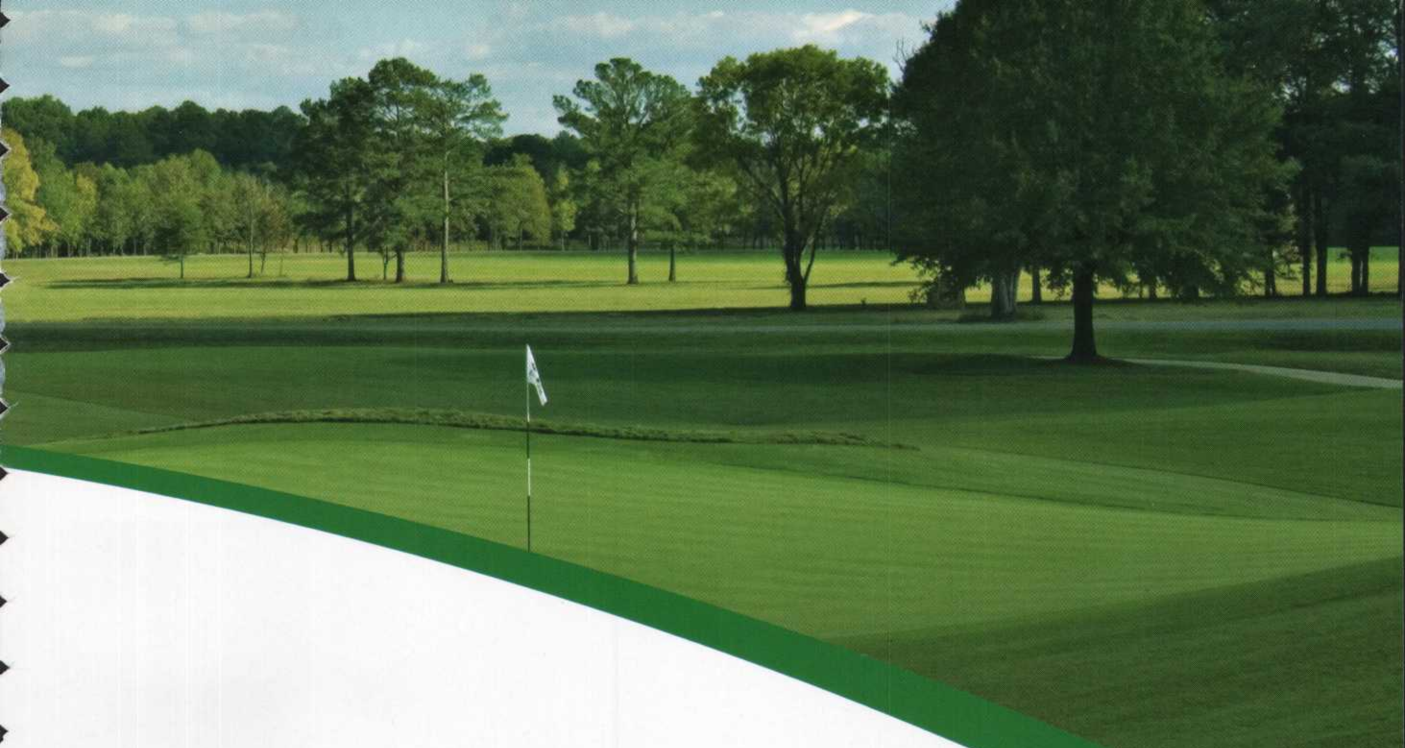

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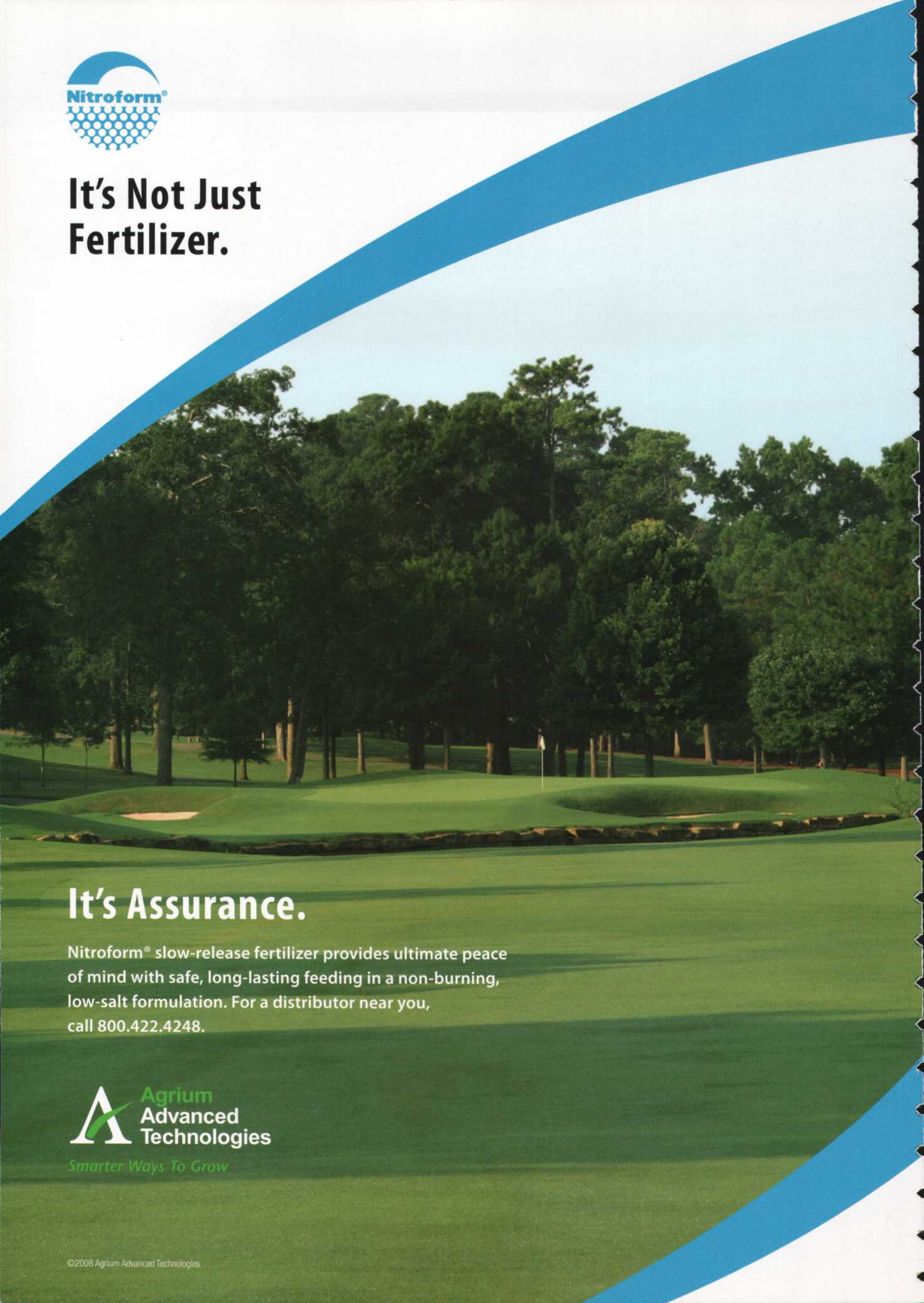
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Holding Steady

Our special report and survey reveals optimism about the industry's state, among other findings

BY LARRY AYLWARD, EDITOR IN CHIEF

When Joe Beditz picks up the morning newspaper, the president and CEO of the National Golf Foundation sees these headlines:

Gas Prices Could Hit $4 a Gallon Next Year
Mortgage Mess Gets Messier
War in Iraq Costing U.S. More Than $1 Trillion
The Consumer Price Index Soars

But Beditz doesn't let his jaw hit the floor. He stands firm, not letting the bad economic news get the best of him.

While Beditz realizes that such news impacts consumer spending — and that includes spending on golf — he is an optimist and believes the golf industry is holding its own during these tough economic times.

Yes, rounds are basically flat, according to his association's research, but Beditz views that as a victory.

"Rounds are holding," he says. "It's surprising they are holding under these economic conditions."

Beditz is not alone in his guarded optimism. So are many of his industry peers, including golf course superintendents. You can read about their views in the two-part story that leads off our seventh-annual *Golfdom* Report (see "The Bucket *Is* Half Full," page 6A).

