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Linking Up - Private Clubs

by Larry Hirsh

This issue of NewsLinks focuses on private clubs. In 1931, private clubs accounted for more than three quarters (78%) of the golf facilities in the US. By 1961, that number had declined to 50% and last year (2005) the National Golf Foundation (NGF) statistics show that private clubs represent less than 29% of all golf facilities in the US. In fact, according to NGF actually fewer private facilities are listed in 2005 (3,959) than in 1931 (4,448) and less than the all-time high of 4,897 in 1988.

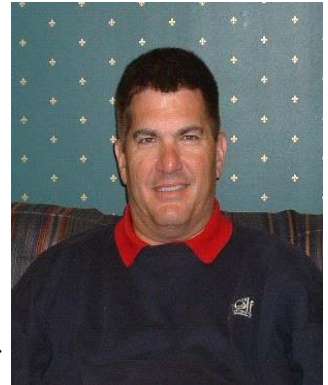
According to an article in Golfweek's Super News, the National Club Association and Club Corporation of America report that membership stability is down. Waiting lists are shorter (if they exist) and turnover is greater, with the average membership duration down from 8 years to 6 in the past 20 years. That's a 25% greater attrition rate! This calls for expert help.

In this issue of NewsLinks, we have thoughts from membership attorney Mark Hillier, on structuring memberships, from the golf course architect, Chris Wilczynski of the firm of Arthur Hills/Steve Forrest Associates on design differences between private clubs and daily fee courses, from Club Corp's Tom Benison on club management practices and membership and from Clubhouse

architect Barry Coyle on the modern clubhouse. Our

own Shaun Henry has also checked in on the issue of golf course

maintenance for private clubs from his unique perspective as a former private club superintendent.



As private clubs focus on evolving with the times and reinventing themselves in a more competitive market, we hope that NewsLinks will provide useful information to assist clubs in moving forward in an economically feasible manner. Decision-making in this market requires clubs to be able to be timely, to know when to spend and when not to spend and to prioritize investing in the right things. Should you renovate the clubhouse or expand the practice range? Which makes the most economic sense for the long term?

Some issues of interest on private clubs:

- ◆ Private clubs - While baby boomers are playing more golf, new private club members- 40 and younger are not.

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Membership Sell Lists

by Mark D. Hillier

The main issue private golf and country clubs must address in the spring of 2006 is the length of their membership sell lists and the impact these membership sell lists have on new membership sales and club revenue. During the late 1990s, many clubs were developed using a membership deposit structure to take advantage of the favorable tax treatment of that structure. These membership deposit clubs were often structured to pay a member a refund only after the resigned membership was reissued to a new member.

created time on membership sell lists.

The second and third questions asked by a membership prospect after how much it is to join are how long is the membership sell list and how do I get my money back. Long membership sell lists prevent many prospects from joining the club and becoming members. Other clubs in the market will often tell membership prospects about the size of other clubs' membership sell lists. We have advised our clients to reduce the length of their membership sell list by altering the membership reissuance policy on a temporary basis. The industry standard is to reissue one resigned membership for every three to four new memberships. We have recommended a one resigned membership be reissued for every new membership issued and even just reissuing resigned memberships.

obligations.

When membership costs and round times are reasons for resignations, we have worked with our clients to offer non-refundable memberships in the same categories as the previously offered refundable memberships. One resigned list is used for each category regardless of refundability. By offering both memberships, the club doesn't dilute the value of its membership but allows more memberships to be sold. We also amend the resignation policy to make all resignations final to prevent members from parking

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their memberships on the membership sell list. Our clients also work with GPS manufacturers to implement these systems which allow club operators to identify bottlenecks on the course and have the golf pro address them.

Mark D. Hillier has worked in several architectural, land planning, legal, and consulting firms in the Recreational and Hospitality Practice since 1992. Mark has extensive experience in the areas of recreation and hospitality law, corporate, real estate, securities, and taxation and has been active in events of the Urban Land Institute (ULI) Southeastern/Caribbean Council and the national ULI. Mark also has significant experience in structuring marina slip membership programs, resort membership programs, community based and stand-alone golf and country club membership programs in the United States, Canada, the Caribbean and Mexico.

