

## Golf Industry In Trouble As Economy Worsens



Golf is in decline by many measures. Rounds are down, as is the sale of equipment. TV ratings are also suffering.

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Behold the golf course. Graced with rolling fairways, pristine greens, ancient oaks and other natural fanfare, it presents a striking picture.

But as beautiful as a golf course may be, its looks belie the trouble besetting the industry that created it. According to the National Golf Foundation, the number of new courses expected to open in the United States in 2008 is the smallest in 20 years. More courses are scheduled to close this year (nearly 100) than the 80 expected to open, though the closures have fallen since almost 150 were shut down two years ago. The golf construction boom of the 1990s – when about 2,500 new courses (mostly daily fee ones) were added to the 13,000 or so already extant in the U.S. – is not only over; it's stuck in reverse.

The problems of the broad economy are bedeviling golf course construction. The housing market's collapse has hampered development, since a number of golf projects these days are tied into on-site housing. Getting financing to build a new course is tougher than it has been in decades. Projects that were started this year have seen the bulldozers turned off until better times appear.

Consider Rick Jacobson, a golf course architect in Libertyville, Ill. For nearly two decades, the founder of Jacobson Golf Course Design designed and renovated courses in Chicago suburbs, such as Bloomingdale and Winnetka, as well as nationally. But in the last few years, Jacobson – who has worked with Jack Nicklaus on a number of projects – has focused on a new market: China.

Last month, Jacobson agreed to design a 27-hole course in Hong Kong. It's his third venture in China, following the 36 hole Lion's Lake Resort course near Guangzhou and Chaozhou, an 18-hole resort course.

"In the foreseeable future we won't see growth like the 1990s in the U.S. again," said Jacobson, who also agreed to design a course in the Italian province of Calabria this year. "Some of the projects were ill-conceived. Some courses were just a temporary fad until they could flip it to a developer."

When it comes to those sports whose purpose is to attract public participation, it's hard to match golf for the scope and expanse of what needs to be created. Bowling? Buy a couple of acres of land and construct 10 lanes with a bar nearby. Tennis? Two hard courts take up as much space as a suburban backyard; upkeep is minimal.

But building a golf course in the United States is a process that takes years. Finding 200 acres of suitable land near a reasonable population center is just the start. Attracting money and securing permits is another time-consuming venture.

Jacobson shakes his head at some of the public hearings he's endured in the U.S.

"One landowner said he didn't want a golf course because golfers are known to smoke cigars. He didn't want cigar smoke in his house," Jacobson recalled. "One said with drivers, the decibel of hitting the ball exceeded the sound range allowable."

Of course, China is no utopia. Jacobson had to redesign an entire hole in one of his ventures because it encompassed a rock land form that was significant to a village. At the same time, the market there is exploding. Hundreds of courses have been built in China in the last quarter-century with at least 20 more expected to open in the next few years.

Originally, golf exploded in the United States. In the 1880s, there were a handful of golfers in the country; by the first term of the Eisenhower Administration, the number had reached five million. Today, close to 30 million people play the game founded in Scotland.

But in 2008, golf is in decline by many measures. Rounds are down, as is the sale of equipment. On the pro tour, television ratings fell once Tiger Woods left the scene with a damaged knee after the U.S. Open at San Diego's Torrey Pines.

Though municipal courses are taking the brunt of the downturn (except perhaps Torrey Pines, which enjoyed \$8 million in renovations before the Open), private courses are not immune to the pain. Take the case of Ravisloe Country Club in Homewood, Ill. After 107 years as a well-respected course, the 6,300-yard Donald Ross original was reported to have been put up for sale this fall with a price tag of \$4.95 million. It is said only a few dozen members are left.

All in all, the golf course business was once as breathtaking as the ocean holes at Pebble Beach. These days, unfortunately, it's looking more like Rodney Dangerfield's wardrobe in "Caddyshack."

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