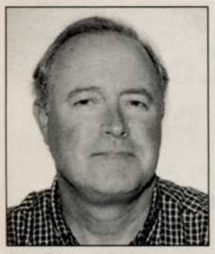
The gilded age of golf

Most golfers I know, myself included, think we're playing at the "high end" when we fork over more than $75 in green fees. But those are peasant rates compared to today's high rollers. How does $6,200 per round grab you?

The exclusive preserves of megabuck golf have long been hidden from public view. But now, thanks to a nifty report called "The New Wave of Golf Communities That Define WOW," we've been given a glimpse into a world of dot-com tycoons, stock-option moguls and franchise barons willing to pay thousands of dollars to golf at ultra-chic clubs.


Jay Finegan, editor

"What we're seeing is a tremendous amount of disposable income at the high end," says John Emmerling, a co-author of the report. "We're talking huge money being spent to play golf. The more exclusive the club, the better. And ironically, a lot of these guys are pretty bad golfers."

As director of valuation services for THK Associates, in Aurora, Colo., Emmerling peers into the financial workings of 70 to 100 golf properties a year. He and THK president Dan Conway put together their catalogue of ritzy operations to spice up their speaking engagements.

They found dozens of examples of conspicuous golf consumption, including some right there in the Rockies.

Consider the Maroon Creek Club in Aspen, which opened in 1995. "It sets a standard for luxury at Colorado resorts," they write. The Tom Fazio-designed layout has already sold 300 memberships at $200,000. Some 43 single-family residential lots went for $4.5 million each, and townhouses are being offered at $3.5 million plus. You can also "time share" a 900-square-foot unit for 13 weeks for $600,000.

These are second homes, of course. "The typical member plays the course eight times per year," the report says, "putting the average 18-hole round at $3,400."

One after another, the report describes clubs – mostly in the West – where initiation fees range up to $1 million and real estate prices are off the charts. At the Desert Mountain Club, near Scottsdale, Ariz., home of five Jack Nicklaus courses, home sites are now priced above $10 million.

"The wierd thing," says Emmerling, "is that people will pay a fortune for a housing lot, with no intention of ever building on it. The average age of people joining these clubs is between 40 and 45, and they're really just buying a golf membership. In many cases, especially for people with new money – like dot-com money – it's a desire to belong to something that is supremely exclusive.

"At Iron Horse, in Whitefish [Mont.], they sold lots for $225,000 and they went for $485,000 just 18 months later," he says. "It shows you the demand side of the cycle. This is just for the building lot, and then you have your initiation fees and dues. These guys may never build on those sites. They go there to play the Tom Fazio course. It's an escape for them. But when they do build, the houses are simply mind-boggling, and they use them only a month or two a year."

According to the THK research, casino impresario Steve Winn pioneered extravagant golf in 1989 when he built Shadow Creek in Las Vegas for $36 million and set green fees at around $1,200.

"The people playing Shadow Creek are super high rollers," says Emmerling. "From what you hear, they could be gambling for $10,000 a hole and not make a big deal out of it. A round of golf for $1,200 – that's like lunch money to these guys."

And it's a downright bargain compared to many of the new hot

Continued on next page

Despite long-term challenges, golf going strong in China

The golf course industry is growing up in China. In the two years since my last visit to the burgeoning country, much has changed. In the southern boom towns of Shenzen and Guangzhou, large cranes and towering new skyscrapers and concrete apartment blocks dominate the skyline. Money is also flowing into golf course development.

Mission Hills Golf Club, near Shenzen, is adding two new courses that will push its hole total to a staggering 90, making it the largest golf development in China and perhaps in all of Asia. The 27-hole Shenzen Golf Club, built in 1985, has just finished a Robin Nelson and Neil Haworth redesign that transformed the previously shapeless layout into a unique urban golf oasis. In Zhong Shan, Agile Golf and Country Club recently added a new 18-hole Schmidt-Curley designed course to go along with the existing JMP-designed layout. Developers there are also furiously building huge tracts of homes and condos that are already 90 percent sold. Further afield, in the western mountain resort towns of Kunming and Lijiang, courses are sprouting up and the tropical island of Hainan is quickly becoming a golf destination. Golf has been booming in southern China for some time now, but the game is now taking hold even in Beijing. Yes, the communists are now capitalists and some of the them have plenty of dollars to play with.

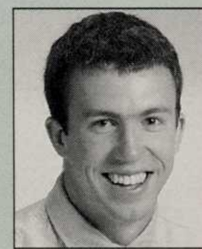

Andrew Overbeck, managing editor


Photo by Andrew Overbeck

Shenzen Golf Club, in Shenzen, China

China has moved to the forefront of the development scene in Southeast Asia over the past few years for good reason - it has the region's largest population and a huge potential market in its expanding middle class. The country also felt little or no impact from the 1997-98 financial crisis that rocked the rest of the region. As a result, golf development here continues to go strong.

The number of courses in China should keep rising for a couple of reasons. First, China's recent entry into the World Trade Organization (WTO) will drive foreign investment and add more expatriates to the golf market. Secondly, tourism arrivals are growing and resort developments are beginning to expand.

China's entry into the WTO will stimulate the golf economy. As foreign investors begin to enter the country in greater

Continued on next page

MAILBAG

ALTITUDE DICTATES CLIMATE

To the editor:

The "Goodbye Sunbelt, hello Snowbelt" commentary (November 2000) by Andrew Overbeck may be a generalization. Altitude has about as much to do with Snowbelt as latitude. He speaks of the Northeast and Midwest, but not of high altitude courses that are closed during the winter months. Our new course (Red Eagle) in northern New Mexico, at an altitude of 8,900 feet, can handle about 30,000 rounds during the season (May through October) and is closed, with very little expense, from November through April. I would assume that numerous western mountain courses are similar. And yes, we do plan to exploit this market in 2001 and beyond.

Bill Gill, President, Eagle Golf Course

Good point. Ed.

PESTICIDES VS. INSECTICIDES

To the editor:

I am bothered by a continuing error in the column "Tools of the Trade." When a superintendent's operation is described, including the plant protectants that are applied, you repeatedly call insecticides "pesticides." While all insecticides are pesticides, not all pesticides are insecticides. The term "pesticide" (which, in our industry, is interchanged with the euphemism "plant protectant") refers to all materials that control pests. This includes herbicides, fungicides, insecticides, algaecides, and so on. As you can see, these terms are not interchangeable and can reveal the writer's ignorance of the subject.

Ric Lange, CGCS, Meadowbrook Country Club, Racine, Wisc.

We'll try to remove the bugs from the "Tools" column. Ed.

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