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## **Recent trends show Greater Burlington area industrial market is well on its way to recover**

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The industrial market for the Greater Burlington area closed out 2011 with a vacancy rate of 8.35%. This represents a decline of over 2.5 percentage points since 2010 and continues to steadily move back towards its historic average of 7.7%. A further decline to 7.7% is expected in 2012. This improvement had been predicted given the improved demand and lack of new supply in the past few years.

New construction of industrial space will see a boom in 2012, with early reports indicating a potential new supply increase of 600,000 s/f (a record level within this sector). This increase translates to a growth rate of 3.9%, the highest in over a decade. The majority of new space can be attributed to an addition of 250,000 s/f to Green Mountain Coffee Roasters existing facility in Essex. This expansion is expected to create an additional 450 jobs.

Demand for industrial space has also shown improvement with trends showing a positive demand for the first time since 2007.

Leasing activity for the Greater Burlington industrial market also saw marked improvement. There were a total of 69 lease transactions through the end of December 2011; as opposed to 50 transactions for the previous year, a full 12.5% higher than the historic average.

Lease rates for industrial space are slowly stabilizing. Although, a limited supply of well-located, fully-serviced lots continues to pose problems for the industrial market.

In closing, if recent trends continue as they are, the industrial real estate market for the Greater Burlington area should be well on its way to recovery.

Select data provided by Allen & Brooks

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