

The Economic Impacts of Trails

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Conference*

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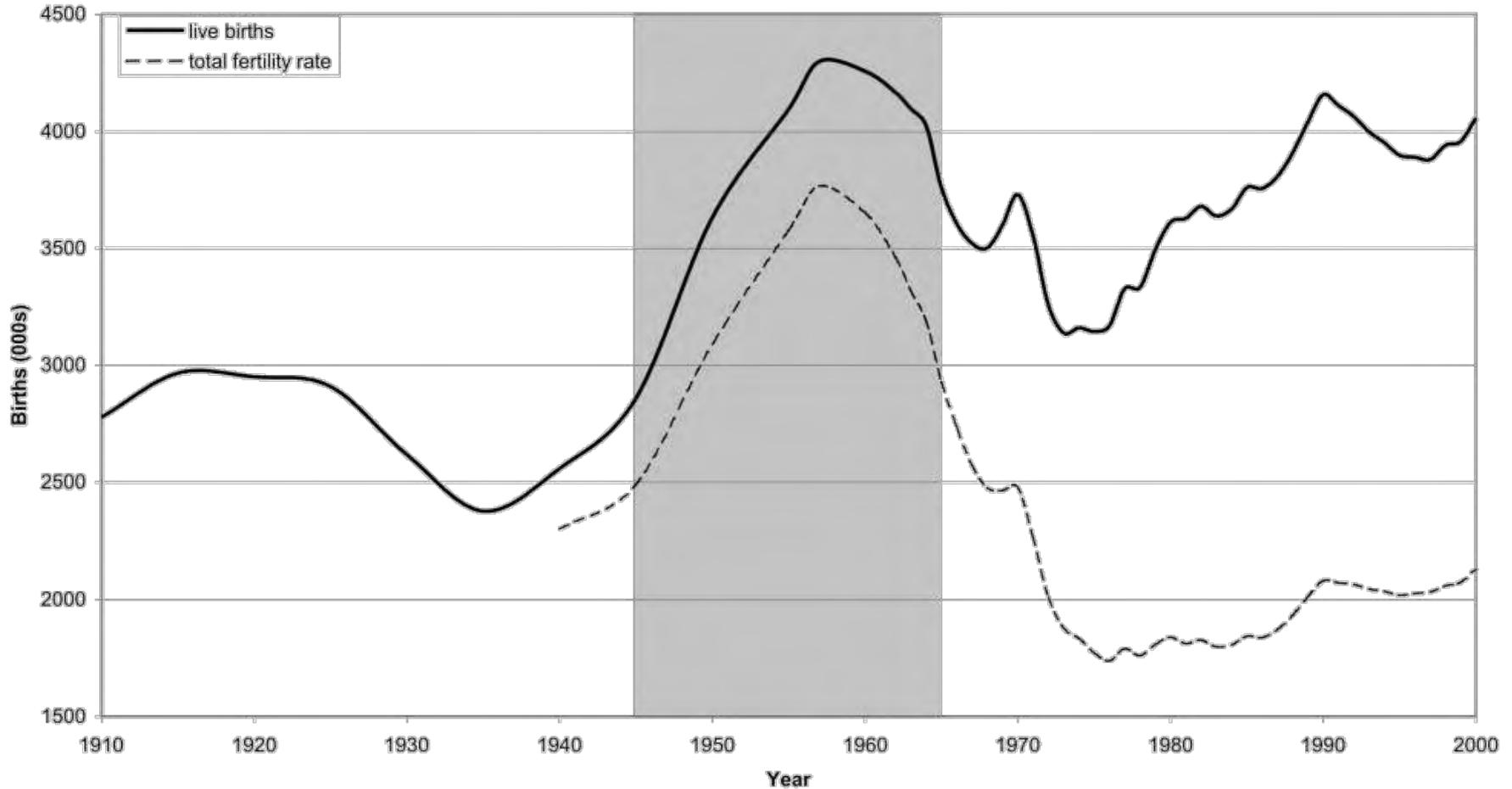
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Overview

- **Two important economic/demographic trends for trails**
 - Retiring baby boomers (the “Silver Tsunami”)
 - Increasing desire (and willingness to pay) for all types of trails
 - Resulting impacts are multiple - focus on new residents, visitor expenditures., and increases in property values
- **Economic impacts of trails**
 - Conceptual framework – Multi-faceted impacts
 - Case examples



What is the Baby Boom? 78 Million Strong... and Aging



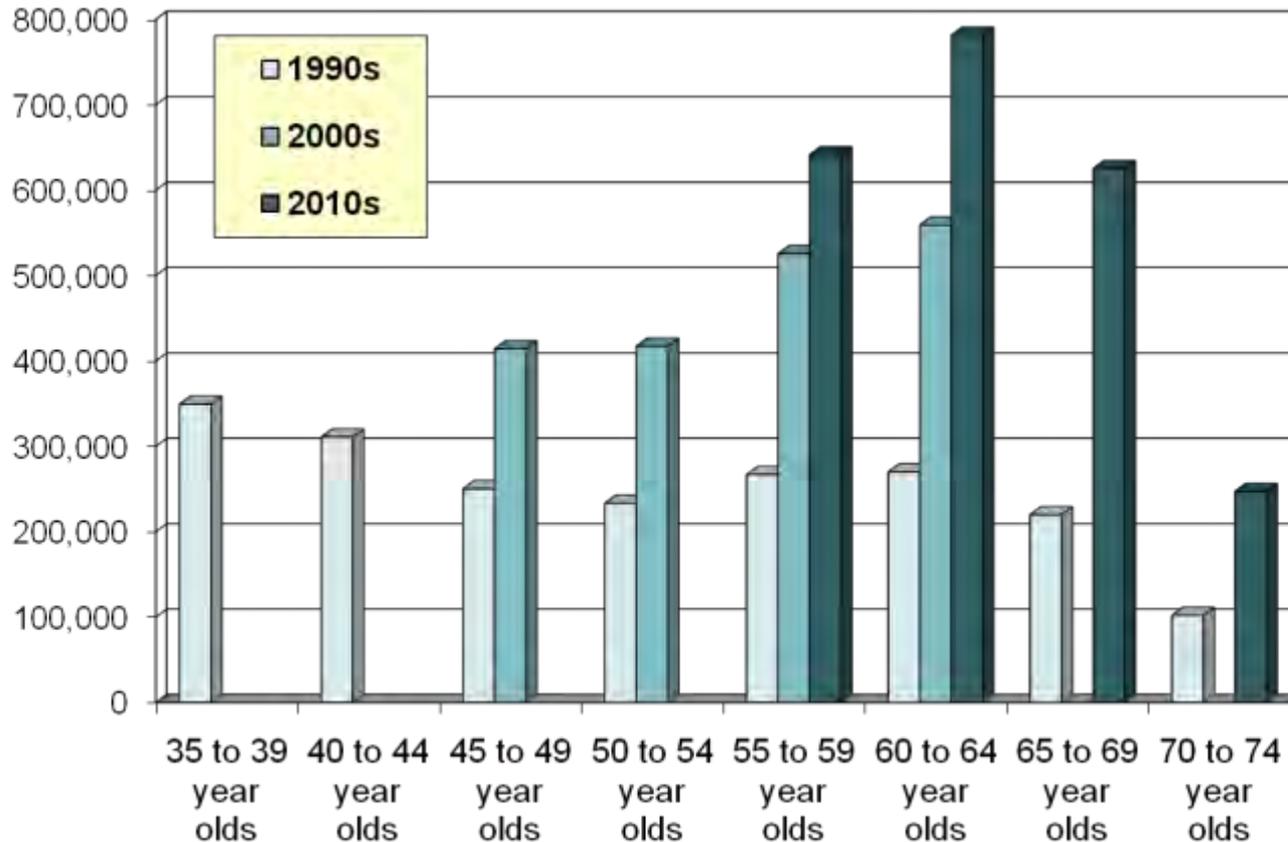
The Prototypical Life of a Baby Boomer

- At 22, we got out of college and moved to the city
- At 26, we got married and bought a house near our jobs.
- At 32, we had kids and bought a house in the suburbs with a big yard and good schools.
- At 40, we bought a cabin in the mountains.
- At 50, the kids went off to college, and we no longer need the big house.
- At 55, we moved to the cabin and drive to the city for meetings.
- At 60, we built a bigger house in the mountains where the kids and grandchildren can stay, as our 401k accounts recover...



Baby Boomers are Moving – Especially to Small Cities and Non-Metropolitan Areas

Net Migration to Non-Metro Areas by Decade



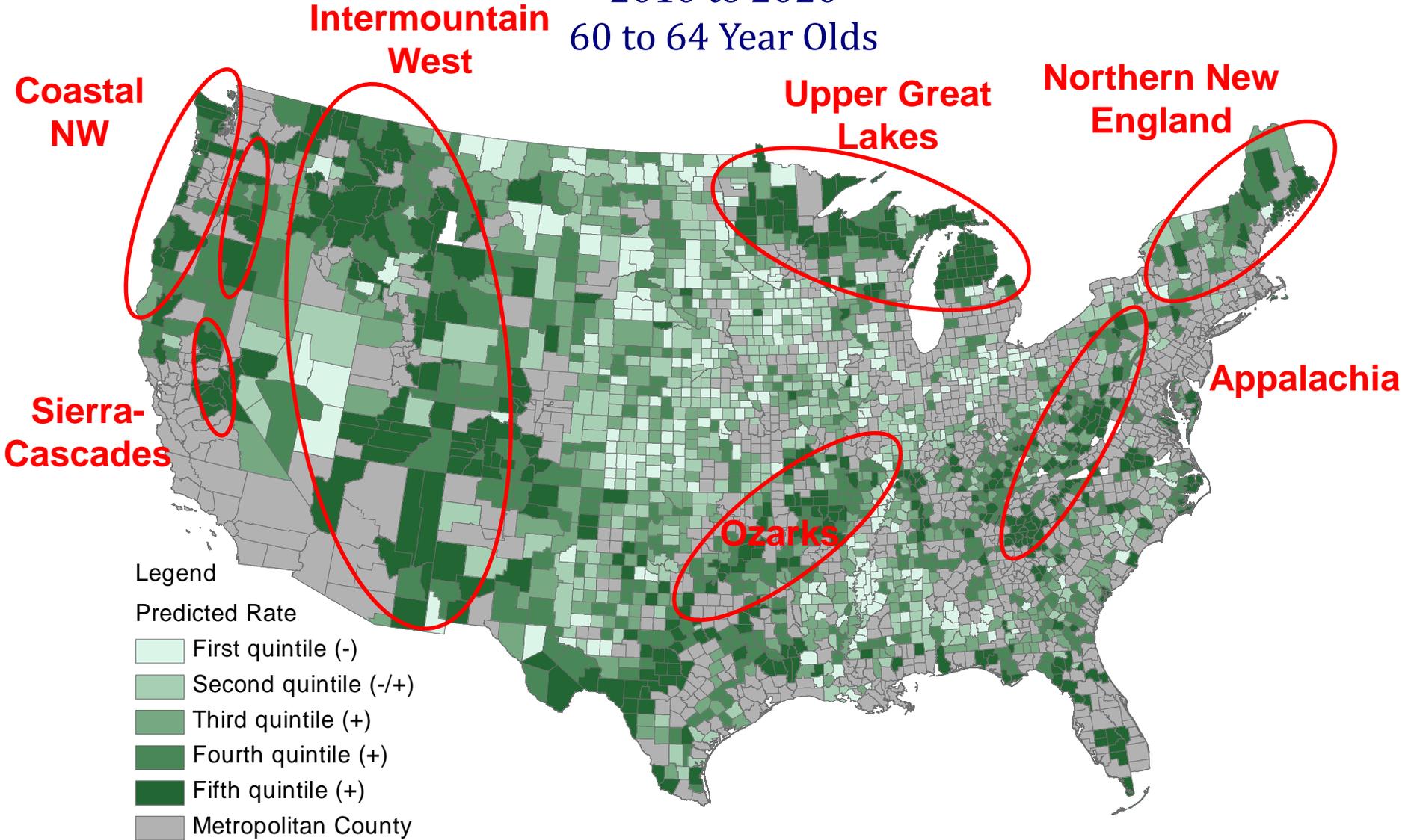
Source: P. Nelson, Middlebury College (2009)



