LIPG

LEISURE INVESTMENT PROPERTIES GROUP

GOLF INVESTMENT REPORT

2025

LIPG
LEISURE INVESTMENT PROPERTIES GROUP

2024 YEAR IN REVIEW

LIPG ADVISORY TEAM

Steven Ekovich
Executive Managing Director – Partner
Golf & Marina Divisions

Christopher Karamitsos, PGA
Senior Managing Director – Partner
Golf Division

Robert Waldron
Senior Managing Director – Partner
Golf Division

Jeff Spilman, CCIM
Vice President of Investments
Marina Division

Jose A. Villao
Vice President of Investments
RV & Mobile Home Park Division

Robert L. Marro, CCIM
Vice President of Investments
Hospitality Division

Beux Leto
Associate
Marina Division

Trevor Ekovich
Associate
Golf Division

Kody Tibbetts
Associate
Golf Division

VISION

To be the preeminent leader in business-driven leisure investment real estate and advisory services.

MISSION

To help our clients create and preserve wealth. We deliver exceptional transactional expertise, superior market knowledge, and the industry's most powerful marketing platform at a personal level, treating each client's best interests as our own.

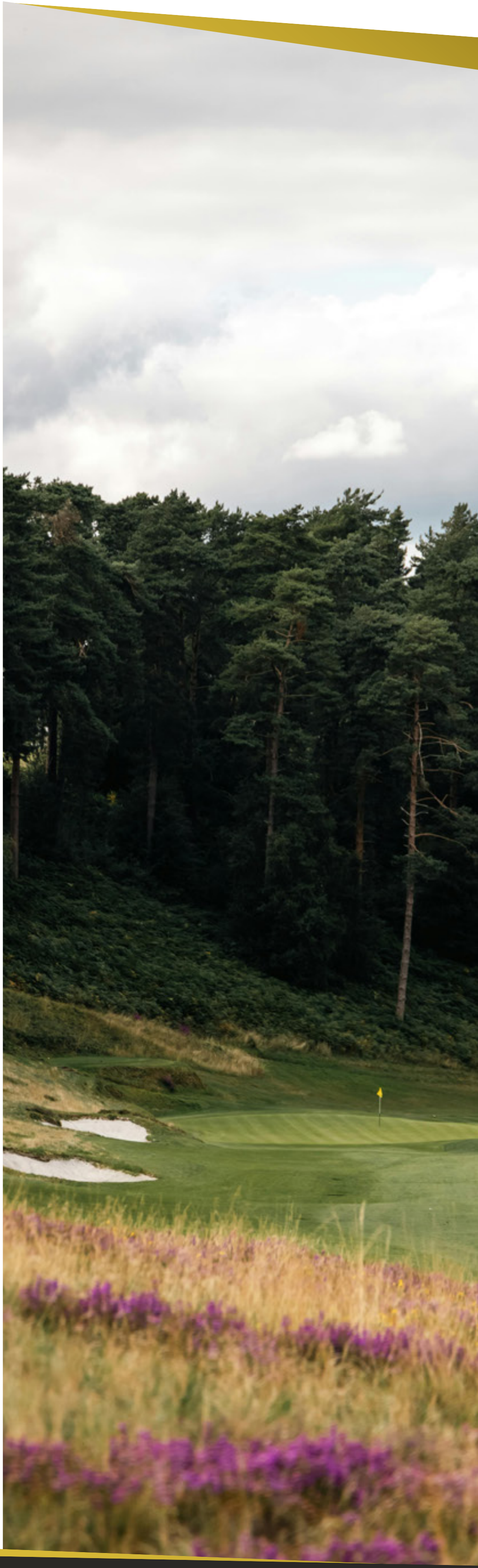
GUARANTEE

Our clients will have the clarity, knowledge, and power to make sound business decisions that will maximize their investment strategies and achieve their vision for the future.

A TRUSTED VISION FOR THE FUTURE OF GOLF

Leisure Investment Properties Group (LIPG) was founded in 2009. Formerly known as the National Golf & Resort Properties Group, LIPG has become the recognized industry leader in brokerage and advisory services exclusively to the Leisure Investment Industry which includes golf courses, marinas, master-planned communities, RV Communities, resorts, and other leisure properties. Since its inception, LIPG has sold more than 200 properties by utilizing its extensive database of prospective buyers, powerful platform, and proactive marketing techniques. The management team has more than 270 years of combined experience brokering golf courses, marinas, master-planned communities, and other commercial real estate assets.

INSIDE THIS EDITION



Editor-in-Chief
Hector Hernandez | Marketing Coordinator

EXECUTIVE SUMMARY
– A REFLECTION ON 2024 AND A GLIMPSE INTO 2025

This widely utilized report—relied upon by golf industry owners, lenders, appraisers, management companies, consultants, and media outlets—is typically released in March to provide the most up-to-date sales statistics, as pre-reporting agencies often lag 2–3 months behind in tracking golf property sales. In this edition, we will review golf industry trends from 2024 and share our insights on what to expect in 2025.

KEY 2024 GOLF MARKET TAKEAWAYS:

Revenue:	↑	Participation:	↑
Median Price:	↑	Utilization:	↑
Average Price:	↑	Off Course Interest:	↑
Number of Transactions:	↑	Net Golf Closures:	↓
Interest Rates:	↓	Economy / Stock Market:	↑
Rounds & Membership:	↑	401Ks & Employment:	↑

The golf industry is experiencing a period of unprecedented growth, with increased participation, higher revenues, and strong investor interest**. We have not seen operations this good, or average prices this high since 2006, the year before the great recession.** Golf has gained back it lost territory taken by the wicked down-turn that lasted from 2007 through 2023, an unprecedented 18 year cycle. What's more? With a president that owns golf and a robust US economy, 2025 could be just as good. Owners have been pouring cash back into properties over the last three years to appease unprecedented demand. The golf subscription model of reoccurring dues, has captured the love of private and public equity as well as the core commercial real estate investor.

In this edition of the Golf Investment Report is Buyer Sentiment, Preparing Your Golf Course For Sale, The Evolution of Golf, All Cap Rates are Not Created Equal, and Sales Activity 2024.

Steven Ekovich
Executive Managing Director – Partner
Leisure Investment Properties Group

Christopher Karamitsos, PGA
Senior Managing Director – Partner
Leisure Investment Properties Group

Robert Waldron
Senior Managing Director – Partner
Leisure Investment Properties Group

Golf State of The Market: A Reflection on 2024 and a Glimpse into 2025

Steven Ekovich —Executive Managing Director – Partner

HAS THERE BEEN A BETTER TIME THAN 2024 TO OWN A GOLF ASSET? WILL 2025 BE AS GOOD?

The golf industry is experiencing a period of unprecedented growth, with increased participation, higher revenues, and strong investor interest. Operations have not been this strong, nor average prices this high, since 2006, the year before the Great Recession. Golf has regained the territory lost during the downturn from 2007 through 2023—an unprecedented 18-year cycle. With a president who owns golf properties and a robust U.S. economy, 2025 could be just as prosperous. Over the past three years, owners have reinvested heavily into properties to meet soaring demand. The subscription-based dues model has gained favor with private and public equity investors as well as core commercial real estate investors.

When writing these reports, we aim to logically present why golf values or operations are rising or falling and the reasoning behind our predictions. This is why we analyze demand and supply trends, along with economic factors impacting golf values now and in the future. Additionally, we publish this report in the first quarter to allow time for the prior year's sales data to be recorded.

DEMAND SIDE:

Golf participation has reached historic heights. According to the National Golf Foundation (NGF), total participation across both on-course and off-course venues has grown to 47.2 million people. Of those, 28.1 million golfers are playing at green-grass facilities, demonstrating the sport's sustained appeal. The total rounds played have surged to 543 million, reflecting strong engagement with the game.

Another industry source, The Pellucid Report, shows demand for rounds slightly lower at 532 million but still closely aligning with NGF figures. Utilization rates have climbed to 72%, surpassing the previous high set in 2000. Pellucid's year-end report also indicated that golf industry revenue has increased by 8%, providing course owners with greater cash flow for reinvestment in renovations and operational improvements.

SHIFTING DEMOGRAPHICS & CULTURAL INFLUENCE

Golf is becoming more diverse, with a broader participant base than ever before. Off-course golf, including entertainment venues like Topgolf and simulators, continues to grow in popularity, attracting younger audience and first-time players. Social media platforms such as TikTok and YouTube have contributed to the sport's reinvention, making it more engaging and accessible. Viral trick shots, instructional content, and influencer-driven media featuring talented young golfers and stylish female players have further enhanced the game's appeal.

Additionally, TGL Golf—a high-tech, team-based golf league using simulators and an adaptive green—is bringing new excitement to the sport, targeting younger generations and positioning golf as a modern, fast-paced entertainment option.

