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# 4 Planning for Golf Tourism

## Spotlight: Development of golf resorts in Australia

ANZ Ladies Masters Tournament, Royal Pines Resort, Queensland – the Richest Women’s Golf Tournament in Australia, courtesy of Queensland Tourism



A golf course is second only to a major body of water in terms of creating added value to residential development, according to Australian property analyst, Michael Matusik. ‘In a correctly conceived and researched development, the premium price obtained for fairway frontage and the marketing advantage of a golf course community can greatly exceed the course construction and operating costs,’ he says.

The Queensland-based researcher has been studying the golf property development business in northeast Australia since 2000. Matusik has determined that, despite the economic downturn and property market slump in Australia, golf course communities are still being built and golf estate homes still being sold at a premium. He attributes this ability to buck the trend to something more than just the golf. With only 20–25 per cent of golf estate residents actually playing golf, he says ‘most buy into a golf estate because the course is often 60 to 70 hectares of permanent and maintained open space, which adds prestige and lifestyle appeal to a residential development.’

His company, Matusik Property Insights, produces a regular newsletter with updated statistics and research results about the Queensland property market in general with a specific focus on golfing developments. Matusik maintains that once the initial lure of the golf has worn off, it is secondary facilities – such as non-golfing, inter-generational activities, lap pools, lounging areas, themed architecture

etc. – that sustains demand. With prospective residents comprising up to 75 per cent non-golfers (compared to around 50 per cent in the USA), Matusik says it is critical to plan for non-golfing activities in Australian developments.

The target market for golf course developments is predominantly baby boomers in Australia: 'The traditional golf course buyer household is either an older family with teenage children living at home, with household heads between 45 and 55 years of age, or an empty nester couple aged between 55 and 65 years,' says Matusik. Younger families are also buying into the lifestyle (particularly as telecommunications enable working from home away from urban centres) but often further away from the actual course where property prices are lower.

Profit margins can be high for golf real estate but it is paramount to plan developments carefully, focusing on social and economic conditions, competitive analysis and demand analysis. Some items that planners should consider are whether there are few golf courses in the area or if the existing courses are overcrowded; are land costs relatively low; will the estate contain mid and upper income housing; is the existing market sufficient to absorb premiums required; can capital costs of the course be amortized over several years and over at least hundreds of dwellings; and could the course be sold without detracting from the ongoing marketing of the residential product?

Environmental planning is, of course, key for the sustainability of golf course developments. Australia's Gold Coast saw large overseas investment during the 1980s in reaction to changes in government legislation. Too many golf course developments were subsequently planned, approved and built during this period, some circumventing normal business and environmental planning processes. The result was an over-concentration of golf facilities in environmentally-sensitive areas and an over-supply in relation to demand. By contrast, other areas are learning from this example, addressing these issues in advance of projects. Alexandrina in South Australia, for example, has written into its local council development plan specific controls on water use, vegetation and heritage preservation for golf developments. This has now been recognized as a best-practice model.

Planning for views is also crucial for the marketability of golf course housing. Many courses line allotments down both sides of a fairway with residences placed at a 90-degree angle to the course. 'Providing less angled allotments, changing building setbacks and envelopes, sacrificing some allotments, realigning streets, walking trails and cart paths can direct views toward focal points on the course and elsewhere within the estate. By opening up views to the widest possible audience a developer can maximize the overall base price, premiums and rate of sale,' says Matusik.

He's also convinced that a championship course is not always preferable – the potential clientele must be taken into consideration and most golfers don't boast the necessary handicaps. He recommends numerous tee placements at each hole. Provisions for the non-golfer are vital: 'A golf course provides a great way to integrate pedestrian access throughout the estate. Also, do not rely on the golf course alone, offer other open space and facilities such as pocket parks, BBQs, teenage sports' equipment and play gyms outside the golf course itself,' he advises.

