



2020 GOLF MARKET SUMMARY

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Dear Golf Industry Friends:

Golf Property Analysts invites you to review our 2020 Market Report. This report summarizes observations we've made surveying numerous golf courses and clubs and sales transactions during our consulting, appraisal and brokerage activities.

With golf markets, like in politics, it's all "local", so beware of using broad averages and surveys when making decisions on specific properties in specific markets.

We hope you find the information useful and look forward to being of service to you during the coming year.

Thank you,

Laurence A. Hirsh

Laurence A. Hirsh, CRE, MAI, SGA

President



DAILY FEE ROUNDS per 18 HOLES



	Rounds	Rounds per 18 Holes	Gross Revenue	Gross Revenue per Round
AVERAGE	32,521	29,896	\$1,817,910	\$65.37
MEDIAN	31,370	30,000	\$1,477,682	\$46.25
MINIMUM	6,000	7,172	\$173,760	\$7.60
MAXIMUM	95,000	59,965	\$5,311,272	\$322.91

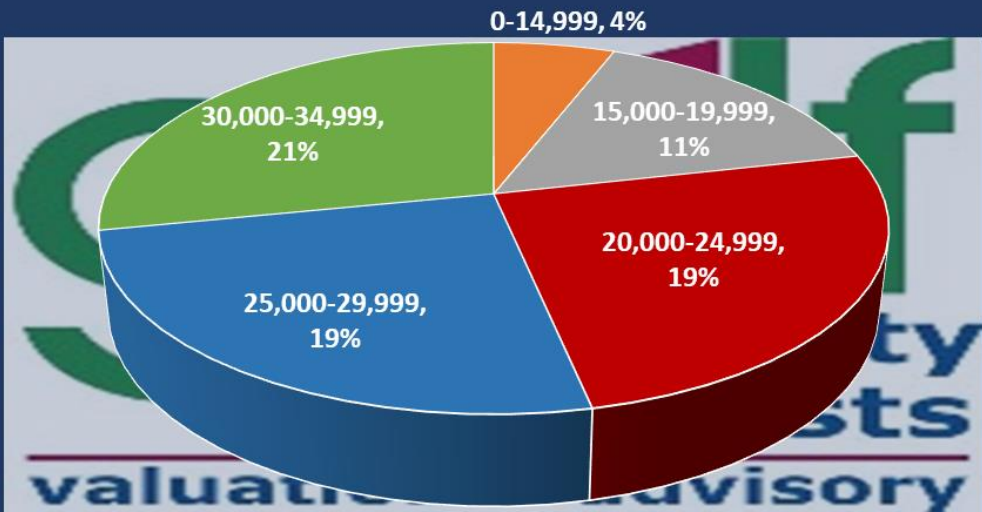
Often, the number of rounds played is the first question asked on how a golf course is performing. It's important to understand how rounds are calculated. To many, a round is defined as 18-holes. It's been my experience that most courses count rounds based on "starts". In other words, the number of rounds recorded is typically the number of players that teed off. Whether they play 9-holes, 12-holes or some number other than 18, it's still counted by most courses as a round.

Our surveys of nearly 700 daily-fee and municipal facilities in 21 states since January 1, 2015 shows an average of 29,896 rounds per year per 18-holes, and a median of 30,000. We feel the five-year snapshot is more telling than one year, when the numbers may be overly affected by weather. When both the mean and median are similar, this demonstrates a level of credibility in the data from which general overall market conclusions can be formulated. This survey included facilities as small as 9-holes and as large as 54-holes and demonstrates that the extremes (as shown) can be quite broad. It is important to note that conclusions in specific markets may vary from these broader averages, which cannot be used precisely to develop conclusions for specific properties.

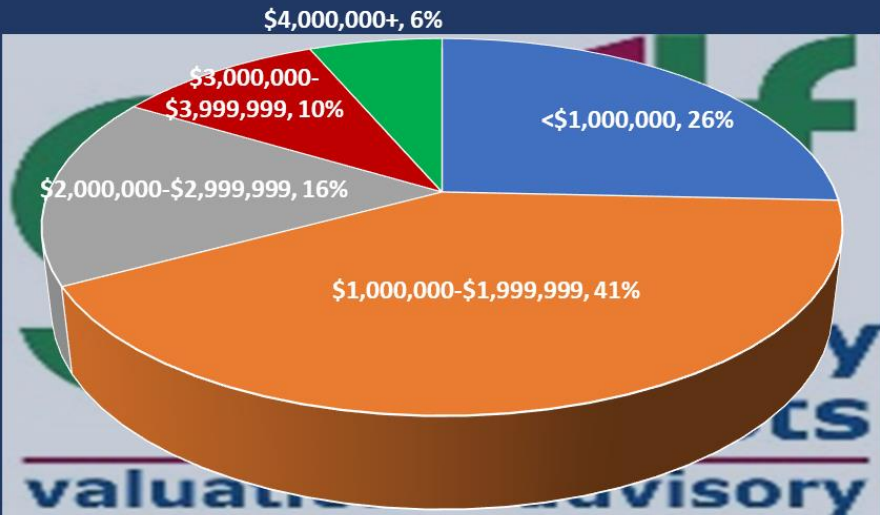
The chart illustrates an analysis of rounds and revenues per round from our surveys.

The charts and graphs illustrate gross revenue metric for daily-fee facilities and the distribution of selected ranges.

