

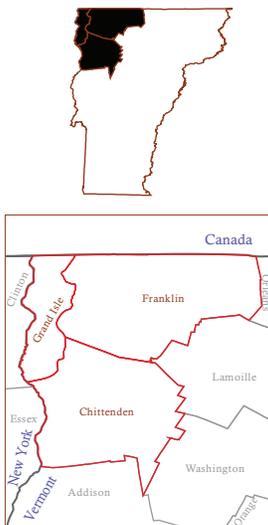


# Burlington-South Burlington, Vermont

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of March 1, 2011



## Housing Market Area



The Burlington-South Burlington Housing Market Area (HMA) comprises Chittenden, Franklin, and Grand Isle Counties, located along Lake Champlain in northwest Vermont and extending to the Canadian border. The city of Burlington is the HMA's cultural and employment center, located approximately 90 miles south of Montreal, Canada, and 150 miles northwest of Boston, Massachusetts.

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## Summary

### Economy

Economic conditions are improving Burlington-South Burlington, VT Metropolitan New England City and Town Area (NECTA) as nonfarm payrolls increased in 2010, after declining in 2008 and 2009. The economy in the NECTA is based primarily on the education and health services, government, trade, and manufacturing sectors. The largest employers include International Business Machines (IBM) Corporation, Fletcher Allen Health Care, and The University of Vermont (UVM). During the 12 months ending February 2011, non-farm payrolls increased by 1,200 jobs, or 1.1 percent, to 112,100, compared with the number of jobs recorded during the previous 12 months. In the next 3 years, nonfarm payrolls are expected to increase by an average of 1,025, or 0.9 percent, a year.

### Sales Market

The sales housing market is slightly soft in the HMA, with an estimated current vacancy rate of 1.5 percent. During the 3-year forecast period, demand is expected for 1,425 new homes and 100 mobile homes (see Table 1). The 100 homes currently under construction will meet part of this demand. Since 2000, the other vacant housing supply has increased by 1,475 units to an estimated 7,300

units, a portion of which may return to the sales market and satisfy some of the demand.

### Rental Market

With limited new additions to the rental inventory since the peak years of 2005 and 2006, and growing demand from students at UVM in the past 10 years, the rental housing market is tight and has been tight since the 1990s. The current overall rental vacancy rate for the HMA is estimated at 3.5 percent. During the forecast period, demand is expected for 630 new rental units (see Table 1). The 210 units currently under construction will satisfy part of the demand.

**Table 1. Housing Demand in the Burlington-South Burlington HMA, 3-Year Forecast, March 1, 2011 to March 1, 2014**

	Burlington-South Burlington HMA	
	Sales Units	Rental Units
Total Demand	1,525	630
Under Construction	100	210

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Total sales demand includes an estimated demand for 100 mobile homes. Units under construction as of March 1, 2011. A portion of the estimated 7,300 other vacant units in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

# Economic Conditions

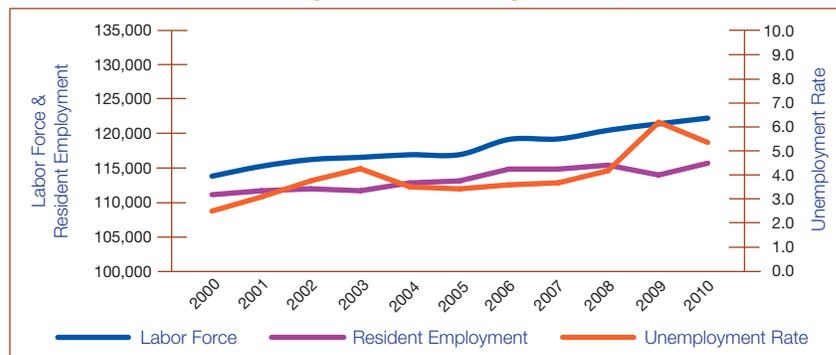
The Burlington-South Burlington, VT Metropolitan NECTA is a similar geography to the HMA, consisting of Chittenden County and most of Franklin and Grand Isle Counties along with six towns outside the HMA. The NECTA geography is used to examine nonfarm payroll jobs because employment data for the NECTAs are readily available from the Bureau of Labor Statistics.

