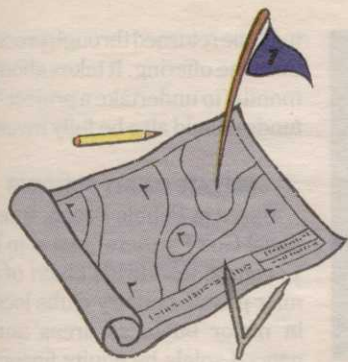


## Briefs

**DYE DESIGNS COURSE OPENS IN JAPAN**

TOKYO, Japan — The Country Club Glenmoor, located in the Chiba Prefecture outside Tokyo, opened July 20.

The Dye Designs' family, led by Perry Dye, attended opening day Shinto ceremonies. Honorary guest Pete Dye performed the rituals.

Glenmoor is the second of four Dye golf course projects to be completed for Toshio Someya, owner and chairman of Mariya Company, Ltd.

Pete and Perry Dye's first golf course in Japan was Mariya Country Club, opened in November 1987. The third course, Gran Mariya Country Club, is under construction. Completion is anticipated in the fall of 1993.

**LOHMANN TRANSFORMS SCHAUMBURG**

CRYSTAL LAKE, Ill. — Lohmann Golf Designs and the Schaumburg Park District have joined to transform the 27-hole Schaumburg Golf Club into a premier public golf facility. Phase one of the three-phase renovation project is complete, and nine holes are scheduled to open in September.

The original course was designed in 1927 by architects William Langford and Theodore Moreau. Inattention in recent years turned challenging golf holes into what has been termed "concrete acres." Schaumburg Park District purchased the golf course in 1989 and hired Lohmann for total renovation.

Lohmann has been capturing the course's original character. The master renovation plan includes computerized and automatic irrigation, bent grass tees, greens and fairways; new bunkers and reshaping old bunkers. Ground was broken this summer for a new clubhouse.

**ELKHORN EYES DEC. 1 OPENING**

STOCKTON, Calif. — Projected completion date of Elkhorn Country Club's member clubhouse remodeling and expansion is Dec. 1.

The 10,000-square-foot clubhouse will include expanded men's and women's locker rooms, bar and grill room, formal dining facilities, expanded golf shop and administrative offices.

H & H Construction of Stockton is the project's general contractor, Jackson Associates the architect.

The 93-acre, 18-hole layout designed by Bert Stamps is a private golf facility with 530 members. Elkhorn recently increased membership entry fee from \$5,000 to \$7,000.

**DAVIS SIGNS FOR GEORGIA LAYOUT**

ROME, Ga. — The architectural firm of Arthur L. Davis Inc. will design the city's proposed public golf course and be involved in course site selection. Davis' fee will be about \$200,000.

The Rome City Commission unanimously approved his presentation. Davis, a former Rome resident, now lives in Gainesville.

# Non-traditional funding sources take spotlight in developing golf facilities

By Peter Blais

**A**lternative sources of financing are filling some of the golf course development and acquisition gaps left by the virtual departure of banks and savings and loans from the leisure real-estate market.

Non-traditional mortgage lenders, real-estate syndications, preferred stock offerings, foreign investors, corporate America, pension funds, unions and foreign contractors are helping fill the void.

A panel of financiers discussed golf course funding alternatives at a recent Institute for International Research conference in Las Vegas.

Following are some of their thoughts.

**NON-TRADITIONAL MORTGAGE LENDERS**

"Capital markets are tight, but that has always been so for golf courses," said Herb Hogue, director of golf investments for GATX Golf Capital. "Money is available for golf courses that can be profitable businesses with a well-thought-out plan."

GATX is a finance company that does par-



ticipating mortgage loans for firms wishing to acquire or develop and then manage golf courses. The company has financed more than 30 courses. It has also funded golf course communities.

GATX is a lender, but also wants to create value rather than just collect guaranteed interest payments, Hogue said. GATX transactions are highly leveraged with moderate interest rates.

"Our profit is really back-ended where the owner's profit is. So we're really into these projects with the same incentive as the

*'Capital markets are tight, but that has always been so for golf courses.'*

— Herb Hogue  
GATX Golf Capital

owner's," Hogue said. "We're lenders but our profit is contingent on the project being successful. We're more like venture capitalists."