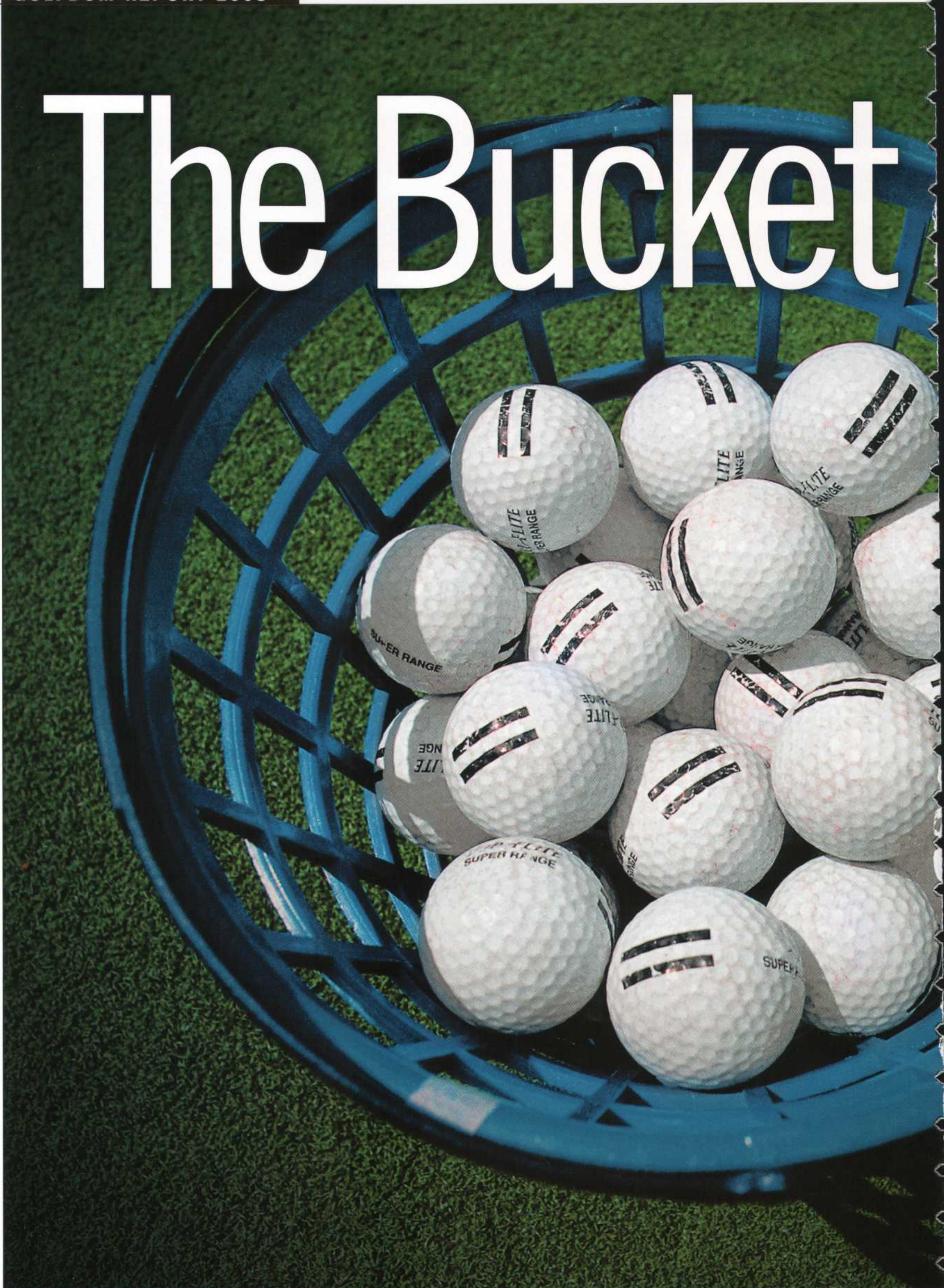
Also in the this year's *Golfdom* Report, Contributing Editor Ron Furlong, superintendent of Avalon Golf Club in Burlington, Wash., writes about how important it is to keep a high profile at the golf course in "Image Is Everything" (page 15A). Furlong tried laying low once and realized that wasn't a smart thing to do.