SUPPLY SIDE:

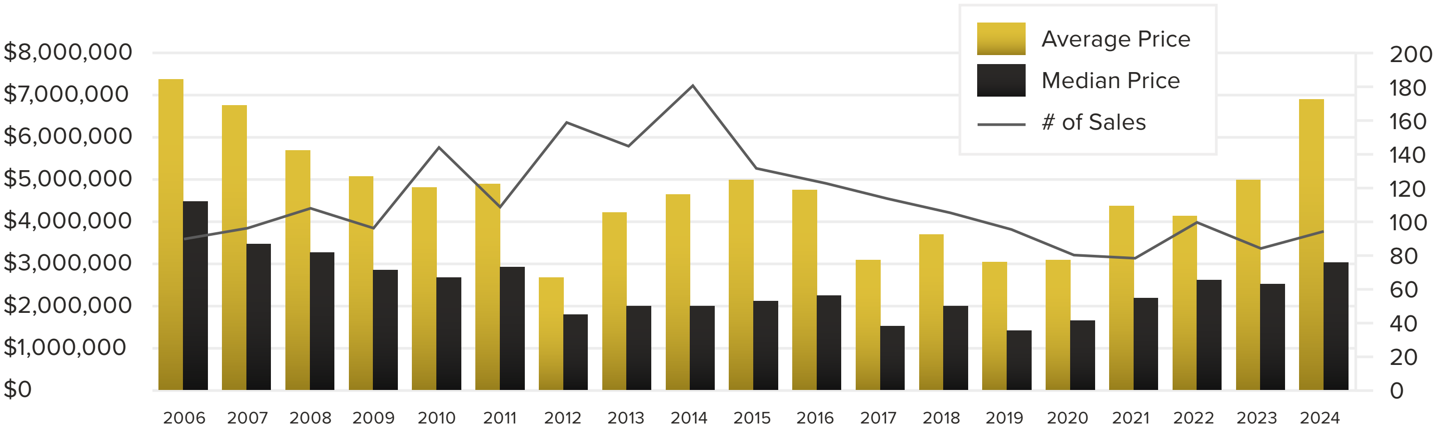
The 18-hole equivalent (EHE) supply is approximately 12,700, with total course supply steady at around 16,000 facilities. Since 2006, the NGF reports a loss of 2,300 facilities—about 13% of the total supply. For roughly a decade, the industry experienced a net loss of 200 courses per year, with most new golf development occurring overseas. However, since COVID-19, course closures have declined sharply, and new developments have resumed. The U.S. is beginning to see course construction again, though primarily in the resort and high-end private golf categories. Public golf course development remains minimal.

BARRIERS TO NEW COURSE CONSTRUCTION

- Limited availability of affordable property
- High construction costs
- Stringent Environmental Regulations
- Limited access to affordable water source
- Golf courses may not be the most profitable use of land
- The cost of affordable golf course is cost prohibative
- Limited returns on investment, making renovations more attractive than new builds
- Lengthy permitting and construction timelines

A new trend in course design has emerged: short courses with 6, 9, or 14 holes. This category does not include entertainment-focused venues like PopStroke, Cycle for Puttery, or Tipsy Golf.

Average Historical Golf Course Prices



LIPG - National Golf Course Sales History

	# of Sales	Avg. Prices	% Change	Lowest Price	% Change	Highest Price	% Change	Median Price	% Change
2006	91	$ 7,326,883	N/A	$ 1,100,000	n/a	$ 39,500,000	n/a	$ 4,500,000	n/a
2007	97	$ 6,778,325	-7.49%	$ 559,000	-49.18%	$ 58,000,000	47%	$ 3,500,000	-22.22%
2008	108	$ 5,757,172	-15.06%	$ 595,000	6.44%	$ 50,575,000	-12.80%	$ 3,300,000	-5.71%
2009	97	$ 5,089,742	-11.59%	$ 500,000	-15.97%	$ 50,000,000	-1.14%	$ 2,900,000	-12.12%
2010	144	$ 4,873,308	-4.25%	$ 250,000	-50.00%	$ 40,000,000	-20.00%	$ 2,700,000	-6.90%
2011	110	$ 4,912,103	0.80%	$ 275,000	10.00%	$ 73,525,000	83.81%	$ 3,000,000	11.11%
2012	159	$ 2,700,215	-45.03%	$ 250,000	-9.09%	$ 30,000,000	-59.20%	$ 1,802,500	-39.92%
2013	145	$ 4,211,889	55.98%	$ 366,450	46.58%	$ 48,520,000	61.73%	$ 2,000,000	10.96%
2014	181	$ 4,661,645	10.68%	$ 266,800	-27.19%	$ 60,000,000	23.66%	$ 2,045,000	2.25%
2015	132	$ 5,012,316	7.52%	$ 263,250	-1.33%	$ 47,000,000	-21.67%	$ 2,195,000	7.33%
2016	123	$ 4,718,947	-5.85%	$ 500,000	89.93%	$ 50,000,000	6.38%	$ 2,300,000	4.78%
2017	114	$ 3,105,611	-34.19%	$ 520,000	4.00%	$ 30,700,000	-38.60%	$ 1,525,000	-33.70%
2018	107	$ 3,741,962	20.49%	$ 500,000	-3.85%	$ 41,948,500	36.64%	$ 2,046,418	34.19%
2019	96	$ 3,050,907	-18.47%	$ 500,000	0.00%	$ 16,750,000	-60.07%	$ 1,464,291	-28.45%
2020	79	$ 3,149,046	3.22%	$ 500,000	0.00%	$ 34,500,000	105.97%	$ 1,700,000	16.10%
2021	80	$ 4,399,889	39.72%	$ 500,000	0.00%	$ 45,333,000	31.40%	$ 2,225,000	30.88%
2022	98	$ 4,129,022	-6.16%	$ 550,000	10.00%	$ 47,000,000	3.68%	$ 2,580,900	16.00%
2023	84	$ 4,979,399	20.6%	$ 500,000	-9.1%	$ 44,801,090	-4.7%	$ 2,465,000	-4.5%
2024	92	$ 4,637,697	38%	$ 550,000	10.0%	$ 85,250,000	90.3%	$ 3,025,000	22.7%
Total	2,137	$ 4,637,697	-6.23%	*** Outliers Removed (<$500K or >$75M)***					

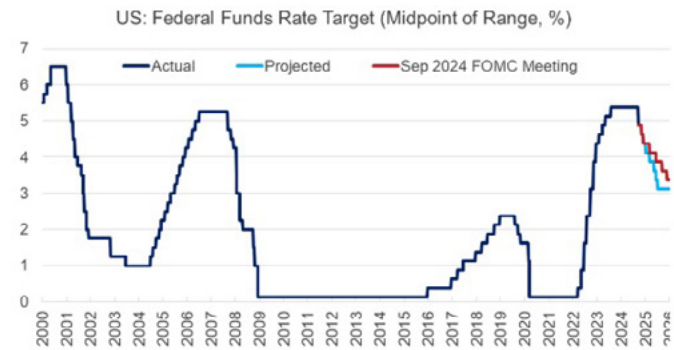
****** Data Courtesy of Leisure Investment Properties Group***

FINANCIAL PERFORMANCE & MARKET TRENDS

The financial strength of the golf industry is evident in the rising value of golf course assets. According to Leisure Investment Properties Group (LIPG) research, the average sale price of golf courses has increased by 38% from 2023, reaching $6,870,417 in 2024. **The last time average prices were at this level was in 2007!** The median sale price has similarly risen by 22.8% to $3,025,000 and the last time the median was this high was in 2008. So, we can safely say we have recovered. It has been close to 18 years to get back to where we were before the "Great Recession".

Investor interest in golf courses has grown significantly, with a 66% increase in buyers compared to three years ago. Many investors are shifting capital from core commercial real estate sectors—such as apartments, industrial, retail, and office buildings—seeking higher cap rates in golf courses. Not only have core commercial real estate investors discovered golf, but Wall Street has as well, with major golf companies now backed by private or public equity.

Figure 1. Fed cut Rates 50bp in September 2024 but suggests gradual policy reduction ahead



Sources: Federal Reserve Board and The Conference Board projections (light blue line) and approximations for Fed policy path (red line).

THE US ECONOMY:

The U.S. economy grew by 2.8% in 2024, demonstrating resilience despite high interest rates. This growth was fueled by consumer spending, investment, government expenditures, and exports. Americans continued to spend heavily on golf, contributing to strong revenue growth for course owners.

Investment in real estate and business expanded, further driving economic growth. Government spending also increased, and the Federal Reserve began lowering interest rates as inflation showed signs of retreating. In 2025, U.S. GDP growth is expected to reach around 2%, with global economic growth projected at 3.3%.

The Federal Reserve may further lower interest rates in 2025 to counteract slower job growth and rising unemployment. A strong economy and lower interest rates will provide golfers with more disposable income for leisure activities like golf.

