

Upstate New York Market Information

Year End 2009

Buffalo. Rochester. Syracuse. Albany.



Commercial Real Estate Finance Made Simple

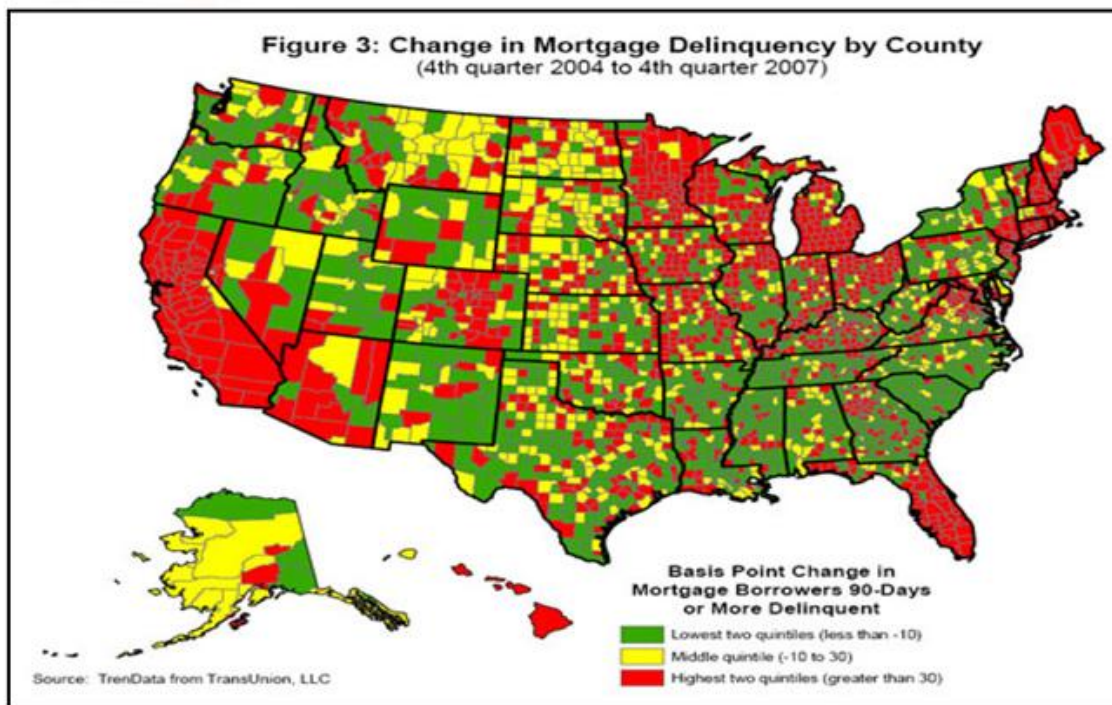
UPSTATE NEW YORK

Despite the volatility in the financial markets and the United States economy, Upstate New York, particularly Buffalo, Rochester, Syracuse, and Albany are better positioned to ride out the economic storm, than most other areas of the country.

Although most of the United States is facing serious mortgage delinquencies, as you can see from the below chart – the Upstate New York marketplace represents the lowest amount of delinquencies relative to the rest of the country, and many hard hit areas such as California, Florida and Michigan. Buffalo (4), Rochester (15), Syracuse (2) and Albany (21) have been rated among America's 25 strongest housing markets on Forbes list just released January 7, 2009. This is a direct result of these areas not falling victim to the sub-prime housing bubble and over inflated home values experienced throughout the US. These Upstate markets, as a whole, were only minimally to moderately impacted by residential mortgage delinquencies. This stands true with commercial real estate, as well. The majority of commercial real estate owners in the Upstate market are local owner/operators who have remained conservative with their developments and have kept speculative development to a minimum.

The Upstate New York marketplace continues to be a safe haven for investment, and a great place for entrepreneurs to gravitate towards, especially during uncertain times.

Mortgage Delinquencies have Risen Sharply in Several Regions of the Country



THE BUFFALO-NIAGARA REGION

The Buffalo-Niagara Region is situated within Western New York, shares a border with Canada and is located along two great lakes, Erie and Ontario. This eight county area consists of approximately 1.6 million people, with Buffalo being recognized as the region's largest city and economic center. Throughout the last 3 decades the Western New York economy began a significant restructuring from the major job losses experienced in the manufacturing industry, being offset by significant job gains in the services sector including healthcare, education, business services, leisure and hospitality.

