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*Sir Michael Caine
welcomes us to his world*



THE DESERT FOX

Lyle Anderson's sly genius isn't simply building world-class communities on land once thought worthless. It's knowing what we want years before we know what we want

By RICHARD HOFFER



MAYBE IT'S A GAME OF INCHES FOR TIGER WOODS,

but for Lyle Anderson golf is more a matter of acreage. And to those without vision, that acreage can seem pretty nondescript: A chunk of desert sand so far outside city limits you wouldn't visit without a camel. Anderson throws up a perimeter, installs sprinklers, chalks out some links, and begins selling home sites at \$1 million per.

Anderson has developed three high-end golf course communities in Phoenix's outskirts (well, they were outskirts when he started), and in doing so has redefined the concept of desert golf, not to mention comfortable retirement for baby boomers everywhere. He says it's not so much a matter of thinking big—although there is that—as thinking early. His land holdings, which cover nearly 17,000 acres in Arizona and include, not so incidentally, 12 Jack Nicklaus courses, could no longer be duplicated. That kind of space, no matter its condition or distance from public utilities, is simply not for sale. Remember that thing about land? That they're not making it any more? The guy that is confident enough in the future, and is willing to pay \$1,200 an acre for alkali flats entire zip codes from any population, is the guy the world has to deal with 15 years later.

For a golf mogul with vision and courage, land plus time can add up to an elite second-home destination. Some aristocratic branding from the Golden Bear certainly helps, as do granite counter tops. But for someone with Anderson's imagination and daring, it's land plus time. Anderson puts it this way for all you wannabe developers: "Don't wait to buy land; buy land and wait."

In doing so he hasn't so much created an empire as identified a lifestyle, anticipating a whole new way of spending time and money. Besides making the Phoenix desert bloom, Anderson has developed a golf course community in New Mexico and owns Loch Lomond in Scotland as well as a development-in-the-works in Hawaii (more about that later). Closer to home, he also is planning to build what is essentially a new city northwest of Phoenix (to be called Festival). He wasn't the first to build a golf course community, but he's probably been the most visionary of his fellow developers. "We see coyotes and rattlesnakes," says pal Hale Irwin, the three-time U.S. Open champ and a course designer himself. "He sees a community for a million people, four or five golf courses. He has an imagination that borders on looking into the future." Said Nicklaus recently: "He has an uncanny knack for finding the right piece of property in the right location and, just as important, at the right time."

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BACKGROUND:
JORDAN COONRAD
PAGE 75 INSET:
LONNA TUCKER
RIGHT:
JIM MANDEVILLE



A castle among the cactus: Lyle Anderson's successful development formula—exhibited here at Desert Mountain—is made up of top-quality home construction, a Jack Nicklaus golf course, and a rough-and-tumbleweed landscape.



The leading edge of the baby boom generation was only 29 at the time, yet Anderson was scarfing up land—vast tracts of seemingly worthless, out of the way land—for the day they'd arrive.



Bear necessity: Right from the start, Anderson understood that an attachment to Jack Nicklaus would attract buyers.

Anderson imagines communities populated by upscale baby boomers, their properties stuffed with glamour amenities, the harsh if spectacular Arizona scenery softened by championship-grade courses. The fact that most of these courses are built to pro specifications—they've been host to 28 tournaments since the first Skins Game, held at Desert Highlands 22 years ago—ensures a marketing campaign that other developers can't quite copy; a golf tournament on an Anderson course becomes, above all, an infomercial for residential real estate.

Sitting in his home high atop Phoenix's exclusive Paradise Valley, he can see for miles and miles. But even he has to smile when asked whether he can see any of his properties from his aerie. The reclusive Anderson, 63, obviously enjoys carving affluent communities out of desert wastelands. His insistence on striking architecture and beautiful courses—"the community's front yard," is how he puts it—provides a satisfying alchemy. The result of such finery: People are willing to pay \$225,000 for a club membership, available to all deeded property owners (no waiting lists here). But like anybody who lives by speculation, what Anderson really enjoys is being proved right.

