

THE WASHINGTON GOLF ECONOMY

FULL REPORT

This report was commissioned by
GOLF 20/20 for the
Golf Alliance of Washington
and prepared by SRI International





The Washington Golf Economy

Published January 2017 through an agreement with



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Acknowledgements

This report was prepared by SRI in agreement with GOLF 20/20, the Washington State Golf Association, the Pacific Northwest Section of The PGA of America, the Pacific Northwest Golf Association, the Western Washington Golf Course Superintendents Association, and the Evergreen Chapter of the Club Managers Association of America. In addition, support for this report comes from the following allied national golf organizations: CMAA, GCSAA, LPGA, NGCOA, PGA of America, PGA TOUR, and USGA.

The Washington Golf Economy study was conducted by Daniel Querejazu and Nikhil Kalathil at SRI International with contributions from individuals representing the Washington State Golf Association, the Pacific Northwest Section of The PGA of America, the Pacific Northwest Golf Association, the Western Washington Golf Course Superintendents Association, and the Evergreen Chapter of the Club Managers Association of America.

ACRONYMS

CMAA	Club Managers Association of America
GCBA	Golf Course Builders Association of America
GCSAA	Golf Course Superintendents Association of America
LPGA	Ladies Professional Golf Association
NGCOA	National Golf Course Owners Association
NGF	National Golf Foundation
PNGA	The Pacific Northwest Golf Association
PNWPGA	Pacific Northwest Section of The PGA of America
PGA	The Professional Golfers' Association of America
WSGA	Washington State Golf Association
WWGCSAA	Western Washington Golf Course Superintendents Association
USGA	United States Golf Association

STUDY OVERVIEW

Home to 246 golf facilities and host of the 2015 U.S. Open Championship—golf in Washington is more than just an enjoyable pastime. It is a key industry contributing to the vitality of local communities and the state economy. In 2015, the size of Washington’s direct golf economy was approximately \$1.2 billion. Golf brings visitors to the state, drives new construction and residential development, generates retail sales, and creates demand for a myriad of goods and services. When the total economic impact of these golf-related activities is considered, Washington’s golf industry supported approximately \$1.6 billion of total economic activity, over 22,000 jobs, and \$499.1 million of wage income in 2015.

This report represents the second study estimating the impact of the golf industry on Washington’s economy. SRI conducted a previous economic impact study for the base year 2007. Since that study, the state golf economy as experienced strong growth in several key industry segments: 1.) Golf manufacturing, due to an increase in the number and size of golf manufacturers in the state; 2.) Golf tourism, driven by the US Open Championship and an influx of other golf tourists to the state; and 3.) golf tournament revenue, again driven by the presence of the U.S. Open Championship and a number of other professional and amateur tournaments in the state.

Balancing this growth was a contraction in golf course capital investments and golf real estate, due to the lingering effects of the recession of 2007 to 2009. Although 2007 was technically a recessionary year, many construction projects were already underway and still represent historical highs. The housing bubble leading up to the recession contributed to an oversupply of homes post-recession, and the construction market is only now starting to pick up again.

As a result, Washington’s overall golf industry contracted marginally (by 2.6 percent) in nominal terms, with a larger decline in real terms (by 13.9 percent) from 2007 to 2015. SRI estimates that the Washington golf industry generated \$1.19 billion of economic activity in 2007, and \$1.16 billion in 2015. Looking forward, Washington’s golf industry is poised to regain more ground as economic conditions continue to improve in the state.

ANALYTICAL FRAMEWORK

Current economic studies of the golf industry in different states emphasize various factors and outcomes. For example, one may focus largely on the turf industry, while another might examine the impact of sports and recreation-related tourism more broadly. Ideally, one would want to include all the key activities and industries that are enabled by, and benefit from, the game of golf. To meet this goal, SRI has developed a standardized economic impact framework that can be employed to measure a comprehensive set of golf-driven industry components. This state-level framework draws on the conceptual model of the golf economy developed in SRI's 2000 national-level *The Golf Economy Report* and the state-level *The Washington Golf Economy Report*, published in 2010 using data from 2007.

A. GOLF INDUSTRY CLUSTER DEFINITION

To arrive at economic impact, one must first estimate the size of the golf economy in the state. This entails mapping out where the golf industry begins and ends, and then estimating the size of each of these industry segments. We divide the golf industry cluster into two main categories: (1) core industries and (2) enabled industries (see figure below). The golf industry cluster begins with the golf facilities themselves and with those other core industries that produce goods and services used to operate facilities and to play the game: golf equipment and golf apparel manufacturers, golf course architects and course builders, turf maintenance equipment and service providers, and club management services. The game of golf further enables a number of other industries, such as golf-related tourism and real estate development.

We detail these industry segments and estimate their size in the following section. Having defined the core and enabled golf industries, it is possible to estimate the size of each industry segment and to total them for an overall estimate of the size of the golf economy. Multipliers can then be applied to calculate the ripple effects of these economic activities in terms of: (1) impact on total state economic output and (2) impact on total state employment. However, this process is complicated by the fact that while most of these industries produce golf-related goods and services, the firms themselves may not limit their activities exclusively to the golf industry. For example, Cutter & Buck produces golf apparel, but also outerwear and other athletic and casual apparel. Therefore, in general, our approach is to include only those firms and sales that are directly attributable to the game of golf. In so doing, we use a number of different estimation techniques to ensure that our final estimates are reasonable and robust.



Moreover, additional data challenges and location factors make estimation more difficult at the state-level than the national-level. For example, many of the major golf equipment manufacturers have production facilities in just a few states. Similarly, several of the major golf association headquarters are located in Florida. The presence of such firms, associations, or a number of well-known courses will change the size of golf's economic impact in the state considerably. Therefore, one should consider the size of the golf economy and the game's economic impact in the state in relation to the size of the overall economy and other major industries in that state.

B. DATA SOURCES

SRI developed its framework for measuring state golf economies based on a broad set of existing sources and data. Although there have been several state-level impact studies conducted in the past by numerous golf constituencies, few have used a similar methodology, resulting in very different estimates depending on the golf economy elements included. A great deal of data is collected on the golf economy by many organizations on a regular basis. For example, government agencies, national golf associations, and national associations in the enabled industries collect data on different industry elements periodically—annually, every few years, or every five years. In addition, these data are based on a relatively consistent

set of inputs by large numbers of constituents. Therefore, the principal challenges involve acquiring the data, inflating or deflating the estimates for the proper target year, and then combining them to represent the entire golf economy in the target year. The core and enabled industry indicators and data sources we have identified are as follows:

State Golf Economy Indicators and Data Sources		
Indicator	Primary source	Cross-validation source
Golf Facility Operations		
# of golf course facilities by type	PGA Facility Database, multiple years (2007-2016 data)	NGF Facility Database, multiple years; state golf associations; 2012 Economic Census
Avg. revenues by type of facility	PGA Facility Operations Survey, multiple years (2008-2016 data)	2012 Economic Census; National Golf Foundation; state task force
# of rounds by facility type	2016 PGA Operations Survey (2015 data)	National Golf Foundation
Golf Course Capital Investments		
Avg. capital investment by type of facility	GCSAA Compensation Survey (2011 data)	National Golf Foundation; state task force
# of golf courses under construction in current year	National Golf Foundation (2016 data)	NGF Construction database; state task force
Avg. cost of construction per new course	Golf Course Builders Association of America	State task force; interviews with golf course builders in state
Golf-Related Supplies		
Golf-related manufacturing exports	Company annual reports; SEC filings; interviews	Company interviews; state task force
Golf equipment	National Sporting Goods Association (2016 data)	PGA Facility Database (2016 data)
Golf apparel	National Sporting Goods Association (2016 data)	PGA Facility Database (2016 data)
Golf media	Book Industry Study Group/ Association of American Publishers (2013 data)	2012 Economic Census
Associations, Tournaments & Charitable Giving		
# of major state-level golf associations	State counterparts of national golf associations	State task force
Annual expenditures/budgets	State golf associations	IRS Form 990
# of major tournaments held in state	State task force	PGA TOUR, LPGA
Visitor attendance at tournaments, tournament revenues	Major golf associations	State tourism agency; national golf associations; state golf associations
Revenues raised through charitable golf events	National Golf Foundation (2011 data)	Sampling of golf professionals and club managers to identify # of tournaments and average amount raised
Real Estate		
# of residential golf courses under construction	National Golf Foundation	Online research
# of lots per course	Real estate development site plans; interviews with real estate developers	Real estate agents

