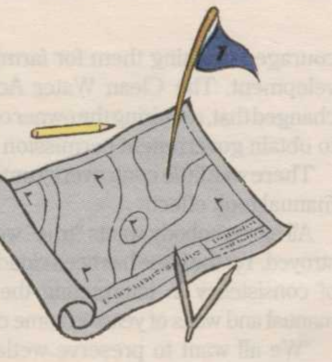
Briefs



DAVIS COURSE OPENING IN OCTOBER

CALHOUN, Ga. — Take several rolling hills, lots of trees, two lakes and a river. Mix well, and you have Fields Ferry Golf Club, scheduled to open in October.

The testing layout designed by Arthur Davis embraces several water holes, with strategic positioning of the greens to take full advantage of the waterways, ponds and lakes. Fairways without sharp contours gently roll in design that blend with the existing terrain. Elevated tees and greens enhance the vistas surrounding the historic civil war site.

Fields Ferry's three finishing holes are cited as outstanding. No. 16, a 523-yard par 5, challenges the better player to carry the lake and approach the island putting surface in two.The 17th, a 155-yarder, plays from an island tee over a lake to a well-bunkered elevated green and old chimney.

The 18th is a 525-yard par 5 that can be reached in two with a strong drive.

HALL & LINDSAY LAYOUT POPULAR

VICTORIA BAY, B.C. — Word-of-mouth advertising can be too powerful.

As news of an 18-hole course being built at Cordova Bay on Vancouver Island leaked out, 2,500 persons vied for membership.

Rather than discriminate, it was to decided that the course, which opened in July with a new clubhouse, would be for greens fee players only.

The Canadian firm of Hall & Lindsay Developments Ltd. is the builder. That company's Wilfred S. Hall has been building golf courses since 1958.

Hall & Lindsay has built the back nine at Arbutus Ridge, a retirement complex on Vancouver Island, scheduled to open May 15 with a new 15,000-square foot clubhouse.

Hall & Lindsay's U.S. company, directed by Wilfred's son, Scott L., just completed the new nine at Fiddlers Elbow, Far Hills, N.J., and is doing a major renovation job at Copper Hill Country Club in Flemington, N.J.

RICHARDS' HEAD OF BAY ON SCHEDULE

PLYMOUTH, Mass. — The new Head of the Bay Golf Club here is rapidly taking shape in the sand hills of upper Cape Cod.

The 6,000-yard course is designed by Richard and Associates of Sagamore Beach, Mass., and is owned by Carl Nuissl of Wrentham, Mass.

All 18 fairways have been cleared and graded, the greens are being shaped, and the irrigation system is being installed. Head of the Bay Country Club plays over a rolling 180-acre site.

"I believe the golf course will be a fine addition to the New England golf community," designer Ray Richard said. "I feel we have quite a story with the progress made by the contractor, the difficulty in putting together a deal like this in tough times, and the beautiful site with which we had to work.

The course will be seeded in the fall. Opening is planned for September 1992.

Japanese continue active in market

By Peter Blais

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 40-percent decline in the Japanese stock market, a continued decrease in the Japanese trade surplus, deregulation of Japanese financial institutions, overbuilt U.S.

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Vegas turns hot territory despite recession

By Peter Blais

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 Summa 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 800,000 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, Las Vegas become 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 until 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

Tee areas shaped like the four suits in a deck of cards make Grand Legacy at Green Valley, on the outskirts of Las Vegas, a unique property. The course was designed by Arthur Hills and Associates, while the community was planned by David Jensen Associates.

borrow money, they are going to build. 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 18,000. 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 resorts.

The Sahara Country Club (formerly Stardust Country Club) was the first residen

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McCormack heads lineup of speakers at conference

ORLANDO, Fla. — The future of golf will undergo in-depth scrutiny at Golf Development Expo here Sept. 12-14.

More than 30 experts will probe golf development at general sessions that will embrace 20 fact-finding workshops. More than 116 exhibitors will present technology. There will be a market feasibility review.

Mark McCormack, International Management Group president, will be the keynote speaker at 8:30 a.m. Sept. 12 at Expo headquarters, The Peabody, 9801 International Drive.

Financing/investment sessions will emphasize golf financing; find out how to tap it; how to joint venture with a name designer; tax-exempt and taxable bond financing; the outlook for Japanese investment; raising seed money; how to attract equity investors; and European joint venture opportunities.

The management and operations field will be reviewed in a checklist for maximum profits; a legal checklist for development; the next real-estate boom: more than just golf; clubhouse management for maximum profits; and marketing strategies for faster cash flow.

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 work-out situation."

Vegas developing at fast pace despite outlook elsewhere

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tial golf course. Paradise Valley, which became Showboat Country Club and is now Indian Wells Country Club, along with Las Vegas Country Club rounded out the field.

Up until 1980, all golf course development was linked to demand for golf, not housing. And demand was limited. Las Vegas Country Club was financed by the Teamsters and went through three owners before becoming established, Fine said.

There were no successful real estate golf developments until 1982, he said. Prior projects were core courses that weren't developed to maximize residential housing. The economics of golf in the 1980s forced golf to become real estate oriented, the Summa Corp. official said.

