



1 | PETE DYE
Red Mountain Ranch Country Club (Mesa, Ariz.)

GOLF HOMES OFFER A compelling opportunity to combine where you live with what you live for. But as indulgent as they may be, they're investments, just like all other real estate. In many cases, they are investments that demand even more legwork than a house in a traditional neighborhood.

Say you're considering a 4,000-square-foot Western-style ranch on a golf course adjacent to the 15th green. Given the location, that house will likely prove to be a better investment than a similar home in a generic subdivision two blocks away. Now put that same house on a course designed by Pete Dye, and you've hit the jackpot. That's because homes on Dye courses have appreciated faster over

five years than residences on courses created by other architects, even Jack Nicklaus, Tom Fazio, and Robert Trent Jones Jr., according to data just released by *Golf Digest* and *BusinessWeek*. In short, while multiple factors determine value and potential appreciation of golf real estate, one of the most critical factors is who designed the course.

"This data has never existed at your fingertips

HOW DESIGNERS AFFECT REAL ESTATE

Ranking	Architect	1-year change	5-year change	10-year change	1-year ratio*	5-year ratio*	10-year ratio*
1	Pete Dye	24%	248%	268%	3:1	1.6:1	1.1:1
2	Tom Fazio	49%	137%	189%	2.5:1	1.5:1	1.1:1
3	Arnold Palmer	19%	132%	231%	1.9:1	1.4:1	1.2:1
4	R. T. Jones Jr.	15%	100%	356%	1.5:1	1.2:1	1.5:1
5	Jack Nicklaus	34%	105%	260%	1.6:1	1.1:1	1.1:1
6	Arthur Hills	14%	74%	238%	1.4:1	.9:1	1:1

*Golf-home appreciation vs. non-golf-home appreciation in the same Zip Codes



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TOM FAZIO
White Columns Country Club (Alpharetta, Ga.)



3 | ARNOLD PALMER
Legacy Golf Club (Bradenton, Fla.)

before,” says Sara Killeen, president of Longitudes Group LLC, a market research firm that specializes in analyzing the economics of golf and fitness. Longitudes used a combination of information from zillow.com, the online real estate valuation site, and county assessor records to analyze golf developments in nine markets around the U.S. (map, page 90). A total of 1,800 homes built on golf courses in the past 20 years and valued at more than \$1.5 billion were included in the analysis. The data was compiled and analyzed in consultation with John Rooney, PhD, professor emeritus of geography at Oklahoma State University and co-founder of Longitudes Group.

The golf-course homes were assessed based on how their market value changed over the past 1-, 5-, and 10-year periods, and how that appreciation compared with other homes in the same Zip Code. On average, for the six architects included in the study (Dye, Arthur Hills, Fazio, Trent Jones Jr., Nicklaus, and Arnold Palmer), the golf homes

appreciated 28% faster over five years, a higher rate than similar homes in the same areas. (Other popular architects, such as Tom Weiskopf, Gary Player, Rees Jones, and Greg Norman, were studied but excluded from the final list because the number of real-estate courses they have designed in those specific markets was not large enough to render meaningful comparisons.)

The most striking fact to leap out of the data is this: Over the past five years homes built on Dye courses have outperformed other homes located in the same Zip Code by 60%. Fazio, Palmer, Trent Jones Jr., and Nicklaus follow Dye in the five-year averages. Meanwhile, homes built on Hills courses have underperformed, trailing the homes in the same Zip Code by 10%. For those thinking longer term, Trent Jones Jr. was the top 10-year performer.

So what’s behind the Dye edge? For starters, Dye is one of the premier course artists of all time, landing nine designs on *Golf Digest’s* list of America’s 100

**CHICAGO:
OLDEST
AVERAGE AGE
OF HOME IN
MARKETS
ANALYZED:
23 YEARS**





4 ROBERT TRENT JONES JR.
Sky Creek Ranch Golf Club (Keller, Tex.)

Greatest Courses. His name has been especially recognizable of late as he continues to create challenging tour-caliber venues. Trent Jones Jr. is a high-profile name in the game, partly because of his father, the legendary course architect. Houses on Nicklaus courses would probably show greater appreciation, but the prices of some of the homes in those devel-

