

THE WASHINGTON GOLF ECONOMY

SUMMARY

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The Economic Impact of Washington Golf

Washington's \$1.2 billion golf industry generated a total economic impact of \$1.6 billion in 2015, supporting over 22,000 jobs with wage incomes of \$499 million.

Home to 246 golf facilities and the host of the US Open Championship in 2015—golf in the “Evergreen State” is a key industry contributing to the vitality of Washington’s economy.

In 2015, the size of Washington’s direct golf economy was approximately \$1.2 billion. This is comparable to revenues generated by other key industries in the state, such as frozen food manufacturing (\$2.7), data processing (\$1.9 billion), and cattle raising (\$1.0 billion).

Golf brings visitors to the state, spurs new residential construction, generates retail sales, and creates demand for a myriad of goods and services. **In 2015, Washington’s \$1.2 billion golf industry generated a total economic impact of \$1.6 billion in 2015,**

supporting over 22,000 jobs with wage income of \$499.1 million.

Since SRI’s 2007 study of the Washington golf economy, the state has experienced strong growth in golf supplies, due to an increase in the number and size of golf manufacturers in the state, and growth in tourism and tournament revenue, driven by the US Open Championship and an influx of other golf tourists to the state. The overall industry’s growth has been hindered by contractions in golf course capital investments and golf real estate, due to the lingering effects of the recession of 2007 to 2009. As a result, the golf industry’s total direct economic impact in 2015 contracted marginally in nominal terms relative to 2007. The table below compares the size of Washington’s golf economy in 2007 and 2015.

Washington’s Golf Economy, 2015 versus 2007

| Industry | 2007 | 2015 | 2015 Total Impact | | | | |
|---|------------------|------------------|-------------------|----------------|---------------------|---------------|--------------------------|
| | Direct (\$ M) | Direct (\$ M) | Indirect Impact | Induced Impact | Total Output (\$ M) | Total Jobs | Total Wage Income (\$ M) |
| Golf Facility Operations | \$451.1 | \$473.5 | → | | \$663.0 | 11,375 | \$214.5 |
| Golf Course Capital Investments* | \$101.2 | \$38.2 | → | | \$15.3 | 122 | \$4.8 |
| Golf-Related Supplies | \$114.5 | \$119.7 | → | | \$184.6 | 1,435 | \$43.0 |
| Tournaments & Associations | \$11.3 | \$19.0 | → | | \$27.8 | 300 | \$10.4 |
| Real Estate** | \$154.7 | \$47.1 | → | | \$62.5 | 498 | \$19.6 |
| Hospitality/Tourism | \$361.2 | \$464.7 | → | | \$678.5 | 8,738 | \$206.9 |
| TOTAL | \$1,193.9 | \$1,162.2 | → | | \$1,631.6 | 22,469 | \$499.1 |

Note: Columns may not sum due to rounding. To calculate golf’s total economic impact, SRI subtracted from the direct golf economy impact of \$1,162.2 million the portion of capital investments that is investment in existing facilities (\$31.2 million of \$38.2 million) and the portion of real estate that is the realized golf premium associated with the sale of real estate in existing developments (\$18.6 million of \$47.1 million). This is because:

*Golf course capital investments—Only new course construction has an indirect and induced economic impact. Other types of facility capital investment are typically financed through facility revenues and, therefore, are omitted to avoid double counting.

**Real Estate—Only golf residential construction has an indirect and induced impact. The golf premium associated with golf real estate is considered a transfer of assets rather than new economic activity.

Industries

The golf economy begins with the golf facilities themselves and with other core industries that produce goods and services used to operate facilities and to play the game (e.g., equipment and apparel, turf maintenance, course construction, club management). The game of golf further enables other industries, including golf tourism and golf real estate development.

Core Industries

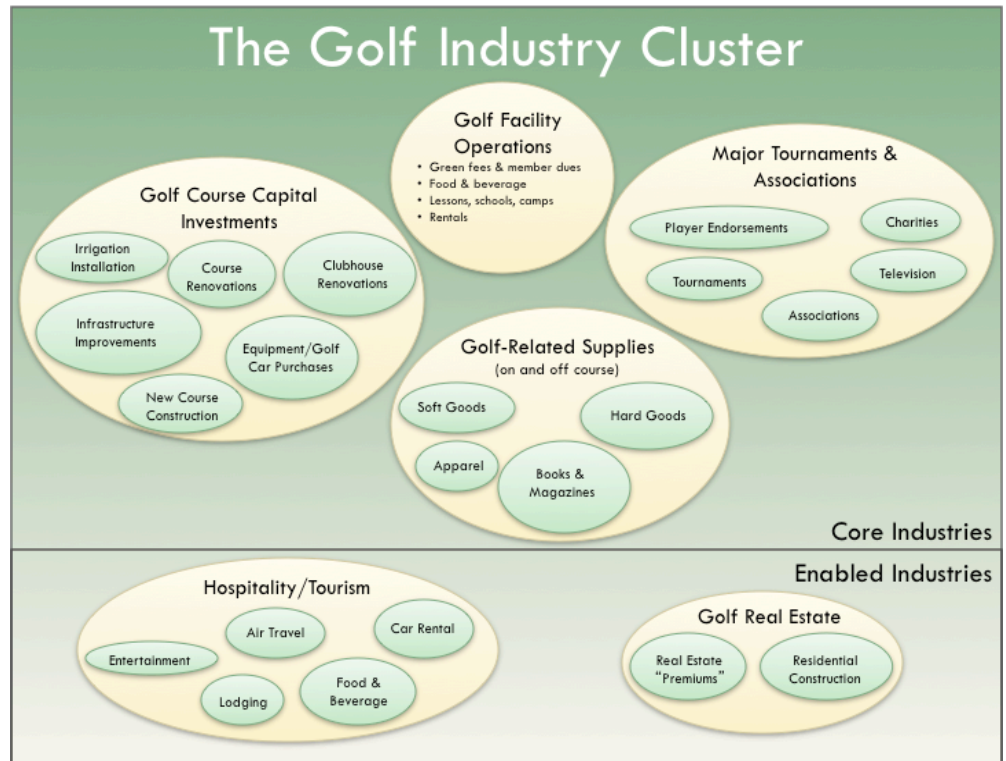
Golf Facility Operations: Washington's 246 golf facilities, 31 stand-alone ranges, and 22 miniature golf facilities generated \$473.5 million of revenues in 2015. Golf revenues were comparable to the combined revenues of all other spectator sports—football, baseball, basketball, hockey, and soccer, etc.

