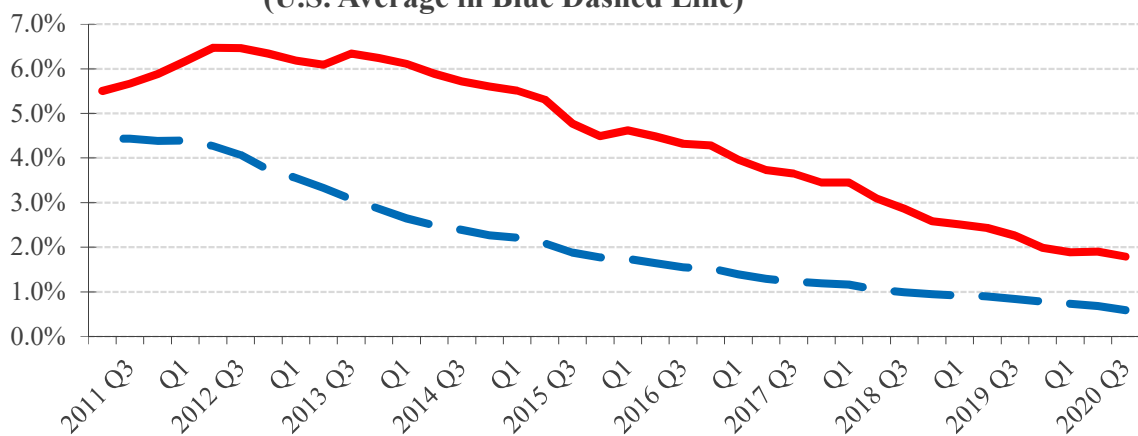
State Economic Activity Index	New York	U.S.	
12-month change (2020 - Sep)	-12.2%	-4.9%	The economy of New York is still in recession, but improved modestly from last month's -17.99% change
36-month change (2020 - Sep)	-7.5%	0.6%	

New Housing Construction			
Local Fundamentals	Buffalo	U.S.	
12-month Sum of 1-unit Building Permits through Sep 2020	925	not comparable	The current level of construction is 3.6% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	893	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 2020) 12-month sum vs. a year ago	-3.0%	10.2%	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)**

