MARKET ANALYSIS OF MAIN STREET BUSINESS DISTRICT
March 19, 2007

Introduction

This report presents an analysis of the potential for Williamsville's Main Street Business District to support various retail, commercial and residential uses over the next ten years. The results of this analysis will be instrumental in determining the business district's future needs for land and building space to accommodate demand and will directly inform proposed zoning and regulatory changes along Main Street.

This report is divided into six sections:

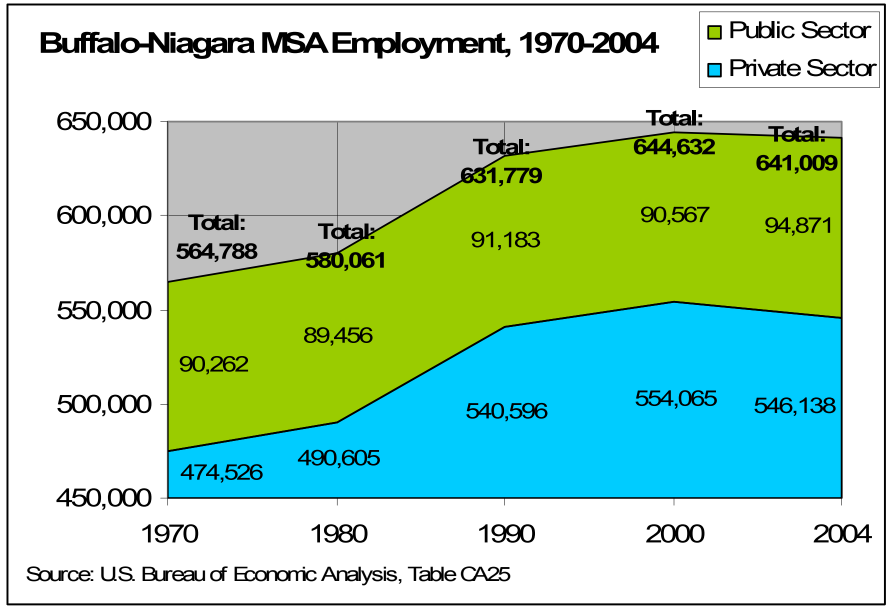
1. Regional Economic Trends and Outlook
2. Real Estate Market Conditions
3. Resident Market Area Profiles
4. Summary of Comparable Village Area Review
5. Potential Market Capture
6. Findings and Recommendations

1. Regional Economic Trends and Outlook

Employment Trends

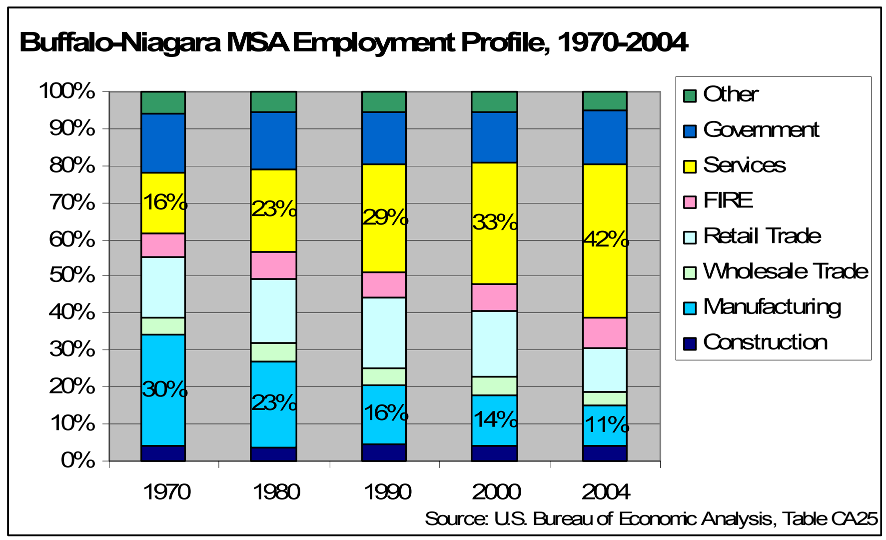
The common perception in the Buffalo-Niagara region is that its best economic days are in the past and that the regional economy is shrinking. A brief examination of the past few decades provides contradictory insight into that perception.

In 1970 the total non-agricultural job base of the Buffalo-Niagara Metropolitan Statistical Area (MSA) was 564,788. Between 1970 and 2000 the region actually added 80,000 jobs to its employment base; there were 644,632 non-agricultural jobs in the region as of 2000. All of the job growth came in the private sector (the level of government employment remained virtually the same). Employment dipped during the recession of 2001, but the region's job base climbed back to 641,009 by 2004.



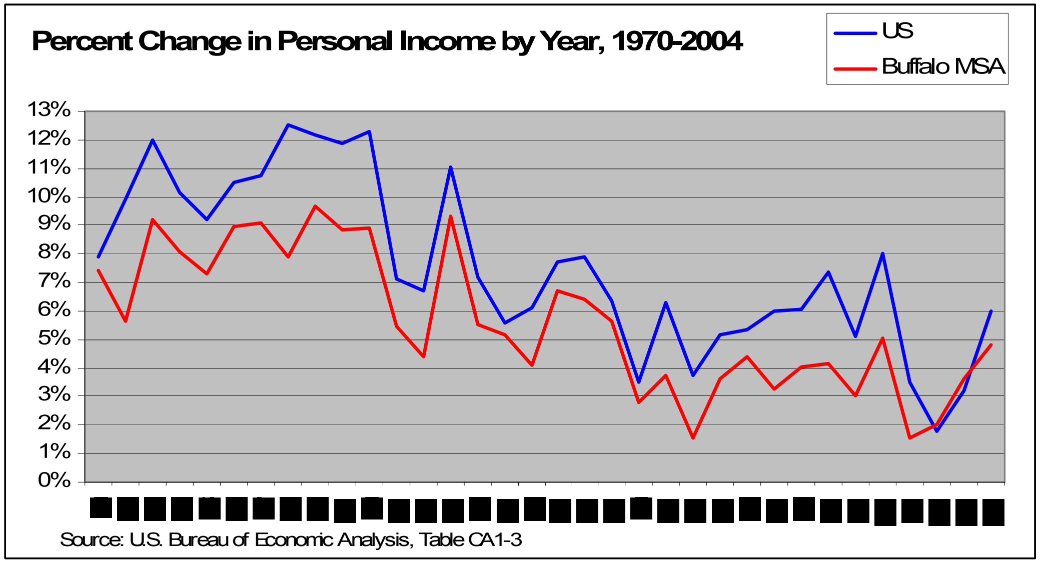
While this growth does appear to be significant, two things must be considered: 1) the annual job growth rate for the region from 1970-2004 of 0.4 percent was four times slower with the national growth rate of 1.6 percent during the same period; and 2) the region experienced a dramatic shift in its employment profile.

As the chart to the right shows the regional economy has experienced a complete transformation from one based on manufacturing to one based on service industries. From 1970 to 2004 the manufacturing sector's share of jobs in the MSA dropped from 30 percent to 11 percent. During the same period, the share of jobs in the services industries jumped from 16 percent to 42 percent. Remarkably the shares of all other major sectors remained stable.



Income and Retail Sales

A major effect of the shift from manufacturing to services jobs has been the slow growth of personal income in the Buffalo-Niagara region. As illustrated by the chart to the right the Buffalo region's personal income growth has trailed far behind national income growth over the past 35 years. The gap was particularly large during the boom of the 1990s, when national income levels increased by around 6-8 percent each year, but the Buffalo-Niagara region's total personal income only increased by about 4-5 percent.



A secondary effect of the slow growth in personal income in the Buffalo-Niagara region has been slow growth in retail sales. The New York State Department of Taxation and Finance collects data on retail sales by county, based on sales tax receipts.

