FAIRFAX COUNTY PARK AUTHORITY

M E M O R A N D U M

TO: Chairman and Members
Park Authority Board

VIA: Kirk W. Kincannon, Director

FROM: Barbara Nugent, Director
Park Services Division

DATE: April 16, 2015

Agenda

Park Services Committee
Wednesday, April 22, 2015 – 6 p.m.
Boardroom – Herrity Building
Chairman: Michael Thompson, Jr.
Vice Chair: Edward R. Batten, Sr.
Members: Linwood Gorham, Faisal Khan, Grace H. Wolf, Kala Leggett Quintana

1. School Partnerships (with presentation) – Information*
2. 2015 Recreation Trends Report Overview (with presentation) – Information*

*Enclosures

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Committee Agenda Item
April 22, 2015

INFORMATION

School Partnerships (with presentation)

Staff will provide an overview of Park Authority collaborative programs and partnerships with Fairfax County Public Schools.

ENCLOSED DOCUMENTS:
None

STAFF
Kirk W. Kincannon, Director
Sara Baldwin, Deputy Director/COO
Aimee L. Vosper, Deputy Director/CBD
Barbara Nugent, Director, Park Services Division
John Berlin, Program Branch Manager, Park Services Division

Board Agenda Item
April 22, 2015

INFORMATION

2015 Recreation Trends Report Overview (with presentation)

Staff will present a new report of current national recreation activity participation trends, highlighting select findings from the report. This is the seventh report in a series extending back to 2002 that aims to periodically provide a review of participation trends in activities relevant to the Park Authority. Trends analysis is an important management tool as it provides a broader context to help interpret local participation patterns. Periodic analysis of recreation and leisure trends is a National Recreation and Park Association CAPRA agency accreditation standard.

Report findings are based on information gleaned from the annual nationwide survey of sports, recreation and fitness activity participation conducted on behalf of the Physical Activity Council. Other sources include reports from the Sports & Fitness Industry Association, National Golf Foundation, International Health, Racquet and Sports Club Association and Outdoor Industry Association among others.

Current trends will be discussed in the following areas:

- Sports
- Fitness
- Golf
- Outdoor recreation
- Macro activity trends

ENCLOSED DOCUMENTS:
None.

STAFF:
Kirk W. Kincannon, Director
Sara Baldwin, Deputy Director/COO
Aimee L. Vosper, Deputy Director/CBD
Barbara Nugent, Director, Park Services Division
Nick Duray, Marketing Services Manager, Park Services Division

Attachment 1

Recreation Trends Report 2015

7th Report in a Continuing Series on
Nationwide Participation Trends in
Sports, Fitness & Outdoor Recreation Activities

April 2015

Fairfax County Park Authority

Table of Contents

What's In This Report?

This report describes nationwide activity participation trends for five dozen sports, fitness and outdoor recreation activities. It is the seventh such report in a series extending back to 2002 that aims to periodically provide a review of current participation trends in activities relevant to the Park Authority. Where available, activity trends are presented for the most recent five-year period from 2008 through 2013, the last year for which participation data are currently available. Slightly different time periods are sometimes presented based on data availability for a particular activity.

Findings presented in this report are based on an annual survey of sports, fitness and recreation activity participation conducted for the Physical Activity Council (a partnership of seven major governing bodies and trade associations in the U.S. sports and leisure industry) by Sports Marketing Surveys, using the Synovate/IPSOS U.S. Online Panel. 2013 findings are based on a total of 19,240 interviews with individuals and households from the Synovate/IPSOS panel. Prior years' findings are based on similar response levels. The survey covers participation in a larger set of over 125 sports, fitness and recreation activities. Survey results are representative of the U.S. population age 6 and older. Reports from a number of associations that summarize the survey findings were consulted for the preparation of this report. These included: National Golf Foundation (NGF), Outdoor Industry Association (OIA), International Health, Racquet and Sportsclub Association (IHRSA), Tennis Industry Association (TIA) and Sports & Fitness Industry Association (SFIA). Other sources used to prepare this report include internal Fairfax Park Authority reports on golf and fitness industry trends, Pellucid Corp., Running USA/Athlinks and Active.com.

Activity trends in this report are presented in four general categories:

1. <u>Sports</u>. The sports category includes summary participation trends for participants of 23 sports activities included in the Physical Activity Council (PAC) survey. Activity-specific trends for field and court sports, swimming, racquet sports, ice skating and ice hockey and skatepark-related activities are included.

What's In This Report?

2. Fitness. Consumer trends in fitness begin with an analysis of trends in health club industry membership. Historically, tracking health club consumer trends has been a useful barometer of overall industry health for Park Authority RECenters, since the definition of health club participation in the PAC survey includes involvement in public recreation facilities. A summary of individual fitness activity participation trends is also included in this section.

3. Golf. This section provides an overview of national golf demand and supply, highlights key characteristics of the Washington/Baltimore golf market and identifies what industry leaders believe are the top opportunities/challenges facing the golf industry in the near future.

4. Outdoor recreation. This section begins with a profile of aggregate outdoor recreation participation trends. The aggregate profiles describe those who participated in one or more of the 40+ activities included on the survey that were categorized as outdoor recreation activities by the Outdoor Industry Association. Some of these activities, skiing for example, are not relevant to the Park Authority's service provision, so subsequent data presented in this section identifies participation trends for the subset of outdoor activities that are more pertinent to our park system.

The report concludes with an overview of some of the macro activity participation trends evident from PAC surveys conducted during the trend period. The macro trends include analysis of activity participation for six categories of activities – individual sports, racquet sports, team sports, outdoor sports, water sports and fitness sports. Specific activities included within each of these categories are shown below and on the following page.

Individual sports: adventure racing, archery, pool, bowling, fitness boxing, competitive boxing, darts, golf, horseback riding, ice skating, martial arts, mixed martial arts, roller skating, inline skating, skateboarding, trail running, triathlon.

What's In This Report?

Racquet sports: badminton, cardio tennis, racquetball, squash, table tennis, tennis.

Team sports: baseball, basketball, cheerleading, field hockey, football, gymnastics, ice hockey, lacrosse, paintball, roller hockey, rugby, soccer, softball, competitive swimming, track and field, ultimate Frisbee, volleyball, wrestling.

Outdoor sports: backpacking, bicycling, birding, camping, RV camping, climbing, fishing, hiking, hunting, target shooting, wildlife viewing.

Water sports: boardsailing, canoeing, jet skiing, kayaking, rafting, sailing, scuba, snorkeling, stand up paddling, surfing, wakeboarding, water skiing.

Fitness sports: aerobics, aquatic exercise, boot camp cross-training, cardio cross trainer, cardio kickboxing, elliptical motion trainer, other exercise to music, running/jogging, stair climbing, stationary cycling, fitness swimming, treadmill, fitness walking, ab machine, barre, calisthenics, Pilates, rowing machine, stretching, tai chi, yoga, free weights, dumbbells, hand weights, home gym, weight resistance machines.

The report ends with slides that identify the level of inactivity in the U.S. and the aspirational sports, recreation and fitness activity interests of non-participants. Aspirational interests of non-participants are an important source of potential activity participant growth in the future.

Sports Participation Trends

- Field & Court Team Sports
- Fitness & Competitive Swimming
- Racquet Sports
- Ice Hockey & Ice Skating
- Skatepark-Related Activities

Field & Court Team Sports Trends

- Most popular:
  - Basketball (23.7 M)
  - Baseball (13.3 M)
  - Soccer, outdoor (12.7 M)
  - Football, touch (7.1 M)
  - Softball, slow-pitch (6.9 M)
  - Volleyball, court (6.4 M)
  - Football, tackle (6.2 M)

M= participants in millions

Field & Court Team Sports Trends - Total U.S. Participation

	2008	2009	2010	2011	2012	2013	2013 AAG	2 Year AAG	5 Year AAG
Baseball	15,539	14,429	14,198	13,561	12,976	13,284	2.4%	-1.0%	-2.9%
Basketball	26,108	25,131	25,156	24,790	23,708	23,669	-0.2%	-2.3%	-1.9%
Field Hockey	1,122	1,092	1,182	1,147	1,237	1,474	19.2%	14.3%	6.3%
Football (Flag)	7,310	6,932	6,660	6,325	5,865	5,610	-4.3%	-5.7%	-4.7%
Football (Touch)	10,493	9,726	8,663	7,684	7,295	7,140	-2.1%	-3.5%	-6.4%
Football (Tackle)	7,816	7,243	6,850	6,448	6,220	6,165	-0.9%	-2.2%	-4.2%
Lacrosse	1,092	1,162	1,423	1,501	1,607	1,813	12.8%	10.4%	13.2%
Rugby	654	720	940	850	887	1,183	33.4%	19.6%	16.2%
Soccer (Indoor)	4,487	4,825	4,920	4,631	4,617	4,803	4.0%	1.9%	1.4%
Soccer (Outdoor)	13,966	13,957	13,883	13,667	12,944	12,726	-1.7%	-3.4%	-1.8%
Softball (Fast-Pitch)	2,331	2,476	2,513	2,400	2,624	2,498	-4.8%	2.0%	1.4%
Softball (Slow-Pitch)	9,660	9,180	8,477	7,809	7,411	6,868	-7.3%	-6.0%	-5.8%
Volleyball (Court)	7,588	7,737	7,315	6,662	6,384	6,433	0.8%	-1.7%	-3.0%

Shows the number of Americans age 6+ (in 000s) who participated in each activity at least once annually. AAG = average annual growth

Field & Court Team Sports Trends

- Park Authority staff and the Board are familiar with the impact the recession and sluggish recovery have had on FCPA golf and fitness-related activity.
- SFIA notes negative impacts to sports activity participation as well.
  - Smaller, emergent activities have faired best. Larger, more established sports have been impacted most.
- SFIA's perspective on the state of U.S. team sport participation post-recession:

> "The economic recession that hit in 2008 had negative consequences for nearly all [business] sectors, including the sports and fitness industry. Sports participation and related spending declined in the years that followed… instead of wondering if sports participation will 'go back to the way it was,' we must be forward thinking and prepared to forge a new normal."
>
> -- U.S. Trends in Team Sports, 2014
> Sporting & Fitness Industry Assn. (SFIA)

Field & Court Team Sport Participation Post-Recession

Team Sport	Total % Growth 2008 2013	AAG 2008 2013
Rugby	80.9%	16.2%
Lacrosse	66.0%	13.2%
Field Hockey	31.4%	6.3%
Softball (Fast-Pitch)	7.2%	1.4%
Soccer (Indoor)	7.0%	1.4%
Soccer (Outdoor)	-8.9%	-1.8%
Basketball	-9.3%	-1.9%
Baseball	-14.5%	-2.9%
Volleyball (Court)	-15.2%	-3.0%
Football (Tackle)	-21.1%	-4.2%
Football (Flag)	-23.3%	-4.7%
Softball (Slow-Pitch)	-28.9%	-5.8%
Football (Touch)	-32.0%	-6.4%

AAG = average annual growth

Field & Court Team Sports Trends

- Fastest growing: rugby, lacrosse, field hockey.
- All of the fastest growing are niche sports. Combined they have less participants than any single activity among the most popular.

Field & Court Team Sports Trends - Total U.S. Participation

	2008	2009	2010	2011	2012	2013	2013 AAG	2 Year AAG	5 Year AAG
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Field & Court Team Sports Trends

- Long-Term Trend (5 Yr.):
  - ↑ Rugby, Lacrosse, Field Hockey, Soccer, indoor, Softball, fast-pitch
  - ↓ Football, Softball, slow-pitch, Soccer, outdoor, Baseball, Volleyball, Basketball
- Short-Term Trend (1 Yr.):
  - Most activities consistent with long-term trend. Changes from the long-term pattern:
    - Baseball, volleyball ↑
    - Basketball →
    - Softball, fast-pitch ↓

Field & Court Team Sports Trends - Total U.S. Participation

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Shows the number of Americans age 6+ (in 000s) who participated in each activity at least once annually. AAG = average annual growth

Field & Court Team Sports Trends

- Most team sports are dominated by frequent participants engaged in organized play. However, a few have a large casual/pick-up participant base. Note that even activities dominated by organized play have significant #s of casual players.
  - Activities dominated by organized play: baseball, tackle football, lacrosse, rugby, soccer, softball, volleyball.
  - Activities with large #s of casual/pick-up participants: Basketball, field hockey, football (flag, touch).

