

A Shock to the System:

Emerging Real Estate Trends in the Wake of the Pandemic

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white + burke
VERMONT
DEVELOPMENT
CONFERENCE

Central Themes

- Uncertainty
- The Pivot
- How it Started...How it's Going
- Scarcity / Urgency

February 19, 2020 (B.C.)



Uncertainty



Wednesday, March 25, 2020 – 2:00 PM

Uncertainty



Friday, May 8, 2020 – 2:00 PM

Which ways do you expect COVID-19 to influence the local commercial real estate market?

Answer Choices	Mar-20	May-20	Oct-20	Feb-21	May-21	Oct-21
Longer marketing time	75%	87%	68%	75%	56%	65%
Shorter marketing time	0%	0%	6%	5%	7%	14%
Values will increase	1%	0%	8%	7%	19%	20%
Values will decrease	45%	58%	51%	29%	20%	22%
No significant value change	30%	25%	27%	48%	33%	35%
Decreased development activity	49%	57%	59%	45%	20%	20%
Increased development activity	1%	0%	5%	4%	9%	16%
Continued development, with delays	63%	45%	32%	50%	56%	55%

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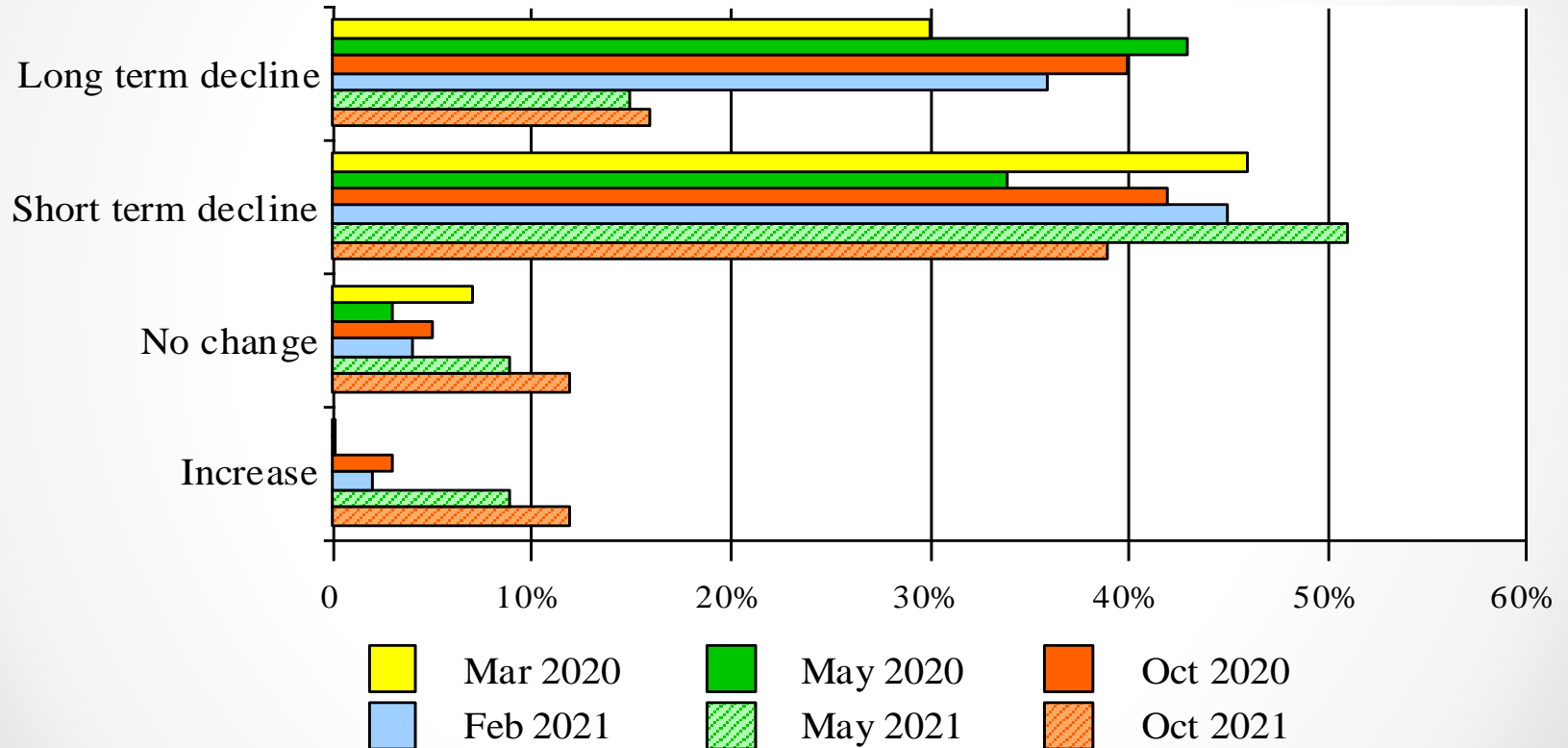
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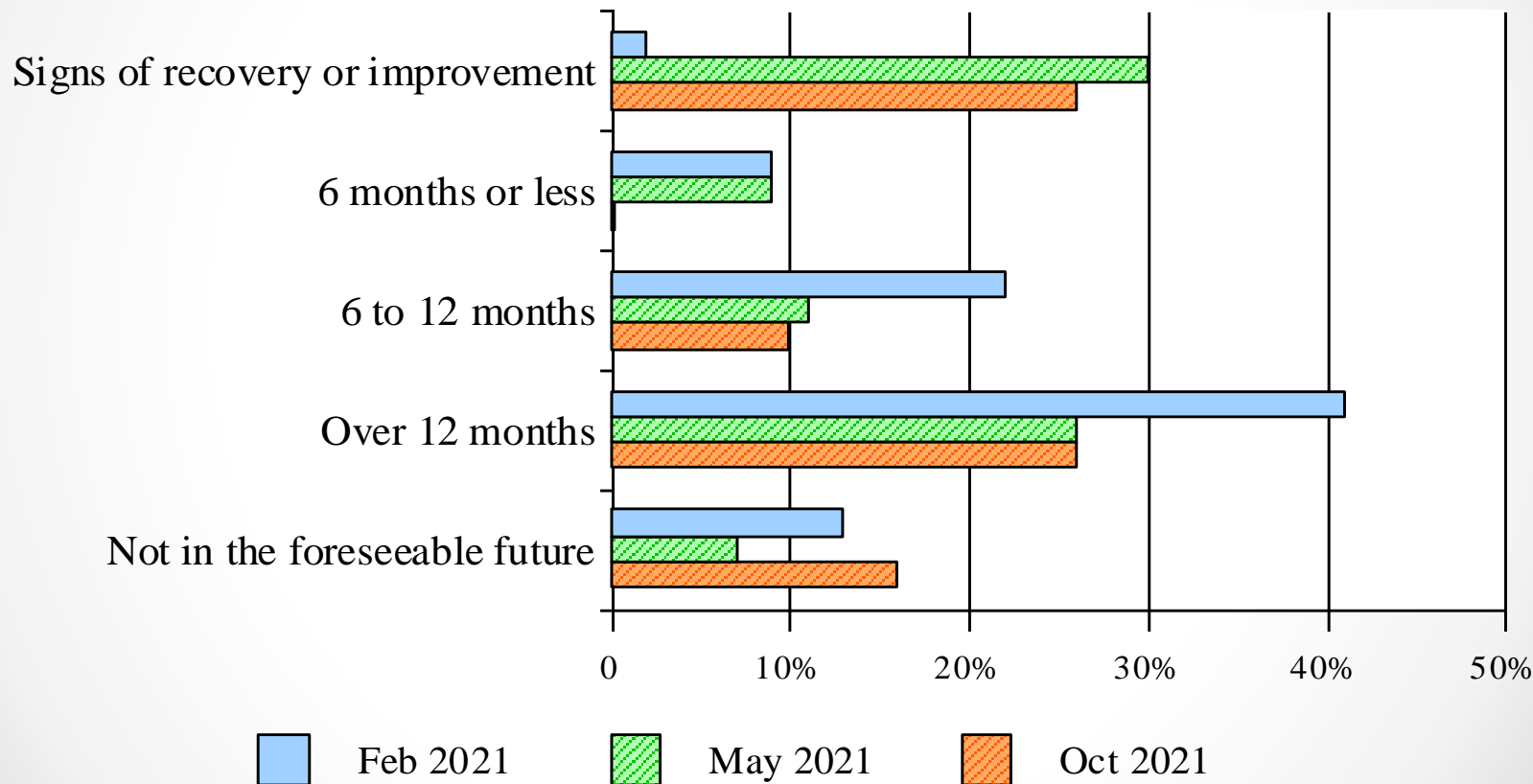
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How will RETAIL values in the Chittenden County market be impacted by the COVID-19 pandemic?



