Tee-changers force resorts to alter course

Carolyn Boyd
January 22, 2011

Developers are lifting their game in a bid to broaden the appeal of living on the fairways, writes Carolyn Boyd.

Golf course developments are being overhauled as developers struggle to adapt to a changing market. Ten years ago, estates were imagined as a golfing utopia where residents would wander out of their backyards on to the course to swing a club at their leisure.

But consumers are no longer so keen to lock themselves into memberships and sales have been slower than expected - not helped by the global financial crisis.

Golf industry adviser Jeff Blunden says the sector as a whole is struggling to adapt to 21st-century consumer expectations, which are focused on "a bit more flexibility, please".

Blunden says the concept of residents-only membership has failed at some courses. "Let's use The Vintage as an example up in the Hunter Valley - residents-only was the initial membership concept," he says. "Well, I can count the number of residents at The Vintage on two hands. Why restrict membership just to them? That project really stalled. It was probably a pretty big balls-up."

A shift in demand to smaller block sizes has also caught developers off guard, as many of them imagined their market would be house buyers interested in plots of 1000 square metres or even 4000 square metres. They've found the Australian real estate market on the fringes of cities such as Sydney just isn't deep enough to soak up the flood of larger plots and have scrambled to put subdivisions in place.

That change in demand could benefit one of the smallest golf developments, The Masters Residences at Bayview, a group of 39 double-storey apartments to be built for downsizers. The apartments will overlook the Bayview golf course near Mona Vale and are on the market for $1.5 million-$2.9 million.

The right model

Golf estate developers face the complex issue of what to do with their course once they have sold all the blocks of land surrounding it. Not being in the business of course management and no longer having a need for a golf asset, developers need a sustainable way to exit.

Finding the right model is "still a work in progress", says a golf estate adviser and the managing director of Avid Sports, James Cooper. One option is to hand the course over to the landowners - but that requires it to be financially viable with enough members and income to underpin it, which can take time.

At the Twin Creeks development at Luddenham, the general manager, Grant Martin, expects it to be another 10 years before the golf club is fully subscribed with 950 members.

Had the development been launched in the early to late 1990s, Martin says, enough blocks of land would have been sold within two or three years to fill the golf club's membership register. "[There has been a] major adjustment of expectations," he says.

From clubhouse to fun house

Developers have found that only 20 per cent to 30 per cent of residents are interested in taking up golf membership - not enough to sustain a course - and have had to broaden the development's appeal. At Twin Creeks, that means introducing limited memberships for non-residents and aggressively moving into the corporate market.

"We've had a major turnaround year," Martin says.

"Now the club is self-sustaining, so we're not losing money like most of the golf clubs do."

At other developments, there have been tweaks in the facilities.

"The word 'clubhouse' is almost a banned name," Cooper says. "It's more about the community hub. The main shift is in moving it away from being a private, stuffy clubhouse to being more of a fun environment and that's certainly the way of the future.

"You've got to appeal to 100 per cent of the market, not the 30 per cent of golfers who are living there, and that'll be the difference between the successful facilities and the not so successful."

In addition to pools and tennis courts, developers are adding gyms, barbecue facilities and areas for children's birthday parties.

In Sydney, a major hurdle is the distance available land is from the central business district. Three of the bigger developments - Bingara Gorge, Twin Creeks and Stonecutters Ridge - are all at least 45 kilometres from the city.

Macquarie Links is 47 kilometres from the CBD. A director of Inglis Property Macarthur, Terry Gordon, says there is a reasonable turnover of houses at the Links, with some residents coming from the eastern suburbs. "They seem to come and go a fair bit there," he says. "There's quite a few city business people try it because it's about the closest out-of-town gated estate they can get."

Blunden argues that despite some teething issues, golf estates will ultimately work because of a natural cap on supply.

"It will just take a while for the market to absorb them," he says.

Weighing up the growth

The jury is still out on whether golf course estates should be looked at for their investment potential. "I would be reluctant to say it's a good investment," says a valuer with Herron Todd White, Matthew Halse.

"And that's just purely because the market is still untested. Nothing has really on-sold again, so it's pretty hard to gauge whether or not there has been capital growth in there."

Halse is most familiar with the Twin Creeks and Stonecutters Ridge developments, which he says "moved reasonably slowly from their initial releases".

Even the director of sales and marketing at Stonecutters Ridge, Galeb Kilzi, admits people shouldn't think they can buy a block of land, build on it and make a fortune. "They buy it for lifestyle and they buy it for a long-term investment rather than a short term," he says.

Buyers should ask

What facilities do I have access to?

What's included as part of my body corporate fee?

What protection do I have against the performance of the entity that is running the golf course?

Source: Jeff Blunden

Comments

Be the first to comment.