The Federal Reserve is considering how many times they will lower the federal funds rate in 2025 to respond to slower job growth and rising unemployment. So, with a continued strong economy, lower interest rates, golfers will have more disposable income for leisure activities like golf.

LOOKING AHEAD TO 2025: OPPORTUNITIES & CHALLENGES

LIPG PREDICTIONS FOR 2025

(Last year, all of our predictions came true; you can review them at www.LeisurePropertiesGroup.com under the Research tab, "Golf Investment Report 2024.")

- The golf market remains highly attractive for investors, thanks to stabilizing interest rates and increased financial returns. Core commercial real estate investors will continue buying golf assets.

- Continued investment in golf course renovations will enhance playing conditions, helping to retain and attract new golfers.

- With golf firmly positioned within the experiential economy, more courses will incorporate entertainment, technology, and social engagement elements to differentiate themselves.

- AI-driven systems will optimize booking operations, personalize coaching experiences, and enhance golf course maintenance efficiency. As AI technology advances, courses will further leverage automation and data-driven decision-making.

- Robotic maintenance equipment will become more important as potential shifts in immigration policy impact the availability of labor for golf course maintenance, potentially leading to worker shortages.

CHALLENGES FACING THE INDUSTRY

- Potential tariffs and inflation concerns

- Geopolitical conflicts, including those in Ukraine and Israel, which could impact global economic stability and discretionary spending

- Rising labor costs due to worker shortages linked to new immigration policies

CONCLUSION

The golf industry is experiencing unprecedented growth, with increased participation, higher revenues, and strong investor interest. As the sport evolves through technological advancements and changing demographics, it remains at the forefront of the experiential economy. Golf content is booming on social media platforms, making the sport more accessible and "cool again."

We don't need to make golf great again, it is GREAT RIGHT NOW! While challenges such as economic uncertainty and labor shortages persist, the overall outlook for 2025 remains very positive. With continued investment and innovation, golf is set to maintain its momentum as a thriving global industry.

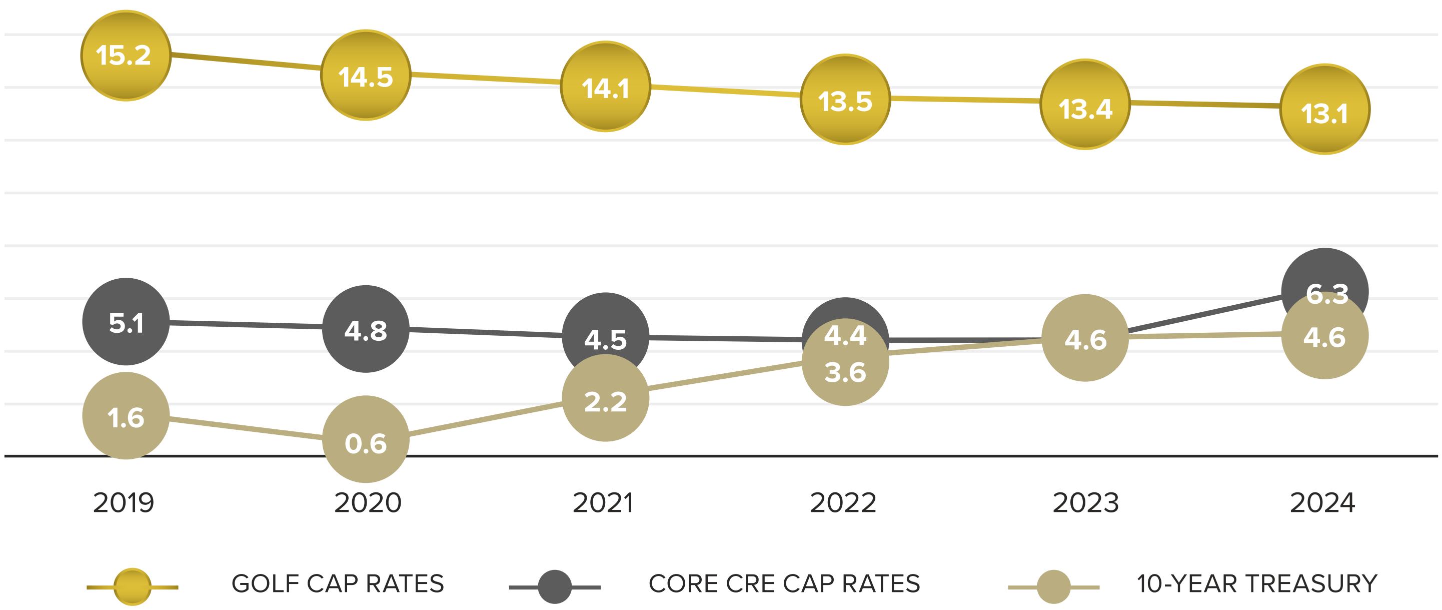
Investor Sentiment

Chris Karamitsos – Senior Managing Director – Partner

“If you build it, they will come.” That of course, from the movie, Field of Dreams. In analyzing the golf course transaction data for 2024 you might say “If you sell it, they will pay.” This is a Seller’s market and buyers know it. Investors continue to deploy record amounts of capital into the golf airspace. As noted in this report, the year over year stats show total sales volume in dollars, up 51% and the median sales price up nearly 23%. In 2024 alone, LIPG sold or placed under contract, over $200M in golf assets.

Several factors are contributing to the wave of capital flowing into golf. First of all, commercial real estate is not monolithic in nature. In fact, it’s quite the opposite. The media has incessantly reported on the beating that the real estate market is experiencing. Just because one or two sectors are struggling doesn’t mean all sectors are. Coming out of COVID, golf has proven itself to be a reliably consistent income-producing asset class. Private member-owned clubs that once needed rescue by a well-capitalized, white knight like Concert or Invited (formerly Club Corp), now have waiting lists for membership. Daily fee golf facilities have been able to increase rounds and rates contemporaneously. Golf’s demographic is getting younger while the older, committed demo continues to lead in consumer spending. Aside from the marina industry, golf enjoys one of the highest barriers to entry in real estate. As an investment, the fundamentals are strong.

GOLF CAP RATES vs CORE CRE
WHY GOLF IS ATTRACTIVE



However, there are several counterintuitive factors favoring golf:

- Highest ever consumer credit card debt ($1.17T); On the surface this appears quite alarming. Those who are only making the minimum payment is up over 10%. Yet, while the debt is highest in history, delinquencies are near record lows (3.4%). This indicates that the consumer debt is at least manageable; a huge positive for an industry that relies primarily on the disposable income of its customers.

- Record Inflation: In spite of record inflation, EBITDA has continued to grow significantly. The transaction stats prove this. Golf course cap rates ticked down slightly as the average price increased. In 6 different transactions over the last two years, LIPG witnessed cap rates represented by trailing-12-month EBITDA increase several hundred basis points in the time between LOI execution and closing. In other words, a deal that goes under LOI in November at a cap rate of 13% on trailing-12 income, may very well close in February at a cap rate of 15.5%. All of this due to such rapid growth in EBITDA. Imagine what that would have looked like in a period of normal inflation.

- Over 400 basis points of Fed rate increases: The saying is “money goes where its treated best.” The increased cost of capital has eroded billions of dollars’ worth of equity and forced investors to seek better returns. For instance, according to Apollo Global Management, more than $2 trillion flowed into money market accounts as the fed hiked rates to over 5%. Similarly, capital migrated from core CRE (Multi-family, Industrial, Office, Retail) into alternative CRE asset classes such as golf. The difference between the average cap rate of all core CRE and golf assets was approximately 700 basis points. Also note the spread between the 10-year treasury and the respective cap rates. (see fig. 1). With the cost of capital exceeding the cap rate of an asset, as is the case with core CRE, investors leveraging acquisitions are forced to favor higher-yielding alternatives.

Photo courtesy of Eagle Creek Golf Club, Orlando, FL

THE RECESSION-PROOF FACILITY

Savy investors building golf portfolios all want a certain percentage of their holdings to be in what is known as the recession-proof facility. There are two types: one is the extremely high-end private club catering to the ultra-wealthy. These occasionally come on the market but at a great premium. The second type is basically the antithesis of the first. Typically, it is a daily fee club in a fairly populated area with low overhead, does a high volume of rounds, caters to those on fixed income, beginners and blue-collar professionals. This facility provides no-frills "value golf". What makes it recession proof is that in a bad economy, committed golfers don't give up golf. They just play cheaper golf. In a year-round market with a healthy economy, they might do 60K rounds per year with EBITDA north of 25% of gross income. During economic downturns, they still do close to 50K rounds. Their low overhead enables them to undercut the competition when times are tough.

PREDICTION FOR 2025

The golf transaction market will continue to thrive as a seller's market throughout the year. The January year-over-year inflation report indicates that the Fed will likely take a cautious approach to lowering rates. This will keep the cost of capital elevated resulting in continued pressure on core CRE. Investors chasing yield or financing acquisitions will continue deploying capital into alternative asset classes such as golf.

