

3.3 Economic and Market Trends Analysis

The purpose of the Economic and Market Trends Analysis is to provide market-based recommendations on key economic drivers and future land uses within the South Buffalo BOA. The analysis, in conjunction with the Inventory and Analysis, helps to determine the strategic sites that should be targeted for redevelopment, and set realistic assumptions with regard to timing of potential redevelopment and the evolution of land uses within the BOA.

In summary, the land uses planned for the BOA over time come with tradeoffs. In particular, near-term opportunities may be hard to pass up, but capturing these uses without planning for their eventual decline could limit future opportunities to capture higher value uses. The disparity between manufacturing uses and office space among key economic measures – particularly employees per acre and typical value per acre, is striking. The objective of the BOA plan should therefore be to set the stage for all potential higher value uses, with lower value uses as more interim steps that can easily evolve when market conditions ripen.

3.3.1 Traditional Redevelopment Strategy

The traditional redevelopment strategy for the BOA has been to use remediated sites in order to provide “shovel-ready dirt” that can be sold to build-to-suit users. The first parcels of land were sold at a price discount relative to suburban competitors, but recent deals have achieved market-rate pricing within the regional context, indicating that the BOA is a very competitive location for certain types of businesses. With that said, a variety of incentives, including benefits associated with an Empire Zone designation, are critical tools when marketing the BOA.

The primary objective of the current redevelopment strategy has been to reuse vacant land in order to create jobs and expand the tax base. In the broader sense, the objective has been to give the City an opportunity to more effectively compete with suburban locales. By developing the Lakeside Commerce Park (LCP) and also marketing several other non-LCP sites within the BOA, the City has been able to attract businesses that otherwise would likely have chosen suburban locations.

The weakness of the current redevelopment strategy is that it focuses on near-term opportunities, potentially to the detriment of long-term sustainable economic expansion in the BOA and in the City. In particular:

- The strategy’s apparent focus on competing with suburban locations may expand the City’s economic base, but does not address the core issue that a healthy City of Buffalo is not possible unless true economic expansion occurs throughout the region. Constant competition between jurisdictions for a share of a stagnant regional economy drains precious resources, and in most cases, does little to actually increase the regional economic base.
- LCP envisions a mix of uses, with the goal of providing a location that can serve a variety of business types, and therefore provide the City with flexibility when marketing the area. The danger is that in trying to be everything to everyone, LCP has limited the potential to establish a consistent, identifiable brand in the marketplace. To date, LCP has initially had a greater success attracting industrial users. Although a recent deal was announced that will bring a call center tenant into the project, the primarily industrial feel of LCP – and of the broader BOA – is a limiting factor when trying to market to office tenants. Often tenants are typically not interested in choosing locations

where their neighbors are any type of industrial uses. Conversely, industrial tenants will likely choose to not locate in an area where neighboring tenants view their presence as a nuisance.

- On a broader level, redevelopment of the BOA should reflect a consensus on the types of uses that are appropriate within the City, and those that are best suited for suburban and exurban locales. Targeted land uses should be those that want and need to be in the City, not those that need to be convinced through temporary financial incentives. Generally, the greatest competitive advantages of center cities are their natural urban form, which encourages and allows for higher-density, higher-value land uses. Land use such as industrial space may add to the City's economic base in the near term, but relative to other land uses more commonly associated with urban markets, industrial uses generate lower land values, create relatively few jobs, and provide little support for complimentary land like neighborhood retail and restaurants. The near-term payout may come at a high cost if future higher-value opportunities are missed.
- The City has already put in a sizable amount of resources into land acquisition, remediation, and land planning and site work. The strategy of selling land to individual businesses fragments control, and may limit opportunities for the site to evolve into a high-value location.

Key Findings

To better maximize the City's investment to remediate lands in the BOA and support long-term economic growth and job creation the City should strive to better: a) orient the BOA economic strategy towards capturing uses that reflect growing economic sectors instead of competing to attract stagnating industries; b) build an identifiable brand that attracts uses appropriate to the BOA's location; and c) protect the BOA's opportunity to evolve as a high-value location.

3.3.2 Regional Growth Industries

While the region and City faces many challenges, their strengths do have the capacity to spur on sustainable economic resurgence. To best capitalize on these strengths, strategic public investment and economic development initiatives should be focused on growth industries that have opportunities to be economic generators for the City and region. Focusing on these industries will help capitalize on the existing sectors of economic growth in the Buffalo region, further promote private sector investment in emerging sectors, and diversify the region's economy.

High-Tech Manufacturing

The story of the decades-long economic stagnation in the Buffalo region, and the City itself, often begins and ends with the precipitous decline of the manufacturing sector. However, the decline in the manufacturing job base is not entirely reflective of the loss of opportunity within the manufacturing economic base. Certainly, the traditional manufacturing sector is in decline locally and nationally, and it is not likely to experience a rebirth. However, the high-tech niche of the manufacturing sector does present an opportunity moving forward.

The "Development Profiles for High Technology Manufacturing Sites" article published by Empire State Development defines high technology manufacturing facilities as "those operations that incorporate

computerized, automated, state-of-the-art equipment (e.g., process controls, computer-aided design, and advanced communications and information systems) into some or all of the manufacturing process.”²² Buffalo’s skilled labor force and existing manufacturing base does allow for a continued transition from traditional manufacturing into higher-tech facilities.

While still an industrial land use, high-tech manufacturing typically offers a cleaner, more advanced technology facility with fewer negative environmental impacts than traditional manufacturing. The high-tech manufacturing niche also has a greater relationship to other aspects of the knowledge economy, as research and development are critical components of this modernized sector. Given this need for continual innovation, there is an opportunity to integrate the economic activity within high-tech manufacturing facilities with the research and development activities at the University at Buffalo and other local colleges, universities, and research institutions.

One critical caveat to future opportunities in the high-tech manufacturing sector is that advanced technology requires less manual labor, making it a significant economic generator but not a strong generator of employment compared to traditional manufacturing. CertainTeed, for example, recently located at the Lakeside Commerce Park and employs around 250 people in approximately 275,000 square feet of space. In future high-tech manufacturing facilities, this trend is expected to continue, with fewer workers generated per square foot of building (and dollar of economic activity). Nevertheless, higher-technology manufacturing often produces high wage paying jobs.

Basic and Applied Scientific Research

Employment in research and development services in the Buffalo-Niagara Falls MSA grew by 20% from 2001 to 2007 (a net increase of 761 jobs, with total employment in this sector of 4,590 in 2007), compared to only 2% in the state and 13% in the country²³. The rate of employment growth in this sector relative to the rest of the state and country indicates that this is an emerging sector in the region. Scientific research generally falls into two categories: basic research and applied research. Basic research is generally undertaken by public or institutional entities with a focus on scientific advancement. Applied research, often called translational research, is focused on the commercialization of this scientific advancement – the movement of ideas into the marketplace as saleable products.

