

The Golf Industry in Arizona: An Economic Summary

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ABSTRACT

In 1987, 191 golf facilities in Arizona were surveyed to determine the employment, income, revenues, and expenditures generated by the state's golf course industry. The direct plus indirect employment and income benefits are estimated to be 12,400 jobs and \$155 million in wages, respectively.

INTRODUCTION

Regional economic development policies traditionally have focused on manufacturing and commercial services as principal sources of new jobs and income. Recently, however, tourism and recreation-related industries have emerged as important employers in many communities and states. An important facet of the recreation and tourism industry in Arizona is the golf course industry. Arizona has more golf courses per capita than any state west of the Mississippi River. The economic impacts of this industry are important when considering public policy decisions affecting the allocation of resources.

The purpose of this study is to determine the contribution of the golf course industry to the economy of Arizona. This study was performed by David Barkley and Larry Simmons [1] and is summarized in this brief report.

METHODS AND DATA

In 1988, 191 golf facilities were operating in Arizona. For this study the facilities were categorized by location, ownership type, length, and size. A survey designed to provide information on the management and use of Arizona's golf operations was collected through a 1988 questionnaire mailed to each of the 191 facilities. One hundred six usable questionnaires were returned representing approximately 55% of the facilities.

The data from these questionnaires were analyzed and expanded to represent the entire industry. Similarly, the direct and indirect economic impacts were estimated using standard multiplier analysis to provide information on the total economic impact of the golf industry.

SUMMARY OF FINDINGS

The survey results were compiled by category and the results published[1]. A brief summary of the results is presented here.

Table 1 presents a summary of the estimated average annual rounds of golf played by residents and tourists by ownership type at metropolitan and nonmetropolitan courses. Though residents play the most rounds at all courses, the large contribution of tourism is clearly indicated. For example, at the average metropolitan course tourists play 27.0%, 45.2% and 28.6% of the rounds for private, semiprivate and public courses, respectively. The contribution of tourism to the economic impacts of the golf industry is clearly very important. Figure 1 shows the seasonal impact of tourism on the total rounds of golf played in Arizona. The increased winter play is very pronounced for semiprivate courses.

Golf course employment varies by ownership type as shown in Table 2. The typical metropolitan course hires 43.4 full-time equivalent employees, while the typical nonmetropolitan course hires about 17.3 full-time equivalents.

Perhaps, the most striking result of the study is the total revenues of the golf industry as shown in Table 3. The annual industry revenues are approximately \$270.8 million with about 43.9% of these revenues contributed by tourists. The average annual revenue per facility is about \$1.4 million.

Finally, Table 4 summarizes the estimated cumulative effect of golf facilities on the Arizona economy. These impacts are estimated from direct expenditures of the golf industry and include the effects on employment, value of output, value of wages and the value added. These results are summarized by expenditure activity in the operation of golf courses: golf course maintenance, pro shop operations and restaurant and bar operations.

In summary, Arizona's golf facilities provided an average of 36 FTE jobs, \$578,000 in wages and benefits and \$1,183,000 in total expenditures. In total, the state's 191 facilities generated 8,382 jobs(5893 FTE), \$110 million in income through wages and benefits and \$225,937,000 in operating expenditures. The cumulative effects were estimated to be approximately 40% greater than the initial income and employment generated through indirect activities.

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REFERENCES

1. Barkley, David L., and Larry Simmons, "Contributions of the Golf Industry to the Arizona Economy," Technical Bulletin 263, College of Agriculture, The University of Arizona, Tucson, 1989.

Table 1. Average Rounds Played per Golf Facility, 1987.

<u>Ownership Type</u>	<u>Metropolitan</u>		<u>Nonmetropolitan</u>		<u>Total</u>
	<u>Resident</u>	<u>Tourist</u>	<u>Total</u>	<u>Resident</u>	
Private 33,306	12,316	45,622	11,988	5,926	17,914
Semiprivate	22,351	18,428	40,779	11,611	8,986
Public 58,026	23,203	81,229	12,503	7,616	20,119
					20,597

Table 2. Golf Facilities Employment Summary, 1988.

<u>Location and Ownership Type*</u>	<u>Full-time Employees</u>	<u>Part-time Employees</u>	<u>Full-time Equivalents</u>	<u>Average FTE per Operation</u>
Metropolitan				
Private (39)	1,623	751	1,199	51.0
Semiprivate (76)	2,568	1,248	3,225	42.4
Public (20)	556	238	677	33.9
Total (135)	4,747	2,337	5,893	43.7
Nonmetropolitan				
Private (6)	36	176	118	19.7
Semiprivate (37)	510	489	717	19.4
Public (13)	94	93	132	10.2
All Nonmetro (56)	640	758	967	17.3

*Number of facilities in each category is provided in parentheses

Table 3. Arizona Total Resident and Tourist Expenditures at Golf Facilities, 1987

<u>User Group</u>	<u>Total Revenues</u>	<u>Revenues per Facility</u>
Tourist	\$118,872,268	\$622,368
Resident	\$151,919,330	\$795,389
Total	\$270,791,598	\$1,417,757

Table 4. Estimated Cumulative Effects of Golf Facilities Expenditures on Arizona Economy, 1987.

	<u>Golf Course Maintenance</u>	<u>Pro Shops</u>	<u>Restaurants and Bars</u>
Direct Expenditure	\$89,040,000	\$65,041,000	\$71,849,000
Employment	5,451	8,727	3,225
Output	\$164,085,000	\$111,200,000	\$115,022,000
Wages	\$77,432,000	\$47,486,000	\$30,886,000
Value Added	\$55,714,000	\$103,537,000	\$79,573,000

Figure 1. Seasonality of Tourist and Resident Play by Course Ownership Type, 1987.