Avg. construction costs per home and real estate premium	Interviews with real estate developers	Real estate agents
Hospitality/Tourism		
# of golf travelers or # of golf-related trips to the state Avg. spending per traveler or per trip	Dean Runyan Associates; Longwoods International National Golf Foundation (2003 data); Online Research	State department of tourism/recent surveys/studies State department of tourism/recent surveys/studies

THE SIZE OF WASHINGTON’S GOLF ECONOMY

SRI’s estimates of the size of each of the six golf industry segments and the overall golf economy in 2007 and 2015 are presented in the table below. SRI estimates the total size of Washington’s golf economy in 2015 was approximately \$1.16 billion, down from \$1.19 billion in 2007. There were declines in several golf economy segments: golf course construction, capital investments, and real estate. Balancing these declines was growth in golf hospitality and tourism, golf-related manufacturing, and major tournament revenue.

Size of Washington’s Golf Economy in 2015 and 2007 by Industry Segment (\$ millions)		
	2015	2007
CORE INDUSTRIES		
Golf Facility Operations	\$473.5	\$451.1
Golf Course Construction and Capital Investments	\$38.2	\$101.2
Golf-Related Supplies (retail margin and manufacturing exports)	\$119.7	\$114.5
Major Golf Tournaments and Associations	\$19.0	\$11.3
Total Core Industries	\$650.4	\$678.1
ENABLED INDUSTRIES		
Real Estate	\$47.1	\$154.7
Hospitality/Tourism	\$464.7	\$361.2
Total Enabled Industries	\$511.8	\$515.9
TOTAL GOLF ECONOMY	\$ 1,162.2	\$1,194.0

Note: Column sums may not sum due to rounding of individual estimates. Numbers also have not been adjusted for inflation but are expressed as nominal dollars.

A. CORE INDUSTRIES

Golf Facility Operations

At the center of any golf economy lie the golf facilities—the largest component in terms of revenues. The revenue that flows through a golf facility comes primarily from green fees, membership fees, golf cart rentals, lessons, and associated spending on food and beverages. This revenue, in turn, supports a host of supply sectors including golf equipment and apparel designers and manufacturers, food and beverage providers, and turfgrass equipment and maintenance service providers. Washington’s 246 golf courses, 31 stand-alone ranges, and 22 miniature golf facilities generated \$473.5 million of revenue in 2015. This represents experienced a net nominal increase (and real decrease) from \$451.1 million in 2007 (\$509.7 million in 2015 dollars when adjusted for inflation). This decline in real terms is due to a decrease in the

total number of golf facilities in Washington over the period from 2007 to 2015, while average revenues for facilities of all types relatively unchanged in real terms.

Washington Golf Facility Revenues in 2015 (\$ millions)	
Golf Facilities	\$454.5
Practice Ranges & Alternative Facilities	\$19
TOTAL¹	\$473.5

Note: ¹ Golf facility revenues exclude on-course merchandise sales, which are included in the Golf-Related Supplies industry segment.

Golf is a sizeable industry, comparable in size to other popular revenue-generating sports. For example, Washington’ golf facilities generated revenues comparable to all other spectator sports in the state combined—football, baseball, soccer, and racing. These other sports generated revenues of \$803 million in 2012 (latest available year for this data), or \$839.5 million in 2015 inflation-adjusted dollars.¹

Golf Facility Capital Investments

Golf facilities generate economic impacts beyond operational expenditures through investments to upgrade and maintain facilities and infrastructure, and through the construction, expansion, and renovation of courses. These investments create employment in the construction and maintenance industries and often involve the purchase of significant amounts of equipment and supplies from companies within the state. SRI’s estimate of Washington’s golf facility capital investments is divided into two segments: (1) capital investments at existing facilities and (2) new course construction and major renovations. Together, Washington’s golf facilities made \$38.2 million worth of capital investments in 2015: \$31.2 million of investments at existing facilities and \$7 million for the construction of new courses or for major renovation projects.

By comparison, Washington’s golf facilities made \$101.2 million in total capital investment in 2007, which includes \$47.8 million of investments at existing facilities and \$53.5 million for the construction of new courses. (When adjusted for inflation, these figures are \$114.4 million for total capital investments: \$54 million at existing facilities and \$60.5 million for the construction of new courses in 2015 dollars.) The decrease in total capital investments from 2007 to 2015 reflects a significant decline in new course construction, while investment at existing facilities declined slightly over this period.

¹ U.S. Census Bureau (2014). *Washington: 2012, 2012 Economic Census, Arts, Entertainment & Recreation Geographic Series*, August 2014.

Washington Golf Facility Capital Investment and New Course Construction in 2015 (\$ millions)	
Golf Facility Capital Investments¹	\$31.2
New Course Construction and Major Renovations	\$7
TOTAL	\$38.2

Note: ¹ Only the New Course Construction category is included in the economic impact analysis, because it represents new economic output or activity. Golf facility capital investments are typically financed through golf facility revenues, so including both Golf Facility Capital Investments and Golf Facility Operations in economic impact analysis would result in double-counting.

Golf-Related Supplies

Washington golfers spend significant sums on golf balls, golf clubs, golf apparel, and golf media (books, magazines, DVDs). The economic value that accrues to a state comes from the production of these golf-related goods, as well as retail sales of such items. Washington is home to some notable golf equipment manufacturers, such as Tommy Bahama, Cutter & Buck, and Redbird Sports, in addition to a number of smaller golf equipment and accessories manufacturers in the state—AKGC INC, Golf Greens Fore U, Lopaka Golf LLC, etc. SRI’s analysis of golf-related manufacturing focuses on companies’ out-of-state sales, since the value of products that are sold in Washington is captured in the retail portion of the Golf-Related Supplies segment. In 2015, SRI estimates that the value-added shipment of these products generated \$79.8 million, up from \$58.6 million in 2007 (or \$66.2 million in 2015 inflation-adjusted dollars).

Washington Manufacturers’ Value-Added Exports of Golf-Related Products in 2015 (\$ millions)	
TOTAL	\$79.8

On the retail side, Washington retailers earned approximately \$39.9 million on the sale of \$98.8 million of golf equipment, apparel, and media. By comparison, in 2007, Washington retailers earned approximately \$55.9 million (or \$63.2 million in 2015 dollars when adjusted for inflation) on the sale of \$140.4 million (or \$158.7 million in 2015 dollars) of golf-related merchandise, representing a decrease in real terms from 2007 to 2015. Most of the decline in retail sales is due to a major drop in sales of golf equipment between 2007 and 2015 – sales of golf apparel and golf media have held steady during that period. Overall, from 2007 to 2015, the Golf-Related Supplies segment (consisting of value-added exports plus retail margin) experienced a net nominal increase (and real decrease) from \$114.5 million (or \$129.4 million in 2015 dollars when adjusted for inflation) to \$119.7 million, due to a decline in retail sales of golf equipment in Washington during these two periods.

