

## Leavin' on a jet plane

DESIGNERS AND BUILDERS FIND OPPORTUNITIES ALL OVER THE WORLD

by  
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With the U.S. golf course development pipeline constricted tighter than a Speedo on a fat guy, some in the industry are focusing more on foreign markets that are booming or poised to explode, according to golf course designers and developers. Whether it's in Asian golf hotbeds such as South Korea and China or sleepers such as Lebanon and Croatia, the world is discovering the economic significance the game wields.

"What we see in Europe is predominantly tourist and resort driven or the second home market," says Kevin Ramsey, a senior architect with Santa Rosa, Calif.-based Golfplan. "Places like Spain, Portugal, Egypt, Tunisia and Dubai are sunshine destinations for northern Europeans, much like the Southwest and Southeast are for the United States. In Asia, it's mainly resort and private club driven. There's still some real estate connected to some projects, but I don't know who is buying the stuff. Probably speculators."

About 90 percent of Golfplan's business is done overseas, Ramsey says.

"We have had some feelers from U.S. developers in Tennessee and Idaho, but there's

no real hot spot we see in the United States, per se," he says. "The economy in California is stalled and even sliding a little. There has been some money spent on rebuilding existing courses around the country, whether they're private or public, and that's keeping some people busy."

Ramsey says his coworker, Ronald Fream, is known as the "Johnny Appleseed" of golf course architects because he's usually the first one into a country.

"In fact, Ron was in Lebanon working on a course we were planning outside of Beirut when the war started," he says. "He was stuck there for several weeks, but we're still going ahead with the project. It's a beautiful piece of land near the Syrian border that luckily wasn't touched by bombs."

### Eastern Europe

Most golf course projects overseas involve much less exposure to personal danger.

"There are a lot of places overseas that had political turmoil that seems to have gone away, and their leaders are looking for ways to promote economic development," says O'Brien McGarey, president of Denver-based Dye Designs Group. "The Adriatic coast of what was formerly Yugoslavia is simply magnificent and primed for resort development. Cities and municipalities have property, and they're looking for ways to develop the land to bring tourism money into the area. One of the ways is with golf."

Robert Trent Jones II LLC has been in negotiations with individuals and officials in the former Yugoslavia, says John Strawn, the company's c.e.o.

"The two places in eastern Europe that have the strongest possibilities are Croatia and Montenegro," Strawn says. "Tourism is on the rise now that the fighting has stopped, and there's very little golf. I know Jack Nicklaus is doing the first modern golf course in Croatia, and we are in discussions with several groups to build a course there. It's a beautiful region with great history, wonderful cuisine and a long coastline. There's a need for four- and five-star resorts with golf, and I believe it will happen in the near future."

The proximity of Croatia and Montenegro to the main population centers of central and northern Europe (Croatia is within a five- or six-hour drive for more than 200 million people) makes it ideal for new resorts, Strawn says.

Eastern European countries such as Poland, Hungary and Russia are beginning to view golf as a tool to draw tourists. Currently, there's a paucity of good courses; however, there's a growing middle and upper class that's interested in the game.

### South Korea

In Asia, South Korea has been bustling with new golf course construction for more than a decade. The boom has been fueled by an increasingly financially secure middle and upper class (South Korea has the 11th-largest economy in the world) that has more free time on its hands because of labor laws that have reduced the average work week considerably. The success South Korean professionals have had on international Tours also has spurred interest in the game. Three years ago, there were 220 golf courses in the country. Presently, there are about 255.

Unlike tourism-driven development in southern and eastern Europe, the boom in golf course construction in South Korea has been a predominantly public-private partnership with cities and provinces setting aside land and sometimes funding developments, which include golf and other amenities.

On the island of Jeju off South Korea's southern coast, a favorite vacation destination for Koreans and Japanese, there are 16 golf courses, and there's a government approval to build as many as 30.

"The South Korean government really has been behind the move to make golf affordable for more of its people," says Rick Elyea, vice president of Post Falls, Idaho-based Jacklin Golf. "There are stipulations that state that even private clubs must set at least nine holes aside for public play."

The South Korean market remains hot, McGarey says.

"My wife Cynthia (Dye-McGarey) just



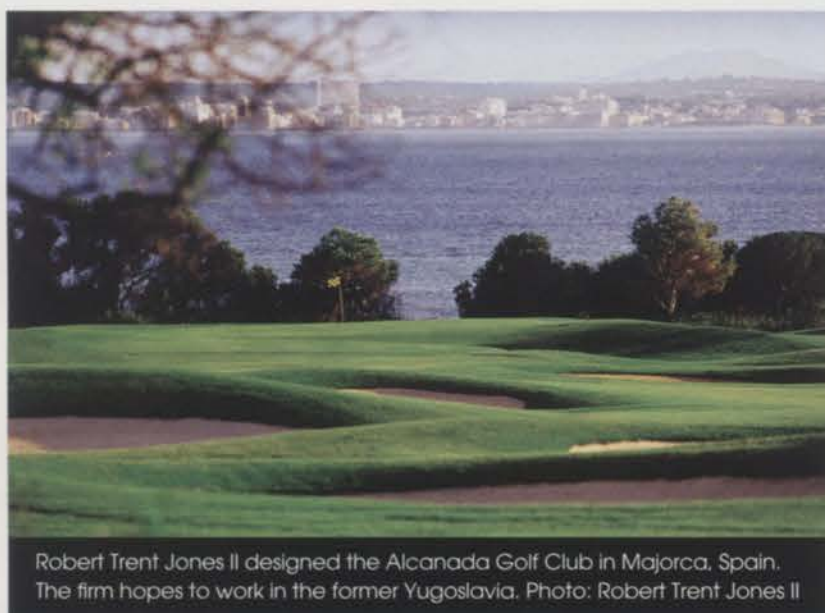
South Korea has experienced steady golf course development, which includes the Asiad Country Club in Busan. Photo: Dye Designs Group





Core Development Co. built the Concession Golf Club in Sarasota, Fla. Kevin Daves, Core's chairman, says there are development opportunities on Florida's west coast. Photo: Core Development Co.





