



Costa Caribe in Puerto Rico is operated by Southworth Development

## REGIONAL PROFILE



MEXICO/CARIBBEAN

Next Month:  
EUROPEAN RESORT  
DEVELOPMENT

# U.S. operators keep an eye on Caribbean, Mexico

As more resort areas embrace new golf developments, opportunity for professional management grows

**G**olf development may be booming in Mexico and the Caribbean, but professional golf course management in that region is still in its infancy.

Take Mexico, for example. Although golf is growing in a number of resort areas, few golf management companies from the United States are involved and only a handful of local companies run groups of courses.

In many cases, owners or part-owners are running their own properties. And resort hotels often independently run their courses.

“There are about 190 existing courses and another 30 to 40 more will be finished soon,” said Chuck Kinder, an American who owns travel company Golf in Mexico

and magazines devoted to Mexican golf. “And maybe 40 more [will be built] in the future. Most new ones are in resort areas — Cabo and Cancun — but there are a handful being built inland as well.”

Kinder said he has noticed an increase in the number of Mexican course owners seeking better management.

“It’s a huge investment to make — building a course,” he said. “You can’t leave the management to someone’s cousin. And when high-end developers hire top-drawer designers like Jack Nicklaus and Greg Norman, those designers demand that the owners set up quality management and maintenance.”

Still, he said, many Mexican courses today could benefit greatly from outside management.

## Who's who in Mexico-Caribbean golf management

**ClubCorp:** Owns and operates four golf clubs in Mexico.

**Grupo Echavarria:** Owns and operates three golf clubs in Mexico.

**Grupo Mayan Golf:** Owns and operates five golf clubs in Mexico.

**Grupo Questro:** Owns and operates five clubs in Mexico.

**KemperSports:** Manages one four-course property in Puerto Rico; involved in planning of a club in Nicaragua.

**Troon Golf:** Manages seven clubs on six different Caribbean islands and four in Mexico.

**Southworth Management:** Operates two clubs in Puerto Rico, one in the Dominican Republic.

**Marriott Golf:** Operates two clubs in Caribbean, one in Costa Rica.

Troon's Palmilla Arroyo course in Baja California

There are three major Mexican-owned golf companies — Grupo Questro, Grupo Mayan and Echavarria.

Questro owns and operates four golf clubs in the Los Cabos area of Baja California and is building another in Puerto Penasco, a resort area south of Tucson, Ariz. It also has a number of other projects on the horizon.

The company has been a major developer in Mexico for many years, said Nubia Sarabia, assistant director of golf for Questro, but has only been involved with golf 15 years. Questro has hired major U.S. architects including Robert Trent Jones II, Norman and Nicklaus.

"All the developments involve real estate because it is perceived that golf adds value to the real estate," Sarabia said. "Although the company owns all its golf clubs now, it would like to expand to managing courses on a contract basis in the long run."

Grupo Questro courses are now open to the public, but one of them, Club Campestre San Jose, on the Sea of Cortez, will be private.

Some American management companies are cautious about signing on clients south of the border.

OB Sports Management, based in Scottsdale, Ariz., worked for seven years with three different owners of a golf club called Laguna del Mar in Puerto Penasco, an area popular with Arizonans.

"The first owner built and grew in a 9-hole course, but he never built the second 9 or sold enough units. Now it has been sold again, and we're no

longer involved," said C.A. Roberts, vice president of business development for OB Sports.

But late in 2007, the company was hired to manage Las Palomas, designed by architect Forrest Richardson. Besides having golf, the Puerto Penasco resort includes two condo high-rises.

Puerto Penasco, just four hours from Phoenix, is a good fit for OB Sports, Roberts said. Las Palomas' biggest goal is to sell its condos, but offering guests an outstanding golf experience helps sell real estate. OB focuses on marketing, operations and maintenance.

"We give them templates for human resources and accounting, but they run those operations themselves," Roberts said.

Now OB-managed clubs in Phoenix, California and Las Vegas market visits to Rocky Point to their customers.

Is the firm actively looking for new work in Mexico or the Caribbean?

"We generally don't set a region and try to grow there," Roberts said. "When we hear of opportunities or get referrals, we decide if we want to do it. If we have three or four courses in a region, we might do more. If only one, we'd be more cautious."

