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KPMG GOLF ADVISORY PRACTICE IN EMA

Golf Participation in Europe 2015

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Dear Reader,

**Andrea Sartori**

Partner, KPMG Advisory Ltd.
Head of Golf Advisory Practice
Global Head of Sport

Following the success of and positive reaction to KPMG Golf Advisory Practice's previous Golf Participation Reports for EMA, I am delighted to present here the fourth edition of this report.

Despite the economic downturn and the decline in golf participation in recent years, golf maintains its popularity and significance in most European countries. In 2013, when the last Golf Participation Report was published, golf in Europe was suffering a very difficult time. The European golf market improved slightly in 2014, recording a slowdown in the decrease in golf participation as well as stabilisation in the number of available golf courses across Europe. We believe that the recent tentative European economic upturn and the continuing initiatives aimed at recruiting new members (which we address in this report) will have a positive impact on golf in Europe in 2015.

Together with other research regularly published at golfbenchmark.com, this study aims to provide golf associations, golf clubs, investors, developers and other industry stakeholders with an overview of the current trends and tendencies across the European golf markets.

As the initiator and coordinator of this study, I hope you will find our results both interesting and valuable. I would like to take this opportunity to thank the golf associations and other industry experts who contributed to the preparation of this report.

If you require any further clarifications or if you wish to discuss our findings, please feel free to contact the KPMG Golf Advisory Team or myself.

Yours sincerely,

Andrea Sartori

After more than 25 years of growth, Europe's golf markets experienced their first significant downturn in 2010. This decline has continued, reaching a peak in 2013, with further decreases in 2014. The decrease in the number of registered golfers since 2010 can be partially attributed to the economic crisis but also perhaps to changes in lifestyle which may also be impacting on golf participation. This report provides insights and analysis of current demand and supply trends in the golf industry across Europe.

Headline facts

- During 2014 the number of registered golfers in Europe fell by 1.8%, or by approximately 77,000 golfers.
- In over half of the European countries included in this report the number of registered golfers decreased in 2014. This includes key markets such as England, France, the Netherlands, Spain, Scotland, Ireland, Denmark, Norway, Finland, Iceland, Wales, Austria and Italy.
- The only countries where it might be considered that golf is well established and which registered significant increases in 2014 were Belgium and Switzerland (+2.8% and +1.4%, respectively). Our research has shown that most of these increases can be attributed to newcomers to the game. In Switzerland most of these new golfers are not affiliated to clubs but rather are registered directly with the Swiss Golf Association. In Belgium the majority of newly registered golfers are the result of the new initiatives of the regional Flemish Golf Federation.
- It is well known that there are a large number of non-registered golfers in Great Britain and Ireland and recent surveys* looking at registered and non-registered golfers in Great Britain and Ireland indicated that participation started to re-stabilise in 2014. There was a 3.5% increase in the total number of rounds played year-on-year. Nevertheless, there was a 4.4% decrease in the number of registered golfers in Great Britain and Ireland during 2014.
- Across the less developed golf markets, the biggest growth in demand in 2014 can be seen in Greece (+17.5%) and Poland (+8.2%). This amounted to 350 and 283 additional golfers respectively, reflecting the relatively small size of the golfing market in these countries compared to more mature markets.
- The Czech Republic is considered to be Eastern Europe's most established golf market. Golf continued to grow even during the global economic crisis and the number of golfers has almost doubled since 2007. At the beginning of 2015 there were 56,438 registered golfers.
- Across Europe the golfing population continues to be dominated by male golfers, who in 2014 represented approximately 66% of all golfers (and increase from 63% in 2012). In 2014 female and junior golfers represented approximately 25% and 9% of all registered golfers respectively.
- Despite the many initiatives aimed at attracting juniors into the game, junior golf participation dropped by 25,445 golfers (-9%) during 2014. In the five largest European golfing countries, the number of registered junior golfers decreased by 12,671 which was 7% fewer than at the beginning of 2014.
- Following a decrease in the number of golf courses in Europe in 2013, during which there was a net change of 34, in 2014 the number of golf courses remained stable.

