THE ECONOMIC IMPACT OF
THE PALM BEACH COUNTY EQUINE INDUSTRY

Prepared For

Palm Beach County
And
The Palm Beach County Horse Industry Council

By

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EXECUTIVE SUMMARY

The Palm Beach County equine industry is important both to the county and nationally. Many people within the county own horses which are used for pleasure, horse shows and polo. Most of the show horse activity occurs at the Palm Beach Polo Equestrian Center in Wellington. Polo is played at the Palm Beach Polo Club as well as at Royal Palm Beach Polo in Boca Raton, Gulfstream Polo in Lake Worth and at the smaller and more locally oriented Northgate Polo Club in Delray. Race horse activity in the county largely involves training at training centers for racing at locations out of the county since there is no horse racing in the county. In addition to its international reputation for polo, the county is known nationally and internationally for the world class equestrian events held at the Palm Beach Polo Equestrian Club. Most of this activity occurs during the winter season. These events attract many out of county participants, their families, and others to the county to take part in the activities offered there.

Objective

The primary objective of this study was to determine the economic impact of the equine industry in Palm Beach County on that county's economy. It was measured in terms of expenditures and employment of the industry in 1993. The direct economic impact of both resident and non-resident owners was determined. This direct spending and employment by the industry results in additional spending as the many labor, business and government entities who receive it save a portion and spend the remainder on additional goods and services in the economy. The total spending in the economy is greater than the direct spending by the industry as a result of this indirect or "induced" effect. A secondary objective of the report was to make initial observations and recommendations as to how the horse industry and its economic value to the community can be expanded. These suggestions are given in a section at the end of the report. Following is a summary of the economic impact of the equine industry in Palm Beach County.

Resident Survey

To determine the resident impact of the equine industry, the population was enumerated from information provided by the county assessors' office, local horse organizations, local feed and tack stores, and local veterinarians. The initial list contained 8,734 names and addresses. When duplications within and between lists were eliminated, there were 4,406 potential owner households in Palm Beach County. Although this list is comprehensive as evidenced by the number of duplications between lists, it is likely not all inclusive and so estimates of the number of horses in the county and the economic impact associated with owning these horses are likely understated. A large simple random sample of 1,553 non-duplicate names and addresses was drawn from the population of 4,406 potential owner households for a subsequent mail survey. Of these, 311 (20%) were returned.

Non-Resident Survey

To determine the non-resident impact, information on the number of non-resident horses in the county was obtained through a survey of 170 commercial operations, the three largest polo operations, and the Palm Beach Polo Equestrian Club, where almost all of the show events are held. Non-resident equine operation expenditures and related visitor and travel expenditures were determined through a survey of non-resident owners. Samples were drawn from lists provided by large and small show operations, by the three major polo clubs, and by race horse organizations. A sample of 917 names and addresses of non-resident horse owners was drawn from a total of 1,708 names and addresses. Of these, 131 or 14.3% were returned.

Expenditure Impact

Results of the analysis in terms of annual (1993) expenditure impact were as follows:

- $132.7 million in direct spending and $229.2 million in total (direct plus indirect) spending broken out as follows:
  - $92.6 million in direct spending, and $153.8 in total (direct plus indirect) spending by resident horse owners.
  - $27.6 million in direct equine-related spending and $51.8 million in total (direct plus indirect) spending by non-resident horse owners
  - $12.5 million in direct visitor-related spending and $23.6 million in total (direct plus indirect) spending by non-resident horse owners

Resident owner expenditures are generated evenly over a twelve month period.

Most of the non-resident expenditures are generated during the "season" which lasts from January or late December through March for show/event activities and December through April for polo activities. Non-resident direct expenditures by quarter are estimated as follows:

1993 Quarter	Non-Resident Horse Owner Equine Expenditures ($millions)	Non-Resident Horse Owner Visitor Expenditures ($millions)	Total Direct Expenditures ($millions)
1	$19.7	$10.0	$29.7
2	$2.5	$1.1	$3.6
3	$0.6	$0.2	$0.8
4	$4.8	$1.3	$6.1
Total	**$27.6**	**$12.6**	**$40.2**

Seventy four percent of direct expenditures by non-resident equine owners and their travel party occurred in the first quarter of the year.

Direct equine-related expenditures by non-residents horse owners were distributed as follows:

- 45% show/event
- 32% polo
- 23% race horse in training

Direct visitor-related expenditures by non-residents horse owners, who average three persons per party, were distributed as follows (note: information was not available on visitor expenditures by owners of race horses in training):

- 66% show/event
- 34% polo

Spectators at the various equine events in the County account for additional expenditure impacts. Attendance was not available for all the events. There were approximately 38,000 spectators for the events held by Stadium Jumping, Inc. at the Palm Beach Polo Equestrian Club largely in the first three months of the year. The Palm Beach Polo Club estimates about 20,000 spectators at their weekend matches over the five month season. This tourist aspect of the equine industry was not part of this study. Not including this impact in the current study the study leads to an underestimate of the total impact of the equine industry in the county.

