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Golf Resorts Offering Yoga, Hovercraft Rides to the Green

By Nadja Brandt - Jun 16, 2014

Florida's [Woodmont Country Club](#), which once boasted 1,200 members, has been hit hard in the past decade as hurricanes and then the recession kept golfers away. Now the club's owner is adding conference space, stores, restaurants, a spa and a hotel as part of a planned revival.

About \$100 million will be spent on the revamp of the property in Tamarac, about 14 miles (23 kilometers) northwest of Fort Lauderdale, owner Mark Schmidt said. After years of negotiations with local authorities, he expects to receive approval this month for the planned Woodmont improvements.

While tennis courts and swimming pools have long had a place at golf clubs, a growing number of course owners are embracing mixed-use real estate, a concept more often used in urban developments to hedge risk and diversify returns. Property investors are adding everything from medical facilities to amphitheaters and hovercraft operations to increase revenue.

"I don't think a single golf-course operator, unless you own a place like Pebble Beach, can make money," said Schmidt, who bought Woodmont for about \$3 million in 2004 and has seen membership dwindle to 230. "The cost of insurance, operations and maintenance is far too great. Multisourcing and redeveloping to include hospitality and other uses is the only way to go."

After a prior redevelopment plan was rejected by the municipal government, Schmidt is now cutting the golf course to 27 holes from 36. He and his development partners plan to construct 152 single-family residences, a new clubhouse and swimming pool, 14 tennis courts, shops and 5,000 square feet (465 square meters) of meeting rooms, plus a potential mid-scale hotel operated by a company such as [Marriott International Inc. \(MAR\)](#) or [Hilton Worldwide Holdings Inc. \(HLT\)](#)

Medical Center

Golf-course owners facing a dropoff in traditional revenue from player fees are trying to generate demand from younger users and cater to families, said [Lesley Deutch](#), a Boca Raton, Florida-based senior vice president at John Burns Real Estate Consulting. Adding amenities such as athletic facilities and yoga studios creates a broader audience, she said.

“The recession caused a rethinking of the value proposition for golf-course owners,” said [Steven Ekovich](#), vice president of investments at Marcus & Millichap Inc.’s National Golf & Resort Properties Group. “Because of the millennial generation and Generation X and Y, you have all these varied interests. So you have to offer more things.”

About 465 million rounds of golf were played last year in the U.S., compared with the most recent peak of 501 million in 2006, according to data provided by Calabasas, California-based Marcus & Millichap.

Fitness Center

Ekovich said he represents a buyer of a rural 18-hole course north of Atlanta who plans to add a medical center and residential units. The client also will put in an Olympic-size swimming pool and enlarge the fitness center at the almost 400-acre (160-hectare) property, which is home to a nature preserve. The broker, who said he couldn’t disclose the buyer because of confidentiality agreements, said he expects the sale to close within 30 days.

“Ten years ago, nobody even heard of yoga at a golf club,” Ekovich said. “Most courses always had pools and some tennis, but not tennis academies or health facilities or other types of golf, like Frisbee golf.”

At [Windy Knoll Golf Club](#) in Springfield, [Ohio](#), owner Nick Tiller and his cousin Pete Duffey, the property’s managing director, added hovercrafts last year to take people across the golf course and from tee to green. The idea was inspired by a product that was built for Oakley Inc. and two-time Masters Tournament winner Bubba Watson, who is sponsored by the company.

Banquet Facilities

Tiller and Duffey also expanded banquet facilities, used to attract weddings and other events, and added a new full-service, year-round restaurant.

The duo, first-time golf-course operators, bought the property out of receivership in May 2012 for about \$1.4 million and are spending \$1 million on improvements.

“The hovercrafts are not really viable for everyday use because they are kind of hard to control -- we’ve already had a few minor accidents -- but it’s garnered great interest from a wide audience, and it’s a way to promote our golf course,” Duffey said. “If all of these investments start to cash-flow well for us, we definitely are in the market to add other opportunities to create demand and to generate additional revenues.”

The course is close to breaking even and probably will be profitable by next year “because of all the

additions we've made," Duffey said.

Theater, Winery

Konstantinos Vasilakopoulos bought [Mountain Branch](#), a golf course 20 miles northeast of downtown Baltimore, out of receivership for \$3.6 million in mid-2012, according to his brother Bill Vasilakopoulos, the property's manager.

They plan to expand the food and beverage service at the course, and are building a concert amphitheater with outdoor seating for as many as 3,000 people and is considering developing a winery at the 270-acre property. The additions will cost about \$800,000.

"We want to increase our visibility and revenue stream," Bill Vasilakopoulos said in a phone interview. "When we got the property, much of the restaurant and golf barely broke even. Our background is in food and beverage, and when we saw the numbers we saw a whole lot of room for improvement."

Hotel accommodations and a spa may also be added to cater to the property's growing wedding business, he said. The brothers plan to increase awareness of the golf club and its amenities through a 5-kilometer run across the property this year.

'Pure Golf'

In some parts of the U.S., using golf clubs exclusively for golf remains a viable option, said Deutch.

"The pure golf focus is mostly on the west coast of [Florida](#), where you have a very large majority of retirees," she said. "Golf here is still very appealing and still in high demand. So you can still make a case to build an exclusive golf course community if you are in the right area."

Throughout much of the country, diversification is a necessity as the golf industry continues to work through a "gross overbuilding" of courses by residential developers, Ekovich said. In 2012, 141 more clubs closed than opened, and he expects net course closures of more than 100 a year for the foreseeable future.

Schmidt, the owner of Woodmont in Florida, said that while buying the property "wasn't the most intelligent business decision" he's made, things are picking up at the club, which was pummeled in 2004 and 2005 by three hurricanes that uprooted trees. This year he raised his prices for a round of golf by about 8 percent from 2013.

Club Requirement

Homes at Woodmont will go for \$300,000 to \$600,000. Under the current plan, residents will be

required to join the golf club. Schmidt said residential development may sell out within three years, if not sooner, given strong interest from potential buyers. He expects membership to more than double once the homes are completed and sold.

“The days of just having a golf course and an 8,000-square-foot club house are past,” Schmidt said. “My staff did a lot to market and explain to the community what benefits our extensive redevelopment of the club would have. Now, finally, I feel the recovery is under way.”

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