COMPREHENSIVE HOUSING MARKET ANALYSIS

Burlington-South Burlington, Vermont

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of September 1, 2022

Share on:

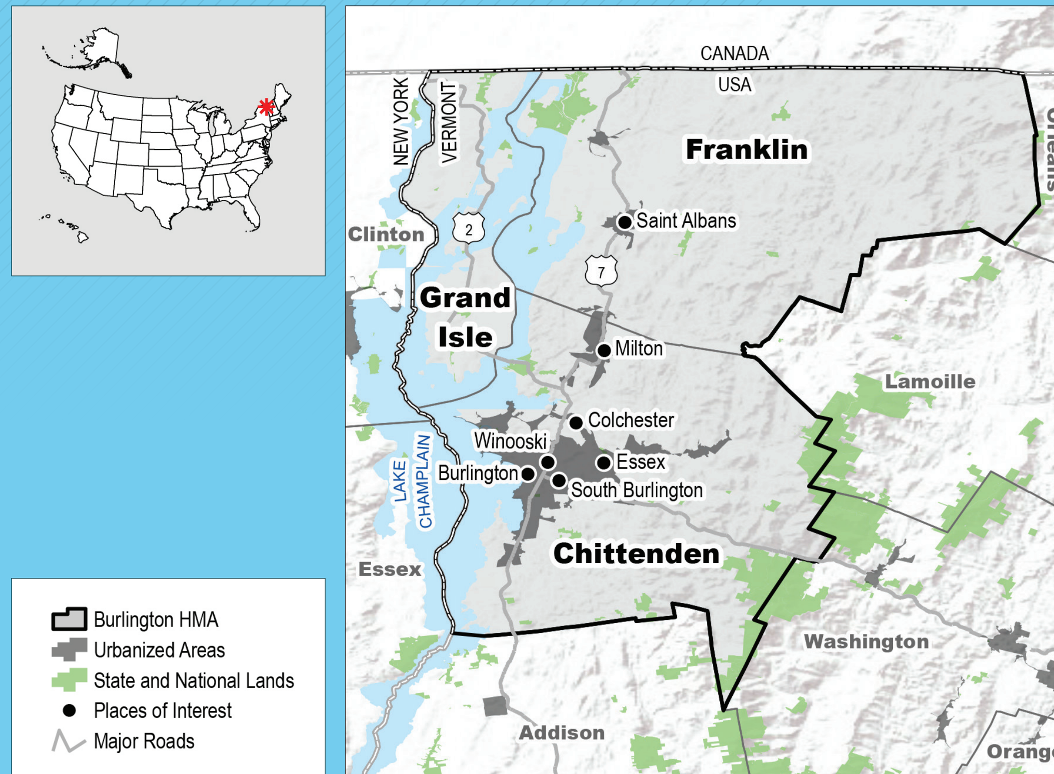
Executive Summary

Housing Market Area Description

The Burlington-South Burlington Housing Market Area (hereafter, Burlington HMA) is defined as Chittenden, Franklin, and Grand Isle Counties in Vermont and is coterminous with the Burlington-South Burlington, VT Metropolitan Statistical Area (MSA). The HMA is in northwestern Vermont along the Canadian border and is bounded by Lake Champlain to the west. The city of Burlington, which is in Chittenden County, is the most populous city in Vermont, with a population of 44,781 in 2021 (U.S. Census Bureau population estimates as of July 1).

The current population of the HMA is estimated at 228,100.

The HMA is a center for higher education and health care. It is home to The University of Vermont (UVM), the largest university in the HMA, and UVM Medical Center, the largest employer in the HMA. The Burlington HMA is also a tourist destination, partly because of its location with direct access to Lake Champlain and ski resorts and its proximity to major cities such as Montreal, New York, and Boston.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Improving: During the 12 months ending August 2022, nonfarm payrolls averaged 120,400, representing an increase of 2,500 jobs, or 2.1 percent, compared with a decline of 1.1 percent during the previous 12 months.

Nonfarm payroll jobs rose during the past year as the economy continued to recover from the job losses in March and April 2020, which resulted from countermeasures taken to slow the spread of COVID-19. Tight labor market conditions have made it difficult to fill job vacancies, partly contributing to the lengthy economic recovery. As of August 2022, approximately 79 percent of the jobs lost in March and April 2020 have been recovered (monthly data, not seasonally adjusted). During the past year, nonfarm payrolls increased in 6 of 11 sectors, led by the leisure and hospitality sector, which increased by 1,600 jobs, or 16.7 percent. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.0 percent annually.

Sales Market

Tight: During August 2022, the Burlington HMA had 1.6 months of available for-sale housing inventory, unchanged from a year earlier (CoreLogic, Inc.).

The home sales market in the HMA is currently tight, with an estimated sales vacancy rate of 0.7 percent, down from 1.7 percent in April 2010, when conditions were soft. A decline in the inventory of homes for sale since 2010 contributed to the market tightening. During the 12 months ending August 2022, new and existing home sales totaled 3,775, down 13 percent from a year earlier, partly because of increasing mortgage interest rates, and the average sales price increased 14 percent to $430,900 (Zonda). During the next 3 years, demand is estimated for 1,600 new homes. The 160 homes under construction will satisfy a portion of that demand during the first year of the forecast period.

Rental Market

Very Tight: The overall rental market has an estimated vacancy rate of 2.0 percent, down from 4.5 percent in April 2010.

Rental housing market conditions in the HMA are currently very tight, compared with slightly tight conditions in 2010. Apartment market conditions are also very tight, with an apartment vacancy rate of 1.8 percent during the third quarter of 2022, down from 1.9 percent during the third quarter of 2021 and much lower than the 10-year peak rate of 6.6 percent during the third quarter of 2015 (CoStar Group). The asking rent for apartments in the HMA averaged $1,635 during the third quarter of 2022, up 3 percent from a year ago. During the forecast period, demand is estimated for 2,075 new rental units. The 520 rental units under construction will satisfy a portion of that demand.

TABLE OF CONTENTS

3-Year Housing Demand Forecast

		Sales Units	Rental Units
Burlington HMA	Total Demand	1,600	2,075
	Under Construction	160	520

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2022. The forecast period is September 1, 2022, to September 1, 2025.
Source: Estimates by the analyst

Economic Conditions

Largest Sector: Education and Health Services

This report uses the Burlington-South Burlington, VT Metropolitan New England City and Town Area (hereafter, Burlington NECTA) in the discussion of nonfarm payroll jobs because the data for NECTAs are readily available from the U.S. Bureau of Labor Statistics. The Burlington HMA has a geography similar to the Burlington NECTA (see Notes on Geography at the end of this report). All other data in this report relate to the HMA.

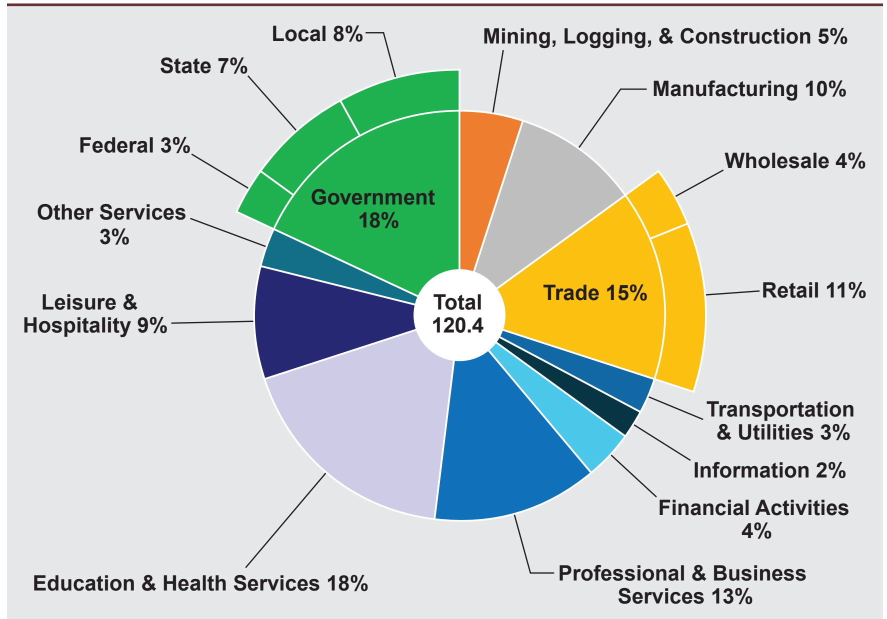
The healthcare industry is one of the primary industries in the NECTA, partly because of the growing share of older residents in the area.