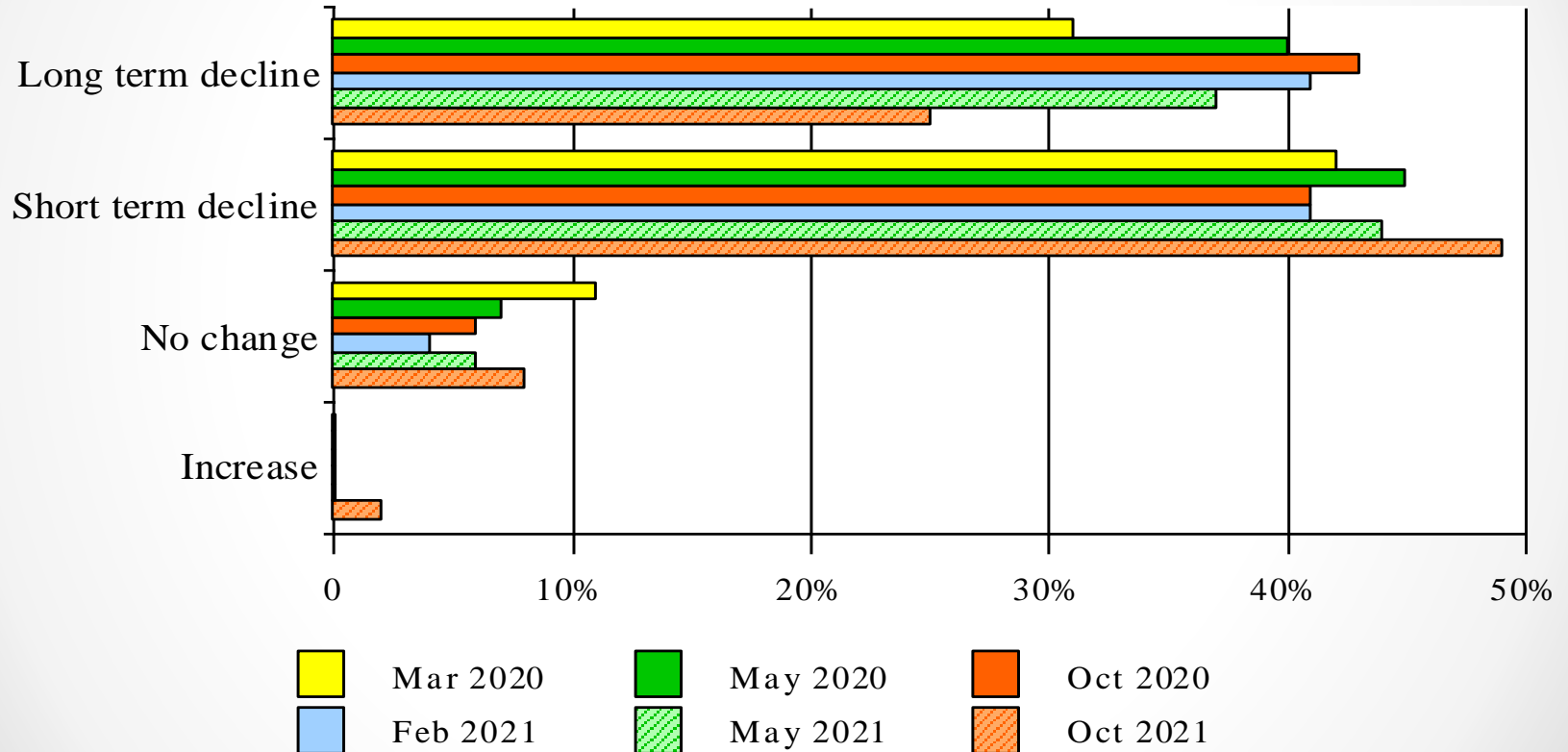
In your best judgment, when do you anticipate the RETAIL market will show signs of recovery or improvement?