Roberts said the company still would consider deals that involved a developer or architect with whom they had a previous relationship.

"That's different from going down there by ourselves," he said. "As you grow a company, sometimes exotic places sound really good. But if it's more trouble than it's worth, you wouldn't do it."

The most high-profile American



operator in Mexico and the Caribbean is Troon Golf, which manages seven courses on six different Caribbean islands and four courses in Mexico.

"We're known for the course conditions we can deliver in difficult climates like rain forests and deserts," said Jarrad Evans, a Troon vice president of business development.

Clients in those areas covet that expertise in agronomy and Troon's ability to place top-quality people in key jobs, he said.

Some Troon courses were previously operated by owners, but most of its business in Mexico and the Caribbean has come from new development.

"Water availability and bad quality effluent are our biggest problems," Evans said. "Courses have to be tolerant of treated effluent with a high level of salt. New grasses like paspalum can help. But in the Caribbean you see some courses that didn't do appropriate water testing before they were built and now have to rely on the government for their water. From Cabo to Mexico City water conditions can vary vastly. Government

issues can be among the challenges.”

Although labor costs can be lower, he said, other expenses are steep. Water can cost from \$1 million to \$1.5 million per year for 18 holes in some places.

“In Scottsdale, you use a mix of well water or tap into the city system and water for a course costs \$250,000 to \$400,000 a year,” he said. “It can cost two or three times as much in Mexico and the Caribbean.”

Troon has worked in Mexico for 10 years and expects to be strong there and in the Caribbean, where course and resort building has flourished.

“Growth is probably going to continue to be hotter there than in the United States,” Evans said. “There’s nowhere we will not go. No islands we wouldn’t go to. We’re in 32 countries around the world.”

Developer David Southworth of Southworth Development in Newton, Mass., got into managing courses in the Caribbean in a different way.

“We went to Puerto Rico in 1993 to develop the Westin Rio Mar and we stayed on to manage it because it made sense,” Southworth said.

Although he sold out of that resort recently, his firm still manages Coco Beach and Costa Caribe in Puerto Rico as well as La Estancia in the Dominican Republic. Most Southworth properties are managed on a contract basis, but the company sometimes takes an ownership interest.

“As time goes on, you learn that doing business in these areas is no different than doing business anywhere,” he said. The company is interested in taking on

new properties as well.

Southworth sees the Dominican Republic as being one of the hottest growth areas in the Caribbean in future.

The company made a name for itself in the Caribbean with the building of the Westin Rio Mar, said Timothy Cole, president of golf management for Southworth.

“We built the first real clubhouse in Puerto Rico. When everyone saw the caliber of the building and the services, that led to more inquiries,” Cole said. “When we started working in that area, there weren’t a lot of Class A PGA professionals there. Now there are a lot more, and the country is getting used to professional management.”

—Rebecca Larsen



### *First Decade*

Gleneagles Country Club, Dallas, Texas  
- H.J. Chris Architect -



### *Second Decade*

Oak Hill Country Club, Rochester, New York  
- Chris Consultants, Inc. -



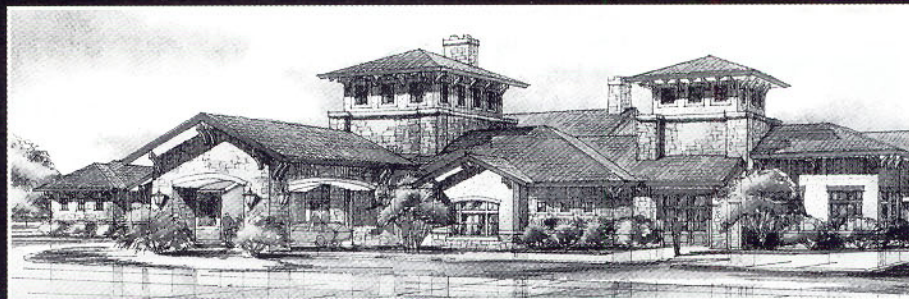
### *Third Decade*

Sunset Ridge Country Club, Chicago, Illinois  
- CCI Club Design -



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University of Texas Golf Club, Austin, Texas

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