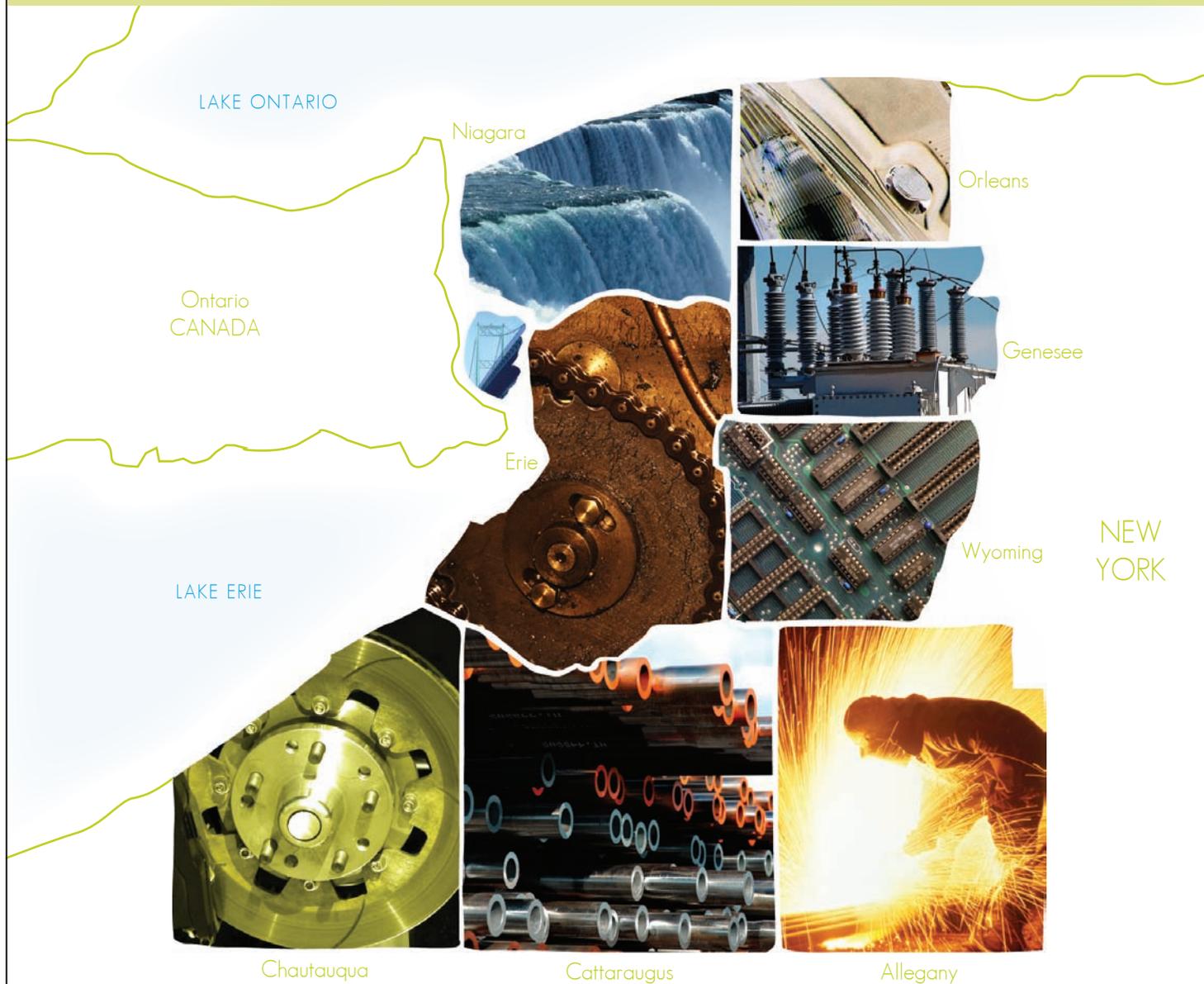


BUFFALO NIAGARA REGION INDUSTRY CLUSTER PROFILE

Machinery



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Machinery

Buffalo Niagara Region Industry Cluster Profile

The Machinery industry cluster includes those companies that produce a wide variety of machinery, including **turbines, engines, conveyors, cranes, machine tools, metalworking machinery, food products machinery, compressors, furnaces, computer equipment and packaging machinery**. This industry cluster produces the machinery and equipment necessary to produce and manufacture products and services in other industries. The primary purchasers of such goods are other businesses.

