KPMG

Golf Participation Report for Europe 2017

Golf Advisory Practice in EMEA

GOLFBENCHMARK.com

Foreword

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I am pleased to present the latest Golf Participation Report for Europe. This report examines current demand and supply trends in the golf industry across the continent. In this context, KPMG's Golf Advisory Practice conducted a pan-European survey of golf associations to analyze and comprehend the state of participation and the supply of golf courses. Based on our research, we now see that there are a number of signs proving that the stabilization of the golf market has continued.

Our research demonstrates that the number of registered golfers showed a slight increase, by 2% (+82,584 players), while the supply of golf courses declined by 28 courses (24 openings and 52 closures). Forty-six per cent of European countries surveyed experienced a growth in participation rates, 35% showed stability and in 19% of the countries surveyed demand declined. Our research further shows that men make up 67% of the total registered golfers across Europe in 2016, and the proportion of European population who actively played golf (0.9%) has not changed since 2015.

As we have identified a moderate level of growth in 2016, it is important to reflect upon various creditable golf development initiatives, which have been launched in previous years with the aim of reaching new audiences and retaining existing golfers across Europe. These initiatives and the hard work of many other golf industry stakeholders, provide evidence for a consciously optimistic outlook for the game's development. Certain markets have demonstrated exemplary performance and highlighted the opportunities a proactive and coordinated approach can achieve.

A number of national golf associations and industry players are working to stimulate current and future clientele with initiatives that embrace inclusivity, equality and an openness to change. This is helping golf as a sport to address and take on the challenge of falling participation numbers and in some cases to develop green shoots of growth. The industry-wide focused effort to embrace junior and female participation, innovate formats of play in both the professional and amateur game, along with a broader acceptance that modern day life is influencing the sport across multiple levels, is slowly helping to swing the participation curve around and into a positive direction.

We would like to take this opportunity to thank all of the golf associations who participated in this survey. Their co-operation was essential to the success of this initiative.

We hope that you will find our results both interesting and valuable. If you require any additional clarifications or if you wish to discuss our findings, please feel free to contact one of the members of our team in KPMG's Golf Advisory Practice or myself.

Survey's Key Highlights

Methodology

The data presented in this report is based on 2016 statistics which themselves represented the number of registered golfers and golf courses in Europe.
This information was collected from the respective golf associations in Europe in early 2017. This report only provides demand information related to registered golfers, as official statistics on the number of casual golfers (i.e. golfers not affiliated with clubs or associations) are not available. With regard to the supply of facilities, we have only considered golf courses with at least 9 holes to be of standard length and have excluded academy, shortened courses, par 3 and pitch & putt courses. Furthermore, when referring to golf courses, we refer to courses that are affiliated with their respective golf associations.

In this report, a stable market is defined as one which has experienced a (±1%) change in its total number of registered golfers year-on-year from 2015 to 2016.

Distribution of registered golfers in Europe, 2016

Male golfers 67%

Female golfers 25%

Junior golfers 8%

Total number of registered golfers in Europe, 2016

4,220,136

Total number of standard golf courses in Europe, 2016

6,924

-28 golf courses since 2015

24 built

52 closed

State of participation of registered golfers in Europe, 2016

Change since 2015

+2%

Status

Growth

+82,584 golfers since 2015

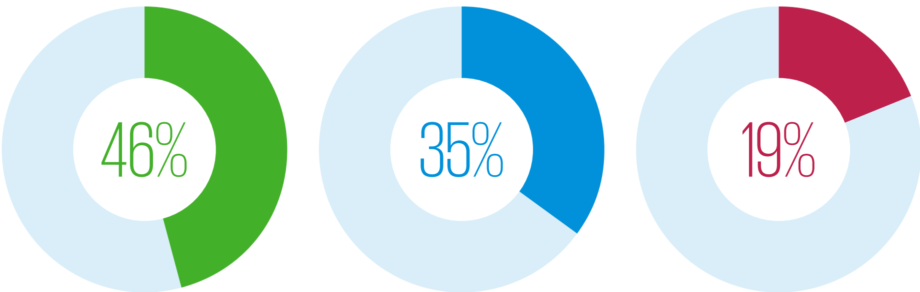
Proportion of European population who actively played golf in 2016