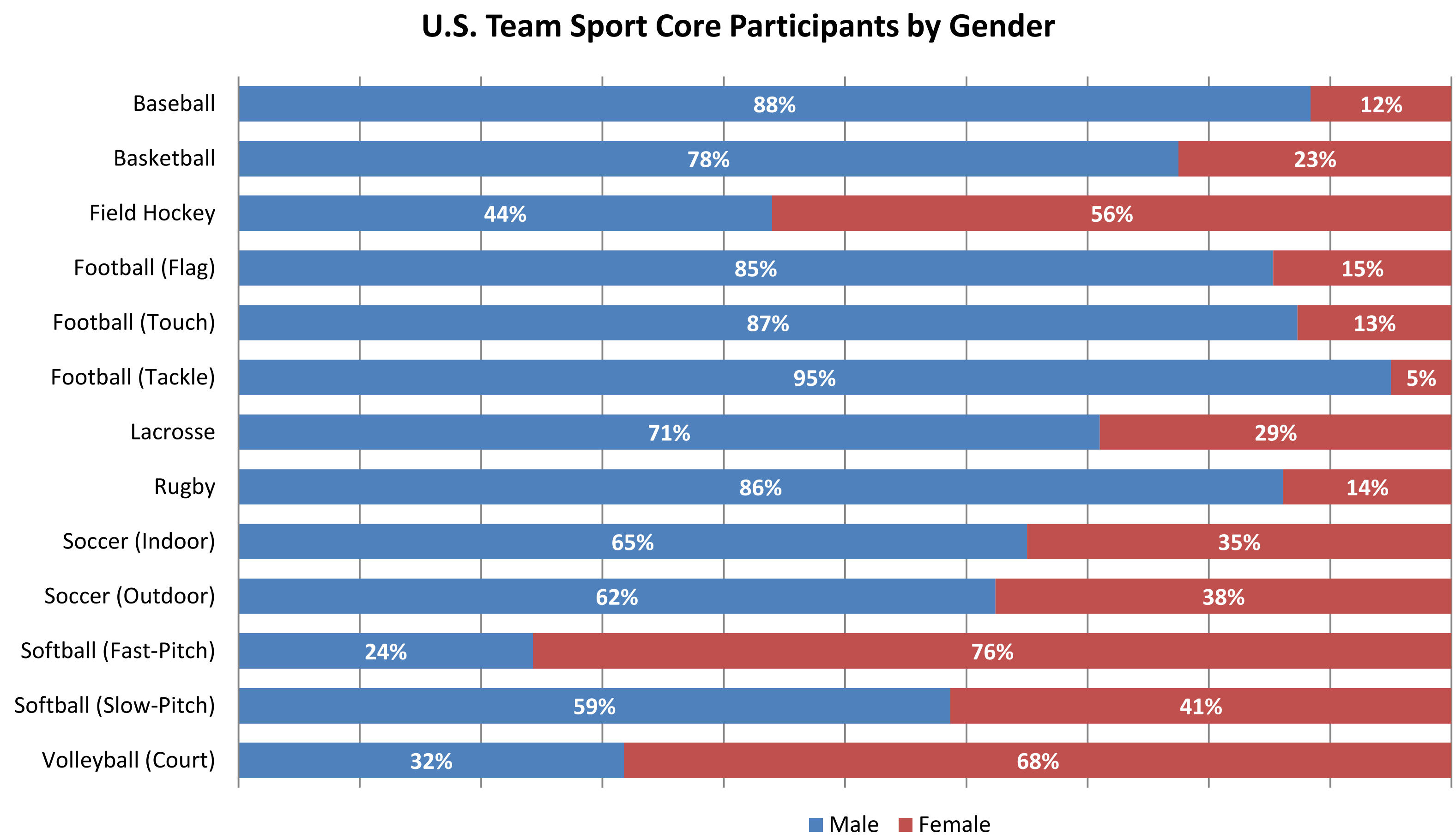
Casual vs. Organized Participation in Team Sports

	Participation Frequency		Where I Play Most Often			
Team Sport	% Casual	% Core	Pick Up	School	League	Other
Baseball**	32%	68%	38%	17%	41%	4%
Basketball**	30%	70%	56%	24%	17%	3%
Field Hockey*	49%	51%	57%	25%	15%	3%
Football (Flag)**	50%	50%	53%	24%	19%	4%
Football (Touch)**	55%	45%	72%	17%	6%	5%
Football (Tackle)***	42%	58%	45%	35%	19%	1%
Lacrosse**	50%	50%	36%	39%	17%	8%
Rugby*	64%	36%	39%	37%	20%	4%
Soccer (Indoor)**	41%	59%	30%	23%	43%	4%
Soccer (Outdoor)***	51%	49%	34%	21%	40%	5%
Softball (Fast-Pitch)***	45%	55%	30%	27%	40%	3%
Softball (Slow-Pitch)**	39%	61%	28%	14%	53%	5%
Volleyball (Court)**	42%	58%	28%	42%	23%	7%

*Core participants defined as those participating 8+times/year; **Core participants defined as those participating 13+times/year; ***Core participants defined as those participating 26+times/year

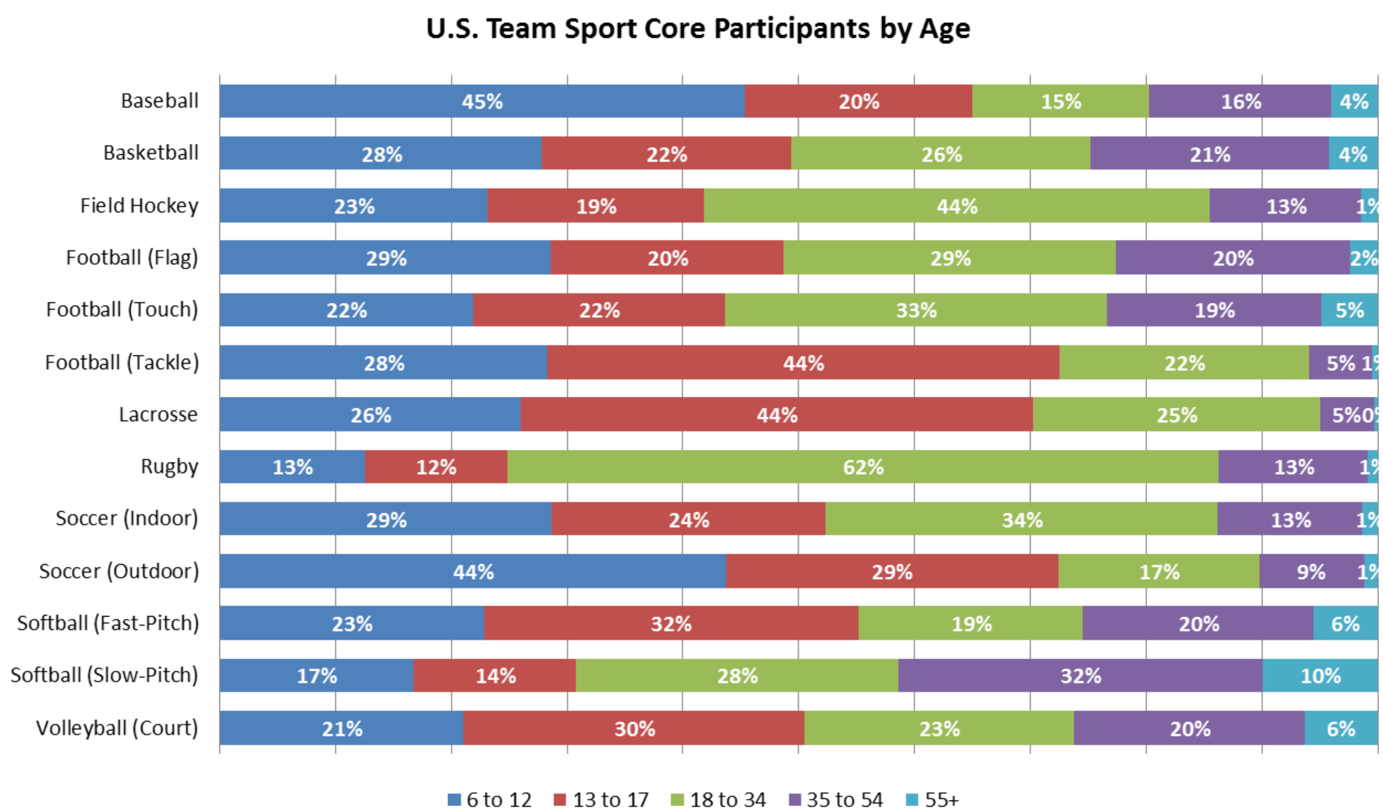
Team Sport Core Participant Demographics

- Male-dominant team sports:
  - Baseball, basketball, football, lacrosse, rugby, soccer, slow-pitch softball.
- High female participant team sports:
  - Fast-pitch softball, volleyball, field hockey, soccer, slow-pitch softball.



Team Sport Core Participant Demographics

- Team sport participation is dominated by youth, teens and Millennials.
  - Youth-dominant: baseball, soccer (outdoor), football (flag), basketball;
  - Teen-dominant: football (tackle), lacrosse, softball (fast-pitch), volleyball;
  - Millennial-dominant: rugby, field hockey, soccer (indoor), football (touch, flag).



Swimming Participation Trends

- Fitness Swimming
  - Nearly 26.4 million Americans swam for exercise in 2013. 64% of those engaged in this activity are classified as casual participants, 36% core or frequent participants.
  - Participation is growing: an average of 11.2% annually over the past two years. Healthy rates of growth have resulted from both the casual and core segments of the user base.
  - For perspective: other fitness activities with comparable #s of participants include aerobics and strength training with free weights.

- Competitive Swimming
  - More than 2.6 million Americans swam competitively in 2013, making the participant base in this activity slightly larger than either ice hockey or fast-pitch softball. 56% are classified as core participants, 44% casual or comparatively infrequent participants.
  - The participant base has grown an average of 5.8% annually over the last two years, based exclusively on growth in casual or infrequent users.

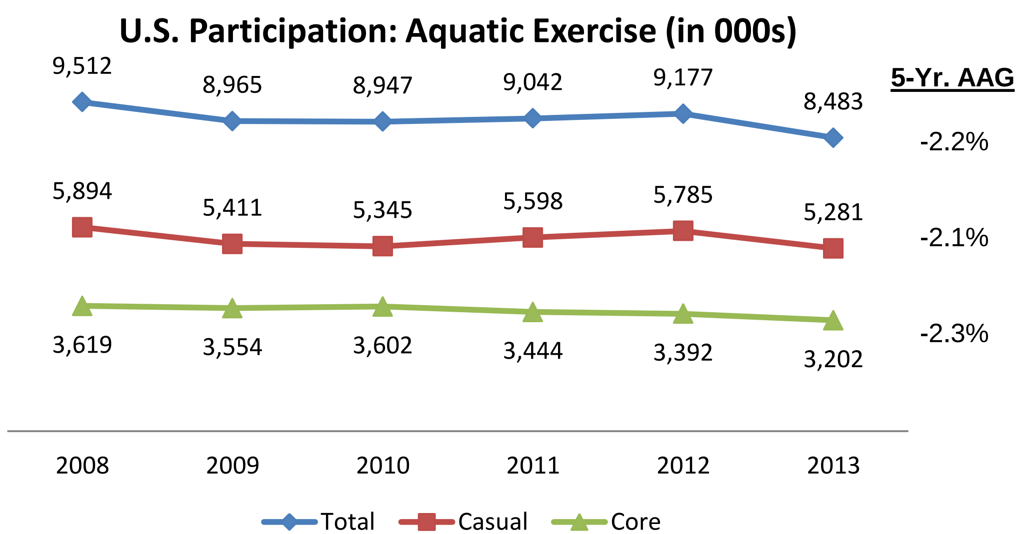
Fitness and Competitive Swimming

	Definition	2011	2012	2013	2013 AAG	2 Year AAG
Swimming for Fitness						
Total participation	1+ times	21,517	23,216	26,354	13.5%	11.2%
Casual	1-49 times	14,065	15,139	16,912	11.7%	10.1%
CORE	50+ times	7,453	8,077	9,442	16.9%	13.3%
Swimming on a Team						
Total participation	1+ times	2,363	2,502	2,638	5.4%	5.8%
Casual	1-49 times	840	1,065	1,153	8.3%	18.6%
CORE	50+ times	1,523	1,437	1,485	3.3%	-1.2%

AAG = average annual growth. Note: only 2-year trend available due to a change in activity definitions in the 2011 survey.

