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THE DEATH OF GOLF AND THE GAME AS WE KNEW IT

No one really took notice in the late 1980s when the golf ball started going farther and straighter. At the time, everyone was distracted by the grooves controversy — the use of irons and wedges with square grooves that gave golfers an unfair advantage when hitting from tough lies — and no one realized how advances in golf equipment technology could pose a threat to the integrity of the game and how it is played.

The United States Golf Association, emasculated by litigation with Ping regarding the grooves issue, had become the rules-making eunuch of the golf world. It is not the USGA's fault that real estate developers built more costly, longer and more difficult golf courses during the 1990s' building boom. But the USGA's lapse in limiting advances in golf equipment technology has changed the character, nature and challenge of the game.

The art of golf is gone and the game may never be the same. The grace and beauty of combining strategy and skilled shot-making — what Ben Hogan described as "course management" — has changed into what has become the power game of today. This issue is of paramount concern because advancements in golf equipment technology, coupled with the related increases in golf course length and difficulty, have instigated the transformation of the game as we knew it. Advances in golf equipment technology have made many of golf's great courses outmoded.

The game that Jack Nicklaus played to win his last Masters in 1986 is not the same game that Tiger Woods played to win his first Masters in 1997. Golf courses suddenly had to be Tiger-proofed. And, given the acreage demanded for this new power game played on the PGA Tour, the average golfers who actually pay to play these new-generation golf courses are losing interest because of the cost, difficulty and time it takes to play a round of golf. A new standard of golf course excellence has emerged and redefined the game into something unrecognizable from before and created a divide between the game played on television by the pros and the game played at local courses across America by average golfers.

This may be the death of golf and the game as we knew it.

This isn't a tale of villainy — far from

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it. As one of the people who helped create golf's problems, I can assure you the road to chaos was paved with good intentions. Back in the early 1980s, tennis was hot and golf just wasn't very cool. The game was heading in the wrong direction. The number of golf courses being built was slowing since a boom in the 1960s. Golf was generally viewed as a mature industry. Many considered it to be a dying game.

I was the person responsible for the National Golf Foundation's clarion call at the 1988 Golf Summit for the golf industry needing to build "a course a day" from then until the year 2000. We foresaw the latent demand coming from the huge and aging baby boomer generation that was expected to play and spend more on golf as it aged. It was inconceivable to us at the time that we could build too many golf courses or that we might build the wrong type of golf courses in all of the wrong places — or, for that matter, that we would foster the development of golf courses that would not be sustainable. What happened is that we unwittingly created a product that our customers didn't want to buy.

The golf industry today is in the midst of a perfect storm of unintended consequences related in the 1990s' golf course development boom. These flawed courses are largely tied to master-planned communities and were built by residential developers primarily to sell lots. More than 40 percent of the courses built in the 1990s were amenities for such communities.

The conventional wisdom was that courses famous for difficulty and designed

by big-name architects commanded premium prices. This led to longer golf courses to maximize the number of high-priced lots along the fairways.

It also inspired developers of courses without real estate tie-ins to build longer and more difficult courses. They felt the economic pressure to offer a country-club-for-a-day golf experience that was competitive with the residential developers' golf courses.

But the marriage between golf and real estate led to a faulty business model. Too many developers built golf courses where they were not needed. Too much was spent building these courses, and the courses were too expensive to maintain after they opened, which led to the higher cost of playing the game. My dissertation research showed that the golf courses built since the 1990s were not only more costly than the golf courses built during the 1920s and 1960s boom periods, the courses were longer and more difficult.

This may have led to dire consequences. Since 2000, according to National Golf Foundation research, the golf industry has experienced significant declines in the key barometers of its economic well-being, namely the number of golfers, the number of rounds played and the net increase in the number of golf courses:

- The percentage of the overall population that plays golf has declined. In 1990, the percentage was 12.1 percent. By 2000, it had fallen to 11.1 percent, and by 2010 it was down to 10.2 percent.
- The number of rounds played has dropped from 518.4 million in 2001 to 463 million in 2011.
- During the past decade, more than 1,000 golf courses have closed. The net growth — the number of openings versus closings — has been negative since 2006, a trend that has not occurred since the Great Depression.

What the golf industry received in the divorce settlement between golf and real estate is a failed development model that offers little hope of reconciliation between the parties. The offspring from this unholy union carries too much debt, is too expensive to maintain and is not economically viable. Many of these courses are going out of business or just barely staying alive.

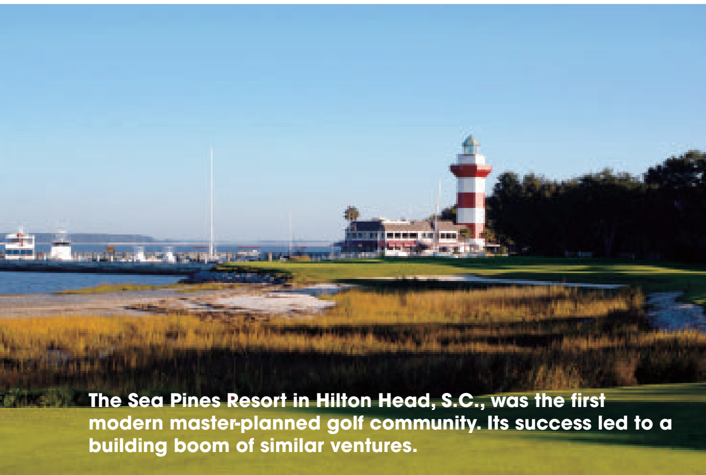
HOW IT STARTED

The love affair between real estate and golf-course development began to flourish in the late 1960s when it was estimated that about 18 percent of the 380 golf courses built each year were part of a real estate venture. Charles Fraser created the modern master-planned golf community with the development of The Sea Pines Resort in Hilton Head, S.C., less than a decade earlier, in 1956. Fraser was able to control every aspect of the 5,200-acre development. An instant success, it became the model for developments across America for many decades.

