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Golf real estate is as much about the quiet as it is about the fairways

BEN POWER THE AUSTRALIAN APRIL 26, 2014 12:00AM



and the number of golf courses being built has declined sharply.

But there are signs this could be turning, with stronger property markets boosting sales of newer golf developments, including Greg Norman's Stonecutters Ridge in Sydney. Developers are also making property available at more affordable prices so it is more attractive to new buyers; and the lack of supply of new golf course property means existing owners are confident of increasing demand for their homes.

There could also be a fresh round of development, with several new golf courses slated in Queensland, including the \$4.2 billion Aquis project in Cairns, which could attract Asian buyers.

The new projects and upgrading of existing courses "could trigger a new era of golf course development", says property researcher Colleen Coyne.

Despite the attention it receives, golf property is still a boutique market and accounts for only 3 per cent to 4 per cent of total real estate. According to golf industry adviser Jeff Blunden, real estate developments built around golf historically have attracted a 25 per cent pricing premium, though outcomes achieved "really are determined on a block-by-block basis and how they have been masterplanned".

Coyne agrees golf courses can enhance residential values. She says golf property stands between the top-end premium waterfront property and "dry" lot residential. But she says just 30 per cent of owners on golf course developments are golfers; most are seeking the aesthetic appeal of the courses. High-quality water features, for example at Pelican Waters on the Sunshine Coast and the Gold Coast's The Glades, can maximise the premium attached to a golf course.

But golf property still maintains a link to the health of the game. Unfortunately, participation has fallen from 5.5 per cent of Australians in 2005-06 to 4.8 per cent in 2011-12. The number of new golf-oriented real estate developments has slowed since a boom period from 2000 to 2010.

Blunden says of the 53 courses developed in that decade, three-quarters had a real estate component. He says we are in a consolidation phase, with many golf course estates maturing with growing secondary sales.

The golf property market is divided between the more numerous mature estates built during the boom — which are increasingly focused on secondary sales — and developments that are still selling new blocks.

Blunden says it is necessary to look at newer developments to help gauge the health of the golf real estate market. That includes Mandalay, a master-planned residential development 40 minutes along the Hume Highway from Melbourne, with a Peter Thomson-designed 18-hole course.

Blunden says Mandalay is interesting because it is a newer development in a Melbourne metropolitan market already ringed with golf real estate options. As the segment has matured, so have the properties on offer. "They know what the new buyers want: a product more complete in terms of community amenities," Blunden adds. "It's not just about golf."

Wayne Rex, general manager of Mandalay's developer, Urbex, says Mandalay sold well when it was launched five years ago but sales were soft when the Melbourne market turned down in 2012. With the bounce back in the Melbourne market, "it's back to normal now", he says.

Blocks are available for \$160,000 to \$190,000, and house and land packages sell for \$400,000. Residents own the golf course and clubhouse. Rex says most buyers are families trading up and from Craigieburn and Hume catchment.

"I wouldn't say there's an over-emphasis of golfers," he says. "They're buying into a master-plan community because of the quality of it."

Construction of a community clubhouse begins in a few months. It will have sports facilities, including a 25m lap pool, gym and tennis courts, along with a restaurant and cafe.

Coyne notes home prices on golf course estates have fallen. The Glades, on the Gold Coast, is targeting mid-range prices of about \$600,000.

“Pre-GFC, products were being targeted over \$1 million,” she says. “People have brought back expectations of what’s achievable in the markets like the Gold Coast.”

Another newer development is Stonecutters Ridge, at Colebee in northwest Sydney, which is being developed by Medallist, a joint venture between Norman’s Great White Shark Enterprises and Macquarie Group. The development features Sydney’s first Norman-designed championship golf course, with 18 holes.

Les Swanson paid \$465,000 for a block at Stonecutters Ridge eight months ago and is spending \$470,000 building a three-bedroom house designed to exploit the 400m view across the eighth hole. He believes golf real estate makes financial sense.

Swanson doesn’t play much. “But I do like the views as well and I like being in a quiet area. You couldn’t pick a quieter area than being on a golf course.”

Swanson, 57, who works in the technical aspects of mechanical construction, is building a two-storey Metricon house but has modified the plans to maximise the view across the course, including replacing small windows with floor-to-ceiling windows.

He views the house as a sound investment. “There are only so many blocks facing the course,” he says. “They’re going to be the most selective houses if you were to put them back on the market.”

Owners of property in mature developments also believe the lack of new supply will boost prices. One of the oldest and most established golf developments is Sanctuary Cove, a gated community at the Gold Coast.

Neil Paton, principal of agents Sanctuary Cove Prestige Properties and Royal Pines Prestige Properties, believes the market for golf courses will strengthen because of the lack of new stock.

Paton notes Royal Pines Resort has just two to three blocks of land left. “They’re almost all built on, he says. “People really understand the value of living on the golf courses. “But you can’t keep building golf courses. As the market moves this is always going to be the premium end of the market.” Paton is marketing a \$1.29m three-bedroom house at Banksia Lakes Drive with views over the new first fairway of the Palms Golf Course. The house has an entertainment area with built-in barbecue and pool overlooking the course.

Neville Black is typical of someone who is building on a golf course. He doesn’t play but likes the aesthetics and is about to finish a four-bedroom house with views over 3km of the Pines Course at Sanctuary Cove.

Black also likes the security and privacy of a gated community. “You haven’t got a neighbour over the back,” he says. “You look out the back and you don’t see anything. I also like the security and all that comes with it, and being near the village was a big plus.”

Blunden says there is no research that shows golf real estate attracts buyers to areas vastly different from which they were already looking in. “If it’s in the market that you’re geographically interested in, then it’s part of your field of reference,” he says.

That means the supply and demand fundamentals of golf developments may not necessarily affect prices any more than wider market forces.

But there are other positive factors at play that could boost supply, particularly in Queensland. Coyne says golf will also be in the spotlight with the Queensland government’s Integrated Resorts Development, a program to stimulate the development of tourism, leisure and entertainment projects in the state.

Six projects in regional Queensland have been shortlisted. Among them is the Aquis project, a \$4.2bn mega-resort and casino at Yorkeys Knob in Cairns, which will include a golf course. Coyne says the development, along with other likely projects in northern Queensland with golf courses — including Great Keppel Island (which has government approval) and Ella Bay near Cairns — could attract Asian buyers looking for residential property.

“There are runs on the board in various product types to suggest there’s an appetite from Asian investors for lifestyle properties,” she says. But she adds competition from golf property in Asia and post-GFC losses on lifestyle developments could result in some caution.

But another boost will be the retirement of baby boomers. This may lead to a resurgence in the number of Australians playing golf, Coyne says.

But whether that happens or not, people will always be attracted to the views across courses.

“This is as good as it gets,” says Black on his block at Sanctuary Cove. “Just looking out there now you can see two beautiful lakes full of wildlife and lots of kangaroos shading under the trees. The golf course is so well maintained, it’s a pleasure to look out on every day. It really is like a sanctuary.”

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