

The Economic Impact of Golf In South Carolina

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For

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EXECUTIVE SUMMARY

In 1786, America's first golf course was built in Charleston South Carolina. Today, there are approximately 368 golf courses around the state in settings that vary from ocean views and marshes on the coast to mountain vistas in the upstate. Golf Digest ranks South Carolina among the nation's top golf destinations. Golf generates more income than any other single entertainment or recreation activity in South Carolina.

Economic Impact

In 2007, golf courses and the off-course expenditures of visiting golfers had a total economic impact (direct, indirect and induced) in South Carolina of:

- **\$2.721 billion in output or sales,**
- **33,535 jobs,**
- **\$834 million in personal income, and**
- **\$276 million in federal, state and local taxes.** Green fees and club membership dues generated **\$12.9 million in admissions tax revenue alone**, accounting for over 39% of state admissions tax collections.

Note: The impacts of real estate sales in golf communities and off-site purchases of golf equipment by local golfers are not included in these totals.

Golf Course Statistics

- Overall, the **average number of rounds played was 35,567** per 18-hole course in 2007. By region and type of course, the average was highest in the coastal region (36,075) and at public courses (37,777).
- In 2007, the **average revenue from membership dues, green fees and cart fees per paid round was \$51.08.** By region and type of course, the average was highest in the coastal region (\$52.68) and at resort courses (\$62.72).

Visiting Golfers

- There were **785,000 trips to South Carolina** that included a round of golf in 2007.
- These trips generated **\$1.2 billion in visitor expenditures**, \$0.2 billion spent on the golf course and \$1.0 billion off-course expenditures at hotels, restaurants, and other retail and entertainment venues.
- The top golf destinations in the state were **Myrtle Beach (53%)** and **Hilton Head Island (23%)**.
- The **top out-of-state origins were New York and North Carolina (12% and 10% respectively)**, followed by Virginia and Ohio (8% each). Only 12% of golf trips were in-state.
- The **median age of golf visitors was 50** with a **median household income of \$80,000 to \$85,000.**

Methodology

In 1993, a golf course survey was developed in cooperation with the South Carolina Golf Course Owners Association to collect data on facility characteristics, rounds played, course revenues and operational expenditures. It was administered to owners of public and private golf courses around the state reporting on the previous year's performance (1992). The golf course survey has been repeated every few years with reports published in 1994, 1998, 2002, 2006 and now in 2008.

For the current report, forty-four surveys were completed by members of the South Carolina Golf Course Owners Association, representing seventy-nine 18-hole equivalent golf courses, reporting on 2007 performance. The sample represents 40% of the courses in the coastal region (Myrtle Beach Area, Charleston and Lowcountry Chapters) but only 5% of the courses in the non-coastal region (Midlands and Upstate Chapters). For the economic impact analysis, course revenues and expenditures were projected using sample responses in the two regions weighted by the sample to population ratios noted.

After 1994, data on the expenditures of visiting golfers was included to expand the scope of the report. From 1998 to 2006, data on visiting golfers was obtained from the Travel Industry Association of America's national travel survey *TravelScope*. The current report uses data on visiting golfers from *Travels America*, a national travel survey of TNS. Since *Travels America* provides more detailed expenditure data than the previous source, the economic impact contributed to golf visitors is more accurate than in previous reports.

IMPLAN, an input-output analysis tool, has been used in all years to estimate the economic impact on output, jobs, income, and taxes generated.

Golf Course Revenues and Rounds Played

Revenues at golf facilities accrue from sales at the pro shops and restaurants/snack bars, as well as the expenditures by patrons to play a round of golf and participate in other golf related activities. Total revenues and expenditures of golf courses were analyzed in order to measure the aggregate impact of golf course operations on the state's economy.

Statewide revenues from green fees, cart fees and membership dues combined were over half a billion dollars (\$534 million) and represented 75% of total revenues. Food and beverage purchases were \$79 million. Retail purchases at pro shops, including clothing and equipment, were \$64 million. Projected total revenues of South Carolina's golf facilities were estimated to be \$710 million in 2007.