The City of Buffalo continues to attract and sustain important public and private investment. Despite the volatility in the market, investors see this area as an attractive development environment and a great location to build and conduct business. The region thrives because of its stability. Not only are many local developers finding comfort in their real estate investments here, many other aggressive out of town real estate investors are looking to Buffalo not only as a place to ride out the storm, but to take stock in the city's future. For example, Mike Hananel, Chief Operating Officer of Horizon Realty, a Los Angeles developer, saw the incredible opportunity Buffalo presented, and since has brought 32 investors into the Buffalo real estate market and now manages approximately 600 residential units in the city. He has invested almost \$2 Million into the properties since acquiring them 3 years ago, and plans to invest nearly \$2.5 Million into these buildings in 2009 with assistance from the NYSERDA Multi-Family Energy Reduction program. With the Southern California real estate market plummeting, the company has chosen Buffalo to invest in, as it is considered a safe haven for invested capital.

Buffalo is known as a city with remarkable architecture, and has fostered a culture of people who are extremely passionate about where they live. Given that, many developers are enthusiastic about their investments in this city, and have a hands-on approach to manage their properties. This practical approach to real estate investment portrays a realistic picture as to why Buffalo has become one of the most stable lending environments in the country.

In addition to this high level of sustainability, the region has become a main hub for revitalization and development, with a main focus on the downtown central business district. New projects include the development of the BlueCross BlueShield of Western New York's regional headquarters, the redevelopment of Uniland's 200 Delaware project and New Era Cap Company's International headquarters, recently being completed. The addition of these projects, has helped foster further developments, and has made a significant difference in Buffalo's physical landscape and the overall economic condition.

Buffalo is awaiting the July 2010 completion of the \$137 Million new United States Courthouse in Buffalo. The courthouse will be a 10-story tower, located on approximately 1.74 acres of land on the northwest corner of Niagara Square. The 265,000 gross square foot structure was designed to express the dignity and transparency of the federal judicial system, while providing the United States District Court with five courtrooms and six chambers, the Magistrates with four courtrooms and chambers, a Court of Appeals chamber, and a satellite library, along with necessary facilities for preparatory space for the United States Attorney and Federal Public Defender. This public-sector investment will help feed more development from private investors.

The Buffalo Niagara Medical Campus (BNMC), which is home to the region's top clinical, research, and medical education institutions, came together in partnership with the City of Buffalo, Erie County, the Allentown neighborhood and the Fruit Belt neighborhood, to form BNMC, Inc in 2001. BNMC has created a master plan for the development of a world-class medical campus in downtown Buffalo. A major goal of the Master Plan is to improve real estate market conditions in downtown Buffalo, both within and around the medical campus. The BNMC is on the verge of another growth spurt, with construction expected to start mid-2009 on the north end of the campus, including the 600,000 square foot Global Vascular Institute, the 200,000 square foot skilled nursing facility, the 300,000 square foot Medical Office Building and the construction of a 1,200 - 1,600 space parking ramp. The University at Buffalo (UB) is also looking to create a strong presence within BNMC, by moving towards the new construction of a new research facility and incubator on the medical campus. UB has a goal of growing into a top public research institute and has been devising a master plan for its campuses in Amherst, on Main Street, and downtown, where its medical and health-related programs could eventually be moved. In 2007, UB purchased the former M. Wile Building, located on Goodell Street in Buffalo, and plans to start refurbishment in Spring 2009. On an adjacent parking lot, the new EOC building, currently in the design stage, will be constructed with \$26 million in state money. The center reaches out to the region's disadvantaged population by providing educational job training, college preparation and related services. UB has also secured \$18 million for a research incubator to grow start-up bioscience companies and \$100 million for a clinical and translational research center. UB wants to incorporate those two facilities within the 600,000 square foot, Global Vascular Unit being built along the north end of the campus at Ellicott and Goodrich Streets.

As of December 2008, UB released plans to expand the university over the next 15 years. The plan is to increase the size of the university by 10,000 students and faculty by 750 which would potentially lead to more than 650 staff employees. "We have to increase the size of the university to play in the world of public research universities of which we're apart", stated University President, John B. Simpson. UB's economic impact on the Western New York region is estimated at \$1.5 Billion. As the university continues to grow and flourish, Western New York will benefit from what is already a recognized and major research university.

