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## **Vermont is half way through the year and appears to be on the way back to recovery**

July 29, 2010 - Spotlights

We are half way through the year and Vermont appears to be nearing the bottom of this recession and on its way back to recovery. However, the effects will continue to be felt for quite some time to come. In 2010 growth is expected to be higher than the previous year, but still below historical averages. This limited growth should mirror the slow and steady recovery from this recession.

### **RETAIL**

In Williston, the Dick's Sporting Goods store will be expanding into half of the vacant Linens & Things space at Maple Tree Place, and Moe's Southwest Grill has opened its second store in the area. The new store is located in front of Petsmart at the Taft Corners Park off Rte. 2A. Lowe's has opened a second 153,000 s/f store at the former Essex Town Plaza on Susie Wilson Rd. This will increase the size of the current center by 53,000 s/f. There is a 1.6-acre pad site available for development in front of the new Lowe's. This pad site could accommodate up to 10,000 s/f of retail space. In Shelburne, Tractor Supply will start construction soon on a new 15,000 s/f store on Shelburne Rd.

Downtown Burlington's outdoor-mall concept continues to draw both local and tourist crowds to Chittenden County's premier retail center. Church Street Marketplace vacancy rates did increase in 2009, but vacancies are slowly being absorbed. The Church Street Marketplace Commission and local city leaders are looking into ways to expand the Marketplace experience; it is possible that the Marketplace could expand down adjoining side streets. An optimal mix of both local and national retailers provides Marketplace shoppers a unique shopping experience. The Burlington Town Center, featuring the likes of Macy's, Pottery Barn, and William Sonoma, anchors the Marketplace with over 140,000 s/f of leased space.

### **INDUSTRIAL**

The industrial market saw a slight negative growth rate in 2009. This occurred due to the conversion of a large industrial building to another commercial use. Activity in the industrial market is still focused on smaller spaces ranging from 2,500 - 7,500 s/f. Many of the larger spaces on the market are being re-developed to accommodate the demand for smaller space. Demand for new industrial space in 2010 should be higher than the negative growth seen last year, but is still anticipated to be below historical averages. Vermont's largest employer, IBM, has seen its work force increase slightly over the last year, adding about 150 new jobs.

### **OFFICE**

Approximately 300,000 s/f of new office space was added to the marketplace over the last two years. Rents in the CBD are beginning to weaken, with rents for Class A space between \$14 and \$17 per s/f, and Class B space renting between \$9 and \$13 per s/f. Vacancy rates in the CBD have risen above 5%. On the other hand, suburban office vacancy rates are nearly 15%. Several

buildings in the suburban market have been constructed in the last two years. A few of these buildings have yet to fill more than 60% of the space. Rents in the more suburban areas are between \$13 and \$16 per s/f for Class A space and \$8 and \$12 per s/f for Class B space.

Despite the recession, there remains opportunity for those who seek it. Rising vacancy rates and lower rents should allow good businesses to retrench and weather the storm. Investors should keep an eye out for properties they can purchase below the high asking prices we have seen over the last several years.

Vermonters are looking forward to rebuilding their local economy. New ideas and new businesses are often born out of economic turmoil and will lead the way on the road to recovery. Vermont remains a wonderful place to live and do business.

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