This information, shown in the table at the right, documents that Erie County (which comprises the overwhelming majority of the MSA) has experienced very slow growth in its retail sales volume over the past decade. The total volume of retail sales for the 12-month period ending in February 2004 of $11.60 billion only represents an annual growth rate of 2.31 percent from the volume of $9.23 billion posted ten years earlier. By comparison statewide retail sales increased by 3.60 percent annually over this period.

Retail Sales in Erie County, 1995-2004 ($000s)

Period	Taxable Sales & Purchases	Change from Previous Period	
		Amount	Percent
3/95 - 2/96	$9,231,016	$326,035	3.66%
3/96 - 2/97	$9,475,403	$244,387	2.65%
3/97 - 2/98	$9,673,990	$198,587	2.10%
3/98 - 2/99**	$9,519,264	($154,727)	-1.60%
3/99 - 2/00	$10,403,729	$884,465	9.29%
3/00 - 2/01	$10,999,837	$596,108	5.73%
3/01 - 2/02	$11,009,803	$9,965	0.09%
3/02 - 2/03**	$11,327,361	$317,558	2.88%
3/03 - 2/04*	$11,601,121	$273,760	2.42%
Total/Avg Change	**$2,370,105**		**2.31%**

Source: New York State Department of Taxation & Finance

This retail sales growth trails regional personal income growth and is actually less than the inflation rate. The slow growth of retail sales in Erie County is particularly problematic in light of the fact that the Canadian dollar has gained considerable strength against the U.S. dollar since the mid-1900s, a trend that should drive up retail sales in a border region like Erie County. As with the rest of the country, Erie County has also lost some at-place retail sales to Internet commerce.

Regional Outlook

A number of different agencies study the economy of the Buffalo-Niagara region. The general consensus is that the area's economy is still not done with its transition from manufacturing to services and that the region will, as a result, continue to lag the rest of the United States in terms of real income growth.

The January 2007 quarterly publication, *Western New York Economic News* (which is published by the Economics Department at Canisius College) puts Buffalo's outlook in blunt terms: "The declines in relative real earnings may also be a contributing factor as is the out-migration of young people from the region. Lower real wages in the upstate metropolitan areas compared to the rest of the nation, translates into fewer local career opportunities." The publication does offer a more optimistic take, though, suggesting that Buffalo's lower wages and lower housing costs make it an attractive location for expanding and/or relocating companies.

The Buffalo-Niagara region should therefore expect continued slow growth in its economy on the regional level, though the area does have the potential to post stronger growth given the right conditions.

2. Real Estate Market Conditions

Market conditions are summarized in this section for the regional office, retail and housing markets. Regional information is taken from various *MarketView* reports published by the Buffalo office of CB-Richard Ellis, as well as from the Buffalo Niagara Association of Realtors. Local information was obtained from the Village of Williamsville's property database and personal interviews with real estate professionals.

Office Market

As of Year-End 2005 (the latest available report) the Buffalo region's office market contained a total of 24 million square feet, of which 16 million were classified as Class A or Class B by CB-Richard Ellis (Class C properties are not surveyed). Among Class A and Class B space in the region, 1.63 million square feet of space (10.2 percent of the total inventory) were available for lease at the end of 2005. Overall vacancy rates were somewhat higher in Downtown Buffalo than in suburban areas, though Downtown's Class A vacancy rate was actually quite low, at 3.9 percent.

Buffalo Region Office Market Data, Year End 2005

	Inventory	Available	Vac Rate	Net Absorp.	Quoted Rate
Downtown Buffalo					
Class A	3,481,605	137,000	3.9%	234,230	$19-23
Class B	3,553,963	794,000	22.3%	(9,392)	$14-17
Total	**7,035,568**	**931,000**	**13.2%**	**224,838**	
Regional Total					
Class A	6,283,017	335,467	5.3%	198,412	$17-21
Class B	9,784,607	1,298,045	13.3%	377,496	$13-16
Total	**16,067,624**	**1,633,512**	**10.2%**	**575,908**	
East Submarket					
Class A	715,243	56,713	7.9%	31,637	$18-21
Class B	2,205,161	188,087	8.5%	(46,280)	$14-16
Total	**2,920,404**	**244,800**	**8.4%**	**(14,643)**	

Source: CB Richard Ellis

The East submarket, which includes Williamsville, East Amherst, Cheektowaga, and Lancaster, contains 3.6 million square feet of space, of which 2.9 million is either Class A or Class B. The East submarket had a lower vacancy rate than the region as a whole at year-end 2005 (8.4 percent), and just 244,800 square feet were available in the whole submarket area. Lease rates in the East submarket were slightly lower than downtown for Class A, but comparable for Class B. There has been little recent development activity in the East submarket and little pressure exists for more development in the near future, as rents have been flat and vacancy rates have remained fairly steady.

Office demand in Williamsville is, according to local commercial brokers, primarily from small professional office users looking for reasonably priced spaces of 2,000 square feet or smaller. Due to the small size of most tenants and the modest rents being achieved (about $16-17 per square foot), there is little incentive for developers to conduct extensive renovations of existing office buildings in the village. In the absence of larger and/or higher-paying tenants, additional incentives may be needed to spur reinvestment in aging office properties. Given Williamsville's strong concentration of existing office space relative to retail and other commercial uses, there may also be opportunities to redevelop existing office properties for other purposes.

Retail Market

The Buffalo regional retail market contained 26.2 million square feet of retail space as of year-end 2005, of which 5.4 million was in regional malls and 20.8 million was in shopping centers and in-line spaces. The overall regional vacancy rate at the end of 2005 was 13.5 percent; non-mall space was 13.9 percent vacant.

Williamsville is classified by CB-Richard Ellis as being in the Eastern Hills Mall submarket. Eastern Hills, at 6.1 percent, has the lowest vacancy rate of the region's six submarkets and the change in supply of occupied square feet (net absorption) increased by more than 250,000 square feet in 2005, though much of this was due to the opening of the Wal-Mart SuperCenter on Transit Road.

Buffalo Region Retail Market Data, Year End 2005

	Inventory	Available	Vac Rate	Net Absorp.
Regional Totals				
Malls	5,471,102	649,840	11.9%	(22,742)
Excluding Malls	20,769,147	2,883,331	13.9%	1,021,985
Total	**26,240,249**	**3,533,171**	**13.5%**	**999,243**
Eastern Hills Submarket				
Malls	996,728	20,000	2.0%	17,000
Excluding Malls	3,058,438	226,269	7.4%	252,288
Total	**4,055,166**	**246,269**	**6.1%**	**269,288**

Source: CB Richard Ellis

All retail space in Williamsville is housed in small strip centers and historic commercial buildings, and most retail spaces are very small (5,000 square feet or smaller). The going rate for retail space in Williamsville is about $11, triple net (excluding maintenance, taxes and insurance), and the issues unique to an older village (small floorplates, limited parking, no truck loading) limits the appeal of many spaces to retailers. Given Williamsville's very strong demographics and substantial base of office workers, the village holds strong appeal for many chain retailers. Since chains can afford higher rents, there may be mounting pressure from such tenants to tear down old retail structures and replace them with modern structures, as has already begun to happen on the edges of the village.

Residential Market

Williamsville remains a desirable address within the Buffalo region, and its older housing stock is fairly affordable relative to nearby suburban areas. For 2005-2006 there were 795 units sold in Williamsville (an average of 33 per month), with a median sale price of $149,000. This median compares favorably to the median of $117,900 in the Snyder/Eggertsville area but is considerably less than the median prices in the rest of Amherst ($171,000) and especially Clarence ($266,090).