Predicted Migration Rates to Non-Metropolitan Areas

2010 to 2020

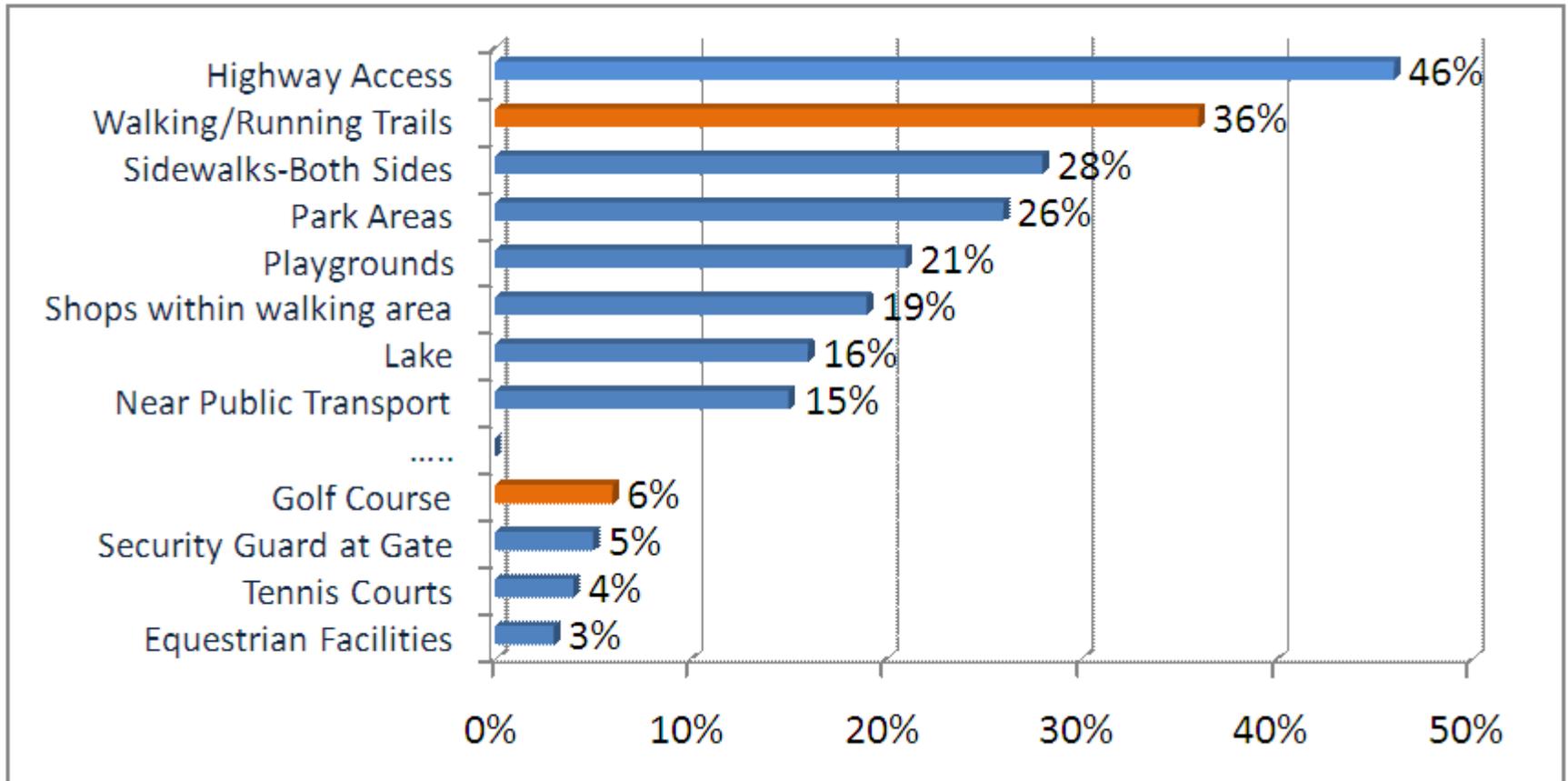
60 to 64 Year Olds



Source: P. Nelson, Middlebury College (2007)

Trails are a Highly Desired Amenity...

% of Homeowners Citing as Important or Very Important

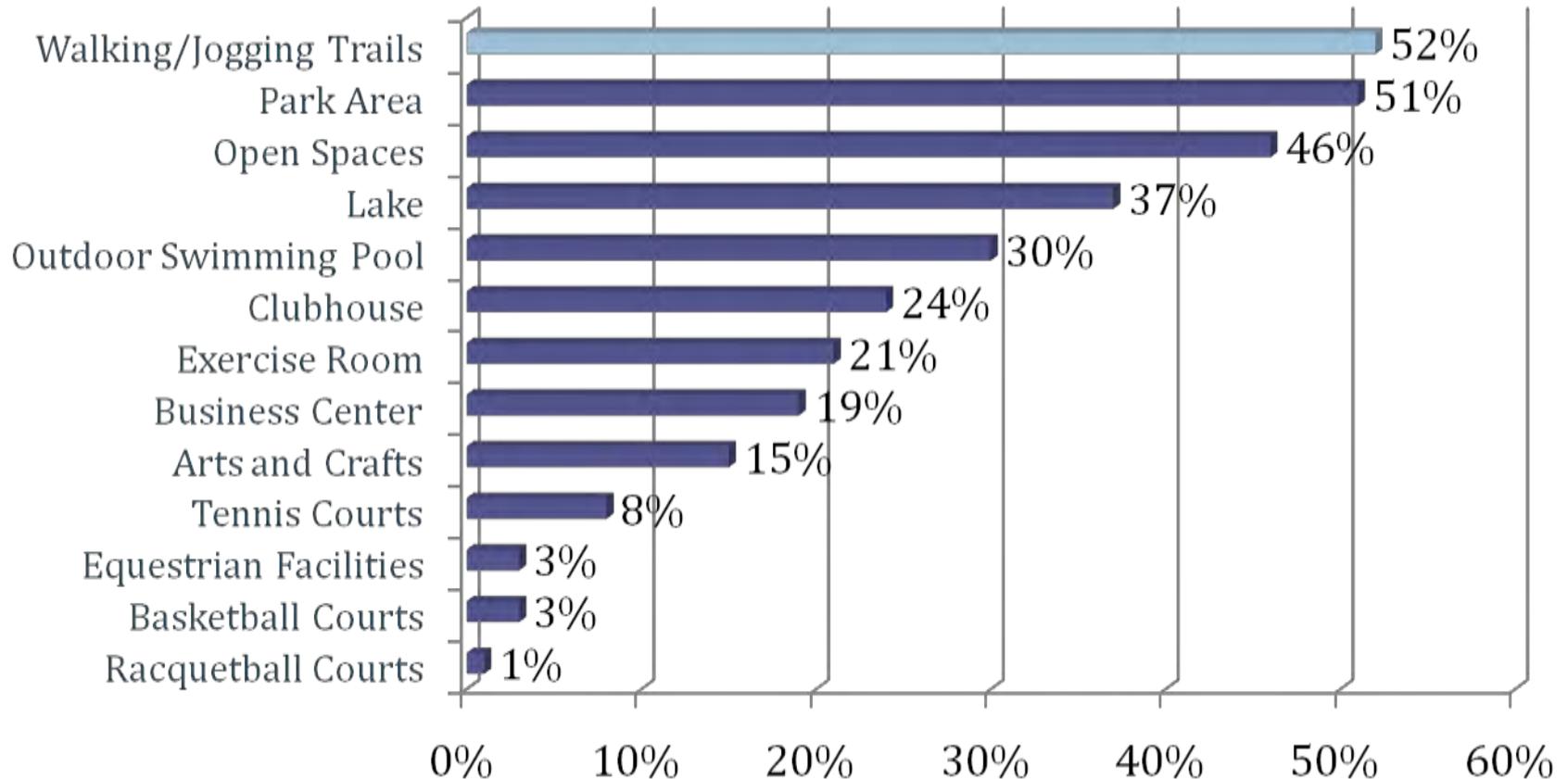


Source: National Association of Homebuilders, 2002, 2007



...Especially by Retiring Baby Boomers

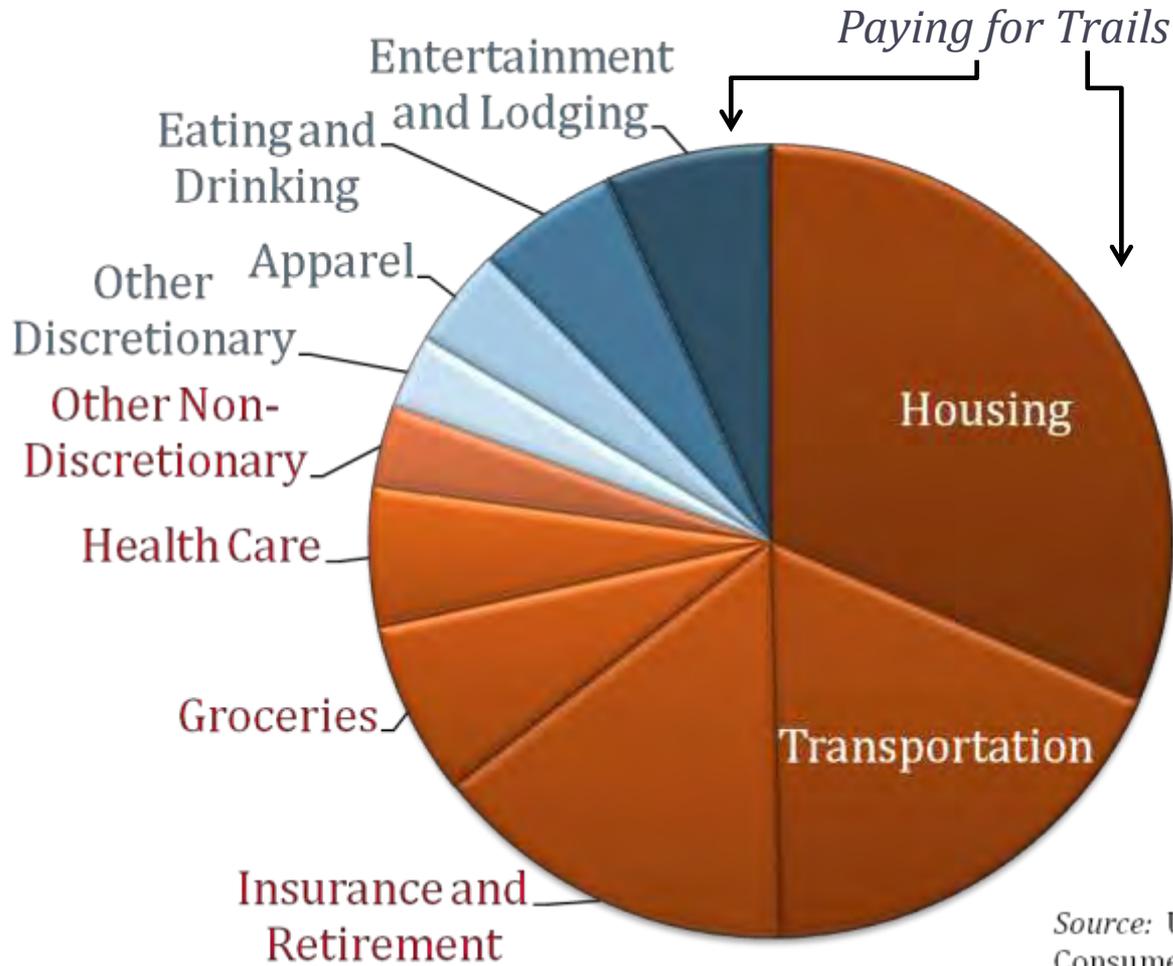
Trails are the #1 amenity influencing homebuyers age 55+



Source: Wylde, M. (2002), *Boomers on the Horizon: Housing Preferences of the 55+ Market*, Survey of 890 households headed by members age 55+.



The Consumer Budget – Where Do Trails Fit In?