0.9%

Remained stable since 2015

Type of change in participation rates of registered golfers in Europe, 2016 (see methodology)

Countries with growth | Countries with stability | Countries with decline



Comparison with 2015

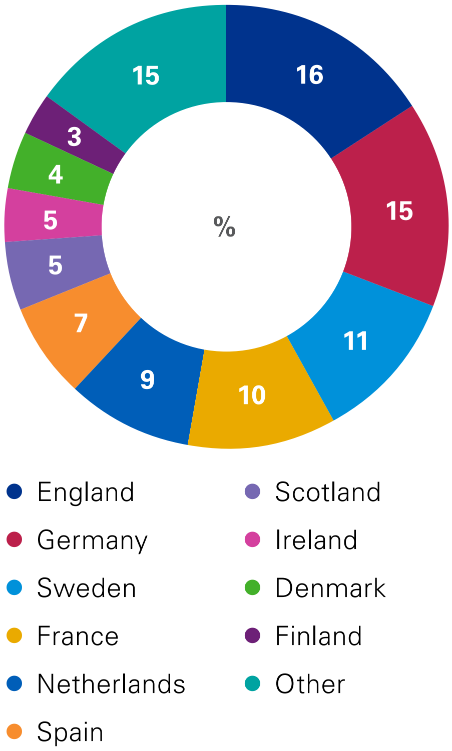
30% | 37% | 33%

Source: Local golf associations with KPMG elaboration

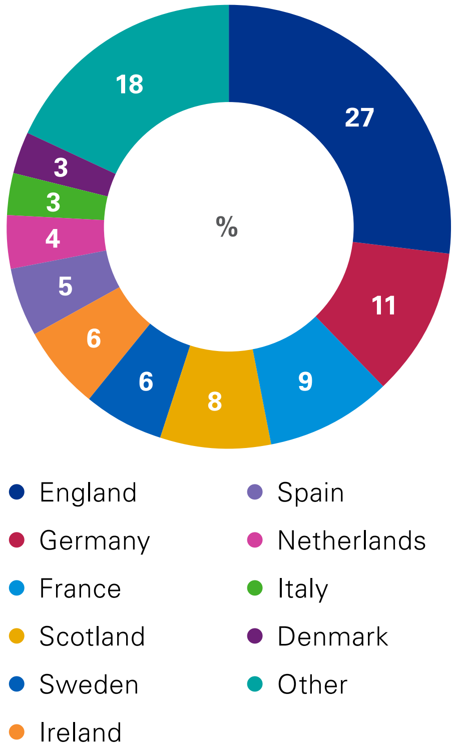
Europe's Leading Golf Markets

In 2016, there were no significant changes in the number of registered golfers or standard length golf courses. The classic golfing countries are still home to the majority of golfers and courses as demonstrated in the charts opposite. The top 10 countries in terms of demand and supply stayed the same; England is still leading with almost 700,000 golfers, accounting for 16% of the market. Also England has the highest number of golf courses with nearly 2,000 and counts for 27% of the European golf supply. In terms of participation numbers amongst major markets, the top growth countries were the followings: Spain (10.12%; + 28,103 golfers), the Netherlands (4.78%; +18,278 golfers) and England (4.44%; + 29,520 golfers)