DF ROUNDS per 18 HOLES DISTRIBUTION



DF GROSS REVENUE DISTRIBUTION



DAILY FEE GROSS REVENUE per ROUND

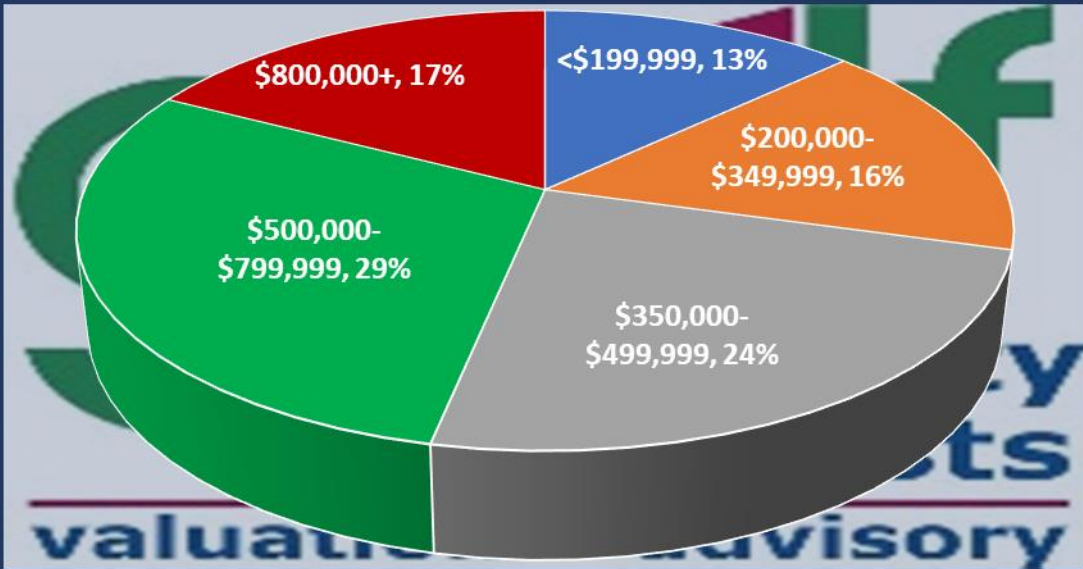


We sampled nearly 700 Daily-Fee facilities from 2015 through 2019 for maintenance costs. These facilities were located in 21 states, also in different climatic regions and range from smaller revenue facilities to one with \$16 million+ in revenues. The results are summarized below:

Of particular interest, but not unexpected is that the typical daily fee facility hosts an average of 29,896 and a median of 30,000 rounds per 18-holes. Maintenance budgets typically average \$551,095 (\$22.44 per round) with a median of \$472,782 (\$15.63 per round). Their maintenance budgets typically average 35% of gross revenues with a median of 28%. 53% of DF courses surveyed budgeted from \$350,000 to \$800,000 for golf course maintenance.

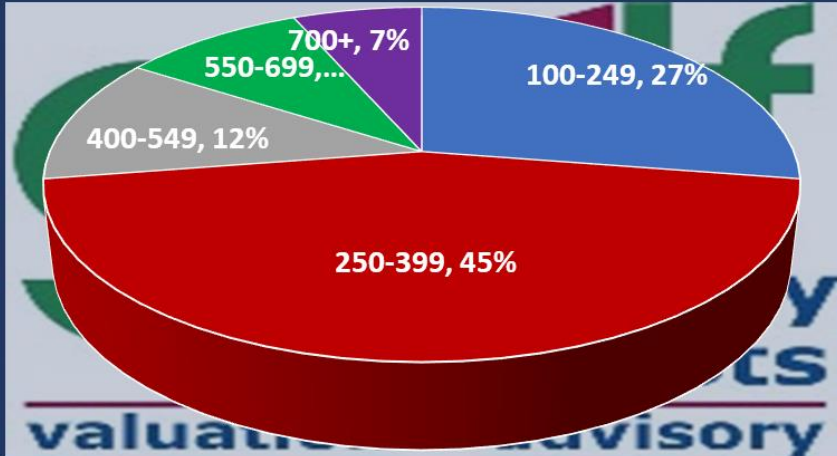
While there will always be variables to consider, such as climate, size of maintained areas, cost of water and labor and physical characteristics of the property, looking at the cost to “produce” a round of golf sheds light on the resulting cost of green fees.

DF MAINTENANCE BUDGET DISTRIBUTION

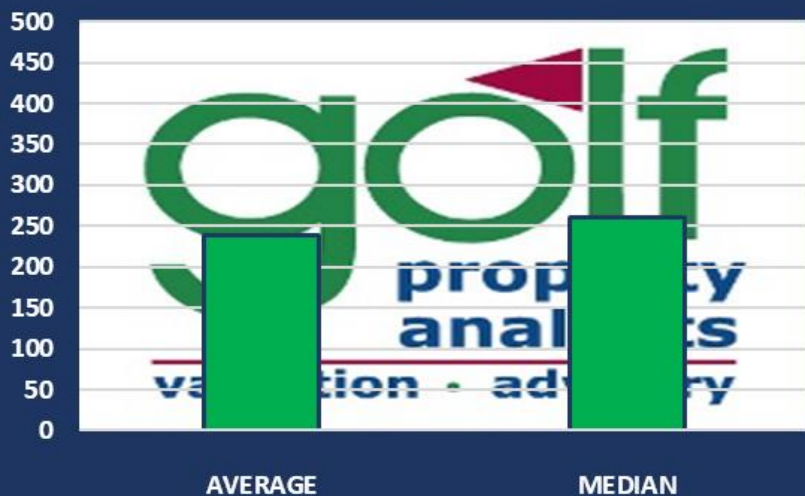


	Rounds	Rounds per 18 Holes	Gross Revenue	Gross Revenue per Round	Maintenance Budget	Maintenance Budget per Round	Maintenance % Gross Revenue
AVERAGE	32,521	29,896	\$1,817,910	\$65.37	\$551,095	\$22.44	35%
MEDIAN	31,370	30,000	\$1,477,682	\$46.25	\$472,782	\$15.63	28%
MINIMUM	6,000	7,172	\$173,760	\$7.60	\$57,649	\$3.19	7%
MAXIMUM	95,000	59,965	\$5,311,272	\$322.91	\$1,800,000	\$277.30	146%

PR MEMBERSHIP DISTRIBUTION



GOLF MEMBERS per 18 HOLES



Analyzing activity at private clubs requires a bit of a different approach. Since private clubs depend on membership dues, we’ve looked at how clubs are doing during the past 5 years based on the number of golf members, number of golf members per 18-holes and the number of rounds played annually per membership. One element we normally observe is capacity. The number of rounds generated per membership is typically an excellent indicator of how many memberships a club can handle. Working backward from the number of rounds a course desires, that number can be divided by the activity level at the club (# of rounds per member) to determine the appropriate number of members.

