

# Malletts Bay Redevelopment Market Assessment

May 22, 2014

*Prepared For:*

Town of Colchester, Vermont

*Prepared By:*



## I. INTRODUCTION AND SCOPE

### a) Town's Process

The Town of Colchester is currently working with several consultants, including White + Burke Real Estate Investment Advisors (W+B), to evaluate the potential use and development of approximately 50 acres of town owned land near the intersection of Blakely Road and West Lakeshore Drive on Malletts Bay (the “subject properties”). As the owner of these strategically located subject properties, the Town is in a unique position to influence and promote redevelopment of the Malletts Bay/West Lakeshore Drive area in keeping with the Town Plan. The team of consultants is specifically studying market demand, build-out potential, and the environmental characteristics and constraints of the subject properties. The Town will utilize the information and results of these studies to determine how best to use and develop the subject properties and create a conceptual master plan for future development and use.

### b) W+B Scope of Work

White + Burke was retained by the Town of Colchester to conduct an assessment of market demand and identify a range of uses for the subject properties that could be reasonably supported by the market. This report provides a summary of W+B's market research and includes specific recommendations relating to: 1) a range of uses that could be reasonably supported by the market for new development, 2) an overview of the strengths, weaknesses, opportunities and threats (SWOT) related to the project study area and subject properties that could impact development potential, and 3) recommended next steps to more thoroughly evaluate and determine the extent to which responsible and economically viable development can take place.

### c) Sources & Process

For this study, our market research and recommendations are based on:

- Limited review of readily available information relative to the region, project area and subject properties, including but not limited to, the Allen and Brooks Report (market demand and development trends), data published by the U.S. Census Bureau and State of Vermont Department of Taxes, studies and statistics by the Chittenden County Regional Planning Commission, and various Town of Colchester plans and studies;
- Interviews with residential, commercial and hotel developers, real estate professionals, business owners and commercial property owners from the Chittenden County area;
- Discussions with Town Staff including Economic Development, Planning and Zoning, Public Works, and Parks and Recreation Departments, and Fire District #2
- Visits to the subject properties and project study area, and

- W+B's real estate investment experience and expertise.

**d) Disclaimer**

This market review has been prepared for the sole use of the Town of Colchester (the “client”) to provide said client with an overview and introduction to some of the market factors which influence future development opportunities on the 50 acres of Town owned land near Malletts Bay (the “subject properties”), and for no other purposes whatsoever.

Information contained in this report is based primarily on W+B's limited review of readily available information relative to the subject properties and interviews with local real estate experts and business owners. Further research might reveal additional information or lead to a different understanding of known information which could substantially alter the analysis and conclusions herein. A comprehensive market analysis and development feasibility study is far greater in scope and depth than this overview and assessment. Substantial additional research and analysis would be required before judgments could be made with confidence about the feasibility of any specific contemplated development project.

This market overview and assessment has been based upon various assumptions relating to the general economy, competition and other factors beyond W+B's reasonable control, and therefore, is subject to material variation. W+B strongly recommends that the client conduct further research before significant financial or other commitments are made relative to the subject properties.

## **II. PROJECT AREA AND MARKET DEMAND OVERVIEW**

**a) Project Area Description**

With spectacular views of the bay and numerous recreational opportunities devoted to Lake Champlain, the Town of Colchester has long seen Malletts Bay and the West Lakeshore Drive neighborhood as a special place in the community. Several plans and studies prepared over the years have recommended strategies to encourage appropriately scaled mixed use development, improve traffic safety and pedestrian access, and enhance this area of the community as a recreation destination and gathering place for residents and visitors alike. The recently adopted Town Plan states the following for the West Lakeshore Drive neighborhood:

“This area should be a focal point for tourism and recreation. Commercial uses in this area serve recreational activities, local residents and regional commuters. The neighborhood should be improved to better provide services and recreational access for residents and tourists.”