Since 2000, the club industry has also experienced a culture shift as its major customers prefer to acquire a lower level, pay-to-play Sports Membership over the no-greens-fee, full Golf Membership offered at the majority of clubs.

Over the last 5 years, the club industry in certain areas of the country has experienced high membership turnover due to oversupply of golf in the market, age of members, increased round times, increased costs and other reasons have moved away from the sport of golf towards other pursuits and have resigned their memberships. Since 2000, the club industry has also experienced a culture shift as its major customers prefer to acquire a lower level, pay-to-play Sports Membership over the no-greens-fee, full Golf Membership offered at the majority of clubs. This shift has resulted in less prospects seeking membership in clubs and in-

Acquisition Opportunities

GPA has been retained as the exclusive marketing agent for the following acquisition opportunities:

- ◆ **Hickory Heights GC** –Daily Fee golf course facility (18 holes) with clubhouse, practice range and maintenance facility near **Pittsburgh, PA** available for acquisition.
\$2,900,000
- ◆ **Tattersall GC** – 18 hole, semi private **Rees Jones** designed golf course near **Philadelphia, PA** available for acquisition
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Contact Larry Hirsh at 800-775-2669 or
 717-652-9800
 for more Information.



Where the Dollar Hits the Dirt—Dollars & Turf

Shaun A. Henry

What is Your Plan?

Buildings, roads and even golf courses are constructed with precise blueprints and specifications to ensure the end result is consistent with the original intentions for both quality and quantity. These plans are utilized to communicate the expectations of the project to all parties involved. Much like a construction project, golf course maintenance requires a long-term plan of action and quality standards to successfully meet the expectations of the club members and decision makers in the most efficient manner possible.

A written maintenance plan can serve the simple purpose of providing “Common Ground” by defining and unifying the goals and expectations of club officials, members and the golf course superintendent, through quality standards. Taking things step further, maintenance plans can be incorporated in a broader analysis of a facility’s operations, cash flow, competitive market, market positioning or feasibility, among others.

Frequently, at private clubs, there are separate agendas among membership factions, club officials and key personnel. Without some sort of “Common Ground,” these agendas can become political footballs resulting in inconsistent expectations and decision making, ultimately resulting in inconsistent course conditions and inefficient spending.

Maintenance Plan Benefits:

- ◆ Provide “Common Ground” between club officials, members and the golf course superintendent, by defining the goals and expectations for course conditions.
- ◆ Streamline decision making.
- ◆ Target to meet/exceed course conditions of competitive courses or expectations of existing and potential members.
- ◆ Marketing: Communicate objectives, expectations and standards to both existing and prospective: members, employees, vendors, contractors and consultants.
- ◆ Match course condition expectations with appropriate maintenance expenditures.

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“The Times They Are a-Changin’” Trends In The Modern Private Club

by Barry Coyle

Today’s modern private club, like the game of golf itself, is changing. While some clubs still staunchly cling to their formal “coat and tie” restrictive rules and traditional functions, many are reinventing themselves to keep pace with the more casual, health and family oriented lifestyle of their membership. Just as Disney strives to capture every hour of one’s vacation by providing venues that appeal to all members of the family, clubs, likewise, are now competing for a larger share of their membership’s social and business calendars. By offering activities and services tailored to active adult and family oriented lifestyles, many clubs are experiencing successful transformations. This creative version of “one stop shopping” is manifesting itself in several ways. The modern private club is truly a hybrid, combining the best qualities of traditional club life with the amenities of the finest resorts.

Spatial flexibility and the integration of indoor/outdoor areas are two of the most important concepts in successful club design. Libraries that morph into private dining rooms, lawns that convert to venues for club barbecues or tented receptions and dining areas that open onto

expansive verandahs are all examples of how clubs are implementing effective flexibility.

The most significant change in club etiquette has been the acceptance of more casual attire and settings for the membership, particularly in the dining experience. Clubs are now utilizing innovative ways to provide their membership with experiences once

only available at finer restaurants. Chef’s Table “in kitchen” dining and display kitchens opened to themed “pub/tavern” casual settings now favorably compete with the best local restaurants. The popularity of wine has influenced club design as well.

