Augusta, Georgia

Keeps Out of the Rough

In the movie Caddyshack, Carl Spackler didn’t riff about just any midsize southern city—only Augusta, Ga.

The comically misfit greenkeeper played by Bill Murray imagines himself winning “at Augusta.” Spackler was referring to the most renowned event of Georgia’s second-largest metro area—the Masters golf tournament, played every April at the Augusta National Golf Club. The 2011 tournament is scheduled for April 7–10.

The Masters winner gets a green jacket and a large paycheck. The Augusta area gets a major economic jolt. How major is hard to say. The last economic impact study was done in 1997 by the Augusta Convention and Visitors Bureau and showed a $109 million effect. Augusta National will not release information on its revenue, so no one’s done an analysis since. But it’s safe to assume that as the event has grown, revenues have increased.

Consequently, the local populace generally embraces Augusta National—known on its home turf as “the National”—even though it is famously exclusive and secretive. Caterers, hotels, other golf courses, restaurants, even locals who rent their homes for the week depend on the Masters like retailers rely on the Christmas holidays. Revenue per hotel room in the city doubles during April and restaurants offer different menus with higher prices, said Simon Medcalf, an economist at Augusta State University. Greens fees at local golf courses rise like a well-struck nine-iron.

“It’s unbelievable,” said Diane Starr, who for 32 years has arranged accommodations for Masters fans, “patrons” in Augusta National parlance. “Right down to the teachers on spring break that want to make some extra money and decide to clean houses—it’s a domino effect that touches everybody in Augusta.”

Starr’s business is completely tied to the Masters. Her company, Corporate Quarters Inc., is among several leasing agencies for residents who leave town and rent their homes for tournament week. What started three decades ago as a necessity because of a paucity of hotel rooms has become a popular moneymaker.

An ordinary three-bedroom, two-bath house can fetch more than $10,000 for the week, according to Starr, while larger houses command many thousands more. A pool, hot tub, even a basketball goal add to the price. Some homes come with Masters tickets, or badges. That perk supercharges the rent, as the badges are among the most precious tickets in sports and entertainment. (In mid-March, weekly passes were going for about $6,000 on the online
51 weeks each year, other economic forces matter more. Health care and the Fort Gordon army base are linchpins. The Medical College of Georgia (MCG) and its hospitals employ more than 7,000 people, and six of the 11 largest employers in Augusta-Richmond County (including MCG) are in the health care sector, according to the Development Authority of Richmond County.

As of December 2010, private education and health services as a category employed 29,100 people, or 13.8 percent of metro Augusta’s nonfarm employment, according to the U.S. Bureau of Labor Statistics (BLS). That proportion was fourth behind government, professional and business services, and trade, transportation, and utilities. The area’s single biggest employer is the U.S. Army Signal Center at Fort Gordon, with 19,844 military and civilian workers, according to the Development Authority. About 25 miles southeast of Augusta, the Savannah River Site (SRS), a sprawling U.S. Department of Energy facility that used to make nuclear weapons material, employs 12,000.

The twin anchors of Fort Gordon and health care—along with the absence of a housing boom and its lingering aftereffects—have helped cushion Augusta through the recession, according to Moody’s Economy.com and other analysts. Notably, none of the city’s banks have failed, even as the state has led the nation with 56 failures since the middle of 2007.

“We’re not a boom-or-bust town,” Parr said. “We’re steady as she goes.”

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The area also benefits from a varied manufacturing base, said Walter Sprouse, executive director of the Richmond County Development Authority. The area’s 19,300 factory jobs make up 9.1 percent of employment, compared to 8.8 percent in all of Georgia, according to the BLS. Sprouse noted that Augusta-made products range from Famous Amos cookies to EZ Go golf carts to Tide detergent.

**Trade goes with the flow**

Historically, Augusta’s economy was grounded in textiles. Located on the Savannah River, the city in the late 1800s became a major inland cotton market. Then in the 1950s, construction of what was formerly known as the Savannah River Plant, and now the SRS, brought thousands of new residents.

Today, Moody’s ranks the Augusta metro area in the top one-quarter in the country for employment growth. Likewise, the University of Georgia’s Selig Center for Economic Growth identifies Augusta as one of four metro areas in the state, out of 14, that will add net jobs in 2010 and 2011. Meanwhile, a December 2010 study by the Brookings Institution listed Augusta among 10 U.S. metro areas that had regained more than a quarter of the jobs lost in the recession.

Even so, Augusta’s unemployment rate has climbed. It hovered between 8.5 percent and 9.9 percent during 2010, according to the BLS—generally below the national and state rates but considerably higher than Augusta’s 6.3 percent average for 2008 and 5.5 percent for 2007.

Looking ahead, local officials are hoping that the area’s educational and military institutions are not too badly bruised by federal and state budget cuts. Fort Gordon appears safe, Parr and others said, because of its focus on areas that appear unlikely to be drastically downsized, such as communications and information technology. Also, the National Security Agency is nearing completion of an area facility that represents a $400 million investment, Sprouse said. Meanwhile, a $38 million trade, exhibit, and events center is under construction downtown. Financed by a special local option sales tax approved by voters, the “TEE” is designed to lure larger conventions.

“Most of the economic variables are heading in the right direction, so overall I am cautiously optimistic for Augusta in 2011,” Medcalfe said. “Augusta is in a far better position relative to many other cities to grow in 2011.”

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This article was written by Charles Davidson, a staff writer for EconSouth.