

Arizona Golf: On the Upswing

WEATHERING ECONOMIC STORMS, ARIZONA GOLF IS STILL BIG BUSINESS, WITH BRIGHT SKIES AHEAD

Understanding the Arizona golf industry in the 21st century is akin to grasping the recent landing of NASA's rovers on Mars. In other words, it helps to be a rocket scientist. With a complex mixture of resident, destination and private golf all gracing its desert-mountain landscape, keeping up with where it's all going is oftentimes confusing at best. And it has been that way for 20 years, as raising Arizona has not been easy.

At times, Arizona golf has resembled

the movie *The Wild, Wild West*, as architects and developers have used a "shoot from the hip" philosophy in building—some say overbuilding—more than 325 courses. At other times, it's been more like the film *Field of Dreams*. This was especially true in the early 1990s, when numerous high-end, daily-fee courses were created in the Greater Scottsdale area under the guise: "If we build them, they will come."

So where is Arizona golf on a national

scale these days and where is it going in the future? Perhaps the scientists at NASA have a clue. One thing is for certain despite a growth chart that seems to bounce around like the New York Stock Exchange: Arizona golf has more than a few key elements working for it:

- First and foremost: 330 days of sunshine a year. Or, to look at it from another perspective, only 25 days of rain. What this translates to is a lot of potential days to play the game, as well as perfect condi-



By Bill Huffman



tions for growing grass. In both areas, Arizona leads the league thanks to pioneers like Troon North and upstarts like We-Ko-Pa.

- The best service in the country. It all began with the Raven at South Mountain in the mid-1990s, where taking care of the customer became paramount, to the point that it rivaled the hospitality industry. Then Grayhawk Golf Club added yet another facet, taking customer service into the high-tech age.

- An infrastructure of upscale resorts, restaurants and spas to accommodate the destination golfer in first-class style. Royal retreats like The Boulders, The Phoenician and The Biltmore got it going. Then golfer-friendly inns such as Resort Suites of Scottsdale and Meridian Condo Resorts made it their specialty.

- Perhaps the most accessible airport in the country. Over 130 nonstop, affordable flights by carriers like America West and Southwest land daily at Sky Harbor International Airport. When you can

board a plane at 7 a.m. in New York and be on a Phoenix golf course for a noon starting time, that's a perk few other golf markets can match.

Such secrets of success would seem to make Arizona golf a "gimme." But the reality is, challenges like the economy, marketing the destination and land/water issues make it a constant challenge. The 1990s were all roses, but from 2000 on it has been, at times, a thorny dilemma.

Tom Patrick, the vice president of SunCor Golf and the founder of the Golf Industry Association of Arizona, knows the realities of the state of the game in the High Sonoran Desert better than most. Yes, the tee sheets have started to show some upswing, but let's not get too full of ourselves, Patrick warns. "The golf industry in Arizona is starting to come around," said Patrick, pointing to the recovery that has slowly gained momentum since the low point of Sept. 11, 2001. "The economy is turning, people are traveling and we're not building as many golf courses.

"We still have ten too many (courses) in the Phoenix-Scottsdale area, and that's about 400,000 to 500,000 rounds away from allowing us to do just fair as an industry. And I'm not talking about good—I'm just talking about fair."

Despite Patrick's assertion that it hurts the industry, construction continues non-stop, as more than 20 courses are on the books for the west part of Phoenix alone. The eruption began recently with a four-some that included the new Raven at Verrado, the Trilogy at Vistancia, Corte Bella and a second course at Anthem. The only saving grace is that Scottsdale has hit the brakes, primarily because it's run out of land and water. Developer Lyle Anderson began the boom near Pinnacle Peak in 1983 with the introduction of Desert Highlands, but it's about to go bust when designer Tom Fazio finishes the second course at Whisper Rock later this year.



Grayhawk Golf Club, Raptor Course No. 18

"The golf industry in Arizona is starting to come around."

- Tom Patrick, SunCor Golf VP

Obviously, for a city of 225,000, there's more than enough golf to go around on Scottsdale's 55 lush layouts (approximately 1,000 holes). According to the National Golf Foundation's formula for computing holes of golf to people in a community, Scottsdale has 444 holes per 100,000 people. By comparison, Chicago has 66 holes per 100,000 people. Then again, the Windy City doesn't have 7 million winter visitors each year, many in search of a game. Or for that matter, a golf industry that generates \$1.5 billion for its economy, as Scottsdale does.

Gordon Zuckerman, the CEO of Resort Suites of Scottsdale, certainly likes the situation his vacation village for golfers finds itself in. For the past three years, Resort Suites has struggled, Zuckerman conceded, but 2003-2004 looks like the return of record numbers. "We're up about 46 percent for new guests, and about 15 to 20 percent for repeat guests," said Zuckerman, who is known as the "Rebel without a Course" because his resort has booked 600,000 rounds of golf for its customers since opening in 1990.

"Part of that is because the economy is turning around, and part of that is because we formed the Golf Bank (with 14 high-end public courses), pooled our monies



The FBR (Phoenix) Open generates \$175 million in the Arizona economy. Drawing nearly 500,000 spectators and national television coverage, it creates the equivalent of 2,197 fulltime jobs. Counting direct and indirect expenditures, the event represents approximately 10 percent of the total impact golf brings to the state. Surveys show the tournament alone spends more than \$13.7 million in set-up, advertising, food and beverage, administration, tournament purse and security. Another \$69 million of the total number is based on non-local attendees spending \$314 per day during their weeklong stay.

