

South Street Partners Builds A Growing Presence In Golf Real Estate

Erik Matuszewski Contributor

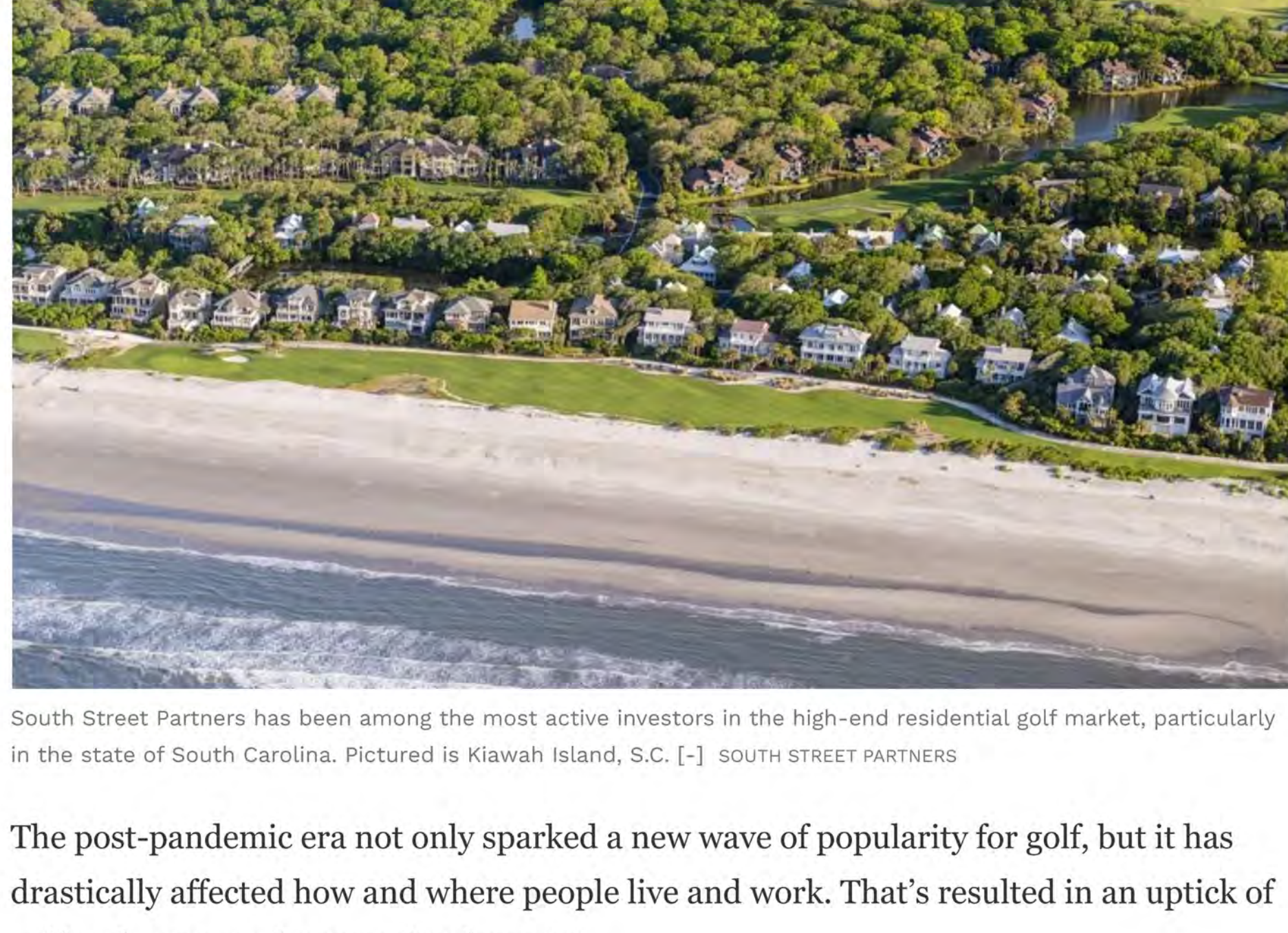
Erik Matuszewski's coverage spans golf businesses, news & destinations