Additionally, the City of Buffalo announced the planned restoration of car traffic to Main Street south of West Tupper Street, which will open a critical section of Downtown Buffalo to the booming BNMC. A major component of the BNMC Master Plan has been to further integrate the campus with its surrounding neighborhoods. Returning traffic to this area will link the dynamic development activity of the Medical Campus with the continuing growth of residential, cultural and commercial activity throughout downtown. The project is scheduled to be completed in the spring of 2009, with an estimated cost of \$2.4 million.

The City of Buffalo has been working to revitalize its waterfront, and currently has ten improvement projects underway. These projects extend from downtown, along the Outer Harbor, to the City Line with Lackawanna. The \$100 million public investment for these projects will improve access, amenities, basic infrastructure and recreational opportunities for the waterfront. Currently, all projects have secured funding and are in the final stages of design,

environmental review and, in some cases, are already under construction, with the exception of the South towns Connector/Outer Harbor Access Project. This projects intent is to re-engineer the Outer Harbor transportation system, including the configuration of Route 5/Fuhrmann Blvd, reconstruction of Ohio Street, and the construction of the arterial connector from I-190 to Tift Street. In addition to the public-sector investment of the waterfront, other local private developers are working to adding upscale apartments, condominiums and townhouses near Buffalo's waterfront. Ellicott Development has planned the development of a Waterfront Village townhouse and condominium project. The first phase of the project will be completed in the first quarter 2009, and consists of a 13-story, 48-unit condo tower. The tower, known as The Pasquale, is located within Waterfront Village, adjacent to the Erie Basin Marina. Ellicott Development has pre-sold 31 of the 48 units, and plans to begin construction of the second tower mid-2009. The second tower, called Antonio, will essentially be a twin of the first.

Other upper-end residential projects currently in the pipeline include plans by a local developer to transform the former Freezer Queen plant on Fuhrmann Blvd into a condo and hotel complex, with 153 units in the first phase. Two other upscale projects, led by Uniland Development, include the 37 units in Delaware Avenue's Avant building and 68 condominiums in the 25 Gates Circle project. McGuire Development is proposing a proposing a 26-unit Waterfront Village townhouse/condo complex and Nemo Development also plans for a 30-unit Waterfront Village townhouse project.

In addition to the economic development currently going on within the City of Buffalo, many surrounding areas have experienced job growth and development, in recent years. Specifically, in 2005, GEICO Corp, the nation's fifth largest auto insurer, took occupancy in the CrossPoint Business Park. The addition of this company has added 2,500 new jobs to the Buffalo-Niagara market. In the fourth quarter 2008, construction was complete on the long awaited \$60 Million expansion of the region's largest shopping center, Walden Galleria. The expansion added included numerous up-scale restaurants, a 12-screen Regal Cinemas movie complex, a multi-level parking ramp, a national steakhouse, Irish Pub, and over 25 new retail stores.

Buffalo has benefited greatly from the influx of both public and private developers working towards a common goal of making the City of Buffalo a great place to live and work. With that, a number of services sectors have enjoyed increased job growth, led by private education and finance, the later sector expanding close to 3 percent in the first half of 2008. Wholesale trade jobs expanded sharply in 2007, posting a 1.5 percent gain over 2006, possibly buoyed by the strength of the Canadian dollar.

THE ROCHESTER MARKET

The Rochester MSA, located 70 miles east of Buffalo and 85 miles west of Syracuse, consists of Monroe County and the five contiguous counties of Genesee, Livingston, Ontario, Orleans and Wayne. The City of Rochester, which is New York's third largest metropolitan area, is located on the shores of three major bodies of water – Lake Ontario, the Genesee River and the Erie Canal.

Economically, Rochester has continued to prove itself to be one of the most stable economies in the Northeast. Rochester serves as the worldwide headquarters for Eastman Kodak Company, Bausch & Lomb, Xerox Corporation, and Wegman's Food Markets. Wegman's has become a major regional supermarket chain, and is one of the largest private companies in the United States. Ranking #3 on Fortune Magazine's 2008 list of the top 100 Best Companies to Work For, has allowed the City of Rochester to gain exposure on a national level, promoting a strong healthy environment for people and companies to do business. Given that, many businesses, such as Paetec, one of the largest and fastest growing telecommunications companies in the United States, has outgrown its Perinton, New York location and plans to construct a state-of-the-art building in the heart of Rochester's central business district. The City of Rochester acquired the Midtown Plaza properties and with funding assistance from NY State's Empire State Development, is moving forward with plans for the demolition of the buildings to accommodate the Paetec project.

