



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

	<p>Inland Empire Chapter GCSAA GOLF COURSE SUPERINTENDENTS ASSOCIATION OF AMERICA</p>	<p>Western Washington Chapter GCSAA GOLF COURSE SUPERINTENDENTS ASSOCIATION OF AMERICA</p>
		
		
		



Published February 2010 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 Northwest Turfgrass Association, the Pacific Northwest Golf Association, the Pacific Northwest Section of The PGA of America, and the Western Washington Golf Course Superintendents Association. In addition, support for this report comes from the following national allied organizations: CMAA, GCSAA, LPGA, NGCOA, The PGA of America, PGA TOUR and USGA.

The Washington Golf Economy study was conducted by Nancy Chan, Aastha Mehta, Jennifer Ozawa, and Peter Ryan at SRI International with contributions from individuals representing the following allied golf association in Washington (in alphabetical order): Paul Backman (WWGCSA/NTA), John Bodenhamer (WSGA/PNGA), Mike Coury (WWCPGA), Larry Gilhuly (USGA), George Jonson (Ernest Jonson & Co.), and John Thomas (IG&CC).

ACRONYMS

CMAA	Club Managers Association of America
CWPGA	Central Washington Chapter of The PGA of America
EC-CMAA	Evergreen Chapter of the Club Managers Association of America
GCBA	Golf Course Builders Association of America
GRAA	Golf Range Association of America
GCSAA	Golf Course Superintendents Association of America
IEGCSA	Inland Empire Golf Course Superintendents Association
IECPGA	Inland Empire Chapter of The PGA of America
LPGA	Ladies Professional Golf Association
NGCOA	National Golf Course Owners Association
NTA	Northwest Turfgrass Association
PGA	The Professional Golfers' Association of America
PNGA	Pacific Northwest Golf Association
PNS-PGA	Pacific Northwest Section of The PGA of America
USGA	United States Golf Association
WSGA	Washington State Golf Association
WWCPGA	Western Washington Chapter of The PGA of America
WW-GCSA	Western Washington Golf Course Superintendents Association
WGF	World Golf Foundation

I. STUDY OVERVIEW

Washingtonians play golf with all the determination and enthusiasm with which the game was intended, on golf courses set amidst stunning natural scenery and varied and challenging terrain. From the coastal waters of the Pacific to the rolling hills of the Palouse, the golf experience in Washington rivals that of anywhere in the world. This explains why, in addition to the game's recreational value, golf in the "Evergreen State" is a key industry which contributes to the vitality of Washington's economy. In 2007, Washington's golf industry generated a direct economic impact of \$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 indirect and induced effects of golf-related activities are considered, Washington's golf economy supported approximately \$2.5 billion of economic activity, including \$116 million in tax revenue, and over 29,000 jobs with \$796.3 million in wage income.

With \$1.2 billion in direct annual revenues, the golf industry supports economic activity comparable to several other important industries in the state: ship and boat building (\$0.9 billion), wheat production (\$1.0 billion), and seafood preparation and packaging (\$1.6 billion).¹

Historically, many state-level economic studies surrounding the game of golf have been conducted across the country. However, no comprehensive, standardized framework was employed in these prior studies. This made it difficult to monitor a state's industry growth over time, and to make state-to-state or regional comparisons. To ameliorate this problem, SRI International and GOLF 20/20 are currently working with key golf stakeholders in several states, including Washington, to bring consistency to the industry measurement and reporting process. This report describes and analyzes Washington's golf industry including the revenues and economic impact generated by the industry. Such analysis will assist Washington's industry stakeholders² in raising awareness of the impact of golf to state and local policymakers.

There are many potential uses for such an analysis:

- Defining the range of core and enabled industries associated with the game of golf;
- Clearly articulating, for policymakers and regulatory agencies, the employment and revenue-generating contributions of the golf industry to the state economy; and

¹ 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). National Agricultural Statistics Service (2007). "Top Forty Agricultural Commodities, Washington, 2005 - 2007." SRI used the GDP implicit price deflator to inflate 2002 Census revenue data to 2007 dollars.

² Key industry stakeholders comprising the Washington Golf Task Force include representatives from the Washington State Golf Association, Pacific Northwest Golf Association, the Northwest Turfgrass Association, the Western Washington Chapter of the Golf Course Superintendents Association, the Western Washington Section of The PGA of America.

- Building credibility and recognition of the golf industry as a significant business sector and a driver of economic activity in the state.