(with the courses) and have spent about \$600,000 marketing Scottsdale this year."

There are other elements that make Arizona golf strong. Management companies like Troon Golf, Intrawest Golf, SunCor Golf, OB Sports and In

Celebration of Golf have made Greater Scottsdale the "Wall Street of Golf." Other forces help pack the punch, like PING Manufacturing, the University of Arizona's Turf-Grass Research School, the FBR Open (formerly Phoenix Open), and a dozen or more top-flight instruction academies like Resort Golf Schools.

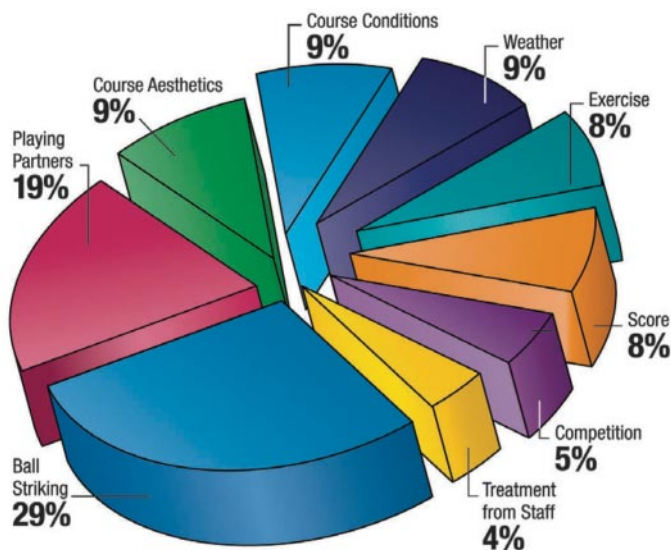
No wonder one national publication dubbed Scottsdale "America's Greatest Golf Destination," while another called Arizona the No. 5 golf destination in the world. Not as flattering, the state's green fees were rated the third-most expensive in the country, behind Hawaii and Las Vegas.

Where is it all going? It depends on who you ask. But one of those who seems to have a handle is Ed Gowan, the executive director of the Arizona Golf Association. "Pick a topic?" Gowan says of the future. "We're slightly above the national demographic for our population, but when you throw tourism into it, I think it's still about the right number of courses.

"But the average green fee—in the \$100-plus range during the peak winter months—is a bit of a 'disconnect,'" Gowan added. "[The green-fee issue] has not settled out, and it probably will be at least three more years before we're in the

Factors Influencing Enjoyment of Golf

Ball striking has the greatest effect on participants enjoying the game.



Source: Golf 20/20

Lobbying Golf Economics

Annually the Golf Industry Association (GIA) addresses the Arizona state legislature on the economic impact of the sport of golf. This winter's conference was called Golf Industry Day and was spearheaded by the Cactus and Pine Golf Course Superintendents Association, in conjunction with the Golf Industry Association, the Southwest Section of the PGA of America, the Arizona Women's Golf Association and the Arizona Golf Association.

The two-day meet-and-greet session was held at the State Capital and covered many of the critical issues facing the golf industry, including the challenges of promoting the business. There was also an assessment of the Arizona rounds and revenue report.

Included in the Golf Industry Day presentation—whose theme was "Golf Is Big Business"—were these interesting facts and figures:

- There are 36.7 million golfers in the U.S.
- Annually more than 1.7 million junior golfers between the ages 5–17 start to play golf.
- Approximately 24 percent of golfers have household incomes of \$100,000-plus.
- More than 45 percent of golfers are college graduates.
- Homes built on golf courses are on average 15- to 30-percent higher in value than non-golf course homes of similar size.
- There are 3.5 million avid golfers who spend \$1,000 or more a year on equipment, green fees and accessories.

Closer to Home: Arizona numbers

- Golf generates more than \$1.5 billion in sales receipts.
- Golf employs over 20,000 people generating \$350 million in wages.
- Golf accounts for approximately \$70 million in state and local taxes.
- Arizona is home to more than 270 companies and organizations involved in the business of golf.
- In excess of 2 million visitors play golf each year.
- Visitors account for one-third of all golf rounds and 36 percent of all spending.
- Visitors spend more than \$180 million in on-course and off-course related sales.
- Golf in Arizona is enjoyed by all age groups, genders, and occupations. Golf's broad appeal is a particularly good fit for Arizona, a state that attracts economically active and retired households.

right place. The boom of five years ago is gone, so it will be a while before we get back to high profitability.

"Still, the Arizona golf industry is doing better than its rivals," Gowan said.

"The game doesn't have to grow for us to get bigger, because the people who are driving the golf in Arizona are between the ages of 40 and 65. We still have a need for private golf courses in the \$25,000-and-under level, and those are not the courses that are being built. And we definitely need some more public golf, too, but we need those courses to be built by communities like the Native American tribes and municipalities so we can offer more low-cost golf."

Where will Arizona golf be 10 years down the road? "I think this will be the No. 1 golf market in the nation," Gowan predicted. "We have such great weather and so many great golf courses, it's just a matter of time. Remember, [in the winter] it gets really ugly in Minnesota"—no offense, Gophers! □