

[Return Home](#)[Table of Contents](#) | [Editorial Calendar](#) | [Letters to the Editor](#) | [Submit Your Letter](#)**VBM
Online****August 2006, Volume 34, Issue 9**

Outlook healthy in the Kingdom of Vermont

Art Edelstein

Northeast Kingdom Economic Report

Outlook healthy in the Kingdom of Vermont

by Art Edelstein

While they aren't yet jumping with economic joy in the Northeast Kingdom, the current outlook, economically speaking, is one of optimism and confidence in the future. Things are stable with a couple exciting projects, says Steve Patterson at the Northeastern Vermont Development Association.

The Kingdom this summer finds manufacturing reasonably strong, tourism a bright light, real estate reasonably healthy, with employment stable and signs that more workers will be needed in manufacturing.

From Hardwick, recovering from a Thanksgiving holiday downtown fire, to Newport, which is seeing a mini-boom in development, local economic experts say, all in all, 2006 is a good year in Caledonia, Essex and Orleans counties.

Manufacturing in the Kingdom

Surveying the Kingdom's manufacturing sector, Patterson at NVDA is pleased with what he sees. Wood related companies like Ethan Allen in Orleans and Beecher Falls, he categorized as doing OK. Island Pond Woodworkers, once employee owned, was bought out late in 2005 and is stable. The area has several defense contractors and that sector of the economy is healthy. He points to NSA in St Johnsbury, a company making defense components, as healthy.

Mobile Medical, also here, is expecting to pick up defense contracts for its hospitals on wheels for the 2007 budget year. (See accompanying article.) Fairbanks Scales, the long time anchor of manufacturing in the city, is in his words, fairly stable.

Sales continue to be brisk at the NVDA industrial parks of which there are four in Hardwick, St Johnsbury/Lyndon, North Troy, and Orleans. Hardwick has just two lots available while in St Johnsbury Kroll Factual Data purchased and built a new building employing 30 people. That company does financial research. Radiant Technology will build this year having purchased two lots. The company builds radiant floor heating systems. Twinstates Siteworks Construction has also built a new building and is in the process of building a childcare center to serve parents who work in the park. Fred's Propane is expanding and construction is complete on a building to be leased to Fastenal tools.

Patterson said there is some interest in the Orleans Park but the North Troy Park, has been fairly quiet. Other bright spots in manufacturing

include new agriculturally related businesses such as Vermont Soy (see accompanying article) and Jasper Mountain Cheese in Greensboro, both doing well.

If there are challenges to the local economy, says Patterson, it is in finding a trained workforce. Also a problem is not enough infrastructure. According to Patterson, the Kingdom needs uniform broadband coverage. We need reliable and uniform cell coverage throughout the region, explains Patterson. It's weak in the more rural areas where you'd expect, and these areas need it to compete.

The Wind Power Issue

One bone of contention here is the issue of wind power. As in southern Vermont, local citizens have not embraced this form of renewable energy with open arms. Two demonstration projects are being reviewed by the Public Service Board for the Sheffield-Sutton Project, a 52 MW facility with 26 turbines on four different mountain tops and the East Mountain Project of four 1.5 MW towers.

When NVDA wrote its Regional Plan for the Northeast Kingdom 2005, which included the wind power endorsement, Wind Towers should be seen as beneficial to the region—as a statement of policy, NVDA supports the construction of wind towers, it was not well received by the community. There were public hearings on the proposed plan but according to the newly written 2011 Energy Strategy Report by NVDA, public comment continually criticized the energy section of the plan, specifically the position on commercial-scale wind energy generation.

This report, which Patterson referred Vermont Business Magazine to, said that the vast majority was adamantly opposed (to wind power.)

According to the new strategy report, Arguments center on economic, environmental, and social reasons to either support or oppose the facilities. Many disclosed concern over local decision-making for this type of development, citing both unfair representation in their own communities and the potential impact to neighboring municipalities. Joel Schwartz at St Johnsbury Area Economic Development summarized the wind power issue as: If it's so great why are they putting it here, do they think they can get away with it here?

