

Japanese ownership often means infusion of funds

Hogan Co., others say new owners provide much-needed capital

Japanese ownership has made a world of difference to Ben Hogan Properties Co., according to President David Hueber. And he does not stand alone in his assessment.

"Everyone we know of, the people at the resorts (bought by Japanese) are happier than they were before," said Donald Wizeman, president of U.S.-Japan Golf Association.

"From what I've heard," said Mead Ventures President Chris Mead, "the average course bought by the Japanese gets spruced up. I think the plant and equipment of U.S. golf courses will be upgraded because of the Japanese involvement... In general, there will be competitive pressure to improve courses to keep up with them."

That is true in his case, agrees Hueber, who is overseeing Pebble Beach Co., bought by his Cosmo World-owned company for \$800 million to \$1 billion.

"The ownership and support we've had as a company has been terrific," Hueber said. "They truly have a long-range vision for Ben Hogan Co. We had been operating profitably. But the fact that you have that kind of support to build the business is wonderful."

"Cosmo ownership is terrific. There was an absence of investment (at Hogan), but no longer. Now we can make the changes we want to make, just as at Pebble Beach. They (former owners) just basically harvested

Pebble Beach the last few years.

"Since we bought it we've been restoring it to its original character, its original luster. It is a national treasure for the public and is a very special place for people to visit."

When Daiichi America Real Estate Corp., the New York City subsidiary of Daiichi Real Estate Co. Ltd. of Tokyo, bought Lakeover Country Club in Bedford, N.Y., for \$24.9 million, officials immediately planned improvements.

Douglas Danzig of the Park Avenue law firm Marks, Murase & White, which represents Daiichi, said: "They're willing to spend as much as it takes to rebuild the course... It will be a world-class, top-notch golf course" by the spring of 1991.

O'Brien McGarey, director of business development for Dye Designs International, tells the story of Cypress Golf Club in Los Angeles.

Fuji Country paid \$37 million for Cypress and some surrounding property, then spent another \$10 million to \$12 million to remodel it.

"That doesn't make sense if you're using standard American economic performance criteria. But you can't put that value on it," McGarey said. "They're selling corporate memberships in Japan. Plus, they take a long-term payback perspective that Americans don't have."

Wizeman said Japanese are "very concerned with the Japan-bashing that's been going on in our Congressional leadership, and people squawking about them buying premier property. They don't want any kind of aggravation. One of the questions they ask

is if there would be concern about their buying a property. They rarely replace management that's in place... They just want to own

it and operate it efficiently."

All agree that maintaining model courses is integral to that concept.

Office building investments down, but golf buys increase

The cost of land and construction in their own country has driven Japanese companies to foreign soil for investments.

"The sheer economics of building a golf course in Japan drives them elsewhere," said U.S.-Japan Golf Association President Donald Wizeman of Myrtle Beach, S.C. "It costs \$100 million to build a course there."

Wizeman said the Japanese National Tax Agency recently assessed a square yard of land in the Ginza District in the center of Tokyo at \$252,000 — a 17.5-percent increase over the previous year.

Meanwhile, land evaluation nationwide has risen 38.1 percent over a year ago.

No wonder the Japanese are investing in Europe, Asia, America and England, Wizeman said.

O'Brien McGarey, director of business development for Dye Designs International, which is building a half-dozen courses in Japan, agreed the Japanese can save a lot of money buying abroad.

"Why spend \$100 million when you can buy an existing, established course for \$10

Japanese investment by property type in 1989 — percent of total investment: Cumulative: \$17.3 billion in 1989

Type	Cumulative	1989
Hotel & resort:	26%	28%
Offices	44	23
Residential	9	15
Mixed use	10	15
Land	4	9
Golf	1	3

Golf purchases in 1989: \$520 million
Source: Kenneth Laventhal & Co. study

million or \$20 million?" he asked.

The U.S. Commerce Department reported last October that Japanese direct investment in U.S. companies and real estate was \$17.3 billion in 1989. It declined 36 percent during the first half of 1990.

Yet Japanese golf and resort-related investments have increased.

Pacific Rim conference planned to bring all parties together

A Pacific Rim Resort and Golf Executive Conference in Hawaii on May 20-21 will explore joint ventures, how to market properties and services in Asia, and new projects in the region.

The conference, "to meet and establish relations with executives from all over the world," is being presented by the University of Hawaii School of Travel Industry Management, Pannell Kerr Forster and Executive Conferences and Seminars.

It will cover environmental delays, financing of all sorts, marketing memberships, and approaches to master planning, among other topics.

Ernest A. Watari, managing director of Pannell Kerr Forster, will chair the conference. Speakers will include architects Robert von Hagge, Michael Hurdzan, Roy Dye and Jim Applegate; Thomas Yamamoto of Naysay Hawaii, Inc.; Dennis Hillier of Hillier Wanless

& Cherry.

Also, Brian Sunada of The Bank of Hawaii; Dean Chuck Gee of the University of Hawaii's School of Travel Industry Management; Mark Kaiser of Ramada Hotels and Resorts; Edwin Fuller of Marriott Lodging International; Dennis Cagan of Design 1 Interiors.

J. Patrick Lawrence of Wimberly Allison Tong & Goo; Yukuo Takenaka of The Takenaka Group; Christopher Mead of the Mead Report on Japanese Investment in U.S. Real Estate; James Bell of Belt Collins & Associates; Edward Bignon of Arnold Palmer Golf; and Mickey Jannol of The Yasuda Trust & Banking Co., Ltd.

For further information people may contact Executive Conferences at P.O. Box 3118, San Rafael, Calif. 94912; telephone 800-873-9137. Registration and conference information costs \$695.

Sellers eager

Continued from page 28

investments is quite different than the American.

Wizeman said: "They don't want an investment that's quick-term. They call us the 10-minute country and they're the 10-year country."

"A golf course we think is worth \$10 million and we believe is an insane buy at \$14 million, can be an outstanding investment for them. They look at it 10 years from now. If you get a minimum 10-percent appreciation every year, what's a \$14-million golf course worth 10 years from now?"

"We tend to focus on making a profit in five years or less to get a payback. Their view is

long-term," agreed Hueber.

McGarey took the time frame a giant step further.

"In the Japanese philosophy of life, real estate is sacred. When they buy a piece of ground they are making a sacred transaction," he said.

"They look at something on a 50- or 100-period or more ... which gives them lots of ability to pay more or buy under different criteria."

With numerous sellers, and a variety of buyers, from food to electronics manufacturers, the trend points to the American golf industry being affected more and more by Japanese ownership.

#4 In A Series

Preventing Turf Diseases



BROWN PATCH

Patches are distinguished by unaffected green centers producing a "frog-eye" pattern. Prevent damage with Banner® fungicide at 2-4 oz./1000 sq. ft. every 10-21 days. If already present, mix 2 oz. Banner with a contact fungicide.

© 1990 CIBA-GEIGY Corporation, Turf and Ornamental Products. Always read and follow label directions.