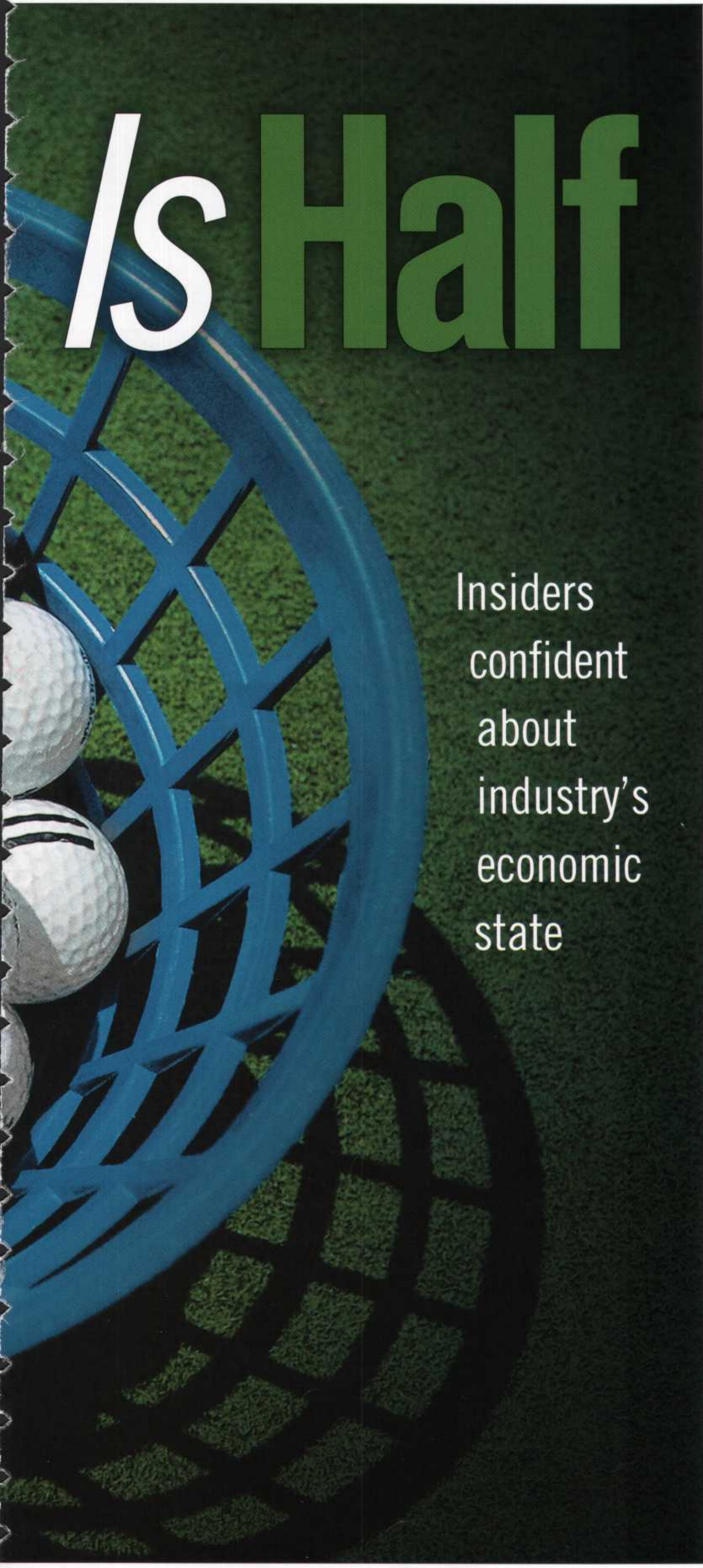
Throughout the *Golfdom* Report, we provide you with the results of our recent reader survey. Most of the results can be found in the report's final segment (page 19A). The results reveal, among other things, how happy superintendents are with the pay they receive. We conduct the survey annually to gauge superintendents' sentiments about their jobs and the profession. We had almost 650 responses (methodology is on page 20A).

Finally, we would like to hear what you think of this report. Contact me at laylward@questex.com to provide your views. ■

COVER PHOTO AND ABOVE PHOTO BY: ISTOCK INTERNATIONAL INC.