Source: US Bureau of Labor Statistics, Consumer Expenditures Survey



Trails are Being Monetized via Real Estate

- **Overwhelming evidence of link between trails and house prices.**
- **Premium generally ranges from \$8,000 to \$20,000 for proximity to trails.**
 - Athens, GA - \$8,400 premium of house sales next to trails.¹
 - Cincinnati, OH - \$8,960 premium within 1,000 feet of multi-use trail.²
 - Indianapolis, IN – 14% or \$13,000 premium for houses along county's signature trail.³
 - Winthrop, WA - \$20,000 premium on network of four-season, planned trail system.⁴
 - Minneapolis, MN – type of trail matters – significant price premium found only for bike trails offset from road.⁵

¹ Nelson et. al. (2002)

² Von Homfe and Parents (2011)

³ Lindsey et. al. (2004)

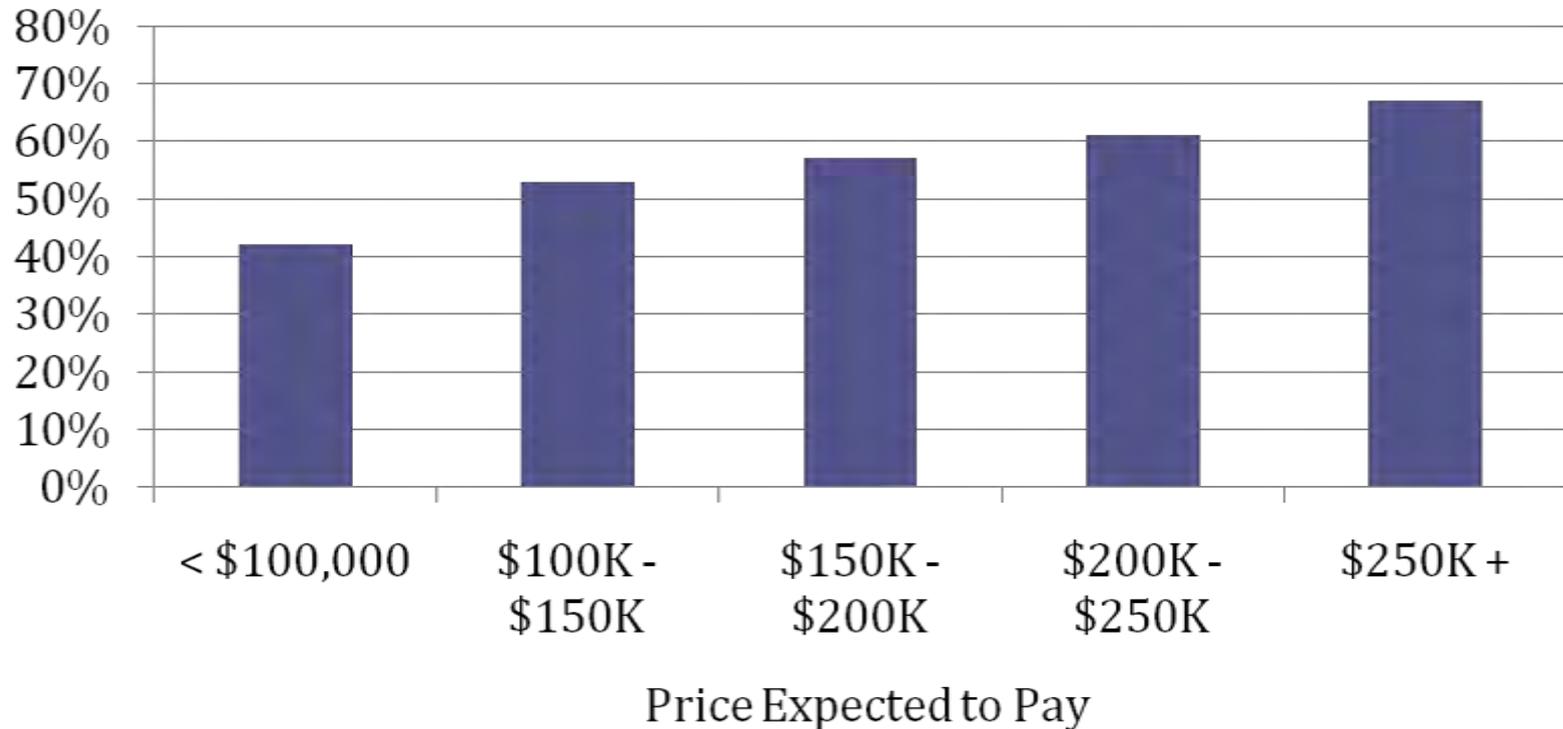
⁴ Resource Dimensions (2005)

⁵ Mogush, Krizek and Levinson (2005)



House Prices – Paying Premium for Trails Increases With Income

% of Homebuyers Age 55+ Citing Trails as Influential in Purchase Decision

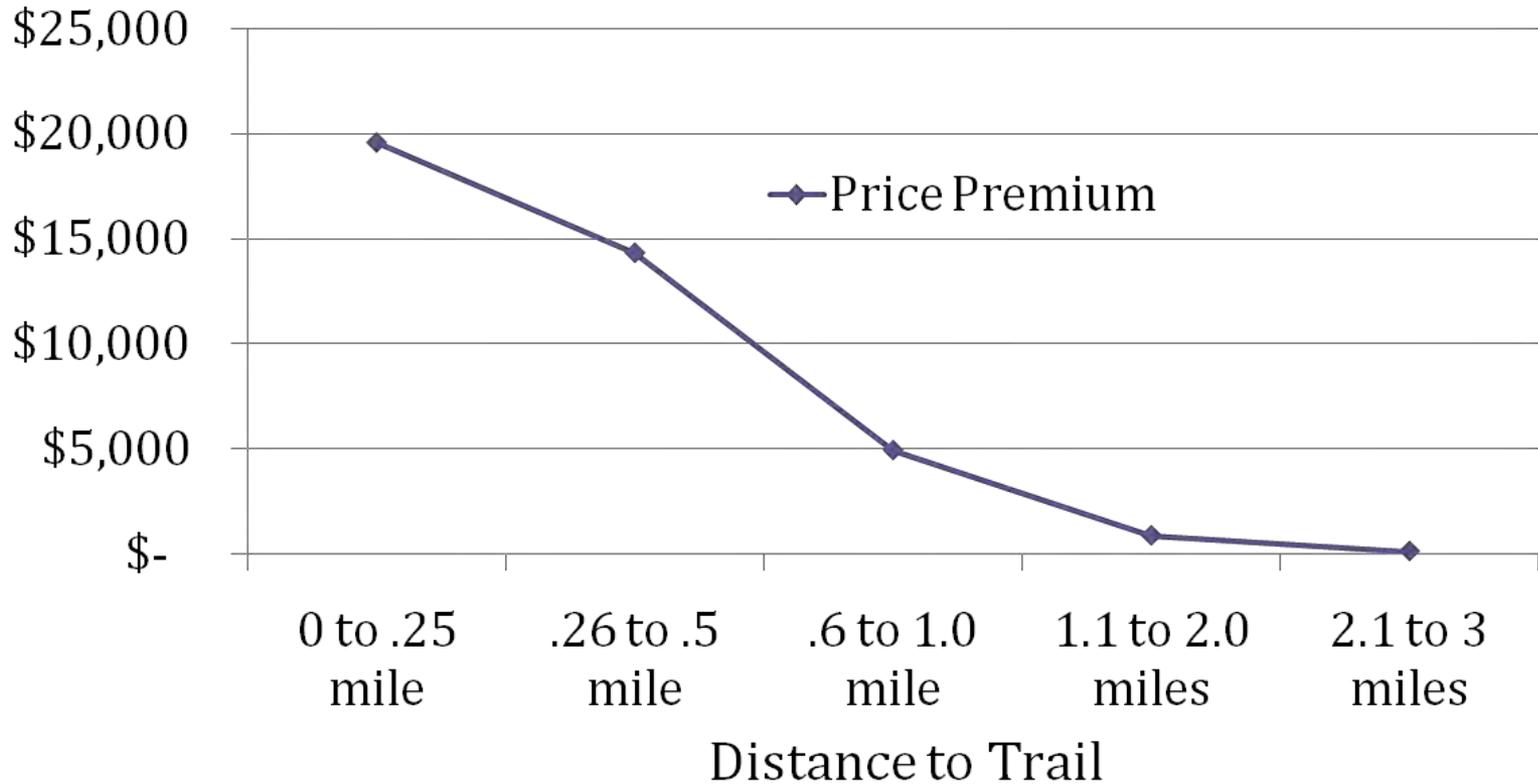


Source: Wylde, M. (2002), *Boomers on the Horizon: Housing Preferences of the 55+ Market*, Survey of 890 households headed by members age 55+.



Trails and Real Estate - Proximity Pays Off Big

House Sales Price Premium and XC Trail Proximity

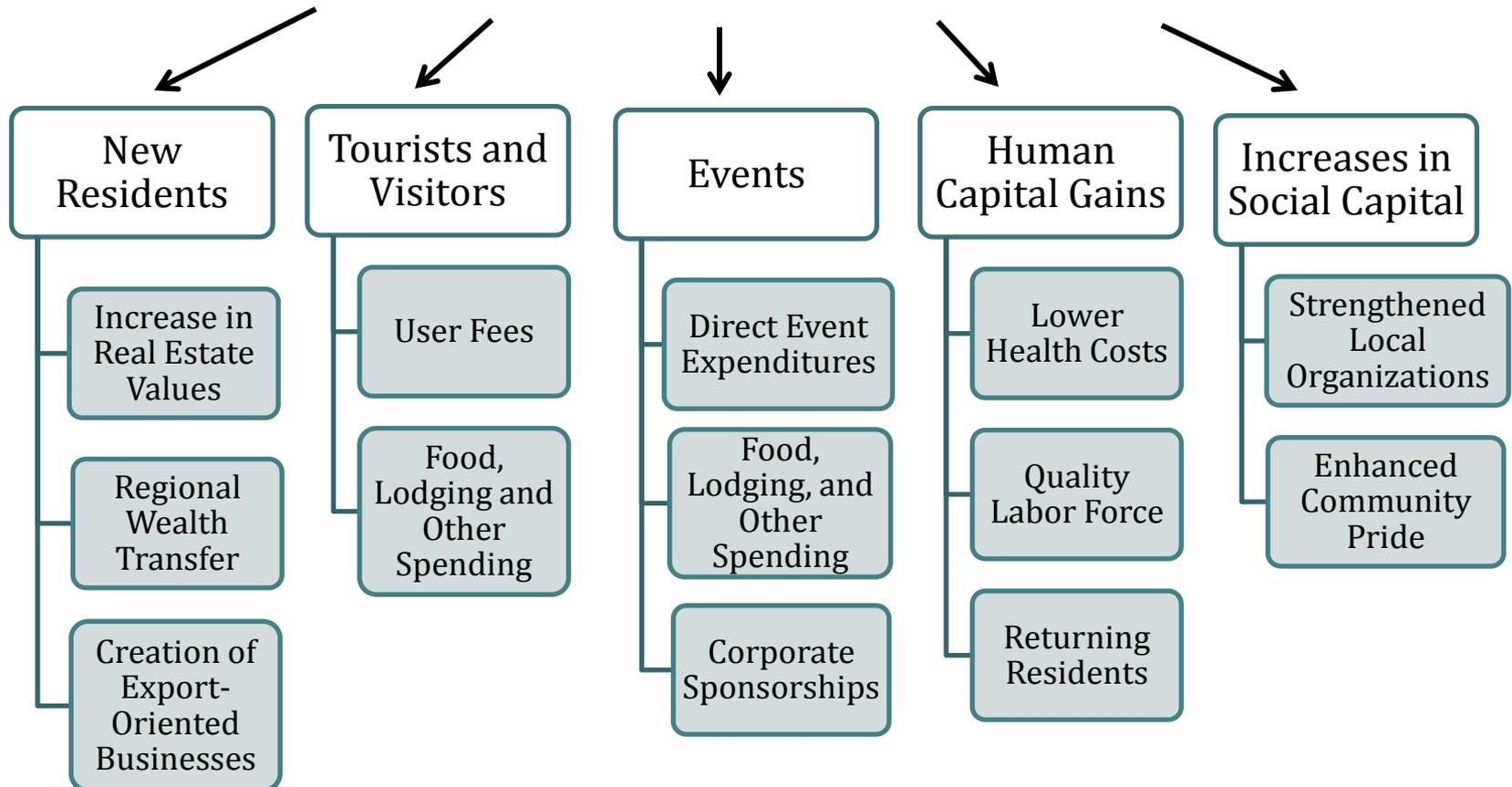


Source: Resource Dimensions (2005), *Economic Impacts of MVSTA Trails and Land Resources in the Methow Valley*, found at www.mvsta.com

