



Strong rebound expected for golf

Economists and other experts predict golf will fare better than most industries.

BY JACK CRITTENDEN

With golf play surging around the nation, economists and experts are predicting a quick recovery for golf courses, despite the fact that the U.S. is officially in a recession. That's good news for the many courses and clubs that saw sharp revenue drops in March and April.

The U.S. Bureau of Economic Analysis declared the U.S. economy in recession beginning in February. This brought the longest expansion on record — 128 months — to an end. But most experts predict a quick recovery, especially for golf.

"I expect a V-shaped recovery," said Steve Ekovich, national managing director of the Leisure Investment Properties Group and vice president of investments for Marcus & Millichap. "There really is hope at the end of the tunnel, and it will

not be as bad as people think."

Ekovich made the comment at Golf Inc.'s Innovation Day on April 20. He compared the pandemic to other cataclysmic events, including Sept. 11, 2001, the Great Recession in 2009, and the 1973 OPEC oil crisis. In each case, the stock market tanked but rebounded the next year.

Alan Nevin, an economist and real estate expert with Xpera Group, said the underlying financials of the current economy are in much better shape than they were during prior crises, including the stock market crash in 1929. He said that the economy is different than it was in 1929 and that the price of money is effectively zero, with low interest rates.

"The banks are absolutely flush with money, and they've got to get it out," he said. "And that means that when we come

back, we will come back with a boom."

Nevin predicted that the housing construction industry will lead the resurgence.

"The natives are restless, and they want to get back and spend money and play golf," he said in April. That prediction proved true, as play began rebounding in May and June.

The National Golf Foundation (NGF) reported that 82% of core golfers played during the week of June 5, up from 38% in mid-April. Rounds were down 42% in April, according to Golf Datatech.

Joe Beditz, president and CEO of NGF, said in a June letter to industry stakeholders that he expects a slow recovery. But he is hopeful that golf will fare better than other industries.

"I'll stick my neck out a little and say



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—Steve Ekovich

that this time, as compared to the Great Recession, I think golf has a decent chance to out-perform the general economy when it comes to recovery,” he said.

Beditz said that the housing market has not been devastated like it was in 2009 and that golf did not enter this recession bloated, as it did in 2009.

“Golf’s traditional customer base has proven stable over the past several years now, and the overall market is much closer to equilibrium than it was in 2007,” he said.

He said NGF’s weekly consumer sentiment study shows that the financial outlook of core golfers is positive and significantly better than it was at the beginning of the pandemic.

Jon Last, president of Sports & Leisure Research Group, has put together the 2020 Back-to-Normal Barometer, a sur-

vey of 500 Americans. His findings are in alignment with NGF’s.

“You will see the really engaged players first,” Last said. “These are the ones who have been chomping at the bit, and our research is showing that those golfers are taking up all the availability at the courses. The less engaged player is going to be slower to return.”

Last’s research found statistically significant growth in the number of people who are ready to get back to normal travel plans and would be willing to fly on an airplane, stay in a hotel, visit a casino or participate in a similar leisure activity.

“Our research shows that the (golf) industry did a great job of addressing concerns related to how the game of golf will return and return safely,” Last said. “Golfers significantly out-indexed partici-

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pants of other sports in their willingness to quickly return to the game.”

Golf Life Navigators has released data that also points to a strong market for golf. It surveyed 1,000 potential homebuyers, and 76% said they strongly agree with this statement: “I plan on playing more golf in the future.”

“Without question, the game of golf has gained in popularity among buyers since mid-March,” the report noted.

This was the third such survey by Golf Life Navigators, which helps potential buyers find the kind of golfing community or private club that fits them best. It’s been doing the surveys to track buyers and their feelings as the pandemic continues.

Golf courses have become sanctuaries for people in the wake of the COVID-19 pandemic. The wide-open spaces allow

for social distancing and a measure of relief from cramped at-home conditions.

The Golf Life Navigators survey results weren’t all glowing, however. They showed that 76% of respondents answered “no” to the question: Are you currently seeking a membership in a club/community in the Sun Belt?

“The ‘second-time’ buyer market continues to shrink since the emergence of COVID-19 — and what is likely to be — a result of the country’s economic conditions,” the Golf Life Navigators report said.

However, only 33% of respondents said the current economic condition would delay their buying decisions. Jason Becker, CEO of the Bonita Springs, Fla., firm, said that percentage was considerably lower than he expected, given how poorly the stock market had been performing.

Ekovich predicted that 25% of public courses and private clubs will be in major distress, with those that do not get government funding being forced to sell or go into bankruptcy.

“I would expect the number of courses that will close to be 15 to 30% higher, depending on how many months we are closed,” he said.

The industry has been averaging about 200 closures a year.

Almost all courses in the nation are asking golfers to wear masks when in common areas and to maintain a distance of at least 6 feet. Many facilities are going even further by limiting golf carts to one person and scheduling fewer tee times. Additionally, frequently touched items, such as water fountains, ball washers and bunker rakes, have been removed.



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