

GOLF DEVELOPMENT IN ASIA 2002: WHAT ARE THE PROSPECTS?

GOLF COURSE DEVELOPMENT ACROSS ASIA HAS BEEN IN A SLUMP SINCE THE SOUTHEAST ASIA FINANCIAL MELTDOWN OF MID-1997. THE TRAGIC AND MINDLESS ACTIONS OF TERRORISTS ON SEPT. 11 ONLY ADDED TO THE SLUMP.

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Hole 9 at Grand Shanghai Resort,
Kunshan, China
Photo: David Dale



Above: Hole 7 at Golf
de Fregate, France
Photo: Ronald Fream



Hole 4
Shore Gate Golf Club,
Cape May County,
New Jersey
Photo: Ronald Fream

With its vast diversity of economies, social systems and customs, Asia is not a single golf market. In some areas, golf development has continued to progress in response to real or anticipated user demand. China and Korea have specific areas where additional golf courses will have a market. Other countries have seen a near collapse of initiative to start new projects. The health of the local real estate market has a direct effect on golf development. Golf community housing, if in the mid-range price range, will continue to be financially attractive. A depressed market in one country or region has implications and impact elsewhere in the region, but growth areas do exist.

Some general trends offer hope for increased new course development in the coming few years, but short term uncertainty prevails. Fundamentalist actions will continue to depress local markets. When one is able to interpret the operating figures, it is obvious that luxury country clubs are not the route to successful golf development.

Many of Asia's clubs operate close to the breaking point. Eager and affluent members provide enough revenue to maintain the image and prestige of these country clubs. In Japan, the majority of country clubs are technically bankrupt. Courses operating at break even or at a subsidized loss do not encourage further development. What is lacking is a need or a will to earn a profit.

The market for high status golf clubs will continue across Asia. Although creating them will not be a growth industry as ever increasing costs of land and construction, a more bureaucratic approval process and the risk of oversupply in some markets.

Is it wrong to expect a golf club to earn a profit? Is it wrong to try and provide affordable golf to want-to-be and newer players? I think not.

Running a golf course as a business

**Pestana Golf and Resort,
Vale de Pinta Course,
Carvoeiro-Algarve, Portugal
Photo: Ronald Fream**

has merit and social acceptability, but operations of any business greatly depends upon continued growth in demand and the return of repeat customers. Expensive and exclusive established private clubs virtually prohibit entry of any serious numbers of new players. Hence, country clubs stifle growth of significant numbers of new players. An expanding base of new players is essential to the success of any golf development effort.

There is nothing wrong with creating new exclusive country clubs, but consider the general benefits of creating good standards of golf at affordable prices. Good quality standards mean more demand, eventually more country club members, more players and more golf tourists. Affordable golf can be a healthy locomotive for future sustained growth.

For an indeterminate time across Asia, the number of foreign tourists coming to resorts, which offer golf, will decrease. Terrorism and travel have never been good companions. Tourism is the single largest industry in the world today. Many people of modest education and in need of permanent employment beyond the rice paddy or oil palm estate



are now out of jobs due to terrorism. Until some significant level of tranquility and security against terrorism is assured, travel will suffer and Asian tourism golf operations will suffer along with many national economies in general.

Many Asian countries have populations approaching 50 percent or more of citizens under the age of 20 or 25. Education and jobs are the two most critical products every government must provide in order to improve the living standards and well being of their pop-

ulations.

Tourism makes a large number of jobs; jobs for the undereducated, unskilled and for those leaving high school or university. Tourism produces permanent and satisfying employment. Golf is an integral part of many tourist destinations. Resorts and resort golf is an engine of employment with a total worldwide user market of more than 60 million golf players. Asia has tourist attractions of immense diversity beyond counting and employment opportunities abound,

as long as the tourism potential is properly pursued and marketed. Golf is a small but important component of Asian tourism.

Daily-fee, open-to-public and resort golf, which offers distinctive appeal, an exotic destination and user affordability, are both sides of the same program and market. Profiting from tourist interest in exotic environments and fascinating cultures, lush vegetation and beautiful beaches must be a priority for any far thinking Asian government and political leaders. Private enterprise can join with local or regional governments to help promote and provide tourist destinations with golf.

Asia has been slow to create affordable and accessible golf. For a long time, private clubs were the only golf available through either colonial introduction or status-seeking financial exclusivity. Asia has proportionately fewer younger players among their golfing population than the United Kingdom, Australia, the United States, or even Sweden.

The lack of accessibility and affordability are the primary reasons. Golf has long been part of every English or Scottish town's recreational offerings. Australia inherited the love of the game and early on golf was widely accessible. In the United States, during the time of Eisenhower's presiden-



**Royal Brunei Golf Club,
Jerudong Park,
Brunei, Borneo
Photo: Ronald Fream**

cy, several thousand municipal courses, owned and operated by cities and towns and affordable to play, were created.