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South Street Partners has been among the most active investors in the high-end residential golf market, particularly in the state of South Carolina. Pictured is Kiawah Island, S.C. [-] SOUTH STREET PARTNERS

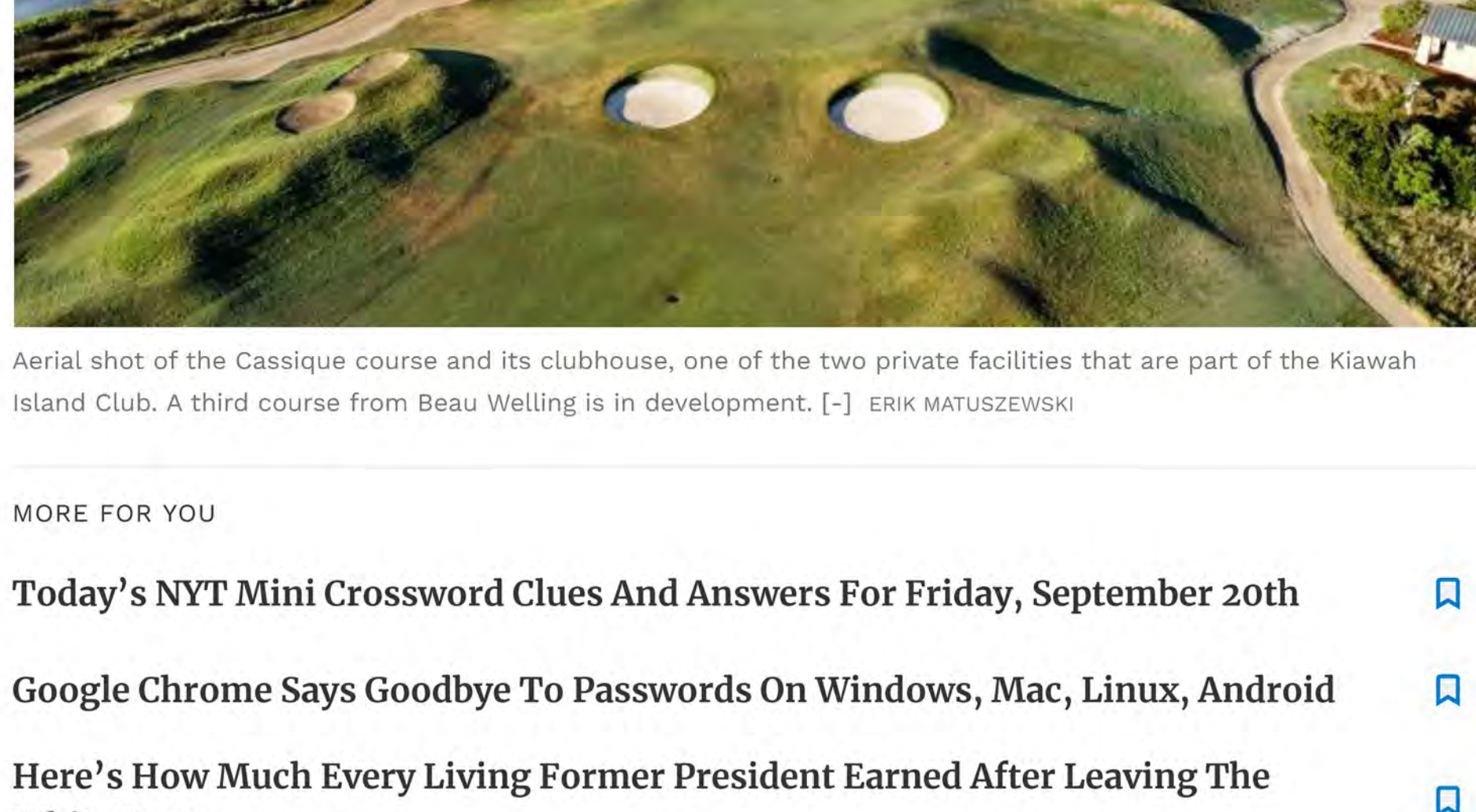
The post-pandemic era not only sparked a new wave of popularity for golf, but it has drastically affected how and where people live and work. That's resulted in an uptick of golf real estate and course development.

