



RFQ 25MCO648

In response refer to RFQ No. 25MCO648 Response to Questions

April 28, 2025

Gentlemen/Ladies:

The following questions have been asked according to the instructions of the RFQ and are hereby answered:

1. Is it possible to get a copy of the feasibility study that was done last year for this project?

Yes, we can provide a digital copy of the feasibility study that was done last year, see pages 2-68 of this addendum. Please note that Midland County is unsure of the relevance to this request; at this time we are looking to find the most qualified architectural design services firm for this project.
2. Will an electronic/email submission be considered for this RFQ, or do physical submissions need to be provided?

No, per the RFQ, only physical submissions will be accepted. All bids must be sealed when received; and we cannot guarantee that an email will not be opened if submitted before the deadline of May 9th. Therefore, we do not accept emailed submissions. We do not have a software program to allow for electronic submissions.
3. If physical copies are required, confirming these need to be received by the May 9th deadline? Or is that the postmark date?

All physical submissions must be received in the Purchasing Agents office by the deadline of May 9th. Any responses received after the 10am deadline of May 9th will not be opened or considered for this project. See page 4 of the RFQ.
4. Would there be consideration to accepting an electronic/email submission for the RFQ by May 9th if a hard copy can be provided with a postmark date of May 9th?

No, all physical submissions need to be received by 10am (CST) on May 9th. See page 4 of the RFQ.

GOLF COURSE MARKET ANALYSIS AND FINANCIAL FEASIBILITY STUDY

MIDLAND COUNTY, TEXAS



**PREPARED FOR:
MIDLAND COUNTY**



Economic & Market Research / Land & Development Planning
Landscape Architecture / Community Planning & Design
Golf Feasibility Analysis

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Midland County, Texas



**PREPARED FOR:
MIDLAND COUNTY**

AUGUST 20, 2024

PREPARED BY:



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Golf Feasibility Analysis

TABLE OF CONTENTS

Executive Summary	2
I. Introduction	10
II. Midland County Area Description	12
III. Four-County Economic Base Analysis	18
A. Employment	18
B. Major Employers.....	24
C. Population and Households	25
D. Residential Construction Trends	27
E. Economic Base Conclusions.....	30
IV. Golf Course Market Analysis	32
A. Overall Golf Market Characteristics	32
B. Golf Participation Trends.....	33
C. Population and Households for the Midland County Primary Trade Area	36
D. Golf Participation Rates and Age Distribution	37
E. Midland County Golf Market Area Golf Rounds Demanded	42
F. Four-County Market Area Golf Course Supply	46
G. Profile of Existing Green Fees	49
H. Proposed Midland County Golf Course Potentials	50
V. Cash Flow Analysis	54
VI. Site Analysis, Recommendations and Design Considerations	60
End of Report	63

TABLE OF FIGURES

FIGURE 1- MIDLAND COUNTY REGIONAL LOCATION	13
FIGURE 2- MIDLAND COUNTY LOCAL ENVIRONS	14
FIGURE 3- PROPOSED MIDLAND COUNTY GOLF COURSE SITE	15
FIGURE 4 - FOUR-COUNTY MARKET AREA	19
FIGURE 5 - GOLF COURSES IN THE FOUR-COUNTY MARKET AREA.....	48

EXECUTIVE SUMMARY

Executive Summary

After calculating and accounting for golf rounds demanded and supplied in the Midland County golf market THK was able to determine the potential for golf rounds to be played at the proposed new Midland County golf course. This recreational opportunity can create a vibrant and profitable community development and asset that provides an array of entertainment options for residents of all ages. Based on THK's market analysis and the estimates for the potential golf demand and rounds to be played at the new golf course and potential related amenities that could include a driving range, a high-quality banquet center and food and beverage operation and possible ancillary features such as a patio/lawn area and tournament pavilion. The proposed site for the new golf facility is a part of an overall 234-acre parcel that is also the potential location for a new county jail as well as a possible water treatment plant. The site is at the northwest corner of County Roads 1140 and 110 in the eastern part of the MSA, approximately five miles from the heart of the City of Midland and less than two miles southeast of Interstate 20. The site is generally rectangular in shape and very flat. The southeastern portion of the site is earmarked for a new 40-acre county jail and a new 20-acre water treatment plant, leaving an approximately 175-acre, L-shaped parcel for the proposed golf course. Based on the substantial demand for golf rounds at the site, and the 175-acres available for the golf course, it is recommended that 27 holes of regulation golf be pursued if a quality design can be routed at the property, in addition to the support buildings and amenities.

THK Associates, Inc. has prepared the following cash flow that demonstrates the potential for the proposed new golf course and related uses over the next ten years. THK's experience and comparable financial data with other similar facilities has also been utilized in making these revenue and expense projections. The following was undertaken:

- Estimated the annual number of golf rounds for the golf course over the next ten years. Estimated the number of banquet and special events and golf outings at the proposed facility annually for the first ten years of operations.
- Estimated greens fees, tournament, banquet and activity fees and revenues, cart rentals, food and beverage income, merchandise sales and any other related income over the next ten years.
- Estimated annual expenses for cost-of goods-sold, golf operations, general and administrative expenses, golf maintenance, amenity expenses, food and beverage operations, insurance, utilities and other miscellaneous expense items.
- Inflated revenues and expenses at 3.0% annually.

The following details the potential and recommendations for the various revenue components at the golf facility and their associated income streams.

Additionally, Staples Golf Design has conducted a rough physical analysis of the proposed site and has provided an overview of site potentials, requirements and considerations that can help guide and instruct Midland County as the proposed project progresses and a facility concept plan is developed.

A. Market Study Findings and Conclusions

Greens Fees

As detailed in Table IV-16 in the report, the average weighted greens fee for an 18-hole round in Midland County is \$47.66. This includes only the rack rates as well as guest fees at private clubs. When factoring in all other fee categories including senior and junior rates, twilight fees, punch cards and annual passes, etc., the average rate paid per round is much lower. THK estimates that a high-quality golf course at the proposed Midland County subject site could achieve an overall average of \$27.50 per round played.

Driving Range

With the advent of TopGolf and the increased patronage of other off-course golfing venues such as putting courses, participation has increased in driving range usage and associated technology. If a high-tech component, such as TrackMan technology, is introduced as part of the driving range operation at the proposed Midland County golf facility THK feels this will draw a larger than average capture of range sessions as especially serious golfers, as well as those who will want to try out the technology out of curiosity and as a tool to help improve their game, will seek out the experience. This, of course, would bring increased fees and revenues but at a greater cost. The most renowned launch monitor technologies, TrackMan and TopTracer, generally lease their equipment to the facility. The technology provides detailed information about each shot including distance, ball speed, launch angle and direction, and can be used to play games or for competitions between fellow golfers. The proposed Midland County Practice Facility should size the range at around 20-25 hitting stations and THK's research indicates that these stations can comfortably accommodate the expected range users (1,500 visitors/year/station) projecting the stations will be occupied 40% of the time assuming the range facility is open over 300 days for ten hours per day on average.

Golf Tournaments

There is substantial demand for golf tournaments and outings throughout the Midland area. It is estimated that as much as 5% of public rounds played are derived from tournaments and corporate outings. This equates to approximately 2,000 rounds per course. A course catering to this market in certain locations can host as many as 5,000 outing rounds annually. The relatively nearby Rockwind Community Links in Hobb, New Mexico has close to 40 golf outings that have already taken place or are currently on their remaining 2024 schedule. The obstacle to capturing outings is if and how much access is allowed at a particular facility. Tournaments are an extremely strong revenue source, but can disrupt regular play, patronage routines, and ancillary operations. Adding too many more events can detract from prime daily fee tee times and regular play, particularly on weekends. What can be capitalized on are larger outings and an increase in post-round food and beverage utilization. For purposes here, THK has recommended that a partially limited number of outings be allowed at the Midland County facility to boost income and supportable debt for the facility. THK feels with a new golf facility, Midland County can attract virtually as many outings as it wishes to accommodate at higher price points. THK has recommended that 30 to 35 outside golf tournaments and outings annually could be hosted at an average of 75 players per outing.

Banquets, Meetings and Special Events

A total clubhouse size of approximately 12,000 square feet is recommended. THK recommends that an approximately 3,000-3,500 square foot banquet/meeting space be included in conjunction with the overall food and beverage operation. Ideally this space would open to an outdoor patio/gathering area which could also include a tournament pavilion. This space could accommodate up to 150 people, such as for a large golf tournament outing.

Over the next decade, THK has estimated that a banquet area at the Midland County golf facility will be able to average approximately 100-125 events per year, including the golf outings. Weddings are not considered here as it is said to be in conflict with The Horseshoe, a large-scale, multi-purpose events venue in Midland that caters to this category.

The distribution of the 100-125 annual average events held is projected as follows: 30 to 40 corporate meetings and 50 to 60 holiday/special events and 30 golf outings. A typical holiday/special event has around 60 guests, while a corporate meeting hosts 40 people on average. The banquet space can be rented for between \$250 and \$500 per night, while food and beverage revenue may be as little as \$10 per person for a corporate meeting to upwards of \$100 for a special event.

Midland County Golf Facility Cash Flow Analysis

The following table details and summarizes the annual revenues and expenses by category over the first ten years of operation. The aforementioned events and sources of revenue are included here. THK has projected average initial weighted average greens fees of \$25.00 for golf rounds, \$10.00 in cart rental revenue per round, \$11.00 per projected range visit and \$7.50 per round in merchandise sales. Range plays include range users that are not playing the golf course but are coming to use the range and possibly other facilities. It is anticipated that the food and beverage operation will be very popular, and revenues will be substantial, starting at \$17.50 per round, which also accounts for non-golfing residents dining at the facility. The rental fees and food and beverage revenues from events and tournaments are included.

The following table illustrates that the net income for the proposed Midland County Golf Course facility is estimated at \$563,164 at stabilization in 2028, then reaching \$1,194,613 in net income by 2035. Based on this income stream a discounted cash flow analysis indicates a present value of \$13.4 million, using an 8.5% discount rate and a 6.5% capitalization rate. These low rates are achievable due to having public financing available through the county. A 27-hole golf course, clubhouse and related facilities can cost upwards of \$20 to \$25 million, depending on the size and level of amenities and programming, as noted by Staples Golf Design later in the summary and report. Thus, some level of equity would be needed to cover the full construction costs.

EXECUTIVE SUMMARY

Projected Cash Flow Operations at the Midland County Community Golf Facility Development

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
18-Hole Rounds Played	34,830	44,071	53,525	54,165	55,446	56,727	58,008	59,289	60,000	60,000
Greens Fee per Round	\$25.00	\$25.75	\$26.52	\$27.32	\$28.14	\$28.98	\$29.85	\$30.75	\$31.67	\$32.62
Golf Course Revenue	\$870,755	\$1,134,828	\$1,419,619	\$1,479,689	\$1,560,124	\$1,644,054	\$1,731,615	\$1,822,950	\$1,900,155	\$1,957,160
Golf Cart Rental										
Revenue per Round	\$10.00	\$10.30	\$10.61	\$10.93	\$11.26	\$11.59	\$11.94	\$12.30	\$12.67	\$13.05
Golf Cart Revenue	\$348,302	\$453,931	\$567,848	\$591,876	\$624,050	\$657,621	\$692,646	\$729,180	\$760,062	\$782,864
Range Plays	25,425	25,857	26,297	26,744	27,198	27,661	28,131	28,609	29,096	29,590
Fee per Play	\$11.00	\$11.33	\$11.67	\$12.02	\$12.38	\$12.75	\$13.13	\$13.53	\$13.93	\$14.35
Range Revenue	\$279,675	\$292,962	\$306,881	\$321,461	\$336,734	\$352,732	\$369,490	\$387,044	\$405,433	\$424,695
Pro Shop/Merchandise										
Revenue per Round	\$7.50	\$7.73	\$7.96	\$8.20	\$8.44	\$8.69	\$8.96	\$9.22	\$9.50	\$9.79
Merchandise Revenue	\$261,227	\$340,448	\$425,886	\$443,907	\$468,037	\$493,216	\$519,484	\$546,885	\$570,047	\$587,148
Outing & Banquet Event Fees	110	111	113	114	115	117	118	120	121	122
Fee per Event*	\$400.00	\$412.00	\$424.36	\$437.09	\$450.20	\$463.71	\$477.62	\$491.95	\$506.71	\$521.91
Event Rental Revenue	\$44,000	\$45,864	\$47,807	\$49,832	\$51,943	\$54,143	\$56,436	\$58,827	\$61,319	\$63,916
Event F&B Participants	6,600	6,679	6,759	6,840	6,923	7,006	7,090	7,175	7,261	7,348
F&B Revenue per Participant	\$40.00	\$41.20	\$42.44	\$43.71	\$45.02	\$46.37	\$47.76	\$49.19	\$50.67	\$52.19
Event F&B Revenue	\$264,000	\$275,183	\$286,840	\$298,990	\$311,656	\$324,857	\$338,618	\$352,962	\$367,914	\$383,498
General Food and Beverage/Concessions										
Revenue per Golfer*	\$17.50	\$18.03	\$18.57	\$19.12	\$19.70	\$20.29	\$20.90	\$21.52	\$22.17	\$22.83
Food and Beverage Revenue	\$609,529	\$794,380	\$993,734	\$1,035,782	\$1,092,087	\$1,150,837	\$1,212,130	\$1,276,065	\$1,330,109	\$1,370,012
Misc. Revenues										
Misc. Revenue per Round	\$0.50	\$0.52	\$0.53	\$0.55	\$0.56	\$0.58	\$0.60	\$0.61	\$0.63	\$0.65
Misc. Revenues	\$30,183	\$36,070	\$42,401	\$44,268	\$46,573	\$48,982	\$51,498	\$54,125	\$56,509	\$58,527

TOTAL REVENUES	\$2,707,670	\$3,373,667	\$4,091,015	\$4,265,804	\$4,491,203	\$4,726,442	\$4,971,918	\$5,228,039	\$5,451,546	\$5,627,821
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General & Administrative/Management	\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$184,481	\$190,016	\$195,716
Golf Maintenance Expenses	\$600,000	\$618,000	\$636,540	\$655,636	\$675,305	\$695,564	\$716,431	\$737,924	\$760,062	\$782,864
Golf Maintenance Wages	\$450,000	\$463,500	\$477,405	\$491,727	\$506,479	\$521,673	\$537,324	\$553,443	\$570,047	\$587,148
Pro Shop/Clubhouse Expenses	\$125,000	\$128,750	\$132,613	\$136,591	\$140,689	\$144,909	\$149,257	\$153,734	\$158,346	\$163,097
Pro Shop/Clubhouse Wages	\$250,000	\$257,500	\$265,225	\$273,182	\$281,377	\$289,819	\$298,513	\$307,468	\$316,693	\$326,193
F&B Wages/Expenses	\$550,000	\$566,500	\$583,495	\$601,000	\$619,030	\$637,601	\$656,729	\$676,431	\$696,724	\$717,625
Banquet/Event Expenses	\$200,000	\$206,000	\$212,180	\$218,545	\$225,102	\$231,855	\$238,810	\$245,975	\$253,354	\$260,955
Utilities	\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$184,481	\$190,016	\$195,716
F&B Cost of Goods	\$305,735	\$374,347	\$448,201	\$467,170	\$491,310	\$516,493	\$542,762	\$570,159	\$594,308	\$613,729
Pro Shop Cost of Goods	\$171,600	\$178,869	\$186,446	\$194,344	\$202,576	\$211,157	\$220,102	\$229,425	\$239,144	\$249,274
Insurance	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$122,987	\$126,677	\$130,477
Marketing	\$75,000	\$77,250	\$79,568	\$81,955	\$84,413	\$86,946	\$89,554	\$92,241	\$95,008	\$97,858
Replacement Reserve (2.0%)	\$54,153	\$67,473	\$81,820	\$85,316	\$89,824	\$94,529	\$99,438	\$104,561	\$109,031	\$112,556

TOTAL EXPENSES*	\$3,181,488	\$3,350,189	\$3,527,852	\$3,642,557	\$3,766,308	\$3,894,256	\$4,026,541	\$4,163,311	\$4,299,423	\$4,433,208
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NET INCOME BEFORE DEBT SERVICE	-\$473,819	\$23,478	\$563,164	\$623,248	\$724,894	\$832,187	\$945,377	\$1,064,727	\$1,152,123	\$1,194,613
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Total Net Income	\$6,649,992
Total Cash Funds Available	\$6,649,992

Source: THK Associates, Inc.

EXECUTIVE SUMMARY

Discounted Cash Flow Analysis for the Midland County Community Golf Facility Development

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Net Operating Income	(\$464,100)	\$38,345	\$584,450	\$648,170	\$756,776	\$871,422	\$992,379	\$1,119,926	\$1,152,123	\$1,194,613
Reversion										\$21,725,423
Annual Present Value	(\$427,742)	\$32,573	\$457,571	\$467,703	\$503,290	\$534,134	\$560,621	\$583,111	\$552,880	\$528,360
Discount Rate	8.50%									
Present Value of Income Stream	\$3,792,500									
Reversion										
10th Year Revenues	\$6,429,617									
10th Year Expenses	\$4,981,256									
10th Year Net Income	\$1,448,362									
Cap Rate	6.50%									
Net sales Price *	\$21,725,423									
Present Value of Reversion Sale	\$9,608,840									
Total Present Value	\$13,400,000									

*6.50% cap rate minus 2.5% cost of sale

Source: THK Associates, Inc.

B. Site Analysis, Recommendations and Considerations – Staples Golf Design

Acreage Requirements

The required acreage needed can vary depending on a number of site factors – topography, soil conditions, parcel dimensions, etc. However, the general rule of thumb is that you will need at minimum 120 acres for an 18-hole routing, but typically 150 acres or more is preferred to ensure proper routing, safety setbacks, and site layout. The maintenance facilities, clubhouse, parking, and practice areas can be included in this footprint, but generally the more room available to optimize the course routing the better.

