

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 over 350 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 2015, golf courses and the off-course expenditures of visiting golfers had a total economic impact (direct, indirect and induced) in South Carolina of:

- **\$2.705 billion in output or sales,**
- **33,188 jobs,**
- **\$881 million in personal income, and**
- **\$270 million in federal, state and local taxes.** Green fees and club membership dues generated **\$13.0 million in admissions tax revenue alone**, accounting for 36% 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 25,439** per 18-hole course in 2015. By region and type of course, the average was highest in the coastal region (29,172) and at public courses (29,386).
- In 2015, the **average revenue from membership dues, green fees and cart fees per paid round was \$44.88.** By region and type of course, the average was highest in the coastal region (\$57.92) and at resort courses (\$71.82).

Traveling Golfers in South Carolina

- In addition to revenues collected at golf courses, travelers in South Carolina that played golf during their trip spent more than **\$935 million** off-course at hotels, restaurants, and other retail and entertainment venues.
- The top golf destinations in the state were **Myrtle Beach (50%), Charleston (22%) and Hilton Head Island (15%).**
- The **top out-of-state origins were North Carolina (12%), Ohio (10%) Massachusetts (10%), Georgia (9%), and Pennsylvania (8%).** South Carolina residents accounted for 7% of golf trips in the state.
- The **median age of golf visitors was 55** with a **median household income of \$100,000 to \$125,000.**

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, 2008, 2012 and now in 2016.

For the current report, forty surveys were completed by members of the South Carolina Golf Course Owners Association, representing fifty 18-hole equivalent golf courses, reporting on 2015 performance. The sample represents 31% of the member courses in the coastal region (Myrtle Beach Area, Charleston and Lowcountry Chapters) and 19% of member 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 (coastal vs. non-coastal) weighted by the sample to population ratios noted in the appendix.

After 1994, data on the expenditures of traveling golfers in South Carolina was included to expand the scope of the report. From 1998 to 2006, data on traveling golfers was obtained from the Travel Industry Association of America's national travel survey *TravelScope*. Beginning with the 2008 report, data on traveling golfers was obtained from *Travels America*, a national travel survey of TNS. *Travels America* provides detailed trip expenditure data, maximizing the accuracy of the economic impact attributed to visiting golfers.

IMPLAN, an input-output analysis tool, has been used in all years to estimate the economic impact on output, jobs, income, and taxes generated. IMPLAN software and economic data is revised each year so annual estimates derived using IMPLAN may not be comparable with previous years.

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 \$386 million and represented 68% of total revenues. Food and beverage purchases were \$86 million. Retail purchases at pro shops, including clothing and equipment, were \$55 million. Projected total revenues of South Carolina's golf facilities were estimated to be \$571 million in 2015.

Table 1
Course Revenues

Type of Revenue	Total (\$millions)	% of Total
Green fees, cart fees, Membership dues	386	68%
Food and Beverage	86	15%
Retail / Pro Shop	55	10%
Initiation Fees	14	2%
Other (range fees, lessons/clinics, Club rentals, other)	30	5%
Total Revenues	\$571 million	100%

The average number of rounds played per 18-hole course was 25,439 in 2015. The average number of rounds played differed by region and type of course. The average was 29,172 in the coastal region versus 21,614 inland. The average was 29,386 at public courses versus 26,443 at resort courses.

The average revenue from green and cart fees or membership dues per paid round was \$44.88. The average was \$57.92 in the coastal area versus \$31.51 inland. At resort courses, the average was \$71.82 versus \$40.25 at public courses.

Golf Course Operating Expenses

Statewide golf course operating expenses were projected to total \$443 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 (\$millions)	% of Total
Wages & Salaries	186	42%
General Administration	50	11%
Retail/Pro Shop Expenses	30	7%
Food and Beverage Expenses	28	6%
Equipment Leases	24	5%
Fertilizers	22	5%
Utilities	17	4%
Other Expenses	16	4%
Property Tax	15	3%
Insurance	15	3%
Equipment Repair	14	3%
Admissions Tax	13	3%
Marketing	9	2%
Irrigation	2	1%
Total Expense	\$443 million	100%

Operational expenditures averaged \$1.3 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 \$169 million in 2015. The average of reported capital expenditures per 18-hole equivalent course was \$698 thousand.

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 the TNS national survey *Travels America*, approximately 5 percent of all domestic trips (around 700,000 travel parties) to South Carolina included playing a round of golf in 2015. The average length of stay on golf trips is around five nights with hotels being the preferred lodging (34%), followed by condos (21%). In addition to golfing, they enjoy the beaches, shopping, fine dining, sightseeing, historic attractions and night life. Trips to South Carolina that include golf occur most frequently in spring (38%), followed by summer (26%), fall (20%), and winter (16%).