*Prepared by Sports Marketing Surveys Inc.

Methodology

All the data presented in this report is based on official statistical data on the number of registered golfers and golf courses across Europe. Data was released by golf associations and other industry stakeholders in Europe. This report only provides information on registered golfers, as no official statistics on the number of casual golfers (i.e. golfers not affiliated with clubs or association) are currently available. With regard to the supply of facilities, we only consider golf course facilities of at least 9 holes and have excluded academy and pitch & putt courses. All data is collected at the beginning of each year. Countries in which the number of golfers and/or golf courses is below a significant level have not been included in this report.

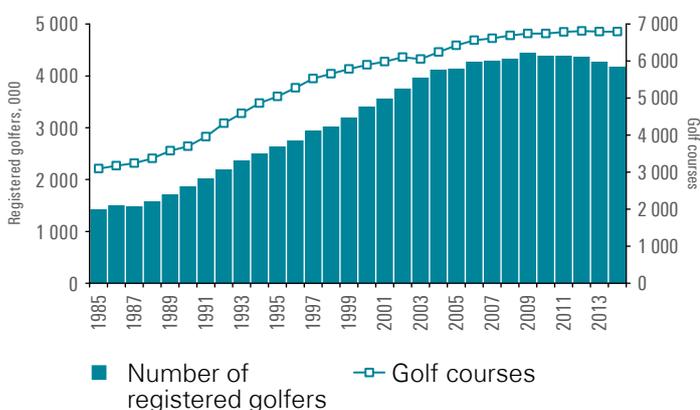


Golf demand and supply trends in Europe

Between 1985 and 2010, Europe’s golf market experienced steady growth in demand and supply. From the onset of the global economic crisis, growth in both participation and the number of golf courses started to slow down and, finally, became negative in 2010.

Between 1985 and 2010 the average annual growth in the number of golfers was approximately 5% year-on-year. Over the last four years the average decrease in the number of golfers was 1.2% per annum, peaking with a decrease of 2.4% during 2013 and slowing to 2% in 2014.

Development of golf in Europe 1985 – 2014



Source: European Golf Association and local golf federations with KPMG elaboration

After 2007, the number of golfers has been declining in Europe’s well established golf markets (e.g. Great Britain and Ireland, Sweden, Norway, France, Austria, Spain, Portugal, Italy, Luxembourg). In Great Britain and Ireland, the total number of registered golfers dropped by 51,826 (down 4.4%) during 2014.

Golfers in Great Britain and Ireland do not need to be registered to play and can continue to play golf as “casual golfers” on a green-fee basis. According to recent surveys* there are an estimated 2.84 million casual golfers in Great Britain and Ireland. Taking into account registered and non-registered golfers in these two countries, it appears that golf showed some signs of recovery in 2014; there was a reported 3.5% increase in the number of rounds played in 2014.

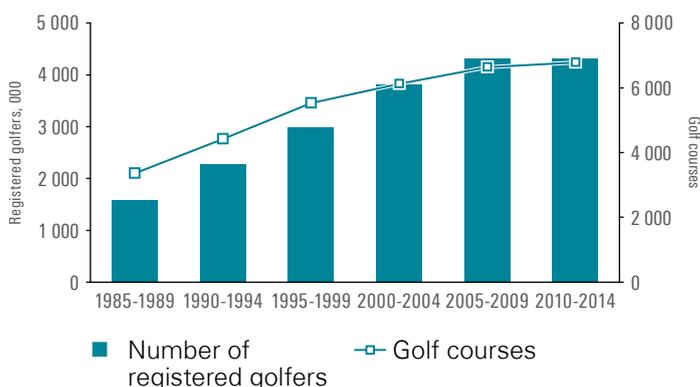
According to some of the latest studies on golf participation in Europe, there are approximately a total of 3.5 million non-registered golfers in Europe, meaning that approximately 80% of these non-registered golfers (i.e. those not affiliated with any club or/and association) are based in Great Britain and Ireland.

