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Springing forward with optimism and new construction in office, retail and industrial markets

May 30, 2013 - Spotlights

Chittenden County is buzzing with new construction as well as refinancing work. With interest rates at a record low, sales and refinancing in the commercial market have picked up. Commercial mortgage rates of 3% to 4% have kept area appraisers busy for the first quarter of the year. Chittenden County has always acted as the epicenter of economic activity for Vermont, however other locations such as the Northeast Kingdom have sprouted much success in the expansion at Jay Peak & Burke Mountain as well as Okemo in Ludlow.

Speculative construction by area developers are again on the rise. Robert E. Miller has started on a project that will deliver to the market 180,000 s/f industrial/commercial space in Essex in early 2014 and while he is finishing a speculative 42,000 s/f warehouse building in Williston ready for June occupancy. Frank Motter is nearing completion of a 72,000 s/f five story Class A office building at Water Tower Hill, Exit 16 in Colchester with no tenants in hand to date. Other large projects getting out of the ground are a 45,000 s/f medical office building in South Burlington and a 30,000 s/f spec office building on Shelburne Rd. by Pizzagalli, a new expanded location for Reinhart Food Services in Essex, expansion to Autumn Harp in Essex, a 30,000 s/f building for Green Mountain Electric Supply at Exit 16, Cairns fuel depot on Marshall Ave in Williston, a nearly 49,000 s/f State office lab building at Exit 16, a Panera Bread in Williston and a 140 room hotel in the heart of downtown Burlington to name a few.

OFFICE

The suburban office market vacancy remains higher than normal with new product coming on line which affects the existing market availability, while the rates per s/f are stable. Class A office space is still showing increase demand, stable rates and longer leases. Speculative development is about to hit the market with ready to go buildings. Signs of expansion in the software and food and beverage industry are on rise while it seems tech and distribution marketing offices are taking a hit. The Class B office demand remains sluggish with weak rates for owners but some great deals for tenants.

INDUSTRIAL

The industrial rates are stable with industrial supply being low. Chittenden County has a very low vacancy rate for industrial space which is due to expansions of many companies in the area and the lack of development in the past couple of years. Green Mountain Coffee Roasters, Mylan Technologies, FoodScience, Reinhart Food Services, Vermont Hard Cider, Vermont Flannel Co. and Cabot are among the growing companies in our area. Although, it is not all roses as we do have large companies taking a planned exit plan such as Energizer and speculation that IBM will be

downsizing in our area leaving us with a few large empty facilities.

RETAIL

The retail market is strengthening which for us is a good indicator that folks are spending money again. Lowe's and Home Depot are reporting record spring sales. In downtown Burlington the retail space is limited and while there are plans for a new retail plaza on Dorset St. in South Burlington in 2014 with a likely anchor, Trader Joe's. Milton is under construction offering a new 47,000 s/f store for Hannaford's and 50,000 s/f available for other retailers. Panera Bread is about to come to completion in Williston while names like Dunkin Donuts, Moe's, Subway, Five Guys, SuperCuts, Chipotle, Orange Leaf, Pink Berry, Advance Auto, Dollar General, Family Dollar, Starbucks all have an aggressive growth plan for the next couple of years.

I believe we are buzzing with excitement here for the most part as Vermont has always remained "Open for Business" and is a great place to live and raise a family.

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