About seven percent of golf trips originate in-state. The top out-of-state origin markets are North Carolina (12%), Ohio (10%), Massachusetts (10%), Georgia (9%), and Pennsylvania (8%). The typical golf visitor is a 55 year old white male with a household income of \$100,000 to \$125,000 (based on median demographics).

Travelers in South Carolina that played golf during their trip spent more than **\$935 million** off-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 \$1.53 billion in output or sales, 23,995 jobs and \$516 million in personal income.

Table 3

Direct Effect on Output, Jobs and Income

IMPLAN Codes	Sector Descriptions	Output or Sales** (\$millions)	Employment	Wages or Income (\$millions)
	Golf Courses*	571	10,000	186
499	Hotels and motels, including casino hotels	315	3,093	83
502	Limited-service restaurants	124	1,638	27
501	Full-service restaurants	116	2,711	56
496	Other amusement and recreation industries	104	1,784	36
62	Maintenance and repair construction of nonresidential structures	84	521	23
406	Retail - Miscellaneous store retailers	81	2,266	43
19	Support activities for agriculture and forestry	40	756	25
	All Other industries	176	3,492	37
	Total	\$1.53 billion	23,995	\$516 million

*Revenues, jobs and payroll are projected from courses that reported data for this study. These were treated as direct impacts and were not run through IMPLAN.

**For retail sectors, the output 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 \$1.53 billion dollars into the economy.

The total industrial output or economic impact of golf in the state of South Carolina was \$2.705 billion in 2015. The direct economic impact was \$1.53 billion, while indirect and induced effects added an additional \$1.175 billion. Thus, the average combined multiplier associated with the study was 1.77. That is, 77 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 (\$millions)
440	Real estate	88
441	Owner-occupied dwellings	74
461	Management of companies and enterprises	67
395	Wholesale trade	47
437	Insurance carriers	42
502	Limited-service restaurants	36
49	Electric power transmission and distribution	34
404	Retail - Sporting goods, hobby, musical instrument and book stores	32
445	Commercial and industrial machinery and equipment rental and leasing	27
501	Full-service restaurants	27
	All Other Industries	\$701
	Total	\$1.175 billion

Total Impacts

In 2015, the golf industry in South Carolina supported \$2.705 billion in sales, 33,188 full time jobs, and \$ 881 million in income generated by the direct, indirect and induced effects of golf course operations and off-course expenditures of visiting golfers.

Table 5
Total Effect on Output, Jobs and Income

IMPLAN Codes	Sector Descriptions	Output or Sales (\$millions)	Employment	Wages or Income (\$millions)
	Golf Courses (Direct Only)*	571	10,000	186
499	Hotels and motels, including casino hotels	316	3,102	83
502	Limited-service restaurants	160	2,115	36
501	Full-service restaurants	143	3,329	69
496	Other amusement and recreation industries	106	1,824	36
62	Maintenance and repair construction of nonresidential structures	102	629	28
440	Real estate	88	523	9
406	Retail - Miscellaneous store retailers	85	2,381	45
441	Owner-occupied dwellings	74	0	0
461	Management of companies and enterprises	67	353	28
395	Wholesale trade	47	201	15
	All Other Industries	947	8,732	346
	Total	\$2.705 billion	33,188	\$881 million

*Revenues, jobs and payroll are projected from courses that reported data for this study. These were treated as direct impacts and were not run through IMPLAN.

Fiscal Impact

Golfers paid \$13.0 million in admissions tax to the state, accounting for 36% of total admissions tax collections in 2015.

Local, state and federal government agencies shared the benefits from the economic activity surrounding golf with combined tax revenues of \$270 million. From the impact assessment of golf course operations and off-course expenditures by visiting golfers, it was estimated that \$173 million were generated in state and local taxes, while \$96 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 recurring PGA TOUR event in the state. This mega event held annually at Harbour Town Golf Links at Sea Pines Resort on Hilton Head Island infuses \$96 million into the state's economy*. While uncertainty about the Heritage's future loomed following the loss of Verizon as the event's title sponsor, both the tournament and its profound impact on South Carolina's tourism economy were secured in 2011 when RBC signed a five year commitment as title sponsor beginning in 2012, with a supplemental presenting sponsorship commitment from Boeing.

2012 marked a significant milestone for golf in the Palmetto State as the Ocean Course at the Kiawah Island Golf Resort hosted the 2012 PGA Championship. The College of Charleston's School of Business estimated the 2012 PGA Championship to have a \$193 million economic impact. In 2015, the PGA announced that the PGA Championship will return to Kiawah in 2021.

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.

* Most recent Heritage Impact Data is from 2014.