Additional short courses and non-traditional golf facilities can vary in size. A smaller par 3 course (e.g. The Staple at PGA National) can fit on as little as 12-15 acres, while a true short course with a combination of par 3s and 4s can take as many as 20-25 acres. The area for a full-length 9-hole course should be no less than 60 acres.

Sizing of the practice facilities can vary depending on anticipated usage. Well-designed practice facilities are seeing a surge in popularity and use in recent years, and if thoughtfully coordinated with social amenities and F&B options, they can become a major source of revenue. We would recommend that approximately 10-15 acres be planned for such functionality. However, an adequate range and practice green can be built on 8-10 acres, depending on the desired use. A typical footprint for the clubhouse and parking is between 5-7 acres, and maintenance facilities between 2-3 acres. These should be designed with close access to the adjacent roadway to minimize the amount of vehicular infrastructure needed on the site.

Site Potential for 27-Holes

The proposed 177-acre site has the potential to fit 27 holes, but it would be very much on the small end. Further analysis would need to be conducted on potential routing and facilities layouts, as well as desired programming, to make a final decision; however, we would recommend prioritizing land use for the best quality 18-hole course possible, and utilize the remaining acreage for a supplemental short course, practice facilities, etc.

The number of holes will ultimately be driven by the projected demand. If the market is right, three well-designed, unique 9-hole courses could add variety to the golf experience and promote quick pace-of-play. Or a championship 18-hole course with an independent 9-hole course (e.g. Sand Hollow Golf Resort). It can also depend on the desired course aesthetic – an 18-hole parkland style course can often fit on a smaller footprint than an 18-hole desert or links style course.

Staples' work at Rockwind Community Links in Hobbs, NM provides a good example of a similar development footprint – their 215-acre site was able to support an 18-hole championship course, a 9-hole par 3 short course, a full sized range and practice areas, the clubhouse / community center, and the necessary maintenance facilities, and prioritized the best usage of the available land and topography for the golf experience.

Irrigated Turf Estimates

The amount of turf required will largely depend on the style of course desired (parkland, desert, links, etc.). The BARE MINIMUM amount of irrigated turf would likely be around 60 acres for 18 holes, or 90 acres for 27 holes, plus the additional 12-18 acres for the practice facilities. However, especially for high-volume municipal play where a quick pace-of-play is desired, it is recommended to plan for at least 90 acres of turf for 18 holes, or 135 acres for 27 holes, plus practice facilities. More turf is better for playability – we prefer to promote wide turf playing areas with alternative landscaping around tees and out-of-play areas. These areas can be planned out during the design process to ensure irrigation efficiency and limit water use to only the areas where it is most needed.

An adaptive, efficient irrigation system combined with drought-tolerant turf varieties that are well suited to your climate can drastically cut down on usage while providing a high-quality playing surface year-round.

Water Requirements

A general rule for this region's climate is 5 acre-feet per acre of turf annually. So, at the minimum 60 acres of turf, that equates to 300 acre-feet annually (~100M gallons). At 150 acres of turf, that equates to 750 acre-feet annually (~245M gallons). This can all be designed and adjusted to meet the specific site needs, and the desired firmness of the playing surface.

Especially in the Midland region, it is highly recommended that the available water source be tested prior to any development, as the quality can greatly impact the cost of the irrigation system, as well as the turf species selected. For areas with poor water quality, a secondary potable source is often required for the putting surfaces.

Construction Cost Estimates

As of 2024, the construction cost for a new 18-hole course can range anywhere from \$12-18M, or \$20M+ for 27 holes. This can vary depending on the makeup of the native soils, the availability of materials, and the overall design specification. Irrigation will be the most expensive component, likely equating to between \$4-5M for 18 holes, or \$6-7M for 27 holes.

In addition to course construction costs, supporting facilities such as the clubhouse and maintenance building must also be considered, and can vary greatly depending on sizing and anticipated usage. A minimal maintenance facility can be constructed for as little as \$750K-1M, while a larger, higher quality facility can range up to \$2-3M. A small pro shop and F&B shack can range between \$1-3M, while a large, state-of-the-art clubhouse and event space can reach between \$15-20M. The cost of these facilities will largely be driven by the desired programming, staffing capabilities, and available funding.

As the proposed site is largely devoid of trees or native cover, the expense of out-of-play and peripheral landscaping must also be considered. For a palette of simple grasses and native vegetation, this can be as little as \$250K, but can be as much as \$1-3M for a palette with larger trees and manicured planting areas.

Finally, it should be noted that the above estimates do not include the additional cost for obtaining necessary maintenance equipment and staffing, operational costs, F&B, or clubhouse and administrative staffing. Additional research and consideration will be needed to determine these operating costs, which will vary depending on desired site programming.

Additional Considerations

- Conduct a water quality test of the proposed water source prior and provide this data prior to any proposed development.
- Conduct a comprehensive soils test across the site to confirm the type and makeup of the subgrade. This can greatly impact site drainage, ease of construction, and the amount of material that needs to be brought in to amend the playing areas.
- If the siting of the proposed jail and water treatment facilities have not yet been finalized, consider conducting a complete site analysis to determine the best land for golf construction, and whether it makes sense to reorient the location of these facilities on the site.
- Given the distance of the site from the major urban core, consider whether it makes sense to develop additional recreational facilities on or near the site to supplement the experience – camping, nature park, sports complex, etc. This can help build familiarity around the new development, and aid in non-golfer support for the any project.
- If power, sewer, access roads, or other utilities are not yet available to the site, these will also need to be considered in the project cost.

I. INTRODUCTION

I. Introduction

The following discussion outlines the methodology THK followed to assess the potential for a proposed new municipal golf course facility in Midland County, Texas. THK prepared a market analysis that looks at the factors impacting the golf market in the area and determines the potential for a new public golf facility and related amenities in the County.

In order to perform this market analysis, the following has been undertaken:

- Physical inspection of the Midland County area.
- Reviewed the region's economic base in terms of employment, population, household, and building permit trends since 1990 and projected growth over the next decade.
- Identified the primary trade area (PTA) based upon population density, natural barriers, travel time, habits, and the location of competitive facilities.
- Profiled the trade area in terms of population, households, income, age, and gender.
- Inventoried private and public golf courses in the Midland MSA.
- Estimated supply and demand for golf rounds.
- Estimated the numbers of rounds played annually over the next ten years at the proposed new golf facility.
- Estimated the number of banquet events, meetings and golf outings the new facility could host and projected their related revenues and expenses.
- Projected the overall cash flow operations for the proposed new Midland County golf facility.
- Analyzed and estimated rough acreage requirements, water needs and construction costs at the potential golf course location.

II. MIDLAND COUNTY AREA DESCRIPTION

MIDLAND COUNTY AREA DESCRIPTION

II. Midland County Area Description

Midland County is located in a region known as the Permian Basin in the western portion of the state of Texas, approximately half-way between El Paso and Dallas/Fort Worth. The Permian Basin is a petroleum rich area that covers much of west Texas south of Lubbock and extends into southeastern New Mexico. Interstate 20, the main east-west route through central Texas, runs through Midland County and the Midland metropolitan statistical area (MSA). The MSA is comprised of Midland County, as well as Ector, Andrews and Martin Counties. The cities of Midland and Odessa are the main population centers in the MSA, lying approximately 15 miles apart. Midland International Air and Space Port serves the region and has 661,000 enplanements in fiscal year 2023, up from 633,000 in 2022 and 500,000 in 2013.

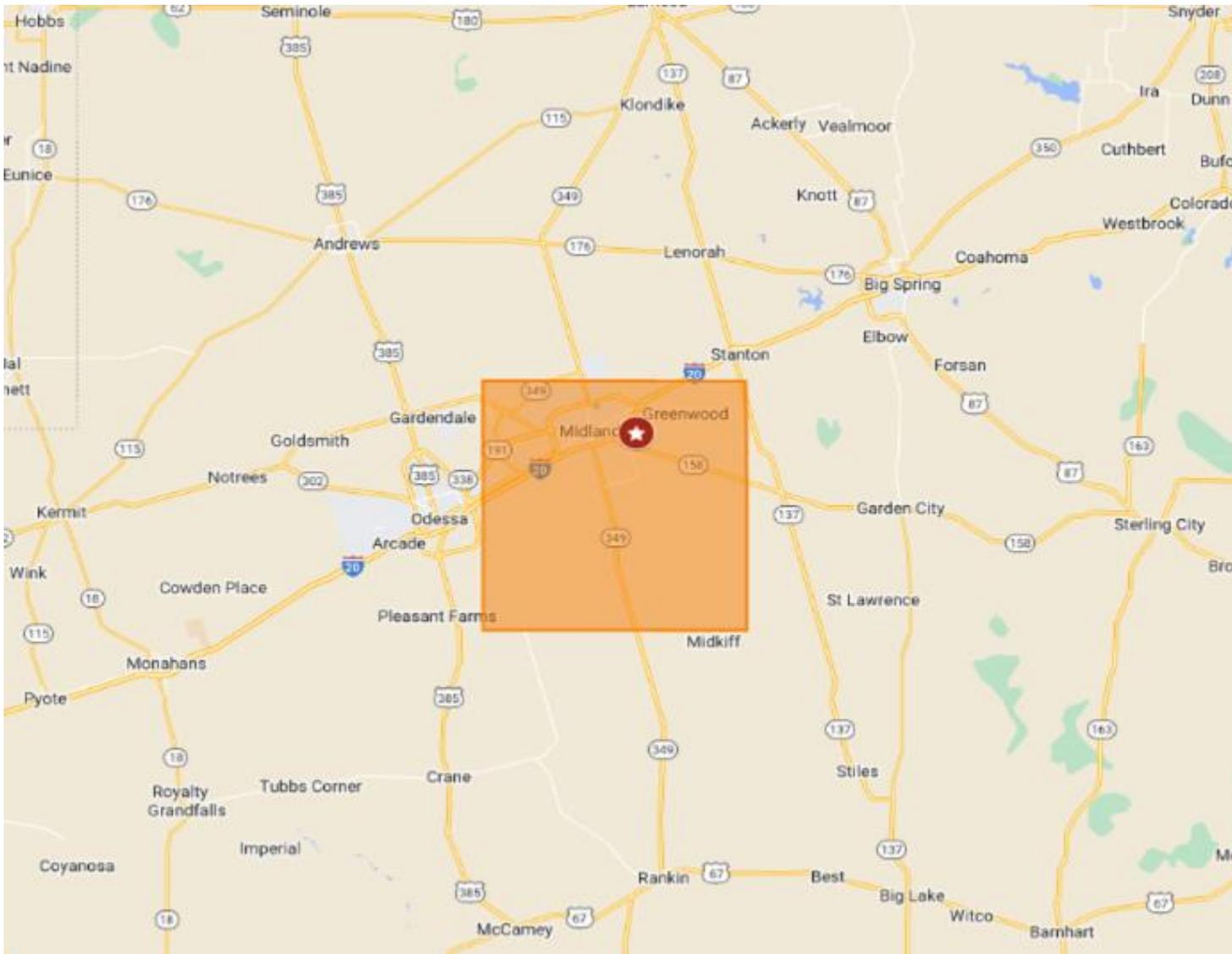
The backbone of the economy in Midland County is the oil and gas industry which has experienced a series of booms and busts as the price of crude oil has fluctuated. The region is also home to several large wind farms. The county has seen significant growth overall since the turn of the century and is poised to continue as the economy diversifies. Transportation and Warehousing and Finance and Insurance are other growing sectors. Also, the Midland Memorial Hospital has begun a \$156.8 million facility upgrade and renovation that will modernize the key medical campus for the region.

The proposed site for the new golf facility is a part of an overall 234-acre parcel that is the potential location for a new county jail as well as a possible water treatment plant. The site is at the northwest corner of County Roads 1140 and 110 in the eastern part of the MSA, approximately five miles from the heart of the City of Midland and less than two miles southeast of Interstate 20. The site is generally rectangular in shape and very flat. The southeastern portion of the site is earmarked for a new 40-acre county jail and a new 20-acre water treatment plant, leaving an approximately 175-acre, L-shaped parcel for the proposed golf course.

Area maps are shown below and on the following pages.

