

A Comparative Analysis of Income Producing Potential of Leisure of Leisure Properties (Empirical Evidences from Kaduna) Nigeria

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SUMMARY

This Study analyse the income producing potential of leisure properties, golf course and polo club Kaduna were used for the study. Through the use of semi structure questionnaire and field study data was obtained, relevant statistical analysis was carried out, the results show that both polo club and golf club have good potential for income generation. The implication of this study is that ,more property developers should be encouraged to invest in leisure properties in Nigeria and other economies in transition.

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1. INTRODUCTION

Over the centuries man has always had some degree of leisure time and special ways in which these leisure times are spent either by relaxing, recreation. The Western World seems to understand the important role of relaxing and taking time out to recreate and playing a prominent role in the development of human physical growth, emotion as the intellectual capacity of an individual. However, with recent discoveries in the field of commerce, investing in leisure properties can be very viable because it generate higher income to the investors.

Many countries today are said to be surviving mostly on tourism (i.e. those who travel round to relax or for one game or the other) in Nigeria today many individuals have pick interest in investing in leisure properties, such properties as Golf Club, Polo Club, Hotels, Viewing Centres, Resorts, Stadium etc. these properties can be owned by individuals, corporate bodies and by the public. Thus employed a policy ownership of leisure properties to strive and this action has led to the emergence of private or public ownership.

Arthur et-al (2004) defines property as any physical or virtual entity that is owned by an individual or jointly by a group of individuals. The owner of the property has the right to consume, sell, rent, mortgage, transfer an exchange his or her property.

However, Pierre-Joseph Proudhon (2007) in his book, Proudhon most famously declares that 'property is theft'. Proudhon believed that the common conception of property completed two distinct components which once identified, demonstrated the difference between used to protect liberty.

Smith (1992) defined income as the return which a property generates either by renting it or by leasing the property on the open market value

However, James (2009) concludes that the vast majority of real estate agent and brokers work with 3 major property. Its no coincidence that these are 3 property types accounting for most of real estate transfer. As a new agent or broker, you may want to narrow your focus and specialized in one or more property types.

1. Vacant land
2. Residential properties
3. Commercial properties

The International Accounting Standards Board (2004) defined income as an increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result increase in equity, other than those relating to contribution from equity participants. However, in U.S. Business and Accounting the term ‘income’ is generally defined by the Financial Accounting Standards Board (2003-2009) as revenue – expenses, however many people use it as shorthand for net income which is the amount of money that a company earns after covering all of it cost as well as taxes. However, the Supreme Court (2000) defined income as gain, profit, derived from capital, labour or both combined.

2. AIM AND OBJECTIVES

The aim of this study is to find out the return produced by the Polo Club and Golf Club.

To achieve this, the following are the objectives:

1. To know the kind of facilities found in the properties.
2. To know the kind of income generating activities that are taking place in such properties.
3. To know the amount they charge as fees for event hosting.
4. To know the main source of their income.

3. THE NEED FOR LEISURE PROPERTIES DEFINITION OF TERM

- **LEISURE:** History has shown that man had always felt the need to engage him/her self in one leisure activities or another. Websites Ninth Collegiate Dictionary (1990) edition defines leisure as a time spent doing what you enjoy when you are not working or studying. A time with no particular activities, leisure is a period of time spent without hurrying, feeling relaxed and comfortable doing what you enjoy.
- **PROPERTY:** Winfield et-al (1979) defines property as term that has a very wide meaning in law. It some time uses to mean absolute ownership in the sense that the owner of the property has full authority over the property. Property therefore means all that which is capable of being owned. However Charles et-al (2005) defines property as an object that can be owned or possessed. This means any thing that cannot be owned or possess is not a property.
- **LEISURE PROPERTIES:** These are properties that are mainly use for relaxation. They are properties in the form of parks, tourist centres, game reserves, hotels, sport complexes, museum etc. However, William et-al (2000) defined property as any ‘thing’ that can be possessed, used, enjoyed, controlled or conveyed.
- **POTENTIAL:** Oxford advanced Learner’s Dictionary defines potential as that which can develop into something or be development in the future.

REVIEW OF RELEVANT LITERATURE

- INCOME: Case et-al (2007) defined income refers to consumption opportunity gained by an entity within a specified time frame, which is generally expressed in monetary terms. However for house holds and individual, income is the sum of all the wages, salaries, profits, interest payments, rent and others forms of earnings received in a given period of time. However, for firms, income generally refers to net profit; what remains of revenue after expense have been subtracted. However, in the field of public economics, it may refer to the accumulation of both monetary and non monetary consumption ability, the former being used as a proxy for total income. Oxford Advanced Learner's Dictionary defined income as the money that a person, a region, a country etc earns from work, from investing money, from Business.

