From the Editors

Time to give Europe a look

I promise not to yammer on about the Textron/Ransomes deal in this column until something else actually happens. I'll quickly bring you up to date and move along. As most of you know by now, Textron has taken the British mower company under its wing (see cover story) and early plans are to keep the brand names in the spotlight. According to Carl Bartter, Textron's new president of Textron's golf division, redundant products will be trimmed and Jacobsen and Ransomes technologies will be pieced together. We'll report more as news comes in.

We've been receiving a number of calls in the editorial office about the situation in Asia. Our contacts tell us that this is currently Asian development, with the exception of Southern China (see Asian Notebook, page 12), has been on hold indefinitely.

Course designers are cutting back on staff (see cover story on Gary Player Enterprises and the Q&A with Ross Watson on page 43) but keeping a foot in the door. Watson, an Australian architect who has recently seen a few of his projects stalled, has winnowed his Malaysian staff of six down to one. That person will man the phone.

There is no firm prediction at this stage in the game as to how or when the Asia market will get back on its feet — yet most industry players are certain that it will come back stronger, smarter, better.

My prediction is that development deals will abound, international management companies will grow, player development programs will slowly arise, construction costs will be kept to reasonable levels, clubhouse development will become more modest and there will be less dependence on real-estate development and more emphasis on the stand-alone, public course. Did I mention a move toward better site selection? Does this sound familiar?

In the meantime, tourism is picking up due to devaluation of the currency. It could be that the leisure market, the market that many are blaming for the current calamity, will just be the thing to put the region back on its feet.

While we wait out an Asian recovery it may be time to give Europe a look. On page 3, Dr. Falk Billian, a German golf course management consultant and one of our top European contacts, gives us a country-by-country look at the current European golf course market. Billian's piece, along with Andy Overbeck's notebook on the Chinese market, are required reading this month.

Robin Hood attitude takes hold

Those in golf have long said it is a noble sport played by noble men and women — honorable, great-minded people. In what other sport would a competitor make a judgment against himself upon discovering he had unknowingly violated a rule of the game? Where else do the best amateurs (A.K.A. Bobby Jones) turn aside from the promised wealth of the professional ranks? Where else do participants honor and defer to tradition to the extent that golfers do?

While courts, lawyers and the general public squabbled about Casey Martin's suit against the PGA Tour — often damming the sport's hierarchy at every change — many involved in the industry itself were looking forward in great anticipation to donating their talents, time and money to help Net and minorities around the country join the community of golfers. It has to be heartening to see course architects, builders, developers — and just plain golf lovers — jump at the opportunity to help those who wouldn't otherwise be able to play this sport of a lifetime.

Brent Wadsworth, president of Wadsworth Golf Construction Co., has established the Wadsworth Golf Foundation to get inner-city youths off the streets and into a sport that can change their outlook on life. (See story page 49.)

In Boise, Idaho, developer HansGeorg "Hans" Borbonus is planning a Robin Hood Executive Course as part of his 54-hole Cloverdale Golf project. The idea is to "rob from the rich to give to the poor" (the Robin Hood course), thus subsidizing green fees to "any junior who wants to play." (See story page 49)

The Minority Golf Association of America is developing a facility in Miami. Minority teaching professionals, develop special programs and activities to support all organizations such as the PGA, and train aspiring minority golfers. The academy plans to house 30 to 35 people.

The National Association of Junior Golfers (NAJG) has been uniting corporations with junior golf programs and organizations across the country, serving as the network for junior golf and corporate marketing efforts. (See story page 51.)

The United States Golf Association, PGA and LPGA, among others, are supporting junior golf programs from coast to coast.

Witness the First Tee Program founded by the World Golf Foundation. Organized just last November, it plans to have 100 courses in the program in two years, making golf available to minority and junior golfers.

Many architects — including Lester George, Mike Hurdzan, Jim Van Poel and others — are ready to offer their services to First Tee-type projects.

The American Society of Golf Course Architects has already given its first-ever President's Grant to the Georgia State Golf Foundation for its Hook A Kid on Golf Program. The $5,000 grant will underwrite activities and equipment for underprivileged youths this summer.

Honorable? Noble? Great-minded? I think we can find little argument here. And we congratulate all those who are adding their time and fortunes to the cause.