**DALLAS/
FORT
WORTH:
NEWEST
AVERAGE AGE
OF HOME IN
MARKETS
ANALYZED:
7 YEARS**

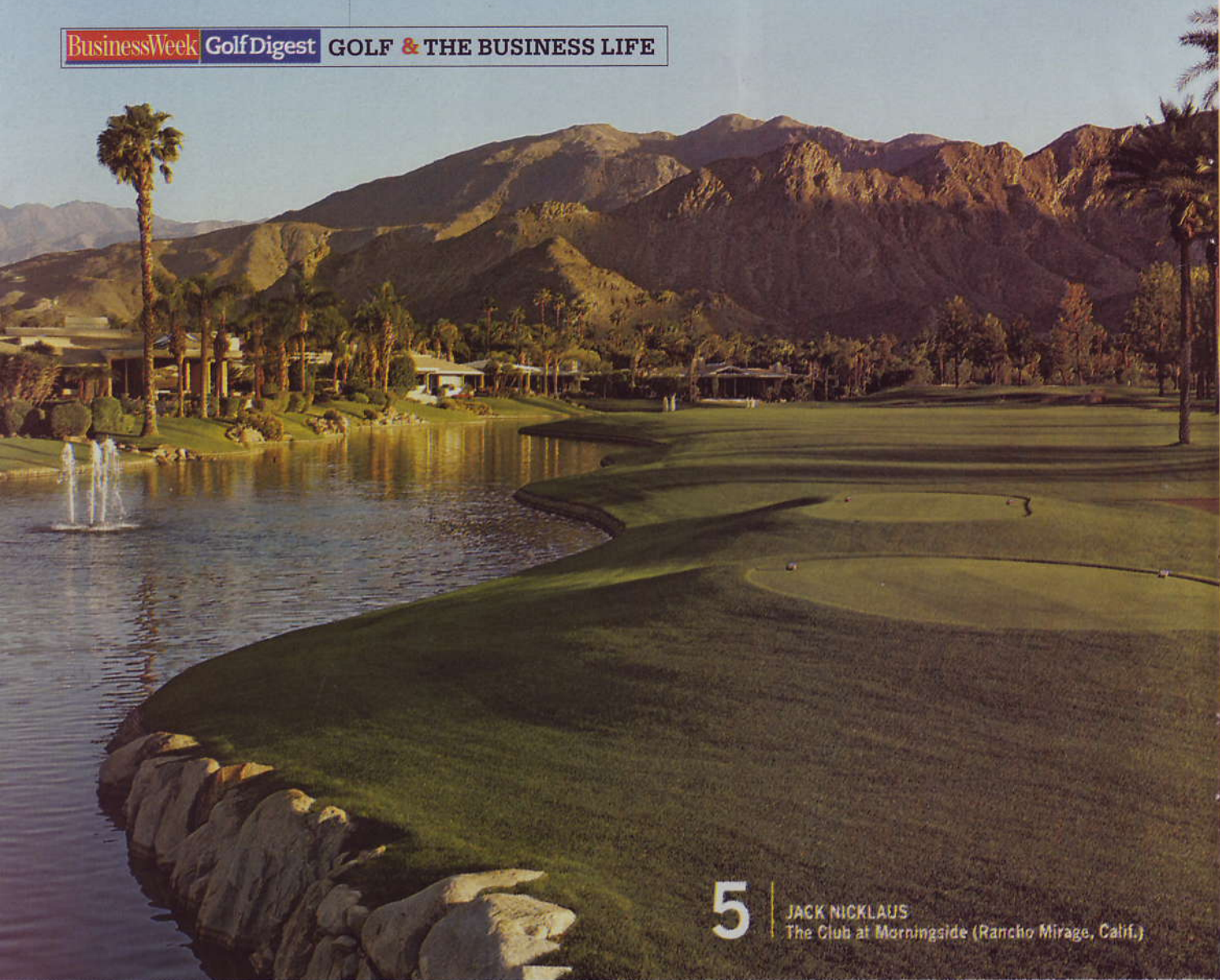
On average, a home built on a Fazio course is more than 4,000 square feet and costs \$1.3 million. A home on a Palmer course averages 3,200 square feet and costs \$690,000.

