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GOLF; Hard Times Land On Wealthy Greens

By JAIME DIAZ

The economic downturn is encroaching on the privileged world of the nation's private country clubs, traditionally one of the last places to feel the effects of hard times.

"Normally, country clubs are hardly touched by a recession," said Lewis Goodkin, president of Goodkin Research Corporation, a Fort Lauderdale, Fla., company that analyzes the market trends of private golf developments. "But the white-collar sector hasn't been hit this hard since the Depression. The country club has definitely felt this recession more than any in the past."

Patterns vary nationwide. In most states, private clubs are reporting that despite tight times, they are remaining by and large solid, self-sustaining enterprises.

But in other regions, particularly those where golf memberships are tied to real-estate developments, the playgrounds of the well-to-do are experiencing the pinch. To wit:

*In Florida, analysts say that at least a fourth of the state's more than 360 private golf clubs are operating well below capacity because too many high-priced homes that come with membership in the clubs are going unsold.

*In Texas, where the oil crisis and savings and loan crisis hit particularly hard, 50 of the state's 327 private clubs, which were tied to real estate developments and had incurred lavish debts in the prosperous 1980's, were forced into receivership when their lenders collapsed.

*In California, the falling Japanese economy has reduced the price of 1,500 planned memberships for Pebble Beach golf courses from $750,000 apiece to about $150,000. The Japanese businessman who paid more than $800 million for the prestigious Pebble Beach company in 1990 thought that wealthy, golf-starved Japanese would readily ante up exorbitant fees for the privilege of playing there. But then the recession went global. The move to install private memberships at Pebble Beach, which is currently a public facility, is on hold pending approval by the California Coastal Commission.

*In the Northeast, the average waiting time fell from 48 months in 1988 to 28 months in 1990 for New York area clubs, 52 to 31 months in Washington, and 32 to 17 months in Boston, according to a survey in the January issue of Golf Shop Operations. Total Rounds Rising

Meanwhile, total rounds of golf nationwide continue to go up, as the frequency of public golf in particular is unaffected by the recession. And so far, the country's most exclusive clubs are reporting business as usual, particularly in the New York area, where the high concentration of well-salaried executives, the relative lack of good public golf courses, and some of the finest private golf courses in the world create a demand that remains virtually recession-proof.
But less prestigious private clubs, whose memberships are made up mainly of small businessmen, mid level corporate executives and retirees, are more vulnerable. Most of these clubs are taking in less money than in previous years because fewer members are entertaining and dining out, more are taking leaves of absence or resigning, and fewer are on the waiting list to replace them.

These trends are expected to continue as more corporate executives lose jobs, more companies eliminate country club memberships for their executives, more small businesses fail, and as the cost of living continues to overtake those on fixed incomes.

"It's not just average Joes who can't afford their clubs anymore," said Goodkin, whose company has eliminated jobs that came with country club memberships. "There are plenty of guys who went from making hundreds of thousands of dollars a year to going without. And with so many consolidations going on, a lot of those jobs are never going to be replaced." Shorter Waiting Lists

Although no comprehensive statistics are available, the most telling indicator is the reduction of waiting lists, which country clubs often use as a barometer of financial health. In a survey completed in September by the Metropolitan Golf Association, which represents about 225 private clubs in the greater New York City area, less than half of the clubs reported having waiting lists. Two years ago, the association found that almost 70 percent of the clubs had waiting lists.

"We've definitely seen waiting lists shrink, except at the very best clubs," said Jay Mottola, executive director of the M.G.A. "Even clubs without the best facilities or courses used to have the luxury of waiting lists. Now that has clearly changed."

Club spokesmen agree that the waiting lists have eroded faster because of the recession.

"People are definitely spending less, and as things get worse, they are resigning," said Robert Dedman, president of Club Corporation of America, which owns or manages some 60 private golf clubs nationwide. "Right now there is not as big a reservoir of people to take their place."