The Czech Republic and Poland are the largest markets in the emerging golf markets of Central and Eastern Europe (CEE) and although these markets are still experiencing growth this has decelerated significantly in recent years. As with all CEE markets there is a recognition that the problems faced in Western Europe, i.e. ageing golf population, less interest in the game, closures of golf facilities, need of the game to “renew” itself, are becoming also relevant in CEE and need to be addressed.

The supply of golf courses has followed a similar pattern to golfer demand. Between 1985 and 2007 there was regular growth in the number of golf in Europe. Growth slowed between 2007 and 2012 and in 2013 there was a fall in supply in 2013.

In 2014 there has been practically no change in the total number of golf courses across the analysed countries, offering some confidence for further stabilisation in 2015.

Average number of registered golfers and golf courses between 1985 and 2014



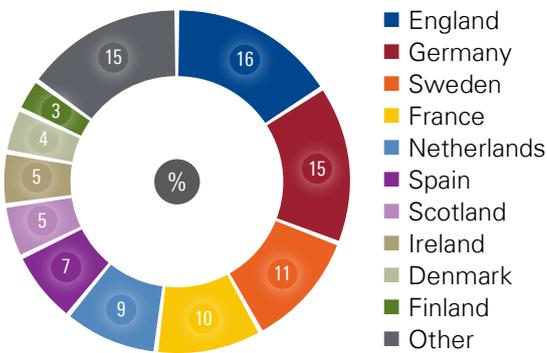
Source: European Golf Association and local golf federations with KPMG elaboration

* Prepared by Sports Marketing Surveys Inc.

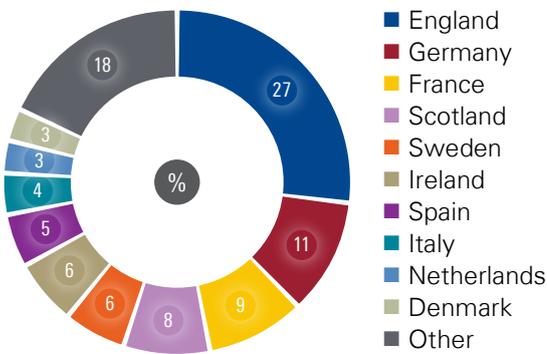
Europe's golf market in 2014

The majority of golf courses and registered golfers in Europe are primarily concentrated in the most established golf markets. 85% of all registered golfers and 82% of all golf courses are located in the top ten golf markets. England has the highest number of golfers and courses in Europe, with 16%* and 27% of European golf demand and supply respectively – followed by Germany where there are approximately 15% of all golfers and 11% of all courses in Europe.

Distribution of registered golfers by country in Europe



Distribution of golf courses by country in Europe

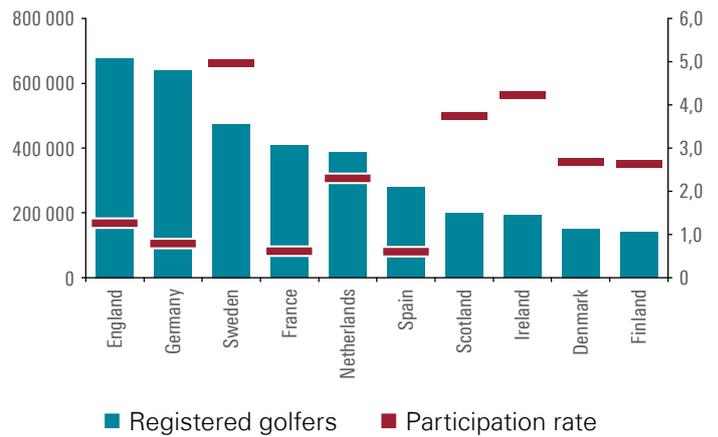


Source: European Golf Association and local golf federations with KPMG elaboration

*Please note that demand analysis in England does not include non-registered golfers.