Rochester has traditionally been viewed as a big company town. Employment rose .3% over 2007, with gains being found in educational and health services, professional and business services, information, and construction. Many of Rochester's fastest growing companies are located in the knowledge industries of telecommunications, such as Paetec, information technology, biosciences and the growing research in fuel cells and nanotechnology. Forbes magazine ranked Rochester #1 among the nation's 50 largest metro areas for technical innovation. The established strength of the area's high-tech industries and the continued investments that are being made in this sector suggest a bright outlook for Rochester's future economy.

Since 2006, the University of Rochester has been the largest single employer in Rochester, proving that the University helps to drive the economy in the Rochester Region. Forbes magazine recently ranked Rochester 6th on its list of Best Places with Education, with 18 top ranked colleges and universities in the area. The University Of Rochester Medical Center is a dominant medical force in Upstate New York and the University of Optics is a world-class research center. The educational resources and strong partnerships that exist between the academic and business communities are a critical component in sustaining Rochester's growth. A recent Governmental Research economic impact study showed that the total economic output of the Medical Center is \$1.9 billion annually, and a total of 20,000 Rochester-area jobs that can be directly or indirectly attributed to the Medical Center and its affiliates. The new James P. Wilmot Cancer Center, a 163,000 square foot facility, created 1,000 new permanent jobs, provided 750 construction jobs and lead to \$18 million annually in new research funds. University-based research has helped improve the Rochester economy in a variety of ways.

The University of Rochester is among the top ten US universities in licensing revenue, earning just under \$40 million. The Office of Technology Transfer helps to transfer intellectual property licenses to private industry and assists in the creation of start-up companies. Developing such companies and keeping them in Rochester, along with the jobs and revenue they produce, are other areas of success for both the City of Rochester and the University. Rochester-based companies such as Vaccinex, VirtualScopics, Socratech, Koning, LAGet, SiMPore, and iCardiac, are all products of University Research, with an average of 4 to 5 new companies starting-up each year.

In addition to adding new jobs to the local economy, the University is working on several projects to connect the campus to the community across the river, while creating a vibrant 'college town' atmosphere. The beginning of the revitalization across the river, started with the opening of Brooks Landing. Brooks Landing includes a new Staybridge Suites Hotel, the Boulder at Brooks Landing coffee shop, the Brooks Village Streetscape Project and the city's Riverfront Improvement Project. Eventually, the \$6 Million in public investment leveraged \$42 Million in private dollars that included Riverview Apartments, Dalberth Sporting Goods and Brooks Landing apartments. Besides working with the city and state, the University of Rochester helped aid Brooks Landing since 400 students live nearby in apartments and support local businesses. Currently, a Business center for Brooks Landing is now under construction, with high level discussions for the inclusion of condominiums with a restaurant on the first floor. University of Rochester will be moving some offices into the space, as well.

Besides the University at Rochester helping to improve the economic condition of the city, the Rochester Institute of Technology has also contributed and recently partnered with Wilmorite, a local developer, to complete a \$75 million mixed-use project, known as Park Point, which is a combination of apartment t-style housing, dining, shopping, and recreational amenities.

Like Buffalo, the city of Rochester also fosters a secure lending environment, because of its stability. Development is occurring at a steady pace; therefore, the area has only been moderately impacted by the economic recession. Local developers own most of the real estate in the area. They are familiar with the market and know how to manage their properties. Unlike many other markets, where outside investors will own properties and manage them from remote locations, most developers in Rochester take pride in running their properties to make them successful.

