By Jillian Yorke

The 109 courses that opened last year is more than at any other time in Japanese history, except 1976 when 135 opened. Between 140 and 150 new courses are expected to open this year.

Kenneth Leventhal & Co. has released some interesting information in its annual special report, Golf in Japan. In its January 1992 update, the Los Angeles-based firm stated:

- Ninety percent of the golf courses in Japan are in private ownership. These courses are controlled by a club or association and membership generally does not include voting rights.
- Japanese golf clubs averaged 1,698 members in 1989, compared to 400 to 600 in the United States. "Since the majority of clubs in Japan are not member-owned, the number of memberships sold at a facility is controlled by the owner. There have been several cases over the last year where an owner of a club in Japan has sold many more memberships at a facility than the number of memberships represented. No checks and balances exist to control this," Kenneth Leventhal & Co. said.
- Historically, new golf course developments sold their memberships before the start of construction. However, because of the increased perception of fraud, certain precautions are starting to restrict membership presales. While they can control only public offerings, some precautions do not allow certain sales until construction starts and others allow presales after the entitlement process.
- Approximately 25 to 35 percent of memberships are owned by corporations, which treat them as assets on their balance sheets and as investments on financial statements.
- Memberships are bought and sold on the open market. Brokerage firms in Tokyo specialize in golf memberships.

- A purchaser of a membership is typically entitled to receive back between 85 and 90 percent of the original initiation fee at some future time.
- Construction of an 18-hole championship golf course costs between $2 million and $10 million per hole in Japan, not including land. Construction takes about two to three years because of seasonality. Construction costs have escalated in recent years because of the characteristics of development sites, which are usually mountainous.

- Leventhal said: "Future golf course development will be constrained by the prohibitively high cost of land and the availability of developable sites... Approximately 75 percent of Japan is mountainous. Therefore, land suitable for golf course development is scarce."

The research firm added: "Golf courses in Japan have historically been financed primarily by membership sales while financial institutions provided the remaining capital. The typical golf course development in Japan was constructed with the proceeds from membership sales. Up to 100 percent financing from financial institutions was available for the purchase of golf memberships. The historical financing environment was conducive to promoting golf development."

But that financing environment has changed, Leventhal reported.

- "Membership presales activity is now regulated by preferences. Some preferences have no restrictions on membership presales activity, while others do not allow developers to sell memberships until construction starts... While membership presales activity has been regulated, financial institutions are not filling the void left from members," Leventhal said. "Japanese financial institutions are no longer providing significant golf development financing, either for development or membership sales."