Washington Retailers' Net Revenues on Consumer Purchases of Golf-Related Supplies in 2015 (\$ millions)		
	Total purchases	Retail sales margin
Golf Equipment (retail margin)	\$74.9	\$30.3
Golf Apparel (retail margin)	\$23.6	\$9.5
Golf Media (retail margin)	\$0.3	\$0.1
TOTAL	\$98.8	\$39.9

Note: This includes on-course and off-course purchases of golf equipment, apparel, and media. Column does not sum due to rounding.

Associations, Major Tournaments & Charitable Giving

Associations

Numerous associations represent the game of golf in Washington. The largest golf associations include the Washington State Golf Association (WSGA), the Pacific Northwest Section of The PGA of America, the Pacific Northwest Golf Association, the Western Washington Golf Course Superintendents Association, and the Evergreen Chapter of the Club Managers Association of America. The Seattle Junior Golf Foundation (First Tee of Greater Seattle), the Pacific Northwest PGA Junior Golf Fund, Yakima Youth Golf Organization, the Grass Roots Junior Golf Foundation, and smaller First Tee chapters around Washington all support the development of young golfers in the state. Washington is also home to a variety of other associations that support senior golfers, women golfers, turfgrass growers, as well as other aspects of the game of golf.

In 2015, Washington golf associations generated approximately \$7 million of expenditures. In 2007, SRI estimated expenditures by Washington associations to be \$7 million (or \$7.9 million in 2015 dollars when adjusted for inflation)—most of the decrease in real terms in the 2015 estimate is attributed to a small decline in annual expenditures among the larger associations in the state since 2007.

Major Tournaments

Washington hosted two major golf championships in 2015: The state was home to the 2015 U.S. Open Championship, which was hosted at the Robert Trent Jones II-designed Chambers Bay Golf Course—one of the few municipal courses nationwide to host the U.S. Open and the first Pacific Northwest course to do so. Additionally, Washington is home to the Boeing Classic, a Champions Tour event. The tournament is held annually in late August at the TPC at Snoqualmie Ridge, located 25 miles east of Seattle at the foothills of the Cascade Range. Major golf championships such as these—in addition to amateur golf events—generate significant tourism revenues and economic impact for local economies because of the

number of players, officials and golf enthusiasts they bring to a state. The U.S. Open Championship, in particular, was a major source of tourism revenues for the state in 2015. The accommodation and tourism-related expenditures from this event and others are captured in the tourism segment of the report.

Altogether, these two golf events in Washington generated approximately \$12.1 million in 2015, excluding the tournament purse and costs for TV broadcasting. In comparison, the one major tournament hosted by Washington in 2007 generated \$4.3 million (or \$4.9 million in 2015 dollars when adjusted for inflation).

Washington's Major Golf Tournament & Association Revenues in 2015 (\$ millions)	
Associations	\$7.0
Major Tournaments	\$12.1
TOTAL	\$19.0

Note: Numbers may not sum due to rounding

Charitable Giving

Washington's golf industry makes substantial contributions to a variety of charities. At the championship level, the director of the Boeing Classic says the event 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.²

When totaled across all facilities, charitable golf events organized and hosted at the local level also generate significant contributions for charitable organizations across Washington. A few examples include the Rosauers Open, which benefits the Vanessa Behan Crisis Nursery, the Muckleshoot Casino Washington Open, which benefits the Folds of Honor Foundation, and the Seattle Christian School (SCS) Golf Classic, which benefits SCS athletics and provides tuition assistance. Other examples include the IAPD Northwest Charitable Golf Tournament, which awards scholarships to deserving undergraduate and graduate students, and the Washington C.L.U.B. Charity Golf Classic benefitting the Holly Ridge Center, Seattle Children's, and the Diabetes Research Institute.

Golf course owners, operators, and golf professionals are happy to serve as access points for annual fundraising by local service organizations. In total, SRI estimates that the amount of charitable giving attributed to the game of golf in Washington was \$38.5 million in 2015.

² "Q&A: With 2016 Boeing Classic Tournament Director Michelle DeLancy," <http://golftodaynw.com/q-2016-boeing-classic-tournament-director-michelle-delancy/>

B. ENABLED INDUSTRIES

Real Estate

Real estate developers use amenities to attract new home buyers, and a golf course is a key amenity in many parts of the state. The development of new homes in golf communities in Washington has followed the rise and fall in the national real estate market, which peaked in 2005 in terms of new home starts, and suffered dramatically from the financial crisis and recession of 2007-2009.³ The University of Washington’s Runstad Center for Real Estate Studies reports that housing starts in the state have experienced only a 67 percent recovery since 2006, before the start of the Great Recession.^{4,5} Despite the dearth of new residential construction in the state overall, a few golf developments experienced new construction in 2015, such as Wing Point Golf & Country Club on Bainbridge Island, Indian Summer Country Club in Olympia, and the Golf Club at Hawks Prairie in Lacie.

New golf-related real estate construction generated \$28.5 million in 2015. By comparison, in 2007, SRI estimated new golf home construction generated \$137.1 million (or \$154.9 million in 2015 inflation-adjusted dollars). Furthermore, in 2015 there were an estimated 52 golf communities (including properties on golf resorts) in Washington, and SRI estimates the “golf” premium associated with the sale of real estate in these developments to be \$18.6 million, down in real terms from \$17.6 million (or \$19.9 million in inflation-adjusted 2015 dollars). The premium is the additional amount a buyer is willing to pay for a home or property located on a golf course or within a golf community. Although new golf home construction is down significantly since 2007, the sale of *existing* homes has recovered somewhat since the recession, fueled by low interest rates and a strengthening economy.

Washington Golf Real Estate Revenues in 2015 (\$ millions)	
Golf-Related Residential Construction	\$28.5
Realized Golf Premium	\$18.6
TOTAL	\$47.1

Note: Numbers may not sum due to rounding. The sale of existing homes is considered a transfer of assets rather than new economic output, so the golf premium that is realized in the sale of an existing home is not included in the economic impact analysis.

³ U.S. Census Bureau (2013). Building Permits Survey: Washington, 2005-2015.

⁴ Runstad Center for Real Estate Studies, University of Washington (2016). *Washington State’s Housing Market, 4th Quarter 2015*. Accessed from <http://realestate.washington.edu/wp-content/uploads/2015/08/main2.pdf>

⁵ Runstad Center for Real Estate Studies, University of Washington (2008). *Residential Building Permits, State of Washington and Counties Annual Total Permits*. Accessed from <http://realestate.washington.edu/wp-content/uploads/2013/10/Permits-annual.pdf>

Golf-Related Hospitality/Tourism

Across the country, golf has enjoyed increasing popularity among travelers, whether it is the primary motivation for a trip or connected to other recreational time spent with friends, family, or business colleagues. Golf is a sizeable tourism segment in Washington, alongside key traveler activities such as outdoor recreation, sightseeing, and culinary experiences. Washington’s golf courses and resorts help the state attract conferences and business meetings, and both amateur and professional golf tournaments draw people to courses in different parts of the state. The Washington Tourism Alliance (WTA) website features the state’s golf courses among the many outdoor activities available in the state (<http://watourismalliance.com>), as does the official Washington visitor’s guide (www.ExperienceWA.com).

In 2015, SRI estimates golf-related tourism spending in Washington was \$464.7 million. This is based on the following estimates of golf trips and associated expenditures by Washington residents and non-residents: (1) an estimated 886,500 *day* trips with average golf trip spending of \$70 per person and (2) an estimated 561,450 *overnight* trips (which, in Washington, SRI estimates average three nights) with average trip spending of \$717 per person.⁶ This represents an increase in real terms relative to golf-related tourism spending in 2007, which SRI estimated at \$361.2 million (or \$408.2 million in 2015 dollars, when adjusted for inflation).