Scientific research institutions and firms have a high propensity to cluster near each other because of the benefits of collaboration, partnerships, and networking. Universities and other research institutions typically provide fertile clusters of scientific research that fosters collaboration and advancement of the research. Universities are also critical cogs in the development of the human capital necessary to generate spin-off economic activity. However, the institutional, basic research does not, in and of itself, generate spin-off economic activity – it merely creates the environment where potentially marketable ideas are generated and advanced.

The formation of new firms requires the creation of applied research infrastructure. This includes clustering of economic activity that is related, but also distinct, from basic research. Applied research clustering is fundamentally different than basic research clustering, in that proximity is valued as it

²² Development Profiles for High Technology Manufacturing Sites, Empire State Development

²³ Bureau of Labor Statistics

fosters informal collaboration and networking, particularly with regard to movement of labor, but privacy of proprietary knowledge is also highly valued. Private knowledge-based firms want to be close to basic research institutions and their private competitors, but not too close.

In the applied research sector, vertical collaboration is more critical between the knowledge firms and the wide variety of firms that can assist in bringing ideas to the marketplace – including patent and corporate law, accounting and business management, financial services (especially investment brokers and managers), etc. Beyond the economic spin-off associated with the commercialization of scientific research, these spin offs also generate significant economic activity.

Life sciences and bioinformatics is the most prominent scientific research cluster in the Buffalo region today. This cluster is driven by the institutions at the Buffalo Niagara Medical Campus (BNMC), which has over 8,000 employees and sees approximately one million visitors each year. The BNMC in downtown Buffalo contains several major member institutions that drive Buffalo's life sciences research and clinical activities. Roswell Park Cancer Institute, Buffalo General Hospital (Kaleida Health), the Hauptman-Woodward Medical Research Institute, and the New York State Center of Excellence in Bioinformatics & Life Sciences (UB CAT) are the larger member institutions located at the BNMC downtown. The BNMC recently added over 400,000 square feet of state-of-the-art research space to be used by the Hauptman-Woodward Medical Research Institute Structural Biology Research Center, the New York State Center of Excellence in Bioinformatics and Life Sciences, the Roswell Park Cancer Institute Center for Genetics and Pharmacology, in addition to incubator space.

Other scientific research programs at the University at Buffalo relevant to the concept of regional clustering includes: the Rehabilitation Engineering Research Center on Technology Transfer (RERC); the Center for Computational Research (CCR); the Center for Integrated Waste Management; the Ecosystem Restoration through Interdisciplinary Exchange (ERIE) Program; the UB Center of Excellence on Human Capital, Technology Transfer, & Economic Growth and Development; the UB Center for Research and Education in Special Environments; the Strategic Partnership for Industrial Resurgence (SPIR), and the Center for Industrial Effectiveness. There is also a number of technical training and adult education programs offered in the area that further support Buffalo's life sciences and research economy, including the Millard Filmore College (part of UB's Division of Continuing and Professional Studies) certificate program for Regulatory Environment of Medical Devices and Implants.

While much of UB's research activity is basic research, the university has also moved towards creating a translational research infrastructure. The University at Buffalo Office of Science, Technology Transfer, and Economic Outreach (STOR), based in the North campus, provides incubator resources to new companies in the region. It promotes economic revitalization through technology transfer and economic outreach activities, and fosters partnerships between UB and the business community. Since 1988 the incubator has assisted more than 60 tenants and graduates, boasting a 75% survival rate among its graduating companies. The aggregate employment among those companies is 455 people, and annual revenues across the companies exceed \$60 million. Of the 32 "graduated" companies listed on STOR's website, only two have moved outside the region. The majority of the companies, however, are located in Amherst or surrounding areas (primarily because the incubator itself is located at UB's Amherst campus).

UB's strong translational presence on its North campus is a natural outgrowth of that campus' position as the core campus within the UB system. However, the UB 2020 plan outlines goals for the university's growth, in particular the plans for expanding its presence at the downtown campus near the BNMC. The

UB 2020 plan states that “[i]t is clear that an incubator operation in downtown Buffalo would enhance our ability to transfer research to commercialization.”²⁴ UB’s new focus on concentrating future growth downtown and the Center of Excellence’s focus on incubator space and commercialization provide a strong opportunity for the City of Buffalo to capture future growth and new firm formations from the world-class basic research. The expectation is that this cluster of activity will “fuel the creation of life sciences-based companies.”²⁵

The inclusion of incubator space on the BNMC campus will allow nascent companies – as well as larger ones – to collaborate with basic researchers and share equipment which is often prohibitively expensive for a single entity to purchase. However, incubator space most closely linked with the BNMC institutions, and without the internal physical divisions of lab space and a stringent security protocol, will only go so far to creating true translational research, as researchers on the verge of moving product to market will require a greater degree of privacy. BNMC has also recently purchased two buildings adjacent to its core campus that it plans to use for expansion, including the development of 110,000 square feet of incubator space designed specifically for researchers and nascent firms that are closer to transitioning from research to market.

The efforts by the University at Buffalo and its various public and institutional partners will further the economic impact of basic research, but more critically, will promote significant spin-off impacts. These activities are at the heart of a strategy to embrace the knowledge economy, and create more significant private investment and job growth that moves beyond the traditional manufacturing base.

Super-Regional Research Linkages

The economic energy surrounding scientific research and commercialization need not be limited to the efforts by UB and its partners. Buffalo has the opportunity to anchor a broader, super-regional research cluster. These broader economic relationships, expanding beyond traditional regional boundaries, have proven to be critical to the emergence of vibrant technology corridors in other parts of the county, including the I-4 technology corridor stretching from Tampa-St. Petersburg to Daytona Beach in central Florida.

The “I-90 Research Corridor” (*Map 25 – Super-Regional Research Corridor*) would connect the various basic and applied research clusters from the Golden Horseshoe to Albany. A sample of some of the ongoing research efforts along this corridor include:

- The Rochester Institute of Technology has a center for integrated manufacturing studies and the Golisano Institute for Sustainability, which will soon house one of the world’s first Ph.D. programs in sustainability, and will be the first to focus on issues related to sustainable production.
- The University of Rochester developed the Aab Cardiovascular Research Institute, which houses over 100 scientists working in the areas of heart disease and human genetics. The University of Rochester also has an Office of Technology Transfer.

