



THE CALIFORNIA GOLF ECONOMY: ECONOMIC AND ENVIRONMENTAL IMPACT SUMMARY

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





California Golf's Economic Impact

California's \$6.3 billion golf industry generated a total economic impact of \$13.1 billion in 2011, supporting over 128,000 jobs with wage income of \$4.1 billion.

With 921 golf facilities, golf in the Golden State is a key industry contributing to the vitality of California's economy.

In 2011, the size of California's direct golf economy was approximately \$6.3 billion. This is comparable to revenues generated by other key industries in the state, such as movie theatres and drive-ins (\$2.6 billion), fitness and recreational sports (\$3.6 billion), greenhouse/nursery crops (\$3.7 billion), and amusement/theme parks (\$3.7 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 2011, California's golf industry generated a total economic impact of \$13.1 billion, supporting over 128,000 jobs with \$4.1 billion of wage income.**

These figures represent an overall decline from 2006 when the state's golf industry generated a total economic impact of \$15.1 billion, and close to 160,000 jobs with \$4.8 billion of wage income. The decline reflects a historic contraction in golf residential real estate and golf facility capital investment, which includes new course construction.

Size and Impact of California's Golf Economy, 2011, and Comparison to 2006

Industry	2006	2011	Indirect Impact	Induced Impact	2011 Total Impact		
	Direct (\$ M)	Direct (\$ M)			Total Output (\$ M)	Total Jobs	Total Wage Income (\$ M)
Golf Facility Operations	\$2,846.3	\$3,343.3	→	→	\$7,119.6	80,149	\$2,251.7
Golf Course Capital Investments*	\$325.3	\$144.5	→	→	\$19.5	137	\$6,494.2
Golf-Related Supplies	\$951.8	\$923.8	→	→	\$1,890.3	12,043	\$525.3
Tournaments & Associations	\$137.2	\$181.5	→	→	\$447.5	3,956	\$156.6
Real Estate**	\$1,365.2	\$372.5	→	→	\$628.9	4,405	\$209.0
Hospitality / Tourism	\$1,245.3	\$1,379.3	→	→	\$3,026.0	27,650	\$911.2
TOTAL	\$6,871.1	\$6,344.8	→	→	\$13,131.9	128,340	\$4,060.4

Note: To calculate golf's total economic impact, SRI subtracted from the direct golf economy impact of \$6.345 billion the portion of capital investment that is investment in existing facilities (\$136.1 million of \$144.5 million) and the portion of real estate that is the realized golf premium associated with the sale of real estate in existing developments (\$103.5 million of \$372.5 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

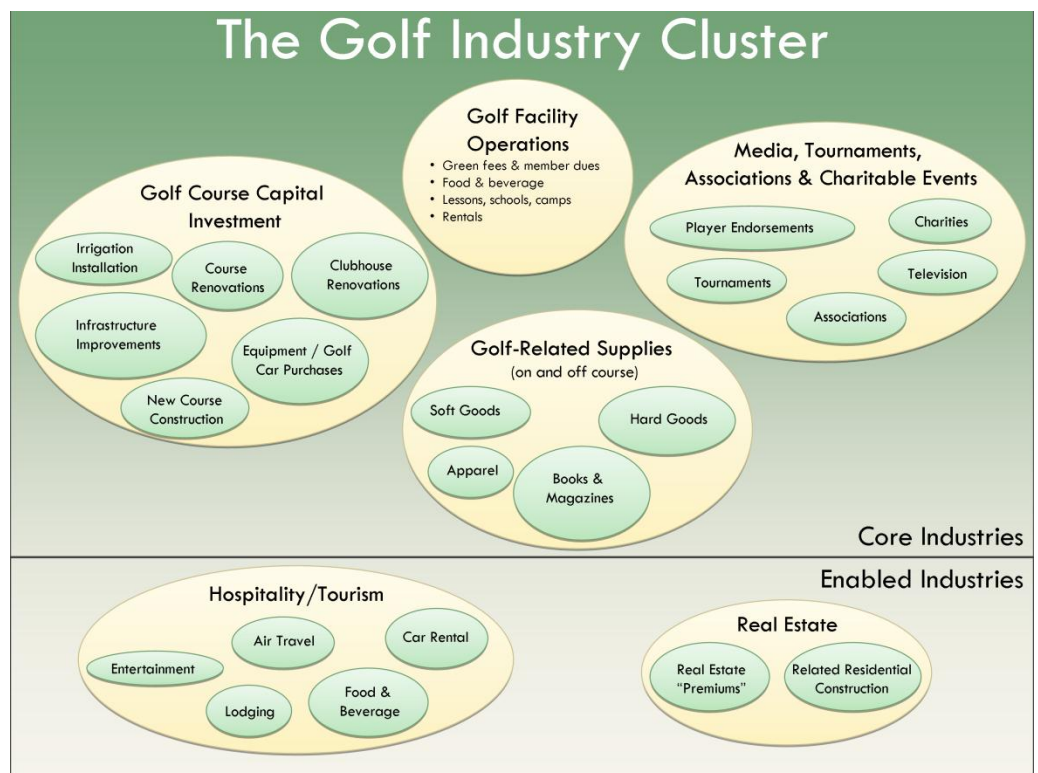
Golf Facility Operations: California's 921 golf courses, 84 stand-alone ranges, and 65 miniature golf facilities generated \$3.343 billion of revenues in 2011. Golf revenues approach the combined revenues of all other professional spectator sports—baseball, football, basketball, etc.