Economic conditions have improved in the NECTA, because 12-month average nonfarm payrolls have increased every month since November 2010. During the 12 months ending February

2011, nonfarm payrolls increased by 1,200 jobs, or 1.1 percent, to 112,100, compared with a decline of 2,900 jobs, or 2.5 percent, for the previous 12 months. From 2003 through 2007, nonfarm payrolls increased by more than 700 jobs, or 0.7 percent, annually, before dropping by 200 jobs in 2008. During the past 12 months, the average unemployment rate in the HMA declined to 5.2 percent, down from a 20-year high of 6.2 percent during the previous 12 months. The current unemployment rate, however, remains higher than any annual unemployment rate from 1993 through 2008. See Figure 1 for labor force, resident employment, and unemployment trends in the HMA since 2000.

During the 12 months ending February 2011, nonfarm payrolls in the NECTA expanded in several sectors (see Table 2). Jobs increased in the manufacturing sector, reversing a decade-long downward trend. Nonfarm payroll jobs in the manufacturing sector declined by nearly 800 jobs a year, or 4 percent, from 2001 through 2009. During the 12 months ending February 2011, the manufacturing sector showed signs of recovery, adding 300 jobs, or 2.2 percent. IBM, the largest employer in the HMA with 5,400 employees (see Table 3), announced plans to hire an additional 100 workers at its semiconductor chip manufacturing facility in 2010. The local IBM plant will operate as the company's primary location for manufacturing a new energy-efficient chip-making technology for power-management semiconductors. During the 12 months ending February 2011, the professional and business services sector, leisure and hospitality sector, and retail trade sub-sector added, 1,000, 300, and 300 jobs, or 9.4, 3.2, and 2.1 percent, respectively.

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Burlington-South Burlington HMA, 2000 to 2011



Source: U.S. Bureau of Labor Statistics

**Table 2.** 12-Month Average Nonfarm Payroll Jobs in the Burlington-South Burlington HMA, by Sector

	12 Months Ending February 2010	12 Months Ending February 2011	Percent Change
Total Nonfarm Payroll Jobs	110,900	112,100	1.1
Goods Producing	18,150	18,400	1.5
Mining, Logging, & Construction	4,825	4,800	-0.3
Manufacturing	13,300	13,600	2.2
Service Providing	92,800	93,750	1.0
Wholesale & Retail Trade	18,250	18,700	2.5
Transportation & Utilities	2,725	2,675	-1.8
Information	2,675	2,600	-3.1
Financial Activities	4,800	4,750	-1.2
Professional & Business Services	10,500	11,450	9.4
Education & Health Services	19,750	19,200	-3.0
Leisure & Hospitality	10,450	10,750	3.2
Other Services	3,450	3,500	1.7
Government	20,150	20,050	-0.5

Notes: Based on 12-month averages through February 2010 and February 2011. Numbers may not add to totals because of rounding. Nonfarm payroll jobs data are for the Burlington-South Burlington, VT Metropolitan New England City and Town Area.

Source: U.S. Bureau of Labor Statistics

Economic Conditions *Continued*

Business expansions in the professional and business services sector included Dealer.com, a website and online marketing solutions provider for the automotive industry, which added 170 jobs during 2010 and plans to add more than 100 jobs during 2011. See Figure 2 for current nonfarm payroll jobs by sector in the NECTA.