In the meantime, some can go overboard in their zealously Continued on page 74

Chinese golf course market remains on steady rise

By ANDREW OVERBECK

SHANGHAI, China — Amidst all of the economic turmoil in Asia, China has quietly emerged as a steady and reliable market for the golf course industry. While golf course investment in the rest of Asia is grinding to a halt, China's golf market continues to grow.

In the past two months I have had the opportunity to visit some of these new projects and to assess the strength of the local markets. China has attracted a diverse group of investors, mostly from countries that have sizable overseas Chinese populations. The single largest group of investors is from Hong Kong — with Malaysians, Singaporeans, and even local Chinese firms entering the arena. There is a massive rush for these investors to have the prestige of having the biggest, the best, and the first of anything.

Therefore, projects are immense in scale, diverse in location, and have outlandish features. However, the bottom line remains that in order to be successful, the developers must take into account the ability of the local market to sustain the growth.

New projects continue to emerge and the diversity of the investors has moved past the usual Hong Kong money flow. The Agile Holdings Golf and Country Club in Zhongshan, China, is a case in point. This is the largest golf course in China and will be active in the housing development business for many years. In fact, they practically built the entire town of

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The progress of course construction has been rapid, with the front nine taking only nine months to complete. This is primarily due to heavy investment and to the connections provided by Sultan Azlan Shah. While the construction process has been relatively smooth, the membership process is moving slowly as less than 100 have been sold.

South of Guangzhou, in the Special Economic Zone of Zhuhai, lies the Lakewood Golf Club. Nestled away in the hillsides, the soon-to-be-completed 36-hole JMP-designed golf course is a masterpiece.

The development of the club has been undertaken jointly by the Lamdeal Holdings Group and Long Yi Industrial Company of Zhuhai. The 380-acre project comprises of the golf course, planned resort and residential communities, and the recently completed Formula-1 race track (the first in China).

The golf course was constructed by Instagreen, a Malaysian company that holds a majority stake in Lamdeal Holdings. The 18-hole mountain course opened in the beginning of 1996 and the lake course will be fully operational by May of this year. The next step will be the construction of a permanent members clubhouse and the development of residential and resort facilities.

Although they currently only have 600 members, they boast a healthy diversity members profile and are offering special memberships to local Chinese businessmen.

Moving back across to Shenzhen, the recent completion of the Sand River Golf Club has upped the ante in the inner city golf market.

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Although the seaside location posed some construction difficulties, they have created a wonderful golf course. The IMG-designed 9-hole academy course has been playable since August of 1995, and is floodlit for night golf. The first nine holes of the Gary Player championship 18-hole layout opened in April of 1997, and will be fully operational later this year.

Construction began in 1993, and has progressed slowly due to the construction challenges and the shuffling of investment and management teams. Sand River is now owned by Chinese businessman Zeng Wei, who bought out the original owner Serge Poon.

Further, CCA International backed out of their management commitment to the club causing additional internal turmoil.

However, Club Vice General Manager Tony K.C. Ip and Course Superintendent Steven Alexander have done an outstanding job getting the club up to par. Most of the land is reclaimed sea mud which was difficult to build on; "after building the sea wall and pumping out a lot of mud we still had to rely on 100 percent compaction," chided Alexander.

The effort was worth it. The course boasts unique tidal pools, diverse bird life, mangrove areas, lush paspalum fairways and hundreds of palm trees that were shipped in from Hainan Island (another first).

With such an outstanding golf course so close to the heart of Shenzhen and just minutes away from the Disneyland-like "Window on the World" this project has a strong future as long as the financial and managerial functions of the club can pull through.

Closer to downtown, the Shenzhen Golf Club has received the message and has recently started an improvement campaign. As the oldest golf course in Shenzhen, it enjoys the advantages of prestige, but it has admittedly fallen behind the growing standard of golf courses in the area.

According to Brenda Ng, the Assistant Club Manager, "The opening of the Hong Kong border prompted the redesign, and as competition has gotten stiffer, we realize the need to make the course more challenging."

The US $13 million construction project is significant for golf development as this marks the first re-design of a golf course in China. The original 18 holes (A and B) were built by Isao Aoki and the other 9 holes (C) were built in 1990 by Peter Tang. Turf and drainage conditions on the golf courses are in dire need of improvement.

In order to make these changes, they have hired Nelson Haworth to redesign the layout (see GCNI January/February 1998) and Steven Alexander's new company, Global Golf Engineering Limited, to do the construction work. They will be rerouting many of the holes, tightening the layout, adding more contour to the fairways, increasing the amount of bunkering, and creating more challenging greens.