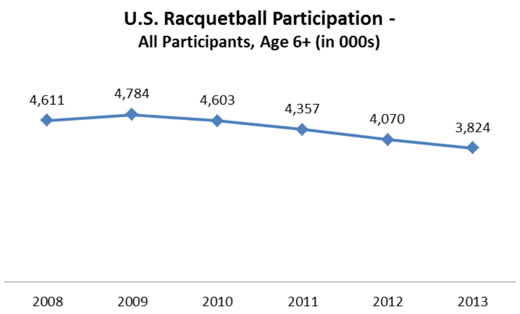
Swimming Participation Trends

- Aquatic Exercise
  - About 8.5 million Americans participated in this activity in 2013 – nearly two-thirds are classified as casuals and a little more than one-third participate frequently.
  - Overall participation has waned throughout the 2008-2013 trend period. The activity has lost and average of 2.2% of its participant base annually during that time period.
  - Participant loss has been experienced among both casual and core participants with 60% of the 2008-2013 decline in participants emanating from the casual segment and 40% from core participants.

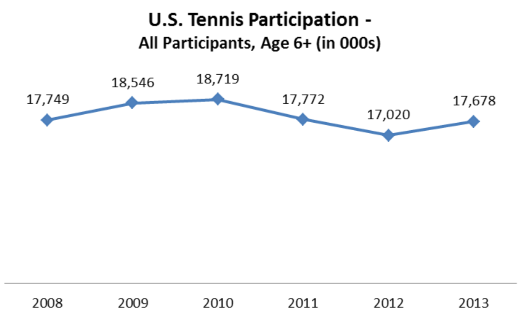


Racquet Sports Participation Trends

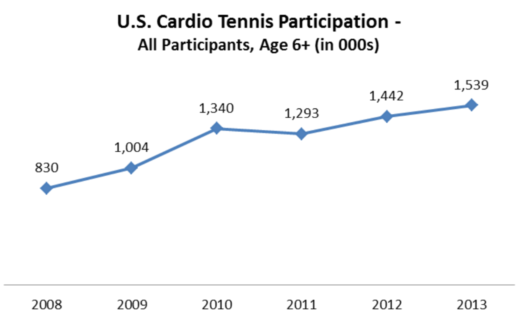
- **Racquetball**
  - The steady, long-term decline in racquetball participation documented in previous trend reports has continued. The number of racquetball players has declined an annual average of 3.4% over the current 5-year reporting period.
  - Racquetball has lost 60% of its participant base since 1995.



- **Tennis**
  - At times, USTA player development efforts have resulted in significant growth in the tennis participant base. Most recently, the number of tennis players peaked at 18.7 million in 2010. But participation levels have fluctuated throughout the 5-year reporting period. Current participation is about what it was at the start of the trend period.



- **Cardio Tennis**
  - In response to the obesity epidemic and as part of its 'grow the game' efforts, USTA introduced this activity in 2004. While still a niche activity, participation has grown an average of 17% annually since 2008. The number of participants now exceeds that of some of the niche team sports such as field hockey and rugby.



Ice Hockey & Ice Skating Trends

- Ice hockey ⬆
  - has enjoyed steady growth in participation since 2008, with an overall 5-year average annual growth rate of 5.6%.
  - The participant base is split nearly evenly between occasional and frequent players (46%/54%). While both segments have experienced growth, the casual player segment has accounted for the bulk of participant gains since 2008.
- Ice skating ⬇
  - Participation has declined 1% annually since 2008 with sharper declines more recently
  - This is an occasional activity for most – casual participants account for 84% of the participant base. As a result, participation trends are heavily impacted by entertainment whims in this segment. Casuals have accounted for 70% of the drop-off in participants since 2008.

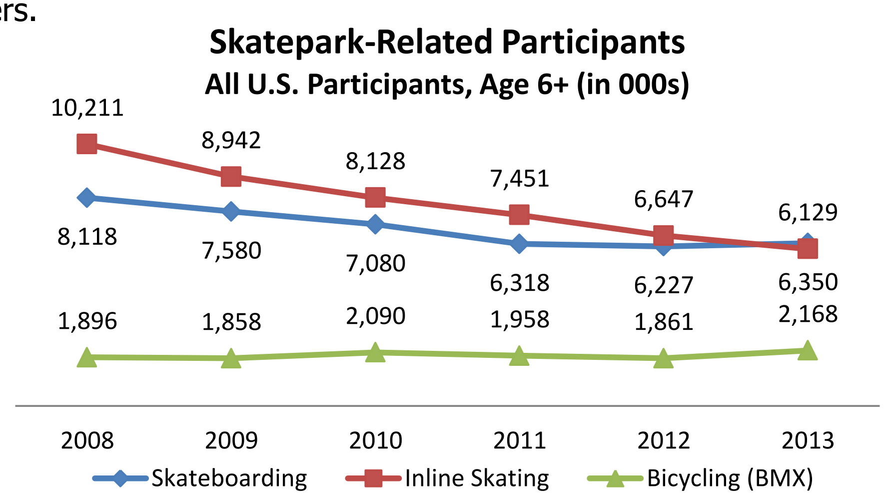
U.S. Ice Hockey and Ice Skating Participation (in 000s)

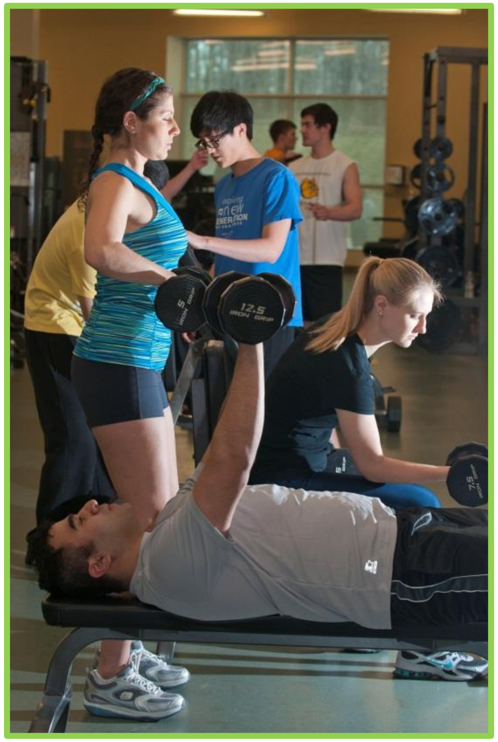
	Definition	2008	2009	2010	2011	2012	2013	2013 AAG	2 Year AAG	5 Year AAG
Ice Hockey										
Total participation	1+ times	1,871	2,018	2,140	2,131	2,363	2,393	1.3%	6.1%	5.6%
Casual	1-12 times	724	918	1,006	957	1,082	1,093	1.0%	7.1%	10.2%
CORE	13+ times	1,148	1,101	1,134	1,174	1,281	1,300	1.5%	5.4%	2.6%
Ice Skating										
Total participation	1+ times	11,215	10,964	11,477	11,626	11,214	10,679	-4.8%	-4.1%	-1.0%
Casual	1-12 times	9,556	9,480	9,817	9,898	9,375	9,023	-3.8%	-4.4%	-1.1%
CORE	13+ times	1,659	1,485	1,660	1,728	1,838	1,656	-9.9%	-2.1%	0.0%

AAG = average annual growth

Skatepark-Related Activity Trends

- Skateboarding (5-Yr AAG -4.4%)
  - Most are casual participants (58%), engaging in the activity 25x or less/year. In the most recent year, the number of participants rebounded slightly, but over the 5-year period 2008-2013 skateboarding lost nearly 1.8 million adherents with about two-thirds of the loss coming from core users.
- Inline Skating (5-Yr AAG -8.0%)
  - Participation in this activity has been in free fall, losing an average of 8% of the user base annually since 2008. 4.1 million less Americans participated in inline skating in 2013 than in 2008. A majority of the decline (57%) has come from the core segment of the participant base.
- BMX Bicycling (5-Yr AAG +2.9%)
  - Participation in this activity has fluctuated over the trend period but currently sports a 5-year average annual growth rate of 2.9% due largely to significant growth in 2013. Casual participants have fueled this growth. While BMX is currently growing, this is a niche recreational activity – for every BMX participant there are 3 skateboarders.

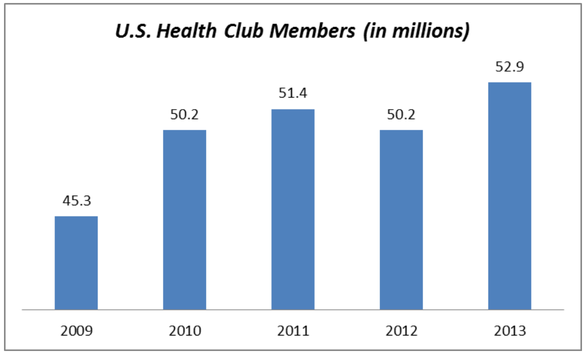




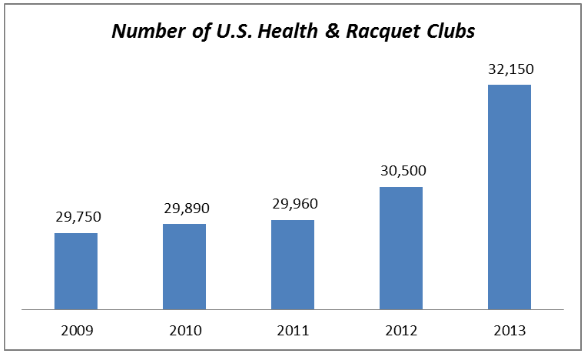
Consumer Trends in Fitness

U.S. Health Club Supply/Demand

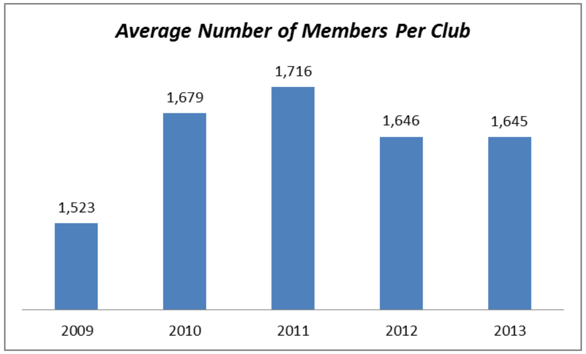
- Demand is growing nationally, but so is supply, resulting in stagnant available demand for individual facilities.
  - While the total # of U.S. health club members grew significantly in 2013 after experiencing a decline in 2012…



  - Strong demand and an improving economy have resulted in a rush of new facilities…

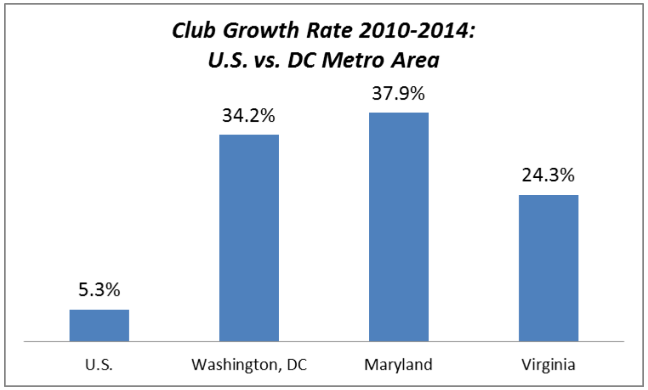


  - The result: the average number of members per club as a measure of potential available demand for individual facilities has been stagnant for two years, and is down 4% since 2011.



The Local Supply/Demand Picture

- Competitive growth in the DC metro region has been particularly acute with the # of new facilities growing 5X to 7X times the national rate in the past 4 years.



- There has been a rapid introduction of new fitness facilities in Fairfax County as well. Most notably, several large club chains from other regions of the country have entered the Fairfax market within the past 18 months.

- # of physical fitness facilities in Fairfax County. (Based on current number of businesses listed under SIC code 7991).