Registered golfers: Top 10 distribution by country in Europe, 2016



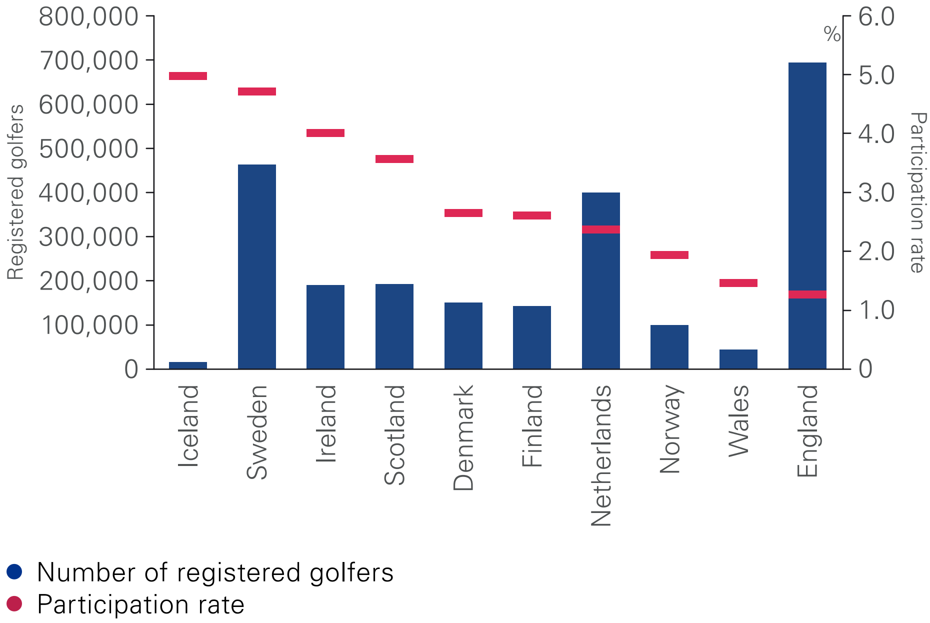
Golf courses: Top 10 distribution by country in Europe, 2016



Source: Local golf associations with KPMG elaboration

The graphic to the right shows the participation rates of registered golfers as a percentage of a country's total population compared to the number of registered golfers across the top 10 European golf markets in terms of participation rate. In 2016, none of the countries in the top 10 had a participation rate under 1%.

Top 10 European markets in terms of participation rate relative to the number of registered golfers, 2016



Source: Local golf associations with KPMG elaboration
Note: We considered countries with at least 1,000 registered golfers.

Photo by: Aidan Bradley
The European Club, Hole 17 – Ardanairy, Ireland

Golf Supply and Demand Trends in Europe

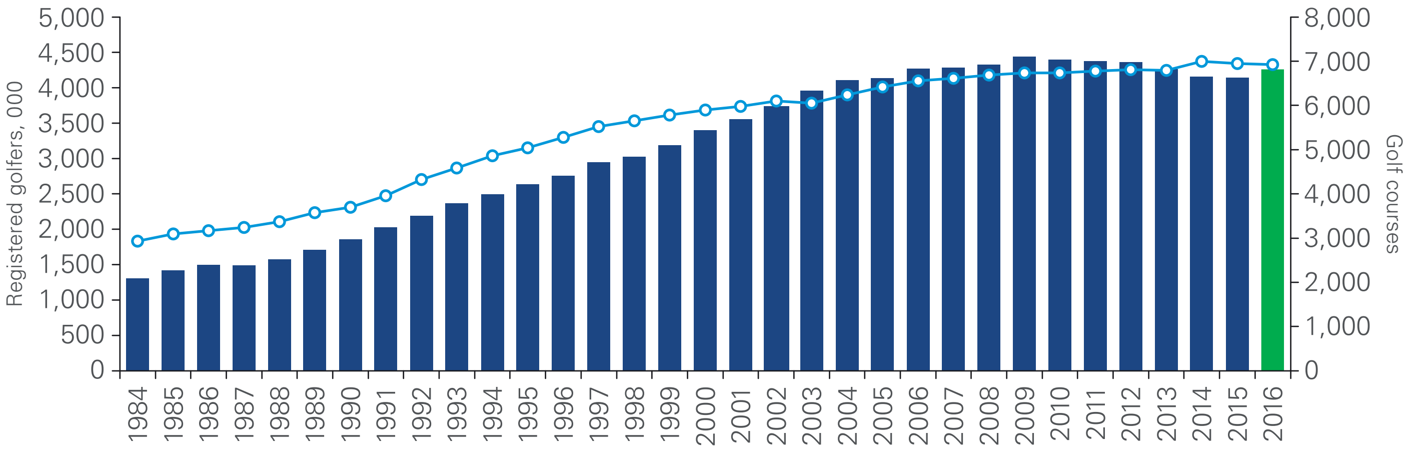
Supply

Golf supply in the European market is currently stable. Golf courses are neither being built nor closed in great numbers across Europe. In 2016, there were 24 openings and 52 closures, with a negative net effect of 28 course less in comparison to 2015. This stability apperars to have been a trend over the last 3 years, as the graph below shows.