The growth in golf-related tourism spending is consistent with the overall growth in visitor spending in Washington.⁷ Tourism trips growth in Washington was strong from 2007-2015, with especially robust growth rates from the period from 2013-2015, when trips grew by over 3 percent each year. These trends have driven strong growth in golf overnight and day trips in Washington over the same period.

Washington Golf-Related Tourism Expenditures in 2013	
# of golf day trips	886,500
Average travel \$ per golf day trip	\$69.75
# of golf overnight trips	561,450
Average travel \$ per golf overnight trip	\$717.46
Total	\$464.7 million

Note: Numbers may not sum due to rounding.

⁶ All trips refer to “person-trips” which simply means the count of the total number of people taking a trip. Therefore, 886,500 day trips should be interpreted as 886,500 people who took a day trip. Trips include people traveling to Washington from out of state, as well as people traveling within the state more than 50 miles from home.

⁷ Total direct travel spending in Washington grew from \$16.1 billion in 2007 (or \$18.2 billion in 2015 dollars) to \$20.7 billion in 2015. Source: Dean Runyan Associates (April 2016), *Washington Travel Impacts & Visitor Volume 2000-2015p*. Report shared with SRI International by the Washington Tourism Alliance.

GOLF'S ECONOMIC IMPACT IN WASHINGTON

Golf's impact on Washington's economy includes both the direct effects of economic activity in the core and enabled golf industries, as well as the indirect and induced (or multiplier) effects on other industries in the state economy. In economics, the idea of the multiplier is that changes in the level of economic activity in one industry impact other industries throughout the economy. For example, a fraction of each dollar spent at a golf course is, in turn, spent by the golf course to purchase goods and services for golf course operation—these are indirect effects. In addition, golf course employees spend their disposable income on personal goods and services, and this stimulates economic activity in a myriad of other industries—these are induced effects.

Therefore, golf's total (direct plus multiplier) economic impact includes both the direct employment and wage income of those employed in golf-related industries, as well as the secondary employment and wages supported in other sectors of the economy through subsequent purchases of goods and services by golf industry businesses and employees.

In 2015, the \$1.2 billion Washington golf industry supported:

- A total economic impact of \$1.6 billion for the state of Washington including the indirect and induced economic impacts stimulated by golf sector activity;
- A total employment impact of over 22,000 jobs; and
- Total wage income of \$499.1 million.

Golf's Impact on Washington's Economy in 2015

INDUSTRY	DIRECT (\$ millions)	INDIRECT	INDUCED	TOTAL OUTPUT (\$ millions)	TOTAL JOBS	TOTAL WAGE INCOME (\$ millions)
Golf Facility Operations	\$473.5	→		\$663.0	11,375	\$214.5
Golf Course Capital Investments*	\$38.2	→		\$15.3	122	\$4.8
Golf-Related Supplies	\$119.7	→		\$184.6	1,435	\$43.0
Tournaments & Associations	\$19.0	→		\$27.8	300	\$10.4
Real Estate **	\$47.1	→		\$62.5	498	\$19.6
Hospitality/Tourism	\$464.7	→		\$678.5	8,738	\$206.9
TOTAL	\$1,116.2	→		\$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 \$1,116.2 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 investments 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.

The following table compares changes in the golf industry’s direct and total economic impact in 2007 and 2015. In 2007, the golf economy generated \$1.19 billion in economic activity, driven by golf-related manufacturing, golf facility operations, and golf tourism (in terms of size). In 2015, the direct golf economy contracted to \$1.16 billion due to significant declines in golf facility operations, golf capital investments, and real estate. However, golf tournaments and associations as well as hospitality and tourism—industry segments with relatively smaller economic and employment impacts—grew during this period. The table shows this dichotomy, where direct economic impact has declined along with total golf output, employment, and wages.

Golf’s Impact on Washington’s Economy in 2015 versus 2007		
(\$ billions)		
Core and Enabled Industries	2007	2015
Direct Economic Impact (\$)	\$1.194	\$1.162
Total Output Impact (\$)	\$1.770	\$1.632
Total Jobs Impact	22,491	22,469
Total Wage Income Impact (\$)	\$0.544	\$0.499

DETAILED METHODOLOGY & DATA SOURCES

A key challenge in this study was to identify reliable state-level data sources and to develop methodologies for measuring the size of industry components for which cross-state estimates do not exist in straightforward metrics, e.g., golf real estate and off-course purchases of golf apparel and equipment. This section describes each of the core and enabled industries included in the golf economy and SRI's approach to measuring each of these segments.

A. GOLF FACILITY OPERATIONS

For this industry segment, we analyzed the number of golf facilities and average facility revenue data to derive a total facility operations estimate. Revenues for this segment include: annual or monthly membership fees, green fees, range fees, and golf car rental fees; purchases of golf apparel and equipment in pro shops; golf lessons; tournament entry fees; consumption of food and beverages; etc.

Number of golf course facilities. Many golf organizations track the number of golf facilities in a state: The National Golf Foundation (NGF), The PGA of America, and state/regional golf associations, among others. The U.S. Census Bureau also surveys golf facilities as business establishments in its Economic Census every five years. However, these organizations' calculations of the total numbers of golf facilities in each state, by type of facility, are not always consistent with each other due to: (1) absence of data for courses which are not members (e.g., The PGA tracks those courses with a PGA member) or for particular subsets of courses (e.g., municipal facilities and golf resorts are not tracked by the Census), (2) facility closures and openings, and (3) inconsistency in the classification of courses, especially resorts.

In some surveys, golf facilities are allowed to self-classify. In others, the surveying organization classifies the facility based on specific criteria. This can mean the difference between a small number of resorts (e.g., a figure that includes five-star accommodation located on or adjacent to an 18-hole course) or a much larger number of resorts (e.g., three-star hotel accommodation located near a daily fee golf course). Similarly, a resort with two 18-hole golf courses could be counted as two golf facilities or as one depending on the reporting organization. Fortunately, the variation in the number of facilities caused by these data collection methods are very small, and thus do not materially impact the overall analysis. The table below presents slightly differing estimates for the number of golf facilities in Washington in 2015 or the latest available year.

Table 1 Estimates of Total Number of Washington Golf Facilities by Type, 2007-2015

	2012 Economic Census ¹ (# of facilities, minus resorts & munis)	2008 WSGA ² (# of facilities)	2015 PGA ³ (# of facilities)	2016 Golf Alliance of WA ⁴ (# of facilities)	2015 NGF ⁵ (# of facilities)	2015 NGF ⁵ (# of 18-hole equivalent courses)
PRIVATE	52	61	68	53	49	48.5
PUBLIC	146	219	162	184	180	192.0
Daily fee/semi-private		157	100	140		
Municipal		47		40		
Military		4	62	2		
University		1		2		
RESORT		10	11	9	11	8.5
TOTAL	198	280	241	246	229	240.5

Sources: ¹ U.S. Census Bureau (2015). Arts, Entertainment and Recreation: Geographic Area Series: Summary Statistics: 2012. *2012 Economic Census of the United States*.

² Washington State Golf Association (2009). *Washington State Golf Facilities in 2008*.

³ Professional Golfers' Association of America (2015). *Facility Database*.

⁴ The Golf Alliance of Washington facilities list was generated by combining course membership lists from the Washington State Golf Association and the Pacific Northwest Section of the PGA. SRI removed any duplicate courses or any courses that had closed from the final WA Golf Taskforce Facilities list.

⁵ NGF (2016). Total Facility Supply Tables 8-13, *Golf Facilities in the U.S., 2016 edition*, pp.9-14.

