

Welcome!

Golf & Real Estate Symposium

Featuring - Golf Life Navigators, Club
Benchmarking and Private Club Radio

Dr. Jim Butler

CEO of Club Benchmarking



About Jim

Jim has a wealth of operational experience and a proven track record in communities. He has been part of development teams in the number one real estate country club community in three markets over a 30-year operational career – he is recognized as both a practical expert and one of the leading researchers in our Industry. Jim has personal experience that is relevant to today's world – membership mix, resident capture rate, increasing real estate value, member behavior research, and working with members/residents to drive success. With Club Benchmarking, Jim has expanded the breadth of CB's reach through real estate and country club community success.

Club Benchmarking is the leading Club analytic and business intelligence company in the world, specializing in country clubs, golf clubs, yacht clubs, and dining/city clubs.

Gabriel Aluisy

Host of Private Club Radio



About Gabe

Gabe is the founder of The Private Club Agency and host of Private Club Radio - the most listened-to podcast on private club management.

He's the author of The Definitive Guide to Membership Marketing - the world's #1 best-selling book on how to market a private club. Gabe has recently released his fifth book - 16 Stories That Sell Memberships.

The Private Club Agency helps clubs build membership while increasing retention. Services include lead generation, marketing automation and video production.

Michael Timmerman

Chief Market Intelligence Officer, Club Benchmarking



About Mike

Mike has been analyzing Economic trends related to housing and community development for over 30 years. This market intelligence is used to advise clients how to maximize Real Estate value and enhance marketability for current and future generations. He holds a BS in Economics and is a CRE member of the Counselors of Real Estate.

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Jason Becker

CEO of Golf Life Navigators

About Jason

Jason began his career in the golf industry in 2005 at Florida Gulf Coast University's Professional Golf Management Program. In 2014, he made the leap into entrepreneurialism, co-founding Golf Life Navigators. Since, he has been named finalist for three 40-under-40 awards and has brought the game of golf to the technology and real estate industries. Most recently, Jason was featured in The New York Times, educating readers on the dynamics of gated communities in the sunbelt.

Golf Life Navigators efficiently eases the process of determining the precise golf and country club membership choices for golfers looking to retire, relocate or engage in the "snowbird" life. Created in 2014 by grass-root PGA Professionals, club managers and membership directors, GLN's algorithmic technology guides discerning golfers, club seekers and property buyers through an in-depth questionnaire and provides instant matches of club communities that are befitting of their unique lifestyle desires and budgets.



David Wallinga

Consumer - California to Florida in 2019



About Dave

After a successful career in media and marketing, Dave and his wife, Rita, made the decision to move from California to Florida in search of their ideal golf and club lifestyle. They started their search in 2018 and began working with Golf Life Navigators to filter 90-plus club communities in Southwest Florida. During the search, real estate became an important factor for Dave as he explored and researched the pros/cons of living within the gates of a golf community versus outside the gates. He and Rita eventually made their decision. They purchased a beautiful home and became members at The Forest Country Club in Fort Myers, Florida.

Dave will be sharing his story on how they managed the search and the lessons they learned along the way before making a decision.

Did he buy within the gates? You will have to wait and find out!

Gated Golf Communities & The Real Estate Decision

Presented by: Golf Life Navigators, Club Benchmarking and Private Club Radio





Today's Objectives

- 1.) Learn about the dynamics of two pathways consumers take when searching for their ideal club community - Resident Membership vs. Non-Resident Membership.
- 2.) Understand the financial dynamics and impacts of the consumer decision for club officials.
- 3.) Hear from a consumers point of view after completing the search in 2019.
- 4.) Investigate recent consumer buying trends amidst Covid-19 and how clubs and real estate agents should think about marketing in 2020-21.
- 5.) Discover how a clubs amenity values directly affect the market value of real estate within the gates of the community.

A few housekeeping items before we begin...

We will provide a recording of today's presentation so don't worry if you have to take a call

#1

Use the Q&A box to ask Gabe a question and we will send to him to ask the panelist

#2

There will be open Q&A at the end so if we do not get to your question Gabe will address then

#3

If you wish to speak with one of the panelists after the event contact information will be provided

#4

Resident

VS

Non-Resident



Consumers who buy a home
at their golf club...why?



Consumers who choose to live
outside the gates of their golf
club...why?



Let's Begin With The Resident Member

Jason, can you share some intel on consumer sentiment these days for gated golf communities?

- 60-70% of users who use GLN plan to **combine their search** of club and home
- Of those, it is a 50/50 split on which is most important - home or club?
- Female involvement is key in the decision - largely dependent on the club's amenities
- In 2019, 48% of users indicated they wanted to live **outside** the gates
 - In 2020, that percentage has decreased to 40% (Covid)
- The Top Three External Motivators of consumers seeking gated communities:
 - #1 For the Friendly Culture of the Club
 - #2 For the Landscaping
 - #3 For the Golf Amenities
- The Top Three Internal Motivators of consumers seeking gated communities:
 - #1 For a Place When I Retire
 - #2 For Social Interactions with Others
 - #3 For Quality of Life



Golf vs Lifestyle vs Real Estate

Jason, what are a few hot trends you see and items the industry and consumers should take note of?

- Golf is **not** the #1 motivator...even for golf enthusiasts
- Coming to a golf saturated market, it's all about **lifestyle**
- Consumers are viewing this decision as an **investment** as well as a **fun** winter get-a-way
- Family and kid friendly environments - including dining, clubhouse pool, etc.
- Which clubs are investing into their amenities?
- Location to resources play a significant role...i.e. airport, medical, shopping, dining, etc.
- Clubs will need to market the club, lifestyle and **real estate options** to satisfy the key requirements of consumers
- The real estate community needs to have a pulse on the local clubs they are selling in:
 - Membership programs, capital improvements
 - Rules of engagement with club officials
- Golf is **not dying**, consumers are active and want more



Searching for a home in a gated community

Dave, can you share some key elements that you considered while searching for a golf community home?

