Appendix B: Market and Sector Analysis Chester Village Center Master Plan

Market and Sector Analysis Chester Village Center Master Plan

DRAFT REPORT

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Prepared for:
SE Group
Town of Chester, VT

December 2016

TABLE OF CONTENTS

LIST OF TABLES

LIST OF TABLES (continued)

LIST OF FIGURES

EXECUTIVE SUMMARY

ConsultEcon, Inc. was retained by SE Group and the Town of Chester, VT to provide a market and sector analysis of Chester Village Center. This market and sector analysis is intended to inform the development of the master plan for Chester Village Center. It comes near the outset of the planning process, so that market and economic data can be used by the project steering committee, the Town, the consultant team and the broader community of businesses and residents in Chester as they define the vision for Chester Village Center and weigh alternative strategies, initiatives, and potential development projects for implementation.

Regional Context

Chester Village Center is in the Town of Chester in south central Vermont in Windsor County. Chester's local economic conditions are directly tied to the regional economy. It is a relatively large town, compared to other Vermont towns, and it is proximate to Springfield, the population and commercial center of Southern Windsor County. Many of the economic and social phenomena that are facing Chester are facing other Vermont towns in the region and statewide.

The population in the Town of Chester is larger than that of the average Vermont town. Chester's population was estimated to be 3,180 in 2016. Chester had an estimated 810 jobs in 2014. By comparison, Springfield, the largest job center in the region, had a population of 9,260 in 2016 and 4,280 jobs in 2014. The nearby towns of Ludlow and Rockingham have approximately 2,280 and 2,040 jobs, respectively.

Business Mix and Occupancy in Chester Village Center

There were 79 businesses observed in Chester Village Center. Retail businesses are the most common type of business, followed by Other Services, and Accommodations and Food Services. Village Center businesses account for some but not all the businesses in the Town of Chester. Village Center commercial occupancy is estimated at 94 percent, which is high and indicative of favorable economic conditions. Vacant spaces offer development opportunities, and two spaces are currently vacant on the village green. One space has been for sale for some time, starting at $600,000 and is currently offered at $300,000. This is indicative of low demand for real estate. The proximate vacancies of former Vermont Institute of Contemporary Art (VTICA) and old Jiffy Mart present a substantial opportunity to re-imagine the intersection of Depot Street and Main Street.

Resident Markets

The Resident Market Area for the village center is defined as the area within a 45-minute drive time. The total Resident Market Area contains 102,000 persons in 44,000 households with consumer expenditure potential in retail stores and restaurants of $1.5 billion. The population of the Resident Market Area has a median age of 46.4, which is slightly older than the State of Vermont and the United States. The median household size is 2.25 persons, slightly smaller than that of the State of Vermont and much smaller than that of the United States. The Resident Market Area has a median household income of about $50,700, which is slightly less than that of the State of Vermont ($53,700) and that of the United States ($54,100).

Defined as the Primary Market Area, the Town of Chester population represents approximately 3 percent of the total population and household spending potential in the defined Resident Market Area. In the Town of Chester, there are 3,200 persons in 1,400 households with consumer expenditure potential in retail stores and restaurants of $49.2 million. The Primary Market Area has a median household income of $46,200, which is less than the Resident Market Area as a whole, the State of Vermont, and the United States.

In 2016, there were an estimated 1,060 residents in Chester Village Center, approximately one third of the Town's population. Compared to the Town's population as a whole, the population in the Village Center tends to be proportionally older, and the households are smaller with proportionally lower incomes and more non-family households.

Resident Market Retail Sales Gap

Chester retail and restaurant businesses capture a share of consumer spending, some of which "leaks" outside the defined Resident Market Area. In general, a positive sales gap indicates a potential opportunity for a new or expanding business to capture more sales in its market area. A negative sales gap indicates strength in those sectors within the market area, that businesses are importing dollars from consumers that resident outside the market area. Negative sales gaps may also indicate the effect of tourist market segments.

In the Resident Market Area, businesses in five sectors draw more dollars than the resident households in the area are estimated to spend annually on retail trade and food services. These include: Food and Beverage Stores, Gasoline Stations, Miscellaneous Store Retailers, Sporting Goods, Hobby, Book, & Music Stores. All other sectors in the Primary Market Area have a leakage of consumer spending outside of the area. The top three include General Merchandise Stores, Food Services and Drinking Places, and Motor Vehicle and Parts Dealers.

In the Primary Market Area, Chester businesses in two sectors, Gasoline Stations and Miscellaneous Store Retailers, draw more dollars than the resident households in Chester are estimated to spend annually on retail trade and food services. All other sectors in the Primary Market Area have a leakage of consumer spending outside of Chester. The top three include Motor Vehicle and Parts Dealers, Food and Beverage Stores, and General Merchandise Stores.

Trends in Taxable Sales

Another source of data on retail, meals, alcohol, and lodging are the taxable sales reported by the State of Vermont's Department of Revenue. Chester's taxable sales in 2015 were as follows:

- **Retail** - $8.1 million[1]
    - Chester like other jurisdictions saw its retail sales peak in 2007 and decline due to the economic recession. Retail in Chester and most jurisdictions has yet to fully recover to pre-recession levels, after adjusting for inflation.
    - Retail, which is driven most by resident spending peaks in the fourth quarter, October through December, statewide and in Windsor County. In Chester, retail sales peak during the summer, July through September with January through March having the least sales. Ludlow's retail sales pattern reflects wintertime ski activity at Okemo.
- **Meals** - $3.1 million
    - Chester's taxable meals sales have increased at a greater rate than other comparative jurisdictions. Growth in Chester, Windsor County, Ludlow and Springfield is outpacing the growth in taxable meals sales statewide. This may reflect the opening of new eateries over the period.
    - Taxable meal sales in Chester peak in summer, July through September, and are lowest between April and June.
- **Lodging** - $1.1 million
    - Chester's taxable lodging sales have exceeded pre-recession levels on an inflation adjusted basis. The growth in taxable lodging sales is on par with Ludlow and Windsor County. This growth rate, however, is lower than that of the state.
    - Most taxable lodging sales occur in summer and winter. Spring, April through June, is the low season in Chester.
- **Alcohol** - $695,000
    - Alcohol sales were 113% higher in 2015 than they were in 2005, exceeding growth rates within the state, Windsor County, and Ludlow, which posted a 50% increase in alcohol sales.

Tourist Markets

Relative to other communities in the area, Chester is not a tourist destination. Nonetheless, it contains both a variety of tourist oriented businesses and access to large tourist markets in the region. It is proximate to Interstate 91 and close to Okemo Mountain ski resort and second home communities in Chester and in nearby towns. In Chester, touristic assets include a new excursion train out of Chester Depot, historic architecture, small scale

[1] Taxable retail sales in 2015 represents approximately 45% of ESRI non-restaurant sales estimate for the Primary Market Area, defined as the Town of Chester. This difference may be due to a number of factors, such as counting and estimating methodology, and the inclusion of non-taxable retail sales in ESRI estimates.

lodgings, destination dining, and identity that is positioned by the primary destination marketing organization in the region, the Okemo Valley Chamber of Commerce, as the place in the region for arts and antiques. Certainly, the regional tourist market and key destinations such as Okemo Mountain in Ludlow and other ski resorts in southern Vermont and along with the Vermont Country Store in Rockingham and Weston create pass through traffic.

Based on an analysis of state and local tourism data, the tourist market in the Chester region has an estimated 700,000 overnight person trips by visiting friends and relatives, overnight guests in lodging properties and second home owners. These tourists represent an estimated $340 million in potential consumer expenditures in the Chester area, which roughly coincides with the Resident Market Area.

Day and Pass Through Visitors

Day visitors from less proximate areas of Vermont and tourists passing through Chester are also a market segment, but overlap with estimates of overnight visitors, especially those passing through Chester and staying overnight in Ludlow that are skiing at Okemo Mountain. While Okemo Mountain visitation is most dominant, the monthly trends in lodging, retail and meals would indicate that non-Winter periods are more important to Chester's tourism oriented businesses than the Winter season. Chester's economy, although smaller overall, is more diversified than Ludlow's and other Towns that are more heavily reliant on tourism than Chester is.

Aggregate Consumer Spending Potential

Spending by overnight visitors to areas near Chester accounts for approximately 23 percent that of total Resident Market Area spending in the retail and restaurant categories. Combined resident and tourist market consumer spending potential in Chester's resident and tourist market areas is $1.8 billion annually, not including day and pass through travel, much of which would be due to visitors staying in the area and passing through Chester. Based on Townwide estimates of retail, restaurant and lodging sales, Chester businesses are capturing 1 percent of aggregate consumer spending potential in the region, suggesting that there may be an opportunity for Chester businesses to capture additional spending.

Section I
INTRODUCTION AND ASSUMPTIONS

ConsultEcon, Inc. was retained by SE Group and the Town of Chester, VT to provide a market and sector analysis of Chester Village Center. This market and sector analysis is intended to inform the development of the master plan for Chester Village Center. It comes near the outset of the planning process, so that market and economic data can be used by the project steering committee, the Town, the consultant team and the broader community of businesses and residents in Chester as they define the vision for Chester Village Center and weigh alternative strategies, initiatives, and potential development projects for implementation.

This report includes the following data and analyses:

- Regional Context and Site Review
- Business Mix, including distribution of businesses by sector and commercial occupancy
- Resident Market, including market segmentation by geography and based on a Resident Market Area defined by interviews with businesses in Chester Village Center
- Retail Sales / Sales Gap Analysis, including review of private and public sources of retail and other related sales, such as lodging and food and beverage services.
- Tourist Market, including visiting friends and relatives, overnight guests in private homes, second home owners, day travel from outside of the Chester area and pass through travel.

The data and analyses in this report may be adapted, revised and incorporated by SE Group into reports, presentations and other media to advance the planning process and the development of the master plan. In its current form, this report is suitable for inclusion as an appendix to the master plan.

ASSUMPTIONS

In preparing this report, the following assumptions were made. This study is qualified in its entirety by these assumptions.

1. Every reasonable effort has been made in order that the data contained in this study reflect the most accurate and timely information possible and it is believed to be reliable. This study is based on estimates, assumptions, and other information developed by ConsultEcon, Inc. from its independent research efforts, general knowledge of the industry, and consultations with the client. No responsibility is assumed for inaccuracies in reporting by the client, its agents and representatives, or any other data source used in the preparation of this study.
2. Possession of this report does not carry with it the right of publication. This report will be presented to third parties in its entirety and no abstracting of the report will be made without first obtaining permission of ConsultEcon, Inc., which consent will not be unreasonably withheld.
3. This report may not be used for any purpose other than that for which it was prepared. Neither all nor any part of the contents of this study shall be disseminated to the public through advertising media, news media or any other public means of communication without the prior consent of ConsultEcon, Inc.
4. This report was prepared during the period September 2016 through the date of publication. It represents data available at that time.

Section II

REGIONAL CONTEXT AND SITE REVIEW

This section reviews the regional and site context for the Chester Village Center master plan. The regional context encompasses regional service areas for economic development organizations, transportation infrastructure, and economic geography in south central Vermont. Site attributes include business and land use mix, streetscape, public realm and visitor experience from a market perspective.

REGIONAL CONTEXT

Location

Chester Village Center is in the Town of Chester in south central Vermont in Windsor County. It is in the southern Windsor County planning area. Chester is a larger than average Vermont town with a population of 3,180 estimated in 2016. Chester had an estimated 810 jobs in 2014. Approximately 71 percent of Chester's jobs were held by non-Chester residents and 29 percent were held by Chester residents. Springfield is the largest city and job center in the region, with a population of 9,260 in 2016 and 4,280 jobs in 2014.

State and Regional Economic Trends

Chester's local economic conditions are directly tied to the regional economy. It is a relatively large town, compared to other Vermont towns, and is proximate to Springfield, the population and commercial center of Southern Windsor County. Many of the economic and social phenomena that are facing Chester are facing other Vermont towns. Following are selected statewide challenges identified in the State of Vermont's Comprehensive Economic Development Strategy that may be reflected in local economic conditions in Chester.

- The national trend of growing income and wealth inequality is reflected to a degree in Vermont. Vermonters, especially younger people and those at the lower end of the educational and economic spectrum, have limited opportunities to build a livelihood that can sustain them and their families.

  In Chester, there is stark evidence of income inequality between multi-million dollar second homes and the high proportion of households on state income assistance, according to an analysis by the Springfield Regional Development Corporation (SRDC).

- Infrastructure, built to sustain the small towns and factories of a century ago, is aging and, in places, vulnerable. New building and economic growth will depend on adequate water and sewer capacity, which is limited in many areas.

  Chester Village Center contains a larger amount of commercial space than other traditional Vermont villages in similarly sized towns. The Chester Depot is the crossroads of an active industrial and transportation district. While not saddled with outmoded industrial infrastructure, such as the mills in Springfield, Chester has many historic properties that warrant both protection and modernization. Chester reportedly has some of the fastest internet connections in the State per the SRDC.

- Vermont's population, projected to grow by only 1% between 2013 and 2017, is aging more rapidly than the nation's. This creates challenges to the education system, tax structure, customer base, and workforce. It also raises questions about succession in the many small businesses that make up a large part of our economy.

