Supply outpacing demand as new courses multiply

It was bound to happen sooner or later. Given the explosive growth of new U.S. golf courses— an average of 303 a year from 1991 through 1999—it was inevitable that “supply” would eventually outstrip “demand.” And now it has, according to a study of industry trends by the National Golf Foundation (NGF).

Jay Finegan, great for course owners and managers.

In its new report, “Trends in the Golf Industry,” it projects that the game will stagnate and even decline (see story on page one).

At the same time, however, the number of golf courses will likely grow at two to three percent a year, outstripping the new demand. “If this supply/demand imbalance continues,” the report concludes, “then the operating performance of the average golf facility can be expected to erode.”

Today, there are 1,970 golfers per course, back down near the 1986 levels. This is great news for golfers— less crowded courses — but not so great for course owners and managers.

The situation isn’t likely to change anytime soon. In the NGF’s new report, “Trends in the Golf Industry,” it projects that the game will experience a “natural” addition of three to four million new golfers and about 100 million more rounds over the next decade.

That works out to a growth rate of one to two percent a year. At the same time, however, the number of golf courses will likely grow at two to three percent a year, outstripping the new demand. “If this supply/demand imbalance continues,” the report concludes, “then the operating performance of the average golf facility can be expected to erode.”

And the imbalance will continue— and then some. That annual average of 303 courses over the past decade takes into account the early ’90s, when openings were in the 350 range. Momentum has accelerated sharply since then. Last year, 509 courses opened for business, and at year-end 946 courses were under construction and 908 more were in the planning stage. Obviously, that translates into even fewer golfers per course, and it’s undoubtedly one reason that course valuations are now beginning to stagnate and even decline (see story on page one).

MAILBAG

MACH 2 WORKS IN ROUGH

To the editor:
I’d like to correct some misinformation that appears in the July 2000 issue of Golf Course News.

In the article entitled, “Destructive beetle spreading fast through Northeast,” you reference comments by a golf course superintendent in Dover, N.H. The article says the superintendent does not use MACH 2 turf insecticide, manufactured by RohMid, on his golf course’s rough because the product “is not recommended for unirrigated areas.” In fact, MACH 2 is an excellent grub control product to use in such areas. Nearly all grub insecticides, whether preventative or curatives, need to be eventually watered in to be effective. The same holds true for MACH 2. But because of the product’s soil stability, immediate irrigation is not required. By contrast, the label directions for Merit and most curative products call for irrigation within 24 hours after application for optimum control. With MACH 2, we do recommend immediate irrigation when it is being used in curative applications up to the second stage. Thank you for your opportunity to provide accurate information on MACH 2.

Sincerely,
Rich Kalik
RohMid Board

HATS OFF TO OLD BROCKWAY

To the editor:
I enjoyed the article in your August issue about the Old Brockway Course becoming certified by Audubon International. The course is a great track nestled in the Tahoe basin. As the superintendent at Old Brockway for the seasons of 1983-85, I have first-hand knowledge of the tremendous efforts Lane Lewis and his sister Leslie

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LATENT DEMAND OPPORTUNITY

Overall Pool of High-Potential Golfer Candidates (Millions)

<table>
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<tr>
<th>Retention of Current Players</th>
<th>Former Players</th>
<th>Interested Non-Players</th>
<th>Juniors</th>
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<td>14</td>
<td>12</td>
<td>7</td>
<td>8</td>
<td>41</td>
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Source: National Golf Foundation