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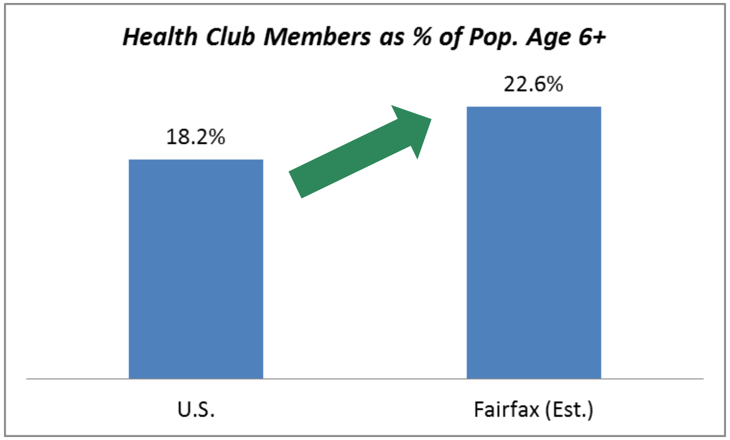
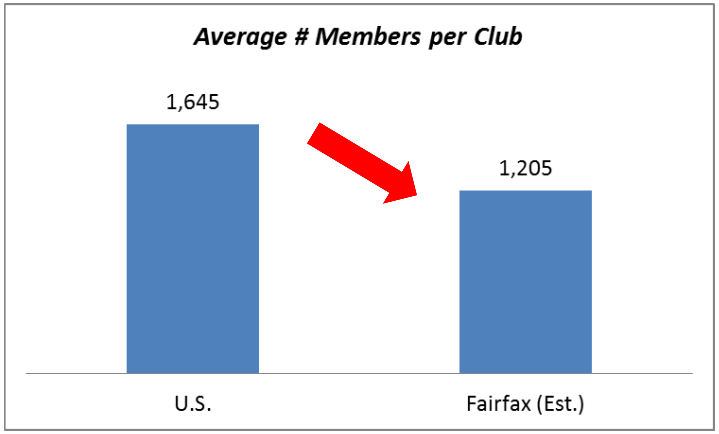
The Local Supply/Demand Picture

- Due to upscale demographics, demand is strong in Fairfax County. FCPA estimates put the number of health club members in Fairfax County nearly 25% above the national average.



- However, competition is fierce
  - Despite well above average fitness demand…
  - An increasingly crowded competitive landscape actually means the average # of potential members/facility is actually about 27% below average.

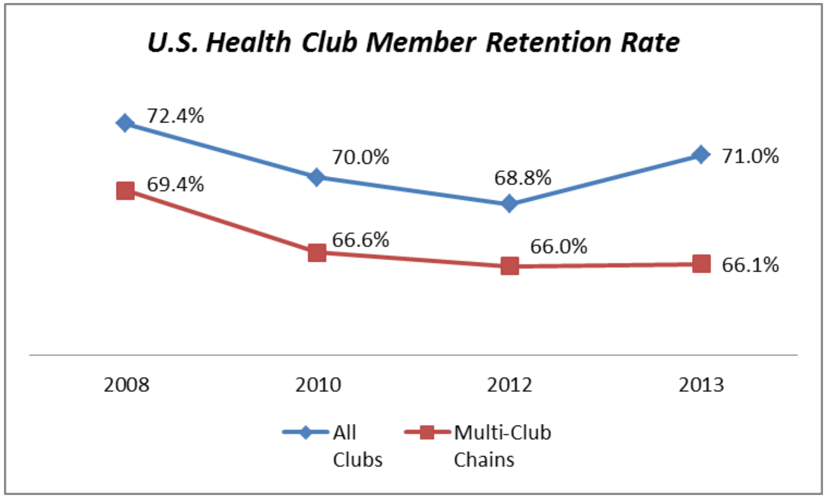


The Member Retention Challenge

- Membership retention has been a challenge in the industry for years. The membership retention problem grew during the economic downturn, but has bottomed-out in the past two years and even improved in some club types.

- Despite the improvement, member retention continues to be an area of strategic concern/focus for the fitness industry.

- Even well-regarded clubs chains like LifeTime Fitness are struggling with retention.



LifeTime Fitness Annual Membership Attrition Rate	
2011	31.3%
2012	33.5%
2013	35.8%
2014 (est.)	35.8%

The Member Retention Challenge

- The 2013 health club member account replacement ratio is comparable to last few years, but still lower than before the recession.
  - 2013 – for every 117 member accounts sold, 100 accounts were closed.

    1.17

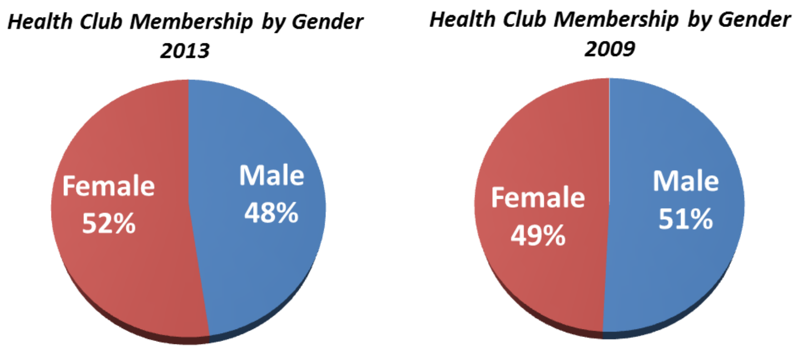
  - Pre-2009: 129 sold for every 100 closed.

    1.29

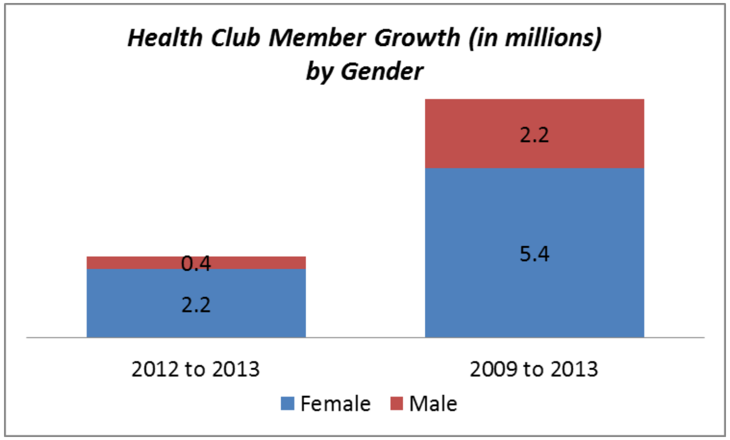
Demographic Trends - Gender

- Demographic drivers behind the recent growth in the number of health club members nationwide include the following:

- Gender shift
  - Women now comprise the majority of health club members; a shift that has occurred since the recession.



  - Women also account for the bulk of recent growth in member levels…
    - 85% between 2012-2013
    - 71% since 2009

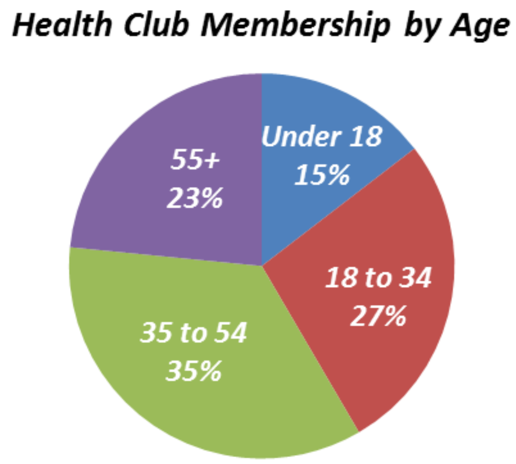


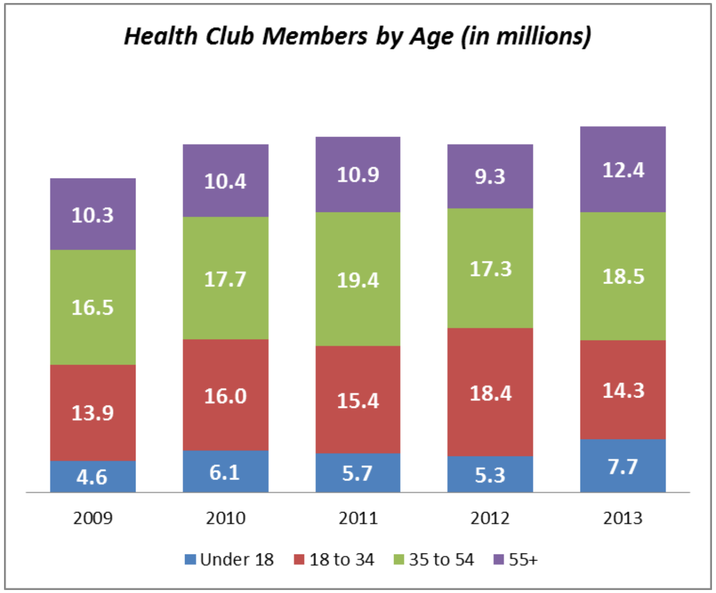
Demographic Trends - Age

- Largest share: age 18 to 54
  - Adults aged 35 to 54 comprise the largest share of U.S. health club members, followed by 18 to 34 year olds.
  - Together these two age groups produce more than 6 of every 10 health club members.

- Shrinking share: 18 to 34
  - While 18 to 34 year olds still represent the 2nd largest share of health club members, their numbers dwindled 22% from 2012 to 2013, and they are now at their lowest #s since 2009.

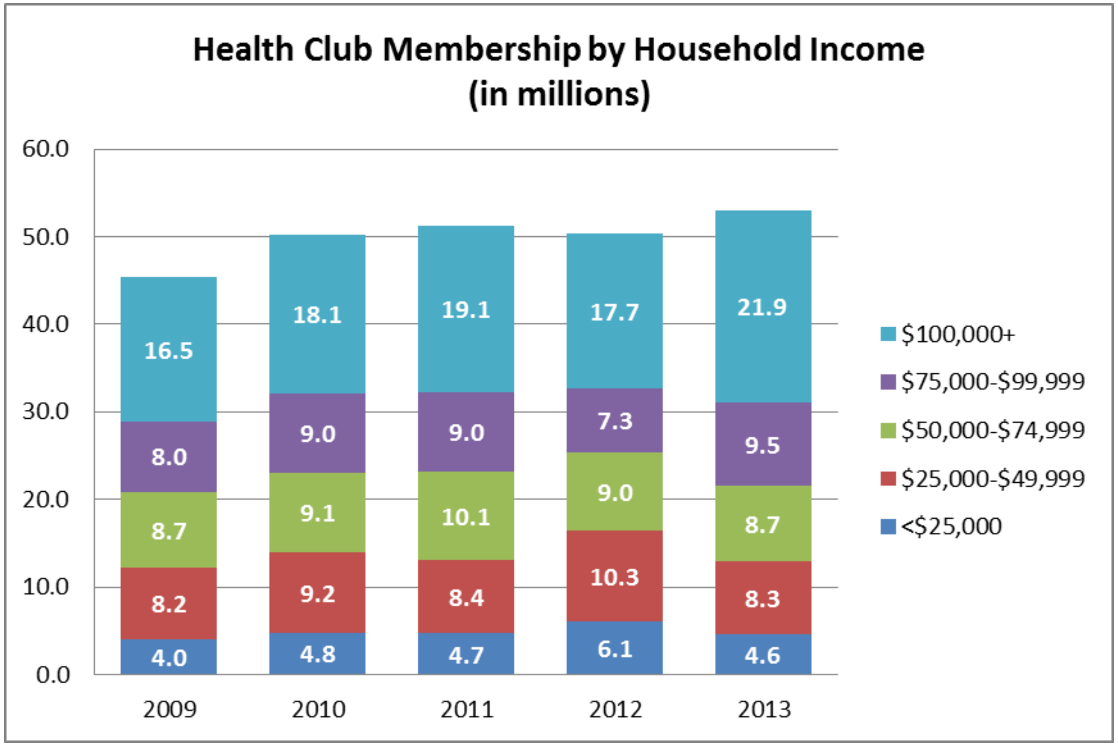
- Biggest growth drivers – kids and older adults
  - The age groups on the ends of the age spectrum, however, have produced the bulk of the recent growth in health club members. A little more than 2/3rds of the growth in health club member rolls since 2009 has come from children (under age 18) and 55+.





Demographic Trends - Income

- Household income is also a key determinant of health club membership growth nationwide.
  - 2/3rds of membership growth over the most recent year came from households with annual incomes of $100,000 or more.
  - Over the last four years, $100,000+ households have accounted for more than 70% of membership growth.



Program-Related Fitness Activity Trends

- **Most popular:**
  Aerobics (low, high)
  Other ex. to music
  Yoga

- **5-Yr. AAG:**
  Aerobics (high)
  Yoga
  Group cycling

  Pilates
  Step aerobics

- **1-Yr. AAG:**
  Tai chi
  Aerobics (high)
  Yoga

  Boot camp cross training
  Step aerobics
  Other ex. to music
  Pilates

Program-Related Fitness Activity Trends

	2008	2009	2010	2011	2012	2013	2013 AAG	2 Year AAG	5 Year AAG
Aerobics (High-Impact)	11,780	12,771	14,567	15,755	16,178	17,323	7.1%	5.0%	9.4%
Aerobics (Low-Impact)	23,283	24,927	26,431	25,950	25,707	25,033	-2.6%	-1.8%	1.5%
Aerobics (Step)	9,423	10,551	11,034	10,273	9,577	8,961	-6.4%	-6.4%	-1.0%
Boot Camp Style Cross-Training				7,706	7,496	6,911	-7.8%	-5.2%	
Other Exercise to Music	22,094	21,969	22,503	23,610	25,034	23,497	-6.1%	-0.2%	1.3%
Stationary Cycling (Group)	6,504	6,762	7,854	8,738	8,477	8,309	-2.0%	-2.5%	5.6%
Barre						2,901			
Pilates Training	9,039	8,770	8,404	8,507	8,519	8,069	-5.3%	-2.6%	-2.1%
Tai Chi	3,424	3,315	3,193	2,975	3,203	3,469	8.3%	8.3%	0.3%
Yoga	17,758	18,934	20,998	22,107	23,253	24,310	4.5%	5.0%	7.4%

Shows total U.S. participants, age 6+ in 000s. AAG = average annual growth.