And among the most active players in the overlap of these two spaces is South Street Partners.

A private equity real estate sponsor and investment manager headquartered in Charlotte, North Carolina, and Charleston, South Carolina, South Street has been especially active in South Carolina when it comes to residential golf properties.

South Street's prominent golf communities include the Kiawah Island Club, Palmetto Bluff and The Cliffs, while its other golf acquisitions in recent years include the King and Prince Beach & Golf Resort in St. Simons Island, Georgia, the Barnsley Resort and its Jim Fazio-designed course in Adairsville, Georgia, and the Naples Grande Beach Resort with its Rees Jones course in Naples, Florida.

At its Palmetto Bluff community, the company earlier this year opened a 9-hole course called Crossroads from the acclaimed design team of Tad King and Rob Collins, and is having Bill Coore and Ben Crenshaw build a new 18-hole championship course to complement the existing May River Golf Course. And on Kiawah Island, a new course from Beau Welling will soon be added to the private Kiawah Island Club, which already has the Tom Fazio-designed River and Tom Watson-designed Cassique courses for members.



Aerial shot of the Cassique course and its clubhouse, one of the two private facilities that are part of the Kiawah Island Club. A third course from Beau Welling is in development. [-] ERIK MATUSZEWSKI

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For South Street, golf isn't just big business. It's a lucrative business.

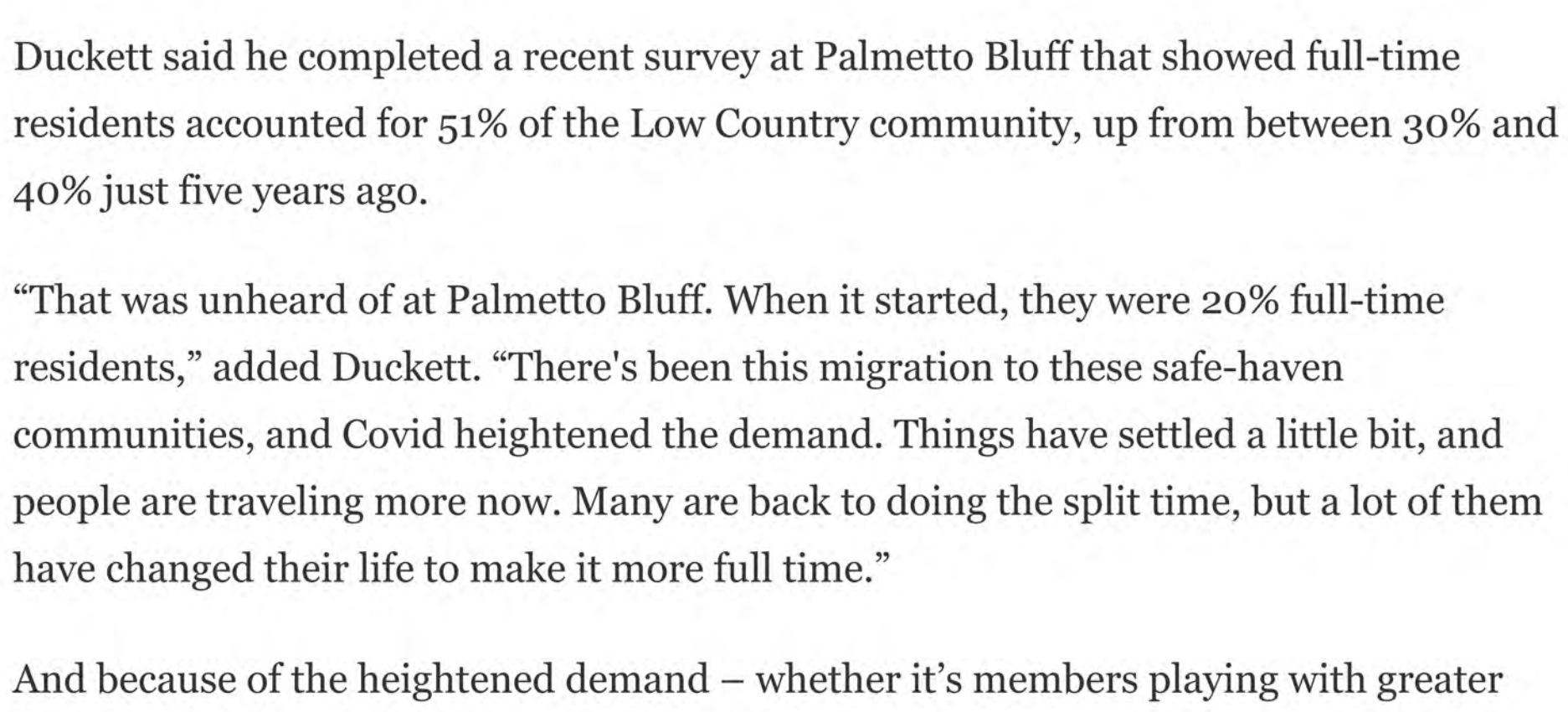
"Golf is one of our major, major amenities," said South Street's President of Operations Rob Duckett, who is responsible for overseeing properties including Palmetto Bluff, Kiawah Island Club, The Cliffs and Naples Grande. "One of our greatest assets is providing a quality golf experience because the people who play golf at this level fit our profile of real estate buyers and who want to live in communities like ours. So, that marriage between the golfer and the products that we sell outside of the club, i.e. real estate, are a great match."

