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## **To Golf or Not to Golf? That is the Residential Developer Question**

Building a golf course was once a given in planning a medium to large high-end residential community. As a result, many golf courses were built without regard to the economics of operating them. The developers often assumed that the members would increase dues to cover costs and offer memberships to area residents outside the development if needed. This assumption proved false, because dues increases can result in increased membership resignations and decreased membership sales and the market for area residents may be very competitive or too small.

A golf course should not be built — no matter how much it helps the marketing of residential property — unless a viable business plan is developed for the golf club, based on conservative, realistic assumptions.

The developer should consider how important golf is to the particular target markets for the development. If a golf club is not viable, the developer should consider adjusting the residential marketing plan to target purchasers for whom golf is not that important. If golf is necessary or strongly advisable to make the residential product marketable, the developer needs to determine how to make the golf club viable, by either increasing revenue (such as by increasing dues from inception or planning more nonmember revenue sources) or reducing costs (such as by downsizing facilities and planning a golf course with lower maintenance costs).

A home in a high-end community without a golf course can be amenitized in other ways:

- Preferred access arrangements at an area golf course, combined with implementing club-like programs at the golf course for the property owners;
- Family-oriented facilities, with activities and programs;
- Concierge and other services; and
- Landscaping, wetlands, and open space equivalent to a golf course.

The question may not be "To golf or not to golf?" The question may need to be restated as "How can golf work?" And if the answer is "It cannot," then it becomes "Will non-golf amenities work?"

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