Equipment-Related Fitness Activity Trends

- Most of these activities attract large numbers of participants. Those with the largest participant bases in 2013: treadmill, resistance machines and elliptical trainer.
- Long-term participation in equipment-related fitness activities is more stable than the program-related activities shown on the previous page. The elliptical trainer was the only equipment activity experiencing a significant participant gain, while significant drop-offs in participants included stair climbers and resistance machine use.
- Short-term declines in number of participants were experienced in nearly every activity.

Equipment-Related Fitness Activity Trends

	2008	2009	2010	2011	2012	2013	2013 AAG	2 Year AAG	5 Year AAG
Cardio Equipment:									
Elliptical Motion Trainer	24,435	25,903	27,319	29,734	28,560	27,119	-5.0%	-4.4%	2.2%
Stair Climbing Machine	13,863	13,653	13,269	13,409	12,979	12,642	-2.6%	-2.9%	-1.8%
Stationary Cycling (Recumbent)	11,104	11,299	11,459	11,933	11,649	11,159	-4.2%	-3.2%	0.1%
Stationary Cycling (Upright)	24,918	24,916	24,578	24,409	24,338	24,088	-1.0%	-0.7%	-0.7%
Treadmill	49,722	50,395	52,275	53,260	50,839	48,166	-5.3%	-4.8%	-0.6%
Strength Training:									
Free Weights	25,821	26,595	27,194	27,056	26,688	25,641	-3.9%	-2.6%	-0.1%
Resistance Machines	38,844	39,075	39,185	39,548	38,999	36,267	-7.0%	-4.1%	-1.3%
Home Gym	25,169	24,638	24,672	25,083	25,492	25,514	0.1%	0.9%	0.3%

Shows total U.S. participants, age 6+ in 000s. AAG = average annual growth.

Golf Participation Trends

Popular Story in 2014… Golf's Demise

- Golf's demise was a popular storyline in the media in 2014.

The New York Times

In a Hole, Golf Considers Digging a Wider One

Bloomberg Businessweek

Companies & Industries

How Golf Got Stuck in the Rough

The Economist

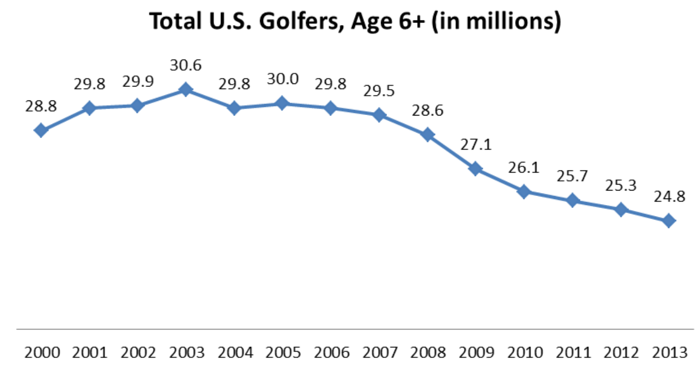
The future of golf

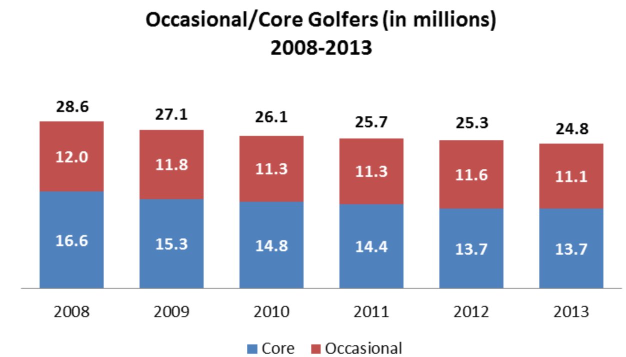
Handicapped

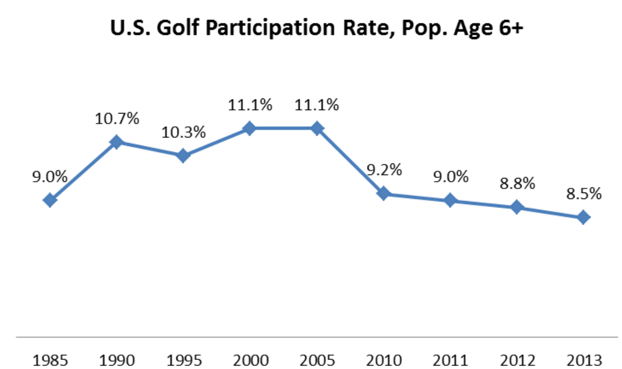
- The jury is still out concerning whether nationwide golf demand has stabilized after a prolonged decline or not. There are both positive and negative indicators as shown on the following pages.

of Golfers – Has Demand Stabilized?

- There are currently 19% less golfers nationwide than at the high point of participation in 2003.
- Over the course of the 2008-2013 trend period, the golf customer base lost an average of 2.7% of its total participants annually. Core golfers accounted for 3/4ths of the loss.
- Participant decline has slowed, however. And attrition in the all important core golfer segment has stabilized at present, leading the National Golf Foundation to conclude that the sport's participant base is now stabilizing at a new base of close to 25 million golfers.
- However, the golf participation rate among Americans age 6 and older continues to decline.

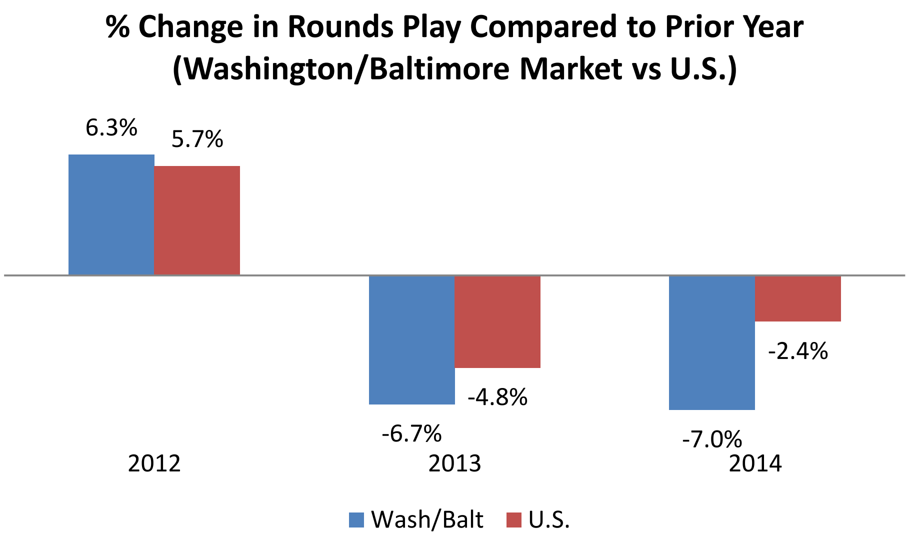






Golf Rounds

- Actual rounds played have declined two of the last three years both nationwide and in the local Washington/Baltimore market area.
- Poor weather has been the primary factor. The average number of course open days declined 6.9% in 2013 and 2.1% in 2014 due to poor weather.
- PGA PerformanceTrak analysis of weather effects indicates that golf utilization actually increased marginally in 2014 when the weather cooperated with rounds growing 0.6% on open days.



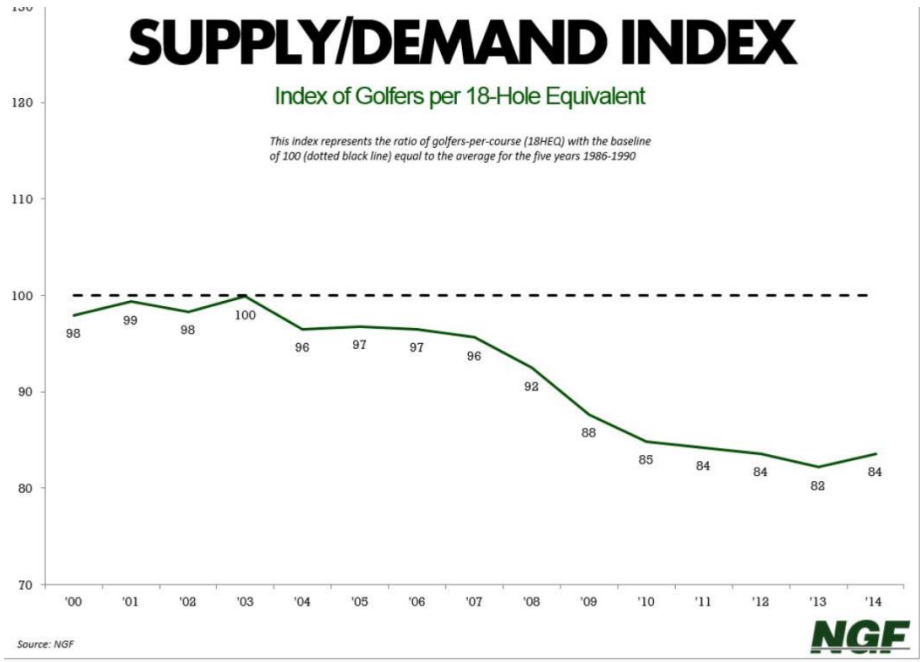
The Golf Supply/Demand Picture

- Nationwide, competition for golfers among courses is keen.

2,064 Available golfers/18HEQ, 2003

1,909 Available golfers/18HEQ, 2008

1,703 Available golfers/18HEQ, 2013



18HEQ = 18-hole equivalent . This is a standardized measure of golf supply calculated by taking the total number of golf holes and dividing by 18. For example, one 18-hole golf course equals one 18-hole equivalent. Two 9-hole golf courses equals one 18-hole equivalent

DC/Baltimore Golf Market

#10

While challenges remain in the golf industry, the Washington/Baltimore market is comparatively healthy. The golf analysis firm Pellucid recently ranked the Washington DC/Northern Virginia/Baltimore market area as the 10th healthiest of the top 25 U.S. golf markets.

- Key DC/Baltimore market metrics:
  - Golfers/18HEQ… 80% above average
  - Supply growth… 57% above average
  - Utilization rate… 23% above average
  - Revenue per available round… 21% above average

Pellucid DC/Baltimore Golf Market Profile

	Washington DC/No VA CBSA	Tot US	Index vs. US
Golfer Base			
– Est. # of Golfers (Ks)	456.5	24,400	
– # of 18 Hole Equivalent Facilities	153	14,675	
– Golfers per 18-Hole Equiv.	2,993	1,663	180
Supply Mix			
– Private	39%	27%	144
– Pub-Prem	20%	23%	87
– Pub-Val	22%	28%	79
– Pub-Price	14%	16%	88
– Learn & Prac	5%	6%	83
Supply/Demand Balance			
– '00-'11 Cume Supply Growth/Decline	12%	8%	157
– '00-'11 Cume Rds Demand Growth/ Decline	-2%	-15%	14
– '00-'11 Cume Mkt Supply Dilution (-)/Absorption (+) Level*	-14%	-23%	62
– Avg Ann Rds Velocity (ks per 18-hole Equiv.)	33.9	26.7	127
Rounds & GF Revenue Health			
– % Utilization Rate	54%	44%	123
– Avg. Ann. Rev. per Public Regulation EHE ($Ks)	$1,558	$836	186
– Revenue per Available Round (RevpAR)	$17	$14	121

* Period % Chng in Rds vs. Period % Chng in Supply
\+ Inverse index, lower is better

Above average level vs. US (Index >105)
Average level vs. US (Index 95-104)
Below average level vs. US (Index <95)

Golf's Opportunities/Challenges

- NGF and other golf industry observers identify the following four opportunities/challenges as the most important facing golf operators in the near future.

