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**Buffalo News**

**A good place to ride out a recession? Would you believe...Buffalo?**

*When experts seek the best places to ride out the recession, a certain beleaguered Rust Belt city makes the cut*

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News Staff Reporters

For once, the rest of the nation thinks the Buffalo Niagara region is a pretty good place to live. While the country has been engulfed in growing economic turmoil, Western New York hasn't felt the pain. At least not quite as much. Take a look at how the Buffalo area is faring compared to the rest of the nation:

Housing prices nationwide are plummeting. Ours are actually rising slightly, making the region one of the country's strongest housing markets these days.

Big national banks are failing or needing bailouts to stay afloat. Our locally based banks are in good financial shape, and many have been going out of their way to let consumers know they're still making loans.

The country has been losing jobs for nine straight months. Our job market is growing. Very slowly, granted. But it's growing.

Our situation caught BusinessWeek's attention when it named Buffalo one of the top 20 communities in the United States to ride out a recession, highlighting the area's diverse employment base.

Betsy Juhasz, 43, of North Buffalo, a part-time legal assistant thinks BusinessWeek is on to something.

Juhasz said, "I think we struggle from day to day. I think most people do. But I do think we haven't really felt it here yet. . . . I almost feel Buffalo is immune to it."

Juhasz was among several shoppers at the Wegmans supermarket on Sheridan Drive in Amherst on a recent afternoon who said that they feel better off than people in other parts of the country.

Juhasz and her husband have six children between them, all in private schools, and they are concerned about how they will continue to pay their tuitions, particularly with many banks getting out of the college loan business. She also said her husband has been very concerned about the stock market.

But overall, they haven't had to change their spending habits.

"You see little things, like the price of food going up. You see the price of clothes going up," she said. "But really, I feel like our basic lifestyle hasn't changed so much."

### **'We have a 201(k)'**

Susan Rowles, 54, of Grand Island, who just retired from her job as a central office technician with Verizon, said she has definitely felt the impact of the economic downturn. She and her husband, also a recent retiree, took substantial hits when the stock market went topsy turvy.

"We have a 201(k) now," she joked. But she believes that Buffalo's relatively low cost of living will make the seemingly inevitable recession less painful, particularly for retirees.

"I think it's so affordable here," she said.

Clara Bradizza, 47, of Snyder, who came to Buffalo 12 years ago with her husband for their jobs as research scientists at the University at Buffalo, said she feels "a sense of relief" being in Buffalo during these tough economic times.

"In Buffalo, we are kind of hardy," she said. "We've never had the boom in the economy."

Experts cautioned people not to expect that the Buffalo Niagara region will continue to be an oasis of stability if the country slides into a recession. If that happens — and some economists think it already has — our economy is almost certain to weaken right along with the rest of the country.

Just how severely that will affect the local economy isn't clear.

"Any recession is going to be painful," says John Slenker, the state Labor Department's regional economist in Buffalo. "As the nation's economy slows, ours will be affected by it."

The credit crunch, for instance, is cutting into car and truck sales, which will reduce demand for the auto parts made at local factories run by Ford Motor Co., General Motors Corp. and Delphi, which are a major source of good-paying jobs for the region.

"The automotive sector is very vulnerable," says George Palumbo, a Canisius College economist. The recent drop in the value of the Canadian dollar, which has fallen from being at par during the summer to less than 85 cents today, could stem the flow of Canadian shoppers that has been propping up sales at local stores and shopping malls.

Plunging stock prices have cut deeply into personal wealth and shaken the confidence of consumers.

Worried consumers could cut back on their spending, and credit card issuers could spur further reductions by reducing credit limits and by making it harder to get new cards.

Still, the first phase of the ongoing financial crisis has been easy on the Buffalo Niagara region, which is a significant shift from past economic downturns that have tended to hit here first, strike harder and take much longer to recover from.

### **Preparing for recession**

Paul C. Atkinson, president of Consumer Credit Counseling Service of Buffalo, said despite the economic crisis, his company hasn't seen an influx in people in financial dire straits seeking their services.

"We keep staffing in anticipation of greater demand in the foreclosure area," he said. "But it hasn't happened."

Instead, he's seen a spike in interest from people who want to take classes to prepare themselves for a recession, such as course on planning a budget.

"We are kind of insulated," he said. "That's the good news. The bad side is that once the recession works its way out . . . we're not going to see any huge spike either."

Experts say a major reason Buffalo hasn't been hit as hard by the economic downturn is because we never experienced the real estate boom that other parts of the country enjoyed. Home prices here rose by 27 percent from 1997 to 2007, about a third of the 79 percent jump nationally during that same time.

"We've been fairly stable," said Richard Deitz, regional economist for the Federal Reserve Bank of New York. "We didn't experience the housing cycle other places did."

However, while median housing prices across the country have dropped by nearly 8 percent over the last year, median prices here are up almost 3 percent, according to the Buffalo Niagara Association of Realtors.

None of this gets Clara Bradizza worried or excited.

"We buy homes because of where we want to live," she said of Western New Yorkers. "We want stability. It's not an investment."

Bradizza feels a sense of security, knowing that the value of her home, which she considers the most important thing she owns, isn't changing. Houses here aren't "going to fund your retirement," she conceded.

"But on the other hand, you're not going to lose your shirt either if you need to sell," she said.

One reason for the region's stable housing prices is the relative strength of the local job market, which continues to expand slowly even as job losses mount nationally.

The Buffalo Niagara region has 2,100 more jobs than it did a year ago — a span when the national economy lost nearly 520,000 jobs. Because factory jobs don't make up as much of the local employment base as they once did, especially during the heyday of the steel and auto industries, local economists believe the region's job market may not be as volatile during a downturn as it once was.

“As we've seen an eroding manufacturing base, we've seen it replaced by jobs in education and health services,” as well as back-office financial services, said Tim O'Brien, the managing director for Technisource, a Rochester employment agency.

“From what I can see at the moment, we seem to be holding up OK,” he said.

Like housing, the recent stability in employment is coming after a long period when job growth here lagged far behind the rest of the country. In fact, the region's job market never fully recovered from the last recession that ended in 2001, leaving the area almost 10,000 short of its prerecession peak in 2000.

Yet job growth here has been slowing slightly, especially among private-sector employers who, overall, have been neither hiring nor firing for the last two months. And the September unemployment rate of 6.1 percent was the highest for that month since 1993.

### **A well-kept secret**

Babe Mangaser, a part-time cardiac rehabilitation nurse at Lockport Memorial Hospital, doesn't think the local job market will continue to be so stable, especially if the economy weakens.

“Everybody is dispensable,” said Mangaser, whose overtime hours were recently cut.

Still, recent retiree Rowles is glad to be living in Buffalo Niagara. She figures she's in a better position than retirees in other parts of the country, where houses have sunk in value as the cost of living seems to be rising.

“You go to a grocery store in California and you look at the prices. It's so much higher there,” she said. “This is a well-kept secret — Buffalo. People make fun of our snow, but they don't know how good it is here.”

But Palumbo, the Canisius economist, says this is no time to gloat.

“I can't tell you that autos are going to be OK. I can't tell you that financial services are going to be OK,” he says. “If people are gloating because we're doing better than other places, it's not that we can't fall.”

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