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NGF TOP 5

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[Top 5](#) - 2012 Top 5 states with golf courses in development (either under construction, in planning or proposed)



Financing a Golf Related Property or Business: Remember The Invisible Partner

by Robert Harris

Some optimistic entrepreneurs, convinced the economy is beginning to show signs of life, believe this is an appropriate time to explore the acquisition or expansion of a golf-related business or property.

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2013: The Year the Grownups Talk about Failed Golf Courses or Just More Litigation?

by Robert Harris

Golf disputes making their way to court dockets often involve issues arising out of failed golf courses.

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Golf Course Transactions – Are Bargain Deals Still Available in 2013?

As we noted in a recent Dashboard article, NGF has tracked nearly 1,300 golf facility transactions since the beginning of 2007, though we believe this number is likely understating the actual volume of total sales. We decided to take a closer look at the profile of these transactions in the context of the universe of existing golf courses in NGF's comprehensive U.S. golf facilities database. Our analysis revealed the following interesting facts:

- 25% of the transacted facilities originally opened in the 1990s, while four in ten were new in either the 1990s or 2000s. For comparison, total holes opened in those two decades account for 27% of all current golf supply.
- 52% of the public facilities sold were "value" priced (peak season weekend green fees with cart of \$40 or less) – a percentage that is similar to the total current supply of value courses.
- At the other end of the green fee spectrum, "premium" priced golf courses (peak green fees of \$70 and above) represented 17% of the public facilities transacted – moderately higher than the 11% of total existing premium supply.
- Accounting for nearly 8 in 10 transactions, privately owned public courses - daily fee + semi-private - represented a disproportionate percentage of total sales (they account for only 59% of current supply). As would be expected, municipal facilities accounted for a disproportionately low percentage of total sales, as only 3% changed hands (16% of current supply).
- Golf courses associated with a real estate development accounted for 35% of transactions that NGF tracked since 2007, but represent only 19% of existing supply.
- Florida, with 150 sales (about 12% of total) over the subject time period, topped the state counts, followed by Michigan (86), California and Texas (70 each), and Ohio (65). Florida is home to 7% of the total current U.S. golf supply; Michigan, Ohio, and Texas about 5% each; and California 6%.



The 2nd Half 2012 Semi-Annual Market Update from Marcus & Millichap's National Golf & Resort Properties Group includes, among other key information, data and trends related to recent golf course transactions. M&M utilizes this data, in conjunction with national economic trends, for forecasting purposes. The 2nd half Market Update revealed the following key indicators regarding the transactions tracked in 2012.

- Total sales increased from 107 in 2011 to 151 in 2012. (Note: County sales records can be two-to-three months behind, so most data captures only the first three quarters or so of 2012).

April 2013

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GOLF LEGAL FILE

Government Eyes Elimination of Sweetheart Tax Deduction for Golf Courses

by Robert Harris

Some optimistic entrepreneurs, convinced the economy is beginning to show signs of life, believe this is an appropriate time to explore the acquisition or expansion of a golf-related business or property.

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What percentage of your total marketing is targeted to women golfers?

- None
- 1% - 10%
- 11% - 20%
- 21% - 30%
- 31% - 40%
- 41% or more

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- The number of transactions above \$3 million represented only 27.2% of the total sales, down from 47.8% of the total sales in 2011.
- The number of transactions under \$1 million rose from 13.8% of the total sales in 2011 to 31.6% in 2012.
- Median sales price decreased from \$2.875 million in 2011 to just over \$1.8 million in 2012. The *average* price fell by about 45%, from \$3.96 million in 2011 to about \$2.16 million in 2012 (excluding outliers over \$30 million such as the Ritz-Carlton Lodge at Reynolds Plantation in Georgia, and Doral Golf Resort & Spa in South Florida).

M&M's data reveals that the number of sales is up but that a larger percentage of sales now comprise smaller deals and/or facilities bought at auction. The data suggests that in 2013, potential buyers may not as easily find the "bargain" properties, as banks have less of their good product (e.g., potential value-added rehabilitations, undervalued foreclosures, and/or properties located in strong markets) remaining. Additionally, those buyers or investors seeking multi-facility opportunities may be out of luck as former major golf course lenders such as Capmark and Textron have disposed of much of their golf portfolios.

High-end properties will continue trading in 2013 and years to come, but continued demand and a reduction in opportunities for these premium properties should ultimately result in rising property values. Additionally, anecdotal evidence from both M&M and NGF suggests two other emerging trends with respect to demand for golf course assets that, taken together, may also suggest potentially rising prices in 2013:

- There is increased interest in U.S. golf course ownership from foreign investors in countries such as China, Korea, Japan, Great Britain and Canada.
- More private equity interests are partnering with firms that have core competencies in golf ownership and management.

[Adjustment](#)
[golfcourseindustry.com](#)

UPCOMING EVENTS

[NGF Symposium:](#)
[St. Louis, MO](#)
[Apr. 23, 2013](#)

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FEATURED REPORT

2012 Golf Facility Supply Update

NGF recently released *Golf Facilities in the U.S. – 2013 Edition*, our annual tally of [U.S. golf course development and total golf supply](#). The report summarizes the nation's total supply of daily fee, municipal, and resort golf courses, as well as private clubs, with numbers broken out by state and region.



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