Preparing Your Golf Course For Sale

Rob Waldron – Senior Managing Director – Partner

Selling a golf course is a complex and strategic process that requires careful planning to attract qualified buyers and achieve the best possible outcome. Below are the key steps to ensure a successful sale:

1. MARKET ANALYSIS

Begin by conducting thorough market research to assess current demand, identify potential buyers, and review recent sales of comparable properties. A clear understanding of market conditions will enable you to price your golf course competitively and position it effectively.

2. PROPERTY VALUATION

Obtain a professional valuation from an experienced golf course appraiser or broker. The valuation should account for land value, facility improvements, operational income, equipment, and intangible assets such as brand reputation and goodwill.

3. FINANCIAL PREPARATION

Ensure all financial records are accurate, organized, and up to date. Buyers will closely analyze the financials to assess the golf course's profitability and long-term viability. This includes:

- Profit and loss statements
- Balance sheets
- Historical round counts broken down by category
- Tax returns
- Membership and revenue statistics

4. LEGAL AND REGULATORY COMPLIANCE

Verify that all required operating permits, licenses, and legal documentation are current, including:

- The tr traferablity of title
- Property deeds
- Zoning compliance
- Environmental assessments
- Service contracts
- Resolve any outstanding legal matters that may hinder the sale process.

5. FACILITY & COURSE CONDITION

Enhance the physical appeal of the golf course by making necessary repairs, improving landscaping, and ensuring all equipment is in excellent working condition. The visual and operational presentation of the property plays a significant role in buyer interest.

6. OPERATIONAL EFFICIENCY

Optimize operations to enhance profitability and appeal to potential buyers. This may involve streamlining expenses, identifying new revenue streams, or improving membership retention strategies.

7. MARKETING AND PRESENTATION

Develop high-quality marketing materials that showcase the property's strengths and unique attributes. These materials should include:

- Professional photographs
- Drone footage
- Detailed descriptions of facilities

- Key differentiators such as course design accolades or special recognition and awards

8. CONFIDENTIALITY STRATEGY

Establish a plan to maintain confidentiality throughout the sales process. Protecting sensitive financial and operational data is essential to ensuring a smooth transaction without disrupting business operations or staff morale.

9. ENGAGE INDUSTRY PROFESSIONALS

Golf courses are a unique real estate asset class. A knowledgeable golf course broker with experience in golf course transactions to essential to facilitate the sale. Additionally, legal, and financial advisors with expertise in commercial real estate can provide invaluable guidance throughout the process.

10. DUE DILIGENCE PREPARATION

Prospective buyers will conduct extensive due diligence before finalizing a purchase. Be prepared to provide all necessary documentation, including:

- ALTA/Boundary survey
- Title work
- Phase I Environmental Site Assessment
- Equipment lists
- Copies of all permits and licenses
- Copies of equipment and cart leases
- Club bylaws and membership documents
- Personnel records
- Having financial projections readily available can significantly expedite the transaction.

11. NEGOTIATION AND CLOSING

Define your negotiation strategy in advance, including acceptable price points and deal terms. Once an agreement is reached, ensure all contracts are meticulously reviewed and all legal requirements are met for a seamless closing process.

ADDITIONAL CONSIDERATIONS

Golf course owners must proactively evaluate whether to sell or retain ownership based on factors such as estate planning, tax implications, investment strategy, and market conditions. When the decision to sell is made, ensuring all operational and financial aspects are well-documented will improve buyer confidence and facilitate a successful transaction.

By taking a structured approach, owners can maximize the value of their property, attract serious buyers, and ensure a smooth sale process.

The Evolution of Golf: How Simulators, Entertainment Venues, & Social Media Are Transforming the Sport

Trevor Ekovich – Associate Advisor

Golf has long been perceived as a sport requiring significant time, financial investment, and access to traditional courses. However, recent developments in golf simulators, off-course entertainment venues, and the rise of social media influencers have democratized the game, attracting a diverse and younger audience.

GOLF SIMULATORS AND OFF-COURSE VENUES: EXPANDING ACCESSIBILITY

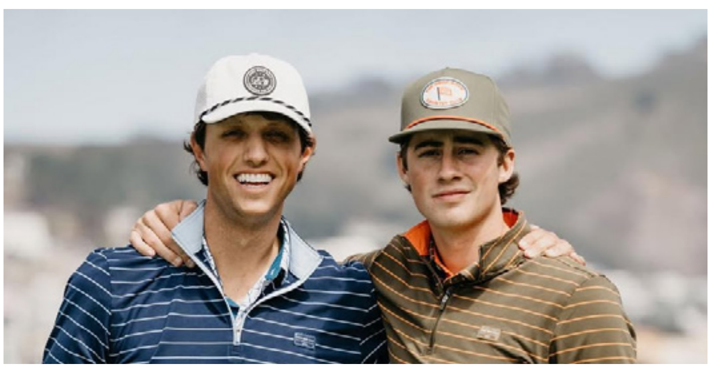
Golf simulators and off-course venues like Topgolf and Pop-Stroke have revolutionized how people engage with the sport. These venues offer a relaxed environment where individuals can practice and enjoy golf without the commitment of a full round. According to the National Golf Foundation 2025 Graffis Report (NGF), in 2024, 36.2 million people participated in off-course golf activities, including golf entertainment venues, traditional driving ranges, and simulators.

The appeal of these venues lies in their accessibility and affordability. They provide a low-pressure setting for newcomers to learn the game, fostering a more inclusive golfing community. Notably, 53% of individuals who used golf simulators in the past year did not play traditional on-course golf, highlighting the role of simulators as its own niche with new participants.

SOCIAL MEDIA INFLUENCERS: ENGAGING A YOUNGER DEMOGRAPHIC

The rise of golf content on platforms like YouTube has significantly impacted the sport's demographics. Channels such as Good Good Golf, Bryson DeChambeau, and creators like Grant Horvat and Garrett Clark have amassed substantial followings, particularly among younger audiences. In the last 90 days alone, there have been over 4.3 billion views of golf videos on YouTube, indicating a surge in interest from younger demographics.

This digital engagement has translated into increased participation. The average age of golfers in the U.S. has decreased, with a notable rise in individuals aged 18 to 30 taking up the sport. Additionally, there has been a significant increase in women and people of color entering the golfing community, contributing to a more diverse and vibrant golfing culture.



Grant Horvat and Garret Clark

THE TGL: REVOLUTIONIZING GOLF WITH SIMULATORS

In addition to the explosion of golf simulators in entertainment venues, the sport is also experiencing innovation in its competitive formats. One of the most groundbreaking initiatives is the TGL, a new golf league co-founded by golf legends Tiger Woods and Rory McIlroy. The TGL aims to bring a fresh, modern twist to the game by integrating virtual technology with live, in-person competition.

The league, which features teams of PGA Tour players competing in a high-tech, fast-paced format, utilizes state-of-the-art simulators to create an engaging, televised experience. This format is designed to appeal to a younger, tech-savvy audience by blending the tradition of golf with the excitement of digital innovation. The TGL's debut has already drawn in fans who may not have otherwise been attracted to traditional golf formats. As the league continues to develop, hope is that it will further bridge the gap between virtual play and the traditional golf course experience.