The Sea Pines Resort, which has three courses, including the famed Harbour Town Golf Links, proved that golf courses could be a successful means of enhancing property values in the courses' interiors. Fraser's innovation of using golf to sell interior real estate had broad appeal to prospective buyers, including golfers and non-golfers. Indeed, studies have found that only 30 percent of the people living in golf communities play golf on a regular

basis. Many non-golfers want to live in a golf community simply for the views.

The post-Sea Pines increase in the construction of golf-related master-planned communities signaled the greater role that developers would play in determining the number and type of golf courses that were built during the 1990s. The U.S. economy was growing and the golf industry was booming, and the blissful relationship between golf and real estate appeared to be a marriage made in heaven.


The Sea Pines Resort in Hilton Head, S.C., was the first modern master-planned golf community. Its success led to a building boom of similar ventures.

COURTESY OF THE SEA PINES RESORT

Real estate developers understood that golf courses had become a great attraction for prospective homebuyers. They hired signature or celebrity architects — Pete Dye, Tom Fazio and Jack Nicklaus foremost among them — to design their courses because it had become clear that such names enhanced real estate values, generated more sales and stimulated profitability. It can be surmised that the choice of the golf course architect had more to do with selling premium-priced lots and less with providing a recreational amenity.

The proposition that famous course architects had a significant impact on real estate prices is supported by various studies. The average price of a Nicklaus or Fazio home from 1993 to 2003, for example, was $1.2 million, which was four times the price of the average new U.S. home built during the same period.

Other course architects had similar average prices: The team of Jay Morrish and Tom Weiskopf was at $1.4 million; Pete Dye was at $918,000; and Rees Jones was at $711,000.

It also made business sense to build longer courses. The developer could squeeze in more lots along the added distances. But the practice had negative consequences. Amateur golfers were forced to play on courses that were designed to challenge professionals outfitted with the latest technologically advanced and most expensive equipment.

The disparity between pros and amateurs was noted by Phil Mickelson, a two-time Masters champion, prior to the 2011 PGA Championship at the Atlanta Athletic Club. Mickelson was critical of the design changes that had been made to the club's Highlands course.

"It's a good reason why the number of rounds is down on this golf course amongst the membership," Mickelson said. "And it's a good reason why, in my opinion, this

is a great example again of how modern architecture is killing the participation of the sport, because the average guy just can't play it."

While developers had the final say regarding the type of courses they wanted in their communities, golf course architects had their own vested interest in designing challenging courses. It was their best opportunity to land a course onto the various top-100 lists and that would increase their fame, and with it, their fees.

Interestingly, the construction boom of the 1990s was fundamentally different from golf's other construction booms of the 20th century. The first boom, in the 1920s, built private clubs, often serving as an amenity for the country club. Eighty percent of the 5,700 golf courses were private clubs. After the Great Depression and the post WWII economic boom came the emergence of a new economic class in America that was not focused primarily upon subsistence, such as putting food on the table. For the first time in U.S. history, there was a rapidly expanding middle class that had the time, money and interest in recreational activities that included golf. We had a golfing president, Dwight Eisenhower; we had star player Arnold Palmer; and we had television to spark the middle class's interest in golf. The number of golf courses swelled to more than 10,000 by 1970, of which 55 percent were open to the public. While previous construction booms were driven in response to actual sociocultural and economic phenomena, the boom of the 1990s was anticipatory in nature and driven more by real estate speculation on the parts of real estate developers and buyers. Developers were building courses in anticipation of demand from baby boomers who were expected to play more often as they aged and retired. And when lots were selling, developers had no problem subsidizing golf course operations that were otherwise unprofitable.

By 2000, the golf industry had more than 16,000 golf courses with nearly 30 million golfers playing an estimated 520 million rounds. The democratization of the game was a fait accompli, with 72 percent of the golf courses being open to the public and where 80 percent of the golf rounds were played. But that quickly changed with the downturn in the real estate market in 2006 and the economy in 2008. Real estate buyers no longer saw real estate as a can't-miss investment. Speculation no longer drove real estate sales because buyers were looking for value and utility instead of capital gains. Once it became evident the golf courses were not profitable enterprises, they went from being assets to liabilities.

And that's when the boom in golf construction turned into a bust.

The billion-dollar question for the golf industry today is whether or not real estate developers' love affair with golf can or should be rekindled. Or, perhaps the marriage of golf and real estate just won't be the same the second time around. ●

This article was adapted from David B. Hueber's 2012 Ph.D. dissertation at Clemson University: The Changing Face of the Game & Golf's Built Environment. Hueber has served as a senior executive in the golf industry for more than a quarter-century as the vice president of marketing at the PGA Tour, president and CEO of the National Golf Foundation and the Ben Hogan Company and Ben Hogan Properties (former owner of the Pebble Beach Company). He also holds of 12 patents, including the invention of hybrid woods.