The Bucket





Is Half Full

Insiders confident about industry's economic state

BY LARRY AYLWARD, EDITOR IN CHIEF

STEVE HOLLEMBEAK is an upbeat guy. If the certified superintendent of Winfield Country Club sees a half bucket of balls on his golf course's driving range, he'll tell you the bucket is half full, not half empty.

That's saying something, considering what Hollembeak has been through the past few years at the course in Winfield, Kan.

It was just five years ago that Hollembeak was lamenting the economic hardships at his club. Winfield's membership was declining, and Hollembeak took a pay cut and slashed his maintenance budget to help make ends meet.

But there's a reason for Hollembeak's optimism these days. Things are looking up at Winfield ... a little bit, anyway.

Membership is back up a tad, and so is Hollembeak's maintenance budget after several years of decline. Hollembeak says he was even able to buy some "new" equipment last year — a used rough mower and a used bunker rake.

"We hadn't bought anything in five years," Hollembeak says. "But at least we got something."

Hollembeak's positive approach toward the golf industry's economic state seems right on with his peers' views,

Continued on page 8A

PHOTO BY: DIGITAL STOCK

Continued from page 7A

according to a recent *Golfdom* survey of almost 650 readers. *Golfdom* recently asked readers: How optimistic are you about the economic health of your facility? Thirty percent said "very optimistic" and 36 percent answered "kind of optimistic." Only 11 percent said they were "pessimistic." Twenty-percent were "neutral" in their views.

Readers' optimism could be related to the fact that 62 percent of them reported that rounds had risen at their golf courses in 2007, up 10 percent from the 2006 survey. Sixty-eight percent reported that revenue at their golf courses increased in 2007, compared to 59 percent in 2006.

Golf Datatech, a Kissimmee, Fla.-based golf market research firm, reported that rounds through October were up 0.7 percent compared to the previous year. The National Golf Foundation (NGF) estimates rounds were up 0.3 percent through October from the previous year.

While those figures are basically as flat as a laser-leveled tee box, NGF president and CEO Joe Beditz — another guy who has a half-full outlook — believes the slightest increase in rounds played equates to a victory for the golf industry, what with a shaky economy and all.

According to a recent report, the Consumer Price Index is rising like the cost of a new set of hybrid irons. Consumer prices have risen 4.3 percent the past year, which includes increased costs for gas, food, housing and medical care. Consumers have responded by gluing shut their wallets.

"Consumer spending is down," Beditz says. "We're also spending more than $1 trillion on a war. The price of oil is almost $90 a barrel. And the real-estate market is melting down. People are nervous. And when that happens, they pull their belts tighter."

It's not just golfers tightening their trousers. Beditz says people who like to dine out at restaurants are doing so less. A quick check of the facts reveals he's right. According to a November story in *Nation's Restaurant News*, 59 percent of Americans planned to eat out less during the next three months.

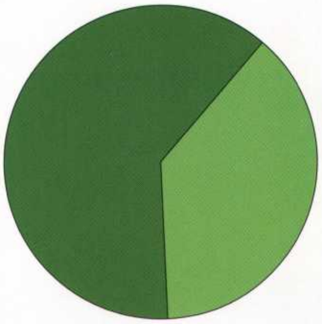
Rounds and Rounds

Number of golf rounds played in the United States from 2002 through 2007

2002	502.4 million
2003	495 million
2004	499.7 million
2005	499.6 million
2006	501.3 million
2007	Forecast as flat

Source: National Golf Foundation

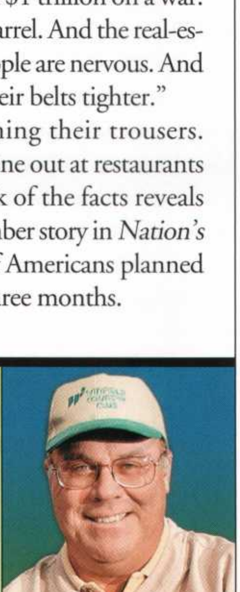
Did your course's rounds increase in 2007?
(639 responses)



Source: Golfdom Survey

Steve Hollembeak,
Winfield Country Club

"We'll just have to make do with what we've got. I've accepted that, and so have most of our board members."



"When consumer confidence is low and consumer spending is down, golf will suffer," Beditz says.