Home Sales Summary, 2005-2006

	Units Sold	Median Price	Average Price
Williamsville			
All Units	795	$149,000	$164,236
Single-Family Only	609	$155,000	$170,887
Snyder/Eggertsville			
All Units	827	$117,900	$134,367
Single-Family Only	802	$118,000	$135,880
Balance of Amherst			
All Units	1,192	$171,000	$89,387
Single-Family Only	891	$201,000	$219,007
Clarence			
All Units	654	$266,090	$297,298
Single-Family Only	636	$269,950	$300,097

Source: Buffalo Niagara Association of Realtors, Inc.

Of the homes sold in Williamsville during 2005-2006 just 186 were townhomes or condos. Thus, just 7.75 such units sold per month during this period, despite local realtors' reports of very strong demand for this product in the area.

The single-family housing market in Williamsville is very stable, with families typically holding on to their houses long into their "empty nest" years. Homes that do come on the market are very popular with young families and have been selling in the range of $150,000 to $200,000, which is considerably lower than the prices of both older homes in closer-in locations like Snyder and in new suburban developments in East Amherst or Clarence. The small size of much of the existing housing stock has led many new homeowners to build additions. A local architect comments that Williamsville homeowners tend to spend about $50,000 to $100,000 on renovations and additions, compared with $150,000 to $200,000 for homeowners in Snyder.

The scarcity of new building lots makes such lots extremely valuable when they do become available. Units in a new townhome development in the village are selling for upwards of $500,000. There has not yet been enough market pressure in Williamsville to lead to a wave of tear-downs, but there is mounting concern among residents that demand will eventually increase to the point that more historic homes will be torn down to make way for larger new homes.

Much of the rental housing product in the Village of Williamsville is located either in the older complexes along Evans Road or in two to four-unit buildings that are integrated into the village's neighborhoods. Demand for rental housing in Williamsville is driven primarily by young professionals who are not yet ready to buy homes but are drawn to Williamsville as an interesting alternative to suburbia. Local realtors believe that demand exists for new multi-family (especially condominium) units in the village's business district, but that garage parking would be a necessity for such units.

Summary of Real Estate Market Review

Generally speaking, Williamsville presents the same challenge for all types of land uses: the village is a popular place but there is little developable land and existing structures are small and/or obsolete. However, due to the weak regional economy, achievable market prices do not tend to support the costs of redevelopment from a developer's perspective. Each land use type presents its own unique conundrum:

- Williamsville is a mature office market and there are few options available for prospective office users seeking large and/or modern office spaces. Office rental rates are not strong enough at this time to encourage major reinvestment in existing office properties.
- Many national retailers would like to have Williamsville locations, given the area's strong demographics, but there are shortages both of leasable space and of buildable land for such users. Most of the existing inventory of retail space is small, lacks convenient parking and has limited accessibility for truck loading, thus limiting its appeal to many tenants.

- The single-family housing stock in Williamsville sees little turnover, so sale prices are strong. However, many older units are very small and require additions and renovations to remain usable.
- New multi-family development is in demand but would require on-site, garaged parking. Given the limited lot sizes and the very high cost of building parking, the economics of this product may not work at this time, despite the demand.

3. Resident Market Area Profiles

The resident market area for Williamsville can generally be broken down into three categories:

1. **Neighborhood market**: those living within a mile of the village center. The neighborhood market encompasses nearly all of the Village of Williamsville, plus surrounding neighborhoods of Amherst located just outside the village limits. Residents of the neighborhood market are very likely to make use of the everyday goods and services offered in Williamsville's business district and are more or less located with a 10-minute walking time from Main Street.

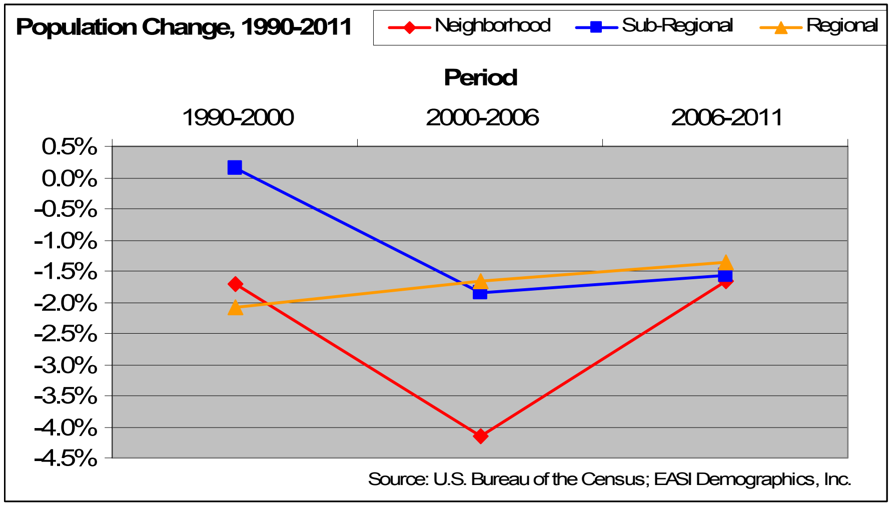
2. **Sub-regional market**: those living within 1-5 miles of the village center. The sub-regional market for Williamsville consists of those living between one and five miles away from the center of the village. This primarily suburban area takes in much of the Town of Amherst, including both the University at Buffalo's Main Campus and South Campus, and nearby areas in Clarence, Cheektowaga and Tonawanda. This market area does not use Williamsville as its primary destination for everyday purchases, but is likely to make relatively frequent trips to Williamsville for meals, salon appointments, shopping trips to specialty retailers and doctor appointments. This market is located within a 15-minute drive time from Williamsville.

3. **Regional market**: those living elsewhere in the Buffalo-Niagara Metropolitan Statistical Area (MSA), encompassing all areas of Erie and Niagara Counties located more than five miles from the center of Williamsville. Since the Regional Market is geographically vast, it includes households located as little as a ten-minute drive away from the center of Williamsville and those located as much as an hour away. Regardless of the proximity, regional market residents are likely not drawn to Williamsville for everyday convenience goods and services and, unless they work in or near the Village, are generally only inclined to visit Williamsville for destination retail and entertainment purposes. In this context Williamsville is competing for economic activity from this market with Buffalo, as well as with East Aurora, Lewiston, Hamburg and other village areas in the MSA.

The demographics and buying power of each of these market areas is discussed in detail below. Data for the ring study areas were generated by Easy Analytic Software, Inc. (EASI), which produces demographic and economic reports for areas throughout the United States. Regional data were compiled from U.S. Census information and the Greater Buffalo-Niagara Regional Transportation Council (GBNRTC).

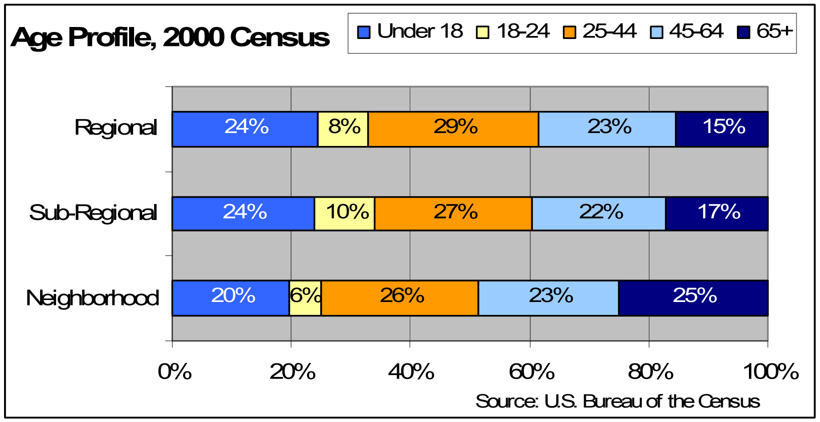
Data for each of the three markets are presented below for the following four categories: 1) Population and Age; 2) Households; 3) Income; and 4) Labor Force and Commuting

Population and Age



Neighborhood Market

As of 2006 there were an estimated 7,404 residents living within one mile of the center of Williamsville. This is down slightly from the 2000 Census count of 7,725, and continued population losses are expected over the next several years. The median age of the neighborhood market is 44.0 years, and 25.1 percent of its residents are age 65 or older. The share of residents in the 65 or older age cohort is identical to the share aged under 25. About 1,700 residents are enrolled in school (22 percent of all residents).



