Secondary turf equipment market facing growing pains

By Andrew Overbeck

With the popularity of leasing turf equipment surging over the past five years, the market for used equipment has expanded as well. Industry insiders estimate that the used market now exceeds $90 million in annual sales and will continue to grow as more equipment comes off leases.

Sales figures, however, do not tell the whole story. The industry is still learning how to approach the secondary turf market. While high residuals make leasing packages more attractive, they make it more difficult for dealers and wholesale brokers to unload used equipment at a reasonable profit. In order for leases to grow, there

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must be a strong market for used equipment. Compared to the secondary market for golf cars, the used turf equipment market is untested and fragmented. “Golf cars have a very strong secondary market both at lower-end courses and other markets such as campgrounds and factories,” said William Robson, director of marketing for Textron Golf Turf and Specialty Products. “With used turf equipment, the application is not as broad. But at the same time, the market has never seen three- and four-year-old high-quality diesel fairway mowers for sale.”

“Creating a market”
With the introduction of quality used equipment to the market, more courses are taking advantage of the lower prices. “In the past five years, it has become a big business,” said Gary Callahan, vice president of Boynton Beach, Fla.-based Kilpatrick Turf. “With a $30,000 piece of equipment you are looking at a $6,000 residual after three years and you can turn around and sell it for $12,000 to $14,000. That is not a bad deal for a course that cannot afford to buy new.”

As a result, manufacturers are expanding their market reach. “This allows us to reach markets that we have been unable to reach in the past,” said Aaron Wetzel, John Deere’s national sales manager for golf and turf. “There is a huge demand out there from courses that would like to have the ability to enhance the quality of the golf course but at a lower budget level.”

In addition to selling into low-end courses, used equipment is also in high demand as grow-in equipment at new courses. Higher-end courses are also purchasing used equipment to fill gaps or back up existing equipment during the peak season. Buying used specialty equipment such as power bunker rakes and aerators is also especially popular. “Maintenance equipment is expensive, and to maintain a course you need a lot of different pieces,” said David McCoy, president of Capri Isles Golf, which operates three semi-private courses in Florida. “Golf is not as profitable as it used to be due to competition and the cost of keeping the course in shape. Between the three clubs, on average, we buy three used pieces of equipment each year.”

In addition to markets in the United States, a large amount of used equipment also is finding its way overseas to courses in the Pacific Rim, South and Central America, and Europe. “The overseas market is big,” said Edward Balulis, president of American Turf, a used-equipment concern in Tampa, Fla. “A new fairway unit that would sell for $40,000 here goes for as much as $90,000 overseas, because of the 40- to 60-percent import tax on new equipment. On used equipment, the tax is about 15 percent, so a used one sells for around $30,000.”

Reducing the stigma
For the secondary market in the United States to flourish, however, customers must be comfortable with the quality of the equipment.

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