SYRACUSE MARKET

The Syracuse MSA consists of four counties including Onondaga, Oswego, Madison and Cayuga. The MSA has a total of approximately 733,000 people, with 147,000 residing in the City of Syracuse. Syracuse is a major commercial, industrial, and transportation center for the Northeast. The economy is highly diversified, which enabled the city to weather the 2001 recession, and currently has a positive outlook despite the current economic situation. While manufacturing remains significant to the local market, the service industry is experiencing record growth. Sub-sectors leading the trend include call centers, finance, education services and retail trade. Syracuse has been recognized as an excellent place to work and live; its Cost of Doing Business Index is sixth-lowest in the nation at 87.7 (US Average is 100), and Expansion Management magazine listed Syracuse among the country's top 50 cities for business relocation and expansion. Recent studies indicate Syracuse is leading the state in job growth. Similar to the trend in other cities within Upstate New York, as referenced above, the Syracuse MSA has experienced a shift in employment from manufacturing to service-based industries; therefore, it is not surprising that Syracuse's top employers are now primarily in education and the service industry.

The Syracuse downtown market can be broken up into seven districts, consisting of the Power District, Hanover Square, Armory Square, Heart of Downtown, the East Side District, Presidential Plaza and the Convention District. Armory Square is considered to be the largest historic district in downtown and is the center of the downtown nightlife. The area has many restaurants, bars, specialty retail and cultural attractions. Throughout all of these districts, over the next two years approximately \$300 Million in investment is underway and over 1 million square feet is being built or renovated. There is expected to be approximately 640 new hotel rooms being built and 282 apartments or condos under construction. One of the largest projects currently underway with a February 2010 completion is the Westin Syracuse Hotel. The project is expected to cost \$72 Million and will consist of 270,000 gross square feet with an 8-story tower housing 365 guest rooms and 11 suites. The Westin Syracuse hotel will enliven the corner of Harrison and States Streets visually with a glass and metal panel architectural tower feature, and functionally with an upscale leased restaurant opening to the corner and facing the Everson Museum of Art. The hotel entrance will face the Onondaga Convention Center providing easy access to and from the convention facilities, both across the street and fully conditioned through the existing pedestrian bridge, into the parking deck and then through a new pedestrian bridge into the hotel.

Another project that is expected to be completed this spring is Jefferson Clinton Commons, which is a new mixed-use project that will be located on the southwest corner of Clinton and Jefferson Streets in Armory Square. The total expected costs of the project are \$21.5 Million, and will include a four-story, mixed-use office/retail/residential building on the site and will also contain a parking garage. The project also consists of two stories of office/retail space with two stories of residential condos located above.

One of the largest housing projects being initiated in downtown is the renovation of the Hotel Syracuse which is being led by Ameris Holdings of New York City. They are creating a mix of

condominiums, apartments and hotel rooms. It is a \$35 Million Project that plans for 3 floors of hotel rooms, 3 floors of apartments and 3 floors of condominiums.

The fastest growing neighborhood within Syracuse is University Hill, located directly east of Downtown Syracuse, across Interstate 81. The area is the preeminent medical and educational complex in Central New York, and has seen a tremendous amount of growth in recent years, which is fueled by expansions by Syracuse University and Upstate Medical University, as well as dozens of small medical office complexes. Overall, the projects currently under construction on University Hill today total \$380 million, with an equal amount in the pipeline that will be built over the next three years. One of the largest construction projects currently underway is the six-story vertical expansion that will rise above University Hospital's East Wing. It represents a \$120 million capital investment, and will feature floors dedicated to oncology, cardiology and neurology services, and will include two floors dedicated to the Golisano Children's Hospital. The project is anticipating completion in 2009. An additional advancement for University Hill was the announcement of \$10 Million in state funding to establish the New York State Cord Blood Institute in Syracuse. The facility will collect, type, test and distribute for research treatment cells derived from umbilical cord blood collections, which until now has generally been routinely discarded as medical waste. While some other small public umbilical cord blood banks exist in the NYC area using federal funding, the Syracuse facility would be one of the largest of its type in the nation, with construction potentially starting this spring, and would be the first in New York to be constructed using state funding. The announcement that this facility would be located in Syracuse is a tremendous boost for Central New Yorkers working to strengthen their economy and improve their growing reputation as a leader in advanced, life-saving technologies. This facility and the work that will go on within it will bring hope to thousands of families who are afflicted with numerous devastating diseases.

Another key project that began in the beginning of 2008 was the \$78 Million expansion of the Spinal Cord Injury (SCI) Center at the Veteran's Medical Center. Construction included a new six-story, 108,000 square foot addition to the medical center to house a portion of the SCI Center, six new operating rooms, two special procedure rooms, and the relocation and expansion of the operating room facilities, and expanded space for specialty outpatient services. Six hundred veteran spinal cord injury patients live across New York State and currently have to travel out of state or to New York City for inpatient care. This project will elevate the scope and quality of care offered at the Syracuse VA, and its construction will have a significant impact on the local economy.

