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Development is strong in Vermont: Excitement is in the air about future of commercial real estate

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There is significant development happening right now in Chittenden County which is creating quite a buzz. With more construction equipment humming and more workers supporting the local economy than in recent memory, excitement is in the air about the future of the Vermont commercial real estate market.

The most prominent development is happening in the heart of downtown Burlington. Local developer Redstone is partnering on the construction of a 139 room Hilton Garden Inn. This project, scheduled to be completed later this year, is a welcomed infill project to a downtown in need of more hotel rooms. The hotel's guest quarters will be located in a new four story building while the top floor of the historic Woodbury's Armory will be repositioned into the hotel's lobby. Redstone is actively marketing the lower level of the Armory to restaurant operators.

Many residential projects are also underway in downtown Burlington. Redstone is completing two apartment projects with a third being permitted. Farrington Construction is in the process of permitting 30 unit project on St. Paul St. and Stuart Chase is putting the finishing touches on Stratos, a 36 unit condominium development. The highest profile residential project, however, is being developed by the Handy family doing business as The Great Cedars. In the fall of 2013 The Great Cedars purchased the former Burlington Free Press building on College St. Their plan is to redevelop the first floor into retail space and the upper floors into high end residential rentals. In all there will be about 10,000 s/f of retail space and 37 residential units.

With respect to retail development, Malone Properties has just completed a 12,800 s/f Trader Joe's on Dorset St. in South Burlington. This is Trader Joe's first Vermont location and if the opening on Friday May 16 was any indication, they are going to do quite well here. Malone Properties is putting the finishing touches on an adjacent building which will become home to Pier One Imports. Across Dorset St. the University Mall is constructing a new 6,000 s/f retail building which will be leased by Sleep Number. And at the intersection of Dorset St. and Rte. 2, the busiest intersection in the state of Vermont, a former Friendly's is scheduled to be redeveloped into a two building retail complex.

There has also been significant industrial development in Chittenden County. Autumn Harp, a specialized R&D and manufacturing partner in the cosmetics and skin care industry, recently completed a 60,000 s/f addition to their Essex facility. Also in Essex, REM Development is repositioning a 180,000 s/f former IBM facility. Down the street Reinhart Foods is building a 137,000 s/f warehouse and distribution facility. In Williston, REM Development recently built a 42,000 s/f building on Avenue D. This property was developed on a speculative basis which provides evidence that the market is strong and that more space is needed. In Colchester, three projects underway will add 62,000 s/f to the market. And in South Burlington three sizable developments, will yield 72,000 s/f of space to the market. We are expecting higher growth in 2014 and 2015 as vacancy rates

continue to be historically low in the Industrial market.

Unlike the retail and industrial sectors, the office market is not experiencing the same level of development at the current time. With vacancy rates considerably higher than historical averages in the suburban office market, most developers are holding off on new projects until some of the existing space is absorbed. A few noteworthy office projects underway are the State of Vermont Health Department is building a new 48,000 s/f lab in Colchester. Also in Colchester, REMAX is planning a 24,000 s/f building on Water Tower Hill and VIP is building a 30,000 s/f addition to their existing building. Pizzagalli Properties recently converted an existing 82,000 s/f industrial building into 56,000 s/f of office space for the federal government in Essex. In South Burlington, Pizzagalli has started construction on a 33,000 s/f office building on Shelburne Rd.

The Allen and Brooks December 2013 Report provided information for this article. Allen and Brooks is a leading appraisal services firm located in South Burlington, VT.

Duncan Harris is a member of the brokerage team at Redstone, Burlington, VT.

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