Primary Local Economic Factors

The economy in the Burlington NECTA depends heavily on the education and health services and the government sectors, which are the largest sectors in the NECTA, accounting for a combined 36 percent of all nonfarm payrolls (Figure 1), primarily because of the presence of UVM, which is in the city of Burlington. UVM Medical Center and UVM are the two largest employers in the NECTA, with a combined total of approximately 9,575 workers (Table 1). In the fall of 2022, 14,088 students were enrolled at UVM, reflecting a 2-percent increase from the fall of 2021 (UVM Office of Institutional Research). Based on the most recent study, UVM contributed more than $1.33 billion to the economy in Vermont during the 2014-to-2015 fiscal year (UVM). UVM Health Network, which includes UVM Medical Center, contributed more than $2.24 billion to the states of Vermont and New York (UVM Health Network, 2014). In addition to UVM, the NECTA is home to other institutions of higher education, including Champlain College in the city of Burlington and Saint Michael's College in the town of Colchester, with 3,825 and 1,573 students, respectively, enrolled during the fall of 2021 (Integrated Postsecondary Education Data System).

The tourism industry is also a major contributor to overall economic growth in the Burlington NECTA. Access to natural attractions in or near the NECTA, including Lake Champlain, the Green Mountains, and the Adirondack Mountains,

Figure 1. Share of Nonfarm Payroll Jobs in the Burlington NECTA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through August 2022.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Burlington HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The University of Vermont Medical Center	Education & Health Services	5,591
The University of Vermont	Government	3,991
GlobalFoundries Inc.	Manufacturing	2,500
Rutland Regional Medical Center	Education & Health Services	1,700
Shaw's Supermarkets, Inc.	Wholesale & Retail Trade	1,600
Central Vermont Medical Center	Education & Health Services	1,400
Keurig Dr Pepper Inc.	Manufacturing	1,400
Walmart Inc.	Wholesale & Retail Trade	1,273
Aspire Living & Learning	Education & Health Services	1,200
Jay Peak Resort	Leisure & Hospitality	1,200

Note: Excludes local school districts.
Source: *Vermont Business Magazine 2021–2022 Book of Lists*

attracts visitors to the NECTA for outdoor recreational opportunities, such as hiking, skiing, and cruises on the lake. The proximity of the NECTA to Canada and the New York and Boston metropolitan areas also contributes to strong tourism. During 2019, an estimated 12.47 million people visited Vermont, generating $3.1 billion in visitor spending. Tourism decreased to 8.0 million visitors and $2.55 billion in visitor spending in 2020, when COVID-19 restrictions were in place (Vermont Department of Tourism and Marketing).

Current Conditions—Nonfarm Payrolls

The economy in the Burlington NECTA is recovering from severe job losses that occurred in early 2020 because of the countermeasures taken to slow the spread of COVID-19. Labor shortages have made it difficult for employers to find workers, partly because people retired early or left the workforce to care for children during the pandemic; those trends have contributed to the lengthy job recovery in the NECTA. As of August 2022, approximately 79 percent of the 24,200 jobs lost during March and April 2020 have been recovered (monthly data, not seasonally adjusted). By comparison, the nation has completely recovered as of August 2022, with nonfarm payroll jobs surpassing the February 2020 level.

Job growth in the NECTA has been moderate during the 12 months ending August 2022, increasing by 2,500 jobs, or 2.1 percent, from a year ago (Table 2); nationally, jobs rose 4.3 percent during the same period. Nonfarm payrolls in the NECTA were up or relatively unchanged in 8 of 11 sectors during the 12 months ending August 2022. The fastest and largest job increase was in the leisure and hospitality sector, which grew by 1,600 jobs, or 16.7 percent, from a year ago. Job additions in the sector accounted for 64 percent of net job gains in the NECTA. The leisure and hospitality sector was the most severely affected sector during the onset of the pandemic, when nonessential businesses were temporarily closed, and the sector is still 15.5 percent below the prepandemic payroll level during the same period in 2019. Nonfarm payrolls in the food services and drinking places industry rose by 1,100 jobs, or 16.5 percent, accounting for nearly 69 percent of the total jobs added in the leisure and hospitality sector during the 12 months ending August 2022. The opening of

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Burlington NECTA, by Sector

	12 Months Ending August 2021	12 Months Ending August 2022	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**117.9**	**120.4**	**2.5**	**2.1**
Goods-Producing Sectors	18.0	18.2	0.2	1.1
Mining, Logging, & Construction	5.8	5.9	0.1	1.7
Manufacturing	12.2	12.4	0.2	1.6
Service-Providing Sectors	99.9	102.1	2.2	2.2
Wholesale & Retail Trade	17.9	17.9	0.0	0.0
Transportation & Utilities	3.4	3.4	0.0	0.0
Information	2.2	2.1	-0.1	-4.5
Financial Activities	4.6	4.5	-0.1	-2.2
Professional & Business Services	15.1	15.6	0.5	3.3
Education & Health Services	21.9	22.2	0.3	1.4
Leisure & Hospitality	9.6	11.2	1.6	16.7
Other Services	3.8	4.0	0.2	5.3
Government	21.5	21.2	-0.3	-1.4

Notes: Based on 12-month averages through August 2021 and August 2022. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

new restaurants during the past year, including Bramble in the town of Essex, Kestrel Coffee Roasters in the city of Burlington, and May Day, also in the city of Burlington, contributed to job growth in the sector. An increase in overnight visitors to the NECTA, as measured by rising hotel occupancies, also contributed to growth in the sector. During the 12 months ending August 2022, the average occupancy rate at hotels in the CoStar Group-defined Vermont North market area, where the Burlington NECTA is located, was 74.3 percent, up from 56.4 percent during the 12 months ending August 2021.

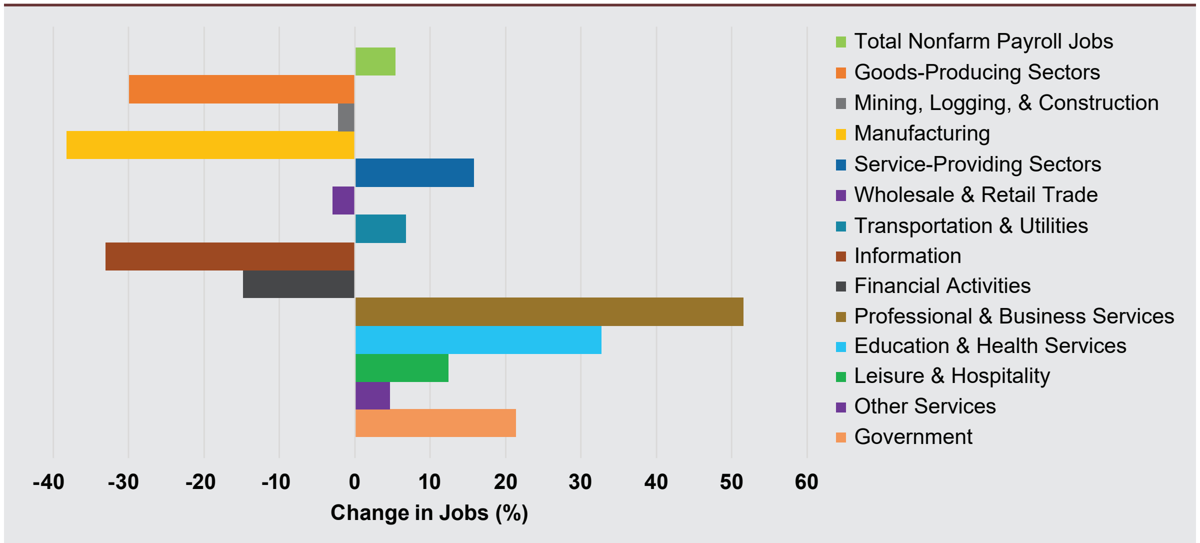
The professional and business services sector has been the fastest growing sector in the NECTA since 2001 (Figure 2). That sector and the education and health services sector gained 500 and 300 jobs, or 3.3 and 1.4 percent, respectively, during the 12 months ending August 2022. The professional and business services sector is the only sector that surpassed prepandemic payroll levels during the 12 months ending August 2022; jobs in the sector were

3.9 percent above the same period in 2019. Approximately 80 percent of the net gains in the sector were in the professional, scientific, and technical services industry, which rose by 400 jobs, or 4.5 percent, from the 12 months ending August 2021. Nonfarm payrolls in the education and health services sector during the 12 months ending August 2022, however, are 3.1 percent below the prepandemic levels during the same period in 2019.

