

Vermont

Remaining largely flat in 2009, the Green Mountain State was not hit as hard by a crashing economy at the end of 2008, as many of its neighboring New England states.

Single family homes stayed relatively flat, posting a modest 0.03% gain; condominium sales were down -0.9% over 2008, and multi family homes, the most volatile of the real estate categories in New England, were down -16.6%.

Bill Desautels, Broker/Owner of RE/MAX North Professionals in Colchester, maintains that the worst of Vermont's real estate problems appeared in early 2009. "The low point of our market was the first quarter of the year. The entire State was off by more than 30%. However, the year finished with an increase overall."

That increase was due, in large part to the tax credit for first time buyers coupled with homes priced in the \$150,000 - \$250,000, an affordable entry point for many first time buyers in Vermont.

In fact, prices throughout the State were attractive to first-time buyers. In 2009, the median price of a single family home was \$205,000, and condos and multi families were \$188,000 and \$197,000, respectively.

The majority of Desautels' business in 2009 was from first time and move-up buyers looking to take advantage of low prices. In Chittenden County, Vermont's largest, the median price of a single family home was \$265,000 a compelling price point for a move-up buyer.

Desautels maintains that the State would see more move-up buyers in the market if they understood that there is a new tax incentive geared toward them. However, he feels the new tax credit is largely unknown by the majority of consumers due to a lack of coverage in media and a focus on the first-time buyer credit.

A trend that he also sees happening is that consumers are purchasing closer and closer to the core of cities like Burlington because they can afford to, and that's where the jobs are.

One critical area of Vermont's market that has been decimated in 2009 is Vacation and second homes. "The high-end homes are really depressed in this area. There are problems getting loans, and there aren't any incentives," said Desautels. Home values in popular second-home areas like Stowe have seen double-digit decreases in 2009.

Desautels believes Vermont's 2010 market will see an uptick in condominium activity as Generation Y consumers start to become active in the marketplace. "The younger buyers will be active but cautious in the market; they'll look for good values and won't want to overextend themselves. Condos fit that bill perfectly."

He also believes that as the stock market rebounds, so too will the second-home market. "As portfolios increase again, so will the desire to purchase that vacation or second home while prices are down significantly."

Vermont continues to maintain the second-lowest bankruptcy rate in the nation and the unemployment rate remains steady at 7.5% - well under the national average. These factors combined bode well for the real estate market in 2010.

Vermont Home Sales by Unit