LAS VEGAS' PRESENT

Prior to 1980, single-family housing permits averaged 4,500 per year. They have jumped to 7,600 since 1983, the unofficial start of the Las Vegas golf boom.

Fine traces the boom's origins to the 1983-84 opening of Spanish Trail, the main beneficiary of the pent-up demand for golf course communities and "the most successful" community in Las Vegas.

Spanish Trail developed along the lines of a Palm Springs, Calif. community, complete with entry gate. Robert Trent Jones Jr. designed the 27-hole course. The community demonstrated the pent-up demand for golf course lots.

Started by a local family that made its money in the concrete business, the community was well designed and successful from the start through every residential construction phase, Fine said. It appealed to many market segments — primary, custom, pre-retirement and retirement residences.

"It showed me a golf course can extend the life of a project," said Fine, a non-golfer.

Based on Spanish Trail's success, other developers tried golf course communities. U.S. Homes opened a retirement community called Los Prados in 1985-86. It was never very successful because it wasn't well conceived, Fine said. When retirement homes didn't succeed, it shifted to conventional housing.

"It never really identified what it truly wanted to be," Fine said.

Painted Desert came on line in 1986-87. It had a very successful land-sale program, but never projected a clear image of the course as a semi-private, private, or public course, Fine said. Consequently, it didn't get maximum value for the lots.

"It's very important to know who your market is and what you're doing to reflect the values along the course," Fine said. "Golf course communities are so capital intensive that you usually can't afford to make mistakes."

Spanish Trail made mistakes, Fine explained. But there was such a pent-up demand for golf course housing that the developers were able to work through them and not repeat them in the second and third phases.

"Painted Desert didn't turn out to be as strong as Spanish Trail," Fine said.

Painted Desert was also a target golf course, the first in the area, Fine added. It opened before Las Vegas had water problems and people didn't understand the need for it.

"We will do no projects that have been done before," Fine said. "I've always said the pioneer is the guy who dies with the arrows in his back. Don't be a pioneer if you want to be with your project at the end. Stay with the fundamentals, keep it simple, do it right and don't get too fancy."

'Identifying a niche and making sure there is enough demand to justify the capital expenditure are keys.'
— Mark Fine

Canyon Gate was a joint venture that opened in 1987-88. The two parties fought and separated, Fine said. The family that remained and developed the project didn't have enough lots remaining along the Ted Robinson-designed course to keep it exclusive.

"I've seen courses that were well conceived but didn't have enough product along the golf course. Consequently they couldn't sell enough golf course memberships to maintain the exclusive image they were trying to market. That doesn't mean you can't sell memberships to people outside the community. But it's easier to sell to those in the community because people typically want to play near where they live," Fine said.

The Legacy in Green Valley opened in 1989-90. Arthur Hills was the designer. Fine called it "an economic course" for the Las Vegas area, even though it uses a million gallons of irrigation water a day.

"This is the desert and people want to live along something green," he explained.

Developers must be willing to absorb some red ink for two or three years while a course incubates and develops a reputation, Fine said.

Legacy charged $75 greens fees and hosted 35,000 rounds its first year — somewhat below the 50,000 to 55,000 rounds developers projected the semi-private course needed to be economically strong. The golf course had to provide more revenue because it wasn't strictly private, which would have allowed some of the costs to be transferred to the surrounding development.

"But if they stick with the program for five years, Legacy will become a very successful course," Fine predicted.

LAS VEGAS' FUTURE

Although it will never be a golfing mecca like Palm Springs, Las Vegas has good potential for golf course communities in most segments of the housing market, Fine said.

The 22,000-acre TPC at Summerlin community plans on 55,000 housing units built over the next 25 years for 150,000 to 175,000 residents. Lot sales have been primarily to builders so far, with 14 deals closed by late 1990. Fine projects 60 home models will be available by the end of 1991 and 80 a year later. Fifty homes were occupied in late June.

The 230-acre TPC course, designed by the PGA Tour staff with consulting pro Fuzzy Zoeller, will be the eventual home of the Las Vegas Invitational. It is scheduled to open this fall with memberships selling for $30,000. Approximately 160 were sold from April 15 through late June, making it the most successful membership sales start-up for a TPC course, Fine said. The goal is 400 members the first year, with an eventual total of about 500.

"Memberships are expensive, but we wanted to make a statement on the front end of the project," Fine said. "We needed to with 22,000 acres of property."

A Sun City community with a basic course, and homes in the $80,000 to $140,000 range, has been developed at the rate of 700 units a year for the last four years on 1,000 acres to the north of TPC at Summerlin, Fine said.

"They told me they're having the best year they've ever had, which I find incredible considering the economy," he added.

Among the problems facing developers wanting to attract people to golf course communities is the growing air pollution problem in Las Vegas, the water shortage and dealings with county and state officials, Fine said.

"But identifying a niche and making sure there is enough demand to justify the capital expenditure are keys," Fine said. "The future of golf is in communities where you know your niches and pre-retirement communities for people who are looking to retire in the next five to 10 years. Those markets are available and those markets are good.

"The challenges facing golf courses are water, how you use it, how much the county will let us continue to build golf courses and the tremendous costs of building courses since almost every single part of them must be irrigated.

"They can be successful. There are examples of successful courses. But you have to be market driven, not development driven when you're involved in golf course development in Las Vegas."