For purposes of this study, we generally describe the project study area as extending from the municipal complex on Blakely road west along West Lakeshore Drive to Prim Road and including

the surrounding residential neighborhoods, businesses and community oriented facilities (see attached map). This area currently consists of the following:

- **Development Pattern** - The project study area is relatively dynamic with a wide mix of uses and natural features including the Town municipal complex and police station, three public schools (high school, middle school and elementary school), athletic fields, Bayside Park, several marinas and boat clubs, a public boat access, several small scale retail strip centers and small scale office buildings, and the Hazelett manufacturing facility.
- **Utility Infrastructure** - The project study area is not currently served by municipal sewer, and there are no official approved plans to extend sewer into the area at this time. Fire District #2 is currently exploring the feasibility of extending sewer from the City of Burlington to the project study area with an initial allocation of 350,000 gallons per day. The amount of allocation that would be available for future development on the subject properties is unknown at this time. The Fire District #2 is currently exploring federal funding opportunities and anticipates bringing the issue to a bond vote in November, 2015. The project study area is currently served by municipal water and natural gas.
- **Vehicular and Pedestrian Accessibility** - The east and west ends of the project study area are connected and served by only one road, West Lakeshore Drive, which carries approximately 15,000 vehicles per day. The Vermont Department of Transportation (VTTrans) has plans to improve the intersections of Prim Road/West Lakeshore Drive and Blakely Road/Laker Lane as recommended by the CIRC Alternatives Task Force. These projects are currently scheduled for construction in FY 2019. A sidewalk exists on one side of West Lakeshore Drive and a multi-use/bicycle path exists only in the eastern section of the project study area. The project study area is not currently connected to the regional bicycle path system serving Burlington, the Colchester Causeway and South Hero.
- **Natural Features** – Natural features and environmentally sensitive resources are prevalent in and near the project study area. These include Malletts Bay where water quality is of critical concern for swimming and other recreation. The area is also home to sandplain communities which are considered by the State Agency of Natural Resources to be a potentially rare natural community worthy of conservation.

The subject properties consist of the following parcels:

- Bayside Park – lower parcel with lake frontage on Malletts Bay and upper parcel fronting West Lakeshore Drive – 22 acres;
- The “Bayside Hazelett” parcels bordering Malletts Bay, East Lakeshore Drive and Blakely Road – 14 acres;
- Southwest corner of Blakely Road and Laker Lane – 12 acres (currently part of the School property); and

- Southeast corner of Blakely Road and Laker Lane – 4 acres (currently part of the School property).

Bayside Park and the Bayside Hazelett parcels offer approximately 950 feet of lakeshore frontage on the bay.

#### **b) Market Demand Overview**

In order to assess market demand at the sub-regional level, such as for the Malletts Bay/West Lakeshore Drive trade area, it is important to understand market trends affecting the region as a whole, as well as the key attributes that influence where new development is likely to occur. These attributes can have varying degrees of influence depending on the use or development type, and generally include:

- Location in relation to density of population and employment (e.g., is a significant portion of the region’s population within a reasonable drive time?),
- Historical or planned dense development patterns (e.g., is there or will there be a “critical mass” of density and activity),
- Accessibility (e.g., how easy is it to get to?), and
- Availability of infrastructure including roads, water, wastewater, gas, and telecommunications.

While demand for a certain use may be strong at the regional level, demand at the sub-regional level may not necessarily be strong if it is missing one or more of the key factors listed above. Similarly, if demand for a certain use is low at the regional level, demand at the sub-regional level is also likely to be low. However, those sub-regional trade areas with the attributes listed above will be at an advantage to attract what limited development may be occurring for that low demand use.

The primary development hubs in Chittenden County for commercial, industrial and residential development are located in areas that contain most if not all of the key elements outlined above. These hubs include downtown Burlington, South Burlington, Essex, Taft Corners in Williston and Exit 16 in Colchester. These areas are easily accessible to the interstate highway system, are relatively close in proximity to Burlington International Airport, and in the case of downtown Burlington, Essex and even Taft Corners, have an established “critical mass” of development and activity that attracts people, customers, employees and new investment.

In general, it is anticipated that most new development in the region that relies on a regional draw or convenient access to the interstate, particularly commercial and industrial, will continue to occur in and around the existing development hubs due to their strategic locations and development patterns. This is particularly true for national and larger scale retailers, larger Class A office buildings and industrial/warehouse facilities. Some new commercial and industrial development will occur outside of these primary development hubs in other sub-regional trade areas, but the

intensity and types of development will depend largely on individual and sometimes unique characteristics of the trade area, user, and developer/investor.