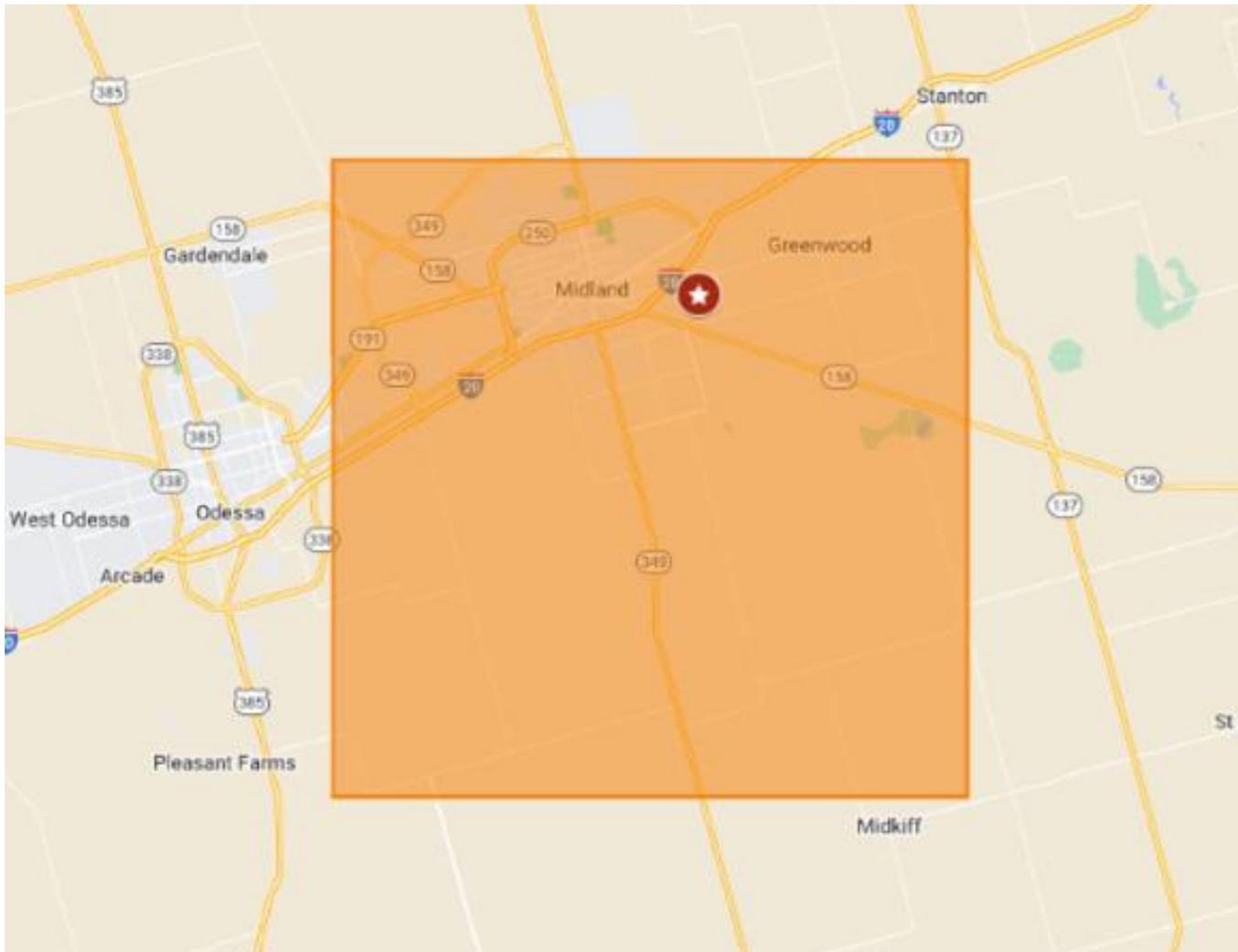
MIDLAND COUNTY AREA DESCRIPTION

Figure 1- Midland County Regional Location



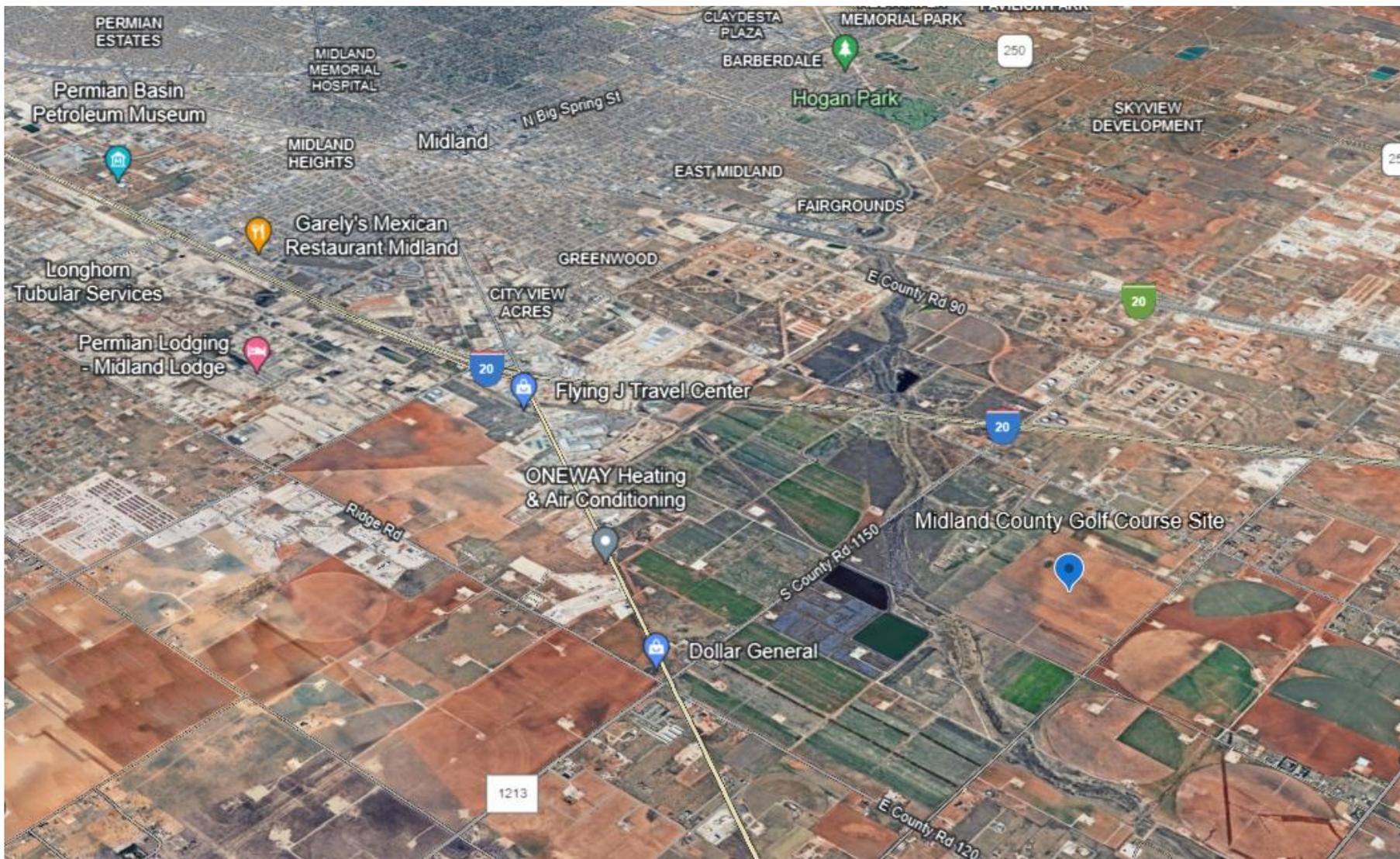
MIDLAND COUNTY AREA DESCRIPTION

Figure 2- Midland County Local Environs



MIDLAND COUNTY AREA DESCRIPTION

Figure 3- Proposed Midland County Golf Course Site



MIDLAND COUNTY AREA DESCRIPTION



III. FOUR-COUNTY ECONOMIC BASE ANALYSIS

FOUR-COUNTY ECONOMIC BASE ANALYSIS

III. Four-County Economic Base Analysis

The following section is an economic overview of the Midland County four-county market area consisting of Midland, Ector, Andrews and Martin counties.

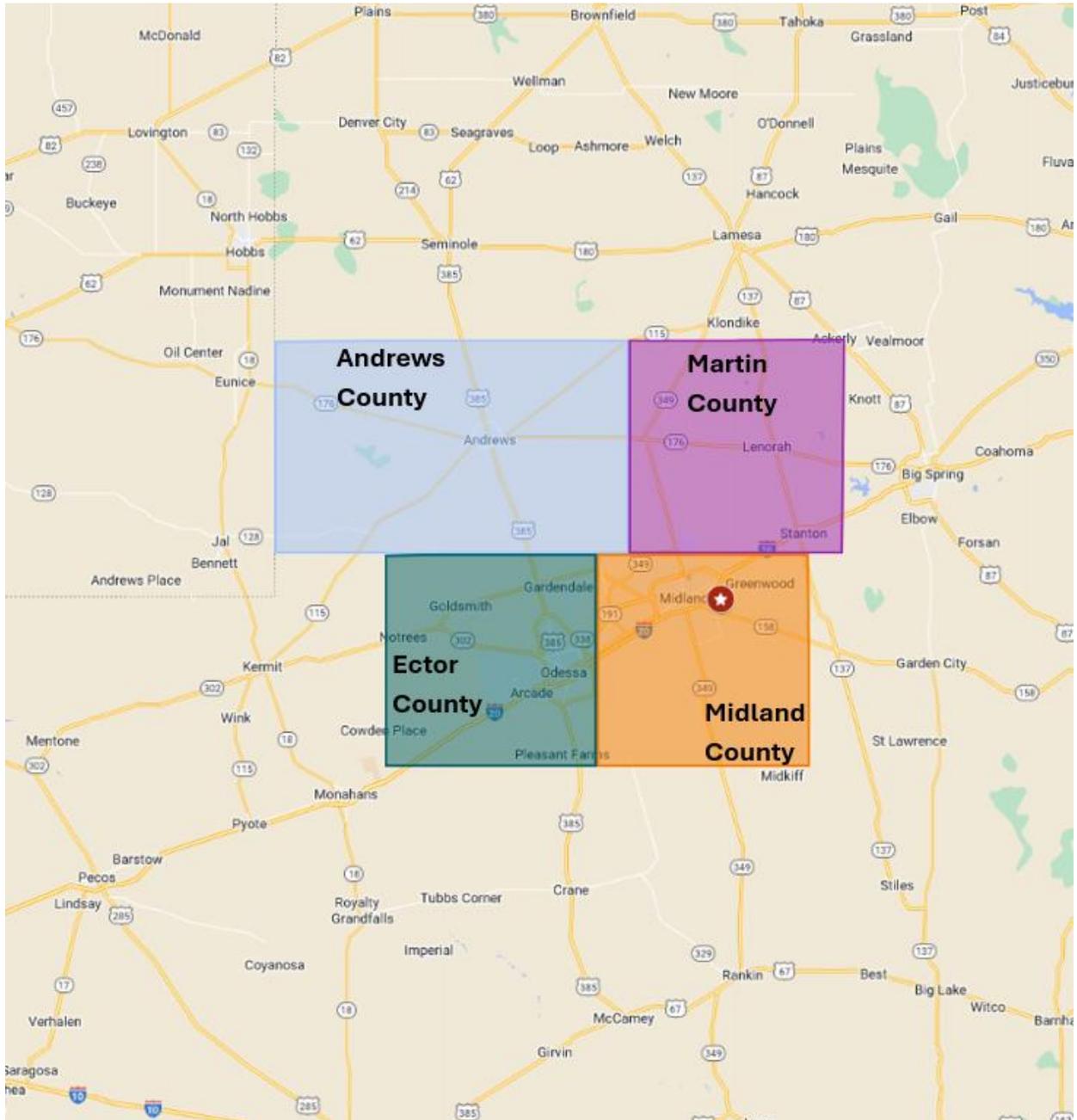
A. EMPLOYMENT

Tables III-1 and III-2 illustrate employment trends in the four-county area (the Midland-Odessa MSA). Employment trends are prime indicators of the economic growth of an area. Increases in employment generate growth for most sectors of the local economy and dictate the rate at which it will expand. Total full- and part-time employment in the four-county area grew from 132,527 in 1980 to 293,444 in 2024, for an average annual increase of 3,657 jobs. Over the last decade, 4,982 jobs per year were added annually, for an average annual growth rate of 1.5%. Since 2020, employment levels have rebounded strongly from the COVID downturn. Over 22,000 jobs were added in 2022. Since 2022, the Counties have added 10,536 jobs per year on average, for an average annual growth rate of 4.0%.

For the next ten years, the four-county area is projected to add 5,053 full- and part-time jobs per year on average. This growth will likely be fueled by the Oil and Gas sector, as well as transportation and warehousing. These sectors are expected to add 823 jobs, and 625 jobs, respectively, per year on average over the next decade. These projections are detailed in Table III-3.

FOUR-COUNTY ECONOMIC BASE ANALYSIS

Figure 4 - Four-County Market Area



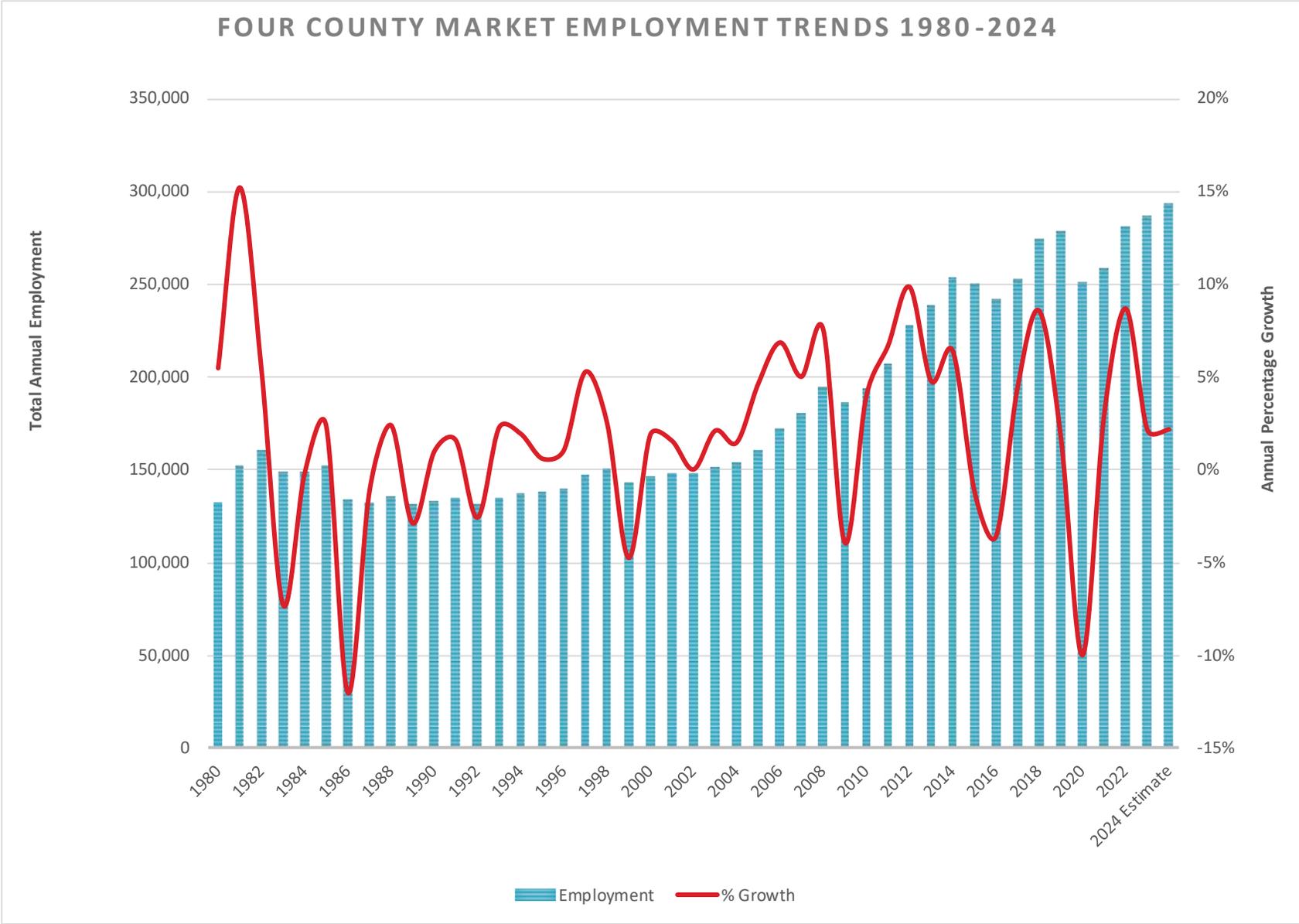
FOUR-COUNTY ECONOMIC BASE ANALYSIS

Table III-1: Four-County Market Area Employment Trends, 1980-2024

Year	Total Employment	Annual Change	
		Numerical	Percent
1980	132,527	5,478	5.5%
1981	152,684	20,157	15.2%
1982	160,973	8,289	5.4%
1983	149,273	-11,700	-7.3%
1984	148,977	-296	-0.2%
1985	152,492	3,515	2.4%
1986	134,177	-18,315	-12.0%
1987	132,606	-1,571	-1.2%
1988	135,792	3,186	2.4%
1989	131,878	-3,914	-2.9%
1990	133,180	1,302	1.0%
1991	135,292	2,112	1.6%
1992	131,806	-3,486	-2.6%
1993	134,800	2,994	2.3%
1994	137,417	2,617	1.9%
1995	138,243	826	0.6%
1996	139,708	1,465	1.1%
1997	147,087	7,379	5.3%
1998	150,774	3,687	2.5%
1999	143,617	-7,157	-4.7%
2000	146,329	2,712	1.9%
2001	148,614	2,285	1.6%
2002	148,645	31	0.0%
2003	151,772	3,127	2.1%
2004	154,008	2,236	1.5%
2005	161,174	7,166	4.7%
2006	172,228	11,054	6.9%
2007	180,872	8,644	5.0%
2008	194,537	13,665	7.6%
2009	186,896	-7,641	-3.9%
2010	194,357	7,461	4.0%
2011	207,342	12,985	6.7%
2012	227,766	20,424	9.9%
2013	238,638	10,872	4.8%
2014	253,878	15,240	6.4%
2015	250,936	-2,942	-1.2%
2016	241,953	-8,983	-3.6%
2017	252,776	10,823	4.5%
2018	274,406	21,630	8.6%
2019	279,177	4,771	1.7%
2020	251,302	-27,875	-10.0%
2021	258,682	7,380	2.9%
2022	281,153	22,471	8.7%
2023 Estimate	287,198	6,045	2.1%
2024 Estimate	293,444	6,247	2.2%
Annual Change			
1980-2024		3,657	1.8%
2014-2024		4,982	1.5%
2020-2024		10,536	4.0%
2022-2024		6,146	2.2%

Source: Bureau of Economic Analysis, and THK Associates, Inc.

FOUR-COUNTY ECONOMIC BASE ANALYSIS



FOUR-COUNTY ECONOMIC BASE ANALYSIS

Table III-2: Four-County Market Area Employment by Industry 1970-2024

Industry	1970	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total Non-Farm (By Place of Work)	75,808	130,692	150,722	131,672	133,826	130,353	133,196	135,805	136,589	137,995	145,336	149,072	141,956	144,612
Agricultural Services, Forestry, & Fisheries	241	558	680	1,075	1,100	1,023	1,203	1,231	1,250	1,243	1,306	1,241	1,279	1,249
Mining, Oil & Gas	15,635	27,877	38,505	25,930	25,893	22,968	24,352	24,026	21,625	20,023	21,994	21,616	19,865	19,918
Construction	4,749	10,478	9,416	6,051	6,449	6,323	7,195	7,495	8,254	8,595	8,756	10,966	8,928	9,142
Manufacturing	5,059	12,399	9,572	7,529	7,888	7,665	7,616	7,592	7,789	8,028	8,584	8,657	7,525	7,668
Transportation & Utilities	4,123	6,055	6,581	5,923	5,965	5,704	5,593	5,658	5,202	5,389	5,571	5,595	5,568	5,908
Wholesale Trade	4,651	8,684	7,909	7,288	7,681	7,328	7,292	7,371	7,894	8,146	8,514	8,464	7,445	7,482
Retail Trade	11,882	20,305	23,494	21,819	22,173	22,177	22,120	23,373	24,082	25,332	25,970	26,008	26,019	26,335
Finance, Insurance, Real Estate	4,116	8,186	9,397	7,722	7,195	6,966	7,047	7,539	7,321	7,552	8,225	9,060	8,754	9,453
Services	15,370	23,374	29,563	30,968	31,978	31,423	32,161	32,605	34,122	34,599	36,948	37,725	36,615	37,548
Government	9,782	12,776	15,605	17,387	17,504	18,176	18,617	18,915	19,110	19,088	19,468	19,740	19,958	19,909
Farm	1,938	1,835	1,770	1,508	1,466	1,453	1,604	1,612	1,654	1,713	1,751	1,702	1,661	1,717