The **Buffalo Niagara region offers many benefits** for existing and new businesses, including a highly acclaimed and productive workforce, a bi-national location, a superior existing infrastructure, progressive business climate, competitive construction costs and an exceptional quality of life.

There are numerous measures of the Buffalo Niagara region's business advantages. Consider, for example, the following rankings:

- *Expansion Management* magazine recently ranked the Buffalo-Niagara Falls area in “**America’s 50 Hottest Cities” in which to do business**. Based on a survey of the industry’s most prominent site location consultants, Buffalo-Niagara Falls ranks as the 44th hottest city for manufacturing companies looking for an expansion or relocation site.
- The Buffalo metropolitan area ranks 4th out of the 50 largest metropolitan areas in **degrees granted in science and engineering** as a share of the workforce according to the Progressive Policy Institute’s 2001 *Metropolitan New Economy Index*.

The Buffalo metropolitan area ranks 14th in **academic research and development**, an indicator that accounts for the combined measure of industry investment in research and development at academic institutions and total academic research.

The Buffalo metropolitan area also ranks 18th in **workforce education** as a share of the workforce. The workforce education indicator is a weighted measure of the educational attainment (advanced degrees, bachelor’s degrees or some college course work) of the workforce.

The Buffalo Niagara region is a recognized leader in the Machinery industry with the **sixth highest employment concentration** of Machinery jobs out of the 50 largest metropolitan areas in the nation. Major Machinery businesses located in the Buffalo Niagara region include:

- ◆ Acu-Rite, Inc.
- ◆ Armstrong Pumps, Inc.
- ◆ Automotive Corp., Inc.
- ◆ Cooper Turbocompressor, Inc.
- ◆ Cummins, Inc.
- ◆ Derrick Corp.
- ◆ Dresser-Rand Co.
- ◆ F R Holdings, Inc.
- ◆ Graham Corp.
- ◆ MRC Bearings, Inc.

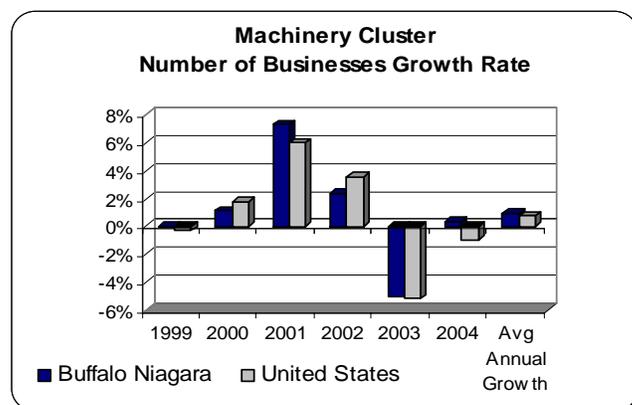
The Machinery industry cluster tends to reflect the main goods-producing industries in a community. In the Buffalo Niagara region, the primary industries supported by the Machinery industry cluster include **automotive/engines, oil/mining, steel/metals and energy/power generation**. Historically, the Machinery industry cluster “grew up” with these core industries in the Buffalo Niagara region. While these industries continue to support a local client base, many Machinery businesses serve clients nationally and internationally.

Economic Profile

The Machinery industry cluster includes those companies that produce a wide variety of machinery, including turbines, engines, conveyors, cranes, machine tools, metalworking machinery, food products machinery, compressors, furnaces, computer equipment and packaging machinery. This industry cluster produces the machinery and equipment necessary to produce and manufacture products and services in other industries. The primary purchasers of such goods are other businesses. The Machinery industry cluster is defined by one 3-digit North American Industry Classification system (NAICS) code or one 2-digit Standard Industrial Classification (SIC) code.