Sub-Regional Market

The 2006 estimate for the sub-regional population is 242,647, meaning that this market area accounts for about 21 percent of the total Buffalo-Niagara regional population. The sub-regional market is considerably younger than the neighborhood market: twice as many of its residents (34 percent) are under the age of 25 than are 65 or older (17 percent). The youth of this market area is due in part to the University at Buffalo's presence, as there are 23,000 college students living in this area, but there is also a strong share of families with school-age children: 18 percent of all residents are enrolled in primary or secondary school. The median age of the sub-regional market is 37, seven years younger than that of the neighborhood market.

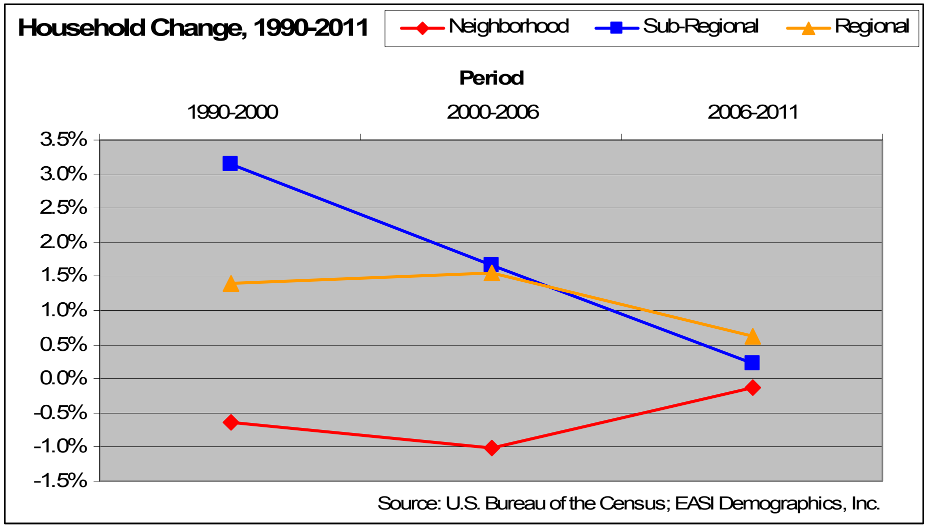
Regional Market

The regional market, as with the other two, has also been shedding population. The 2000 Census count for this market area of 915,145 represents a 2.0 percent decline from the 1990 population total of 934,673. The 2006 estimate for the regional market of 900,001 suggests that another 1.6 percent decline has taken place since 2000. The projected 2011 population count of the regional market are of 887,729 would further extend the decline. The age profile of the regional market is similar to that of the sub-regional market, which is to say considerably younger than the neighborhood market. The regional market's median age is 38.

Households

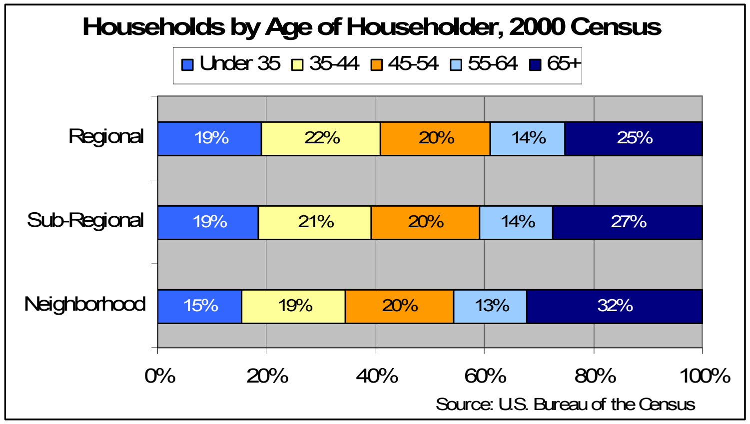
Neighborhood Market

The neighborhood market contained an estimated 3,253 households as of 2006, down only very slightly from the 2000 total of 3,286. The number of households is projected to remain almost flat through 2011, despite projected population losses, which is indicative of the village area's declining household size. As of the 2000 Census, the average household size in the neighborhood market was 2.22 persons, and 69 percent of all households had either one or two occupants. Householders in this market tend to be quite old: 32 percent were 65 or older and 33 percent were between the ages of 45-64.



Sub-Regional Market

As with the sub-regional market, the recent decline in population has not resulted in a decline in households. The 2006 estimate for households in the sub-regional market of 98,988 is actually up by two percent from the 2000 Census count of 97,376. This market area's population is projected to continue to show a slight decline through 2011; accordingly, its household count is expected to remain relatively flat in the near future. The average household size for this market area was 2.42 persons in 2000, making it somewhat larger than the neighborhood market. This different can be explained in large part by the higher concentration of children under 18. The difference between population and households is also be partly due to the fact that about 9,600 of this area's residents live in group quarters; the majority of these individuals lives in college dormitories.



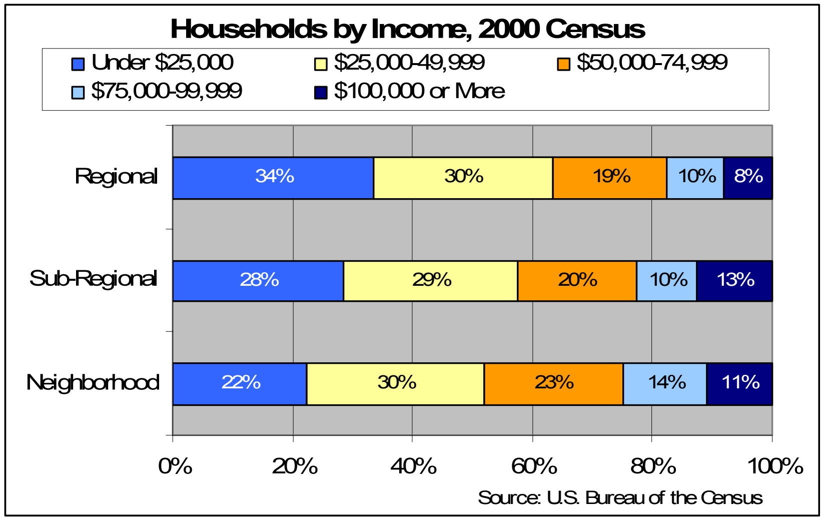
Regional Market

Reflecting the national trend of household decline, the regional market has also experienced modest gains in the number of households while losing population. The estimated 2006 number of households in the regional market of 373,789 represents a 1.6 percent increase since 2000—exactly the same percentage by which the regional market's population has declined.

Income

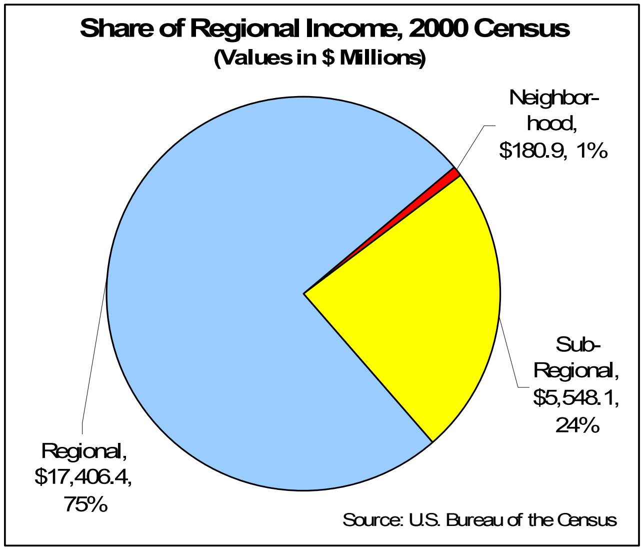
Neighborhood Market

The 2000 median household income in the neighborhood market was $48,230 and 25 percent of its households earned more than $75,000 per year. Households in the neighborhood market headed by younger people are far more likely to be affluent than those headed by an older individual: 32 percent of households headed by a person under 55 earn more than $75,000 per year, compared with just 16 percent of households headed by a person 55 or older. The aggregate income of the households in the neighborhood market as of 2000 was $180.9 million.



