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Vermonters looking forward to rebuilding their local economy: Opportunity for those who seek it

October 27, 2010 - Spotlights

Taft Corners Shopping Center is in the process of building out a new end-cap unit on Williston Rd. for NBT Bank. NBT Bank, based in Norwich, N.Y., is a community bank doing business since 1856, and they are opening a second location here in Chittenden County. Earlier this year, NBT took over the former Chittenden Bank location at 150 Bank St. in downtown Burlington.

Retail

In Williston, AC Moore has signed a lease to take over the vacancy left by Circuit City. The addition of AC Moore to Taft Corner's Park will bring the retail power center back to 100% occupancy. Across the street, Dick's Sporting Goods has begun expanding into half of the vacant Linens & Things space at Maple Tree Place. Over in South Burlington, at the Gateway Plaza, Walgreen's has started renovations on the former Creative Habitat building, turning it into a drive-thru pharmacy. Creative Habitat has moved across the street to the Price Chopper Plaza. There is a 1.6-acre pad site available for development in front of the new Lowe's in Essex. This pad site could accommodate up to 10,000 s/f of retail space. In Shelburne, Tractor Supply has started construction on a new 15,000 s/f store on Shelburne Rd., adjacent to Tennybrook Square.

Downtown Burlington's outdoor-mall concept continues to draw both local and tourist crowds to Chittenden County's premier retail center. Church St. Marketplace vacancy rates did increase in 2009, but vacancies are slowly being absorbed. The Church St. 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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