What impact will the events of Sept. 11 have on the golf course industry?

By Laurence A. Hirsh

A s I write this installment of Market Comments for Golf Course News, it occurs to me how important golf is in the scope of life. On Sept. 11 while attempting to qualify for the U.S. Mid-Amateur, I observed a fellow competitor on his cell phone, walking the course. Since it’s quite unusual to see cell phones at USGA events, I joked to him that he must be having a rough day since he was already calling the office. Little did I know how rough when he informed me of the attacks on the World Trade Center.

Shortly after playing my next tee shot, we were informed that the tournament had been cancelled as a result of the attacks. At home in the clubhouse, my mind was filled with the same thoughts all Americans had that day: my family’s safety, my ability to get home, and “How could anybody do such a thing?” When my thoughts were interrupted by an F-16 flying overhead, it struck me that we were really at war.

Having after time to reflect on these events, the President has implored us to get back to work. We have seen an unprecedented one-day point drop in the Dow Jones Industrial Average and many in the golf business are asking what this will do to our industry. Here’s what I think:

• With several golf course management companies suffering and round counts down in many markets, operators will continue to discontinue under-performing and undesirable located (not clustered) assets and try to bolster cash reserves.

As a result of falling interest rates, many new players will enter the market and attempt to take advantage of possibly falling prices. These newcomers will include multi-course management firms (those in good financial shape), many individual investors and “Mom and Pop” operators.

Some course operators (perhaps those who have been around a while) will decide they’ve had enough, move to retirement earlier and sell their properties.

ABSORPTION PHASE

With rounds down in most markets and construction reported to be slowing, those speaking into the business will find opportunity and, like many businesses, the golf industry will begin the upward swing in the cycle. The big question is timing.

In golf, it not only takes time for new supply to be developed, but also for that supply to be absorbed. Right now we are in the absorption phase and many courses built in the past 10 years (or affected competitively by those built in the past 10 years) will assess their performance history; they will consider/evaluate operating practices and possible market positioning. One sector that is entering the evaluation stage are private clubs whose membership has changed, whose facilities have aged and whose revenues have been stagnant or declining. Another sector is upscale daily-fee courses in markets overbuilt with that particular type of facility.

Continued on next page

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2001 Golf Course Builders Award applications on the way

Nomination applications for the 2001 GCN Builder of the Year award will be mailed to all golf course builders in early November. The award, which recognizes the top large and small builders, is the pre-eminent honor in the golf course construction industry.

GCN encourages all builders to submit their 2001 project portfolio for evaluation. This year’s award will be presented in February at the GCBA’s Builders Dinner during the 2002 GCSCAA International Conference and Show in Orlando, Fla.