²⁴ UB 2020 Plan

²⁵ UB 2020 Plan

Map 25 - Super-Regional Research Corridor



- The City of Rochester developed a “Greenprint,” in partnership with the local universities, the State of New York, and the U.S. Green Building Council, outlining goals and practices for the city and region. This “Greenprint” for the city looks to create a “Sustainable Resource Center” for the city and region. The city is also hoping to develop a Hydrogen Village that will be a sustainable community. The city has already begun research on alternative energy sources, such as fuel cell, wind energy, ethanol/biodiesel, and solar power.
- Syracuse University houses one of the New York State Centers of Excellence (CoE), with a focus on Environmental and Energy Systems. Syracuse University also has a Biomaterials Institute, a Center for Environmental Quality Systems (QES), the SUNY College of Environmental Science and Forestry (SUNY-ESF), and the new Sustainable Business Collaboration that focuses on an interdisciplinary approach to education and research on business and sustainability.
- SUNY-ESF houses the SUNY Center for Brownfield Studies that focuses on environmental management and the redevelopment of brownfields through academic programs, community support, and research and development. Syracuse’s Green Team, formed in part by the Syracuse CoE is a main initiative of New York’s Creative Core economic development initiative. The Green

Team's focus is innovative, green technology that attracts sustainable industries, companies, and entrepreneurs to the region.

- Cornell University has a Center for Technology, Enterprise, and Commercialization that filed 141 patent applications in 2007 and generated over \$32 million in revenues. Cornell University also has an Institute for Biotechnology and Life Science Technology, one of the New York State Centers for Advanced Technology (CAT) programs sponsored by New York State Foundation for Science, Technology, and Innovation. The center focuses on technology transfer, workforce training, economic development, entrepreneurial support, and research and development. It also provides shared research resources and services to the university community, other academic institutions, and commercial enterprises.
- The University at Albany has a Life Sciences Research Initiative and a Center for Neuroscience Research. Rensselaer Polytechnic Institute (RPI), also located in Albany, houses a center for nanotechnology research, and has developed the RPI Technology Park – a business park aimed at providing a location for private research firms.

There is also a strong opportunity for Buffalo to link to research activity in Canada. The Great Lakes Region of Canada accounts for 77% of the total research and development performed in Canada, both private and public. Undoubtedly, the next stage of bi-national trade will be an expansion of collaboration among research institutions. A sample of activities in Canada include:

- Toronto's "BioDiscovery Toronto" organization facilitates the process of commercialization of research by streamlining access to research and expertise and creating relationships among researchers, the biosciences industry, and capital sources. BioDiscovery Toronto functions similarly to the Buffalo Niagara Medical Campus, with member institutions including the Ontario Institute for Cancer Research, Ryerson University, St. Michael's Hospital, Sunnybrook Health Sciences Centre, the University Health Network, and the University of Toronto. These organizations are located in Toronto's discovery district, a research park that is integrated into Toronto's downtown, similar to the BNMC in downtown Buffalo. This cluster of over 700 biomedical companies' employs over 80,000 people are located near other research, finance, and business support services.
- Toronto's MaRS Centre focuses on accelerating the commercialization of innovation. The center includes incubation facilities for new companies, research facilities for scientists, a cluster of professional service firms and investors, and technology transfer resources. The center is designed to maximize shared spaces and the impact of cluster development, fostering innovation and partnerships among researchers and private firms.
- BioDiscovery Toronto is part of a larger initiative throughout Ontario, the Regional Innovation Networks (RINS). RINS are multi-stakeholder regional development organizations focused on promoting innovation through partnerships among the private life sciences sector, institutions, and local governments, and providing commercialization services to small firms, researchers, entrepreneurs, and investors. Some of these commercialization services are provided through the Ontario Centres of Excellence and the MaRS Center.

The Buffalo region can effectively serve as the backbone of a super-regional research cluster, with a particular focus on commercialization. As the largest region among the U.S. research clusters discussed above, it is a logical choice as the center of a broad partnership. Buffalo also has the unique advantage of providing geographical and cultural access to the Canadian research economy.

Alternative Energy

Alternative energy has been pushed to the forefront of the national conscience over the past decade, and even more so recently as the price of oil continues to climb. Specifically, ethanol production has increased fivefold since the mid-1990s as both market forces and government agencies have demanded alternatives to fossil fuels. While ethanol is one of the few viable biofuels at this time, recent research has shown that sugarcane is the only “green fuel” that is not a net carbon emitter. In fact, the government-mandated Renewable Fuels Standard Schedule focuses more on Advanced and Cellulosic Biofuels as time progresses past 2010.

Thus, there is a dire need for additional research and development on future feedstocks for biofuel. In addition to biofuels, research continues to more efficiently harness wind and hydro power. The research will necessitate an intense research effort, with significant private market potential once alternative energy solutions are ready to be rolled out on a broader basis.

The Buffalo region is poised to play a key role in the development and commercialization of various alternative energies. In a telling example of the potential for transitioning from an old economy to a future economy, the presence of functioning grain elevators (including several in the BOA) makes Buffalo a highly competitive location for ethanol (and perhaps, other biofuels) production. The ability to store large amounts of grain allows ethanol manufacturers to limit transportation delays and buy grain at favorable pricing. The key will be transitioning grain storage into significant production, and eventually into advanced research on the next stages of biofuel production. Access to the Great Lakes is also a competitive advantage in the advancement of wind power technology, given wind conditions and the future potential for using the Great Lakes as wind farms.

Call Centers & Back Office Support Services

The Buffalo-Niagara Falls MSA gained over 2,000 jobs in collection agencies between 2001 and 2007, in addition to over 3,000 jobs at insurance carriers and related companies, and over 2,000 jobs in management of companies and enterprises. Each of these employment sectors grew at a much faster rate than the growth experienced in New York State or the U.S., indicating that Buffalo has developed a competitive advantage for call centers and back office support services.

This competitive advantage primarily is due to a relatively affordable but high quality workforce, especially compared to other regions. This location and the widely-publicized success of the GEICO facility in Amherst are a testament to the power of this employment trend. Such companies now see Buffalo as an ideal U.S location that can effectively compete with other locations nationally and abroad. Buffalo also provides access to the Canadian labor and business markets.

Over time, these lower-end service activities to the financial and insurance sectors will transform into higher-end clusters – certainly not rivaling the major financial centers in this country, but still acting as an alternative to many of the mid-level activities in these sectors.

Multimodal, Logistics, and Distribution Facilities

Many factors point to the Buffalo region as an ideal spot for a multimodal, logistics, or distribution facility. The amount of bi-national trade occurring near and through Buffalo, access to rail and deep

water ports, and the movement away from overburdened ports of entry such as the Port of NY/NJ to ports with greater capacity (such as Halifax) are all key factors that position Buffalo as a future leader in this sector. As the only place with Class 1 rail service to New York, Boston, Montreal, Toronto, Detroit, Philadelphia, Pittsburgh, and Chicago, Buffalo has access to many of the largest markets in North America via a transportation method that is increasingly attractive relative to trucking.

The opportunities created by a vibrant logistics and distribution sector will likely take a variety of forms. At its largest, there is likely need for a large, multimodal logistics center serving national and continental markets; however, warehousing and logistical opportunities will also exist at a somewhat smaller scale, focused on regional and super-regional trade (including bi-national trade within the Golden Horseshoe). These opportunities will be particularly strong in central locations with good access.