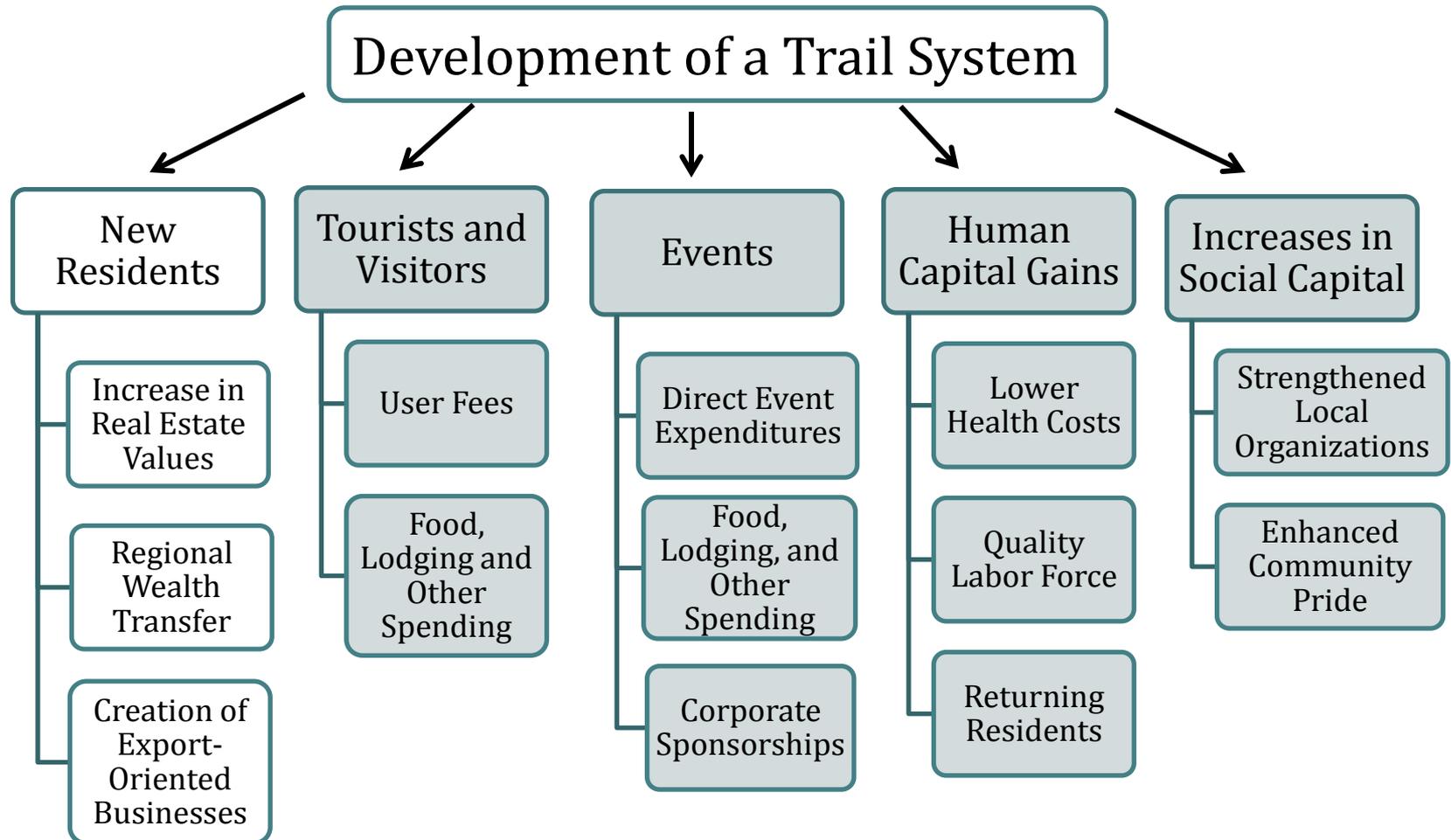


Economic and Financial Impacts of Trails

Economic Benefits of a Trail System



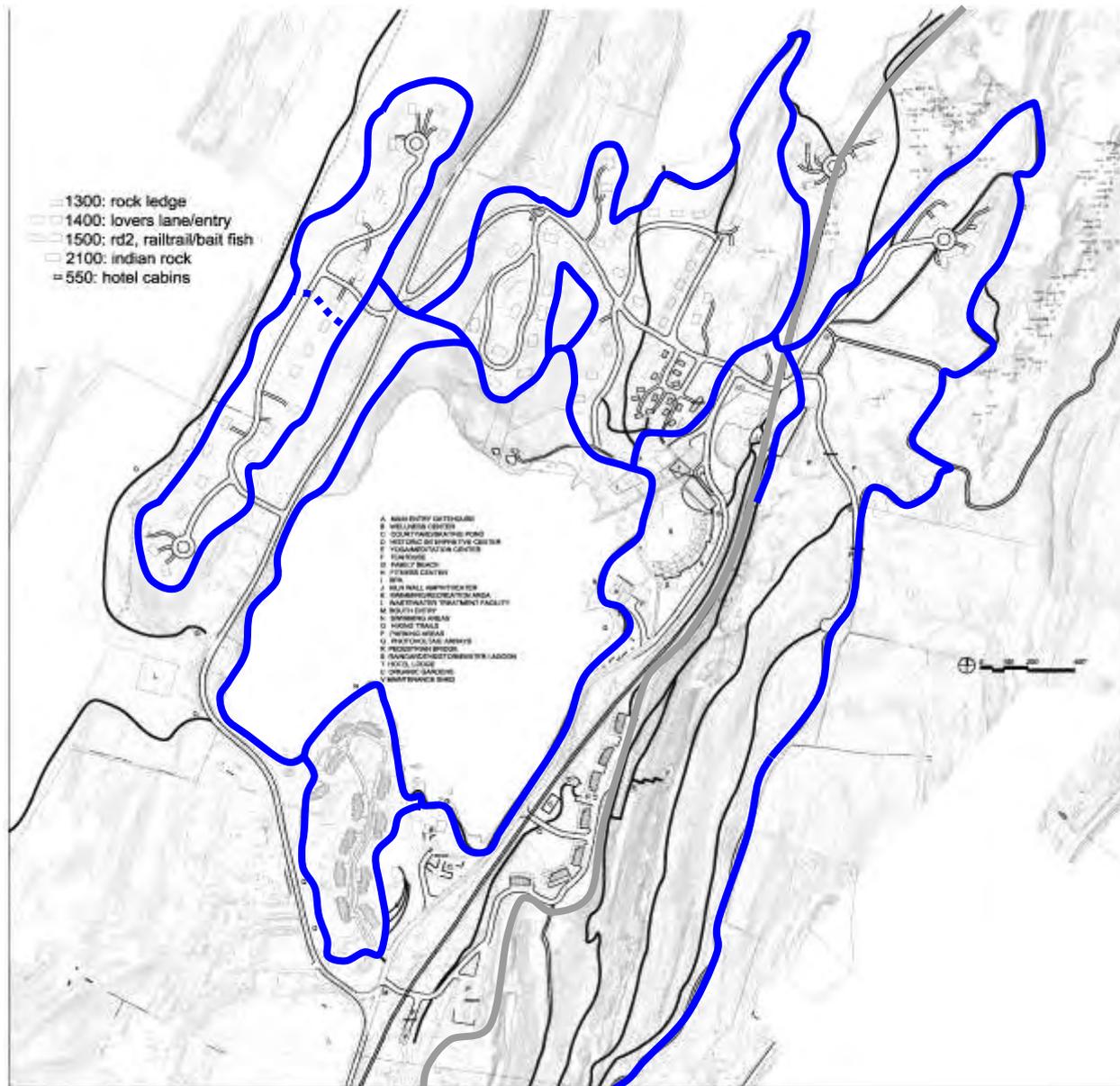
Economic and Financial Impacts of Trails



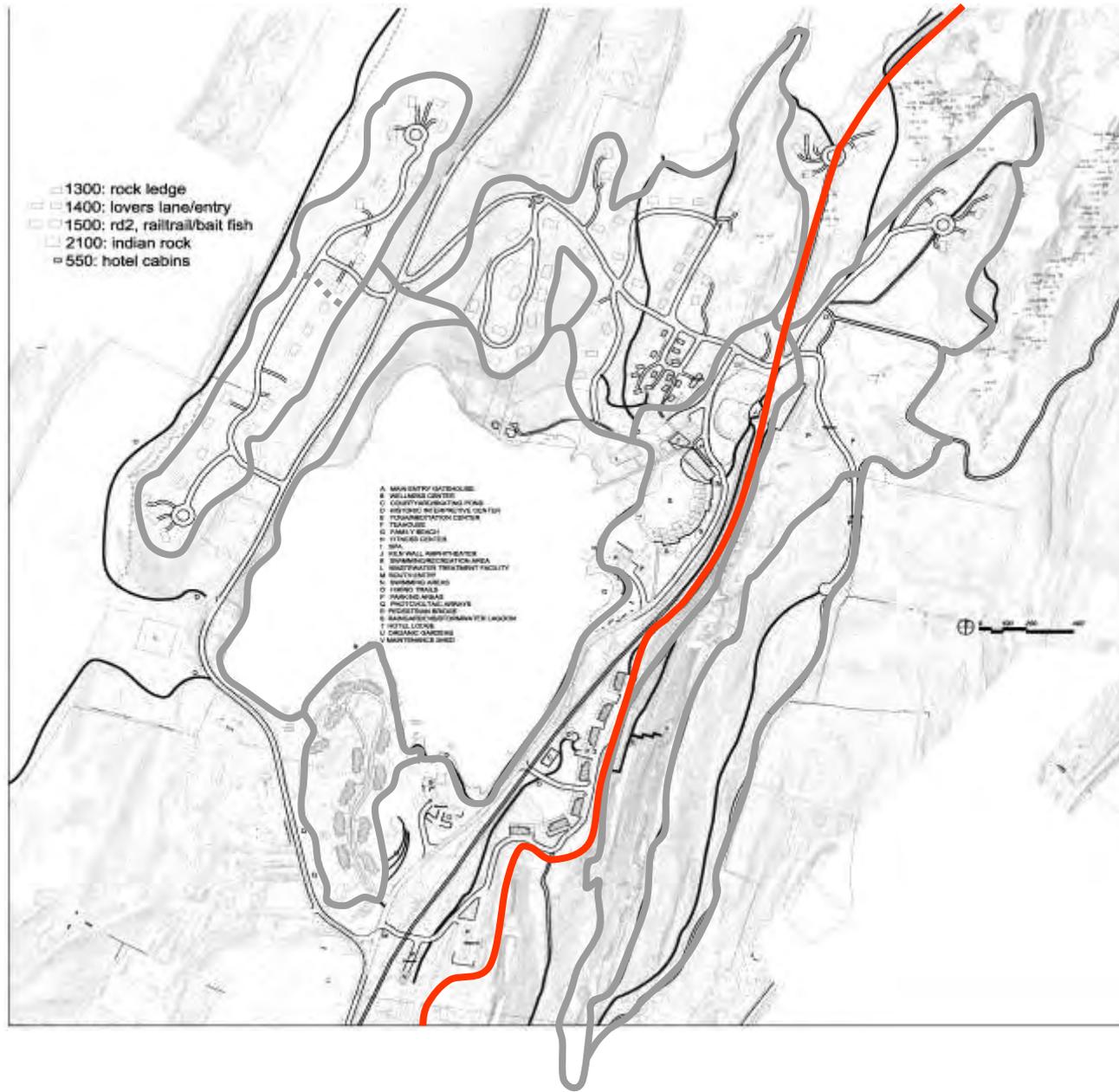
Williams Lake Resort – Rosendale, NY



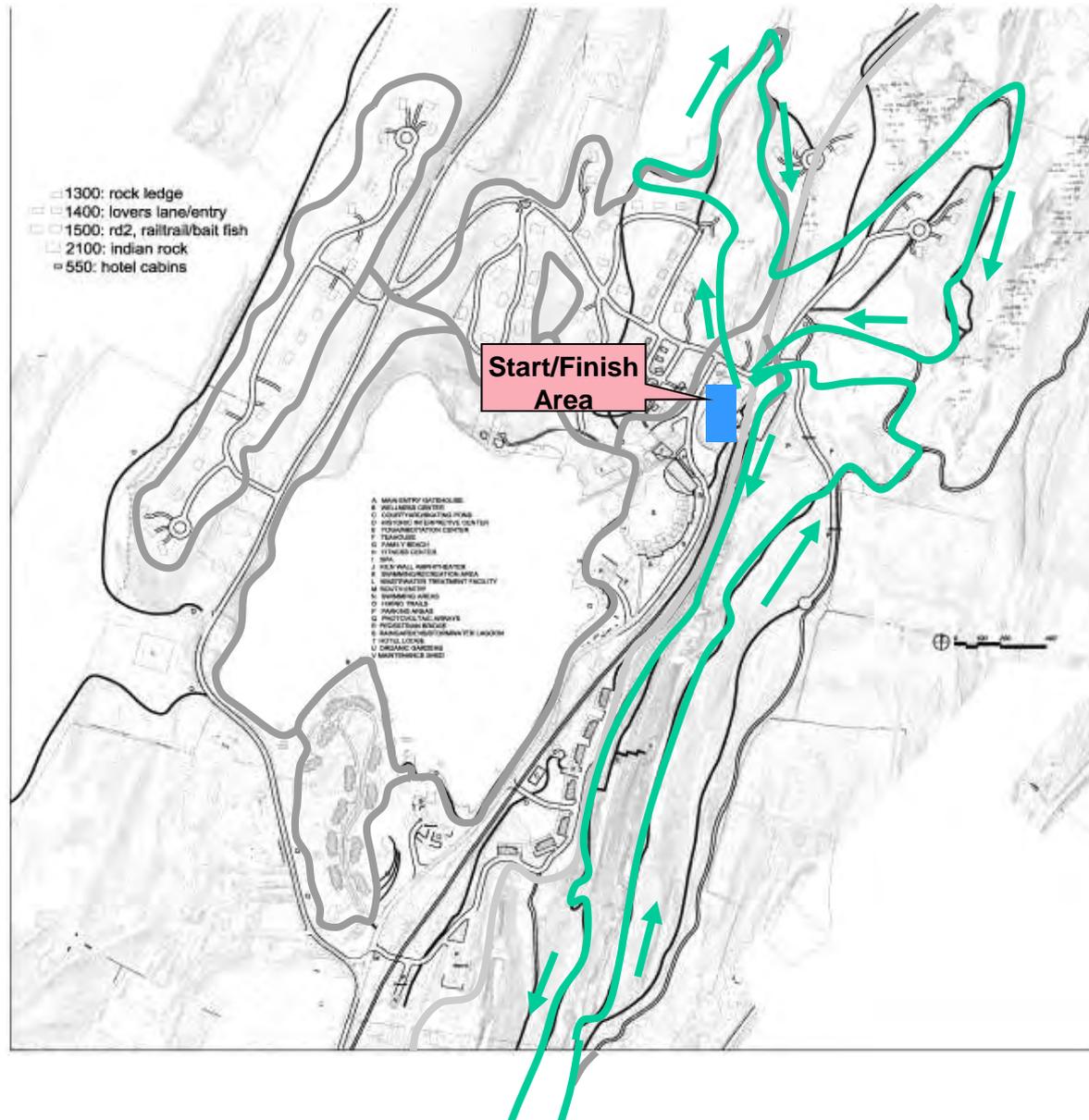
Williams Lake, NY – Recreational Trail Network