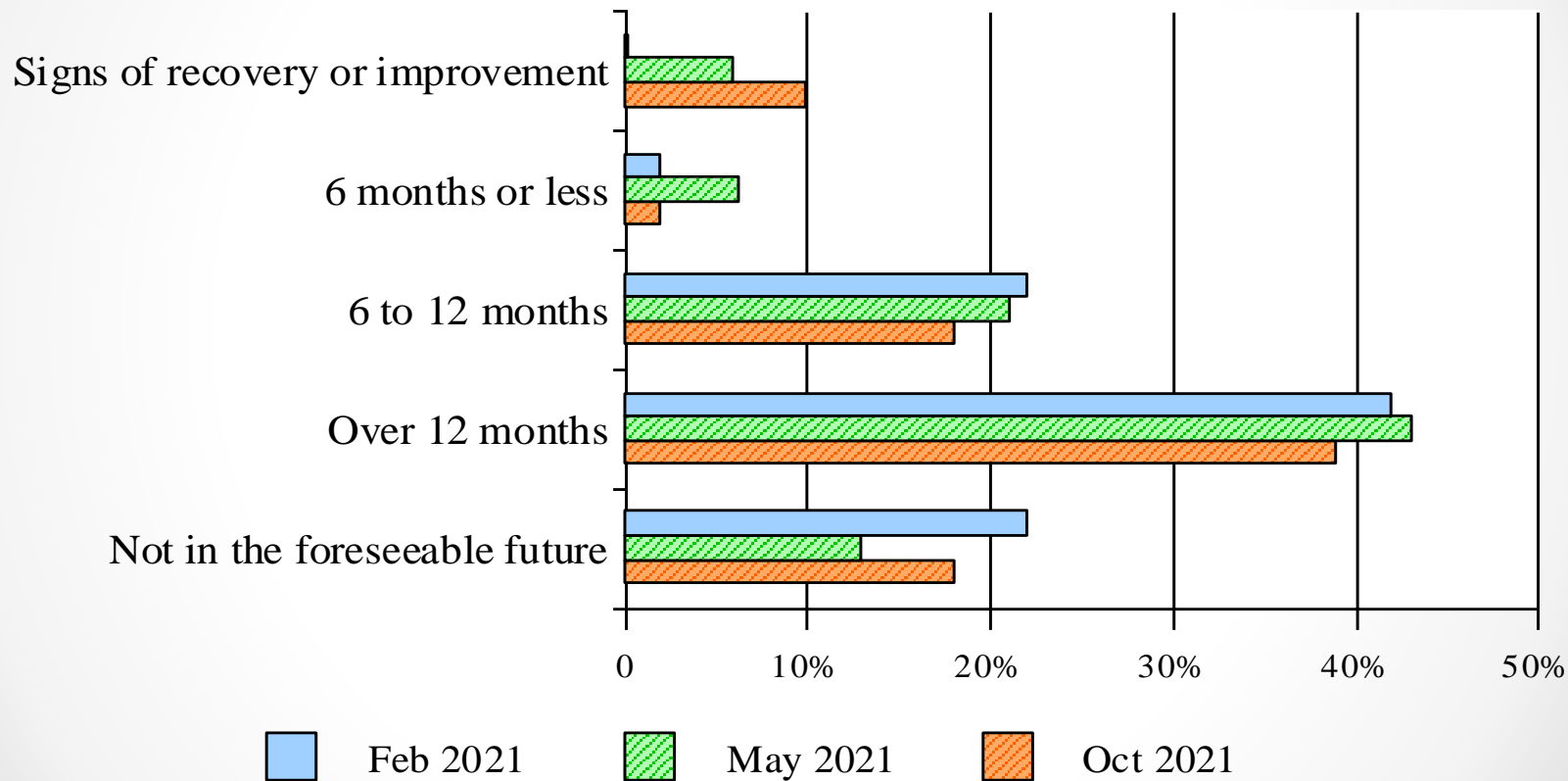
Chittenden County Retail Vacancy			
	CBD	Suburban	Overall
December 2019	4.5%	5.1%	5.0%
June 2020	8.0%	8.1%	8.1%
December 2020	8.3%	10.9%	10.6%
June 2021	7.9%	10.3%	10.0%
Past 20 Years (Avg.)	7.8%	5.9%	6.2%

*Approximately 155,000 SF of current vacancy (2.9% of total inventory) is associated with Sears at the U-Mall and the former Hannaford off Shelburne Rd.

How will OFFICE values in the Chittenden County market be impacted by the COVID-19 pandemic?