Our surveys covered approximately 700 clubs in 21 states and shows clearly, among other things the difference in cultures at various clubs as it relates to capacity. Simply put, some clubs are busier than others and each club needs to understand its culture when determining its capacity for membership. While it is apparent that many clubs range between 50 and 80 rounds per membership, the wide variance between the extremes is notable. These are summarized below:

	# of Golf Members	Golf Members per 18 Holes	Rounds	Rounds per 18 Holes	Rds per Member
AVERAGE	373	239	22,251	18,394	60
MEDIAN	325	260	17,311	17,000	55
MINIMUM	100	0	5,557	5,557	18
MAXIMUM	1,593	1417	110,000	86,230	158

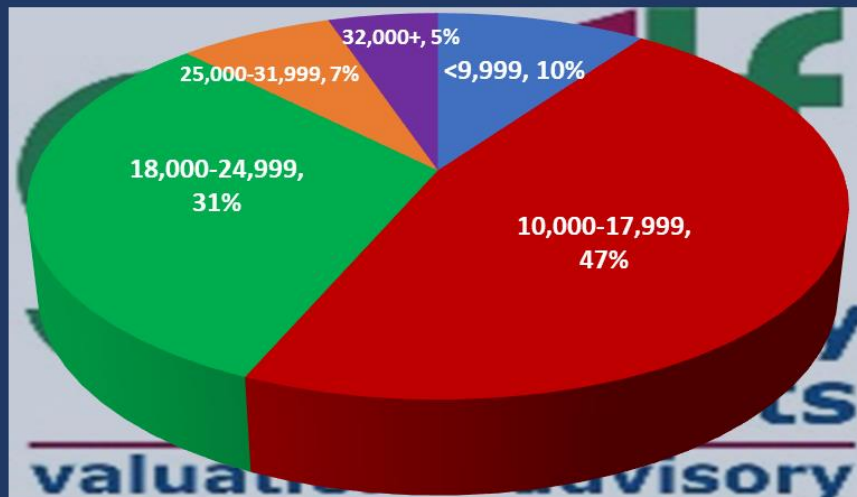
ROUNDS per 18 HOLES



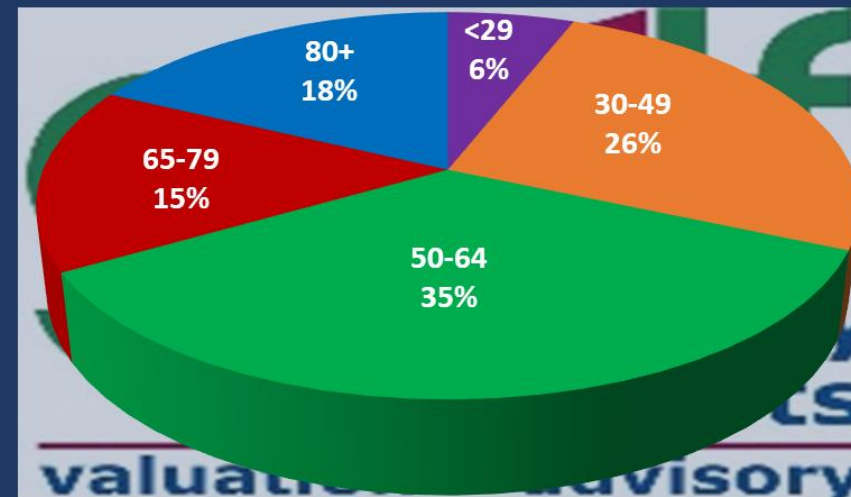
ROUNDS per MEMBER



PR ROUNDS per 18 HOLES DISTRIBUTION



PR ROUNDS per MEMBER DISTRIBUTION

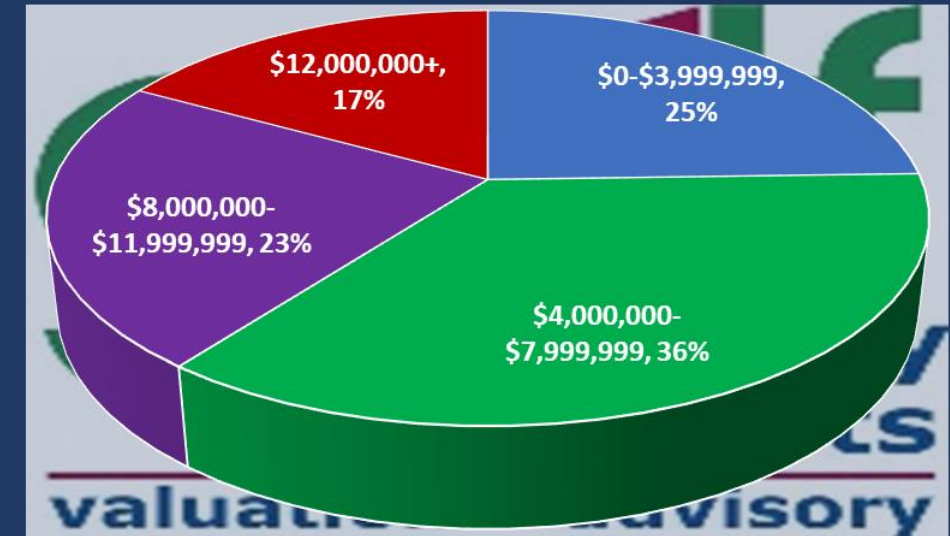


The adjacent graphs illustrate the rounds per 18-holes and rounds per member generated at the private clubs surveyed