Residential development, on the other hand, is somewhat less dependent on the locational attributes described above. As a result, the location of new residential, both single family and multi-family, is much more flexible and is likely to occur in many more sub-areas of the Chittenden County region.

### III. FINDINGS

#### a) General Market Demand

##### *Chittenden County*

Our research reveals the following regional market trends for residential, retail, office, and hotel. We chose not to address the industrial/warehouse market in this study as this type of use is not called for in the Town Plan (with the exception of expansion to the existing Hazelett facility) and Town staff has not expressed a desire to see the subject parcels developed with industrial or warehouse uses.

- Residential – Residential typically includes a range of housing types from single family, multi-family, elderly, and market rate, to low income, rental, and owner occupied.

Interviews with local residential developers as well as research by Allen & Brooks indicates that the residential rental market is expected to remain strong for the next few years. Even with significant new apartment construction over the past two years, the apartment rental market remains tight. With high tenant demand, low mortgage rates, and available financing, apartments are still considered a comparatively low risk investment<sup>1</sup>. The improving economy and low interest rates have also contributed to an increase in sales of single family homes. Demand for new single family homes is expected to grow at a relatively modest level for the foreseeable future especially in desirable bedroom communities.

- Retail – Retail is defined as the sale of goods or commodities directly to customers. It usually includes food products, hard or durable goods, soft good or consumables, and arts. They can include large scale, department and big box stores, specialty stores, boutiques, supermarkets, restaurants, malls, and locally owned stores to name a few. Department stores, big box stores and malls are typically located with other complementary development and will serve a larger regional area.

---

<sup>1</sup> Allen & Brooks Report December 2013

The County's retail vacancy, including the suburban sector, has been relatively stable in recent years and is currently at historically low levels compared to the historic average vacancy rate<sup>2</sup>. The retail market is presently undersupplied, relative to historic trends, and new retail development is expected to grow at a relatively modest level. Improving economic conditions and higher retail spending is facilitating increased development activity of retail establishments.

- *Office* – Office space is often classified in three categories Class A, Class B and Class C. Class A office space typically have high quality finishes and state of the art systems. Class B office space typically has adequate systems and good finishes for a wide range of users with average rents. Class C office space is typically functional space at rents below the average for the area. It can be leased, owner occupied, or rental. Class A office space is typically located in more urban areas where there is typically more demand.

Research on the office market reveals that office vacancy rates, particularly in the suburban sector, are returning to peak levels observed at the height of the recession, indicating a significantly over supplied market<sup>3</sup>. The office market is expected to remain oversupplied for the next few years.

- *Hotel* – Hotels can come in many different types ranging from full service and upscale, historic inns and boutique hotels, resort hotels, to economy and limited service. Full service and upscale hotels are typically located in more urban areas catering to a larger population. Historic inns, boutique hotels and smaller scale hotels are usually smaller independent hotels that provide a ranges of services.

A significant number of new hotel rooms have been added to the region in recent years including the Courtyard Marriott and Hotel Vermont in Burlington, and the Residence Inn at Exit 16 in Colchester. Two new hotels are currently under construction including the Hilton Garden Inn in downtown Burlington and Homewood Suites at Exit 14 in South Burlington. Even with this recent surge in new supply, industry experts predict that hotel demand in the county will remain strong or stable for the foreseeable future.

In summary, regional market demand over the next few years is expected to remain strong or stable for residential, retail and hotel use. The office market is currently oversupplied and is expected to remain so for the foreseeable future.

### ***Malletts Bay / West Lakeshore Drive (Project Study Area)***

Our research points to the following market demand trends for the project study area:

---

<sup>2</sup> Allen & Brooks Report December 2013

<sup>3</sup> Allen & Brooks Report December 2013

- Residential – Based on interviews with local residential developers and review of regional market data, there appears to be strong demand for new residential development in the project study area. This includes all types of residential including multi-family rental, multi-family owner occupied, and single family; both affordable and market rate. Proximity to the lake and schools, as well as being located within a 15 minute drive to major employment and shopping areas, makes the project study area very attractive for residential development.
  