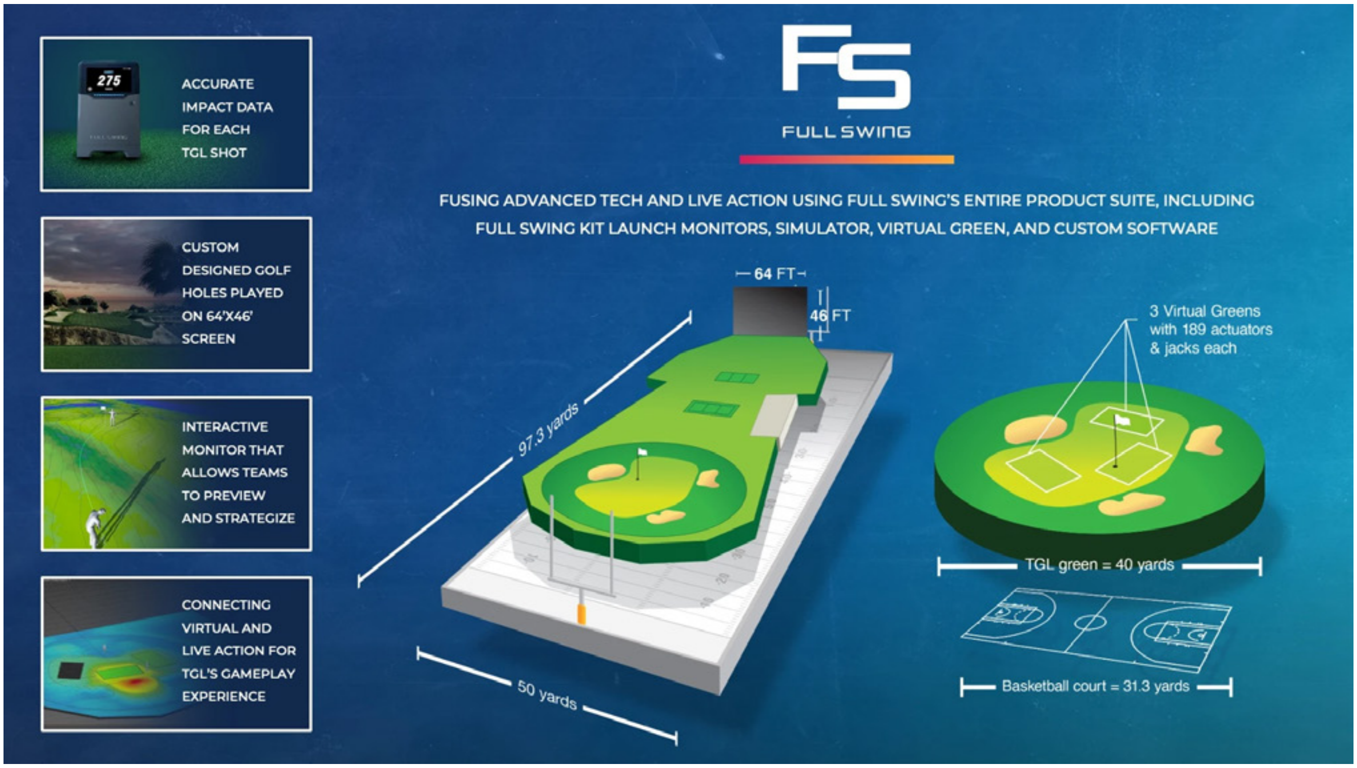
IMPACT ON GOLF COURSE OWNERS: ADAPTING TO A CHANGING LANDSCAPE

As the game of golf evolves, traditional golf course owners are navigating the changing landscape with mixed results. The rise of off-course venues and the increasing popularity of simulators has impacted golf course participation, especially among younger golfers who may be drawn to the convenience and affordability of these new venues.

Rounds played on traditional courses have seen fluctuations, with some courses reporting a decline in regular play. However, for many course owners, the introduction of simulators and off-course entertainment has presented an opportunity to adapt and expand their offerings. Many golf courses are now incorporating simulators, indoor driving ranges, and hybrid entertainment models to cater to a wider range of customers. The NGF reports that a growing number of courses are investing in technology to offer simulator experiences alongside traditional play.

On the revenue side, merchandise sales, memberships, and rounds played on traditional courses continue to be a significant source of income for golf course owners. However, the shift in customer behavior means that owners must adapt by offering more diverse products and experiences to remain competitive.

For courses who are located in the "Frost Belt" they cannot push greens fees year-round due to



weather constraints. Many of these courses have found ways to turn unused space in the clubhouse/basements into simulator bays. This has allowed courses to increase the F&B revenue, Events, League Play, and Fundraisers due to this new stream of revenue. This also allowed clubs to cater to their members year-round while also keeping the patrons and local communities engaged in the sport.

Additionally, the increasing interest in golf from younger players and more diverse groups is a potential growth area for traditional golf courses. As more people are introduced to the sport through simulators and off-course venues, many are eventually making the transition to playing on green grass facilities, boosting long-term participation.

ECONOMIC IMPACT AND FUTURE OUTLOOK

As of 2024, the golf industry in the United States has experienced significant growth, with its total economic impact reaching approximately $191.9 billion. This includes direct, indirect, and induced effects, highlighting the sport's substantial contribution to the national economy.

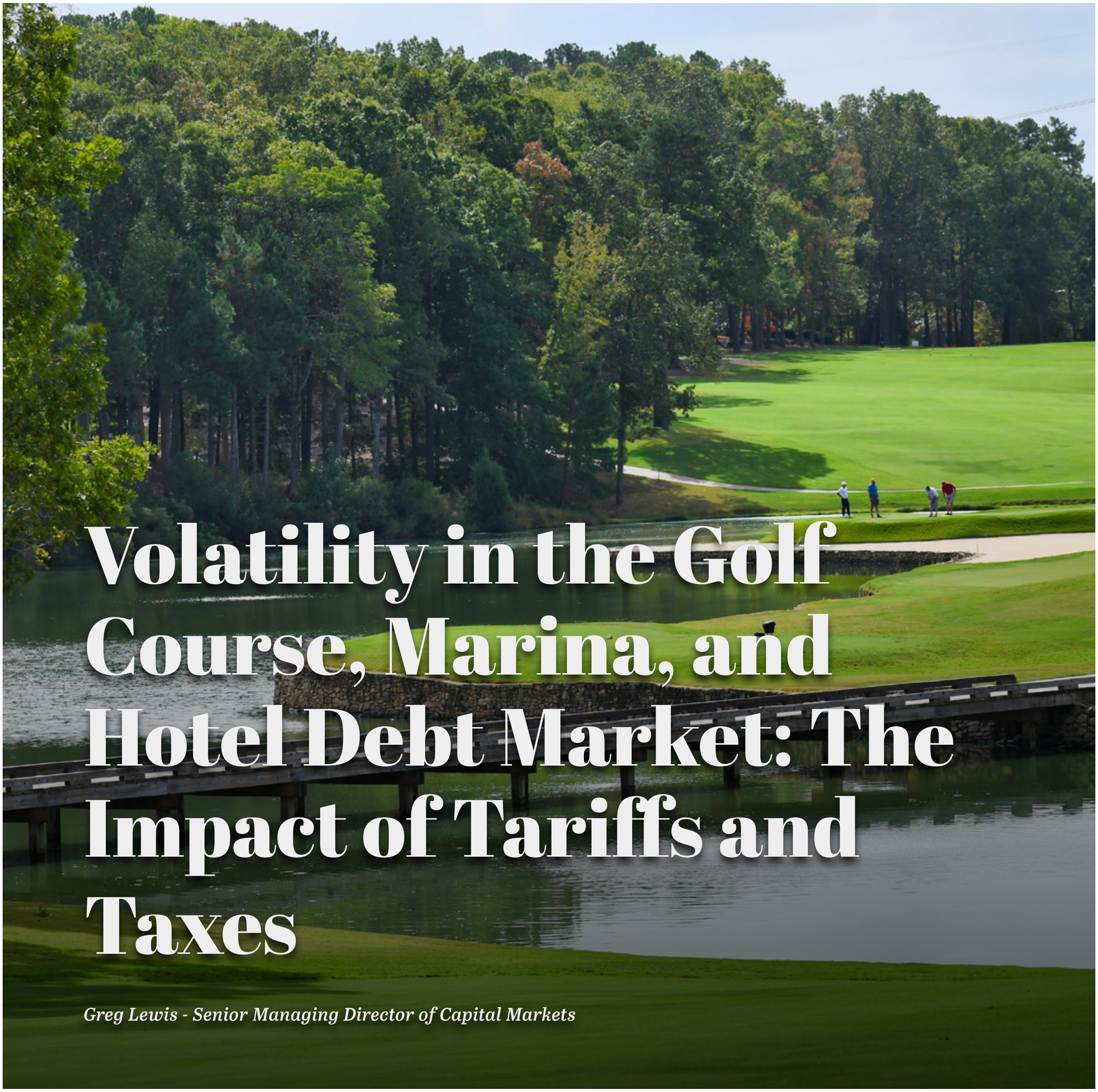
In 2022, the industry generated $101.7 billion in direct economic activity, marking a 20% increase from its $84.1 billion contribution in 2016. By 2024, the total economic impact had grown to $191.9 billion, indicating a continued upward trend.

The number of golf facilities in the U.S. stands at nearly 16,000, with about 10,000 open to the public.

Despite a 7% decrease in the number of golf facilities since 2016, the total economic impact has increased by 21%, from $84.1 billion to $102 billion.

CONCLUSION

The evolution of golf through simulators, entertainment venues, and social media influencers has broadened the sport's appeal, attracting a younger, more diverse audience and contributing to its economic growth. This evolution, signals a shift in how golf is consumed and played. As these trends continue, golf's popularity, both on the course and off, ensuring long-term sustainability and growth.



Volatility in the Golf Course, Marina, and Hotel Debt Market: The Impact of Tariffs and Taxes

Greg Lewis - Senior Managing Director of Capital Markets

In the complex world of commercial real estate, the golf course, marina, and hotel sectors face unique financial challenges. These challenges are often exacerbated by volatile debt markets influenced by tariffs and taxes. The intricate dance between international trade policies, local taxation, and the financial health of these industries has led to significant fluctuations, impacting investors, operators, and patrons alike.

