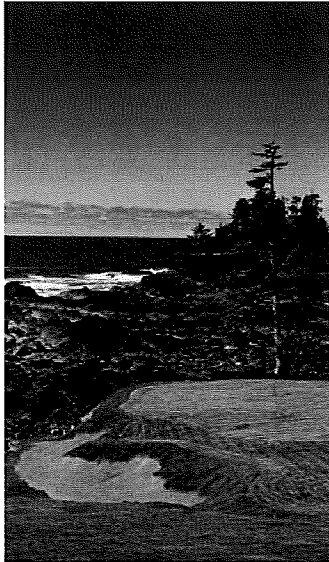


Fore Star Resorts

Robert Thompson | Image: Jason Matthew Henderson | Published: July 29, 2007



After arriving in this remote area in his Gulfstream jet in late April, Nicklaus sets foot on the 150 hectares that make up Wyndansea, the \$650-million resort and real-estate development in Ucluelet that will soon be home to an 18-hole course that the golfer says will rival the best in the world.

In a heavy jacket, Nicklaus bombs around the rural, forested site in an all-terrain vehicle, taking notes and directing the associates that work for him on how to implement his vision for the project. A few hours later, the golfer jettisons the coat and sits down in front of three dozen potential investors, each of whose net worth is more than \$10 million. All of these bluebloods have been flown to this windswept and remote part of Canada in the hopes they'll part with at least \$1.5 million for a seaside lot next to the new course.

Nicklaus assures those in attendance that the Jack Nicklaus Golf Club of Canada – one of 25 courses designed worldwide that will use the golfer's name and be open to guests of the resort and members – will dazzle and make them want to write a big cheque. He compares the site, which is more than a five-hour drive from

Victoria or an hour's flight from Vancouver, to the best in the world, dropping the names of famous clubs such as Pebble Beach Golf Links and the über-exclusive Cypress Point Club, both of which are on the Monterey Peninsula in California.

"We've been in some spectacular places in the world where we're building golf courses, but none more spectacular than this," Nicklaus enthuses to those hanging on his every word.

The question lingering over the Wyndansea development, the creation of Ucluelet-based Marine Drive Properties Ltd. and its chief executive and founder, Elke Loof-Koehler, is whether the draw of Nicklaus, the golf course and the remarkable oceanfront lots will be enough to lure buyers to an area of the world where the rustic nearby towns have less than 2,000 people. Ucluelet, better known as the nearest town to Long Beach, the mecca of B.C. surfing, isn't the kind of place where there's a mechanic to tune up your Mercedes. Not everyone is convinced that the ultra-rich will buy into the marketing.

"This is really remote," says Verne Johnson, an executive from Calgary on hand at the Wyndansea presentation. But Johnson adds that, as jet ownership becomes

more common among Calgary oil barons, even a spot as removed as Ucluelet isn't that far away.

The battle for success for Wyndansea is about more than location. Large real-estate and golf developments are cropping up in B.C. more frequently than Tiger Woods makes birdies. Currently there are almost two dozen golf and residential/hotel projects in various stages of development across the province. These include projects in Victoria (Bear Mountain) and around the Okanagan Valley, such as The Rise and Tobiano, as well as one in Cranbrook with a golf facility created by legend Gary Player. Though the influx of oil money from Calgary and the strength of the Canadian economy have created a sense of optimism around real-estate and golf developments in B.C., there are questions about whether the proliferation of projects is too much of a good thing.

"There is a lot of money sloshing around in Western Canada," says Don Campbell, the Abbotsford-based author of Real Estate Investing in Canada. "As with any sort of project, there's lots of guys out there that see demand for the same thing at once – in this case, golf courses and real-estate developments. When they all hit at once, you've got an oversupply."

Each of these projects is trying to set itself apart in a highly competitive market, with some developments offering nature retreats, mountain biking, hiking and equestrian activities in an attempt to distinguish themselves from their rivals. The common theme is the same: all have so-called "championship" golf courses, often designed by some of the most respected golf-course architects in the world. And all of these projects are searching for those with significant disposable income. Many will acquire these properties as second homes or retreats for their retirement. At first, most won't spend more than a few weeks a year at their new homes.

Those early to such markets as Bear Mountain, a resort and housing complex 20 minutes outside of Victoria, have already had a significant degree of success, if financial backing is any measure. Bear Mountain is perhaps the highest-profile golf and residential development in B.C. of the last decade, the creation of former National Hockey League journeyman Len Barrie and 20 partners, many of whom are also professional hockey players.

Barrie, who ended his hockey career in 2001, had previously golfed in Victoria, with a home on the fabled Royal Colwood Golf Club. After a dispute with the club over trees Barrie had removed, he was forced to leave. A friend suggested he start his own golf course, and Barrie went searching for land, stumbling across the 526 hectares that would become Bear Mountain. After he found a financial backer to support the project to the tune of \$25 million and received additional financial support from HSBC Holdings PLC, the project broke ground in 2002.