The diagram below shows the participation of registered golfers as a percentage of the total country's population for the top ten golf markets in Europe.

Golf participation rate in top ten European markets relative to the number of registered golfers in 2014



Source: European Golf Association and local golf federations with KPMG elaboration



Photo by Aidan Bradley

On the maps below we present the relative maturity of European golf markets based on population per golf course, the proportion of the population who play golf, and the average number of golfers per golf course.

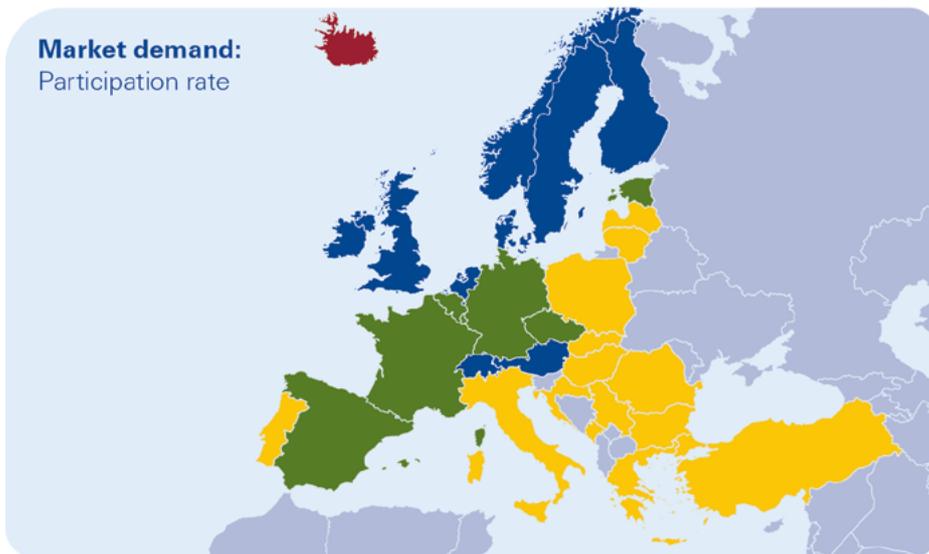
As in recent years, the highest golf participation rates in 2014 were in Iceland, Sweden, Denmark, Finland, the Netherlands, Norway, England, Ireland, Scotland and Wales. It is noticeable

that golf participation is highest in countries in Northern and Western Europe – reflecting the emerging status of Central and Eastern European countries.

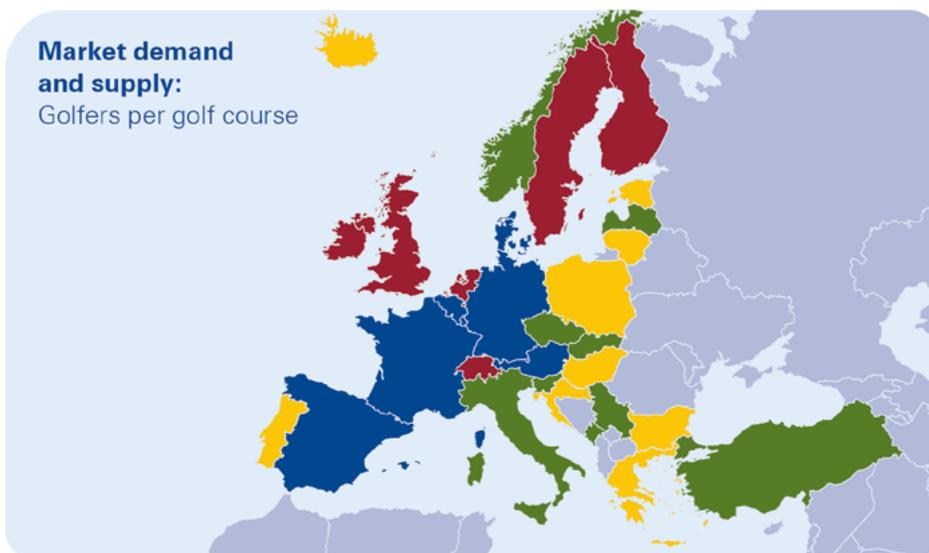
Although Germany is the second largest golf market in Europe (both the number of golfers and courses) golf participation rate is relatively low compared to the countries mentioned above.