THE INTERPLAY OF TARIFFS AND TAXES

The introduction of tariffs can have a profound effect on the financial stability of "Specialty Assets" like golf courses, marinas, and hotels. These sectors often rely on imported goods and services for maintenance, renovations, and daily operations. For instance, tariffs on imported steel and aluminum can increase the costs of infrastructure projects, from building new marinas to refurbishing hotel facilities. As costs rise, so too does the debt burden, making it more challenging for operators to service their existing loans or secure new financing.

Taxes, both at the local and federal levels, also play a critical role. Changes in property taxes can directly affect the operating costs of these businesses. For example, a hike in property taxes can erode profit margins, making it harder for businesses to meet their debt obligations. Furthermore, taxes on tourism-related activities can influence the flow of visitors, impacting revenues and, consequently, the ability to manage debt levels.

CASE STUDY: THE GOLF COURSE SECTOR

Golf courses have been particularly sensitive to economic fluctuations driven by tariffs and taxes. The sport itself is often associated with luxury and leisure, making it susceptible to economic downturns and shifts in consumer spending. When tariffs increase the costs of imported goods used for course maintenance—such as specialized turf equipment or imported fertilizers—the financial strain can be significant.

Additionally, property taxes in prime locations where many golf courses are situated can be substantial. Any increase in these taxes can have an immediate impact on bottom-line results. Major weather events across the Southeastern U.S. in recent years have forced insurers to raise premiums which ultimately must be passed along to consumers. The ripple effect of these financial pressures often leads to reduced investments in course improvements, lower quality of services, and, in some cases, closures.

MARINAS AND THE MARITIME MARKET

Marinas, which serve as docking and recreational hubs for boating enthusiasts, also face unique challenges. The maritime industry is highly dependent on the import of boats, engines, and other marine equipment. Tariffs on these goods can lead to higher prices for consumers and lower demand for marina services. As revenues decline, the ability to manage and repay debt becomes increasingly difficult.

Moreover, marinas often operate on prime waterfront property, which commands high property taxes. Increased taxation can strain financial resources, making it harder to invest in necessary infrastructure upgrades or expansion projects. This financial squeeze can deter potential investors, leading to a less dynamic market.

THE HOSPITALITY INDUSTRY: HOTELS UNDER PRESSURE

Hotels, perhaps more than any other sector, are deeply intertwined with the health of the broader economy. Tariffs that increase the cost of construction materials or imported goods used in hotel operations can significantly impact profit margins. Hotels must also navigate a complex web of taxes, including property taxes, occupancy taxes, and sales taxes, all of which can influence their financial stability.

The imposition of tariffs can also affect international tourism, as retaliatory measures from other countries can curtail the flow of tourists. This reduction in visitors can lead to lower occupancy rates, decreased revenues, and heightened difficulty in servicing debt. Hotels, especially those in tourist-heavy regions, are particularly vulnerable to these shifts in economic policy.

STRATEGIES FOR MITIGATING VOLATILITY

Given the unpredictable nature of tariffs and taxes, operators in the golf course, marina, and hotel sectors must adopt strategic approaches to mitigate financial volatility. Diversifying revenue streams is one key strategy. For example, golf courses might offer additional recreational activities like golf simulators or host corporate events, while marinas could provide more diverse services such as boat repairs or retail operations.

Engaging in proactive financial planning and debt management is also crucial. By renegotiating terms with lenders or seeking more favorable financing options, businesses can better position themselves to weather economic fluctuations. Additionally, investing in local goods and services can reduce reliance on imports, thereby mitigating the impact of tariffs.

Lobbying for favorable tax treatment is another strategy. Industry associations can play a significant role in advocating for policies that support financial stability, such as tax incentives for tourism-related businesses or reductions in property tax rates for commercial properties.

THE FUTURE OUTLOOK

The volatility in the debt market for golf courses, marinas, and hotels is likely to persist as long as tariffs and taxes remain dynamic policy tools. Operators must remain vigilant and adaptable, leveraging strategic investments and financial planning to navigate this complex landscape. While the challenges are significant, so too are the opportunities for those who can successfully manage the interplay of tariffs, taxes, and debt.

In conclusion, the relationship between tariffs, taxes, and the debt market is a critical factor in the financial health of golf courses, marinas, and hotels. Understanding and mitigating these impacts through strategic planning and diversification can help ensure stability and growth in these sectors, even amid economic uncertainty. With three decades in Specialty Asset lending, I am uniquely qualified to navigate securing debt for these asset classes especially during uncertain times like we find ourselves in currently.

2024 Golf Course Sales Activity

Kody Tibbetts – Associate Advisor

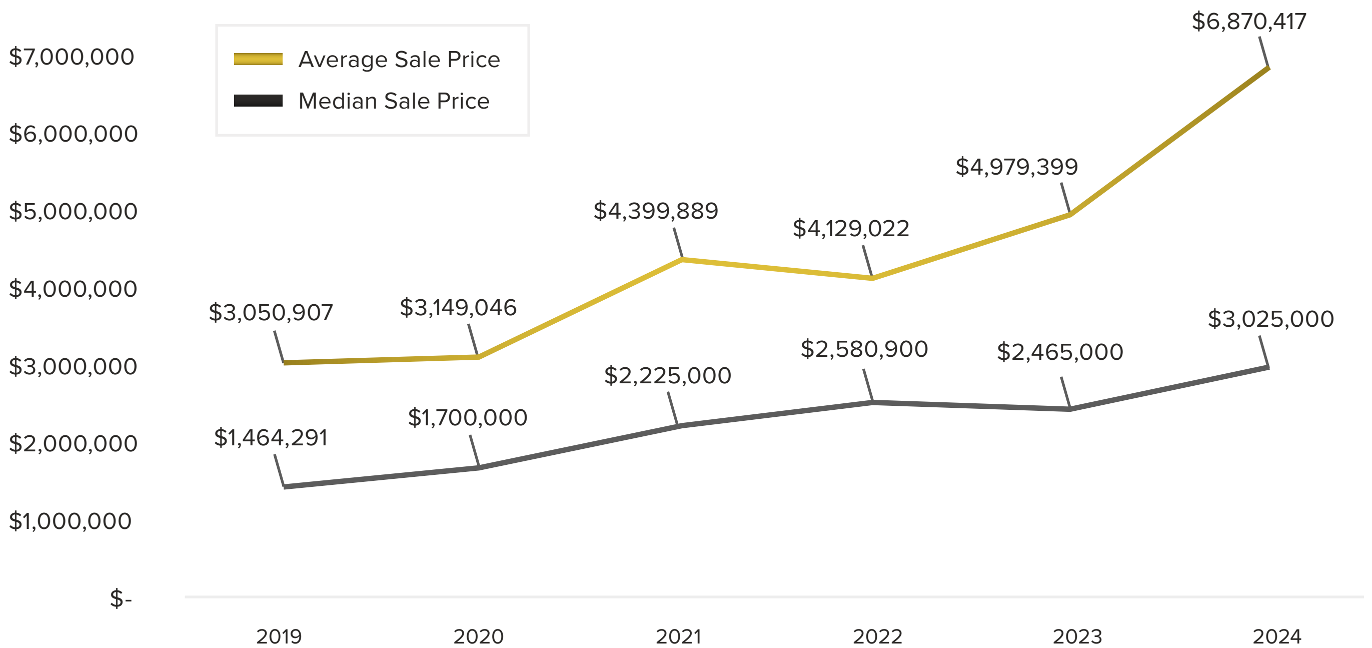
Disclaimer: The data included in this analysis was pulled from public records. While we strive to provide the most accurate data representative of the entire transaction market, some sales may be unreported, others may reserve price points (primarily non-disclosure states) and lastly, purchase price allocations may impact what is reported on the deed. The goal, of this report is to provide insight into the trend of individual golf club values; therefore, resort and portfolio sales have been excluded from the dataset, as well as any golf course that was sold to be repurposed or redeveloped.

In 2024, the total number of golf course transactions recorded with available sales data was 92, which was an increase of 9.5% over 2023. The average sale price was $6,870,417 and the median sale price was $3,025,000, which were an increase of 38% and 22.7%, respectively. In the table and graph below, we specifically highlighted the upward trend in values dating back to pre-covid 2019 to demonstrate how the pandemic fueled demand has translated to golf course values. With continued optimism and momentum post-covid, both the average and median values have consistently trended upward YoY and are now more than double 2019. The most obvious catalyst to the increase in values is improved operational performance but another critical factor we've witnessed on the brokerage side of the business is the shift in investor sentiment. Golf has proved resilient in recent years and is now viewed through a much different lens than just a short time ago. With popularity growing and attractive cap rates in comparison to core commercial assets, more capital is flowing into the golf airspace than we've seen since the "Tiger Boom" of the early-to-mid-2000s.