Total Employment	77,746	132,527	152,492	133,180	135,292	131,806	134,800	137,417	138,243	139,708	147,087	150,774	143,617	146,329
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Industry	Sector Code	Year																							Average Annual Change			
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10	5	3
Total Non-Farm (By Place of Work)		146,810	147,001	150,197	152,502	159,650	170,785	179,338	192,996	185,309	192,795	205,785	226,202	237,021	252,277	249,322	240,331	251,185	272,800	277,663	249,710	257,116	279,544	285,604	291,867	3,959	10,539	6,162
Forestry, fishing, and related activities	11	348	409	395	395	414	384	401	427	429	434	454	459	535	510	457	456	478	458	474	487	502	506	511	511	-2	9	4
Mining, Oil & Gas	21	20,821	18,951	20,555	20,027	21,605	25,605	28,410	35,887	32,017	37,670	40,658	52,096	55,831	60,345	58,018	56,812	59,325	63,926	64,000	51,115	52,498	60,598	62,134	63,688	334	3,443	1,545
Utilities	22	386	409	436	440	443	485	463	529	520	944	1,000	995	1,141	620	581	682	744	879	1,046	951	1,046	1,239	1,352	1,481	86	132	121
Construction	23	9,838	10,447	10,592	10,835	11,730	13,383	14,755	15,754	14,735	14,818	16,383	18,530	18,884	19,802	19,025	18,002	18,819	23,105	23,806	19,999	18,842	21,633	21,831	22,036	223	509	202
Manufacturing	31-33	7,863	7,107	6,410	6,748	7,254	8,164	8,895	9,128	8,031	8,418	9,849	10,898	11,158	11,855	10,794	9,032	9,594	10,970	11,390	9,389	9,393	10,261	10,316	10,391	-146	251	65
Wholesale trade	42	6,998	6,948	7,138	7,435	8,052	8,784	9,479	10,092	8,982	9,182	10,417	11,652	12,930	14,368	13,819	11,548	12,703	14,500	14,858	12,451	12,505	14,197	14,474	14,753	38	575	278
Retail Trade	44-45	17,310	17,509	17,237	17,135	18,295	18,452	18,295	18,271	18,136	17,900	18,176	18,762	20,461	21,289	22,424	21,965	21,693	22,634	23,173	22,370	22,608	23,171	23,243	23,305	202	234	67
Transportation and warehousing	48-49	3,724	3,621	3,783	4,153	4,440	4,821	5,353	5,874	5,661	5,974	7,185	8,799	9,612	11,112	10,891	9,823	11,550	14,123	15,517	13,992	15,070	16,655	16,806	17,584	647	898	765
Information	51	2,515	2,631	2,841	2,892	2,796	2,515	2,304	2,110	2,061	2,039	1,912	1,810	1,690	1,729	1,781	2,014	2,130	2,219	1,704	1,856	1,938	1,969	1,969	2,007	32	76	35
Finance and insurance	52	5,328	5,562	5,601	5,889	6,277	6,547	7,083	7,716	8,432	7,959	8,540	8,629	8,864	8,948	8,769	9,113	9,081	9,652	9,189	10,111	11,045	12,219	12,858	13,527	468	854	654
Real estate and rental and leasing	53	4,402	4,379	4,258	4,561	5,035	5,453	5,806	6,328	6,261	6,462	7,005	7,823	8,428	9,664	9,436	8,581	9,196	10,354	10,442	10,421	11,534	13,031	13,855	14,725	506	1,076	847
Professional and technical services	54	6,453	6,426	6,828	7,241	7,573	8,388	9,295	9,783	8,898	9,108	9,762	10,240	10,624	11,173	11,187	9,894	10,424	11,633	12,046	10,879	10,823	11,859	12,007	12,152	98	318	146
Management of companies and enterprises	55	561	784	801	851	1,113	1,221	1,494	1,710	1,662	1,882	1,889	2,118	2,195	2,984	3,134	3,303	3,238	3,495	3,460	3,622	3,321	3,497	3,551	3,605	62	-4	54
Administrative and waste services	56	6,947	7,166	7,302	7,731	8,048	8,380	8,643	8,824	7,911	8,272	8,783	9,267	9,025	9,416	8,774	8,528	9,687	10,573	10,645	9,752	10,765	11,740	12,166	12,605	319	713	432
Educational services	61	1,027	1,100	1,066	1,033	1,089	1,105	1,131	1,202	1,225	1,236	1,217	1,260	1,337	1,382	1,451	1,559	1,676	1,714	2,097	2,039	2,660	2,853	3,182	3,552	217	378	350
Health care and social assistance	62	10,505	11,049	11,852	12,198	11,767	12,154	12,337	12,350	13,100	13,274	13,274	13,174	13,171	13,113	13,203	13,554	13,216	12,731	12,422	12,854	13,136	13,126	13,111	-6	172	-13	
Arts, entertainment, and recreation	71	2,079	2,145	2,148	2,156	2,214	2,241	2,323	2,485	2,567	2,490	2,587	2,675	2,810	2,946	2,907	2,881	3,077	3,202	3,221	2,873	3,188	3,320	3,406	3,496	55	156	88
Accommodation and food services	2000-2010	10,111	10,294	10,764	10,877	11,338	11,704	11,868	12,832	13,171	12,842	14,174	14,529	15,260	16,826	17,381	17,231	18,259	19,417	20,220	18,480	19,715	20,651	21,163	21,679	485	800	514
Other services, except public administration	81	9,982	10,229	10,388	10,653	10,649	11,094	11,330	11,428	11,279	11,016	11,903	12,246	12,834	13,554	13,878	13,348	13,829	15,106	15,393	14,684	14,769	15,619	15,777	15,930	238	312	156
Government and government enterprises	90	19,612	19,835	19,802	19,492	19,422	19,624	19,652	20,072	20,764	21,027	20,508	20,083	20,184	20,697	21,501	22,388	22,266	21,695	21,692	21,982	22,137	22,025	21,881	21,729	103	-63	-148
Farmemployment	--	1,804	1,644	1,575	1,506	1,524	1,443	1,534	1,541	1,587	1,562	1,557	1,564	1,617	1,601	1,614	1,622	1,591	1,606	1,514	1,592	1,566	1,609	1,593	1,577	-2	-4	-16
Total Employment		148,614	148,645	151,772	154,008	161,174	172,228	180,872	194,537	186,896	194,357	207,342	227,766	238,638	253,878	250,936	241,953	252,776	274,406	279,177	251,302	258,682	281,153	287,198	293,444	4,982	2,853	11,587

Source: Bureau of Economic Analysis and THK Associates, Inc.

FOUR-COUNTY ECONOMIC BASE ANALYSIS

Table III-3: Four-County Market Area Employment Projections, 2024-2034

Industry	Annual Rate of Change	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Average Annual Change
Total Non Farm (By Place of Work)	2.3%	291,867	296,492	301,207	306,013	310,913	315,909	321,004	326,199	331,496	336,899	342,409	5,195
Forestry, fishing, and related activities	1.2%	511	514	517	520	523	526	529	531	534	537	540	3
Mining, Oil & Gas	1.3%	63,688	64,324	64,962	65,601	66,243	66,886	67,531	68,178	68,826	69,475	70,126	823
Utilities	9.4%	1,481	1,572	1,667	1,768	1,874	1,986	2,104	2,227	2,357	2,494	2,637	112
Construction	2.3%	22,036	22,265	22,494	22,724	22,954	23,186	23,418	23,650	23,883	24,117	24,352	225
Manufacturing	1.5%	10,391	10,434	10,477	10,520	10,563	10,606	10,648	10,691	10,733	10,775	10,817	47
Wholesale trade	2.7%	14,753	14,941	15,130	15,320	15,511	15,704	15,897	16,091	16,287	16,483	16,680	209
Retail Trade	0.7%	23,305	23,445	23,584	23,723	23,862	24,001	24,140	24,278	24,416	24,554	24,692	125
Transportation and warehousing	6.6%	17,584	18,128	18,684	19,254	19,836	20,432	21,042	21,666	22,303	22,954	23,619	625
Information	1.7%	2,007	2,057	2,108	2,159	2,212	2,265	2,320	2,375	2,431	2,488	2,546	49
Finance and insurance	4.7%	13,527	13,991	14,468	14,957	15,460	15,976	16,505	17,048	17,605	18,175	18,760	539
Real estate and rental and leasing	6.4%	14,725	15,336	15,967	16,620	17,295	17,993	18,713	19,457	20,225	21,017	21,834	719
Professional and technical services	2.5%	12,152	12,410	12,672	12,937	13,206	13,479	13,755	14,035	14,319	14,606	14,897	246
Management of companies and enterprises	0.5%	3,605	3,642	3,679	3,715	3,752	3,789	3,826	3,863	3,900	3,938	3,975	40
Administrative and waste services	4.5%	12,605	12,905	13,210	13,520	13,835	14,155	14,480	14,810	15,146	15,487	15,832	341
Educational services	10.2%	3,552	3,823	4,112	4,422	4,752	5,104	5,479	5,880	6,306	6,761	7,244	345
Health care and social assistance	0.2%	13,111	13,270	13,431	13,593	13,755	13,918	14,082	14,247	14,412	14,579	14,745	128
Arts, entertainment, and recreation	2.5%	3,496	3,584	3,673	3,764	3,856	3,951	4,046	4,144	4,243	4,343	4,446	92
Accommodation and food services	2.7%	21,679	22,045	22,415	22,788	23,165	23,546	23,930	24,317	24,708	25,102	25,500	406
Other services, except public administration	2.0%	15,930	16,101	16,272	16,444	16,617	16,790	16,964	17,138	17,313	17,488	17,664	169
Government and government enterprises	-0.3%	21,729	21,707	21,686	21,664	21,641	21,619	21,596	21,573	21,549	21,526	21,502	-48
Farm employment	-0.3%	1,577	1,576	1,575	1,573	1,572	1,571	1,570	1,568	1,567	1,565	1,564	-4
Total employment	2.3%	293,444	298,068	302,781	307,587	312,485	317,480	322,573	327,767	333,063	338,464	343,973	
Job growth/(losses)		6,247	4,624	4,713	4,805	4,899	4,995	5,093	5,193	5,296	5,401	5,509	5,053
Job growth rate		2.2%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.7%

Source: BEA, BLS, and THK Associates, Inc.

FOUR-COUNTY ECONOMIC BASE ANALYSIS

B. MAJOR EMPLOYERS

Tables IV-4A and IV-4B list the top ten employers in Midland and Ector Counties. Apart from the major school districts the largest employers are dominated by the energy sector.

Table III-4A: Largest Employers in the Midland County Market Area, 2023

Employer	Industry	Employees
1 Midland Independent School District	Education Services	2,941
2 Endeavour Energy Resources	Energy	1,300
3 City of Midland	Government and government Enterprises	1,050
4 Midland County	Government and government Enterprises	1,000
5 Midland Memorial Hospital	Healthcare	950
6 Conoco Phillips	Energy	900
7 Chevron	Energy	850
8 H-E-B	Retail Trade	700
9 Walmart	Retail Trade	700
10 XTO Energy, Inc.	Energy	400

Top 10 Employers Total Employment	10,791
Total Employment (2023)	168,943
Top 10 Employers as % of Total Employment	6.4%

Source: Midland County Comprehensive Annual Financial Report, 2023 and THK Associates, Inc.

Table III-4B: Largest Employers in the Ector County Market Area, 2023

Employer	Industry	Employees
1 Ector County ISD	Government and government Enterprises	4,161
2 NexTier Complete Solutions	Mining	2,400
3 Saulsbury Companies	Mining	2,200
4 Halliburton	Energy	1,800
5 Medical Center Hospital	Healthcare	1,406
6 City of Odessa	Government and government Enterprises	930
7 Odessa Regional Medical Center	Healthcare	809
8 Univ of Texas Permian Basin	Education Services	764
9 Walmart	Retail Trade	700
10 Nurses Unlimited	Healthcare	580

Top 10 Employers Total Employment	15,750
Total Employment (2022)	102,551
Top 10 Employers as % of Total Employment	15.4%

Source: Ector County Comprehensive Annual Financial Report, 2022 and THK Associates, Inc.

FOUR-COUNTY ECONOMIC BASE ANALYSIS

C. POPULATION AND HOUSEHOLDS

Population and household growth drive demand for real estate development and future golf course demand. In the four-county area, population and households have increased since 1990 by 1.3% and 1.3%, respectively. Since 2010, the population has increased by 6,411 people per year to 383,341 in 2024, for an average annual growth rate of 1.9%. The population of Midland County, where the subject site is located, has grown from 73,578 people in 1990 to over 181,000 people in 2024.

Similar to population growth, households in the four-county area have grown by 1.7% per year over the last fourteen years. Since 2010, households in the region have increased by 2,032 annually to 134,895 in 2024.

Based on historical trends and projected employment growth, population for the market area is forecast to reach 447,560 by 2034, with the population increasing by 6,422 people per year on average, or by 1.6% annually. The number of households is expected to climb to 155,612 by 2034, with the number of households growing by 2,072 annually on average, or by 1.4%.

Table III-5: Estimates of Population and Households in the Four-County Market Area, 1980-2024

Year	Midland County		Andrews County		Ector County		Martin County		Four-County Market Area Total	
	Pop	HH	Pop	HH	Pop	HH	Pop	HH	Pop	HH
1980	73,578	26,894	13,323	4,399	115,374	41,127	4,684	1,547	206,959	73,967
1990	106,609	38,967	14,338	4,734	118,934	42,396	4,956	1,637	244,837	87,734
2000	116,009	42,745	13,004	4,601	121,123	43,846	4,746	1,624	254,882	92,816
2010	136,872	50,845	14,786	5,259	137,130	48,688	4,799	1,649	293,587	106,441
2020	169,983	60,882	18,610	6,262	165,171	57,336	5,237	1,846	359,001	126,326
2024	181,455	64,991	19,267	6,483	177,287	61,542	5,331	1,879	383,341	134,895
(1980-2024):										
Numerical	2,450	866	140	47	1,410	464	10	8	4,010	1,380
Percent	2.1%	2.0%	0.8%	0.9%	1.0%	0.9%	0.3%	0.4%	1.4%	1.4%
Percent of Four-County Total	61.1%	62.7%	3.5%	3.4%	35.2%	33.6%	0.2%	0.5%	100.0%	100.0%
(1990-2024):										
Numerical	2,200	765	140	51	1,720	563	10	7	4,070	1,390
Percent	1.6%	1.5%	0.9%	0.9%	1.2%	1.1%	0.2%	0.4%	1.3%	1.3%
Percent of Four-County Total	54.1%	55.1%	3.4%	3.7%	42.3%	40.5%	0.2%	0.5%	100.0%	100.0%
(2000-2024):										
Numerical	2,727	927	261	78	2,340	737	24	11	5,352	1,753
Percent	1.9%	1.8%	1.7%	1.4%	1.6%	1.4%	0.5%	0.6%	1.7%	1.6%
Percent of Four-County Total	50.9%	52.9%	4.9%	4.5%	43.7%	42.1%	0.5%	0.6%	100.0%	100.0%
(2010-2024)										
Numerical	3,185	1,010	320	87	2,868	918	38	16	6,411	2,032
Percent	2.0%	1.8%	1.9%	1.5%	1.9%	1.7%	0.8%	0.9%	1.9%	1.7%
Percent of Four-County Total	49.7%	49.7%	5.0%	4.3%	44.7%	45.2%	0.6%	0.8%	100.0%	100.0%

Source: Bureau of Census and THK Associates, Inc.

FOUR-COUNTY ECONOMIC BASE ANALYSIS

Table III-6: Projected Permanent Population and Households in the Four-County Market Area 2024-2034

Year	Total Employment	Employment Participation Ratio	Permanent January 1, Population	Annual Population Change	Population in Group Quarters	Permanent Population In Households	Permanent Population Per Household	Households	Annual Household Change
1980	132,527	0.640	206,959	---	966	205,993	2.785	73,967	--
1990	133,180	0.544	244,837	3,790	1,630	243,207	2.772	87,734	1,380
2000	146,329	0.574	254,882	1,000	2,295	252,587	2.721	92,816	510
2010	194,357	0.662	293,587	3,870	2,959	290,628	2.730	106,441	1,360
2020	251,302	0.700	359,001	6,540	3,517	355,484	2.814	126,326	1,990
2024	293,444	0.765	383,341	6,411	3,889	379,452	2.813	134,895	2,032
2025	298,068	0.766	389,230	5,889	3,955	385,275	2.816	136,801	1,906
2026	302,781	0.766	395,220	5,990	4,022	391,198	2.820	138,738	1,937
2027	307,587	0.766	401,330	6,110	4,088	397,242	2.823	140,712	1,974
2028	312,485	0.767	407,560	6,230	4,155	403,405	2.826	142,724	2,012
2029	317,480	0.767	413,910	6,350	4,221	409,689	2.830	144,774	2,049
2030	322,573	0.767	420,380	6,470	4,288	416,092	2.833	146,860	2,087
2031	327,767	0.768	426,980	6,600	4,354	422,626	2.837	148,988	2,127
2032	333,063	0.768	433,710	6,730	4,420	429,290	2.840	151,155	2,168
2033	338,464	0.768	440,560	6,850	4,487	436,073	2.843	153,360	2,205
2034	343,973	0.769	447,560	7,000	4,553	443,007	2.847	155,612	2,252
Average Annual Change (2024-2034)									
Numerical:	5,053		6,422		66	6,360		2,072	
Percent:	1.6%		1.6%		1.6%	1.6%		1.4%	

Source: Dept of Commerce, Bureau of the Census and THK Associates, Inc.

FOUR-COUNTY ECONOMIC BASE ANALYSIS

D. RESIDENTIAL CONSTRUCTION TRENDS

The following tables detail the annual number of residential housing permits issued annually since 1980 for the Four-County area and for Midland County alone. The number of building permits being issued in the area has increased significantly since the economic downturn in the mid-2000s. Permits issued within the four counties over the last ten-year period have averaged close to 2,000, with over 3,000 being issued in 2013 and 2019. From 1980 to 1983 over 10,000 multi-family permits were issued. Since then, single family permits have accounted for the bulk of residential construction with over 80.09% of the total permits issued since 2013. Over the last three-year period, this ratio has lowered to 95.9%.

In Midland County, other than a brief period of multi-family construction from 2012 to 2015, single-family permits have completely dominated the residential market. Since 2013 1,081 residential permits have been issued annually in Midland County.