He adds quickly: "But the golf industry is not dying. It has a cold."

Beditz believes things will only get better.

"The housing market will recover, the stock market will become more stable, the dollar will strengthen, and consumer confidence will rise," he says. "And spending will increase in all sectors of the economy, including rounds played at golf courses."

While he's upbeat about the future, Hollembeak says things will never be the same at Winfield Country Club. It will never have as many members, and his maintenance budget will probably never be as high as it once was.

"Anybody who thinks it's going to get back to the way it was is fooling himself," Hollembeak says. "We'll just have to make do with what we've got. I've accepted that, and so have most of our board members."

Continued on page 10A

Continued from page 8A

Mike Hughes, CEO of the National Golf Course Owners Association (NGCOA), says many of his association's members have struggled with a similar realization. That said, they're content with the golf business, especially after the hit it took following 9/11.

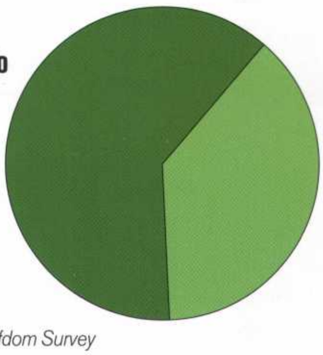
"The smart owners and operators have adjusted to the new reality," Hughes says.

Part of that reality includes adjusting to more competition by stepping up marketing initiatives.

"What you have to do is differentiate yourself in the marketplace and make sure you're delivering a perceived value compared to the competition," Beditz says. "If the competition lowers its prices, they may look like a little better value than you right now ... so you better increase your services if you want to hold your prices."

Hughes says the best operators have "cracked the code" on how to increase revenue while rounds are flat. Those operators have done that through strategic pricing in accordance with demand. They have also tapped ancillary revenue sources, including increasing food and beverage sales and booking more corporate outings, Hughes says.

Did your course's revenue increase in 2007?
(639 responses)



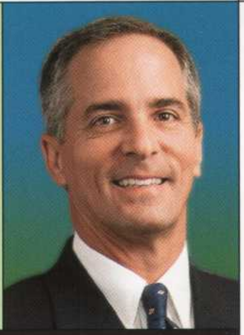
Source: Golfdom Survey

"There are operators whose rounds haven't moved very much, but whose revenue has moved in the right direction," Hughes says.

At Winfield, Hollembeak says the club has tried to differentiate itself by dropping the cost of its junior membership to attract more kids. The cost of two junior memberships now equals one adult membership, but it was a good move to attract new players. "Because before we were just an old country club fading into the dust with old-timers," Hollembeak says.

Mike Hughes,
National Golf Course Owners Association

"There are operators whose rounds haven't moved very much, but whose revenue has moved in the right direction."



Jeff Shelley, the editorial director of Golfconstructionnews.com, says his tracking firm reports that many resorts are trying to distinguish themselves from the competition by renovating. Shelley cites the renovation at the Resort at Pelican Hill in Southern California, which has two Tom Fazio-designed golf courses.

"They're trying to keep up with the Joneses, and the Joneses in this case would be Pebble Beach Golf Resort and some of the other resorts in the area," Shelley says.

The entire golf industry must separate itself from its entertainment competition to command more of the public's spending dollars, insiders say. A part of that has to do with growing the game, of course.