Tourism

In 2005, the tourism industry in Erie County generated over \$1.1 billion in direct visitor spending, including \$176 million on lodging, \$250 million on retail sales, and \$390 million on food and beverages.²⁶ This tourism spending is an important part of the region's economy, in addition to creating over 20,000 jobs.²⁷

Tourism is already a driving sector in the economy for generating employment in the retail and hospitality sectors. The industry also has spin-off benefits on the region, including creating 10,000 additional jobs for goods and service providers to the tourism industry.²⁸ Tourism also contributes significantly to the local tax base, generating over \$61 million in local taxes and over \$58 million in state taxes in 2005.²⁹

The City of Buffalo has the opportunity to expand the impact of tourism within its borders, by re-establishing itself as a destination within the County and the broader region – particularly better leveraging tourism to Niagara Falls, including the Canadian side. Efforts to revitalize downtown and parts of the waterfront are critical components to the strategy to better capture tourism dollars within the City. In particular, the focus on revitalizing the waterfront is not only indicative of its key role within the tourism sector regionally, but also reflective of the national trend of transforming waterfronts from clusters of industrial and manufacturing economies to economic drivers of vibrant, mixed-use villages. A sample of waterfront revitalization strategies and plans in Buffalo include:

- The redevelopment at Cotter Point, with a Museum of Historic Watercraft, Community Maritime Center, Buffalo State College waterfront campus, and the Great Lakes Research Center
- The Waterfront Village residential development offering new luxury condos and townhomes
- The promotion of mixed-use commercial, office, and retail uses along the waterfront to complement existing tourism uses
- Allowing mixed-use redevelopment on the Outer Harbor

²⁶ Economic Impact Study of New York State's Travel and Tourism Industry, Tourism Economics

²⁷ Buffalo Niagara Convention & Visitor's Bureau

²⁸ Buffalo Niagara Convention & Visitor's Bureau

²⁹ Buffalo Niagara Convention & Visitor's Bureau

- A mixed-use Inner Harbor/downtown development that includes over 200,000 square feet of retail including a new Bass Pro store, over 60,000 square feet of restaurant and entertainment space, over 15,000 square feet of office space, over 75,000 square feet of hotel space, and over 40,000 square feet of residential development

The implementation of these plans and future redevelopment along the waterfront has the opportunity to activate the waterfront and generate long term economic growth. It is particularly important for future waterfront development plans to balance the needs of existing companies and industries, while responding to the changing role of waterfronts in urban downtowns.

Certainly, more effort is required to ensure that these plans are effectively implemented, that once implemented they catalyze activity along other parts of the waterfront and inland locations, and that eventually Buffalo is a place that visitors to the broader region will want to visit. Tourism is an important economic driver for the region, but these plans to revitalize the waterfront and downtown areas also have the added benefit of providing support for important recreation and cultural amenities that increase quality of life for Buffalo residents.

Key Findings

The City has at its disposal a menu of economic strengths, many of which reflect the region’s strong competitive advantage among several growing sectors of the American economy. These economic strengths include industries that produce higher paying jobs and higher employment density than manufacturing and other industries historic to the BOA. Industries of economic strength include basic and applied research, alternative energy, call centers and back office support services, and tourism. Focusing on these industries will guide the City to better diversify its economy, focus public investment, and build new partnerships within the region and super-region.

3.3.3 Growth Projections

Currently, the City of Buffalo and the MSA are facing a declining growth scenario. To understand the impact of decision making, the analysis below examines both a stagnant growth scenario and resurgent growth scenario. The analysis demonstrates what sectors among the City of Buffalo’s current sectors best support economic growth, and lead to higher employment, housing and commercial space demand.

City of Buffalo Growth Projections: Trend versus Integrated Regional Center Scenario

The *Queen City in the 21st Century* comprehensive plan for Buffalo presents a Trend Scenario for housing and population growth that continues the recent trend of decline for Buffalo’s foreseeable future. Under this scenario, the City of Buffalo’s population is to decline from 276,000 in 2007 to approximately 235,000 in 2025³⁰. The Trend Scenario similarly projects population decline in the MSA from around 1.14 million in 2007 to approximately 910,000 in 2025, with the City of Buffalo’s population becoming a

³⁰ Queen City in the 21st Century, Buffalo’s Comprehensive Plan, 2004

greater share of the MSA's population over time. This projection does assume that the City will capture a slightly greater share of population in the region by 2025, although its potential impacts on the City appear limited.

Buffalo's comprehensive plan also presents an Integrated Regional Center Scenario that assumes that implementation of the plan will initiate population growth in the city around 2010, with growth to a population of over 305,000 in 2025. A long-term commitment to economic development in the region and concentration of resources and initiatives into key redevelopment areas and growth industries is necessary to foster this projected growth.

The City's comprehensive plan also projects future employment for the City. The Trend Scenario projects economic stagnation for the City's employment base – with a net loss of approximately 4,000 jobs from 2010 to 2025. The Integrated Regional Center Scenario, however, projects employment growth in the City over this same period – 13,700 new jobs, or an average annual growth rate of 0.8%. This is certainly not dynamic economic growth, but does represent an economic resurgence, especially when considering the growth would be occurring in the context of a continued transition from old to new economy industries.

BOA Analysis Growth Projections: Stagnant versus Resurgent Scenario

The future economic and demographic health of the City of Buffalo cannot be separated from that of the broader region. It is difficult to envision a scenario where the City thrives while the region around it languishes. Certainly, a goal of the City should be to effectively compete with its suburbs for economic opportunities, but this cannot be a win-lose proposition if economic success is to be sustained.

For comparison, the analysis assumes two scenarios for growth projection over the 2007 to 2025 period: Stagnant (0.02% annual growth rate) and Resurgent (1%), summarized in *Table 3.9*. Not surprisingly, the Stagnant Scenario results in very little net new employment growth in the Buffalo-Niagara Falls MSA (approximately 1,800 new jobs over the 18-year period), while the Resurgent Scenario results in 108,000 new jobs over the same period.

The Resurgent Scenario assumes an evolving regional economy. Specifically, the BOA analysis includes assumptions on the distribution of employment by sector in the regional economy, based upon historical employment trends by sector locally, statewide, and nationally, as well as the team's professional opinion as to the likely future economic base. The analysis reveals that:

- The Durable and Non-Durable Manufacturing sector is expected to continue to decline as a percent of total regional employment – from 11% in 2007 to 8% in 2025. This trend reflects not only a continuing decline in the overall manufacturing base, but also continuing the trend of fewer manufacturing jobs required due to increased use of technology. In the Stagnant Scenario, the decline in manufacturing jobs is projected at 7,000, versus 3,800 under the Resurgent Scenario.
- The Wholesale Trade and Transportation, Warehousing & Utilities sectors are expected to increase from approximately 7% of total regional employment in 2007 to 8% in 2025. This increase assumes that the region is positioned as a center of bi-national and regional trade. In the Stagnant Scenario, these sectors are projected to add 4,000 jobs, compared to an addition of 12,400 jobs under the Resurgent Scenario.