  Chester's population is older than the population in the state of Vermont. According to an SRDC analysis of home sales by town, Chester's average home price has declined 37% (in nominal dollars) since 2005—in the SRDC region, the average home price decline was 15%. Many of Chester's lodging establishments are reportedly for sale, raising the question of business succession in lodging and other sectors of Chester's economy which is dominated by "mom and pop" independent businesses where business lifespans are dependent upon the business owners lifespan.

- Vermont's small tax base means limited availability of funds for business incentives or infrastructure investment. The State is challenged by aggressive and well-funded business recruiting from neighboring states: New York, for instance, has recently instituted the Start-Up NY program that will allow eligible businesses to operate tax-free for ten years, while New Hampshire has no income or sales tax.

  The Town of Chester pursues economic development activity through memberships in the SRDC and the Okemo Valley Chamber of Commerce. The Town of Chester does have a revolving loan fund of approximately $300,000 for business financing. The master plan has the potential to lay out a plan for infrastructure investment that will reinforce private investments by existing and new businesses. Tying business financing to public infrastructure plans may be mutually beneficial to achieving public and private objectives in Chester Village Center.

- The natural resources crucial to the state's economy and brand such as food production, tourism, and recreation, are vulnerable to climate change, pollution and depletion. Vermont's forests, which helped mitigate the flooding caused during Hurricane Irene, are located primarily (85%) on private land, too little of which is covered by forest management plans that can help sustain them as an economic and natural resource. With aggressive new clean water standards set for Lake Champlain and Long Island Sound, solutions are being sought to curb run-off and pollution within critical watersheds while maintaining and growing land-based economic activity.

  Chester's natural resources are plentiful, like many small towns. Chester however does not have a strong base of agricultural food production, but does support a large employer, Dale's Natural Foods. Unlike many Vermont tourist towns, Chester does not have a ski resort or a lake to attract second home owners.

- Energy costs, while low in New England, remain high relative to the rest of the U.S.

  Chester has several solar farms.

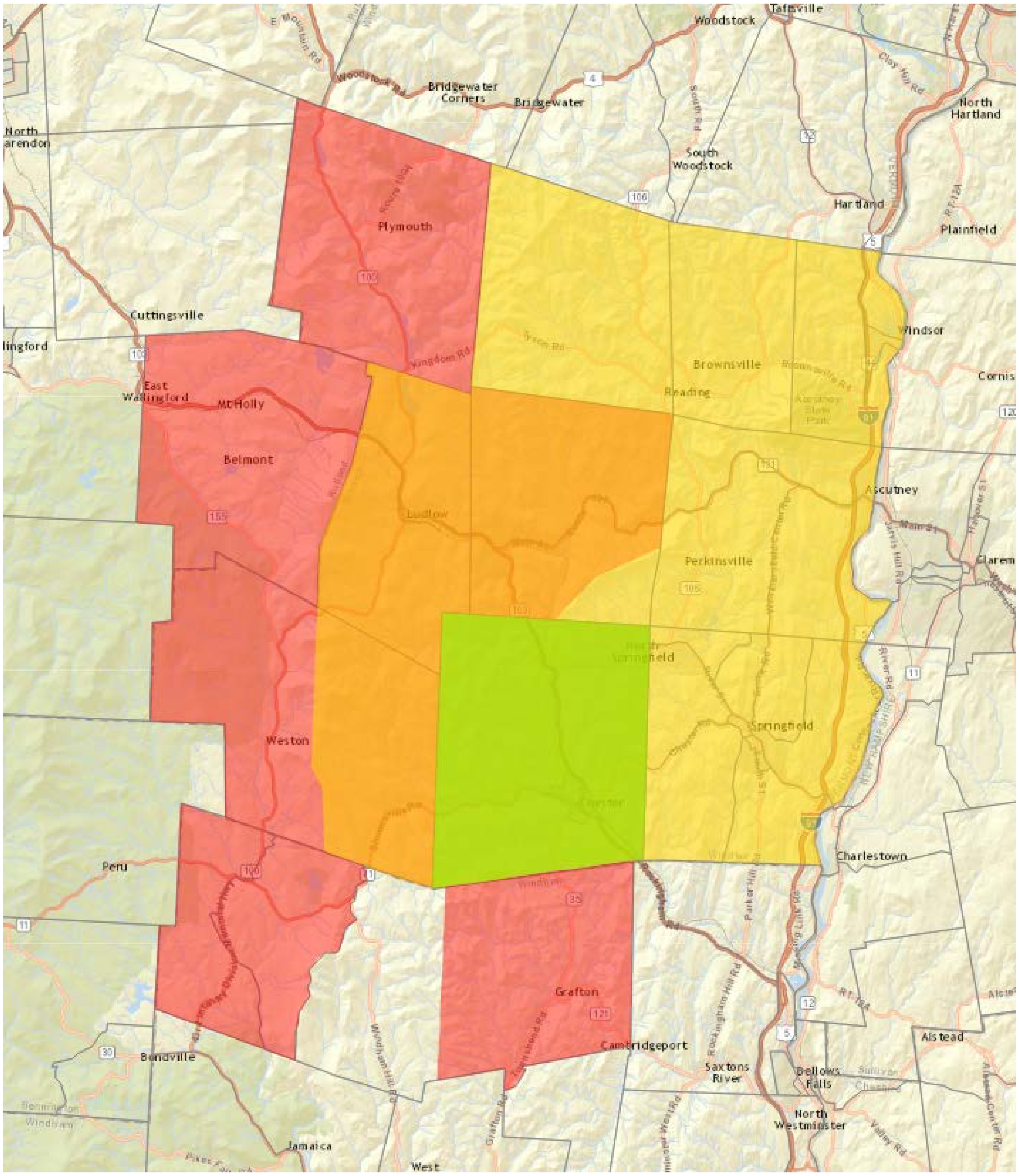
Regional Economic Development Service Areas

Chester is included in one of twelve planning and economic development areas designated by the State of Vermont, Southern Windsor County. Southern Windsor Regional Planning Commission (RPD) and Springfield Regional Development Corporation (RDC) both have the same target service areas, 10 towns in Southeaster Vermont, including Andover, Baltimore, Cavendish, Chester, Ludlow, Reading, Springfield, Weathersfield, West Windsor, and Windsor.

The Okemo Valley Chamber of Commerce is the region's tourism marketing and business association, representing nine towns including Andover, Cavendish, Chester, Grafton, Londonderry, Ludlow, Mount Holly, Plymouth and Weston. Chester used to have a local chamber of commerce that reportedly went out of business and was merged with the Okemo Valley Chamber of Commerce.

A map of the regional service areas of planning, economic development and business representation appears in **Figure II-1**.

Figure II-1
Map of Regional Planning/Economic Development Region and Chamber of Commerce Service Area



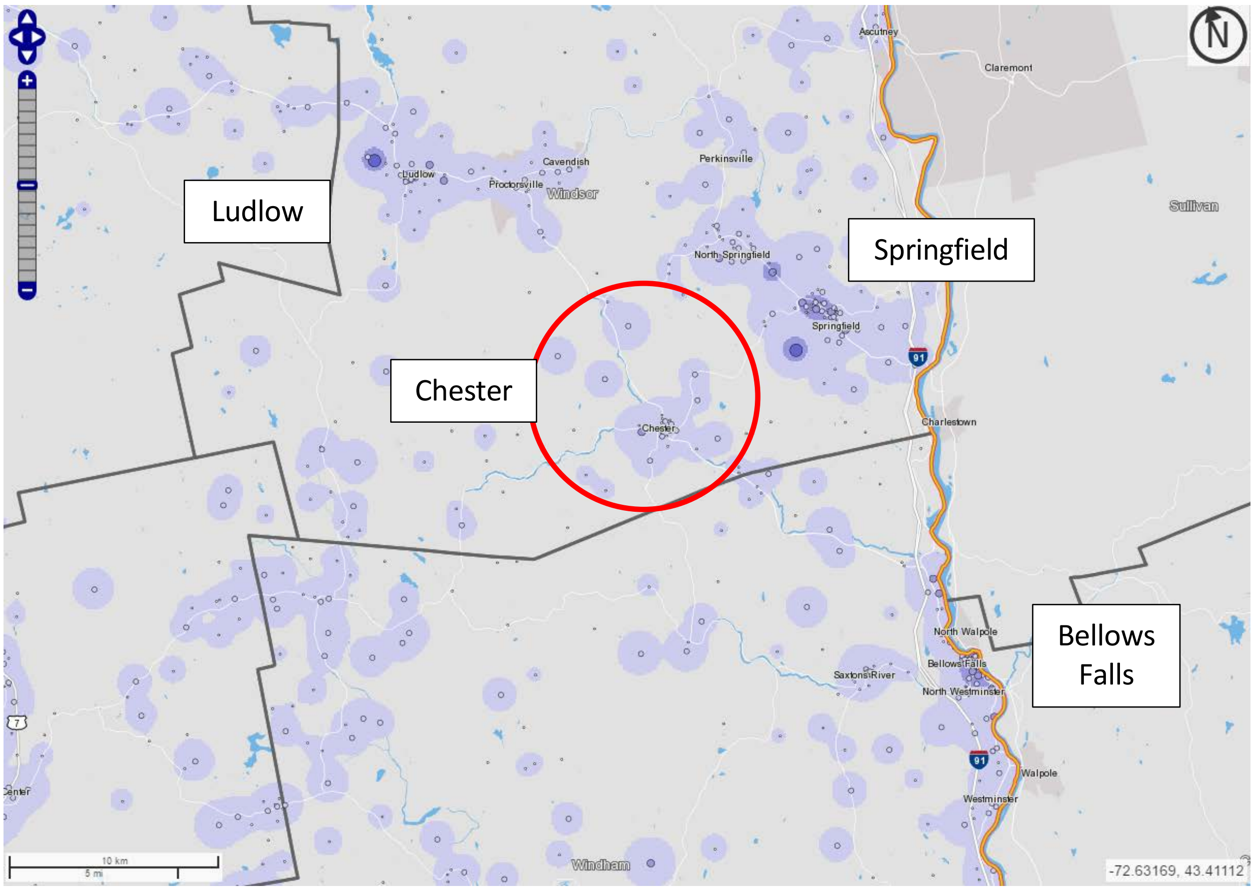
Source: ESRI and ConsultEcon, Inc.

Color	**Definition**
Green	Town of Chester
Red	Chamber Service Area (not State Service Area)
Yellow	State Service Area (not Chamber Service Area
Orange	Overlap of Chamber of Commerce and State Service Area

Regional Employment Geography

Data in **Figure II-2** shows the spatial distribution of Vermont jobs in the region. Springfield and Ludlow are the largest, nearby centers of economic activity. Bellows Falls is also a center of job activity in Windham County.

Figure II-2
Jobs Location on the Map



Note: Red circle identifies Chester employment locations.
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, On the Map application.

Proximity to Regional Destinations and Employment Centers

A portion of Chester Village Center—Maple and Depot Streets—are located on route 103, which is the primary access road to Okemo Valley, a major ski resort in Ludlow. While Chester is not a tourism destination it has a tourism economy that largely supports major destinations in the region, such as Ludlow. Other regional destinations include Weston, a historic town with the iconic Vermont Country Store, which also has a location on Route 103 in Rockingham.

Chester has connectivity to both nearby and far away markets, including:

- **Springfield** –contains the largest population among towns in the region and the largest amount of commercial space. Despite the centrality of its economic activity, its households have less disposable income than households in Chester and other regional towns that rely on its commercial base.
- **Ludlow** – home to Okemo Mountain and a destination for a substantial amount of wintertime visitors for skiing that creates a volume of drive through traffic on Route 103. Over time, Okemo and Ludlow have added more lodgings, more seasonal housing units and more retail and restaurants which, has challenged Chester's independent inn and bed and breakfast accommodations base, as well as the stores that offer similar goods and services.
- **Rockingham** – Home to Saxton's Village, Bellow's Falls, the I-91 and Route 103 interchange. Contains a satellite of Vermont Country Store, the original is west through Chester in Weston. Bellow's Falls reportedly has arts and cultural business activity which may present an opportunity to link Chester's arts and cultural activity to a regional cluster of destination arts and cultural activity.
- **New Hampshire** –The amount and type of commercial activity present in New Hampshire, combined with its lack of sales tax draws a substantial number of customers from Vermont, especially residents of those communities close to the border, such as Chester and other surrounding towns. Nonetheless, Chester businesses that offer *destination* goods and services report drawing customers from places in New Hampshire, such as Walpole, Claremont, West Lebanon/Hanover, and Keene.
- Next to Springfield, **Rutland and Brattleboro** are the largest Vermont towns near Chester and about the farthest away a customer will travel to a destination business in Chester.
- **Weston, Manchester and Woodstock** – Competitive tourist areas and village business mix in Vermont.

Roadway Transportation Network

Arterial transportation routes converge in or near Chester Village Center including: Route 103, the main connection to Rockingham southeast and Interstate 91 and northwest to Cavendish, Ludlow; Route 11, which runs east to Springfield and west to Andover, Weston, and, Route 10 to North Springfield.

Airports

Chester is about 2 hours to Albany, Burlington and Manchester Airports.

Railroad

Chester has a freight and passenger rail service with Vermont Railroad. A tourist excursion train station recently relocated to Chester from Bellows Falls, and may offer opportunity for public realm improvements to the historic Depot.