- Retail and Office – As discussed earlier in this report, large scale and big box retailers and Class A office space are likely to locate in more densely developed and accessible areas of Chittenden County and, as such, are highly unlikely to locate in the project study area. Even for all other types of retail and office use, including but not limited to, smaller national chains, small scale independently owned shops, specialty retail, restaurant and services (e.g., financial, legal, health care, etc.), demand in the project study area has been very soft for many years and is not expected to change in the foreseeable future. The project study area has seen consistent turnover in retail and office space users, and there has been very little, if any, new development or expansion in at least the last 10 to 15 years. Today, there are several retail and office space vacancies including two vacant end-caps at Harborview Plaza on the corner of West Lakeshore Drive and Prim Road, several vacant office condominiums at 85 Prim Road, and vacant retail and office space at the 97 Blakely Road retail/office center. The challenges facing retail and office demand in the project study area can be attributed to:
  - Location and Accessibility: the area is somewhat isolated and removed relative to major population and employment centers and accessibility to the interstate and state arterial system.
  
  - Density: the area is comparatively low density in terms of residential and employment populations, and as a result, the local population base alone is insufficient to support significant retail and office use on a year round basis.
  
  - Nearby established retail and office nodes: the area population base is already sufficiently served by existing nearby retail and office nodes, such as Exit 16, the Ethan Allen Shopping Center on North Avenue, and even downtown Burlington. Any new retail or office development in the project study area would have to compete directly with these existing centers for the limited local population base.
  
- Hotel – Similar to retail and office, demand for hotel is considered to be low due to the project study area's location in the region, particularly for name brand hotels and similarly sized independent hotels. Name brand and similarly sized independent hotels are heavily dependent on business travelers. Industry experts revealed that these types of hotels are unlikely to locate in this area due to its location relative to the interstate, regional employment centers and nearby more strategically located competition in Burlington,

South Burlington and Exit 16. While the project study area experiences significant increases in lake related traffic during the summer months, there does not appear to be enough leisure or tourist demand alone to support these types of hotels on a year round basis.

Industry experts indicated that a smaller seasonal independent hotel or inn would likely face certain challenges operating in the project study area, however they were unable to advise on whether such a hotel or inn is likely to succeed without conducting a comprehensive feasibility analysis. Seasonal hotels and inns are highly specialized and require a number of critical elements be present in order to succeed, which for this area would include exceptional views and access to the lake, attractive grounds, meeting and banquet space, abundant recreational activities, and nearby shopping and restaurants. Determining the feasibility of a seasonal hotel or inn in the project study area would require a more comprehensive analysis conducted by an expert that specializes in the small hotel and inn industry.

- *Recreation* – Our research finds there is demand for additional recreation-oriented uses in the project study area. Interviews with local marina owners, Town staff and boat owners reveal there is a strong demand for additional dock and mooring space in the bay. Also, based on discussions with the Town’s Department of Parks and Recreation, there appears to be demand for additional athletic fields, including turf fields which are in high demand at the regional level.

Our discussions with Town Staff and local business owners indicated there is interest in the Town for a community center. A community center is typically a public location for a community to gather. It can range from a place for community events and meetings, to a recreational facility with specific functions. It can be community or government owned to a public / private partnership arrangement to space for commercial or business rentals. There is a local community center committee that has been involved in the initial planning for a community center over the past several years.

We understand this committee is working on a survey that will soon be distributed to residents of Colchester to help determine what the community center should include. A community center is a highly specialized use, which would require a more comprehensive and detailed analysis to determine the feasibility versus the desirability of uses, and assess the funding and operating options, and is beyond the scope of this study. We recommend the Town retain an expert that specializes in conducting feasibility analyses for not-for-profit community centers. This study should examine the demand for a wide range of potential uses, as well as the operating costs and potential operating income to support those uses.

While the project study area is at somewhat of a locational disadvantage from a regional perspective, this is not to say there is no potential for new development. The most obvious

potential is for additional residential development, both multi-family and single family. With respect to commercial development, there is an existing year-round population and employment base, though relatively low, that demands services. The 15,000 vehicles traveling West Lakeshore Drive every day also creates demand for services and products. The municipal complex, high school, middle school, and elementary school along with their athletic facilities, and Bayside Park all draw people to the area throughout the week. A new community center being contemplated on the subject land, if it happens, could also add to the vitality of this unique community oriented node. Finally, the tremendous recreational opportunities offered by the lake, marinas, boat clubs, and public boat access create sizable demand particularly during the late spring, summer and early fall months. Leveraging the demand generated by a combination of lake oriented activities, the municipal/school facilities, and nearby population base along with strong demand for residential could create opportunities for new growth and development in the project study area.

