Northern New England: Surviving in shorter seasons

BY VERN PUTNEY
Northern New England is looked upon by much of the nation as a superb summer vacation spot, and the shoreline, forests and mountains aren't the only attractions. Golf course developers are thriving in Massa-

chusetts, New Hampshire and Maine.

New Hampshire lists 20 courses under development or in the planning stage. Maine numbers 14, Massachusetts 13.

Developers’ knowledge of area conditions and a not-too-restrictive hand by state agen-
ties are keys to the expansion. Developers know that courses in these states will be playable for eight months to year-round. They have found that golfers (not golf) may be necessary in late Novem-
ber, and an early snowstorm may sidetrack even the most hardy; but the season is surprisingly long.

This means steady club revenue in front of green fees and car rentals.

Massachusetts (particularly Cape Cod) can have a near-year-round season. South-
ern Maine can count on an April 15-Nov. 15 season, frequently with a week’s bonus on either end. New Hampshire can squeeze in a bit more play.

It’s no wonder, then, that New England’s bedrock is ground for solid financial foot-
ing. Yet, financial success does not hinge on

receiving from green fees and car rentals, but on business done before a shovel of earth has been turned.

That business is cementing real estate with golf courses. It has been a rewarding mar-
riage. Around 90 percent of golf course residential division does is linked to real-estate development.

J.J. Cohen, president of a Littleton, Mass., construction and development company, says golf gold in New Hampshire. He estimates his Blueberry Hill project in New Ipswich, begun in October 1987 and ear-
marked for opening in the fall of 1990, will realize a profit of $35 million to $40 million over the next 15 years.

That figure won’t be strictly golf proceeds, of course. In addition to a championship 18-hole layout, Blueberry Hill will encompass luxury living accommodations and such plush recre-
tional facilities as an equestrian center and state-of-the-art health club.

The enticing melding of tournament-type country club course and real estate that attracts well-to-do members is evident at Falmouth (Maine) Country Club, a creation of architects Geoffrey S. Cornish and Brian Silva, which opened last fall.

David Bateman, vice president of Dictar Associates which developed Falmouth CC, noted: “We broke even in the construction of the golf course and the clubhouse. The big plus is the real estate around the course.

A single-family lot for an average of $110,000 — a total of about $13.4 million.”

Subtract $6 million in land and construc-
tion costs and Dictar realized a gross profit of up to $7.4 million.

Blueberry Hill and Falmouth figures must be considered fantastic in conservative coun-
try where green fees don’t approach the $100 charged at some courses.

Indeed, residential freeway frontage is second only to waterfront offices, other forms of recreation, industrial parks, etc., are more integrated into golf courses.

The British viewpoint was “Trade Fol-

ows The Flag.” The golf industry says, “Industry Follows Recreation.”

It’s not uncommon for companies to choose a site because of fine golf courses in the area.

More private courses than ever have wait-

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ing lists. Some make applicants pay just to be on the list.

Strangely, outside the Sun Belt, the ma-

ority who buy fairway lots are non-golfers. Yet they still want a fine golf course.

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— Richard Abel

comes again to financing. Money can come from private sources, individuals, a financial or lending institution or from govern-

ment financing.

The seminar developed by the Crit-

tenden News Service in the Palm Springs, Calif., area dealt with some of those issues for would-be developers.

Conference producer Richard Abel ex-

plained, “We had 28 speakers over two days, all from different companies and perspec-
tives. Expressed were market studies, what they mean, what size population supports what kind of course — and so forth.”

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Why does it cost so much for a course?

Those who want to succeed in golf course development often must finance the costs of golf course development, construction and operation over a long period of time. Time is the killer.

Take, for example, Oak Valley, a 6,033-acre master-planned project being developed by Landmark Land Co., Inc., about 40 miles east of Los Angeles.

Acquisition of most of the land was done during 1986. Since that time, planning, creating the commu-

nity was drawn to comply with local, regional, state and national development criteria. The land has been undergoing environmental and governmental reviews at all necessary levels. Oak Valley is just beginning construction for golf courses that will, barring delays, open in 1990.

During that time, the developer was paying for the land, paying for the planning process and paying for the beginning stages of paying for construction of golf courses and community infrastructure. Reve-

ues generated by the community and from golf may not materialize for a decade.

Those looking for the quick buck should re-think their plan.

Arnold attributes failure to unrealis-
tic ideas of operating costs and under-capi-
sation.

“Without proper capital, instead of gaining business, the course goes downhill,” Arnold says. “To my knowledge, nobody has this information on how to do it success-
fully. I think we have to educate banks and lending institutions on the viability of pres-
ent-day golf course development. Once we do, it will be easier for golf courses to be financed.”

Dr. Joseph D. Beditz, executive vice presi-
dent and chief operating officer of the Na-
tional Golf Foundation, said the one thing we can do to promote golf. The last thing we need are unsuccessful golf courses.

We need golf courses that are constructed and underway and successful.

“I think lenders are starting to consider golf course financing more actively than they would have the past few years. We need sources to keep the ball rolling.”

The NGF will review all courses opened in the 1980s. From that list it will conduct a survey to answer the crucial questions:

• Have the courses been financed?
• Have the courses been successful?
• How were courses financed?

The NGF will try to determine what kind of lending institutions can be more open to development than others.

“We get about 8,000 calls a year related to developing a golf course,” Arnold says.

“A large number of the calls touch on financing.”

Financing a golf course, it seems, has been perceived as different from other kinds of business development, has been viewed, historically, as riskier. Particularly the 1970s were not good. But we are hoping to demon-

strate with our survey that the failure rate there is no higher than with other busi-

nesses.”

The National Golf Foundation, whose research has shown that we need to open a course a day from now to the year 2000 to meet demand, is beginning a project that it hopes will help people be successful in de-
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