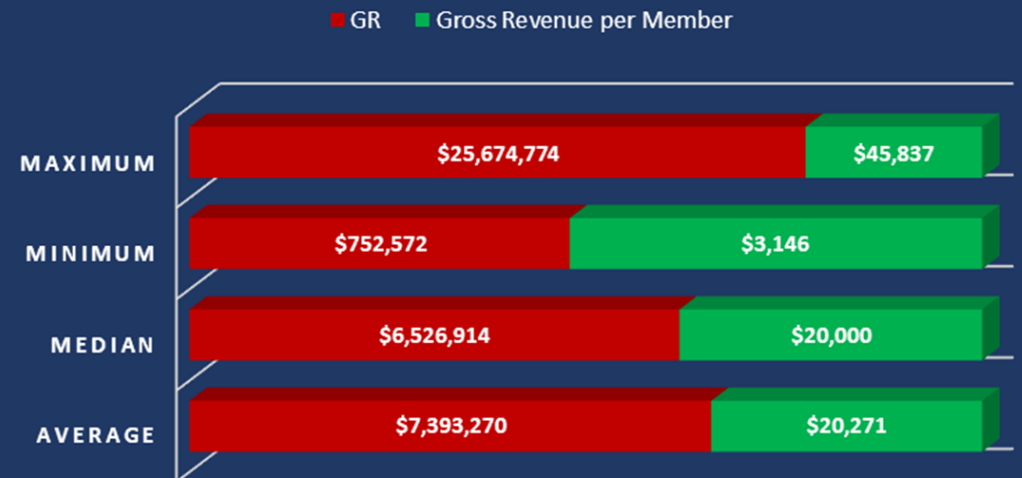
Revenues at private clubs vary significantly, depending on the size and nature of the club. Of the nearly 700 clubs surveyed, revenues ranged from less than \$1 million to \$26 million. Revenue per Member (REVPAM) ranged from <\$3,100 to >\$46,000, averaging \$20,271. Of particular interest is how the REVPAM was distributed, which is illustrated in the pie chart with the most frequent range (36%) between \$4 million and \$8 million.

The range of gross revenues from the nearly 700 clubs, averages and medians are depicted below, with red being gross revenues and green representing REVPAM.

PR GROSS REVENUE DISTRIBUTION



GROSS REVENUE - REVPAM



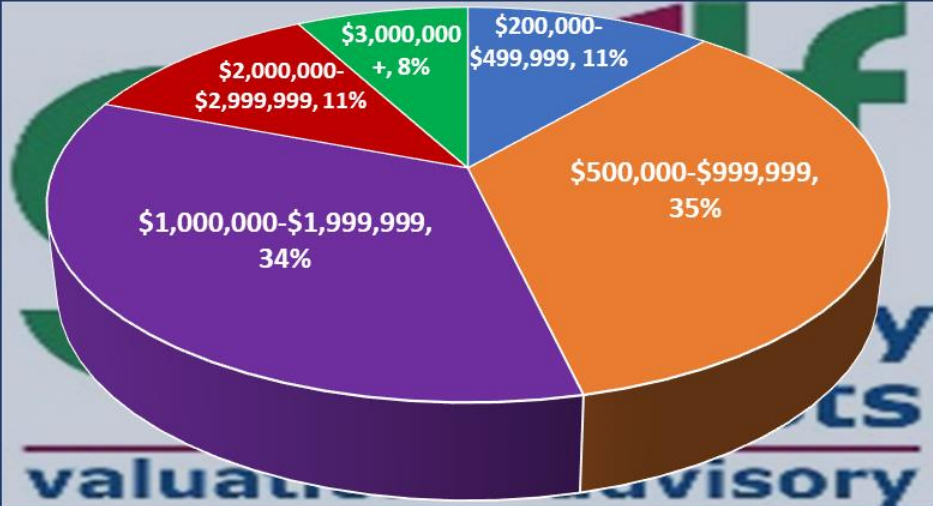
	# of Golf Members	Golf Members per 18 Holes	Rounds	Rounds per 18 Holes	Rds per Member	GR	Gross Revenue per Member
AVERAGE	373	239	22,251	18,394	60	\$7,393,270	\$20,271
MEDIAN	325	260	17,311	17,000	55	\$6,526,914	\$20,000
MINIMUM	100	0	5,557	5,557	18	\$752,572	\$3,146
MAXIMUM	1,593	1417	110,000	86,230	158	\$25,674,774	\$45,837

We sampled approximately 700 private clubs from 2015 through 2019 and researched their golf course maintenance expenditures. These clubs were located in 24 states, in a variety of climatic regions and range from small revenue clubs (\$600,000) to multi-course facilities with \$25 million + in revenues.

The typical private club generates between 17,000 and 23,000 rounds of golf per year per 18-holes. The typical club generates approximately 55-70 golf rounds per membership and spends between \$1.1 and \$1.4 million on golf course maintenance, per 18-holes. These expenditures show a typical cost of approximately \$62 to \$70 per round played, \$3,600 to \$3,800 per member for golf course maintenance, and about 20-21% of gross revenues of the club. Obviously, there are extremes (as shown) but there can be a variety of reasons for departures from the norms, which can include limited membership/play, budget limitations, physical challenges of the property and other considerations.

	Maintenance Budget	Maint \$ per Round	Maint \$ per Golf Member	Maint % of Gross Revenue
AVERAGE	\$1,366,084	\$70	\$3,798	21%
MEDIAN	\$1,089,500	\$62	\$3,644	20%
MINIMUM	\$282,770	\$12	\$1,063	4%
MAXIMUM	\$4,213,975	\$208	\$8,308	83%

PR MAINTENANCE BUDGET DISTRIBUTION



MAINTENANCE BUDGET



Developing operating expense guidelines is more challenging than other metrics. Since many facilities (both private and daily-fee) are not stabilized, and in some cases cash flow negative, and many courses have wide variances in their operations, such as large or small food & beverage, banquet facilities and different size pro shop operations the data doesn't allow the development of meaningful trends in operating expense ratios.