Past studies by Fletcher(2006) observed that decreasing numbers of golfers across the U.S coupled with extensive new golf course construction activity are likely factors behind sharp reductions in price premiums for golf course houses. The article also states that in some communities golf club membership fees and maintenance costs (often paid by adjacent home owners) have been rising factor than golf course housing prices and that disputes between homeowners and the owners of golf course over maintenance issues and proposals to close (or re-develop) courses are increasingly common.

Previous attempts to measure the impact of golf courses on single family property values fall under two categories. Those that have focused specifically (almost exclusive) on golf course (Do and Grudniski, 1995. Asabara and Huffman, 1996. Do and Grudniski, 1997, and Grudniski, 2003). More general housing and open space related studies in which golf course frontage/views, proximity are only one of many different amenity based explanatory variables (Espey and Owus-Edusei, 2001. Shutz and Fridgen, 2001. and Lutzenhiser and wetusil, 2001.) Other hedonic studies have likely incorporated golf courses within wider (or more general) classification of green space or recreation areas and most of these have focused on the impact of frontage (Chau, Chu, Lentz and Wang, 1998, Simons and Saginor, 2002)

Chau et al (2003) identified the returns generated from the presale properties to cover the market uncertainty during the construction time-lag. It also confirms that presale of uncompleted properties are traded at a discount to the expected sport properties to compensate for the missing rent during the forward contract period. However, Young (2000) found significant differences in the correlations between the property-type neutral portfolios and the actual property type-specific pairs for 1993-1998. They also showed that the differences in the correlations between different property type-specific could be arbitrated by investors because the market is efficient enough to eliminate any excess returns.

However, Fanning et-al (2003) have independently indicated that there is a strong correlation between green fees and course quality in golf courses. However, exception to this relationship do occur with regards to certain types of courses in the Omaha area. For example, the green fees at municipal course are often set administratively (and can be unrelated to course quality) and the used to offset green fees.

However, Grudnitski (2003) makes three unique contributions to the hedonic-golf course valuation literature. First, no known prior studies have utilized a high proportion of golf course sales to value the frontage/view aspects of golf courses on single family housing values in a mid western city. Second, this is potentially the first study to value a wide range of course types classified by both access and ownership characteristics (municipal, public, private equity and private non-equity course) rather than only public/private comparisons. Third, and most importantly this is the first known study to estimate the impact of golf course frontage across most of the golf courses in community. However there is little attention paid to the income producing potential of leisure properties, hence, the need for this study.

4. DATA PRESENTATION AND ANALYSIS

4.1 List of Facilities Provided in Polo Club

S/No	Facilities	No. of Item Provided	Condition				
			Excellent	V. Good	Good	Fair	Poor
1.	Polo Fields	2		‘			
2.	Mosque	1	‘				
3.	Loading Bays	2			‘		
4.	Bars	3		‘			
5.	Pool Room	2		‘			
6.	Snooker Tables	2			‘		
7.	Dart	1			‘		
8.	Squash Court	1			‘		
9.	Table Tennis	1		‘			
10.	Bore Hole	1		‘			
11.	Tractor & Slasher	1			‘		
12.	Stabling Village	1			‘		
13.	Club House						

Source: Polo Club – Field Survey (2009).

The above table shows the number of facilities in the Polo Club and their respective state or condition which are:

1. Polo Field: The Polo Field are two(2) one is situated behind the Polo Club while the other one is situated in front of the Polo Club and it is on these field the game is being played.
2. Mosque: The mosque, which is of fabulous size and was situated at the west side of the club house.
3. Loading Bays: This is a marked section of ground outside the Polo house where they normally bring down their horses from car when ever there is polo tournament.
4. Bar: The bars are 3 in the building and they are well decorated with beautiful concrete and tides of golden colours in the bars there are (2) two large refrigerators mainly for keeping drinks cold. There are metal stools where people sit to sip drinks.
5. Pool Room: Pool room is situate within the club house where the interesting member go and play the game.
6. Snooker Tables: The snooker table one is situate at the entrance of the building and other one is inside the building.
7. Dart: Is a game in which darts are thrown at a round board marked with numbers for scoring and it is situate in a room within the club house.
8. Squash Court: The squash court is situate within the polo field.
9. Table Tennis: Is a game two or four players use rackets to hit a ball backwards and forwards across a net on a special mark court and this game is situate within the club premises.
10. Bore Hole: This is their source of water whenever water board did not supply water, it is locate behind the club house.
11. Tractor & Slasher: These are the machine which they are using a clear grasses on the polo field.
12. Stabling Village: Stabling village is where all their horses are kept both young and old.
13. Club House: The club house is well equipped and there are 3 offices, 3 bathroom and they are well maintained by the cleaners.