**b) SWOT (Strengths, Weaknesses, Opportunities and Threats)**

The project study area, including the subject parcels, presents several strengths, weaknesses, opportunities and threats related to demand for and feasibility of new development. These SWOT's are summarized below.

*Strengths*

- Proximity and access to Malletts Bay and beautiful lake views.
- Approximately 950 feet of lakeshore frontage at Bayside Park and the "Bayside Hazelett" parcel.
- Population increase during summer months from tourists, boat owners and summer camp dwellers.
- Proximity to existing municipal and school community complex.
- Desirable bedroom community to nearby employment and shopping centers.
- Deep sandy soils to support individual or community septic system(s).

*Weaknesses*

- Lack of sewer infrastructure to support higher density development and heavy water users (e.g., high density residential, restaurants and hotels).
- Limitations of current road network.
- Lack of continuous and safe pedestrian and bicycle connections.
- Seasonal nature of the trade area with low year-round residential and employment populations.
- Isolated location relative to interstate access, major population and employment centers.
- Lack of historic or traditional village core.
- Town owned land not fully contiguous - separated by busy roads and several privately owned commercial and residential properties.

### *Opportunities*

- Leverage access to and views of lake and lake oriented activities.
- Sufficient land area to master plan a development/use that creates an identity and gathering place for residents and visitors.
- Coordination with existing municipal, school, athletic and recreational facilities.
- Improved connection of this area to the nearby regional bicycle path system.
- Additional market demand generated by new residential development, additional dock and mooring space, and other new recreational facilities.

### *Threats*

- Costs to provide necessary infrastructure to support new development – sewer/septic, intersection improvements, road relocations, and pedestrian/bicycle facilities.
- Costs and permitting challenges to mitigate potential environmental impacts such as rare, threatened and endangered species; and sand plain communities.
- Insufficient demand to support significant retail, office or hotel development.

## **IV. CONCLUSIONS AND NEXT STEPS**

### **a) Uses Not Supported by the Market**

From a market perspective, there is insufficient demand in the project study area to support new retail or office development of any significance, or a name brand hotel, on the subject properties. This is primarily due to the project study area's low population base and isolated location relative to the interstate and region as a whole. This situation is likely to continue until such time as sufficient additional demand is generated from either inside the project study area or from outside the project study area. New demand from inside the project study area could be from new high density residential development. New demand from outside the project study area could be from additional boaters using a new marina or athletes and fans visiting additional athletic fields. In any event, the feasibility of supporting new retail or office development would need to be further assessed as new development occurs and demand increases.

### **b) Recommended Uses for Subject Parcels**

Our assessment of market demand and consideration of the SWOT's identified above reveal the following uses as likely to be supported by the market for development/use on the subject parcels:

- *Residential* – There is strong demand for residential development in this area due to its proximity to the lake, schools, recreational facilities and reasonable commuting distance to regional employment and retail centers. Our research shows that the market could support multi-family rental, multi-family owner occupied as well as single family. Residential development could include higher end housing particularly if it is placed to take advantage of the views of the bay. The density of residential units and exact placement will depend

on further study to identify septic/sewer capacity and other regulatory limitations including protection of rare, threatened and endangered species; sand plains communities, etc.