- The Information, Financial Activities, and Professional and Business Services sectors are expected to increase from 21% of total regional employment in 2007 to 24% in 2025. This increase is driven by the continued emergence of scientific research and related activities, as well as continued growth in financial and insurance services (starting with call centers and eventually evolving, in some cases, into higher-value activities). In the Stagnant Scenario, these sectors are still projected to increase by 18,200 jobs, compared to an increase of 43,600 jobs under the Resurgent Scenario.
- The Educational and Health Services sector is expected to increase slightly as a percentage of total regional employment from 2007 to 2025 (from 16% to 16.5%). The region is already positioned as a regional – and in some cases national – leader in this sector, and will continue to be positioned as such; but significant growth in this sector will likely require an overall expansion of the regional economy. In the Stagnant Scenario, this sector is projected to increase by 3,250 jobs, compared to an increase of 20,700 jobs under the Resurgent Scenario.
- A number of sectors are more closely aligned with the overall economy, including Retail Trade, Leisure and Hospitality, Other Services, and Construction. Only Leisure and Hospitality has the potential to slightly increase its share of the regional employment base, if the region can better leverage the area’s attractions (including a revitalized City of Buffalo, particularly its waterfront). In the Stagnant Scenario, these sectors are projected to experience stagnant job growth (46 jobs lost), compared to an increase of 29,000 jobs under the Resurgent Scenario.
- In distressed economies, the Government sector typically comprises an overly large percentage of total employment. Over time, in the Buffalo region, we do project that Government employment as a percentage of total employment will decline from 17.4% in 2007 to 16% in 2025. In the Stagnant Scenario, this sector is projected to lose 7,500 jobs, compared to an increase of 9,400 jobs under the Resurgent Scenario.

Table 3.9 - Employment Projections

Sector	2007 Distribution	2007 Employment	Projected 2025 Distribution	2025 Projections - RCLCO		2007-2025 Change - Stagnant	2007-2025 Change - Resurgent
				.02% Annual Growth - Stagnant	1.0% Annual Growth - Resurgent		
Natural Resources, Mining and Const.	3.5%	19,387	3.0%	16,542	19,715	-2,846	328
Manufacturing: Durable Goods	6.7%	36,647	5.0%	27,570	32,859	-9,077	-3,788
Manufacturing: Non-Durable Goods	4.3%	23,509	3.0%	16,542	19,715	-6,967	-3,793
Wholesale Trade	4.3%	23,633	4.5%	24,813	29,573	1,180	5,940
Transportation, Warehousing, & Utilities	3.0%	16,551	3.5%	19,299	23,001	2,748	6,451
Information	1.6%	8,549	1.5%	8,271	9,858	-278	1,309
Financial Activities	6.6%	36,300	7.5%	41,355	49,288	5,055	12,989
Professional and Business Services	12.6%	69,253	15.0%	82,709	98,577	13,457	29,324
Retail Trade	11.3%	61,947	11.0%	60,653	72,290	-1,293	10,343
Leisure and Hospitality	8.6%	47,323	9.0%	49,626	59,146	2,303	11,824
Other Services	4.2%	23,023	4.5%	24,813	29,573	1,790	6,551
Educational and Health Services	16.0%	87,732	16.5%	90,980	108,435	3,248	20,703
Government	17.4%	95,709	16.0%	88,223	105,149	-7,486	9,440
TOTALS	100.0%	549,561	100.0%	551,395	657,180	1,834	107,619

Job growth will generate net new household growth, typically in the range of 1.5 to 1.8 jobs per household. Under the Resurgent Scenario, this would result in a net household growth of between 60,000 and 70,000 households regionally. This influx of new households, many of whom will have higher-income jobs than is average in the region today, will have an impact on the regional housing market. Many of the projected jobs will be knowledge based, and therefore filled with Creative Class

workers who are more likely to demand urban infill housing, which is positive for the urban cores and neighborhoods within the City.

The projected job growth in the Resurgent Scenario will also have a significant impact on the regional commercial market. Recent trends already show that office is an increasingly more prominent part of the regional commercial market. There is approximately twice as much existing industrial space as compared to office space, but when analyzing recent absorption data, this relationship has been reversed, with office absorption outpacing industrial absorption by double.

This recent trend in the commercial markets will continue in the future, as the most prominent employment growth sectors will primarily demand office space of various types. These sectors will also drive demand for a variety of flex spaces, including lab and R&D spaces. The warehouse commercial market will continue to be strong, especially since employment growth in this sector generates significantly more square feet of warehouse space as compared to office space. The continued demand for new, modern facilities will drive development activity of manufacturing space, despite projected employment losses. This trend will also continue to create an ample supply of vacant and obsolete space.

The City has the potential to play a key role in a resurgent regional economy. However, in order to do so, the City must leverage its competitive strengths, and understand its competitive challenges and threats regionally. This is also true for the South Buffalo BOA, which must be appropriately placed in the regional and city competitive market context.

Key Findings

A comparison of the stagnant and resurgent growth scenario for the City of Buffalo reveals sectors that are likely to grow and the subsequent demand these sectors will generate within the local economy. The analysis demonstrates that to escape its trend of economic decline, the City will have to support the growth of its Information, Financial Activities, and Professional and Business Services sectors, Educational and Health sectors, Leisure and Hospitality sectors and Wholesale Trade and Transportation, Warehousing and Utilities sectors. The South Buffalo BOA represents a great opportunity to contribute to this effort, creating opportunities to grow new industries and diversify the City's economic base.

3.3.4 The BOA's Market Strengths & Challenges

The South Buffalo BOA was not, in recent times, within the favored path of growth in the Buffalo region, which extends out to the northeast of the city. Being located outside the favored path of growth typically indicates lower property values, limited real estate investment, and difficulty attracting businesses and households compared to more established areas of the region. The BOA today offers little of the urban character that is a latent competitive advantage in other parts of the City.

Today, the BOA and surrounding area is characterized by industrial uses and middle-income, single-family neighborhoods. Particularly, the presence of brownfields throughout the BOA represents a near-term market challenge that will initially limit the draw for higher value land uses, including housing, retail, entertainment, and mixed-use districts. While many of the area brownfields have been

remediated, and will be remediated in the future, the market perception of the South Buffalo BOA and waterfront area as only an industrial area will be a difficult one to change.

This market perception and various other key characteristics of the BOA are market strengths when considering demand for new industrial space. The BOA offers industrial tenants a central regional location, with good access to the regional marketplace. The existing rail infrastructure, water access, and proximity to Route 5 and I-90 further the competitive strengths of the BOA for industrial users. Investment in the land plan at Lakeside Commerce Park provides another competitive strength, as it provides a more aesthetically pleasing environment to market to potential businesses.