It is critical in estimating operating expenses to be site and line-item specific. That said, in some cases benchmarking operating expense ratios from those properties that are stabilized can be helpful.

Generally, we observe stabilized, private, not-for-profit clubs stabilizing at near 100% of gross revenues for operating expenses. For-profit clubs generally stabilize in the mid to upper 80%'s while daily-fee facilities can stabilize over a wide range of operating expense percentages.

There are several sources for operating expense studies, including the Society of Golf Appraisers, Club Benchmarking and others. We find it best to combine an analysis of a specific property's historical expenses with those clubs considered competitive and stabilized to develop an accurate pro-forma.

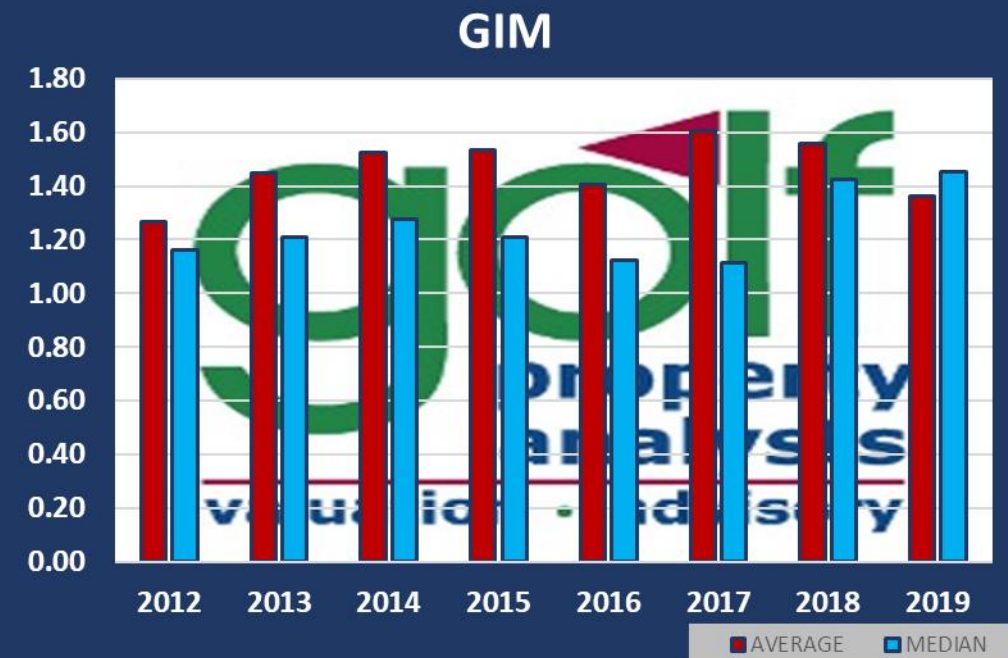


We have identified more than 1,500 golf property sales in our database since 2012 and compiled statistics from these sales. Overall, these sales indicated the following:

	Sale Price	Gross Revenue	GIM
AVERAGE	\$3,650,136	\$2,983,304	1.47
MEDIAN	\$2,392,000	\$2,191,063	1.20
MINIMUM	\$68,000	\$155,000	0.06
MAXIMUM	\$24,000,000	\$27,265,328	12.67

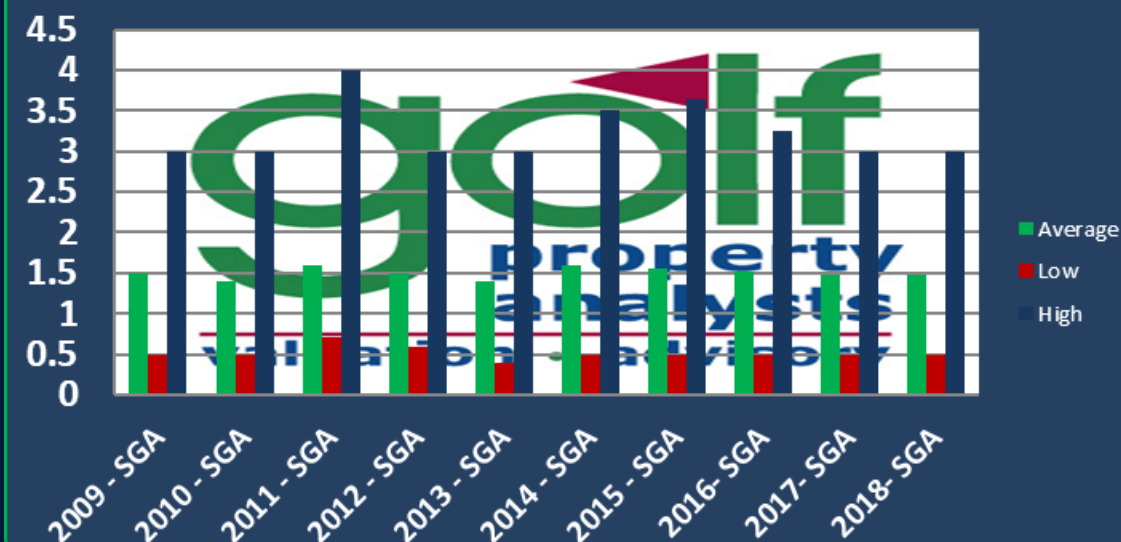
Further analysis on a year by year basis as shown in the adjacent chart shows both upward and downward movement in the averages, but more than anything else, stability, with GIM's ranging from 1.27 to 1.61 on average for the period with minor fluctuations.