- *Recreation-oriented Uses* – By leveraging the spectacular views, lake front access, and nearby athletic and recreational facilities, we see an opportunity to enhance the project study area and subject parcels as a recreation destination for water based and other athletic activities and events. Recreation oriented uses that could likely be supported from a market demand perspective include a marina, perhaps Town owned or contracted to a private operator, and additional athletic fields (e.g., turf fields with lights for hosting local and regional events). Other uses that would fit in well with efforts to promote the subject parcels as a recreation destination include some type of community event space and/or a community center, however these uses would require more comprehensive analysis to determine demand and feasibility. The recreation oriented uses identified above are particularly attractive as they have the potential to generate additional demand from outside the immediate trade area. Capitalizing on the interrelationship of water based and land based activities will require a project layout that promotes improved physical and visual connections between the lake and other areas of the subject parcels. It is conceivable that increased demand and improved physical and visual connections to the lake could further lead to and support other recreation related business opportunities such as boat, kayak and paddle board rentals; bicycle rentals; and possibly even a seasonal lake front restaurant. One idea suggested by a local developer in keeping with this theme is for the Town or school to construct one or two turf fields with lights. Turf fields are in very high demand for soccer, lacrosse, field hockey, and rugby teams from all over the region and could provide another revenue stream for the Town.

#### c) Possible Uses for Subject Parcels

Provided below are uses that could possibly be supported by the market for new development in special circumstances and under certain conditions.

- *Ancillary Small-scale Retail and Office Uses* – While market demand for general retail and office use is expected to remain extremely soft, there may be an opportunity to develop small scale retail and/or office space as part of a larger, master planned development, particularly as residential densities increase and visitor volumes grow over time. **Such development opportunity would be very specific and ancillary to the primary drivers of the larger development and would require further analysis to determine if it would be economically viable.** For example, a development that includes higher density housing and marina may see enough additional demand to support small scale retail use such as a lake front restaurant, coffee café or bicycle shop. Another example of possible small scale ancillary development involves Fletcher Allen, who has expressed a desire to possibly expand their health care facility on Blakely Road or relocate to a larger facility. This type of very specific office tenant could be identified early in the process and incorporated into a larger or master planned development. It is

important to note that this type of retail or office use would be purely ancillary and opportunistic, and therefore, should not be considered a driver for new development on the subject parcels.

With the exception of a purely residential development, a project of any significance that involves a private development partner may require direct participation and incentives from the Town to help make it economically viable. Such participation and incentives could be in the form of funding necessary infrastructure improvements, obtaining federal/state funding, or donating land at no charge. There are many examples across the state where revitalization in a community took place only when the municipality got involved to help make private investment economically feasible. The Town's leadership in this type of effort will better ensure that the final product truly serves the needs and desires of the Colchester community.

#### **d) Next Steps**

This report presents a baseline recommendation of the uses that in our opinion could be supported by current and near term market demand. More detailed analysis will be necessary to determine the feasibility of developing the subject parcels for any specific use recommended in this report. This includes identifying potential environmental and political constraints affecting the subject parcels, preparing strategies to mitigate potential environmental impacts, and determining the economic viability of potential development. Provided below are recommended next steps, many of which we understand are already being worked on or have recently been completed by the Town.

1. Wastewater Capacity – The Town should retain an engineer to determine the maximum septic capacity that can be accommodated on the subject parcels. Limitations on septic capacity could determine the ultimate density of development and types of uses to be ultimately accommodated on the subject parcels. If findings show that septic capacities are insufficient to support the type of development the Town desires on the subject parcels, the Town should reevaluate the feasibility of extending municipal sewer to the project study area.
2. Road Capacity – The Town should retain a traffic engineer to determine capacity limitations of the existing roadway network and the potential impacts on traffic congestion and safety resulting from new development on the subject parcels.
3. Environmental Constraints – The Town should retain experts to identify environmental, archeological and other regulatory constraints that may impact development potential on the subject parcels. Meeting with regulatory agencies should be done with developing strategies to mitigate potential impacts.
4. Community Center – The Town should continue studying the feasibility of a new community center, including determining if there is sufficient demand in the community

to support such a facility, identifying the uses, programs and facilities that should be included, determining the size of the building and parking requirements, determining funding options and operational requirements, and deciding whether it should be included in the conceptual master plan for the subject parcels.