Private and formal dining areas themed as wine cellars, member wine lockers and wine tasting rooms, are being incorporated into many club facilities. Outdoor “stone bars”, fire pits, screened porches with fireplaces,

and “four season” rooms with disappearing glass walls are providing varied and exciting dining alternatives.

To help members attend to their personal and business demands, clubs are providing sophisticated business centers **Continued on Page 6**

and state of the art video conferencing facilities. Concierge and event planning services, coupled with onsite overnight accommodations, are allowing members to host special functions with professional results.

Personal fitness, health and self-enrichment are a priority with today’s active lifestyle. Having recognized this trend, clubs are now providing “state of the art” fitness centers for their membership. In addition, day spas and hair salons are often considered essential member services. In an effort to address their membership’s

The most significant change in club etiquette has been the acceptance of more casual attire and settings for the membership, particularly in the dining experience

Linking Up,

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- ◆ In the 60’s and 70’s many youngsters were introduced to golf by caddying. Caddying rarely exists anymore and has cutoff that pipeline of future golfers.
- ◆ Frequency of golf (per player) has been stable - no growth in number of participants – Yet, the supply has increased.
- ◆ Competition from other activities - Hiking, Kayaking, Extreme Sports (which are cheaper than golf), Outdoor family activities - restaurants
- ◆ Private Clubs are decreasing as percentage of total golf. Now private clubs represent 28% of all golf courses. Some predict a drop to 20% in 5 years.

At Golf Property Analysts, we welcome the opportunity to discuss any of these issues and to help your club develop the right team and formulate the right solutions to move into the future. We know that there is no such thing as “the private club market” and that what really exists are many “micro” markets based on location, market segment or a combination of both. Understanding these dynamics, along with club economics is what we do best. Whether through expert market and feasibility analysis, appraisal, brokerage and due diligence services, or a wide variety of advisory and operational review activities, Golf Property Analysts looks forward to providing solutions to the many challenges of your private clubs.

Just as Disney strives to capture every hour of one’s vacation by providing venues that appeal to all members of the family, clubs, likewise, are now competing for a larger share of their membership’s social and business calen-

Where the Dollar Hits The Dirt—Dollars & Turf—continued from Page 3

- ◆ Identify and prioritize capital improvements and equipment needs.
- ◆ Provide a standard to which course conditions can be measured.

Once quality standards or expectations are specifically identified for each area of the golf property, a plan of action can be devised to achieve the desired results. Although it is imperative that the quality standards and plan of action remain flexible for weather conditions and other unforeseeable circumstances, detailed procedures should be outlined for mowing practices, scheduled maintenance, fertilizer and control product applications, bunker maintenance and irrigation practices, among others.



In order for a written maintenance plan to meet course-conditioning goals, it must be realistic within the maintenance budget, equipment available and the parameters of the golf schedule/intensity of play. In some cases, the exercise of prioritizing quality standards for the individual golf course components may identify areas where expectations are being exceeded and thus, resources would be better directed toward other areas of concern. I have even witnessed clubs where a majority of the members feel that the course is over conditioned for their needs. In this case, maintenance inputs could potentially be reduced once acceptable course quality standards are defined and adopted by the club.

Communicating the quality standards, action plan and appropriate budget is a key step in successfully employing any management plan. Participation of decision makers, members and key personnel in the development of the plan can increase the enthusiasm, cooperation and commitment to the main-

tenance plan.

After adopting a maintenance plan, daily, short-term and long-term operating and renovation decisions should be made consistent with the plan, quality standards and corresponding budget. The old saying, “*Plan the work and work the plan,*” comes to mind.

Certainly, golf course maintenance plans can provide stability and long-term direction for course conditioning and renovations. However, they should be reviewed periodically to assure that they continue to represent the facility’s goals and financial means as well as market expectations.

Many clubs obtain outside help as a result of dissatisfaction over course conditions or maintenance expenditures. Engaging an independent consultant, with both agronomic and economic/market expertise to aide in the development of golf course quality standards that match the clubs expectations has additional benefits. Such professionals can custom tailor a financially feasible maintenance plan consistent with the clubs target market position and analyze the associated competitive and revenue returns.

