Course a day? That's chicken feed

Last year's new openings

<table>
<thead>
<tr>
<th>New openings</th>
<th>9-hole</th>
<th>18-hole</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily-Fee</td>
<td>86</td>
<td>99</td>
<td>185</td>
</tr>
<tr>
<td>Municipal</td>
<td>12</td>
<td>22</td>
<td>34</td>
</tr>
<tr>
<td>Private</td>
<td>6</td>
<td>19</td>
<td>25</td>
</tr>
<tr>
<td>Totals</td>
<td>104</td>
<td>140</td>
<td>244</td>
</tr>
<tr>
<td>Expansions</td>
<td>Daily-Fee</td>
<td>84</td>
<td>8</td>
</tr>
<tr>
<td>Municipal</td>
<td>18</td>
<td>1</td>
<td>19</td>
</tr>
<tr>
<td>Private</td>
<td>24</td>
<td>4</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>126</td>
<td>13</td>
<td>139</td>
</tr>
<tr>
<td>Grand total</td>
<td>230</td>
<td>153</td>
<td>383</td>
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</table>

* Source: National Golf Foundation (through Oct. 5, 1995)

By HAL PHILLIPS

More than 400 golf courses opened for play across the United States in 1995, a one-year record that will likely stand for a mere 12 months. The National Golf Foundation (NGF) projects between 400 and 500 new facilities will come online during 1996, as more than 700 courses are under construction and financing options abound.

"The majority of openings are occurring in the heartland," said Rick Norton, the NGF's vice president of operations. "This region benefits from the highest participation rates in the country, and it has relatively inexpensive land. That's what I like to call a golf-sustaining culture."

Continued on page 46

Myrtle Beach to hit century mark amid oversupply fears

By PETER BLAIS

MYRTLE BEACH, S.C. — One would think the opening of the 100th course here sometime this year would be cause for celebration. But for some, it's a matter of concern. Even with a healthy surge of golfers visiting Myrtle Beach, the eight additional courses scheduled to come online this spring could mean fewer rounds per course and smaller profits, according to figures provided by the Myrtle Beach Tourism Coalition, a local group comprising tourism industry representatives.

According to the Coalition's 1994 figures, golfers played 3.8 million rounds here, an average of 44,186 rounds per course. If 1996 projections hold, the 100th course will move the local golf industry closer to the century mark.

Continued on page 35

PGA aims for new management standard at Reserve

BY MARK LESLIE

PORT ST. LUCIE, Fla. — "Automatic adrenaline." That's how the head golf professional describes the PGA of America's new home golf course. "It's a showplace," Bill Cioffoletti said of PGA Golf Club at The Reserve which opened here Jan. 1. "Our mission is to meet and exceed the expectations of every golfer who comes through here."

To achieve that mission, Cioffoletti and boss Marty Kavanaugh, two acclaimed PGA golf professionals, brought together a core group of pros from a cross-section of the best merchandising facilities. They drafted a training program... sat down with course architect Tom Fazio and clubhouse architect Vared/Flora... worked with Club Car to design a state-of-the-art golf car storage structure and with superintendent Rick Wise and Toro to build a user- and environment-friendly maintenance facility. And... voilà! When the world welcomed in the Year 1996, it also welcomed what the PGA hopes will soon be a model for the country.

Continued on page 36

Membership vote takes center stage

BY PETER BLAIS

ORLANDO — Two proposed bylaw changes—one requiring head superintendents to belong to both their national and state associations, and a second setting assistant superintendents to half the fee charged head superintendents—will be on the ballot at February's Golf Course Superintendents Association of America (GCSAA) annual meeting here.

The first change would require all head superintendents joining a state or regional chapter after July 1, 1997, to also join the national association. Assistant superintendents and other members would be exempted from the dual-membership requirement. Head superintendents joining a local chapter before July 1, 1997, are grandfathered and would not be required to hold dual memberships in the local and national associations.

The dual-membership recommendation emerged from September's chapter
Young, owner of six upscale courses, including the Heathland, Moorland and Parkland courses at The Legends. "Golf Holiday realizes now that we [course owners] are a diverse group with many interests. Any upscale advertising is done on an individual basis."

Wizeman said such unsettling economic news has been reflected in the recent prices golf course sellers have received for their properties. A Japanese investment group recently purchased 27-hole Back Creek Plantation for $5 million. "That [$5 million] is what you would have paid for just 18 holes not so long ago," Wizeman said. "It was the first acquisition in quite awhile, which shows the softness of the market."

But all is not doom and gloom along the Grand Strand. Myrtle Beach tourism continues to generate $5 billion in revenue annually, with golf making up $877 million of that, according to Tourism Coalition figures. Myrtle Beach tourism is growing at twice the national average and South Carolina ranks first in the United States in golf vacation travel (followed in order by Florida, Arizona and California).

Myrtle Beach long had the advantage of having 60 percent of its visitors live within a day's drive. But local industry realizes it needs to pull golfers farther away and make it easier for them to get there.