Current Conditions—Unemployment

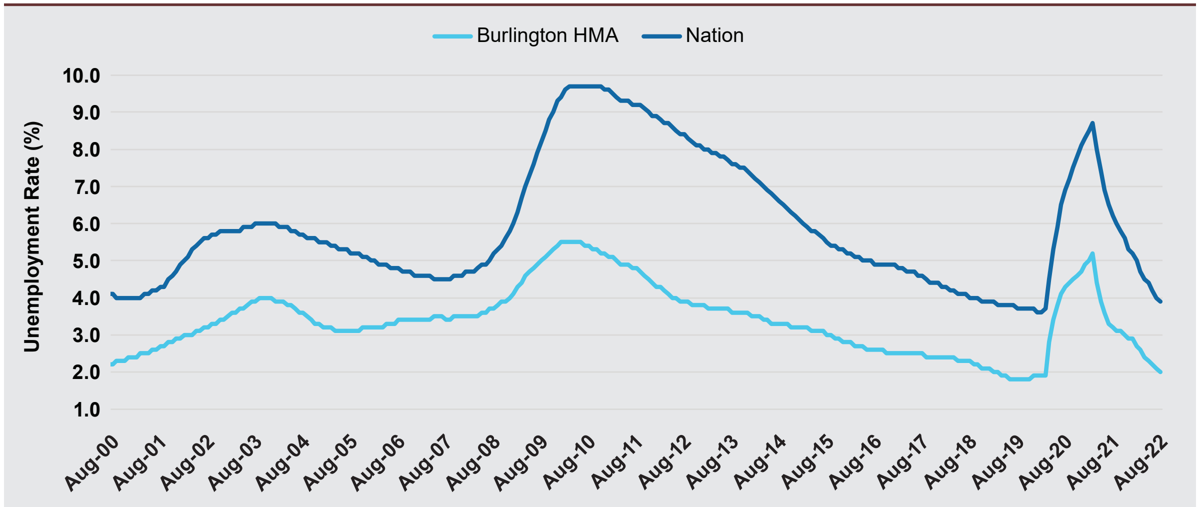
Before the impact of COVID-19, the unemployment rate in the Burlington NECTA declined each year, from a high of 5.4 percent in 2009 to a low of 1.9 percent in 2019 (Figure 3). As the impact of the pandemic deepened, the unemployment rate in the NECTA rose to a high of 5.2 percent during the 12 months ending March 2021. The unemployment rate declined to 3.2 percent during the 12 months ending August 2021; the rate declined further to 2.0 percent during the 12 months ending August 2022. Although the rate was still higher than the prepandemic low of 1.9 percent in 2019, it was lower than the 2.5-percent unemployment rate in Vermont and the 3.9-percent rate in the nation during the 12 months ending August 2022. The unemployment rate in the NECTA declined during the 12 months ending August 2022 because the strong 3.1-percent resident employment growth outpaced the 1.9-percent increase in the labor force. Neither resident employment nor the labor force have returned to prepandemic levels.

Figure 2. Sector Growth in the Burlington NECTA, 2001 to Current



Note: The current date is September 1, 2022.
Source: U.S. Bureau of Labor Statistics

Figure 3. 12-Month Average Unemployment Rate in the Burlington HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

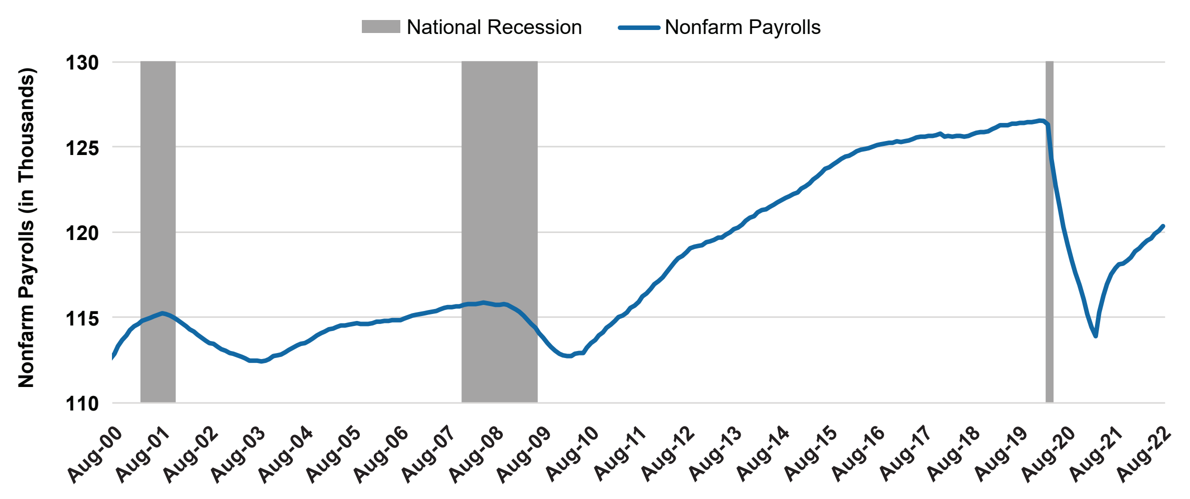
Economic Periods of Significance: 2001 Through 2019

2001 Through 2007

During the early 2000s, economic growth in the Burlington NECTA was constrained by 2 years of job losses in 2002 and 2003, followed by moderate job growth through the mid-2000s (Figure 4). After a gain of 500 jobs, or 0.4 percent, in 2001, nonfarm payrolls in the NECTA declined by an average of 1,000 jobs, or 0.9 percent, annually during 2002 and 2003, a period when the number of jobs in the nation fell an average of 0.7 percent each year. Four of 11 sectors in the NECTA lost jobs; with job losses heavily concentrated in the manufacturing sector, which fell by an average of 2,000 jobs, or 10.5 percent, annually. Job losses in the manufacturing sector were partially attributed to International Business Machines (IBM) Corporation laying off nearly 1,000 employees in 2002 at its manufacturing plant in what is now the city of Essex Junction (Essex Junction separated from the town of Essex and became a city in mid-2022).

The Burlington NECTA recovered from the economic contraction at a modest pace during the subsequent 4 years. Nonfarm payrolls in the NECTA rose by an average of 800 jobs, or 0.7 percent, each year from 2004 through 2007. Nonfarm payroll job growth in the nation was twice as fast during the same period, increasing an average of 1.4 percent a year. Approximately

Figure 4. 12-Month Average Nonfarm Payrolls in the Burlington NECTA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

75 percent of the net job gains in the NECTA occurred in the government and the education and health services sectors, which were up by averages of 300 jobs each, or 1.7 and 1.6 percent, a year, respectively. An increase in hiring at UVM supported job gains in the government sector; approximately 70 full- and part-time jobs were added at UVM from 2005 through 2007 as enrollment at UVM rose.

2008 Through 2009

Economic conditions in the NECTA weakened from 2008 through 2009, in large part because of the national recession. Nonfarm payrolls declined by an average of 1,400 jobs, or 1.2 percent, annually—a lower rate than in the nation, which declined an average of 2.4 percent a year during the 2-year period. Job losses in the NECTA occurred in 9 of 11 nonfarm payroll sectors but were concentrated in the goods-producing sectors, which accounted for 86 percent of net job losses. The mining, logging, and construction and the manufacturing sectors were affected by declining levels of residential construction and reduced demand, falling by averages of 600 jobs each, or 9.6 and 4.0 percent, a year, respectively. During the period, residential construction declined 40 percent from the 2001-through-2007 period. Among the service-providing sectors, job losses were greatest in the wholesale and retail trade sector, down by an average of

400 jobs, or 2.1 percent, a year. Approximately 75 percent of the losses occurred in the retail trade subsector, which fell by 300 jobs, or 1.6 percent, a year. Job gains in the education and health services and the government sectors, which increased by respective averages of 400 and 300 jobs, or 2.1 and 1.5 percent, a year, offset job losses in other sectors during 2008 and 2009.

2010 Through 2019

Following 2 years of economic decline, the economy in the NECTA began to recover in 2010 and expanded from 2011 through 2019. Job growth from 2010 through 2015 was strong, averaging 1,900 jobs, or 1.6 percent, annually—a faster rate than nationwide job growth, which averaged 1.3 percent a year. Job gains in the NECTA were strongest in the professional and business services, the government, and the leisure and hospitality sectors, which rose by respective averages of 600, 500, and 400 jobs, or 5.3, 2.1, and 3.1 percent, a year, and accounted for 79 percent of the net job growth in the NECTA. In the professional and business services sector, approximately 33 percent of the gains were in the professional, scientific, and technical services industry, which increased by an average of 200 jobs, or 3.2 percent, annually. In the government sector, 60 percent of the gains were in the state government subsector, which was up by an average of 300 jobs, or 3.7 percent, a year. In the leisure and hospitality sector, 75 percent of job additions were in the accommodation and food services industry, up by an average of 300 jobs, or 3.1 percent, annually. The completion of new hotels, including Residence Inn by Marriott Burlington-Colchester in 2010, Hotel Vermont in the city of Burlington in 2012, Hilton Garden Inn Burlington Downtown in 2014, and Homewood Suites by Hilton Burlington in 2015, supported job growth in the leisure and hospitality sector during the period.