The BOA's location along the Buffalo River and Lake Erie presents a unique competitive advantage for water-based industrial uses that depend on shipping, water transport, or the use of water in manufacturing processes. The BOA is also one of the only places in the region that offers a large, central location that is far enough away from residential uses to allow for industrial development. While this is a unique opportunity, most high technology industrial uses don't depend on water as heavily as traditional manufacturing uses in the past, limiting the long term economic growth potential of this type of strategy.

Much of the BOA has been designated an Empire Zone, which provides a variety of tax incentives to businesses. The Empire Zone designation allows the BOA to be more competitive with regional and national competitors. The presence of Empire Zone benefits is a strong competitive advantage, although recent trends suggest that suburban locations will also have increased access to these benefits (historically, Empire Zones were located almost wholly within the City).

However, the heavy rail infrastructure also presents a market challenge, as it does bisect the site and creates a significant physical presence which limits the redevelopment potential of some parts of the site. The size of the BOA does provide the opportunity to mitigate many of the negative factors of infrastructure barriers by allowing various types of land uses to cluster in appropriate parts of the BOA. Especially for certain types of businesses, the presence of large tracts of land in a central location is a key competitive advantage of the BOA.

Existing natural assets are important strengths for the site, including the Tift Nature Preserve, the Olmsted Park and Buffalo and Erie County Botanical Gardens, the Lake Erie and Buffalo River waterfronts, the historical features of the grain elevators, and other cultural and tourism amenities along the waterfront and in the South Buffalo neighborhood. The potential to construct a golf course on remediated brownfield land may provide another strong amenity for the area. These strengths provide a strong branding opportunity, and potentially allow the BOA to capture some of the economic benefits of regional tourism growth in the future. There are plans for expansion to the Botanical Gardens to include an Orangerie, which as planned will hold public and private events and will enhance the area's tourism draw. There is an opportunity to leverage the Orangerie and add additional conference, tourism, or recreational space in the area.

Key Findings

To position the South Buffalo BOA within a favored path of growth, the City will have to coordinate decision-making and investment to renew the market perception of the BOA. Armed with a renewed brand and stronger sense of place, the BOA will be better positioned to leverage its

competitive advantages – location along the Buffalo River and Lake Erie, proximity to the downtown, available large tracts of land, public land control, the presence of Empire Zones, and the area’s many natural, recreational and tourism assets – to attract growing, higher employment industries.

3.3.5 Market Opportunities in the BOA

Based upon the analysis of regional economic trends and future opportunities, and the competitive positioning of the BOA within this regional context, a number of market opportunities have been identified within the BOA.

Industrial Park. High-tech manufacturing, distribution, and warehousing facilities are, and will continue to be, in strong demand in the BOA. These land uses are attracted to the BOA because of its central location in the region, Empire Zone designation, and access to rail, highway, and waterways. The success of attracting a variety of industrial tenants to the Lakeside Commerce Park (LCP), as well as other sites within the BOA, is proof of this area’s competitive market positioning.

Industrial facilities are typically large-format one-story buildings with large surface parking lots or loading docks, located near infrastructure necessary for business operations, including rail lines and streets accessible to large trucks. Certaineed, for example, employs 250 people in a 275,000 square foot manufacturing facility, for a ratio of one employee for over 1,000 square feet. Warehousing and logistics facilities are typically even less labor intensive.

Industrial uses typically preclude higher-value commercial or residential development nearby, and the lower densities generate less employment and lower real estate values than higher density development. Even when significant attention is paid to landscaping and design features, such as is the case with LCP, office users are still often hesitant to locate in proximity to industrial users.

In order to provide an environment targeting industrial users, LCP should continue to operate as a distinct and branded industrial park. If possible, the plan for LCP should be redesigned to create additional industrial lots, and remove much of the planned office space – both because of the incompatibility of office uses with industrial uses, and because there is an opportunity to attract office tenants to a separate and distinct business park, as will be discussed below. It is likely that demand for industrial sites will soon overtake supply in the LCP, and future areas should be identified that can be developed as additional phases.

The current strategy at LCP and other parts of the BOA is to sell the sites. This is a competitive advantage, as regionally the supply of for-sale industrial land is relatively small, at least compared to the supply of multi-tenant space. However, the real danger is that the decision to sell land to individual owners will fragment key areas within the BOA, making it very difficult to enact and enforce design standards and limiting the potential of the BOA to evolve into a higher-value location. Alternatives to selling land parcel by parcel, such as land leases or partnerships with a master developer who can deliver multi-tenant or leased buildings, should be explored. We do expect that much of the industrial space constructed over the next several years will be a relatively interim use, with strong economic pressures in 10 to 15 years to reuse those sites with a higher-value land use. The industrial park model

also faces future competitive threats, including the redevelopment of the Bethlehem Steel site just to the south in Lackawanna, and the various brownfield sites on the north side of the Buffalo River (as well as in other parts of the City).

Logistics and Multimodal Facilities. Warehousing and distribution facilities will be a key segment of the industrial demand. There is also a likely regional opportunity to deliver a larger, multimodal logistics facility. The excellent access offered to rail and deep water makes the BOA a potentially attractive location for this type of use. However, major logistics facilities are quite large (between 600 and 1,000 acres), generate relatively little direct employment, and can place significant stress on the local infrastructure (particularly roads). Thus, placing such a facility in the BOA would require using a significant percentage of the area, and would provide relatively little value back to the City. Our recommendation is that such a strategy is not appropriate, and would unnecessarily limit the process of value creation in the BOA.

Ethanol Production and Alternative Energy Research. The grain elevators in and near the BOA have tremendous value as ethanol production continues to climb nationally. One firm, RiverWright, has already purchased some of the grain elevators and plans to build an ethanol plant; the size of the grain elevators will allow RiverWright to store one-third of its annual grain consumption, while most competitive plants are only able to store seven days worth. That storage capacity should allow RiverWright to avoid grain price fluctuations and the costs and delays associated with grain shipments that may affect other competitors. Additionally, the existing plant, rail, and water infrastructure, ready markets for ethanol, and the recent extension of the federal Small Producer Tax Credit will help RiverWright compete effectively.

The strong near-term opportunity exists to expand upon RiverWright's plans and create a cluster of ethanol production. In the longer-term, the potential opportunity exists to leverage the competitive advantages associated with the grain elevators and infrastructure to move even beyond production, and create an economic cluster focusing on research and development of other types of biofuels and alternative energies.

Business Park. A business park, in contrast to an industrial or commerce park, is defined here as primarily an office development. The initial opportunity in the BOA will take a typical suburban form: single use, one- to three-story buildings and surface parking. This product will compete directly with similar parks in suburban locations, but will offer businesses a closer-in, central location, as well as access to the Empire Zone and other benefits. It is critical that the physical form and marketing effort of the business park is separate and distinct from LCP.

