

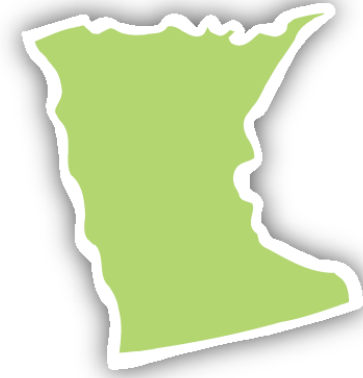


Inside the MGA

CMAA Meeting

January 8, 2019

Interlachen Country Club



- **Minnesota is ranked in the top 15 nationally with a 11.5% participation rate.**
- **More than 585,000 Minnesotans play golf (NGF).**
- 90 percent of Minnesota's golf courses are open to the public.
- Minnesota ranks 11th in the U.S. in number of golf facilities (NGF).
- Golf represents \$2.3 billion (direct/indirect) to the state's economy, according to "The Economic Impact of Minnesota Golf," a Golf 2020/TEconomy study commissioned by the MGA in 2018.
- **MGA members posted 1.31M rounds in 2018 (weather was a factor), or an average of 20.9 rounds.**
- **Golf visitors have ranked Minnesota 4th from a list of 13 golf destinations, behind only Florida, Arizona and South Carolina.**
- Minnesota has hosted 18 USGA national and team championships, including four US Opens (1916, 1930, 1970, and 1991) and four US Women's Opens (1956, 1966, 1977, and 2008) With the most recent being the 2017 US Senior Amateur at The Minikahda Club
- In addition, Minnesota has hosted five PGA Championships and the Ryder Cup, with the 2018 KPMG Women's PGA coming this summer to Hazeltine National Golf Club.

- The most recent Economic Impact Study
- Industry Challenges and Opportunities
- National and state statistics
 - Golfers
 - Rounds played
 - Facilities
- MGA programs
- MN Private Clubs



- **Study completed in May 2018**
 - Joint task force including MGA, MWGCOA, MN PGA Section, CMAA, MGCSA, and MPGMA
 - Conducted by TEconomy Partners in agreement with GOLF 20/20
 - Same methodology in all state and national studies last 15 years
 - Australia and England

- **Primary Focus/Purpose**
 - Legislative – to educate elected and appointed officials on the economic value and impact of the golf industry to their communities and to the state
 - Media – to use as fact based background as appropriate and in times of “negative news”





➤ Data Sources

- NGF US Golf Facilities Report
- NGF Golf's Charitable Impact
- PGA Operations Survey & Comp Study
- US Economic Census
- GCSAA Capital Expenditures Survey
- Golf Course Builders Association Survey
- NSGA Sporting Goods Market Survey
- MN Allied Associations Tax Filings
- EMT Tourism studies

➤ Primary Research

- Online searches for MN golf communities
- Interviews with real estate developers and agents
- Interviews with manufacturing executives
- Direct surveys to MGA member clubs

➤ Methodology

- Task force “common sense” review and approval of data
- IMPLAN software that models and performs economic impact analysis to generate numbers