Job growth in the NECTA slowed during the subsequent 4 years, in contrast to job growth in the nation, which accelerated during the same 4-year period. The NECTA added an average of 500 jobs, or 0.4 percent, annually from 2016 through 2019—a significantly slower pace than the 1.6-percent rate of job growth in the nation, partly due to tight labor market conditions in the NECTA. The professional and business services and the education and health services sectors led job gains, with average annual increases of 300 jobs each, or 1.7 and 1.5 percent, respectively. The $187 million expansion of UVM Medical Center, which added 128 single-patient rooms at the Miller Building addition to the hospital, opened in June 2019 and led to the hiring of more than 400 new employees, contributing to job gains in the education and health services sector during the period.

Forecast

Job recovery is expected to continue during the 3-year forecast period. Nonfarm payroll job growth in the NECTA is expected to be relatively steady, averaging 1.0-percent annual growth, stronger than the 0.5-percent annual growth during the 2015-to-2019 period. Full job recovery is not expected during the forecast period, partly because of the tight labor market conditions in the NECTA. Job gains are expected to be strongest in the leisure and hospitality sector—a continuation of recent trends—as new restaurants and hotels open in response to increased tourism. Job growth is also expected in the education and health services sector as healthcare services and medical facilities expand in response to the increasing share of older residents in the NECTA. Additional gains are also expected in the manufacturing and the professional and business services sectors. In mid-2022, Beta Technologies, an electric aerospace company, began building an electric aircraft manufacturing facility at Burlington International Airport, which is expected to create 300 new jobs when the facility opens in 2023. In addition, Beta Technologies is planning to open a new battery testing facility in the town of Saint Albans that is expected to add hundreds of jobs in the NECTA.

Population and Households

Current Population: 228,100

Population growth in the Burlington HMA has accelerated since 2021 due to higher levels of net in-migration.

Population and Migration Trends

As of September 1, 2022, the population of the Burlington HMA is estimated at 228,100, representing an average annual increase of 1,325, or 0.6 percent, since April 2010 (Table 3). Approximately 75 percent of the population live in Chittenden County, 22 percent live in Franklin County, and 3 percent reside in Grand Isle County.

Economic conditions have generally affected population growth and migration trends in the HMA since the 2000s. Students moving to the HMA, mainly to attend UVM, have influenced population growth to a lesser extent. Since 2000, more than 50 percent of all new UVM students have come from outside Vermont.

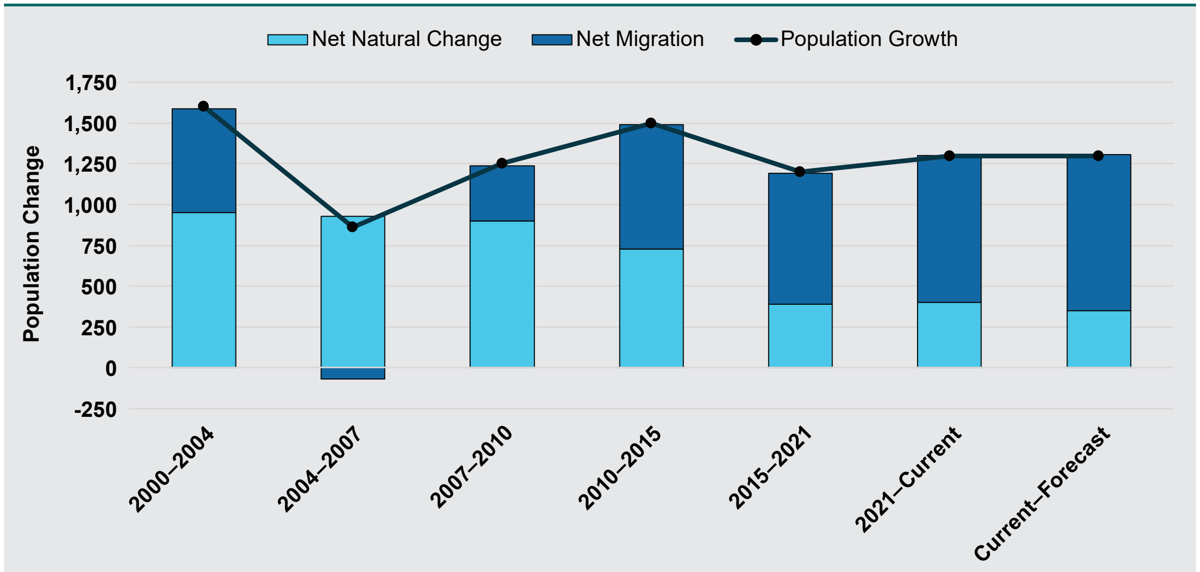
From 2000 to 2004, the HMA had relatively strong population growth, averaging 1,600 people, or 0.8 percent, annually, despite 2 years of economic decline (Figure 5). Net in-migration averaged 650 people a year, accounting for 41 percent of population growth during the period, whereas net natural increase averaged 950 people a year and accounted for 59 percent of population growth. Enrollment at UVM increased by an average of 210 students, or 2.0 percent, annually from 2000 to 2004, contributing to population growth in the HMA. Population growth subsequently slowed to an average of 860 people, or 0.4 percent, annually

Table 3. Burlington HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	Population	211,648	228,100	232,100
	Average Annual Change	1,275	1,325	1,300
	Percentage Change	0.6	0.6	0.6
		2010	Current	Forecast
Household Quick Facts	Households	83,242	93,600	96,050
	Average Annual Change	730	830	820
	Percentage Change	0.9	0.9	0.9

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (September 1, 2022) to September 1, 2025.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Burlington HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (September 1, 2022) to September 1, 2025.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

from 2004 to 2007, partly because of the lingering effects of the 2-year economic downturn from 2002 through 2003. Net natural increase accounted for all population growth, averaging 930 people a year, and was partially offset by net out-migration averaging 70 people annually. Population growth increased to an average of 1,250, or 0.6 percent, annually during the 2007-to-2010 period, which included both the height of the housing bubble and the Great Recession that followed. Net in-migration resumed, although at lower levels than earlier in the decade, and averaged 350 people a year, accounting for 28 percent of total population growth; net natural increase averaged 900 people annually and accounted for the remaining 72 percent of population growth from 2007 to 2010. Enrollment at UVM rose each year from 2008 to 2010, up by an average of 400 students, or 3.5 percent, annually, partly contributing to net in-migration during that period.

Rapid economic recovery and robust expansion, following 2 years of job declines, resulted in faster population growth from 2010 to 2015, including levels of net in-migration that exceeded prerecessionary levels. Population growth in the HMA from 2010 to 2015 averaged 1,500 people, or 0.7 percent, a year, with net in-migration accounting for 51 percent of the growth and averaging 770 people a year. Lower levels of net natural increase during the period constrained population growth, averaging 730 people a year and accounting for 49 percent of population growth. From 2015 to 2021, population growth moderated in response to slow job growth from 2015 through 2019 and the economic contraction and decline in student enrollment both in 2020. Population growth averaged 1,200 people, or 0.5 percent, annually. Net in-migration and net natural increase averaged 810 and 390 people a year, respectively, accounting for 68 and 32 percent of population growth. The remote worker grant program of 2018 and the worker relocation grant program of 2019 contributed to net in-migration to the HMA by offering financial incentives to draw people to Vermont. Combined, these two programs awarded 300 grants to people who moved to Vermont. Since 2021, population growth has accelerated slightly, averaging 1,300 people, or 0.6 percent, a year. Higher levels of net in-migration and net natural increase, which averaged 900 and 400 people a year, respectively, have contributed to the stronger population growth. Net in-migration has been at higher levels partly because of expanded remote work opportunities following the onset of the COVID-19 pandemic, allowing people to move to the HMA, and also because of the continuation of the worker relocation and remote worker grant programs. In addition, enrollment at UVM increased by an average of 400 students, or 3.0 percent, annually from 2020 to 2022, contributing to increased net in-migration. Migration into the HMA has generally been from nearby larger metropolitan areas, including the Boston and New York metropolitan areas (Table 4).