SALE PRICE					GIM				
YEAR	AVERAGE	MEDIAN	MINIMUM	MAXIMUM	YEAR	AVERAGE	MEDIAN	MINIMUM	MAXIMUM
2012	\$2,999,367	\$2,300,000	\$68,000	\$14,200,000	2012	1.27	1.16	0.06	3.13
2013	\$3,595,955	\$2,329,000	\$354,834	\$21,500,000	2013	1.45	1.21	0.01	3.71
2014	\$4,398,503	\$2,515,514	\$154,195	\$23,000,000	2014	1.53	1.28	0.42	6.41
2015	\$3,688,528	\$2,310,000	\$160,000	\$21,000,000	2015	1.53	1.21	0.43	12.67
2016	\$3,328,012	\$2,560,000	\$500,000	\$10,500,000	2016	1.41	1.13	0.60	5.11
2017	\$3,499,195	\$2,312,500	\$134,000	\$24,000,000	2017	1.61	1.12	0.60	7.41
2018	\$4,688,632	\$2,832,000	\$985,000	\$20,000,000	2018	1.56	1.43	0.70	3.00
2019	\$3,900,961	\$3,100,000	\$400,000	\$8,308,653	2019	1.36	1.45	0.89	1.66

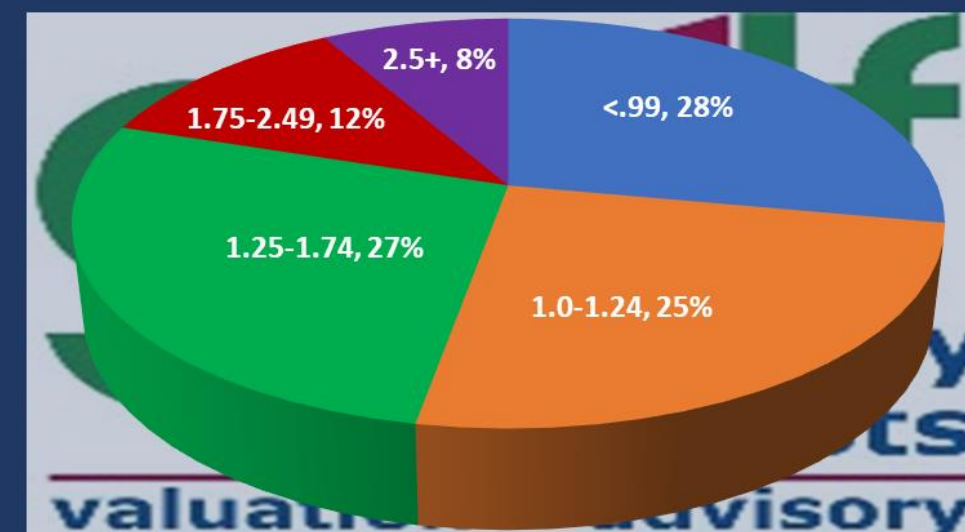


A distribution of Gross Income Multipliers from the period of 2012-2019 is shown below to illustrate the frequency of various levels of GIM's from the sales analyzed and is compared to our annual tracking of Gross Income Multipliers from the Society of Golf Appraisers survey. As shown, 27% of all GIM's fall between 1.25 and 1.75, and 25% between 1.0 and 1.24, which is consistent with the trend of GIM's from the SGA hovering around the 1.5 mark on average. The largest segment is those with GIM's less than 1.0, which comprise 28% of the transactions studied. 20% of transaction had GIM's of greater than 1.75.

Gross Income Multipliers



GIM DISTRIBUTION



The Society of Golf Appraisers (SGA) also annually surveys capitalization rates for golf properties which is illustrated in the graph below and shows minimal change over the most recent 10-year period with respect to the averages, which have hovered in the 10% to 11% range for the past 5 years. Discount (Yield) rates have hovered in the 14% range for the same period.