FOUR-COUNTY ECONOMIC BASE ANALYSIS

Table III-7: Residential Building Permits Issued by Type and Tenure in the Four-County Market Area, 1980-2024

Year	Single Family Units	Percent of Total	Multi-Family Units	Percent of Total	Total	Percent of Total
1980	1,407	47.8%	1,538	52.2%	2,945	100.0%
1981	2,244	38.2%	3,627	61.8%	5,871	100.0%
1982	1,720	28.7%	4,268	71.3%	5,988	100.0%
1983	884	44.8%	1,091	55.2%	1,975	100.0%
1984	482	94.0%	31	6.0%	513	100.0%
1985	497	80.6%	120	19.4%	617	100.0%
1986	205	91.9%	18	8.1%	223	100.0%
1987	224	99.1%	2	0.9%	226	100.0%
1988	252	100.0%	0	0.0%	252	100.0%
1989	267	97.4%	7	2.6%	274	100.0%
1990	270	100.0%	0	0.0%	270	100.0%
1991	290	100.0%	0	0.0%	290	100.0%
1992	293	100.0%	0	0.0%	293	100.0%
1993	379	99.5%	2	0.5%	381	100.0%
1994	332	92.2%	28	7.8%	360	100.0%
1995	353	99.4%	2	0.6%	355	100.0%
1996	373	100.0%	0	0.0%	373	100.0%
1997	402	99.0%	4	1.0%	406	100.0%
1998	401	100.0%	0	0.0%	401	100.0%
1999	235	100.0%	0	0.0%	235	100.0%
2000	287	68.2%	134	31.8%	421	100.0%
2001	272	99.3%	2	0.7%	274	100.0%
2002	369	83.7%	72	16.3%	441	100.0%
2003	444	100.0%	0	0.0%	444	100.0%
2004	498	100.0%	0	0.0%	498	100.0%
2005	573	84.4%	106	15.6%	679	100.0%
2006	771	100.0%	0	0.0%	771	100.0%
2007	883	79.8%	224	20.2%	1,107	100.0%
2008	794	63.0%	466	37.0%	1,260	100.0%
2009	597	100.0%	0	0.0%	597	100.0%
2010	702	59.4%	480	40.6%	1,182	100.0%
2011	937	69.9%	404	30.1%	1,341	100.0%
2012	1,238	59.6%	838	40.4%	2,076	100.0%
2013	1,509	47.6%	1,664	52.4%	3,173	100.0%
2014	1,403	61.9%	864	38.1%	2,267	100.0%
2015	1,256	75.5%	408	24.5%	1,664	100.0%
2016	1,092	96.5%	40	3.5%	1,132	100.0%
2017	1,276	100.0%	0	0.0%	1,276	100.0%
2018	1,965	98.8%	24	1.2%	1,989	100.0%
2019	2,077	63.8%	1,179	36.2%	3,256	100.0%
2020	2,206	88.4%	290	11.6%	2,496	100.0%
2021	2,265	98.6%	33	1.4%	2,298	100.0%
2022	1,506	100.0%	0	0.0%	1,506	100.0%
2023	1,536	100.0%	0	0.0%	1,536	100.0%
2024 *YTD	479	90.9%	48	9.1%	527	100.0%
*2024 Permits are through April						
43 Year Average 1980-2023	863	67.9%	408	32.1%	1,271	100.0%
10 Year Average 2013-2023	1,645	80.1%	409	19.9%	2,054	100.0%
5 Year Average 2018-2023	1,926	88.3%	254	11.7%	2,180	100.0%
3 Year Average 2020-2023	1,878	95.9%	81	4.1%	1,959	100.0%

Source: U.S. Department of Commerce C-40 Reports and THK Associates, Inc.

FOUR-COUNTY ECONOMIC BASE ANALYSIS

Table III-8: Residential Building Permits Issued by Type and Tenure in Midland County, 1980-2024

Year	Single Family Units	Percent of Total	Multi-Family Units	Percent of Total	Total	Percent of Total
1980	801	60.1%	532	39.9%	1,333	100.0%
1981	1,642	45.0%	2,009	55.0%	3,651	100.0%
1982	1,230	31.8%	2,643	68.2%	3,873	100.0%
1983	692	44.9%	848	55.1%	1,540	100.0%
1984	382	93.4%	27	6.6%	409	100.0%
1985	361	75.5%	117	24.5%	478	100.0%
1986	143	88.8%	18	11.2%	161	100.0%
1987	198	99.0%	2	1.0%	200	100.0%
1988	207	100.0%	0	0.0%	207	100.0%
1989	196	96.6%	7	3.4%	203	100.0%
1990	216	100.0%	0	0.0%	216	100.0%
1991	223	100.0%	0	0.0%	223	100.0%
1992	177	100.0%	0	0.0%	177	100.0%
1993	274	100.0%	0	0.0%	274	100.0%
1994	226	100.0%	0	0.0%	226	100.0%
1995	249	100.0%	0	0.0%	249	100.0%
1996	287	100.0%	0	0.0%	287	100.0%
1997	266	99.3%	2	0.7%	268	100.0%
1998	244	100.0%	0	0.0%	244	100.0%
1999	127	100.0%	0	0.0%	127	100.0%
2000	158	100.0%	0	0.0%	158	100.0%
2001	154	100.0%	0	0.0%	154	100.0%
2002	227	100.0%	0	0.0%	227	100.0%
2003	260	100.0%	0	0.0%	260	100.0%
2004	289	100.0%	0	0.0%	289	100.0%
2005	390	100.0%	0	0.0%	390	100.0%
2006	470	100.0%	0	0.0%	470	100.0%
2007	514	100.0%	0	0.0%	514	100.0%
2008	483	100.0%	0	0.0%	483	100.0%
2009	330	100.0%	0	0.0%	330	100.0%
2010	394	100.0%	0	0.0%	394	100.0%
2011	539	100.0%	0	0.0%	539	100.0%
2012	599	59.4%	410	40.6%	1,009	100.0%
2013	732	40.1%	1,092	59.9%	1,824	100.0%
2014	917	59.0%	636	41.0%	1,553	100.0%
2015	761	74.2%	264	25.8%	1,025	100.0%
2016	632	94.0%	40	6.0%	672	100.0%
2017	761	100.0%	0	0.0%	761	100.0%
2018	1,222	100.0%	0	0.0%	1,222	100.0%
2019	1,290	100.0%	0	0.0%	1,290	100.0%
2020	1,289	100.0%	0	0.0%	1,289	100.0%
2021	858	100.0%	0	0.0%	858	100.0%
2022	593	100.0%	0	0.0%	593	100.0%
2023	805	100.0%	0	0.0%	805	100.0%
2024 *YTD	456	100.0%	0	0.0%	456	100.0%
*2024 Permits are through April						
43 Year Average 1980-2023	518	72.5%	197	27.5%	715	100.0%
10 Year Average 2013-2023	896	82.9%	185	17.1%	1,081	100.0%
5 Year Average 2018-2023	1,010	100.0%	0	0.0%	1,010	100.0%
3 Year Average 2020-2023	886	100.0%	0	0.0%	886	100.0%

Source: U.S. Department of Commerce C-40 Reports and THK Associates, Inc.

FOUR-COUNTY ECONOMIC BASE ANALYSIS

E. ECONOMIC BASE CONCLUSIONS

Similar to most national markets, the four-county real estate markets and economy were negatively affected by the national economic downturn from 2008 and 2009, and during the pandemic, but the economy has experienced renewed growth over the past couple of years and employment has well surpassed pre-recession and pandemic levels. THK Associates, Inc. expects job and population growth to continue at a strong pace. The overall outlook for four-county environs is very positive.

IV. GOLF COURSE MARKET ANALYSIS

IV. Golf Course Market Analysis

A. OVERALL GOLF MARKET CHARACTERISTICS

Research conducted by the National Golf Foundation indicates that from the mid 1980's to the turn of the century, the number of golfers grew by approximately 50% - from 20 to 30 million for an annual growth rate of approximately 3%. But since 2000, the number of golfers plateaued and had been slowly declining. This decline had been largely attributed to decreasing participation rates by age and the effects of the Great Recession that occurred in the mid to late 2000's. Since that time, however, the golf industry has stabilized and is now seeing a tremendous resurgence. The good news is that the overall participation in golf is rising, and the number of rounds being played has risen dramatically since the onset of the pandemic. Last year was the busiest for new course openings in more than a decade. Increased golf demand the past three years has spurred both private and public clubs to initiate improvements and developers to embark on ambitious projects. The level of new development will not match the surge of the 1990s and early 2000s that saturated the golf market, but the quality and ambition of these projects are as high if not higher. It is a remarkable turnaround given how little new-course construction there was just five years ago. Rounds played have grown from just over 440 million in 2019 to 541.4 million in 2022, an increase of close to 20%.

Standard Golf Term Definitions

The ownership and operational structure of golf courses are critical in determining which type of golf courses are in demand. Courses are classified into four categories and defined as follows:

- **Daily-Fee Golf Courses:** Privately owned but open for public play.
- **Municipal Golf Courses:** Owned/operated by a government entity and are open to the general public.
- **Private Golf Courses:** Owned privately either by individuals or corporations and not open for public play. Memberships in this type of club are limited and include typically large initiation fees and monthly dues or have property purchase requirements.
- **Resort Golf Courses:** Typically, this is a golf course affiliated with a hotel or lodging facility in a destination location. A resort course is often still open to outside public.

Further distinctions of golf course facilities include the playability and character of the course. The definitions for par and common designations for golf courses are shown below:

- **Par:** The par for a hole is defined by the number of strokes needed to complete a hole. Once the green is reached, it is assumed that it will take two strokes to finish the hole. Thus, a par-3 course will consist completely of greens that can be reached with one stroke from the tee.
- **Regulation:** Any nine-hole or 18-hole golf course that includes a variety of par three, par four and par five holes, and is of traditional length and par. A regulation 9-hole facility must be at least 2,600 yards in length and have at least a par 33, while a regulation 18-hole facility must be at least 5,200 yards in length and have at least a par 66

GOLF COURSE MARKET ANALYSIS

- **Executive:** Have a variety of par three, par four and/or par five holes. 18-hole executive courses are 5,200 yards in length or less, with a par of 65 or less.
- **Par 3:** as the name suggests, par 3 courses consist of all holes being par 3's; thus, an 18-hole course has a total par of 54.

B. GOLF PARTICIPATION TRENDS

As shown in Table IV-1 overall participation in golf has held steady at around 8.0%-9.0% since 2010 and is currently 8.3% through 2023, the latest year available. The total number of golfers has increased to nearly over 25 million in 2022, an increase of 6% since 2017.

Table IV-2 shows participation rates by gender, age and household income. The highest participation rate by age range is in the 30-39 category at 9.5%. As expected, the higher the household income the higher the participation rate for golf, topping out at 13.9% for households with income above \$125,000.

As shown in Table IV-3 over 531,000,000 rounds of golf were played in 2023 with an average of 20.9 rounds per golfer. The number of off-course golfers and latent demand are also shown in Table IV-3, as well as rounds played. Off-course only golfers are those who did not play on a golf course but participated at a driving range, golf entertainment facility or an indoor simulator during the survey year. Latent demand are individuals who did not play golf during the survey year but who indicated they are very interested in playing golf now. This category is rapidly increasing.

Table IV-1: On-Course Golf Participation Age 6+

Year	Participation Rate	# of Golfers (millions)
2010	9.2%	26.1
2011	9.0%	25.7
2012	8.8%	25.3
2013	8.5%	24.7
2014	8.5%	24.7
2015	8.2%	24.1
2016	8.0%	23.8
2017	8.0%	23.8
2018	8.1%	24.2
2019	8.0%	24.3
2020	8.1%	24.8
2021	8.2%	25.1
2022	8.3%	25.3
2023	8.5%	25.6

Source: National Golf Foundation and THK Associates

GOLF COURSE MARKET ANALYSIS

Table IV-2: Current Golf Participation Rate, Age 6+

Total	8.5%
Male	14.7%
Female	4.4%
Age	
6-17	6.2%
18-29	7.5%
30-39	9.5%
40-49	9.0%
50-59	8.4%
60-69	9.1%
70+	8.1%
HH Income	
Under \$30,000	2.7%
\$30,000-\$49,999	5.5%
\$50,000-\$74,999	8.1%
\$75,000-\$99,999	11.8%
\$100,000-\$124,999	11.7%
\$125,000+	13.9%

Source: National Golf Foundation and THK Associates

Table IV-3: Current Golf Participation

All Traditional Golfers	25,600,000
Women	6,900,000
Juniors	3,500,000
Beginners	3,400,000
Off-Course Golfers	24,900,000
Off-Course Only Golfers	18,400,000
Core Golfers (8+ Rounds)	12,600,000
2023 Rounds Played	531,900,000
Average Rounds per Golfer	18.2
Latent Demand (Very Interested Non-Golfers)	22,400,000

Source: National Golf Foundation and THK Associates

GOLF COURSE MARKET ANALYSIS

Golf participation by region and total rounds played nationally are highlighted in Tables IV-4 and IV-5. Midland is of course located in the West South-Central region with a 7.0% participation rate. However, based on the household incomes in the trade area the participation rate in Midland is estimated to be in the 8% range.

Total rounds played, after generally dropping over much of the past decade, increased dramatically during the pandemic in 2020, to over 500 million, and even more in 2023 to 531 million as people have sought refuge in safe, outdoor spaces and the golf industry has flourished and created new golfers. Based on this total, and the 16,200 golf courses in the U.S., it can be calculated that the average rounds played per course in 2023 was 33,420. It is expected that this increase and trend will continue to convert many of the off-course golfers and latent demand into actual new golf participants.

Table IV-4: On-Course Participation by Region

Region	Participation Rate
Pacific	7.7%
Mountain	8.9%
West North Central	10.4%
West South Central	7.0%
East North Central	9.8%
East South Central	6.4%
Mid Atlantic	8.0%
New England	8.5%
South Atlantic	7.9%

Source: National Golf Foundation and THK Associates

Table IV-5: Rounds Played

Year	Rounds
2011	463,100,000
2012	489,500,000
2013	465,500,000
2014	457,600,000
2015	465,800,000
2016	468,600,000
2017	456,000,000
2018	434,100,000
2019	440,600,000
2020	501,800,000
2021	529,000,000
2022	531,400,000
2023	531,900,000

Source: National Golf Foundation and THK Associates

GOLF COURSE MARKET ANALYSIS

C. POPULATION AND HOUSEHOLDS FOR THE MIDLAND COUNTY GOLF MARKET AREA

In the analysis to determine demand for potential golf facilities to be developed at the Midland County location, it is necessary to identify the primary market area from which a majority of local demand is anticipated to be derived from. The local trade area is a function of population density, natural barriers, travel time, habits, and the location of competitive facilities. In this instance THK has determined that based on the competitive facilities, the greater distances traveled in west Texas and the nature of the Midland market that the trade is considered to be the entire four-county area that defines the MSA. For example, the residents of Odessa are willing to drive a fairly good distance to play a quality public course with such limited options in the region. The PTA is generally a 30-minute drive from the subject site in somewhat rural locations as illustrated here. Figure 6 on the following page illustrates this area.

The historical and projected population and households in the four-county area were previously defined in Section III. As shown in Table IV-6, from 1990 to 2024, population within the four-county market area rose from 244,837 to 383,341, or 1.3% annually, while households climbed from 87,734 in 1990 to 134,895 in 2024 or 1.3% per year.

Table IV-7 shows the projected population and household growth for the four-county market area over the 2024 to 2034 time period. Within the four-counties through 2034, population is forecast to grow to 447,560, or by 6,422 people annually on average, while households are projected to increase to 155,612, or by an average of 2,072 per year.

Table IV-6: Population and Household Trends for the Four-County Midland Golf Market Area, 1990-2024

Four-County Midland Golf Market Area	1990	2000	2010	2020	2024	Annual Average					
						1990-2024		2000-2024		2010-2024	
						Numerical	%	Numerical	%	Numerical	%
Population	244,837	254,882	293,587	359,001	383,341	4,074	1.3%	5,352	1.7%	6,411	1.9%
Households	87,734	92,816	106,441	126,326	134,895	1,387	1.3%	1,753	1.6%	2,032	1.7%

Table IV-7: Projected Population and Household Trends in the Midland County Golf Market Area, 2024-2034

Four-County Midland Golf Market Area	2024	2029	2034	Annual Average			
				2024-2029		2024-2034	
				Numerical	Percent	Numerical	Percent
Population	383,341	413,910	447,560	6,114	1.5%	6,422	1.6%
Households	134,895	144,774	155,612	1,976	1.4%	2,072	1.4%

Source: U.S. Bureau of the Census & THK Associates, Inc.

GOLF COURSE MARKET ANALYSIS

D. GOLF PARTICIPATION RATES AND AGE DISTRIBUTION

THK Associates has determined the golf demand at the proposed Midland County site over the next decade. In order to understand this demand, it is important to first determine the participation rates for golf by age and gender, and population by age and gender in the Midland County Golf Market Area. By multiplying the participation rates for golf and population by age and gender, THK can then project the total number of golfers by age and gender over the 2024 to 2034 time period.

As shown at the bottom of the following table golf participations rates are shown for the United States, the West South-Central region, and the Midland County Golf Market Area. Furthermore, participation rates for serious golfers (those who play eight or more times annually) and occasional golfers (those who play less than eight times annually) are shown. As shown in next table the overall average golf participation rate for both genders aged 5 and above in the United States is 8.5%; 14.7% for males and 4.4% for females. The West South-Central states have an overall average golf participation rate of 7.0%, 13.4% for males and 4.2% for females. The Midland County Golf Market Area has overall average golf participation rates are 7.9%; 14.2% for males and 4.3% for females. The golf participation rates are per the National Golf Foundation with slight adjustments for income levels.

The next table details both the total number of females and males by age group in the Midland County Golf Market Area for 2024, 2029 and 2034. Later in this market study the participation rates by golfer type from the previous table are multiplied with the population for each age group within each gender category. This will help determined the appropriate number of golfers by gender, age and golf participation level within the market area over the next decade.

