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Course openings top 400 mark, again

By HAL PHILLIPS

File this one under "Business cycle be damned."

The golf course industry witnessed the arrival of another 434 facilities during 1996, fending off the downswing predicted by optimists and skeptics alike. Openings have climbed a steady parabola since 1990. Despite a slight decline from the record 1995 figure of 468 openings, observers view last year's formidable production with a combination of glee and disbelief.

"I continue to be amazed by the boom in new course construction," said Lansing, Mich.-based architect Jerry Matthews. "I suppose I say that because I've been in this business for 30 years. It goes in cycles, as other businesses do. History tells us there is going to be a downswing; it's just a question of when."

Not any time soon, it would appear. According to the National Golf Foundation (NGF), more than 800 projects are in the construction phase, meaning any downswing almost certainly will not take place before the new millennium. While some 657 courses are scheduled to come on line this year, a more realistic figure is 450, according to NGF Vice President Richard Norton.

"Historically, about two-thirds of those projects under construction open during the calendar year," said Norton. "Last year, we increased the total golf course stock by 2 percent, which is steady. Many people see the golfer population remaining flat and ask, 'Why should the facility population grow?'

"Well, the trends overlap. In the 1980s, there was huge growth in demand. In the '90s, we see growth in supply. They're beginning to match up now, and we expect another surge beyond the year 2000 as Baby Boomers get older. We've also seen a surge in spending from the golfing public — investment in equipment and golf fees. This bodes well for growth on the demand side."

Norton noted that scads of course openings, for their own sake, are not necessarily positive market indicators. More encouraging, he said, was the positive distribution of the 434 new courses (262 start-ups and 162 expansions of existing facilities). Where playing rates are highest (the Midwest), development was strongest. Further, approximately 88 percent of the new courses opened were public-access, meaning all manner of player can patronize them.

Matthews' home state of Michigan — with the nation's highest participation rate — led the pack with 34 course openings, 28 of them daily-fee, resort or municipal. Another high-participation state, Florida, placed second with 31 openings, 22 of them public-access. North Carolina also opened 31 new facilities.

"If you take the Midwest and Southeast together, they account for nearly half the total course openings," Norton explained. "When it comes to participation, that's where golfers live. In the Midwest, we continue to see farmers converting their land into golf courses. In that region we also see many more options in terms of capital investment, from do-it-yourself projects that charge small green fees to multi-million-dollar projects that charge higher, resort fees.

"In the Southeast, there is less range. Projects are a little more high-end. They're driven by real estate and tourism, or more so than in the Midwest.

"It appears that projects are more economically driven — meaning they're located in places where they're needed, to fill a need in the marketplace. Financing continues to be more favorable than it was several years ago. But it's hard to generalize. In fact, it's stupid to generalize. Golf is a very regional business."

Developers seem to have learned some valuable lessons.

"Absolutely," said Joe Niebur, president of Niebur Golf, a Colorado Springs-based construction firm. "I've learned. The architects have learned. We demand a lot more information from owners."