Today, over 60 percent of America's 17,000 golf courses are either daily fee, open to the public or municipal. Resort courses are part of the daily fee, pay-to-play market. Residential housing can fit nicely with daily-fee golf when carefully planned together.

While current short-term anxiety curtails some travel plans, a shortage of resort destinations to attract more golfers and a severe lack of open-to-the-public, daily-fee courses, inhibit the growth of new players on a local basis. Tourism golf must have terrorist threat-free environments to prosper.

Across Asia, there has been a tendency to equate the amount of money spent on the course and the clubhouse size with the quality of the golf course. Wrong. Widely enjoyable and memorable golf can be designed and built for less.

"The profitability of a given golf operation is inversely proportional to the size of its clubhouse," according to Fream's law of golf economics because the more glass and marble, the grander the dining room, the larger the air-conditioning unit, the smaller the operating profits.

This is not always the case, but it is generally true around much of the golfing world, particularly across Asia. A modest clubhouse with good, reasonably priced food and attentive service will beat a sterile edifice with serious golfers, provided the golfing facilities are challenging, memorable, and affordable.

Providing affordable golf means leaving off the excesses. Trying to surpass the inept efforts of a local competitor or duplicating something that works in a specific market is not necessary.

Assuming the more charged, the more players, will come is erroneous and borders on unintelligent management. Value for money is clearly the way to profits in the operation of golf courses.

It must be kept in mind that profitable golf operations emerge from reasonable land prices, well-conceived planning and interesting, user-focused creative design, reasonable construction costs and turf maintenance that is more than adequate but not meticulously obsessive.

Affordable golf, whether open to the public or tourist destination, means the several pieces and components, including the clubhouse, are done in a creative, interesting way, quality of construction is good, service and attention to the user client is just that, service with a smile and welcoming.

Realistic, yet site-specific, design solutions can produce remarkably enjoyable golf for a few million dollars, not the all too often tens of millions of dollars.

What goes into development cost-wise must



come out price-wise to show a profit. Realistic, modest development expenses can permit asking affordable user green fee prices in most markets. Targeting capacity at 50,000 or more rounds per year is reasonable in many locations. Obsessive maintenance goals are costly and often exceed the ability of the golfer to appreciate them.

It may be more glamorous to flaunt the costs of creations and to charge more, but many Asian countries should consider how they are going to recapture tourists to occupy hotels and golf courses.

Tropical weather, lush forests, sandy beaches, picturesque villages and local gourmet cuisine may not appeal to the Taliban or bin Laden, but then how many long-term jobs have they created? How many real schools for girls or children in general have they produced? How many university graduates have they produced?

Tourists and golf produce meaningful jobs one can grow old doing with satisfaction in emerging economies well before information technology factories or automobile assembly plants.

Given limited access golfing facilities, those who would like to take up the sport and recreation are unable to enter the front gate. More courses, offering daily fee, pay to play and no membership access will spur demand.

Having proper teaching facilities and youth golf programs can produce more golfers and more courses. Golf academies and dedicated teaching areas will help produce Asia's answer to Tiger Woods.

Korea and Japan have led the way with free-standing driving ranges that introduce beginners to golf. Children must be introduced early on to the joy, challenge and moral citizenship building golf provides.

Consider Sweden, a country of approximately 8 million inhabitants with more than 400 golf courses available. Swedish law mandates youth golf teaching programs for many children beginning before their 10th birthday.

Golf at a few dollars a round for those children brings the benefits of sport, integrity and

social interaction broadly to their population. Exclusive country clubs would never accomplish this. Note how Swedish golfers dominated world competition.

The market for golf across Asia will expand if, when and where reasonably priced, daily-fee courses are on offer.

Tourist golf will surely increase as more golfers are produced within each country. Inter-Asia golf travel is a potentially huge market eclipsing long haul North American or European tourist visitations. Korea produces golf tourists now.

When Japan recovers economically and China has a million or more keen golfers, tourist destinations offering affordable and notable golf will prosper. International holiday travel will again expand and thrive.

A country's local golfer is someone else's foreign tourist. Many social, economic and cultural benefits will be the result of making attractive golf courses low priced and accommodating.

Ronald Fream has been providing golf architectural services across Asia since 1972. Mr. Fream has had experience providing creative affordable golf courses in over 60 countries. Saujana, Awana at Genting, Bangi Golf Resort, Tioman Island, Damai Laut and Karambunai at Kota Kinabalu are Malaysian courses designed by Golfplan. Remodeling and upgrading of existing courses is another way of providing fresh, new and affordable golf.

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