When the going gets tough, the tough buy golf courses.
Quite a few of them, it appears.
And why not? Prices in the United States have been falling, and dramatically so in some cases. Many of the buyers have privately secured financing, so they don’t have to worry about gun-shy banks. And they believe they have the business acumen to run the courses better.

Still, arguably, being bullish during the past five years — during some of golf’s darkest times — has been a risk, given the factors that had driven golf to this point: a glut of courses, a drop in the number of players and a sluggish economy.

And there was always the question of when golf would hit the bottom. It’s not easy to judge, after all, since the above factors still exist to one point or another. Only recently have there been proclamations that the worst is over.

“The golf industry has turned the corner,” said the most recent Golf & Resort Investment Report, produced by the brokerage firm, National Golf & Resort Properties Group of Marcus & Millichap. “Despite a number of influences intent on holding back the golf industry, 2013 emerged as a pivotal year of improvement.”

But that’s not a universal opinion. The above factors and others are having impacts and could depress the market for months to come, some fear.

For sellers, that means only more bad news. Some struggle with significant debt and dropping revenues. If they can find buyers — and that can be a big “if” — they are finding their properties are worth a fraction of what they paid.

Golf Inc. talked to key players who have been navigating this topsy-turvy world. We profile them below in no particular order or ranking, asking them ... Ulcers, anyone?

Savvy buyers and experienced brokers have taken advantage of a challenging U.S. market for golf course operators in recent years. We profile 10 who have played big roles in golf course sales.

BY MIKE STETZ
in 2013.

Nanula was owner and CEO of Arnold Palmer Golf Management from 1993 to 2000. He got back into golf in 2011 when prices became, in his words, “rational again.”

“We could make it a business again,” he said about prices dropping.

Before, the escalating prices were prohibitive. No matter how well you ran a course, you couldn’t make it feasible, he said.

The company’s philosophy is simple. It only buys courses that have annual revenue streams of $3 million or more and are located in major metropolitan areas. It makes deals quickly. And, because wealthy investors back Concert Golf Partners, it buys in cash.

However, despite the price contraction, there are still risks involved. Golf is still declining, Nanula noted. In some cases, club membership continues to erode. The up-and-coming generation doesn’t seem to have the same kind of desire or free time to spend hours on the golf course, he said.

New amenities, such as fitness centers, need to be added to make the clubs more versatile and engaging, and they can be pricey.

So why is he buying courses?

Basically, many privately run courses are not run professionally. In some cases, members run them and members aren’t golf experts.

“We know how to run a golf course more in line with its real value,” he said.

Concert Golf Partners, based in Newport Beach, Calif., has also snatched up courses in receivership by buying mortgages. It recently purchased the Gaillardia Country Club, in Oklahoma City, by paying off the debt it owned to two banks and reaching a deal with the previous owner. The financially troubled course was set to go to auction.

BRUCE SIMMONDS

Bruce Simmonds is another former golf industry leader who returned to golf to take advantage of lower prices. He founded Clublink in 1991 and helped it become the largest operator in Canada. He left in 2007, and became CEO of Pacific Links International in 2009.

The company was quiet for a few years before going on an acquisition binge. It has purchased 11 during the past few years, and it’s being very systematic about it.

“We look at innumerable opportunities,” Simmonds said. “We’re not going to buy a course, even if it’s going for 25 cents on the dollar, if it doesn’t fit our model.”

“We are in an unprecedented acquisition environment as club owners and lenders seek liquidity from these businesses. As a cash buyer familiar with most major U.S. markets and able to close expeditiously and

PETER NANULA

Peter Nanula has purchased more than a half dozen courses during the past five years through his company he chairs, Concert Golf Partners. That includes The Legacy Club at Alaqua Lakes, in Longwood, Fla., which sold for $7.9 million and was No. 8 on Golf Inc.’s recap of the top 10 deals in 2013.

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“We are in an unprecedented acquisition environment as club owners and lenders seek liquidity from these businesses. As a cash buyer familiar with most major U.S. markets and able to close expeditiously and
without financing, we expect to see a lot of interesting opportunities.”

The company did. From 2011 to 2013, it expanded from 13 courses to 41. In May of 2012, the company made a splash by gaining operating control of 22 courses.

“It was astronomical growth,” Bennison said.

Yet it took serious effort and time to find the right clubs, he said. At one point, he looked at more than 120 courses but only two were ultimately purchased, he said.

“We’re careful, we’re methodical, we’re thoughtful and we’re good listeners,” he said.

Despite his successes, going back to ClubCorp was a no-brainer, he said.

“The world changed in 2009,” he said. “And it changed back again in 2013.”