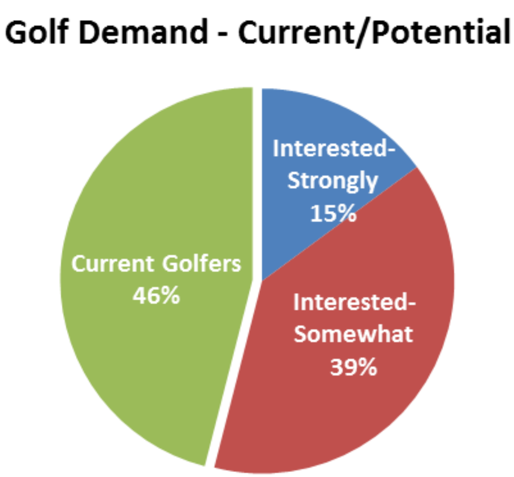
- Opportunity/challenge: get and keep avid golfers.
  - These are golf's most frequent players. Although, they represent only about one-quarter of the total customer base, the account for 3 of every 4 rounds played and about 70% of spending.

NGFs Golf
Pyramid of Influence

Segment (Rounds)	Golfers	Rounds	Spend
Avid (25+)	26%	76%	71%
Moderate (8 24)	30%	18%	23%
Occasional (1 7)	44%	6%	6%

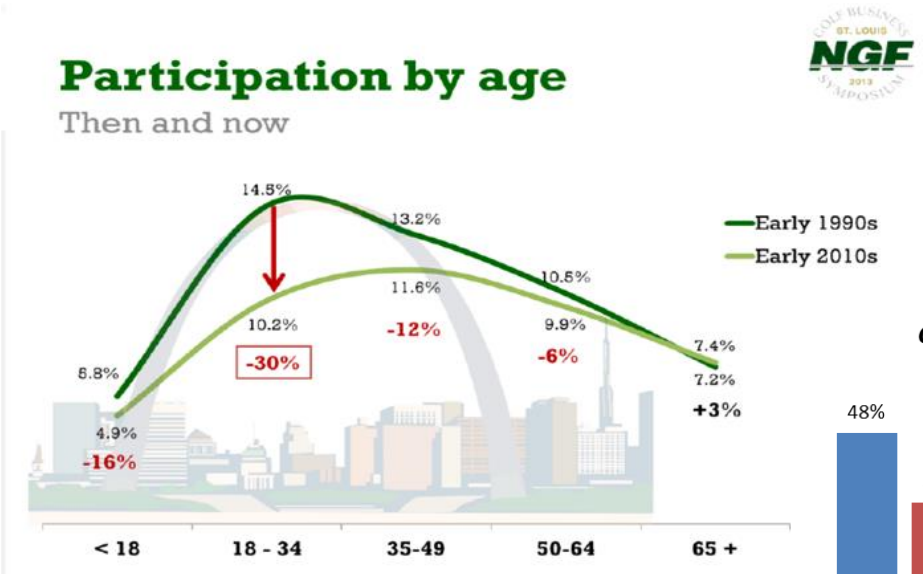
Golf's Opportunities/Challenges

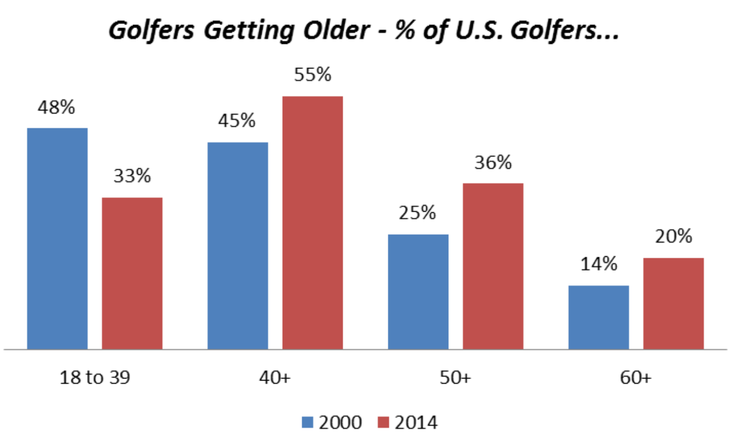
- Opportunity/challenge: activate interest among non-golfers.
  - Latent demand for golf is high. The pool of those who say they would like to try golf is significant. 8.1 million report being 'strongly interested' in trying golf.



Golf's Opportunities/Challenges

- Opportunity/challenge: stimulate renewed interest/appeal in young adults (Millennials).
  - While young adults comprise a significant proportion of the current golf participant base, the participation rate among 18 to 34 year olds has dropped precipitously.
  - The who are finding success with this group are taking steps to adjust the golf experience to appeal to the values of this generation.



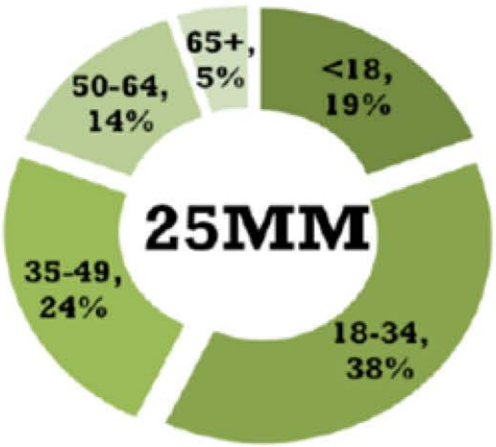


Golf's Opportunities/Challenges

Why is the 18-34 group so important?

- 28% of all golfers (7MM+)
- Historically, highest participation rate
- Age when most take up the game
- Greatest amount of latent demand*

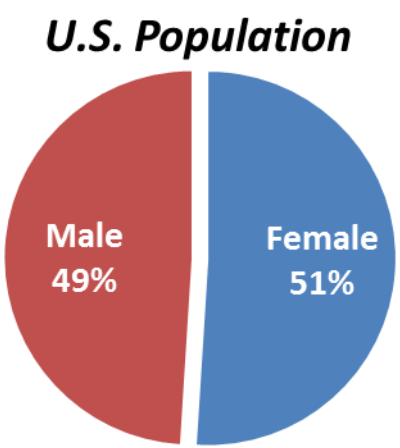
Latent Demand*

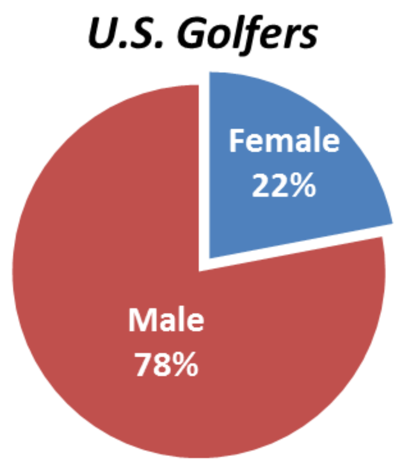


* non-golfers very/somewhat interested in playing now

Golf's Opportunities/Challenges

- Opportunity/challenge: appeal to women.
  - The proportion of women in golf's latent demand pool is almost twice that of their % in the current golf customer base.





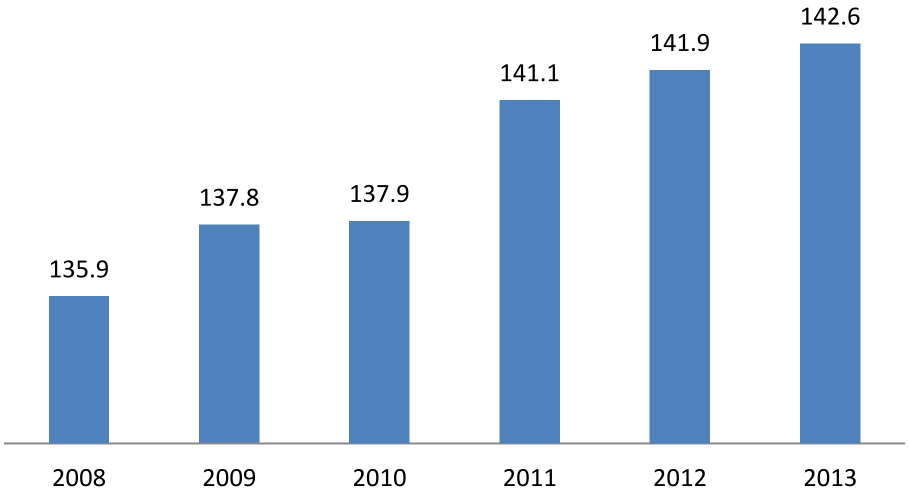
40% Portion of golf's latent demand that is female

Outdoor Recreation Participation Trends

Aggregate Participation: 5-Year Trend

- Aggregate participation in outdoor recreation, as measured by the Outdoor Industry Association (OIA) reached a five-year high in 2013.
  - 142.6 million Americans ages 6 and older participated in one or more of the 42 outdoor recreation activities tracked by OIA.
  - This represents a growth of 6.7 million participants (+4.9%) from 2008.

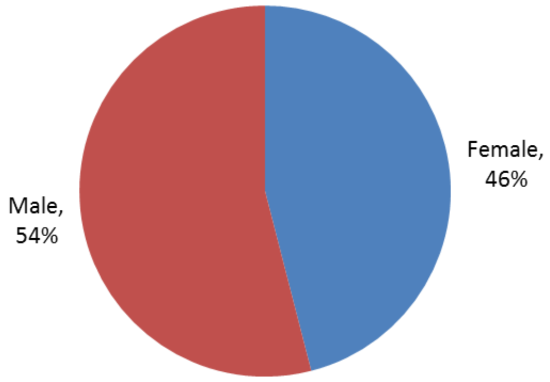
Aggregate Participation in Outdoor Recreation (in millions)

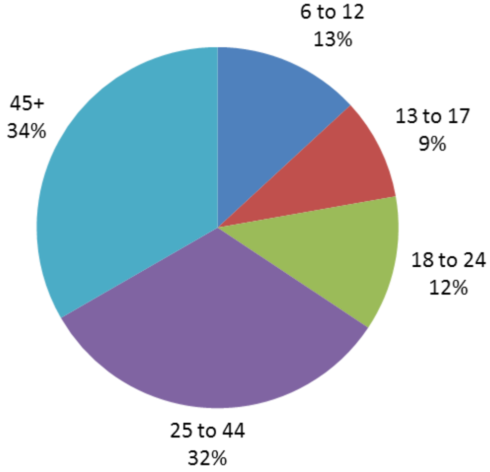


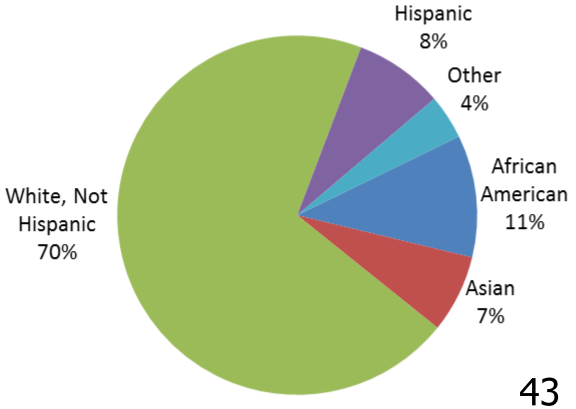
Aggregate Outdoor Recreation Profile

- Nearly half (49.2%) of all Americans ages 6 and older participated in one or more of the 42 outdoor recreation activities tracked by OIA in 2013.
  - Key market segments:
    - Males, youth (under 18), adults 18 to 44
    - These demographic groups all participate in outdoor activities in proportions greater than their presence in the total U.S. population age 6 and older.
- Collectively, non-whites remain under-represented in outdoor activity. However, their proportion of the participation base has grown 43% since 2011.

Aggregate Participation in Outdoor Activities by Gender, Age and Race/Ethnicity

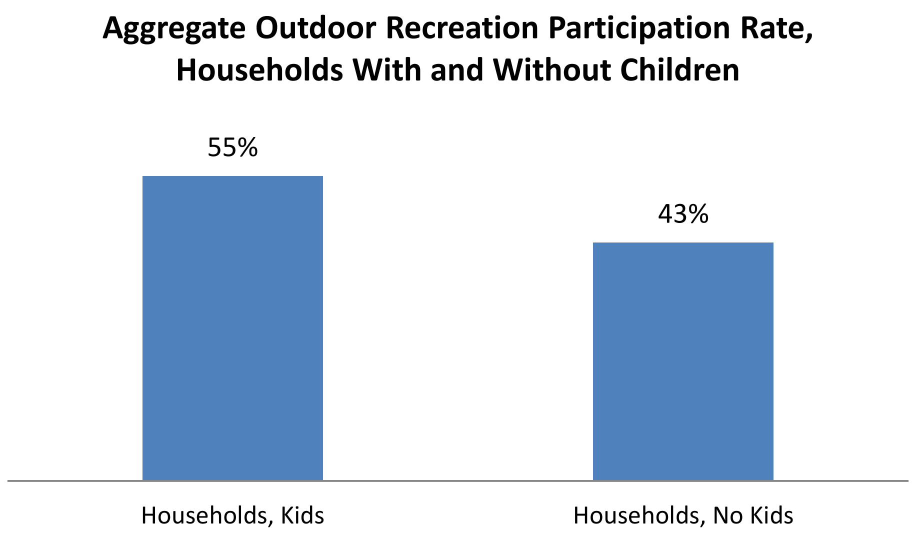






Aggregate Outdoor Recreation Profile

- Outdoor recreation is family friendly.
  - The rate of participation in outdoor recreation activity within households that have children is higher than it is in childless households.



