

Holiday Town Boom

The year 1988 could well be called the year of the resort development boom. The year saw virtually every local government in Japan drawing up plans to develop resort complexes in accordance with the Law for Development of Comprehensive Resort Areas, enacted in 1987. Seventy projects involving more than 100 hectares or development costs exceeding ¥10 billion or both are already under way.

Meanwhile, there is an overheated rush to build resort condominiums in already developed resort areas. The annual supply of resort condominiums is estimated to have reached 10,000 units, equivalent to five years' normal supply in the past.

While long vacations favored in the West have not yet caught on in Japan, the economic recovery and stable prices have sent the Japanese people's spending on leisure and recreational activities skyrocketing. Ironically, however, workers' paid holidays, essential for creating demand for out-of-town leisure and recreational facilities, have actually decreased, from an average 8.8 days in 1980 to only 7.5 days in 1986. In that sense, the current spate of resort development plans are taking place in a vacuum.



Demand for leisure and recreational facilities is growing so fast that some Japanese companies have begun to develop resorts overseas.



Photo: Club Med

Resort development in Japan has just begun, and large-scale projects now in the planning stage will take at least five or six years to complete. If demand for leisure and recreational facilities remains at today's level, however, there could soon be a resort glut.

The government's New Five-Year Economic Plan approved in May 1988 calls for reducing Japan's average annual working hours from 2,111 hours in 1987 to about 1,800 hours by 1993, and private-sector financial institutions have already announced they will switch to a five-day business week this February. But while some progress has been made toward increasing leisure time, the success or failure of the many resort development projects planned all over Japan will hinge as much on the adoption of effective measures to create demand for resort facilities as it will on the administrative support for resort development provided by the Law for Development of Comprehensive Resort Areas.

While the resort industry edges uneasily into the future, the overseas travel business is cashing in on the present. The appreciation of the yen has only accelerated already surging demand for foreign travel. The number of Japanese traveling

abroad increased greatly in 1988 after the 23.8% year-on-year growth posted in 1987, when 6.83 million people went abroad. As things stand now, the "10 Million Plan" drawn up by the Ministry of Transport in 1987 to raise the number of Japanese making overseas trips to the 10 million level by 1991 will likely be attained one or two years ahead of schedule.

The overseas travel boom has affected the resort business at home. Some developers have begun to develop resorts overseas, where land prices and labor costs are low and government approval comes faster and more easily than in Japan. Japanese companies are developing resorts in Australia, Hawaii, Guam and Saipan. In Australia, some 20 major projects are under way with Japanese capital.

If domestic resort operators are to prosper in the face of this formidable competition, they will have to find ways to make their resorts attractive to vacationers with elements not available in resort areas overseas. Instead of simply developing ski slopes and marine sports facilities, they will have to use their ingenuity to come up with unique ideas giving full play to the attractions of each region. ■

(Shigeru Katayama, senior economist)

Japanese Traveling Abroad