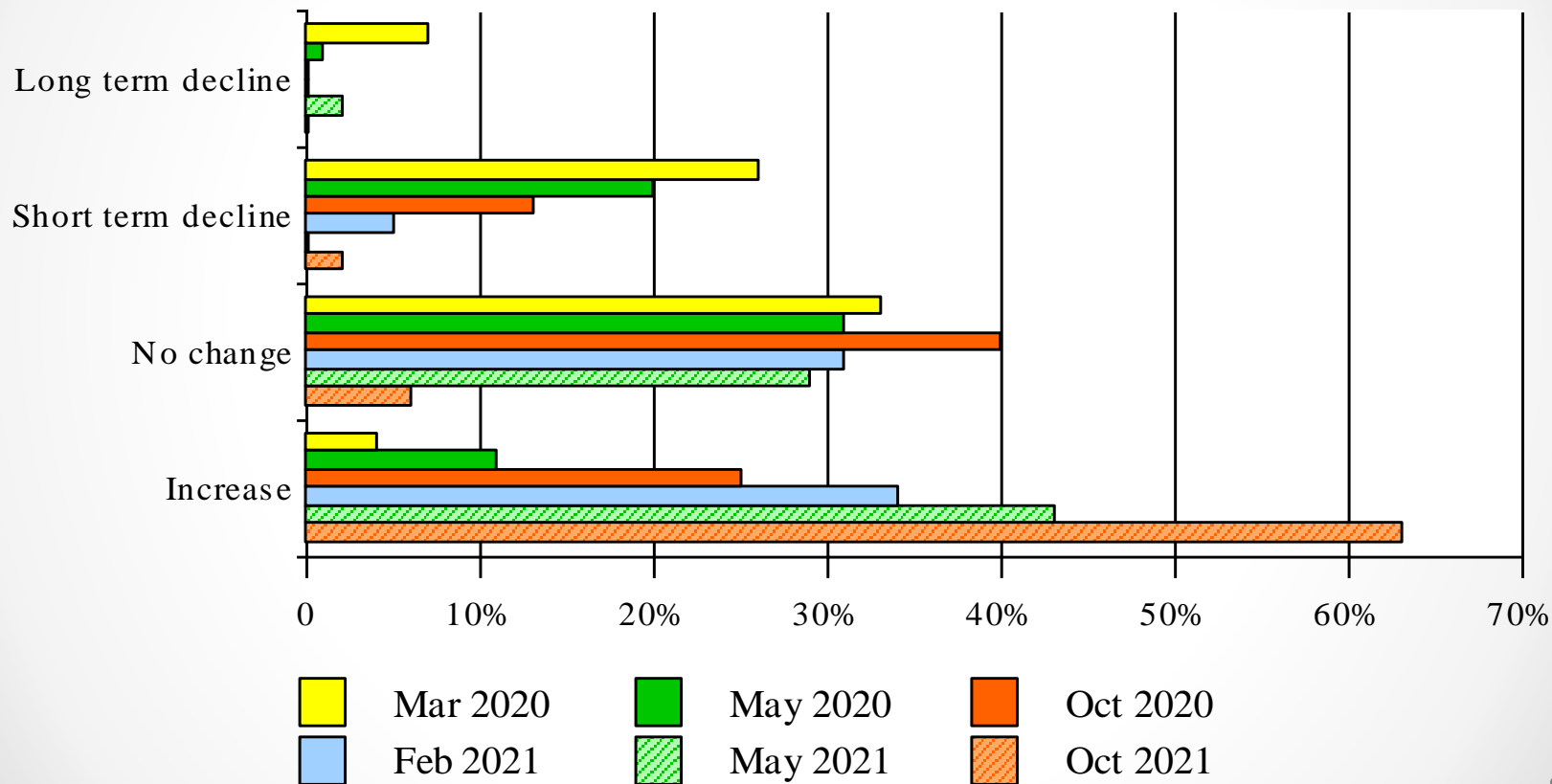
In your best judgment, when do you anticipate the OFFICE market will show signs of recovery or improvement?