Despite the recent economic upturn, some sectors that led employment growth in the local economy during the past decade lost jobs during the past 12 months. From 2000 through 2007, the education and health services and government sectors gained

more than 340 and 290 jobs, or 2.1 and 1.6 percent, a year, respectively. From 2008 through 2009, as nonfarm payrolls declined in the NECTA, these sectors increased by 300 and 400 jobs, or 1.5 and 2 percent, a year, respectively. During the 12 months ending February 2011, however, the education and health services sector lost 600 jobs, or 3 percent. Losses were concentrated in the ambulatory healthcare services subsector. During the 12 months ending February 2011, the government sector lost 100 jobs, or 0.5 percent. These losses occurred partly because of government budget cuts. Also, expansion of out-of state student enrollment at UVM from the fall of 2009 through the fall of 2010 slowed to 170 students, or 2.1 percent, the lowest rate since the fall of 2001. UVM has been an anchor of the local economy, expanding out-of-state enrollment by 2,600 students, or 46 percent, and overall enrollment by 3,475, or nearly 35 percent, since the fall of 2001. Data from UVM's Office of Institutional Studies show that the university employed 3,700 people and, during the academic year beginning the fall of 2010, enrolled more than 13,550 students. UVM has a direct economic impact of more than \$400 million annually statewide. See Figure 3 for sector growth in the NECTA since 2000.

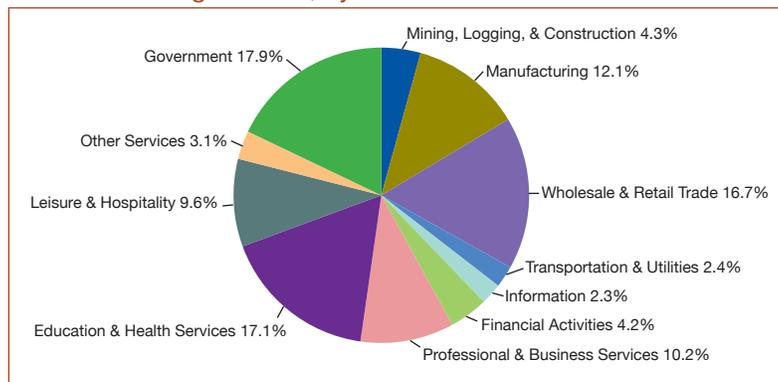
During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 1,025 jobs annually, or 0.9 percent. IBM, Fletcher Allen Health Care, UVM, and Dealer.com are expected to lead job growth.

**Table 3. Major Employers in the Burlington-South Burlington HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
International Business Machines (IBM) Corporation	Manufacturing	5,400
Fletcher Allen Health Care	Education & Health Services	5,375
The University of Vermont	Education & Health Services	3,700
Chittenden Bank	Financial Activities	1,200
Adecco USA	Professional & Business Services	850
GE HealthCare	Education & Health Services	800
The Howard Center for Human Services, Inc.	Education & Health Services	750
Ben & Jerry's Homemade, Inc.	Wholesale & Retail Trade	740

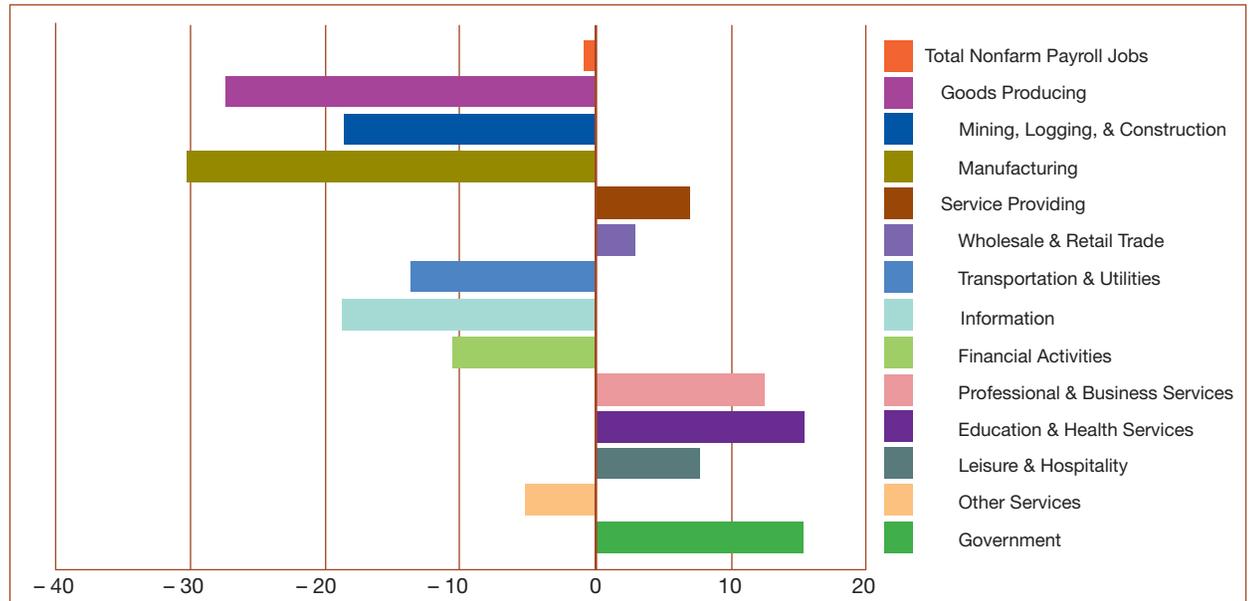
Sources: Moody's Analytics; The University of Vermont

