Warehouse Space Is in Demand: What About Golf Courses?

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The [coronavirus pandemic](https://www.fool.com/millionacres/real-estate-market/coronavirus-resources/) has changed the way a lot of people shop. Digital sales have boomed over the past year, and it's not just retailers that are desperate for added [warehouse](https://www.fool.com/millionacres/real-estate-investing/articles/heres-why-warehouses-will-be-a-good-investment-in-the-near-future/) space -- [grocers](https://www.millionacres.com/real-estate-investing/articles/instacart-says-online-grocery-shopping-isnt-just-a-trend/) have a comparable need, what with so many customers placing orders online.

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Of course, the problem with warehouses is that they're big -- you can't just squeeze them into a vacant corner of a shopping center and call it a day. As such, businesses are getting increasingly creative when it comes to warehouse construction. And now, even golf courses are being repurposed to accommodate the need for massive distribution centers.

Warehouse demand remains high

The demand for warehouses or distribution centers of 200,000 square feet or more hit a record in North America last year, according to [commercial real estate](https://www.fool.com/millionacres/real-estate-investing/commercial-real-estate/commercial-real-estate-guide/) services firm CBRE (NYSE: CBRE). Transactions for warehousing space totaled 349.3 million square feet in 2020 across the top 22 markets, representing an almost 25% increase from 2019.

But it's not just that companies want more warehousing space -- they also want warehouses in convenient locations. Though it's easier to find space for warehouses in rural areas that are underdeveloped, those remote locations can slow down shipping times. And in an age when same-day or overnight shipping are perks customers have come to expect, remote warehouses just aren't going to cut it anymore.

That's where golf courses come in. Recently, Amazon (NASDAQ: AMZN) decided to build a $350 million distribution center on a closed golf course in Clay, New York. It's also making plans to put a fulfillment center on part of a shut-down golf course in Alcoa, Tennessee.

Amazon has been notably aggressive in its [pursuit of warehouse space](https://www.fool.com/millionacres/market/new-york/new-york-city/articles/amazon-invests-in-new-york-warehouse-space-what-investors-need-to-know/). It's already adopted the practice of converting [dying malls](https://www.fool.com/millionacres/real-estate-investing/articles/1-dying-mall-is-becoming-an-amazon-fulfillment-center-will-more-follow/) to distribution centers, so taking over golf courses isn't a stretch. What both properties have in common is that they tend to be reasonably centrally located, making them prime locations for warehouses.

Will golf course conversions to warehouses pick up?

Golf isn't exactly a dying sport, especially at a time when so many people are opting for outdoor leisure versus indoor activities due to the pandemic. As such, the availability of unused golf courses may be limited, so chances are, converting these properties to warehouses won't exactly become a booming trend.

There are also [zoning requirements](https://www.fool.com/millionacres/real-estate-investing/rental-properties/local-zoning-laws-for-real-estate-investors/) to contend with that could prove challenging. Many [homes back up to golf courses](https://www.fool.com/millionacres/real-estate-investing/articles/now-may-be-the-time-to-invest-in-a-golf-community/), which can serve as an aesthetic enhancement. But most people don't want their homes backing up to warehouses.

Furthermore, there's a chance that warehouse demand could wane in the next few years as more consumers get comfortable with the idea of shopping in stores again. That said, online shopping habits may be hard to break, so there's an equally good chance the warehouse market will remain robust and competitive even as shopping patterns change.

All told, it's a good time for [investors](https://www.fool.com/millionacres/real-estate-investing/real-estate-investing-guide/) to look at [industrial REITs](https://www.fool.com/millionacres/real-estate-investing/articles/3-industrial-reits-to-buy-in-april/) (real estate investment trusts). The need for warehouses and distribution centers isn't going away anytime soon, and while golf course conversions may not become the norm, the fact that they're happening in the first place speaks to a solid level of demand that could prove profitable for investors.