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The National Golf Foundation recently noted that 42% of current golf course projects in-planning or under construction have a real estate component, an incidence notably higher than the 23% of U.S. golf supply that are tied to residential communities or a resort real estate complex.

There are almost 3,200 golf facilities in the U.S. affiliated with real estate and South Carolina is among just six states with more than 100 such developments.

"Obviously Florida is one state that a lot of the rest of the U.S. is gravitating towards, but right behind Florida is South Carolina," said Duckett. "South Carolina has always been a sleeper when it comes to the golf industry. This is a good time to be in the golf business in the state of South Carolina."



The May River course and adjacent homes at Palmetto Bluff in South Carolina, one of the residential communities within the South Street portfolio. [-] SOUTH STREET PARTNERS

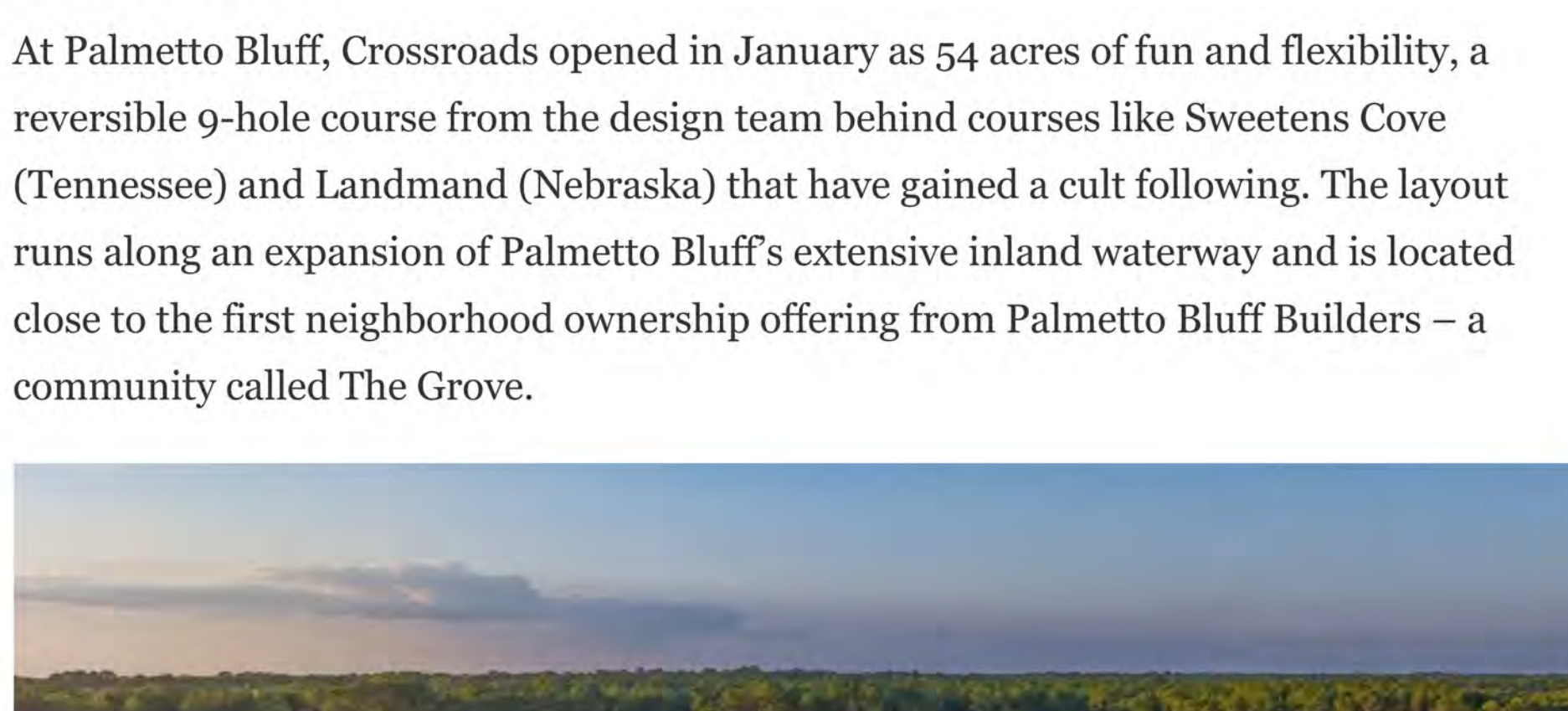
Safe Haven Communities

It isn't just that golf is more popular today. It's also that there's been more interest in and greater movement to communities like Kiawah and Palmetto Bluff.

Duckett said he completed a recent survey at Palmetto Bluff that showed full-time residents accounted for 51% of the Low Country community, up from between 30% and 40% just five years ago.

"That was unheard of at Palmetto Bluff. When it started, they were 20% full-time residents," added Duckett. "There's been this migration to these safe-haven communities, and Covid heightened the demand. Things have settled a little bit, and people are traveling more now. Many are back to doing the split time, but a lot of them have changed their life to make it more full time."

And because of the heightened demand – whether it's members playing with greater frequency or more people interested in buying into these communities and spending more time there – more golf is needed.