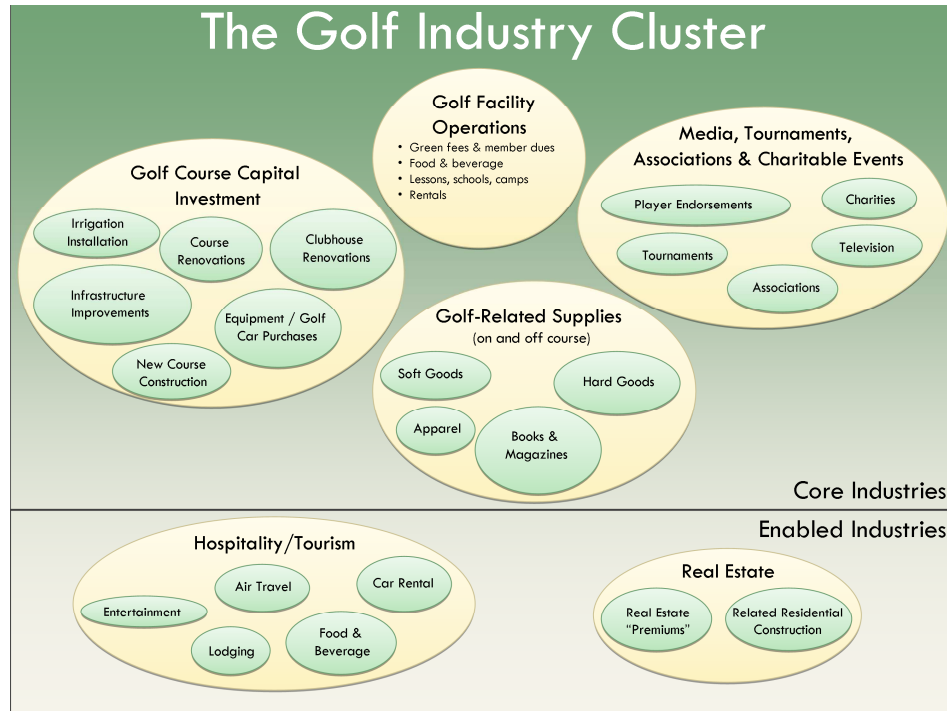
II. ANALYTICAL FRAMEWORK

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 2005 state-level *The Virginia Golf Economy Report*.

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). 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, Nike produces golf shoes, but also running, tennis, basketball, and other shoes. 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 (2005-2007 data)	2002 Economic Census; state task force; NGF Facility Database, multiple years
Avg. revenues by type of facility	PGA Facility Operations Survey, multiple years (2005-2007 data)	2002 Economic Census; National Golf Foundation; state task force
# of rounds by facility type	2006 PGA Compensation Survey (2005 data)	National Golf Foundation
Golf Course Capital Investments		
Avg. capital investment by type of facility	GCSAA Compensation Survey (2005, 2007 data)	National Golf Foundation; State task force
Number of golf courses under construction in current year	National Golf Foundation (2007, 2008 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 (2007, 2008 data)	2006 PGA Compensation Survey (2005 data)
Golf apparel	National Sporting Goods Association (2007, 2008 data)	2006 PGA Compensation Survey (2005 data)
Golf media	Magazine Publishers of America for golf magazine sales; <i>Bowker Annual of Library and Book Trade Information</i> (2007, 2008 data)	Amazon and Barnes & Noble for top golf book sales
Major Tournaments		
# of major tournaments held in state	State task force	Major golf associations
Visitor attendance at tournaments, tournament revenues	Major golf associations	State task force or state associations
Associations & Charitable Events		
# of major state-level golf associations	State counterparts of national golf associations	State task force
Annual revenues/budgets	State golf associations	State task force
# of employees	State golf associations	State task force
Revenues raised through charitable golf events	National Golf Foundation	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; real estate/development agencies	Interviews with golf course architects and real estate developers
# of lots per course	Interviews with golf course architects and real estate developers	Golf Course Builders Association of America, National Golf Course Owners Association,
Avg. construction costs per home and real estate premium	Interviews with real estate developers	Golf Course Builders Association of America, National Golf Course Owners

State Golf Economy Indicators and Data Sources		
Indicator	Primary source	Cross-validation source
Hospitality/Tourism		
# of golf travelers or # of golf-related trips to the state	Longwoods Travel USA	State department of tourism/recent surveys/studies
Avg. spending per traveler or per trip	Longwoods Travel USA	State department of tourism/recent surveys/studies; National Golf Foundation

III. THE SIZE OF WASHINGTON'S GOLF ECONOMY

SRI estimates the total size of Washington's golf economy in 2007 was approximately \$1.2 billion. This estimate is comprised of \$679.5 million in core industries and an additional \$515.9 million in enabled industries, as illustrated in the table below.

Size of Washington's Golf Economy in 2007 by Segment (\$ million)	
Core Industries	
Golf Facility Operations	\$451.1
Golf Course Construction and Capital Investment	\$102.3
Golf-Related Supplies (retail margin and manufacturing exports)	\$114.8
Major Golf Tournaments and Associations	\$11.3
TOTAL CORE INDUSTRIES	\$679.5
Enabled Industries	
Real Estate	\$154.7
Hospitality/Tourism	\$361.2
TOTAL ENABLED INDUSTRIES	\$515.9
TOTAL GOLF ECONOMY	\$1,195.4

A. Core Industries

Golf Facility Operations

At the center of any golf economy lies 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 manufacturers, food and beverage providers, and turfgrass equipment and maintenance service providers. Washington's 280 golf courses, 29 stand-alone ranges, and 28 miniature golf facilities generated over \$451.1 million of revenues in 2007.

Washington Golf Facility Revenues in 2007 (\$ millions)	
Golf Facilities	\$430.8
Practice Ranges & Alternative Facilities	\$20.3
TOTAL¹	\$451.1

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

This is a sizeable industry, but even more significant when compared to other popular revenue-generating sports. For example, Washington’s golf facilities generate revenues which approach the total for all other spectator sports in the state combined—including football, baseball, and basketball. These other spectator sports generated revenues of \$474.3 million in 2002, or \$545.4 million in 2007 inflation-adjusted dollars.³

Golf Course Capital Investments

Golf facilities generate economic impacts beyond operational revenues 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. In 2007, several new courses were opening or under construction, including Chambers Bay in Tacoma, an 18-hole, Robert Trent Jones II-designed public course that will host the 2015 U.S. Open Championship. SRI’s estimate of total golf course capital investment is divided into two segments: (1) capital investment at existing facilities and (2) new course construction. Together, Washington’s golf facilities made \$101.2 million worth of capital investments in 2007: \$47.8 million of investments at existing facilities and \$53.5 million for the construction of new courses and facilities.

