



THE PALM BEACH COUNTY GOLF ECONOMY

This report was commissioned by
GOLF 20/20 for The PGA of America
and prepared by SRI International



Impact

Palm Beach County's golf industry generated a total economic impact of \$1.8 billion in 2007, supporting nearly 21,000 jobs with wage income of \$0.6 billion.

Palm Beach County Golf's Economic Impact

Home to The PGA of America and idyllically located along Florida's Gold Coast, Palm Beach County is the quintessential golf destination. With 127 courses, three golf resorts, and three championship golf events, golf in Palm Beach County is more than a recreational pastime—it is a significant industry contributing to the vitality of the county's economy.

In 2007, the size of Palm Beach County's direct golf economy was approximately \$925.4 million. This is comparable to revenues generated by other key industries in the county, such as computer systems design (\$583.6 million), accommodation

(\$785.4 million), and agricultural products (\$931.7 million).

Golf brings visitors to the county, spurs new residential construction, generates retail sales, and creates demand for a myriad of goods and services. **In 2007, Palm Beach County's golf industry generated a total economic impact of \$1.8 billion, supporting nearly 21,000 jobs with \$0.6 billion of wage income.**

The continued health and growth of the golf industry has a direct bearing on future jobs, commerce, economic development, and tax revenues for a large number of the county's communities and industries.

Golf's Impact on Palm Beach County's Economy (2007)

| Industry | Direct (\$ M) | Indirect | Induced | Total Output (\$ M) | Total Jobs | Total Wage Income (\$ M) |
|---|----------------|----------|---------|---------------------|---------------|--------------------------|
| Golf Facility Operations | \$456.0 | → | → | \$912.7 | 11,359 | \$312.9 |
| Golf Course Capital Investments* | \$48.0 | → | → | \$45.1 | 402 | \$15.0 |
| Golfer Supplies | \$22.1 | → | → | \$44.4 | 473 | \$13.8 |
| Tournaments & Associations | \$71.1 | → | → | \$161.2 | 1,826 | \$55.1 |
| Real Estate ** | \$217.3 | → | → | \$390.2 | 3,473 | \$129.8 |
| Hospitality / Tourism | \$110.9 | → | → | \$226.7 | 3,134 | \$76.2 |
| TOTAL | \$925.4 | → | → | \$1,780.4 | 20,667 | \$602.8 |

Note: To calculate golf's total economic impact, SRI subtracted from the direct golf economy impact of \$925.9 million the portion of capital investment that is investment in existing facilities (\$27.8 million of \$48.0 million) and the portion of real estate that is the realized golf premium associated with the sale of real estate in existing developments (\$42.7 million of \$217.3 million). This is because:

*Golf course capital investments—Only new course construction has an indirect and induced economic impact. Other types of facility capital investment are typically financed through facility revenues and, therefore, are omitted to avoid double-counting.

**Real Estate—Only golf residential construction has an indirect and induced impact. The golf premium associated with golf real estate is considered a transfer of assets rather than new economic activity.



Industries

The golf economy begins with the golf facilities themselves, and with other core industries that produce goods and services used to operate facilities and to play the game (e.g., equipment and apparel, turf maintenance, course construction, club management). The game of golf further enables other industries, including golf tourism and golf real estate development.