Golf Course Capital Investments: Washington's golf facilities made \$38.2 million of capital investments in 2015: \$31.2 million in existing facilities and \$7.0 million in the construction of new courses and major renovations to existing courses.

Golf-Related Supplies: Out-of-state value-added shipments of golf products by

Washington manufacturers (e.g., Cutter & Buck, Redbird Sports, Szen Corp, and others) were approximately \$79.8 million in 2015. In addition, the margin made on state retail sales of golf equipment, apparel, and media totaled approximately \$39.9 million.

Major Tournaments and Associations: In 2015, Washington hosted two major golf championships: the 2015 U.S. Open Championship and the Boeing Classic, a Champions Tour event. In-state expenditures to host these events, along with spending by regional, state, and local golf associations to support junior and amateur events and other activities, generated \$19.0 million.



Enabled Industries

Golf Real Estate: Golf-related residential construction totaled \$28.53 million in 2015. The "golf premium" generated by sales in Washington's 52 golf communities was \$18.6 million.

Hospitality/Tourism: SRI estimates that golf drew overnight visitors and day-trippers to courses around the state, spurring \$464.7 million in tourism spending in 2015.



Future

The continued health and growth of the golf industry has a direct bearing on future jobs, commerce, economic development, and tax revenues for a large number of Washington's communities and industries.



Size of Washington's Golf Economy in Comparison to Other Industries, 2015 (\$ billion)

| | |
|--|---------------|
| Frozen Food Manufacturing | \$2.74 |
| Data processing, hosting, and related services | \$1.95 |
| Golf | \$1.16 |
| Cattle (agriculture) | \$1.03 |

Source for non-golf data: U.S. Census Bureau, 2012 Economic Census, Geographic Series: Frozen Food Manufacturing (NAICS 31141) and Data processing, hosting, and related services (NAICS 5182). 2012 revenues adjusted to 2015 dollars using the GDP deflator.

U.S. Department of Agriculture, Economic Research Service (2015), "Top Commodities, Exports, and Counties," Washington State Fact Sheet.

- The importance of golf in Washington extends beyond the golf facilities themselves. With \$1.2 billion of direct economic activity in 2015, the sheer size of the game of golf makes it a major industry in its own right and a significant contributor to Washington's economy.
- Washington's golf industry is comparable in size to other important industries in the state, including frozen food manufacturing, data processing, and cattle raising.
- In 2015, golf facility operations represented the largest golf industry segment in terms of revenue, followed by golf hospitality/tourism and golf-related manufacturing.

Washington Golf Gives Back

- Washington golf course owners, club managers, and PGA professionals are happy to serve as access points for fundraising by local service organizations.
- Washington's golf industry makes substantial contributions to a variety of charities. At the championship level, the Boeing Classic has donated more than \$6 million over the last 11 years to various local charities. Their main beneficiary is the Benaroya Research Institute at Virginia Mason Medical Center, which focuses on researching treatments for autoimmune diseases. Other local charities supported by the tournament include A Better Seattle and First Tee.
- Charitable golf events organized at the local level also generate significant contributions for organizations across Washington. Examples include Meridian Valley Country Club's Muckleshoot Casino Washington Open, which benefits the Folds of Honor Foundation. Other examples include the Rosauers Open, which benefits the Vanessa Behan Crisis Nursery, the IAPD Northwest Charitable Golf Tournament, which awards scholarships to deserving university students, and the Washington C.L.U.B. Charity Golf Classic benefitting the Holly Ridge Center, Seattle Children's, and the Diabetes Research Institute.
- The total amount of charitable giving attributed to the game of golf in Washington was roughly \$38.5 million in 2015.

The full version of The Washington Golf Economy report is available at:

<http://www.golf2020.com/research/economic-impact-reports.aspx>