The PGA, NGF and Washington Golf Task Force total facility numbers for 2015 fall into a relatively narrow range: the NGF reports 229; the PGA reports 241; and the Golf Alliance of Washington⁸ reports 246. In 2007, SRI and the Golf Alliance of Washington estimated there were 280 total facilities based on WSGA data. SRI recommends using the Golf Alliance of Washington facilities total of 246 because SRI believes it is the most comprehensive list of Washington state golf courses available, covering courses belonging to both the Washington State Golf Association and the Pacific Northwest Section of the PGA.

Average revenues per facility. The SRI team collected average revenue data from a variety of sources. Here again, the data challenge was that average facility revenues will vary significantly depending on: (1) the number of holes (e.g., a 9-hole course versus an 18-hole course) and (2) the type of facility—whether a golf course facility is private, daily fee, resort, municipal, etc.

⁸ The Golf Alliance of Washington is a coalition of golf associations working with SRI International and Golf 20/20 to carry out this study. The 2016 version of the Golf Alliance of Washington was made up of representatives from the Washington State Golf Association, the Pacific Northwest Section of The PGA of America, the Pacific Northwest Golf Association, the Western Washington Golf Course Superintendents Association, and the Evergreen Chapter of the Club Managers Association of America.

The U.S. Census Bureau collects revenue data for golf course facilities as part of its Economic Census of all U.S. establishments every five years. Whereas facility surveys conducted by private sector organizations are often based on lower response rates (less than 30 percent), all establishments are required by law to respond to the Census Bureau survey. However, the Census Bureau data has several limitations. Many types of facilities are not included in the survey: (1) resort facilities, (2) municipal and military facilities, (3) stand-alone driving ranges and (4) golf facilities without payroll. Data from the latest 2012 Economic Census has not yet been published at the state level for the golf course and club industry code. State-level data from the 2012 Economic Census has been published, and includes revenue, payroll, and employment data for 12,193 golf facilities broken down by state. This provides a robust estimate with which to compare other available golf facility revenue data despite the time lag.

The PGA collects revenue data for all 50 states on an annual basis through its Annual Operations Survey. The latest available data are from 2015, but the PGA has annual data going back to 2005. In addition, PGA revenue data are broken down by type of facility for categories for which Census data are not available—namely, resorts, municipal courses, and military courses.

Table 2 Estimates of Washington Golf Facilities Average Revenues by Type, 2007-2015

	NGF (2009) ¹	Census (2012) ²	PGA (2007) ^{3,4}	PGA (2013) ⁵	PGA (2014) ⁶	SRI Golf Survey (2016) ⁷
Private facility	\$3,277,000	\$2,617,519	\$3,146,021	\$2,539,047	\$3,094,078	\$3,314,686
Daily fee facility	\$1,457,700	\$1,387,939	\$1,038,727	\$1,111,305	\$1,582,926	\$1,255,602
Resort facility	X	X	\$2,013,907	N/A	N/A	\$2,325,000
Municipal/military/university facility	\$1,269,100	X	\$1,671,689	\$1,183,193	\$1,701,149	\$1,866,384
Driving range	\$400,000	X	X	X	X	X
Miniature golf	X	\$231,045	X	X	X	X

Note: Bolded values are an average of Washington and neighboring states, due to low response sample.

Sources: ¹ National Golf Foundation (2010). *Operating & Financial Performance Profiles of 18-hole Golf Facilities in the U.S., 2010 edition*.

² U.S. Census Bureau (2016). Arts, Entertainment and Recreation: Geographic Area Series: Summary Statistics: 2012. *2012 Economic Census of the United States*.

³ Professional Golfers' Association of America (2008). *2007 Operations Survey*.

⁴ Professional Golfers' Association of America (2009). *2008 Operations Survey*.

⁵ Professional Golfers' Association of America (2014). *2013 Operations Survey*.

⁶ Professional Golfers' Association of America (2015). *2014 Operations Survey*.

⁷ SRI golf survey of WA golf facility owners, GMs and golf professionals (2016).

Average revenue data from the NGF (2009), the Census (2012), the PGA (2007-2015), and an SRI golf survey (2016) are presented above. Because of the low response rate to the 2015 PGA Facility Operations Survey, SRI, in collaboration with the Washington Golf Task Force, conducted a survey of Washington golf

facilities. The survey was administered online to Washington golf course owners, general managers, and golf professionals. The list of survey respondents was compiled through membership in the Washington State Golf Association and the Pacific Northwest Section of the PGA. received responses from 25 private facilities, 17 semi-private/daily fee facilities, 4 resorts and 9 municipal facilities, for a total response rate of 32.5 percent. Driving range revenues were calculated using 2011 PGA survey data, which estimated the national median revenue figure for golf ranges in 2011, and average miniature golf facility revenue was calculated using the 2012 Census data adjusted for inflation.

SRI's Washington golf operations survey reported **average private facility revenue** of \$3.314 million, a slight decrease in real terms from the 2007 average (\$3.146 million, or \$3.486 million in inflation-adjusted 2015 dollars). SRI's survey reported **average daily fee revenue** of \$1.256 million. This represents an increase from the 2007 average (\$1.038 million, or \$1.151 million in inflation-adjusted 2015 dollars). SRI's survey reported \$1.866 million for **average municipal/military/university facility revenue** in 2015, a slight increase from the 2007 average (\$1.672 million, or \$1.853 million in inflation-adjusted 2015 dollars). In 2015, SRI's survey reported **average resort revenue** for Washington was \$2.325 million. This represents a slight increase from the 2007 average (\$2.014 million, or \$2.231 million in inflation-adjusted 2015 dollars). The PGA reported a median value for **standalone golf range** revenue of \$400,000 in 2011. SRI use the 2011 PGA average golf range revenue adjusted for inflation, or \$439,987. SRI used the latest available average revenue data for miniature golf facilities (2012) and adjusted for inflation.

To calculate golf facility operations revenues, SRI subtracted average on-course merchandise sales from the average golf facility revenue estimates because on-course merchandise sales are included in the Golf-Related Supplies industry segment. SRI then multiplied these adjusted average golf facility operations revenue estimates by the respective number of golf facilities. Overall, SRI estimates that Washington's 246 golf courses, 31 stand-alone ranges, and 22 miniature golf facilities generated \$473.5 million of revenue in 2015. This reflects a decline in real terms from 2007, when facility operations revenue totaled \$451.1 million (or \$509.8 million in 2015 dollars when adjusted for inflation). This decrease reflects a net increase in facilities over this time period, with revenues for all facility types relatively unchanged in real terms.

B. GOLF FACILITY CAPITAL INVESTMENTS

To calculate golf facility capital investments, SRI collected data on two major types of investments: (1) capital investment at existing facilities and (2) new course construction.

Washington Golf Facility Capital Investment and New Course Construction in 2015 (\$ millions)	
Golf Facility Capital Investment¹	\$31.2
New Course Construction and Major Renovations	\$7
TOTAL	\$38.2

Note: ¹ Only the New Course Construction category is included in the economic impact analysis, because it represents new economic output or activity. Golf facility capital investments are typically financed through golf facility revenues, so including both Golf Facility Capital Investments and Golf Facility Operations in economic impact analysis would result in double-counting.

Investment at existing facilities. Golf facility capital investments include improvements to greens and tees, repaving of cart paths, purchases of new turf maintenance equipment and irrigations systems; as well as renovations of the clubhouse, pro shop, and maintenance buildings. Ordinary maintenance expenses are not included. SRI examined golf facility capital investment data from three sources: NGF, the GCSAA, and SRI’s 2016 Washington Golf Survey. The GCSAA data comes from golf facility capital budget questions included in its 2011 Compensation Survey. The data is state-level and includes the mean, median, and standard deviation of capital expenditures (not maintenance expenses). The NGF’s *2010 Operating and Financial Performance Profile* presents national estimates of capital expenditures (and also breaks out maintenance expenses separately). SRI’s Washington Golf Survey was a statewide survey of all golf facilities in the state. Survey data includes information on the type of facility, number of holes, capital expenditures and revenue.

