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Burlington area does relatively well in spite of recession

Burlington, Vermont - December 10, 2010, by Andy Potter

A new report paints a positive picture of Vermont's economy. Several companies continue to add jobs and commercial real estate has relatively low vacancy rates.

Allen & Brooks puts out an annual survey this time of year. It keeps track of vacancy rates in several categories of real estate. Chittenden County, with relatively low vacancy rates and unemployment at just 4.4 percent, remains a good place to be -- if you have a job. But the local economy has declined in terms of consumer purchases. The report says retail sales in Chittenden County peaked in 2006.

"People are just a lot more cautious," Mark Brooks noted, but points out that the local economy has contracted. "We have definitely seen a decrease in market rents along Church Street," Brooks said, referring to Burlington's central business district.

The Real Estate Trends Survey is a clear indicator of how the economy is faring. Brooks told an auditorium full of business leaders that Chittenden County in general, and Burlington specifically, are doing better than most of the country. But the economic downturn continues even though the recession officially ended a year and a half ago.

Brian Pine, a housing specialist with Burlington's Community and Economic Development Office (CEDO), told Channel 3, "We've definitely seen a decline in the occupancy rate for retail space, but there's indications that some of those retail spaces have some very promising tenants that will likely be occupying them in the near future."

For example, city officials say the Old Navy store, which is moving out, is likely to be replaced by a couple of new retailers. The report says the retail vacancy occupancy rate has climbed to 8 percent in downtown Burlington, but in the suburbs of Chittenden County it's just a little over 5 percent, which isn't bad by national standards.

On the other hand, there's a big surplus of office space as new construction outpaced economic growth.

Esther Lotz, an industrial and commercial real estate broker, expressed optimism that the local economy is slowly improving. "I see that 2010 has been a real challenge for businesses in all sectors, across all categories," she said. "But I think that we're bouncing along the bottom and I think 2011 is going to be a harbinger of change and recovery, a long, slow recovery."

Brooks predicted that things won't get much better until business owners see clear evidence of recovery.

"They're not going to make their move until they feel better about the economy, and that means jobs," he said.

Although unemployment in Vermont has dropped into the low single digits, the number of people in the labor force has dropped as well. Low unemployment means Vermont and neighboring New Hampshire do not qualify for extended federal unemployment benefits.

The rental housing market remains tight, with a vacancy rate in the Burlington area a little under 1.5 percent.

That's about half of last year's rate. One explanation is that many would-be first-time home buyers have had to stay in the rental market.

One more sign that the recession did not hit as hard in Vermont: Brooks says he saw more home foreclosures 20 years ago during the recession of the early 1990s.