- Mature ≤ 25,000 people
- Developed 25,000 – 100,000
- Growing 100,000 – 300,000
- Infant ≥ 300,000



- Mature ≥ 5%
- Developed 1% – 5%
- Growing 0.2% – 1%
- Infant ≤ 0.2%



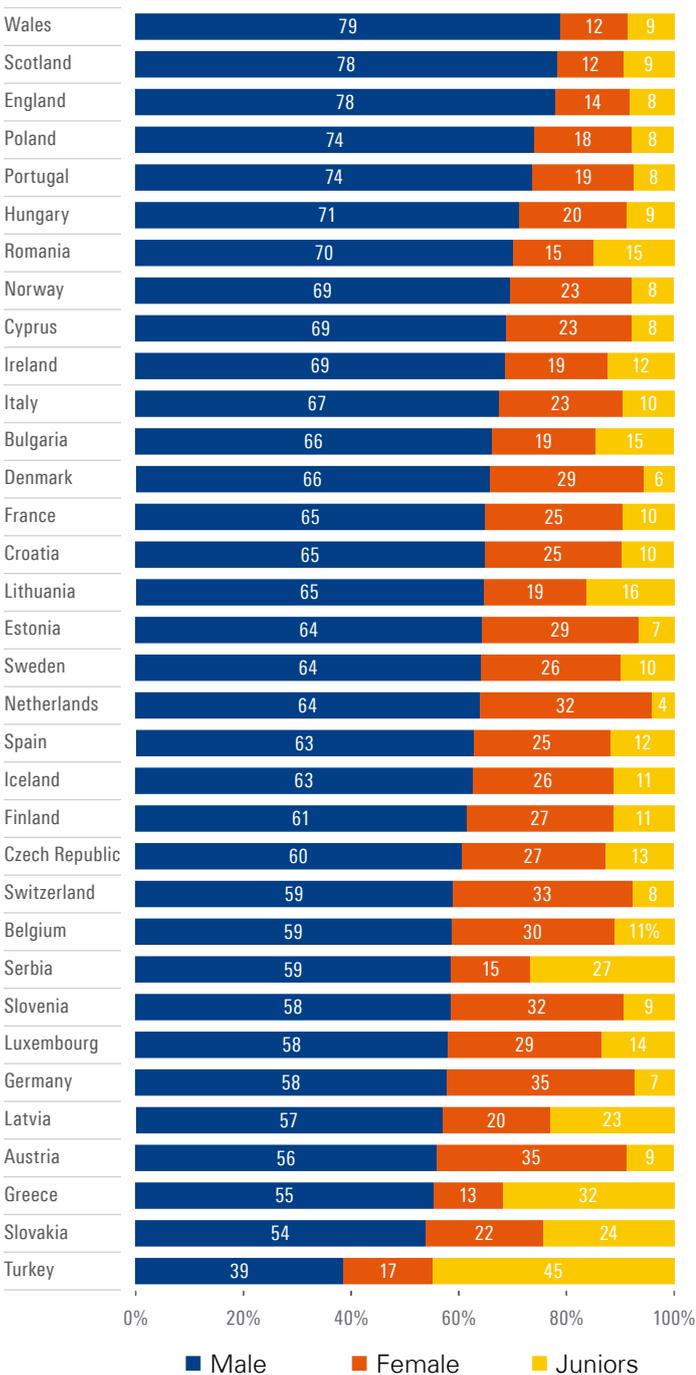
- More than 900 golfers per course
- Between 600 and 900 golfers per course
- Between 300 and 600 golfers per course
- Less than 300 golfers per course

Source: European Golf Association and local golf federations and Eurostat with KPMG elaboration

In 2014 male golfers accounted for approximately two thirds (66%) of all registered golfers across Europe. Women and junior golfers accounted for 25% and 9% respectively.

