NGF report paints rosy development picture

JUPITER, Fla. — the surge in construction activity that began eight years ago reached an all-time high in 1995. According to the National Golf Foundation's (NGF) annual report on golf course development in the U.S.

The report, "Golf Facilities in the U.S., 1996 Edition," shows that 468 courses of various lengths and sizes came on line last year. Further, the report indicates that new course construction has more than doubled over the past 10 years.

The outlook for 1996 is strong.

Under Construction			
	New	Exp.	Total
D	359	241	600
M	80	26	106
P	61	50	111
In Planning			
D	271	92	363
M	75	32	107
P	60	21	81
In Development			1,368

The NGF report shows there were 820 other courses under construction as of Dec. 31, 1995. This means as many as 450 of these could be coming on line this year, according to Rick Norton, NGF's vice president and general manager of Research and Consulting.

The 468 new courses in 1995 brought the five-year total to 1,912. That's an average of 382 courses a year. Ten years ago the nation was averaging just over 150 a year. This not only eclipsed the previous high of 381 set in 1994, it was also the fifth straight year that — in contrast to the leveling off that's occurred in golf participation — golf course development activity has increased.

More than half (56 percent) of the 468 courses coming on line in 1995 were 9-hole layouts. As a result, NGF analysts look at the 468 as 336 18-hole equivalents. In 1994, just more than 60 percent of the 381 courses that opened that year were 9-holers. This produced a total of 262 18-hole equivalents.

There's a message in the numbers, according to Rick Norton.

"To my mind, the fact that golf course development has not only held its own, but has increased to the extent that it has, is a great example of the confidence that both developers and lenders continue to have in the health and future of the game," said Norton.

To further illustrate his point, Norton notes the number of facility owners who are expanding their golf courses these days.

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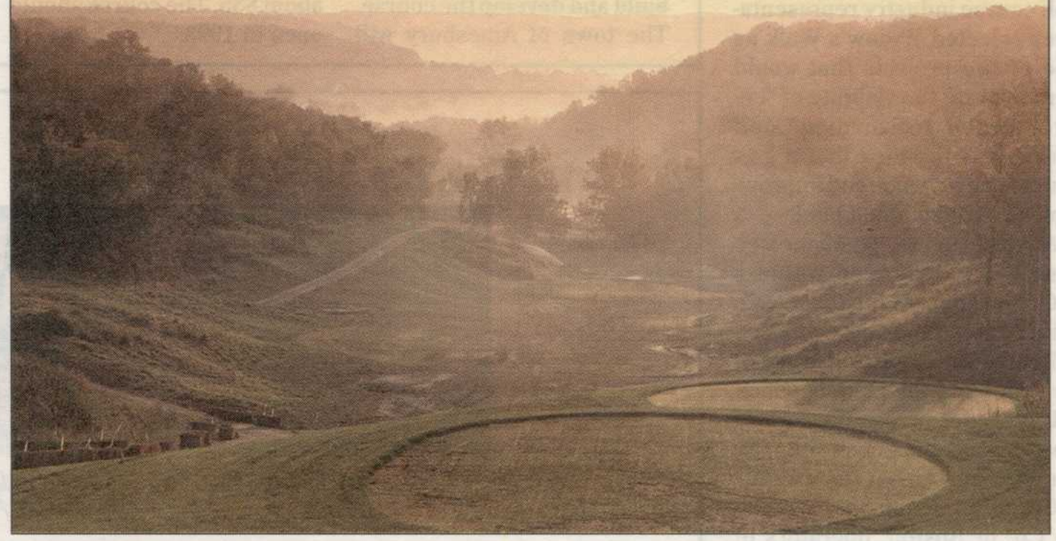
Course Openings: 18-hole Equivalents						
	1990	1991	1992	1993	1994	1995
D	126.0	170.0	165.0	174.5	190.5	242.0
M	30.5	41.5	37.0	35.5	38.5	45.0
P	67.5	57.5	54.0	52.5	33.5	49.0
T	224.0	269.0	256.0	262.5	262.5	336.0