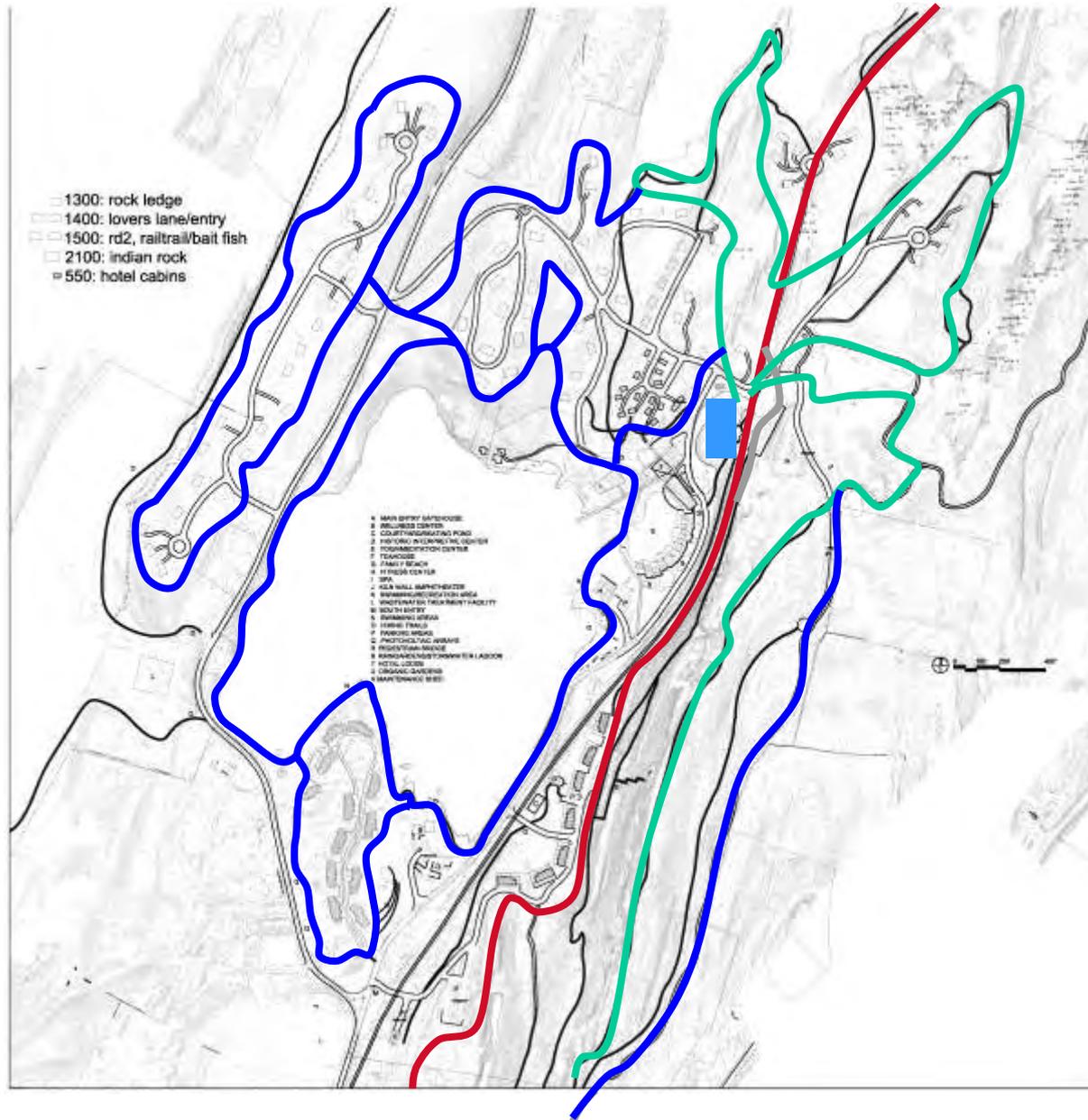
Williams Lake, NY – Off-Site Linkages



Williams Lake, NY – Competition Trails and Venue



Williams Lake, NY – Integrating Trail Components



Commercial Real Estate and Trails

Pineland Farms, New Gloucester, Maine



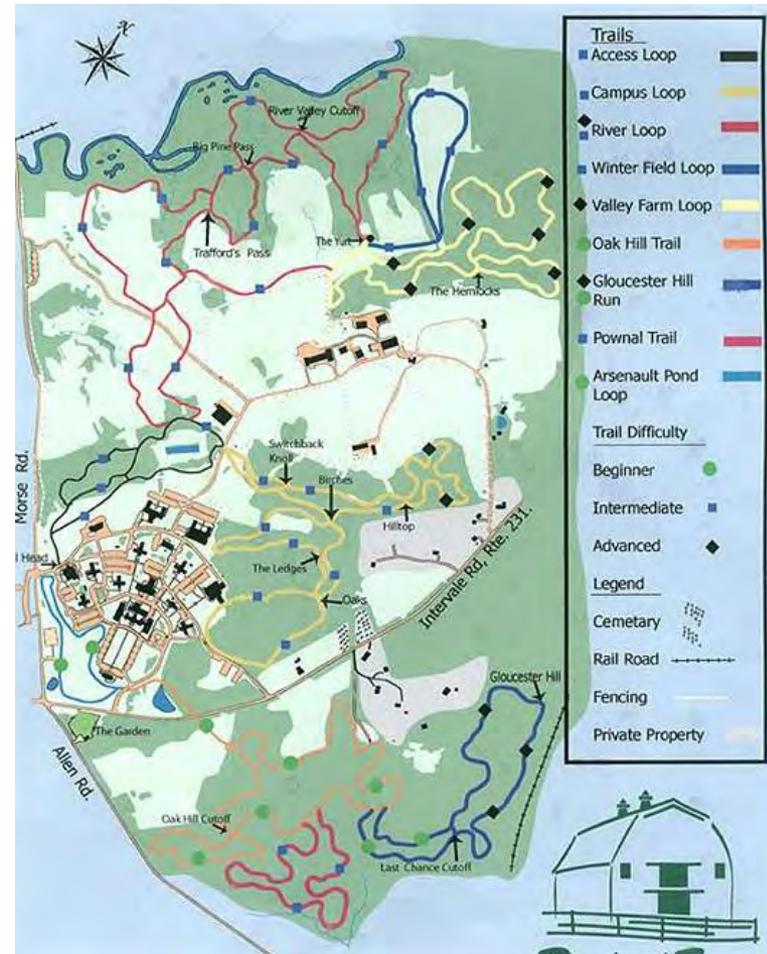
- *28 building campus and farm on over 1,600 acres*
- *“Maine School for the Feeble-Minded” begun in 1908, abandoned by State of Maine in 1996*
 - *2,500 broken windows*
 - *“Welcome to hell”*
- *Renovation included creation of office park, agricultural tourism, equestrian center*
 - *Largest therapeutic riding center east of the Mississippi*
- *A high quality system of four-season trails were a priority from the outset*



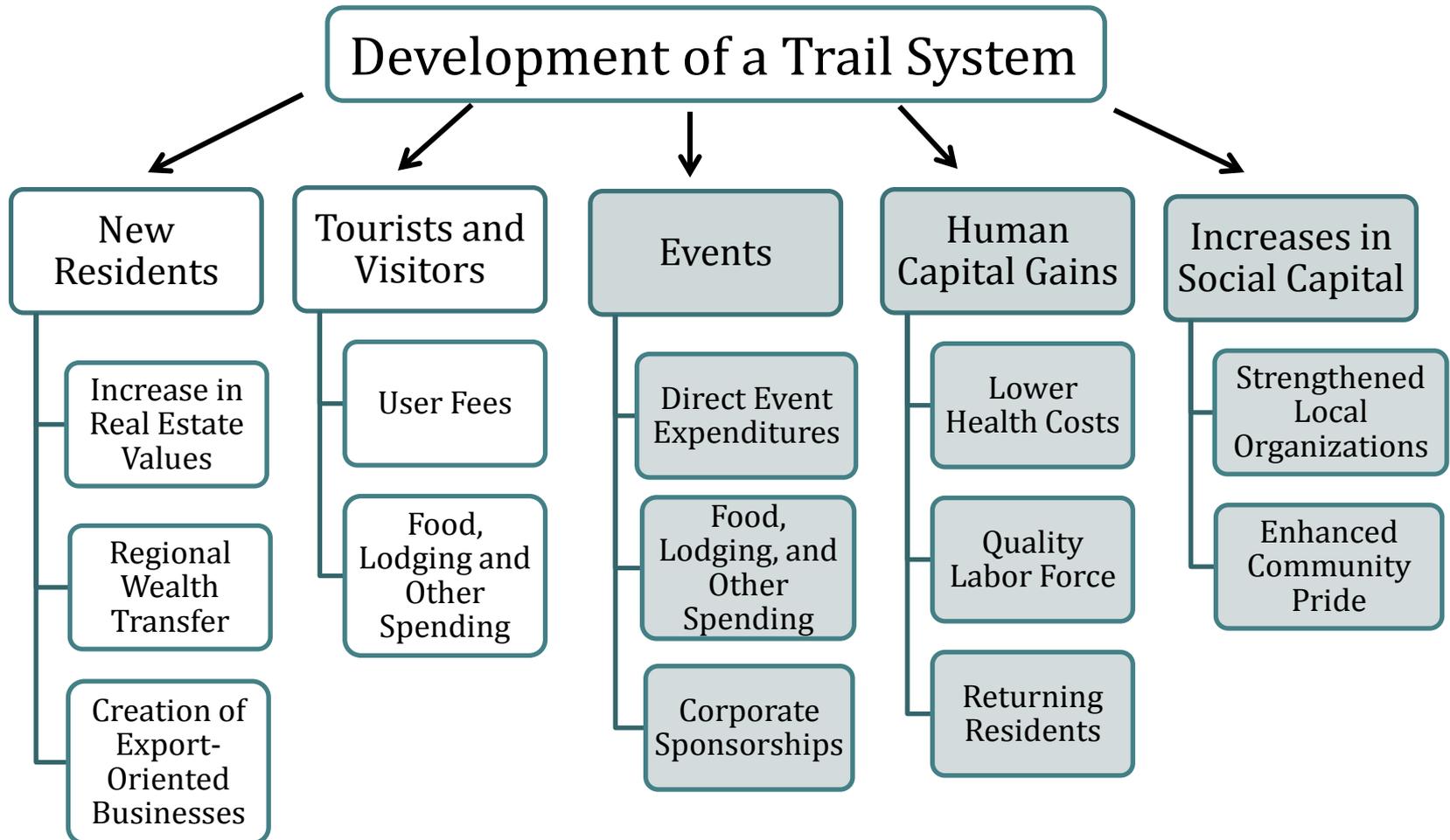
Pineland Farms, New Gloucester, Maine



- **800 employees**
- **45% of daytime workers use trails on a regular basis**
- **Recreational center has gross revenues over \$150,000, supporting all trail operations**
- **Trails are a key amenity that have attracted tenants from downtown and suburban Portland**