Employment Impact

Total 1993 resident and non-resident horse owner expenditures generated an employment impact of:

- 4,355 total (direct plus indirect) jobs.

Industry Size And Location

The size of the industry in terms of <u>resident</u> owners and horses was conservatively estimated at:

- 3,729 households with 1.7 owners per household or 6,339 owners who owned,
- 11,858 horses.

The geographic distribution of owners is as follows:

- 72% in the Wellington/West Palm Beach-Lake Worth-Loxahatchee area, with the largest concentration in Wellington/West Palm Beach (29%).
- 14% in the north county with the largest concentration in Jupiter (9%).
- 12% in the south county with the largest concentration in Boca Raton (6%).
- 2% in the central and western county with the largest concentration in Belle Glade (1%).

The size of the industry in terms of non-resident horses was found to vary significantly by quarter as follows.

Quarter	Non-Resident Owned Horses			
	Show/Event Horses	Polo	Race	Total
1	1,644	1,953	837	4,434
2	46	528	259	833
3	31	22	112	165
4	91	560	781	1,432

The total horse population, resident and non-resident owned, is highest at about 16,300 in the first quarter of the year and lowest at about 12,000 in the third quarter of the year. There were 3.9 horses per household with tier 1 show/event horses, 2.8 horses per household with tier 2 show/event horses, and 10 horses per household with polo ponies.

There was a daily average of about 1,900 owners, along with their accompanying party, who came to the County in 1993 in the first quarter of that year.

Satisfaction With Equine Facilities

The survey of resident owners asked whether the owner was satisfied with existing facilities in Palm Beach County and if not, what would they like to have added. Satisfaction or no opinion with respect to existing facilities was indicated by 55% of the responding households. The remaining 45% who indicated that they would like to see additional facilities suggested the following:

Desired Facility	
Additional Riding Trails, Riding Areas, Cross Country Trails	51%
Dissatisfied But No Recommendation	19%
Covered Show Arena	18%
Additional Show Facilities	6%
Racetrack	4%
Horse Park	2%

Approximately 92% of the equine owners who came to Palm Beach from out of the county indicated that they were satisfied with the existing facilities. Most of these respondents were

polo participants at the Palm Beach Polo Club, Royal Palm Polo Club, Gulfstream Polo Club or show/event participants at the Palm Beach Polo Equestrian Club facilities.

Importance Of The Horse To Owner Location In The County

The resident and non-resident owner surveys asked owners if they could not keep their horses in Palm Beach County would they remain there? Of those resident owners responding, 83% said they would move to another Florida county or out of state. From the non-resident owner survey it was found that 94% of those who came to Palm Beach County would not have come had they not been able to have horses in the county.

Additional Selected Survey Results Information

Following is selected information abstracted from the resident and non-resident survey results:

Resident Owner

Horses owned by residents are used in the following ways, where an individual horse may have more than one use (e.g. pleasure and show):

- 44% pleasure/sport
- 31% show/competition
- 13% polo
- 6% breeding
- 4% racing
- 2% other

Average annual expenditures, including investment outlays, per resident owner household, per resident owned horse by selected uses for which sufficient information was available were:

	Annual Expenditure Per Household	Expenditure Per Horse	Daily Expenditure Per Horse
All Uses	$24,383	$8,585	$23.5
Show	$26,186	$9,253	$25.4
Pleasure	$8,812	$4,519	$12.4

Non-Resident Owner-Equine Related

Average daily expenditures per horse, including Palm Beach county investment expenditures, for non-resident owners was as follows:

- Tier 1 Show/Event $87.2
- Tier 2 Show/Event $25.7
- Polo $30.2
- Race Horse In Training-Thoroughbred $37.5
- Race Horse In Training-Standardbred $35.1

Where tier 1 show/event horses participate in the upper level multi-state and international events, and tier 2 show/event horses participate in the more local (county and state) events.

On average, non-resident tier 1 show horse owner households owned 1.8 horses, tier 2 show horse owner households owned 1.5 horses, and polo pony households owned 10 horses. From limited information in the resident household survey, about 3 race horses were owned per race horse household.

Non-Resident Owner-Visitor Related

Non-resident horse owners whose horses participated in the tier 1 show events and polo events stayed in accommodations in 1993 as follows:

- 36% rent residence
- 27% own residence
- 25% hotel/motel
- 5% campground or RV unit
- 4% stay with friends or relatives
- 3% other

It is notable that a very large percent of non-resident owners who participate in tier 1 show and in polo events in Palm Beach County own property there.

