

Chinese buying US golf courses

By Adelina Zhang in New York (China Daily USA) Updated: 2014-06-27 11:12

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With China's real estate market declining, Chinese investors looking to diversify abroad have found that sand and grass may be a bright spot. They're buying US "links" - golf courses.



Dove Canyon Golf Club in Los Angeles was purchased in 2013 by Pacific Links International, a company which also owns nine other golf courses in the US. Pacific Links was acquired by a Chinese investor in 2009. Provided to China Daily

"You can get a return on your money from 8 to 15 percent," Jeff Woolson, managing Director at the CBRE Golf and Resort Properties in Carlsbad, California, told China Daily in an interview. "They have the potential for larger returns because you can buy a property that is not making money and you can turn it around to make money."

Woolson said that in the past four years he has been involved in two or three golf-course purchases by Chinese investors.

Chris Karamitsos, senior investment adviser of National Golf and Resort Properties Group in Tampa, Florida, told China Daily that of 20 golf-course sales by his company in the past 18 months, one was by a Chinese investor and Chinese investors showed interest in nine others.

"When you compare product types, for instance apartment complexes and single-tenant buildings, there is a greater chance for capital appreciation in golf courses," he said.

"The golf course trading rates are much higher than some of the core assets," said Karamitsos. "That's a very attractive aspect for investors, especially those who normally invest in core assets. They are seeing an opportunity to get a better return on profit in a five-year period or so."

Karamitsos and Woolson said they hadn't seen Chinese investors interested in golf courses until about three years ago.

"Now we have Chinese investors looking at more than 50 percent of the courses that we bring to market," Karamitsos said. "The Chinese investors seem to gravitate toward development opportunities - golf and resort developments."

The National Golf and Resort Properties group sold the Sunset Beach, North Carolina, Sea Trail Golf Resort, which had three golf courses associated with the transaction, to a winning bid of \$8.5 million from a Chinese investor in June 2013.

Pacific Links International, founded in 2009, whose owner- chairman is native Chinese, owns and operates 10 golf courses in the US and one in Tianjin, China. In February, it purchased Dragon Ridge Country Club in Henderson, Nevada, for \$11 million.



Karamitsos said another reason why investors may be interested in the US golf market is that there is more stabilization than in the past.

"We are seeing about 150 courses per year closing, more than they are opening for the first time," he said. "The golf industry got so over built in the 1990s. We were started to see supply exceeding demand. Now with the trend of golf courses closing and getting back to a more manageable inventory."

Rancho Duarte Golf Course was purchased for \$3.3 million by an all-Chinese partnership in April 2013 for immigration reasons, said general manager Alex Quintana.

Karamitsos said he had a golf and development deal in Florida that involved EB-5, but that deal did not close. The EB-5 visa program provides green cards to foreigners who invest in the US.

"I've seen that has been a factor in some cases where there is a development opportunity," he said. "We've seen people look at projects on what we can do with an EB-5 program. That is certainly something that they take into consideration.

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