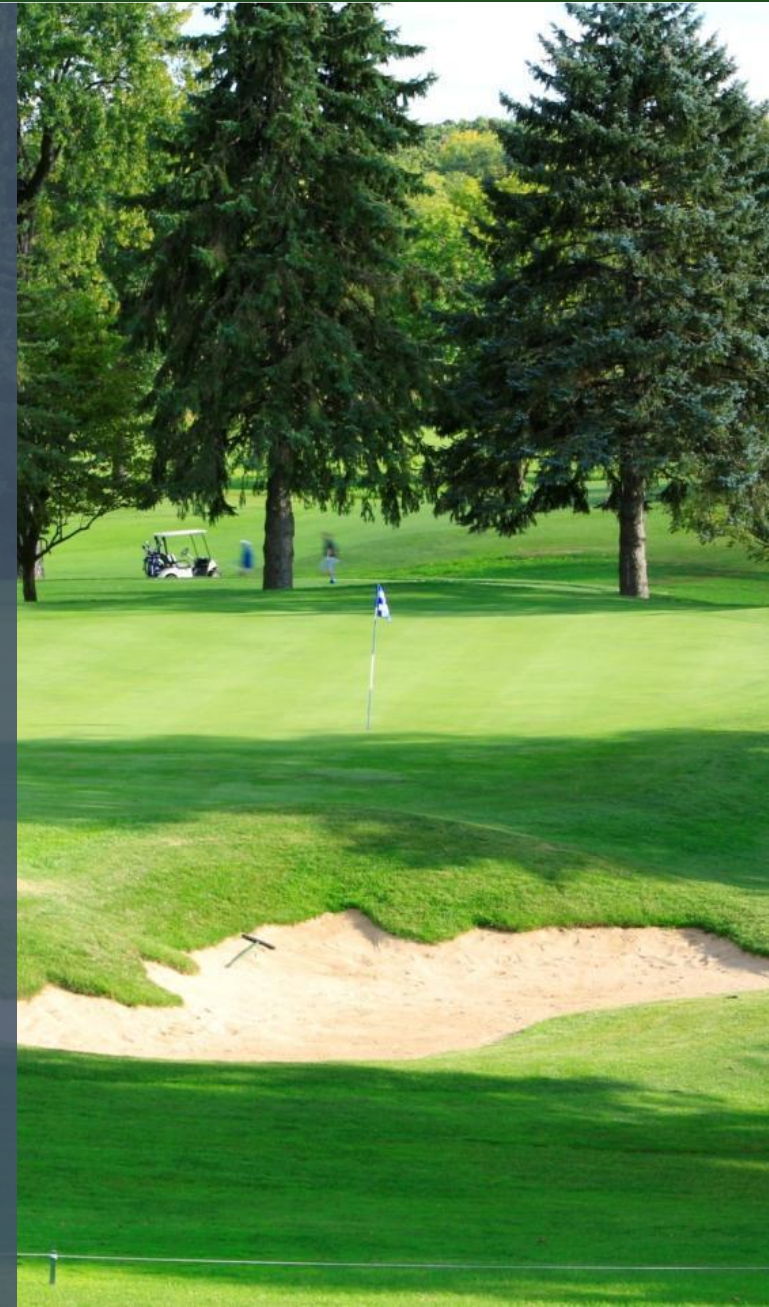
ECONOMIC IMPACT STUDY



| | 2006 | 2016 | CAGR |
|---|------------------|------------------|---------------|
| CORE INDUSTRIES | | | |
| Golf Facility Operations | \$552.7 | \$725.5 | 2.8% |
| Golf Course Capital Investments <i>(investment and new construction)</i> | \$43.6 | \$67.9 | 4.5% |
| Golf-Related Supplies <i>(retail and manufacturing)</i> | \$154.1 | \$148.5 | -0.4% |
| Major Golf Tournaments and Associations | \$9.6 | \$10.3 | 0.7% |
| Golf Charitable Events | \$52.4 | \$64.0 | 2.0% |
| Total Core Industries | \$794.3 | \$1016.3 | 2.5% |
| ENABLED INDUSTRIES | | | |
| Golf Tourism | \$426.2 | \$480.6 | 1.2% |
| Golf Real Estate <i>(new home construction and realized premium)</i> | \$149.3 | \$58.2 | -9.0% |
| Total Enabled Industries | \$537.5 | \$538.8 | 0.02% |
| TOTAL GOLF ECONOMY | \$1,331.8 | \$1,551.1 | \$1.6% |
| TOTAL DIRECT IMPACT FOR IMPACT ANALYSIS | \$1,260.8 | \$1,404.0 | 1.1% |

➤ Golf Facility Operations

- 447 facilities generated \$725M in operating revenue; up from \$552M in 2006
- Looked at private(44), daily fee(298), municipal(91, and resort(14)
 - Growth in all sectors
 - Largest growth in private and resorts
 - In 2016 we directly surveyed facilities to compare to secondary sources (30%)
 - Validated sources
- Private and resort increases attributed to increased dues, and wedding/banquet revenue; change in focus and priorities