Trail Networks

Recreational trails are an underutilized resource for locals and tourists alike that can contribute to community health and wellness, connectivity, and safety with improved pedestrian and vehicular movements, promoting recreational activity that is attractive to both locals and tourists as an amenity. Expanding existing trail system as a community amenity may contribute to enhanced used and quality of life in Chester Village Center.

STREETSCAPE AND PUBLIC REALM

Chester Village Center's key streetscape and public realm attributes include its nodes, approaches and gateways.

Village Nodes

The Village Center is comprised of three distinct nodes, areas including: The Common/Green, with dense walkable environment; the "elbow" - the intersection between Route 11 and Route 103, and the Depot. These three areas are interconnected, but have distinctive character in terms of building, streetscape, form and function.

The Common/Green

Traditional town center with green, the most picturesque, quintessential, small Vermont townscape. Highway is high traffic with limited crosswalks, but highly walkable town green and traditional business district surrounded by dense, historic mixed-use buildings to the south. Business mix includes lodging, dining, shopping, attractions, historical society, and information booth.

Chester "Elbow" or "Triangle"

The critical transportation juncture at Route 103 and Route 11. Route 103 turns north to Ludlow before reaching historic village and Town Common/Green. Businesses in the Common/Green node are not visible to the largest source of pass through traffic. And the businesses located here are more auto-oriented and spread out, rather than denser and more walkable.

Chester Depot

Destination businesses, apartment houses, Town center and industrial crossroads. The new excursion train presents opportunity for new investment in Depot infrastructure which should enhance historic character as transportation, industrial and civic center with improved accessibility and pedestrian connectivity to enhance business activity between businesses. Density of businesses in the Depot is low compared to the density on the Town Green.

Approaches and Gateways

Following reviews Chester Village's approaches and gateways

- **Eastern** – Route 103 from Rockingham. "Elbow" gateway in Village Center. En route in Vermont the Vermont Country Store is regional information center and major retail destination. Artisan and Antique centers as well as major town institutions, high school and health center. "Elbow" in the Village entrance and auto-oriented gateway with new Dollar General and Jiffy Mart. Multiple opportunities for antiques shopping. Primary off highway approach to major destination Okemo Mountain.
- **Northern** – Route 103 Stone Village on Approach / Depot Gateway. There is a small number of businesses in the Stone Village which is walking distance
- **Western** – Village / Common / Green Gateway.

Visitor Experience

Chester's visitor experience is centered on the Green / Town Common. The historic architecture and landscape contribute to the sense of place. The village is the signature destination in Chester and highly walkable with small stores near one another. The historic building stock supports a concentration of retail activity, and provides a unique shopping experience focused on arts, antiques, clothing and accessories. There is a bookstore and several restaurants. The Fullerton Inn is the most prominent inn and along with other nearby inns and beds and breakfasts, provide accommodations to overnight visitors. Civic and religious buildings contribute to the overall experience. Unless one is staying overnight, the village green and Common shopping area does not warrant more than a 2 or 3 hour stay for dining and shopping. Visitor information booth is across the street, which makes accessibility challenging. The visitor information booth information is contained inside and so unless the booth is staffed, the provision of visitor information in off hours is a missed opportunity.

While connected throughout by asphalt sidewalks, the remainder of Chester Village Center business and land uses tend to be more automobile oriented than the Green / Common. Route 103 in the Depot is an industrial and transportation hub that has a different character than the Common and Green. The Village Center, with its multiple distinctive nodes, offers multiple unique visitor experiences because of the diversity of the places within it.

Summary

Chester Village Center is in the Town of Chester in south central Vermont in Windsor County. Chester's local economic conditions are directly tied to the regional economy. It is a relatively large town, compared to other Vermont towns, and it is proximate to Springfield, the population and commercial center of Southern Windsor County. Many of the economic and social phenomena that are facing Chester are facing other Vermont towns in the region and statewide.

The Town of Chester's population is larger than that of the average Vermont town. Chester's population was estimated to be 3,180 in 2016, and Chester had an estimated 810 jobs in 2014. By comparison, Springfield, the largest job center in the region, had a population of 9,260 in 2016 and 4,280 jobs in 2014. The nearby towns of Ludlow and Rockingham have approximately 2,280 and 2,040 jobs, respectively.

Section III
BUSINESS MIX

This section provides a summary of the business inventory created by ConsultEcon, Inc.

Business Mix

On October 23, 2016, there were 79 businesses counted in Chester Village Center (extended area to Jiffy Mart corner on both sides of Main Street), as shown by data in **Table IIII-1**.[2] The most common types of business present in Chester Village Center are Retail Trade (32%), Other Services (17%), and Accommodation and Food Services (14%). Professional Services comprise 9 percent of village center businesses and Finance, Insurance, Real Estate, Rental and Leasing (collectively FIRE) comprise 8 percent.

Village Center Occupancy

Village Center commercial occupancy is estimated at 94 percent, which is high and indicative of favorable economic conditions. A healthy business district typically has occupancy over 95 percent, and Chester Village Center is close to that threshold. There are 5 vacant spaces in the village center for a vacancy rate of 6 percent. Vacant spaces offer development opportunities. Two spaces are vacant on the village green. One space has been for sale for some time, starting at $600,000 and is currently offered at $300,000. This is indicative of low demand for real estate. The proximate vacancies of former Vermont Institute of Contemporary Art (VTICA) and old Jiffy Mart present a substantial opportunity to re-imagine this intersection of Depot Street and Main Street.

[2] The business inventory was created by ConsultEcon, Inc. through a walking survey of Chester Village Center that captures the type of businesses present in Chester Village Center.

Table III-1
Distribution of Village Center Businesses by Sector
Chester Village Center Master Plan

NAICS [1/]	Sector	Number	Percent to Total Businesses
44-45	Retail Trade	25	31.6%
81	Other Services (except Public Administration)	13	16.5%
72	Accommodation & Food Services	11	13.9%
54	Professional, Scientific & Tech Services	7	8.9%
52	Finance & Insurance	5	6.3%
51	Information	4	5.1%
71	Arts, Entertainment & Recreation	3	3.8%
31-33	Manufacturing	2	2.5%
48-49	Transportation and Warehousing	2	2.5%
92	Public Administration	2	2.5%
23	Construction	1	1.3%
53	Real Estate, Rental & Leasing	1	1.3%
56	Administrative & Support & Waste Management & Remediation Services	1	1.3%
61	Educational Services	1	1.3%
62	Health Care & Social Assistance	1	1.3%
	Total Businesses	**79**	**100.0%**
	Vacant Units	5	
	Total Businesses and Vacant Units	**84**	
	Occupied Units as a Percent of Total Units	*94.0%*	
	Vacant Units as a Percent of Total Units	*6.0%*	

[1/] Categories are representative of 2-digit codes from North American Industrial Classification System (NAICS). Certain categories are not shown because they are not present in the business inventory.
Source: ConsultEcon, Inc.

Retail and Other Consumer Oriented Businesses

Data in **Table III-2** show the composition of consumer oriented businesses including those in retail trade, accommodations and food services, arts, entertainment and recreation, and other services. Combined these consumer oriented businesses comprise about two thirds of the businesses in the Village Center.

Table III-2
Distribution of Businesses by Selected Consumer-Oriented Sectors
Chester Village Center

NAICS 1/	Sector	Number	Percent to Consumer Oriented Businesses
44-45	***Retail Trade***		
453	Miscellaneous Store Retailers	8	15.4%
445	Food and Beverage Stores	4	7.7%
444	Building Material and Garden Equipment and Supplies Dealers	3	5.8%
451	Sporting Goods, Hobby, Book, and Music Stores	3	5.8%
442	Furniture and Home Furnishings Stores	2	3.8%
448	Clothing and Clothing Accessories Stores	2	3.8%
443	Electronics and Appliance Stores	1	1.9%
447	Gasoline Stations	1	1.9%
452	General Merchandise Stores	1	1.9%
	Total Retail Trade	**25**	**48.1%**
71	***Arts, Entertainment, and Recreation***		
713	Amusement, Gambling, and Recreation Industries	3	5.8%
	Total Arts, Entertainment and Recreation	**3**	**5.8%**
72	***Accomodations and Food Services***		
721	Accommodation	5	9.6%
7225	Restaurants	6	11.5%
	Total Accomodation and Food Services	**11**	**21.2%**
81	***Other Services***		
812	Personal and Laundry Services	7	13.5%
813	Religious, Grantmaking, Civic, Professional, and Similar Organizations	6	11.5%
	Subtotal Other Services	**13**	**25.0%**
	Total Businesses in Consumer-Oriented Sectors	**52**	**100.0%**
	Other Businesses	27	
	Total Businesses in All Sectors	**79**	
	Percent Consumer-Oriented Businesses	*65.8%*	

NOTE: Does not include Finance, Insurance and Real Estate.

1/ Categories are representative of 3-digit codes from North American Industrial Classification System (NAICS). Certain categories are not shown because they are not present in the business inventory. These unrepresented categories include Motor Vehicle Parts and Dealers (441), Health and Personal Care Stores (446), Nonstore Retailers (454), Performing Arts, Spectator Sports, and Related Industries (711), Museums, Historical Sites, and Similar Institutions (712), Drinking Places (7224), and Repair and Maintenance Services (811).

Source: ConsultEcon, Inc.

Summary

On October 23, 2016, there were 79 businesses counted in Chester Village Center. Retail businesses are the most common type of business, followed by Other Services, and Accommodations and Food Services. Village Center businesses account for some but not all the businesses in the Town of Chester. Village Center commercial occupancy is estimated at 94 percent, which is high and indicative of favorable economic conditions. Vacant spaces offer development opportunities. Two spaces are vacant on the village green. One space has been for sale for some time, starting at $600,000 and is currently offered at $300,000. This is indicative of low demand for real estate. The proximate vacancies of former Vermont Institute of Contemporary Art (VTICA) and old Jiffy Mart present a substantial opportunity to re-imagine this intersection of Depot Street and Main Street.

Section IV
RESIDENT MARKET

This section reviews the resident market context for the Town of Chester. The following analysis: defines the resident market area (the geographic area from which Chester Village draws a majority of its customers); profiles the demographics of defined market area segments; and, summarizes the retail sales gap analysis, based on available secondary source consumer and business data.

Resident Market Area Definition

The Resident Market Area for the village center is defined as the area within a 45-minute drive time. This overall Market Area is segmented into Primary, Secondary and Tertiary Market Areas. These market segments include:

- The Primary Market Area is defined as the Town of Chester. Primary Market Area residents are likely to frequent stores within Village Center on a regular (daily or weekly) basis for *convenience goods and services*, such as going to the food store, hardware, bank, or post office.
- The Secondary Market Area is defined as the area within a 25-minute drive time, not including the Town of Chester. Residents in the Secondary Market Area are likely to visit the stores in Village Center on a regular (weekly or monthly) basis, though perhaps less frequently than the residents of the Primary Market Area for *convenience goods and services*.
- The Tertiary Market Area is defined as the area between a 25- and 45-minute drive time. Residents in the Tertiary Market Area within a 45-minute drive time are most likely seeking out *destination goods and services*, including dining out and specialty goods, such as original arts and crafts, in Chester.

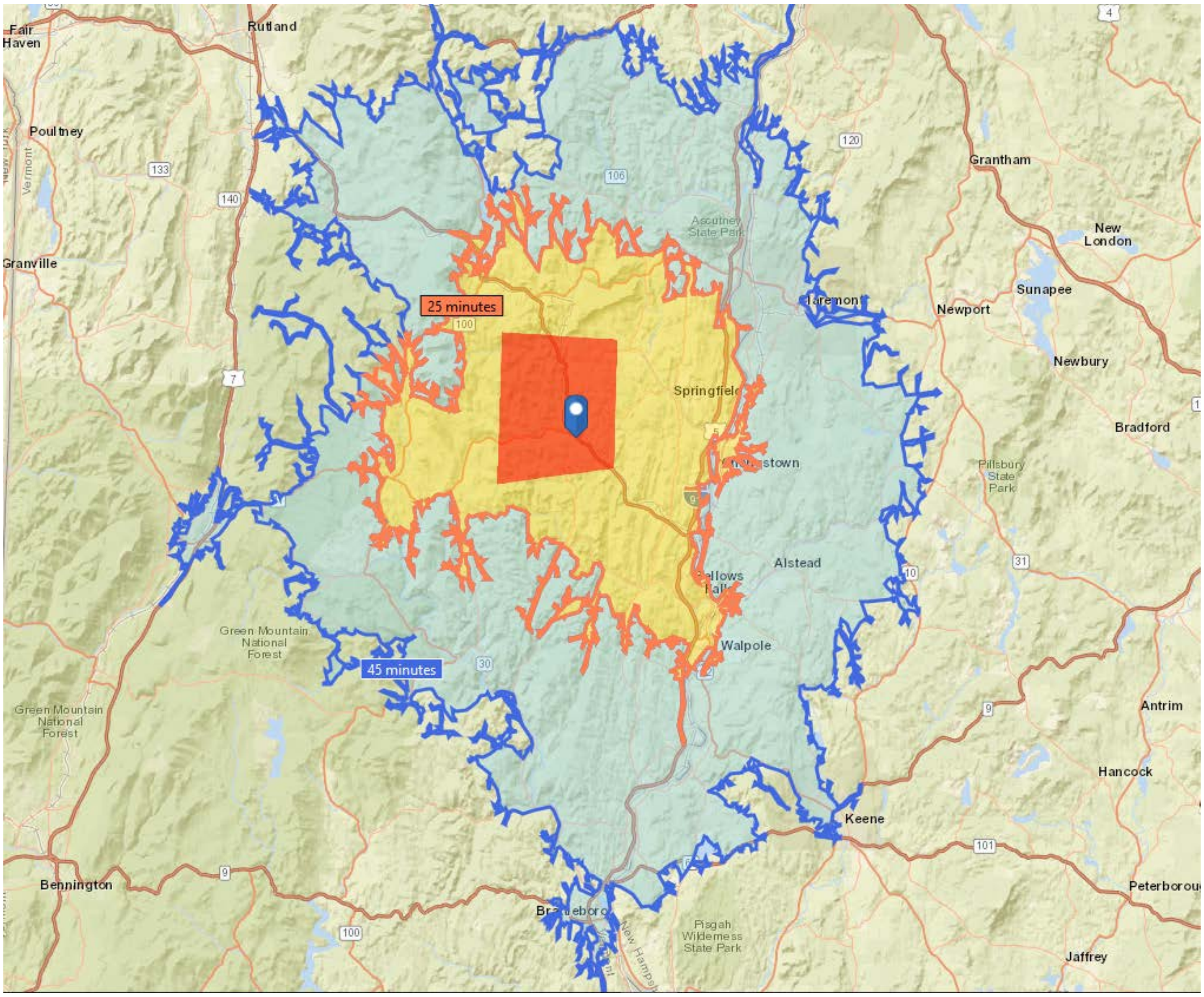
Data in **Figure IV-1** show a map of the Market Area. Data in **Figure IV-2** show a map of the Market Area with Town boundaries.

