

Pacific Links International's Royal Hawaiian Golf Club, located on the Hawaiian island of Oahu, was sculpted by Pete/Perry Dye Design in 1994.

Buying America

Foreign investors are champing at the bit to buy U.S. golf courses. But whether those investment dollars are a trickle or a flow is still up in the air.

BY CHRISTINA THOMAS

Foreign investors are expected to play a key role in U.S. acquisitions this year, especially on the Pacific Rim.

"You're going to see a lot of flight capital from east to west — from Asia to the United States," said Ken Arimitsu, vice president of brokerage services for PM Realty Group. "If I had to make a prediction, I would say, at least on the West Coast and the Pacific Rim, the majority is going to be foreign buyers."

Arimitsu said golf courses are a luxury item, and many people are chasing that luxury good right now, especially investors from China.

"[The Chinese] are looking for places to vacation," he said. "Golf is the new and shiny toy, and as golf grows in Asia,

you're going to see a lot more of that investment in the United States."

Steve Ekovich, Vice President Investments Director of National Golf & Resort Properties Group, has also seen a lot of interest from China.

"We have a significant resurgence of buyers from China," Ekovich said. "A fair number of them are interested in the EB-5 program."

The EB-5 visa for immigrant investors is a United States visa that provides a way of obtaining a green card for foreign nationals who invest money in the U.S. To obtain the visa, individuals must invest \$1,000,000 in a new project or at least \$500,000 in a high-unemployment or rural area, creating or preserving at

least 10 jobs for U.S. workers excluding the investor and his or her immediate family.

"It is incentive for foreign buyers and their families to come over because they are creating these jobs," Ekovich said.

Additionally, the growing volatility of foreign world markets and recent economic downturns in China and Europe should entice investors to search for alternate investment solutions.

"It's another way for [investors] to move money from their capitalist and/or socialist countries into a more stable investment climate," Ekovich said.

Pacific Links International, headquartered in Canada, is one such company that is bringing foreign dollars into the



Southern Highlands Golf Club in Las Vegas is one of two golf course properties Pacific Links International owns in Nevada.

U.S. Du Sha, a Canadian citizen and native of China, wholly owns the company. Du partnered with Bruce Simmonds, the Canadian entrepreneur who founded ClubLink Corporation.

“[Du] had the vision, capital and desire to build a new golf company, and I had the experience,” said Simmonds, who is CEO of Pacific Links. “The timing was perfect.”

Pacific Links was founded in 2009, but kept a low profile until recently, when it publicly launched its brand in September by hosting a Champions Tour event in Hawaii, as well as hosting an event in Beijing, China. Pacific Links owns or operates eight courses in the United States and one in China.

Simmonds said Du is taking advantage of the U.S. market at the right time.

“When the market downturn came and quality golf properties in the U.S. started to become available in 2008, [Du] decided he wanted to take advantage of it and build a business that put high-end golf courses together in strategic locations

in the U.S.,” Simmonds said. “They were primarily locations where Chinese golfers would be interested in traveling to, like Hawaii, Southern California and Las Vegas.”

He said the macroeconomic circumstances were similar to when he started ClubLink.

“What made us successful was having the capital to take advantage of the market conditions,” Simmonds said. “And having an innovative strategy which allowed us to differentiate ourselves from the rest of the industry — in particular the individual golf course operator.”

Pacific Links’ strategy is building its multicourse ownership, as well as reciprocal play options for its members.

Ekovich said conditions are good for Canadian investment in the U.S.

“A lot of Canadian investors are seeing the arbitrage in the dollars and, as a result, they can buy golf courses here at cheaper prices,” Ekovich said. “It allows them to bring down the Canadian snowbirds to the United States and they’re

going to get the benefits of the exchange rates.”

But even though there is a lot of interest from foreigners, Ekovich said he hasn’t seen many deals close.

“We had one group bringing in \$320 million from Mexico and was caught at the United States Federal Reserve for three months,” he said. “If you’re going to do a real estate deal, you need to have the money here, otherwise it’s a very high-risk proposition for any seller for that money to come from some foreign country.”

Arimitsu said the transaction with a foreign buyer should be all cash.

“You always want to verify funds, so I think it gets a little trickier,” Arimitsu said. “There’s no reason to doubt that the money’s not there; just make sure you can get it over.”

Arimitsu said although there may be more foreign interest, investors are cautious and looking for a particular type of property.

“I think if there is a trend right now, those that are coming to the United States looking at properties are looking for a specific reason,” Arimitsu said. “So the box that they’re looking in is pretty small. So unless you fit in that box, regardless of how much money you make or where you’re located, if you’re not in that box they’re just not going to be interested.”



Pacific Links International owns the Pete Dye Golf Club in Bridgeport, W. Va., a course that is listed No. 45 on Golf Digest’s ranking of America’s 100 Greatest Courses.