



THE VIRGINIA GOLF ECONOMY

SUMMARY

PUBLISHED JANUARY 2014

This report was commissioned by
GOLF 20/20 for the
Virginia Golf Council
and prepared by SRI International





Virginia's \$1.3 billion golf industry generated a total economic impact of \$2.5 billion in 2012, supporting nearly 30,000 jobs with wage income of \$733.4 million.

The Economic Impact of Virginia Golf

With 327 golf facilities, golf in the "Old Dominion" is a key industry contributing to the vitality of Virginia's economy.

In 2012, the size of Virginia's direct golf economy was approximately \$1.3 billion. This is comparable to revenues generated by other key industries in the state, such as fitness and recreational sports centers (\$0.7 billion), agricultural crops (\$1.4 billion), and data processing, hosting and related services (\$2.3 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 2012, Virginia's golf**

industry generated a total economic impact of \$2.5 billion, supporting nearly 30,000 jobs with \$733.4 million of wage income.

These figures represent a decline from 2005 (when this study was previously commissioned) similar to that of the overall economy. In 2005, the state's golf industry generated a total economic impact of \$3.1 billion, and almost 40,200 jobs with \$948.4 million of wage income. The decline stems from a historic contraction in new golf home construction and the housing market overall, as well as a significant decline in new golf course construction in 2012 compared to 2005.

Virginia's Golf Economy, 2012 versus 2005

Industry	2012	2005	Indirect Impact	Induced Impact	2012 Total Impact		
	Direct (\$ M)	Direct (\$ M)			Total Output (\$ M)	Total Jobs	Total Wage Income (\$ M)
Golf Facility Operations	\$714.4	\$707.5	<div></div>		\$1,417.6	18,550	\$422.7
Golf Course Capital Investments*	\$66.4	\$69.8	<div></div>		\$25.3	197	\$7.7
Golf-Related Supplies	\$53.8	\$41.2	<div></div>		\$103.4	1,000	\$30.4
Tournaments & Associations	\$15.3	\$15.3	<div></div>		\$33.1	257	\$9.4
Real Estate**	\$81.7	\$427.4	<div></div>		\$86.0	670	\$26.3
Hospitality/Tourism	\$422.8	\$329.1	<div></div>		\$847.5	9,245	\$236.9
TOTAL	\$1,354.4	\$1,591.1	<div></div>		\$2,513.0	29,919	\$733.4

Note: To calculate golf's total economic impact, SRI subtracted from the direct golf economy impact of \$1.354 billion the portion of capital investment that is investment in existing facilities (\$54.8 million of \$66.4 million) and the portion of real estate that is the realized golf premium associated with the sale of real estate in existing developments (\$42.0 million of \$81.7 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

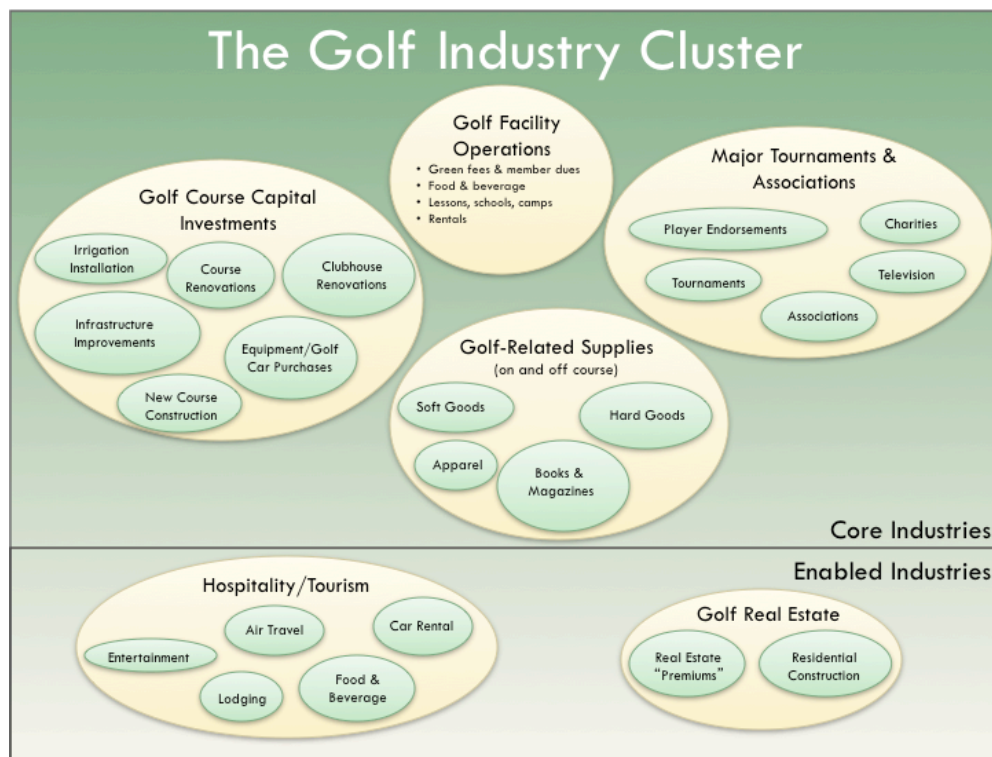
Golf Facility Operations: Virginia's 327 golf facilities, 48 stand-alone ranges, and 38 miniature golf facilities generated \$714.4 million of revenues in 2012. Golf revenues exceed the combined revenues of all other revenue-generating spectator sports—auto racing, horse race tracks, and development league baseball, hockey, and soccer, etc.

