Country Snapshot

Spain

KPMG Golf Advisory Practice in EMEA

GOLFBENCHMARK.com

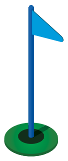
Golf supply and demand trends

Golf was first introduced in Spain in 1891 when a group of British nationals living in the Canary Islands founded the *Real Club de Golf Las Palmas*. Since then, golf has grown and expanded throughout Spain. Today, the country has 349 golf courses and 270,463 players affiliated to the *Royal Spanish Golf Federation*.

Overview	Spain	Europe
Number of golf courses	349	6,924
Number of registered golfers	270,463	4,186,116
Average golfers per course	775	605
Average golf participation rates	0.58%	0.92%

Source: European golf associations with KPMG elaboration

Change in supply and demand in Spain, 2010-2017

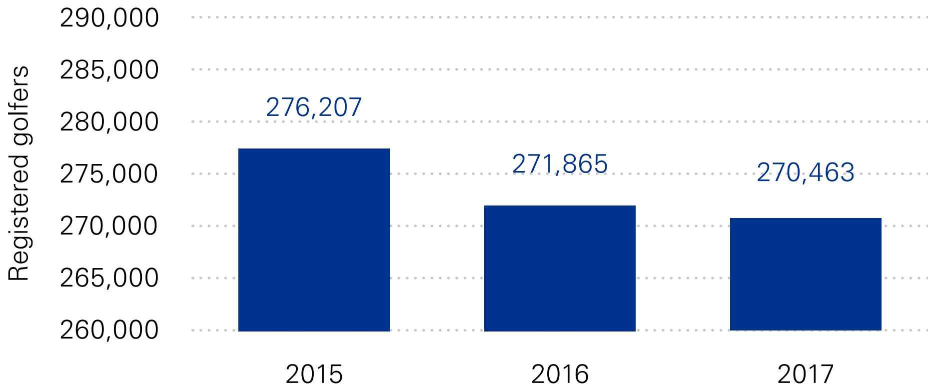


Supply
+1% (+4 golf courses)

Demand
-18% (-61,070 golfers)

Source: Royal Spanish Golf Federation with KPMG elaboration

State of participation of registered golfers in Spain, 2015-2017



Source: Royal Spanish Golf Federation with KPMG elaboration

Number of golf courses by region

0-10 courses
Ceuta, Melilla, Navarre, La Rioja, Extremadura, Aragon

11-20 courses
P. Vasco, Cantabria, Asturias, Galicia, Murcia, Castilla-La Mancha

21-50 courses
I. Baleares, Madrid, I. Canarias, Castilla y León, C. Valenciana, Cataluña

+50 courses
Andalucía

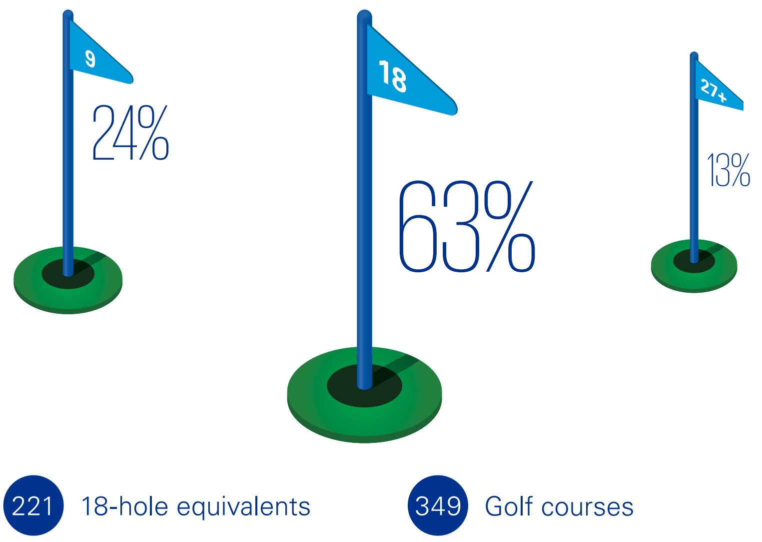
Source: KPMG research

Supply

Over the past seven years, the Spanish golf market has been stable in terms of golf course supply. Since 2010, there has been a net increase of four new golf facilities or +1%. In 2017, the *Royal Spanish Golf Federation* tallied a total of 349 golf clubs.