Resident Market Area Definition Methodology

The Market Area as defined is based on a survey of a diverse sample of businesses. Nine businesses were surveyed (about 12% of businesses observed in the village center) to understand the area from which they draw most of their customers and their most frequent and regular customers. Businesses included a mix of convenience goods and services such as food stores, a hardware store, and restaurants, and destination goods and services, such as restaurants, art galleries, antique stores, home goods, gifts and furnishings, a book store, and clothing and accessories. The list of businesses surveyed over the phone and via email between October 22 and November 11, 2016 includes:

- Moon Dog Café
- Misty Valley Books
- Chester Do it Best Hardware
- Lisai's Market
- The Free Range
- MacLaomainn's Scottish Pub
- Country Girl Diner
- Country on the Common
- DaVallia Art and Accents

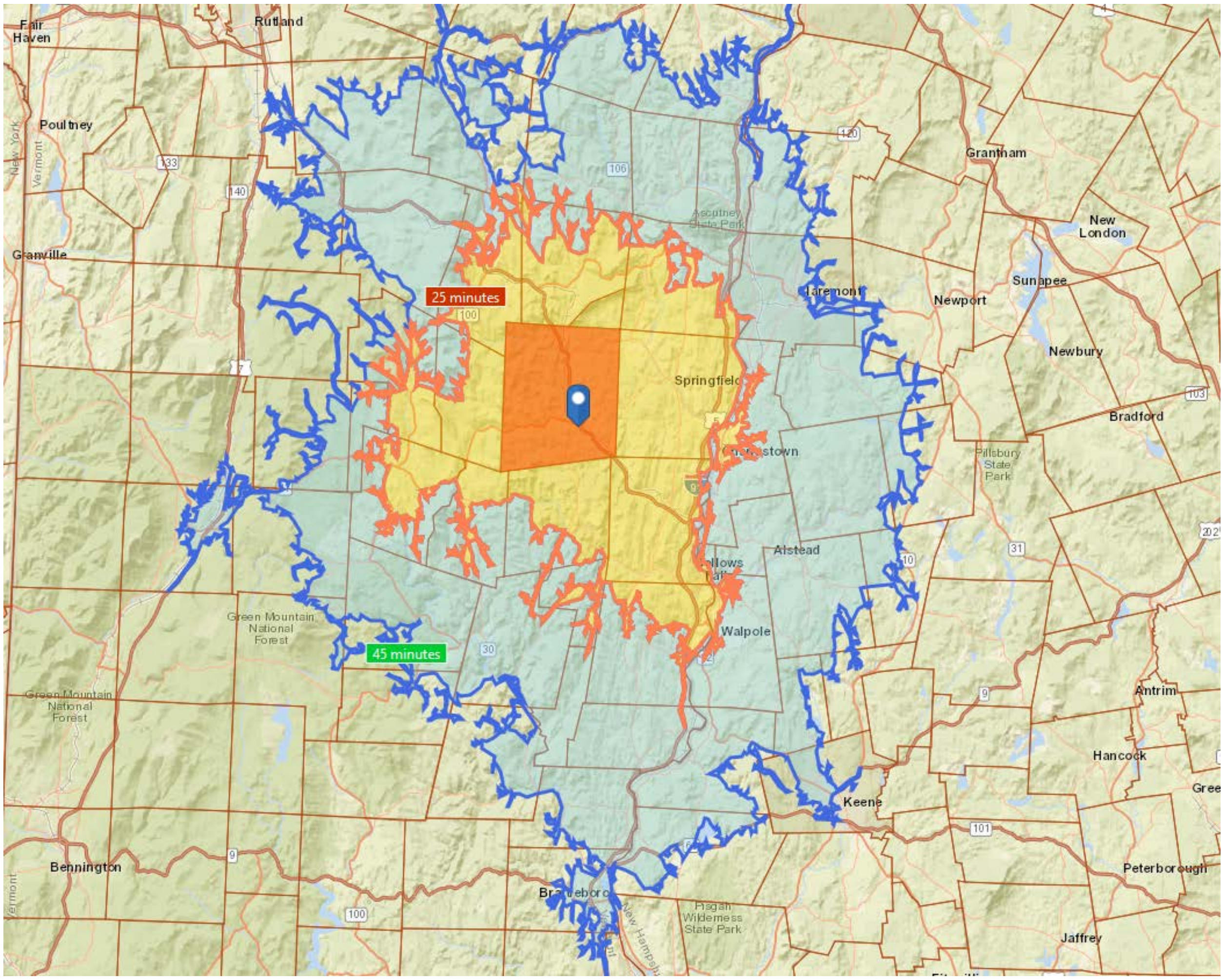
Figure IV-1
Market Area Map
Chester Village Center Master Plan



Primary Market Area (Town of Chester)	
Secondary Market Area (0-25 minute drive time area, less the Town of Chester)	
Tertiary Market Area (25-45 minute drive time area)	

Source: ESRI and ConsultEcon, Inc

Figure IV-2
Market Area Overlay with Town Boundaries
Chester Village Center Master Plan



Primary Market Area (Town of Chester)	
Secondary Market Area (0-25 minute drive time area, less the Town of Chester)	
Tertiary Market Area (25-45 minute drive time area)	

Source: ESRI and ConsultEcon, Inc.

Population Trends

Data in **Table IV-1** show the population trend in the Resident Market Area.

Table IV-1
Population Trend in the Resident Market Area
Chester Village Center Master Plan

Market Area	2010	2016	2021	% Change 2010 to 2016	% Change 2016 to 2021
Primary Market Area	3,154	3,180	3,181	0.8%	0.0%
Secondary Market Area	27,250	27,249	27,222	0.0%	-0.1%
Tertiary Market Area	70,690	71,386	71,668	1.0%	0.4%
Total Resident Market Area	**101,094**	**101,815**	**102,071**	**0.7%**	**0.3%**
Comparison Areas					
Chester CDP	1,005	1,055	1,079	5.0%	2.3%
Chester Town	3,154	3,180	3,181	0.8%	0.0%
Windsor County	56,670	56,818	56,735	0.3%	-0.1%
State of Vermont	625,741	644,954	658,856	3.1%	2.2%
United States	308,745,538	323,580,626	337,326,118	4.8%	4.2%

Source: ESRI and ConsultEcon, Inc.

Age Profile

Data in **Table IV-2** show the median age and distribution of the population across different age cohorts in the Resident Market Area.

Table IV-2
Median Age and Percent of Population by Age Group
in the Resident Market Area, 2016
Chester Village Center Master Plan

Market Area	Median Age	0 to 17	18 to 24	25 to 34	35 to 54	55+
Primary Market Area	49.1	18.2%	6.9%	9.7%	23.7%	41.6%
Secondary Market Area	46.1	18.9%	7.3%	11.0%	26.1%	36.7%
Tertiary Market Area	46.5	18.2%	7.7%	10.7%	26.1%	37.2%
Total Resident Market Area	**46.4**	**18.4%**	**7.6%**	**10.8%**	**26.0%**	**37.2%**
Comparison Areas						
Chester CDP	48.5	19.8%	6.6%	9.8%	22.8%	41.0%
Chester Town	49.1	18.2%	6.9%	9.7%	23.7%	41.6%
Windsor County	47.2	18.0%	7.2%	10.8%	25.7%	38.2%
State of Vermont	42.8	19.6%	10.1%	11.3%	25.9%	33.0%
United States	38.0	22.9%	9.7%	13.6%	25.9%	27.8%

NC = Not Calculated.

Source: ESRI and ConsultEcon, Inc.

Households

Data in **Table VI-3** show the estimated number of households and family households in the Resident Market Area.

Table IV-3
Resident Market Household Profile, 2016
Chester Village Center Master Plan

Market Area	Total Households	Family Households	Families as a Percent of Households	Average Household Size
Primary Market Area	1,443	909	63.0%	2.20
Secondary Market Area	11,684	7,303	62.5%	2.27
Tertiary Market Area	31,006	19,054	61.5%	2.24
Total Resident Market Area	**44,133**	**27,266**	**61.8%**	**2.25**
Comparison Areas				
Chester CDP	530	270	50.9%	1.99
Chester Town	1,443	909	63.0%	2.20
Windsor County	25,262	15,647	61.9%	2.21
State of Vermont	266,861	165,917	62.2%	2.32
United States	121,786,233	80,307,260	65.9%	2.59

Source: ESRI and ConsultEcon, Inc.

Household Income

Data in **Table IV-4** profile the income cohorts in the Resident Market Area.

Table IV-4
Percent of Resident Market Area Households by Income Group, 2016
Chester Village Center Master Plan

Market Area	Median Household Income	Less than $25,000	$25,000 to $49,999	$50,000 to $74,999	$75,000 to $99,999	$100,000 +
Primary Market Area	$46,243	29.9%	22.2%	23.0%	9.8%	15.0%
Secondary Market Area	$46,168	25.1%	27.9%	19.4%	14.0%	13.6%
Tertiary Market Area	$52,093	20.6%	26.9%	19.9%	14.0%	18.6%
Total Resident Market Area	**$50,711**	**22.1%**	**27.0%**	**19.9%**	**13.8%**	**17.1%**
Comparison Areas						
Chester CDP	$34,118	39.8%	22.9%	26.9%	3.2%	7.2%
Chester Town	$46,243	29.9%	22.2%	23.0%	9.8%	15.0%
Windsor County	$52,154	23.8%	23.7%	19.8%	12.8%	19.9%
State of Vermont	$53,650	22.0%	24.1%	19.1%	13.8%	21.1%
United States	$54,149	22.6%	23.4%	17.7%	12.3%	24.1%

NC = Not Calculated.
Source: ESRI and ConsultEcon, Inc.

Retail Sales Gap by Market Area

Household Income and Consumer Spending

Consumer spending is a function of household income. Data in **Table IV-5** show total household income in the resident market area, based on total households and average household income. Data in Table IV-5 also show the total household expenditures on retail and restaurants. The location of this year round resident spending occurs in stores in the Resident Market Area, at physical stores outside of the Resident Market Area, or online.

Table IV-5
Total Estimated Household Expenditures on Retail and Restaurants, 2016
Chester Village Center Master Plan

	Total Households	Average Household Income	Total Annual Household Income	Total Estimated Annual Expenditures on Retail and Restaurants 1/	Percent Retail and Restaurant Spending
Primary Market Area	1,443	$65,709	$94,818,000	$49,169,000	52%
Secondary Market Area	11,684	$69,635	$813,610,000	$437,081,000	54%
Tertiary Market Area	31,006	$69,203	$2,145,708,000	$1,052,940,000	49%
Total Resident Market Area	**44,133**	**$69,203**	**$3,054,136,000**	**$1,539,190,000**	**50%**

Note: Total Household Income and Total Expenditures rounded to nearest $1,000.
1/ Retail and resident expenditures may occur in the market areas or outside of the resident market area as well as online. This represents estimated spending of all resident households during the year in retail stores and restuarants.
Source: ESRI and ConsultEcon, Inc.

Summary

The Resident Market Area for the village center is defined as the area within a 45-minute drive time. This overall Market Area is segmented into Primary, Secondary and Tertiary Market Areas, where the Primary Market Area is the Town of Chester, the Secondary Market Area is defined as the 25 minute drive from Chester's town center, not including the Town of Chester, and the Tertiary Market Area is defined as the area between a 25- and 45-minute drive from Chester village center. This market area was defined based on a survey of a diverse sample of businesses in the area from which those businesses draw their customers.