Sub-Regional Market

Household income levels for the sub-region are somewhat lower than for the neighborhood market; the median household income is about $44,000 and just 22.6 percent of households earned more than $75,000 per year. Unlike with the neighborhood market, households headed by older individuals in the sub-regional market tend to be more affluent than those headed by younger people. Among households headed by persons aged 45-64, 35 percent earn $75,000 or more per year, compared with just 25 percent of households headed by persons under 45. As of the 2000 Census the aggregate household income of the sub-regional market was $5.55 billion. This income level represents 24 percent of the region's total household income, which is indicative of the concentration of wealth in this area.



Regional Market

Income levels for the regional market are considerably lower than those of the neighborhood and sub-regional markets. The median household income in 2000 for the regional market was about $37,000, more than $10,000 less than the neighborhood market's median income level. Nearly two thirds (64 percent) of households in this market area earned below $50,000 per year, while just 18 percent earned more than $75,000. The total income level of the regional market in 2000 was $17.41 billion.

Labor Force and Commuting

Labor Profile, 2000

Market	Unemployment Rate	Participation Rate	% Blue Collar	% Commuting 30 min+
Neighborhood	2.6%	61.4%	13.1%	11.9%
Sub-Regional	8.7%	63.7%	17.0%	19.1%
Regional	7.1%	58.0%	24.3%	25.0%

Source: U.S. Bureau of the Census

Neighborhood Market

As of the 2000 Census there were 3,919 members of the labor force living in the neighborhood market, of which just 103 were unemployed (2.6 percent unemployment rate). Among employed persons living in the market area 87 percent held white collar office or service jobs and just 13 percent held blue collar jobs. Working residents had short commutes; 39 percent commuted less than 15 minutes to work and 88 percent had less than a 30 minute commute. Eight percent of working residents either worked at home or walked or bicycled to work, a strong share that is indicative of a village area.

Sub-Regional Market

The sub-regional labor force included 124,006 persons as of the 2000 Census. Unemployment among this work force was, at 8.7 percent more than three times higher than in the neighborhood market. While a higher share of workers in this market held blue collar jobs than in the neighborhood market, 83 percent of the workforce was employed in white collar positions. Commuting times were longer among sub-regional market workers, just 32 percent had a commute of less than 15 minutes and 19 percent commuted 30 minutes or more to work. Only five percent worked at home or walked or bicycled to work, a share that is typical of a suburban area.

Regional Market

The regional market's labor force of 416,123 persons represents just 58 percent of the total working age population; the neighborhood and sub-regional markets each have participation rates in excess of 61 percent. The regional unemployment rate of as 2000 was 7.1 percent. Workers in the regional market are far more likely to hold blue-collar jobs; 24 percent have such jobs. Workers in the regional market are likely to have longer commuting times to work, with 25 percent of workers in this market traveling 30 minutes or more to work.

4. Summary of Comparable Village Area Review

Williamsville is one of many historic commercial village centers in the Western New York region. While Williamsville does have a unique history and function, it is still useful to examine other similar village centers to better understand the broader regional context and to glean ideas to help Williamsville plan for its future.

As part of this market analysis, five comparable villages in Western New York were examined: 1) East Aurora; 2) Hamburg; 3) Kenmore; 4) Lewiston; and 5) Pittsford.

Location of Comparable Villages

Map Made with Google Earth™

All of these villages share commonalities with Williamsville: historic architecture, a mix of retail, office and residential uses, civic and cultural amenities and the presence of a major regional traffic route in the village center. However, each comparable village has its own quirks that make it different from Williamsville:

- East Aurora and Lewiston are both home to major tourist attractions, thus providing them with access to broader markets.
- Hamburg's downtown is more of a crossroads than a linear strip.
- Kenmore is in a far denser and more urban location
- Pittsford is oriented towards the historic Erie Canal and benefits from being adjacent to a permanently preserved agricultural property.

Despite these differences, there is still much that Williamsville can lean from all of these other village centers. Information was gathered on these villages from a variety of sources, including Census data, data from the Erie County Assessor’s office, tours of the villages by the consulting team, and consultant interviews with officials from governments of each of the comparable villages.
With this in mind, the following information was reviewed regarding the five comparable villages:

- Business activity profile
- Urban design issues
- Traffic and parking issues
- Planning and development activities
- Marketing activities

A summary of findings from this review is included at the end of this section. The full Comparable Villages report is provided as an appendix to this report.

Business Activity Profile

The Census Bureau's Economic Census program profiles business activity at the municipal level for most towns and villages in New York State. Data from this program (last produced in 2002) allow for a comparison of the business composition of Williamsville with the five comparable villages. Due to its small size, Pittsford had no data produced; instead, data from the Village's website about active businesses were substituted for comparative purposes.

Business Profile

Share of Total Businesses by Sector

	East Aurora	Hamburg	Kenmore	Lewiston	Pittsford*	Williamsville
Manufacturing	4.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Wholesale trade	3.9%	6.1%	9.7%	2.9%	1.3%	6.1%
Retail trade	27.5%	25.5%	21.5%	30.8%	23.6%	31.2%
Professional Services*	24.0%	23.2%	20.7%	18.3%	28.4%	32.2%
Educational & Health Services	14.4%	19.4%	19.0%	18.3%	13.3%	12.0%
Leisure & Hospitality	11.8%	14.1%	13.1%	19.2%	8.0%	9.3%
Other services	13.5%	11.8%	16.0%	10.6%	25.3%	9.3%

* Pittsford data are from the Village's own inventory; the Economic Census only reports data for the Town of Pittsford, so this was the most comparable dataset available.

** Includes Information, Real Estate, Professional/Scientific/Technical Services, and Administrative Services

Source: U.S. Bureau of the Census, 2002 Economic Census; Village of Pittsford

Relative to the other villages Williamsville has strong concentrations of both Retail Trade and Professional Services businesses—63 percent of Williamsville's businesses are in these two categories, while the other villages range from 42 percent (Kenmore) to 52 percent (Pittsford). Williamsville trails most of the other communities in the Educational & Health Services, Leisure and Hospitality (including restaurants, bars, hotels, arts and entertainment uses) and Other Services (including personal, business and other types of non-professional services) categories.

Urban Design Issues

The urban design environment of varies widely among the five villages. All five, like Williamsville, have a strong inventory of historic commercial buildings in their business districts, though protection of historic structures is often uneven. The most successful of the comparable villages, Lewiston and Pittsford, have made major capital investments in pedestrian infrastructure, streetscaping and signage. While East Aurora, Hamburg and Kenmore have not yet made such improvements, all three are actively planning for and/or in process of building new downtown infrastructure. Large shares of the funding for urban design improvements in all of the villages have come from federal or state sources.

Traffic and Parking Issues

While Williamsville does have a greater volume of traffic passing through its downtown compared to the other villages, all do struggle with finding the right balance between moving vehicles through downtown and protecting the village character. Hamburg's traffic level is the most comparable and it is in the midst of a major reconstruction project of Route 62. This project grew out of a community planning process between NYSDOT and the Village of Hamburg and will result in an innovative end product that will include four roundabouts and extensive bicycle and pedestrian improvements. NYSDOT will be closely monitoring the effects of this reconstruction as it considers future interventions in similar village areas.