A range of tenant types will likely demand space at a business park in the BOA, including back office management functions and call centers. The employment growth in finance, insurance, collection agencies, and management of companies and enterprises within the Buffalo-Niagara Falls MSA indicates a growing need for these back-office and call center office park facilities. This demand has been confirmed with conversations with various brokers and developers, who indicate that back office supply is low relative to demand. This is especially true of specialized call center space that is not typically offered in suburban business parks; the opportunity to deliver speculative, customized call center space is a potentially strong niche opportunity.

The initial business park opportunity is immediate, as much of this demand exists in the market now. A business park in the BOA should be between 75 and 125 acres, which at a 0.25 FAR would result 800,000 to 1.4 million square feet of office product.

R&D/Flex/Technology Parks. Research and technology parks focus on innovation and high-tech companies, and benefit from the desire of these firms to cluster near each other. Many of these users would also consider locating in a business or office park, but branding and targeted marketing of a research park as a special and distinct concept is a powerful tool. These parks typically can offer a range of building types, from pure office space to multifunctional buildings that combine office space with labs, storage, and sometimes light industrial space.

The 2007 Executive Summary of “Characteristics and Trends in North American Research Parks” by Battelle Technology Partnership Practice profiles a typical research park as 114 acres, having a little over 314,000 square feet of space, including typically 30,000 square feet in incubator space. The typical park employs 750 people, or one employee for every 420 square feet. Many of the research parks surveyed in the Battelle Technology Partnership Practice study were university research parks, but these characteristics are similar to what would be expected of research parks not directly affiliated with universities. R&D facilities can include up to 50% office/dry lab space and the rest of the space as wet lab, workshop, storage, and other support space. Studied examples of these types of parks show a wide range with regard to size, including Rensselaer Technology Park (450 acres) in Albany, New York, and Research Triangle Park (7,000 acres) in Durham, North Carolina.

Most of the existing research parks are built in a low-density, single-use suburban style. However, the current trend is to place these research centers back into urban environments, such as the Mission Bay project in San Francisco. The tenants of a research park are dependent on their human resources, so attracting and retaining the best and brightest is of paramount importance.

This land use type is particularly relevant for several key emerging economic sectors regionally, including alternative energy research, commercialization of life sciences research, and additional research and development facilities that spin-off from local universities. The attractiveness of the BOA location for these types of tenants is not intuitive, especially since the perception (and often reality) is that such users would want to cluster much closer to the UB campus or BNMC, and that the current trend is moving these uses back into urban places.

Certainly, any opportunity at the BOA can and should not compete with current or planned efforts by UB or its partners to create a vibrant life sciences cluster downtown. However, there is a likely niche opportunity that can locate in the BOA which will support the activity around the BNMC campus. This niche is to provide lower-density, flex R&D space that can or won't locate downtown. The BOA can serve as a logical location for those nascent and established firms who need this type of space, want to be located in an emerging private R&D cluster, and also want access to various financial incentives. In this vein, there may be an opportunity to work with UB and the BNMC to set up incubator flex and production space, for firms that have progressed beyond research to production, but still are in need of lower cost space options.

A research park concept in the BOA is envisioned at a smaller scale than is typical, given the niche nature of this opportunity. We recommend a project in the size of 50 to 75 acres (550,000 to 800,000 square feet) be considered as a first phase, with future phase dependent on proven depth of demand. We expect this opportunity to evolve and strengthen over time, and likely will reach a critical market momentum that will allow for market deliver within the next 10 years.

Research and Education Cluster. A key part of the success of the research park concept will be the extent to which the BOA can establish a brand as a location with strong commitment to research and the knowledge economy. We do believe an opportunity exists for the City to work with the State, UB and other institutions along the I-90 Research Corridor (and potentially in Canada) to create a center dedicated to some aspect of scientific research on sustainability (life sciences, alternative energy, brownfield remediation). The natural location for this cluster would be the Tiff Nature Preserve, which could add an educational component to the cluster by providing a more full and complete museum experience on the site. While there are already educational opportunities at the Gardens and the Tiff Nature Preserve, additional funding could enhance such programs.

Waterfront District. Market opportunities for development along the waterfront in the BOA will be limited in the near and mid terms, given the significant number of waterfront projects already in the pipeline. However, over time, we expect that both the lake and river waterfronts will develop into higher-density, mixed-use cores. In the meantime, the plan should help the transition of the waterfront away from industrial uses into recreational uses.

Urban Office Core . Urban office cores provide higher density development than office parks, a greater mix of uses, and a truly urban environment. These areas also typically command higher real estate values because of their central locations and higher density development.

The BOA's proximity to Downtown Buffalo and the South Park neighborhood, and its potential for capturing employment in high-growth industries presents an opportunity for the BOA to evolve into an intown office core. This opportunity, however, is a long-term opportunity that will build off of the market momentum created by success of lower-density commercial concepts, as well as the continued progression of nearby, non-CBD intown office markets, such as the Larkin and Cobblestone districts just north of the site. These districts will continue to grow and capture additional demand in the future, developing into larger mixed-use cores, and eventually spinning off demand to nearby areas, including potentially the BOA.

As said, this concept, which represents a longer-term opportunity (likely 20+ years) is dependent not only on the success in creating positive market momentum in the BOA, both in terms of market performance of other commercial product types, but also the creation of a vibrant and exciting recreational foundation, which will make the area a desirable place to work.

Neighborhood Retail. Given the low employment and relatively isolated neighborhoods nearby, there is currently limited retail demand within the BOA, although there potentially exists an opportunity to deliver an upgraded grocery store and local-serving retail cluster in the area, given the relatively poor quality of the existing neighborhood retail stock. Still, significant new investment in retail will require market momentum throughout the BOA, as retail developers and retailers are unlikely to develop interest until the BOA shows real signs of significant redevelopment. Retail development almost always follows not leads.

Particularly as the BOA begins to attract businesses and their employees, we project that there will be strong support for a small concentration of local-serving retail and restaurants. The key will be attracting businesses that bring a higher density of employees than typical industrial uses. A typical employee generates demand for between 10 and 12 square feet of retail space, assuming a healthy range of retail offerings. If only smaller-scale retail is feasible, the support per employee drops to 6 to 8 square feet. Low-density employment created by firms such as CertainTeed and Cobey, where a job is only

generated every 1,000 to 1,500 square feet of facility, do not demand significant retail offerings. Office or R&D uses, with an employee every 200 to 500 square feet, generate much more significant support.

In addition to concentrating around households and employment cores, retail also locates where the traffic is heaviest. As development occurs in and around the BOA, the intersection of Abby and Tift Streets could serve as a potential node for retail and neighborhood services. Although this location doesn't have a strong existing traffic county, only 7,000 crossings daily, it will be able to capture additional retail demand generated by businesses in the BOA and increased visibility of the neighborhood.

Housing. The demand for housing is driven by the economic state of a region and local market, and generally is dependent on the creation of jobs. Today, the housing market in Buffalo is weak, as the area loses households and vacant housing is a persistent problem. When considering multifamily housing, the market depth is limited by very low barriers to entry to single-family homeownership. Current and future housing developments along the waterfront and in other areas of the city have shown that established urban areas can have some success attracting consumers, but even projects in good locations are still needing subsidies to make projects work.