Last February's addition of Myrtle Beach Jet Express, serving Newark, New York City (JFK Airport), Philadelphia, Chicago, Cleveland and Detroit, has increased the number of visitors, 14,884 more in October alone. Coupled with U.S. Air's new service from New York's LaGuardia Airport and Atlanta and Air South's service from Atlanta, these seven cities are the main source of fly-in vacationers.

"The air service has been very successful," said course developer Gary Schaal, who opened Wicked Stick in Myrtle Beach Oct. 1. "It takes longer to get your bags out of the airport now, but that's okay. It means more golfers."

Also in its favor, Myrtle Beach has an established product; more golf than anywhere else; a varied recreational menu that includes the beach, conference facilities, entertainment and shopping; the PGA/Energizer Battery Senior Tour Championship to stimulate market awareness; and a Golf Holiday membership that recently had the foresight to raise its dues 50 percent to increase its advertising budget.

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Continued from page 1

Indeed, of the six most development-intensive states, five can be found in the Midwest: Michigan (22 openings), Ohio (18), Minnesota (17), Illinois (16), and Wisconsin (15). The second tier includes Sun Belt states like California, Florida and Georgia, where resort and residential scenarios drove the market.

Public-access golf facilities — daily-fee, municipal and resort — confirmed their dominance of the golf course market last year. Of the 383 courses that opened for play between Jan. 1 and Oct. 31, all but 53 were public-access. Nearly 70 percent of the country’s 15,000-plus courses are now daily-fee, municipal or resort, as the number of private courses continues to decline — by 9 percent since 1990.

Continued public-access development in the Midwest bodes particularly well for an industry looking to diversify geographically and economically.

The heartland states have been able to provide a range of facilities, not just the high-end variety," Norton explained. "I think that’s some of the reason why it has led the way over the past few years and will continue to lead the way... We expect 400 to 500 courses to open this year, and they will follow a similar geographic pattern."

Course openings have now increased every year this decade, with another record number projected for 1996. There are currently 740 courses under construction (see chart at left) and another 500 in the planning stages.

While development growth signals a strong industry — not to mention more job opportunities for superintendents, architects and managers — it also signals increased competition for existing courses.

"All this development pushes up the requisite level expertise it takes to run a golf course," said Michael Hughes, executive director of the National Golf Course Owners Association. "I think the individual owner who is not a good operator is already being squeezed. There will be definite winners and losers."

Hughes noted the large number of course expansions (139 out of 383 facilities) bodes well for the industry, as experienced operators have deemed it fruitful to add on. Of course, that leaves 244 new facilities, whose operators are as yet unproven.

"Are they good operators with experience, or are they people who are enamored of golf and living a dream?" Hughes queried. "We’ll find out soon enough. The weaker members of the market will turn over and good, experienced managers will come in. This will definitely help the management companies."

Indeed, management firms have enjoyed steady times during the ‘90s, snapping up older courses that couldn’t compete with new ones, and gobbling up newer facilities that couldn’t meet their debt services. Look for more to fatten the portfolios of eager management firms.

Experienced or not, the prospective course owner is making a compelling case to financiers.

"When I see a pro forma on a deal, I’m seeing better margins projected on these projects — and that draws out the money," said Don Rhodes of Atlanta-based NationsCredit, formerly Greyrock Financial. "Three or four years ago, it was hard to make that believable. But you can’t just talk about rounds anymore. You have to talk about green fees and construction costs. Look at the margins on these projects are far more inviting."

[Warned Norton: "I hope those are realistic pro formas, not pie-in-the-sky pro formas."]

If there is another worry among industry observers, it is a recent NGF survey showing that golf participation levels outside the Midwest are not growing to meet the burgeoning supply of courses.

"It’s weird, because everywhere I go people tell me their courses are full," said Rhodes. "It’s hard to believe that rounds are flat. But if these new courses keep opening and what the NGF says is true, more and more course projects will have trouble achieving their numbers and that will call the flow of capital into the industry."

While Norton has unwavering faith in the NGF study ("The findings on participation absolutely cannot be questioned. It’s the largest survey of any of the sports organizations: 30,000 households."); he doesn’t feel 400 course openings in 1995 and 400-500 more this year, mean supply has outpaced demand.

"Remember to keep it in context," he said. "We’re talking 300 to 550 18-hole equivalents in 1995, which is about 2 percent of supply. Those aren’t gangbuster figures, you see that dramatic when you view it in context of overall supply. The U.S. is a big, big country."

"Besides, the Midwest is leading the way. And that’s where the players are."

### Table: Course Openings in 1995

<table>
<thead>
<tr>
<th>Location</th>
<th>Courses Opened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwest</td>
<td>383</td>
</tr>
<tr>
<td>Sun Belt</td>
<td>139</td>
</tr>
<tr>
<td>Total</td>
<td>522</td>
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