Golf course maintenance is considered by many golfers to be the single most important factor in measuring the quality of the golfing experience. In order to be a contender in an increasingly competitive market, private clubs are finding the need to create value by surpassing the quality of this experience found locally. A detailed and comprehensive maintenance plan provides a blueprint from which club officials and superintendents can operate to efficiently meet/exceed defined expectations. Remember, “*Failure to plan is a plan for failure.*”



Golf Course Maintenance Plan Development:

Define expectations/quality standards

Develop a plan of action

Test for consistency with maintenance budget

Communicate and adopt the plan

Implement the plan and make decisions accordingly

Review and revise plan as necessary

Trends In The Modern Private Club , Continued from page 4

interests in self-enrichment, clubs are now offering courses such as cooking, sculpture and even fly fishing.

Swim and racquet sports, long the stepchildren to golf, have moved to the forefront as clubs strive to provide more balanced activities for their membership. Indoor/outdoor sports courts and lap pools, gadget and gismo splash pads, water slides, and even private cabanas are becoming the norm as clubs look to provide resort type amenities. Basketball, bocce, croquet, badminton, and beach volleyball are all in vogue.

To further accommodate their membership, clubs are paying special attention to young children and teenagers alike. Programmed child care activities, playgrounds, teen centers, theaters and “dive in movies” provide enjoyable activities for the younger set. Many clubs have incorporated golf practice holes and putting courses to afford parents and children the opportunity to enjoy time together.

To remain attractive to current and future generations, clubs will have to continue to adapt to change. Today’s private club is more than ever a blend of traditional values and modern lifestyles. Members have never had it so good!!!

Barry Coyle is the Partner and President of Chapman Coyle Chapman and Associates, Architects AIA, a 20 person full service design firm located outside Atlanta, Georgia. Mr. Coyle is a graduate of the Georgia Institute of Technology’s School of Architecture and is a Registered Architect and member of the American Institute of Architects.

Over the last 33 years, Barry has designed more than 275 town, country and golf clubs, both public and private, as well as more than 10,000 residential units of all types for various planned communities and developments in the United States and various foreign countries.

Notable projects for which Barry has provided design services include:

- Augusta Country Club, Augusta, Georgia
- Oakmont Country Club, Oakmont, Pennsylvania
- Robert Trent Jones Golf Club, Lake Manassas, Virginia
- TPC at Sugarloaf, Duluth, Georgia
- The Stanwich Club, Greenwich, Connecticut
- HGTV’s 2004 Dream House
- Club Aleman de Mexico, Mexico City, Mexico
- Eseeola Lodge, Linville, North Carolina
- East Hampton Golf Club, East Hampton, New York
- The Point on Lake Norman, Mooresville, North Carolina
- Congressional Country Club, Bethesda, Maryland
- Peachtree Golf Club, Atlanta, Georgia
- Southern Hills Country Club, Tulsa, Oklahoma

Golf Property Analysts

Is pleased to announce
The sale of

Greystone Golf Club
Dickson, TN

GPA participated in the transaction as consultant to the broker for the seller, A.M. Harris, TN licensed R.E. Broker.

Today’s Golf Practice Facility

By, Chris Wilczynski, ASGCA

Most private golf clubs have a range or some type of warm-up area for golfers. The majority of clubs, however, especially those built prior to 1970, don’t provide members the appropriate setting or opportunity to practice the game. Without a doubt, this is the #1 issue today at private clubs where renovation is being considered.

The story is all too familiar: members cannot hit their drivers, requiring unsightly netting or restricted-flight golf balls; the practice tee and putting area are too small; the range does not provide a realistic golfing experience, nor a short-game area; range balls trespass onto the adjacent holes, etc, etc. Does this sound like your practice facility?

