

POST IN-DEPTH REAL ESTATE

North County sees boom in clubhouses

Communities take financial risk to increase membership.

By Sarah Peters Palm Beach Post Staff Writer



Jonathan's Landing added this outdoor terrace as part of its \$10 million clubhouse renovation. Homeowners there pay a \$3,000 to \$5,000 one-time fee for the work. The renovation appeals to residents who want to enjoy Florida winters outdoors, an employee there said. JONATHAN'S LANDING

Resplendent with cushy furniture, modern light fixtures and muted tones on the walls, Mirasol's striking new \$40 million clubhouse does what many of the members-only clubs in Palm Beach County are trying — shed their old-fashioned image to appeal to more active adults.

Mirasol, an upcoming \$35 million expansion at BallenIsles Country Club and a new \$37 million clubhouse and sports complex at The Club at Ibis are among the largest, most expensive projects in northern Palm Beach County in recent years.

In fact, a staggering combined \$200 million in improvements in golf and country club clubhouses in northern Palm Beach County are either on the drawing board or already completed.

In all, The Post found at least 10 communities that have poured millions into upgrades in the fast-growing north end of the county.

The spacious, new clubs are part of a relentless competition to capture a slightly younger clientele and increase membership.

But a big risk looms — will the return on investment be there? And who is paying for it all?

The extravagance often comes with substantial fees assessed to homeowners. And younger buyers — those in their 30s and 40s — are especially sensitive to the cost of club membership fees, said Bobby Wunderlich, founder and president of BWG Realty.

Ben Schachter, southern region vice president for the Realtors Association of the Palm Beaches, said home-buyers have a difficult time psychologically paying less for the actual real estate than the club membership.

Still, buying into such a club can be “very affordable and attractive,” Schachter said.

“You have to look at the overall picture.”

Keeping up with the competition

Mirasol residents are paying back a \$30 million loan with a \$175-per-month increase in assessments for golf and tennis members that is in effect for the next 12½ years — a hike that pitted neighbor against neighbor over the \$40 million expansion. Like most country club communities, membership is mandatory.

But after all the homes in the development were sold, the clubhouse wasn't big enough, board of directors President Tobi D'Andrea said.

Sitting in the expanded lobby, D'Andrea said, “At some point, each community has to decide what it wants to be when it grows up.”

Although the community's average age is about 63, young professionals are moving in, and about 600 kids already live in the community with their families, General Manager Matt Lambert said.

Said D'Andrea, “We've attracted a younger population from the start, and this reinforces that position.”

And some early critics are using the new facilities all the time, she added.

At PGA National Resort & Spa, which completely renovated its 33,000-square-foot Sports & Racquet Club, General Manager James Gelfand said young families and recent retirees represent two big areas of growth.

“Today a golf membership needs to be about more than golf,” said Gelfand. “We're striving to get younger,” and more attractive for families. Membership is optional for community members, and

fees are not assessed to pay for the improvements, he said. Money for renovations comes from an investment group which owns rights to the club revenues.

At Jonathan's Landing, homeowners are paying \$3,000 to \$5,000 one-time fees for a \$10 million clubhouse renovation completed in January 2016.

The new restaurant, pro-shop, outside dining, fire pit and waterfalls appeal to residents from the Northeast who want to enjoy Florida winters outdoors, said Wendy Seely, director of membership services.

Abacoa Golf Club in Jupiter is a privately owned club that's open to the public for golf. Its owners have invested \$1.4 million into it the past two years, mostly on the golf course and driving range, said Administrator Terri Dew. Of that, \$50,000 paid for a center where people can work with the pros.

Even BallenIsles Country Club, which in 2009 built a wildly popular sports complex, bistro and spa, needs more space in its main clubhouse, its managers said.

"We need to think forward," said board of directors President Jack Cook.

BallenIsles will pay for the \$35 million project with \$10 million cash and a \$25 million loan paid back over 12 years.

No new assessments are expected, Cook said.

Instead, the loan will be repaid as the club acquires new members when homes sell and users upgrade their memberships. Those figures are based on 66 home sales per year.

Clubs must watch out for overspending

Golf courses "didn't have to be as imaginative" in the late '90s and early 2000s, when developers could build and the golfers would come, said Ed Getherall, director of consulting for the Jupiter-based National Golf Foundation.

After a building boom in the 1990s and 2000s, the Great Recession slowed the game's growth. About 5 percent of courses, or more than 800, have closed in the past decade. Golf course operators have to be more proactive — including keeping clubhouses appealing, Getherall said.

"The goal for a lot of these clubs is to make them the center of the members' universe," Getherall said. "It's all about driving the time spent on property."

But it's also important not to overspend, he said. When golf was thriving, even public courses were building new \$10 million to \$12 million clubhouses, he said.

"That's hard for a public facility to justify," Getherall said.

Public clubs aren't the only ones that risk overspending, real estate agents say.

Homeowners facing the burden of hefty fees might sell and move on. The smaller, less expensive homes in a community take the biggest hit when fees rise, said BWG's Wunderlich.

"These clubs better be careful about that," said Wunderlich, who has an office outside the gates of Frenchman's Reserve.

He cites condos in Boca Raton where properties are being sold for next to nothing. The owners have died and their children — the clientele clubhouse managers hope to lure — don't want the properties and their hefty fees.

Jeff Lichtenstein, who runs Echo Fine Properties, offers a country club comparison on his website to help buyers analyze membership costs. Buyers and owners of 2,200-square-foot homes are more sensitive to six-figure initiation fees and dues that can top \$20,000, he said.

The goal is to be competitive without pricing homeowners "above and away," Schachter said. That eats away at the prospective buyer base — even in luxury communities where homes are priced from \$1.5 million and above.

"You can charge a premium, but you cannot gouge people," Schachter said. "People want to feel that they are receiving a good return on their investment."

That means keeping up with the competition, said Seely: "You can't be behind the eight ball."
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