



IN THE

ROUGH

AS HOME BUYER INTEREST EVOLVES, SOME BUILDERS AND DEVELOPERS CONTINUE TO INVEST IN GOLF COMMUNITIES WHILE OTHERS ARE REPURPOSING ABANDONED COURSES

By **Scott Sowers** *Illustrations by* **Ryan Snook**

T

The 25 million golfers in the U.S.—roughly 8% of the population—are an impressive group. On average, they are age 54, have an annual income of \$95,000, and spend \$2,776 per year on the sport, according to golf course management company American Golf. These factors make them an affluent, desirable demographic for builders of move-up and luxury homes.

However, it's no secret that interest in golf—especially with younger Americans—has changed, which is forcing developers and builders to design and market their golf course properties in new ways. The sport has lost hundreds of facilities nationwide in the past decade. In 2016, Nike abandoned the golf equipment business as the number of people aged 18 to 30 playing the sport has dropped 35% over the past 10 years.

The sport's declining popularity muddies the future of golf-centric communities, says David Cobb, south Florida regional director for Metrostudy. "Most golf courses lose money, and

here in South Florida several have been converted to residential housing developments—particularly in Broward County," he says. While a few builders in his market are still finding success with the sport, he says many "are shying away from including golf courses in their new communities."

Changing With the Times

As Americans' tastes in recreational activities evolve, some home builders are still betting on golf course-based developments, but with refinements for a changing demographic.

"We're really seeing an evolution of the traditional golf course community. People want a variety of amenities and activities in addition to golf, such as walking trails, fitness activities, boating, food, and beverage, and communities are adapting to these changing tastes," says Dean Lytton, regional operations executive for KemperSports, a golf course management company based in Northbrook, Ill.

While a lush 18-hole course may still be a draw for some home buyers, builders need to evaluate demand and do their homework before deciding to move forward with such a project. "My first step would be to analyze the market and determine if there is a deep enough pool of golfers to support a new project," says Gregg Carlson of Wetherington Homes in Florida, noting that in some locations, the market may already be saturated.

Courtesy Lennar (above); Keyur Khmar/PGA Tour (left)



HIT THE LINKS Memberships are included for homeowners at Lennar's Bonita National Golf & Country Club in Florida (above). The builder is planning a similar "bundled" approach for its golf community underway at Babcock Ranch near Fort Myers, Fla.

There's also a movement toward offering shorter loops in these communities—nine- or six-hole courses that people can complete in two hours or less.

"The 18-hole format still has a place, but we need to complement it with options to make the game more accessible to people at different phases of their lives," Lytton says. "The golf course community is amenity-rich, offering options for the entire family—not just the avid golfer—to be active and engaged 365 days a year. These communities aren't just about baby boomers and retirees, they will be about young families and professionals."

Developer Syd Kitson, CEO of Kitson & Partners, is the driving force behind Babcock Ranch, a 17,000-acre master plan development for 50,000 residents near Fort Myers, Fla. The project's development team has embraced cutting-edge ideas like utility-scale solar energy and autonomous school buses, and it plans to add golf with Babcock National, an

THE TIGER EFFECT

In 1996, Eldrick "Tiger" Woods turned pro as a golfer at the age of 20 and dumped a gallon of gasoline on the simmering embers of golf. Before Woods turned pro, there were about 24.4 million golfers in America. Ten years later, that number had jumped to 29.8 million players.

Woods' fame influenced the real estate business as more developers began to include golf courses with their new-built neighborhoods to cash in on the surging popularity, says developer Mike Nunziata. "Many courses were purchased during

that time," he says, but the writing was on the wall in regard to golf course living. "There was a major shift in the demographics regarding who lives here and what they do with their free time."

After Woods' personal and professional demise in 2010, the number of players in the U.S. returned to 24.1 million by 2015. Last September, Woods won his first tournament in over five years by shooting a one over par at the Tour Championship in Atlanta. Whether his return to the leaderboard boosts golf's popularity again remains to be seen.



18-hole, semi-private course that can accommodate up to 1,100 homes. Sales are expected to start this year.

Kitson also touts the sport at some of his other ventures. “We’ve done numerous master planned communities with golf courses in Florida, and in New Jersey,” he says. “We’ve had a lot of success with it.”

Along the way, he has worked to improve the golf communities he’s built in, starting with removing what he calls the “stuffing” from the clubhouse.

“People are tired of country clubs that are stuffy where they have wood paneling and you feel like you’re walking into a library, you have to wear a blazer, you can’t wear jeans, and heaven forbid if you started laughing and having a good time,” Kitson explains. He’s updated the concept to an upscale, well-appointed, yet casual atmosphere where residents can have a good time even if they’re not golfers. “It has a café where you can bring your

dog and sit outside, it has a gym,” he says of the clubhouses. “We tell people bring your kids, laugh, we’ve minimized the rules. It’s a big shift and now our competition is following suit.”

