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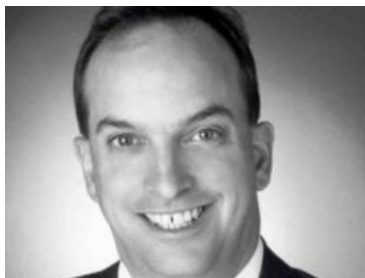
Last Updated: March 11, 2013

UPDATE

# Buyers Snapping Up Golf Courses

By **Brian J. Rogal** | Chicago

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Chris Charnas

CHICAGO, IL- Many real estate sectors went into a steep decline, or even collapse, during the recession. But few were hit as hard as golf courses, and experts say the whole industry has to change.

“Part of it was the economy, but partly it was a demographic shift,” said **Chris Charnas**, principal at the Evanston-based **Links Capital Advisors, Inc.**, a broker that specializes in golf courses. “No one has as much time to spend at country clubs.” Even if the economy recovers, younger fathers spend more time providing childcare or coaching soccer

than they used to, making it difficult for clubs to attract the next generation of players. “They’re going to have to downsize; there’s going to have to be fewer clubs.”

But with many longtime owners looking to get out, a lot of courses will change hands over the next few years, and at bargain basement prices, Charnas added. A club with 180 acres that might have fetched \$5 million in the previous decade can now get picked up for \$2 million, and sometimes much less. “That’s a great deal for that much land.”

“We are still seeing a number of distressed assets coming to market for sale and we believe this trend will continue for the next 12-18 months,” Charnas [told GlobeSt.com in February](#). He had just completed the sale of the **Woods Golf Club** in Green Bay and the **Silver Spring Golf and Banquet Center** in Menomonee Falls, and was marketing at least six others across the Midwest. If a viable debt source returns to finance acquisitions, prices might rise, making it less of a buyers’ market. But for the near future, Charnas expects a steady stream of cheap deals, many the results of bank foreclosures.

The sports’ decline even required brokers, buyers and sellers to change how they calculated the value of a golf course. For many years, the value was typically a multiple of a club’s net income.

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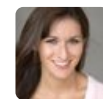
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But, “you can’t put a net income multiple on something with no net income,” Charnas said, currently the unfortunate situation of most golf clubs. Instead, it has become accepted practice to peg the value as 1 to 1.5 times of gross revenue.

Hard times have not hit every Midwestern country club. Charnas said that the established clubs along Chicago’s North Shore seem immune to the industry turmoil. “There is so much money behind them that they’ll be fine forever.”

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### About Our Columnist



Brian J. Rogal is a Chicago-based freelance writer with years of experience as an investigative reporter and editor, most notably at *The Chicago Reporter*, where he concentrated on housing issues. He also has written extensively on alternative energy and the payments card industry for national trade publications.

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