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Greater Burlington, VT commercial real estate market appears healthy with modest opportunities for growth

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Leasing activity has been fairly strong over the past 6 months throughout the Greater Burlington commercial real estate market and that strength should carry through into the fall. Demand for prime retail space, especially in Burlington's Central Business District and the Taft Corners area of Williston has been very healthy. Office and industrial demand should continue to remain steady going forward.

RETAIL

The long-awaited groundbreaking for a new 29,000 s/f mixed-use project at the Taft Corners Park in Williston, VT took place in late August. Tenants for the retail center will be Panera Bread, Verizon, Weight Watchers and Aspen Dental. CVS has also recently begun construction on a 12,900 s/f pharmacy nearby.

The Church Street Marketplace, downtown Burlington's 260,000 s/f pedestrian mall continues to draw local shoppers, college students and tourist crowds to Chittenden County's premier retail center, now in its 30th year. Vacancy rates declined significantly over the summer to less than 4%. Over 20,000 s/f of retail space has been leased over the past 6 months by City Sports, Lululemon and Earthbound Trading. Local business leaders, along with the support of The Church Street Marketplace Commission, and elected officials, are looking into ways to expand the marketplace experience by broadening its boundaries down adjacent side streets and potentially to Lake Champlain's waterfront. An optimal mix of both local and national retailers provides Marketplace shoppers a unique shopping experience. The adjoining Burlington Town Center, featuring the likes of Macy's, Pottery Barn, and William Sonoma, anchors the Marketplace with an additional 140,000 s/f of retail space.

INDUSTRIAL

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 2012 should be higher than the negative growth seen last year, but is still anticipated to be below historical averages. Vermont's largest private employer, IBM, has seen its work force increase slightly over the last year, adding about 150 new jobs. In addition, Green Mountain Coffee Roasters has leased well over 100,000 s/f of industrial space over the past 12 months.

OFFICE

Greater Burlington's office market in both Downtown Burlington and suburban office parks is

improving with a current vacancy rate of 9.3 %, down from 11% this time last year. Slow growth of new office space has been the dominating theme in the Burlington market while large blocks of vacant space are being absorbed. Recently, Green Mountain Coffee Roasters, based in Waterbury, VT, has expanded into Chittenden County and has leased over 50,000 s/f of existing Class A office space. People's United Bank is now in the process of moving their banking operations center to IBM's Williston campus, filling a 40,000 s/f vacancy.

Looking forward, the Greater Burlington real estate market appears healthy with modest opportunities for growth.

Jeff Nick is a managing partner with J.L. Davis Realty, Williston, VT.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540