Economic and Financial Impacts of Trails



Methow Valley, Washington State

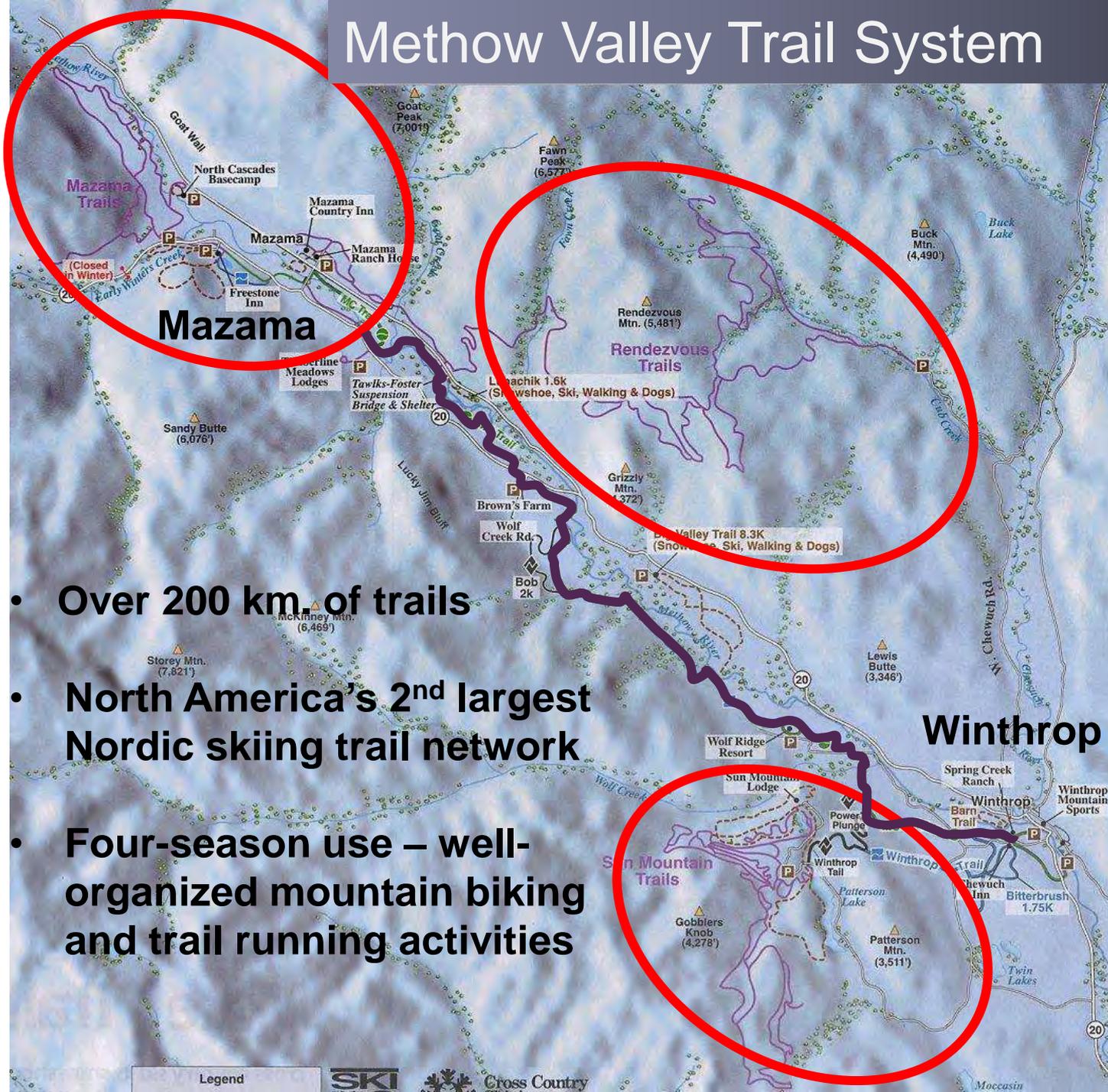


Methow Valley, WA

Drive Time: Seattle to Methow Valley
3:45 (summer) to 4:30 (winter) hours

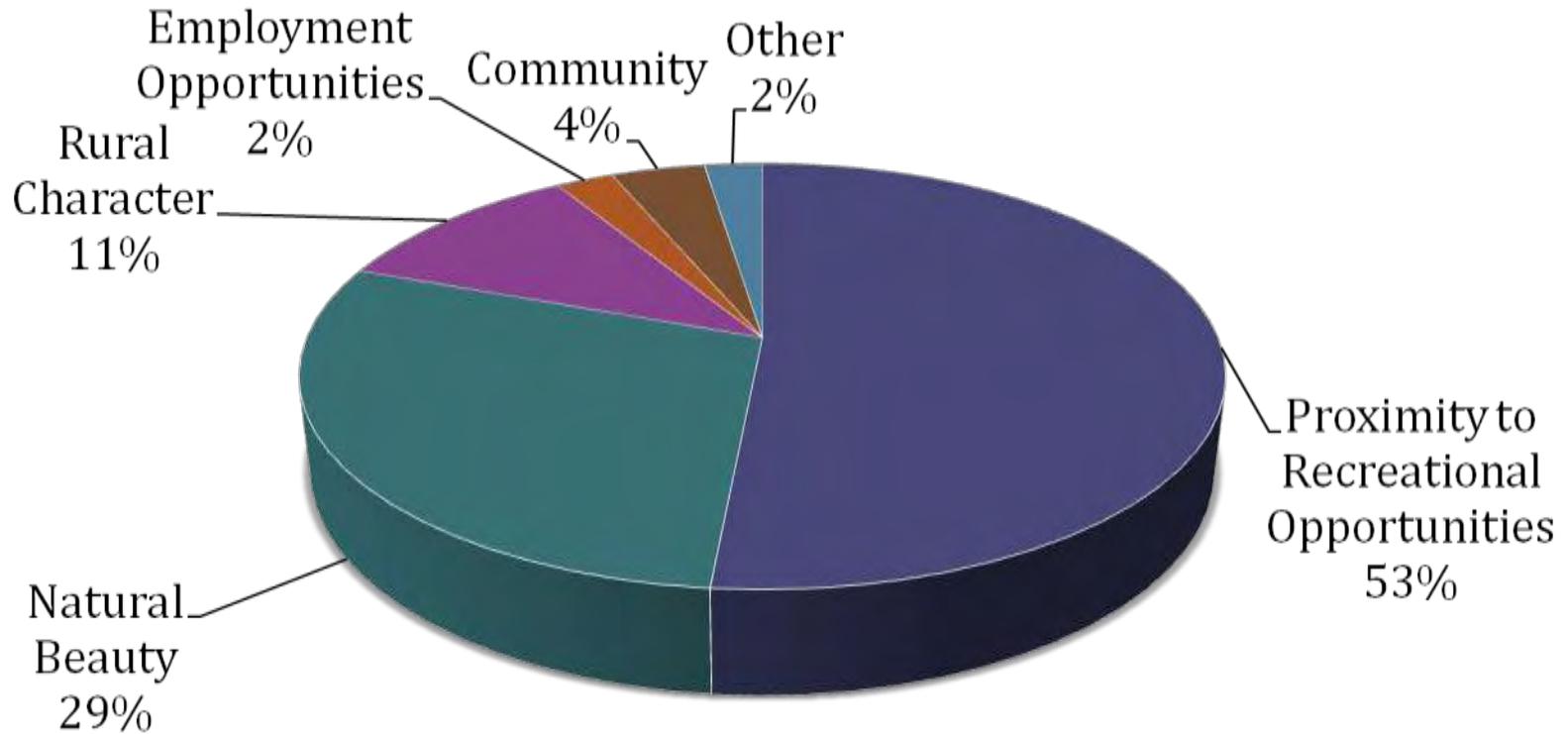


Methow Valley Trail System



- Over 200 km of trails
- North America's 2nd largest Nordic skiing trail network
- Four-season use – well-organized mountain biking and trail running activities

Methow Valley – Reasons for Visiting or Moving



Source: Resource Dimensions (2005), *Economic Impacts of MVSTA Trails and Land Resources in the Methow Valley*, found at www.mvsta.com



Methow Valley Trails and Economy Study

- **Trail user expenditures - \$1,469 per trip**
- **\$260,000 collected in trail pass revenues (during a bad snow year); 39,000 skier days.**
- **42% (summer) and 44% (winter) of area business revenues generated by trail revenues.**
- **Nearly 1/3 of jobs in region (332 out of 1,050) directly and indirectly attributable to trails.**
- **29% of county's state-shared lodging taxes and 45% of special lodging tax attributable to trail and outdoor recreation users.**
- **93% of 337 respondents indicated trails were “very important” (65%) or “important” (28%) to their real estate purchase decision.**

Source: Resource Dimensions (2005), Economic Impacts of MVSTA Trails and Land Resources in the Methow Valley, found at www.mvsta.com

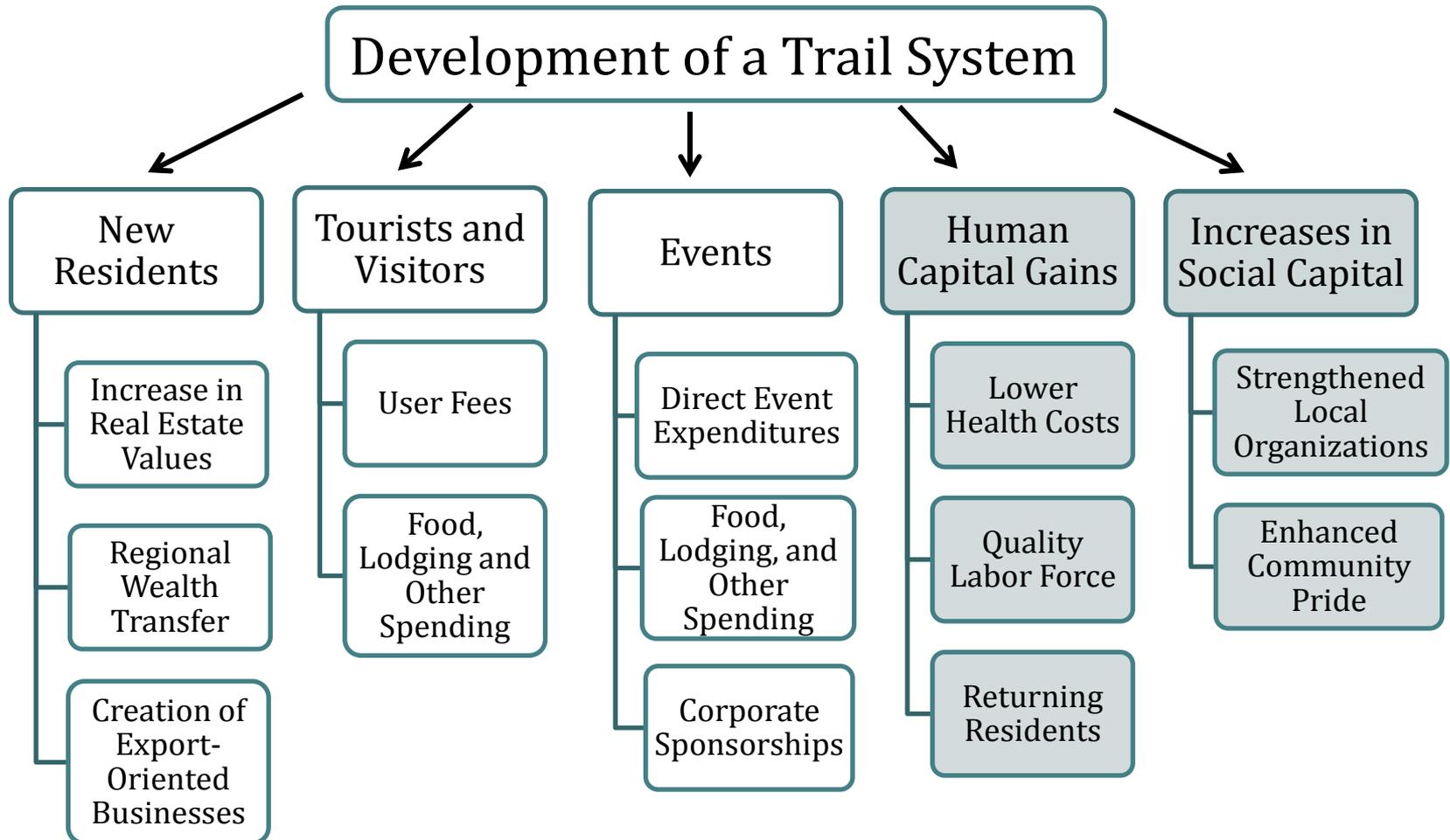


Trail Center Financials

- **Pure Trail/Outdoor Centers**
 - \$200K - \$1.5M operating revenue
 - Best ones make good profit; many break even
 - Notable destination XC ski center has >\$700K revenues with 40% profit margin
 - Events - \$20K - \$50K net
 - Profit and non-profit models
 - Resorts where the trail/outdoor center is a priority perform best
 - Different non-profit options – 501 (c)(3) most common



Economic and Financial Impacts of Trails



Events Can Generate Significant Revenues



*Start of the American Birkebeiner 55 Kilometer XC Ski Race – Hayward, Wisconsin
Over 6,000 Participants*



Trail-Based Events - Potential Financial Returns

- **Small Events (for example a 200 participant benefit walk)**
 - Net to the organization of \$0 - \$10,000
- **Medium Events (i.e., a 500 competitor mountain bike race)**
 - Net of \$6,000 - \$40,000
- **Large Events (a Running or Ski Marathon of 5,000)**
 - Up to \$1,000,000 in revenues; +/- \$100,000 in profits
- **Affiliated Businesses**
 - 5-30% increase in seasonal hotel occupancy and ADR
 - 20-30% increase in F&B, retail and concessions