The Syracuse University Connective Corridor is a 1.5 mile signature strip of cutting-edge cultural development that will link all the projects currently underway between downtown Syracuse and University Hill. The Corridor will focus on East Genesee Street at the base of University Hill, and will make investments in key locations supporting historic landmarks, cultural institutions and private development in the city. These areas include the emerging arts districts along East Genesee Street and the Near Westside; Fayette-Firefighters Park and Columbus Circle; the nightlife of Armory Square; and the Civic Strip, where the Oncenter complex and the Everson Museum tie into the center of downtown. Altogether, the Corridor is home to three major universities and over 20 arts and cultural venues, all within close proximity to each other.

The Corridor will showcase these assets, igniting a resurgence of economic development, tourism and residential growth. It will feature new and imaginative lighting, public and interactive art, urban reforestation, and technology hot spots. The Connective Corridor will also demonstrate that campus and community are interdependent and can thrive together. It will feature art, technology and sustainable designs developed by students and faculty working in partnership with community artists and residents – highlighting the innovative spirit found in Central New York.

Located between Downtown Syracuse to the South and Onondaga Lake to the north is the Lakefront District which consists of the Carousel Mall and the Destiny USA expansion, the Syracuse Inner Harbor and Franklin Square. Carousel Center is a 1.5 million square foot regional retail and entertainment complex, with an 840,000 square foot expansion currently underway. Pyramid, a local developer, plans to turn the mall into the Destiny USA complex, which will be a destination resort totaling over 4.5 million square feet upon completion. The first phase alone will cost about \$540 million.

Overall, the Syracuse Market has seen an impressive amount of development activity within the downtown corridor, as well as the surrounding areas, despite the downward slide in the United States Economy. Investors consider this area a prime place to live and do business because the city is fairly conservative. People in the area tend to live within their means, and do not put themselves in a situation where foreclosure is the only option. Syracuse has one of the strongest local economies in Upstate New York. Its location and the fact that it is a regional hub for education and health services, insulates the area from becoming hard hit by the national recession. This is a promising area for new development and is considered less risky than most other markets within United States.

ALBANY MARKET

Albany is the capital of the State of New York, which lies 136 miles north of New York City and south of the Mohawk and Hudson River juncture. The Capital District includes: Albany, Rensselaer, Saratoga, Schenectady and Schoharie Counties. This area makes up the bulk of the Metropolitan Statistical Area (MSA), making it the 4th largest urban area in New York State, and the 56th largest MSA in the United States. Historically, the Capital Region was developed as a transportation, trade and industrial center. Today, however, it has further evolved into a major center for government, finance, education, technology, health care, service and tourism for all of Upstate New York.

Local job growth in Albany is at its peak, and steady expansion in the service sector combined with an end to job losses at the state and government level is keeping the economic outlook for the area positive. The current unemployment rate is 3.7%, which is well below the national average of 4.7%. With easy access to New York City, Boston, Montreal and Buffalo, the area remains attractive for regional services, distribution, retailing and healthcare centers. Efforts to establish Albany as a center for high-tech industries and bio-medical research will lead to many benefits in the future.

The Capital District was named by Sperling's Best Places as the least stressful place to live in the country mainly because of the low crime rate, strong employment, climate and short commute times. Albany's largest service industries, which are education and health-care, comprise about 18% of the total employment. And it is anticipated that, this sector will continue to grow at increasing rates as a result of Albany's central location and aging population. The area is comprised of more than 40 colleges and universities that offer incredible educational opportunities in many fields of study including high-tech, engineering, business, medicine and law.

The Capital Region, as part of the Hudson Valley, is becoming widely recognized as the region for development of innovative, high technology firms. The Capital District is home to more than 1,000 technology firms, employing 50,000 people with an annual payroll estimated at \$2 billion. The economic impact of these high-tech entrepreneurial companies is estimated at \$5 Billion. Target industries for the region include back office operations, emerging technologies, medical device manufacturing, wood product manufacturing, warehouse/distribution and pharmaceuticals. While the region's reputation as a technological power is growing, many of its companies continue to prosper in relative anonymity locally. In addition to its highly educated work force and the concentration of universities and colleges, the Capital Region's attractiveness to the newer high-tech companies is a result of its advanced telecommunications infrastructure and its strategic geographic location. Nearly \$100 million in products and equipment are invested annually to upgrade and advance the Capital Region's telecommunications infrastructure.