Growth Drivers

- Outdoor activity participation growing:
  - Females
  - 6 to 12
  - Adults, especially 18 to 24
  - Non-whites
- Outdoor activity participation declining:
  - Males
  - Teens
  - Whites

Aggregate Outdoor Recreation Participation by Gender and Age (in millions)								
Year	Total	Female	Male	6 to 12	13 to 17	18 to 24	25 to 44	45+
2008	135.9	58.4	77.5	17.7	13.6	14.9	43.5	46.2
2013	142.6	65.6	77.0	18.8	13.1	17.4	45.9	47.3
% Change	4.9%	12.3%	-0.6%	6.3%	-3.5%	16.8%	5.6%	2.5%

Aggregate Outdoor Recreation Participation by Race/Ethnicity (in millions)							
Year	Total	African American	Asian	Hispanic	White	Other	Total Non White
2008	135.9	9.5	6.8	6.8	108.7	4.1	27.2
2013	142.6	15.7	10.0	11.4	99.8	5.7	42.8
% Change	4.9%	65.1%	46.8%	67.8%	-8.2%	39.1%	57.3%

Participation Trends – Selected Outdoor Activities

- 1- and 5-year participation trends for selected outdoor recreation pursuits tracked by the Outdoor Industry Association are shown below.

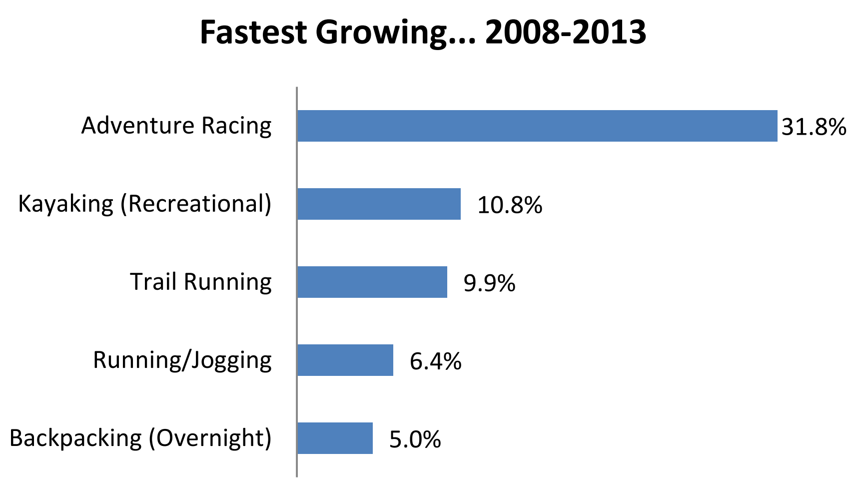
Participation Trends in Select Outdoor Recreation Activities

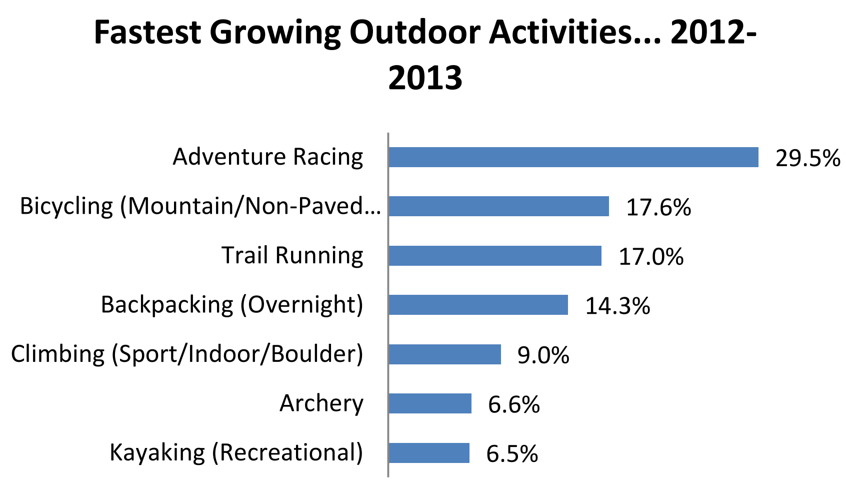
	2008	2009	2010	2011	2012	2013	2013 AAG	2 Year AAG	5 Year AAG
Adventure Racing	809	1,005	1,214	1,202	1,618	2,095	29.5%	37.1%	31.8%
Archery	6,180	6,368	6,323	6,471	7,173	7,647	6.6%	9.1%	4.7%
Backpacking (Overnight)	7,252	7,757	7,998	7,722	7,933	9,069	14.3%	8.7%	5.0%
Bicycling (Mountain/Non-Paved Surface)	7,242	7,367	7,152	6,989	7,265	8,542	17.6%	11.1%	3.6%
Bicycling (Road/Paved Surface)	38,527	39,127	39,730	39,834	39,790	40,888	2.8%	1.3%	1.2%
Birdwatching	13,938	13,847	13,317	13,067	13,535	14,152	4.6%	4.2%	0.3%
Camping (RV)	16,343	16,977	16,651	16,282	15,903	14,556	-8.5%	-5.3%	-2.2%
Camping (Within 1/4 Mile of Vehicle/Home)	32,531	34,012	32,667	31,961	31,454	29,269	-6.9%	-4.2%	-2.0%
Canoeing	9,866	9,997	10,306	10,170	9,813	10,153	3.5%	-0.1%	0.6%
Climbing (Sport/Indoor/Boulder)	4,642	4,541	4,542	4,445	4,355	4,745	9.0%	3.4%	0.4%
Fishing (Freshwater)	42,095	40,646	39,911	38,864	39,002	37,796	-3.1%	-1.4%	-2.0%
Hiking	31,238	32,542	32,534	33,494	34,519	34,378	-0.4%	1.3%	2.0%
Horseback Riding	11,457	10,286	9,782	9,335	8,423	8,089	-4.0%	-6.7%	-5.9%
Kayaking (Recreational)	5,655	6,226	6,339	7,347	8,187	8,716	6.5%	9.3%	10.8%
Running/Jogging	41,097	42,511	46,650	50,061	51,450	54,188	5.3%	4.1%	6.4%
Trail Running	4,537	4,845	4,985	5,373	5,806	6,792	17.0%	13.2%	9.9%
Wildlife Viewing	23,544	22,702	21,158	21,495	22,482	21,359	-5.0%	-0.3%	-1.9%
Walking for Fitness	110,204	110,882	112,082	112,715	114,029	117,351	2.9%	2.1%	1.3%

Shows total U.S. participants, age 6+ in 000s. AAG = average annual growth.

Fastest Growing Outdoor Activities

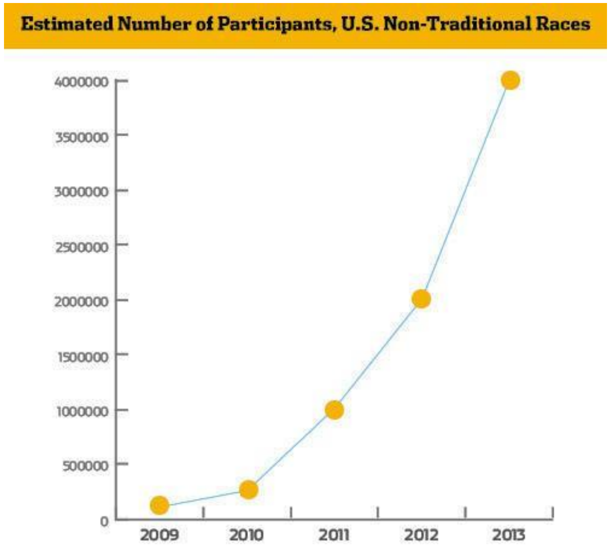
- Outdoor pursuits with the largest average annual growth rates over the trend period (both 1-year and 5-year):

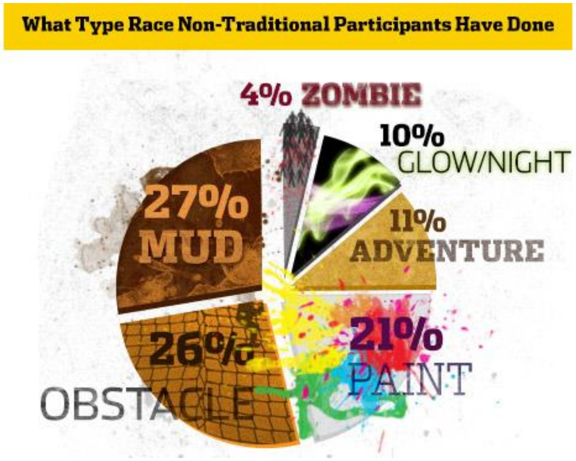




Fastest Growing Outdoor Activities

- The logarithmic growth in the popularity of non-traditional races reflects the high rate of growth in adventure racing noted on the previous slide.
  - This activity reflects core Millennial values to seek social, shareable, YOLO (you only live once) experiences where fun trumps competition.





Motivations for Outdoor Recreation

- Americans say they are motivated to participate in outdoor activity first and foremost to get exercise.
- Other chief motivations include:
  - Spending time with family and friends
  - Experiencing nature
  - Stress relief
  - Excitement/adventure
- Demographic differences:
  - Youth and young adults seek adventure more than teens who seek skill-building more.
  - Greater proportions of whites, Asians and young adults are motivated to participate by the opportunity to experience nature; African Americans, Hispanics, teens and youth less so.
  - An activity's 'cool factor' was a greater influence for youth than teens or young adults.

Why did you participate in outdoor activities?
Outdoor Participants, Ages 6+

Get exercise	72%
Be with family/friends	54%
Keep physically fit	53%
Be close to nature	48%
Get away from usual demands of life	46%
Observe scenic beauty	46%
Enjoy the sounds/smells of nature	44%
Experience excitement/adventure	43%
Develop my skills/abilities	35%
Be with people who enjoy the same things I do	31%
Gain a sense of accomplishment	29%
Experience solitude	26%
Gain self-confidence	24%
Be with people who share my values	18%
It is cool	18%
Talk to new/varied people	12%
Other reason(s)	6%

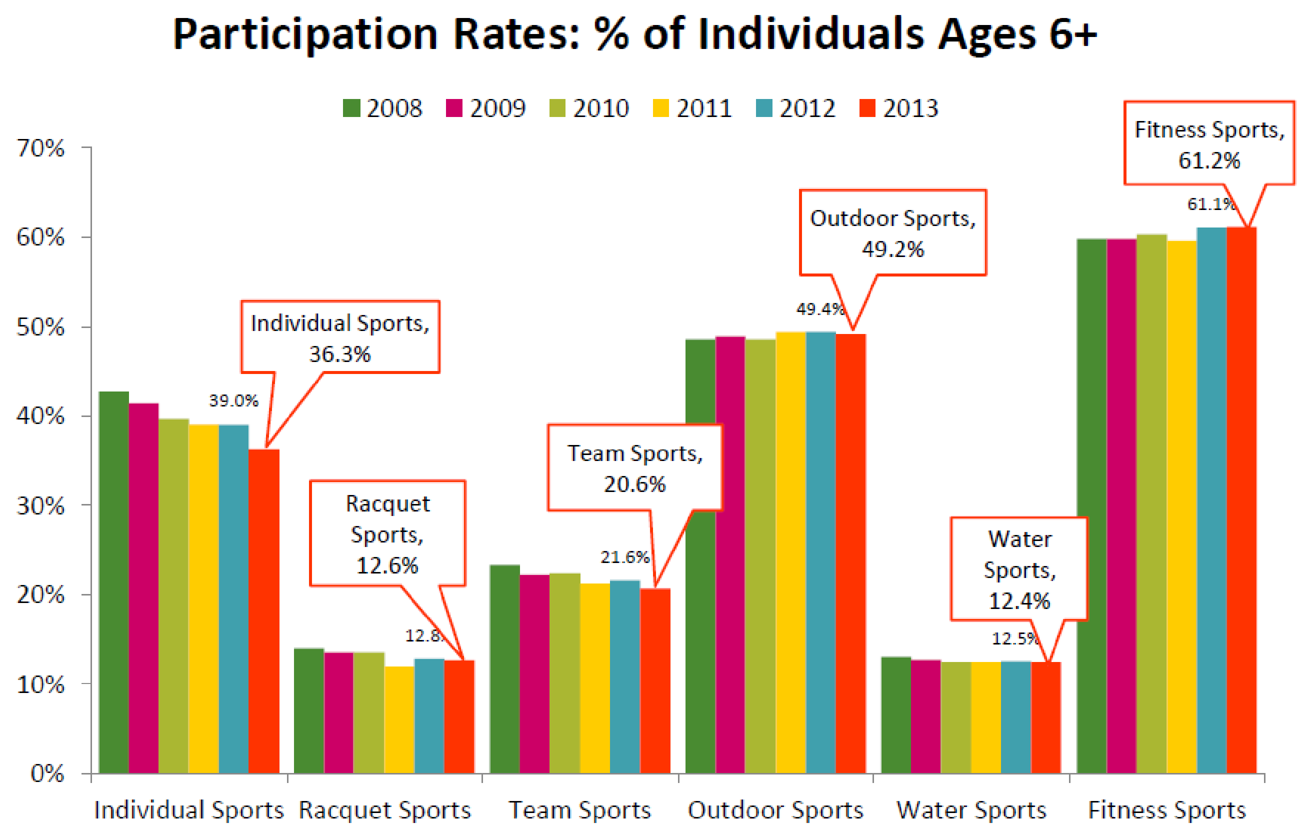
Macro Trends – The Categories

- The Physical Activity Council tracks macro activity participation trends in 6 categories. Specific activities included within each category are shown on pages 4 and 5.