England is still the largest golf market in Europe with nearly 2,000 courses, even though the English Golf Union reported 16 course closures (close to 1%) since 2015. Germany, the second largest golf market with more than 730 courses experienced a slight growth of 1% (+5 courses).

Other top growth markets in terms of supply are Portugal (+5), Italy (+3) and Austria (+3). In terms of decline, Scotland (-19) and Ireland (-4) were the worst hit in 2016.

Development of golf in Europe, 1984 – 2016



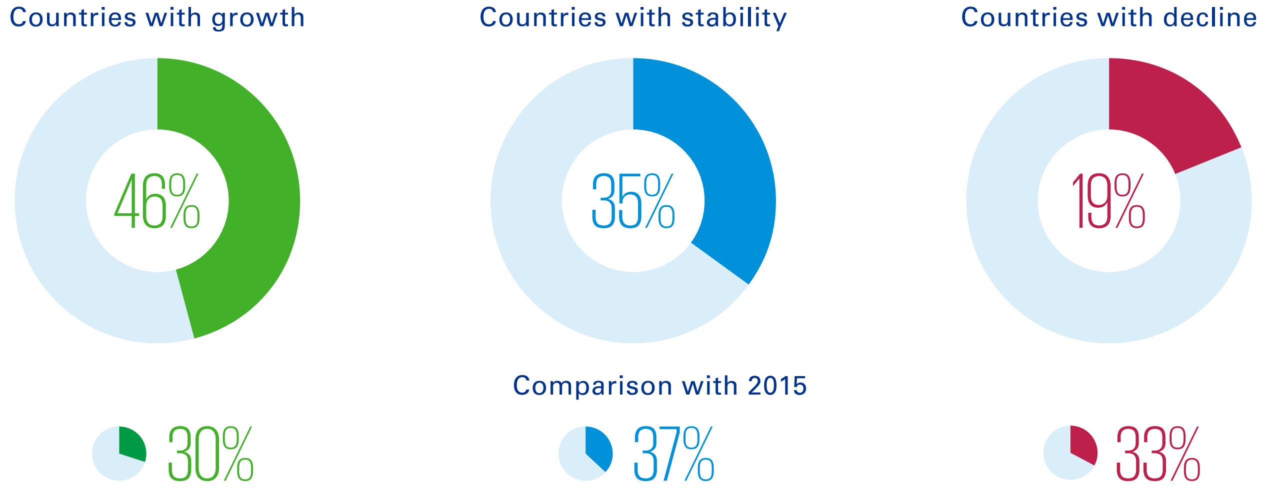
- Number of registered golfers
- Golf courses

Sources: European Golf Association and local golf associations with KPMG elaboration

Note: Please note that between 1984 – 2013, data was sourced from the European Golf Association. For the years 2014, 2015 and 2016, local golf associations reported directly to KPMG. Please see our methodology on page 3 to learn more about our approach to data sourcing.

Photo by: Aidan Bradley
Royal Dornoch Golf Club, Hole 6,11 – Dornoch, Scotland

Type of change in participation rates of registered golfers in Europe, 2016 (see methodology)



Source: Local golf associations with KPMG elaboration

Demand

Based on our survey, on average, the golf demand in Europe was stable in 2016. Forty-six per cent of the European market has experienced growth in participation rates. Stability is evident in the 35% of the market. The remaining 19% were exposed to some decline in their participation rates of registered golfers.

Sweden continues to see more golfers year-on-year. Ukraine and Serbia are seeing increased junior participation rates via various initiatives and through the opening of new junior golf academies. Russia is also increasing its participation rates; in 2016 increased by nearly 17% compared with 2015.