The total Resident Market Area contains 102,000 persons in 44,000 households with consumer expenditure potential in retail stores and restaurants of $1.4 billion. Defined as the Primary Market Area, the Town of Chester population represents approximately 3 percent of the total population and household spending potential in the Resident Market Area. In Chester, there are 3,200 persons in 1,400 households with consumer expenditure potential in retail stores and restaurants of $49.2 million.

The population of the Resident Market Area has a median age of 46.4, which is slightly older than the State of Vermont and the United States as a whole. The median household size is 2.25, slightly smaller than the State of Vermont and much smaller than the United States as a whole. The Primary and Secondary Market Areas have a median household income of about $46,200, which is slightly less than the Tertiary Market Area, the State of Vermont, and the United States as a whole. The average household income is slightly higher than this, at $65,700 for the Primary, and $69,600 for the Secondary, and $69,200 for the Tertiary Market Areas. The income is distributed such that the largest segment of the Resident Market Area population, about 27 percent of households, earns between $25,000 and $49,999 annually, while about 17 percent of the population earns over $100,000 annually.

In 2016, there were an estimated 1,060 residents in Chester Village Center, as defined as the Census Designated Place (CDP), approximately one third of the Town's population. Compared to the Town's population, the population in Chester Village Center tends to be proportionally older, and the households are smaller with proportionally lower incomes and proportionally more non-family households.

Section V
RETAIL SALES / SALES GAP

This section reviews estimates of retail sales and potential consumer expenditures, as well as taxable sales trends in retail, meals, and lodging in Chester and comparison areas.

Retail Sales Gap

The sales gap, also known as the supply gap, is the difference between the total consumer expenditures in a defined market area and the total estimated retail sales of stores located in that market area. A positive sales gap or "leakage" indicates that consumer spending potential is greater than the estimated sales in a market area and consumers are spending their money in stores outside of the defined market area. A negative sales gap or "surplus" indicates that the stores in the market area are attracting more spending than the households in the market area are estimated to have, and therefore, these stores are likely attracting outside consumer spending, such as spending from tourist markets.

Data in **Table V-1** show the estimated sales gap in the Primary Market Area (Town of Chester).

Chester retail and restaurant businesses capture a share of local spending, some of which "leaks" outside the defined market area. In the Primary Market Area, Chester businesses in two sectors, Gasoline Stations and Miscellaneous Store Retailers, draw more dollars than the resident households in Chester are estimated to spend annually on retail trade and food services. All other sectors in the Primary Market Area have a leakage of consumer spending outside of Chester. The top three include Motor Vehicle and Parts Dealers, Food and Beverage Stores, and General Merchandise Stores.

Table V-1
Retail Trade and Food Services Annual Sales / Supply Gap in the Primary Market Area (Town of Chester)
Chester Village Center Master Plan

NAICS Industry [1/]	Total Sales Potential / Demand	Estimated Sales / Supply	Leakage / (Surplus)
Motor Vehicle & Parts Dealers	$11,200,838	$369,185	$10,831,653
Food & Beverage Stores	9,318,441	896,153	8,422,288
General Merchandise Stores	4,700,401	295,941	4,404,460
Health & Personal Care Stores	2,582,471	0	2,582,471
Clothing & Clothing Accessories Stores	3,215,521	980,979	2,234,542
Food Services & Drinking Places	4,887,042	3,038,124	1,848,918
Bldg Materials, Garden Equip. & Supply Stores	2,544,882	939,073	1,605,809
Electronics & Appliance Stores	1,861,838	469,028	1,392,810
Sporting Goods, Hobby, Book & Music Stores	1,633,529	978,008	655,521
Furniture & Home Furnishings Stores	1,863,644	1,376,883	486,761
Miscellaneous Store Retailers	1,525,466	2,946,293	(1,420,827)
Gasoline Stations	3,834,527	8,881,077	(5,046,550)
Total	**$49,168,600**	**$21,170,744**	**$27,997,856**

Note: Consumer expenditures in restaurant and retail categories only. Does not include spending on nonstore (e.g. internet) retailers, transportation, lodging, entertainment and recreation, and personal services. The location of spending may be in Chester Village Center, elsewhere in the Town of Chester, or outside of Town.

1/ NAICS = North American Industrial Classification System. NAICS classifies business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. economy. The NAICS industry codes define establishments based on the activities in which they are primarily engaged.

Source: ESRI; Bureau of Labor Statistics; ConsultEcon, Inc.

Data in **Table V-2** show the estimated sales gap in the total Resident Market Area.

In the Resident Market Area, businesses in five sectors draw more dollars than the resident households in the area are estimated to spend annually on retail trade and food services. These include: Food and Beverage Stores; Gasoline Stations; Miscellaneous Store Retailers; Sporting Goods; Hobby, Book, & Music Stores. All other sectors in the Primary Market Area have a leakage of consumer spending outside of the area. The top three include General

Merchandise Stores; Food Services and Drinking Places; and Motor Vehicle and Parts Dealers.

Table V-2
Retail Trade and Food Services Annual Sales / Supply Gap in the Resident Market Area
Chester Village Center Master Plan

NAICS Industry	Total Sales Potential / Demand	Estimated Sales / Supply	Leakage / (Surplus)
General Merchandise Stores	$184,795,556	$142,476,311	$42,319,245
Food Services & Drinking Places	147,524,969	112,138,048	35,386,921
Motor Vehicle & Parts Dealers	335,897,703	301,908,799	33,988,904
Clothing & Clothing Accessories Stores	94,511,212	64,770,938	29,740,274
Health & Personal Care Stores	91,999,782	63,366,024	28,633,758
Furniture & Home Furnishings Stores	49,694,567	30,395,090	19,299,477
Electronics & Appliance Stores	71,229,388	53,111,768	18,117,620
Bldg Materials, Garden Equip. & Supply Stores	72,149,306	77,354,938	(5,205,632)
Sporting Goods, Hobby, Book & Music Stores	46,911,864	61,228,536	(14,316,672)
Miscellaneous Store Retailers	61,225,874	78,199,671	(16,973,797)
Gasoline Stations	103,595,295	154,612,420	(51,017,125)
Food & Beverage Stores	279,654,337	368,216,997	(88,562,660)
Total	**$1,539,189,853**	**$1,507,779,540**	**$31,410,313**

Note: Consumer expenditures in restaurant and retail categories only. Does not include spending on nonstore (e.g. internet) retailers, transportation, lodging, entertainment and recreation, and personal services. The location of spending may be in Chester Village Center, elsewhere in the Town of Chester, or outside of Town.

Notes on Business and Retail Sales Estimates

The retail sales estimates provided by ESRI are for 54 businesses in the Primary Market Area / Town of Chester. ConsultEcon observed 79 businesses in Chester Village Center alone on October 23, 2016. Clearly, there are more businesses than are represented in ESRI data. Data for small geographic areas like Chester and other rural communities can be inconsistent based on data sources used, observation period and data collection methodology. ESRI sources its business sales data from InfoGroup. Another source of sales, which does not have a breakdown of sales by industry, is taxable sales for the State of Vermont, reviewed further below.

Taxable Sales

An alternate but less detailed source of retail sales is the taxable sales collected and reported by the State of Vermont's Department of Revenue. Chester's taxable sales in 2015 were as follows:

- **Retail** - $8.1 million (Note: represents 45% of ESRI non-restaurant sales estimate.)
- **Lodging** - $1.1 million
- **Meals** - $3.1 million (Note: close to ESRI food and beverage services sales estimate.)
- **Alcohol** - $695,000

Trends in Chester's Taxable Sales

Chester's sales on a nominal basis, have increased, but the picture changes when the figures are adjusted for inflation. Data in **Table V-3** show summary of inflation adjusted taxable sales in 2005 and 2015 for Chester as well as other jurisdictions, such as the state, the county, and nearby towns for comparative purposes.

Table V-3
Selected Taxable Sales Revenue for Chester and
Selected Geographic Areas, 2005 to 2015, Inflation Adjusted to 2015 Dollars

	Vermont	Windsor County	Chester	Ludlow	Springfield	Rockingham	Londonderry
2005							
Retail	$6,033,943,246	$319,362,299	$8,471,202	$61,101,731	$50,077,895	$16,764,425	$14,449,066
Meals	897,400,223	72,740,312	2,452,333	13,132,299	8,494,613	5,189,555	3,006,554
Alcohol	154,884,802	15,498,962	326,076	3,227,566	1,002,315	1,171,982	758,289
Lodging	410,332,339	59,911,553	1,071,257	14,807,334	NA	NA	1,014,194
2015							
Retail	$5,730,174,765	$271,169,730	$8,129,978	$54,811,733	$49,180,954	$16,266,434	$10,933,226
Meals	1,015,951,546	89,226,355	3,134,726	16,257,787	10,132,592	5,175,407	2,447,143
Alcohol	196,132,243	19,740,012	695,728	4,858,009	778,436	1,171,318	820,174
Lodging	475,987,404	64,109,842	1,134,123	15,351,475	2,677,512	596,469	841,914
Change, 2005 to 2015							
Retail	-$303,768,481	-$48,192,569	-$341,224	-$6,289,998	-$896,941	-$497,991	-$3,515,840
Meals	118,551,323	16,486,042	682,392	3,125,488	1,637,979	-14,148	-559,411
Alcohol	41,247,441	4,241,051	369,652	1,630,443	-223,879	-664	61,885
Lodging	65,655,065	4,198,289	62,865	544,141	NA	NA	-172,280
Percent Change, 2005 to 2015							
Retail	-5.0%	-15.1%	-4.0%	-10.3%	-1.8%	-3.0%	-24.3%
Meals	13.2%	22.7%	27.8%	23.8%	19.3%	-0.3%	-18.6%
Alcohol	26.6%	27.4%	113.4%	50.5%	-22.3%	-0.1%	8.2%
Lodging	16.0%	7.0%	5.9%	3.7%	NA	NA	-17.0%

NA = Not Available. Some numbers are suppressed by state because of small sample size in taxable sales category.
Source: State of Vermont, Department of Revenue; and ConsultEcon, Inc.

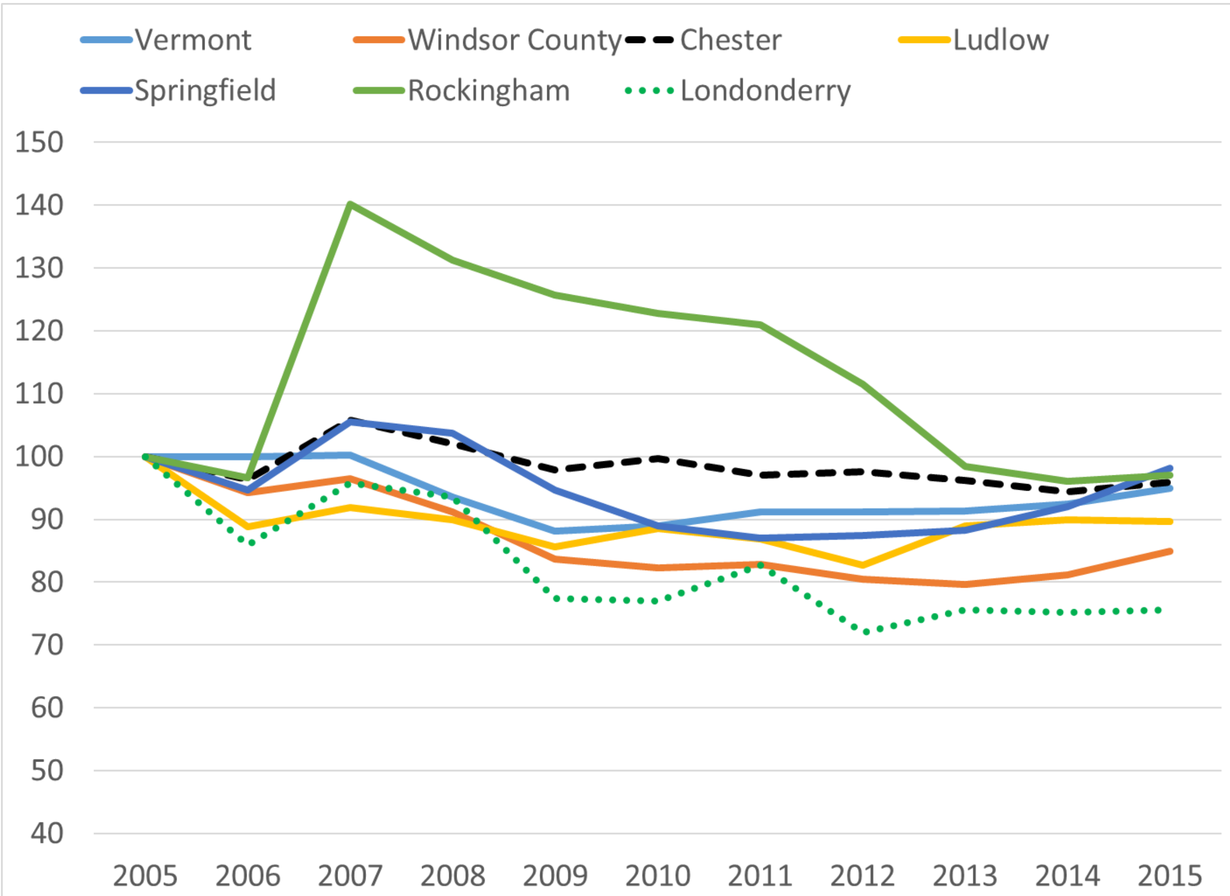
Annual Trends

Data in **Figure V-1** through **Figure V-6** show the annual trend in taxable sales for selected categories—retail, meals, and lodging—for Chester and other areas for comparison.