APPENDIX

2015 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 (If not reporting on calendar-year 2015, then report on most recent 12 month fiscal year)

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

- 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. \$11.0-11.999 mil.
- \$12.0-12.999 mil. \$13.0-13.999 mil.
- \$14.0-14.999 mil. \$15.0-15.999 mil.
- \$16.0-16.999 mil. \$17.0-17.999 mil.
- \$18.0-18.999 mil. \$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

	2015
# of Trips* (projected total)	707,000
Median Length of stay (nights)	5.0
Median Party Size (in same household)	2.3
% of Parties with Children	24%
Off-Course Expenditures (projected total)	\$936 million
Destinations: Myrtle Beach	50%
Charleston	22%
Hilton Head Island	15%
Columbia	6%
Greenville/Spartanburg	2%
Quarter of Visit: Winter	16%
Spring	38%
Summer	26%
Fall	20%
Trip Purpose: Friends/Relatives	33%
Outdoor Recreation	31%
Other pleasure/Personal	19%
Transportation: Automobile	90%
Airplane	9%
Lodging**: Condo	21%
Time Share	9%
Hotel	34%
Personal Home	13%
Activities: Golf	100%
Beaches	69%
Shopping	58%
Fine Dining	55%
Rural Sightseeing	5%
Urban Sightseeing	12%
Historic Sites/Churches	18%
Nightclub/Dancing	12%
Top State Origins	North Carolina (12%) Ohio (10%) Massachusetts (10%) Georgia (9%) Pennsylvania (8%) South Carolina (7%)
Median Age of Head of Household	55
Median Household Income	\$100,000-\$125,000

*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	Private/Resort	Public	Statewide
Daily-fee	20,621		-	17,813	20,883	18,035
Members	8,212	5,528	-	5,956	8,012	6,887
Total Paid Rounds	27,144	20,912	-	23,768	28,079	24,066
Complimentary	1,911	550	-	2,589	1,368	1,239
Overall	29,172	21,614	-	26,443	29,386	25,439
Course Revenues:						
Initiation Fees	\$183,810	\$20,342	-	\$122,468	\$37,716	\$103,085
Membership Dues	\$589,610	\$320,904	-	\$545,567	\$323,855	\$456,916
Green Fees*	\$558,081	\$190,330	-	\$741,422	\$404,040	\$376,476
Cart Fees	\$577,754	\$223,239	-	\$771,034	\$452,251	\$402,685
Club Rentals	\$28,556	\$1,339	-	\$31,468	\$22,552	\$15,116
Range	\$32,685	\$12,014	-	\$36,452	\$24,927	\$22,477
Other	\$215,339	\$28,481	-	\$63,828	\$183,058	\$123,063
Overall	\$2,185,835	\$796,649	-	\$2,312,240	\$1,448,399	\$1,499,817
Pro Shop Revenues:						
Gross Retail Sales	\$237,559	\$77,763	-	\$385,923	\$121,352	\$158,648
Club House Revenues:						
Food & Beverage Sales	\$429,522	\$111,272	-	\$422,150	\$288,313	\$272,361
Revenue Totals:						
Dues & Green & Cart	\$1,572,153	\$658,966	-	\$1,706,930	\$1,130,322	\$1,121,197
Overall Revenues**	\$2,355,974	\$873,969	-	\$2,502,381	\$1,657,978	\$1,624,120
Revenue per Paid Round:						
Dues & Green & Cart	\$57.92	\$31.51	-	\$71.82	\$40.25	\$44.88
Overall Revenues**	\$86.80	\$41.79	-	\$105.28	\$59.05	\$64.57

*Some Green Fees include Cart Fees

**Excludes Initiation Fees

Average Annual Operating Expenses Per 18-Hole Course

Full-Time Employees	15	8	-	12	13	12
Part-Time/Seasonal	24	10	-	24	20	17
Overall Operating Budget	\$1,759,855	\$793,308	-	\$1,468,983	\$1,398,118	1,282,548
Employee Wages	\$747,523	\$331,999	-	\$642,154	\$539,242	542,326
Property Tax	\$64,272	\$38,123	-	\$70,085	\$48,959	51,359
Capital Expenditures	\$1,245,768	\$136,039	-	\$3,302,000	\$102,186	697,754

Characteristics of Golf Courses Participating in the Study

# of Respondents	32	8	3	7	30	40
	80%	20%	8%	18%	75%	100%
18-hole Course Equivalents Represented by Sample	43	9	3	15	34	52
	83%	17%	6%	29%	66%	100%
Projected 18-hole Course Equivalents	177	173	-	-	-	350
	51%	49%	-	-	-	100%

Notes:

1. 'Averages' defined as the mean of non-zero responses per 18-hole course. The statewide average is weighted by region, coastal (51%) and non-coastal (49%). These percentages are estimated from the SCPRT product database.
2. The NGF estimates 350 18 Hole Equivalent Golf Courses in South Carolina for 2015.

SCGCOA Member Response Rate

	Coastal Member Facilities	Non-Coastal Member Facilities
SCGCOA 18 Hole Equivalent Member Courses	140	45
Member Responses	43	9
Response Rate	31%	19%