- First and foremost, we wanted to find a home we would love
- Find a club we wanted to spend a lot of our time - culture and management of the club was key
- Be close to family
- Location and amenities
- Return on Investment should I exit - much different dynamics than Pasadena
- Is the club in a safe and secure area?
- What is the average age of the residents?
- We ultimately decided to unbundle the search
- We worked with a real estate professional who understood golf and the dynamics of multiple communities in the area we selected as our target destination



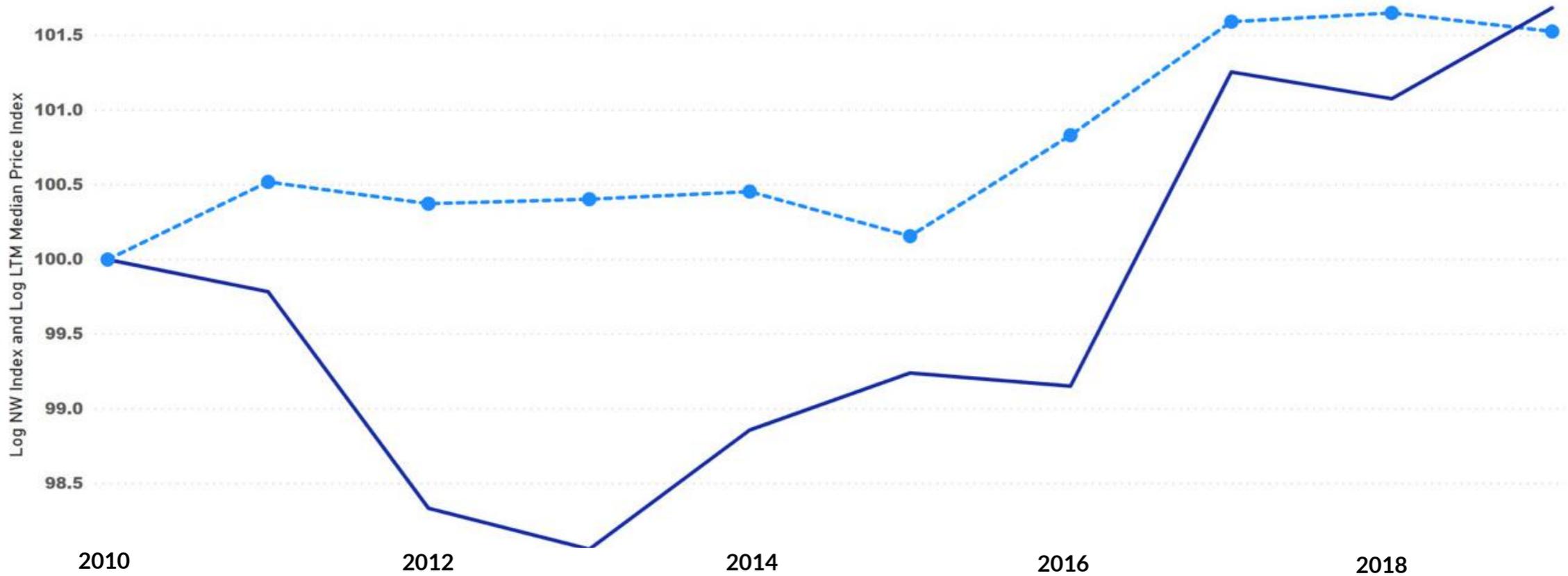
Gated Club Community Amenities

Mike, can you share some examples of how amenities will impact a consumers lifestyle, home and overall happiness level?

- **Lifestyle Value** is the regard that something is held to deserve, the importance, worth, or usefulness of something, and reflects an individual's judgment of what's important in one's life. The lifestyle value (your home, the club amenities, social interactions) are **personal** in nature and based on their importance to your **personal** lifestyle.
- **Financial value or Market value** is the only element of value that is measured based on the collective view of how others perceive the value of a good or service, i.e. the home, the club amenities, the social interactions and their opinion as it's importance to their future **personal** lifestyle.
- **Community amenities** have a positive impact on the marketability of real estate within a golf community. New or renovated amenities will **improve the member's lifestyle** immediately upon completion, with the impact on real estate values dependent on the market trends and the design, age, and condition of the property.

