

Mandatory Club Membership On the Wane as Successful Strategy

By Rob Thomas | January 15, 2019



Buyers at Akoya Boca West, a 10-story condominium in Boca Raton, Florida, are required to join the Boca West Country Club. After three years on the market, 40 percent of the units at Akoya Boca West are still unsold.

Requiring homeowners to also join an associated country club—once a popular real-estate sales approach—is now **proving to only restrict the market**, some experts say. Additionally, a new report shows that **home values can drop 25 to 50 percent** if an adjacent golf course is closed.

Golf communities that require home buyers to join their clubs can **shrink the pool of potential buyers and hurt the property values of their residents**, *The Real Deal*, a South Florida real estate publication, reported.

ABOLISH MANDATORY MEMBERSHIP

Decades after developers began to blanket the Sunbelt with residential communities built around golf courses, many courses are closing, triggering legal fights over the consequences, *The Real Deal* reported.

In the early 2000s, developers who built residential communities around golf clubs started to require all of their home buyers to become club members, *The Real Deal* reported. Mandatory club membership was intended to guarantee the financial feasibility of golf courses surrounded by homes. But **mandatory club membership can reduce home values by reducing the number of people willing to buy such homes**, *The Real Deal* reported.

Prices for homes that come with mandatory membership in a golf club are **"way below what they should be selling for,"** Ken Johnson, a real estate economist at Florida Atlantic University, told *The Wall Street Journal*.

Hundreds of communities built around golf courses are money losers, according to Peter Nanula, chief executive of [Concert Golf Partners](#), an owner and operator of about 20 private golf clubs across the country.

Among other projects, Nanula's company has acquired and started to rehabilitate a golf club in Lake Worth, Fla., that closed one of its three golf courses and filed lawsuits against residents who refused to pay fees for club membership, *The Real Deal* reported.

In the early 2000s, a golf community in Lake Worth called Fountains of Palm Beach began to require all of its home owners to join the Fountains Country Club, which is located on the gated grounds of the community, *The Real Deal* reported.

Mandatory club membership withered the housing market at Fountains of Palm Beach, where homes that previously sold for about \$400,000 have traded at prices under \$200,000, according to Sharon Harrington, a resident of the community and a real estate agent in the Lake Worth area, just south of West Palm Beach, *The Real Deal* reported.

Fountains Country Club closed one of its three golf courses in 2016. By then, Harrington's membership dues had climbed to about \$24,000, almost five times what she paid when she first joined. She and other residents stopped paying dues, and the club sued to enforce the mandatory-membership rules, *The Real Deal* reported.

The lawsuits against her and other residents were dropped after [Concert Golf Partners](#) acquired Fountains Country Club, *The Real Deal* reported.

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Nanula, Concert Golf's chief executive, told *The Wall Street Journal* that membership in the club is no longer mandatory for residents of Fountains of Palm Beach, and home prices in the community are recovering. Concert has upgraded the club's facilities and is preparing to redevelop the golf course that closed in 2016 as housing, Nanula added.

Mandatory memberships still persist at other golf communities, *The Real Deal* noted. For example, buyers at Akoya Boca West, a 10-story condominium in Boca Raton, Florida, are required to join the Boca West Country Club, which charges a \$70,000 initiation fee and monthly dues of about \$1,000. Prices for the condo units start at around \$1 million.

After three years on the market, 40 percent of the units at Akoya Boca West are still unsold, according to Robert Siemens of Siemens Group, the developer of the condo, who said mandatory club membership hasn't deterred buyers.

Many people who bought homes next to golf courses also thought their property values would rise, *The Real Deal* reported. But they are now discovering that golf-home prices can drop, too, as the popularity of the sport recedes.

Blake Plumley, Florida-based development consultant, told *The Wall Street Journal* that the prices of nearby homes usually drop about 25 percent when a golf course is closed. Price drops as deep as 50 percent are possible if litigation erupts over a golf course, causing legal uncertainty that discourages potential golf-home buyers, *The Real Deal* reported.