"We've lost some people who own small businesses, people in real estate, people in construction, executives who lost their jobs, or retired people," said John O'Brien, general manager of the Patterson Club in Fairfield, Conn., which has seen its waiting list reduced from eight years in the late 1980's to about three years today. The Country-Club Golfer

The cost of belonging to a private club has always been prohibitive for all but people of considerable means. Costs in the greater New York area may be somewhat higher than the national average, but a look at M.G.A. members provides an indicative financial profile of country-club golfers. According to Mottola:

* The median household income of country club members in the metropolitan area is $123,700 a year, with more than 81 percent making more than $75,000 a year.

* The average initiation fees for a sample of 90 clubs in the Westchester, Long Island, New Jersey and Connecticut metropolitan area in 1991 was about $17,000, with fees ranging as high as $60,000 at some Long Island clubs.

* Yearly dues at these clubs averaged just over $4,000 a year, with a high of about $12,000.

Under such financial demands, club resignations in the area have increased. At Rolling Hills Country Club in Wilton, Conn., for example, 41 of approximately 220 members resigned last year. The club's president, Harold Silver, said most of those were older members who decided to make Florida or other southern locations their full-time residence, and that only two of the resignations were directly related to failed business income from the recession. Silver said the club
has been able to replace nearly all the openings, without any lowering of the initiation fees or dues. Revamping
Initiation Fees

But when member rolls showed similar depletion last year at the Golf Club of Avon, situated near Hartford, the club
lowered an initiation fee from $10,500 to $3,500.

"We had more people leave for economic reasons than they did prior to the recession," said William Hackett, president
of the club. "The key factor was they weren't being replaced because a lot of people couldn't afford the upfront money."

Hackett said the drive built membership to a desired level of 850, and the club is solvent. Other clubs have taken
similar measures, including allowing initiation fees to be paid in installments, but in the time-honored club tradition of
privacy, have kept it more to themselves.

"Those kinds of things are usually done quietly and subtly," said one manager, who asked to remain anonymous. "It's
all done by word of mouth in a certain closed circle of people. They don't want to advertise, because even though they
may need the money, they still want a certain type of person." Substantial Investment

Indeed, even when finances are strapped, giving up a club membership is a drastic step. It means losing the equity from
a usually substantial initiation fee, the regular contact of friends, and the privilege of leisurely, hassle-free golf. Instead,
it means joining the teeming hordes who gather for five hour-plus rounds at crowded public courses.

"You have to understand the mentality of someone who has been raised in a club," said Jerry Yacavone, general
manager of Brooklawn in Fairfield, Conn. "This is a very important part of their life. I've heard some of our members
say they pay their club bill before they pay their mortgage."

For that reason, most experts believe it unlikely that the economy will force a large exodus from private clubs.

"Certainly disposable income has been affected, but I think memberships are being minimally affected," said James
Singerling, executive vice president of the Club Managers Association of America. "Because of the equity they have in
the club, people are holding on. They are saying, "I will give up this year's trip to Disneyland or maybe a week in
Caymans, but I'm not going to give up the club that I use all year round.' " Members Spending Less

But active members are spending less money at their clubs. Although tight times often produce increased use at clubs
by members who forgo travel and vacations, some 80 percent of the clubs surveyed by the M.G.A. said that the
recession has reduced business.

"The majority of clubs have seen some diminution in activity," said Gerard F. Hurley, executive vice president of the
National Club Association. "Instead of seeing a member twice a week, clubs maybe are only seeing him twice a month.
Or if they see him the same amount, he is spending less. It's led to a dropoff of 15 to 20 percent in gross revenue."

Of course, among the well-heeled in the New York area, there will always be clubs that are exceptions proving the rule.
The Atlantic Club, the prestigious new golf club that will open in Bridgehampton, L.I., in May, already has 150
members who have paid $100,000 to $125,000 in initiation fees, and will cut off membership at 160.

"To create a facility like Atlantic Golf Club demands an unusual equity investment," said Lowell Schulman, the
developer of the project. "The state of the economy, one would think, would have great impact on that. I'm surprised
that it's not the case, but it's just not been the case."

But less wealthy clubs, although by their nature traditionally resilient to economic trends, can no longer say the same.
"Private clubs are lucky to have people that are better off," said Ted Price, president of the Ridgewood Country Club in Paramus, N.J. "And business will hold together as long as they feel better off. But these days, it's getting harder to feel that way."