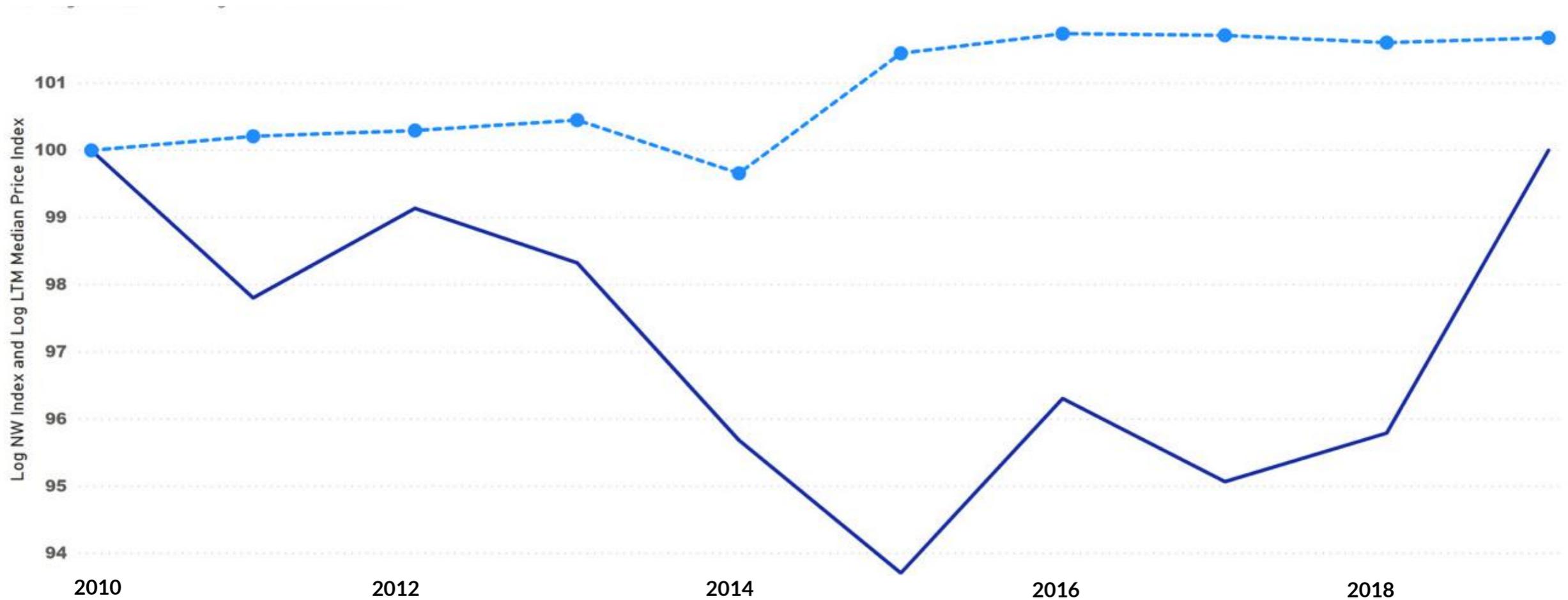
Gated Club Community Amenities

- The blue dotted line represents the net worth of the club and the blue line represents the median home price.
- Community A below made major amenity improvements in 2016 and 2017 with real estate value change positively impacted by the new amenities.



Gated Club Community Amenities

- **Community B** made amenity improvements in 2014 and 2015 and it took three years for the real estate values to reflect the impact of the amenity's improvements.



Gated Club Community Amenities

Mike, how do you measure the impact of a new amenity on the member's lifestyle?

- New master-planned developments include many of the same lifestyle amenities that existing golf communities have except for the golf course itself.
 - Dining
 - Wellness Amenities
 - Kids Zone
 - Dog Parks
 - Etc.
- New development amenities depend on community size, product design and target market.
- The most common amenities include; Town Center with all the amenities of a cruise ship or small town.



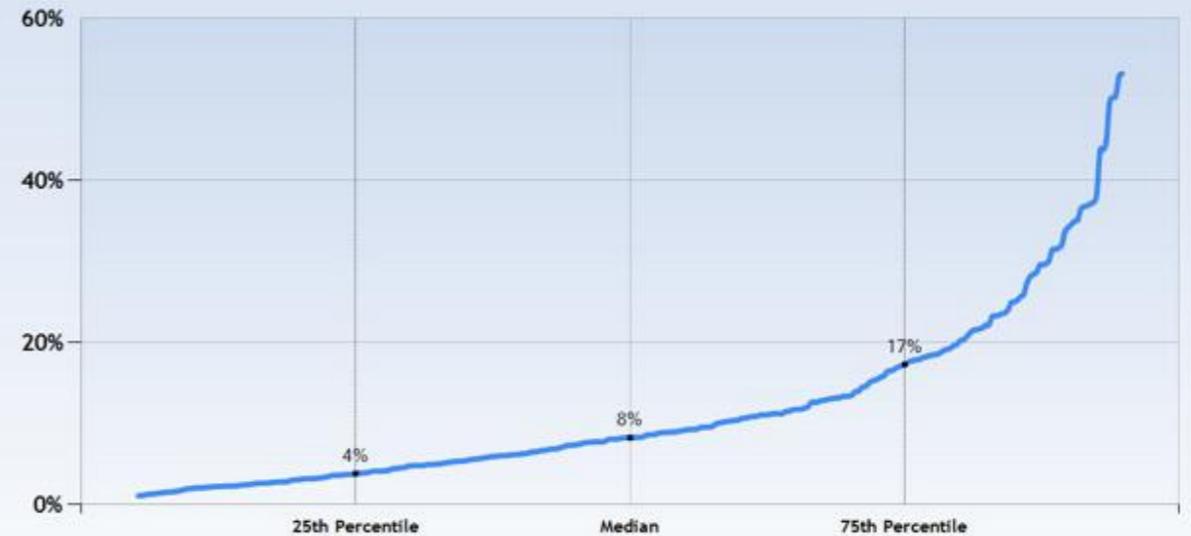
Club Cashflow & Financials

Jim, can you talk about the important aspects of how full golf members play a key role in the club's financial sustainability?

Member Counts



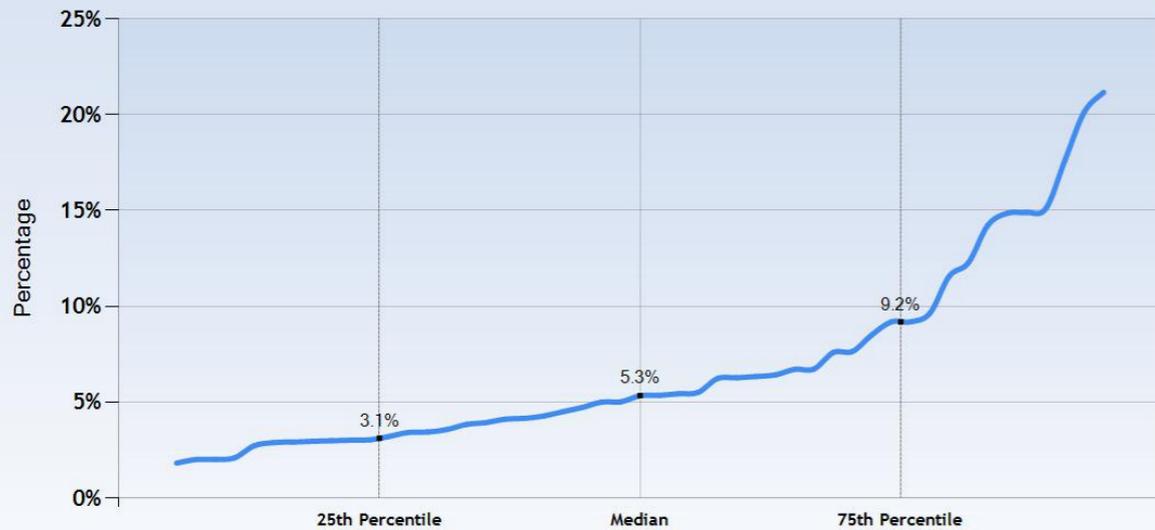
Ratio - Non-Resident Member Count to Full Member Count