Water Sports	Individual Sports	Racquet Sports
Outdoor Sports	Fitness Sports	Team Sports

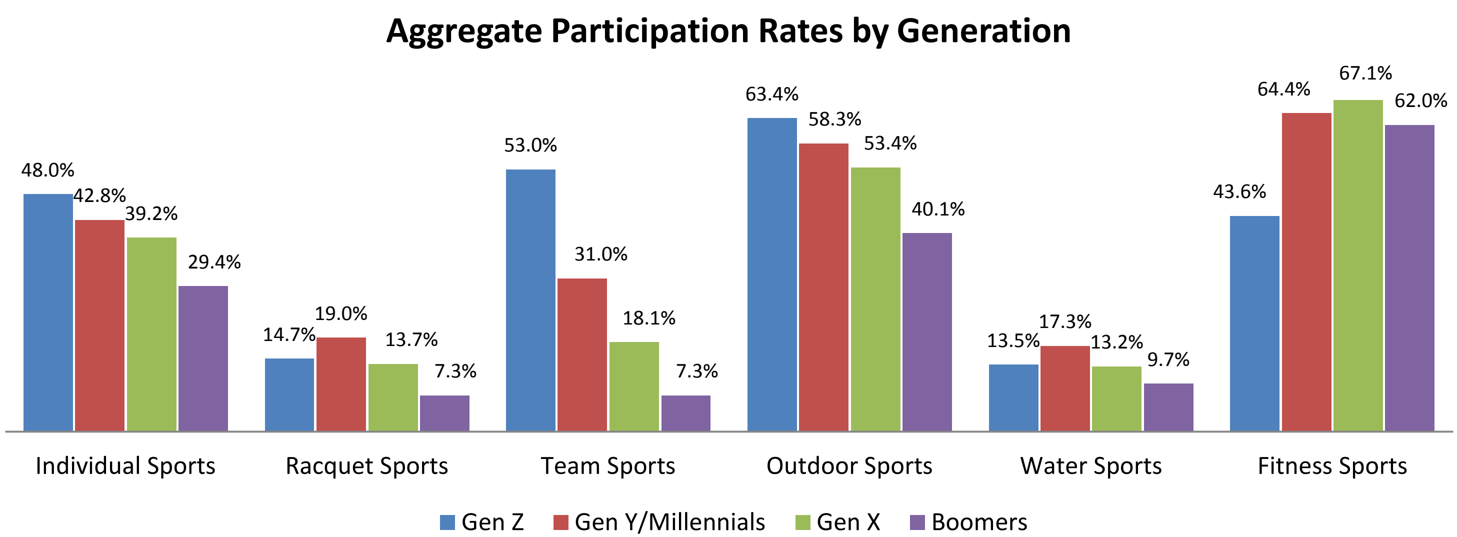
Aggregate Participation Rates

- Stable: outdoor, water & fitness sports.
- Recently stabilized: racquet sports.
- Declining: individual & team sports.



Participation Rates by Generation

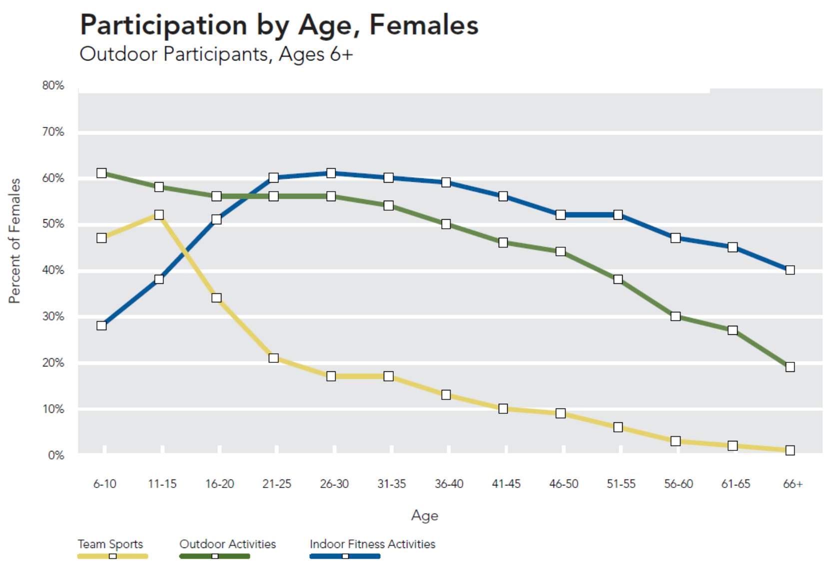
- Activity interests vary by generation.
  - Collectively, pursuits classified by SFIA and the Physical Activity Council as individual, racquet, team and outdoor skew younger.
  - Fitness pursuits are equally popular with the three older generations.

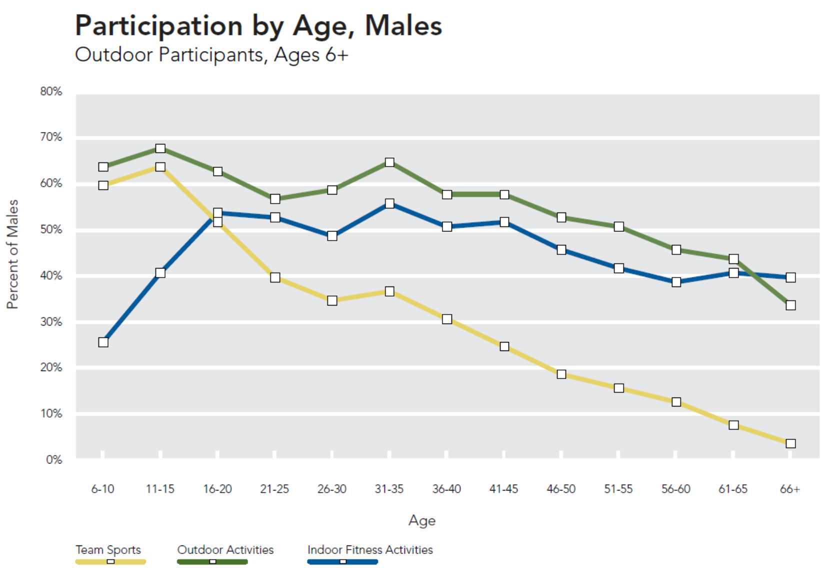


Gen Z (2000+)	Gen X (1965-1979)
Gen Y/Millennials (1980-1999)	Boomers (1945-1964)

Participation Rates by Generation

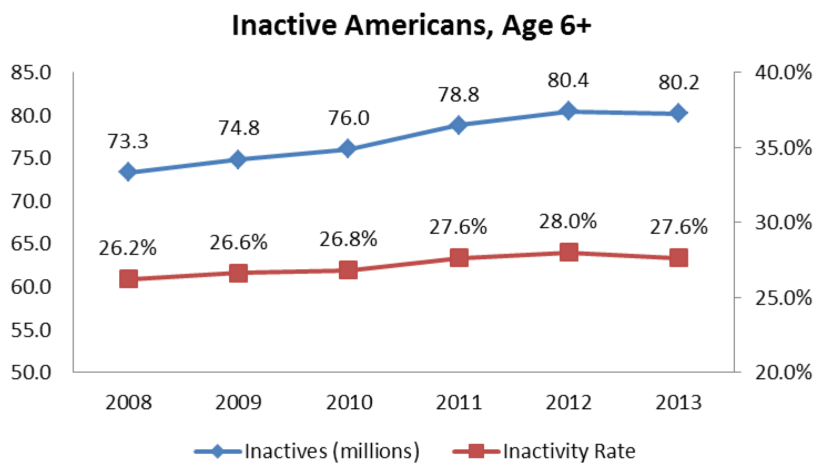
- A different view of generational interests can be seen in this OIA analysis of participation rates by age group, which shows that interest in team sports peaks between ages 11 and 15, and then wanes in favor of outdoor pursuits and fitness activity interests.





Inactivity Levels in the U.S.

- SFIA identifies inactive Americans as those who indicate no participation in any of the 108 sports, fitness and recreation activities included on the annual PAC/SFIA survey that are defined as having an active component.
- Even by this broad measure, an estimated 80.2 million Americans were classified as inactive in 2013 – more than a quarter of the population age 6 and older. Inactivity decreased slightly in 2013 for the first time in the five years from 2008-2013.
- Inactivity is concentrated in some demographic groups more than others. It is slightly greater among males, increases with age and is more common among those with lower incomes.



	Actives	Inactives	Inactive Index
Male	43.4%	47.5%	109
Female	56.6%	52.5%	93
6 to 12	13.1%	7.0%	53
13 to 17	8.6%	5.4%	63
18 to 24	12.8%	9.7%	76
25 to 34	16.1%	13.4%	83
35 to 44	11.5%	12.2%	106
45 to 54	14.7%	15.8%	107
55 to 64	13.2%	15.8%	120
65+	10.0%	20.7%	207
Under $25,000	23.5%	29.4%	125
$25,000 to $49,999	26.8%	26.9%	100
$50,000 to $74,999	20.0%	17.6%	88
$75,000 to $99,999	12.6%	10.4%	83
$100,000+	17.1%	15.7%	92

Aspirational Interests of Non-Participants

In Which Recreational Activities Would Non-Participants Most Like to Participate?

Interest Level	Ages 6-12	Ages 13-17	Ages 18-24	Ages 25-34	Ages 35-44	Ages 45-54	Ages 55-64	Ages 65+
1	Swimming for Fitness	Swimming for Fitness	Swimming for Fitness	Swimming for Fitness	Hiking	Swimming for Fitness	Swimming for Fitness	Swimming for Fitness
2	Bicycling	Bicycling	Bicycling	Bicycling	Work Out: Weights	Work Out: Weights	Bicycling	Work Out: Machines
3	Camping	Camping	Hiking	Camping	Swimming for Fitness	Bicycling	Work Out: Weights	Hiking
4	Hiking	Work Out: Weights	Trail Running	Hiking	Camping	Hiking	Hiking	Fitness Classes
5	Running/ Jogging	Work Out: Machines	Running/ Jogging	Work Out: Weights	Bicycling	Camping	Work Out: Machines	Work Out: Weights
6	Work Out: Weights	Trail Running	Camping	Trail Running	Work Out: Machines	Work Out: Machines	Camping	Birding/ Wildlife Viewing
7	Basketball	Hiking	Work Out: Weights	Running/ Jogging	Running/ Jogging	Running/ Jogging	Fishing	Bicycling
8	Fishing	Shooting (Targets)	Work Out: Machines	Fitness Classes	Trail Running	Fishing	Birding/ Wildlife Viewing	Fishing
9	Swimming on a Team	Running/ Jogging	Backpacking	Work Out: Machines	Backpacking	Canoeing	Fitness Classes	Camping
10	Soccer	Fitness Classes	Rafting	Canoeing	Canoeing	Birding/ Wildlife Viewing	Running/ Jogging	Running/ Jogging