In 2008 he concluded that buyers will pay up to 92 per cent more to live on a golf course. Signature designers, such as Greg Norman, Adam Scott and Karrie Webb, have been partly responsible for the rise in profile of golf course living in Australia. 'Property in branded projects sells faster and for more than in generic golf estates,' Matusik avers. Exclusivity has also helped boost sales – to be a member of the newer courses, golfers must own property in the estate. Premiums can also be affected by water frontage on estates as well as proximity to signature greens.

In a golfing estate the clubhouse can develop into the 'corner pub' of old: a focal point for socializing and also for neighbourhood outreach. Clubs are widening their offerings to fill this need. Settlers' Run, a new Greg Norman-designed golf development near Melbourne, holds a 'This is the Life' festival which features live jazz, wine and food tasting and children's activities – thus appealing to all demographic groups in the estate.

Other developments go a step further in providing a full lifestyle for residents. Shell Cove, on the New South Wales south coast, is part of a \$1.5 billion project including a seaside tourist hub with boat harbour, boardwalk and retail/cafe district, residential area and two golf courses. Nicely combining both 'sea and tee', the development also includes schools in order to attract families as well as retirees.

### Sources

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## Introduction

As the opening Spotlight indicates, planning is critical for the sustainability of golf course developments. In parts of Australia, poor planning resulted in an over-concentration of golf facilities in environmentally-sensitive areas and an over-supply in relation to demand. This chapter focuses on planning issues, outlining the initiatives and solutions most frequently applied in planning for golf tourism development. A section on the planning process is followed by an analysis of golf course types and different layout options. The next section focuses on the four types of courses suitable for golf tourism: 'Trophy' courses; single integrated resorts; golf courses associated with property developments; and networks of courses forming golf regions. There are a number of design considerations in the planning and development of golf courses and these are discussed in turn, followed by a final section on the costs of development and development problems that might arise during the planning process.

## The planning process

Tourism planning was originally seen as a simplistic process of encouraging new hotels to open, ensuring transport structures existed, and then instigating a tourism promotion campaign. But in the era of mass tourism development in the 1970s and 1980s, destinations paid the social and environmental consequences of unplanned tourism development. An example was given in the Spotlight where too many golf course developments were planned, approved and built in the 1980s on Australia's Gold Coast, circumventing business and environmental planning processes. Today, planning usually applies a comprehensive and integrated approach, which recognizes that all development sectors and supporting facilities and services are interrelated with one another and with the natural environment and society of the area (Priestley, 2006).

According to Inskeep (1991: p.28) there are eight steps to the planning process:

- 1 Preparation and organization for the project
- 2 Determination of development goals and objectives
- 3 Undertaking of surveys and inventories of the existing situation
- 4 Analysis and synthesis of the survey information
- 5 Formulation of the plan, including development policy and physical plan
- 6 Recommendations on plan-related project elements
- 7 Implementation of the plan
- 8 Continuous monitoring and feedback.

Inskeep (1991) also provides a road map for the planning of resorts specifically. The first step is to conduct a market analysis for the type of resort under consideration. The next stage is the conceptual stage where regional business and community relationships are explored and a resort plan drawn up after consultation with key stakeholders. This is followed by the development phase when various forms of financing are secured in order to complete the project. Larger projects usually require set stages of development during which various forms of financing are secured and different types of revenue generation are pursued to maintain debt repayment and cash flow. This has been the case for the Revelstoke development in Canada discussed in the Case Study at the end of this chapter. When original co-investors Don Simpson and Robert Powaduik pulled out in response to the economic downturn, Northland Properties took the reins. Founded by the Gallarti family, Northland owns the Sandman chain, Moxie's, Denny's and Chop restaurants, the Shark Club in Vancouver and other real estate developments. Northland's counsel, Bernie Malach explained that Gallarti was an expert in rescuing companies from potential bankruptcy with several successful turn-around projects in the past. 'At Revelstoke it will mean doing everything planned but doing it a bit slower,' said Malach.

There are a large number of stakeholders involved in the golf tourism planning process (Priestley, 2006). These include national and regional political authorities who are responsible for macro-scale policies and legislation. At the local and municipal level, the key stakeholders are political organisms, the general public,