John Walsh
Editor

A BAD NEWS CYCLE

Every time the economy slumps and people talk about a recession, the same question tends to arise: How bad will it get? I wish I could answer that question, and I'm sure many of you wish you could, too. During difficult economic times like these, many people also say, "It's gonna get worse before it gets better." Let's hope the fourth quarter of 2008 is the lowest part of this economic downturn. There's been enough bad news for the industry lately. Here are a few examples.

The U.S. economy and the stock market have taken a beating this year. It was a sad day for capitalism when the federal government approved a $700-billion financial institution bailout package. Banks were granting bad loans to people who didn't deserve – or couldn't afford – them. Then taxpayers bailed them out. The banks shouldn't have been bailed out because they created the problem. The saying, "As you make your bed, so you must lie in it," comes to mind. The stock market decline is even making the wealthy cautious. Builders say many owners are halting renovation projects, waiting for the market to improve.

The declining economy and housing market will continue to suppress the golf course construction market, including renovations. U.S. golf course developers are on track to open the fewest number of courses in 20 years, according to the National Golf Foundation. At press time, 65 courses have opened so far this year, and, based on the number of courses currently under construction, NGF estimates another 10 to 20 will open by year's end. NGF has lowered its forecast twice this year because of poor market conditions.

Then there's the whole "green" or environmental issue. Golf courses are getting hammered because they're perceived to be water wasters and polluters because of pesticide and fertilizer use. Various segments in the industry are working diligently to change that inaccurate perception. There's been plenty written about the "green" issue this year, including in this space and the pages of this magazine.

And don't forget growing the game, which has been difficult. Various industry associations have been doing their part to change that. Still, the number of golfers playing the game – about 25 million – has been stagnant for years, and an increase probably won't been seen for some time. Rounds also have been stagnant at about 500 million.

On top of all that, there's potential for even more bad news. You could be reading this column at a time in which Barack Obama has been elected president. No one knows for sure what an Obama administration will mean for golf, but many people in the industry are dreading obstructive environmental-related regulations.

Despite all this bad news, there's a bit of positive news, too. While course openings continue to decline, so do course closings, which reflects a correction in an oversaturated market. So far this year, there have been only 74 course closings, according to NGF, which forecasts the number of closings to be less than 100 by year's end. There were 146 closings in 2006 and 122 in 2007. It appears 2008 will be the third year in a row with zero to slightly negative net supply growth.

Also in the construction arena, Bob Pinson and his company, Course Crafters, are having the best year ever. (Read the article on page 24). I'm sure there are more bright spots that contrast the gloom and doom; this just happens to be one we covered in this issue.

In the past, the golf business has weathered many poor market cycles and obstructive governmental policies, and it will continue to do so. But at what cost? Who will survive this downturn? Who won't? It'll be interesting to see who emerges and how. Some will be bruised and battered; others will be unscathed.

Well, enough talk about the bad news. I'll keep observing the market, and hopefully, I'll be able to write more about good news next month. Hang in there. **GCI**

We would like to hear from you. Please post any comments you have about this column on our message board, which is at www.golfcourseindustry.com/messageboard.

GOLF COURSE INDUSTRY
Serving the Business of Golf Course Management

Vol. 20 No. 11

EDITORIAL
GIE Media, Inc.
4020 Kinross Lakes Pkwy, 2nd floor
Richfield, OH 44286
Phone: 800-456-0707
Fax: 330-659-0824

John Walsh
Editor
330-523-5361
jwalsh@gie.net

Marisa Palmieri
Senior editor
330-523-5375
mpalmieri@gie.net

ONLINE

Cindy Code
Director, interactive content
330-523-5331
ccode@gie.net

Heather Wood Taylor
Associate editor, interactive content
330-523-5348
htaylor@gie.net

Emily Mullins
Associate editor, interactive content
330-523-5346
emullins@gie.net

Golf Course Industry is published 12 times a year by GIE Media, Inc., which also publishes *Lawn & Landscape, Commercial Dealer, Snow Magazine, Pest Control Technology* and *Recycling Today* magazines. GIE Media is a leader in custom publishing, book publishing, database marketing, conferences and special events.