"We don't do one-shot deals. We are relationship lenders. We're in the business to develop relationships with the best developers and managers of golf courses in the country. We finance their plans to develop or acquire a series of courses over the next several years."

Seventy percent of new courses are parts

Continued on page 26

# 'Sure-fire' methods of past have passed away

By Peter Blais

Attaching a golf course to a residential development is not a sure-fire way to make a project successful, according to a golf course communities consultant.

"We're involved in 50 to 60 residential golf course projects a year around the country," said Dan Levitan, a principal with the Greenman Group, a Hollywood, Fla.-based residential marketing consulting company. "My skepticism comes from the fact that half of those are troubled properties."

The residential trend is toward large community developments complete with amenities, including golf courses, said Levitan during the recent Institute for International Research Golf Course Development and Financing Conference in Las Vegas, Nev.

After all, the National Golf Foundation



predicts the number of golfers will increase 40 percent by the year 2000. And the typical golfer's income is \$11,000 above the national average.

So, with demographics and demand solidly in golf's corner, why are so many residential

*'My skepticism comes from the fact that half of those (50-60 residential projects) are troubled properties.'*

— Dan Levitan  
Greenman Group

golf projects in trouble?

First, golf demand is localized. "What may work well on the north side of town may not work on the south side," said Levitan, who described an attractive golf course commu-

Continued on page 30

# More industrial, commercial projects adding golf

CHICAGO, Ill. — More golf courses are being built in conjunction with industrial and commercial developments, according to Tom Clark, president of the American Society of Golf Course Architects.

Developers, real-estate professionals and businesses are realizing that golf courses add much more than curb appeal to commercial properties, according to Clark. "A golf course can add prestige and beauty, help attract occupants and provide the ideal environment to entertain clients," he said.

There's a certain prestige to working in an office surrounded by a beautiful green belt. "Many companies that want to project an upscale image are establishing their headquarters on golf course property," he said.

Several city government offices, including those of Norfolk, Va., are taking part in the growing trend. "Any mayor or city administrator would appreciate the benefits of an office overlooking a public course, especially one that brings revenue to the city," said Clark, who recently developed a master plan for a

course that will house offices for the city of Norfolk.

Another reason for the growing popularity of hybrid golf courses is that they help pre-sell commercial projects.

"If a potential business wants to lease space overlooking a certain hole or lake they must act quickly," Clark said. "In this respect, courses generate additional interest and excitement for the project."

In addition to making a property more attractive, a golf course's open space absorbs noise. Trees produce oxygen, especially beneficial to industrial and commercial developments.

"Some courses have been built over landfills, eliminating an eyesore to the community and possibly reducing further environmental risks," said Clark. "Golf courses will benefit commercial and industrial developments in the next decade in the same way they have generated sales in residential developments the past 10 years."

Executives in the private sector also know

the value of having their business address on a golf course. "Golf courses offer an excellent place to meet and entertain clients," Clark said. "Since decisions often are made on the links, why not gain a competitive advantage with potential clients and business associates?"

Clark cites Windsor Parke Golf Club, Jacksonville, Fla., as an example of a course built in conjunction with a commercial project. Said ASGCA member Art Hills, who designed the public course which opened in May, 1990, "We blended the golf course and commercial space into a single cohesive project."

Another example of a hybrid course is Dakota Dunes in South Dakota, near Sioux City, Iowa. The project features two 18-hole courses surrounded by a residential community and a campus-like 200-acre commercial development.

Those interested in the master plan concept should write the American Society of Golf Course Architects, 221 N. LaSalle St., Chicago, Ill. 60601.

# The odds — and at-odds — of golf course development

Continued from page 25

nity in a Florida city that was located 20 minutes from the growing part of town.

"It was a hot residential area 10 years ago. But no one is interested in moving into the area today. There is a life cycle to neighborhoods and it had bypassed this property. They have redeveloped this course and it has been open two years. They have sold 14 home sites and 25 memberships. You're talking substantial red ink," Levitan said.

Second, residential golf course developments require large tracts of land. That amount of acreage is usually only available in remote areas, putting the community at odds

with the home buyer's desire for a convenient location.

"Unless you are building a destination resort that is self-contained, putting the new residential development 10, 15 or 20 minutes out is not an advantage for the sale of residential property," Levitan said.