4.2 List of facilities provided in golf club

S/No	Facilities	No. of Item Provided	Condition				
			Excellent	V. Good	Good	Fair	Poor
1.	Club House	1		'			
2.	Holes	18		'			
3.	Bar	1		'			
4.	Golf set	40			'		
5.	Shop	1			'		
6.	Tractor &	1			'		

	Slasher						
7.	Parking Lot	1		'			
8.	Generator	1		'			

Source: Golf Club – Field observation (2009)

The above table shows the numbers of facilities I the golf club and their respective state or condition which are:

1. Club House: The club house is well equipped and there are 4(four) offices within it and three (3) bathrooms and they are well maintained by the cleaners.
2. Holes: The holes are found within the golf field and they are 18 in numbers, they are being managed by some private organization.
3. Bar: The bar is well equipped with the necessary facilities that make up a bar such as refrigerators mainly for keeping drinks cool, there are tall and beautiful metal stools where people sit and sip drinks.
4. Golf Set: The golf set and the instrument use in playing the golf game and there are over 40set, they are owned by club members and the new members who don't have the gold set are using it par day is N500.00.

THE AMOUNT CHARGES AS FEES FOR EVENT HOSTING GOLF CLUB

S/No	Event	Amount (N)	Number Per Year
1.	Wedding reception and every other events organize by the outsiders	100,000	March-June is between 6-8 times. October-December is between 10-15 times.
2.	Golf tournament by outsider	Depending on their negotiation	Once in a year i.e. the annual tournament

Source: Golf Club – Field observation (2009)

4.3 List of activites taking place at polo club

4.3.1 Polo activities

- a) Polo practice
- b) Polo tournament

Polo Practice: This is the time when the entire polo members meet at the club house for their training.

Polo Tournament: This is a situation where by the club organize competition and it consists of the following:

- a) Annual main tournament
- b) Industrial mini tournament
- c) Easter mini tournament

d) Independence mini tournament

- Annual main tournament : the annual main tournament is been organize by the club members but at times outsider do sponsor and it is organize once in a year, here all the polo clubs within the country will partake in the tournament and all the participant will pay the sum of N2000.
- INDUSTRIAL MINI TOURNAMENT: The industrial mini tournament is a small tournament where the club invites not more than four(4) states because the game required large sum of money to host.
- EASTER MINI TOURNAMENT: The easter mini tournament is meant for only the club member.
- INDEPENDENCE MINI TOURNAMENT: The independence mini tournament is a small tournament use to take place every independent day and it is for the club members only.
- SOCIAL ACTIVITIES
Small chop programme, Social parties, Games
- SMALL CHOP PROGRAMME: Here a member will be appointed to prepared varieties of food and bring them to the club for all the members of dine together for free.
- SOCIAL PARTIES: The social parties are organized by the member once in a while just to bring unity among the members and it could be birthday parties, or promotion parties etc.
- GAMES: These games can be organized on behalf of a member, may be because he is celebrating his birthday etc and it is free of charge.

4.4 List of activities taking place at golf club

4.4.1 Golf activities

- a) Golf Tournament
- b) Social Tournament

- GOLF TOURNAMENT: The Golf tournament is being organize within the club premise and all the registered members all over the nation partake in the game and it is been sponsor by the outsiders such as MTN, First Bank etc.
- KITTY COMPETITION: The Kitty competition is organize by the club member, where they give a sum of money and any body that wins the competition the money will be given to him.
- CADDIE COMPETITION: The Caddie is the person who helps a player by carrying his or her equipment during a game. Once in a while the club decide to organize competition for them and the winners will be awarded either with a sum of money or with a different gift.

- SOCIAL ACTIVITIES: The club members do organize parties like get together, birthday party etc. once in a while just to promote unity.