The majority of golf clubs in Spain consist of 18-hole courses, representing 63% of the total supply. Nine-hole golf clubs, and 27-hole or larger clubs, represent 24% and 13% of total supply respectively.

Distribution of golf courses in Spain by size, 2017



Source: Royal Spanish Golf Federation with KPMG elaboration

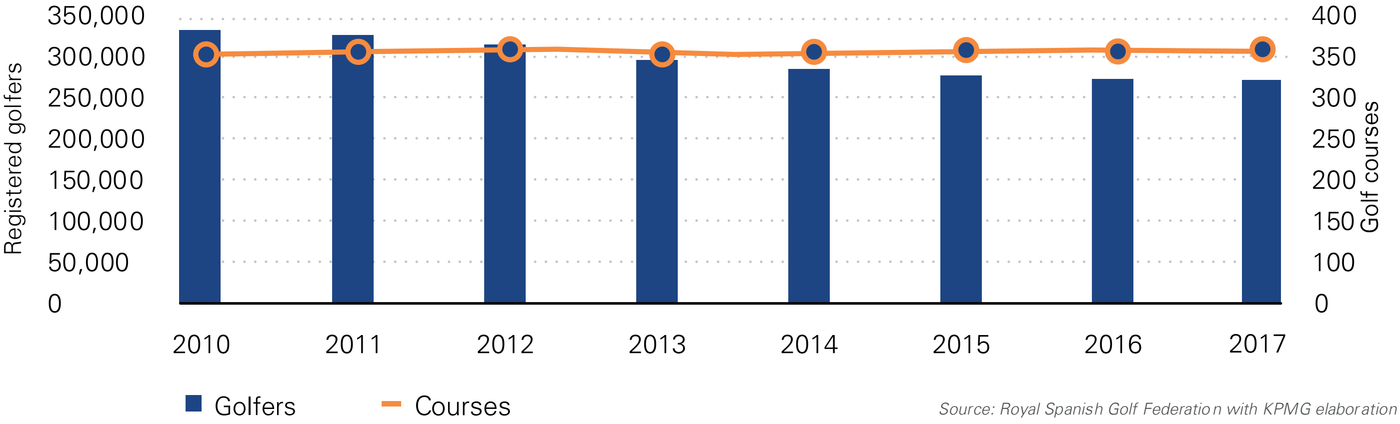
Demand

Based on our research, the distribution of registered golfers in Spain has seen a slight decline in recent years. Golf is dominated by adult-males (63%), females account for 24%, and junior participation is at 13%. With, more than 34,000 registered junior players, Spain is ranked in the top five countries in terms of the total number of junior golfers in Europe.

Distribution of registered golfers in Spain, 2017

Source: Royal Spanish Golf Federation with KPMG elaboration

Evolution of the Spanish golf market, 2010-2017



Source: Royal Spanish Golf Federation with KPMG elaboration

Interview with Gonzaga Escauriaza

President of Royal Spanish Golf Federation

What are the key trends shaping the state of the Spanish Industry?

We can distinguish two key profiles of potential players: under 16 and over 30-35 years. The direct engagement in the game is only a 7% between ages 16-30.

Our programme *Golf in Schools* takes place nationwide and is supported by all local Federations. It has a double objective. On the one hand, all children can discover the game at school in Physical Education classes, as a regulated subject. The second objective is that children, who want to take their golf a step further, can sign up for free introductory courses.

Finally, we promote a kind of Open Day initiative named *Friends Cup*. *Friends Cup* is a non-official competition in which an active golfer can invite a friend, a non-player, to the golf day. Twenty one per cent of those who try it, went on to take up regular golf.

Based on our research, domestically Spain is looking healthy, also it is in the top five countries in Europe in terms of total number of junior's golfers. What can be done to encourage female participation?

Almost one third of golfers in Spain are women. We are satisfied with this figure. Our efforts have boosted the percentage of new young golfers under 16 years. Programmes like *Golf in Schools* and also the TV show *Holagolf*, broadcast free-to air, has an exclusive section dedicated to female golf and it is creating a positive impact on women by making golf accessible and it seems to be increasing women's participation.