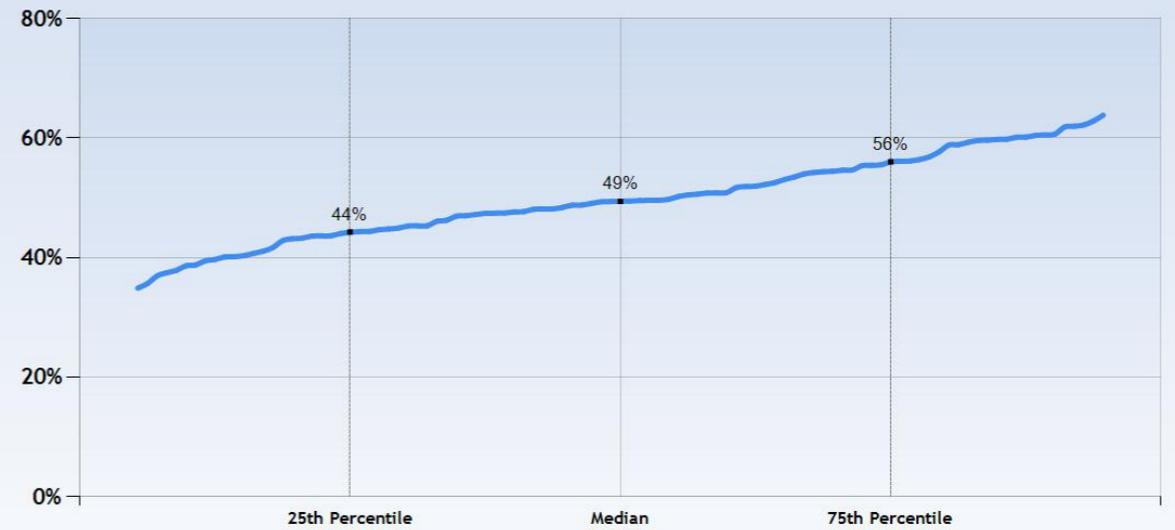
Club Cashflow & Financials

Jim, can you talk about the important aspects of how attrition plays a key role in the club's financial sustainability?

Full Member Turnover Percentage



Dues Ratio
Dues Revenue as a Percentage of Total Operating Revenue

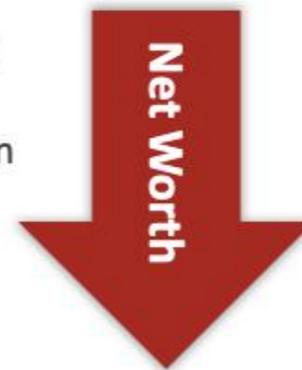


Club Cashflow & Financials

Jim, in the opinion of Club Benchmarking, what is the most important metric for a Club?

- Unrestricted Net Assets = Net Worth or Book Value of the Club
- Club operating ledgers are typically set to break-even. In that scenario, Net Available Capital (EBDTA) must be greater than depreciation in order for net worth to increase

Net Available Capital
(EBTDA)
Less Than Depreciation



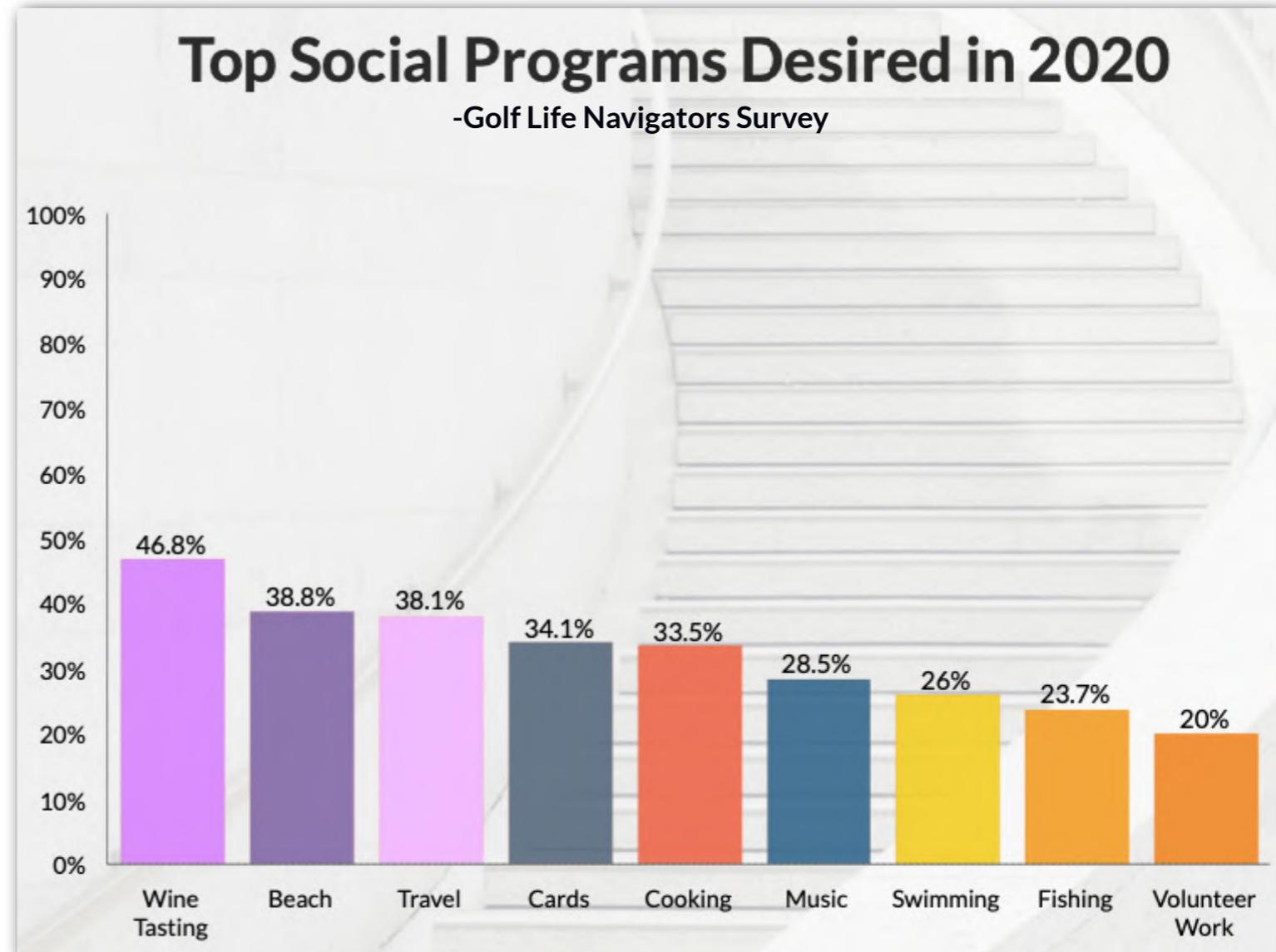
Net Available Capital
(EBTDA)
Greater Than Depreciation

Net Worth growth requires incoming members **AND** existing members to contribute to capital

Marketing to Consumers & the Real Estate Community

Gabe, can you share some helpful tips that would help the club and the real estate industry think about their marketing approach?