According to Hegarty, the majority of buyers are keenly aware of the investment aspect of their purchases. "They could invest that money elsewhere,

opments were initially set relatively high and therefore have not gone up as quickly. Fazio has a reputation for designing visually striking—yet forgiving—courses. Hills, though a truly talented and prolific designer, is more successful in certain geographic regions. His numbers are strong in the South, especially along the South Carolina coast and in Southwest Florida and Dallas/Fort Worth, where his name recognition is stronger. In those markets, the homes on Hills courses outperform the market by an average of 43%. But in the West, particularly in Palm Springs, the values on his courses have not held up as well.

It might seem as if the name of a golf-course architect shouldn't matter that much. A well-built home on a good course should be all that counts. But those in the business know better. "A real estate broker can see it in a buyer's eyes when the name of the golf course architect is mentioned," says Colin Hegarty, president of Golf Research Group, a consulting company on the golf business. "That name is one of the sales tools used to close the deal."

A lot of those deals are being closed. Golf real estate accounts for \$9.9 billion of an estimated \$62.2 billion industry, according to the National Golf Foundation. Not surprisingly, the homes in this study fall in the high end of the market, with an average value of \$894,000. The architect makes a big difference there, too.



5

JACK NICKLAUS
The Club at Morningside (Rancho Mirage, Calif.)

but they believe the most productive investment opportunity is to put the money in a golf-course home," says Hegarty. "They believe it will perform better than the stock market, bonds, or anything else they could invest in. Quite often, they're right."

Now that the baby-boomer generation is approaching retirement, chances are that trend will get stronger. "There is considerable demand for golf homes from this [group]," says Henry DeLozier, vice-president for golf at Pulte Homes, the \$14 billion residential real estate developer. "That demand comes from people's increased discretion over their time and money. There's no question, golf accelerates our sales pace."

Pulte has 45,000 homes in its portfolio, 13,000 of which are considered golf homes. The company has more than 30 new golf projects in development. Interestingly, Pulte has historically shied

**ORLANDO/
DAYTONA:
FIVE-YEAR
APPRECIATION
OF GOLF
HOMES IS THE
HIGHEST OF
ALL AREAS
STUDIED:
187%**



from the marquee names in course design in favor of specialists more sympathetic to the clients' needs. "We want a designer who understands the flexibility required from large-production homebuilding activity," says DeLozier. "Our designers need to understand that things change a lot every day. And we need someone who can express creativity within the context of a double-loaded fairway [a fairway with homes lining both sides]."

Important regional differences go beyond the name of the architect. Golf homes in traditional "live/work" areas, or urban centers, tend to appreciate faster and better than those located in snowbird or retirement-oriented communities. For example, during the last five years, golf homes in the Dallas/Fort Worth and Chicago areas have risen at nearly twice the rate of other homes in their Zip Codes. Golf homes in Palm Springs, Phoenix, and

J.D. CUBAN

Southwest Florida have underperformed during the same time period.

“The strongest appreciation occurs in the residential markets, as opposed to the sun spots, largely because those are people who are in their peak income years,” explains Killeen. “The more remote locations are geared toward the fixed-income, second-home, retirement crowd, and that is much

For more in-depth analysis, click businessweek.com or golfdigest.com

THE MARKETS WE STUDIED

A glimpse at golf-course real estate across the country



more tied to the overall economy. If the market is down, you don't buy a second home.” With the real estate market finally losing some of its frothiness, it might pay to wait on those secondary markets until prices bottom out.

It's worth keeping in mind that a handful of architects are considered up-and-coming, a next generation that doesn't have the cachet of Nicklaus or Dye but might be a good investment in the long run. For example, Jim Engh was selected as *Golf Digest's* Architect of the Year in 2003. He just completed a high-end course, The Creek Club, at Reynolds Plantation in Georgia. Michael Hurdzan has designed a number of well-received courses, including Bully Pulpit in Medora, N.D., for which he won *Golf Digest's* award for Best New Affordable Public Course in 2005.

Admittedly, investing in real estate is equal parts strategy and luck, and golf-course real estate is no different. But buying a home on a course designed by a well-known architect, like striping one straight down the middle, can have its benefits.

Dan Briody is a Connecticut-based business writer and best-selling author. His latest book, The Halliburton Agenda, was recently released in paperback.

(MAP) L-DOPA; (PHOTOGRAPH) MICHAEL CLEMMER



6 ARTHUR HILLS
Coosaw Creek Country Club
(North Charleston, S.C.)