Lennar, one of the home builders at the Babcock National course, is testing its “bundled golf” membership, which gives buyers automatic course membership, says Kitson. “Then you pay a modest fee to play on that course. They’ve been very successful with it, but it’s a different model than a high-priced country club community,” he says. Lennar has employed the bundled golf concept in its River Strand Community and Lakewood National at Lakewood Ranch, both near Bradenton, Fla.

Replace and Repurpose

While these new approaches to golf-based communities have been successful for many builders and developers, certain parts of the country have too many courses and not enough interest. (In 1990, the National Golf Foundation projected the need to build 400 golf courses per year to keep up with demand—but those days are long gone.)

“In our world it’s been exacerbated by the overabundance of golf in South Florida,” says Mike Nunziata, division president of Miami-based 13th Floor Homes. Nunziata’s firm specializes in acquiring defunct golf courses, repurposing the land, and building new homes on the recaptured

acreage. He counts four projects as finished with another five in various stages of completion—all in Florida’s Broward, Miami-Dade, or Palm Beach counties. While developers in other parts of the U.S. are still dangleing emerald fairways and manicured greens in front of prospective buyers, development firms are eyeing several struggling courses in Florida.

“In South Florida we’ve grown very land constrained from a home building standpoint; finding large tracts of land that are developable is difficult, so you have this perfect storm with golf courses going through tough economic times,” says Nunziata. Farther north in the Sunshine State the writing appears to be on the wall: “There is only one new golf course community in Palm Beach Gardens that I can think of that’s coming up in the near future,” says Cobb.

There is plenty of available golf course land for developers like Nunziata. The number of unused golf sites across the U.S. has surged in the past decade, to as high as 800 failed courses, according to Bloomberg. When a golf community goes under, questions swirl around what happens to that prime real estate. Nunziata’s firm strives to attain a mix of new homes and a good use of open space that will make old and new residents happy.

In Palm Springs, Calif., for instance, a failed course will become a 309-acre agriculture-focused residential community opening later this year. Developed by Freehold Communities, the 1,150-home Miralon project will transform an 18-hole course into olive groves and shared gardens.

As more home buyers flock to communities with open space, hiking or walking trails, and wellness-related features, the tide in amenities is turning away from golf.

“We try to create amenities not just for the new homes, but the surrounding community helps mitigate and offset that loss of that golf course,” says Nunziata of the courses that his firm repurposes. For instance, the cart paths for defunct courses now serve as de facto walking and running paths.

What About the Neighbors?

When a developer moves into an existing golf community, whether to expand the housing stock or plow under the fairways, executives must contend with the current residents. Usually there are covenants in place to protect the golf course and benefit the members of the HOA, and breaking that up is not so simple.

WHERE GOLF IS THRIVING

There may be a decrease in overall interest in the sport, but many builders across the U.S. are still enjoying success with golf course communities. Here are some recent openings and renovations.



Boot Ranch

At the 2,000-acre Boot Ranch in Fredericksburg, Texas, club membership can extend to five generations, allowing parents, grandparents, kids, and grandkids access to the private golf facilities. Course architect and former PGA Tour star Hal Sutton recently oversaw a \$2 million renovation of the course and developer Terra Verde Group invested another \$1 million in an 18-hole putting park for golfers of all ages.

Red Ledges

The Jack Nicklaus-designed golf course at Red Ledges in Heber, Utah, recently added a new set of “Golden Bear” tees, placed to help new golfers—including many retirees who now have time to take up the game—ease into their new playing experience. The community includes a 12-hole Golf Park, also designed by Nicklaus, for novice and expert golfers and doubles as an area for soccer, Frisbee, dog-walking, and kite-flying.



Creighton Farms

Located in Northern Virginia, the Creighton Farms 900-acre gated community on a Jack Nicklaus-designed golf course will soon open a state-of-the-art indoor Golf Performance Center featuring instructional games such as movable Track-Man launch monitors, golf swing analysis software, and a simulation golfing screen.

Desert Mountain

Scottsdale, Ariz.-based Camelot Homes recently announced the opening of its 49-home Villas at Seven Desert Mountain on the private 18-hole course, No. 7 at Desert Mountain. Homeowners will have the option to become lifestyle or equity golf members. The par-54 short course is designed for all skill levels.



Cordillera Ranch

At final build-out, the Cordillera Ranch golf community near San Antonio will total approximately 2,500 homes. The gated, 8,700-acre luxury neighborhood has generated \$300 million in real estate activity the past three years, according to the developer, with nearly 800 homes completed and more than 1,200 lot sales.

