

THE WASHINGTON GOLF ECONOMY

SUMMARY REPORT

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



Descriptions of Washington golf course photos from the cover:

Chambers Bay, University Place, WA – Municipal & Public Golf Course (Pierce County); Host of the 2010 U.S. Amateur Championship and 2015 U.S. Open Championship

Sahalee Country Club, Sammamish, WA – Private Club; Host of the 1998 PGA Championship and 2010 U.S. Senior Open Championship

Palouse Ridge Golf Course, Pullman, WA – Public Golf Course owned by Washington State University; Host of the 2009 Washington State Amateur Championship and 2010 U.S. Amateur Local Qualifying

Impact

Washington's golf industry generated a total economic impact of \$2.5 billion in 2007, including \$116 million in tax revenue. The golf industry directly and indirectly supported over 29,000 jobs with wage income of \$796.3 million.

Washington Golf's Economic Impact

With 280 golf courses, 10 golf resorts, and several exciting new course openings (including Scottish links-style Chambers Bay which will host the U.S. Open in 2015), golf in the Evergreen State is more than an enjoyable pastime—it is a key industry contributing to the vitality of Washington's economy.

In 2007, the size of Washington's direct golf economy was approximately \$1.2 billion. This is comparable to revenues generated by key industries in the state, such as ship and boat building (\$0.9 billion) and seafood preparation and packaging (\$1.6 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 2007, Washington's golf industry generated a total economic impact of \$2.5 billion, including \$116 million in tax revenue. The golf industry directly and indirectly supported over 29,000 jobs with \$796.3 million of wage income.**

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.

| Golf's Impact on Washington's Economy (2007) | | | | | | |
|--|------------------|----------|---------|---------------------|---------------|--------------------------|
| Industry | Direct (\$ M) | Indirect | Induced | Total Output (\$ M) | Total Jobs | Total Wage Income (\$ M) |
| Golf Facility Operations | \$451.1 | → | → | \$946.5 | 12,644 | \$316.4 |
| Golf Course Capital Investments* | \$102.3 | → | → | \$127.6 | 1,018 | \$40.5 |
| Golfer Supplies | \$114.8 | → | → | \$234.9 | 2,012 | \$71.5 |
| Tournaments & Associations | \$11.3 | → | → | \$26.5 | 296 | \$9.2 |
| Real Estate ** | \$154.7 | → | → | \$327.0 | 2,610 | \$103.8 |
| Hospitality / Tourism | \$361.2 | → | → | \$796.6 | 10,739 | \$255.0 |
| TOTAL | \$1,195.4 | → | → | \$2,459.1 | 29,318 | \$796.3 |

Note: To calculate golf's total economic impact, SRI subtracted from the direct golf economy impact of \$1,195.4 million the portion of capital investment that is investment in existing facilities (\$47.8 million of \$102.3 million) and the portion of real estate that is the realized golf premium associated with the sale of real estate in existing developments (\$17.6 million of \$154.7 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

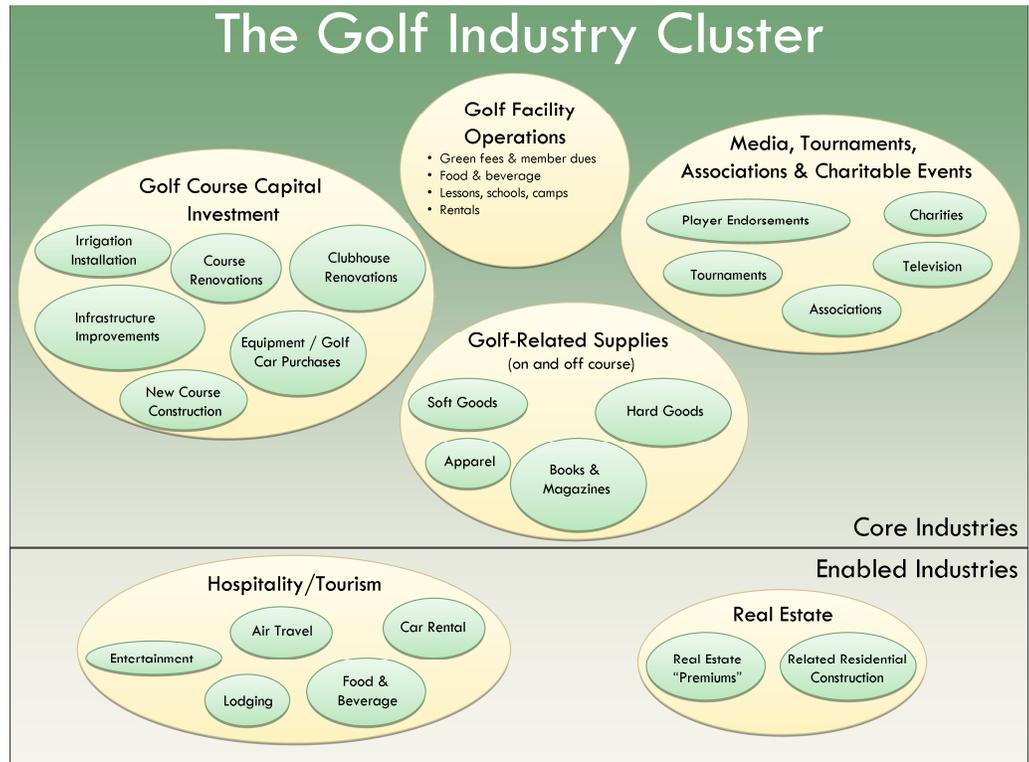
Golf Facility Operations: Washington's 280 golf courses, 29 stand-alone ranges, and 28 miniature golf facilities generated over \$451.1 million of revenues in 2007. This amount is comparable to the combined revenues of all other major spectator sports—football, basketball, baseball, etc.