GOLF COURSE MARKET ANALYSIS

TABLE IV-8: GOLF PARTICIPATION RATES BY AGE AND GENDER IN THE U.S., WEST SOUTH CENTRAL STATES AND THE MIDLAND COUNTY GOLF MARKET AREA

United States

Age Range	Male Golf Participation Rate			Female Golf Participation Rate			Total Golf Participation Rate		
	Serious*	Occasional**	Total	Serious*	Occasional**	Total	Serious*	Occasional**	Total
0-5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5-11	1.4%	4.0%	5.4%	0.5%	1.0%	1.5%	0.5%	2.1%	2.6%
12-17	3.8%	7.7%	11.5%	0.9%	0.9%	1.8%	3.2%	3.1%	6.3%
18-29	5.7%	9.3%	15.0%	1.2%	2.8%	4.0%	3.5%	5.0%	8.5%
30-39	7.9%	11.4%	19.3%	2.0%	4.0%	6.0%	4.6%	6.4%	11.0%
40-49	7.0%	8.7%	15.7%	2.0%	3.2%	5.2%	4.2%	4.7%	9.0%
50-59	6.5%	6.5%	13.0%	2.6%	2.4%	5.1%	4.4%	3.4%	7.8%
60-64	6.9%	5.3%	12.1%	3.3%	1.8%	5.1%	4.9%	2.7%	7.6%
65+	6.0%	3.4%	9.3%	2.3%	1.3%	3.6%	3.7%	1.5%	5.3%
Total	6.2%	8.5%	14.7%	1.8%	2.6%	4.4%	4.1%	4.4%	8.5%

West South Central

Age Range	Male Golf Participation Rate			Female Golf Participation Rate			Total Golf Participation Rate		
	Serious*	Occasional**	Total	Serious*	Occasional**	Total	Serious*	Occasional**	Total
0-5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5-11	1.3%	3.6%	4.9%	0.5%	0.9%	1.4%	0.4%	1.7%	2.2%
12-17	3.5%	7.0%	10.5%	0.8%	0.8%	1.7%	2.6%	2.6%	5.2%
18-29	5.2%	8.4%	13.7%	1.2%	2.6%	3.8%	2.9%	4.1%	7.0%
30-39	7.2%	10.4%	17.6%	1.9%	3.8%	5.7%	3.8%	5.3%	9.1%
40-49	6.4%	8.0%	14.3%	1.9%	3.0%	5.0%	3.5%	3.9%	7.4%
50-59	5.9%	5.9%	11.9%	2.5%	2.3%	4.8%	3.7%	2.8%	6.4%
60-64	6.3%	4.8%	11.1%	3.2%	1.7%	4.9%	4.0%	2.2%	6.2%
65+	5.4%	3.1%	8.5%	2.2%	1.3%	3.4%	3.1%	1.2%	4.3%
Total	5.6%	7.8%	13.4%	1.7%	2.5%	4.2%	3.4%	3.6%	7.0%

Midland County Golf Market Area

Age Range	Male Golf Participation Rate			Female Golf Participation Rate			Total Golf Participation Rate		
	Serious*	Occasional**	Total	Serious*	Occasional**	Total	Serious*	Occasional**	Total
0-5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5-11	1.4%	3.9%	5.2%	0.5%	1.0%	1.5%	0.5%	2.0%	2.4%
12-17	3.7%	7.4%	11.1%	0.9%	0.9%	1.7%	2.9%	2.9%	5.8%
18-29	5.5%	8.9%	14.5%	1.2%	2.7%	3.9%	3.2%	4.6%	7.9%
30-39	7.6%	11.0%	18.6%	2.0%	3.9%	5.8%	4.3%	5.9%	10.2%
40-49	6.7%	8.4%	15.2%	2.0%	3.1%	5.1%	3.9%	4.4%	8.3%
50-59	6.3%	6.3%	12.6%	2.6%	2.4%	4.9%	4.1%	3.1%	7.3%
60-64	6.6%	5.1%	11.7%	3.3%	1.7%	5.0%	4.5%	2.5%	7.0%
65+	5.8%	3.3%	9.0%	2.2%	1.3%	3.5%	3.5%	1.4%	4.9%
Total	6.0%	8.2%	14.2%	1.7%	2.6%	4.3%	3.8%	4.1%	7.9%

* Participation rates indicate the percentage of each population group that golfs at least eight times per year

** Participation rates indicate the percentage of each population group that golfs less than eight times per year

Source: THK Associates, Inc.

GOLF COURSE MARKET ANALYSIS

TABLE IV-9: AGE AND GENDER DISTRIBUTION OF THE MIDLAND COUNTY GOLF MARKET AREA, 2024 - 2034

Male	2020		2024		2029		2034	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
0-4	11,551	6.5%	11,385	6.0%	14,342	7.0%	15,729	7.1%
5-11	15,283	8.6%	14,611	7.7%	15,162	7.4%	16,616	7.5%
12-17	14,572	8.2%	14,421	7.6%	15,366	7.5%	15,508	7.0%
18-29	30,743	17.3%	31,309	16.5%	32,372	15.8%	33,010	14.9%
30-39	24,879	14.0%	27,135	14.3%	26,840	13.1%	27,250	12.3%
40-49	21,858	12.3%	23,340	12.3%	24,791	12.1%	26,585	12.0%
50-59	18,591	10.5%	21,822	11.5%	24,176	11.8%	26,807	12.1%
60-64	11,018	6.2%	14,042	7.4%	17,005	8.3%	18,610	8.4%
65+	29,144	16.4%	31,689	16.7%	34,831	17.0%	41,428	18.7%
Total	177,705	100.0%	189,754	100.0%	204,885	100.0%	221,542	100.0%

Female	2020		2024		2029		2034	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
0-4	10,696	5.9%	10,454	5.4%	11,496	5.5%	12,657	5.6%
5-11	15,048	8.3%	14,325	7.4%	14,841	7.1%	16,273	7.2%
12-17	14,504	8.0%	13,745	7.1%	15,468	7.4%	16,273	7.2%
18-29	28,463	15.7%	30,974	16.0%	33,235	15.9%	35,033	15.5%
30-39	25,563	14.1%	26,909	13.9%	27,173	13.0%	29,382	13.0%
40-49	23,931	13.2%	25,166	13.0%	26,755	12.8%	28,704	12.7%
50-59	19,399	10.7%	22,843	11.8%	24,456	11.7%	26,896	11.9%
60-64	11,966	6.6%	15,100	7.8%	18,185	8.7%	19,890	8.8%
65+	31,727	17.5%	34,071	17.6%	37,415	17.9%	40,909	18.1%
Total	181,296	100.0%	193,587	100.0%	209,025	100.0%	226,018	100.0%

Total	2020		2024		2029		2034	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
0-4	22,247	6.2%	21,839	5.7%	25,838	6.2%	28,386	6.3%
5-11	30,330	8.4%	28,936	7.5%	30,002	7.2%	32,889	7.3%
12-17	29,075	8.1%	28,166	7.3%	30,834	7.4%	31,781	7.1%
18-29	59,206	16.5%	62,283	16.2%	65,607	15.9%	68,043	15.2%
30-39	50,441	14.1%	54,043	14.1%	54,013	13.0%	56,632	12.7%
40-49	45,789	12.8%	48,506	12.7%	51,546	12.5%	55,289	12.4%
50-59	37,989	10.6%	44,665	11.7%	48,632	11.7%	53,703	12.0%
60-64	22,983	6.4%	29,142	7.6%	35,191	8.5%	38,499	8.6%
65+	60,870	17.0%	65,760	17.2%	72,246	17.5%	82,338	18.4%
Total	359,001	100.0%	383,341	100.0%	413,910	100.0%	447,560	100.0%

Source: U.S. Bureau of the Census, and THK Associates, Inc.

GOLF COURSE MARKET ANALYSIS

The next step in the analysis is to apply the participation rates to the local market area population using the age and gender breakdowns. For example, in 2024, there are 27,135 male residents between the age of 30 and 39 in the local market area (see previous table). As shown in Table IV-8, for Midland County participation rates, 7.6% of this population group are serious participants in golf, and 11.0% are occasional participants: $27,135 \times 7.6\% = 2,073$ serious golfers and $27,135 \times 11.0\% = 2,980$ occasional golfers. Thus, the total number of male golfers between the ages of 30-39 is 5,053. By repeating this process for each age and gender group, the number of golfers is calculated.

This exercise is important because the primary indicators for golf participation are age and gender, as they are for all recreational activities. Any variations in the demographic profile of the local area have important impacts on the demand for golf, because of the differences in golf participation between age groups. The following table shows the number of male and female golfers in the local catchment area in 2024, 2029, and 2034. There are presently 30,347 golfers within the market area boundaries. In 2029, it is anticipated that 32,148 golfers will reside in the local market area and by the year 2034, there should be 34,956 golfing residents in the market area.

GOLF COURSE MARKET ANALYSIS

TABLE IV-10: NUMBER OF GOLFERS BY AGE AND GENDER IN THE MIDLAND COUNTY GOLF MARKET AREA, 2024 - 2034

2024	Male			Female			Total			
	Age Range	Serious*	Occasional**	Total	Serious*	Occasional**	Total	Serious*	Occasional**	Total
	0-5	-	-	-	-	-	-	-	-	-
	5-11	199	565	764	74	139	213	273	704	977
	12-17	536	1,070	1,606	118	118	236	654	1,188	1,842
	18-29	1,736	2,801	4,537	373	832	1,205	2,109	3,633	5,742
	30-39	2,073	2,980	5,053	532	1,041	1,573	2,605	4,021	6,626
	40-49	1,575	1,970	3,545	498	785	1,283	2,073	2,755	4,828
	50-59	1,370	1,376	2,746	589	540	1,129	1,959	1,916	3,875
	60-64	933	714	1,647	493	260	753	1,426	974	2,400
	65+	1,824	1,031	2,855	762	440	1,202	2,586	1,471	4,057
	Total	10,246	12,507	22,753	3,439	4,155	7,594	13,685	16,662	30,347

2029	Male			Female			Total			
	Age Range	Serious*	Occasional**	Total	Serious*	Occasional**	Total	Serious*	Occasional**	Total
	0-5	-	-	-	-	-	-	-	-	-
	5-11	207	589	796	79	147	226	286	736	1,022
	12-17	574	1,146	1,720	133	133	266	707	1,279	1,986
	18-29	1,804	2,911	4,715	392	874	1,266	2,196	3,785	5,981
	30-39	2,060	2,962	5,022	534	1,044	1,578	2,594	4,006	6,600
	40-49	1,681	2,103	3,784	493	777	1,270	2,174	2,880	5,054
	50-59	1,525	1,532	3,057	627	575	1,202	2,152	2,107	4,259
	60-64	1,136	869	2,005	559	294	853	1,695	1,163	2,858
	65+	2,014	1,139	3,153	783	452	1,235	2,797	1,591	4,388
	Total	11,001	13,251	24,252	3,600	4,296	7,896	14,601	17,547	32,148

2034	Male			Female			Total			
	Age Range	Serious*	Occasional**	Total	Serious*	Occasional**	Total	Serious*	Occasional**	Total
	0-5	-	-	-	-	-	-	-	-	-
	5-11	228	648	876	85	159	244	313	807	1,120
	12-17	582	1,163	1,745	141	141	282	723	1,304	2,027
	18-29	1,849	2,983	4,832	426	951	1,377	2,275	3,934	6,209
	30-39	2,102	3,022	5,124	587	1,149	1,736	2,689	4,171	6,860
	40-49	1,812	2,266	4,078	573	904	1,477	2,385	3,170	5,555
	50-59	1,700	1,707	3,407	701	642	1,343	2,401	2,349	4,750
	60-64	1,249	956	2,205	657	346	1,003	1,906	1,302	3,208
	65+	2,408	1,362	3,770	924	533	1,457	3,332	1,895	5,227
	Total	11,930	14,107	26,037	4,094	4,825	8,919	16,024	18,932	34,956

* Participation rates indicate the percentage of each population group that golfs at least eight times per year

** Participation rates indicate the percentage of each population group that golfs less than eight times per year

Source: THK Associates, Inc

GOLF COURSE MARKET ANALYSIS

E. MIDLAND COUNTY GOLF MARKET AREA GOLF ROUNDS DEMANDED

The next data set shows the frequency of play and the number of 18-hole equivalent rounds that the average golfer plays by age level in the Midland County Golf Market. The trade area golfer averages 17.8 (18-hole equivalent) rounds per year, while golfers over 65 average 41.0 (18-hole equivalent) rounds of golf per year. Young golfers average only 6.7 (18-hole equivalent) rounds per year in the trade area. The number of rounds in the trade area is expected to increase to 18.0 (18-hole equivalent) rounds for the average golfer in 2034.

The 18-hole equivalent rounds per golfer are determined after multiplying the number of golfers by the number of 18-hole equivalent rounds played by them. These figures are determined for all female and male golfers by each age, seriousness of play, and year. In 2024, all residents of the golf market area will demand approximately 459,329 (18-hole equivalent) rounds of golf. Within the Midland County Market Area, the number of total 18-hole equivalent golf rounds demanded will increase to 513,522 rounds in 2029 and to 578,650 rounds in 2034. An overwhelming majority or 85.8% of the 18-hole equivalent golf rounds demanded are projected to come from serious golfers.

It is next important to determine the total demand for golf rounds by course type. This will determine the number of golf rounds demanded for private and public courses that the proposed course is competing for within the Midland County market area. In 2024, golfers residing in the golf market area will demand 336,704 total (18-hole equivalent) rounds of public golf. It is further shown that the Midland County golf market is projected to capture 90% of public golf course play within the Midland County golf market and 12.5% secondary support from outside the market are for a total adjusted demand for 340,913 public golf rounds in 2024. This includes some inflow of public demand from outside the market area itself, from areas beyond. This demand is detailed in Table IV-13.

GOLF COURSE MARKET ANALYSIS

TABLE IV-11: AVERAGE NUMBER OF ROUNDS FOR GOLFERS BY AGE

Age Range	2024			2024		
	2024	National		Midland County Golf Market Area		
	Serious	Occasional	Total	Serious	Occasional	Total
5-11	11.6	1.6	6.8	12.0	1.6	6.7
12-17	25.1	2.3	14.3	24.6	2.2	14.0
18-29	23.0	2.1	13.1	22.5	2.0	12.8
30-39	24.4	2.2	13.9	23.9	2.2	13.6
40-49	28.1	2.6	16.0	27.5	2.5	15.6
50-59	45.8	4.2	26.0	44.8	4.1	25.5
60-64	72.6	6.6	41.2	71.0	6.5	40.3
65+	73.8	6.7	41.9	72.2	6.6	41.0
Total	29.1	2.9	18.2	28.5	2.8	17.8

Age Range	2029			2034		
	Midland County Golf Market Area			Midland County Golf Market Area		
	Serious	Occasional	Total	Serious	Occasional	Total
5-11	12.2	1.4	6.7	11.5	1.4	6.8
12-17	25.4	2.2	14.0	25.5	2.3	14.1
18-29	23.2	2.1	12.8	23.3	2.1	12.9
30-39	24.7	2.2	13.6	24.8	2.2	13.7
40-49	28.4	2.5	15.7	28.6	2.5	15.8
50-59	46.3	4.1	25.6	46.5	4.1	25.7
60-64	73.3	6.5	40.5	73.6	6.5	40.7
65+	74.5	6.6	41.2	74.9	6.6	41.4
Total	28.6	2.9	17.9	28.8	2.9	18.0

Source: THK Associates, Inc.

GOLF COURSE MARKET ANALYSIS

**TABLE IV-12: NUMBER OF 18-HOLE EQUIVALENT ROUNDS PER GOLFER BY AGE
FOR THE MIDLAND COUNTY GOLF MARKET AREA, 2024 - 2034**

2024							
Age Range	Rounds Per Serious Golfer	Number of Serious Golfers	18 Hole Equivalent Rounds	Rounds Per Occasional Golfer	Number of Occasional Golfers	18 Hole Equivalent Rounds	Total 18 Hole Equivalent Rounds
5-11	12.0	273	2,457	1.6	704	845	3,302
12-17	24.6	654	12,066	2.2	1,188	1,960	14,026
18-29	22.5	2,109	35,589	2.0	3,633	5,450	41,039
30-39	23.9	2,605	46,695	2.2	4,021	6,635	53,330
40-49	27.5	2,073	42,756	2.5	2,755	5,166	47,922
50-59	44.8	1,959	65,822	4.1	1,916	5,892	71,714
60-64	71.0	1,426	75,935	6.5	974	4,748	80,683
65+	72.2	2,586	140,032	6.6	1,471	7,281	147,313
Total	28.5	13,685	421,352	2.8	16,662	37,977	459,329

2029							
Age Range	Rounds Per Serious Golfer	Number of Serious Golfers	18 Hole Equivalent Rounds	Rounds Per Occasional Golfer	Number of Occasional Golfers	18 Hole Equivalent Rounds	Total 18 Hole Equivalent Rounds
5-11	12.2	284	2,588	1.4	730	767	3,355
12-17	25.4	701	13,341	2.2	1,269	2,137	15,478
18-29	23.2	2,179	37,964	2.1	3,756	5,791	43,755
30-39	24.7	2,573	47,587	2.2	3,975	6,506	54,093
40-49	28.4	2,157	45,964	2.5	2,857	5,388	51,352
50-59	46.3	2,135	74,109	4.1	2,090	6,420	80,529
60-64	73.3	1,681	92,368	6.5	1,154	5,612	97,980
65+	74.5	2,776	155,141	6.6	1,578	7,804	162,945
Total	28.6	14,486	469,062	2.9	17,409	40,425	509,487

2034							
Age Range	Rounds Per Serious Golfer	Number of Serious Golfers	18 Hole Equivalent Rounds	Rounds Per Occasional Golfer	Number of Occasional Golfers	18 Hole Equivalent Rounds	Total 18 Hole Equivalent Rounds
5-11	11.5	309	2,650	1.4	796	840	3,490
12-17	25.5	712	13,620	2.3	1,284	2,170	15,790
18-29	23.3	2,241	39,240	2.1	3,874	6,000	45,240
30-39	24.8	2,648	49,220	2.2	4,107	6,760	55,980
40-49	28.6	2,349	50,310	2.5	3,121	5,910	56,220
50-59	46.5	2,364	82,470	4.1	2,314	7,140	89,610
60-64	73.6	1,876	103,600	6.5	1,281	6,260	109,860
65+	74.9	3,281	184,280	6.6	1,866	9,270	193,550
Total	28.8	15,780	525,390	2.9	18,643	44,350	569,740

Source: National Golf Foundation and THK Associates, Inc

GOLF COURSE MARKET ANALYSIS

TABLE IV-13: ADJUSTED DEMAND FOR GOLF IN THE MIDLAND COUNTY GOLF MARKET AREA, 2024 - 2034

Item	2020	2024	2029	2034
Total Rounds From				
Primary Trade Area	459,329	481,006	513,522	578,650
Private Rounds/1	137,799	144,302	154,057	173,595
Public Rounds	321,530	336,704	359,465	405,055
Capture of Rounds	416,841	436,513	466,021	525,125
Private Rounds/2	127,464	133,479	142,502	160,575
Public Rounds/3	289,377	303,034	323,519	364,550
Secondary Support /4	42,545	44,553	47,565	53,597
Private Rounds	6,373	6,674	7,125	8,029
Public Rounds	36,172	37,879	40,440	45,569
Total Resident Rounds	459,386	481,066	513,586	578,722
Private Rounds	133,837	140,153	149,627	168,604
Public Rounds	325,549	340,913	363,959	410,118

- 1\ Assumes 30% of demand is for private golf
- 2\ Assumes a capture rate of 92.5% of private resident rounds
- 3\ Assumes a capture rate of 90% of public resident rounds
- 4\ Assumes secondary support is 7% of total resident demand

Source: THK Associates, Inc.