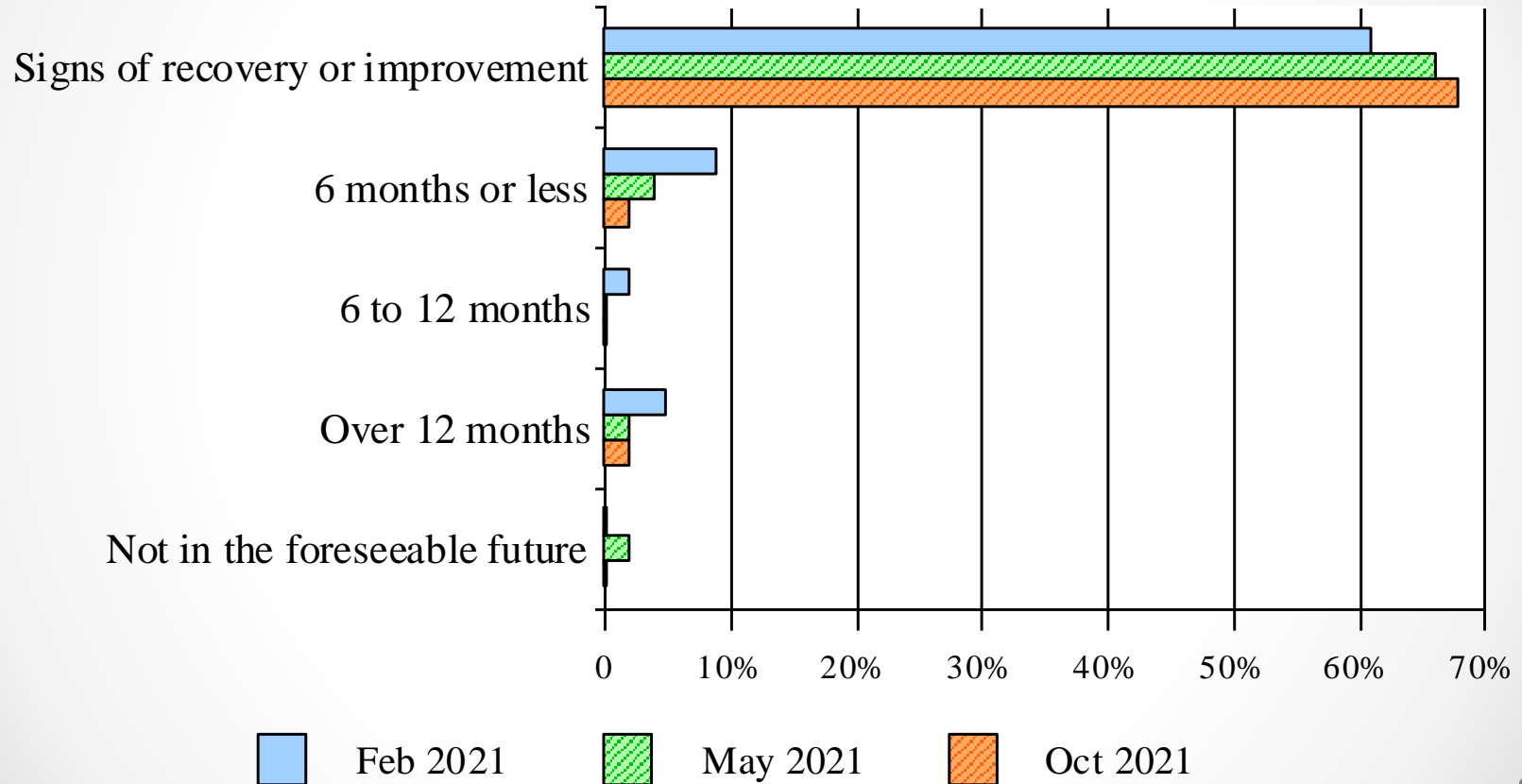
Chittenden County Office Vacancy

	CBD	Suburban	Overall
December 2019	6.9%	8.9%	8.4%
June 2020	7.1%	9.9%	9.3%
December 2020	9.9%	10.8%	10.6%
June 2021	8.9%	10.3%	10.0%
Past 20 Years (Avg.)	6.9%	9.4%	8.8%

How will INDUSTRIAL values in the Chittenden County market be impacted by the COVID-19 pandemic?



In your best judgment, when do you anticipate the INDUSTRIAL market will show signs of recovery or improvement?