How do you see golf facilities involving to accommodate costumer behavior?

More and more golf clubs and facilities are aware of the need to adapt to the new times, the way of life of their customers and their relationships in a crowded sport marketplace. Therefore, golf clubs and facilities have developed loyalty schemes and implemented policies aimed at involving and acquiring new members.

All our programmes (*Golf in Schools, Junior Academies, Friends Cup* and other campaigns) are being run as part of a web platform where each Regional Federation as well as the National Federation (*RFEG*) can monitor how the four programmes are working.

What are your thoughts about the biggest opportunities to the golf industry in the coming years?

The Golf Industry goes hand-in-hand with tourism, both domestically and internationally, so I think Spain, even if it is ranked top in Europe, still has a positive outlook about welcoming more tourists. We must remain vigilant in order to ensure that the product offered maintains the right standard.

Picture: Centro Nacional de Golf, Madrid, Spain

Golf tourism

For more than 40 years, Spain has been established as one of the world's leading golf tourism destinations. Spain's success in achieving this position has been a result of the focus on tourism for the country, and its strengths as a destination: climatic conditions which provide excellent playing conditions throughout the year; relatively simple access and strong connectivity to the rest of Europe; and the development of clusters of high quality golf, accommodation, and supporting infrastructure and amenities in strategic locations.

In 2016, Spain was the third most visited country in the world. In terms of travel and tourism's total contribution to annual GDP, Spain ranked amongst the top 10 countries in the world. Taking a closer look at Spain's source markets, we see that its top three tourism markets (England, France and Germany) represent 71% of the nation's overall arrivals in 2016. In order to broadly assess demand potential, if we apply the golf participation rates in these source markets, there appears to be an estimated demand (up to almost 357,000 golf tourists) already present in Spain, as the table indicates. The most active golf travellers still come from the more affluent nations with long-standing golfing traditions, i.e. Britain, France, Germany, Ireland, and Scandinavia. Furthermore, the most preferred touristic golf facilities are located on the coastline in the region of Andalucía, Murcia, C. Valenciana and Cataluña, and on the Islas Baleares.

Tourism in Spain – estimated golf demand, 2016

Top 3 source markets	Share of total arrivals	Total arrivals	Golf participation rate	Potential arrival of golfers
1. England	31%	16,961,140	1.2%	205,230
2. France	20%	10,767,308	0.6%	67,834
3. Germany	20%	10,734,120	0.8%	83,726
Total of the top 3	**71%**	**38,462,568**		**356,790**

Source: Spanish Tourism Organization, KPMG reasearch
Note: Potential arrival of golfers based on numbers of arrivals 2016

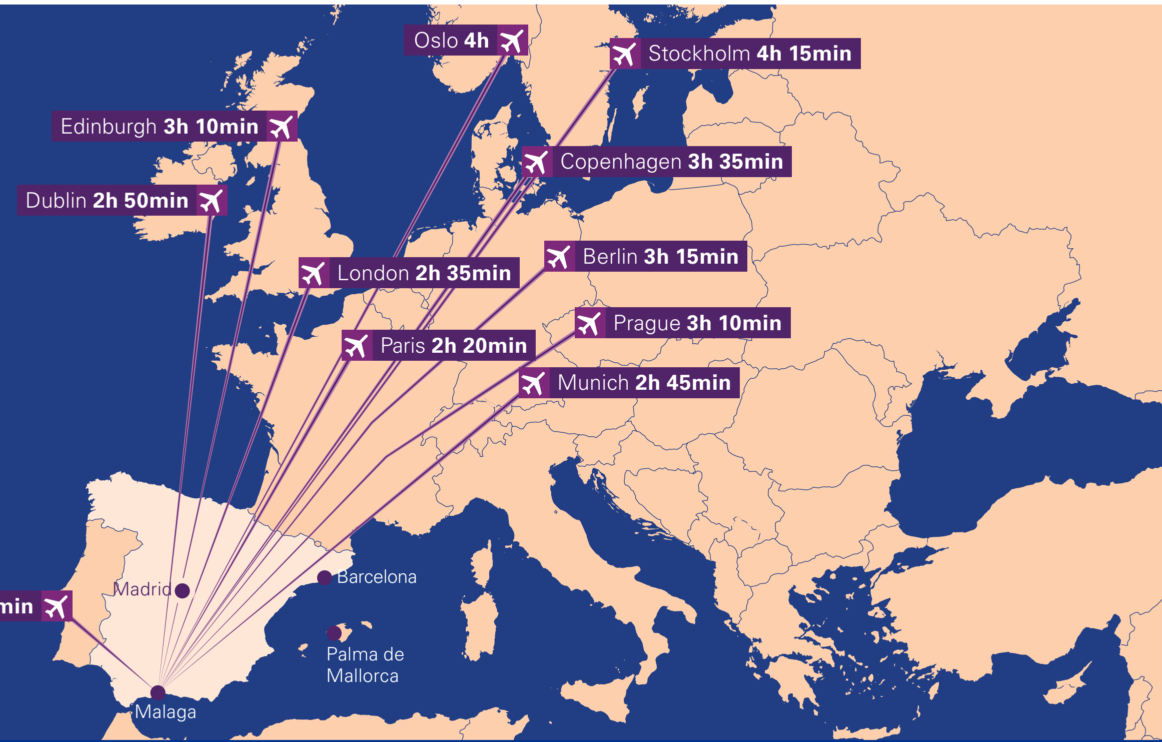
Travel and tourism's total contribution to GDP, 2016