We expect limited demand for new housing in the BOA in the near and mid terms. Over time, as the area evolves, housing as part of a mixed-use core(s) could be supported, especially along key waterfront sites.

Hospitality/Recreation/Education. Naturally beautiful and aesthetically pleasing assets can drive demand for hotels and conference/event space. Open space and parks offer such natural beauty and also increase visitors, thereby creating a potential need for event venues and/or hotel stays. Playfields and public fields provide the community and its citizens with places to gather. Educational facilities within parks and nature preserve help to fund improvements at such sites and also make the sites more interactive and interesting, thus drawing additional visitors.

There are four active parks within the South Buffalo BOA, including South Park, George J. Hartman Playfields, Okell Park, and Boone Park. One parcel in the Lakeside Commerce Park is designated for future park/open space. Additionally, the Tift Nature Preserve is part of the BOA. Within South Park, the Botanical Gardens conservatory and grounds add more beauty. In all, these parks and open spaces total approximately 474 acres.

Several case studies demonstrate that unique recreational and cultural amenities, such as the Antique Boat Museum in the Thousand Islands, NY or the Tower Hill Botanical Gardens in Massachusetts, can be combined with meeting space to become a tourist and business destination. Similarly with the Beaver Hollow Conference Center in Java Center, NY, these attractions use their unique identity and amenities to become successful hospitality, education, recreation, and tourism centers.

The Buffalo and Erie County Botanical Gardens Society, operator and manager of the botanical grounds, is now developing a 10-year Master Plan that includes construction of an Orangerie. The Orangerie will draw users for private, public, and special events as well as banquets and special collections. Offering limited accommodations in the beautiful surroundings will increase the drawing power of the facility.

Hospitality and recreation uses within the BOA should capitalize on the area's existing strengths to create a unique identity, allowing it to capture some of the regional demand for meeting space and

unique hospitality venues. There is an opportunity in the midterm to leverage the Orangerie and the BOA's other recreational amenities in order to deliver a boutique hotel product. The revenue collected from the hotel operations could help to fund improvements within the gardens and the surrounding areas.

Key Findings

The market analysis reveals an array of new use opportunities in the BOA. These new uses range from lower value, low employment density interim uses to higher value, high density employment long term uses. To ensure the BOA realizes its full potential, planning for the long term is essential. This includes guiding early decisions on what interim uses are appropriate for the BOA and where they should be located, as well as protecting land that has the capacity to yield highest returns over the long-term. Further, the City should engage in a long term strategy to build partnerships with the BOA community and other actors driving Buffalo's emerging economic sectors, including the Tiff Nature Preserve, the Buffalo Olmsted Parks Conservatory, and the University of Buffalo.

3.3.6 Redevelopment Strategy

A redevelopment plan should respect near-term wants and needs – in particular the desire to better compete for a share of regional economic activity and to utilize fallow brownfield sites in the City – but should not do so at the expense of long-term, sustainable economic growth. In summary, the Economic and Market Trends analysis reveals strategic guidelines that should be incorporated into the strategy for the BOA to ensure long-term opportunities are not lost.

Place the BOA in the broader context. The types of land uses that are envisioned for the BOA must fit into a broader economic strategy that focuses on long-term economic resurgence. This requires that the redevelopment plan understands and leverages the regional economic landscape and the competitive advantages of the BOA and City, and does not try to make the BOA into something it is not. It also requires that the effort to redevelop the BOA works in concert with broader economic strategies – the creation of an I-90 Research Corridor, the expansion of bi-national trade, waterfront revitalization, etc.

The BOA as an engine of growth. Rather than focusing on industries that have been declining in the region and the country, and jobs that will likely be located in the BOA for only as long as incentives are available, the goal should be to catalyze economic activity that promotes sectors of growth in the City and region. This means thinking of the BOA not just as “shovel-ready dirt,” but even more so as an economic incubator for the City, where nascent growth sectors are incentivized and nurtured.

Plan for evolution. Economically healthy, sustainable places are constantly evolving. Allowing for evolution within the BOA is especially critical, as long-term opportunities project to be of higher value than the prominent near-term opportunities. In order to allow for this natural evolution, interim uses must be planned to not prohibit other opportunities from emerging. It is also critical that a disposition strategy of sites does not excessively fragment site control. Wherever possible, the City should consider alternatives – such as multi-tenant buildings, land leases, or strategic partnerships – to selling land.

Segmenting is key. The plan for the BOA should incorporate all potential, desirable opportunities. However, as is the case with LCP, attempting to accommodate a variety of uses in a single project is a

challenge, and likely leads to market confusion. Instead, distinct opportunities should be accommodated in separate projects with unique physical characteristics and marketing approach. Branding is a powerful tool – for example, branding a new development as a technology or a research park sends a much different message to the marketplace than a commerce or industrial park designation.

You get what you incent. Incentives are currently and will continue to be an important tool for attracting and retaining businesses in the City and the BOA. But incentives should be targeted towards industries that have the potential for long-term, sustainable growth. Incentives, when they only provide temporary fixes to structure economic dislocation, merely provide short-term benefits, but always fail in the long run. Incentives need not always be financial either – any program or process that eases the cost of doing business is important. For example, by offering “one-stop shopping,” or a single point of contact for all of the local tax, incentive, zoning, and employment questions, it will help to entice firms into the area and limit barriers to entry in the local market.

Leverage the existing neighborhood and natural resources. The perception of the BOA is that it is primarily an industrial area; however, in reality it holds or abuts various resources that are the foundation for a more vibrant place. The various natural features – the lake and river waterfronts, the Olmstead Park and Botanical Gardens, Tifft Nature Preserve, the Tifft ball fields – in the BOA are not fully leveraged today, but can and should be as the BOA evolves. The adjacent South Buffalo neighborhood is a potential driver of revitalization within the BOA – in particular as a consumer of potential retail, office, hospitality, housing, and recreational/cultural/educational projects, but the plan needs to better integrate this neighborhood with the BOA and the waterfronts.

Key Findings

Moving the forward it is important for the BOA strategy to balance near-term objectives with the long-term goal of supporting long-term sustainable economic growth in the BOA. To achieve this, the BOA strategy should: be grounded in the regional economic landscape and aligned to the competitive advantages of the BOA and City; catalyze economic activity that promotes sectors of growth in the City and region; ensure the BOA has the flexibility and opportunity to evolve over time; be strategic on where and what uses are situated in the BOA; encourage market clarity and the emergence of a common brand for the BOA that attracts high value, high density employment; targets available incentives to attract industries that have the potential for long-term economic growth; and celebrate, strengthen and leverage the BOA’s many assets – renewing the BOA’s identity as an urban community with special amenities that make it a great place to live, work and visit.