Third, golf course design often takes precedence over community design. The profit from the sale of an average golf course is about one-fourth of the profit from lot sales, Levitan said. Yet more money and attention are often spent on course design than in creating attractive environments for house lots or maximizing lots along the golf course, he added.

"If you can't get 40 percent of your house lots on the course in a small development, or 25 percent in a large one, you're losing real money," he said.

Fourth, the golf course concept — membership costs and availability — often conflicts with the residential market. Levitan mentioned a 2,400-lot development with an equity golf course. With 800 lots sold, the 400 golf course members exercised their option to buy the course and make it private. Lot sales stopped cold. The developers had to buy 300 acres five miles away and build two more courses that they could offer as an amenity to prospective buyers of the remaining 1,600

lots before sales picked up again.

Not all golf course lot buyers are the young, beautiful and rich people pictured on marketing pamphlets, Levitan said. Some are blue collar. Some are short and fat. The type of housing offered and difficulty of the course should reflect that, he added.

Finally, many builders don't understand or budget for the economics of golf course development. The Greenman Group recommends budgeting for a \$250,000 per year operating loss on the golf course for the first five years, not including the losses for promotional use of the course to sell home sites.

Golf course development costs are up front and usually amount to \$3 million or more for an upscale development, including course, clubhouse, locker rooms, restaurant, bar and pro shop.

"You need all that, even though no one may use them for several years," Levitan said. "Yet they need to be up and available for that one, two or three buyers. That's a lot of up-front money. Residential developments can be phased. But it's very difficult to phase a golf course. It's difficult to convince people to pay \$200,000 for a home and \$15,000 for a membership at the club if they only have nine holes to play for two years."

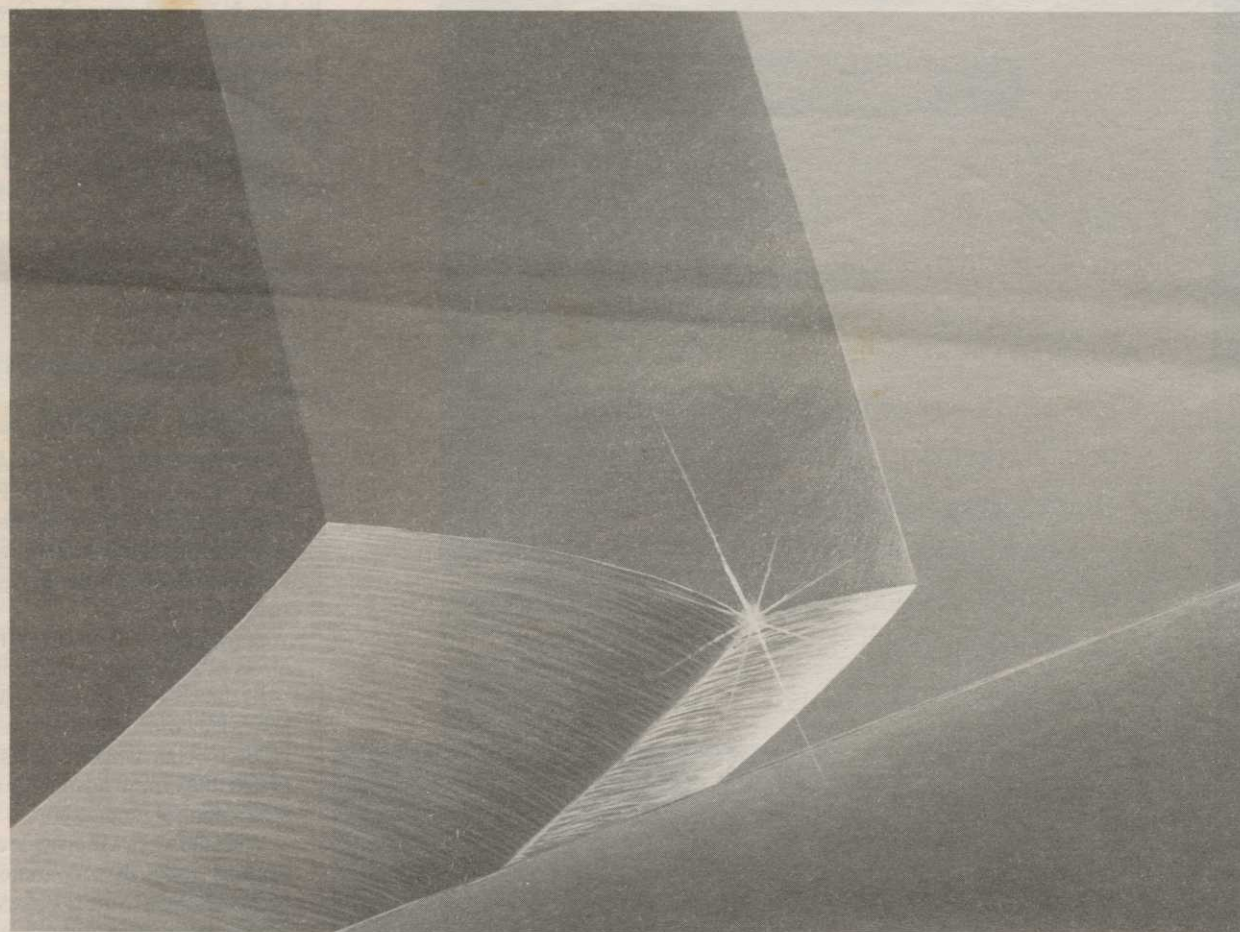
The cost of a name designer adds \$1 million or more. One well-known architect has a clause in his contract allowing him to rip out a hole he doesn't like before the course opens, totally at the developer's expense, Levitan said.