There has been a steady decrease in the number of registered female and junior golfers over recent years. The number of junior golfers decreased by some 25,445 in Europe during 2014. In the five largest European golfing countries (i.e. Great Britain, Ireland, Germany, Sweden and France), the number of registered junior golfers decreased by 12,671 which was 7% fewer than at the beginning of 2014, and represents 50% of the total decrease.

Composition of golfers across Europe, in 2015



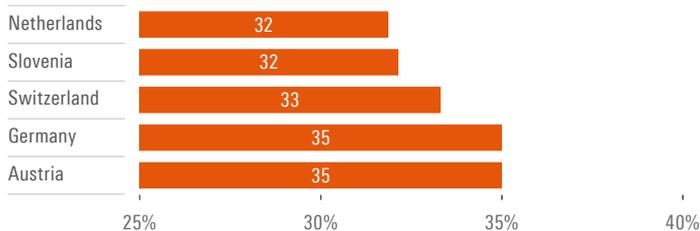
Source: European Golf Association and local golf federations with KPMG elaboration



Els Performance Golf Academy Juniors

Austria, Germany, Switzerland, Slovenia and the Netherlands remain the leading countries in terms of female participation with one-third or more of all golfers in these countries being women.

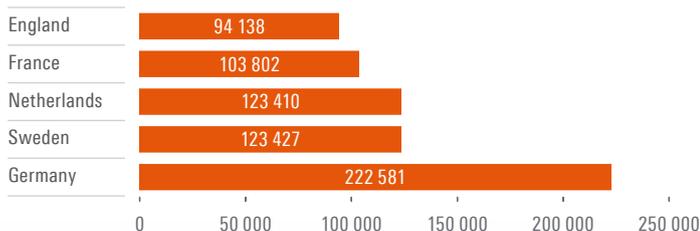
Top five markets in terms of proportion of female golfers (compared to all golfers in the country)



Source: European Golf Association and local golf federations with KPMG elaboration

In absolute terms Germany and the Netherlands are also in the top five countries in terms of numbers of female golfers, with approximately 223,000 and 123,000 female golfers respectively, as shown in the diagram below.

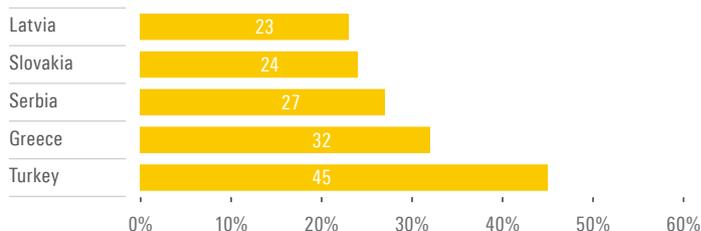
Top five markets in terms of total number of female golfers



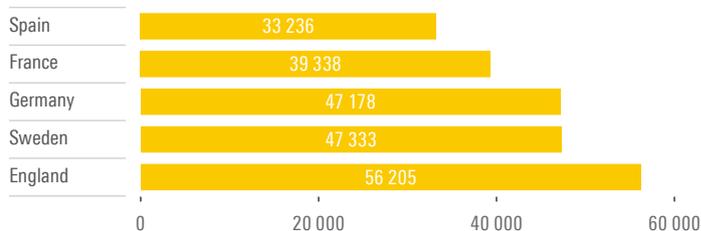
Source: European Golf Association and local golf federations with KPMG elaboration

As in previous years, it is in golf's emerging markets that the highest proportion of junior golfers can be seen. In 2014 in Turkey, for example, 45% of all golfers are juniors. Greece, Serbia and Slovakia have also been relatively successful in attracting juniors to the sport. This we believe reflects the efforts made in such countries to concentrate on introducing juniors to the game.