He had first dabbled in real estate in Seattle in the late 1960s and early 1970s, working as a broker on weekends. The business proved far more fascinating than his

fledgling career in the telephone industry, more profitable as well. Soon he was packaging land for clients full time, but when Seattle got crushed by the aerospace recession in the mid-1970s he fled for Phoenix. It was truly a land of opportunity, though you had to squint hard to see it in the shimmering desert heat. The leading edge of the baby boom generation, a bulge that would prove to be more than 75 million strong, was only turning 29 at the time, too far away from retirement and still too under-funded to be considered important to a developer. Yet Anderson was scarfing up land—vast tracts of seemingly worthless, out of the way land—for the day they'd arrive.

He admits he didn't know how many would come, when they'd come, and especially what they'd want to do with his land when they did. The 800 acres he'd bought 20 miles north of Phoenix was strictly an investment, \$7,000 an acre, made with the vague belief that the land would be worth more in 10 years because someone would figure out a better way to use it. Somebody was going to need that land. Someday. But in 1980, just three years into his investment, he had an epiphany. Playing golf at Paradise Valley Club, he lamented to a partner that a lot of his friends were prevented from joining there because of a six-year waiting list. "I said why not just do a community where everybody who bought real estate could join the club and play immediately."

Over the next 25 years, more than 2 million people did come to Phoenix, a lot of them turning 55, accessing something called a 401K, demonstrating interests in a leisure lifestyle among like-minded folks. These were people of a certain sophistication (not to mention means), who could appreciate differences between a diner cup of Joe and a Starbucks double-latte, between Formica and tumbled travertine, between a Sun City pitch-and-putt and a Nicklaus-designed golf course. There had been no possible way to anticipate how they'd choose to spend their money; certainly you couldn't have predicted they'd spend it on a desert home overlooking a 10th green that was miles from civilization. Yet Anderson had nailed it.

Anderson doesn't claim to be that prescient, just daring. As a six-year-old kid he once ventured out with his father, paddling over the ruins of a nine-hole golf course the family had leased and run in Seattle, but now flooded beyond the possibility of repair. It took his father three years to regain his footing, a time tough enough that the family was on Red Cross relief and young Anderson had to be farmed out to a Chinese family across the street, during

LEFT: JIM MANDEVILLE

Look familiar? It should. Desert Highlands first caught the golf world's eye in 1983 when it hosted the Skins Game. Nicklaus, Watson, Player, and Palmer competed, but the real winner was Anderson, who showcased the community to potential buyers.





which he helped the Wongs with their bean sprout operation, picked up some Cantonese, and learned how to use chopsticks. “Going through that,” he says, “you probably look at risk a little differently, where you don’t fear consequences as much as some people do.”

A man with land, and very little fear of being wiped out (“They said I was crazy, trying to develop land so far out”), can be a real loose cannon. Against all good advice, he decided to create a community among the boulders and sand north of Scottsdale. Critical to the development of about 600 homes, though, would be the upscale imprimatur of Jack Nicklaus, whose name even then guaranteed a certain level of quality. Anderson could promise a Subzero in every casita, but if people were going to commune amongst the sagebrush, there’d have to be a better reason than luxury appliances.

A huge Nicklaus fan, he called Jack’s office cold, and—beginning a partnership that has turned as much personal as professional—invited him to look over the barren landscape. Anderson had some definite ideas for a type of environmentally friendly architecture that would become known as target golf, with pads of greenery separated by sand. Nicklaus was intrigued and together they made plans for a monster course that would celebrate the desert rather than, in the traditional way of Southwest golf course

Anderson’s love of golf lead him to buy Scotland’s Loch Lomond (above). Love alone lead him to wife Missy (right).

construction, deny it. Swaths of sand and piles of rock were as important as any fairway, not only blending the course into the scenery but avoiding the blasphemy of pouring water into sand. And where they could, they actually replanted the course with native vegetation.