Golf Course Capital Investments: Virginia's golf facilities made \$66.4 million of capital investments in 2012: \$54.8 million in existing facilities and \$11.6 million in the construction of new courses.

Golf-Related Supplies: Out-of-state shipments by Virginia manufacturers of golf-related goods (e.g., Integrated

Business Systems, a provider of IT systems for golf facilities; Bag Boy; Links Choice; and Striker Golf GPS, an iPhone golf app) were approximately \$9.1 million in 2012. In addition, the margin made on state retail sales of golf equipment, apparel, and media totaled approximately \$110.7 million.

Major Tournaments and Associations: In 2012, Virginia hosted two professional golf events: the Kingsmill Championship, an LPGA Tour event, and the Eagle Classic, an LPGA Symetra Tour event. In-state expenditures to host these events, along with spending by regional, state, and local golf associations to support junior and amateur events and other activities, generated \$15.3 million.



Enabled Industries

Golf Real Estate: Golf-related residential construction totaled \$39.6 million in 2012. The "golf premium" generated by sales in Virginia's 79 golf communities was \$42.0 million.

Hospitality/Tourism: SRI estimates that golf drew day-trippers and tourists to courses in different parts of the state spurring \$422.8 million in tourism spending in 2012.



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 Virginia's communities and industries.



Size of Virginia's Golf Economy in Comparison to Other Industries, 2012 (\$ billion)

Fitness and Recreational Sports Centers	\$0.7
Golf	\$1.3
Agricultural Crops	\$1.4
Semiconductor and Other Electronic Components Manufacturing	\$2.0
Data Processing, Hosting and Related Services	\$2.3

Source for non-golf data: U.S. Department of Agriculture, Economic Research Service (2013), Virginia: Leading Commodities for Cash Receipts, 2012. U.S. Census Bureau (2013), 2007 Economic Census, Geographic Series: Data Processing, Hosting and Related Services (NAICS 518), Fitness and Recreational Sports Centers (71394), and Semiconductor and Other Electronic Components Manufacturing (NAICS 3344). 2007 revenues adjusted to 2012 dollars using the GDP deflator.

- The importance of golf in Virginia extends beyond the golf facilities themselves. With \$2.5 billion of direct economic activity in 2012, the sheer size of the game of golf makes it a major industry in its own right and a significant contributor to Virginia's economy.
- Virginia's golf industry is comparable in size to other important industries in the state, including fitness and recreational sports centers, agricultural crops, semiconductor and other electronic components manufacturing, and data processing, hosting and related services.
- In 2012, golf facilities represented the largest golf industry segment in terms of revenue followed by golf hospitality/tourism.

Virginia Golf Gives Back

- Virginia golf course owners, club managers, and PGA professionals are happy to serve as access points for fundraising by local service organizations.
- Numerous charitable events are hosted on Virginia's golf courses each year, benefiting organizations such as the Prevent Cancer Foundation, Prevent Blindness Mid-Atlantic, Bon Secours Richmond's Care-A-Van Operation, FeedMore (an umbrella organization representing the Central Virginia Food Bank, Meals on Wheels Serving Central Virginia, and the Community Kitchen), VCU Massey Cancer Center, educational foundations, youth organizations, outreach programs and numerous others.
- Many not-for-profit organizations, such as the Middle Atlantic PGA Junior Golf Foundation and several First Tee chapters across the state, support and introduce Virginia youths to the game and values of golf.
- The total amount of charitable giving attributed to the game of golf in Virginia approached \$80.7 million in 2012.

The full version of The Virginia Golf Economy report is available at:
<http://www.golf2020.com/research/economic-impact-reports.aspx>