

North America Property

Phoenix, Arizona: home sales below par in golf-course communities

Fewer people may be playing the sport but buyers still want to live near a golf course — if it's in the right location



The view from Camelback mountain, Phoenix © Nick Cote/Visit Phoenix

MAY 25, 2017 by: **Kevin Brass**

On the outskirts of Phoenix, where fairways and greens cover the desert landscape, the fortunes of golf and the housing market are closely linked. There are more than 200 golf courses in the area, most surrounded by homes.

“People come here for golf,” said Joyce Tawes, associate broker for Realty One Group, an estate agency in Scottsdale, a golf-centric city outside Phoenix. “Golf is a big deal in Scottsdale.”

When the US housing market collapsed in 2008, the golf-course communities around Phoenix were among the hardest hit. In some neighbourhoods nestled in the foothills, prices more than halved as the flow of retirees and holiday buyers dried up.

Today, the market is still struggling. Prices are far below peak levels and there is a glut of golf-course villas on the market. In many golf-course communities, the average home takes six months or longer to sell, agents say.

“A lot of inventory is still sitting there in the northern part of the city,” says Bobby Lieb, associate broker with HomeSmart, an estate agency.

Sales are particularly slow at the top end of the market, especially those homes overlooking golf courses in the suburbs that are priced above \$2m, says real estate analyst Michael Orr, founder and owner of the Cromford Report, which tracks the market. The bulk of sales are below \$1m and closer to the city centre, he says.

“Golf-course homes in remote locations are not selling as well as they once did,” says Orr. “Golf-course homes in the centre of the valley sell very well.”



The Pizzeria Bianco in Biltmore © Visit Phoenix

Tastes have changed, Lieb says. Buyers want new homes with modern amenities, close to the city, not the big homes that are the staple of many of the outlying golf communities.

“The 10,000 sq ft homes are not selling,” Lieb says. “The next generation doesn’t want those big homes.”

The issues for the golf-course neighbourhoods go beyond the housing market. Around the world, golf has declined in popularity, with participation falling by 15 per cent between 2005 and 2015, according to the National Golf Foundation. Several courses around Phoenix have closed or filed for bankruptcy protection in recent years.

Many areas are “way over-saturated” in courses, says Jon Knudson, partner in Insight Golf, a Scottsdale consultancy. Some course owners have floated plans to redevelop facilities as homes and shops, angering homeowners who paid for a golf-course setting.

“Developers don’t usually get access to infill sites as large as that,” Knudson says.



Homeowners still want the proximity to the golf course, even if they don't play golf, says Tawes. She markets the security and social aspects of the gated golf communities. Her company is listing a three-bedroom, 3,987 sq ft home in a gated community with views of a golf course for \$949,900.

Reading stories about the industry, "you would think anything to do with golf is dead", Tawes says. "There are still people who want golf communities."

She believes the market for the golf-course homes has stabilised, based on recent activity. Golf-course homes in the Scottsdale are typically selling for 2 to 5 per cent below asking prices, which is better than a few years ago, when homes were selling at steep discounts, she says.

"We believe we've got realistic listing prices now," Tawes says.

Many of today's buyers of golf-course homes are like Loretta Malandro, who bought a new three-bedroom condo on the Adobe Golf Course in 2015 for \$2.2m. She doesn't play golf but loves the view.

"It's a landscape you can always count on to be beautiful," says Malandro, 66, an author and business consultant. She was downsizing from a 6,500 sq ft home in Paradise Valley and wanted a new home, not a resale. "I didn't want to do a remodel," she says.



Two Biltmore Estates © Baxter Imaging LLC

Malandro bought in Two Biltmore Estates, a 38-home project in the neighbourhood around the historic Arizona Biltmore Hotel, which was designed with the help of Frank Lloyd Wright. Launched before the crash, four homes are unsold, priced from \$1.99m to \$2.76m, says Jack Luciano, partner in the Arizona office of The Agency, an estate agent marketing the project.

More than golf, the project is marketed for its location, "contemporary styling" and connection to the Biltmore, says Luciano. A three-bedroom, 3,300 sq ft top-floor condo in the project, with SubZero appliances and "a disappearing wall of glass doors," is advertised for \$1.99m.

"Golf is not a driving factor" in choosing a new home in Phoenix, he argues. Only about half of the buyers in Two Biltmore Estates are interested in playing golf, he says.

Buying guide

- Phoenix is the sixth-largest city in the US by population with 1.5m residents
- House sales were up 14.3 per cent in the fourth quarter of 2016 to 18,658

- The number of golf courses in the US has fallen 5.6 per cent since 2006, according to the National Golf Foundation
- Property taxes on a \$1m home in Phoenix are typically \$725 to \$1,250 a month

What you can buy for ...

\$500,000 A five-bedroom, 3,200 sq ft home in the suburbs

\$2m A six-bedroom, 6,600 sq ft custom-designed home with a pool in the foothills

\$5m A 9,000 sq ft mountain-top home with wide views of the area

More homes at propertylistings.ft.com

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