Businesses

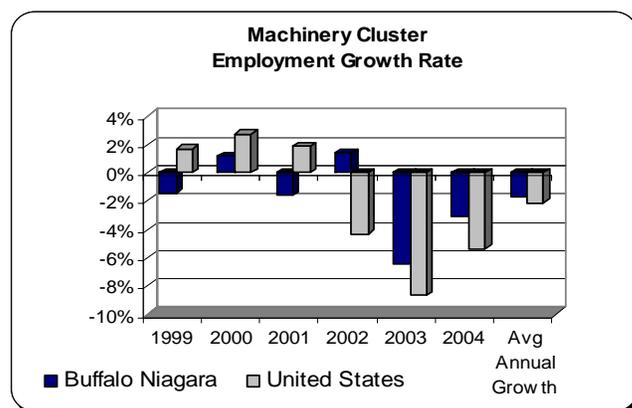
- About **575** Machinery businesses were located in the eight-county Buffalo Niagara region in 2004.
- The number of businesses grew **1.0% per year** from 543 businesses in 1998 to 575 in 2004 compared to 0.7% average annual increase nationally in this industry cluster.
- With nearly 38% of Machinery businesses employing more than 10 people compared to 17% for all businesses that employ more than 10 people in the Buffalo Niagara region, this industry cluster has a **larger concentration of medium and large businesses**.
- Based on the number of businesses in the NAICS-defined cluster, **the special dies, tools, jigs and fixtures sector and the industrial machinery sector** have the largest number of businesses.
- Nearly 56% of all Machinery businesses in the Buffalo Niagara region are in **Erie County**.



Source: Dun & Bradstreet, Inc., MarketPlace database, July-Sept. 1998 - 2004.

Employment

- The Machinery industry cluster employed about **17,400** people in the eight-county Buffalo Niagara region in 2004.
- Employment in the Machinery industry cluster has decreased an average of **1.7%** per year from 19,300 employees in 1998 to 17,400 in 2004.
- Employment in this industry cluster comprises about **2.7%** of the Buffalo Niagara region's total employment base, compared to a 1.6% concentration nationally.
- The **welding apparatus and metalworking machinery sectors** were the fastest growing industry sectors from 1998 to 2004.
- About 52% of the Buffalo Niagara region Machinery industry cluster employment is in **Erie County** and nearly 20% is in **Chautauqua County**.



Source: Dun & Bradstreet, Inc., MarketPlace database, July-Sept. 1998 - 2004.

Wages

Total industry cluster payroll in the Buffalo Niagara region was **\$801.7 million in 2003**. The average annual wage for employees in the Machinery industry cluster was \$44,600 in 2003 compared to \$48,300 nationally.

Buffalo-Niagara Falls Occupational Salaries, 2003

Occupation	Average Annual Salary
Structural Metal Fabricators and Fitters	\$31,900
Tool and Die Makers	\$49,470
Industrial Engineers	\$60,830
Industrial Production Managers	\$80,270

Source: Bureau of Labor Statistics <http://stats.bls.gov>.

Industry Resources

The infrastructure to support the Machinery industry cluster comes from a variety of sources including private companies, professional associations, higher education institutions and government. This list includes some of the industry resources found in the eight-county Buffalo Niagara region.

Professional Associations

New York State Energy Research and Development Authority	www.nyserda.org
New York State Office of Science, Technology and Academic Research (including Centers for Advanced Technology program)	www.nystar.state.ny.us
Insyte Consulting	www.insyte-consulting.com

Education

The higher education system in the Buffalo Niagara region provides an excellent support system for businesses in the region. There are approximately 30 two-year and four-year institutions in the Buffalo Niagara region. Of these, there are 15 regional higher education institutions with a total enrollment of more than 1,000 students each, including eight institutions that are part of the State Universities of New York (SUNY) system and seven independent or private institutions. All 30 institutions have a combined enrollment of over 100,000 students and more than 20,000 graduates annually. A directory of all higher education institutions with corresponding web sites may be accessed via www.highered.nysed.gov. The following information provides highlights of some regional higher education institutions and programs:

- ◆ Alfred State College in Alfred, New York (www.alfredstate.edu) offers nearly 60 associate degree programs, 12 baccalaureate degree programs and several certificate programs. Associate degree programs include **drafting/CAD-tool and die/electro-mechanical, electrical engineering technology, electromechanical engineering technology, machine tool technology, mechanical engineering technology, robotics and computerized control technology and welding technology.**
- ◆ Buffalo State (www.buffalostate.edu) has an **electrical engineering technology** program with specialty studies in **electronics or power and machines**. Bachelor degree programs in **industrial technology and mechanical engineering** technology are also offered.
- ◆ Erie Community College (www.ecc.edu) has associate degree programs in **industrial technology, mechanical engineering technology and for training as an industrial electrician.**
- ◆ Jamestown Community College (www.sunyjcc.edu) has an associate degree program in **mechanical technology.**
- ◆ The University of Buffalo, School of Management (www.mgt.buffalo.edu) has been ranked one of the **top 50 global centers** of research on Management of Technology (MOT), according to the International Association for Management of Technology (IAMOT). A **Master of Science in Supply Chains & Operations Management** provides students with the knowledge to work in the manufacturing and service industries. The program evolved out of the realization that ever-increasing customer demands on product price, quality, variety, lead-time and the need to pursue mass customization have forced companies to focus attention not only on internal operations, but also on ensuring coordinated response on the part of the entire supply chain, including suppliers and distributors.

Currently in the **top 15%** of the nation's 300 engineering schools, the School of Engineering and Applied Sciences offers programs in **electrical, industrial, mechanical and aerospace engineering.**

- ◆ Most schools also offer general engineering programs.

The Buffalo Niagara Region Business Advantage

The Buffalo Niagara region offers many benefits for existing and new businesses, including a highly acclaimed and productive workforce, a bi-national location, a superior existing infrastructure, progressive business climate, competitive construction costs and an exceptional quality of life.

Workforce

With a labor force of nearly 795,000 people, the Buffalo Niagara region's workforce represents one of New York's greatest assets. The region enjoys a large, well-educated population and an abundant supply of entry-level and experienced labor. Indeed, 86.4% of the adult population has graduated from high school, ranking the region #24 out of the 45 largest metropolitan areas. The region boasts a diverse employment base that is highly productive and brings with it a very strong work ethic.

Location

The Buffalo Niagara region is a strategically located and affordable region in which to do business. It is located in geographic proximity to the major trading centers of the Northeast and is a bi-national gateway for commerce. Uniquely positioned to facilitate the movement of goods between the United States and Canada, no other region provides such easy and convenient international air, ground, shipping and water access infrastructure. The Buffalo Niagara region's extensive infrastructure and strategic border location keeps it at the forefront of the nation's international trade with Canada.

Commercial/Industrial Space

Construction costs compare favorably with those of competing markets. The commercial and industrial real estate markets within the Buffalo Niagara region offer some of the most attractive prices in the nation, and the attention towards growing the economy makes it an especially lucrative region for investment.

Cost of Living

The Buffalo Niagara region ranks slightly below the national average for the cost of living and well below many other major cities. According to the ACCRA Cost of Living Index, Buffalo-Niagara Falls has a composite index of 96.5 for the first quarter of 2005 (100 = U.S. average). The region boasts some of the lowest housing costs compared to similar metropolitan areas, with an ACCRA housing cost index of 84.5.

Housing

The Buffalo Niagara region offers a wide range of housing options, ranging from executive housing to entry-level homes and apartments. Further, the region offers the second lowest median home price out of the 133 metropolitan areas included in the National Association of Realtors' quarterly report. The median home price in the Buffalo Niagara region rose to \$93,000 in 2004 compared to the national median price of \$184,100. Prices rose 5.0% in Buffalo Niagara in 2004 compared to the 8.3% rise nationally.

Quality of Life

One of the least known facts about the Buffalo Niagara region is its great quality of life. Those not personally familiar with the Buffalo Niagara region often perceive it as a community covered in snow, without much going on. The reality is much different. While the region does receive an average of 94 inches of snow each year, temperatures tend to be more moderate due to the lake effect. With an annual average temperature of 48° F, the region has a four-season climate with temperatures ranging from an average of 25° F in January to 71° F degrees in July.

The Buffalo Niagara region offers numerous entertainment venues ranging from major league sporting events to theatre and other cultural attractions to a wide variety of winter and summer outdoor recreational activities. Independent rankings put Buffalo Niagara on par with much larger cities in cultural and entertainment rankings. For example, *AmericanStyle*, a nationally distributed lifestyle magazine aimed at art enthusiasts and collectors, named Buffalo one of the nation's Top 10 Arts Destinations for the third consecutive year in its annual readers' poll in 2004.