Golf Course Capital Investments: California's golf facilities made \$144.5 million of capital investments in 2011: \$136.1 million in existing facilities and \$8.4 million in the construction of new courses.

Golf-Related Supplies: Out-of-state shipments by California golf equipment, apparel and accessory manufacturers (e.g., Acushnet, Callaway Golf, Cleveland Golf/Srixon, TaylorMade-adidas Golf,

Yamaha Golf Car, etc.) were approximately \$787.7 million in 2011. In addition, the margin made on state retail sales of golf equipment, apparel and media totaled approximately \$136.1 million.

Major Tournaments and Associations: As one of the largest golf states, California hosted 12 professional golf championships in 2011, including five PGA TOUR events, two LPGA Tour events, three Champions Tour events, and two Nationwide Tour events. In 2011 these events generated \$112.0 million, excluding the tournament purse and costs for TV broadcasting. State golf associations generated \$69.5 million in revenues.



Enabled Industries

Golf Real Estate: Golf-related residential construction totaled \$269.0 million in 2011. The "golf premium" generated by sales in California's 242 golf communities was \$103.5 million.

Hospitality/Tourism: SRI estimates that golf drew California day-trippers and tourists to courses in different parts of the state spurring \$1.379 billion of golf-related spending in 2011.



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 California's communities and industries.



Size of California's Golf Economy in Comparison to Other Industries, 2011 (\$ billions)

Movie theatres and drive-ins	\$2.6
Fitness and recreational sports	\$3.6
Greenhouse/nursery crops	\$3.7
Amusement/theme parks and arcades	\$3.7
Golf	\$6.3

Source for non-golf data: U.S. Department of Agriculture, Economic Research Service (2012), California: Leading Commodities for Cash Receipts, 2011. U.S. Census Bureau (2010), 2007 Economic Census, Geographic Series: Motion Picture and Video Exhibition (NAICS 51213), Fitness and Recreational Sports (NAICS 71394), and Amusement Parks and Arcades (NAICS 7131). All figures adjusted to 2011 dollars using the GDP deflator.

- The importance of golf in California extends beyond the golf facilities themselves. With \$6.3 billion of direct economic activity in 2011, the sheer size of the game of golf makes it a major industry in its own right and a significant contributor to California's economy.
- California's golf industry is comparable in size to other important industries in the state, including movie theatres and drive-ins, fitness and recreational sports, greenhouse/nursery crops, and amusement/theme parks and arcades.
- In 2011, golf facilities represented the largest golf industry segment in terms of revenue followed by golf tourism.

California Golf Gives Back

- California 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 California's golf courses each year, benefiting organizations such as Hoag Memorial Hospital Presbyterian, El Camino Cancer Center, Rady Children's Hospital, The National Multiple Sclerosis Society, the American Cancer Society, the Humane Society, the Wounded Warrior Project, the Veterans Airlift Command, Women's and Children's Crisis Shelter, Ready to Learn, local chapters of The Boys & Girls Clubs, and numerous others.
- Many not-for-profit organizations, such as the Northern and Southern California PGA Foundations and the several First Tee chapters across the state, support and introduce California youths to the game and values of golf.
- The total amount of charitable giving attributed to the game of golf in California approached \$364.6 million in 2011.

Water

Water is a key resource for the California golf industry—as is the case with many other industries. However, California golf courses account for **less than 1 percent of total irrigated acreage** in the state, and the economic return on the water used by the golf industry is much higher than any other crop, including grapes, nuts, tomatoes, rice, etc.

California Golf's Environmental Impact

Water is an important resource for the California golf industry, as in many other industries—e.g., food processing, agriculture, hotels, and restaurants, etc. However, in California, a larger share of the population is located in the Southern part of the state, which has less annual rainfall and requires more water to sustain green landscapes and plant growth. Therefore, care of the land, especially as it relates to the use of precious water resources, is paramount for the golf industry and local communities.

California golf facilities fall into three agronomic regions: Pacific, Upper West/Mountain, and Southwest. Water requirements vary based on region, with 13 percent of Pacific facilities, 25 percent of Upper West/Mountain facilities, and 31 percent of Southwest facilities irrigating with water from municipal or public water systems, according to the Environmental Institute for Golf survey data.

The majority of facilities draw water from a combination of streams, onsite wells, and recycled sources.

California golf courses:

- **Represent 3.5 percent of the total turfgrass in California** (most turfgrass acreage is associated with home and commercial landscapes, rights of ways, parks, schools, and sports fields);
- **Consume 1.2 percent of the total water used for irrigated crops** in the state;
- **Account for less than 1 percent of total fresh water** consumed in the state; and
- **Generate significantly higher economic returns per acre-foot of water** compared to other water-intensive industries.