Elements of Successful Trail Design for Events

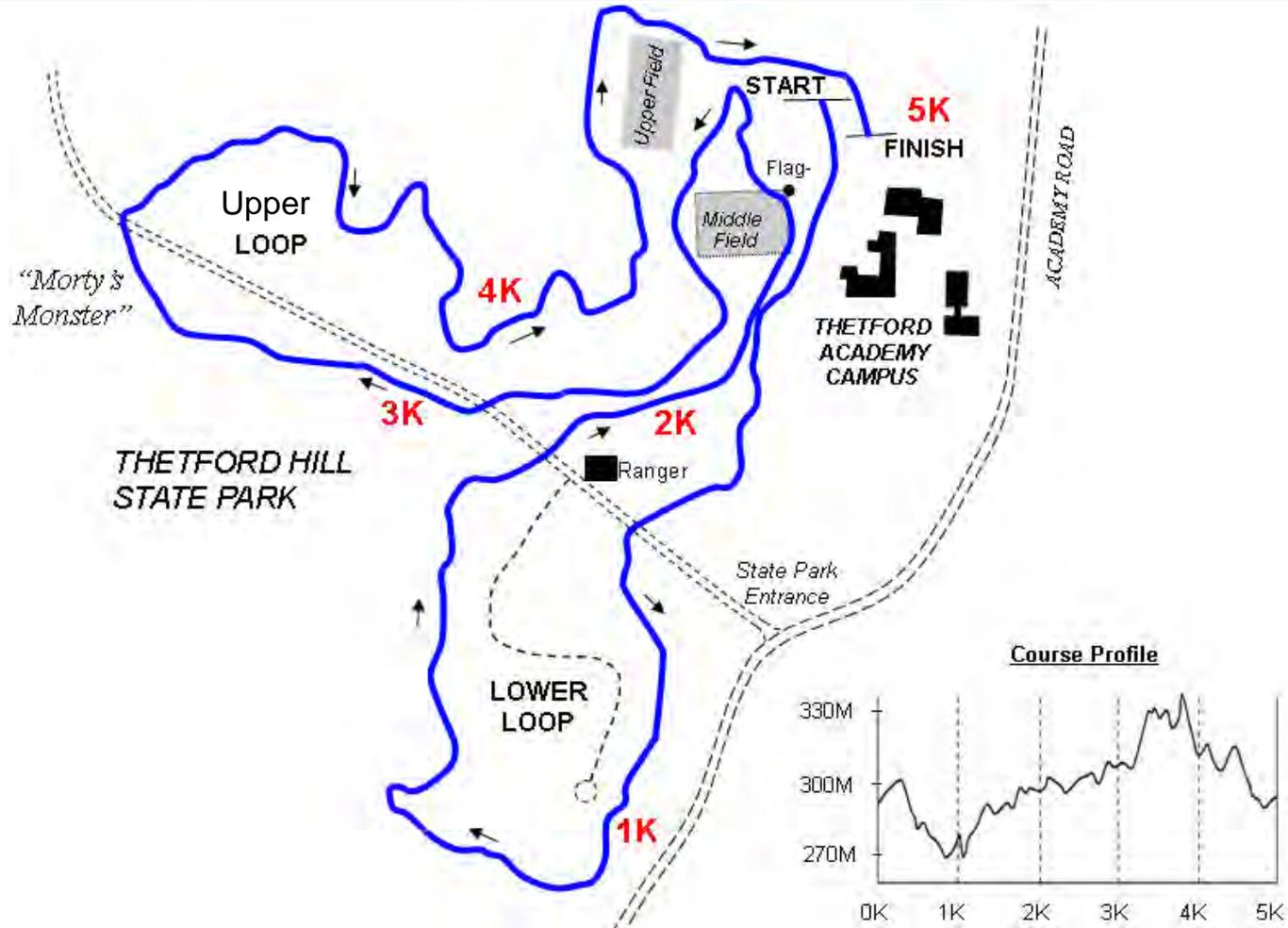
- ✓ **Make the courses fun, safe, and appropriate to the skill level of the participants**
- ✓ **Configure the course to maximize spectator interest**
 - **Multiple places to see the event at exciting locations**
 - **Access to the course without interfering with the event**
- ✓ **Provide variation in terrain, elevation, and features**
- ✓ **Separate event trails from recreational users**
- ✓ **Provide an exciting point near the finish**



Thetford Academy – Vermont's Oldest Secondary School



Thetford XC Running Course - Trail Configured for Athletes and Spectators



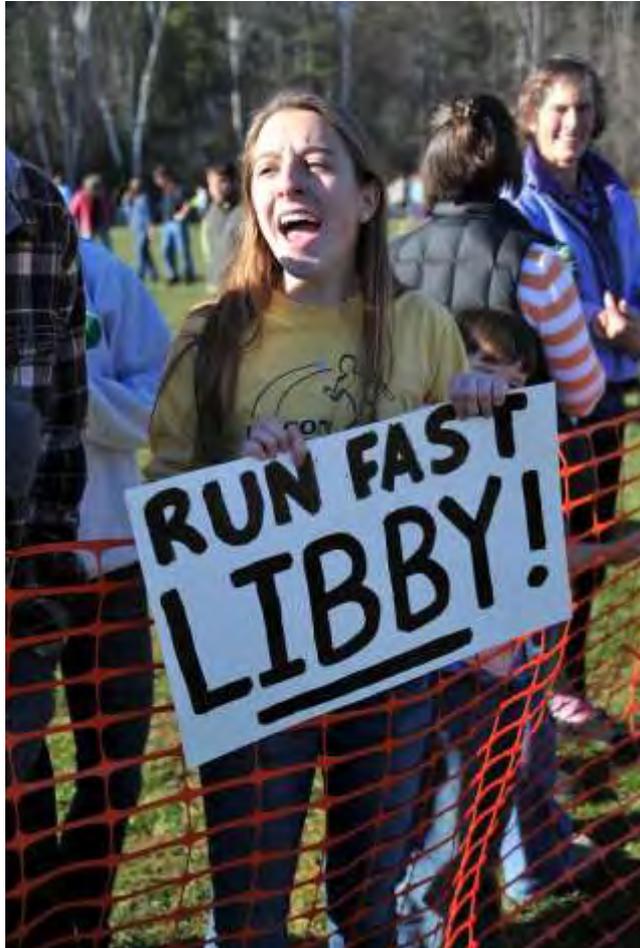
Thetford Academy – On Your Marks...



Go!



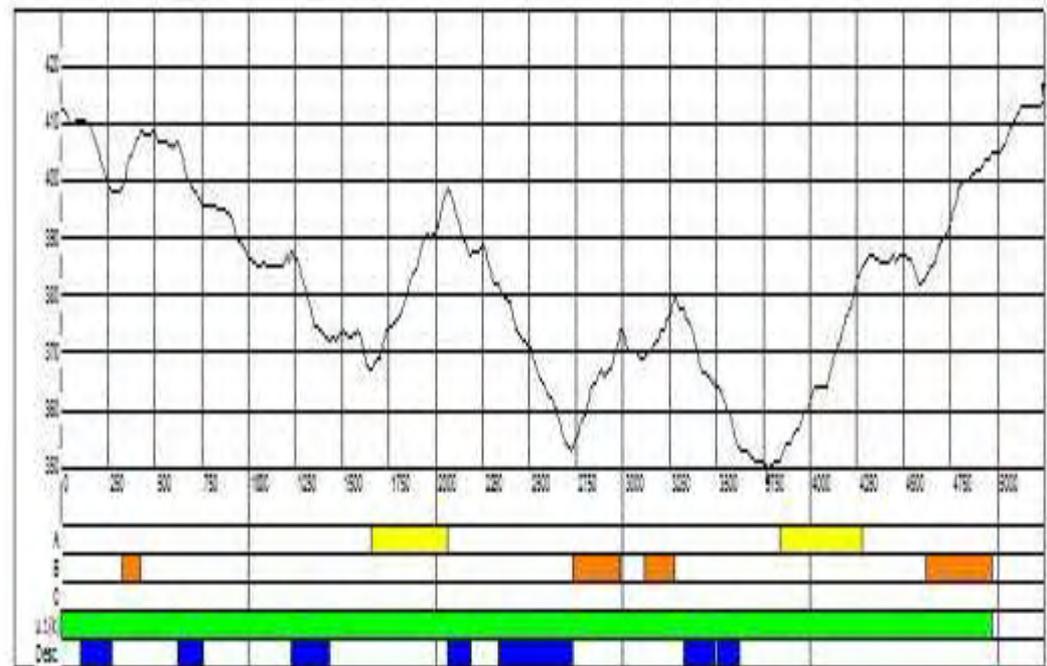
Thetford Academy - Spectators are an Important Part of the Trail and Venue Design



Incorporate Uphills, Technical Descents, or Exciting Elements Near the Finish



A Good Course Profile



Thetford Academy

- *Thetford, VT – Pop. 2,800*
- *Since 1990, hosts 2-3 events per year:*
 - *Woods Trail Run – 2,600 runners + 2,000 spectators*
 - *VT State High School XC Running Championships*
 - *New England Championships – Every 5 Years*
- *More Than 100 Community Volunteers (even on opening day of hunting season)*

Financial Returns (1 Event)

Income:

<i>Entry Fees:</i>	<i>\$8,597</i>
<i>T-Shirt Sales</i>	<i><u>\$15,673</u></i>
	<i>\$24,270</i>

Expenses:

<i>Landscape Services</i>	<i>\$390</i>
<i>Timing</i>	<i>\$2,600</i>
<i>Toilets</i>	<i>\$1,245</i>
<i>T-Shirts</i>	<i>\$9,803</i>
<i>Other</i>	<i><u>\$2,525</u></i>
	<i>\$16,563</i>