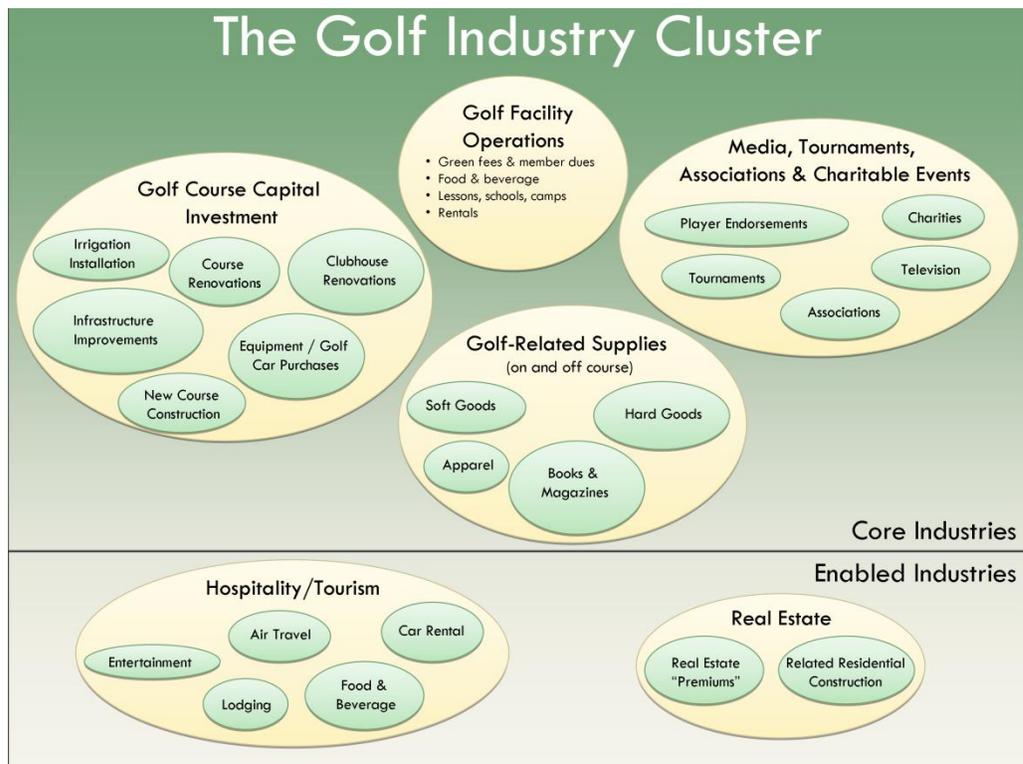
Core Industries

Golf Facility Operations: At the center of any golf economy lie the golf facilities—the largest golf industry segment in terms of revenue. The revenue that flows through a golf facility comes primarily from greens fees, membership fees, range fees, golf cart rentals, lessons, and spending on food and beverages. Palm Beach County's 127 golf facilities, three stand-alone ranges, and two miniature golf facilities generated \$456.0 million of revenues in 2007.

Golf Course Capital Investments: Golf facilities generate economic impacts beyond operational revenues through investments to upgrade and maintain facilities and infrastructure, and through

the construction, expansion and renovation of courses. Palm Beach County golf facilities made \$47.3 million of capital investments in 2007: \$27.8 million in existing facilities and \$20.2 million in the construction of new courses.

Golfer Supplies: In 2007, Palm Beach County golfers spent significant sums on golf balls, golf clubs, golf apparel, and golf instructional books and media. The economic value that accrues to the county comes from both the production of these golf-related goods, as well as retail sales of such items. Palm Beach County is home to a number of small producers of custom and high-end golf clubs, golf apparel, and



Golfer Supplies (cont.): accessories, e.g., Nicklaus Golf Equipment, Q-Roll Golf, Lust Golf Associates, and Jupiter Sports, etc. Out-of-state shipments by these Palm Beach County manufacturers were approximately \$2.1 million in 2007. In addition, Palm Beach County retailers earned an estimated \$20.0 million on the sale of \$50.0 million of golf equipment, apparel, and media totaled \$20.0 million.



Highlights

Palm Beach County hosted three professional golf championships in 2007, which generated approximately \$12.5 million. Such golf championship events as well as the county's premier golf facilities and resorts helped to generate approximately \$110.9 million in golf-related tourism spending in 2007.

Core Industries

Major Tournaments and Associations:

Palm Beach County hosted three professional golf championships in 2007. Played in Palm Beach Gardens since 2003, the PGA Tour's Honda Classic has been held at the PGA National Resort & Spa since 2007. The ADT Championship, now the Stanford Financial Tour Championship (since 2009), is the season-ending event for the LPGA Tour. In 2007, the tournament was held at the Trump International Golf Club in West Palm Beach and offered a tournament purse of \$1 million, the highest in women's golf. The Allianz Championship, a Champions Tour event, debuted at the Broken Sound Club in Boca Raton in 2007. Altogether, golf events in Palm Beach County generated approximately \$12.5 million in 2007, excluding the tournament purse, tournament expenses in other states, and costs for TV broadcasting.