JOE GUERRA

When being interviewed recently, Joe Guerra was excited. He had just bought another golf course, The Manor Golf & Country Club, in suburban Atlanta.

For those keeping score, that makes 35-plus courses Sequoia Golf, of which Guerra is president and CEO, now owns.

“This is a very exciting time,” he said. “I haven’t felt this optimistic in years.”

His model is to buy quality courses in a geographical area — Atlanta being the prime example — and offer memberships to all the courses. Last year, he added three more courses to the network called Cannongate Golf.

But Guerra’s acquisition aggressiveness has only been recent. From 2007 to 2013, he only bought two courses: deeply discounted ones in Colorado.

Why?

“Because the world was coming to an end,” he said. “So we sat on the sidelines.”

Well, not quite. He got in the management business because banks and equity groups were calling and asking him how to make their flailing operations successful.

“We have the resources to add value,” he said.

Those resources include an equipment refurbishment company (so needed course machinery is cheaper), a marketing and
sales component called In Play Media, and a sophisticated research arm called Biz-Fore.

While the courses he bought prior to the recession did drop in value, they have since rebounded considerably, he said.

“We’re playing offense and not defense,” he said.

JOHN BROWN

John Brown started Brown Golf Management in 2011 — which is about the time some of the buyers we’ve been profiling became more active. Coincidence? Of course not.

“I waited until the economy was so bad that the prices were lower,” said Brown, the company’s president. “And I jumped in.”

That’s because the former Troon Golf turnaround specialist knew he could operate them more efficiently, given his vast experience in doing so.

“That’s all I ever done,” he said. “That’s the key to our success. We’re operators.”

He’s since purchased 10 courses. Like other buyers, Brown tries to purchase a number of golf courses in the same geographical area. For instance, in South Carolina he owns four courses within five miles of each other. This clustering helps control costs and gives members more golfing options.

“Instead of having four general managers, I have one,” he said. “Instead of four superintendents, I have two.”

He can buy in bulk, as well, and that further reduces costs.

He also is very cautious and deliberate in his purchasing decisions. He looks at dozens upon dozens of courses.

“There are distressed courses and there are distressed courses,” he said, noting that some are so isolated or weighed down by debt or bad real estate pairings that they can’t be saved.

But there are others that can be salvaged, usually by better management and adding revenue-enhancing offerings.

He thinks that adding new courses will be difficult in the future.

“We’re still in the buying mode, but prices are moving upward,” he said.

However, his firm — which has offices in Harrisburg, Pa., and Bluffton, S.C. — also offers management and consulting services, which he expects to grow.

“We own courses,” he said. “We’re running courses. We’re doing it, too. So we can show them how it’s done and how it’s done successfully.”

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THE BOARDROOM magazine

Photo: Left: Dee Kaplan, Editorial & Marketing Director The BOARDROOM magazine; Center, Hilda W. Allen, Hilda W. Allen Real Estate, Inc., Right: John G. Fosmier, Publisher/CEO The BOARDROOM magazine

• 600 Golf Courses Sold
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True professionals in the brokerage of
- Golf Resorts
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Blake Walker has not exactly been standing still when it comes to golf acquisitions. You almost need a GPS system to track him.

A former ClubCorp executive, in 2003 he started Pegasus Golf Partners, which reportedly purchased about a dozen golf courses. In 2010, he returned to ClubCorp as chief acquisitions and development officer, and then the company went on something of a buying spree. One of Walker’s bigger deals was the purchase of three Long Island golf courses.

He later left ClubCorp for Irving, Texas-based Arcis Equity Partners, where he is CEO and managing partner. In 2013, it purchased the Brightstar Golf Group portfolio — the fifth biggest deal in Golf Inc.’s top 10 listing.

Arcis is also rumored to be involved with a deal between the investment firm Fortress — Arcis’ financial backer — and American Golf Corp., which has nearly 100 courses in its portfolio. The Pellucid Perspective announced the deal was imminent last September, but still no closure. If it happens, it could be the deal of the young century. Walker declined to comment for this story, so it’s unknown where the potential acquisition stands.

**Blake Walker**

**STEVEN EKOVICH**

Not that long ago, golf courses weren’t marketed in sophisticated ways comparable to other real estate transactions, says Steven Ekovich, vice president and managing director of the National Golf & Resort Properties Group of Marcus & Millichap. His business, formed in 2008, set out to do so. It sought to better pinpoint pricing and improve packaging, presentation and the buying/selling process.

He calls the strategy “the four p’s.”

Take packaging, he said. His firm makes it a point to include all the information possible to potential buyers so they can make a more informed decision. It also lessens the chance that the deal might fall through later. A buyer, he noted, could get spooked by a missing element that turns up near closing.