Called Desert Highlands, the project got further liftoff when, in 1983, the first Skins Game was held there. It’s hard to say which had the greater star power: the foursome of Jack Nicklaus, Tom Watson, Gary Player, and Arnold Palmer, or Anderson’s stunning topography. The tournament was as much travelogue as it was a competition. And boy did it work. In the years before the savings and loan scandal that destroyed the lending market in the 1980s (and, consequently, most desert real estate development), Anderson moved a lot of sand. “I sold the first 75 lots myself,” he says. As much value as he extracted out of that compound in the initial go-around (he believes land there today would cost \$500,000 an acre), he is all the more pleased that the original owners have likewise profited. “Tripled, quadrupled in 20 years—not bad.”

Emboldened, and not a bit chastised by the remorseless swings in real estate investing, he plunged into a project

ABOVE: MIKE KLEMM/GOLFOTO FACING PAGE: LONNA TUCKER

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“They said I was crazy, trying to develop land
so far out”—can be a real loose cannon.*

10 times the size of Desert Highlands. Buyers there had been locals. But the Skins Game created a new phenomenon. “Now I imagined we had a national market,” he says. Also, he believed, “There was a change in the economic fabric,” of the country, with a huge buildup in wealth and the desire to spend it in a leisurely retirement, possibly where the winters were warm. To accommodate this inclination, he developed Desert Mountain, even further away from the city, and planned 2,500 home sites on 8,000 acres, with no fewer than six Nicklaus Signature Courses winding their cool grass through the otherwise scorched earth. It would become the biggest private golf course community ever.

This project might have been too bold. While he says it's ultimately been a success, Anderson was forced to seek a partner in the deal when lenders went belly-up in the 1980s. He had to go halves with Mobil for a while. But he's never been one to bow to any judgment but time. That community, regularly marketed by the Anderson-created Tradition tournament on the Champions Tour (played there from 1989-2001), is nearly sold out now, its \$500,000 home sites providing a nice return one imagines on what was reported as an original \$45 million investment.

His next venture, dubbed Superstition Mountain—even further from Phoenix, even crazier—would further test his legendary patience. He is used to waiting for the world to come to him (“Never been anything that hasn't arrived,” he says), but the 890 acres in the purple shadows of the community's inspiring namesake remain stubbornly remote; it took five years for a freeway to connect them with Phoenix (still 40 minutes away). He held that land for a full 10 years before beginning development and, except for a 9/11 downturn that has affected everybody, has now got it on track as another Anderson success story. Beginning in 2004, they've been playing a televised LPGA event there, the Safeway International, on one of the two Nicklaus (who else?) courses.

Less successful has been his venture in Hawaii. Not even his trust in time has helped him there. He waited 15 years to develop a super-high-end community, acre lots starting at \$1 million, on the Big Island but, having planted another Nicklaus golf course (which just may have seen some material run off into the bay during its construction) on the Kona Coast, he has been stopped in his tracks by court cases that assail him for environmental gaffes and bad zoning.

The future of that community, 1,500 acres called Hokuli'a, is now in the state supreme court. He vows to prevail.

Anderson plows on, returning to a 7,000-acre plot he bought 10 years ago well west of Phoenix. He still can't believe he got this distressed land for only \$1,200 an acre. To be called Festival, it's not going to be a second-home golf enclave this time, but a “modern community, built around people's needs.” In this case, there are going to be as many as 40,000 people, and while Nicklaus may design some golf as is usual in their mutual branding, the courses will not be the big draw. After all, this will be an entire suburb, where a principal concern won't be the condition of the greens but the condition of the schools. Of course, it won't hurt sales any that there will be a number of fine tracks in the neighborhood.

It's Anderson's thinking that the future is no longer high-end golf resorts—“Not much land left” for that—but in what he calls “rural-suburban,” where growing cities stretch to incorporate sub-communities, which some developer may or may not have been smart enough to have already set in place.

The trick, he explains, “is not to identify a need and fill it, but to anticipate that need and fill it,” always working in the shadows of time, without the benefit of history.

The boom times of golf course community development may have crested, but it's nice to know somebody's looking out for us and has a home site, somewhere, dedicated to a lifestyle we can't quite imagine yet, that we're just going to absolutely have to have. Someday. 