Palm Beach County is home to several national and state-level chapters of major golf associations. In 2007, these include The PGA of America, The Executive Women's Golf Association, and the South Florida Section of The PGA. These associations employ several hundred people in the county.

Enabled Industries

Real Estate: Real estate developers use amenities to attract new home buyers, and golf is a key amenity in Palm Beach County

real estate developments. While the real estate market was down considerably in 2007, Palm Beach golf community developments still generated significant economic activity, relative to 2009, through the construction of new single family homes and townhomes/condos.

In 2007, seven developments were underway across Palm Beach County. For example, the Bear's Club, a premier golf community in Jupiter with 100 planned residences, is anchored by a signature Nicklaus course. The Country Club at Mirasol, located in Palm Beach Gardens, is a 2,300-acre community featuring two championship courses designed by Tom Fazio and Arthur Mills. In total, golf-related real estate construction contributed approximately \$174.6 million to Palm Beach County's economy in 2007. The estimated "golf premium" on home sales in existing golf community developments was \$42.7 million.

Hospitality/Tourism: In Palm Beach County, golf is a key tourism segment and features prominently on the Convention and Visitors Bureau's website (<http://www.palmbeachfl.com/>). SRI estimates that Palm Beach County's premier golf facilities, resorts, and championship golf events attracted 298,538 golf trips in 2007 for total golf-related tourism spending of \$110.9 million in 2007.

¹SRI's tourism estimate draws on data from Global Insight and D.K. Shifflet & Associates (2005). *City Tourism Impact: The Economic Impact of Travel & Tourism in Palm Beach County, Florida* (2004), September 2005 and Tourist Development Council of Palm Beach County (2007). *Report on Palm Beach County Tourism: Fiscal Year 2006/2007* (October 2006 – September 2007). Prepared by Profile Marketing Research.



Future

The continued health and growth of the golf industry has a direct bearing on future jobs, commerce, economic development, and tax revenues for a large number of Palm Beach County's communities and industries.

Size of the Palm Beach County Golf Economy in Comparison to Other Industries, 2007 (\$ millions)

| | |
|--|----------------|
| Computer systems design & related services | \$583.6 |
| Accommodation | \$785.4 |
| Golf | \$925.4 |
| Agricultural products | \$931.7 |

Source for non-golf data: U.S. Department of Agriculture, Economic Research Service (2008), Palm Beach County: Leading Commodities for Cash Receipts, 2007. U.S. Census Bureau (2005), 2002 Economic Census, Geographic Series: Accommodation (NAICS 721; "Industries in the Accommodation subsector provide lodging or short-term accommodations for travelers, vacationers, and others," which include hotels, motels, and bed-and-breakfast inns) and Computer systems design & related services (NAICS 5415). 2002 revenues adjusted to 2007 dollars using the GDP deflator.

- The importance of golf in Palm Beach County extends beyond the golf facilities themselves. With \$925.4 million of direct economic activity in 2007, the sheer size of the game of golf makes it a major industry in its own right and a significant contributor of jobs and personal income to the Palm Beach County economy.
- Palm Beach County's golf industry is comparable in size to other important industries in the county, including agricultural products, accommodation, and computer systems design.
- In 2007, golf facilities represented the largest golf industry segment in terms of revenue, followed by golf real estate, and golf-related tourism.

Palm Beach County Golf Gives Back

- Palm Beach County golf course owners, operators, and golf professionals are happy to serve as access points for fundraising by local service organizations.
- Numerous charitable events are hosted on Palm Beach County's golf courses each year, benefiting organizations such as the Nicklaus Children's Health Care Foundation, the First Tee National School Program, Boy Scouts of America, Christina's Smile, Junior Golf Foundation of America, Palm Beach Gardens High School, Pathfinders of Palm Beach/Martin County, Scripps Health Foundation, and Urban Youth Impact's "Back to School Blast."
- Youth golf programs sponsored by not-for-profit organizations like The PGA of America and The First Tee, introduce Palm Beach County youths to the game and values of golf.
- The total amount of charitable giving attributed to the game of golf in Palm Beach County was approximately \$35.1 million in 2007.



The Palm Beach County Golf Economy report is available at:

<http://www.golf2020.com>