He believes residents fear that if wind power is successful, we'll have a lot of them. Most do not want the Kingdom to become the home of a large number of wind turbines.

Travel and Tourism Show Strength

The Kingdom has been found by tourists. According to Ann Nygard at Northeast Kingdom Travel & Tourism Association in East Burke, We're the fastest growing region in Vermont for tourism travel.

Nygard, who sees mountain biking as a boon to the area, said the Kingdom is following a trend where tourism in the next decade will be the largest industry in the world according to a WHO study.

Kingdom Trails, based in East Burke, is a major attraction and according to Nygard, growing exponentially. This system of mountain biking trails has enlisted 40 private landowners to open their properties and is expecting 18,000 biker visits this summer.

Director Tim Tierney says the trails are also open in winter for cross-country skiing.

Mountain biking brings in the bacon here with an average biker spending \$700 per visit for lodging, food and gas. With the strong Canadian dollar 40 percent of visitors come from Montreal and eastern Quebec.

Another boost to the Kingdom was National Geographic Magazine's recent selection of it as a location on its new geotourism map. The magazine defines this as tourism that sustains or enhances the geographical character of place. The Kingdom, Nygard explained, needs to maintain what attracts people here and that is the natural environment. Nygard has been marketing aggressively with 100,000 copies of a

four- season travel planner distributed in New England and at Canadian capitol districts as a lure piece. NKTTA has received a vacation packaging grant from USDA and purchased full page advertising in Yankee Magazine travel guide to New England. It is also sponsoring a One Sweet Vacation Package Sweepstakes, which Nygard says has produced a phenomenal response that has left her overwhelmed with applicants.

The Kingdom is seeing tourists from other New England states and Canada The stronger Canadian dollar is good for Kingdom tourism but proposed passport regulations for Homeland Security could hurt, she predicts. We re small but being discovered by those outside of our drive distance, says Nygard.

Jim O Reilly at the Wild Flower Inn in Lyndonville confirms Nygard s optimism about tourism.

It s growing for sure, says the owner of this 24- room inn. Summer in recent years shows 92 percent full occupancy as compared to less than 50 percent previously. We see the New York crowd has grown quite a bit, they are searching for that last frontier, he observes. O Reilly says figures show the growth in rooms and meals receipts doubling the pace in the rest of the state.

But Brian Mulcahy at Rabbit Hill Inn in Lower Waterford, a Double 4 Diamond property, says business is slow. We ve seen a marked decrease in travel to our destination over the past fours years. He attributes the decline to the fact that his adult getaway s 19-room inn is not attracting families.

Mulcahy says the area s outdoor activities are here but the difficulty is getting them here. He sees high gas prices as a factor. Our market is Boston/Hartford if they find a similar getaway in southern Vermont or New Hampshire they will go there.

Another problem he sees is in Internet searches. He says potential visitors are not typing in Northeast Kingdom rather Vermont or cities and towns they know. He has to spend his marketing dollars for search engine optimization. You can throw money at this and you are buying words, he explains. He believes the Kingdom needs to improve its marketing.

Mulcahy says while growth of tourism here is strong we have a long way to go. We are not a Stowe or Manchester natural travel area. The Kingdom has to do a better job, he argues, in reversing what was for a long time a philosophy of protection from travel and tourism.

Real Estate: slowed but still strong

The local real estate market, very strong last summer, has to some extent weakened. According to Danica Rolfe at Parkway Realty with offices in Lyndonville and St Johnsbury things are cooling somewhat but not to the extent of Massachusetts or Connecticut.

Last year, according to Rolfe, second homebuyers were made up 40 percent of all transactions and they were in Burke, Kirby, and Newark. Homes sold in the \$250,000 to \$300,000 range. That market appears to have cooled and this year Rolfe is selling is homes for under \$200,000. Those priced in the \$150,000 range are hard to keep on the market. She says starter homes and people downsizing their property are selling, and high-end housing has cooled. As for new home construction Burke and Kirby are busy. St Johnsbury, reports Rolfe, does not have many second home sales. Here people look for a first home and inventory is up and prices don t have the appreciation of 2005, which was 12.5 percent. This year, says Rolfe, appreciation is projected at 6 percent.