**Figure 2. Current Nonfarm Payroll Jobs in the Burlington-South Burlington HMA, by Sector**



Notes: Based on 12-month averages through February 2011. Nonfarm payroll jobs data are for the Burlington-South Burlington, VT Metropolitan New England City and Town Area.

Source: U.S. Bureau of Labor Statistics

**Figure 3.** Sector Growth in the Burlington-South Burlington HMA, Percentage Change, 2000 to Current

Notes: Current is based on 12-month averages through February 2011. Nonfarm payroll jobs data are for the Burlington-South Burlington, VT Metropolitan New England City and Town Area.

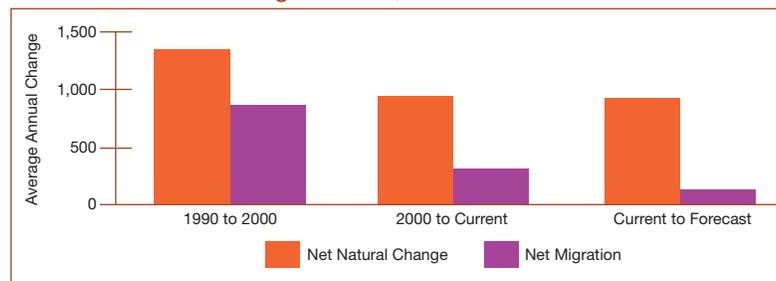
Source: U.S. Bureau of Labor Statistics

## Population and Households

The current population of the Burlington-South Burlington HMA is estimated to be 212,300, representing nearly 35 percent of the entire population of Vermont. The HMA has added an estimated 1,225 people, or 0.6 percent, annually since 2000 (see Table DP-1). Approximately 80 percent of the growth has occurred in Chittenden County, predominantly

in Burlington, South Burlington, and the surrounding towns. Net natural increase (resident births minus resident deaths) accounted for 75 percent of the population increase, while net in-migration accounted for 25 percent (see Figure 4).

In recent years, the population of the HMA has increased fastest, and net in-migration has occurred, when the rate of job growth in the metropolitan area has been greater than the national rate of job growth. From July 2004 through 2007, nonfarm payrolls in the metropolitan area increased, although at less than one-half the national rate. Net out-migration occurred each year and estimated population growth decreased to 890, or 0.4 percent, annually. Since July 2008, net losses in nonfarm payrolls have occurred at a slower rate

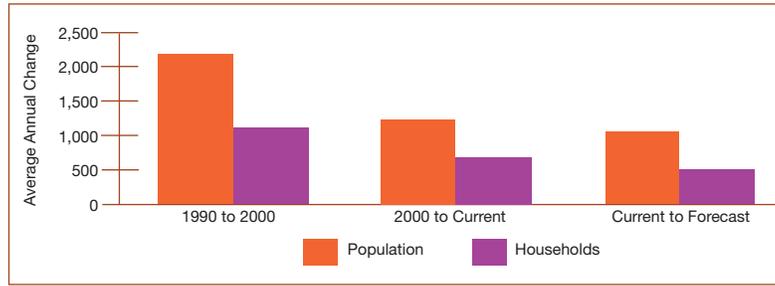
**Figure 4.** Components of Population Change in the Burlington-South Burlington HMA, 1990 to Forecast

Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

**Population and Households** *Continued*

in the metropolitan area than in the nation. Net in-migration has re-emerged and estimated population growth has increased to more than 1,050, or 0.5 percent, annually.