Washington Golf Course Construction and Capital Investment in 2007 (\$ millions)	
Golf Facility Capital Investment ¹	\$47.8
New Course Construction	\$53.5
TOTAL	\$101.2

Note: ¹ Numbers may not sum due to rounding. ² Only the New Course Construction category is included in the economic impact analysis, because it represents new economic output or activity. Golf Facility Capital Investment is typically financed through golf facility revenues, so including both Golf Facility Capital Investment and Golf Facility Operations in economic impact analysis would result in double-counting.

³ U.S. Census Bureau (2005). *Washington: 2002 Economic Census, Arts, Entertainment & Recreation Geographic Series*, July 2005.

Golf-Related Supplies

Washington golfers spend significant sums on golf balls, golf clubs, golf apparel, and golf media (books, magazines, DVDs). In 2007, dollar sales of golf merchandise in Washington State were fairly robust. The U.S. recession did not begin until December 2007, and Washington's economy grew by an impressive 4.4% in 2007 compared to 2.1% GDP growth nationally. 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 a number of golf-related companies with manufacturing operations or headquarters in the state—chief among them, the clothier Cutter & Buck, along with custom club companies, like Redbird Sports and Innovex Golf. In 2007, Washington manufacturers' total value-added shipment of golf-related products was approximately \$58.6 million. Washington retailers and golf facilities earned approximately \$56.2 million on the sale of \$141.1 million of golf equipment, apparel, and media in 2007. In total, the Golf-Related Supplies segment contributed \$114.8 million in revenues to the Washington economy.

Washington Manufacturers' Value-Added Exports of Golf-Related Products in 2007 (\$ millions)	
TOTAL	\$58.6

Washington Retailers' Net Revenues on Consumer Purchases of Golf-Related Supplies in 2007 (\$ millions)		
	Total purchases	Retail sales margin
Golf Equipment (retail margin)	\$121.5	\$48.4
Golf Apparel (retail margin)	\$18.4	\$7.3
Golf Media (retail margin)	\$1.2	\$0.5
TOTAL	\$141.1	\$56.2

Note: This includes on-course and off-course purchases of golf equipment, apparel and media. Column may not sum due to rounding. The margin does not account for unsold inventory. It is the margin on the sale of merchandise.

State Golf Associations, Tournaments and Charitable Events

Associations

Numerous associations represent the game of golf in Washington. The Pacific Northwest Golf Association, the Pacific Northwest Section of the PGA, and the Northwest Turfgrass Association are major regional golf associations with headquarters in Washington State. State-level golf associations include the Washington State Golf Association, regional chapters of the Golf Course

Superintendents Association and Club Managers Association, the Washington Women’s Public Links Association, as well as seniors and junior golf associations. The Washington Junior Golf Association and First Tee chapters of Columbia Basin (Richland), Greater Seattle, Olympia, and Yakima aim to introduce youth to the game and values of golf. In 2007, Washington golf associations generated total revenues of \$7.0 million.

Major Tournaments

Each year, Washington plays host to the Boeing Classic, a Champions Tour event. The tournament is held in late August at the TPC Snoqualmie Ridge, located 25 miles east of Seattle at the foothills of the Cascade Range. In 2007, the Robert Trent Jones II-designed Chambers Bay Golf Course opened in University Place, near Tacoma. Renowned for its majestic views and Scottish links feel, Chambers Bay will host the 2010 U.S. Amateur Championship and the 2015 U.S. Open Championship—one of the few municipal courses nationwide to host the U.S. Open and the first Pacific Northwest course to do so. Major golf championships—but also amateur 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. In 2007, the Boeing Classic generated approximately \$4.3 million in direct tournament-related expenditures, excluding the tournament purse and costs for TV broadcasting.

Washington State’s Major Golf Tournaments & Golf Association Revenues in 2007 (\$ million)	
Major tournaments	\$4.3
Associations	\$7.0
TOTAL	\$11.3

Charitable Giving

Washington’s golf industry makes substantial contributions to a variety of charities. For example, the Boeing Classic has generated \$3 million in proceeds its five-year history, benefiting the Heart Institute at Virginia Mason Medical Center and other charities. Locally, Washington State golf clubs host several events in support of numerous local, state and national charities each year. Benefitting organizations include the Alzheimer’s Foundation, the Fred Hutchinson Cancer Research Center, Children’s Hospital, Multiple Sclerosis of Washington, Pacific Northwest Environmental, Boys and Girls Clubs and YMCAs across the state, in addition to several others. 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 to be \$36.3 million in 2007.

Charitable Giving by Washington Golf Industry in 2007 (\$ million)	
TOTAL	\$36.3

B. Enabled Industries

Real Estate

Real estate developers use amenities to attract new home buyers, and golf is a key amenity in many areas of Washington State. The development of new golf communities in Washington followed the rise in the national real estate market which peaked in 2005 in terms of new home starts and existing home sales. In 2007, many golf communities were mid-way through build out, and golf-related residential construction still represented a sizable segment in the Washington golf economy. The new golf community developments offer a mix of single family homes and townhomes/condos. Examples of active golf community developments include: Bear Mountain Ranch, a Lake Chelan golf community with a public-play 18-hole course ranked as one of six favorite new courses in the country by PGA Professionals; Tumble Creek at Suncadia, a private golf community set alongside a Tom-Doak designed course and adjacent to Suncadia Resort; Mountain View Meadows at Deer Park and West Terrace at The Fairways Golf Course, both located near Spokane.