Table 1
Course Revenues

Type of Revenue	Total	% of Total
Green fees, cart fees, Membership dues	\$534 mil.	75%
Food and Beverage	79 mil.	11%
Retail / Pro Shop	64 mil.	9%
Initiation Fees	13 mil.	2%
Other (range fees, lessons/clinics, Club rentals, other:	20 mil.	3%
Total Revenues	\$710 mil.	100%

The average number of rounds played per 18-hole course was 35,567 in 2007. The average number of rounds played differed by region and type of course. The average was 36,075 in the coastal region versus 31,318 inland. The average was 37,777 at public courses versus 30,534 at resort courses.

The average revenue from green and cart fees or membership dues per paid round was \$51.08. The average was \$52.68 in the coastal area versus \$28.26 inland. At resort courses, the average was \$62.72 versus \$48.41 at public courses.

Golf Course Operating Expenses

Statewide golf course operating expenses were projected to total \$449 million. Wages and salaries was the largest budget category and represented 42% of expenses. The break-down in these expenditures is shown in Table 2 below.

Table 2
Course Operating Expenses

Type of Expenditure	Total	% of Total
Wages & Salaries	\$188 mil.	42%
Food and Beverage Expenses	30 mil.	7%
Retail/Pro Shop Expenses	30 mil.	7%
General Administration	29 mil.	6%
Fertilizers	20 mil.	4%
Equipment Leases	20 mil.	4%
Equipment Repair	18 mil.	4%
Marketing	15 mil.	3%
Utilities	14 mil.	3%
Admissions Tax	13 mil.	3%
Property Tax	12 mil.	3%
Insurance	11 mil.	2%
Irrigation	3 mil.	1%
Other Expenses	46 mil.	10%
Total Expense	\$449 mil.	100%

Operational expenditures averaged \$1.6 million per 18-hole equivalent course, excluding capital expenditures.

Golf Course Capital Expenditures

The statewide total capital expenditures at existing golf courses were estimated at \$73 million in 2007. The average of reported capital expenditures per 18-hole equivalent course was \$378,242.

Note: Capital investments in new golf course development are not included in this analysis.

For more details on rounds, revenues and expenses, see the table *Golf Course Statistics by Region and Type of Course* in the Appendix.

Visiting Golfers and Expenditures

According to a 2007 Golf Digest survey of 4,000 avid golfers and affluent travelers, 19 percent of those surveyed took their most recent golf vacation in South Carolina, compared to only 15 percent who vacationed in Florida. Myrtle Beach, Hilton Head and Charleston/Kiawah ranked in the top 10 on four Golf Digest top 10 lists generated from the survey results based on both the quality of golf and the overall vacation experience they provide. South Carolina was the only state with three destinations consistently in the survey results' top 10 rankings.

According to the TNS national survey *Travels America*, approximately 6 percent of all domestic trips (about 785,000 travel parties) to South Carolina included playing a round of golf in 2007. The average length of stay on golf trips is five nights with condos or time-shares the preferred lodging (49%), followed by hotels (42%). In addition to golfing, they enjoy the beaches, shopping, fine dining, sightseeing and night life. The number of golf trips peaks in spring and summer (34% each). However, golf is a major driver of leisure travel to South Carolina during the fall (21%) as well.

About twelve percent of golf trips originate in-state. The top out-of-state origin markets are New York (12%), North Carolina (10%), Virginia (8%) and Ohio (8%). The typical golf visitor is a 50 year old white male with a household income of \$80,000 to \$85,000 (based on median demographics).

Projected trip expenditures, excluding transportation, totaled \$1.2 billion in 2007, \$0.2 billion spent on the golf course and \$1 billion spent off the course at hotels, restaurants, and other retail and entertainment venues.

For more details, see the table *U.S. Golf Trips to South Carolina* in the Appendix.

Economic Impact analysis

As an industry, golf has economic value to the state in the same way that other industries do, and in some ways that other industries do not. As is the case with similar sized manufacturing industries, golf has quantifiable impacts on the economy - creating demand for the goods and services of other businesses, creating jobs and incomes for the state's residents, and creating tax revenues for state and local governments. Furthermore, it is a major tourism draw which brings business to the hospitality industry. On the home front, it enhances the quality of life for South Carolina's residents, providing important recreational and spectator opportunities.

Direct Impacts

The direct effects from the initial revenues of golf courses and off-course expenditures by visiting golfers produced \$1.554 billion in output or sales, 23,538 jobs and \$488 million in personal income.