"I'm not saying you can't make money with a golf course. But you have to know what you're getting into. The bottom line is it has to work for you and the buyers," he added.

So, how does a developer avoid, or at least decrease the likelihood of taking a bath on a residential golf course development project? Levitan offered "Greenman's 17 Tried and True Rules for Successful Residential Golfing Development." While some may be distasteful to golf course purists, Levitan believes they will help the community and the course survive in today's marketplace.

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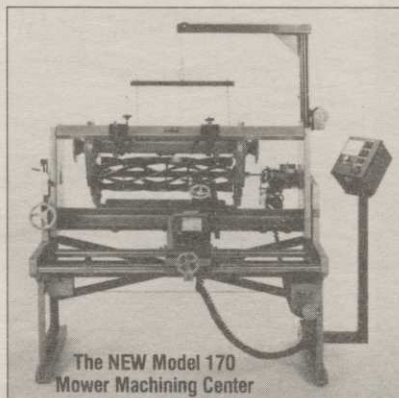
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## The odds

Continued from page 30

They are:

1. Research market thoroughly — Research golf demand and supply, residential demand and supply and market components.

2. Evaluate site carefully — Investigate the surrounding area, quality of access, character of the area and site, suitability for residential development (first) and for golf (second).

3. Understand why buyers purchase homes in golfing communities — The most important reason could be open space and views, ambience or the club atmosphere. Remember, an average of just 20 to 30 percent of residents will play the golf course.

4. Develop a realistic consumer profile — Who will live in the community? Where are they coming from? What prices will sell? What product types and sizes are required?

5. Create a unique concept — Don't copy the market, it may be fully saturated.

6. Design an appropriate residential community environment around the golf course — This is the opposite of designing a wonderful golf course and throwing some housing in. The community design is the primary concern.

7. Utilize the golf course to benefit residential site planning — The golf course should be visible from as many homes as possible and as vehicles enter the community.

8. Design the course and membership structure to the residential market — The course must be playable by the residents. It must be affordable and have adequate capacity.

9. Prepare realistic budgets and cash flow analyses — Development is heavily front-end loaded and early operating losses must be considered.

10. Market the community intelligently and creatively — Just offering golf isn't enough, especially in an area that already has many courses.

11. Utilize the golf course to sell homes — There is nothing worse than an empty golf course. If it's empty, it's not selling homes. Encourage play, sponsor outings and get the market involved in the lifestyle.

12. Balance housing products — Make certain to have product for all viable markets and pocketbooks. Phase development. The golf course is what is being sold so, where possible, it should be visible from every room in the house.

13. Monitor your housing inventory — Premium and non-premium lots should sell in balance. If premium course-front lots are selling much faster than back lots, raise the price of the premium lots. "The last home site you want to have left to sell is the one with the view of the first tee, green, fairway and lake," Levitan said. "You want to sell your bad product first."