Ranking	Country	(EURbn)
3	Germany	320.2
5	UK	240.7
6	France	188.1
8	Italy	176.5
9	**Spain**	**150.6**
14	Turkey	74.8
	EU average	51.1
	World average	48.7

Source: World Travel & Tourism Council

Major markets' accessiblity by air

The top four Spanish airports in terms of arrivals in 2017: Madrid, Barcelona, Palma de Mallorca and Malaga.



Source: KPMG research

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Costa del Sol

Overview

Costa del Sol, located in Southern Andalucía, has an excellent climate with year-round playability, as well as a strong tourism demand, and offers a wide range of alternatives to play golf with almost 70 facilities. "Costa del Golf" represents one of the biggest golf clusters in Europe and hosts some of the most recognized and prestigious venues in Europe.

Supply characteristics

The supply of golf courses in Costa del Sol is mainly concentrated in the central-southern part of the region, where 35 golf courses are located, or 35% of the total supply. Marbella hosts the highest number of golf facilities, followed by Mijas, San Roque, Estepona and Benahavis. Fifty-two per cent of the golf clubs are semi-private, 31% are members clubs with restricted tee times for visitors, and the remaining 17% operate alongside hotels.

Demand characteristics

Green fees:

Research conducted by KPMG shows, during the high season (February – May and October – November), the average green fee in semi-private clubs is EUR 89, while the average green fee during low season (June – September and December – January) is EUR 65.

Almost all members clubs have one published green fee price for the whole year. Sufficient member rounds combined with high demand from guests enables those clubs which do change green fee pricing each season to only make subtle adjustments, by as little as EUR 11 in some cases.

Costa del Sol – Average green fees (EUR)

Green fee	Members club	Semi-private
High season	244	89
Low season	233	65

Source: KPMG research

Interview with Lynn Mitchell

Costa del Sol – Business Development Director Vacational, Leisure, Golf & Culture

What are the key trends shaping the state of the Costa del Sol Industry?

The key priorities for the promotion of this destination are strategic and centered on specific source markets: UK, Germany, Scandinavia, France, Ireland, Belgium, The Netherlands and Switzerland. There is another grouping of markets, which are high-end clients coming from the United States and the Middle East.

The Costa del Sol is the leading golf destination in southern Europe. It has an excellent image in the global golf market and it offers real quality.

How important is golf for the tourism economy? What new markets are built up to target new audiences?

I would like to highlight how important golf is for the tourism economy and not only in figures because the direct income from golf is EUR 760 million and indirectly another EUR 660 million.

We are talking about the employment, directly and indirectly, of 7,700 people. But even more importantly, is the fact that we are a destination, which has a year-round operation and golf tourism has quite a specific high season, which happily coincides with the low season for our traditional sand and beach tourism.