Table 3

Direct Effect on Output, Jobs and Income

IMPLAN Codes	Sector Descriptions	Output Or Sales*	Employment	Wages or Labor Income
410	Golf Courses	\$ 710 mil.	9,913	\$189 mil.
411	Accommodations	431 mil.	5,443	146 mil.
413	Food and Drinking Service	267 mil.	5,238	86 mil.
410	Other Amusement & Recr	134 mil.	2,608	61 mil.
324,330	Groceries and Retail Stores	12 mil.	335	6 mil.
	Total	\$1,554 mil.	23,538	\$488 mil.

*For retail sectors, the amounts shown are retail mark-up, not gross sales.

Indirect and Induced Effects

Expenditures associated with golf course operations did not occur in an economic vacuum. Many South Carolina industries benefited from the indirect and induced effects produced after the direct influx of \$1.554 billion dollars into the economy.

The total industrial output or economic impact of golf in the state of South Carolina was \$2.721 billion in 2007. The direct economic impact was \$1.554 million, while indirect and induced effects added an additional \$1.167 billion. Thus, the average combined multiplier associated with the study was 1.75. That is, 75 cents of every dollar in direct output was re-spent in the state's economy.

The top recipients of the indirect and induced rounds of spending are shown in Table 4.

Table 4**Indirect and Induced Effects on Output**

IMPLAN Codes	Sector Descriptions	Output or Sales
19	Support activities for agriculture and forestry	\$ 71 mil.
360	Real estate establishments	58 mil.
31	Electric power generation – transmission - distr	54 mil.
389	Other support services	53 mil.
381	Management of companies and enterprises	51 mil.
413	Food services and drinking places	41 mil.
357	Insurance carriers	35 mil.
319	Wholesale trade	32 mil.
394	Offices of physicians – dentists – and other health	30 mil.
417	Commercial and industrial machinery and equip	24 mil.
377	Advertising and related services	23 mil.
	All Other Industries	580 mil.
	Total	\$1,167 mil.

Total Impacts

Along with industrial output, employment in the state increased by 33,535 full time jobs generated by the direct, indirect and induced effects of golf course operations and off-course expenditures of visiting golfers. Personal income associated with this employment was \$834 million in 2007.

Table 5**Total Effect on Output, Jobs and Income**

IMPLAN Codes	Sector Descriptions	Output or Sales	Employment	Wages and Income
410	Other amusement and recreation industries	\$845 mil.	12,546	\$250 mil.
411	Accommodations	438 mil.	5,523	148 mil.
413	Food services and drinking places	308 mil.	6,040	100 mil.
19	Support activities for agriculture and forestry	71 mil.	1,541	40 mil.
360	Real estate establishments	58 mil.	479	9 mil.
31	Electric power generation- transmission- and distr	54 mil.	100	11 mil.
389	Other support services	53 mil.	416	11 mil.
381	Management of companies and enterprises	51 mil.	240	17 mil.
357	Insurance carriers	35 mil.	129	7 mil.
319	Wholesale trade business	32 mil.	197	12 mil.
394	Offices of physicians- dentists- and other health	30 mil.	251	17 mil.
	All Other Industries	746 mil.	6,073	212 mil.
	Total	\$2,721mil.	33,535	\$834 mil.

Fiscal Impact

Golfers paid \$12.9 million in admissions tax to the state, accounting for over 39% of total admissions tax collections in 2007.

Local, state and federal government agencies shared the benefits from the economic activity surrounding golf with combined tax revenues of \$276 million. From the impact assessment of golf course operations and off-course expenditures by visiting golfers, it was estimated that \$126 million were generated in state and local taxes, while \$150 million were paid in federal taxes.

Additional Impacts

The Heritage Golf Tournament is one of only a few major sporting events held in South Carolina each year and the only PGA TOUR event in the state. This mega event held annually at Harbour Town Golf Links at Sea Pines Resort on Hilton Head Island has a total sales impact in Beaufort County of about \$84 million. In 2007, the Senior PGA Championship at Kiawah Island's Ocean Course had an estimated \$23.3 million economic impact in that area. These do not take into account the spending by players, officials, and the media.

Regional charities benefit from these and other tournaments by direct contributions from their proceeds. Additionally, there are intangible benefits generated by national television exposure and feature stories related to them.

Residential real estate development surrounding golf courses is another significant economic impact not measured in this study.