New golf-related real estate construction generated \$137.1 million in 2007. Furthermore, in 2007 there were more than 46 golf communities in Washington, and we estimate the “golf” premium associated with the sale of real estate in these developments to be \$17.6 million. 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.

Washington's Golf Real Estate Revenues in 2007 (\$ millions)	
Golf-Related Residential Construction	\$137.1
Realized Golf Premium	\$17.6
TOTAL	\$154.7

Note: 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.

Hospitality/Tourism

Across the country, golf has enjoyed increasing popularity among travelers, whether it is the primary motivation for a trip or is connected to other recreational time spent with friends and family, or business colleagues. In Washington, golf is an important tourism segment (<http://www.ExperienceWA.com>), alongside the state's other outdoor and recreational activities. Washington's golf 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. Washington State tourism will get a big boost in 2015 when the state plays host to the U.S.

Open Championship at Chambers Bay near Tacoma. Economic impact studies conducted in other states that have hosted the U.S. Open Championship find that these events can generate substantial economic benefits, ranging from \$70 million and \$125 million.⁴ In 2007, SRI estimates golf-related tourism spending in Washington was \$361.2 million. This is based on the following estimates of golf trips and associated expenditures by Washington residents and non-residents: (1) an estimated 579,000 day trips with average golf trip spending of \$63, and (2) an estimated 680,000 overnight trips with average trip spending of \$478.

Washington's Golf-Related Travel Expenditures in 2007	
# of day trips	579,000
Average travel \$ per day trip	\$62.70
# of overnight trips	680,000
Average travel \$ per overnight trip	\$477.67
Total	\$361.2 million

⁴ Hosting U.S. Open Championships generates significant revenues for local economies. For example, the 2005 U.S. Open at Pinehurst, NC, is estimated to have contributed \$124 million to the local economy, while a San Diego State University study found the 2008 U.S. Open at Torrey Pines, CA, is estimated to have contributed over \$70 million.








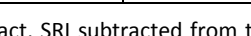
IV. GOLF'S ECONOMIC IMPACT IN WASHINGTON

Golf's impact on the Washington 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 the overall economy. In economics, the idea of the multiplier is that changes in the level of economic activity in one industry impacts 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 employees.

In 2007, the \$1.2 billion Washington golf industry supported:

- A total economic impact of \$2.5 billion for the state of Washington including the indirect and induced economic impacts stimulated by golf sector activity;
- A total impact of \$116 million in tax revenue;
- A total impact of over 29,000 jobs with wage income of \$796.3 million.

Golf's Impact on Washington's Economy						
Industry	Direct	Indirect	Induced	TOTAL OUTPUT (\$ million)	TOTAL JOBS (\$ million)	TOTAL WAGE INCOME (\$ million)
Golf Facility Operations	\$541.1			\$946.5	12,644	\$316.4
Golf Course Capital Investment*	\$102.3			\$127.6	1,018	\$40.5
Golf-Related 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
Taxes	\$69.5			\$115.7		

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.

V. 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 cart 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 course facilities as business establishments in its Economic Census every five years. However, these organizations' calculations of the total numbers of golf courses 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 themselves. 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 variances caused by these data collection issues are very small, and thus do not materially impact the overall analysis. The table below presents slightly differing estimates for the number of golf course facilities in Washington in 2007 or the latest available year.

Estimates of Washington Golf Facilities from Various Sources, 2002-2008					
	2002 Census (# of facilities minus resorts & municipal)¹	2007 PGA (# of facilities)²	2008 WSGA (# of facilities)³	2008 NGF (# of facilities)⁴	2008 NGF (# of 18-hole equivalent courses)³
PRIVATE	65	60	61	64	55.5
PUBLIC	153	195	219	211	181.0
Daily fee/semi-private		138	157		
Municipal			47		
Military		57	4		
University			1		
RESORT		8	10	13	10.5
TOTAL	218	263	280	288	247.0

Sources: ¹ U.S. Census Bureau, *2002 Economic Census*.

² Professional Golfers' Association of America (2008). *Facility Database*.

³ NGF (2009). Total Facility Supply Tables 5-10, *Golf Facilities in the U.S., 2009 edition*, pp.5-10.

⁴ Washington State Golf Association (2009). *Washington State Golf Facilities in 2008*.

The PGA of America, Washington State Golf Association (WSGA), and NGF data fall within a relatively narrow range, PGA's 263 vs. NGF's 288. After analysis and discussion with the Washington Golf Task Force, SRI used the WSGA numbers as the basis for our assessment.

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 a 18-hole course) and (2) the type of facility—whether a golf course facility is private, daily fee, resort, municipal, etc.

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 low 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 course facilities without payroll. In addition, in 2002 the national economy was just emerging from an economic recession which is likely to have negatively impacted the golf industry. Still, the latest 2002 Economic Census⁵ contains revenue, payroll, and employment data on 12,261 golf facilities broken down by state. This provides a robust estimate with which to compare other available golf facility revenue data.