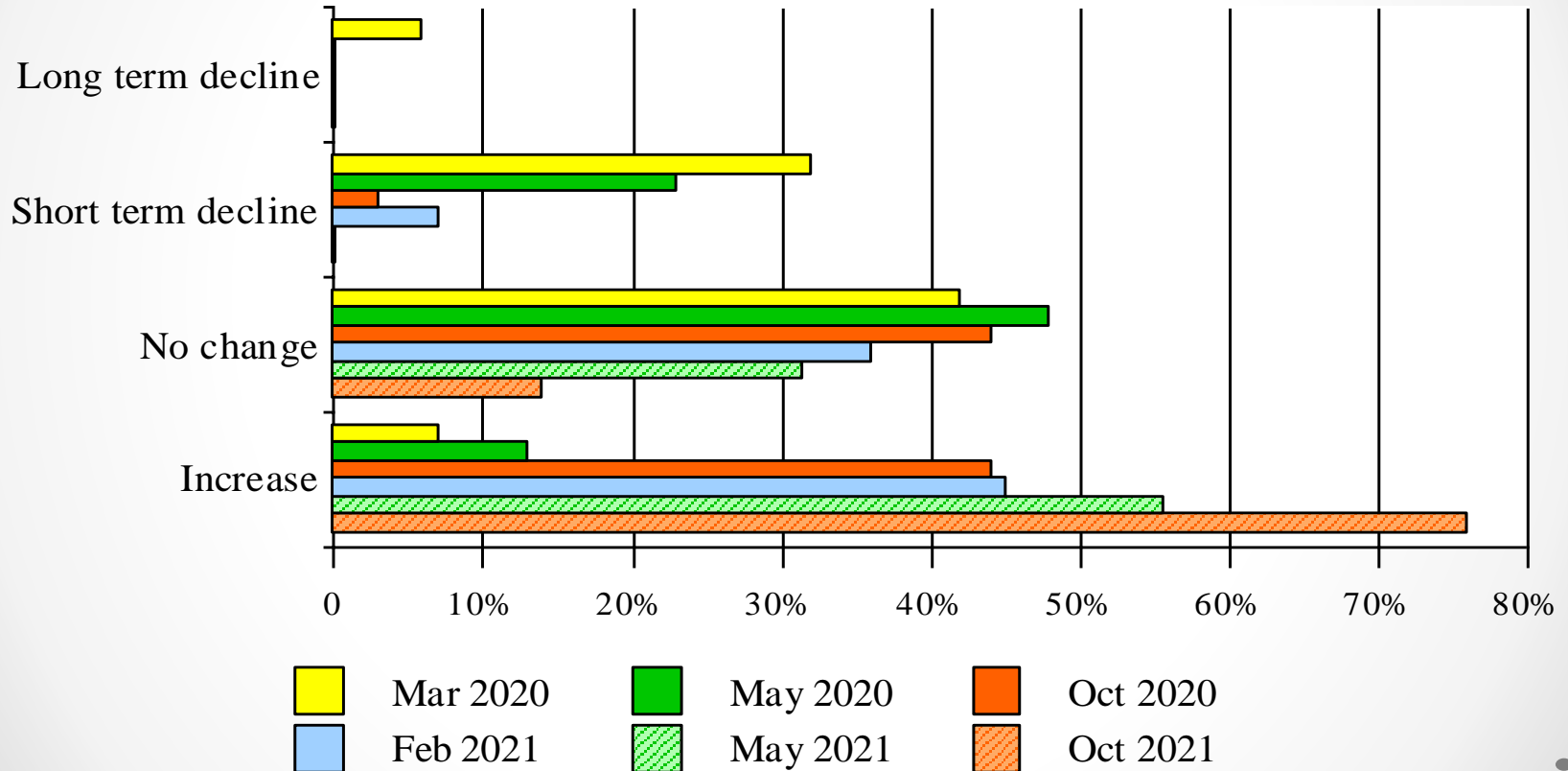


Chittenden County Industrial Vacancy

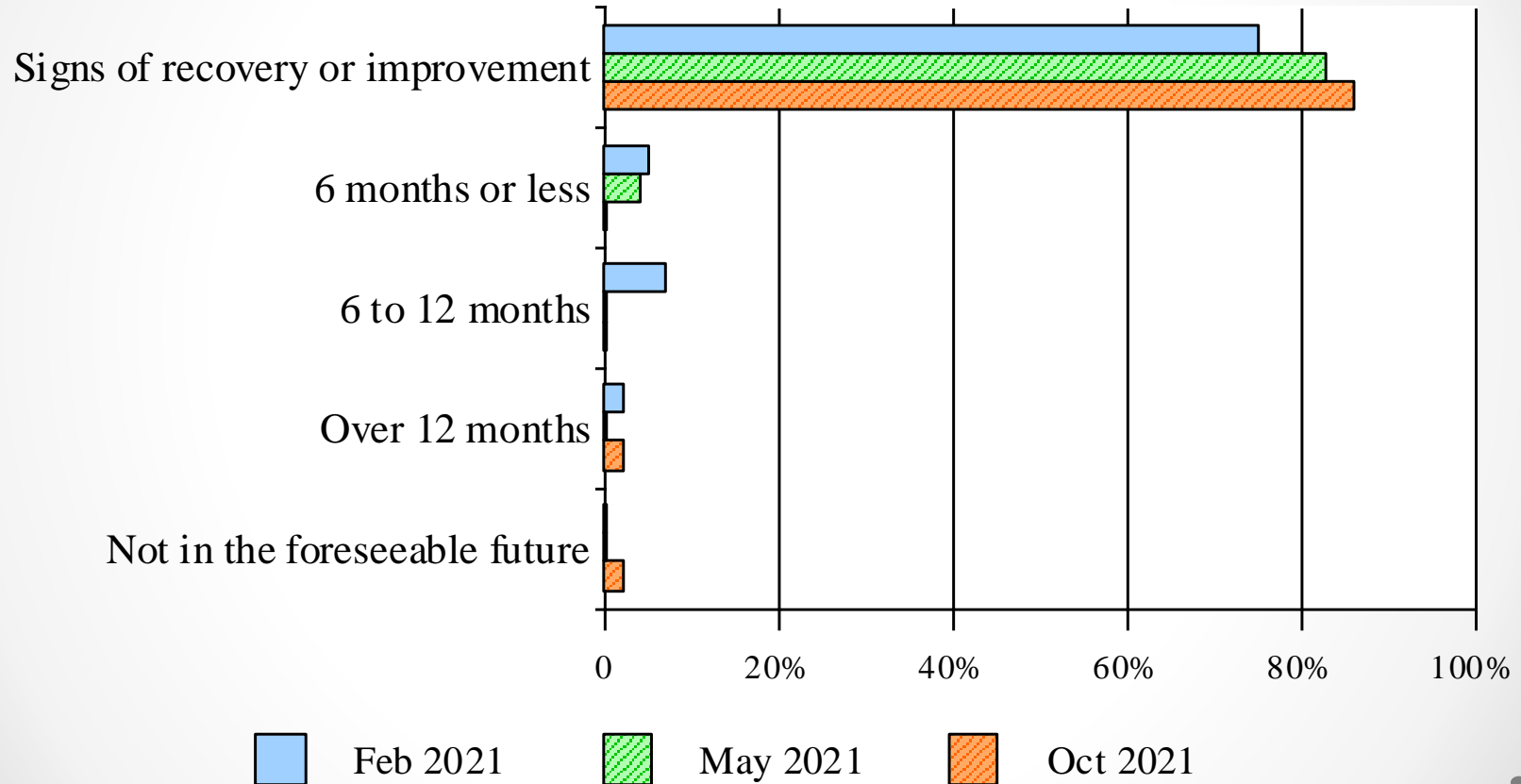
Overall Vacancy

December 2019	2.5%
June 2020	3.1%
December 2020	3.7%
June 2021	3.4%
Past 20 Years (Avg.)	6.5%

How will APARTMENT values in the Chittenden County market be impacted by the COVID-19 pandemic?