**Figure 5. Population and Household Growth in the Burlington-South Burlington HMA, 1990 to Forecast**



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

**Figure 6. Number of Households by Tenure in the Burlington-South Burlington HMA, 1990 to Current**



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

The current number of households in the HMA is estimated to be 83,700, representing an increase of more than 700, or 0.9 percent, annually since 2000 (see Figure 5). Less than 60 percent of the new households formed since 2000, or approximately 420 households annually, have been homeowners. Owners currently constitute an estimated 67.7 percent of all households, down from 67.9 percent as reported in the 2010 Census and 68.6 percent as reported in the 2000 Census. See Figure 6 for a breakdown of households by tenure in 1990, 2000, and the current date.

During the 3-year forecast period, the population and number of households in the HMA are expected to grow slowly. As the economy continues to improve, the population is expected to increase by an average of 1,025, or 0.5 percent, a year to 215,400. Household expansion in the HMA is expected to slow to an average of 500 households, or 0.6 percent, annually to 85,200 during the forecast period.

## Housing Market Trends

### Sales Market

Although the home sales market in the Burlington-South Burlington HMA is slightly soft, the number of home sales increased in 2010 after significant declines from 2007 through 2009. From 2004 through 2006, an average of 3,250 new and existing homes and 780 condominiums were sold annually, according to data from the Vermont Property Transfer Tax Return Filing System. These figures

compare with an average of 1,975 new and existing home sales and 640 condominium sales from 2007 through 2009. In 2010, home sales totaled 1,875, a 14-percent increase compared with the 1,650 homes sold in 2009. In 2010, the median sales price for homes in Chittenden County, which accounts for more than 75 percent of recent home sales in the HMA, increased by nearly

4 percent, to \$251,500, compared with the median price of \$243,000 in 2009. Condominium sales in the HMA increased to 540 units sold in 2010 compared with 430 sold in 2009. In 2010, the median sales price for condominiums in Chittenden County was \$197,900, up 3 percent from the median price of \$191,500 in 2009. The median home and condominium sales prices for the county are down less than 3 percent from their peaks in 2007 of \$257,250 and \$202,900, respectively.

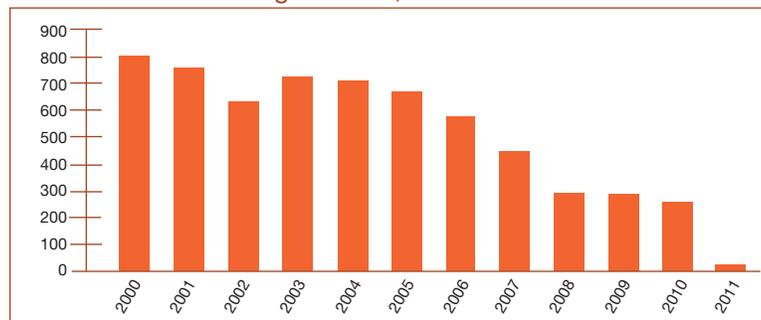
Home prices are stable in the HMA partly because foreclosure rates are among the lowest in the country. Increased housing production before the recent national housing crisis was minimal relative to the rest of the

nation and subprime mortgages were not as common in the area. According to LPS Applied Analytics, from February 2010 to February 2011, the number of loans that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) decreased from 3.9 to 3.4 percent. This rate compares with 6.6 percent for New England and 8.3 percent nationwide.

Single-family homebuilding activity, as measured by the number of building permits issued, has begun to increase, reversing a downward trend that began in 2004 (see Figure 7). Based on preliminary data, during the 12 months ending February 2011, single-family homebuilding permits were issued for 260 homes, up from 200 homes permitted during the previous 12 months. In comparison, from 2003 through 2007, an average of 620 homes was permitted annually. Heatherfield Townhomes, an 83-unit community in South Burlington, was completed in February 2011, with prices on recently developed units slightly below \$350,000.

