

Golf: Positive economic impacts for local economies

There are ways to document golf's positive effect on the community. This study compares local and visitor contributions

By Mike D. Woods

he game of golf can have a very positive impact on local economies where golf courses are located (1). Construction expenditures, operational expenditures, and dollars spent by visiting golfers can all add income and jobs to the local economy.

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A recent report by the National Golf Foundation (NGF) indicates the number of rounds played annually reached a record high of 564 million in 1999 (2). The NGF also reports there are over 26 million golfers in the U.S. with 6 million of them labeled "avid" golfers (who play 25 or more rounds per year). Clearly, these golfers and rounds-played are not evenly distributed throughout the country. The impacts vary from state to state and even from community to community. Some states are already known as golfing destinations while others are enhancing their marketing efforts. The purpose of this article is to review the potential impact of golf courses on the local economy.

Local economic impacts

There are several sources of economic impact related to golf courses. Construction of golf courses brings dollars to the community during the construction phase. The National Golf Foundation

reported over 500 courses were opened in 1999, including 13 reconstructed courses. Expenditures for materials, supplies, earth moving, sod, etc. all can bring dollars to a local economy. The maintenance of golf courses can have a more long-term impact. A recent survey of Oklahoma golf courses reported a per course expenditure of \$86,294 annually in non-labor expenses (3). An additional \$77,000 was spent on new equipment and new irrigation expenses.

These expenses varied by type of course: public or private; 9 hole vs. 18 hole; etc. The significant point is — these courses generated local economic activity through maintenance expenditures for fertilizers, herbicides, fuel, equipment repair, topdressings, seed, sod, trees, shrubs, ornamentals and other items. There is also a significant direct employment impact for accountants, caddies, club managers, golf pros, golf teachers, secretaries, security, food/beverage service and others. The Oklahoma survey reported an average employment of 18 ftes per course (non-maintenance).

Typical impacts on the economy

Local golf courses certainly generate impacts through expenditures, employment, and payroll. Another impact relates to the golfers who play the course. However, using traditional economic impact analysis, we must be careful not to double-count the impacts. Visitor expenditures can however, be another measure of impact. Golfers pay green fees and pur-

TABLE 1.

| Percent of Out-of-Town Guests | Dollars Spent Per Day Per Visitor | | |
|-------------------------------|-----------------------------------|-----------|-----------|
| | \$5 | \$10 | \$15 |
| 60 | \$135,000 | \$270,000 | \$405,000 |
| 70 | \$157,000 | \$315,000 | \$472,000 |
| 80 | \$180,000 | \$360,000 | \$540,000 |

chase food and golf supplies at the club or proshop. They stop at local restaurants or purchase gasoline and other supplies. These expenditures impact the local community beyond the direct impacts of the golf course and are similar to tourism economic impacts.

There are also impacts of golf courses which are more difficult to quantify. Many local residents feel good golf courses add to the local quality of life. Existing residents may desire a quality course. Often, building a golf course is seen as part of a business development strategy; it will attract new business opportunities when perceived as enhancing the local quality of life. In Oklahoma, many community groups have requested assistance in establishing a course to enhance the local economy. Building a golf course alone will not turn a local economy around but it can help. The local community must have an overall plan and sound leadership for promoting the entire community (4).

A final thought on the impact of golf courses relates to retirees. The demographics of the country are changing. The baby boom generation is nearing retirement and many boomers have taken up golf. This is a lifelong sport that can be enjoyed well into their retirement years. Some communities have adopted a strategy of attracting retirees as an economic development strategy (5). These retirees look for many amenities including health care and public safety. Accessible golf courses are one part of the equation that retirees may consider.

Visitors add to the pot

Perkins is a community in central Oklahoma with a population of around 2000, but is within easy driving distance of several larger urban centers. The Cimarron Trails golf course was constructed with an initial capital investment of approximately \$5 million including the course, clubhouse and real estate. Initial employment included five full time employees and 35 seasonal or part time employees. Initially, the golf course expected to host 100 to 110 tournaments with rounds played per year expected to total 40,000 to 45,000.

Impacts of the course include dollars spent by golfers who visit the course. Dollars spent by golfers (out-of-town visitors) are critical since they bring in money that would not otherwise be spent in the local economy. The following table represents potential impact for a range of expenditures.

45,000 Annual Rounds

Dollars spent per day in the above example are above and beyond the expenditures for green fees and supplies or food within the proshop. Often out of town golfers will expend dollars on gasoline, restaurants, or other retail items. The only way to know for sure about these expenditures is to survey the golfers. Of course, only out-of-town visitors are counted as net addition to the economic impact.

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TABLE 2.

1. Number of rounds played-number of golfers;
2. Proportion of out-of-town golfers and guests;
3. Dollars spent per golfer on the golf course/proshop and in the community; and
4. Dollars spent by employees of the golf course in the local economy.

Key variables in an analysis of expenditures related to golf courses include those listed in Table 2:

Each of these variables must be assessed carefully. The number of rounds played is information easily collected for courses already in operation. The proportion of out-of-town golfers is a more difficult bit of required information. Course records will usually help and the proshop will usually have a "feel" for this number. Dollars spent on green fees and other proshop expenditures should be available from proshop records. Additional dollars spent in the local economy will be more difficult to obtain.

Surveys of golfers can be conducted but care must be taken to collect accurate information (and to not intrude on the positive recreational experience the golfers are enjoying). This kind of information, if collected, will allow an assessment of the golf course impacts to be described and, quite possibly, will deliver a positive message about local economic impacts.

Analysis of the expenditures of golfers and employees in the Perkins example led to estimates ranging from \$40,000 to

\$69,000 per year in additional sales tax revenues (6).

Adding the figures

Golf courses definitely have a positive economic impact on local economies. These impacts are demonstrated in the form of new jobs and payroll impacts. Golf courses have a significant impact in terms of local expenditures for supplies, repairs, maintenance, etc. Visitors and golfers from out of town also can provide impacts both on the golf course and in the local community. The future growth potential of golfers is steady and holds much potential for many local areas (7). Local communities should consider a quality golf course as part of an overall community economic development strategy.

— Mike Woods is Professor and Extension Economist at Oklahoma State University. He can be reached at 405-744-9837 or e-mail: mdwoods@okstate.edu

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