

From the Washington Business Journal

:<http://www.bizjournals.com/washington/blog/2014/07/golf-course-investment-on-the-rebound.html>

Jul 9, 2014, 6:29am EDT Updated: Jul 9, 2014, 9:40am EDT

In the market for a golf course? Might want to buy soon



[Mark Holan](#)

Staff Reporter- Washington Business Journal

[Email](#) | [Other](#)

In the past few weeks, two golf courses have been sold at the far western edge of Greater Washington. At least two more courses in the metro area are on the market.

Is it time to buy a golf course?

"While golf is still anathema to many investment portfolios, investors who have the cash see the current market as an opportunity to scoop up distressed clubs and revamp their business models," The New York Times [reported this week](#). The story suggests changing family dynamics, overbuilding in the late 1990s and an absence of lenders has dragged down the market.

But prices are climbing again as more buyers than sellers step up to the tee, golf course broker [Raymond Demby](#) told me. He is a Tampa-based investment advisor for the National Golf & Resort Properties Group at Marcus & Millichap Real Estate Investment Services.

Last year the average sale price was just over \$3.6 million, an 18.33 percent increase from the eight-year low of just over \$3 million in 2012.

"It's fair to say we've seen things picking up," Demby said.

But still far from the 2006 average price peak of more than \$5.8 million.

Here's another number that won't be on your scorecard this weekend: 63.2.

That's the calculation of the "[golf investment index](#)," a new 0-to-100 scale based on interviews with asset owners, prospective investors, appraisers, lenders and consultants. It sets 50 as the baseline of a normal market. Demby estimates it would have sunk to 35 or 40 a few years ago.

The index report concludes that "barring any unforeseeable events, the golf market will continue to improve gradually" from the bottom of 2012 and gradual improvement of last year. It predicts that

"more investors will likely 'get on board' with a positive outlook" through the rest of this year.

So who's buying?

"We are seeing the big national owners like ClubCorp [Holdings]," Demby said. "But the new thing is private equity groups making all-cash purchases. We also see good interest from foreign buyers, especially Asian buyers. They like resort-type courses, and they like development opportunities."

He also said smaller, localized owners are looking to expand their portfolios to create economies of scale.

Demby said most of the distressed properties have been scooped up.

As I've [reported before](#), the nearly \$70 billion golf industry has a huge economic impact in the region, including \$2.5 billion in Virginia and \$1.3 billion in Maryland.

The private Cross Creek Country Club in Shepherdstown, West Virginia, sold in mid-June for just under \$1.5 million. It was purchased by three club members. The nearby public Locust Hill Golf Course sold for about \$1 million a few weeks later to golf pro [Wayne Clark](#). In December, Dallas-based ClubCorp [bought Chantilly National Golf and Country Club](#) in Centreville.

Naturally, the price points climb as you drive closer to the District. "D.C. has held up much better than almost any other metro," Denby said. "It is maybe equal to or right below Atlanta, and maybe right below Miami."

Demby said a confidentiality agreement prohibits him from precisely identifying the two Washington-area courses that are on the market, one within the Beltway, the other just outside the loop. The public 18-hole course with 2013 gross revenue of over \$3 million is listed for \$6.5 million. A private 18-hole club with gross revenue of \$2.4 million is listed at \$4.5 million.

Mark Holan covers the economy and money — banking, finance, private equity, corporate accountability and professional services.