5. *Develop Conceptual Master Plan* – Based on the results of the studies being conducted by the team of consultants and more detailed and comprehensive information obtained from the “next step” analyses listed above, the Town should develop a conceptual master plan for development of the subject parcels.
6. *Private Development Partners* – The Town should begin engaging potential private development partners to gauge interest, economic viability and needs of the private sector to pursue development on the subject parcels in accordance with the conceptual master plan.
7. *Financing* – The Town should explore how it can leverage its resources and access to resources to identify and begin pursuing alternative financing opportunities to help fund development on the subject parcels such as bonding, low interest loans, Community Development Block Grants, etc.

e) **Conclusion**

The project study area and subject parcels face certain challenges in attracting new commercial development. From a market perspective, there is insufficient demand in the project study area to support new retail or office development of any significance. This includes all types of retail and services including small and large scale retail, specialty retail, restaurants, and services that typically occupy office space such as financial, legal and health care. The insufficient demand can be attributed primarily to the project study area’s low population base and isolated location relative to the interstate and the region’s retail and employment centers. These same market demand challenges apply to the hotel industry. There is simply no reason a typical hotel developer would select Mallett’s Bay to locate a new hotel when nearby more strategically located sites are available that would have much stronger market opportunities.

On the bright side, there appears to be sufficient demand to support other types of development including residential and certain recreation oriented uses. There is strong demand for all types of residential development including multi-family and single family, affordable and market rate. Proximity to the lake and schools, and being within a reasonable commuting distance to shopping and employment, makes the subject parcels very attractive for residential development. There is also demand for additional boat dock and mooring space and athletic fields. Leveraging the lake views and access with demand for additional marina space and athletic facilities could create an opportunity to enhance the subject properties as a recreation destination. A community center, if found to be feasible, would seem to compliment this effort. It is conceivable that additional demand from high density residential, a new marina, additional athletic fields and a community

center could be enough, over time, to support very small scale retail or office space development. This type of small scale retail/office use, however, would be very specific and opportunistic and will require further analysis to determine if it would be economically feasible.

The ultimate development of the subject parcels will require the Town to take a lead role from creating a master plan that is supported by the community to engaging potential private development partners to possibly providing incentives that help make it a reality. With the exception of residential, any uses that may involve a private development partner (e.g., marina, turf fields, etc.) could likely require incentives from the Town to help make the development economically viable. Such incentives could include, but are not limited to, funding infrastructure improvements, obtaining federal/state grants and loans, or donating land at no charge. We also encourage the Town to look beyond the subject parcels and think about ways the project study area as a whole could be improved and made more attractive for development and investment. Improved pedestrian and bicycle connections between the subject parcels and municipal/school complex to the east and businesses and boating facilities to the west, streetscape enhancements, traffic calming, and incentives to encourage private property owners to improve their properties, could go a long way toward making this area of Colchester a true destination for residents and visitors alike.

## LIST OF SOURCES

Allen and Brooks Report December 2013  
New England Real Estate Journal, March 7-13, 2014 – article “Commercial Market Continues to Flourish in Chittenden County, Vermont”.  
State of Vermont Department of Taxes – Meals and Rooms Statistics Report 2009-2013  
State of Vermont Department of Taxes – Sales and Use Statistics Report 2009-2013  
U.S. Census Bureau, Census 2010  
Town of Colchester 2014 Town Plan  
Colchester Heritage Project Community Strategic Plan 2012-2022  
Colchester, Vermont Economic Development Action Plan – June, 2013  
CCMPO Traffic Count Data 2005-2010  
West Lakeshore Drive Conceptual Development Plan – April, 2008  
Blakely Road/Laker Lane Intersection Scoping Study – October 13, 2012  
West Lakeshore Drive/Prim Road Intersection Scoping Study – October 30, 2012  
West Lakeshore Drive Shared Use Path Scoping Study – December 20, 2012  
Route 127 Corridor Study Final Report – October 23, 1998  
Act 250 Land Use Permit dated 9/2/08 for Colchester School District to construct athletic fields  
Act 250 Land Use Permit dated 5/14/14 for Rivers Edge Building Development, LLC to construct a 22 unit PRD

### Interviews with:

- Residential, retail, office, and hotel developers in the Chittenden County area
- Hotel industry experts
- Commercial real estate brokers
- Shopping center owners in Chittenden County
- Office building owners in Chittenden County
- Marina owners and operators in Chittenden County and the project study area
- Owners of commercial property in the project study area
- Business owners in the project study area
- Town Staff – Departments of Economic Development, Planning & Zoning, Public Works, Parks & Recreation, and Fire District #2

# Malletts Bay Redevelopment Project Study Area