Retail

Chester like other jurisdictions saw its retail sales peak in 2007 and decline due to the economic recession. Retail in Chester and most jurisdictions has yet to fully recover to pre-recession levels, after adjusting for inflation.

Figure V-1
Inflation Adjusted Retail Sales Index for Chester and Selected Geographic Areas, 2005 to 2015 (2005=100)

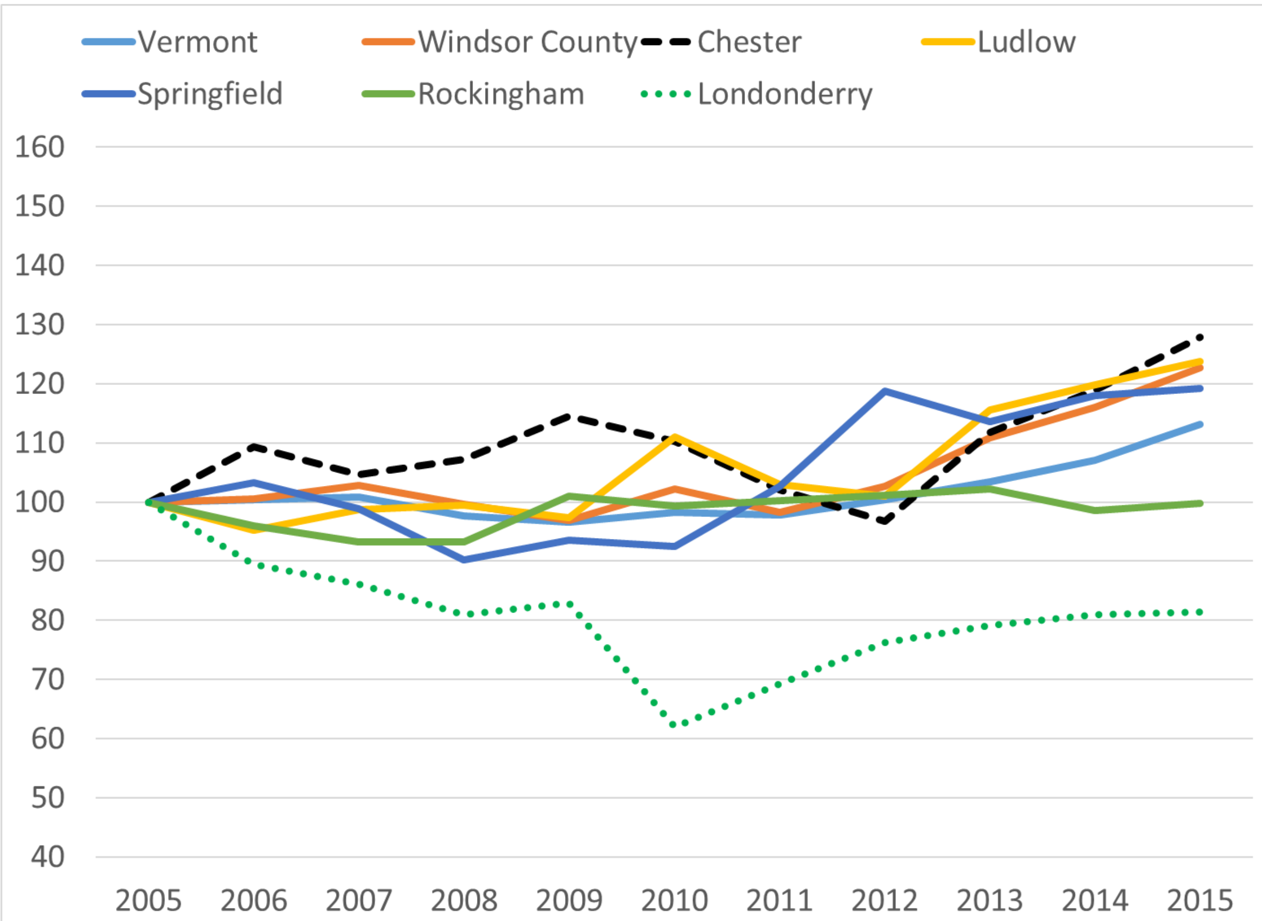


Source: State of Vermont, Department of Revenue; and ConsultEcon, Inc.

Meals

Chester's taxable meals sales have increased at a greater rate than other comparative jurisdictions. Growth in Chester, Windsor County, Ludlow and Springfield is outpacing the growth in taxable meals sales statewide.

Figure V-2
Inflation Adjusted Meals Sales Index for Chester and Selected Geographic Areas, 2005 to 2015 (2005=100)

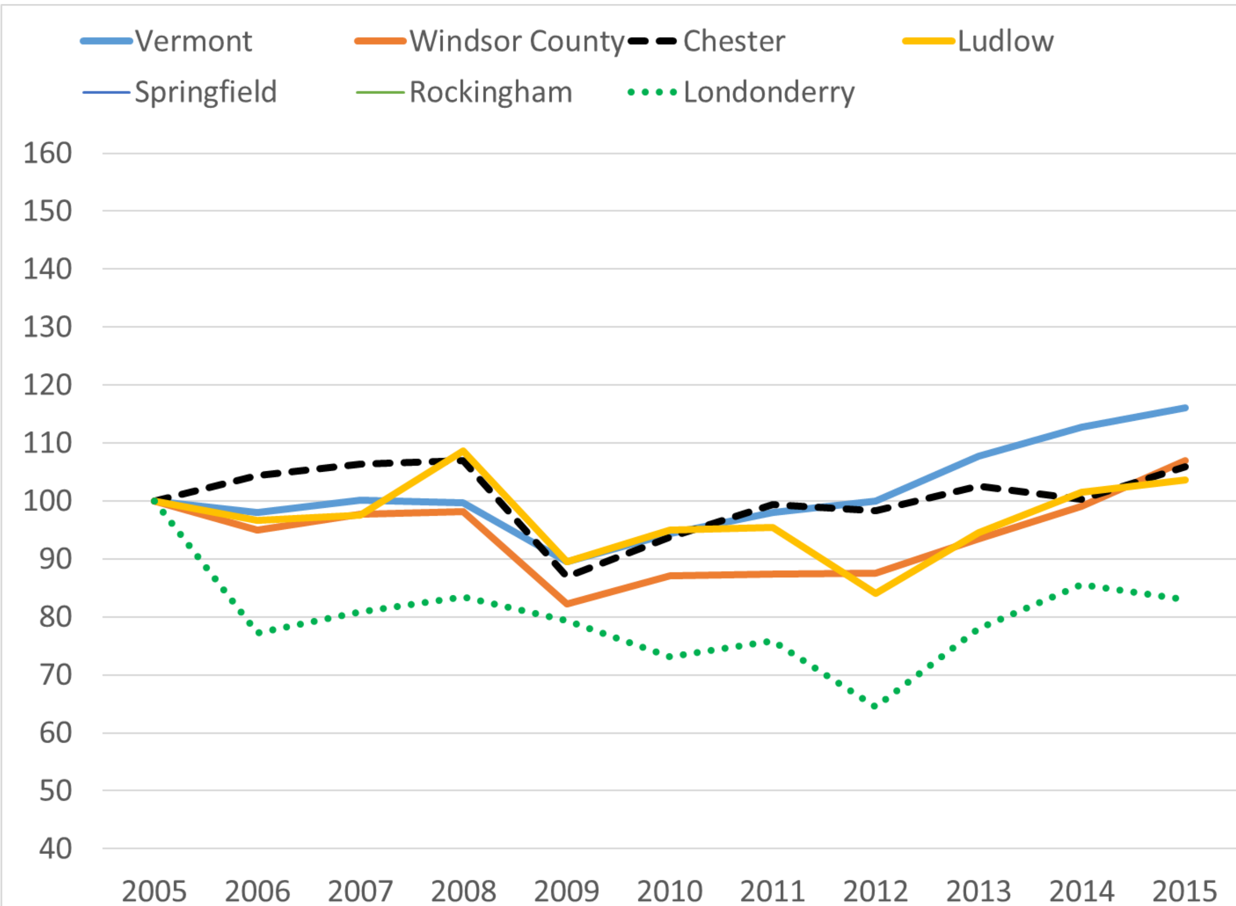


Source: State of Vermont, Department of Revenue; and ConsultEcon, Inc.

Lodging

Chester's taxable lodging sales have exceeded pre-recession levels on an inflation adjusted basis. The growth in taxable lodging sales is on par with Ludlow and Windsor County. This growth rate, however, is lower than that of the state.

Figure V-3
Inflation Adjusted Lodging Sales Index for Chester and Selected Geographic Areas, 2005 to 2015 (2005=100)



Source: State of Vermont, Department of Revenue; and ConsultEcon, Inc.

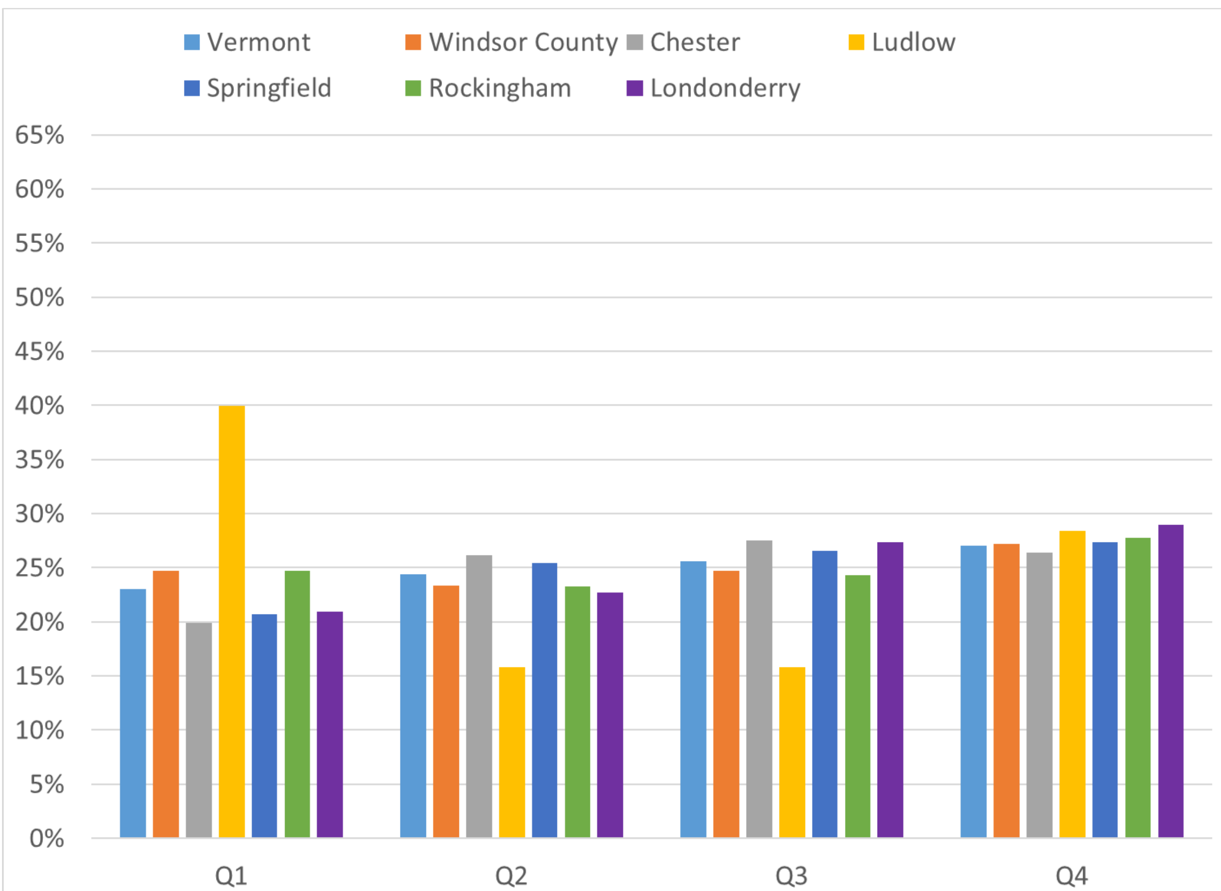
Seasonal Trends

Seasonal trends in spending on taxable retail, meals and lodgings follow different patterns in Chester and comparative jurisdictions.

Retail

Retail, which is driven most by resident spending is peaked in the fourth quarter, October through December, statewide and in Windsor County. In Chester, retail sales peak in summer, July through September—January through March see the least sales. Ludlow's retail sales pattern reflects wintertime ski activity at Okemo.