Lyndonville is always strong with the college and the industrial park, notes Rolfe.

Dan McClure at Farmandforest Real Estate in Derby also sees a strong market for homes under \$200,000. Here, too, near the Quebec border supply is stronger than demand. The second home market, reports McClure, is still strong around the region s lakes and prices have not dropped. Property is being purchased by out of staters primarily for retirement, he notes. Lake Seymour is a big attraction for the second home market. The Kingdom is still attractive as a second home area, says McClure, because people come here from more crowded lakes and see that prices are a bargain compared to New Hampshire and southern New England.

Construction in the Derby/Newport area is strong says McClure.

We're very busy, says McClure adding the kingdom is a healthy real estate market.

Around The Kingdom

St Johnsbury's Economy Healthy

Joel Schwartz at St Johnsbury Area Economic Development is upbeat about the economy in his small city. He points to the local industrial park where there is expansion at Vermont Aerospace a Department Of Defense subcontractor, which is adding employees to top the 50 mark. Other companies in the town are stable in the industrial commercial sector, he reports.

A long-term problem is the retail sector due to the city's proximity to New Hampshire. But, local niche stores are holding their own and the vacancy rate on retail space has declined.

Schwartz sees this as a reflection of the overall economy. The national numbers look to be holding strong and that is reflected in St Johnsbury.

Employment figures show the city growing jobs but wages are rising slowly as employers resist increases due to competition. According to Schwartz, companies are going to more automation to keep the cost of labor in check. There is some construction and housing subdivisions along with new home construction, more than in the past 10 years, says Schwartz, but this may slow with rising mortgage rates.

St Johnsbury is much better off than in the past, says Schwartz. There has been a lot of money migrating into the north country and this is reflected in the rise of property values.

Burke Mountain Expanding

Burke Mountain Ski Area was sold by the Burke Mountain Academy to the Ginn Corp based in Celebration, FL, last November. David Gwatkin director of marketing and sales for the ski area says Ginn has been developing and operating golf resorts since 1998 and now is running three ski areas.

The Burke ski area came with 750 acres and Ginn is also in the process of purchasing adjoining land for future development. Additionally, a local developer, Jack Dator, has purchased the rights to build 32 condominiums in the Bear Path Complex one of six at the mountain. Currently six condominium complexes of 176 units exist here. Gwatkin categorizes his mountain as small to mid-sized with 55,000 to 85,000 annual skier visits. In 2005 \$2.5 million was put into upgrading the facility and this year there will be an additional \$1 million spent.

Gwatkin sees his resort and the nearby and larger Jay Peak as having an enormous impact, on the Kingdom, because they are two premier resorts. As Burke Mountain reaches that level, he explains, there will be more and better paying seasonal and year round professional jobs. There will be an infusion of money into the economy generated by the resort and improve standards of living for folks. Gwatkin admits that with the Ginn purchase, there has been a bit of a real estate grab around here.

I think the area is up for this type of development, he notes. It's a small but fairly diverse economy up here. Danica Rolfe the realtor who lives in Burke says the mountain ultimately will be a wonderful thing. If they do what they say 850 luxury second homes and condos homes will be built. This must surely be music to a realtor's ears.

However, she acknowledges, when the town doubles in size, (today Burke has just 860 houses,) Burke will never be the same.

According to Patterson, if what they say happens, it will have a major impact on the surrounding towns. It won't happen overnight but will be significant impact on the area.

Hardwick Rebounding

A fire in late November burned Hardwick's Bemis Block, which is at the exact center of the downtown, displacing 12 residential tenants and four businesses. For this town of 3,300 the loss was appreciable. According to town manager Dan Hill the financial impact of the lost business and 12 single person apartments left vacant, people who mostly shopped locally, was significant. We don't know if the businesses will return as occupancy won't be until next August.