After review of both the state-level and national data sets, SRI used the SRI survey data for Washington in our capital investment calculation. The data indicate that, on average, Washington daily fee facilities invested an average of \$70,125, municipal facilities invested an average of \$78,615, and private and resort facilities invest an average of \$289,153, for a total capital investment of \$31.2 million. Capital investments at existing facilities decreased relative to 2007, when Washington’s total golf facility capital investment was \$47.8 million (or \$54 million in 2015 dollars when adjusted for inflation). This decrease is due a decline in capital expenditures reported by both public and private facilities since 2007, as well as an overall decline in the number of golf facilities in the state during that period.

New course construction and major course renovations. The NGF’s *Golf Facilities in the U.S.* series is the only national source for estimates of the number of new golf courses under construction in each state. In 2015, NGF estimated that there were no new 18-hole equivalent golf course openings in Washington and that one was under construction, while 2.5 courses were in the planning stages of development.

An estimate for the average investment for each new golf course in Washington is derived from the Golf Course Builders Association of America’s (GCBA) *Golf Course Construction and Renovation Costing Guide, Version 6*. This database of golf course construction costs is based on a survey of golf course builders around the country. Using the values provided for Washington and the average (“normal”) costs for each of the various construction categories (see box below), GCBA estimates the average investment required

to build a new golf course in Washington is \$8.2 million (the average estimate across the various regions of Washington). However, according to golf course architecture and design consultants, golf course construction alone accounts for only a portion of the total cost of constructing a new golf facility. Approximately a third of the total cost is attributed to the architectural/engineering services, construction of the clubhouse, pro shop, and maintenance buildings, and initial purchase of equipment and course amenities, etc. Therefore, we estimate the average cost of constructing a new 18-hole facility to be \$10.8 million.

Required Investments to Build a Golf Course:	
Mobilization	Greens Construction
Layout and Staking	Tees
Erosion Control	Bunkers
Clearing	Bridges
Selective Clearing	Bulkheading
Topsoil	Cart Paths
Excavation	Fine Grading
Rough Shaping	Seeding and/or Grassing
Drainage	
Irrigation	

This investment, however, is not entirely expended over one year but is rather disbursed over several years. Assuming the average course takes approximately two years to complete, we estimate the average investment in construction per 18-hole equivalent course per year was \$5.4 million. We applied this figure to the one course under construction in 2015. In addition, SRI found that there were two major course renovation projects in Washington in 2015 resulting in a total of \$1.5 million in investments. In total, there were approximately \$7 million in investments in new course construction and major renovations in 2015. Reflecting the national-level decline in golf course construction since the mid-2000s, this is a significantly lower level of investment relative to 2007, when the estimated total investment in new course construction was \$53.5 million (or \$60.5 million in 2015 dollars when adjusted for inflation).

C. GOLF-RELATED SUPPLIES

This section explains SRI’s methodology for calculating Washington’s manufacturers’ exports (out-of-state and overseas shipments) of golf apparel, turf maintenance equipment, and accessories. We also detail our methodology for calculating the retail margin for on-course and off-course purchases of golf equipment, golf apparel, and golf media.

Manufacturing Exports. The economic value created by golf-related supplies consists of two components: (1) design, testing, and value-added production and (2) retail sales margin. On the manufacturing side, we are concerned with the value-added production of golf-related equipment, apparel, and accessories. This

is the value of the company’s wholesale revenues minus the cost of production inputs, and this value-added production is attributable to the state in which the golf club or golf mower is manufactured.

We began by conducting research to identify manufacturers of golf-related products in the state. We identified a small number of sizeable golf-related companies that design and manufacture golf equipment and golf apparel: Tommy Bahama, Cutter & Buck and Redbird Sports. In addition, Washington is home to a handful of much smaller golf equipment and accessories companies, including Lopaka golf, LLC, a company that produces Clubs and Shafts; Golf Greens Fore U, which produces outdoor golf putting greens; and Mermaid Bay Enterprises, which owns the AEROTECH trademark and manufacturers clubs and shafts; among others. We estimated the value-added shipment of these companies’ products out-of-state to be \$79.8 million in 2015.

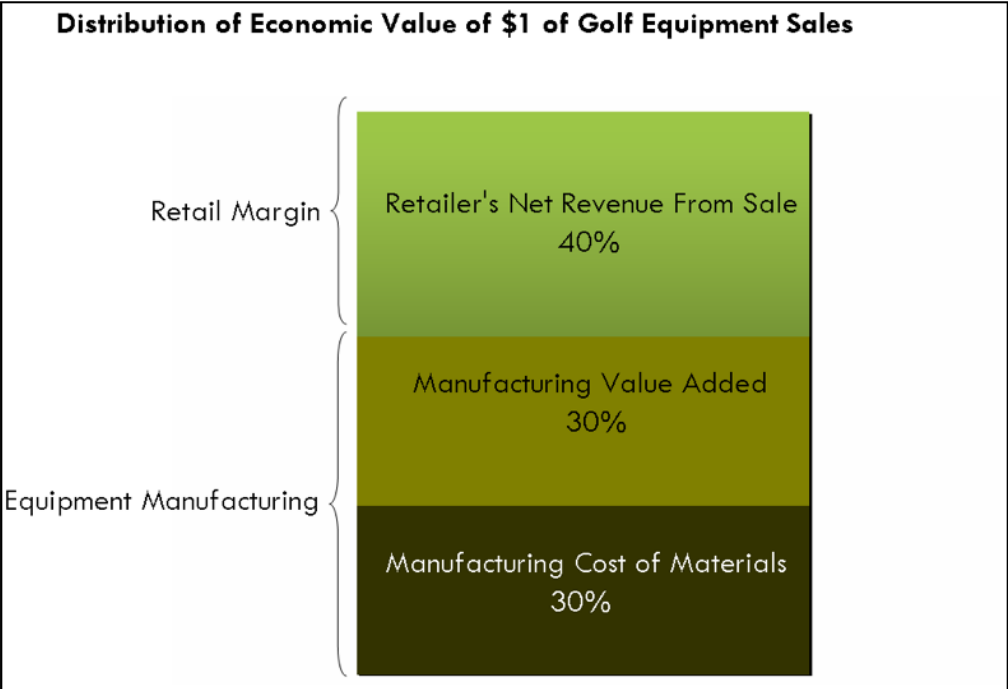
Washington Manufacturers’ Value-Added Exports of Golf-Related Products in 2015 (\$ millions)	
TOTAL	\$79.8

Retail Margin. On the retail side, the economic value is derived from the margin the retailer makes from the sale of the golf club, i.e., the net revenues accruing to retailers after covering the cost of purchasing the golf equipment or apparel from the wholesaler/producer.

To calculate this margin, we first estimate total sales of golf apparel and equipment at the state level and then apply the requisite retail margin percentage for economic impact analysis. In our national-level study for GOLF 20/20, SRI was able to collect national sales data from a number of sources: (1) the NGF, (2) the National Sporting Goods Association (NSGA), (3) Golf Datatech, and (4) the Census Bureau. Unfortunately, the relatively small sample size for the majority of these surveys do not allow for publication of reliable state-level estimates by these organizations. However, each year, the NSGA conducts a 100,000-household consumer panel survey for its annual *The Sporting Goods Market* publication. SRI uses these data in conjunction with the PGA’s golf facilities data for each state to derive state-level estimates of golf equipment and apparel sales.