- Features < Benefits
- Home buyers are looking for communities that focus on:
 - More than golf...health, wellness, dining, etc.
 - Safety and Security
 - Like minded folks - Testimonials
 - Captivating Stories - Video
 - Understanding Motivation
 - Highlighting the clubs within the club





Key Take-a- ways

- 1.) The real estate decision is gaining in importance for consumers. Clubs need to prepare, real estate agents need to understand their local clubs and consumers should seek a golf knowledgeable real estate agent.
- 2.) As a consumer, plan on spending a lot of time at the club. Can you imagine being happy there?
- 3.) Amenities are a key element to the search, look for clubs who are investing into their infrastructure.
- 4.) Have a good understanding of how the club operates financially before investing, ask questions, know your position as a member.
- 5.) Marketing for real estate buyers should be priority #1 for clubs. Highlight the clubs within the club to check off social need and desire.

Resident

VS

Non-Resident



Consumers who buy a home
at their golf club...why?



Consumers who choose to live outside
the gates of their golf club...why?



Turning Focus to Non-Resident Members

Jason, why are consumers looking outside the gates of their future club?

- They feel like they are too young for a club community
- Do not wish to pay higher HOA fees
- Want to be near shopping, dining and nightlife
- Spouse simply does not want to live in a golf community
- Fearful that the golf course could suffer financially

Concerns of consumers who plan to buy outside the gates

- Do most clubs offer non-resident memberships?
- Should I still consider an equity membership?
- Will the resident members accept me?

Items to consider for listeners

- Clubs - 40% buyer trends looking outside the gates. How will that impact your capture rate?
- Real Estate Agents - Do you know what clubs offer non-resident memberships?
- Consumers - Don't be fearful of sunbelt communities closing.



Becoming a Non-Resident Member

What led Dave and Rita to deciding to purchase a home outside the gates of his new club?

- We wanted new construction - 2 miles from our new club
- The club had 36 holes so we felt confident in playing ability
- We were welcomed day one by the members of my club (The Forest Country Club in Fort Myers, Florida) - incredible club culture, members and staff
- We also gained Gulf of Mexico access by building outside the gates of the club
- Ultimately, we have the best of both worlds



New Construction

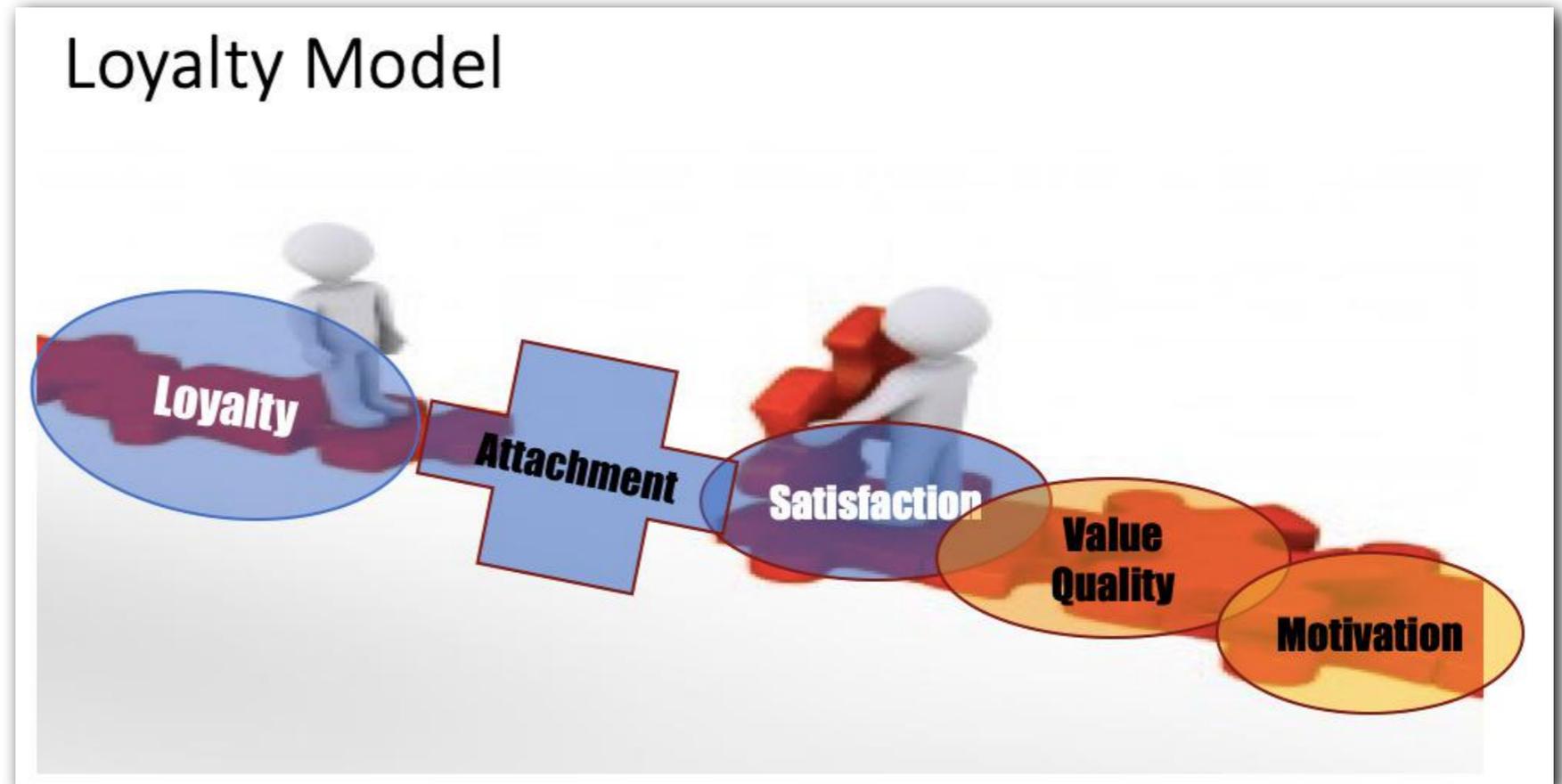
Mike, can you share some insight on the new construction market for communities that do not have a golf course?