The PGA recently began collecting revenue data for all 50 states on an annual basis through its Annual Operations Survey. The latest available data are from 2007. In addition, PGA revenue data are broken down by type of facility for categories for which Census data are not available—resorts, municipal courses, and military courses.

As an additional validity check, we also examined NGF revenue data. However, it is important to note that NGF does not provide state-level facility data. It presents average revenue data for: (1) public (daily fee) facilities for two regions (Sunbelt and Frostbelt) by fee level (mid-range and premium) and (2) private facilities—a national average—by fee level (mid-range and premium). For the table, below, SRI calculated a single NGF national average revenue figure for each category by using the sample size and mean.

⁵ The most recent Economic Census is the 2007 Economic Census, but state-level data on golf facilities will not be publicly available until sometime between February – August 2010.

Estimates of Washington Average Revenue per Facility Data From Different Sources, 2002-2005			
	Census (2002)¹	PGA (2007)²	NGF (2005)^{3,4}
Private facility	\$1,837,615	\$3,146,021	\$3,564,339
Daily fee facility	\$832,778	\$1,038,727	\$1,291,582
Resort facility	X	\$2,013,907	X
Municipal/military/university facility	X	\$1,671,689	X
Driving range	X	X	\$350,000
Miniature golf	\$276,929	X	X

Sources: ¹ U.S. Census Bureau, *2002 Economic Census*.

² Professional Golfers' Association of America (2008). *Operations Survey*. Resort facility estimate is for year 2005.

³ NGF (2006). *Operating & Financial Performance Profiles of 18-hole Golf Facilities in the U.S., 2006 edition*.

⁴ Golf Range Association of America (2006).

Average revenue data from the Census (2002), The PGA (2007) and NGF (2005) are presented above. Note that the NGF average revenue figure for private facilities is a national average, not a Washington average, and the NGF average revenue figure for daily fee facilities is a Frostbelt regional average, not a Washington average. In the case of private facilities, strong state economic and population growth, led by the greater Seattle metropolitan area, appear to have contributed to growth in private facility revenue. From 2002-2007, Washington's economy expanded by 3.3 percent per year, in real terms, outpacing national GDP growth of 2.8 percent.⁶ A WSGA survey of 39 out of 61 total private facilities in the state indicated average private facility revenue of \$3,495,728. This is slightly higher than the PGA's \$3,146,021 average revenue figure which is based on a lower survey response.

In consultation with the Washington Golf Task Force, SRI calculated total traditional facility revenues using the WSGA survey data for private facilities and PGA average revenue data for daily fee facilities, municipal/military/university facilities, and resorts. Driving range revenues were calculated using the Golf Range Association of America's estimate of average revenue figure for golf ranges in 2006, and miniature golf facilities were calculated using Census (2002) data. We adjusted the Census data for inflation over the 2002-2007 period using the GDP deflator.

⁶ U.S. Bureau of Economic Analysis, U.S. Department of Commerce.

2007 Golf Facility Operations Revenues		
Facility type	Calculation	Estimate
Private facilities	Average revenue ¹	\$3,189,758
	Number of facilities	61
	Total revenue [1]	\$194,575,209
Daily fee/semi-private facilities	Average revenue ¹	\$879,304
	Number of facilities	157
	Total revenue [2]	\$138,050,686
Municipal/military/university facilities	Average revenue ¹	\$1,542,692
	Number of facilities	52
	Total revenue [3]	\$80,220,007
Resort facilities	Average revenue ¹	\$1,790,512
	Number of facilities	10
	Total revenue [4]	\$17,905,121
Driving ranges	Average revenue	\$394,117
	Number of facilities	29
	Total revenue	\$10,423,158
Miniature golf facilities	Average revenue	\$318,471
	Number of facilities	28
	Total revenue	\$8,917,185
TOTAL	Sum [1] to [6]	\$451,097,593

Note: ¹In this table, on-course merchandise sales have been subtracted from average facility revenue, because on-course merchandise sales are included in the Golf-Related Supplies industry segment.

Sources: Private facility revenue is calculated using data from a WSGA survey of 39 out of 61 private facilities. Daily fee, municipal/military/university, and resort facility revenue are calculated using data from The PGA's 2007 Operations Survey. Driving range average revenue is calculated using data from the Golf Range Association of America (2006). Miniature golf facilities revenue is calculated using data from the 2002 Economic Census. Driving range and miniature golf facility revenue have been adjusted for inflation to 2007 dollars.

B. Golf Course Capital Investment

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

Washington Golf Course Construction and Capital Investment in 2007 (\$ millions)	
Golf Facility Capital Investment ¹	\$47.8
New Course Construction	\$53.5
TOTAL	\$101.2

Note: ¹ Numbers may not sum due to rounding. ² Only the New Course Construction category is included in the economic impact analysis, because it represents new economic output or activity. Golf Facility Capital Investment is typically financed through golf facility revenues, so including both Golf Facility Capital Investment and Golf Facility Operations in economic impact analysis would result in double-counting.