For example, in 2015, NSGA reported total U.S. off-course and on-course purchases of individual golf clubs to be \$636.3 million. The NSGA survey found the Pacific region accounted for 11.6 percent of these purchases, or \$73.8 million. Within the Pacific region, one can estimate Washington’s share of purchases by creating a rounds- or courses-based weight. Using either approach yields similar weights, since the number of rounds played is highly correlated with the number of 18-hole equivalent courses in a state ($r=0.93$). SRI used the number of 18-hole equivalent courses in each state, as it was easier to verify than estimated number of rounds played. Washington represents 18.6 percent of total 18-hole equivalent courses in the Pacific region, so this weight was applied to the region total to estimate \$13.7 million of individual golf club sales in the state of Washington in 2015. Further, retail margins on final sales suggest

that 40.4 percent, or \$5.6 million, of total sales was retained in the Washington economy. (See graphic below.)



Washington On-Course and Off-Course Golf Equipment & Apparel Purchases in 2015 (\$ millions)		
Category	Calculation	Estimate
Golf club sets	Pacific region's sales	\$143.0
	WA's courses-based weight	18.6%
	WA's share of sales [1]	\$26.6
Golf apparel	Pacific region's sales	\$126.7
	WA's courses-based weight	18.6%
	WA's share of sales, [2]	\$23.6
Golf balls	Pacific region's sales	\$100.02
	WA's courses-based weight	18.6%
	WA's share of sales, [3]	\$18.6
Golf clubs	Pacific region's sales	\$73.8
	WA's courses-based weight	18.6%
	WA's share of sales, [4]	\$13.7
Golf bags	Pacific region's sales	\$47.9
	WA's courses-based weight	18.6%
	WA's share of sales, [5]	\$8.9
Golf shoes	Pacific region's sales	\$38.1
	WA's courses-based weight	18.6%
	WA's share of sales, [6]	\$7.1
TOTAL	Sum of [1] to [6]	\$98.5
Retail sales margin	Multiply TOTAL by 40.4%	\$39.8

Source: National Sporting Goods Association (2016). *The Sporting Goods Market in 2015*, Mt. Prospect, IL: NSGA.

Golf media. Similar to golf equipment, golf media's economic contribution to the state economy has two components: value-added production and the retail sales margin. On the production side, the economic impact created by the publication of magazines or books is attributable to the state in which the magazine or book is published. On the retail side, the economic impact is derived from the margin the retailer makes from the sale of golf media, i.e., the net revenues accruing to retailers after covering the cost of purchasing the media from the wholesalers/producers. For golf magazines, we identified national golf publications with the largest circulations and the state in which they are published—no national golf magazines were published in Washington in 2015. Similarly, no major publishers of golf books are located in the state. However, we calculated a weight to estimate the percentage of book retailers' sales attributable to the sale of golf books in stores. Total retail golf book sales in 2015 were estimated to be \$297.3 million with a retail sales margin of \$120.1 million. Golf videos and DVDs are more difficult. In SRI's previous national-level study, we were not able to identify a source with data on the annual sales of golf-specific

videos/DVDs. In the case of this current state-level study, this category was also omitted due to the absence of a reliable data source.

Washington On-Course and Off-Course Sales of Golf Books in 2015 (\$ millions)	
Category	Estimate
Washington retail book sales ¹	\$148.6
Golf books as % of total book sales	0.2%
Total retail golf book sales	\$297.3
Retail sales margin	\$120.1

Note: ¹ Adjusted for inflation into 2015 dollars using the appropriate GDP deflator.

Sources: Washington retail book sales data from the 2012 Economic Census. Estimated percentage of golf books among total book sales derived from Book Industry Study Group/Association of American Publishers (2013), *BookStats 2013*, and SRI International (2013), *The 2011 Golf Economy Report*, Menlo Park, CA: SRI International.

Washington Retailers' Net Revenues on Consumer Purchases of Golf-Related Supplies in 2015 (\$ millions)		
	Total purchases	Retail sales margin
Golf Equipment (retail margin)	\$74.9	\$30.3
Golf Apparel (retail margin)	\$23.6	\$9.5
Golf Media (retail margin)	\$0.3	\$0.1
TOTAL	\$98.8	\$39.9

Note: This includes on-course and off-course purchases of golf equipment, apparel, and media.

D. ASSOCIATIONS, TOURNAMENTS & CHARITABLE GIVING

Associations. SRI gathered association expenditure data for the largest national, state and regional golf organizations from these organizations' 990 income tax filings. These include the Washington Stage Golf Association (WSGA), the Pacific Northwest Section of The PGA of America, the Pacific Northwest Golf Association, the Western Washington Golf Course Superintendents Association, and the Evergreen Chapter of the Club Managers Association of America. Also included are the expenditures of women's, senior, junior, and regional member golf associations and other golf-related 501(c)3 organizations.

Major Tournaments. In 2015, two major golf championships were played in Washington: the 2015 U.S. Open and the Boeing Classic. We subtracted the tournament purse and cost of television broadcasting from total tournament revenues to estimate the direct event-related spending that remained in the state. Accommodation and tourism-related expenditures from this event are captured in the Tourism segment of the report.

Washington's Major Golf Tournament & Association Revenues in 2015 (\$ millions)	
Associations	\$7.0
Major Tournaments	\$12.1
TOTAL	\$19.0

Note: Numbers may not sum due to rounding

Charitable Giving. Overall, SRI estimates that the amount of charitable giving attributed to the game of golf in Washington to be \$38.5 million in 2015. This estimate is derived from a national study⁹ based on the number of golf facilities that hold charitable golf events, the average number of events held by each facility, and the average net proceeds donated to charities from these events. It also includes the charitable giving associated with professional golf tournaments. Charitable giving is not included in economic impact estimation because it is a direct transfer of income. Nevertheless, it is an important golf industry contribution to the state.

Washington Golf Industry's Charitable Giving in 2013 (\$ millions)	
TOTAL	\$38.5

E. REAL ESTATE

In analyzing golf-related residential real estate, SRI collected data on two components: (1) new golf-related residential construction and (2) the "golf" premium associated with the sale of golf community homes.

Washington Golf Real Estate Revenues in 2015 (\$ millions)	
Golf-Related Residential Construction	\$28.5
Realized Golf Premium	\$18.6
TOTAL	\$47.1

Note: Numbers may not sum due to rounding. The sale of existing homes is considered a transfer of assets rather than new economic output, so the golf premium that is realized in the sale of an existing home is not included in the economic impact analysis.

⁹ National Golf Foundation (2011). *The Charitable Impact Report*.

Golf-related residential construction. For this industry segment, SRI conducted research and interviews with golf real estate developers to arrive at estimates of the number of courses with active real estate development, the size of the development, the number of homes under construction in a given year, and the average construction costs per type of home (i.e., townhouse, condo or single family home). The number of courses with active development was derived from new course openings over the past five years and online research. Construction values varied considerably depending on such factors as the location of golf communities within the state, the proportion of townhouses versus single-family homes and overall real estate market conditions (e.g., high-growth metro regions versus more rural parts of the state).

SRI estimates that six golf communities experienced varying degrees of real estate construction in Washington in 2015. Multiplying the total number of units under construction at each course by their average construction cost and summing all of these values yielded a total 2015 golf-related residential construction figure of \$28.5 million.

