

Market Update

The appraisers at Sammartino, Stout & Lo Presti are closely following the COVID-19 Pandemic, and we are analyzing the potential impact of the pandemic on various markets and property types. This information is incorporated into the Market Analysis that we conduct for appraisal assignments. An understanding of the potential short or long term impact of the pandemic on a market or property type is critical in measuring the current value of a property. **Today, we are sharing with you the following excerpt from a recent Golf Course Market Analysis completed by our firm.**

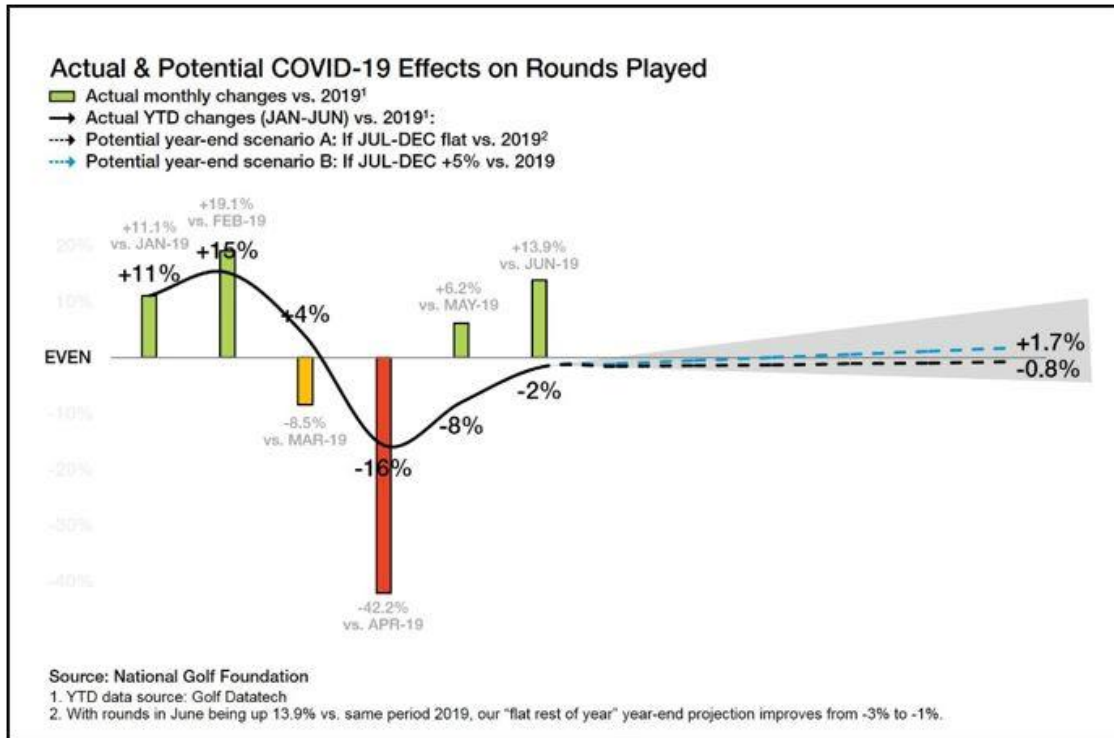
COVID-19 - Golf Market

In the Spring of 2020, and in response to COVID-19, many golf courses were forced to close or not permitted to open until after May. As the various lockdown measures were lifted, the percentage of golf courses open increased to near 100% by June. In Pennsylvania, golf courses were permitted to open on May 1st under the umbrella of "outdoor/recreational" activities viewed as positively contributing to the wellbeing of residents.



Due to the delayed opening, golf rounds played, which is a measure of demand, were down significantly in March (-8.5%) and April (-16%). Conversely, the delayed opening resulted in pent up demand and a spike in golf play in May (+6.2%) and June (+13.9%). The industry has benefited from the socially distanced

nature of the sport and the lack of alternative activities. Many facilities are reporting a surge in first time golfers and golfers who are rediscovering the game. Despite the rocky start to the season, the most recent trends have led industry leaders to project a fairly optimistic 2020 season (in total) with as much as a 1.7% growth year over year.



The above trends are for the nation as a whole, but each state and region has been impacted differently. Many states began the year with above-average rounds played due to favorable weather in January and February, which softened the impact of the March/April closures. **For Pennsylvania, where golf play is limited in early months, rounds played are down nearly 10% year over year through June.** It is unclear if the increased demand for the remainder of the year will be sufficient to recover this shortfall. Additionally, if a golf course has a significant restaurant or banquet component, the continued restaurant capacity restrictions in Pennsylvania will continue to negatively impact these facilities. In most cases, the increase in golf play is not sufficient to offset the loss in restaurant/banquet business.

Conclusions

The COVID-19 Pandemic has negatively impacted most golf operations, but the renewed interest in the sport may provide the spark needed to stabilize an industry that has been in a general state of decline for the last 10 years. In the short term, however, many facilities are struggling through the 2020 season and more so if the facility has a large restaurant or banquet facility. Continued closures are likely in 2020, but the remaining facilities should benefit from this renewed interest in the sport and a smaller supply of competitive courses.

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