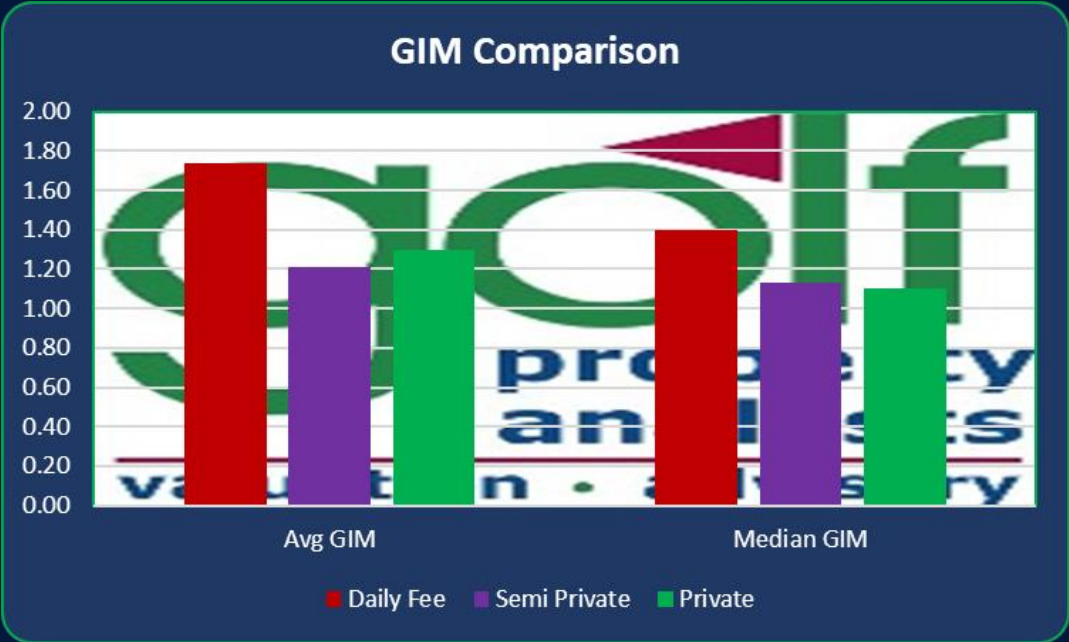
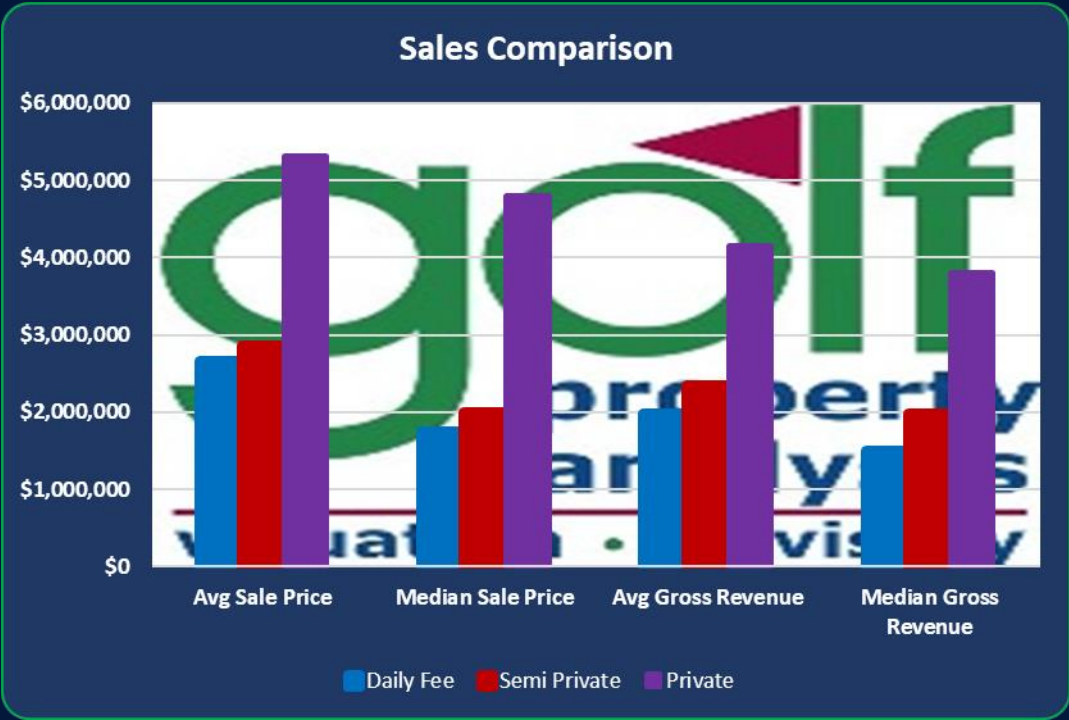


We have also analyzed these sales for the purpose of segmenting Daily-Fee, Private and Semi-Private Club properties to determine if there are differences in the investment criteria between the segments:

	Daily Fee	Semi Private	Private
Avg Sale Price	\$2,669,297	\$2,861,599	\$5,312,256
Median Sale Price	\$1,750,000	\$2,000,000	\$4,799,999
Avg Gross Revenue	\$1,980,645	\$2,341,310	\$4,155,555
Median Gross Revenue	\$1,500,000	\$1,974,078	\$3,811,871
Avg GIM	1.74	1.21	1.30
Median GIM	1.40	1.13	1.10

Not unexpectedly, private clubs indicate higher sale prices, but lower Gross Revenue Multipliers, as indicated above.

Ideally, we would like to derive more overall capitalization rates from these sales, however so many of those sales are not stabilized that the ranges indicated would be inconclusive.

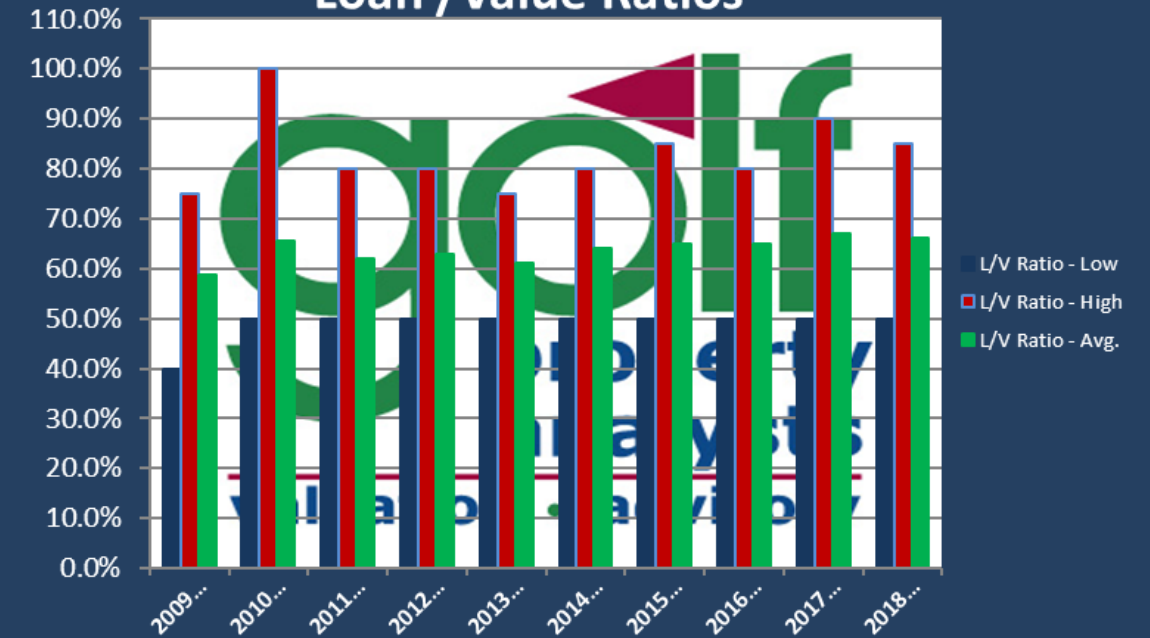


The SGA has tracked available debt financing for golf projects and as shown in the adjacent graphs average loan to value (LTV) ratios have hovered in the 60-70% range for the past 10 years. While interest rates have ranged generally from 4% to 10%, averaging between 7% and 9%. The reason for this wide range is that many loans are based on the borrower's strength rather than the collateral value. It is not unusual for a strong borrower with a banking relationship to acquire financing more consistent with traditional investment property rates.