- The majority of new developments that focus on the **55+ market** include a variety of **product designs** and price ranges.
- The larger communities offer limited service interior amenities that include a **resort pool** with grills, demonstration kitchen, **wellness facilities**, with part time fitness directors, meeting rooms and social gathering places and may have a concierge.
- Exterior amenities are similar to a residential community club, with the exception of golf and include, bocce, pickleball, tennis, croquet, **walking trails**, etc.
- Some developers include a Food and Beverage component to compliment the other services, however it is **typically limited in offerings** and operational hours.
- The developers objective is to provide amenities with limited staffing to reduce their overhead, **keep the annual cost of ownership down** and simplify the homeowner transition process.

Are non-resident members loyal?

Jim, can you talk about member loyalty and place attachment? Do clubs run the risk of an increased attrition rate because of a growing list of non-resident members?

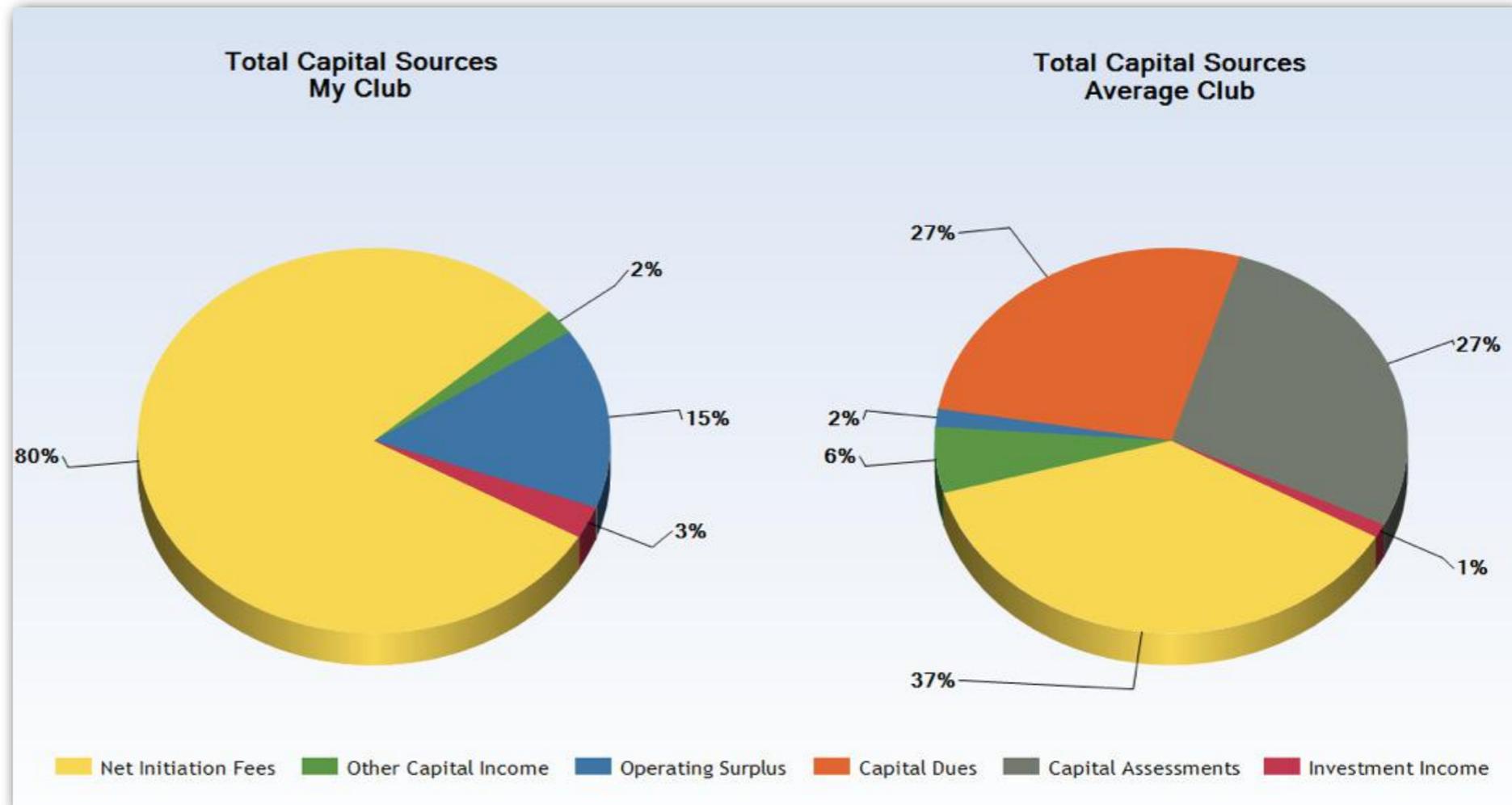
- Satisfied members are not necessarily loyal
- There are four elements to attachment which link satisfaction to loyalty
- Impact on Net Promoter Score (NPS)
- How to equate loyalty to motivation
- Why outside perspective is important to help create loyal members



Capital Improvement Programs vs. Low Capture Rate

Jim, do you believe that non-resident members view the club differently than resident members
-in terms of capital improvement programs?