Golf Course Capital Investments: Washington's golf facilities made \$102.3 million of capital investments in 2007: \$47.8 million in existing facilities and \$54.5 million in the construction of new courses and facilities.

Golfer Supplies: Out-of-state shipments by Washington's golf apparel and equipment

manufacturers (Cutter & Buck, Redbird Sports, and Innovex, etc.) were approximately \$58.6 million in 2007. In addition, the margin made on state retail sales of golf equipment, apparel, and media totaled \$56.2 million.

Major Tournaments and Associations: Each year, Washington plays host to the Boeing Classic, a Champions Tour event, and is gearing up to host the U.S. Open in 2015. In 2007, the Champions Tour generated \$4.3 million, excluding the tournament purse and costs for TV broadcasting. State and regional golf associations headquartered in Washington State generated \$7.0 million in revenues.



Enabled Industries

Golf Real Estate: In 2007, Washington's economy grew by 4.4% with golf-related residential construction contributing \$137.1 million to the state economy. The "golf premium" generated by sales of existing golf community homes was \$17.6 million.

Hospitality/Tourism: SRI estimates that Washington's golf resorts and facilities, which attract business conferences and championship golf events, spurred \$361.1 million in 2007.



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 the Washington Golf Economy in Comparison to Other Industries, 2007 (\$ billion)

| | |
|---|--------------|
| Ship & Boat Building | \$0.9 |
| Golf | \$1.2 |
| Seafood Preparation & Packaging | \$1.6 |
| Fabricated Metal Products Manufacturing | \$3.0 |
| Architectural, Engineering & Related Services | \$4.5 |

Source for non-golf data: U.S. Census Bureau (2005), 2002 Economic Census, Geographic Series: Ship & Boat Building (NAICS 3366), Seafood Product Preparation & Packaging (NAICS 3117), Fabricated Metal Products Manufacturing (NAICS 332), Architectural, Engineering & Related Services (NAICS 5412). 2002 revenues adjusted to 2007 dollars using the GDP deflator.

- The importance of golf in Washington extends beyond the golf facilities themselves. With \$1.2 billion of direct economic activity in 2007, 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, such as ship and boat building and seafood preparation and packaging.
- In 2007, golf facilities represented the largest golf industry segment in terms of revenue, followed by golf-related tourism and golf real estate.

Washington Golf Gives Back

- Washington golf course owners, club managers, and golf professionals are happy to serve as access points for fundraising by local service organizations.
- Numerous charitable events are hosted on Washington State golf courses each year, benefiting organizations, such as the Alzheimer's Foundation, the Fred Hutchinson Cancer Research Center, Children's Hospital, Multiple Sclerosis of Washington, Pacific Northwest Environmental, and many Boys and Girls Club and YMCA chapters across the state.
- Many not-for-profit organizations, such as the First Tee program, the Washington Junior Golf Association, and the Pacific Northwest Section of the PGA's Junior Golf Fund support programs that introduce Washington youths to the game and values of golf.
- The total amount of charitable giving attributed to the game of golf in Washington approached \$36.3 million in 2007.



The full version of The Washington Golf Economy report is available at:
<http://www.golf2020.com>