Other characteristics of these non-resident tier 1 show horse and polo pony owners, by type of accommodation, are as follows:

	All Locations	Hotel-Motel-Rent	Own
Average Size Of Party	3.0	3.4	2.3
Average Nights In County	52.4	48.3	69.5
Average Day Trips To County	3.7	1.4	7.3
% Out From Of State (Remainder Out Of Co.)	71%	59%	87%
Total Expenditures Per Visitor Party Per Day	$178.9	$218.8	$89.2

Non-resident horse owners whose horses participated in the tier 2 show events stayed in accommodations in 1993 as follows:

- 75% hotel/motel
- 13% campground or RV unit
- 12% rent residence
- 0% own residence
- 0% stay with friends or relatives
- 0% other

The non-resident tier 2 show horse owners, unlike the tier 1 owners do not own property in Palm Beach County, are less likely to rent residences and are more likely to stay at hotels and motels and campgrounds.

Other characteristics of the non-resident tier 2 show horse, by type of accommodation, are as follows:

	All Locations	Hotel-Motel-Rent
Average Size Of Party	3.1	3.4
Average Nights In County	16.0	17.4
Average Day Trips To County	38.9	43.6
% Out From Of State (Remainder Out Of Co.)	12.5%	59%
Total Expenditures Per Visitor Party Per Day	$136.3	$145.5

The number of day trips to the county is much greater for non-resident tier 2 show horse owners than for tier 1 owners due to the greater concentration of these owners in-state. Their daily expenditures are lower as expected since they do not incur the overnight lodging expenses of their tier 1 counterparts.

Recommendations

The following tentative suggestions are made for expansion of the equine industry based on the study results and the research team's experience in the equine and tourism industries:

1. Consideration should be given to providing trail areas where horses may be ridden safely for pleasure. These areas need to provide appropriate facilities for both the horse and rider. By itself, this would not create additional tourist expenditures but may be an inducement for maintaining the existing resident equine population. Funding for this alternative may be available through the U.S. Department of Transportation ISTEA (Intermodal Surface Transportation Efficiency Act) program.

2. Consideration should be given to construction of a covered show arena in the County to be made available for events which could be held in the off-season where there is currently little non-resident horse activity. The question of whether the covered show facility should be owned by private, public or a combination of both, interests should also be addressed.

3. Consideration should be given to location of a "horse activity and information center" where there are a variety of exposures to the horse and equine activities for which the county is noted as well as potential for both viewing and riding. A museum type facility would be at the upper end of this spectrum of alternatives. As with the other suggestions, a thorough investigation of alternatives would be needed before a recommendation would be made as to the scope of the center as well as its location.

4. Consideration should be given to a combination of points 1-3 above, and other variations of these suggestions. For example, a horse activity center, with or without a covered show arena, but with accompanying riding trails should be considered.

5. Consideration should be given to holding events, such as festivals, with the horse as the center of the event. These events do not have to be held in "season" and in fact, could generate additional visitor expenditures at other times of the year. Even though the horse is made the central theme of these activities, many other events attracting a wide variety of visitors could be held such as 10-K runs and concerts. A good example of such an event is the Kentucky Derby Festival held in Louisville, Kentucky which runs for a two week period and where there are numerous activities available for a wide variety of people.

6. It is not recommended at this time that a racetrack facility be constructed in Palm Beach County without considerable additional study. The racing industry is in a state of decline with respect to patron attendance and wagering. Competition from casino gaming, the lottery, professional sports and the like have all contributed to a lack of success of newly constructed racetracks in recent years. If a racetrack is to be considered, the analysis should be done by professionals who are familiar with the industry and who are able to provide an objective evaluation of its chances of success.

7. Any proposal for expansion of the equine industry in Palm Beach County should be made with express consideration of potential duplication of services already offered. Proposals for expanded facilities should complement and not supplant those already in place.

The Palm Beach County Parks and Recreation Department is currently in the planning and/or design stage process on four sites that are scheduled to have various levels of equestrian facilities from trail riding to show riding. One or more of these planned parks may have facilities which will address some of the suggested avenues of expansion given above. The four sites are:

- Riverbend/Reese Groves in north Palm Beach County
- Dyer Boulevard Park in north-central Palm Beach County
- Cholee Park in central Palm Beach County
- South County Regional Park in south Palm Beach County

According to information from the Parks and Recreation Department, planned equestrian accommodations at all sites except the Riverbend/Reese Groves site are firmly in those sites' plans. Master plans have been developed by the Parks and Recreation Department for the Dyer Boulevard site, the Cholee Park site, and the South County Regional Park site.

Since the parks mentioned above are still in various stages of the planning process, a determination of the exact configuration of equestrian facilities has not yet been made. For this reason, it is strongly suggested that input from local equine organizations be continued. The Palm Beach County Horse Industry Council is one such organization whose members represent a very broad spectrum of horse interests in the county.