# GOLF COURSE NEWS

THE NEWSPAPER FOR THE GOLF COURSE INDUSTRY

A UNITED PUBLICATION
VOLUME 12, NUMBER 9
SEPTEMBER 2000 • $7.00


## INSIDE

### Fall clean up

As leaves begin to drop and winter approaches, find out what it takes to make it through the fall..........16

### A diamond in the rough

UGA turfgrass scientists have developed a new drought-resistant strain of tall fescue......................9

**DEALING WITH CONSOLIDATION**

*Anthony Williams has been director of golf operations at Renaissance PineIsle Resort in Georgia (the par-3, 250 yard, 15th hole is pictured above) for 14 years. During his tenure he has worked under three different owners, six general managers and three directors of golf. For tips on how to survive ownership changes, see his story on page 7.*




PERIODICAL


## Survey finds course values softening

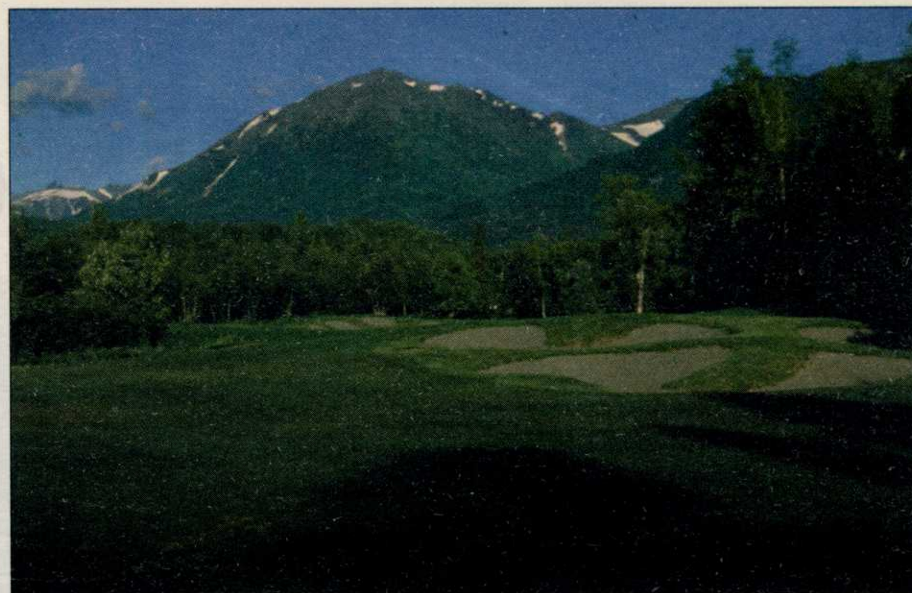
By JAY FINEGAN

HARRISBURG, Pa. — Golf course values are stable or declining. The northern states are the new land of opportunity for companies looking to buy golf properties. And private clubs have pulled even with daily-fee facilities as desirable targets in the course acquisition market.

Those are among the findings of a survey by Golf Property Analysts (GPA) here, which polled course management companies, investors and financial institutions involved in funding golf course real-estate transactions.

According to Laurence A. ("Larry") Hirsh, whose Hirsh Valuation Group owns GPA, the survey signals that the


Continued on page 30

*The 600-yard 18th hole at Robin Nelson's Moose Run in Alaska*

## Wild Alaska: Robin Nelson opens course at aptly named Moose Run

By JAY FINEGAN

ANCHORAGE, Alaska — They call Alaska "the last frontier," and the motto seemed right on the money to golf architect Robin Nelson. He recently unveiled his newest creation, the Creek Course at Moose Run, and he's still talking about the bears, wolves, lynx, moose and other critters who took a keen interest in the new layout during construction.

Alaska is by far our largest state, and this is a course to match – 7,324 yards from the back tees, 5,183 from the reds, with two holes running to 600 yards or more, and a slope rating near the top of the charts, at 142. The cart paths alone stretch over five miles and cross two suspension bridges where the course traverses Ship Creek. All fairways are separated by at least 300 feet of towering trees and dense brush – there's no possibility of slicing a drive into an adjacent fairway. The par-72, 18-hole design features dramatic elevation changes and stunning mountain views all around.

"The Creek Course is hardly your basic golf course," Nelson said. "Every time you come around a corner, there's a different look and feel to the course and its aesthetics. And there are many strategic options as to how to play each hole."

The course is situated on the sprawling Army base at Fort Richardson, next to the old Hill Course at Moose Run, built in 1951. The entire 36-hole complex, owned and operated by the military, is open for public play.