Golf property debt financing is still considered difficult but for cash flowing properties is available through a variety of sources, including commercial banks, secondary specialty lenders and private sources.



Loan /Value Ratios



Mtg. Interest Rates



Selected Assignments

- Army Navy Country Club (VA)
- Bandon Dunes Golf Resort (OR)
- Bedford Springs Golf Resort (PA)
- Blackwolf Run GC (WI)
- Boston GC (MA)
- Caves Valley GC (MD)
- CC of York (PA)
- Crosby Club (CA)
- Dallas National GC (TX)
- Daufuskie Island Club (SC)
- DuPont CC (DE)
- Forsgate CC (NJ)
- Germantown CC (TN)
- Golf Club of Cape Cod (MA)
- Golf Club of New England (NH)
- Hershey Country Club (PA)
- Hidden Creek GC (NJ)
- Isleworth CC (FL)
- Lake Nona CC (FL)
- Latrobe CC (PA)
- MacArthur GC (FL)
- Metedeconk National GC (NJ)
- Mid Pines/Pine Needles (NC)
- Mountain Ridge CC (NJ)
- Newcastle GC (WA)
- Oakhurst Links (WV)
- Pete Dye GC (WV)
- Palm Aire CC (FL)
- Palm Desert CC (CA)
- Philadelphia Cricket Club (PA)
- Pocono Manor GC (PA)
- Refuge G & CC (AZ)
- Reunion Resort (FL)
- The Ridge at Back Brook (NJ)
- Ritz Carlton Club Jupiter (FL)
- River Downs Golfer's Club (MD)
- Shark's Tooth GC (FL)
- Shipyard Golf Resort (SC)
- Sleepy Hollow CC (NY)
- Stonewall GC (PA)
- The Club at Cordillera (CO)
- The Governors Club (TN)
- The Legends Club (SC)
- The Silverleaf Club (AZ)
- The Virginian Club (VA)
- The Woodlands (MI)
- TPC Wakefield Plantation (NC)
- TPC Michigan (MI)
- TPC Piper Glen (NC)
- Treyburn CC (NC)
- Trump National GC Bedminster (NJ)
- Trump National GC Westchester (NY)
- Turnberry Isle Yacht Club (FL)
- Vellano CC (CA)
- Victoria National GC (IN)
- Washington National GC (WA)
- Washington G & CC (VA)
- Westchester CC (NY)
- Whistling Straits GC (WI)
- Williamsburg National GC (VA)
- Windemere CC (FL)
- Winged Foot GC (NY)
- Woodmoor Pines G & CC (CO)

[Click Here for an Expanded Assignment Listing](#)

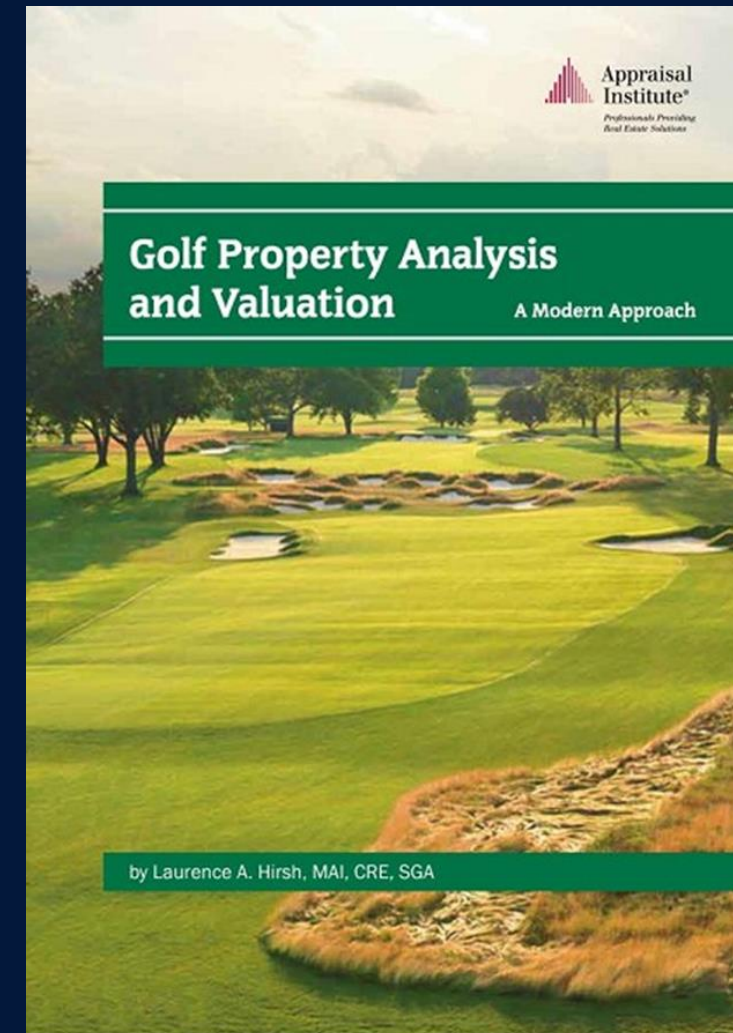
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- Real Estate Tax Assessment Management
- Market Analysis and Market Positioning
- Operational Review
- Economic Analysis of Renovations
- Facilities Analysis
- Debt Financing Analysis
- Valuation
- Property Acquisition and Disposition

From more than 3,000 assignments in 45 states and beyond, we've "seen it all" and have the data, knowledge and experience to assist our clients' decision-making.

To learn more about us, log on to: www.golfprop.com

"We Wrote The Book"



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