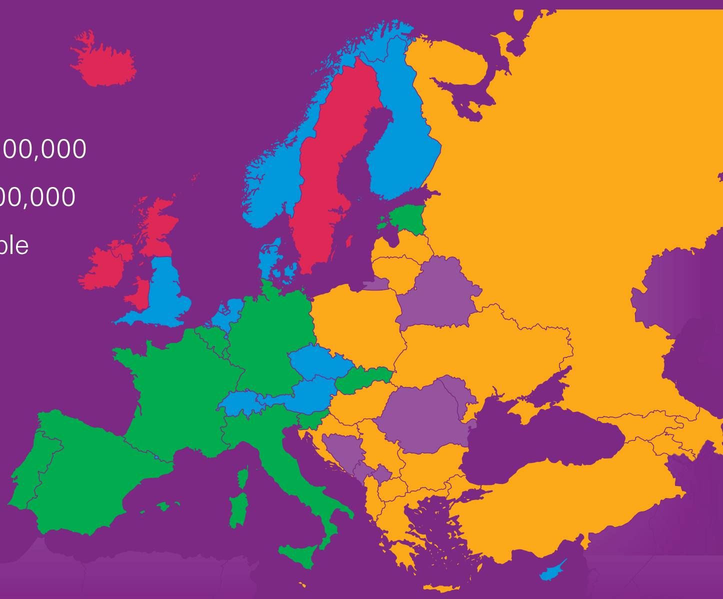
Czech Republic, Scotland and Wales are experiencing a decline of approximately 3% p.a. in their registered golfer numbers. The trend is slowing thanks to the support that many clubs are receiving in developing women's coaching programmes and also due to much reduced membership fees. All this might help to stabilize fluctuations by increasing player participation.

The following maps show the supply and the demand performance of Europe's golf markets:

Market supply:
Population per golf course, 2016

Market supply is calculated as the ratio of population to the number of golf course per country. A mature market tends to have fewer than 25,000 players per course.

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



Market demand:
Participation rate, 2016

Each nation's golf participation rate provides an insight into market demand by comparing the size of the population and the proportion of that population which plays golf.

- Mature ≥ 2%
- Developed 1% – 2%
- Growing 0.2% – 1%
- Infant ≤ 0.2%

Market supply and demand:
Golfers per golf course, 2016

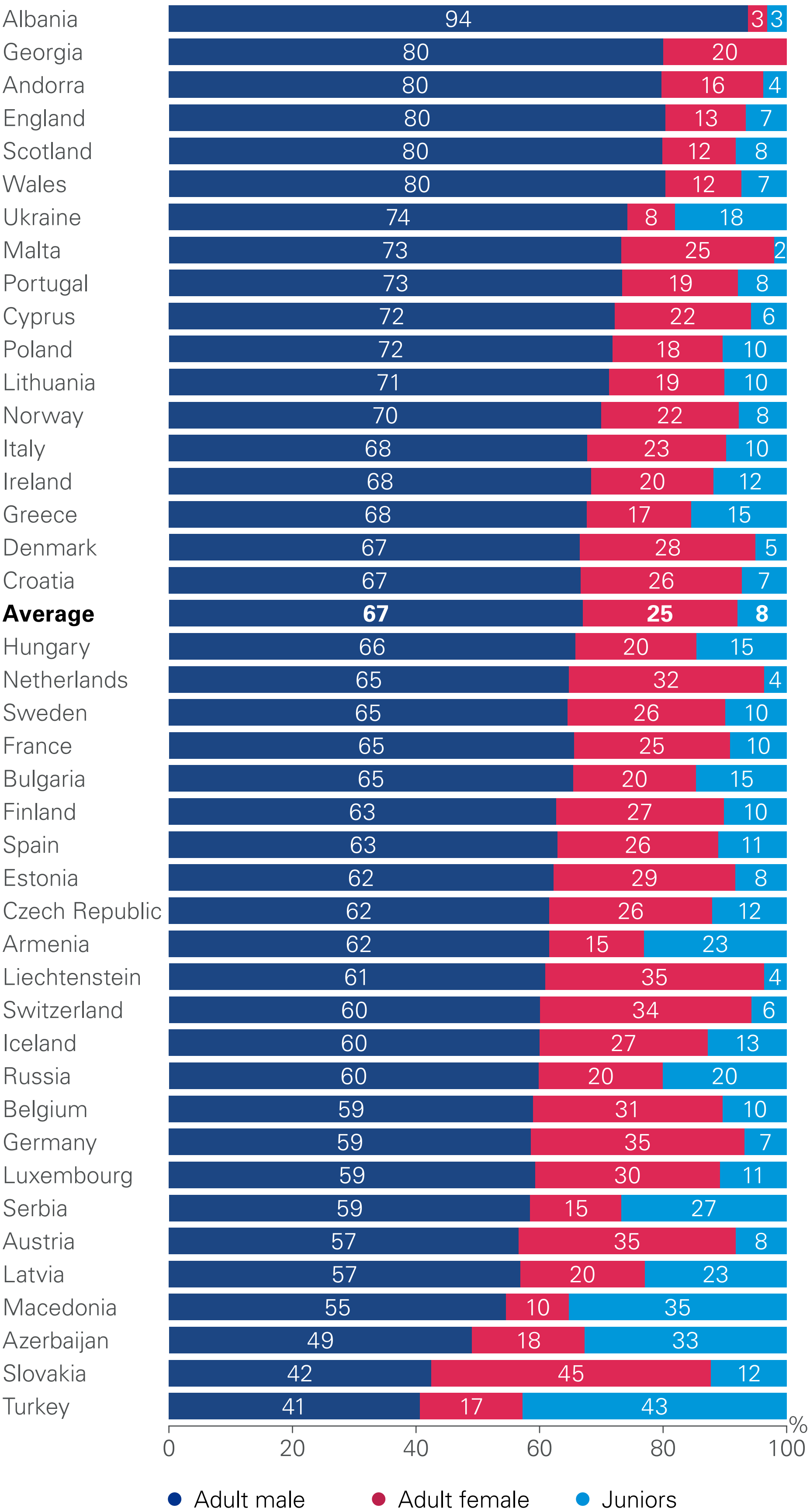
The market supply and demand is calculated as the ratio of number of registered golfers to the number of golf courses per country.
The only European countries which have more than 1,000 golfers per golf course are the Netherlands, Finland and Sweden.