"The people in charge up here are real golf fanatics," Nelson said, referring to the base's top brass and senior civilian officials. "Four years ago they started soliciting bids for a second course. They had 700 acres and we were supposed to


Continued on page 26


## Despite vandalism and fire, superintendent Szklinski prepares Southern Hills CC for next U.S. Open

By JOHN TORSIELLO

TULSA, Okla. — Golf fans attending next year's U.S. Open at Southern Hills Country Club here will likely marvel at the impeccable and challenging beauty of the Perry Maxwell-designed layout. But few will know of the effort and sacrifice made by golf course superintendent John Szklinski, his staff and the membership at Southern Hills, which made the staging of the prestigious event at the Midwestern venue possible.

The Open is back at Southern Hills after a 42-year hiatus. In 1958, playing in sweltering heat, club-throwing Tommy Bolt won his only Open title here, besting a young South African named Gary Player by four strokes. Bolt's skillful use of his driver on Southern Hills' tree-lined fairways, fringed by gnarly and deep rough, was the deciding factor.

*The 13th hole at Southern Hills Country Club*

Getting a golf course in shape to host a U.S. Open is a daunting enough task. But the staff and members


Continued on page 14


## XS Inc. to extend ag model to turf market

By ANDREW OVERBECK

RALEIGH, N.C. — Following the successful launch of its agricultural-input e-commerce venture, XS Inc., based here, is primed to expand into the turf and ornamental marketplace with XSTurf.com, which is set to be introduced by the end of the year.

The company's two-year-old flagship, XSAg.com, has quickly become a market leader, ranking at the top of Promar International's Aug. 3 ranking of agriculture specific e-commerce websites. XSAg brings buyers and sellers together to trade chemicals, seeds and equipment parts.


Continued on page 34

## Course valuations flat or declining

Continued from page 1

frenzied market of the past few years seems to be "taking a breather." Hirsh sees no imminent "bust" in the market, but said it is clear that course buyers have become more price conscious.

Two years ago, 90 percent of respondents to a similar GPA survey said they perceived course values to be on the rise. Last year, half of them believed prices were still climbing. But this year, half of respondents said values were stagnant, and another 29 percent reported that golf course prices were actually falling. Only 21 percent perceived values as being on the upswing.

**IMPACT OF INTEREST RATES**

Hirsh ascribed the shift to the interest-rate environment.

"There is certainly a reality that rising interest rates negatively affect the value of golf courses – and all income-producing properties, for that matter," he explained. "The rising rates create higher costs for money and lower values. But there's still nothing to suggest that revenues and cash flows are declining. Greens fees are still going up, and cash flows should be improving, at least in theory.

"But the bottom line is, that could be perceived as real value declining, because the same amount of net income won't create the same amount of value it used to," he said. "With interest rates higher, in order to get the same amount of value, you'd need more income."

Among the survey's biggest surprises, Hirsh said, is that 50 percent of responding firms indicated a preference for private facilities over daily-fee operations. From 1997 to 1999, management companies looking to buy golf clubs showed an overwhelming preference for public courses. Suddenly, that has changed.

"While the golf course industry continues to churn out more than 300 new daily-fees each year, it's become clear to me – through my own experience, and through the results of this particular survey – that certain influential management firms now see more opportunity on the private side," Hirsh said. "This could be a sign that the daily-fee market represents less upside opportunity as perceived by investors. There are a whole lot of daily-fee facilities out there – 72 percent of all the courses in the country – and some people have just decided to focus on private clubs."

**ACTION HEATS UP IN NORTH**

Equally surprising, Hirsh said, is the new interest in courses in the North and Northeast. Last year, 65 percent of acquiring companies preferred Sunbelt locations, but that attitude is definitely changing.

One reason, Hirsh said, could be that buyers see the Southeast and Southwest as saturated with courses. Another could be that management firms have awakened to the advantages of running courses in such places as Michigan, Pennsylvania and New England.

"There are many operational issues that affect profitability," Hirsh said. "In the South, they have to be open all year long, and maintained all year long. In many cases, in Florida in particular, people don't want to play golf in the summertime, but that's when they have the most tee times to sell, because of the daylight. In the winter in Florida, they can't put anybody on the course after about one-thirty in the afternoon.

"In the North, the playing season is shorter, but they can sell tee times up til four o'clock. That's a big advantage," Hirsh said. "They can close in the winter and not have to pay people to maintain the course then. Consequently, you might enjoy strong cash flow. So the acquiring companies see a lot of opportunity in well-positioned cool-season courses. There are a lot of population centers in the Northeast and Midwest."

Hirsh, whose company performs valuation, consulting and brokerage services, said quite a few companies are actively looking for acquisitions in the North. "Gotham Golf Partners, Arnold Palmer Golf Management Company, Crown Golf Properties, LinksCorp – those are just a few that I know are looking favorably upon the Northeast," he said. ■