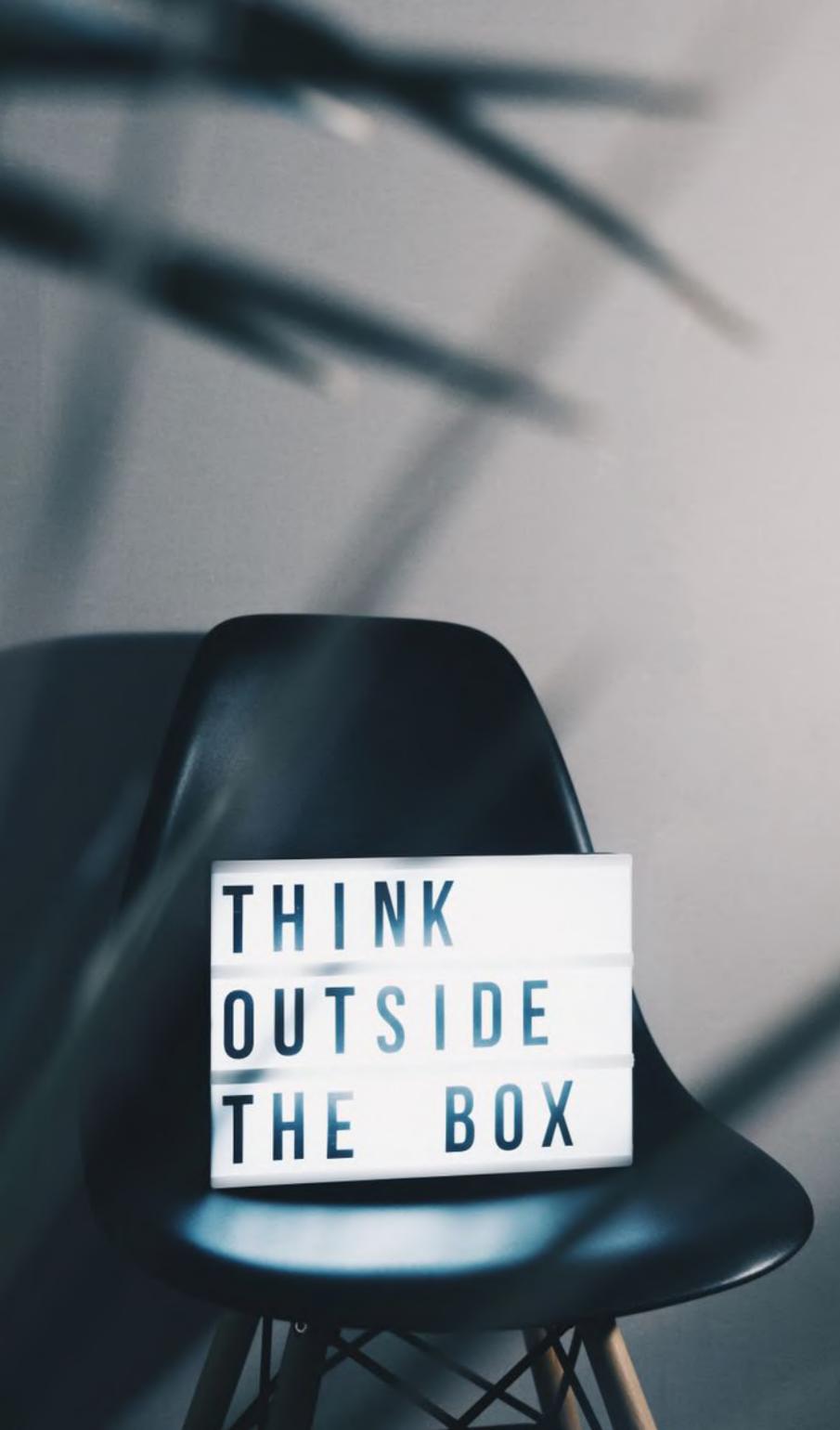
- Initiation Fees
- Recurring Capital Dues
 - Best Practice - recurring dues tied to future capital needs that are precisely quantified
- Operating Surplus
 - Mixing of the Operating and Capital Ledgers
- Donations and well meaning contributions
- Capital Assessments
- Sale of Assets (land, etc.)



Marketing to Non-Resident Buyers

Gabe, what is some food for thought clubs and the real estate community should consider when marketing to consumers seeking non-resident memberships and homes?

- Analyze your current membership to spot demographic trends
- Use that information to decide what platforms to market on
- Focus marketing efforts on zip codes your current members are already coming from
- Focus on a 15 minute drive time
- When targeting struggling clubs, consider creating a group pricing & marketing strategy

A black Eames-style chair is positioned in the lower-left corner of the image. On the seat of the chair, there is a white rectangular sign with the text "THINK OUTSIDE THE BOX" written in blue, uppercase, sans-serif font. The sign is divided into three horizontal sections: "THINK" on the top, "OUTSIDE" in the middle, and "THE BOX" on the bottom. The background is a blurred indoor setting with a plant visible in the upper left.

THINK
OUTSIDE
THE BOX



Key Take-a- ways

- 1.) For clubs, there are a number of concerns consumers have about being a non-resident member - address and talk about them with prospects.
- 2.) For buyers, it may seem like a daunting task but try and unbundle the search and find the best of both worlds.
- 3.) New construction is a great solution for non-resident members seeking great amenities - but don't go in without representation (use a real estate agent).
- 4.) Clubs will need to focus on capture rate and a growing number of non-resident members. Is your club positioned financially for future capital improvement plans?
- 5.) For real estate agents, more and more buyers are seeking non-resident memberships. Know your local clubs and if they offer such a membership.

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By the Numbers - Covid

Jason, can you provide any intel on consumer sentiment toward Covid and 2020 in general?

- **18%** of consumers are expediting their search due to how their **northern state** is managing Covid-19
- **31%** of consumers are expediting their search due to **political reasons**
- **18%** of consumers are expediting their search due to **early retirement**
- **42%** of consumers are now considering a sunbelt home to **escape large populations** of people
- **67%** of consumers are now seeking a sunbelt home with office space to **work remotely**
- **34%** of consumers are planning to **decrease** their budget for club and home
- **25%** of first time buyers have **stopped** their search due to the country's **economic uncertainty**
- **14%** of multi-club buyers have **stopped** their search due to the country's **political uncertainty**



Advice to Consumers

Dave, can you share some tips or insight with consumers that may help them with their search?