Top five markets in terms of proportion of junior golfers (compared to all golfers in the country)



Top five markets in terms of total number of junior golfers



Source: European Golf Association and local golf federations with KPMG elaboration

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Ernie Els and Fancourt Foundation

The growth of golf in the near future

Although our analysis shows that across Europe the size of the decrease in the number of golfers has reduced, the market is still decreasing in more than 50% of the countries analysed.

Much of the cause of the downturn has been attributed to the global economic crisis; however there is an awareness that in addition to financial constraints there are aspects of the game which are players not well suited to the consumer of today. Limited personal free-time and the nature of the game, and the wide range of competing activities can make attracting newcomers difficult.

Whilst these findings are not new, there appears to be increased resolve from administrators and other stakeholders to address the issues facing golf.

Over the years many initiatives have been launched by global, regional and local golf associations and other industry bodies across Europe with the aim to encourage further development of the game.

Based on the findings of our 2015 report the impact of such initiatives in the current environment is difficult to notice.

Much emphasis has been put on the importance and the potential of popularising the game among women and juniors. Whilst this trend can be seen in other parts of the world – in Asia in particular, the same success is not yet visible in Europe, with the exceptions of the Netherlands, Austria, Germany and Switzerland.

As Europe comes out of economic recession, the real position of golf as a leisure pastime will become apparent. The various initiatives that have been introduced to make golf attractive and appealing to a wider audience must continue and will hopefully bring more robust results. However whilst it is important that golf fully embraces new technology that, for example, can help to track performances and greater emphasis be put on the potential impact of social media, the core elements of golf that have endured over the years – companionship and competition (measured against oneself and others) in an outdoor environment – must further emphasised.

Hopefully what we have observed in some markets are the start of a meaningful recovery. Belgium and Switzerland have managed to attract more new golfers to the game. Programs such as open days organised by most golf federations and the junior golf in Scotland are examples of initiatives that it is hoped will show results in our next participation reports.

Country statistics

Registered golfers and standard golf courses in Europe, 2015

Country	Registered golfers ⁴	% Change from prev. year	Change in the number of golfers vs. prev. year	Participation rate ⁵	Golf courses ⁶	% Change from prev. year	Change in the number of golf courses vs. prev. year	Population per golf course
England	678,372	-4.8%	-34,018	1.30%	1,849	-0.4%	-8	29,032
Germany	639,137	0.2%	1,402	0.79%	728	0.6%	4	110,610
Sweden	474,777	0.2%	980	4.97%	448	0.0%	0	21,330
France	408,388	-1.4%	-5,861	0.62%	597	1.0%	6	109,847
Netherlands	387,429	-0.5%	-2,086	2.31%	203	1.0%	2	82,658
Spain	280,712	-4.8%	-14,275	0.60%	348	-0.9%	-3	134,276
Scotland	199,764	-4.8%	-10,048	3.80%	545	-1.1%	-6	9,762
Ireland	194,151	-2.7%	-5,399	4.20%	413	0.2%	1	11,116
Denmark	150,699	-1.2%	-1,889	2.69%	188	1.1%	2	29,801
Finland	142,757	-1.0%	-1,497	2.63%	129	1.6%	2	42,067
Austria	103,225	-0.7%	-774	1.22%	156	0.0%	0	54,179
Norway	102,007	-1.5%	-1,546	2.02%	175	0.0%	0	28,864
Italy	91,713	-1.5%	-1,416	0.15%	275	-1.8%	-5	217,037
Switzerland	88,523	1.4%	1,263	1.10%	96	0.0%	0	83,740
Belgium	60,867	2.8%	1,675	0.55%	84	0.0%	0	132,877
Czech Republic	56,438	0.7%	393	0.54%	102	4.1%	4	103,099
Wales	49,084	-4.6%	-2,361	1.60%	151	-1.3%	-2	20,384
Iceland	16,371	-1.4%	-231	5.09%	65	0.0%	0	4,952
Portugal	14,094	1.9%	269	0.13%	86	-3.4%	-3	121,945
Slovakia	7,644	2.1%	154	0.14%	20	0.0%	0	270,542
Turkey	6,776	2.7%	178	0.01%	18	5.9%	1	4,201,521
Slovenia ¹	6,129	-30.1%	-2,633	0.30%	12	-7.7%	-1	171,568
Poland	3,739	8.2%	283	0.01%	32	14.3%	4	1,204,166
Luxembourg	3,557	-6.4%	-245	0.66%	6	0.0%	0	89,507
Estonia	2,668	7.6%	188	0.20%	9	28.6%	2	146,686
Greece	2,350	17.5%	350	0.02%	8	0.0%	0	1,382,814
Hungary	1,498	-3.5%	-54	0.02%	12	-14.3%	-2	825,733
Croatia ²	1,420	136.7%	820	0.03%	5	150.0%	3	852,428
Cyprus	1,303	-8.6%	-122	0.15%	9	0.0%	0	96,209
Latvia	1,004	-27.7%	-385	0.05%	2	0.0%	0	1,011,913
Bulgaria ³	843	31.9%	56	0.01%	7	0.0%	0	1,040,650
Serbia	747	7.0%	49	0.01%	2	0.0%	0	3,590,753
Lithuania	568	-9.8%	-62	0.02%	6	0.0%	0	495,318
Total	4,178,754	-1.8%	-76,842	0.72%	6,786	0.0%	1	85,415