GOLF COURSE MARKET ANALYSIS

F. FOUR-COUNTY MARKET AREA GOLF COURSE SUPPLY

Within the four-county Midland County market area there are just three private golf clubs and four public golf facilities. Five of these seven facilities have more than 18 holes. The golf market in the Midland-Odessa MSA is in tremendous flux. The recent closure of the Nueva Vista Golf Club and the pending closure of the Ranchland Hills Golf Club have significantly decreased the available public golf facilities in the region. And it has also been confirmed that Sunset Golf & Country Club in Odessa is closing as well. The property was recently purchased by Ector County ISD for the future development of new schools.

There are also rumors of other possible closures in the near term as well as potential new additions. Some local private investors are planning to build up to 36 holes, possibly a mix of public and private golf holes, in a central location within the four-county MSA. Another group is also rumored to be potentially building an 18-hole facility in east Odessa. And while it is not a new facility, the City of Midland is investigating the possibility of doing a major renovation of their existing 36-hole Hogan Park golf facility. It is understood that the City of Midland and others are undertaking their own feasibility studies regarding these proposed projects.

This flurry of closures and potential new entries in the Midland regional golf market will obviously shake up the future of supply and demand in the area, and, of course, have a large impact on the potential Midland County facility. THK is factoring in these projects when calculating and applying a capture rate of rounds demanded going forward. These potential to-be-built golf facilities are still several years from coming to fruition.

These six existing golf facilities contain 162 holes of golf and hosted over 269,000 rounds last year. This figure does not include the closed facilities, which played well over 100,000 rounds annually. The course inventory, rounds played, and locations are shown below.

GOLF COURSE MARKET ANALYSIS

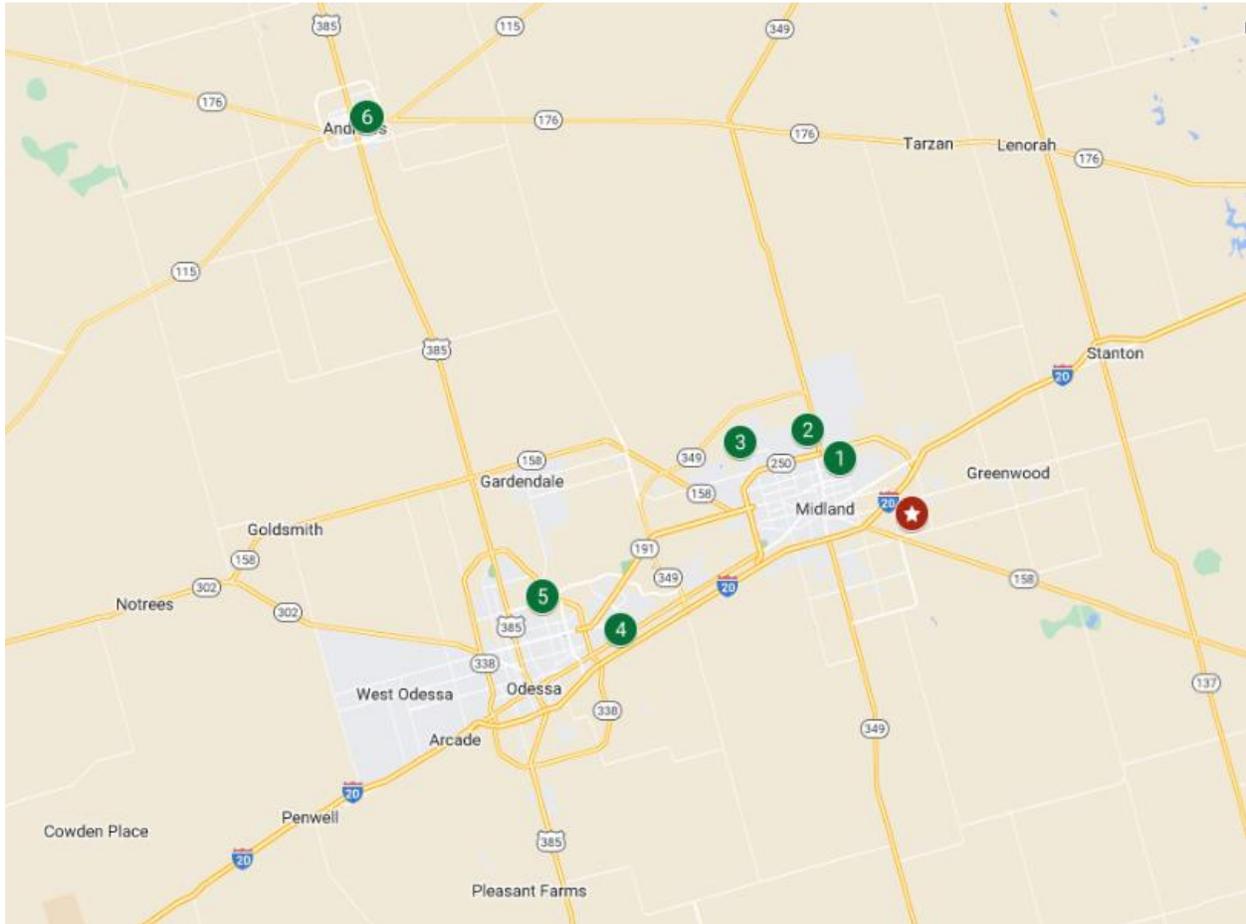
TABLE IV-14: GOLF COURSES IN THE FOUR COUNTY MARKET AREA

Golf Course	Holes Type Length Year Built	Par Mens Womens	Rounds Played
1 Hogan Park Golf Course Quail And Roadrunner - Midland, Texas	36 Public Regulation 1959 & 2015	70 70	86,000
2 Midland Country Club Midland & The Judy - Midland, Texas	27 Private Regulation 2015	72 72	25,000
3 Green Tree Country Club West, East & North - Midland, Texas	27 Private Regulation 1981, 2022 & 2019	36 36	45,000
4 Odessa Country Club The Old Course & The Links Course - Odessa, Texas	36 Private Regulation 1939 & 2016	72 72	40,965
5 Ratliff Ranch Golf Links Ratliff Ranch - Odessa, Texas	18 Public Regulation 2008	72 72	37,615
6 Andrews County Golf Course Andrews, Texas	18 Public/Municipal Regulation 1955	70 70	35,000

Source: THK Associates, Inc.

GOLF COURSE MARKET ANALYSIS

Figure 5: Golf Courses in the Four-County Market Area



GOLF COURSE MARKET ANALYSIS

Table IV-15: Estimated Rounds Played at Golf Courses in the Midland County Market Area

#	Course	Year Built	# of Holes	Public Capture Rate*	Course Type	Estimated Rounds Played
Public						
1	Ranchland Hills**	1948			Daily Fee/Semi-Private	--
2	Hogan Park	1959	36	54.22%	Daily Fee	86,000
3	Ratliff Ranch	2008	18	23.71%	Municipal	37,615
4	Sunset***	1954			Daily Fee	-
5	Andrews County	1955	18	22.07%	Municipal	35,000
Total			72	100%		158,615
	18-hole Course Equivalent		4.0			39,654
Private						
6	Midland Country Club	2015	27	22.53%	Private	25,000
7	Green Tree	1974	27	40.55%	Private	45,000
8	Odessa CC	1939	36	36.92%	Private	40,965
Total			90	100%		110,965
	18-hole Course Equivalent		5.0			22,193
Overall						
Total			162			269,580
	18-hole Course Equivalent		9.0			29,953

*Capture rate based on the percentage of the total number of rounds played.

**Ranchland Hills is slated to close and is not considered future competition

***Sunset is closing and is also not considered as future competition

Source: THK Associates, Inc.

G. Profile of Existing Green Fees

THK has also researched the competitive greens fees in the four-county regional environs. The rates range from the extremely affordable Hogan Park with a 2024 18-hole weighted average of \$24.80 to private guest fees in the \$70 to \$80 range. In terms of private memberships, Midland Country Club is said to have a \$70,000 initiation fee and a 5-year waitlist. Odessa Country Club has an initiation fee of around \$50,000. Green Tree is said to be having water issues which could jeopardize future operations there.

The overall 18-hole fee averages \$39.03 on the weekdays and \$48.66 on weekends. These fees are shown in the following Table IV-16.

GOLF COURSE MARKET ANALYSIS

Table IV-16: Summary of Course Green Fees in the Four-County Market Area

Golf Course	9 hole Weekday	18 hole Weekday	9 hole Weekend	18 hole Weekend	Weekday Weighted Fee	Weekend Weighted Fee	2024	2026
							Overall 18-Hole Weighted Fee	Overall 18-Hole Weighted Fee
Hogan Park Golf Course - Quail & Roadrunner	\$16.00	\$21.25	\$16.00	\$26.25	\$23.40	\$27.40	\$24.80	\$25.80
Sunset Golf & Country Club - Par-3 & Regulation	\$13.00	\$24.00	\$15.00	\$29.00	\$24.40	\$29.20	\$26.08	\$27.13
Andrews County Golf Course	\$15.00	\$25.00	\$20.00	\$35.00	\$26.00	\$36.00	\$29.50	\$30.69
Ratliff Ranch Golf Links	\$17.00	\$25.00	\$23.00	\$32.00	\$26.80	\$34.80	\$29.60	\$30.80
Ranchland Hills Golf Club	\$35.00	\$40.00	\$40.00	\$45.00	\$46.00	\$52.00	\$48.10	\$50.04
Green Tree Country Club	\$45.00	\$60.00	\$45.00	\$75.00	\$66.00	\$78.00	\$70.20	\$73.04
Odessa Country Club - The Old Course & The Links Course	\$50.00	\$50.00	\$75.00	\$75.00	\$60.00	\$90.00	\$70.50	\$73.35
Midland Country Club - Midland & The Judy	\$67.00	\$67.00	\$72.00	\$72.00	\$80.40	\$86.40	\$82.50	\$85.83
Overall Average	\$32.25	\$39.03	\$38.25	\$48.66	\$44.13	\$54.23	\$47.66	\$49.59

Source: THK Associates, Inc

H. PROPOSED MIDLAND COUNTY GOLF COURSE POTENTIALS

After calculating and accounting for public and private golf rounds demanded and supplied in the Midland County golf market area THK is able to project the potential for additional golf holes in the region and at the proposed Midland County Course site. As shown in table IV-17, given the recent course closures, 4.2 net additional golf courses are now demanded in the Midland County golf market area in 2024. This is projected to grow to 5.4 by 2034.

THK has discussed and understands that there are several potential new golf course projects rumored to be planned for the Midland area, as well as the closures. The certainty of the proposed new golf facilities, and their number of holes and orientation (public or private) are difficult to ascertain. Based on these possibilities, and also adjusting for the anticipated high-quality facility likely to be built by Midland County, THK has calculated an initial weighted capture rate of 10.0% in 2026, the projected opening year, increasing to 15% by 2028 as the facility matures and stabilizes in the market. This rate is based on the number of current competitive public facilities (4.0 18-hole equivalents) in the market area, the loss of Nueva Vista, Sunset and Ranchland Hills, and the aforementioned factors of other likely openings. THK expects the proposed Midland County Golf Course to reach nearly 60,000 18-hole rounds by 2033, almost at a capacity of 65,000 18-hole rounds for a recommended 27-hole facility. There is strong demand for the Midland County Golf Course, so THK is recommending 27 holes if it can be physically accommodated on the site. This annual projected round play is shown in Table IV-18.

GOLF COURSE MARKET ANALYSIS

**TABLE IV-17: COMPARISON OF SUPPLY AND DEMAND FOR GOLF ROUNDS IN
THE MIDLAND COUNTY GOLF MARKET AREA, 2024 - 2034**

DEMAND	2020	2024	2029	2034
Total Rounds	459,390	481,070	513,590	578,720
Private Rounds	133,840	140,150	149,630	168,600
Public Rounds	325,550	340,910	363,960	410,120
SUPPLY	2020	2024	2029	2034
Current Rounds Played	269,580	269,580	274,972	280,471
Private Rounds Played	110,965	110,965	113,184	115,448
Public Rounds Played	158,615	158,615	161,787	165,023
EXCESS DEMAND	2020	2024	2029	2034
Total Rounds	189,810	211,480	238,618	298,249
Private Rounds	22,875	29,185	36,446	53,152
Public Rounds	166,935	182,295	202,173	245,097
CAPACITY	2020	2024	2029	2034
Private Rounds	35,000	35,000	35,000	35,000
Public Rounds	47,500	47,500	47,500	47,500
COURSE DEMAND	2020	2024	2029	2034
Private Courses	0.7	0.8	1.0	1.5
Public Courses	3.5	3.8	4.3	5.2
Total Courses	4.2	4.7	5.3	6.7

*Supply excludes previous round play at Ranchland Hills and Sunset

Source: THK Associates, Inc.

GOLF COURSE MARKET ANALYSIS

TABLE IV-18: MARKET POTENTIALS FOR THE PROPOSED 27-HOLE MIDLAND COUNTY GOLF COURSE

Year	2024	2025	2026	2027	2028
Demand for Public Golf Rounds	340,910	345,520	350,130	354,740	359,350
Capture Rate	0.0%	0.0%	10.0%	12.5%	15.0%
Total 18 Hole Public Rounds Demanded at The proposed Midland County Golf Course	-	-	35,013	44,343	53,903
9 Hole Public Players	-	-	14,005	17,737	21,561
18 Hole Public Players	-	-	28,010	35,474	43,122
Total Public Players	-	-	42,016	53,211	64,683
Course Utilization*	0.0%	0.0%	53.9%	68.2%	82.9%

Year	2029	2030	2031	2032	2033
Demand for Public Golf Rounds	363,960	373,192	382,424	391,656	400,888
Capture Rate	15.0%	15.0%	15.0%	15.0%	15.0%
Total 18 Hole Public Rounds Demanded at The proposed Midland County Golf Course	54,594	55,979	57,364	58,748	60,133
9 Hole Public Players	21,838	22,392	22,945	23,499	24,053
18 Hole Public Players	43,675	44,783	45,891	46,999	48,107
Total Public Players	65,513	67,175	68,836	70,498	72,160
Course Utilization*	84.0%	86.1%	88.3%	90.4%	92.5%

* Based on a 27-hole course utilization of 65,000 18 Hole Rounds

Source: THK Associates, Inc.

V. CASH FLOW ANALYSIS

V. Cash Flow Analysis

After calculating and accounting for golf rounds demanded and supplied in the Midland County golf market THK was able to determine the potential for golf rounds played at the proposed new Midland County golf course. This recreational opportunity can create a vibrant and profitable community development and asset that provides an array of entertainment options for residents of all ages. Based on THK's market analysis and the estimates for the potential golf demand and rounds played at the new golf course and potential related amenities that could include a driving range, a high-quality banquet center and food and beverage operation and possible ancillary features such as a patio/lawn area and tournament pavilion, THK Associates, Inc. has prepared the following cash flow that demonstrates the potential for the proposed new golf course and related uses over the next ten years. THK's experience and comparable financial data with other similar facilities has also been utilized in making these revenue and expense projections. The following was undertaken:

- Estimated the annual number of golf rounds annually for the proposed Midland County golf course over the next ten years.

Estimated the number of banquet and special events and golf outings at the proposed facility annually for the first ten years of operations.

- Estimated greens fees, tournament, banquet and activity fees and revenues, cart rentals, food and beverage income, merchandise sales and any other related income over the next ten years.
- Estimated annual expenses for cost-of goods-sold, golf operations, general and administrative expenses, golf maintenance, amenity expenses, food and beverage operations, insurance, utilities and other miscellaneous items.
- Inflated revenues and expenses at 3.0% annually.

The following details the potential and recommendations for the various components at the proposed new golf facility and their associated revenue streams.

Greens Fees

As previously detailed in Table IV-16 the average weighted greens fee for an 18-hole round is \$47.66. This includes only the rack rates as well as guest fees at private clubs. When factoring in all other fee categories including senior and junior rates, twilight fees, punch cards and annual passes, etc., the average rate paid per round is much lower. THK estimates that a high-quality golf course at the proposed subject site could achieve an overall average of \$25.00 per round played.