The treatment of parking has largely been treated as a management problem in the comparable villages. None of the five has a parking structure and four of the five (all except Kenmore) have put some effort into improving wayfinding, shared parking and other parking management techniques. Pittsford's village government has taken an active role in working with private property owners to improve connectivity among existing parking lots and to work out shared parking arrangements for mutual benefit.

Planning and Development Activities

New development is rare in the comparable village downtowns, as little land is available for development. For this reason, regulation of development has historically not been very strong; only Pittsford has a longstanding historic preservation program in place, and Pittsford has resisted periodic pushes to expand the size of its commercial district in order to protect adjoining residential areas.

All of the other villages have taken recent steps to protect village character Lewiston enacted historic preservation regulations in 2001; Kenmore overhauled its commercial zoning to better protect adjoining residential areas in 2003; Hamburg enacted a form-based design ordinance for its downtown in 2005; and East Aurora split its downtown into a core and "Mid-Main" districts with different use and bulk standards.

East Aurora provides an interesting example of how regulation and development can be balanced. Though it does not have an historic preservation ordinance, East Aurora does have a commission that makes advisory recommendations to the Planning Board for all development in historic areas. This commission's work was instrumental in ensuring that a recent shopping center in the "Mid-Main" district was developed in harmony with the surrounding historic downtown.

Marketing Activities

Special events and destinations have formed the core of the marketing programs in the five comparable villages. Lewiston has experienced tremendous benefit from the 50 concerts each year at the nearby Artpark and East Aurora has used the Roycroft Campus as a marketing tool—it has remade the village's image and website in an "arts and crafts" design to match Roycroft. None of the five villages has historically had a formalized group aimed at managing or marketing downtown, but Hamburg is heading in that direction—a committee that was formed to help local businesses weather the Route 62 reconstruction project is now being envisioned as a permanent vehicle for improving and marketing downtown Hamburg.

Summary of Findings from Comparable Village Review

- New development has been rare in most of the comparable villages, except for East Aurora. As a result, there has not been a great deal of attention placed on regulation in the past, but recent investment has led to a renewed focus on the character of new development.

- Relative to the other villages Williamsville has a very strong concentration of office and retail uses, but lags on dining and entertainment uses. This helps explain why Williamsville does not have the broader appeal that others like Lewiston, Pittsford and East Aurora do.

- All of the other villages either have or are about to undertake major streetscaping efforts, both as a means to beautify their downtowns and as a way to improve pedestrian and vehicular safety.

- Investments in the urban environment have been very positive in the other villages, but must be effectively managed to ensure that they do not unduly impact existing businesses.

- If a community has a strong Planning Board, increased regulation is not always necessary. East Aurora has been able to effectively guide new development without imposing aggressive regulations. However, this approach is tied to personalities, and membership on local boards often changes very quickly.

- The answer to downtown parking problems is usually not to add more public parking, but instead to effectively manage the existing inventory and to work with developers and landowners to ensure that private parking has some public benefit.

- The best marketing for other villages has been special events and major attractions that bring people into their downtowns.

5. Potential Market Capture

This section estimates the potential for Williamsville's Main Street business district to capture different types of development demand. There are four different types of land uses discussed here:

- Retail
- Office
- Lodging
- Residential

Of the five property types, retail is the most straightforward to analyze, as retail spending is directly tied to the ability to capture spending from the trade area. The other three types are influenced by numerous external factors and therefore cannot be easily measured. For this reason the retail section is a detailed market capture analysis while the others are more strategy driven.

Retail Market Capture

In a Main Street village such as Williamsville there are five general categories of retail businesses. The definitions of each are taken from the sales categories as reported in the U.S. Bureau of the Census' *2002 Economic Census*. The categories are:

1. **General Merchandise, Apparel, Furniture and Other (GAFO)** – General Merchandise; Furniture & Home Furnishings; Clothing & Accessories; Sporting Goods, Hobby, Book & Music; and Miscellaneous Store Retailers.
2. **Home Improvement** – Building Materials & Garden Supplies; and Electronics & Appliance Stores.
3. **Food & Drugs** – Food & Beverage Stores; and Health & Personal Care Stores.
4. **Eating & Drinking Places** – Full-Service Restaurants; and Limited-Service Eating Places.
5. **Personal Service Businesses** – All types of beauty salons, spas, dry cleaners, and other personal care businesses.

The retail capture analysis begins with understanding Williamsville's existing competitive position in the regional market for each of these five categories. The table to the right presents sales data from the *2002 Economic Census* on the Buffalo-Niagara MSA, the Village of Williamsville and the Town of Amherst in order to understand Williamsville's present function in the regional retail market.

This information essentially compares Williamsville's contribution to regional retail sales with its relative size in the regional market (based on its share of the region's households and jobs). For example: 4.51 of all GAFO sales in the Buffalo

Estimated Retail Sales Draw by Category

	Buffalo MSA	Williamsville		Balance of Amherst	
Households, 2000 Census	468,719	2,534		42,542	
Jobs, 2000 Estimate[1]	530,376	10,228		65,397	
Total Households + Jobs	999,095	12,762		107,939	
Percent of MSA Total	100.00%	1.28%		10.80%	
		% of MSA Total	**Draw Factor**	**% of MSA Total**	**Draw Factor**
RETAIL SALES DRAW BY CATEGORY					
General, Apparel, Furniture & Other (GAFO)					
Furniture & home furnishings stores		2.32%	1.82	21.53%	1.99
Clothing & clothing accessories stores		7.02%	5.49	24.10%	2.23
Sporting goods, hobby, book, & music		7.62%	5.96	27.32%	2.53
General merchandise stores		3.10%	2.43	15.26%	1.41
Miscellaneous store retailers		na	na	17.13%	1.59
Total		**4.51%**	**3.53**	**19.25%**	**1.78**
		Regional Draw			
Home Improvement					
Electronics & appliance stores		1.20%	0.94	37.57%	3.48
Building material & garden		na	na	15.01%	1.39
Total		**1.20%**	**0.94**	**20.87%**	**1.93**
		Sub-Regional Draw[2]			
Food & Drugs					
Food & beverage stores		1.01%	0.79	18.07%	1.67
Health & personal care stores		1.50%	1.18	9.53%	0.88
Total		**1.15%**	**0.90**	**15.62%**	**1.45**
		Neighborhood Draw			
Eating & Drinking Places					
Full-service restaurants		na	na	19.77%	1.83
Limited-service eating places		1.52%	1.19	18.27%	1.69
Total		**1.52%**	**1.19**	**19.06%**	**1.76**
		Sub-Regional Draw			
Personal Services		2.59%	2.02	12.53%	1.16
		Regional Draw			

1. Employment estimates for taken from Amherst Comprehensive Plan, which uses data originially generated by GBNRTC.
2. Building material stores are not reported in the Economic Census due to dominance of Ted Youngs Hardware, which is a well known draw for the Amherst/Williamsville area. Williamsville's market draw for this category is therefore likely much stronger than reported by these data.

Source: U.S. Bureau of the Census, *2002 Economic Census*; Town of Amherst; devonomics

MSA were to Williamsville businesses; Williamsville's 12,762 households and jobs represent 1.28 percent of the MSA's totals; therefore, Williamsville's regional draw for the GAFO category is 3.53 (4.51 / 1.28). From this analysis, Williamsville is assumed to have a strong regional draw for GAFO and Personal Services, a sub-regional draw for Home Improvement and Eating & Drinking Places, and a mostly neighborhood draw for Food & Drugs.

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 in Section 3 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 Buffalo-Niagara MSA beyond sales to regional residents, have been estimated as well.

The table below shows the assumed capture ranges for each category and market area.