- 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

Sources: Local golf associations, European Golf Association and Economist Intelligence Unit with KPMG elaboration
Note: Liechtenstein, with a participation rate of 2.1%, was not included in this ranking as there is no golf course there.

In 2016, golf demand in Europe continued to be dominated by adult males. Our research shows that, male make up 67% of the total registered golfers numbers across Europe. Adult women accounted for 25% and junior participation was still 8%.

Composition of golfers across Europe, 2016



Sources: Local golf associations and European Golf Association with KPMG elaboration

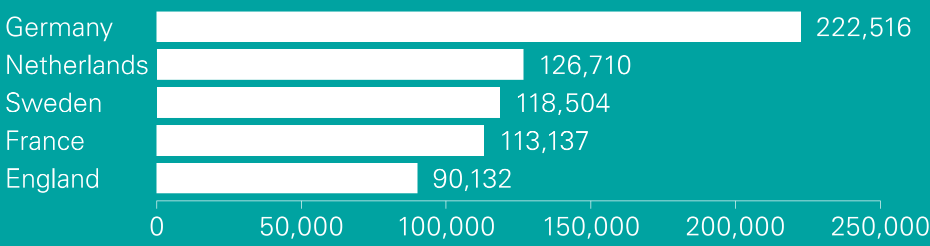
Slovakia, Austria, Germany, Switzerland and the Netherlands are the top five countries in terms of female golf participation rates.

Top 5 markets in terms of proportion of adult female golfers (compared to all golfers in the country), 2016

Source: Local golf associations with KPMG elaboration
Note: We considered countries with at least 1,000 registered golfers.

In absolute terms, Germany, the Netherlands, Sweden, France and England lead the female participation rankings. The performance of Germany in this category is remarkable.