Investment at existing courses. Golf facility capital investment includes improvements to greens and tees, repaving of cart paths, purchases of new turf maintenance equipment and irrigations systems, and renovations of the clubhouse, pro shop and maintenance buildings. General maintenance expenses are not included. SRI examined golf course capital investment from three sources: NGF, the GCSAA, and a Washington State Golf Association survey of private golf and country clubs. The GCSAA data comes from golf course capital budget questions included in its 2005 and 2007 Compensation Surveys. The 2007 data is broken down by: (1) type of facility, (2) number of holes at the facility and (3) agronomic region. The NGF's *2006 Operating and Financial Performance Profile* presents estimates of capital expenditures at: (1) public facilities by fee level (mid-range and premium) and divided into two regions (Sunbelt and Frostbelt); and (2) private facilities by size (those with revenues of less than \$3 million and those with revenues above \$3 million). The Washington State Golf Association data comes from a survey of annual facility revenue and assessments for 40 of 64 total private golf clubs.

After review of both data sets, SRI applied the GCSAA data to our Washington golf facility capital investment calculations. We estimated average facility investments in Washington using the known distribution and type characteristics of facilities in the state. (See preceding section on number of facilities for sources.) Annual facility revenue and capital investment by greater Seattle metropolitan area private facilities are significantly higher than for the rest of the state. We supplemented the GCSAA private facility data with the WSGA data. SRI's calculations indicate that Washington's 224 public facilities invested an average of \$93,874 and the state's 64 private facilities invested an average of \$350,000, for a total golf facility capital investment of \$47.8 million in 2007.

New course construction. 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 2007, NGF estimated that 4.0 new 18-hole equivalent golf courses opened in Washington and that 6.0 were under construction. These investments were in line with continued robust growth in the state economy in 2007. Washington State GDP grew by 4.4% compared to national GDP growth of 2.1%.

An estimate for the average investment for each new golf course in Washington is derived from the Golf Course Builders Association of America's *2008 Guide to Estimating Cost for Golf Course Construction*. This database of golf course construction costs is based on a survey of golf course builders around the country and is divided into four construction regions. Using the values provided for High Piedmont and the average ("normal") costs for each of the various construction categories (see box below), we estimate the average investment required to build a new golf course in Washington is \$8.1 million.

To Build a Golf Course: Required Investments	
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 6.0 courses under construction in 2007 and the 4.0 new openings invest an average of \$4.0 million each, for a total of \$40.5 million. In addition, the WSGA survey identified three multi-million dollar renovation projects occurring at Seattle-area private facilities in 2007 which totaled \$13 million, bringing total new course and facility construction to \$53.5 million.

C. Golf-Related Supplies

This section explains our methodology for calculating Washington manufacturers' out-of-state sales of golf magazines, golf balls, golf apparel and other golf accessories used by golfers. 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. The economic value created by golf-related supplies consists of two components: (1) value-added production and (2) the retail sales margin. On the manufacturing, or production side, we are concerned with the value-added production of golf media (e.g., magazine publishing), golf equipment, golf apparel, and golf 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 magazine or golf ball is manufactured.

We began by working with the Washington Golf Task Force to identify major manufacturers of golf-related products in the state. We identified a small number of companies manufacturing golf apparel, equipment, and accessories in Washington in 2007—Cutter & Buck, Bite Footwear, Redbird Sports, Innovex Golf, Eyemark Golf, etc. We then conducted research on these companies to ascertain: (1) if they had headquarters, design, or production facilities in Washington State, (2) the total value of their golf-related sales, and (3) the percentage of these

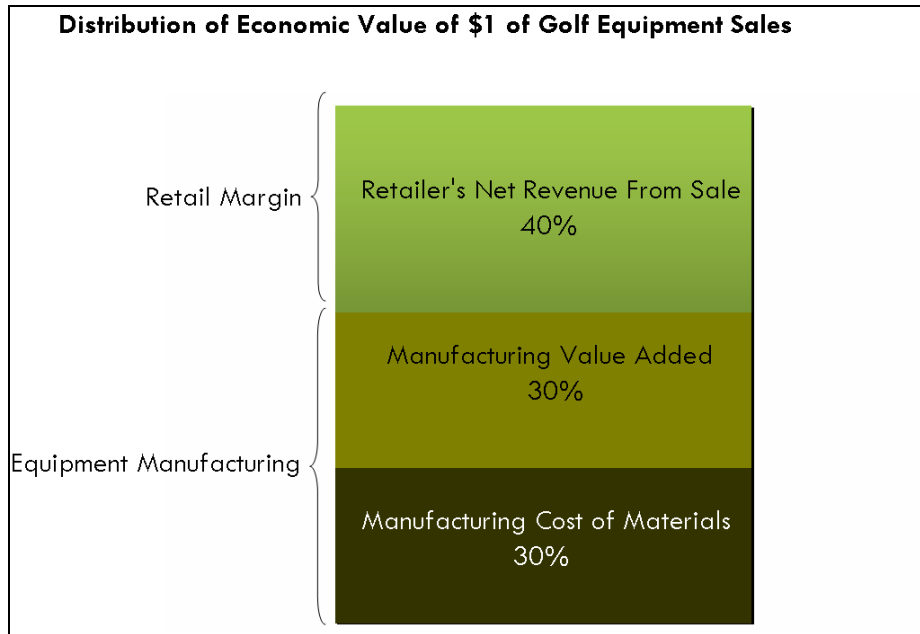
sales that were out-of-state. Finally, we extrapolated value-added output from each company's revenues using value-added data from the Census's *Survey of Manufacturers*.