LIST OF SOURCES OF INCOME IN POLO CLUB

S/No	Source of Income	Amount	No. of Member
1.	Membership admission fee	N100,000	Number of members as of 2012 -209
2.	Annual membership subscription	N30,000	Number of members that registered as of 2012-23
3.	Membership form	N5,000	
4.	Tournament sponsorship	Varies, minimum is N200,000	
5.	Support Donation		
6.	Sales from Bar		

Source: Polo Club(2009)

LIST OF SOURCES OF INCOME IN GOLF CLUB

S/No	Source of Income	Amount	No. of Member
1.	Subscription fee	N100,000	Number of members as of 2012 -197
2.	Green fee	Working days N1000. Weekend N1500	Number of members that registered as of 2012-28
3.	Sales from bar		
4.	Occasion charges like wedding, reception	N100,000	
5.	Tournament fee	Not specify	
6.	Golf set	N500 per I (one)	

Source: Golf Club(2009)

POLO CLUB LIST OF OUT GOINGS

S/No	Facilities	Amount P.A.
1.	Horses feeding & treatment	Minimum N800,000
2.	Polo field maintenance	N100,000
3.	Staff salaries	N300,000
4.	Electricity bill	N84,000
5.	Water bill	N18,000
6.	Fueling of generator	Minimum N100,000
7.	Sundry expenses	Minimum N100,000
	Total	N1,502,000

Source: Polo Club(2009)

POLO CLUB

year	Initial outlay(₦)	Income(₦)	Outgoings(₦)	Net income(₦)	Discount rate(17%)(₦)	Discount rate(23%)(₦)	Npv(17%)(₦)	Npv(23%)(₦)
0	20,000,000							
1		21,790,000	1,502,000	20,288,000	0.85	0.81	17,244,800	16,433,280
2		21,790,000	1,502,000	20,288,000	0.73	0.66	14,810,240	13,390,080
3		21,790,000	1,502,000	20,288,000	0.62	0.54	12,578,560	10,955,520
4		21,790,000	1,502,000	20,288,000	0.53	0.44	10,752,640	8,926,720
5		21,790,000	1,502,000	20,288,000	0.46	0.36	9,332,480	7,303,680

NPV_L = ₦64,718,720(17%)

NPV_H = ₦57,009,280(23%)

LIST OF GOLF CLUB OUTGOINGS

S/No	Facilities	Amount P.A.
1.	Golf field maintenance	N400,000
2.	Staff salaries	N200,000
3.	Water bill	N18,000
4.	Electricity bill	N96,000
5.	Sundry expenses	N400,000 minimum
	Total	N1,114,000

Source: Golf Club(2009)

GOLF CLUB

year	Initial outlay (₦)	Income (₦)	Outgoings(₦)	Net income(₦)	Discount rate(17%)	Discount rate(23%)	Npv(17%)(₦)	Npv(23%)(₦)
0	20,000,000							
1		4,073,500	1,114,000	2,959,500	0.85	0.81	2,515,575	2,397,195
2		4,073,500	1,114,000	2,959,500	0.73	0.66	2,160,435	1,953,270

3		4,073,500	1,114,000	2,959,500	0.62	0.54	1,598,130	1,598,130
4		4,073,500	1,114,000	2,959,500	0.53	0.44	1,302,180	1,302,180
5		4,073,500	1,114,000	2,959,500	0.46	0.36	1,361,370	1,065,420

$NPV_L = \text{N} 8,937,690 (17\%)$

$NPV_H = \text{N} 8,316,195 (23\%)$

5. FINDINGS

The major outcome of the data is in accordance with the research question.

It was observed that the facilities provided in polo club and golf club are modern equipment or facilities that go with the modern trend technology.

It was observed that the golf field found in golf club are being maintain by a private firm known as Tunji Adeniyi & Co, Kaduna, while the rest facilities are being maintain by the club manager. And the polo club facilities are being maintain by the club manager. It was also observed that investing in leisure properties is a good form of investment because it brings high return to the investors. The NPV for both the high and low discount rate is positive for both the golf club and the polo club, the discount rates were obtained from the Central Bank of Nigeria (www.cenbank.gov.ng) which agrees with studies by (grudnitski, 2003. Young, 2000 and Fletcher, 2006.)

6. CONCLUSION

There is no doubt that the establishment of polo club and golf club contributes to the development of hospitality and tourism and as well the economy of Kaduna metropolis and Nigeria as a country at large. For effective inflow from these form of investment (polo club and golf club) investors and estate surveyors should bear in mind the objectives of assessing the level of satisfaction in this regard.

It has now become necessary for the Government and the private sector to invest in leisure properties for maximum utilization and profitability.

7. RECOMMENDATION

Base on the findings the following recommendation are drawn up; polo club and golf club management should pursue a policy that will make them to be getting more income, such as providing more shops at the club premises and also they should provide swimming pool at the club premises so that it will attracts customers to patronize their bars.

The Management should not hesitate in undertaking it responsibilities either financially i.e. by donating to sponsor a tournament or repairs of damage facilities in order word whenever repair is

been identify it is the management to carryout the repair immediately in order to avoid break down of the facilities.

BIOGRAPHICAL NOTES

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