2019 - 2024 Transaction Summary

	2019	2020	2021	2022	2023	2024	*% Change vs '23*
Total # of Transactions	96	79	80	98	84	92	***9.5%***
Average Price	$ 3,050,907	$ 3,149,046	$ 4,399,889	$ 4,129,022	$ 4,979,399	$ 6,870,417	***38.0%***
Median Price	$ 1,464,291	$ 1,700,000	$ 2,225,000	$ 2,580,900	$ 2,465,000	$ 3,025,000	***22.7%***
Total Sales Volume	$ 292,887,079	$ 248,774,648	$ 351,991,156	$ 404,644,117	$ 418,269,537	$ 632,078,386	***51.1%***

Average & Median Price Trend



TRANSACTION VOLUME

Last year we discussed the number of owner/operators that we spoke with who were maintaining a "hold" position deciding to prioritize strategic initiatives to increase revenue and cash flow rather than opting to sell. In 2024, the total number of transactions picked up slightly which was predictable when you consider the optimism surrounding the industry and more owner/operators capitalizing on improved operational performance. Total sales volume exceeded 630 million which was an increase of 51.1% over 2023 and over 115% increase since 2019.

AVERAGE SALE PRICE

In 2024, we recorded an average sale price of $6,870,417 which was a 38% increase over 2023. This gain was driven primarily by two historically large sales, both exceeding $80M but also by fewer sales at the lower end of the price range. Because the average price can be manipulated by outliers on either side of the spectrum, we view the median price as a more reliable indicator when tracking trends in value.

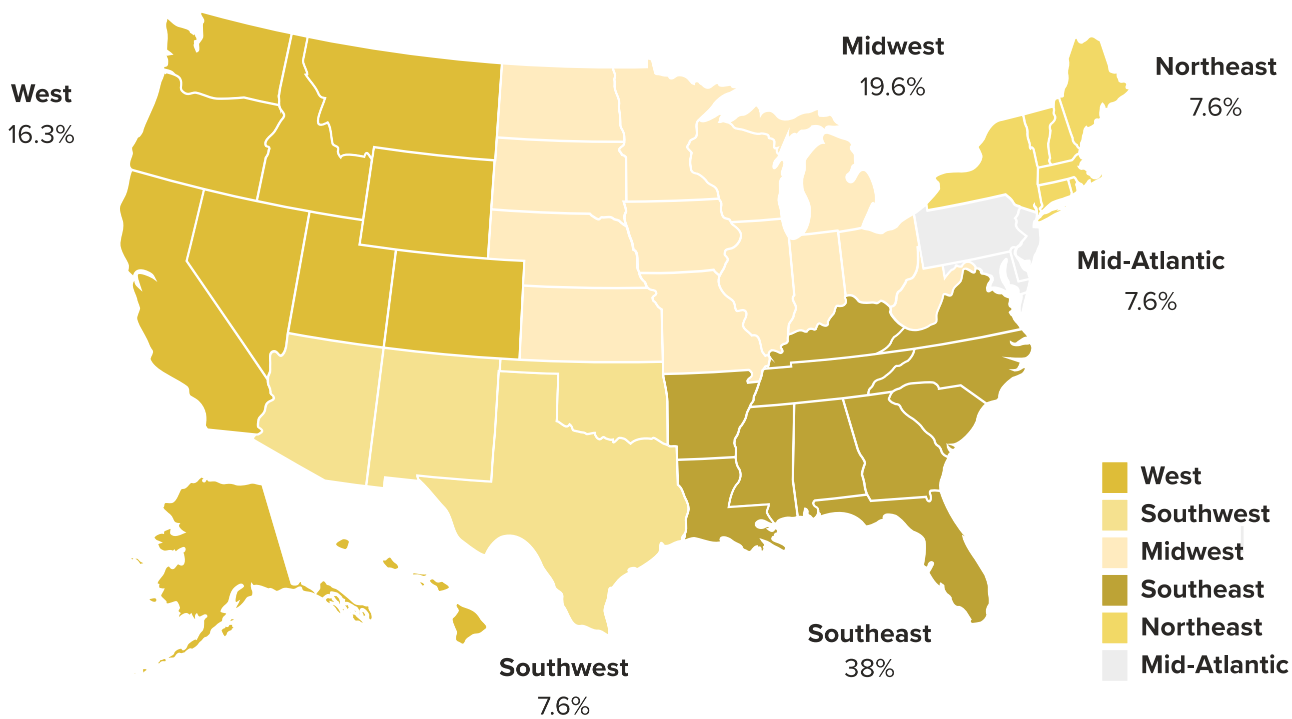
MEDIAN SALE PRICE

With the median sale price dipping slightly from 2022 to 2023, we posed the question last year of whether we had hit the top of the market. Well, the results are in, and 2024 blew 2023 out of the water. The median sale price rose by nearly 23% to over $3 million. It's a bit surprising considering inflation and a tough labor market caused expenses to rise rather significantly but revenue gains and positive investor sentiment clearly outweighed those factors to push the median value 115% above pre-covid 2019.

THE "CORE" $1M - $10M INVESTMENT TRANCHE

The "Core" $1M - $10M Investment Tranche is the predominant data set used to gauge year-over-year performance for golf investment activity as the vast majority of transactions occur within this subset. As shown in the table above, 72 of 92 (78%) of deals transacted in this range. Here we can see that the average price remained relatively stable from 2023 to 2024 with a slight increase of .7%, however the median price increased by 19.5% which again shows a significant gain in values.

Percentage of Golf Course Transactions by Region



Current Trends in Operations (An Owner's Perspective)

Rob Waldron – Senior Managing Director – Partner

GOLF CARTS

AVAILABILITY

Post pandemic owners and operators have been challenged by golf cart availability and delivery delays. Supply chain shortages severely impacted on the availability of components, reducing manufacturing to a near standstill. Based on recent discussions with manufacturers and distributors, production continues to increase, and delivery timelines are gradually decreasing, approaching pre-Covid pace.

In the past year delivery times have been reduced from twelve to eighteen months to three to six months. Pre-Covid normal delivery times ranged between two to three months.

NEW TECHNOLOGY

Most manufacturers have moved on from lead-acid batteries to the new lithium-ion batteries. The benefits provided by lithium-ion oved lead acid batteries include longer lifespan, faster charging times, lighter weight, higher energy density, minimal maintenance needs, consistent power delivery throughout the charge cycle, and improved overall performance. Lithium-ion batteries can last 10 years or more while lead-acid batteries have a lifespan of 4 – 6 years with proper care.

PRICING

Owners and operators who last acquired their cart fleets prior to 2022 may be in for some sticker shock when they begin discussing replacement fleets with their local distributors. Much of the price increase can be attributed to lithium-ion batteries which can cost double the price of lead-acid batteries. However, lead-acid batteries require replacement much more often, so in the end, lithium-ion batteries typically more than pay for themselves. Golfers are demanding additional features on golf carts including upgraded seats, charging stations and additional cup holders and storage all of which contribute to added costs. Domestic manufacturers will benefit competitively from prospective tariffs proposed by President Trump on imported golf carts.

MAINTENANCE EQUIPMENT

AVAILABILITY

Maintenance Equipment manufacturers and distributors are reporting great strides in the availability and delivery times of golf course equipment. The supply of maintenance equipment, which backlogged nationally in 2021, has shown significant signs of recovery during the past year.

The true maintenance equipment heroes post pandemic were the finance companies who served to bridge the gap between manufacturers, distributors, and their golf course customers.

Evergreen leases, which automatically renew after each term filled the gap for customers facing backlogged orders and the delivery of partial orders.

Last year delivery times for new equipment ranged from six to twenty-four months. Increased production by manufacturers has provided increased inventory for the distributors thereby reducing delivery times to immediate to twelve months.

Equipment suppliers have indicated that the larger rough units may require slightly longer order lead times with smaller fairway units and utility vehicles becoming more readily available for immediate delivery.

Maintenance Equipment has come a long way since these days!

PRICING

In recent years, prices for new golf course maintenance equipment have risen faster than inflation. However, these increased costs are driven by advancements aimed at improving fuel and energy efficiency, reducing emissions, enhancing operator safety, increasing equipment reliability and diagnostics, and delivering a superior playing surface while reducing labor costs.

A Superintendent shared with me that a rough mower was $61,000 in 2019, and last week, it was $98,000, an increase of 61%. A walk-behind green mower was $10,150 in 2019, and last week, it was $12,825, an increase of 26%. Utility vehicles have nearly doubled in price during the same time frame. Although golf course maintenance equipment costs are unlikely to decline in the near future, owners continue to pray that the efficiency gains and labor savings benefits can justify these price increases. Domestic based companies believe proposed tariffs will make them more competitive versus oversees manufacturers.

OPERATING TRENDS

INCREASING REVENUE

With the rise in course utilization operators have turned their focus on average dollars per round to continue to grow revenue. In previous issue we have discussed the use of dynamic pricing (AKA Demand pricing) as a yield management tool. Our discussions with operators have identified strategies in two other revenue streams, Annual Passes and Golf Outings.