APPENDIX

2008 South Carolina Golf Facility Survey of Revenues and Expenses

1. Facility location (by SC Golf Course Owners Association region)

- Myrtle Beach Area Charleston
 Lowcountry Midlands / Upstate

2. Type of facility

- Private (members and their guests only)
 Resort (golf facility affiliated with a lodging component)
 Public (at least limited access)

3. Reporting for # of holes

(You can report for multiple courses or do separate surveys by course.)

- 9 holes
 18 holes
 27 holes
 36 holes
 45 holes
 _____holes

4. Fiscal year for which you are reporting

Beginning MO/YR _____
 Ending MO/YR _____

5. Rounds played (in 18 hole equivalents) in the fiscal year reported

Daily-fee _____
 Member _____
 Complimentary _____

6A. Total Gross Revenues (including concessions) in the fiscal year reported

- | | |
|---|---|
| <input type="checkbox"/> Less than \$1.0 mil. | <input type="checkbox"/> \$1.0-1.999 mil. |
| <input type="checkbox"/> \$2.0-2.999 mil. | <input type="checkbox"/> \$3.0-3.999 mil. |
| <input type="checkbox"/> \$4.0-4.999 mil. | <input type="checkbox"/> \$5.0-0.999 mil. |
| <input type="checkbox"/> \$6.0-6.999 mil. | <input type="checkbox"/> \$7.0-7.999 mil. |
| <input type="checkbox"/> \$8.0-8.999 mil. | <input type="checkbox"/> \$9.0-9.999 mil. |
| <input type="checkbox"/> \$10.0-10.999 mil. | <input type="checkbox"/> \$11.0-11.999 mil. |
| <input type="checkbox"/> \$12.0-12.999 mil. | <input type="checkbox"/> \$13.0-13.999 mil. |
| <input type="checkbox"/> \$14.0-14.999 mil. | <input type="checkbox"/> \$15.0-15.999 mil. |
| <input type="checkbox"/> \$16.0-16.999 mil. | <input type="checkbox"/> \$17.0-17.999 mil. |
| <input type="checkbox"/> \$18.0-18.999 mil. | <input type="checkbox"/> \$19.0 mil. + |

6B. Break-down of revenues Dollar Amount

Initiation Fees	_____
Membership Dues	_____
Green Fees	_____
Golf Car Rentals	_____
Other Rentals	_____
Driving Range	_____
Pro Shop Merchandise	_____
Food and Beverage	_____
Other (Specify):	_____
_____	_____
_____	_____
_____	_____

QUESTIONNAIRE: (continued)

7A. Total Operating Expenses (including concessions) in the fiscal year reported

- Less than \$1.0 mil.
- \$1.0-1.999 mil.
- \$2.0-2.999 mil.
- \$3.0-3.999 mil.
- \$4.0-4.999 mil.
- \$5.0-0.999 mil.
- \$6.0-6.999 mil.
- \$7.0-7.999 mil.
- \$8.0-8.999 mil.
- \$9.0-9.999 mil.
- \$10.0-10.999 mil.
- \$11.0 mil. +

7B. Number of employees

Full-time _____
Part-time/seasonal _____

7C. Break-down of operating expenses Dollar Amount

Full time wages _____
Part time or seasonal wages _____
General administrative _____
Equipment maintenance/repair _____
Irrigation water _____
Fertilizers and chemicals _____
Golf car or equipment leases _____
Pro shop merchandise _____
Cost of food and beverage _____
Advertising/marketing _____
Property tax _____
Amusement tax _____
Facility insurance _____
Utilities _____
Other (specify): _____

8A. Total Capital Expenditures in the fiscal year reported

- Less than \$1.0 mil.
- \$1.0-1.999 mil.
- \$2.0-2.999 mil.
- \$3.0-3.999 mil.
- \$4.0-4.999 mil.
- \$5.0-0.999 mil.
- \$6.0-6.999 mil.
- \$7.0 mil. +

8B. Break-down of capital expenditures Dollar Amount

Course renovation _____
Irrigation system/water source _____
Clubhouse/building expansion _____
New vehicles/equipment _____
Other (specify): _____