Table 4. Migration Flows in the Burlington HMA, 2015–2019

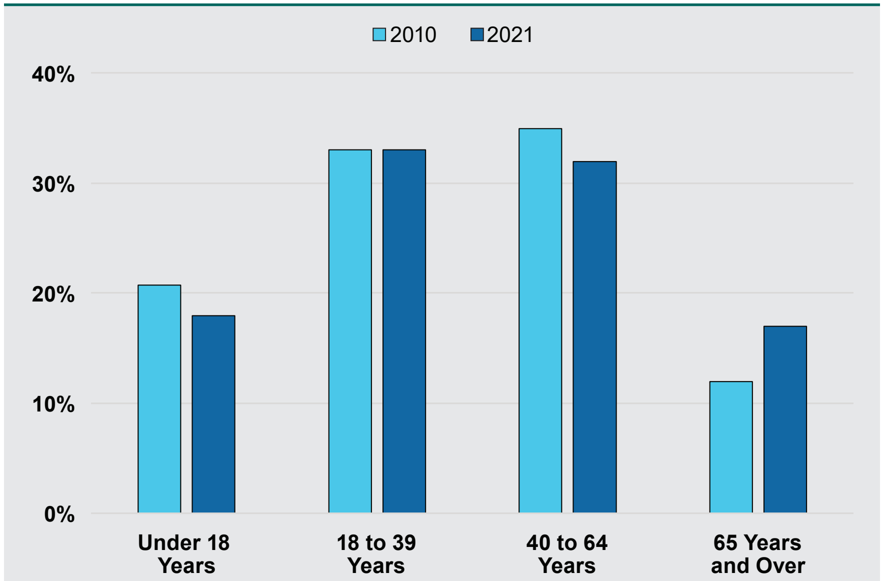
Into the HMA	
Boston-Cambridge-Newton, MA-NH	1,732
New York-Newark-Jersey City, NY-NJ-PA	1,159
Asia	967
Washington-Arlington-Alexandria, DC-VA-MD-WV	418
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	342
Out of the HMA	
Boston-Cambridge-Newton, MA-NH	693
Richmond, VA	373
Rochester, NY	348
New York-Newark-Jersey City, NY-NJ-PA	332
Washington-Arlington-Alexandria, DC-VA-MD-WV	328

Source: U.S. Census Bureau Migration Flows, 2015–2019 American Community Survey 5-year data

Age Cohort Trends

The largest age cohort in the HMA in 2021 included residents 18 to 39 years of age, which accounted for 33 percent of the total population (Figure 6). The median age in 2021 was 38.5 years. By comparison, in the state of Vermont and the nation, the largest age cohorts were 40- to 64-year-olds, and the median ages were 42.9 and 38.8 years, respectively. The comparatively younger age of the population in the HMA is likely because of the presence of UVM. The college-age population, ages 18 to 24, accounts for a relatively large share of the population in the HMA compared with Vermont and the nation. In 2021, approximately 13 percent of the population was college-age, compared with 10 percent in Vermont and 9 percent in the nation. The 65-and-older age cohort was the only age cohort in the HMA to increase from 2010 to 2021, reflecting the aging of the population in the HMA and contributing to increased demand for health care.

Figure 6. Population by Age Range in the Burlington HMA

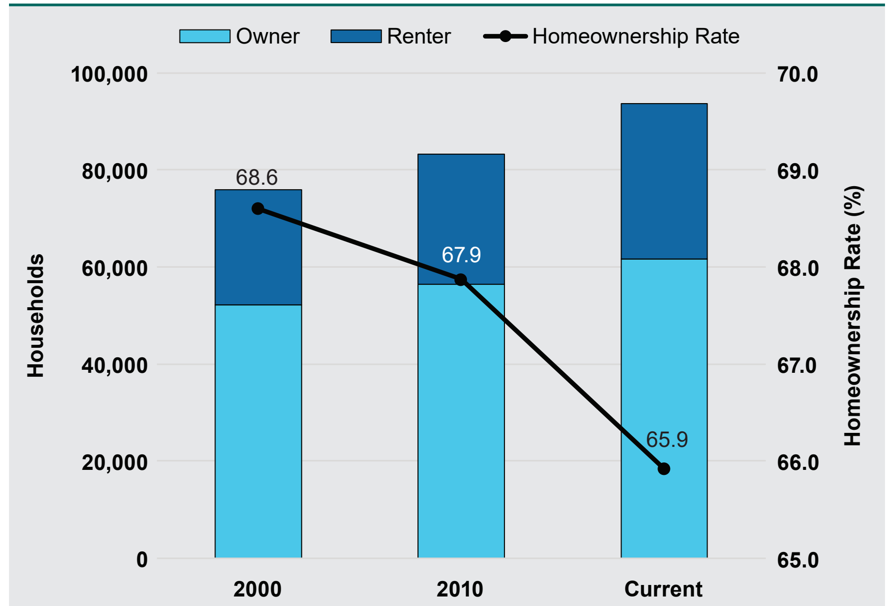


Source: 2010 and 2021 American Community Survey 1-year data

Household Trends

As of September 1, 2022, an estimated 93,600 households reside in the Burlington HMA, including an estimated 61,700 owner and 31,900 renter households. From 2000 to 2010, the number of households increased by an average of approximately 730 households, or 0.9 percent, a year—faster than the 0.6-percent population growth rate in the HMA during the same period. Since 2010, the number of households has increased by an average of 830, or 0.9 percent, annually, compared with an average population growth rate of 0.6 percent annually during the same period. An estimated 65.9 percent of households are homeowners, down from 67.9 percent in 2010 (Figure 7). Increased tendencies for households to rent contributed to the proportion of renter households increasing from 32.1 percent in 2010 to 34.1 percent currently.

Figure 7. Households by Tenure and Homeownership Rate in the Burlington HMA



Note: The current date is September 1, 2022.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

During the next 3 years, the pace of population growth in the Burlington HMA is expected to remain relatively unchanged from the recent population growth rate. The population is expected to reach 232,100 by September 1, 2025, reflecting an average annual growth of 1,300 people, or 0.6 percent. Population growth will be steady throughout the forecast period, reflecting similar steady economic growth during the forecast, and will be largely due to net in-migration accounting for 73 percent of population growth, with net natural increase accounting for the remaining 27 percent of growth. Household growth is expected to average 820, or 0.9 percent, annually, reaching 96,050 households in the HMA by the end of the forecast period.

Home Sales Market

Market Conditions: Tight

Despite a 13-percent decline in home sales during the past 12 months, the average home sales price in the HMA rose 14 percent, the same rate of price growth during the previous 12-month period (Zonda).

Current Conditions

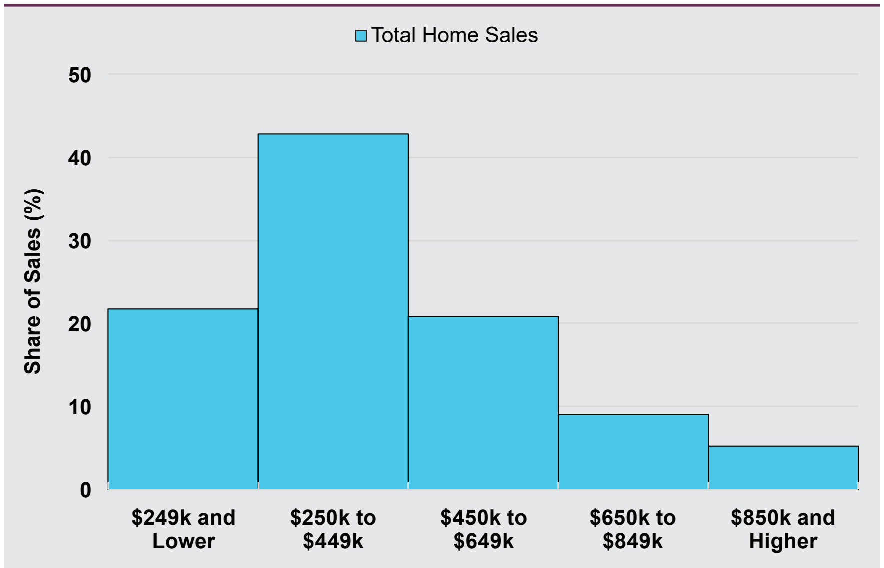
The sales housing market in the Burlington HMA is tight, with an overall estimated vacancy rate of 0.7 percent (Table 5)—down from 1.7 percent in April 2010, when conditions were soft. Relatively high levels of net in-migration and low housing production since the early 2010s have resulted in a general decline in the supply of for-sale housing and tightening sales market conditions. The inventory of available homes for sale was 1.6 months in August 2022, unchanged from a year earlier and significantly lower than the 8.9 months of inventory in August 2010 (CoreLogic, Inc.). In addition to the low inventory of homes for sale, increasing mortgage interest rates, which rose from a 2.9-percent rate for a 30-year fixed-rate mortgage in August 2021 to 5.2 percent in August 2022 (Freddie Mac), contributed to a decline in home sales during the 12 months ending August 2022. Total home sales declined 13 percent to 3,775 homes sold during the 12 months ending August 2022 compared with a year earlier; however, the decrease has been more severe recently, with home sales declining 20 percent during the 3 months ending August 2022 compared with the 3 months ending August 2021 (Zonda). The average price of homes sold, however, increased 14 percent to $430,900 during the 12 months ending August 2022, the same rate of increase during the 12 months ending August 2021. During the 12 months ending August 2022, 43 percent of total homes—the greatest share in the HMA—sold at prices ranging from $250,000 to $499,000 (Figure 8). Only a small portion of total home sales in the HMA are new homes, constituting fewer than 1 percent of homes sold during the past 12 months.