According to Steven Alexander, "being able to work within an existing layout and an already beautiful landscape is a tremendous opportunity, since nature will automatically dictate the design."

The work will take approximately two years with construction crews concentrating on 9 holes at a time.

As the golf market in this area has grown it has undoubtedly placed increasing pressures on existing clubs. However, the new clubs in this area are by no means in the clear. They face a market which is slowly becoming saturated, making membership drives more and more challenging.

The fact of the matter is that they can no longer rely on Asian investors and golfers to snap up memberships since the rest of Asia is tightening their belt straps. Further, the courses can expect little assistance from the local Chinese market, which at the moment cannot afford to play golf on a large scale.

However, location is everything. The golf market in this area is becoming increasingly accessible due to improved local infrastructure — a new bridge is planned between Zhuhai and Hong Kong and a port highway between Shenzhen and the port of Shekou is under construction.

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Europe

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Statistically, each individual golf course in Sweden hosts no less than 1,142 golf club members. The average number of golfers per course and where, on the other hand, developers should think twice before starting another new project. The fact that there is a general slow-down in the opening of new courses shows us that after a period of rapid golf course growth in the beginning of the 90's, often enough described as the 'golf course boom', the establishment of new golf courses has entered a new phase of more carefully considered, and appraised, new developments.

Beyond the figures, Europe is now witnessing a trend toward more demand-oriented course development. It seems that, after a while, European industry players have finally grasped what the NGF meant with its "player/facility development pyramid" issued years ago. It is no longer exclusively the high-end championship and regulation courses that are built. There are more and more executive courses and golf academy facilities being opened up to the new golfers, meeting their demands and availability of cash. In a few years, for instance (golfers per course ratio: 555), quite a few new courses are being built on lower budgets.

There are quite a few executive courses now in the area surrounding big cities (Munich, Rhine-Ruhr-Area) which are financially very successful. Golf academies, for instance in horse race tracks, are popular in Germany. The "club of non-golf club golfers," a subsidiary of the German Golf Federation, has managed to attract some 9,000 new golfers over the last 10 years. 3,500 of which have converted to club golfers in the meantime, adding to higher frequency of use on the regulation courses.

The future of the golf course industry in Europe has become more solid than in any other two- or three times that witnessed bankruptcies and takeovers galore all over Europe.

Consumer orientation, matching courses to the golfers' demand and the understanding of the industry as a hospitality business should yield sustainable success to those who keep the golfing customer satisfied.

Chinese market

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All of these courses are in position, but it is clear that it will be some time before returns on their investments are realized.

Beyond the figures, Europe is now witnessing a trend toward more demand-oriented course development. The Shanghai Links Executive Community seeks to cash in on that fact. It lies just east of Shanghai in the Pudong New area and is the flagship project for Sealand Housing Corporation, Canada. The project, which has been under construction since 1995, sits on 520 acres of reclaimed land.

There are already 2,800 offices in this area and 40 financial institutions have moved or are planning moves into this area in the coming year. "During a direct survey of multinational companies leading up to this investment, we discovered a unanimous trend of increased expatriate presence in Pudong and we think this is only the tip of the iceberg," said Marcus Thompson, deputy managing director of HSBC Private Equity Limited, the largest investor in the group.

The investors have made an unprecedented commitment to this project. The process of reclaiming the land took two years and cost US$21 million, moving 60 billion cubic meters of earth. The construction of the golf course began in June 1997, and the shaping of the back nine was completed in December 1997. The planting of the first nine should be done by March of this year and will be playable by June. The entire course should be completed by the end of this year.

The Shanghai Links project, although it has been long in coming, promises to be a fine golfing facility as long as the population must be tapped and that will only happen once the per capita income of China reaches the next level.

The continued success of the Chinese economy, therefore, will ultimately determine how soon profits will be made. It is clear that many investors in China have gone to extremes to position themselves in a market that has not yet fully matured.

Golf development in China is a risk. It is abundantly clear that there is only so much support that the country and Hong Kong can carry over market can provide. The local population must be tapped and that will only happen once the per capita income of China reaches the next level.

The continued success of the Chinese economy, therefore, will ultimately determine how soon profits will be made. In the meantime, these courses must hedge their bets, maintain their facilities, and keep in mind that they are industry leaders in one of the largest potential golf markets in the world.