THE GENERAL PLANS JULY OFFENSIVE

The latest signature golf course at Eagle Ridge Inn & Resort in Galena, Ill., The General, should open in July, according to Bob Graunke, director of grounds. "The deep freeze endured by much of the country in January was a blessing for The General since it stabilized the ground," he explained. Graunke and the others on the development team — co-designers Roger Packard and Andy North, as well as builder Paul Clute & Associates — used pre-germinated bentgrass and blue grasses in order to help set the bent on which golfers will ultimately play.

Development projections are bright from NGF survey

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The numbers show that, for the past five years, roughly one-third of those courses built have been additions to existing facilities. In 1995, there were 159 such projects and they accounted for 34 percent of the total construction activity. The remaining projects (309) involved brand-new facilities.

"Expansions are typically easier to finance," he said, "because lenders have a track record on which to make the financing decision. Furthermore, loans are often repaid from cash flow that is relatively less encumbered than is true for new development.

"On new developments, while lenders still typically require in excess of 40 percent equity, we're seeing a greater variety of equity sources beyond traditional limited partnerships... including a trend toward equity participation on the part of lenders."

Norton also points to the continuing availability of financing as another factor that's been driving the development surge.

"All types of financing vehicles have contributed to this growth — everything from your traditional local bank loans and municipal bond issues to the more specialized packages being offered by golf capital companies. We're also seeing greater participation by institutional and pension-fund managers."

Norton and his analysts estimate that the 468 projects completed in 1995 represent a total investment of roughly $1.3 billion. They put the total value of those 820 courses still in the pipeline today at $3 billion.

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Much of the construction activity over the past five years has centered in the nation's East North Central and South Atlantic regions. Each year, they've easily outdistanced the other seven regions in projects completed and together they've accounted for nearly half [47 percent] of what's come on line since 1991.

In 1995, the East North Central region — which includes Michigan, Indiana, Ohio, Wisconsin and Illinois — led the nation in openings for the fourth straight year with 119. The South Atlantic region was second, also for the fourth consecutive year, with 93.

As Norton points out, there are a number of conditions favoring golf course development in the East North Central region. For example, he said, this region has historically boasted one of the highest participation rates in the country at 16 percent. The national average is just over 11 percent.

This region, he adds, not only has a good supply of relatively inexpensive land, but it also benefits from "a more favorable development topography and an easier permitting process."

A different set of factors, says Norton, is driving development in the South Atlantic region. High on the list are population and tourism growth. This region is being led by: North Carolina, South Carolina, Georgia and Florida.

Among the other findings presented in the 1996 edition of Golf Facilities in the U.S.:

• Public vs. Private: As has been the pattern for the past 10 years, the vast majority [86 percent] of those courses coming on line in 1995 were public.

• The Real Estate Factor: In the 1980s nearly 50 percent of all golf course construction was associated with a real estate development. Today, real estate development is driving only about 30 percent of all golf course construction activity.

• Overall Gain: While 1995 was the most active in U.S. history in terms of golf construction project completions, those courses coming on line increased the total national supply by only 3 percent. The nation's total golf supply now stands at 15,390 courses.

Iowa Park eyes public facility

IOWA PARK, Texas — Flatt Golf Service, Inc. (FGS) of Overland Park, Kan., has completed a feasibility study here to determine the opportunity for developing a modestly priced public golf course in this rapidly growing community adjacent to Wichita Falls. FGS was also charged with the task of performing an analysis on three potential sites in the community and providing a recommendation to the city.

The study found a void in the public golf market in north Texas and suggested the city could develop a successful, moderately priced public. The report said success of a project would depend on acquisition of the recommended property or property with similar characteristics and location, and a commitment by the city to participate in financing the capital costs.

The report further recommended that private golf management partners be sought to assist the city in the development and management of the facility.