Shaker Run

Drees Homes has signed on to build in the Lebanon, Ohio, golf course community of Shaker Run, joining Fischer Homes with 27 new homesites including a long-term option of an additional 100-plus homesites. The Shaker Run Golf Club’s original designer, Arthur Hills, is returning to revamp the nearly 40-year-old course.

Courtesy Creighton Farms (left); The Clubs of Cordillera Ranch (right)

Courtesy Boot Ranch

BACK IN TIME

One of the first U.S. golf courses to incorporate houses was Temple Terrace Golf and Country Club, built in the 1920s near Tampa. Some of the original homes were built without kitchens as it was assumed that all meals would be taken in the course clubhouse. The club, which is listed on the National Register of Historic Places, is currently solvent after defaulting on some payments owed to the city last summer. Members stepped in to make the accounts current but the club is still struggling to attract new members and become self-sufficient, according to the Tampa Bay Times.



“There is an emotional attachment to a lot of these courses,” says Nunziata. “We try to help the people who live there understand what the market preferences are today.”

In some cases, Nunziata’s firm deals with courses that are already closed and clubhouses that have been vandalized. Fires have destroyed clubhouses in Kentucky, Florida, California, and Nevada, according to Michael Kahn, a golf course consultant based in St. Petersburg, Fla. “The disaster associated with failing community golf courses is the negative effect on residential property values, beginning from the rumor itself,” Kahn says. “It can be a domino effect because falling home prices lower assessments, which lowers property taxes collected by local counties and cities.” He notes that a closed golf course in a community can drop a house appraisal by 40%.

For a recent project in Delray Beach, Fla., Nunziata addressed a standing-room-only crowd in a 600-seat auditorium in a golf community. He needed to convince two-thirds of the community’s more than 3,700 residents that getting rid of the golf course was financially in their best interest. Despite the poor condition of the course and the clubhouse, it was not an easy sell.

“We still had people who came out and thought they owned the golf course and that golf needed to come back, which was a false hope, not even close to reality,” says Nunziata. “Eventually they realized the values around them were skyrocketing while their clubhouse was crumbling.” After some negotiation, the pitch worked and residents gave the green light to close the course and build more than 500 new homes in its place.

Empty nesters living in a golf community who are interested in downsizing can also create opportunities for builders and developers. Carlson of Wetherington Homes in Sarasota Fla., another golf mecca, has done a few course makeovers including buying land in the Cypress Glen community to build new, smaller homes. Interested customers began calling about it even before groundbreaking was announced.

“We have a high volume of residents who live in larger homes still inside this country club community looking to downsize, while others in similar sized homes also in the community simply want something new,” he says. “We are feeling really good about the growing prospect list and anticipate a very strong opening.” Cypress Glen, an enclave within the River Wilderness Golf & Country Club in Parrish, Fla., presented a unique opportunity for Wetherington that made sense for a golf gamble.

“We acquired our parcel within an existing golf course community,” Carlson explains. “The overall community is mature, very well maintained, and has an established club. This is the only gated golf course community located north of the Manatee River. We looked at the recent



TEE TIME Located near Washington, D.C., the 900-acre Creighton Farms community offers 1- to 7-acre lots with views of woods, meadows, mountains, or the Jack Nicklaus-designed golf course.

success Taylor Morrison has had in its new active adult golf course community Esplanade, which is south of the Manatee River, and saw that the market is not oversold for golfers looking to live close to where they play.”

What's Ahead

While using golf as a marketing lure or a land banking hedge fund that can be tapped when reserves run dry is not a new idea, Nunziata believes developers and community stakeholders are a bit naive about the future of the sport. “It was put into these master communities not because the golf course itself was to be a financially stable enterprise that was going to make money, but really, just to sell homes,” he says. “This was without much consideration about what happens down the road, regarding what happens to the golf course or who ends up owning it.”

There’s also a myth in play about the value of golf course living. While living on a golf course may not pull property values down, experts say, they don’t automatically raise them either—kind of like a swimming pool.

“There’s this misconception that ‘I live on a golf course therefore my house is so much more valuable,’” says Nunziata. “We don’t see those

homes growing at the same pace as the other homes on the market. ... It has a paralyzing effect on the value.”

Developers and builders say golf course communities are evolving to become more inclusive and multifaceted to accommodate buyers who don’t golf but still enjoy a view of the greens. Although many courses have gone out of business or are struggling to remain afloat, the dream of retiring to a home on a golf course in Florida still holds true for many Americans.

Even with all the other amenities offered at Babcock Ranch, Kitson says he does hear from buyers who are primarily interested in golf course living. “There is a segment of people who say, ‘Call us when you guys introduce a golf course,’” he says. “It is a segment of the market that is still there, and we want to address it.” **B**