14. Maintain membership availability — The last home sold should come with the opportunity to buy a golf membership, or at least a social one with a realistic opportunity to soon purchase a regular golf membership.

15. Operate the golf course for the members' benefit and convenience — They are the customers and will refer new members and homeowners if they are happy. Avoid needless restrictions, like a dress code if your market is 60-year-old retirees from Ohio. They are going to wear Bermuda shorts and T-shirts no matter what the developers say because that's what they're used to wearing.

16. Remembering priorities — This is a residential community first and a golf course second. Even in small developments, 75 percent of all profits come from the residential side, 90 percent in larger developments.

17. Golf is not a cure-all — Golf is a wonderful amenity that will help a developer sell homes and make money. It will not save a residential development that is poorly located, conceived or executed.

## Nugent adds his artistry to Rockford, Ill.'s 5th muni

ROCKFORD, Ill. — A forward-looking Rockford Park District and forward-thinking architect Dick Nugent — nudged on by a donation from a public-thinking industrialist — have created the fifth municipal golf course here.

Taking a \$2-million gift from retired businessman Norris Aldeen that included 143 acres from his family farm and \$300,000 in trees, the Rockford Park District added \$4.8 million from two bond issues, another \$10,000 in private donations and built an \$8.2-million facility.

The course carries the name of Aldeen, who also donated a small bridge reminiscent of that over Swilcan Burn at St. Andrews.

Nugent added mounding and contours, heavily bunkered greens, and a layout that skirts water on 10 holes to transform the flat and wide-open farm. Nine of the holes opened July 26 and the back nine will open next year.

"They wanted a course suitable for all levels of public play up to and including state amateur championships and maybe some day the national public links championship, so we designed with that in mind," Nugent said.

Four sets of tees make the course playable from 7,058 to 5,030 yards.

"Everybody is extremely pleased," said Jim Reid, manager of design and construction for the Park District. "The course is much

more than I thought it was going to be."

Course manager David Claeysens, who now oversees five courses, described the newest as an upscale public facility.

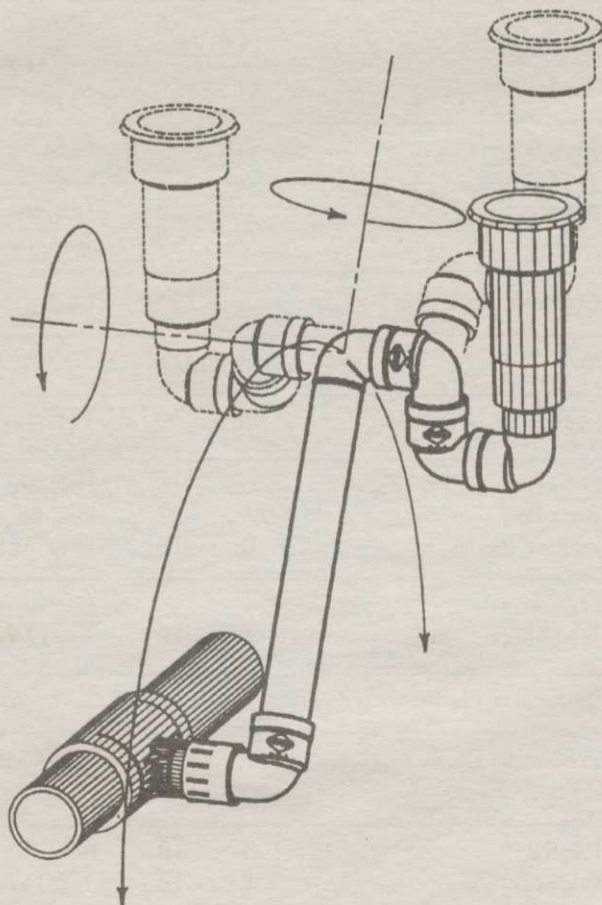
One of its most unique features, he said, is a \$1.25-million practice area Nugent designed so that "any shot you can get on a course, you can get on the range, from sand to water, playing on bentgrass or bluegrass."

It includes four target greens, a chipping green and bunker complex, and large putting green.

Ken Giesler, formerly at Ingersoll Golf Course, is superintendent at the Aldeen course, which is all bentgrass from tee to green.

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