Estimated Capture Range by Market for Williamsville

	Neighborhood (0-1 mile)		Sub-regional (1-5 miles)		Regional (5+ miles)		Inflow Potential	
Retail Category	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**
CAPTURE RATES								
GAFO	5.0%	7.5%	1.0%	2.0%	0.5%	0.7%	5.0%	10.0%
Home Improvement	15.0%	20.0%	5.0%	7.0%	0.2%	0.3%	2.0%	3.0%
Food & Drugs	10.0%	15.0%	2.0%	3.0%	0.1%	0.2%	1.0%	2.0%
Eating & Drinking Places	15.0%	20.0%	5.0%	7.0%	0.2%	0.3%	5.0%	10.0%
Personal Services	15.0%	20.0%	5.0%	7.0%	1.0%	1.5%	3.0%	5.0%

Average Annual Retail Spending per Household
Buffalo-Niagara MSA, 2007

GAFO	**$7,371**
Home Improvement	**$2,738**
Food & Drugs	**$8,010**
Eating & Drinking Places	**$2,395**
Personal Services	**$680**
Total	**$21,193**

Source: U.S. Bureau of the Census, *2002 Economic Census*; devonomics

The next step is to apply these capture rates to the total amount of potential retail spending for each category and market area. These figures were calculated by applying per-household sales in the region from *2002 Economic Census* to the number of households in each market area and inflating this number by three percent annually to account for inflation. From this methodology, it is assumed that the average household in the Buffalo MSA spends $21,193 per year on these types of retail goods and services (see table at left.)

Sales amounts are adjusted based on the variance between household income levels in each market area relative to the region's overall income level. For example, the Neighborhood Market's average household income in 2000 was 11.5 percent higher than the MSA's average, so per household spending has been adjusted upward by 11.5 percent for the Neighborhood Market.

The following table shows the total amount of retail spending by category for the three resident market areas.

Potential Retail Spending by Market Area

Average Household Income, 2000	Avg HH Income	% of. Reg Average
Buffalo-Niagara MSA Total	$49,359	100.0%
Neighborhood Market	$55,015	111.5%
Sub-Regional Market	$60,579	122.7%
Regional Market	$46,340	93.9%

	Households, 2006	GAFO	Home Improvement	Food & Drugs	Eating & Drinking	Personal Services	TOTAL
Annual Retail Spending per Household							
Buffalo-Niagara MSA		$7,371	$2,738	$8,010	$2,395	$680	**$21,193**
Neighborhood Market		$8,215	$3,051	$8,928	$2,669	$757	**$23,622**
Sub-Regional Market		$9,046	$3,360	$9,831	$2,939	$834	**$26,011**
Regional Market		$6,920	$2,570	$7,521	$2,248	$638	**$19,897**
Total Potential Spending ($000)							
Neighborhood Market	3,253	$26,724.8	$9,926.0	$29,043.9	$8,683.2	$2,463.9	**$76,841.7**
Sub-Regional Market	98,988	$895,474.4	$332,592.5	$973,183.3	$290,949.0	$82,557.4	**$2,574,756.6**
Regional Market	373,789	$2,586,619.4	$960,708.8	$2,811,085.1	$840,419.7	$238,470.8	**$7,437,303.8**
Total Potential Spending		**$3,508,818.6**	**$1,303,227.2**	**$3,813,312.4**	**$1,140,051.8**	**$323,492.1**	**$10,088,902.0**

Source: U.S. Bureau of the Census; devonomics

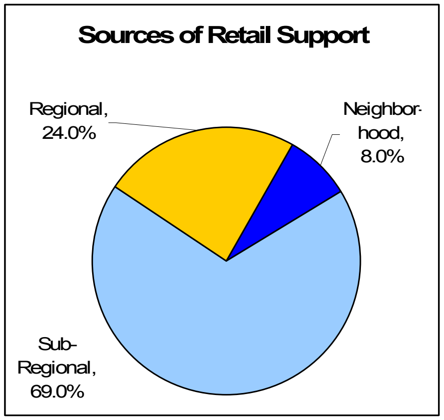
The total retail "pie" for the resident market is estimated at $10.09 billion, broken down as follows:

- Neighborhood Market: $76.8 million
- Sub-Regional Market: $2.57 billion
- Regional Market: $7.44 billion

The next step is to apply the capture rates to the available spending for each retail category and market area and then to add inflow spending. This step results in a range of supportable sales for each retail category in Williamsville. Its results are displayed on the next page.

Potential Retail Capture by Market for Williamsville

Retail Category	Neighborhood (0-1 mile) Low	Neighborhood (0-1 mile) High	Sub-regional (1-5 miles) Low	Sub-regional (1-5 miles) High	Regional (5+ miles) Low	Regional (5+ miles) High	TOTAL POTENTIAL Low	TOTAL POTENTIAL High
CAPTURE POTENTIAL BY MARKET AREA ($000)								
GAFO	$1,336.2	$2,004.4	$8,954.7	$17,909.5	$12,933.1	$18,106.3	$23,224.1	$38,020.2
Home Improvement	$1,488.9	$1,985.2	$16,629.6	$23,281.5	$1,921.4	$2,882.1	$20,039.9	$28,148.8
Food & Drugs	$2,904.4	$4,356.6	$19,463.7	$29,195.5	$2,811.1	$5,622.2	$25,179.1	$39,174.3
Eating & Drinking Places	$1,302.5	$1,736.6	$14,547.4	$20,366.4	$1,680.8	$2,521.3	$17,530.8	$24,624.3
Personal Services	$369.6	$492.8	$4,127.9	$5,779.0	$2,384.7	$3,577.1	$6,882.2	$9,848.9
Total Potential	**$7,401.6**	**$10,575.5**	**$63,723.4**	**$96,531.9**	**$21,731.1**	**$32,709.0**	**$92,856.1**	**$139,816.4**



Source: devonomics

INFLOW POTENTIAL	Inflow Factors		Potential Inflow ($000)	
GAFO	5.0%	10.0%	$1,161.20	$3,802.02
Home Improvement	2.0%	3.0%	$400.80	$844.46
Food & Drugs	1.0%	2.0%	$251.79	$783.49
Eating & Drinking Places	5.0%	10.0%	$876.54	$2,462.43
Personal Services	3.0%	5.0%	$206.46	$492.44
			$2,896.80	**$8,384.84**

TOTAL POTENTIAL CAPTURED SPENDING ($000)	Potential Spending	
GAFO	$24,385.28	$41,822.20
Home Improvement	$20,440.73	$28,993.26
Food & Drugs	$25,430.93	$39,957.74
Eating & Drinking Places	$18,407.30	$27,086.75
Personal Services	$7,088.62	$10,341.29
	$95,752.87	**$148,201.24**

The total amount of supportable retail spending in Williamsville's business district is estimated to be between $95.8 and $148.2 million. The bulk of demand for retail goods and services appears to originate from the Sub-Regional market, which includes all people living within 1-5 miles of the center of the village and takes in the most affluent areas of Amherst and Clarence. This market area accounts for an estimated 69 percent of the total retail demand in Williamsville, compared with just eight percent for the Neighborhood market.

The final step in the retail capture analysis is to determine how much additional square footage of space can be reasonably filled based on the levels of supportable sales. Using industry standards for sales productivity per square foot, Williamsville's business district should be able to support:

- 236,000 to 369,000 square feet of general retail and service space (including GAFO, Home Improvement and Food & Drugs);
- 46,000 to 68,000 square feet of eating and drinking places; and
- 24,000 to 34,000 square feet of personal services spaces.

According to information collected by the Village, the business district currently contains:

- 144,636 square feet of general retail/service space;
- 60,159 square feet of restaurant space; and
- 36,165 square feet of personal service business space.

