Recession presents opportunities

Private clubs should not be afraid, says Club Corp. America vice president

By Peter Blais

A recession like the one most of the country is experiencing can be a time of opportunity for private golf clubs if managers listen and respond to their members.

"Don't run scared," advised Jerry Gelinas, vice president of marketing with Club Corporation of America, which operates 200 private clubs nationwide.

"Opportunities are out there. If you take advantage of them, you will have a better club. In good times, clubs tend to relax. In a recession, you have to be targeted."

At the center of the target is the club member. Private clubs have a big advantage over public facilities when it comes to membership. Most private club members are financially secure. They are better able to weather an economic downturn and keep their memberships than are their public club counterparts, Gelinas said.

"You're not dealing with a member who can't afford your club, even in tough times," he added.

But you are dealing with a member who has priorities. If a club is not meeting his needs, he'll go elsewhere.

"The question is 'How do you make your club more valuable so he'll give your club a higher priority?'" Gelinas said. More on that later. Recessions are generally not broad-based. Some people will be hurt during an economic slowdown, while others will be unaffected, or even prosper.

"For a manager to understand how economic conditions in his area will affect his club, he must know certain things, like what

Japanese continue U.S. buying spree

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primarily courses that have already been built. Ninety-three were complete, 14 under construction and 15 in planning stages at the end of 1990.

Christopher Mead, who has been tracking the transactions, said there are probably many more Japanese-owned courses in the United States, "some of them bought under U.S. corporate names and others purchased under Japanese names but not known to Mead Ventures or the executives and industry experts we consulted."

In a 180-page report released in mid-January, Mead said Japanese companies own less than 2 percent of the country's 14,000 courses. But, he said, because they own such "trophy courses" as Pebble Beach in California and Grand Cypress Resort in Florida, the market value of Japanese-owned courses may comprise as much as four or five percent. Cosmo World paid around $800 million for the Pebble Beach complex alone.

Mead predicted Japanese firms would own between 500 and 1,000 U.S. courses by the year 2000. He added that although that is still a small percentage of total U.S. ownership, it is "a major portion of the newer and trophy courses and of those not only in Hawaii but also in California, Oregon, Washington, Arizona and certain other states."

Japanese firms own nearly all Hawaii's non-public courses — 37 or 38 in all. "With no more courses left to buy (in Hawaii), Japanese have been forced to build, and they appear to be doing so with surprising speed," Mead reports.

He said in his report that most of the 40 or more courses planned or under construction on the Big Island of Hawaii, Oahu and Maui, are being built with Japanese funds or with the expectation of a sale to Japanese buyers.

Meanwhile, Mead said Japanese own at least 32 courses in California, eight in Texas, seven in Oregon, six in both Arizona and Georgia, five in New York, four in Florida, three each in Nevada, North Carolina and

Landmark, Daiichi put $739 million deal in works

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Pete Dye's new Ocean Course on Kiawah Island is one of the golf properties involved in the joint venture purchase deal between Daiichi Real Estate Co., Ltd., of Tokyo and Landmark Land Co. officials.

CARMEL, Calif. — Daiichi Real Estate Co., Ltd. of Tokyo, Japan, in joint venture with senior management personnel of locally-based Landmark Land Company, Inc., and international Pacific Rim and European investors have plunged heavily into the United States golf course market.

Golf course and resort areas on both coasts, plus Oak Tree Golf and Country Club, Edmond, Okla., will be bought for $728 million.

Closing date for the first phase of the transaction is March 31. If options are fully exercised, Landmark would receive an additional $106, then $82 million.

Golf courses include three rated among the top 100 in the world. Properties are spread among such Landmark developments as Kiawah Island, South Carolina; Palm Beach, Fla., Polo & Country Club, and California courses Carmel Valley Ranch, Moreno Valley, PGA WEST, LaQuinta, Oak Valley and Mission Hills in Rancho Mirage.

Gerald G. Barton, Ernest O. Vossler and Joe W. Walser, Jr., of Landmark will be new team members.

The transaction is subject to approval by shareholders and the Office of Thrift Supervision.

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