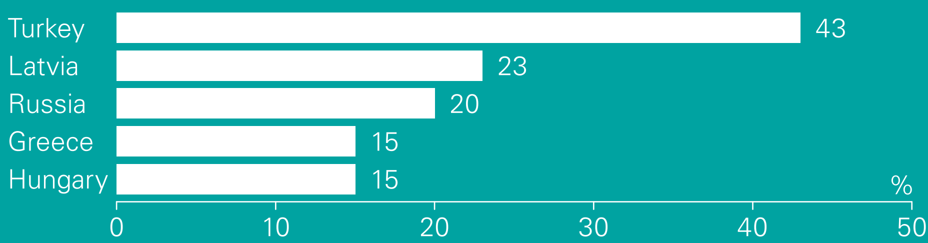
Top 5 markets in terms of total number of adult female golfers, 2016



Source: Local golf associations with KPMG elaboration

Turkey, Latvia, Russia, Greece and Hungary (markets with a participation rate ≤ 0,2%) are seeing the best junior golfer participation rates.

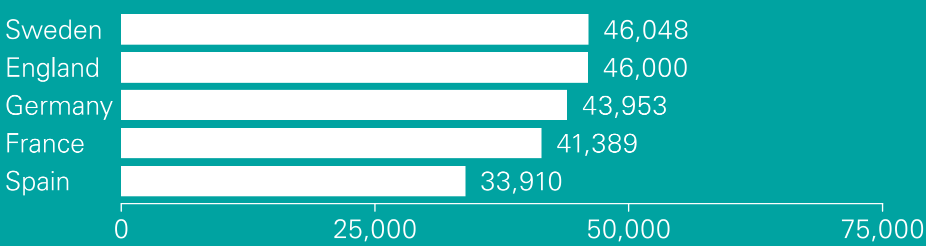
Top 5 markets in terms of the proportion of junior golfers (compared to all golfers in the country), 2016



Source: Local golf associations with KPMG elaboration
Note: We considered countries with at least 1,000 registered golfers.

In absolute terms, Sweden, England, Germany, France and Spain are the countries with the largest number of junior golfers. Some of these countries are active in developing initiatives to promote golf for young people.

