

# Asia 1998: A golf industry learns about itself

By ANDREW OVERBECK

Seven countries, hundreds of interviews and 1,350+ golf holes later, my Southeastern Asian golf tour has come to a close. I had a chance to study in detail the golf markets in Thailand, Vietnam, China, and the Philippines with some side trips to Malaysia, Singapore, and Hong Kong.

Without a doubt, there was no better time to explore and research the golf markets in these Asian countries. In the face of economic turmoil, the golf industry was learning quite a lot about itself. In the transition between boom and bust many things have been lost, but much more has been gained.

Pragmatism for a start.

Gone are the heady days of unplanned and impractical developments. The "if you build it they will come" mentality has thankfully left the building. In the process, many golf course developers have

had to scale back plans, cut costs, or get out of the business altogether. The collective currency devaluation has had a devastating effect. Importing supplies, equipment, and even foreign management has become too expensive.

There has been a fundamental shift in the way business is being done. Owners must now look inward to make ends meet, which means establishing local supply lines and developing and fostering the education of local management and maintenance staff.

Moving forward, the industry is finally realizing the need for more public golf courses. During the mad profit rush of the early '90's, developers got so caught up building prestige projects that they neglected to take into account the size of their intended market. Where are the next generation of golfers going to come from? How will they learn the game? Where will they be able to play? These are the questions that are being asked now.

From driving ranges and practice facilities in Vietnam, to the new public track in Kuala Lumpur, to strategy sessions at Golf Asia '98, the answers to these questions are being exhibited and discussed. It has become painfully clear that golf developers can no longer count on the

hordes of Japanese tourists, or the throngs of Hong Kong golf nuts, or the occasional European or Western businessman. The focus is turning towards the local market and to the new class of golfers who must now pick up the slack of over-development.

Things to watch for now are this: will private courses revert to pay for play and shed exclusivity to get golfers on their courses?

Several courses in Thailand have for years, and some in China are doing so as well. Further, how many courses will be snapped up by foreign investors? There is no doubt that there has never been a better time to purchase golf real estate in Asia and from reports I've received, several large American and European firms are already on the prowl.

Lastly, how will new development proceed in this new business environment?

This is not to say that the golf industry has ground to a halt in Asia. Throughout the year I visited dozens of construction projects, attended a couple grand openings, and spoke to many more developers

about ongoing plans. China is still going strong, and the potential market is large as long as finance ministers can restructure the economy without having to devalue the renminbi.

The Philippine golf market is also going forward, with a couple of projects nearing completion and many more soon

to break ground. Although the middle class there has taken a hit, it remains clear that many still have disposable income. Vietnam was never really a powerhouse, but the country currently has five projects pending and under planning. And even in the land of the battered, the Thai golf market has had some new courses break ground and a couple of courses have opened in the past year. It is quite clear that this market will continue to perform and that the size of the market will continue to grow.

There is still a lot of work to do and to be done. The lessons learned in the past year and a half have been painful, but they will ultimately lead to a stronger, more balanced market. And quite frankly, I'm looking forward to following the industry changes that will lead up to the inevitable upswing in the Asian golf market.



Andrew Overbeck

Andrew Overbeck has recently returned from a Watson Fellowship studying golf course development in Asia. His visits included existing golf courses and those under construction in Thailand, China and Vietnam. He contributed to GCN of the course of 1998 and will be joining the GCN and Golf Course News International editorial team.

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