Table 5. Home Sales Quick Facts in the Burlington HMA

		Burlington HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	0.7%	NA
	Months of Inventory	1.6	2.1
	Total Home Sales	3,775	6,955,000
	1-Year Change	-13%	-9%
	New Home Sales Price	$455,600	$471,400
	1-Year Change	58%	15%
	Existing Home Sales Price	$430,500	$396,400
	1-Year Change	14%	11%
	Mortgage Delinquency Rate	1.0%	1.3%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending August 2022; and months of inventory and mortgage delinquency data are as of August 2022. New home sales data for the Burlington HMA are very limited, accounting for fewer than 1 percent of total homes sold. The current date is September 1, 2022.
Sources: Vacancy rate—estimates by the analyst; months of inventory, mortgage delinquency rate, national home sales and prices—CoreLogic, Inc.; HMA home sales and prices—Zonda

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending August 2022 in the Burlington HMA



Note: Total home sales include single-family homes, townhomes, and condominium units.
Source: Zonda

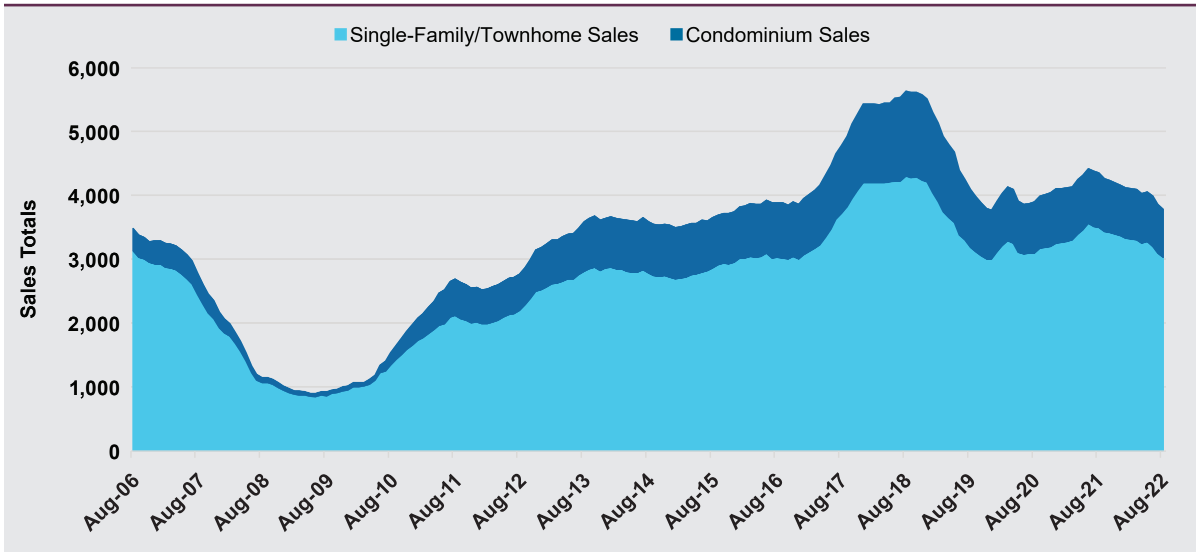
Delinquent Mortgages

The rate of seriously delinquent mortgages and real estate owned (REO) properties in the Burlington HMA reached a recent peak of 3.0 percent in January 2013, compared with a 6.4-percent rate nationwide (CoreLogic, Inc.). The rate in the HMA subsequently declined to a low of 0.9 percent in April 2020, compared with a 1.4-percent rate nationwide. The economic contraction caused by the COVID-19 pandemic contributed to an overall increase in the rate in the HMA as homeowners struggled to make mortgage payments, reaching 2.7 percent in September 2020, compared with a 4.3-percent rate nationwide. The increase in the rate during this period was due to a rise in delinquent mortgages, as many homeowners were able to avoid foreclosures because of federal and local mortgage forbearance programs. From April to September 2020, the number of home loans that were 90 or more days delinquent increased more than threefold, and the number of home loans that were either in foreclosure or had transitioned into REO status declined a combined 12 percent. Many federally backed programs have since ended, and foreclosures are rising again, despite the decreasing rate of seriously delinquent mortgages. The number of home loans that are 90 or more days delinquent has declined 70 percent since September 2020, whereas the number of home loans that are either in foreclosure or have transitioned into REO status has increased 3 percent. As of August 2022, the rate of seriously delinquent mortgages and REO properties in the HMA was 1.0 percent, down from 1.4 percent in August 2021. By comparison, the rate for the nation was 1.3 percent as of August 2022, down from 2.7 percent in August 2021.

Single-Family Home and Townhome Sales and Prices

Sales of new and existing single-family homes and townhomes declined during the late 2000s (Figure 9) in response to the tightening of mortgage lending standards and the economic contraction in the HMA. From 2006 through 2009, home sales declined by 610 homes, or 27 percent, a year (Zonda). As the economy recovered and expanded, home sales rose and continued to increase through 2018, up by an average of 360, or 18 percent, annually from 2010 through 2018, before declining 29 percent in 2019. Home sales rose by an average of 180 homes, or 6 percent, annually from 2020 through 2021, in part because demand for homes in the HMA increased when remote work opportunities created by the pandemic allowed people to move to the HMA. Home sales in the HMA have declined during the past year, partly because of the low inventory of existing homes for sale, a decline in new home construction, and increasing mortgage interest rates. During the 12 months ending August 2022, 3,025 new and existing single-family homes

Figure 9. 12-Month Sales Totals by Type in the Burlington HMA



Source: Zonda

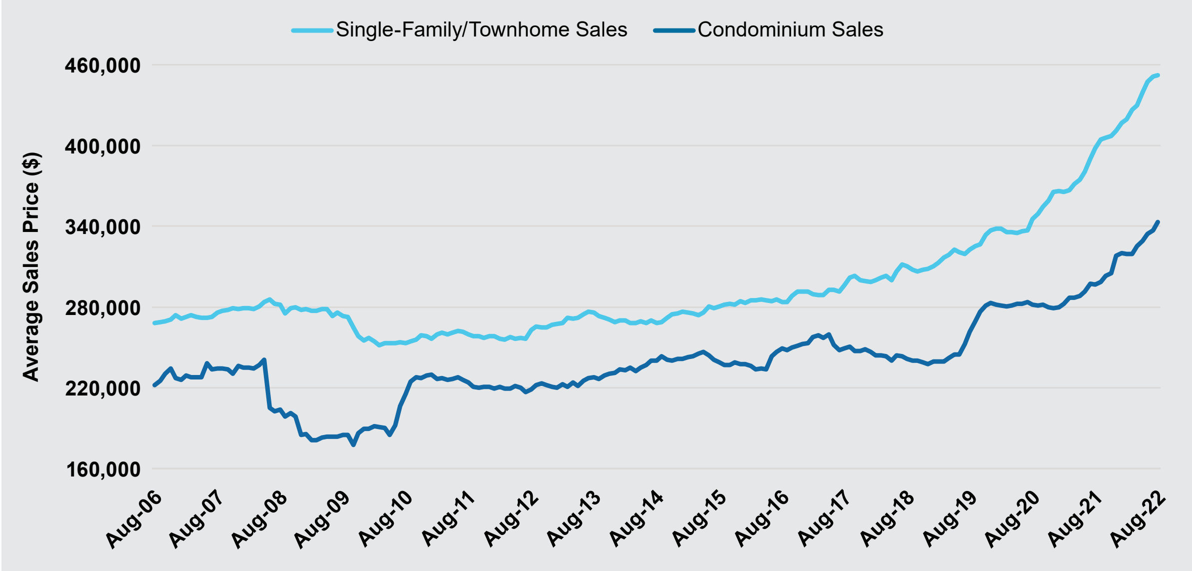
and townhomes were sold, reflecting a decline of 470 homes, or 13 percent, from a year earlier, compared with a 13-percent increase during the 12 months ending August 2021 (Zonda).