U.S. Golf Trips to South Carolina

	2007
# of Trips* (projected total)	785,000
Avg Length of stay (nights)	5.3
Avg Party Size (in same household)	2.2
% of Parties with Children	34%
Expenditures (projected total)	\$1,270,000,000
Destinations: Myrtle Beach Area	53%
Beaufort/Hilton Head Island	23%
Charleston/Kiawah	6%
Greenville	5%
Aiken	3%
Month: January	3%
February	4%
March	16%
April	14%
May	4%
June	14%
July	11%
August	9%
September	8%
October	11%
November	2%
December	3%
Trip Purpose: Leisure	70%
Friends/Relatives	22%
Business	5%
Transportation: Automobile	79%
Airplane	18%
Lodging: Condo/Time Share**	49%
Hotel	42%
Personal Home	20%
Activities: Golf	100%
Beaches	63%
Shopping	45%
Fine Dining	35%
Rural Sightseeing	19%
Urban Sightseeing	12%
Historic Sites/Churches	11%
Nightclub/Dancing	11%
Top State Origins	SC (12%) NY (12%) NC (10%) VA (8%) OH (8%)
Median Age of Head of Household	50
Median Household Income	\$80,000-\$84,999

*Projections, averages and percentages represent trips, not individual visitors.

**More than one type of accommodations were used on some trips.

Golf Course Statistics by Region and Type of Course

Average Annual Revenues and Rounds Played per 18-hole Course

Number of Rounds:	Coastal	Non-Coastal	Private	Resort	Public	Overall
Daily-fee	27,746	21,878	-	27,098	27,527	27,111
Members	9,582	9,671	-	6,314	9,321	9,591
Total Paid Rounds	34,846	29,274	-	29,729	36,238	34,250
Complimentary	1,819	3,861	-	1,933	2,033	1,994
Overall	36,075	31,318	-	30,534	37,777	35,567
Course Revenues:						
Initiation Fees	\$125,703	\$42,520	-	\$154,687	\$54,904	\$123,326
Membership Dues	\$354,961	\$183,000	-	\$378,027	\$230,651	\$340,497
Green Fees*	\$1,391,604	\$342,681	-	\$2,098,184	\$911,140	\$1,306,764
Cart Fees	\$729,178	\$307,064	-	\$762,492	\$685,770	\$688,802
Club Rentals	\$26,109	\$1,959	-	\$37,088	\$13,803	\$23,793
Range	\$42,418	\$20,447	-	\$39,635	\$40,273	\$40,387
Other	\$67,035	\$20,800	-	\$23,259	\$49,361	\$62,056
Overall	\$2,358,108	\$834,403	-	\$2,838,832	\$1,854,603	\$2,234,867
Pro Shop Revenues:						
Gross Retail Sales	\$300,598	\$81,921	-	\$502,527	\$164,878	\$285,910
Club House Revenues:						
Food & Beverage Sales	\$386,380	\$217,525	-	\$423,789	\$320,400	\$377,570
Revenue Totals:						
Dues & Green & Cart	\$2,276,569	\$ 799,472	-	\$2,779,506	\$1,783,848	\$2,157,098
Overall Revenues**	\$2,995,629	\$ 1,020,079	-	\$3,623,885	\$2,316,885	\$2,835,842
Revenue per Paid Round:						
Dues & Green & Cart	\$52.68	\$28.26	-	\$62.72	\$48.41	\$51.08
Overall Revenues**	\$81.98	\$35.95	-	\$116.70	\$63.27	\$79.75

*some Green Fees include Cart Fees

**excludes Initiation Fees

Average Annual Operating Expenses Per 18-Hole Course

Full-Time Employees	29	13	-	38	22	27
Part-Time/Seasonal	22	20	-	24	21	22
Overall Operating Budget	\$1,677,443	\$859,557	-	\$1,555,543	\$1,543,796	\$1,611,291
Employee Wages	\$762,666	\$373,725	-	\$832,980	\$630,545	\$729,241
Property Tax	\$58,372	\$36,437	-	\$61,144	\$53,041	\$56,294
Capital Expenditures	\$400,768	\$91,835	-	\$622,441	\$186,337	\$378,242

Characteristics of Golf Courses Participating in the Study

# of Respondents	36	8	2	10	32	44
	82%	18%	5%	23%	73%	100%
18-hole Course Equivalents	71	8.5	2	24	53.5	79.5
	89%	11%	3%	30%	67%	100%

Interpretation:

Statistics given represent the mean or arithmetic average of the non-zero responses per 18-hole course. The "Overall" averages are the average "Totals" reported by respondents.