Robert Trent Jones II designed the Alcanada Golf Club in Majorca, Spain. The firm hopes to work in the former Yugoslavia. Photo: Robert Trent Jones II

did a walk through on our latest project on Jeju called Cypress Country Club. It's 36 holes on a former cattle ranch. There's another developer who has plans for six courses and 108 holes on 2,000 acres. If there are 260 courses open now, you can bet there are another 20 to 25 under construction in the country and probably another 50 to 75 in the planning stages."

Morgan Stanley Real Estate and Gale International, a real estate developer and investor, recently reached an agreement in which Morgan Stanley will fund \$359 million of foreign direct investment for Gale's new Songdo City development project in Incheon, South Korea. The project will include a Jack Nicklaus-designed golf course.

Even the closed society of North Korea got into the act when it signed an agreement (since turned sour) last year with South Korean industrial giant Hyundai to develop three golf clubs in the inter-Korean industrial complex near Kaesong.

## Japan and Vietnam

Interestingly, the situation in Japan is similar to that in the United States. New course development is stagnant, mostly because of an enormous increase of inventory.

"Japan was building golf courses hand over fist in the mid-1980s to the early 1990s, when it was the strongest financial power in the world," McGarey says. "From 1989 to 1994, Perry Dye completed 24 courses in Japan. The Japanese started venturing out into other areas of Asia to invest in, but that stopped in the mid-1990s when their economy took a downturn. Now it's the Koreans that are going out all over Asia, investing in golf course and resort developments in places like Thailand and Vietnam. Vietnam, in particular, is on fire, but it needs almost complete foreign investment because

its economy is so weak, and it's difficult to bring deals to fruition."

Ho Chi Minh City (formerly Saigon) has four golf clubs, and Hanoi has two. The government is promoting these destinations to international travelers.

## China

China presents a potential mammoth market for new golf course development given the country's enormous population and growing economy.

"I read recently that the government of China is anticipating the building of 1,000 new courses over the next 10 years," Elyea says. "You put that against maybe 400 being built during the same time in the United States, and you see why people are looking at China."

McGarey says China is somewhat of a mystery because there had been a lot of development going on.

"A lot of the private stuff is built out," he says. "Hainan Island, which is designated as an economic tourist zone, has bounced back nicely from the economic downturn in the 1990s, and there's a pretty large degree of foreign investment on the island."

New course development in China also is being affected by the government stepping in — there are fears of corruption — and preventing about 4,000 projects, not all of them golf related.

"It's not that everyone involved corruption," McGarey says. "It's just that the government wanted to make sure everything was being done properly. The China market is a great opportunity, and it will be done smartly."

## Here at home

All the talk of potential for development overseas doesn't mean there aren't opportunities remaining for new course development in the States. The Northwest has a number of new projects up and running or in the construction phase, and the high-end market in the Southeast and Southwest remains strong, albeit predictable, Strawn says.

"Much of the new development we're seeing tends to be in those areas where there's already an existing supply," says Jim Kass, a researcher director for the National Golf Foundation.

Kevin Daves, chairman of Wichita, Kan.-based Core Development Co., developer of the ultra-high end The Concession Golf Club and Residences in Sarasota, Fla., remains bullish on Florida's west coast market.

"The last I heard there were 1,000 people a day moving to Florida, and areas of the west coast here are amazingly void of great golf

courses," he says. "In the east, they're everywhere but not in the west. You have a lot of people from the Midwest coming down the I-75 corridor landing on the west coast. Because of that, plus the fact that there aren't as many courses in the west, there's still a lot of gas left in the tank in that area."

Daves' firm also is in the initial stages of developing a large project in the Charleston, S.C., area, another area of the country he believes will see growth.

"I also see things starting to trend toward The Bahamas," he says. "Land is still decently priced, and there are a lot of small islands that are attractive locations for resorts."

Hawaii, which can almost be viewed as part of the international market because of its distance from the mainland, remains busy, says Mark Richards, president and c.e.o. of Honolulu-based The Maryl Group, a designer, developer and builder of high-end and ultra-high-end residential properties.

"The key to building overseas is having a great parcel of land to work with, and then designing and building something very different and special, but also something that's traditional in keeping with local customs and culture," says Richards, whose developments are all tied in with active lifestyle amenities.

About 95 percent of The Maryl Group's clients are from the mainland United States, and for most of them, Hawaii is a second, third and even fourth home, Richards says.

"The one challenge we have as a company is that the Hawaiian economy has been on overdrive for the last four or five years, and that has placed a serious constraint on the subcontractor market. As a result, we have had price pressures because we need to convince subcontractors they should take our work over that of another company."

## Trusting partners

Regardless of location, foreign clients are looking for the same things from a designer or developer that clients in the States want, Ramsey says.

"They're looking for value and a lot of service," he says. "Your reputation means so much in the foreign market."

It's wise to have someone on the ground when conducting business in a foreign country — someone who knows the customs and lay of the land, McGarey says.

"You want to have someone who you can trust to partner with," he says. GCN

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