In contrast, the average sales price of new and existing single-family homes and townhomes in the HMA has increased at a strong pace during the past 2 years. During the 12 months ending August 2022, the average sales price of new and existing single-family homes and townhomes homes sold increased 14 percent to $452,600, which is an all-time high, compared with a 15-percent increase during the same period a year ago. From 2019 through 2021, the average sales price has increased 10 percent annually, compared with an average annual increase of 3 percent from 2012 through 2018. The average sales price declined from 2007 through 2011, down an average of 1 percent annually, as the sales market softened. Figure 10 shows the 12-month average sales price by unit type in the HMA since 2006.

Condominium Sales and Prices

Condominium sales, which account for approximately 20 percent of all home sales in the HMA, also declined during the past year. During the 12 months ending August 2022, approximately 750 new and existing condominiums sold, down 13 percent from the 860 condominiums sold during the same period a year earlier (Zonda). From 2006 through 2009, condominium sales fell by an average of 110 homes, or 40 percent, annually, to nearly 65 condominiums sold in 2009. From 2010 through 2018, sales increased by 140 condominiums, or 40 percent, annually, before declining 42 percent in 2019, increasing 13 percent in 2020, and declining 8 percent in 2021.

Figure 10. 12-Month Average Sales Price by Type of Sale in the Burlington HMA



Source: Zonda

The average sales price of new and existing condominiums is at an all-time high. During the 12 months ending August 2022, the average sales price of new and existing condominiums rose 16 percent, to $343,000, compared with a 5-percent rise during the same period a year ago. After falling to a 15-year low of $185,000 in 2008, the average sales price of condominiums increased an average of 4 percent annually from 2009 through 2021, compared with an average annual decline of 4 percent from 2006 through 2008.

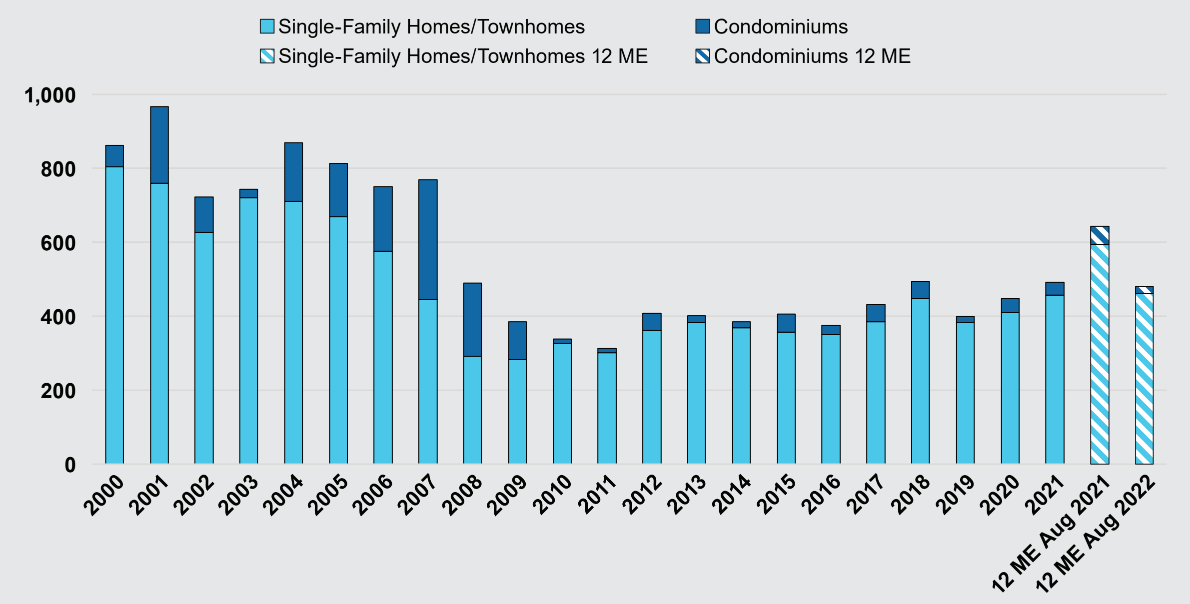
Sales Construction

Homebuilding in the HMA—as measured by the number of single-family homes, townhomes, and condominiums (hereafter, homes) permitted—was strong during the 2000s, compared with the 2010s, in response to tight sales market conditions during the early to mid-2000s (Figure 11). From 2000 through 2007, an average of 810 homes were permitted annually. As economic conditions weakened and the market softened during the housing market crisis, for-sale home construction declined during each of the subsequent 4 years, down by an average of 110 homes, or 20 percent, annually, to 310 homes in 2011. Sales construction activity increased by 95 homes, or 31 percent, in 2012 and remained relatively steady through 2021, averaging 420 homes annually from 2012 through 2021. During the 12 months ending August 2022, 480 homes were permitted, down 25 percent from the approximately 640 homes permitted during the 12 months ending August 2021 (preliminary data, with adjustments by the analyst). Since 2010, approximately 7 percent of all sales units permitted were for condominium units, down from 21 percent during the 2000s.

New Construction

For-sale home construction has been largely concentrated in Chittenden County, which has the largest share of the population in the HMA. Since 2010, approximately 62 percent of sales permitting activity has occurred in Chittenden County. Franklin and Grand Isle Counties have accounted for 33 and 5 percent, respectively, of for-sale permitting in the HMA since 2010. New home construction is underway at Clearview in the town of Milton in Chittenden County. Home sites will include 42 single-family homes and duplexes built in multiple phases; the current phase of construction will have 15 single-family homes and one duplex, with prices starting from the low $500,000s.

Figure 11. Annual Sales Permitting Activity in the Burlington HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Forecast

During the next 3 years, demand is estimated for 1,600 new homes (Table 6). The 160 homes under construction in the HMA will satisfy only a portion of that demand in the first year of the forecast. Demand is expected to be relatively steady throughout the forecast period.

Table 6. Demand for New Sales Units in the Burlington HMA During the Forecast Period

	Sales Units
Demand	1,600 Units
Under Construction	160 Units

Note: The forecast period is from September 1, 2022, to September 1, 2025.
Source: Estimates by the analyst

Rental Market

Market Conditions: Very Tight

Despite relatively high levels of rental construction since the mid-2010s, apartment vacancy rates in the HMA have declined each year since 2016.

Current Conditions and Recent Trends

The rental housing market in the Burlington HMA is very tight. As of September 1, 2022, the overall rental vacancy rate is estimated at 2.0 percent (Table 7), down from 4.5 percent in April 2010, when conditions were slightly tight. Strong renter household growth has contributed to the absorption of existing inventory and a general tightening of the rental market during much of the period since 2010. Rental housing in the HMA has been shifting to more apartments as multifamily construction during the 2010s has increased the supply of apartment units. In 2021, approximately 50 percent of renter households in the HMA resided in multifamily structures with five or more units, typically apartments, compared with 35 percent in 2010 (2010 and 2021 ACS 1-year data). The other 50 percent of renter households resided in single-family homes, mobile homes, townhomes, and two- to four-unit structures in 2021, a decline from 65 percent in 2010.

Single-Family Home Rentals

In 2021, approximately 18 percent of renter households in the HMA resided in single-family homes, down from 21 percent in 2010 (2010 and 2021 ACS 1-year data). The rental market for single-family homes is very tight—unchanged from conditions a year ago and tighter than during the early 2010s. Demand for single-family homes is strong, partly because these homes typically have some land and more bedrooms compared with traditional apartments. The average vacancy rate for professionally managed single-family rental homes during August 2022 was 1.2 percent, unchanged from a year ago but lower than the 1.4-percent vacancy rate in August 2012, the earliest data available

Table 7. Rental and Apartment Market Quick Facts in the Burlington HMA

		2010 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	4.5	2.0
		2010 (%)	2021 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	21	18
	Multifamily (2–4 Units)	39	29
	Multifamily (5+ Units)	35	50
	Other (Including Mobile Homes)	4	3
Apartment Market Quick Facts		3Q 2022 (%)	YoY Change
	Apartment Vacancy Rate	1.8	-0.1
	Average Rent	$1,635	3%

3Q = third quarter. YoY= year-over-year.
Notes: The current date is September 1, 2022. Percentages may not add to 100 due to rounding.
Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—CoStar Group

(CoreLogic, Inc.). During the past year, average rents increased for all unit types, ranging from a 1-percent increase for four-bedroom single-family homes to a 3-percent increase for two-bedroom single-family homes. As of August 2022, average monthly rents for one-, two-, three-, and four-bedroom homes were $2,031, $2,249, $2,630, and $3,048, respectively.