Two golf projects were part of the planned development. The first opened in 2003; the second will officially open next year. Because of the challenging land upon which the courses are built, the cost was eye-popping: a whopping \$1 million per hole. As the Wyndansea developers did, the owners turned to Nicklaus to design the courses,

a move made as much for the legend's marketing potential abroad as for his acclaim as a golf architect. Dale Sproule, director of real-estate sales at the development, says that, although it was costly, using Nicklaus has allowed the project to target large foreign markets.

"We're doing trips to places like Scotland, Dubai and Spain to sell Bear Mountain," says Sproule. "That's one of the reasons we hired Nicklaus: because the name has such international appeal."

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Though the project needed millions in start-up money, Sproule said the original investment has been recovered. Two lots of condo units put on the market in the last two years yielded sales of \$240 million. And of the initial 1,000 single-home lots that originally sold at \$100,000, 40 per cent have been resold. Today, the price per lot has risen to \$250,000. Approximately 500 of an estimated 3,000 condo units have been sold, with prices starting at around \$350,000, Sproule adds, noting it will take most of a decade to sell the additional units.

"We are miles ahead of where we thought we'd be," he says.

While Bear Mountain used Jack Nicklaus's profile and image to sell real estate, other golf and real-estate developers are taking a different approach. Mike Grenier is the president of Pagebrook Inc., the developer behind Tobiano, a 400-hectare development only 15 minutes outside Kamloops. He hired Toronto golf designer Tom McBroom to create the development's signature course. Grenier says using PGA Tour pros – who are almost always involved with golf-course projects for their name recognition, as opposed to their skill as designers – was never something he considered. Rather than acquire a star player, Grenier says he wanted the best designer for his site, a hilly piece of property with majestic views of Kamloops Lake.

"We wanted the quality of the golf course to be the signature of the entire project," Grenier explains. "We are showcasing Canada at Tobiano, and so why would we use anyone other than a Canadian to build our course?"

McBroom, who is best known as the creator of the Links at Crowbush Cove in Prince Edward Island and several courses in the Muskoka area of Ontario, is now garnering an international reputation, Grenier says. However, he didn't hire McBroom for his name but for his approach to golf design. The result, which opened in June, will create a demand for houses surrounding the course, Grenier predicts.

The development is central to an ambitious real-estate project sprawling over 730 hectares, with 400 hectares for homes. With lots selling from \$200,000 to \$500,000, Grenier says the B.C. Interior is poised to become a high-priced retreat for the wealthy, like Ontario's Muskoka or Quebec's Memphrémagog. Already, developers such as Jim Pattison Group Inc. have become involved with the project, and Grenier says 20 released lots recently sold in less than two hours.

He says his buyers want getaways, and they're coming from all over Canada.

Easy access to the booming markets of Calgary and Edmonton, populated with individuals whose wealth is fuelled by the influx of oil money, may be more of a key factor in determining the success of these golf and real-estate projects than the quality of the actual course, according to Campbell.

Easy access for those travelling from Alberta and Vancouver will be a significant element in separating the successful ventures from those that struggle, he says. "The projects that will do incredibly well are the ones with easy access to something like WestJet flights," he adds.

Campbell says it probably won't take long to separate the hits from the misses. The likelihood is most will find some sort of market for their homes, while others will offer more options and frills to buyers as opposed to dropping their prices if demand falters.

"Some of these developments will likely have to offer incentives," Campbell predicts. "They don't drop their prices, because that angers those that have already bought in. They just offer new buyers more for their money. It might be free access to the course or it could be free flights."

Campbell's take on the glut of golf developments already appears to be coming to fruition. The Rise, a new real-estate development in Vernon that includes a golf course designed by Fred Couples and Gene Bates, has not sold as briskly as expected, according to Rod Cochrane, general manager and

director of golf.

“We surely [would] like to be further ahead,” he says of the project, which is being developed on 300 hectares and will include 660 residential units, 550 condo and hotel units and a winery. “There’s a lot of competition in the market, not just on the golf-development side, but in general developments in the area.”

As for Nicklaus, Wyndansea and the Jack Nicklaus Golf Club of Canada, the designer is certain the course will be remarkable and the overall project a success. Nicklaus believes the ocean vistas are sure to attract golfers and home buyers who want to have property on what he considers to be potentially one of the most esthetically remarkable courses in North America.

“You’ll say, ‘Wow’ or ‘Double wow’ or ‘Triple wow.’ There’s a lot of wows out there,” Nicklaus says after spending a day wandering around his project and determining the course’s final configuration.

That may well be the case, but the question for Wyndansea, as well as for many of the other spectacular golf developments popping up around B.C., is whether “wow” – or even “triple wow” – will be enough to convince people to open their pocket- books and part with millions.

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