During the 3-year forecast period, demand is expected for 1,425 new homes and 100 mobile homes. The 100 units currently under construction will meet part of the demand. Demand is anticipated to be the strongest in the second and third years of the forecast period and for newly constructed single-family homes priced from \$300,000 to \$350,000 in Chittenden County and from \$250,000 to \$300,000 in Franklin and Grand Isle Counties (see Table 4). An estimated 7,300 other vacant units are currently in the inventory. A portion of these units may return to the sales housing market and satisfy some of the forecast demand.

**Figure 7.** Single-Family Building Permits Issued in the Burlington-South Burlington HMA, 2000 to 2011



Notes: Includes only single-family units. Includes data through February 2011.

Source: U.S. Census Bureau, Building Permits Survey

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Burlington-South Burlington HMA, March 1, 2011 to March 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
200,000	249,999	170	11.9
250,000	299,999	340	23.9
300,000	349,999	290	20.4
350,000	399,999	220	15.4
400,000	449,999	170	11.9
450,000	499,999	120	8.4
500,000	649,999	60	4.2
650,000	and higher	55	3.9

Notes: Excludes mobile homes. A portion of the estimated 7,300 other vacant units in the HMA, as well as the 100 homes currently under construction, will likely satisfy some of the forecast demand.

Source: Estimates by analyst

## Rental Market

The rental market conditions in the Burlington-South Burlington HMA are tight. According to data from Allen & Brooks Associates Inc., the apartment vacancy rate in Chittenden County for December 2010 was 1.4 percent, down from 2.7 percent a year earlier. Rents in Chittenden County also increased between 4 and slightly more than 5 percent a year from 2006 through 2009. As of September 2010, the most recent data available, the average effective rent for a two-bedroom unit was \$1,000, which represents an overall increase of nearly 2 percent compared with rents recorded in September 2009. See Figure 8 for rental vacancy rates in the HMA.

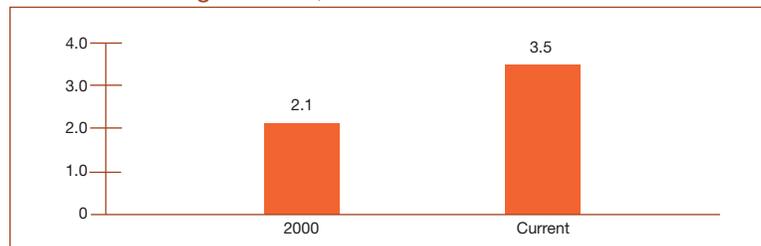
The rental market has tightened because of an increasing demand for rental units, particularly among students. Although UVM, Champlain College, and Saint Michael's College have

added a combined 2,600 dormitory beds since 2000, the undergraduate student population of UVM alone increased by more than 3,000 during that time. Nearly 5,000 UVM undergraduates live off campus; they account for an estimated 10 percent of renters in the HMA and more than 20 percent of renters in the city of Burlington.

Rent increases have outpaced income increases for residents, leading to less affordability in the rental market. As stated, rents have increased between nearly 2 percent and more than 5 percent each year in Chittenden County from 2006 through 2010. Meanwhile, the HUD median family income for the Burlington-South Burlington, VT Metropolitan Statistical Area increased by slightly more than 1 percent annually during that time. Moreover, based on data from the 2009 American Community Survey 1-Year Estimates, 57 percent of renter households in the HMA paid 30 percent or more of their income for housing costs, which is 5 percentage points higher than the nationwide rate.