Adjoining businesses were also impacted and closed including Buffalo Mountain Coop, which Hill called a cornerstone to the downtown economy. Local restaurants and the local business supply store also lost business with the lost foot traffic on the street. Before the fire, and with that event aside, Hill says the local economy is fairly strong. He points to the growth of occupancy downtown, and just one unoccupied building, the Centennial House on Main Street.

The start-up Vermont Soy, he says, is another sign of growth in Hardwick where there are continued inquiries by commercial and industrial companies. We feel there is a demand there, notes Hill who is looking into the establishment of an incubator or industrial development building. He finds, a lot of entrepreneurial spirit in the Kingdom.

Financing this project is the problem according to Hill. He says funders don't believe in the theory that if you build it they will come. The problem thus is that potential occupants find it difficult to wait 18 months to two years to put up an incubator building.

Newport Area Upbeat

While Patterson categorizes Newport as a challenge, Mary Paull at Newport Area Economic Development is more positive. Things are going very well up here right now. She points to growth in Derby along the four-mile stretch of Route 5. Here, Shaws has purchased the former Ames property, and a supermarket was built last year. Recently, competitor Price Chopper opened a 57,000 square foot store. Partially fueling the competition are Canadians shopping for food. Gas here is also cheaper than north of the border. Paull says Quebeckers are smart and savvy shoppers.

Wal-Mart has purchased property on Route 5 and most support the store's construction. The loss of Ames as an anchor store will be filled if Wal-Mart gets its permits. The population here is 25,000 on both sides of the border, which reaches as far as Sherbrooke 40 miles away. If there are sales, Canadians come here and border communities are unique there are families, says Paull on both sides, of the border.

Industrially speaking, Newport has healthy companies including Columbia Forest Products a wood paneling manufacturer employing 330. Poulin Grain making animal feeds is open 24/7 employing nearly 50 workers. Newport Furniture, producer of the Miracle Rocker has 70 employees. MSA, a helmet manufacturer for the US Army has 75 employees and is doing extremely well. Another strong company is Metal Flex Welded Bellows a high tech company welding metal diaphragms used in jet engines with 35 employees. Add a number of cottage industries and the economy is healthy, claims Paull.

Retail in Newport, reports Paull, is holding its own but not booming. The renovation of the waterfront several years ago has turned Main Street into an attractive area for tourists and a lively restaurant trade has resulted. Paull says local motels are expanding and the Newport City Motel will add short-term stay suites with kitchenettes, a sign that the city is no longer a one-night stopover. North Country Hospital opened a dialysis unit and employs 300 while the Passumpsic Savings Bank has purchased property from the city and will combine two branches on Route 5.

Derby will benefit from the new Jay Peak golf course of which nine holes are due to open soon and the final nine by fall. This will boost room nights in the area. According to Paull, what Jay Peak does for the surrounding area will help with business for restaurants, lodging, retail, banks and in general more construction. Paull says local towns were frustrated by the lack of events and activities and growth, so they have formed committees to change this. She points to Island Pond, Barton, and Derby Line as examples of towns working on sidewalks, banners, welcome centers, getting small retailers into village centers, renovations to town halls. It indicates that people are not waiting for others to do for them but are going to be proactive, she notes. Newport has, what Paull claims is, pretty strong employment with not a lot of layoffs.

Another plus for the city is the expansion of the Career Center at North Country Union HS. Here a full workforce development center begins construction this summer, a three-year project. Today it s a small crowded and outdated center, says Paull. This will modernize it adding new programs, health care, computers, other courses.

Paull, is an unabashed booster for the Newport area. We re on a roll in the area. A lot of it is attitude with the people who feel better about the community.

Art Edelstein is a freelance writer from East Calais.

[Top of Page](#)

Return to [Previous Page](#).

Vermont Business Magazine • 2 Church Street, Burlington VT 05401
ph 802-863-8038 • fx 802-863-8069 • E-mail- info@vermontbiz.com

© Vermont Business Magazine, 2000-2003. All rights reserved.