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Financing Available

GPA can now assist clients in obtaining debt and equity financing for golf properties. Minimum amount \$10 million. For more information, call **Larry Hirsh** at 717-

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The Practice Tee

- ◆ **IGM Meadowbrook Golf Group** recently retained **GPA** to provide appraisal services for **Tiger Point GC, Hidden Creek GC, Shalimar GC and Scenic Hills GC** in **Okaloosa, Escambia and Santa Rosa Counties, FL** and for **Montclair GC** in **Northern Virginia**.
- ◆ **GPA** has recently been retained by **First Commonwealth Bank** to provide a market value appraisal of the **Maryland National Golf Club** in **Frederick County, MD**.
- ◆ **CIGB Golf, LLC** recently retained **GPA** to provide consulting services in connection with **Hawk Lake GC** and **Honey Run GC** in **York County, PA**
- ◆ **Hudson United Bank** recently retained **GPA** to provide a market value appraisal of **Talamore at Oak Terrace CC**, in **Horsham Township, PA**.
- ◆ **Lake Manassas Limited Liability Company** recently retained **GPA** to provide appraisal services on the **Robert Trent Jones GC** in **Gainesville, VA**.
- ◆ **LaSalle Bank** recently retained **GPA** to provide appraisal services in connection with **Feather Sound Country Club** near **St. Petersburg, FL**.
- ◆ **US Steel Corporation** recently retained **GPA** to provide consulting services for **Swan Point GC** in **Issue, MD**.

This issue of
Newslinks
is dedicated to
Private Clubs
and topics and
issues facing your
private clubs today

Today's Golf Practice Facility

Continued from Page 6

Green chairmen and club presidents might not believe it at first, but most every club has the opportunity to radically improve its practice facilities by understanding the physical requirements and getting creative in order to fit those dimensions onto existing sites.

What are the important components for a state-of-the-art practice facility? The dimensions are critical. The practice tee should be 200 feet deep by 300 feet wide. That's 60,000 square feet or 1.5 acres of tee. Why so big? Ideally you want to provide enough area to support 30 golfers simultaneously. More important, with a tee depth of 200 feet the golf course superintendent can rotate throughout the tee over a period of 30 days. Depending on the grass species, it takes about 21 days for grass to germinate and re-establish itself. With a tee depth of 200 feet, this can be accomplished.

Ideally you want 1,100 feet of depth from the back of the practice tee to the back of the practice range. This allows for 300 yards from the front of the tee to the back of the practice range. The width: 500 feet. This provides enough of a buffer so that balls do not trespass onto the adjacent holes or other non-golfing components. That's 10-12 acres total.

The next important component is a realistic golf-playing experience. How is this achieved? Five to nine staggered, bunkered target greens — three to five within 100 yards of the tee — all flanking a centered fairway area. A fairway between the target greens allows golfers to focus toward the center of the range, and it's amazing how golfers will hit fewer errant balls when they have specific targets. We also recommend lowering or depressing the center fairway, then taking the cut material and placing it on the outside edges of the range. This concept further frames the range and keeps balls "in play".

It's also important to create a separate area dedicated to short-game practice. One to two acres will allow golfers to work on shots up to 60 yards — after all, the average golfer only hits 2-4 greens in regulation. Within the short-game area there should be a high

"perched" green and a low-lying green. There should also be several different bunker settings: low faces, high faces, etc. The bottom line: You want to mirror the golfing experience found on *your* golf course.

The final component is the putting green that should be located near the practice range and short-game area. It should be 8,000-10,000 square feet and relatively flat so that most sections of the green are useable. If possible, a second, smaller (2,500 square foot) green should be constructed adjacent to the first tee. This allows golfers waiting to tee off the opportunity to hit a few more putts.

The investment to create this comprehensive practice facility will range between \$400,000-500,000. Constructing a 10,000 square foot putting green will cost \$60,000. The short-game facility will run between \$60,000 and \$70,000, and the practice range about \$300,000. These costs are all inclusive: grading and shaping, irrigation, drainage, grass/sod and bunker sand.

As you read this, you may ask yourself, "that sounds great but how do we create all of this within our course? We only have 200 yards of existing range area now and no room for a short game area." Well, you'd be surprised what a professional golf course architect with some land planning skills can do.

Chris Wilczynski, a partner and Senior Associate with Toledo, Ohio-based Arthur Hills/Steve Forrest & Associates, is a member of the American Society of Golf Course Architects and a licensed Landscape Architect. His most recent work is the Wolfdancer Golf Club, which opens June 1, at the Hyatt Lost Pines Resort in Austin, Texas.

Golf Property Analysts

Is pleased to announce
the sale of

Whitetail Golf Club
Mercersburg, PA

To
Snow Time, Inc.

GPA participated in the transaction as broker
for the seller.