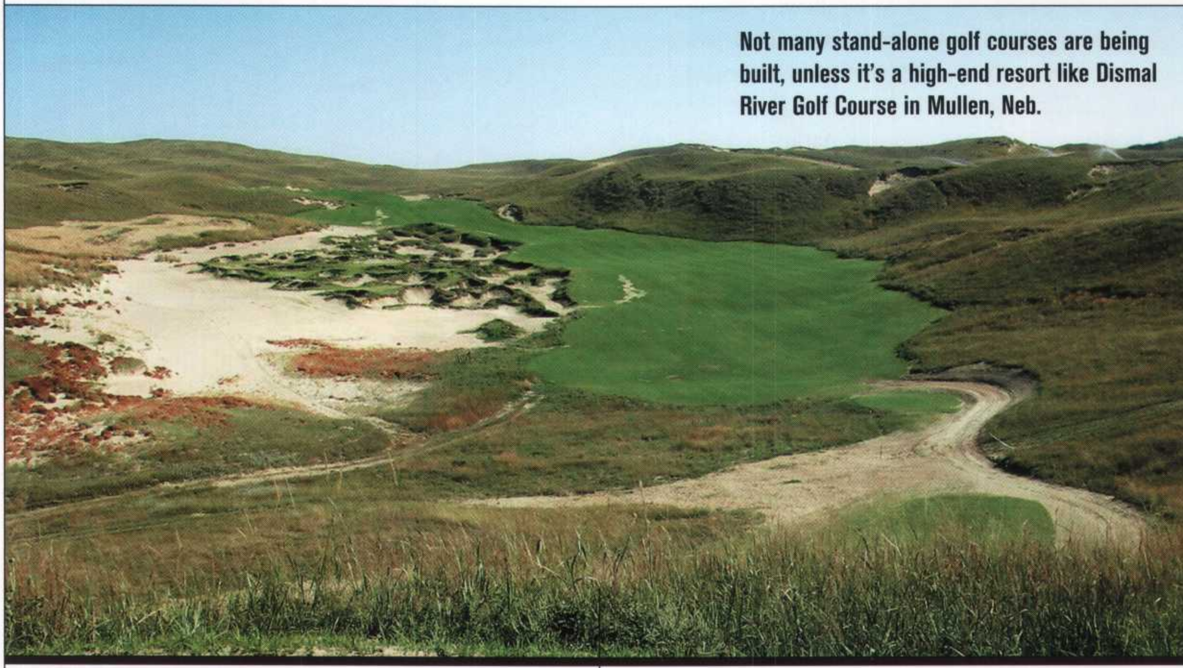
Beditz says player-development programs need to start showing better results. "We're not really moving the needle yet, and now is the time to move it," he adds.

Hughes says owners and operators must become more creative to attract new players. "We have to look at the game through the customers' eyes." Hughes is confident that the job will get done. "There's a lot to be said for the entreprenurial spirit of the people in our industry and our country."

Brit Stenson, director of design for IMG Golf Course Design, is all for growing the game and introducing it to new people. The problem is that too many golf courses are too difficult for new players. Stenson says more courses need to be designed and built to be player-friendly. However, too many owners/developers let their egos get in the way in their quests to build the "toughest golf course in town."

"As a designer, you want a course to play pretty tough," Stenson says. "But I think we've gone a little overboard as an industry in trying to make a statement. ... We have to be real careful of that. Golf is a tough enough game as it is. If we make these courses so hard that nobody can play them, then they're doomed." ■

Negative net course openings is a positive for the industry, experts agree



Not many stand-alone golf courses are being built, unless it's a high-end resort like Dismal River Golf Course in Mullen, Neb.

PHOTO COURTESY: DISMAL RIVER CLUB

BY LARRY AYLWARD, EDITOR IN CHIEF

A stock market-like correction continued in the golf course industry in 2007. For the second year in a row, the net growth of 18-hole golf courses opening in the United States in 2007 was below zero. But it might be on the rebound.

The National Golf Foundation reported minus 26.5 net golf course openings — the combination of course openings minus course closures — in 2006, the first time the statistic was in the red in 60 years. Joe Beditz, president and CEO of the NGF, told *Golfdom* in December that net growth would remain in the red for 2007. While he couldn't provide an exact number at press time, Beditz says data suggests it won't be as low a number as in 2006.

But Beditz doesn't view the negative numbers as a negative situation entirely. In fact, his take on the matter is positively positive.

Beditz says what's happening in the golf course industry is like another day on Wall Street. You know, the Dow Jones Industrial shoots up 250 points one day and goes down 275 points the next day.

Beditz and others in the golf industry view waning supply as a much-need correction in an industry that was overbuilt in the 1990s and early 2000s. It is basic economics — the supply of golf courses has exceeded demand.

"Over the last 15 years, the golf course industry has had more than 4,500 openings," Beditz says. "So if we're down a little against 4,500 up, this is not a major correction. This is like the Dow going to 18,000 and then dropping back to 17,500."