NET INCOME *\$7,707*





FINISH

THETFORD
ACADEMY
VERMONT'S OLDEST
SECONDARY SCHOOL

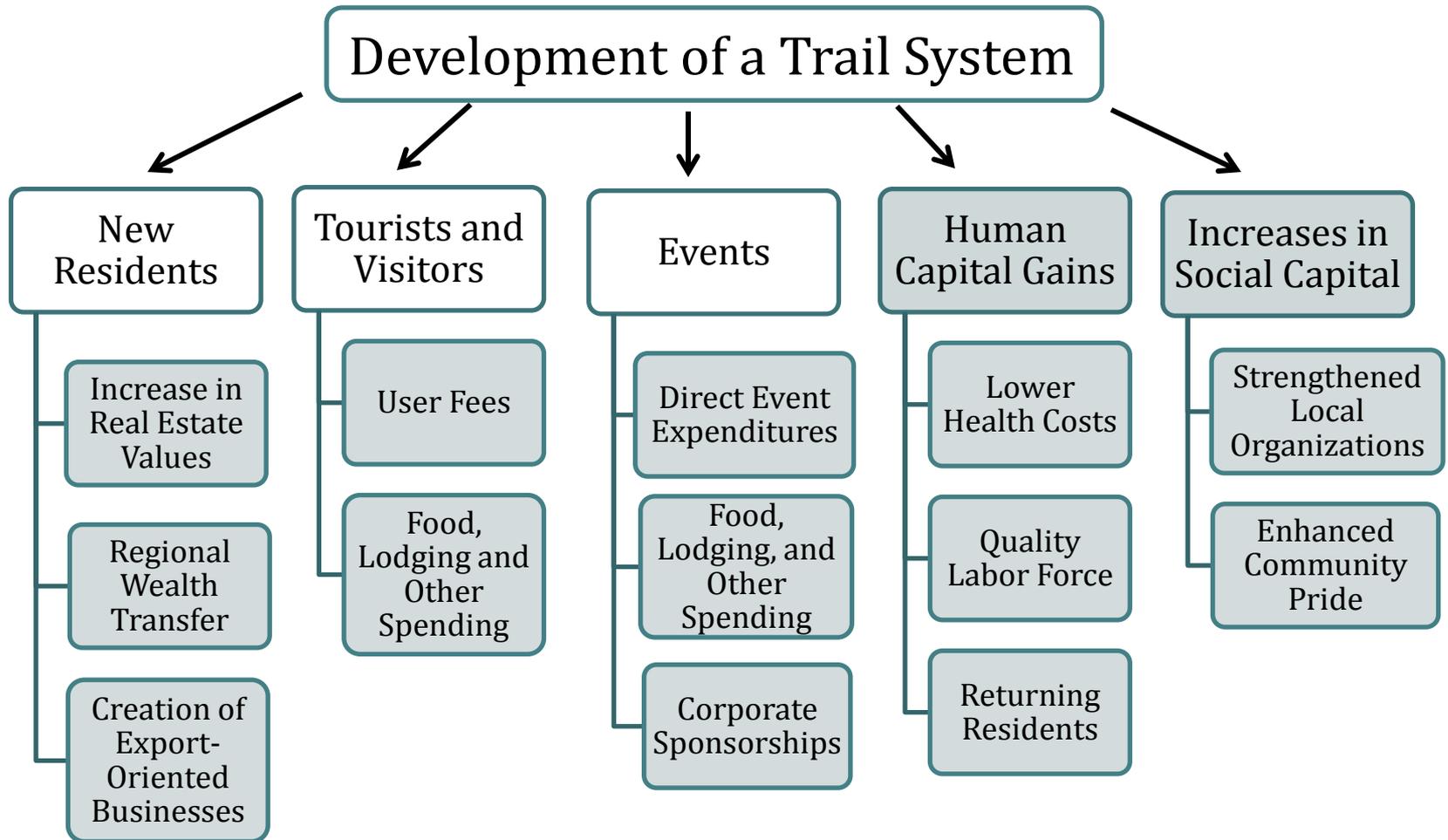
THETFORD
ACADEMY
VERMONT'S OLDEST
SECONDARY SCHOOL



**NEW ENGLAND HIGH SCHOOL
CROSS COUNTRY CHAMPIONSHIP**

**THETFORD ACADEMY
VERMONT'S OLDEST SECONDARY SCHOOL**

Trapp Family Lodge – Economic Success From Recreation and Competition Trails



Trapp Family Lodge



Family Von Trapp



A True Four-Season, Trail-Based Destination

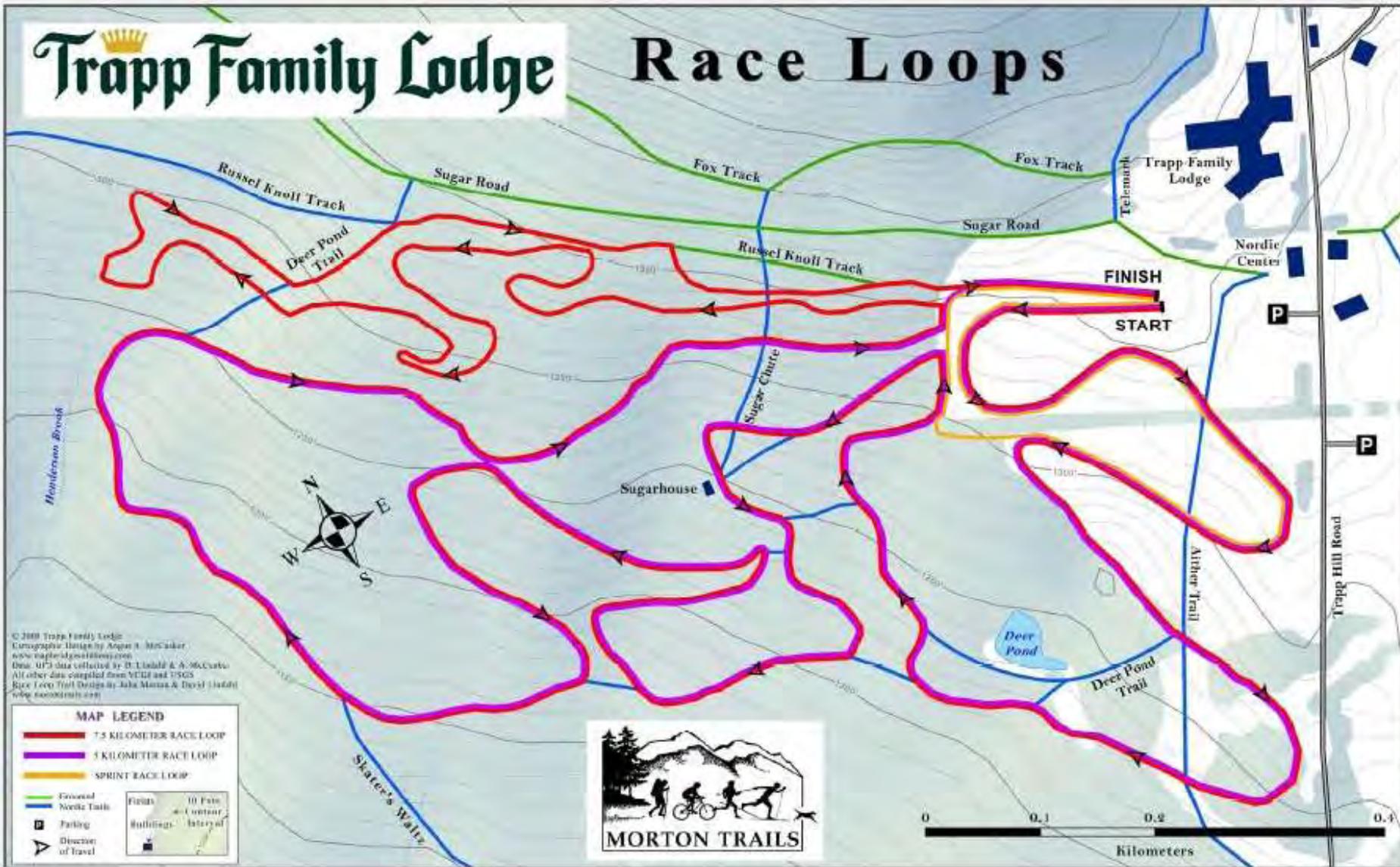


Trapp's - 100 Kilometers of Trails



Trapp Family Lodge

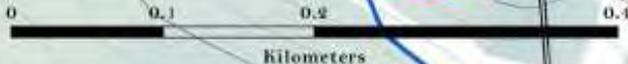
Race Loops



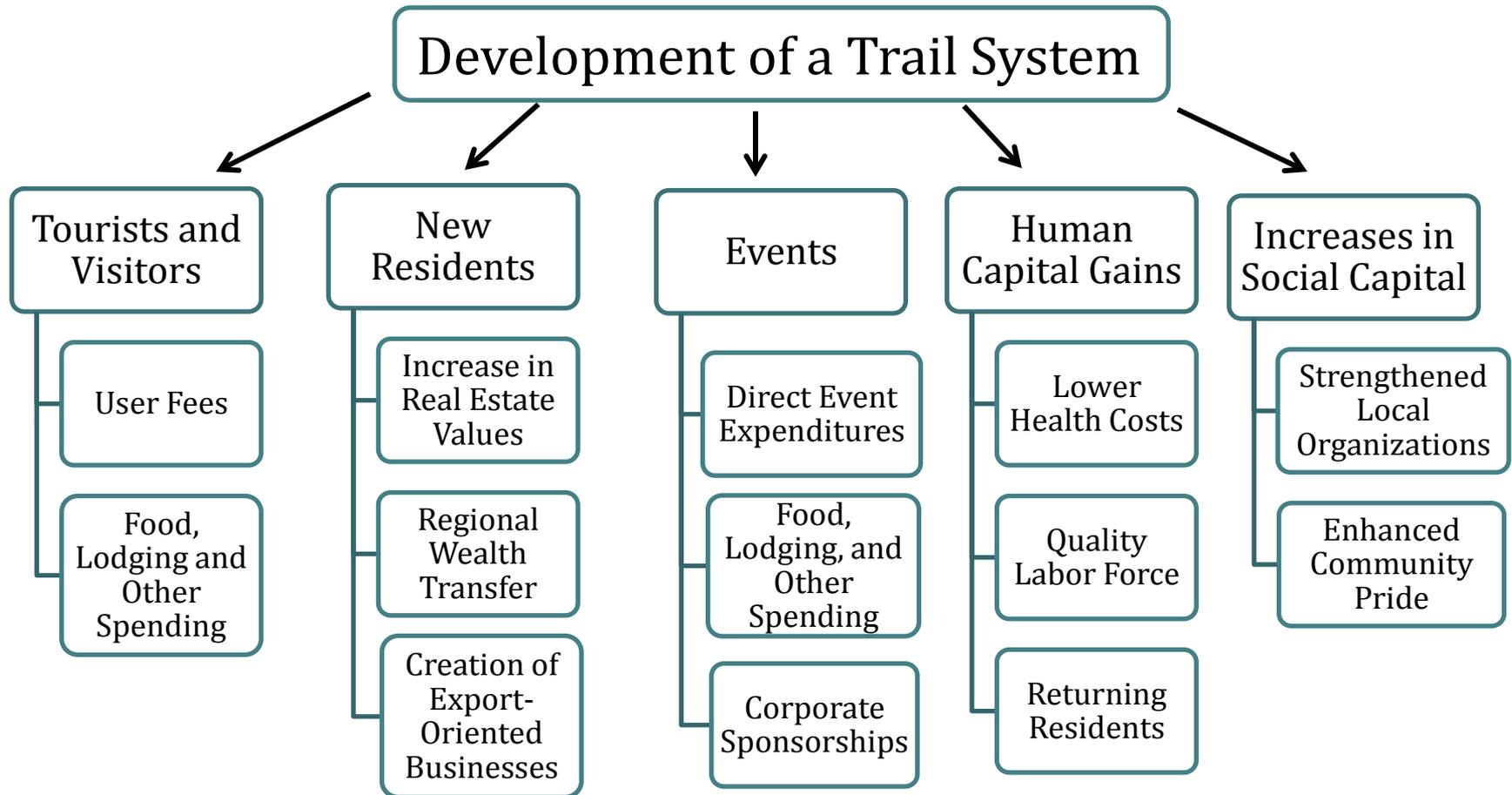
© 2009 Trapp Family Lodge
 Cartographic Design by Angus A. McClellan
 www.trappfamilylodge.com
 Data: UTM data collected by D. Lindahl & A. McClellan
 All other data compiled from USGS and USGS
 Race Loop Trail Design by John Matus & David Lindahl
 www.mortontrails.com

MAP LEGEND

- 7.5 KILOMETER RACE LOOP
- 5 KILOMETER RACE LOOP
- SPRINT RACE LOOP
- Gravelled Nordic Trails
- Nordic Trails
- P Parking
- Direction of Travel
- F Finish
- S Start
- Buildings
- Intersect



Economic and Financial Impacts of Trails



Aroostook County, Maine – Bringing Together Multiple Economic Elements From Trails



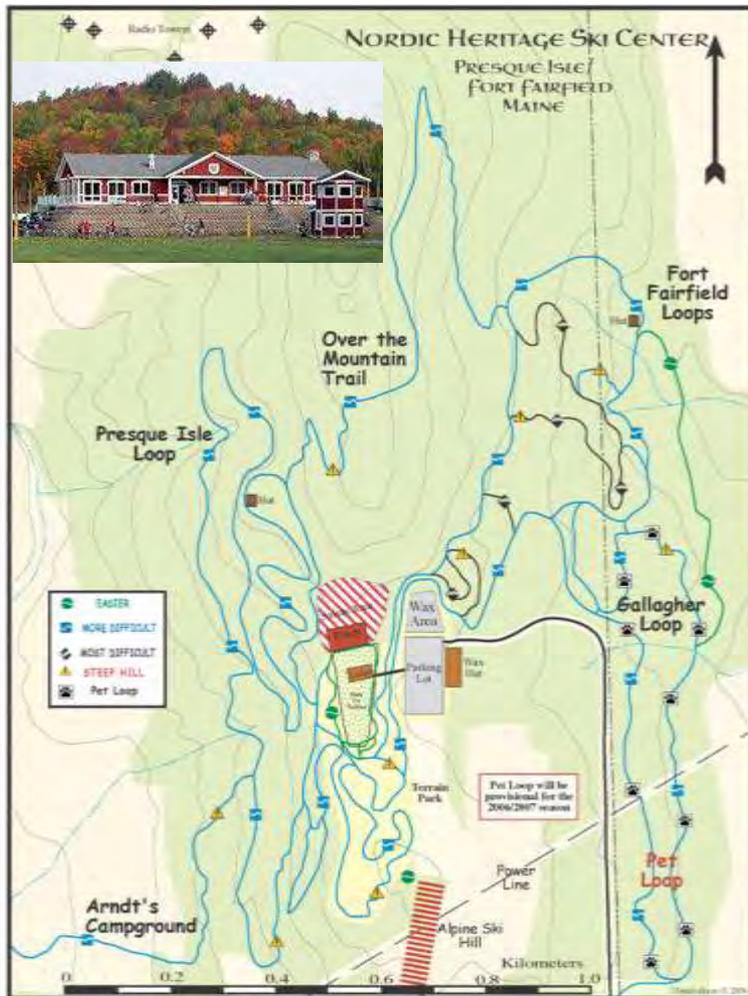
Aroostook County, Maine – “Healthy Hometowns”



- **Mission**
 - *Re-establish skiing as a lifestyle in northern Maine*
 - *Reverse Maine’s position as 2nd highest childhood obesity rate in nation*
 - *Encourage high aspirations for rural youth*
- **Outcomes**
 - *10 community trail systems in Aroostook County*
 - *5,000 kids on skis in 72 communities across Maine*
 - *Substantial improvement in test scores and decreased absenteeism*



Aroostook County, Maine



- *Trails draw enthusiasts from throughout New England during all seasons.*
- *Trails carefully designed to accommodate users of all abilities and variety of activities.*



Aroostook County, Maine – Russell Currier, Hometown Hero



■ *Russell Currier*

Hometown: Stockholm, Maine

Previous Activities: Couch-potato

Recent Achievements:

- 2011 World Cup Biathlon Team
- 2006 U.S. Junior National Cross Country Ski Champion
- 3-time U.S Biathlon Junior World Team
- 5-time Maine State Cross Country Ski Champion



Aroostook County – Event-Based Economic Impacts



- *County Population – 71,000 over 6,700 sq. miles (\approx equal to CT + RI)*
- *2011 – Two World Cups at Ft. Kent and Presque Isle, February 3-10*
 - *1,000+ volunteers*
 - *10,000+ spectators*
 - *106 million TV viewers over 7 days*
- *Estimated \$10M Economic Impact in Aroostook County*



Concluding Remarks

- **The “Silver Tsunami” is in its early stages.**
- **Much of small city and non-metropolitan America will see the effects.**
- **Quality trails are a key ingredient influencing the decisions of retiring baby boomers.**
- **People are willing to pay for trails, primarily through the value of real estate.**
- **Trails that are well-designed for programs, events, and competitions can generate multiple economic and financial benefits.**
- **Some of the most valuable trail benefits are non-traditional economic measures (i.e., human and social capital).**



For further information:

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