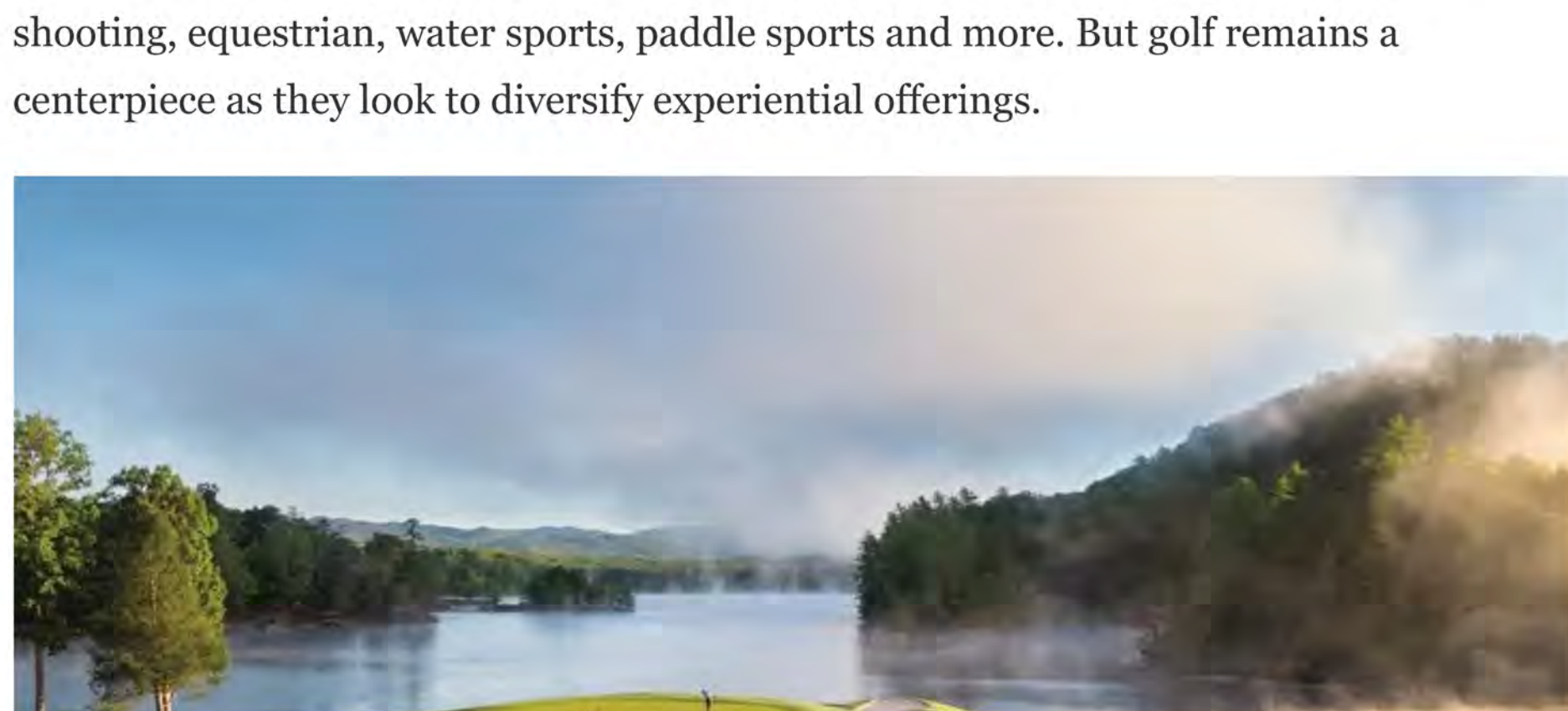
The Tom Watson-designed Cassique Course on Kiawah Island. ERIK MATUSZEWSKI

Welling is returning to Kiawah Island to create the third 18-hole course for members of the Kiawah Island Club.

The island also boasts five public courses, including the world-famous Ocean Course – home of the 1991 Ryder Cup as well as the 2012, 2021 and 2031 PGA Championships. Those courses are part of the Kiawah Island Golf Resort and not owned by South Street. However, the company is offering home ownership opportunities next to the Ocean Course at an environmentally sensitive community known as Front Nine Lane Parkside on Kiawah's most eastern tip.

New Courses

At Palmetto Bluff, Crossroads opened in January as 54 acres of fun and flexibility, a reversible 9-hole course from the design team behind courses like Sweetens Cove (Tennessee) and Landmand (Nebraska) that have gained a cult following. The layout runs along an expansion of Palmetto Bluff's extensive inland waterway and is located close to the first neighborhood ownership offering from Palmetto Bluff Builders – a community called The Grove.



The new reversible par 3 course at Palmetto Bluff that was designed by Tad King and Rob Collins. SOUTH STREET PARTNERS

Soon to follow will be the yet-to-be named Coore-Crenshaw course that will run from forest to wetlands and feature views to Savannah, 20 miles away.

"When people think about a golf destination, they really weren't thinking about Palmetto Bluff," said Duckett, noting that South Street took over the property only about three years ago. "But with the addition of the Coore-Crenshaw course and the King-Collins course, that's going to transform Palmetto Bluff into a pretty significant golf destination for somebody who's passionate about golf. Having a place that they could go and then have the variety that Palmetto Bluff offers would be tremendous – probably the leader in the marketplace that Hilton Head area."

South Street has focused on providing a variety of amenities at its communities: shooting, equestrian, water sports, paddle sports and more. But golf remains a centerpiece as they look to diversify experiential offerings.

The 17th green at the Tom Fazio-designed course at The Cliffs at Keowee Vineyards. SOUTH STREET PARTNERS

"When folks spend time at their residence, (we want them) to have the opportunity to try new things that they never thought they would get a chance to try," Duckett said. "Our clubs are based on experiences, and the more experiences we can offer, the better off and the more attractive we are to our members and our future members."

Adding more quality golf experiences is a big part of that approach.