While the NGF recorded a 56 percent increase in the number of closures between 2005 and 2006 (from 93.5 to 146), Beditz says the courses were mostly older "value" courses (under $40 for peak

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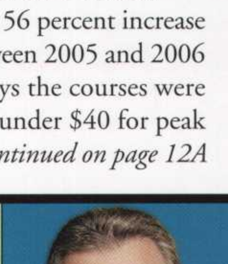
Joe Beditz,
National Golf Foundation



"Over the last 15 years, the golf course industry has had more than 4,500 openings."

Continued from page 11A

green fee) whose fairways and greens had seen better days. "I think most of these closures are not failures," he says.

Beditz also points to the fact that there are plenty of new courses opening nationwide, especially in regions like the coastal Carolinas where market conditions are good.

"It's not like we've stopped building golf courses," he says.

Brit Stenson, director of design for IMG Golf Course Design, was around in 2000 when the industry had a net growth of 375 golf courses. Like Beditz, Stenson isn't overly concerned about new golf course construction heading the other way.

"We were going at a furious pace there for awhile," Stenson says. "But I assume we'll come out of this stronger than ever."

Mike Hughes, CEO of the National Golf Course Owners Association (NGCOA), has cited the correction as a "healthy thing" for the golf economy. Hughes says the courses that have remained open in thinning markets are benefiting from more play.

"They will tell you in Myrtle Beach that rounds per golf course are increasing, even though total rounds haven't changed," he says.

Many of the closures during the past few years weren't tear-jerker stories, Hughes and Beditz point out. In fact, people walked away from these transactions with smiles pasted on their faces. These closures, which Beditz calls "cash outs," equate to course owners selling high-priced land to developers.

Beditz says the owner who closes a rundown nine-hole course in a major metro area — and sells the high-priced land for $10 million — is not a tragic character in a sad story.

"That just says that the value of the land far exceeds the value of the cash flow coming off the nine-hole golf course," Beditz adds.

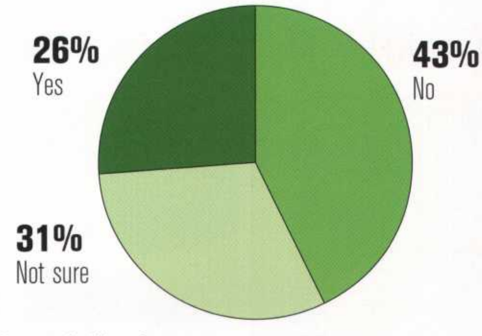
In Myrtle Beach, for example, Mitchell Wilkerson, the certified superintendent of Moss Creek Golf Club in nearby Bluffton, S.C., says, "If a golf course is only bringing in $25 or $30 a round, it's more worth it for the owner to gut the whole thing and put up condos."

There were a few closings that were failures, which Beditz defines as "distressed sales" or courses changing hands for reduced rates. "That's when you buy a golf course for $12 million, and you have to turn around and sell it for $8 million," Beditz says.

While Beditz and Hughes urge people not to be alarmed by the low number of net golf course openings, some industry maintenance equipment and product suppliers believe the net number of openings is hurting their businesses. Beditz says many of the closed courses were low-end facilities that didn't buy a lot of equipment and supplies to begin with. On the other hand, the 120 new private and public 18-hole courses that opened in 2006 all had maintenance facilities that needed to be equipped, he adds.

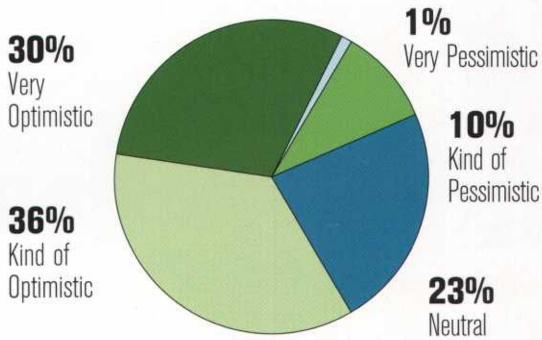
Continued on page 14A

Are you confident the national economy will improve in 2008? (641 responses)



Source: Golfdom Survey

How optimistic are you about the economic health of your facility? (639 responses)



Source: Golfdom Survey

Brit Stenson,
IMG Golf Course Design

"We were going at a furious pace there for awhile. But I assume we'll come out of this stronger than ever."