Apartment Market Conditions

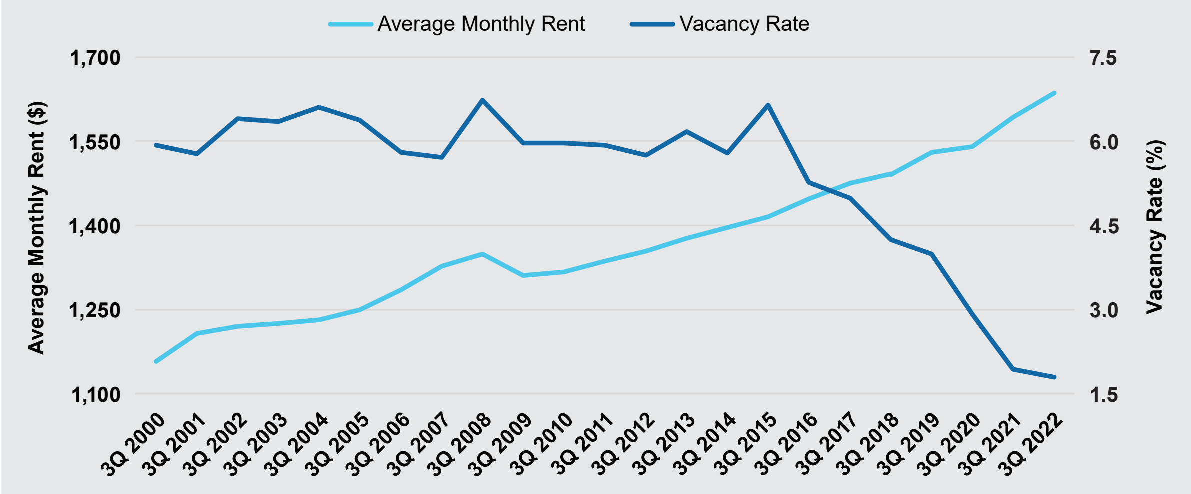
Apartment market conditions in the HMA are also very tight, with a 1.8-percent vacancy rate during the third quarter of 2022, down slightly from the 1.9-percent rate during the third quarter of 2021 (Figure 12; CoStar Group). Apartment market conditions in the HMA have tightened further since the early 2000s to mid-2010s, when the conditions were slightly tight, and apartment vacancy rates ranged from 5.7 to 6.7 percent from 2000 to 2015. Despite an increase in apartment construction since the mid-2010s, apartment vacancy rates in the HMA have declined each year since 2016, partly because of higher levels of net in-migration. During the third quarter of 2022, the average monthly apartment asking rent in the HMA was $1,635, up 3 percent from $1,592 during the third quarter of 2021. Average monthly apartment asking rents have generally increased each year since 2000, up an average of 2 percent a year.

In the CoStar Group-defined Burlington market area, which includes most of the city of Burlington and UVM, apartment market conditions are also very tight, and the vacancy rate is lower than in the HMA overall. During the third quarter of 2022, the apartment vacancy rate in the market area was 1.6 percent, down from 2.4 percent during the third quarter of 2021. A 2-percent increase in student enrollment at UVM during the fall of 2022 compared with the fall of 2021 coincided with the decline in the vacancy rate. The average apartment asking rent in the Burlington market area was $1,696, up 3 percent from $1,649 during the third quarter of 2021.

Rental Construction Activity

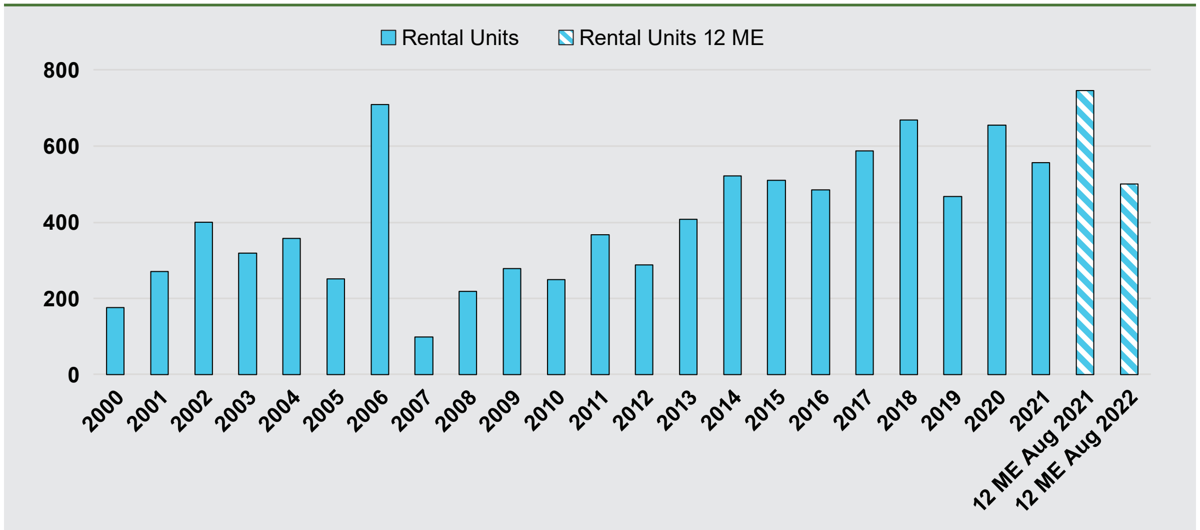
In response to tightening apartment market conditions, rental construction activity in the HMA, as measured by the number of rental units permitted, has been generally higher since the mid-2010s than during the 2000s and early 2010s (Figure 13). From 2000 through 2006, an average of 350 units were permitted annually before the rate declined to an average of 210 units a year from 2007 through 2010, a period when builders scaled back construction in response to weak economic conditions and low levels of net in-migration. As economic conditions strengthened and population growth accelerated, rental

Figure 12. Apartment Rents and Vacancy Rates in the Burlington HMA



3Q = third quarter.
Note: The vacancy rates and average monthly rents are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Source: CoStar Group

Figure 13. Annual Rental Permitting Activity in the Burlington HMA



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

construction rose, averaging 350 units a year from 2011 through 2013. An increase in net in-migration and a tightening apartment market since the mid-2010s contributed to a rise in construction, averaging 560 units annually from 2014 through 2021. During the 12 months ending August 2022, 500 rental units were permitted, a 33-percent decline from the nearly 750 units permitted during the previous 12-month period (preliminary data, with adjustments by the analyst).

Student Households in the Rental Market

Off-campus student households currently account for an estimated 6 percent of all renter households in the HMA. UVM offers on-campus housing with a capacity of approximately 5,700 beds. Approximately 70 percent of undergraduate students live in housing owned by, operated by, or affiliated with the university. To address housing shortages, UVM has plans to add nearly 500 beds in 295 apartment units in the city of South Burlington. Construction will be done in three phases, with an expected completion date by the summer of 2026. The first phase will add 170 beds in 100 apartment units, with expected occupancy by the summer of 2024. The second phase will add 100 beds in 65 apartment units, with expected occupancy by the summer of 2025. The third phase, which is expected to be complete outside the 3-year forecast period, will add 225 more beds in 130 units by the summer of 2026.

New Construction

Approximately 92 percent of all rental permitting activity since 2010 has been concentrated in Chittenden County, including several developments under construction. The Nest, a 49-unit apartment community under construction in downtown Burlington, will consist of one- and two-bedroom apartment units with rents ranging from $1,800 to $4,400. The completion of the development is expected by December 2022, bringing more rental supply to the city of Burlington, where UVM students primarily reside. Recently completed in 2022, CityGardens, a 30-unit apartment community in the city of Winooski, is fully leased. Rents start at $1,400 and $1,500 for the 15 studio and 15 one-bedroom units, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 2,075 new rental units in the HMA (Table 8). The 520 units under construction are expected to satisfy part of the demand during the first year of the forecast period. Demand is expected to be relatively steady throughout the forecast period.

Table 8. Demand for New Rental Units in the Burlington HMA During the Forecast Period

	Rental Units
Demand	2,075 Units
Under Construction	520 Units

Note: The forecast period is September 1, 2022, to September 1, 2025.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits/ Permitting/ Permitted	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
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.
Existing Home Sales	Includes regular resales and REO sales.
Forecast Period	9/1/2022–9/1/2025—Estimates by the analyst.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.

Net Natural Increase	Resident births are greater than resident deaths.
Regular Resales	Home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The New England City and Town Area (NECTA) definition noted in this report is based upon the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018. The Burlington-South Burlington, VT Metropolitan NECTA includes parts of Addison, Chittenden, Franklin, Grand Isle, Lamoille, and Washington Counties in Vermont. It includes all the major employment and population centers in the Burlington-South Burlington, VT Metropolitan Statistical Area.
2.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of 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.

2.	**The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.**

D. Photo/Map Credits

Cover Photo	iStock

Contact Information

Mildred Jara Ramirez, Economist
Philadelphia HUD Regional Office
215–430–6713
mildred.x.jararamirez@hud.gov