ANNUAL PASSES (MEMBERSHIPS)

- Limiting the number of memberships to capitalize on higher daily fee rates.
- Introducing annual pass classifications with access restricted to less busy time frames, such as weekdays and afternoons.
- Eliminating "all-inclusive" annual passes (including carts) to generate additional revenue through golf cart fees.
- Implementing a surcharge for annual pass holders playing during peak times.
- Enforcing mandatory cart usage.

OUTINGS

- Restricting the number of outings to maintain course availability for higher-paying daily play.
- Charging a premium rather than offering discounts.
- Limiting outings to non-peak times.
- Requiring shotgun starts for efficiency.
- Establishing fixed minimum pricing for full-day or afternoon course rentals.
- Mandatory F&B included in packages.

All Cap Rates Are Not Created Equal

Jeff Dugas - Senior Managing Director of Leisure Appraisal

If I only had a nickel for every time I was asked "what cap rate should you use to value the property". It might seem simple, but in reality, it's quite complex. Selecting a cap rate can be done through various techniques, (Band of Investment, Market Extraction & Investment Surveys) but it requires a lot of thought and consideration. Of the three acceptable valuation techniques used to value a golf course property, the Income Capitalization is by far the most relied upon and most meaningful. It is how investors gauge their return on investment, how lenders ensure their loans are repaid, and how to determine if a project is financially feasible.

Income Capitalization is a valuation method used in real estate appraisal to estimate the value of income-producing properties. It involves converting an expected income stream into an indicator of market value. This approach is based on the principle that the value of a property is directly related to the income it generates. The process typically involves the following steps:

1. Estimate Net Operating Income (NOI): Calculate the property's gross income and subtract all operating expenses to find the NOI.

2. Determine the Capitalization Rate (Cap Rate): This rate reflects the risk and return expectations for similar properties in the market. It is used to convert NOI into value.

3. Apply the Capitalization Formula: The most common formula is Value=NOI/Cap Rate. This formula calculates the property's value by dividing the NOI by the cap rate.

Income capitalization is widely used for golf courses and country clubs because it provides a straightforward way to estimate value based on income generation. And because most golf courses are stable and income is growing at the same or a similar rate as expenses, the cap rate is most critical. The capitalization rate (cap rate) is influenced by a variety of factors, which can be broadly categorized into property-specific, and economic-related factors. Here are some of the key factors that affect cap rates:

PROPERTY-SPECIFIC FACTORS:

- Deferred maintenance can greatly impact the cap rate since a golf course that requires an immediate infusion of capital will often trade at a higher rate.
- The location of a golf course can significantly influence its capitalization rate by impacting the property's desirability, growth trends, barriers to entry, and supply/demand characteristics.
- A property with alternate use potential, or the ability to sell off excess land will lower the risk of failure, and therefore, lower the cap rate.

ECONOMIC FACTORS:

- Rising interest rates often lead to higher cap rates as investors seek higher returns to compensate for increased borrowing costs.
- The sources of revenue can impact cap rates, as investors prefer income from golf verse other less profitable sources of revenue. Also, income from Initiation fees is perceived as being riskier, so a course with incomes from IF's will trade for a higher rate, all else being equal.
- Golf courses with higher profit margins tend to sell at a higher cap rate. The profit margin implies that income levels are not sustainable, or that certain expense items are not being accurately reflected in the P&L statements.
- EBITDA vs NOI – it is important to know whether the net income reflects a deduction for management and reserves. It is important to be consistent when extracting rates from sale transactions. Cap rates based on EBITDA do not include a below-line deduction for capital repairs or outside management, and as such they typically result in higher rates.

The chart below shows an array of cap rates that were extracted from sales along the east coast over the past few years. It shows the relationship between the profit margin (median 17.8%), and the cap rate (median 11.5%). So, when we extract rates from actual sales, we consider the relationship between these factors. It is our experience that a course which sold with a small, or below market profit margin, implies that it is being bought based on its upside potential. Conversely, a low cap rate implies that the course is under performing and the buyer is banking on cost cutting and revenue growth (or both). It should be noted that most of these sales were based on EBITDA and without a below-line deduction for management and reserves.

Because the cap rate is influenced by the profit margin, it shows the importance of coming up with a realistic net income, or NOI to be capitalized. Doing so requires a strong knowledge of golf course operations, market knowledge, and years of experience. So don't hire a generalist, but instead retain a golf course specialist with over 30 years of specific golf experience, like the professional at Leisure Appraisal.

STATE	DATE	SALE PRICE	GROSS REV $	NOI	CAP RATE	OER
MA	Nov-24	$ 1,600,000	$ 940,000	$ 150,000	**9.4%**	16.0%
CT	Nov-22	$ 3,600,000	$ 1,452,000	$ 350,000	**9.7%**	24.1%
OH	Dec-22	$ 11,100,000	$ 6,147,442	$ 1,092,914	**9.8%**	17.8%
NJ	Feb-25	$ 4,200,000	$ 4,175,446	$ 438,134	**10.4%**	10.5%
CT	Dec-22	$ 6,250,000	$ 2,326,000	$ 660,000	**10.5%**	28.4%
NJ	Jan-22	$ 8,000,000	$ 3,070,000	$ 919,742	**10.8%**	16.2%
MA	Feb-22	$ 12,000,000	$ 8,000,000	$ 1,297,142	**10.8%**	16.2%
NJ	Dec-20	$ 16,000,000	$ 10,000,000	$ 1,750,000	**10.9%**	25.0%
FL	Sep-23	$ 4,380,000	$ 2,375,433	$ 486,772	**11.5%**	20.5%
CT	Jul-24	$ 2,600,000	$ 1,850,000	$ 300,000	**11.5%**	16.2%
NY	Dec-24	$ 2,500,000	$ 1,918,634	$ 292,980	**11.7%**	15.3%
FL	Feb-24	$ 3,325,000	$ 2,000,000	$ 395,000	**11.9%**	17.2%
NY	Apr-24	$ 3,000,000	$ 2,614,000	$ 500,000	**12.1%**	15.3%
FL	Dec-24	$ 2,614,000	$ 4,712,594	$ 993,913	**12.4%**	21.1%
FL	Aug-24	$ 10,000,000	$ 1,000,000	$ 1,000,000	**12.5%**	22.2%
FL	Feb-23	$ 3,400,000	$ 437,907	$ 437,907	**12.9%**	22.6%
MA	May-22	$ 13,000,000	$ 7,000,000	$ 1,700,000	**13.1%**	22.4%
MA	Oct-22	$ 5,100,000	$ 800,000	$ 800,000	**13.3%**	21.4%
MA	Apr-21	$ 5,150,000	$ 700,000	$ 700,000	**13.6%**	24.4%
FL	Dec-24	$ 2,289,514	$ 2,289,514	$ 552,047	**13.8%**	24.1%
OH	Dec-24	$ 6,000,000	$ 5,265,580	$ 800,000	**14.0%**	16.7%
FL	Dec-24	$ 7,500,000	$ 2,875,621	$ 1,124,498	**15.0%**	39.1%
PA	Mar-24	$ 2,875,000	$ 2,757,621	$ 800,000	**15.0%**	25.4%
CT	Oct-24	$ 3,100,000	$ 1,000,000	$ 537,000	**15.8%**	20.2%
NJ	Jun-23	$ 21,000,000	$ 4,731,003	$ 638,510	**16.7%**	41.2%
FL	Jun-24	$ 3,800,000	$ 1,948,413	$ 638,510	**16.8%**	32.8%
				Median	**11.5%**	**17.8%**

GOLF ADVISORY TEAM

LIPG
LEISURE INVESTMENT PROPERTIES GROUP

Steven Ekovich
Executive Managing Director – Partner
(813) 503-3118 | sekovich@thelipg.com

Christopher Karamitsos, PGA
Senior Managing Director – Partner
(813) 493-7686 | ckaramitsos@thelipg.com

Robert Waldron
Senior Managing Director – Partner
(301) 529-8454 | rwaldron@thelipg.com

Trevor Ekovich
Associate – Golf Division
(239) 961-1862 | tekovich@thelipg.com

Kody Tibbetts
Associate – Golf Division
(813) 943-7857 | ktibbetts@thelipg.com

CAPITAL MARKETS

Greg Lewis
Senior Managing Director of Capital Markets
(610) 547-3848 | glewis@thelipg.com

APPRAISAL/TAX APPEALS

Jeff Dugas
Senior Managing Director of Leisure Appraisal
(860) 463-2283 | jeff@leisureappraisal.com

OPERATIONS TEAM

Hector Hernandez
Marketing Coordinator
(248) 877-3864 | hhernandez@thelipg.com

Lynn Brisson
Executive Administrator & Closing Coordinator
(727) 225-4200 | lbrisson@thelipg.com

Zach Teubel
Financial Analyst
(309) 713-6775 | zteubel@thelipg.com