

Gives Cost Estimate on Southern Fee Plant

By E. S. DRAPER

IN connection with golf work in the South, we have at times been requested to give an estimate of capital investment, operating expense, and net profits in the operation of a country club for public use with a so-called "fee" golf course, tennis courts, swimming pool, and other features. As Mr. Paddock brought out in his article on "Construction" in July GOLFDOM, there are constants and variables in construction costs. This applies as well to land costs and operating expenses. However, the ratio of profit to investment should remain approximately the same; higher land costs would probably be reflected in greater attendance and use; larger expenses for pool and minor club features would be reflected in greater use. The set-up herewith would probably apply fairly well as regards capital investment and operating expense in any southern city of from 75,000 to 150,000 population. Construction costs, particularly at this time, are much lower in the south.

South's Public Golf Future

There is a real opportunity in the development of public golf courses in the southeast at the present time. Many will be built in the near future. Possibly we may see a company operating a chain of courses. The factors which are favorable for investment of this sort in the south at the present time may be listed as follows:

1. An increasing army of golfers, particularly those who are playing the miniature courses and wish to graduate from a putter to a full bag of clubs, and who are not in position to pay the initiation fee which the average private club requires.

2. Municipal courses, while being developed, will never approach the demand, and are usually crowded to the point where play is difficult just as soon as they are ready for play.

3. From ten to twelve months in playing season from Virginia to Florida and Texas, together with a greater number

of open, sunny days, give a larger percentage of available playing hours than in other sections of the East and Middle West.

4. The tourist demand, supplementing at different seasons of the year the local demand, which through the middle south finds difficulty in securing play en route.

5. Both construction and maintenance costs are favorable, particularly where Bermuda is the basic turf, as this can be maintained at a very reasonable expense.

Gives Club "Set-Up"

Herewith is an approximate estimate of revenue and expense in connection with construction and operation of a typical country club, with 18-hole golf course, miniature course, swimming pool and tennis courts for public use in the south:

A—Capital Expense—18-hole Fee Golf Course—City of 75,000 to 150,000 People—

1. Cost of land—150 acres at \$100	\$ 15,000.00
2. Cost of 18-hole course (average cost in south). Undulating grass greens, traps built into greens, grass tees, modern construction.	45,000.00
3. Cost of clubhouse, with locker room and showers, golf shop, etc., with entrance road	5,000.00
4. Cost of two tennis courts and swimming pool 100 ft. sq.	15,000.00
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	\$ 80,000.00
5. Real estate commissions, landscape, engineering and architectural commissions, etc.—10%	8,000.00
6. Reserve for interest, taxes and maintenance during first year before operating revenue can be secured....	12,000.00
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	\$100,000.00

B—Annual Operating Expense—**18-hole Fee Golf Course—**

1. Interest on investment 6% + taxes 1% on \$100,000.00...	\$ 7,000.00
2. Annual upkeep of golf course, tennis courts and grounds.	10,000.00
3. Annual upkeep of swimming pool	5,000.00
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	\$ 22,000.00

C—Revenue from Operation—

1. Golf Course (basis 35 weeks' season)	
100 players week day average × 5, 500	
250 players Sat., Sunday and holidays, × 2, 500—1,000 a week 35 weeks = 35,000 players. Rate per player average \$1.00 × 35,000 players.....	\$ 35,000.00
2. Swimming pool (basis 20-week season)	
400 swimmers—week-day average × 5 = 2,000	
750 swimmers Sat., Sun. and holidays × 2 = 1,500. Per week 3,500	
3,500 a week, 20 weeks = 70,000 swimmers	
Rate per swimmer average .35 × 70,000	24,500.00
3. Net return from club concessions—lockers, drinks, etc., above operating expense	2,500.00
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	\$62,000.00

RECAPITULATION

C. Gross annual revenue.....	\$ 62,000.00
B. Annual operating expense...	22,000.00
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Net return on \$100,000.00 investment\$ 40,000.00

Over a period of years well situated land would probably enhance considerably in value so that eventually land enhancement would justify selling the property redeveloping on lower-priced acreage.

In the layout of 18-holes on 150 acres, odd corners of property might be available for lot sites. Acquisition of acreage in excess of golf requirements, if purchased at a low cost, would probably mean enhancement in land value for future lot sales. However, this should be subsidiary to the golf course activity, which would be a revenue producing proposition, whereas excess land would be entirely dependent on speculative enhancement to cover carrying charges.

Following are some statistics on play on southern public 18-hole courses, in cities of 75,000-150,000, taken from 1930 pamphlet on Municipal Golf Courses by U. S. G. A., which justify an estimate of 35,000 rounds:

Chattanooga, Tenn.—29,839 rounds, 1929, Brainerd Municipal Course.
Knoxville, Tenn—25,000 rounds, 1929, Whittle Springs Municipal Course.
Nashville, Tenn—40,000 rounds, 1929, Shelby Park Course.
Dallas, Texas—50,616 rounds, 1929, Stevens Park Course.
Dallas, Texas—70,288 rounds, 1929, Oak Grove Park.
Dallas, Texas—85,344 rounds, 1929, Tenison Park Golf Course.
El Paso, Texas—55,000 rounds, 1929, Municipal Course.
Fort Worth, Texas—68,820 rounds, 1929, Worth Hills Golf Course.
Atlanta, Ga.—35,203 rounds, 1929, average number of rounds at three 9-hole Municipal Courses.
Savannah, Ga.—25,000 rounds, 1929, average number of rounds at two 18-hole Municipal Courses.
Birmingham, Ala.—59,310 rounds, 1929, Highland Park Golf Course.
Average attendance, 49,493.

The above schedule was prepared at the request of a client contemplating development of a public country club in the Piedmont section of North Carolina. The costs, therefore, are particularly applicable to that section. The variable items of cost would include the upkeep of the pool, which would vary considerably according to the cost of the water. The lower south would provide a longer season both for golf and swimming pool, resulting in increased returns; under some conditions the net return from concessions might be greater.

It is not unreasonable to expect, however, a net return of 40% on the original investment, and under some conditions fee courses have given a much greater percentage of return.

U. S. BALL SALES HEADQUARTERS NOW AT PROVIDENCE, R. I.

Providence, R. I.—Golf Ball Sales Department of the United States Rubber Co. has moved its headquarters from 1790 Broadway to 355 Valley St., Providence. Mail address is P. O. Box 1453. E. C. Conlin, manager of the U. S. golf department, has moved to Providence where the factory and testing grounds are located.