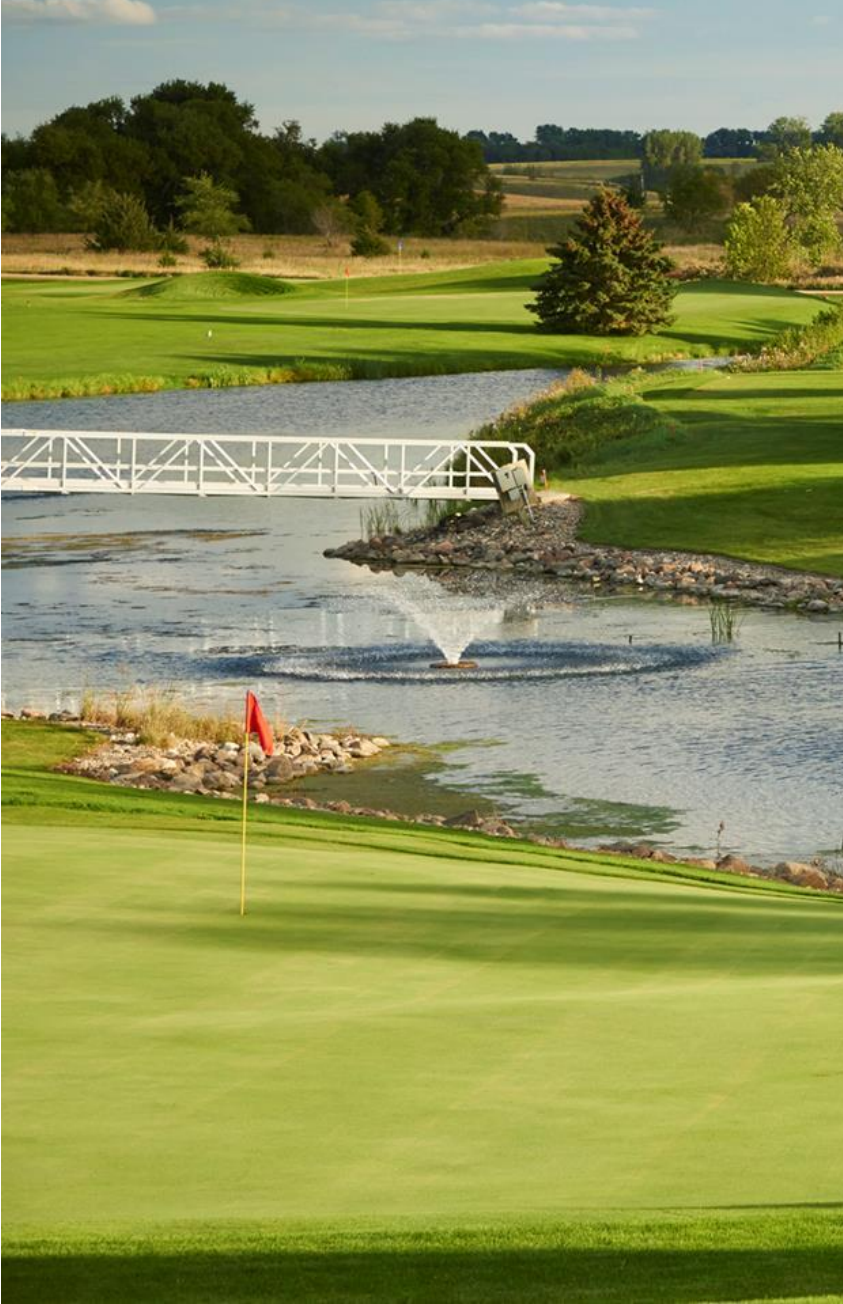
➤ Capital Investment

- Spending of \$60M; up from \$31M in 2006
- Includes golf courses (greens/tees/bunkers), irrigation systems, equipment, and structures
- This spending relatively recent following:
 - Deferred decisions relative to Depression (2008-10)
 - Subsequent years of tepid economic **recovery**
 - Desire for improvements
- Braemar and Royal renovation projects reflected in 2016
- This spending in contrast to new course construction spending since 2006, which is ZERO !

➤ Golf Tourism

- Spending of \$481M; up from \$426M in 2006
- EMT studies/surveys – 5% of travelers play golf on a trip
- Increase in trips taken and increased spending on those trips
- Measured by 50+ miles watch or play
- Includes spending while:
 - Attending championships like 3M, Ryder Cup, KPMG(future)
 - Traveling to amateur events
- Reported \$350M in 2006 – methodology changed so we restated to have “apples to apples” comparison





➤ Economic Impact Analysis

➤ Direct Impact

➤ \$1.55B

➤ What we just reviewed

➤ Multiplier impact

➤ \$800K

➤ Demand generated for suppliers

➤ Additional activity through spending of industry employees

➤ **Employment** **24,950**

➤ **Wages/Benefits** **\$743.3M**

➤ **State/Local Taxes** **\$201.3M**

➤ Next Steps

- Fall/winter 2018-19
 - Allied Association Meetings
 - As opportunities arise
- Spring/Summer 2019
 - “One on Ones” with legislative leadership - January
 - Golf Show – Feb. 8-10
 - Day on the Hill - Feb. 20
 - Other Legislative Events TBD