- Establish priorities and stick with them - hundreds of options
- Cast a wide net and do your homework - use GLN
- Play the course and spend time with members, feel the energy in the club
- Ask members about their OTHER favorite clubs - gauge answers
- Ask the membership director "if I don't join this club, where would you join? - gauge answers
- Put a plan in place prior to travel
- Once you've narrowed options, meet with the finance chairman, understand how the club functions financially - this is a great learning moment
- Work closely with your realtor to understand average square foot values for one club to the next - this is key for investment purposes



Dispelling Real Estate Myths

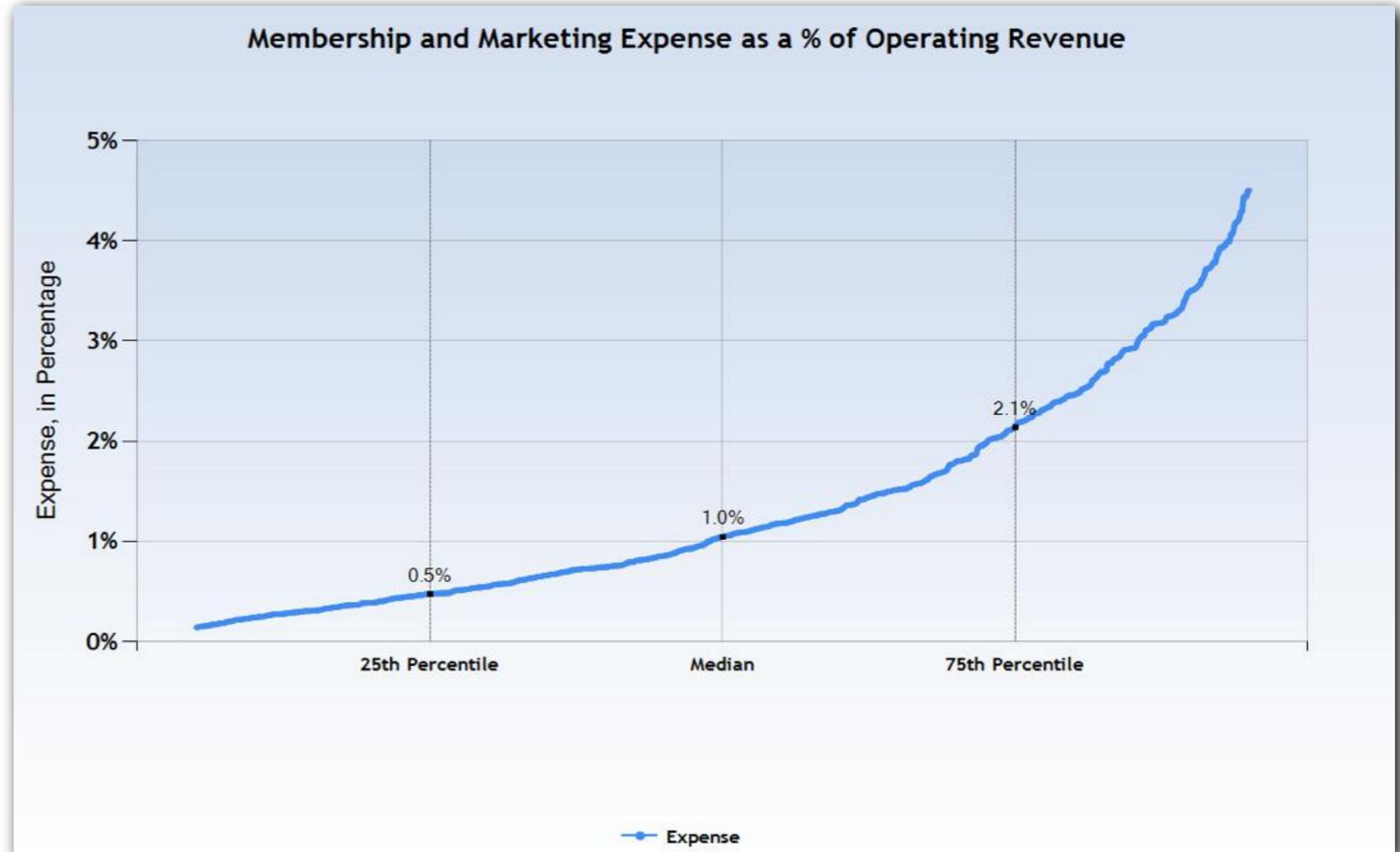
Mike, can you share some insight into a number of myths that are in the market as it pertains to single family vs. condo values in gated golf communities?

- Property values are driven by market
- New owner makes investments into the property - they benefit
- If they don't make investments - they will likely lose market value
 - The new buyer will have to spend time and money to make the home what they are seeking - that may be a tough sale
- In all, property searching can offer a positive outcome - as long as you can find the lifestyle you are searching for

Private Club Marketing - Operational Expense

Jim, how important is marketing for resident and non-resident prospective members for clubs in 2020-21?

- The 75th percentile clubs spend twice as much as the 50th percentile
- Above the 75th percentile clubs are spending 4%-plus in marketing
- Median revenue for clubs is between 7-8 million
- Developers are spending much more on marketing
- Clubs should consider an onsite real estate office
- Marketing expenses are dynamic and correlate to attrition rate





Consumers connecting with Clubs and real estate agents

Gabe, what can consumers assume when they see great marketing material coming from clubs and the real estate community?

- Clubs with emotional marketing material will let you know that they understand your desire for socialization and a friendly atmosphere
- Clubs with a dated website and collateral material might not have the budget to attract new members - this could be a red flag
- Consumers should look closely at the technology the club offers to better the member experience....i.e...virtual tee times, auto check-in, dining apps, etc.
- Consumers should inquire with their real estate agent specific questions about the club to gauge whether that agent knows the basics about the club
- Marketing is an ever-evolving science...if the club has an active marketing committee and chairman that is a great sign the club gets it!

Connecting with Today's Panelists



Gabe Aluisy
Private Club Agency

Gabe@
privateclubagency.com
(813) 482-5392



Jason Becker
Golf Life Navigators

Jason@
golflifenavigators.com
(239) 292-9929



Dr. Jim Butler
Club Benchmarking

Jbutler@
clubbenchmarking.com
(239) 253-9244



Michael Timmerman
Club Benchmarking

Mtimmerman@
clubbenchmarking.com
(239) 269-0769