

Housing Market Profile

New England • HUD Region I



Burlington-South Burlington, Vermont

The Burlington-South Burlington metropolitan area comprises Chittenden, Franklin, and Grand Isle Counties along Lake Champlain in Northwest Vermont and extends to the Canadian border. According to Moody's Analytics, Inc., the leading employers include IBM Corporation, Fletcher Allen Health Care, and The University of Vermont, with approximately 5,400, 5,375, and 3,225 employees, respectively. Based on data from The University of Vermont's Office of Institutional Studies, the university has a direct economic impact of more than \$400 million a year statewide. The estimated population of the area, as of January 1, 2011, was 211,261, accounting for nearly 35 percent of the state population. Since July 1, 2008, the population has grown by 1,025, or 0.5 percent, annually. The recent growth is greater than it was in the previous 4 years, when the population increased by an average of 650, or 0.3 percent, annually.

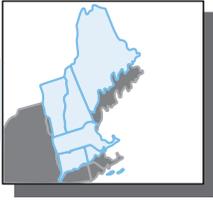
Nonfarm payroll jobs in the metropolitan area have declined since 2008, but job losses have slowed significantly in recent months. During the 12 months ending November 2010, nonfarm payrolls declined by 2,200 jobs, or 2 percent, to 108,900 jobs, compared with the previous 12-month decline of 3,100 jobs, or 2.8 percent. The largest job decreases occurred in the retail trade subsector and manufacturing sector, which lost 900 and 600 jobs, or 6.1 and 4.8 percent, respectively. In 2010, however, Dealer.com, a website and online marketing solutions provider for the automotive industry, added 170 jobs in the metropolitan area. The education and health services and the government sectors, which account for 18 and 19 percent of nonfarm payrolls, respectively, each gained 200 jobs, or 1 percent, during the 12 months ending November 2010. During the same period, the average unemployment rate was 5.4 percent, down from the 6.1-percent rate recorded a year earlier.

The home sales market in the metropolitan area is somewhat soft, but the number of home sales is beginning to increase. Based on data from the Vermont Property Transfer Tax System, the number of new and existing residential home sales totaled 1,875 in 2010, a 14-percent increase compared with the 1,650 homes sold in 2009. Sales are down 46 percent, however, from the 2004 peak year of 3,450 homes sold and down 23 percent from the average of 2,450 homes sold during

the past 5 years. The median sales price for residential homes in Chittenden County, which accounts for more than 75 percent of recent home sales, increased by nearly 4 percent in 2010, to \$251,500, compared with the median price in 2009. The median home sales price, however, remained 2 percent below the peak median price of \$257,250 in 2007. Condominium home sales in the metropolitan area increased to 540 units, or 24 percent, in 2010 compared with sales in 2009; however, sales remained 38 percent below the peak of 870 units sold in 2005. The median sales price for condominiums in Chittenden County was \$197,900 in 2010, up 3 percent from the median price in 2009, but down 2.5 percent from the peak median sales price of \$202,900 in 2007. As home sales and median home sales prices have started to increase, foreclosure rates have remained among the lowest in the country. According to Lender Processing Services Mortgage Performance Data, from December 2009 to December 2010, the number of loans that were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) decreased from 3.7 to 3.3 percent. This rate compares with 8.3 percent nationwide.

Single-family homebuilding activity, as measured by the number of building permits issued, has started to increase, reversing a downward trend that began in 2004. Based on preliminary data, during the 12 months ending November 2010, single-family homebuilding permits were issued for 250 homes, up from 200 homes permitted during the previous 12 months. In comparison, between 2003 and 2007, an average of 620 homes were permitted annually. Heatherfield Townhomes, an 83-unit community in South Burlington, is scheduled for completion in February 2011, with prices on the remaining units ranging from \$339,500 to \$354,500. The price for a typical new single-family home in Chittenden County ranges from \$350,000 to \$425,000.

The rental market in the metropolitan area is extremely tight because of limited new additions to the inventory and growing student demand. 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. Although The University of Vermont, Champlain College, and Saint Michael's College together have added 2,600 dormitory beds since 2000, the undergraduate student population of The University of Vermont alone increased by nearly 3,000 during that time. Nearly 5,000 undergraduates of the university live off campus and account for an estimated 10 percent of renters in the metropolitan area. As of September 2010, the most recent data available, the average effective rent for a



two-bedroom unit was \$1,000. Overall, rents increased by nearly 2 percent compared with rents recorded in September 2009.

Based on preliminary data, during the 12 months ending November 2010, the number of multifamily units permitted declined to 250 units compared with 300 units

permitted during the previous 12 months. From 2004 to 2007, an average of 430 multifamily units 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 studios, one-bedroom, and two-bedroom units are expected to start at \$950, \$1,450, and \$1,575, respectively.