Similar to other markets in Upstate New York, Albany has not been as affected by the economic recession as many other cities across the United States. Consequently, the area still has numerous plans underway for real estate developments, specifically with regards to developments in nanotechnology. Albany Nanotech, which is one of the largest global centers

for nanotechnology, is expanding by 250,000 square feet at its complex off Fuller Road. Albany Nanotech is home to the College of Nanoscale Science and Engineering and the New York State Center of Excellence in nanoelectronics of the University at Albany. The current 450,000 square foot complex, has an asset value approaching \$2 Billion, includes the only 200mm/300mm wafer facilities in the academic world, encompasses nanoelectronics, system-on-a-chip technologies, biochips, optoelectronics and photonics devices, closed-loop sensors for monitoring, detection, and protection, and ultra-high speed communications components. In addition, due to the wide-spread developments in nanotechnology, numerous nanotechnology companies around the country have considered moving their headquarters to Albany. For instance, Sematech recently announced its plan to move its headquarters from Austin Texas to Albany. Sematech will invest \$600 Million into a new Research and Development facility in Nano Electronics.

Another key development project currently underway is the \$65 Million redevelopment of Wellington Row in downtown Albany. The 405,000 square foot redevelopment project will include ground floor retail, 15 apartments and underground parking for 37 vehicles. The project is anticipating completion by early 2011.

Albany's commercial real estate market continues to be driven by the growing technology sector. The primary impact will be the creation of approximately 1,500 jobs on a direct basis due to the chip manufacturing plant. This influx of new residents to the area will have a distinct impact on the retail sector in Albany. New retail developments are currently underway, to meet the needs of a surging residential population. The majority of new developments are taking place in Rensselaer County. This area was previously under-retailed and is now coming into its own, due to the current demographics and the continued level of development enticing new retailers to the market. The most significant project was the \$70 million renovation of Colonie Center. The renovation helped improve overall occupancy and shopper traffic and included major renovations to upgrade both the interior and exterior appearance of the mall, adding new, upscale junior anchor tenants, improving signage, redirecting and adding various entertainment features including a multi-screen Cineplex and new restaurants. Additionally, a local developer, DCG development, recently purchased and renovated the Clifton Park Center Mall, and is looking to develop a 4-story hotel at the mall to help boost traffic. The hotel entrance would be next to the Regal Cinemas, on the side of the mall facing Clifton Park Center Road. The entrance would be located in a 1,200 square foot addition to the mall. The hotel rooms would be located in a four-story building rising above the mall. As evidenced by the renovations of Colonie Center and Clifton Park Center Mall, the Albany area has trended towards recycling old and obsolete malls. Many projects have experienced redevelopment in an attempt to remain competitive. The former Northway Mall in Colonie was redeveloped into a power center anchored primarily by Target, Jo-Ann Fabrics, Marshall's and Staples. In Saratoga County, the former Saratoga Mall was leveled and replaced by a power center anchored by Home Depot, Barnes and Noble and Target.

Multifamily housing development in the Albany MSA has increased during the past five years. An average annual total of 680 units have been built during this period. Currently, numerous

multifamily developments consisting of various types of housing, including age-restricted senior housing, condominium units, and large scale luxury rental apartments, are under construction, in initial lease-up, or in various planning stages. Urban condo development has significantly increased over the past two years, as well. In a report by TL Metzger & Associates, they calculated that within the next two years, 1,200 condo units will become available for purchase within the Capital Region. In contrast, just 600 units were sold in the past sixteen years. Of the 190 condos available on the market in June 2008, 168 of them were new construction. The groundbreaking has begun on the \$15.7 million, 136-unit low-income housing complex in Glens Falls. The complex, called Village Green Apartments is expected to be completed by June 2009.

Through 2008, Albany continued to thrive as market conditions tighten, and investors continued to perceive the Capital Region as one of the most economically secure and viable Upstate New York marketplaces. Albany's biotechnology sector will fuel the economy, increase jobs and create new business opportunities for the region.