Realized golf premium. The “golf” premium is the extra value a homeowner can expect to receive on the sale of a housing unit located in a golf community that is above and beyond the premium associated with a home’s other features or amenities (e.g., square footage, fixtures, landscaping, etc.). Through industry interviews, SRI arrived at a conservative estimate of this premium of \$60,000 per unit in 2015. Multiplying the approximately 52 existing Washington golf communities by the median number of housing units per golf course, we arrive at a total of 9,100 golf community homes. SRI estimates that in 2015, the home turnover rate (percentage of homes sold relative to the total housing stock) was 3.4 percent in Washington.¹⁰ Therefore, the realized golf premium was calculated by multiplying the home turnover rate by the total number of golf community homes by the average golf premium per unit. SRI estimates Washington’s golf real estate premium was \$18.5 million in 2015.

F. GOLF-RELATED HOSPITALITY/TOURISM

Although a large and critical golf industry segment, there are no national sources of state-level golf tourism data. SRI calculates a state’s total golf tourism revenues by collecting data for two types of figures: (1) the annual number of golf-related trips and (2) average spending per trip.

Number of golf-related trips. SRI defines a “golf trip” as a Washington resident or non-resident traveling 50-plus miles to, through, or within the state to a unique destination and playing golf while at this destination. Golf-related trips include both overnight and day trips. This figure includes trips to Washington golf resort destinations, golf outings while on vacation or business travel, as well as trips by

¹⁰ Runstad Center for Real Estate Studies, University of Washington (2016). *Washington State’s Housing Market, 4th Quarter 2015*. Accessed from <http://realestate.washington.edu/wp-content/uploads/2015/08/main2.pdf>

Washington residents to play golf courses in other parts of the state. People also travel to watch amateur and professional golfers compete in tournaments played in Washington.¹¹

The Washington Tourism Alliance provides overall tourism figures for the State of Washington each year, including number of visitor trips and visitor expenditures. According to data compiled by Dean Runyan Associates, there were 39.4 million overnight person-trips in Washington in 2015, including both domestic and international travelers. Since SRI's golf tourism methodology focuses on domestic tourism only, SRI adjusted this figure downwards by 5 percent to remove international visitors, resulting in an estimated 37.4 million domestic overnight person-trips in 2015. Dean Runyan does not provide estimates of the number of day trips "because of data limitations;" however, utilizing Dean Runyan's data on total day trip expenditures, average daily spending per travel party, travel party size, and purpose of trip, SRI has extrapolated an estimate of 59.1 million day trips taken in Washington in 2015.¹²

Dean Runyan does not provide an estimate for the number of trips involving golf. However, by looking at the number of tourist trips involving golf in neighboring states and the trend in golf round per year in Washington from 2007-2015, SRI estimates that the number of trips involving golf in Washington is approximately 1.5 percent for day trips and overnight trips. This results in approximately 886,500 million golf day trips and 561,450 golf overnight trips, totaling 1.45 million golf trips made in Washington in 2015.

Average spending per golf trip. SRI estimates that average spending per golf trip in Washington in 2015 was \$70 per person per *day* trip and \$717 per person per *overnight* trip (which SRI estimates in Washington averages three nights). This includes spending on accommodation, local transportation, food and beverage, entertainment, gifts, and so on. Green fees and cart fees are not included as they are already captured in the Golf Facility Operations revenues. To estimate average golf trip expenditures, we began with national golf trip survey data from the National Golf Foundation's *The U.S. Golf Travel Market, 2003 Edition* report¹³ and adjusted average trip spending based upon online research of Washington golf packages and relative price levels in Washington vis-à-vis the rest of the country (as well as for inflation through 2015). Multiplying the total number of golf trips (day and overnight) by average spending per golf trip (day and overnight), SRI found that total golf-related tourism spending in Washington was \$464.7 million in 2015. This represents an increase in real terms relative to golf-related tourism spending in 2007, which SRI estimated at \$361.2 million (or \$408.2 million in 2015 dollars, when adjusted for inflation); this

¹¹ Washington hosted two major golf tournaments in 2015: the 2015 U.S. Open, which took place at the Chambers Bay Golf Course; and the Boeing Classic, a PGA Tour Champions event that takes place annually at The Players Club at Snoqualmie Ridge.

¹² Dean Runyan Associates (April 2016), *Washington Travel Impacts & Visitor Volume 2000-2015p*.

¹³ See "Average Travel Spending" table on p.16 in NGF (2003), *U.S. Golf Travel Market*, available at: <http://www.ngf.org/cgi/catalogsearchdetail.asp?ITEMNUMBER=99MR002>. SRI adjusted for inflation from 2002-2015, since 2002 is NGF's most recent on golf travel survey.

increase is consistent with the overall increase in domestic visitor spending in Washington, as the economy recovered from the recession of 2007-2009.¹⁴

Washington Golf-Related Tourism Expenditures in 2007 and 2015		
	2007	2015
# of golf day trips	579,000	886,500
Average travel \$ per golf day trip	\$62.70	\$69.75
# of golf overnight trips	520,438	561,450
Average travel \$ per golf overnight trip	\$477.67	\$717.46
Total	\$361.1 million	\$464.7 million

Note: Numbers may not sum due to rounding.

G. GOLF'S ECONOMIC IMPACT

The impact of golf on a state's economy includes both the direct impact of the sector itself (its core and enabled industries), as well as the indirect and induced (or multiplier) impacts that are supported by golf industry employment and expenditures.








Direct economic impact. The direct economic impact of golf is simply the size of the golf industry cluster within the state economy in terms of revenues. The "state golf economy" can be calculated by adding together the size of each of the core and enabled industries calculated in the sections above:

Direct Impact of the State Golf Economy	
+	Golf Facility Operations
+	Golf Course Capital Investments
+	Golf-Related Supplies
+	Associations, Major Tournaments & Charitable Giving
+	Golf Real Estate
+	Golf Hospitality/Tourism
=	Size of State Golf Economy

¹⁴ Total direct travel spending in Washington grew from \$16.1 billion in 2007 (or \$18.2 billion in 2015 dollars) to \$20.7 billion in 2015. Source: Dean Runyan Associates (April 2016), *Washington Travel Impacts & Visitor Volume 2000-2015p*. Report shared with SRI International by the Washington Tourism Alliance.

Indirect/induced economic impact (multiplier impact). Golf course facilities and the companies that provide goods and services to the golf industry, in turn, purchase goods and services from other companies. These purchases are considered the “indirect” impacts of the golf sector. Furthermore, the employees directly employed by the golf sector will spend much of their incomes in the region, creating more spending and more jobs in the economy. These impacts are considered “induced” impacts. Together, the indirect and induced impacts make up the multiplier impact of the golf economy.

Multiplier values vary from region to region, based on the unique characteristics of the state’s or region’s economy. Industries with more extensive linkages to other industries within the local economy will have a greater multiplier effect on final economic activity relative to the initial, direct effect. Conversely, economies and industry sectors dependent on a large share of imported supply will have smaller multiplier effects. For this study, the RIMS II multipliers (Regional Input-Output Multipliers), calculated by the U.S. Bureau of Economic Analysis, were used to calculate the multiplier impact of Washington’s golf economy.

Golf's Impact on Washington's Economy in 2015						
INDUSTRY	DIRECT (\$ millions)	INDIRECT	INDUCED	TOTAL OUTPUT (\$ millions)	TOTAL JOBS	TOTAL WAGE INCOME (\$ millions)
Golf Facility Operations	\$473.5			\$663.0	11,375	\$214.5
Golf Course Capital Investments*	\$38.2			\$15.3	122	\$4.8
Golf-Related Supplies	\$119.7			\$184.6	1,435	\$43.0
Tournaments & Associations	\$19.0			\$27.8	300	\$10.4
Real Estate **	\$47.1			\$62.5	498	\$19.6
Hospitality/Tourism	\$464.7			\$678.5	8,738	\$206.9
TOTAL	\$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 \$1,112.4 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 investments 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.

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