Figure V-4
Average Quarterly Taxable Retail Sales, 2012 to 2015

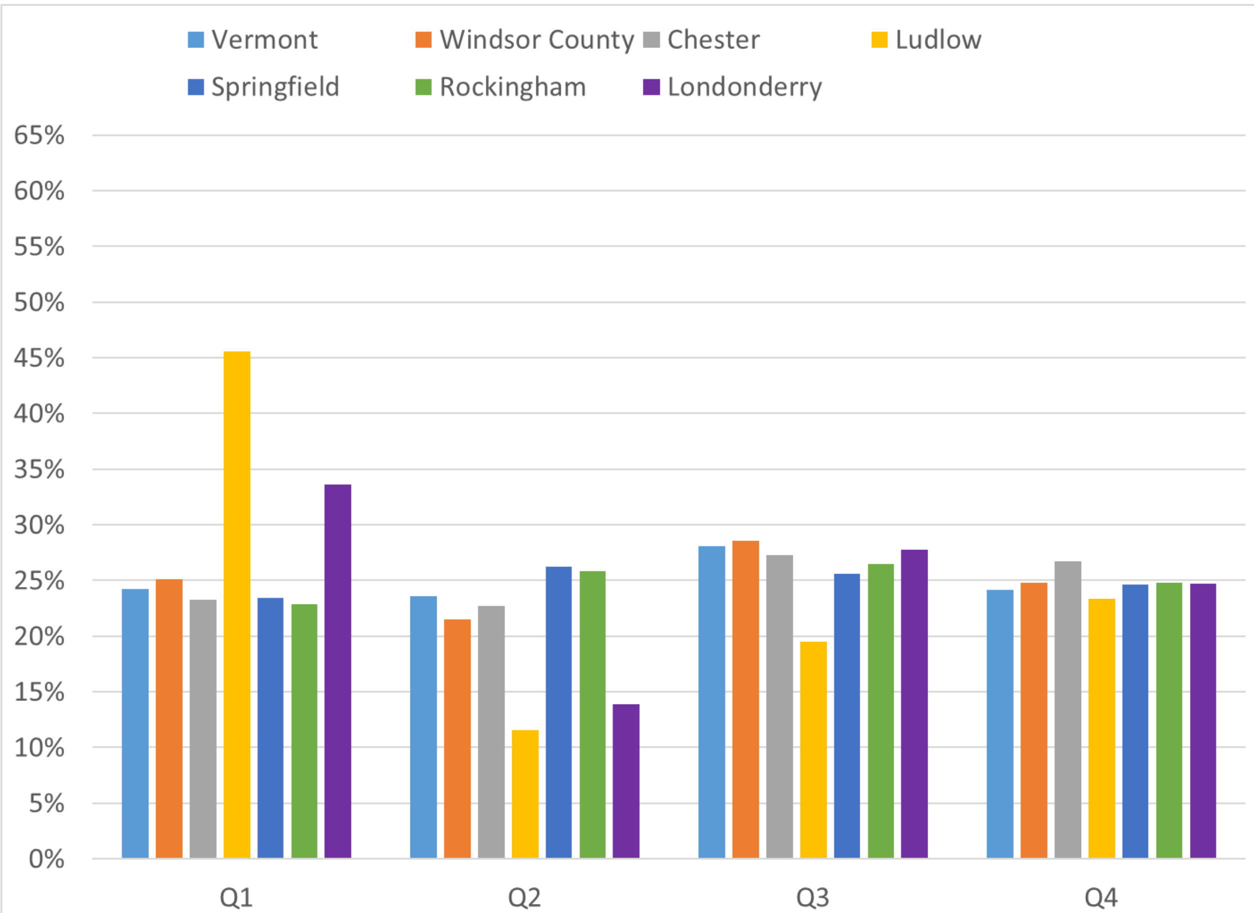


Source: State of Vermont, Department of Revenue; and ConsultEcon, Inc.

Meals

Taxable meal sales in Chester peak in summer, July through September, and are lowest between April and June.

Figure V-5
Average Quarterly Taxable Meals Sales, 2012 to 2015

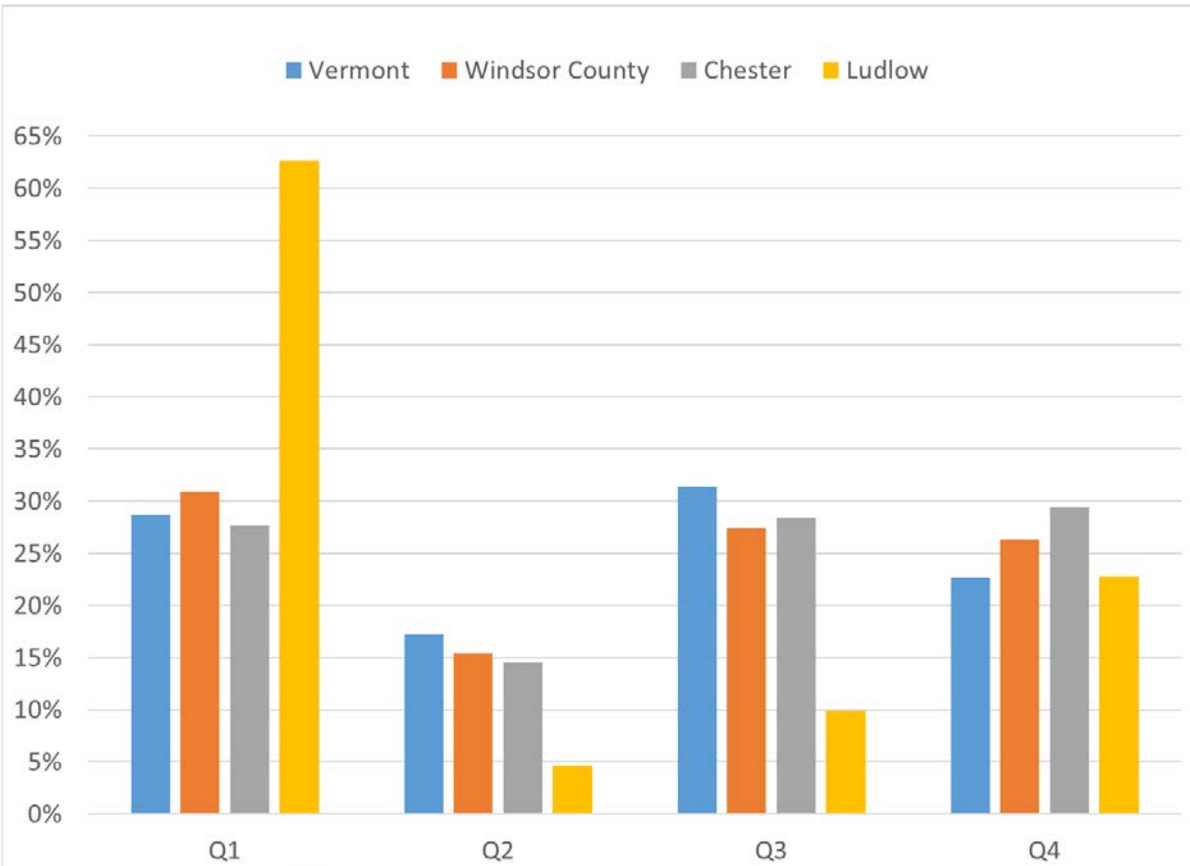


Source: State of Vermont, Department of Revenue; and ConsultEcon, Inc.

Lodging

Most taxable lodging sales occur in summer and winter. Spring, April through June, is the low season in Chester.

Figure V-6
Average Quarterly Taxable Lodging Sales, 2012 to 2015



Source: State of Vermont, Department of Revenue; and ConsultEcon, Inc.

Other Business, Employment and Sales Data

Other sources of business data on Town of Chester establishments include:

- The 2012 economic census observed 80 establishments in Chester. 51 businesses in 6 sectors reported $29.9 million in total receipts. 57 businesses in 7 sectors reported annual payroll of $8.3 million and 237 employees (average approximately 4 employees). The economic census includes non-employer establishments, those businesses that do not employ more than the business owner / family. However, the census suppresses receipts, payroll and employment for selected categories of businesses because of the small sample size and to maintain confidentiality of business data and so does not establish fully the total receipts.

- Although it does not line up with the Town's boundaries, Chester's zip code contained 131 establishments per the U.S. Census County 2014 County Business Patterns. County business patterns represent employers only and do not include non-employers.
- Non-employer statistics for Windsor County and Vermont - In 2014, there were 60,181 non-employers with receipts of $2.5 billion in the State of Vermont. In Windsor County, there were 6,125 non-employers with receipts of $255.5 million.

Summary

Chester retail and restaurant businesses capture a share of consumer spending, some of which "leaks" outside the defined Resident Market Area. In general, a positive sales gap indicates a potential opportunity for a new or expending business to capture more sales in its market area. A negative sales gap indicates strength in those sectors within the market area, that businesses are importing dollars from consumers that resident outside the market area. Negative sales gaps may also indicate the effect of tourist market segments.

In the Resident Market Area, businesses in five sectors draw more dollars than the resident households in the area are estimated to spend annually on retail trade and food services. These include: Food and Beverage Stores; Gasoline Stations; Miscellaneous Store Retailers; Sporting Goods; and, Hobby, Book, & Music Stores. All other sectors in the Primary Market Area have a leakage of consumer spending outside of the area. The top three include: General Merchandise Stores; Food Services and Drinking Places; and Motor Vehicle and Parts Dealers.

In the Primary Market Area, Chester businesses in two sectors, Gasoline Stations and Miscellaneous Store Retailers, draw more dollars than the resident households in Chester are estimated to spend annually on retail trade and food services. All other sectors in the Primary Market Area have a leakage of consumer spending outside of Chester. The top three include: Motor Vehicle and Parts Dealers; Food and Beverage Stores; and General Merchandise Stores.

Section VI
VISITOR MARKET

This section reviews the visitor or tourist markets in Chester. Chester's visitor market segments include:

- Visiting Friends and Relatives
- Overnight guests in commercial lodgings (inns, B&Bs, etc.)
- Overnight guests in second homes (Airbnb et al.)
- Day visitors staying in other Vermont towns
- Pass through visitors

Data in this section is drawn from tourism reports from the state of Vermont, as well as research into housing, accommodations and events in Chester. Reports include: *Benchmark Study of the Impact of Visitor Spending on the Vermont Economy: 2013* and *Vermont Tourism and Recreation Survey.* The survey was conducted between 2012 and 2014. For greater report clarity, the survey data has been presented as being from 2013, the midpoint of the survey period.

VERMONT TOURISM

Tourism is an important sector of Vermont's economy. Following is a review of statewide tourist statistics.

Visitor Volume and Visitor Spending

There were an estimated 12.8 million person trips to Vermont in 2013, the year with the most recently available data. As shown by data in **Table VI-1**, visitor spending in 2013 was estimated at $1.82 billion for an average of $142 per person trip. Vacation homeowners added an estimated $670 billion in spending. Visitor spending supported 30,000 jobs and $318 million in state fees and taxes.

Table VI-1
Annual Visitor Spending by Activity, 2013
State of Vermont

Actvitiy	Percent to Total	Spending (millions)
Lodging	23.6%	$430
Food & Beverage	22.0%	$400
Amusement/Recreation	16.5%	$300
Shopping	12.1%	$220
Gasoline	8.2%	$150
Groceries	8.2%	$150
Misc. Travel Expenses	7.7%	$140
Vehicle Rentals	1.6%	$30
Total [1/]	**99.9%**	**$1,820**

[1/] Does not total 100% due to rounding.

Source: A Benchmark Study of the Impact of Visitor Expenditures on the Vermont Economy: 2013. Prepared by the Vermont Department of Tourism & Marketing, December 2014; and ConsultEcon, Inc.

Day and Overnight Trips

Data in **Table VI-2** show the breakdown of visitor volume by type of visitors. Total person trips include 5.5 million (43%) overnight visitors; 5.0 million (39%) pass through day visitors and, 2.3 million (18%) day visitors.

Table VI-2
Day and Overnight Visitor by Type of Accommodations, 2013
State of Vermont

	Person Trips (in millions)	Average Length of Stay
Overnight Visitors		
Commercial lodging	1.6	4.4
Second homes	1.7	4.7
Friends and family	1.9	2.6
Campgrounds	0.3	3.3
Total Overnight	**5.5**	**3.8**
Day Visitors	2.3	1.0
Pass through visitors	5.0	1.0
Total Day and Overnight	**12.8**	

Source: A Benchmark Study of the Impact of Visitor Expenditures on the Vermont Economy: 2013. Prepared by the Vermont Department of Tourism & Marketing, December 2014; and ConsultEcon, Inc.

Overnight Travel

Over three quarters (79%) of visitors planned to spend at least one night in Vermont. More than half (53%) of overnight visitors stayed in commercial lodging, while 31% stayed in parks or campgrounds, 15% stayed with friends and family, 8% stayed in rental homes, and 3% stayed in second homes.

Spending by Visitor Type

Data in **Table VI-3** show the visitor spending by visitor type. Overnight visitors in commercial lodgings spent the most, on average $118 per person per day.

Table VI-3
Spending by Visitor Type, 2013
State of Vermont

Visitor Type	Per Person Trip	Per Person Per Day
Commercial lodging	$840	$118
Using second homes	$495	$62
Visit friends and family	$141	$48
Day trips	$67	N/A
Pass through visitors	$22	N/A

Source: A Benchmark Study of the Impact of Visitor Expenditures on the Vermont Economy: 2013. Prepared by the Vermont Department of Tourism & Marketing, December 2014; and ConsultEcon, Inc.