Washington Manufacturers' Value-Added Exports of Golf-Related Products in 2007 (\$ millions)	
TOTAL	\$58.6

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 2007, NSGA reported total U.S. off-course and on-course purchases of individual golf clubs to be \$615.8 million. The NSGA survey found the Pacific region accounted for 12.5% of these purchases, or \$77.0 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 17.3% of total 18-hole equivalent courses in the Pacific region, so this weight was applied to the region total (\$77.0 million) to estimate \$13.3 million of individual golf club sales in the state of Washington in 2007. Further, retail margins on final sales suggest that 39.8%, or \$5.3 million, of total sales was retained in the Washington economy. (See graphic below.)



Washington's On-Course and Off-Course Golf Equipment & Apparel Purchases, 2007		
Category	Calculation	Estimate (\$ million)
Golf club sets	Pacific region's sales	\$415.5
	WA's courses-based weight	17.3%
	WA's share of sales [1]	\$72.0
Golf apparel	Pacific region's sales	\$106.1
	WA's courses-based weight	17.3%
	WA's share of sales, [2]	\$18.4
Golf balls	Pacific region's sales	\$104.7
	WA's courses-based weight	17.3%
	WA's share of sales, [3]	\$18.1
Golf clubs	Pacific region's sales	\$77.0
	WA's courses-based weight	17.3%
	WA's share of sales, [4]	\$13.3
Golf bags	Pacific region's sales	\$62.6
	WA's courses-based weight	17.3%
	WA's share of sales, [5]	\$10.8
Golf shoes	Pacific region's sales	\$41.9
	WA's courses-based weight	17.3%
	WA's share of sales, [6]	\$7.3
TOTAL	Sum of [1] to [6]	\$139.9
Retail sales margin	Multiply TOTAL by 39.8%	\$55.7

Source: National Sporting Goods Association (2007). *The Sporting Goods Market in 2007*, 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 2007. 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 2007 were estimated to be \$1,239,000 with a retail sales margin of \$493,000. 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.

On-Course and Off-Course Sales of Golf Books in Washington, 2007	
Category	Estimate
Washington retail book sales¹	\$294,917,538
Golf books as % of total book sales	0.4%
Total retail golf book sales	\$1,238,654
Retail sales margin	\$492,984

Note: ¹Adjusted for inflation into 2007 dollars using the appropriate GDP deflator.
Sources: Washington retail book sales data from the 2002 Economic Census. Estimated percentage of golf books among total book sales derived from the 2006 *Bowker Annual of Library & Book Trade Information* and American Booksellers Association data.

Washington Retailers’ Net Revenues on Consumer Purchases of Golf-Related Supplies in 2007 (\$ millions)		
	Total purchases	Retail sales margin
Golf Equipment (retail margin)	\$121.5	\$48.4
Golf Apparel (retail margin)	\$18.4	\$7.3
Golf Media (retail margin)	\$1.2	\$0.5
TOTAL	\$141.1	\$56.2

Note: This includes on-course and off-course purchases of golf equipment, apparel and media. Column does not sum due to rounding. The margin does not account for unsold inventory. It is the margin on the sale of merchandise.

D. State Golf Associations, Tournaments & Charitable Events

Associations. SRI gathered association revenue data for the largest state and regional golf organizations from these organizations' 990 income tax filings. These included the Washington State Golf Association, the Pacific Northwest Golf Association, the Pacific Northwest Section of The Professional Golfers' Association of America,⁷ the Northwest Turfgrass Association, regional chapters of the Golf Course Superintendents Association (the Central Washington GCSA, the Inland Empire GCSA, and the Western Washington GCSA), juniors and seniors golf associations, the Seattle Chapter of the Executive Women's Golf League, and other allied organizations.

Major Tournaments. In 2007, Washington hosted one professional golf event, the Boeing Classic. We subtracted the tournament purse and cost of television broadcasting from total tournament revenues to estimate the revenues that remained in the state.

Washington's Major Golf Tournaments & State Golf Association Revenues in 2007 (\$ millions)	
Major tournaments	\$4.3
Associations	\$7.0
TOTAL	\$11.3

Charitable Events. Overall, SRI estimates that the amount of charitable giving attributed to the game of golf in Washington to be \$36.3 million in 2007. This estimate is derived from a national study⁸ based on the number of charitable golf outings/events held; the discounted fees, services and staff time for these events; as well as 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.

Charitable Giving by Washington Golf Industry in 2007 (\$ million)	
TOTAL	\$36.3

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.

⁷ The Pacific Northwest Section of the PGA includes three chapters from the state of Washington: Central Washington, Inland Empire and Western Washington.

⁸ National Golf Foundation (2002). *The Charitable Impact Report*, November 2002.

Washington's Golf Real Estate Revenues in 2007 (\$ millions)	
Golf-Related Residential Construction	\$137.1
Realized Golf Premium	\$17.6
TOTAL	\$154.7

Note: 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.

Golf-related residential construction. For this industry segment, SRI used NGF data on new golf facilities openings and construction, as well as online research to identify a list of golf courses with residential construction in the study base year (2007). We then contacted these developments directly to collect information on the size of the development, the number of homes/townhomes/condos under construction in 2007, and the average construction costs per type of home (i.e., townhouse or single family home). 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.