The conclusion of the retail market capture analysis is therefore that Williamsville is currently meeting market demand for eating & drinking places and personal service businesses, but that there is still significant unmet demand for general retail and service uses (anywhere from 91,000 to 232,000 additional square feet).

This conclusion is supported by reports from local commercial brokers that many retailers, both locally-owned and national chains, are actively seeking locations in Williamsville, but often struggle to find suitable spaces or have concerns about the limited amount of convenient parking.

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

	Low	High
TOTAL POTENTIAL CAPTURED SPENDING ($000)		
GAFO	$24,385.28	$41,822.20
Home Improvement	$20,440.73	$28,993.26
Food & Drugs	$25,430.93	$39,957.74
Eating & Drinking Places	$18,407.30	$27,086.75
Personal Services	$7,088.62	$10,341.29
Total	**$95,752.87**	**$148,201.24**
AVERAGE SPENDING PER SQUARE FOOT		
GAFO	$350	
Home Improvement	$250	
Food & Drugs	$300	
Eating & Drinking Places	$400	
Personal Services	$300	
ESTIMATED SUPPORTABLE SQUARE FOOTAGE		
General Retail/Service		
GAFO	69,670	119,490
Home Improvement	81,760	115,970
Food & Drugs	84,770	133,190
Subtotal	**236,200**	**368,650**
Eating & Drinking Places	46,020	67,720
Personal Services	23,630	34,470
Total	**305,850**	**470,840**
ESTIMATED CURRENT INVENTORY OF SPACE (SQ. FT.)		
General Retail/Service Space	144,636	
Eating & Drinking Places	60,159	
Personal Services	36,165	
Total	**240,960**	
ADDITIONAL SUPPORTABLE SPACE		
General Retail/Service Space	91,564	224,014
Eating & Drinking Places	0	7,561
Personal Services	0	0
Total	**91,564**	**231,575**

Source: Village of Williamsville; devonomics

Office Market Capture

According to the Village Assessor, Williamsville's Main Street business district currently has about 350,000 square feet of occupied office space, with 242 separate business establishments operating in these spaces. The average size of office users in the village is therefore about 1,450 square feet, a fact that bolsters the assertions by local commercial brokers and developers that office demand in Williamsville is driven almost exclusively by small professional office users. Also of note is that 50 of the 242 establishments (21 percent) are medical practices and these offices average 1,430 square feet—a nearly identical size to the total office inventory.

A second noteworthy fact is that commercial vacancy in Williamsville is very low. Of the 1.1 million square feet of space in the Main Street corridor, just 61,000 were vacant as of 2005, a vacancy rate of 5.5 percent. This vacancy percentage includes all space in the business district (retail, office, residential and industrial), so the amount of available office space is even lower. Given that office uses are dominated by small, professional users, particularly doctors, Williamsville's present office market is largely driven by the sub-regional market. The prevailing lease rates for office space reinforce this notion; office rents in the village top out at $17/square foot, while newer space in nearby business parks in Amherst achieves as much as $21/square foot. If demand for space in Williamsville were outpacing supply there would be greater upward pressure on office lease rates in the village.

Since demand in Williamsville is locally driven, it responds largely to the needs of the sub-regional market, the population of which has plateaued and is likely to decline slightly in the future. For this reason continued market demand for office space in Williamsville is not likely to be significant. The only exception would be for larger, modern spaces with adequate parking and the types of amenities that could draw corporate office users that would otherwise be drawn to downtown Buffalo or suburban business parks, as these users segment is not dependent on growth in the local residential market. However, drawing these users would more than likely require significant redevelopment of existing commercial properties.

Residential Market Capture

Two trends in Williamsville's demographics point to a strong need for high-density housing in the business district:

1. Aging families in the village's residential neighborhoods have few options for trading down their single-family homes without leaving the village, so they typically remain put; and
2. The already-low average household size in Williamsville and surrounding areas continues to decline, driving demand for smaller housing units.

One of the chief complaints of residents, prospective residents and real estate professionals alike is that there are no attractive, high-end apartment or condominium units available in Williamsville. While many empty-nesters from Williamsville (as well as from surrounding suburban areas) would love to downsize and find a low-maintenance place in the village, they are presently not able to do so. The recent sales of new townhome units in the village for upwards of $500,000 (more than three times the going rate for nearby older homes) illustrates how strong demand is for new, higher-density housing in Williamsville. Local realtors feel very confident that a new luxury condominium or apartment development on or near Main Street would be very successful—so long as it had garaged parking.

Lodging Market Capture

The lodging market in Williamsville is driven by three markets: 1) business visitors to Williamsville; 2) business visitors to suburban locations in Amherst who are looking for a more interesting place to stay; and 3) family members and friends visiting local residents. Until very recently there were no quality options for lodging in Williamsville and the strong success of the new Hampton Inn on Main Street has proven that Williamsville is a viable location for lodging. The Hampton Inn is currently reporting occupancy rates of about 90 percent during the week, an indication of the strong demand from business travelers, and somewhat lower but still strong occupancy on weekends. The Hampton Inn is also achieving strong room rates, with typical rates ranging between $125-150 per night.

Aside from the Hampton Inn, the closest hotels to Williamsville are generally clustered in two locations: near the Airport and near the University at Buffalo North Campus. None of these hotels is located within two miles of the village. Prices for these properties range from as low as $50 per night (Motel 6, Red Roof Inn, Microtel) to $150 per night (Hilton Garden, Homewood Suites). What is important to note is that these properties are all located in automobile-oriented, suburban locations. Visitors often seek out hotels in village areas so they are not isolated during their visits.

Given the success of the Hampton Inn, it is likely that other hotel operators will at least consider Williamsville as a potential location. Hotel developers look very closely at the market performance of competitive properties when determining the feasibility of a new project, so the Hampton Inn will undoubtedly produce at least some exploration of lodging opportunities from other major operators.

There are presently no inns or Bed & Breakfast properties in Williamsville—the closest are the Asa Ransom House in Clarence and the Sassafras B&B in Lancaster. There may be opportunities to convert one or more grand old homes on or near Main Street for such a purpose.

6. Findings

- The Buffalo-Niagara region's economic picture is not as bleak as it is often portrayed—the region's job base has actually grown fairly steadily over the past 35 years. However, the gradual replacement of manufacturing jobs with lower-wage service jobs during that period has dampened the region's growth in personal income and, by extension, retail sales. In the long term, the regional economy is likely to continue to experience slow growth.
- The commercial real estate market in the Buffalo region is characterized by fairly strong occupancy, low rents and little demand for significant new construction. This pattern holds true for both office and retail space.
- Williamsville's office and retail markets are facing different challenges. The office market is stagnant and prevailing rents are generally not sufficient to support new development or reinvestment. The retail market has much stronger potential but is hemmed in by a lack of quality space and a perception of a parking shortage.
- The residential market in Williamsville is strong, as demand is high for building lots and both single and multi-family units. Relative to other villages in Western New York Williamsville has a very strong concentration of office and retail uses, but lags on dining and entertainment uses.
- Several other villages in the region have made or are making major investments in pedestrian and streetscaping projects and have had success using special events as marketing tools for downtown businesses.
- Williamsville has a very strong regional draw as a retail destination for its specialty shops and boutiques, as well as for its salons and day spas. For restaurants and other types of retail, its draw is more strongly focused on the Amherst/Williamsville market.
- There appears to be sizable unmet demand for retail goods and services in Williamsville, though not for restaurants or personal service businesses. Retailers that would like to locate in the village struggle to find suitable spaces; small floorplates, limited parking and poor truck access are all impediments to such businesses.
- There is little, if any, unmet demand for office use in the village.
- Strong demand exists for multi-family development in the village, but any such product would require garage parking.
- Given the success of the Hampton Inn, there may be more interest in Williamsville for additional lodging development. There may also be opportunities to convert historic homes into Bed & Breakfast properties.