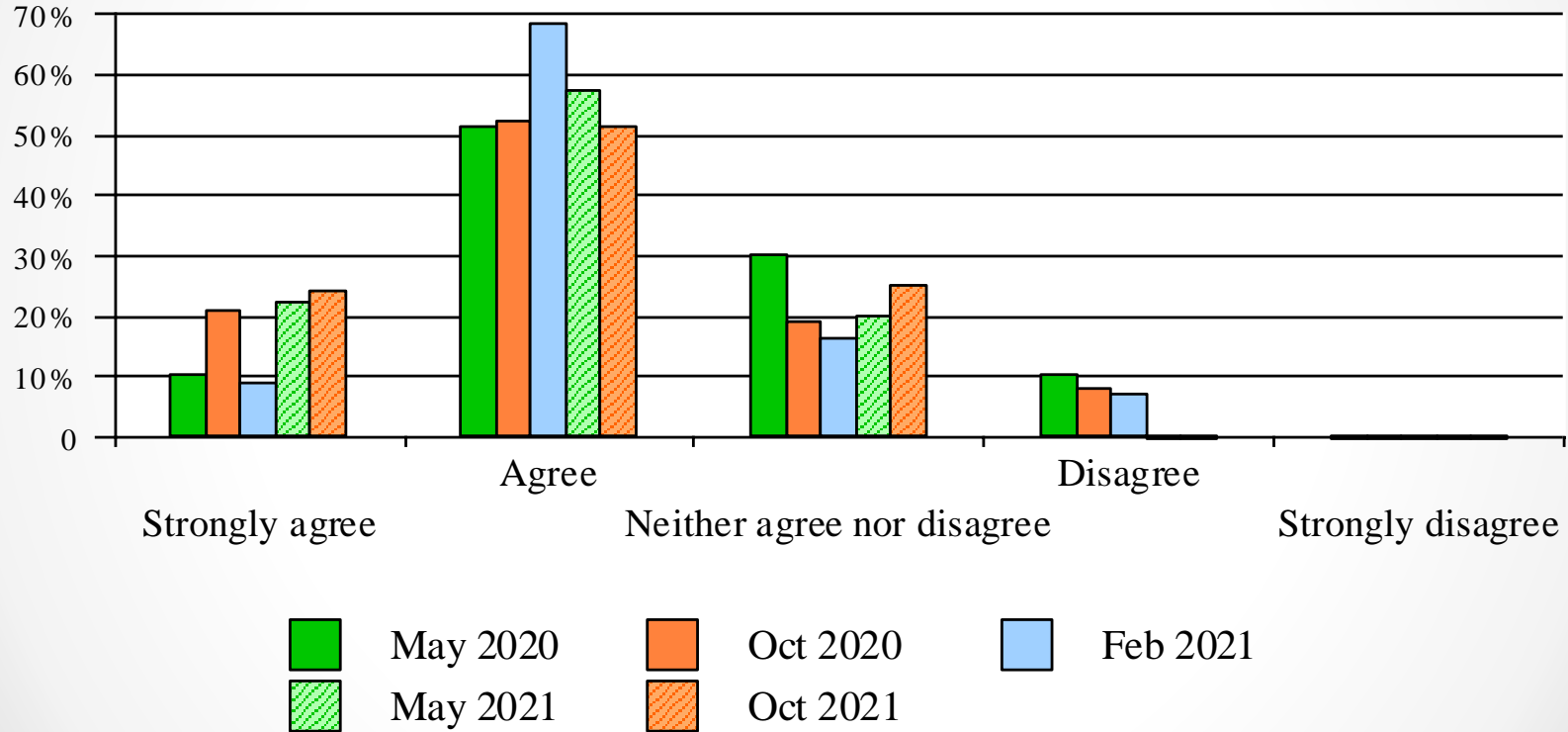
In your best judgment, when do you anticipate the APARTMENT market will show signs of recovery or improvement?



Chittenden County Apartment Vacancy

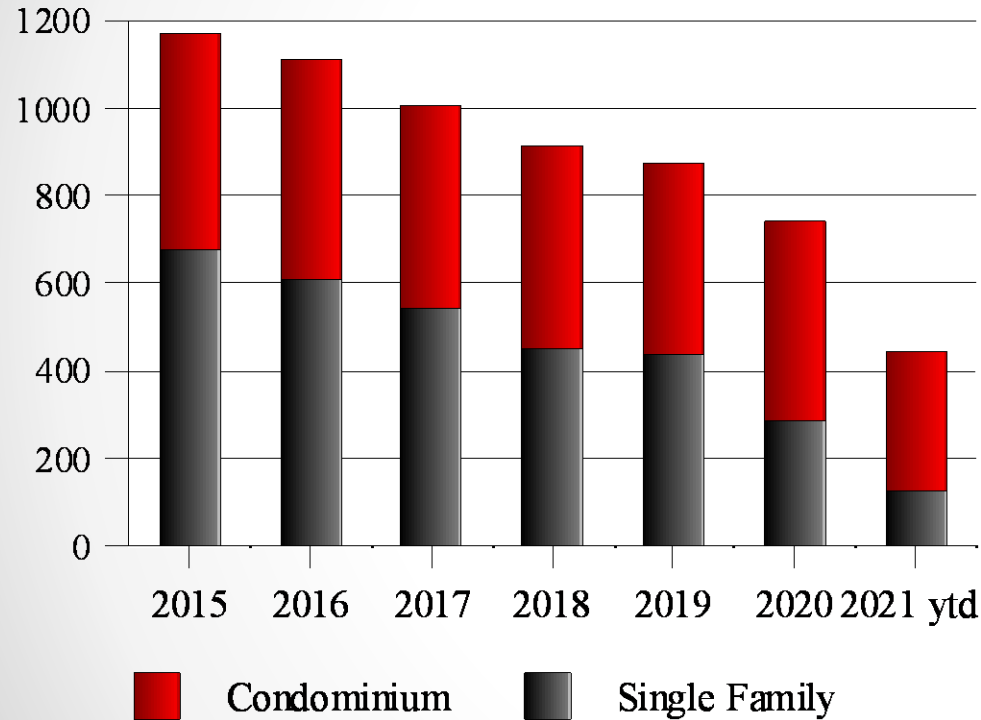
	Vacancy	Rent Loss	RHSP / VERAP
December 2019	2.5%	<i>Not Recorded</i>	<i>Not Applicable</i>
June 2020	2.6%	<i>4.0%</i>	<i>Not Applicable</i>
December 2020	1.1%	<i>1.4%</i>	<i>3.5%</i>
June 2021	0.9%	<i>2.3%</i>	<i>2.6%</i>
Past 20 Years (Avg.)	1.8%	<i>Not Recorded</i>	<i>Not Recorded</i>

The Chittenden County real estate market is poised to benefit from “urban flight” (agree / disagree).