SRI estimates that approximately nine golf communities were under development, to varying degrees, in Washington in 2007. Developments ranged from the 1,500-unit Trilogy at Redmond Ridge development, south of Seattle, to the 600-unit Tumble Creek at Suncadia development in Cle Elum. New single family homes in these developments had an average construction cost of \$568,750. Multiplying the total number of each type of unit under construction with the average construction cost per unit yielded a total 2007 golf-related residential construction figure of \$137.1 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.). SRI arrived at a conservative estimate of this premium of \$50,000 per unit for golf communities in Western Washington and \$25,000 per unit for golf communities in eastern Washington (east of the Cascade Mountains). Multiplying the approximately 46 existing Washington golf communities by 175, the median number of housing units per golf course, we arrive at a total of 8,050 golf community homes. In 2007, the home turnover rate (percentage of homes sold relative to the total housing stock) was 5.0 percent in Washington. 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 \$17.6 million in 2007.

F. Hospitality/Tourism

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. In 2007, Longwoods Travel USA® estimated that approximately 3 percent of Washington's adult domestic overnight visitors played golf while on a trip.⁹ This figure includes trips to Washington golf resort destinations (of which Washington has ten), golf outings while on vacation or business travel, as well as trips by Washingtonians to play golf courses in other parts of the state. People also travel to watch the golf pros and upcoming golf talent battle it out at the professional and amateur golf tournaments played annually in Washington. For example, an estimated 22,500 spectators turn out daily to watch the Boeing Classic, a Champions Tour event which is played each August at TPC Snoqualmie, 25 miles east of Seattle.¹⁰

SRI adjusted Longwoods Travel USA's survey finding downwards slightly based on survey data from other states and nationally which also estimate the percentage of overnight travelers that play golf while on a trip. Using Longwoods Travel USA's estimate of total domestic visitor *overnight* trips in 2007 (27.2 million) and assuming that 2.5 percent of these visitors played golf while on an overnight trip to Washington, SRI calculated that 680,000 *overnight* golf trips were made in 2007.¹¹ SRI also calculated that there were 579,000 golf *day* trips in 2007, based on Longwoods Travel USA's estimates of total domestic visitor *day* trips (38.6 million) and 1.5 percent of domestic visitors playing golf while on a *day* trip to/in Washington State. Keeping with tourism industry standards, SRI defines a "golf trip" as a trip in which a Washington resident or non-resident travels 50-plus miles to, through, or within the state and plays golf while on this trip. This figure (1,259,000 total golf trips, day and overnight) seems plausible given the PGA of America's estimate of 8.3 million rounds played in Washington in 2005. This translates into approximately 15.2 percent of total rounds played on Washington courses being played by golfers from other parts of Washington or from out of state.

⁹ Longwoods Travel USA® (2008). *2007 Visitor Report For Washington State*, slide 30.

http://www.experiencewa.com/images/pdf/R_WashingtonState2007VisitorReportRevised.pdf

¹⁰ "The 5th Anniversary of the Boeing Classic Sets Tournament Records," *Golf Today*, Northwest Edition, October 4, 2009, <http://golftodaynw.com/the-5th-anniversary-of-the-boeing-classic-sets-tournament-records/>

¹¹ See slides 7 and 33 in Longwoods Travel USA® *2007 Visitor Report For Washington State*, for total adult domestic overnight trips and total adult domestic daytrips, respectively.

http://www.experiencewa.com/images/pdf/R_WashingtonState2007VisitorReportRevised.pdf

Average spending per golf trip. SRI estimated that average spending per golf trip in Washington in 2007 was \$63 per day trip and \$478 per overnight trip. This includes spending on accommodation, local transportation, food and beverage, entertainment, gifts and so on. Greens fees and cart fees are not included as they are already captured in the Golf Facility Operations revenues. To estimate average golf trip expenditure, we began with national golf trip survey data from the National Golf Foundation’s *The U.S. Golf Travel Market, 2003 Edition* report¹² 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. 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 \$361.2 million in 2007.

Washington’s Golf-Related Travel Expenditures in 2007	
# Golf person day trips	579,000
Average travel \$ per person per day trip	\$62.70
# Golf person overnight trips	680,000
Average travel \$ per person per overnight trip	\$477.67
Total	\$361.2 million

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:

¹² 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 2002-2007, since 2002 is NGF’s most recent on golf travel survey.

Direct Impact of the State Golf Economy	
Core Industries	+ Golf Facility Operations
	+ Golf Course Capital Investment
	+ Golf-Related Supplies
	+ Media, Tournaments, Associations
Enabled Industries	+ Real Estate
	+ Hospitality/Tourism
= Size of State Golf Economy	

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, SRI used the Regional Input-Output Multipliers (known as RIMS II), calculated by the U.S. Bureau of Economic Analysis, to estimate the multiplier impact of Washington’s golf economy. We used IMPLAN, a proprietary input-output modeling system developed by the Minnesota IMPLAN Group, Inc., to estimate the direct, indirect, and induced businesses taxes generated by Washington’s golf economy. IMPLAN calculates “indirect business taxes” defined as excise taxes, property taxes, fees, licenses, and sales taxes paid by businesses. These taxes do not include taxes on profit or income, such as Washington’s Business & Occupancy Tax. IMPLAN’s indirect business tax numbers are derived from the U.S. Bureau of Economic Analysis Gross State Product data.

Golf's Impact on Washington's Economy						
Industry	Direct	Indirect	Induced	TOTAL OUTPUT (\$ million)	TOTAL JOBS (\$ million)	TOTAL WAGE INCOME (\$ million)
Golf Facility Operations	\$541.1			\$946.5	12,644	\$316.4
Golf Course Capital Investment*	\$102.3			\$127.6	1,018	\$40.5
Golf-Related 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
Taxes	\$69.5			\$115.7		

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 (\$17.6million 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.

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