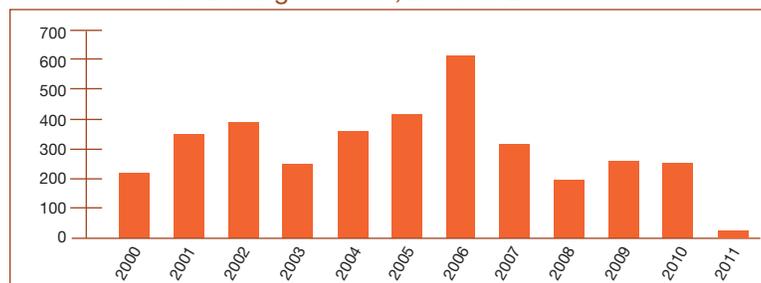
Multifamily homebuilding activity, as measured by the number of units permitted, has increased since 2008 but is still below 2004-through-2007 levels (see Figure 9). Based on preliminary data, during the 12 months ending February 2011, the number of multifamily units permitted remained at 310 units compared with the number permitted during the previous 12 months. From 2004 through 2007, 430 multifamily units, on average, were permitted annually. The Bacon Street Lofts in South Burlington, a 42-unit apartment complex, is under construction and scheduled to open in mid-2011. Rents for studio, one-bedroom, and

**Figure 8.** Rental Vacancy Rates in the Burlington-South Burlington HMA, 2000 to Current



Sources: 2000–2000 Census; current—estimates by analyst

**Figure 9.** Multifamily Building Permits Issued in the Burlington-South Burlington HMA, 2000 to 2011



Notes: Includes all multifamily units in structures with two or more units. Includes data through February 2011.

Source: U.S. Census Bureau, Building Permits Survey

## Housing Market Trends

### Rental Market *Continued*

two-bedroom units are expected to start at \$950, \$1,450, and \$1,575, respectively.

During the 3-year forecast period, demand is expected for approximately 630 new rental units in the HMA.

Demand is anticipated to be strongest for one- and two-bedroom apartments with monthly rents ranging from \$900 to \$1,200 and \$1,300 to \$1,600, respectively (see Table 5). The 210 units currently under construction will satisfy part of the demand.

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Burlington-South Burlington HMA, March 1, 2011 to March 1, 2014

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
800 to 999	40	900 to 1,099	100	1,200 to 1,399	90	1,500 to 1,699	20
1,000 to 1,199	10	1,100 to 1,299	60	1,400 to 1,599	120	1,700 to 1,899	30
		1,300 to 1,499	30	1,600 to 1,799	60	1,900 to 2,099	20
		1,500 to 1,699	10	1,800 to 1,999	30	2,100 to 2,299	10
Total	50	Total	200	Total	300	Total	80

*Note:* A portion of the 210 units already under construction will likely satisfy some of the forecast demand.

*Source:* Estimates by analyst

## Data Profile

**Table DP-1.** Burlington-South Burlington HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	97,850	110,839	116,100	1.3	0.5
Unemployment Rate	4.4%	2.4%	5.2%		
Nonfarm Payroll Jobs	92,100	113,000	112,100	2.1	-0.1
Total Population	177,059	198,889	212,300	1.2	0.6
Total Households	64,783	75,978	83,700	1.6	0.9
Owner Households	43,134	52,121	56,650	1.9	0.8
Percent Owner	66.6%	68.6%	67.7%		
Renter Households	21,649	23,857	27,050	1.0	1.2
Percent Renter	33.4%	31.4%	32.3%		
Total Housing Units	73,480	82,718	92,850	1.2	1.1
Owner Vacancy Rate	1.8%	0.7%	1.5%		
Rental Vacancy Rate	4.7%	2.1%	3.5%		
Median Family Income	\$43,926	\$57,197	\$71,454	2.7	2.1

*Notes:* Employment data represent annual averages for 1990, 2000, and the 12 months through February 2011. Median family incomes are for 1989, 1999, and 2009. Nonfarm payroll jobs data are for the Burlington-South Burlington, VT Metropolitan New England City and Town Area.

*Sources:* U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

## Data Definitions and Sources

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1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 3/1/2011—Analyst's estimates

Forecast period: 3/1/2011–3/1/2014—Analyst's estimates

**Demand:** The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

**Other Vacant Units:** In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_BurlingtonVT\\_11.pdf](http://www.huduser.org/publications/pdf/CMARtables_BurlingtonVT_11.pdf).

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to [www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).