Scarcity of Affordable For Sale Homes

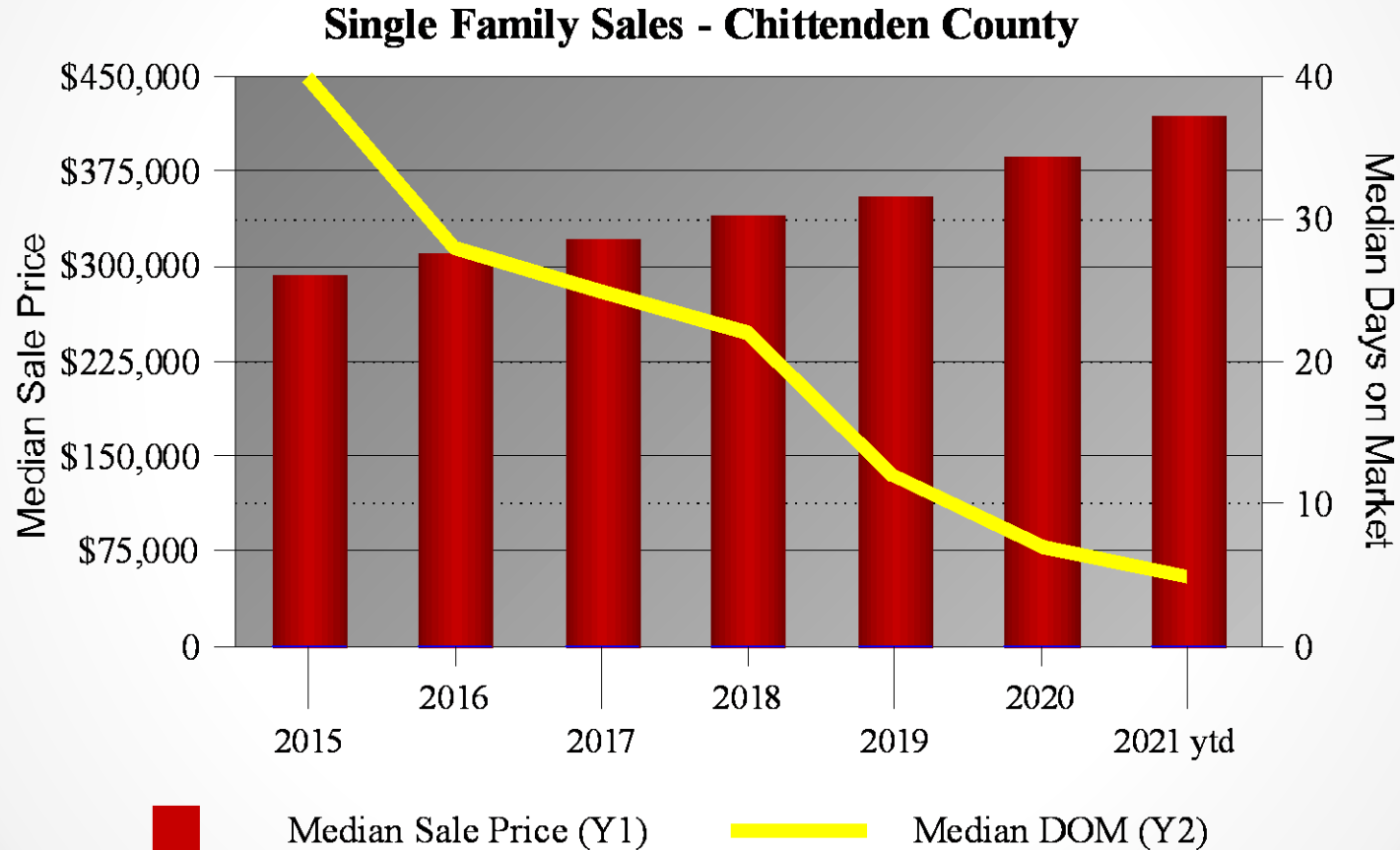
Entry Level Housing Sales (\$300K)



DAYS ON MARKET

Year	Average	Median
2015	68	29
2016	56	19
2017	53	18
2018	38	13
2019	37	11
2020	31	6
2021	22	5

Scarcity of Affordable For Sale Homes



Urgency to Acquire Apartment Properties

Year	2016	2017	2018	2019	2020	2021 ytd
Average Price per Bedroom	\$73,000	\$79,200	\$79,800	\$80,700	\$82,300	\$99,800
% Change Over Prior Year	5.2%	8.5%	0.8%	1.1%	2.0%	21.3%
Average Price per Unit	\$128,100	\$154,600	\$147,500	\$150,900	\$150,300	\$176,500
% Change Over Prior Year	1.9%	20.7%	-4.6%	2.3%	-0.4%	17.4%
Average Price per SF	\$157	\$172	\$174	\$174	\$185	\$223
% Change Over Prior Year	9.0%	9.6%	1.2%	0.0%	6.3%	20.5%

Source: Allen, Brooks & Minor. Data as of late May 2021.

Year	2016	2017	2018	2019	2020	2021 ytd.
Average DOM	95	88	56	83	47	7
Median DOM	39	45	19	48	12	3
Average Sale Price (Rounded)	\$566,500	\$838,000	\$638,000	\$739,000	\$805,000	\$645,500
Average List Price (Rounded)	\$584,000	\$877,000	\$683,000	\$759,500	\$841,000	\$635,500
Avg. Sale Price / Avg. List Price	97.0%	95.5%	93.5%	97.4%	95.7%	101.5%
Median Sale Price (Rounded)	\$480,000	\$625,500	\$507,500	\$575,000	\$570,000	\$632,500
Median List Price (Rounded)	\$477,000	\$631,500	\$542,000	\$580,000	\$599,000	\$617,000
Med. Sale Price / Med. List Price	100.6%	99.0%	93.6%	99.1%	95.1%	102.5%

Source: MLS. Data as of late May 2021.

QUESTIONS?

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