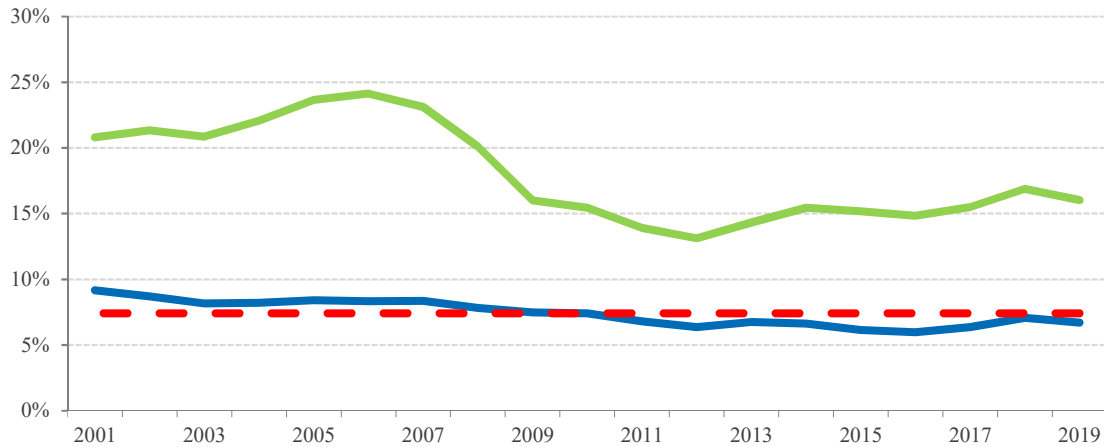


**State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)**



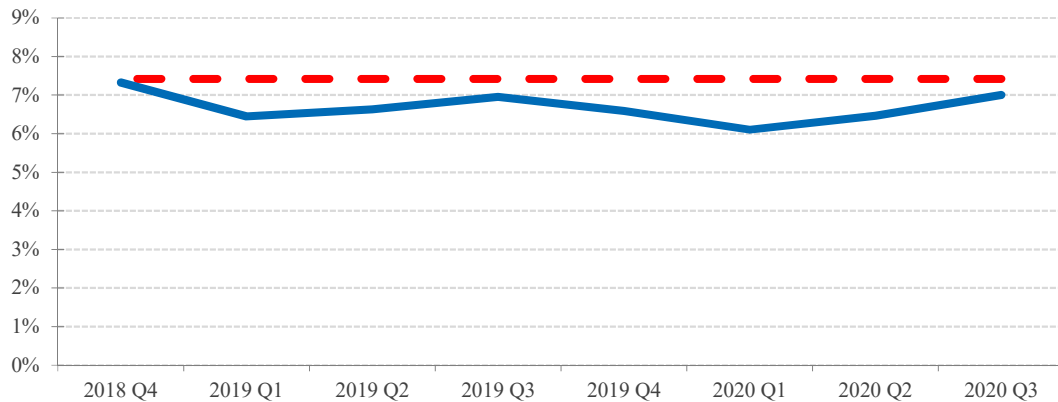
Affordability

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

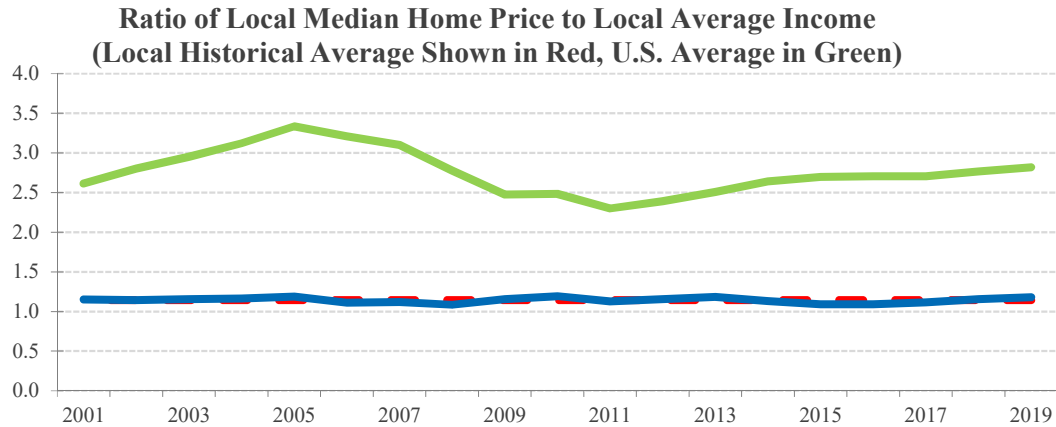


Monthly Mortgage Payment to Income	Buffalo	U.S.	
Ratio for 2019	6.7%	16.0%	Historically strong, but weaker than the second quarter of 2020
Ratio for 2020 Q3	7.0%	15.4%	
Historical Average	7.4%	18.4%	More affordable than most markets

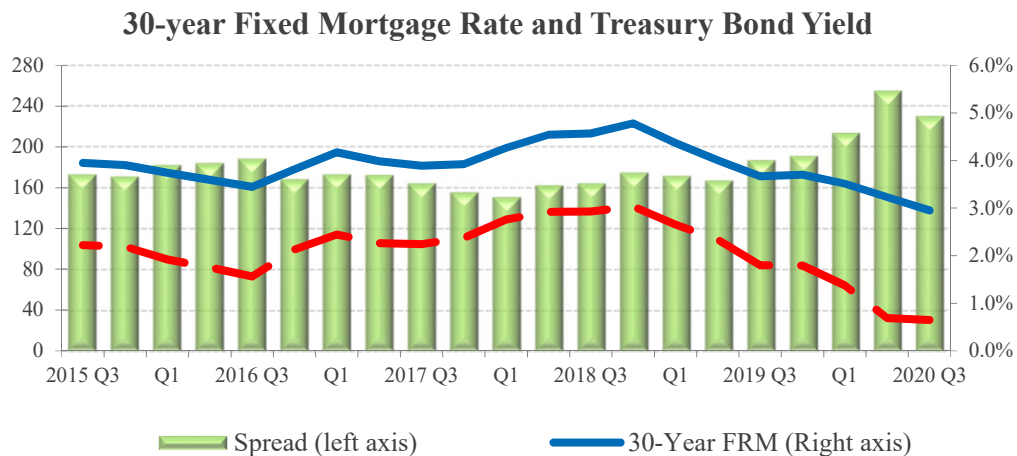
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Buffalo	U.S.	
Ratio for 2019	1.2	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q3	1.4	3.1	
Historical Average	1.1	2.7	Affordable compared to most markets



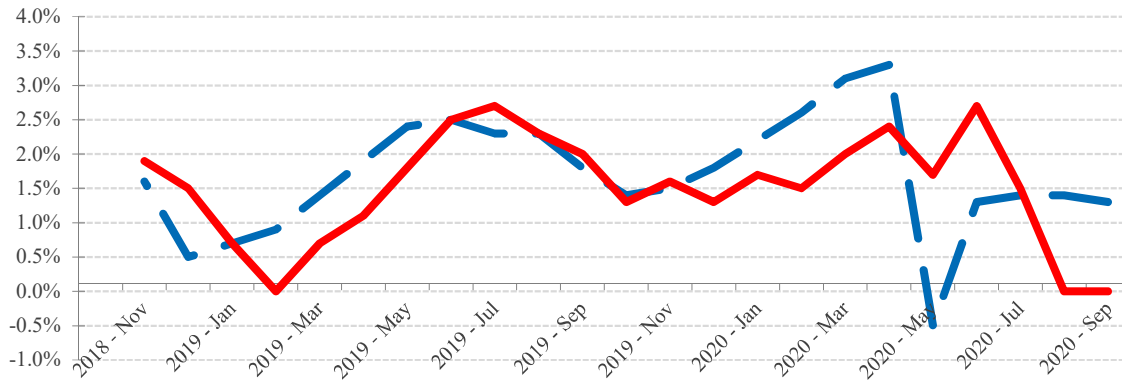
The Mortgage Market



In the third quarter of the year, the 30-year fixed rate hit an all-time low, as investors were skeptical about the recovery of the economy from the shutdowns. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 2.95 percent in Q3 2020 from 3.67 percent a year earlier. In the meantime, in August, the Fed announced the adoption of a more flexible policy that will seek to achieve inflation that averages 2 percent over time. This means that a period where inflation is above 2 percent can compensate for a period when inflation is below 2 percent. This significant change can keep interest rates low for longer periods, which could translate into both long periods of cheap mortgages and stronger job market. Thus, more and more homebuyers and homeowners are expected to take advantage of these ultra-low rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.1 percent for both 2020 and 2021.

REALTOR® Price Expectations

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



Source: NAR

REALTOR® Price Expectations	New York	U.S.	
2020 - Sep	0.0%	1.7%	REALTORS® expect weaker price growth in New York than in the U.S. in the next 12 months. Their price expectations for the local market are more modest than a year ago.
Prior 12 months	1.6%	1.5%	

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/