**Japanese continue active in market**

By Peter Blaiss

Despite a slowing economy in their own country, Japanese are still investing in golf throughout the world, according to an expert on international finance.

Japanese investment was down somewhat last year and will likely be still lower in 1991, according to Paul DeMyer, national director of hospitality consulting services with the international financial firm Clark Kenneth Leventhal & Co.

But the Japanese are still interested in U.S. investments and should become even more active in the second half of the 1990s, said DeMyer during the recent Institute for International Research Golf Course Development and Financing Conference in Las Vegas.

**JAPANESE INVESTMENT IN U.S.**

Total Japanese U.S. real estate investment in 1990 was $13.06 billion, the third highest level in six years. While that's down from record highs the previous two years, it's still above a substantial 1987 investment, DeMyer said.

The figure is all the more impressive considering a number of negative factors — the U.S. recession, the doubling of Japanese interest rates, a 48-percent decline in the Japanese stock market, a continued decrease in the Japanese trade surplus, deregulation of Japanese financial institutions, and the balance of payments.

**Vegas turns hot territory despite recession**

By Peter Blaiss

Unlike other parts of the country, the recession has made Las Vegas a more attractive place for golf course communities, according to a major developer.

Mark Fine, president of the Summerlin Division of Samma Corp. that is developing Legacy at Green Valley and TPC at Summerlin, has witnessed the growth of the southern Nevada city from a modest 250,000 citizens when he first moved to the valley 18 years ago to more than 300,000 today.

"What's taken place here is rather amazing," he said during the recent Golf Course Development and Financing Conference sponsored by the Institute for International Research. "Many people think Vegas is the place to be.

"One of the main reasons it has done so well is because it was never considered a great place to be. Phoenix, Atlanta, Houston were all great places, but not Las Vegas."

"Then, just 24 months ago, when every place else was overbuilt, Legend becomes a great place. It remains a fairly strong market when you consider what's happening elsewhere in the country."

Las Vegas has long suffered an image problem. Barren desert, gambling and organized crime were the images that came to mind when one thought of the city. Fine said.

"Although it's changing, Las Vegas remains primarily a one-industry town — gaming.

The growing industries — resorts, second homes and retirement communities — are all linked to golf courses.

Still, it was 1982 before the area attracted any major outside capital. Local banks and the Teamsters union pension fund, especially for resorts and other amenities, were the major lenders of development capital during the mid-1980s, Fine said.

In 1988, when most other U.S. cities were overbuilt, developers started to look toward Las Vegas. Criticizing the development industry, Fine said: "Unfortunately, developers are development driven, not market driven. If there is a place they can build and borrow money, they are going to build it. It doesn't matter whether the market justifies it or not. I hate to say that, but it has caused the crisis in the building industry today."

Developers rushed to Las Vegas and laid down earnest money on land. Unfortunately for them, but fortunately for the long-term economic health of the city, 1988 coincided with the drying up of capital nationwide. Many developers lost their earnest money and left town before their projects got off the ground.

"We were right at the cusp of having major overbuilding problems," Fine said.

But the recession saved Las Vegas from that curse, he added.

Las Vegas has felt the pinch of the national recession and depressed housing market. But it has left the city with "a healthy demand cycle," he said.

For instance, single-family housing starts dropped from 12,000 to about 8,000 over the past three years, "which I think is very healthy for a town of Las Vegas' size."

Multi-family housing starts have been in the 3,000 to 5,000 range the past two years. In 1988, it was 10,000. Projects on the books called for another 18,000 to 25,000 in both 1989 and 1990, a forecast that proved overly optimistic.

"All those would have been built if the financing market hadn't changed. And there would have been no justification for it and no market for it," Fine said.

**LAS VEGAS' PAST**

Until 1980, there were virtually no residential golf course projects, Fine said. The Dunes Hotel/Country Club and Desert Inn & Country Club were affiliated with re-avors.

The Sahara Country Club (formerly Stardust Country Club) was the first residential development issue to be examined are

**Development issues to be examined are**

- "The value of golf: Making your deal pencil out!" — Public courses: An entrepreneur's golden opportunity; private golf facilities; how to avoid legal blunders; actual cost considerations for your golf course; and hotel and resort golf opportunities.

- "Design trends and master planning topics are" — Master planned communities: Critical design features for maximum profits; "initial planning stage: Putting it all together!" — solutions for environmental hurdles; and "Lessons learned: An in-depth look at a workshop situation."