1 No data available for 2014 as of the report date

2 This table does not represent the real growth in the number of players and golf courses in Croatia, but a correction to the data for previous years.

3 No data available for 2015 as of the report date

4 We have not considered unregistered golfers in our statistics.

5 We have excluded those countries from this report, where participation rate is below 0.01%

6 We only considered standard golf courses of at least 9 holes and excluded academy, par 3 and pitch & putt courses.

Source: European Golf Association, local golf federations and Eurostat with KPMG elaboration

About us

KPMG Golf Advisory Practice has in-depth know-how and experience of the business side of the golf resort industry.

Our experience across the golf resort industry is diverse and includes services to both existing and developing integrated golf resorts. We have a clear understanding of the impact that a golf course can bring to a resort or a residential community development.

Helping to maximize developers' returns through the integration of golf, real estate and hospitality functions is one of our primary areas of focus.

In addition to the wide range of professional services we offer, our Practice is also involved in several other golf-related initiatives. We are the founder of the annual Golf Business Forum, the foremost golf industry conference in Europe, Middle East and Africa (EMA). Moreover, we regularly produce high profile thought leadership content for the industry, including the Golf Benchmark Survey, one of the largest golf research projects in the world. As a result, we have accrued invaluable comparable data and information from the sector. The beneficiaries of such deep industry knowledge are our clients.

What can we do for you?

KPMG Golf Advisory Practice involvement in the golf, lifestyle real estate, hotel and tourism industry sector includes the following services:

- **Market and financial feasibility study** – assessing project sites, locations and markets in order to provide comprehensive financial analysis to assess potential investment returns.
- **Project conceptualisation and investment planning** – developing realistic and implementable concepts with short, medium and long term investment planning.
- **Business plan** – advising on the strategic direction for the realisation and delivery of project concepts from staffing to marketing and sales.
- **Project management** – managing and coordinating the project from inception through planning up until the start of construction.
- **Valuation service** – preparing asset and business valuations.
- **Transaction service** – assisting in the sale of greenfield projects that are in the development phase as well as existing golf courses and resorts through the preparation of investment memoranda and the selection of potential buyers.
- **Operational review** – assessing existing facilities and market opportunities in order to provide strategies for profit enhancement.
- **Supplier selection** – assisting with the identification and selection of golf management companies, golf course architects and master planners.
- **Other advisory services** – economic impact assessment of large events and developments, strategic advisory to government bodies and regulators.

Photo by Aidan Bradley

KPMG Golf Advisory Practice

For further information on KPMG services and research in the golf sector, please contact the Golf Advisory Practice:

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