The company has enjoyed considerable success, having brokered $3.5 billion in sales in its short history.

“We’ve had some pretty extraordinary business over the past four years,” said Ekovich, who works from Tampa.

That’s because people needed help to navigate a market that was under tremendous stress, he said. Everything was changing and quickly so.

The company prides itself on its market research and ability to make accurate predictions. For instance, it notes in its recent investment report how a year ago it predicted “the golf industry was six months or more past the bottom.”

And that’s true, Ekovich asserts.

“The median and average prices are up,” he said.

Having that ability to forecast trends allows the firm to advise buyers and sellers when it’s the best time to make a transaction, Ekovich said.

However, it was tough to convince sellers that the deflated market was the “new normal,” he said.

Owners would argue that their properties were worth millions more just years ago, he said. But that’s like saying you missed out on winning the lottery even though you didn’t buy a ticket, Ekovich said.

They didn’t buy a ticket, he said.

**JEFF WOOLSON**

Yes, golf took it on the chin the last couple of years, but as long as there is movement — deal-making, that is — then brokers reap benefits, said Jeff Woolson, managing director of CBRE’s Golf & Resort Group.

“Bad times are good times for brokers,” he said.

He knows what he speaks. Of the top 10 deals Golf Inc. listed for 2013, Woolson was the broker in four of them.

Obviously, Woolson brokers deals mostly between major players who are well educated in regard to market conditions and are keenly aware of what their properties are worth.

“We deal with strategic sellers,” he said. “They know. They’re big boys.”

Others, though, contacted him about his services and some of the stories were tough to hear.

“The hardest conversations were from those whose debt exceeded their course values,” he said. In short, they were underwater and in trouble.

Other tough moments were hearing from bank lenders who made, in hindsight, poor loans and were worried for their jobs. “I got many calls like that,” he said. “I still get calls like that.”

Today, the situation is slowly transitioning, he said. “There’s been an uptick in prices,” he said. “The buying pool is getting deeper.”

Woolson, who’s based in Carlsbad, Calif., also believes the game could still grow. Baby boomers are retiring and, while they have not taken up the game in the droves as some predicted, they could have impact.

And Asians, he noted, were the fastest growing minority in the U.S. in 2012. “They love golf,” he said.

**HILDA ALLEN**

President and managing director of Adel, Ga.-based Hilda Allen Real Estate, Hilda Allen had record business in 2009 and 2010. And she’s been in business for more than 30 years.

Why?

A lot of people wanted out of the golf business, she said.

Many were underwater on their properties and under pressure from their lenders,
LINKS CAPITAL ADVISORS

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CBRE

Jeff Woolson is an Executive Vice President who serves as the Managing Director of CBRE’s Golf & Resort Group. Jeff specializes in the sale of golf clubs, ski resorts, marinas and master-planned communities. Recognized by CBRE many times for his performance nationally and interviewed by major publications regularly, Jeff has been personally involved in transactions totaling more than $1.1 billion since 1991.
she said. Others were tired of the pressures of running golf courses in a glutted market. Some of her sales were bank-owned golf courses, the result of owners being foreclosed on.

“Some were happy to be getting out of it and some said, ‘Just get me out, I can't believe it's come to this,’” she said. “It was a very diversified mood among the owners.”

As with Ekovich’s clients, many of the sellers did not have a clear understanding of how their courses had devalued so quickly, she added.

“The sellers always thought the product was worth more,” she said. “We had to re-educate them.”

Some were selling at 20 to 50 cents of the purchase price, she said. Buyers were lured because of the dropping costs and the belief the investment was less volatile than the then very-volatile stock market.

She’s not sure if golf has hit bottom, because she’s getting more calls from sellers than ever, she said. In addition to the market conditions and lousy weather in the South, golf is under strain from burdensome government regulation, she said. Many owners complain about that, too.

“They’re tired.”

CHRIS CHARNAS
Some stories are tough to hear. Chris Charnas, principal of Links Capital Advisors in Evanston, Ill., tells this one: He met with a course owner who had run the course for 30 years. He did nothing wrong, Charnas said. Didn’t do any kind of over-the-top improvement. Wasn’t over-leveraged. But still the course couldn’t be sold for what he owed.

That’s hardly out of the ordinary, he said.

“Based on the calls I get regularly, there's still a fair amount of distressed properties,” he said.

Golf fees have compressed because of competition for players and new value-oriented pricing via the Internet, he said. And once the prices go down, it’s hard to bring them back up.

Small and middle-sized courses are the most vulnerable, he said. They have fixed costs and limited ways of reducing them.

He sees 2014 being similar to previous years.

“We’re kind of just muddling along at the bottom,” he said.