

The Future of Golf

Speaking notes from RJ Hawley at the Save the Lakes Town Hall Meeting, March , 2019. Hawley is the Chief Executive Officer of Millenium Golf, a golf course management company. He is the former manager of Tempe Municipal Golf Courses.

<http://www.milleniumgolf.com/>

To get an understanding of the future of golf, we should first look at the last 10 years of the golf industry.

In Sept 2008---the great economic meltdown happened; I remember my Mother and Father talking about how each of their 401K's had lost 50%....it was a tough time for many Americans.

The Golf industry however had already sealed its fate!

1. NGF stated "build a course a day to keep up with demand"; this led to an extreme over supply of courses which drove prices down.
2. adding to this over supply are the courses never intended to succeed as a business---courses built to inflate hotel and home prices, only to be sold for a loss after the development was completed.
3. Original golfing population is getting older...where is the new golf generation?
4. Tiger and Michelle Wie mania has past.

5. Massive increases in other options. Video games, extreme sports, too many young people are experiencing the world from inside their bedrooms instead of being outside.
6. Third party Booking Companies provide increased marketing, but they also cut into already diminished margins for daily fee courses and drive competition to lower prices.
7. Utilizing large management companies; small is fast and nimble.
8. The time to play and discretionary funds available to average people.

So now let's look at the golf industry 10 years later:

There are plenty of opportunities in the golf industry today: how can we be sure of this?

A May 15th, 2018 Forbes article evaluates the current golf industry, population, and outlook.

1. The golf industry welcomed a record number of beginner golfers in 2017: 2.6 million; this is even more than when Tiger was in his prime.
2. 2017 marked the 4th straight year of increased play by 1st time players; this is also verified by the National Golf Foundation.

Just a few current facts related to the Golf Industry:

- There are 23.8 Million golfers.
- Of those golfer's 20 million are regular players.
- Producing \$84 Billion dollars annually.

- Off-Course stand-alone ranges are also creating renewed golf interest; Top golf, indoor simulators served 8.3 million golfers.

- NGF estimates 21 million people hit golf balls at these off course locations.

Additional diversity of new beginners:

- 35% are women
- 26% are non-Caucasian

This is an advantage for executive courses!

Current golf stats:

- There are currently 14,794 golf courses in the US
- This represents 45% of all courses worldwide.
- \$34 is the average price for 18 round of golf, this is an all-time high for the 2,497 municipal golf courses

Where are we headed?

NGF's 2018 report on the golf industry.

As a result of the offsite ranges, simulators, golf entertainment facilities in 2017.

- 29% played at a green-grass facility.
- 23% were motivated to watch golf on TV.
- 53% are more likely to play golf in the future.

Between on-course and off-course facilities 32.1 million people played golf in 2017.

- 2.7 million kids between the ages of 6-17 played golf in 2017, and another 2.3 million participated in some off-course fashion.

- More than 10,000 High Schools offered golf teams, and the PGA Jr golf league program involved 42,000 juniors.

- 15 new 18 hole facilities opened in 2017 while 200 golf facilities closed.

- There has only been a 7% decrease in golf courses since 2006.

What are our advantages?

- Time (1-2 hours less than regular 18 hole POP)

- Price (less than the average of regulation 18 hole course)

- Age friendly (walking, starter course, fun)

- Cost effective (Water rights, maintenance)

How do we ensure success?

- Operational efficiency

- Cost effectiveness

- Adapt to golf market

- Establish branding

- Marketing

Here are some interesting facts:

Top ten U.S. States by number of golf courses:

1. Florida- 1,055

6. Ohio- 757

2. California- 928

7. Pennsylvania- 690

3. New York- 832

8. Illinois- 669

4. Michigan- 825

9. North Carolina- 556

5. Texas- 808

10. Wisconsin- 505

Here are some Head-scratching figures:

* Indiana- 444 courses vs Georgia- 396

* Iowa- 407 courses vs South Carolina- 351

* Minnesota- 479 courses vs Tennessee (289 + Louisiana (160))= 449

* **Massachusetts- 377 courses vs Arizona-317**

Arizona Golf: 2019, WeAreGolf.org

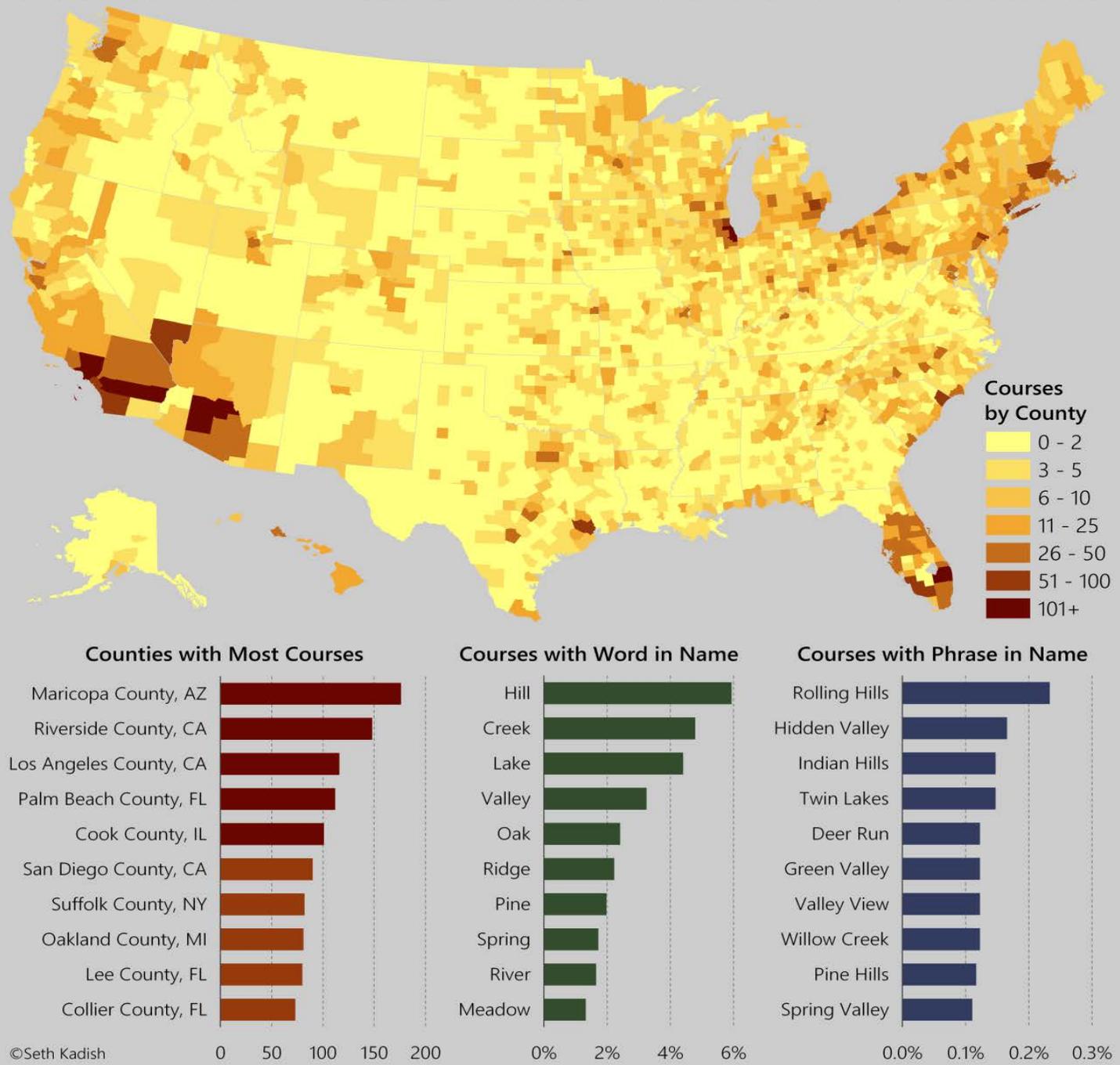
Direct and indirect economic output = \$3.9 Billion

Number of golf courses = 317

Total wage income = \$1.4 Billion

Total jobs = 53,957

The Locations and Names of US Golf Courses



In closing:

Ahwatukee lakes GC could easily produce positive revenues provided we structure the golf course layout, maintenance requirements, and

operations in line with the golfing public. Golfers want a fun, challenging, family friendly, affordable facility. Ahwatukee Lakes offers everything experienced, and beginner golfers want.