California Golf Water Usage and Economic Returns Comparisons

	Irrigated Acreage	2011 Revenue (\$1,000)	Revenue per Irrigated Acre	Revenue per Acre-ft of Water
Golf courses	95,805	\$3,382,878	\$34,266	\$10,124
Rice	575,000	\$852,590	\$1,482	\$297
Almonds and pistachios	799,000	\$4,746,000	\$5,939	\$1,747
Grapes (all)	867,000	\$3,857,439	\$4,449	\$2,617
All crops, fruit, nuts, etc.	9,244,500	\$27,491,777	\$3,264*	\$1,136*

* Excluding pasture.

Sources: SRI calculations based on survey data from:

Golf Course Superintendents Association of America, Environmental Institute for Golf (EIFG) (2009). *Golf Course Environmental Profile, Volume II: Water Use and Conservation Practices on U.S. Golf Courses*.

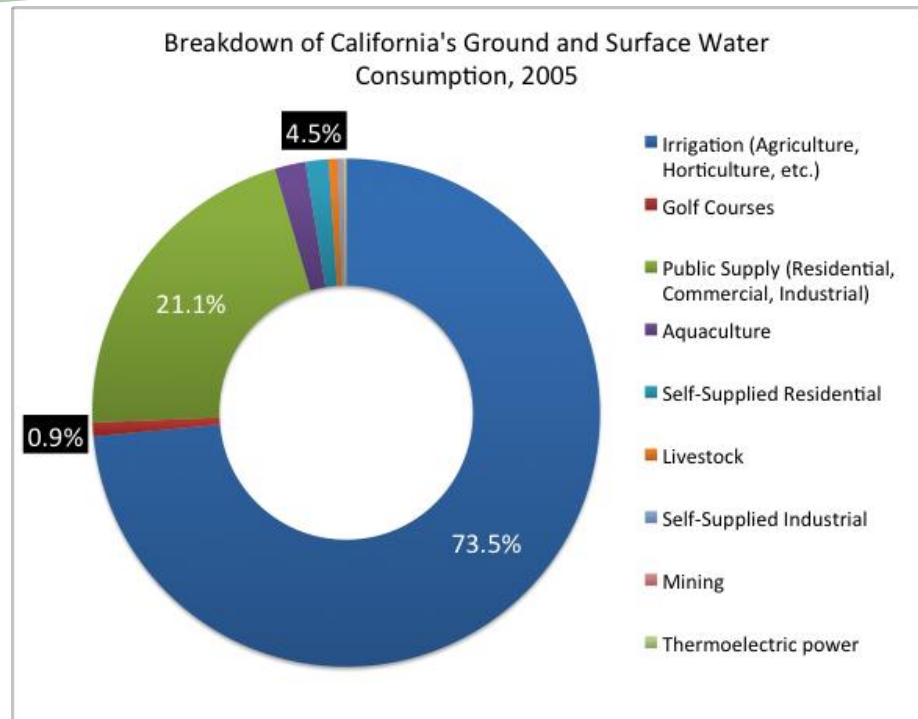
California Department of Water Resources (2005), *Agricultural Water Use Model*.

U.S. Department of Agriculture National Agricultural Statistics Service (2011), *California Agricultural Statistics*.



Conservation

The California golf industry continues to proactively pursue conservation strategies to reduce its environmental footprint and reduce water consumption at California golf courses.



Source for golf course water consumption: SRI calculation based on survey data from Golf Course Superintendents Association of America, Environmental Institute for Golf (EIFG) (2009). *Golf Course Environmental Profile, Volume II: Water Use and Conservation Practices on U.S. Golf Courses*. Source for other types of water consumption: U.S. Geological Survey (2009). *Estimated Use of Water in the United States in 2005*. Latest available data. The anticipated release of 2010 data will be between 2014-2015.

As shown in the chart above, the irrigation of agricultural and horticultural plants accounts for nearly three quarters of California's fresh water consumption. Fresh water consumed by households and companies for drinking, washing, maintaining landscapes, etc., accounts for another 20 percent of total water consumed, the second largest category.

By comparison, California golf courses account for less than 0.9 percent of total water consumed in the state.

Nevertheless, the California golf industry has aggressively pursued conservation strategies to minimize its environmental footprint and reduce water consumption.

Examples of strategies employed by the golf industry to enhance its

environmental stewardship include:

- Using drought-resistant grasses;
- Increasing its use of recycled water—the California State Water Resources Control Board estimates recycled water accounts for nearly 15 percent of irrigated golf course acreage;
- Improving irrigation systems and practices with technology;
- Managing customer expectations—more natural landscapes, increase in non-irrigated areas in the rough or out-of-play, firmer ground on less played parts of the fairway; and
- Investing in research and continuing education for golf course superintendents.



The full version of The California Golf Economy report is available at:

<http://www.golf2020.com>