Palmer Management plans major expansion

Pacific Golf mgmt. contributes $50 million acquisition war chest

By PETER BLAIR

ORLANDO, Fla. — Travelers stay at a Marriott, Hilton, Hyatt or Ritz Carlton because they know what type of accommodations they can expect.

Golfers show a preference for a Pete Dye, Tom Fazio, Jack Nicklaus or Jack Nicklaus layout because they know the type of course they are likely to encounter.

But will those same golfers make a special effort to play a particular course because it’s managed by a ClubCorp, American Golf Corp., Kemper Sports, Fairways Group or Arnold Palmer Golf Management Co.?

Not yet, but that day is coming, according to Palmer President Peter Namula.

"The golf industry has been underbuilt, until recently," Namula explained. "But as soon as there is the slightest hint of an oversupply of courses, golfers will become more discriminating. Then the brand name of the management company will become important."

Namula sees that day fast approaching. Florida is largely overbuilt already, he said. If the current new course construction pace continues, other parts of the country will become oversaturated with golf facilities over the next five to 10 years, he predicted.

"The growth rate in demand for golf courses will slow," Namula said. "Instead of the 5 to 10 percent annual growth we saw in the 1980s, it will be closer to 3 to 5 percent. That’s still a good, solid underlying growth figure, especially considering the population is increasing at just a 1 percent annual rate.

"But it also means the excess demand for golf will be sucked up. There will be a shakeout and some good acquisition deals will be available on golf courses."

Palmer Management is poised to take advantage of those opportunities, Namula said.

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