Driving Range

With the advent of TopGolf and the increased patronage of other off-course golfing venues such as putting courses, participation has increased in driving range usage and associated technology. If a high-tech component, such as TrackMan technology, is introduced as part of the driving range operation at the proposed Midland County golf facility THK feels this will draw a larger than average capture of range sessions as especially serious golfers, as well as those who will want to try out the technology out of curiosity and as a tool to help improve their game, will seek out the experience. This, of course, would bring increased fees and revenues but at a greater cost. The most renowned launch monitor technologies, TrackMan and TopTracer, generally lease their equipment to the facility. The technology provides detailed information about each shot including distance, ball speed, launch angle and direction, and can be used to play games or for competitions between fellow golfers. The proposed Midland County Practice Facility

CASH FLOW ANALYSIS

should size the range at around 20-25 hitting stations and THK's research indicates that these stations can comfortably accommodate the expected range users (1,500 visitors/year/station) projecting the stations will be occupied 40% of the time assuming the range facility is open over 300 days for ten hours per day on average.

Golf Tournaments

There is substantial demand for golf tournaments and outings throughout the Midland area. It is estimated that as much as 5% of public rounds played are derived from tournaments and corporate outings. This equates to approximately 2,000 rounds per course. A course catering to this market in certain locations can host as many as 5,000 outing rounds annually. The relatively nearby Rockwind Community Links in Hobb, New Mexico has close to 40 golf outings that have already taken place or are currently on their remaining 2024 schedule. The obstacle to capturing outings is if and how much access is allowed at a particular facility. Tournaments are an extremely strong revenue source, but can disrupt regular play, patronage routines, and ancillary operations. Adding too many more events can detract from prime daily fee tee times and regular play, particularly on weekends. What can be capitalized on are larger outings and an increase in post-round food and beverage utilization. For purposes here, THK has recommended that a partially limited number of outings be allowed at the Midland County facility to boost income and supportable debt for the facility. THK feels with a new golf facility, Midland County can attract virtually as many outings as it wishes to accommodate at higher price points. THK has recommended that 30 to 35 outside golf tournaments and outings annually could be hosted at an average of 75 players per outing.

Banquets, Meetings and Special Events

A total clubhouse size of approximately 12,000 square feet is recommended. THK recommends that an approximately 3,000-3,500 square foot banquet/meeting space be included in conjunction with the overall food and beverage operation. Ideally this space would open to an outdoor patio/gathering area which could also include a tournament pavilion. This space could accommodate up to 150 people, such as for a large golf tournament outing.

Over the next decade, THK has estimated that a banquet area at the Midland County golf facility will be able to average approximately 100-125 events per year, including the golf outings. Weddings are not considered here as it would be in conflict with The Horseshoe, a large-scale, multi-purpose events venue in Midland that caters to this category.

The distribution of the 100-125 annual average events held is projected as follows: 30 to 40 corporate meetings and 50 to 60 holiday/special events and 30 golf outings. A typical holiday/special event has around 60 guests, while a corporate meeting hosts 40 people on average. The banquet space can be rented for between \$250 and \$500, while food and beverage revenue may be as little as \$10 per person for a corporate meeting to upwards of \$100 for a special event.

Midland County Golf Facility Cash Flow Analysis

The following table details and summarizes the annual revenues and expenses by category over the first ten years of operation. The aforementioned events and sources of revenue are included here. THK has projected average initial weighted average greens fees of \$25.00 for golf rounds, \$10.00 in cart rental

CASH FLOW ANALYSIS

revenue per round, \$11.00 per projected range visit and \$7.50 per round in merchandise sales. Range plays include range users that are not playing the golf course but are coming to use the range and possibly other facilities. It is anticipated that the food and beverage operation will be very popular, and revenues will be substantial, starting at \$17.50 per round, which also accounts for non-golfing residents dining at the facility. The rental fees and food and beverage revenues from events and tournaments are included.

The table illustrates that the net income for the proposed Midland County Golf Course facility is estimated at \$584,450 at stabilization in 2028, then reaching \$1,194,613 in net income by 2035. Based on this income stream a discounted cash flow analysis indicates a present value of \$13.4 million, using an 8.5% discount rate and a 6.5% capitalization rate. These low rates are achievable due to having public financing through the county. A 27-hole golf course, clubhouse and related facilities can cost upwards of \$20 to \$25 million, depending on the size and level of amenities and programming, as noted by Staples Golf Design in the summary and report. Thus, some level of equity would be needed to cover the full construction costs.

CASH FLOW ANALYSIS

Projected Cash Flow Operations at the Recommended Midland County Community Golf Facility Development

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
18-Hole Rounds Played	35,013	44,343	53,903	54,594	55,979	57,364	58,748	60,133	60,000	60,000
Greens Fee per Round	\$25.00	\$25.75	\$26.52	\$27.32	\$28.14	\$28.98	\$29.85	\$30.75	\$31.67	\$32.62
Golf Course Revenue	\$875,325	\$1,141,819	\$1,429,629	\$1,491,408	\$1,575,116	\$1,662,503	\$1,753,717	\$1,848,906	\$1,900,155	\$1,957,160
Golf Cart Rental Revenue per Round	\$10.00	\$10.30	\$10.61	\$10.93	\$11.26	\$11.59	\$11.94	\$12.30	\$12.67	\$13.05
Golf Cart Revenue	\$350,130	\$456,728	\$571,852	\$596,563	\$630,046	\$665,001	\$701,487	\$739,563	\$760,062	\$782,864
Range Plays	25,425	25,857	26,297	26,744	27,198	27,661	28,131	28,609	29,096	29,590
Fee per Play	\$11.00	\$11.33	\$11.67	\$12.02	\$12.38	\$12.75	\$13.13	\$13.53	\$13.93	\$14.35
Range Revenue	\$279,675	\$292,962	\$306,881	\$321,461	\$336,734	\$352,732	\$369,490	\$387,044	\$405,433	\$424,695
Pro Shop/Merchandise Revenue per Round	\$7.50	\$7.73	\$7.96	\$8.20	\$8.44	\$8.69	\$8.96	\$9.22	\$9.50	\$9.79
Merchandise Revenue	\$262,598	\$342,546	\$428,889	\$447,423	\$472,535	\$498,751	\$526,115	\$554,672	\$570,047	\$587,148
Outing & Banquet Event Fees	110	111	113	114	115	117	118	120	121	122
Fee per Event	\$400.00	\$412.00	\$424.36	\$437.09	\$450.20	\$463.71	\$477.62	\$491.95	\$506.71	\$521.91
Event Rental Revenue	\$44,000	\$45,864	\$47,807	\$49,832	\$51,943	\$54,143	\$56,436	\$58,827	\$61,319	\$63,916
Event F&B Participants	6,600	6,679	6,759	6,840	6,923	7,006	7,090	7,175	7,261	7,348
F&B Revenue per Participant	\$40.00	\$41.20	\$42.44	\$43.71	\$45.02	\$46.37	\$47.76	\$49.19	\$50.67	\$52.19
Event F&B Revenue	\$264,000	\$275,183	\$286,840	\$298,990	\$311,656	\$324,857	\$338,618	\$352,962	\$367,914	\$383,498
General Food and Beverage/Concessions Revenue per Golfer	\$17.50	\$18.03	\$18.57	\$19.12	\$19.70	\$20.29	\$20.90	\$21.52	\$22.17	\$22.83
Food and Beverage Revenue	\$612,728	\$799,274	\$1,000,740	\$1,043,986	\$1,102,581	\$1,163,752	\$1,227,602	\$1,294,234	\$1,330,109	\$1,370,012
Misc. Revenues										
Misc. Revenue per Round	\$0.50	\$0.52	\$0.53	\$0.55	\$0.56	\$0.58	\$0.60	\$0.61	\$0.63	\$0.65
Misc. Revenues	\$30,274	\$36,210	\$42,601	\$44,502	\$46,873	\$49,351	\$51,940	\$54,645	\$56,509	\$58,527
TOTAL REVENUES	\$2,718,729	\$3,390,586	\$4,115,239	\$4,294,166	\$4,527,483	\$4,771,091	\$5,025,404	\$5,290,853	\$5,451,546	\$5,627,821
General & Administrative/Management	\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$184,481	\$190,016	\$195,716
Golf Maintenance Expenses	\$600,000	\$618,000	\$636,540	\$655,636	\$675,305	\$695,564	\$716,431	\$737,924	\$760,062	\$782,864
Golf Maintenance Wages	\$450,000	\$463,500	\$477,405	\$491,727	\$506,479	\$521,673	\$537,324	\$553,443	\$570,047	\$587,148
Pro Shop/Clubhouse Expenses	\$125,000	\$128,750	\$132,613	\$136,591	\$140,689	\$144,909	\$149,257	\$153,734	\$158,346	\$163,097
Pro Shop/Clubhouse Wages	\$250,000	\$257,500	\$265,225	\$273,182	\$281,377	\$289,819	\$298,513	\$307,468	\$316,693	\$326,193
F&B Wages/Expenses	\$550,000	\$566,500	\$583,495	\$601,000	\$619,030	\$637,601	\$656,729	\$676,431	\$696,724	\$717,625
Banquet/Event Expenses	\$200,000	\$206,000	\$212,180	\$218,545	\$225,102	\$231,855	\$238,810	\$245,975	\$253,354	\$260,955
Utilities	\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$184,481	\$190,016	\$195,716
F&B Cost of Goods	\$306,855	\$376,060	\$450,653	\$470,042	\$494,983	\$521,013	\$548,177	\$576,519	\$594,308	\$613,729
Pro Shop Cost of Goods	\$171,600	\$178,869	\$186,446	\$194,344	\$202,576	\$211,157	\$220,102	\$229,425	\$239,144	\$249,274
Insurance	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$122,987	\$126,677	\$130,477
Marketing	\$75,000	\$77,250	\$79,568	\$81,955	\$84,413	\$86,946	\$89,554	\$92,241	\$95,008	\$97,858
Replacement Reserve (2.0%)	\$54,375	\$67,812	\$82,305	\$85,883	\$90,550	\$95,422	\$100,508	\$105,817	\$109,031	\$112,556
TOTAL EXPENSES*	\$3,182,829	\$3,352,241	\$3,530,789	\$3,645,995	\$3,770,707	\$3,899,669	\$4,033,025	\$4,170,927	\$4,299,423	\$4,433,208
ET INCOME BEFORE DEBT SERVICE	-\$464,100	\$38,345	\$584,450	\$648,170	\$756,776	\$871,422	\$992,379	\$1,119,926	\$1,152,123	\$1,194,613
Total Net Income	\$6,894,105									
Total Cash Funds Available	\$6,894,105									

Source: THK Associates, Inc.

CASH FLOW ANALYSIS

Discounted Cash Flow Analysis for the Midland County Community Golf Facility Development

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Net Operating Income	(\$464,100)	\$38,345	\$584,450	\$648,170	\$756,776	\$871,422	\$992,379	\$1,119,926	\$1,152,123	\$1,194,613
Reversion										\$21,725,423
Annual Present Value	(\$427,742)	\$32,573	\$457,571	\$467,703	\$503,290	\$534,134	\$560,621	\$583,111	\$552,880	\$528,360
Discount Rate	8.50%									
Present Value of Income Stream	\$3,792,500									
Reversion										
10th Year Revenues	\$6,429,617									
10th Year Expenses	\$4,981,256									
10th Year Net Income	\$1,448,362									
Cap Rate	6.50%									
Net sales Price *	\$21,725,423									
Present Value of Reversion Sale	\$9,608,840									
Total Present Value	\$13,400,000									

*6.50% cap rate minus 2.5% cost of sale

Source: THK Associates, Inc.

VI. SITE ANALYSIS, RECOMMENDATIONS AND DESIGN CONSIDERATIONS

SITE ANALYSIS, RECOMMENDATIONS AND DESIGN CONSIDERATIONS

A. Site Analysis, Recommendations and Design Considerations – Staples Golf Design

Acreage Requirements

The required acreage needed can vary depending on a number of site factors – topography, soil conditions, parcel dimensions, etc. However, the general rule of thumb is that you will need at minimum 120 acres for an 18-hole routing, but typically 150 acres or more is preferred to ensure proper routing, safety setbacks, and site layout. The maintenance facilities, clubhouse, parking, and practice areas can be included in this footprint, but generally the more room available to optimize the course routing the better.

Additional short courses and non-traditional golf facilities can vary in size. A smaller par 3 course (e.g. The Staple at PGA National) can fit on as little as 12-15 acres, while a true short course with a combination of par 3s and 4s can take as many as 20-25 acres. The area for a full-length 9-hole course should be no less than 60 acres.

Sizing of the practice facilities can vary depending on anticipated usage. Well-designed practice facilities are seeing a surge in popularity and use in recent years, and if thoughtfully coordinated with social amenities and F&B options, they can become a major source of revenue. We would recommend that approximately 10-15 acres be planned for such functionality. However, an adequate range and practice green can be built on 8-10 acres, depending on the desired use.

A typical footprint for the clubhouse and parking is between 5-7 acres, and maintenance facilities between 2-3 acres. These should be designed with close access to the adjacent roadway to minimize the amount of vehicular infrastructure needed on the site.

Site Potential for 27-Holes

The proposed 177-acre site has the potential to fit 27 holes, but it would be very much on the small end. Further analysis would need to be conducted on potential routing and facilities layouts, as well as desired programming, to make a final decision; however, we would recommend prioritizing land use for the best quality 18-hole course possible, and utilize the remaining acreage for a supplemental short course, practice facilities, etc.

The number of holes will ultimately be driven by the projected demand. If the market is right, three well-designed, unique 9-hole courses could add variety to the golf experience and promote quick pace-of-play. Or a championship 18-hole course with an independent 9-hole course (e.g. Sand Hollow Golf Resort). It can also depend on the desired course aesthetic – an 18-hole parkland style course can often fit on a smaller footprint than an 18-hole desert or links style course.

Staples' work at Rockwind Community Links in Hobbs, NM provides a good example of a similar development footprint – their 215-acre site was able to support an 18-hole championship course, a 9-hole par 3 short course, a full sized range and practice areas, the clubhouse / community center, and the necessary maintenance facilities, and prioritized the best usage of the available land and topography for the golf experience.

SITE ANALYSIS, RECOMMENDATIONS AND DESIGN CONSIDERATIONS

Irrigated Turf Estimates

The amount of turf required will largely depend on the style of course desired (parkland, desert, links, etc.). The BARE MINIMUM amount of irrigated turf would likely be around 60 acres for 18 holes, or 90 acres for 27 holes, plus the additional 12-18 acres for the practice facilities. However, especially for high-volume municipal play where a quick pace-of-play is desired, it is recommended to plan for at least 90 acres of turf for 18 holes, or 135 acres for 27 holes, plus practice facilities. More turf is better for playability – we prefer to promote wide turf playing areas with alternative landscaping around tees and out-of-play areas. These areas can be planned out during the design process to ensure irrigation efficiency and limit water use to only the areas where it is most needed.

An adaptive, efficient irrigation system combined with drought-tolerant turf varieties that are well suited to your climate can drastically cut down on usage while providing a high-quality playing surface year-round.

Water Requirements

A general rule for this region's climate is 5 acre-feet per acre of turf annually. So, at the minimum 60 acres of turf, that equates to 300 acre-feet annually (~100M gallons). At 150 acres of turf, that equates to 750 acre-feet annually (~245M gallons). This can all be designed and adjusted to meet the specific site needs, and the desired firmness of the playing surface.

Especially in the Midland region, it is highly recommended that the available water source be tested prior to any development, as the quality can greatly impact the cost of the irrigation system, as well as the turf species selected. For areas with poor water quality, a secondary potable source is often required for the putting surfaces.

Construction Cost Estimates

As of 2024, the construction cost for a new 18-hole course can range anywhere from \$12-18M, or \$20M+ for 27 holes. This can vary depending on the makeup of the native soils, the availability of materials, and the overall design specification. Irrigation will be the most expensive component, likely equating to between \$4-5M for 18 holes, or \$6-7M for 27 holes.

In addition to course construction costs, supporting facilities such as the clubhouse and maintenance building must also be considered, and can vary greatly depending on sizing and anticipated usage. A minimal maintenance facility can be constructed for as little as \$750K-1M, while a larger, higher quality facility can range up to \$2-3M. A small pro shop and F&B shack can range between \$1-3M, while a large, state-of-the-art clubhouse and event space can reach between \$15-20M. The cost of these facilities will largely be driven by the desired programming, staffing capabilities, and available funding.

As the proposed site is largely devoid of trees or native cover, the expense of out-of-play and peripheral landscaping must also be considered. For a palette of simple grasses and native

SITE ANALYSIS, RECOMMENDATIONS AND DESIGN CONSIDERATIONS

vegetation, this can be as little as \$250K, but can be as much as \$1-3M for a palette with larger trees and manicured planting areas.

Finally, it should be noted that the above estimates do not include the additional cost for obtaining necessary maintenance equipment and staffing, operational costs, F&B, or clubhouse and administrative staffing. Additional research and consideration will be needed to determine these operating costs, which will vary depending on desired site programming.

Additional Considerations

- Conduct a water quality test of the proposed water source prior and provide this data prior to any proposed development.
- Conduct a comprehensive soils test across the site to confirm the type and makeup of the subgrade. This can greatly impact site drainage, ease of construction, and the amount of material that needs to be brought in to amend the playing areas.
- If the siting of the proposed jail and water treatment facilities have not yet been finalized, consider conducting a complete site analysis to determine the best land for golf construction, and whether it makes sense to reorient the location of these facilities on the site.
- Given the distance of the site from the major urban core, consider whether it makes sense to develop additional recreational facilities on or near the site to supplement the experience – camping, nature park, sports complex, etc. This can help build familiarity around the new development, and aid in non-golfer support for the any project.
- If power, sewer, access roads, or other utilities are not yet available to the site, these will also need to be considered in the project cost.

End of Report

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