Top 5 markets in terms of total number of junior golfers, 2016



Source: Local golf associations with KPMG elaboration

KPMG Survey: Country Statistics

Registered golfers and standard golf courses in Europe, 2015-2016

Country	Registered golfers 2016	Registered golfers 2015	% Change 2015 vs. 2016	Status[3]	Change in the number of golfers 2015 vs. 2016	Partici-pation rate 2016	Golf courses 2016	Golf courses 2015	% Change 2015 vs. 2016	Change in the number of golf courses 2015 vs. 2016	Golfers per golf course 2016	Population per golf course 2016
England	694,623	665,103	4.44%	↑	29,520	1.27%	1,907	1 923	-1%	-16	364	28,729
Germany	643,158	640,181	0.47%	=	2,977	0.79%	732	727	1%	5	879	111,885
Sweden	463,952	455,770	1.80%	↑	8,182	4.71%	444	445	0%	-1	1,045	22,185
France	407,719	407,569	0.04%	=	150	0.63%	600	599	0%	1	680	108,167
Netherlands	400,510	382,232	4.78%	↑	18,278	2.37%	250	248	1%	2	1,602	67,603
Spain	305,885	277,782	10.12%	↑	28,103	0.66%	349	351	-1%	-2	876	133,238
Scotland	192,533	199,244	-3.37%	↓	-6,711	3.56%	578	597	-3%	-19	333	9,351
Ireland	190,883	192,507	-0.84%	=	-1,624	4.01%	410	414	-1%	-4	466	11,605
Denmark	151,139	150,916	0.15%	=	223	2.65%	190	190	0%	0	795	30,038
Finland	143,025	143,182	-0.11%	=	-157	2.61%	129	129	0%	0	1,109	42,439
Norway	100,702	101,349	-0,64%	=	-647	1.93%	152	152	0%	0	663	34,303
Austria	100,351	101,480	-1,11%	↓	-1,129	1.17%	160	157	2%	3	627	53,400
Switzerland	90,725	89,579	1.28%	↑	1,146	1.08%	96	96	0%	0	945	87,684
Italy	90,259	90,027	0.26%	=	232	0.15%	241	238	1%	3	375	248,133
Belgium	62,632	62,606	0.04%	=	26	0.56%	76	77	-1%	-1	824	148,262
Czech Republic	54,318	56,352	-3.61%	↓	-2,034	0,52%	106	104	2%	2	512	99,057
Wales	45,422	46,980	-3.32%	↓	-1,558	1.47%	149	150	-1%	-1	305	20,799
Iceland	16,823	16,437	2.35%	↑	386	4.97%	61	63	-3%	-2	276	5,547
Portugal	14,659	13,848	5.86%	↑	811	0.14%	87	82	6%	5	168	119,885
Slovakia	10,600	8,461	25.28%	↑	2,139	0.20%	29	28	4%	1	366	187,112
Slovenia[2]	8,762	5,891	48.74%	↑	2,871	0.43%	13	13	0%	0	674	158,462
Turkey	7,083	6,829	3.72%	↑	254	0.01%	18	19	-5%	-1	394	4,434,160
Poland	4,705	4,015	17.19%	↑	690	0.01%	37	37	0%	0	127	1,035,135
Luxembourg	3,475	3,308	5.05%	↑	167	0.62%	5	5	0%	0	695	112,600
Estonia[2]	2,889	2,810	2.81%	↑	79	0.22%	10	10	0%	0	289	131,000
Russia	1,947	1,667	16.80%	↑	280	0.00%[1]	26	29	-10%	-3	75	5,646,154
Greece	1,514	1,830	-17.27%	↓	-316	0.01%	8	8	0%	0	189	1,348,750
Cyprus	1,402	1,559	-10.07%	↓	-157	0.16%	9	9	0%	0	156	95,333
Croatia[2]	1,380	1,420	-2.82%	↓	-40	0.03%	5	5	0%	0	276	846,000
Hungary	1,095	998	9.72%	↑	97	0.01%	14	14	0%	0	276	846,000
Latvia[2]	1,004	965	4.04%	↑	39	0.05%	6	6	0%	0	167	328,333
Bulgaria	920	847	8.62%	↑	73	0.01%	7	7	0%	0	131	1,051,429
Liechtenstein	809	723	11.89%	↑	86	2.13%	0	0	0%	0	0	37,998
Lithuania	801	761	5.26%	↑	40	0.03%	5	5	0%	0	160	640,000
Serbia	747	740	0.95%	=	7	0.01%	2	3	-33%	-1	374	3,550,000
Ukraine	593	547	8.41%	↑	46	0.00%[1]	4	5	-20%	-1	148	11,312,500
Malta	546	546	0.00%	=	0	0.13%	1	1	0%	0	546	429,344
Armenia	130	75	73.33%	↑	55	0.00%[1]	1	1	0%	0	130	3,000,000
Macedonia[2]	119	119	0.00%	=	0	0.01%	1	0	0%	1	119	2,078,000
Azerbajian[2]	104	104	0.00%	=	0	0.00%[1]	2	2	0%	0	52	4,850,000
Andorra[2]	79	79	0.00%	=	0	0.11%	2	1	100%	1	40	36,101
Albania[2]	64	64	0.00%	=	0	0.00%[1]	1	1	0	0	64	2,886,026
Georgia[2]	50	50	0.00%	=	0	0.00%[1]	1	1	0	0	50	4,000,000
Total	**4,220,136**	**4,138,248**	**1.98%**	**=**	**82,584**	**0.92%**	**6,924**	**6 952**	**-0.40%**	**-28**		

1 The participation rate is below 0.01%.
2 Data provided by the European Golf Association.
3 Status represents the level of change in registered golfers:
↑ indicates growth
↓ indicates a decline
= indicates stability (±1% change).

Sources: Local golf associations and Economist Intelligence Unit with KPMG elaboration

Note: Statistics were not provided by the local golf associations in Belarus, Bosnia & Herzegovina, Kosovo, Moldova, Montenegro, Romania and San Marino.

KPMG Golf Advisory Practice in EMEA

Who we are?

KPMG's Golf Advisory Practice has in-depth know-how and experience of the business side of the golf 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 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's Golf Advisory Practice involvement in the golf and golf 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 conceptualization 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 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.

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Please note that all Golf Benchmark reports can be downloaded free of charge at **golfbenchmark.com**

Cover Photo: Aidan Bradley,
Royal Dornoch Golf Club, Hole 9 – Dornoch, Scotland