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## **Chittenden County shows strength and growth in retail and residential rental markets - by Doug Nedde**

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Chittenden County has experienced a flurry of development and change in the last few years with the majority of growth occurring in the retail and residential rental markets. The closing of Burlington College led to the sale 60 of acres of waterfront and other property including their 77,000 s/f headquarters building to developer Eric Farrell. Construction on that land has now begun under the name Cambrian Rise, a 735 unit development containing a mix of multi-story condos and rental apartments. The development may also soon include: Residential housing, small studios, restaurants, shops and a hotel. Full build-out is estimated at 10 years.

Affecting both the retail and apartment markets is the grand redevelopment of the Burlington Town Center, a mall and office building that was purchased by New York-based developer Don Sinex and partners in 2014. Having gone through a lengthy review process with the city, demolition has now begun with construction soon to follow on 272 apartments, 230,000 s/f of office space for UVM Medical Center, 126,000 s/f of new retail space, added parking, a solar roof canopy and updates to the building façade. Sinex estimates that this will add 300 temporary construction jobs and between 1,000-1,600 permanent jobs to the city. As of May 2018, Vermont had an unemployment rate of 2.8%, which is healthy compared to the national rate at that time of 3.8%.

In addition, Champlain College's development of a mixed-use property containing 5,000 s/f of retail as well as approximately 200 student housing apartments in downtown Burlington, is coming on-line this summer.

Downtown Burlington dominates the development landscape of Chittenden County but we're observing growth in other areas, as well. South Burlington is formulating a plan for their vision of a new "city center" akin to what exists in Burlington and, soon, Essex Junction. Their preliminary plans include adding 20,000 s/f of retail space, a 100 room hotel, 51 extended stay suites and 77 residential units. At the center of this development is the University Mall, what some used to consider a defunct enclosed mall. That image is changing, however, now that they will soon be

home to the first Target and H&M stores to come to Vermont.

All of this growth on the horizon will certainly affect the market figures for all of Chittenden County. At present, the retail market has a vacancy rate of 3.8%, down from last year's rate of 6.1%. Rents are stable and the market is relatively well balanced despite the closing of some stores due to the uptick in on-line shopping.

The office market in Chittenden County is historically less healthy with a current vacancy rate of 10.1%, up from last year's rate of 9.4%, and the historical rate of 8%. There is an oversupply of approximately 181,000 s/f with newer office spaces edging out the older buildings for tenants. The result is negative pressure on rents and landlords are having to make concessions on fit-up and price to attract new tenants.

Despite limited growth in domestic manufacturing and manufacturing employment, the industrial market has enjoyed relative stability with 191,000 s/f of new construction expected in 2018. The vacancy rate, which has historically hovered around 5.8%, is now 5.4%.

The apartment market, which has attracted many investors over the last few years due to its incredible strength, is starting to show signs of balancing out. This is an anticipated result of the high quantity of new product that has been inundating the market. A record 689 apartments were built in 2016, 445 in 2017 and 471 more are anticipated for 2018. The current vacancy rate is 1.7%, slightly below the long-term average rate of 1.8%.

Chittenden County, and particularly Burlington, has become a hub for growth and has caught the eye of both small and larger investors. It will be interesting to see how the development described above will influence the landscape of this state known for its rural appeal.

\*Data provided by the June 2018 Allen, Brooks & Minor Report and Census data.

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