Visitor and Party Characteristics

Most visitors traveled in groups of two adults, most without children. Vermont visitors in 2013 had median household income of $87,500. Overall, 66.2 percent of visitors had visited Vermont before, and 56.6 percent anticipated returning again in one year.

Visitor Origin

Top states of origin of overnight visitors to Vermont included:

- New York – 25%
- Massachusetts – 14%
- New Jersey – 8%

- Florida – 7%
- Vermont – 7%
- Connecticut – 6%

  * 34%- of visitors are from "Other States."

Top states of second home owner primary residence

- Connecticut – 21%
- Massachusetts – 17%
- Vermont – 15%
- Other States – 15%
- New York – 13%
- New Jersey – 9%
- Florida – 7%

Trip Influence and Planning

Visitors were most influenced to visit Vermont by friends and family. Nearly two-thirds of visitors to Vermont in 2013 indicated that friends and family influenced their decision to travel to Vermont. Other important influences included websites, brochures and magazine articles. Approximately one third of visitors use friends and family sources for trip planning. The same proportion of visitors uses print media and websites for trip planning. The most informative sources of print media were brochures and magazine articles.

Visitor Activities

As shown by data in **Table VI-4**, popular visitor activities include sightseeing, shopping, dining, historic sites/museums and farms/farmer's markets.

Table VI-4
Popular Visitor Activities
State of Vermont

Table 4. Popular visitor activities.

	State Parks	*Welcome Centers*	*Attractions*	*Overall*
	Percentage of visitors participating			
Sightseeing	60.0	59.5	85.8	72.8
Shopping	25.9	33.7	56.9	42.9
Food & drink experiences	32.9	30.1	48.0	39.1
Historic sites/museums	22.5	21.3	53.1	36.6
Farms/farmer's markets	30.8	25.5	41.5	34.8
Hiking/backpacking	66.6	19.7	27.7	33.7
Viewing wildlife	44.2	14.4	27.3	27.0
Canoeing/kayaking	41.5	6.1	11.4	16.3

Note: Surveys were collected at State Parks, Welcome Centers and Attractions. Therefore, survey responses are representative of tourists that visit these locations. Source: *Vermont Tourism and Recreation Survey, 2014.*

Intended Purchases of VT Travelers

Data in **Table VI-5** show the intended purchases of Vermont travelers. Over half of travelers intended to purchase VT products, dining and fuel. Over one third of travelers intended on purchasing gifts, admissions, and groceries.

Table VI-5
Intended Purchases in Vermont

Table 5. Intended purchases in Vermont.

	State Parks	*Welcome Centers*	*Attractions*	*Overall*
	Percentage of Visitors			
VT Products	45.7	41.3	75.0	58.4
Dining	43.2	36.6	62.3	50.2
Gifts	18.3	25.9	50.6	36.1
Admission fees	33.4	15.6	48.7	35.1
Groceries	65.8	25.4	36.0	39.2
Clothing	16.8	18.1	25.9	21.5
Antiques	5.0	11.5	9.9	9.4
Fuel	63.0	39.3	55.8	52.2
Outdoor supplies	31.0	11.6	6.2	13.3
Lift tickets/ski passes	3.1	9.3	4.8	5.8

Note: Surveys were collected at State Parks, Welcome Centers and Attractions. Therefore, survey responses are representative of tourists that visit these locations. Source: *Vermont Tourism and Recreation Survey, 2014.*

Repeat Visitation to Vermont

Data in **Table VI-6** show Vermont travelers expect to return. Most visitors plan on returning within 1 year.

Table VI-6
When Visitors Expect to Vacation in Vermont Again

Table 9. When visitors expect to vacation in Vermont again.

	State Parks	*Welcome Centers*	*Attractions*	*Overall*
	Percentage of Visitors			
Within 1 year	79.4	57.0	45.7	56.6
Within 2 years	7.9	14.8	14.8	13.1
Within 3 years	1.4	3.6	4.2	3.4
Don't know	11.0	23.8	34.8	26.4
Never	0.3	0.8	0.6	0.5

Note: Surveys were collected at State Parks, Welcome Centers and Attractions. Therefore, survey responses are representative of tourists that visit these locations. Source: *Vermont Tourism and Recreation Survey, 2014.*

CHESTER TOURISM

Relative to other communities in the area, Chester is not a primary tourist destination. Nonetheless Chester contains a variety of tourist oriented businesses, a new excursion train operation, and historic architecture and destination dining, that support the regional tourism economy.

Chester Lodging Inventory

Chester's accommodations base includes a mix of small inns and beds and breakfast properties. Data in **Table VI-7** show inventory of lodging in Chester. There are 10 lodging establishments, with 86 total rooms. In addition there is a campground with 32 sites. Based on discussions with several lodging owners, there are reportedly several lodgings that are for sale, including the Fullerton Inn, the largest property in Chester and a downtown anchor.

Table VI-7
Chester Lodging Inventory

Name	Address	Rooms	Rates
Fullerton Inn	40 the Common	20	$129 - $209
Motel in the Meadow	936 Route 11 West	12	$76 - $126
Stone Hearth Inn and Tavern	Route 11 West	10	
Henry Farm Inn	2206 Green Mountain Turnpike	9	$115 - $180
Inn Victoria	321 Main St	9	$130 - $280
Chester House Inn	266 Main St	7	$129 - $209
Hugging Bear Inn and Shoppe	244 Main St	6	$119 - $159
Old Town Farm Inn	655 Vermont Route 10	6	
Karass House Inn	225 Pleasant Street	4	$99 - $149
Rose Arbour B&B	55 School Street	3	$95 - $165
Hidden Valley Campgrounds	1924 Mattson Rd	32	
Total		**118**	

Source: Lodging websites; Chester Vermont Innkeepers Association; tripadvisor.com; bedandbreakfast.com; and ConsultEcon, Inc.

Seasonal Units

Chester has a growing base of seasonal housing. This housing is for second home owners, their guests and other out of town renters. Data in **Table VI-8** show the trend in seasonal units in Chester and in nearby towns.

Table VI-8
Seasonal Units in Chester and Surrounding Towns
Chester, VT Village Plan

	Housing Units				Seasonal Housing Units				Percent Seasonal	
	2000	2010	Change	Percent Change	2000	2010	Change	Percent Change	2000	2010
Andover	347	408	61	17.6%	118	174	56	47.5%	34.0%	42.6%
Cavendish	860	965	105	12.2%	191	303	112	58.6%	22.2%	31.4%
Chester	***1,611***	***1,793***	***182***	***11.3%***	***250***	***317***	***67***	***26.8%***	***15.5%***	***17.7%***
Grafton	434	486	52	12.0%	106	146	40	37.7%	24.4%	30.0%
Ludlow	3,001	3,285	284	9.5%	1,873	2,195	322	17.2%	62.4%	66.8%
Rockingham	2,425	2551	126	5.2%	84	122	38	45.2%	3.5%	4.8%
Springfield	4,232	4,324	92	2.2%	106	134	28	26.4%	2.5%	3.1%
Weathersfield	1,315	1,427	112	8.5%	108	102	-6	-5.6%	8.2%	7.1%
Windham	354	396	42	11.9%	182	198	16	8.8%	51.4%	50.0%
Total	**14,579**	**15,635**	**1,056**	**7.2%**	**3,018**	**3,691**	**673**	**22.3%**	**20.7%**	**23.6%**
Vermont	***294,382***	***322,539***	***28,157***	***9.6%***	***43,060***	***50,198***	***7,138***	***16.6%***	***14.6%***	***15.6%***

Source: U.S. Census 2000 and 2010; and ConsultEcon, Inc.

Airbnb

Increasingly, websites like Airbnb have enabled second and first homeowners in Chester to easily offer space in their homes for short-term rent. Airbnb in October 2016 agreed to collect lodging tax on rooms and this may impact the trend in taxable lodging sales. A scan of Airbnb listings for a January weekend indicated 21 accommodations (a mix of rooms and houses) available in Chester for an average of $205 per night and approximately 173 rooms within a 25-minute drive time of Chester for an average of $355 per night.

Chester Attractions and Events

Chester Village Center is an important venue for destination and community oriented events. Its historic architecture is distinctive, and the Common and Green lend themselves to community events. The village is unique and well preserved which makes for a distinctive shopping area and a nice backdrop for events and recreation. The Village Center also contains historic attractions, visitor information and the most walkable shopping area in Chester.

Local Attractions

- Village Green
- Excursion trains in the Historic Depot
- Visitor Information Center
- Chester Historical Society

Current Events

- Fall Festival (September) – arts, crafts and food
- Winter Festival (February)
- Big Buzz (October - moved to Cavendish in 2016, will it return in 2017?)
- Music in the Meadow (June)

Past Events / Opportunity for Revival????

- Farmers Market – regional demand question, saturated markets
- Green Mountain Festival – music, performance
- Performing arts – theater market competition
- Other?
- Second Homeowners and guests

Visiting Friends and Family

The State of Vermont estimates that there were 1.9 million visiting friends and family to Vermont that stayed an average of 2.6 days and spent an average of $141 on their trip in 2013. Based on Vermont population estimates, there were an average of 3 VFRs, 3 per state resident. Based on Chester's 45-minute drive time population and assuming the statewide average, there are an estimated 300,000 VFRs in Chester's market area annually.

Overnight Guests in Lodging Properties

Per state tourist data, overnight guests in 2013 stayed an average of 4.4 days and spent an average of $840 during their trip. There are an estimated 86 rooms in lodging establishments in Chester. The Okemo Valley Chamber of Commerce estimates its 9-town region contains space for 8,095 heads in beds per day. Assuming 100% occupancy, supply would translate to almost 3 million heads in bed nights. Assuming the volume of overnight travelers ranges from 25% to 50% occupancy, bed head nights annually would range from 750,000 to 1.5 million. With an average length of stay of 4 nights based on state average for overnight lodging, the number of visitors to the Okemo Valley would range from 188,000 to 375,000 annually, with a mid-range of 281,500.

Seasonal Housing Units

There were 317 seasonal housing units in Chester, about 18 percent of total housing units in Town, slightly higher than the statewide average of 15 percent. Nearby towns of Ludlow, Andover, Cavendish, Grafton, and Windham have a higher percentage of their housing stock in seasonal units. The State of Vermont estimates that there were 1.7 million second home visitors in 2013 that stayed an average of 4.7 days and spent an average of $495 during a trip. Dividing the total second home visitors by the total number of seasonal units in the state of Vermont in 2010 equals approximately 33 visitor trips to Vermont per seasonal unit. Assuming that visitation to seasonal units is spread evenly among seasonal units across the state, then there are approximately 122,000 visitors in seasonal homes in Chester and other nearby towns that collectively contain almost 3,700 seasonal units.

Data in **Table VI-9** summarize selected tourist segments and average trip spending to derive total tourist spending potential that is proximate to Chester. The table also shows the distribution of spending by type of spending.

Table VI-9
Tourist Spending Potential Proximate to Chester

	Annual Person Trips	Average Spending Per Trip	Total Spending Potential
Visiting Friends and Relatives	300,000	$141	$42,300,000
Overnight Guests in Lodging Properties	282,000	840	236,880,000
Seasonal Housing Units	122,000	495	60,390,000
Total	**704,000**		**$339,570,000**

Type of Spending	Percent To Total	Spending by Type
Lodging	23.6%	$80,138,520
Food & Beverage	22.0%	74,705,400
Amusement/Recreation	16.5%	56,029,050
Shopping	12.1%	41,087,970
Gasoline	8.2%	27,844,740
Groceries	8.2%	27,844,740
Misc. Travel Expenses	7.7%	26,146,890
Vehicle Rentals	1.6%	5,433,120
Total	**99.9%**	**$339,230,430**

Source: State of Vermont, U.S. Census Bureau, and ConsultEcon, Inc.

Summary

Relative to other communities in the area, Chester is not a primary tourist destination. Nonetheless, it contains both a variety of tourist oriented businesses and access to large tourist markets in the region. It is proximate to Interstate 91 and close to Okemo Mountain ski resort and second home communities in nearby towns. In Chester, touristic assets include a new excursion train out of Chester Depot, historic architecture, small scale lodgings, destination dining, and identity that is positioned by the primary destination marketing organization in the region, the Okemo Valley Chamber of Commerce, as the place in the region for arts and antiques. Certainly, the regional tourist market and key destinations such as Okemo Mountain in Ludlow, other ski resorts in southern Vermont and, the Vermont Country Store in Rockingham and Weston create pass through traffic.

Based on an analysis of state and local tourism data, the tourist market in the Chester Area has approximately 700,000 overnight person trips by visiting friends and relatives, overnight guests in lodging properties and second home owners. These tourists represent an estimated $340 million in potential consumer expenditures in the Chester Area.

Day visitors from less proximate areas of Vermont and tourists passing through Chester are also a market segment, but would overlap with estimates of overnight visitors, especially those passing through Chester and staying overnight in Ludlow and skiing at Okemo Mountain. While Okemo Mountain visitation is most dominant, the monthly trends in lodging, retail and meals would indicate that non-Winter periods are more important to Chester's tourism oriented businesses than the Winter season. Chester's economy, although smaller overall, is more diversified than Ludlow's and other Towns that are more heavily reliant on tourism than Chester is.