Bear in mind that almost 90% of what we classify as high intensity golf tourists, that is to say, those whose principal motivation is playing golf, have an average stay of 12 days, and a daily spend of almost EUR 150, which is consistently higher than the average visitor.

Based on our research, domestically Spain is looking healthy, also it is in the top five countries in Europe in terms of total number of junior golfers. What can be done to encourage female participation?

A lot can be done and that is one of our main strategies for this year and for the coming years. A very high percentage of women when travelling accompanied, make the decision about the destination which is visited. Hence, not only is the lady golfer important in volume, it also important as far as their position as decision maker.

As part of our strategy, we have been supporting ladies' golf via sponsorship of the *Andalucía Costa del Sol Spanish Open* (LET) to reach out to female golfers.

When we refer to aiming at female golf; we would be aiming at presenting the destination with all the attributes which have special importance for the female golfer. For example we have an exceptional range of wellness amenities, spa centers and shopping facilities. These factors have a great influence on the holiday experience and are just as significant as golf. This can also be said of gastronomy, wines and the cultural environment.

The ladies can travel as a group, as a couple or as a family. So, we shouldn't forget family packages in which we include children. Women tend to have many family and work commitments which negatively affect their free time, so perhaps we should be looking at promoting more short games (9 holes).

How do you see golf facilities evolving to accommodate customer behavior?

We are accommodating customer behavior need patterns and constantly improving, adapting and innovating. The satisfaction surrounding golf on the Costa del Sol is extremely high.

Another thing which stands out, is the tradition we have in golf, not only as a tourism destination but also with regards to the sensitivity and implication of the local industry and population towards golfers, even when the service supplier is a non-golfer. It is so important to have a golf culture that goes further than just the golf course and I think that here on the Costa del Sol that is the key.

What are your thoughts about the biggest opportunities to the golf industry in the coming years?

Although we already have a very successful golf industry, which grows year on year, with very good results over 2017-2018, there are still massive opportunities. I think in the golf industry, in comparison to the hotel industry, there is a gap, and this gap is basically to do with e-commerce, and revenue managements.

Finally our biggest challenge is that we are market leaders; we have an excellent leading product but we must continually strive for further excellence.

Did you know?

- The first *Ryder Cup* in continental Europe was played in 1997 at *Real Club Valderrama*, which is still ranked among the globe's top 50 golf courses and is considered one of the best in Europe.
- *Finca Cortesin* is recognized as one of the best resorts in Europe and was the venue of the *Volvo World Match Play Championship* in 2009, 2011 and 2012.
- According to *top100golfcourses.com*, the *Stadium Course at PGA Catalunya Resort* is ranked the #1 course in Spain, #5 in Continental Europe and named among the World's Top 100.
- *Real Club de Golf Sevilla* hosted the *WGC-World Cup*.
- Javier Arana (1905-1975) was one of the founders of the *Royal Spanish Golf Federation* and he is considered the most prolific and perhaps most respected golf course architect of Spain. His designs can be still enjoyed at Spanish masterpiece courses such as *Club de Campo, RCG Guadalmina, RSG Neguri, RACE, Rio Real, El Saler*, and *Aloha*.
- The *Madrid Golf Federation* developed the initiative *Golf en los colegios* ("Golf in schools") and has seen the programme expand to include 47 schools across the community in 2016, with one school recently building an artificial putting green on its campus.

Future outlook

Spain is one of the traditional golf markets that suffered from the global economic downturn when it hit Europe. The consequences affected the sport hard at the time and in the years after with a decline in the number of registered golfers and some facilities being forced to close.

In recent years, the country is enhancing its efforts to increase golf participation back to its previous levels. Introducing golf to juniors is one of the initiatives aiming to ensure that future generations will take up and continue to play the sport. Indeed, golf is now taught in some schools and junior leagues, which is helping to promote golf and increase participation in a broader segment. Golf instructors are also playing an important role in the game's development, e.g. the Royal Spanish Golf Federation is introducing new educational programmes, which aim to support the industry by growing golf instructor numbers.

On a global perspective, golf is receiving greater visibility in the country thanks to the successful performance of several Spanish professional players on world tours in recent years. Sergio Garcia is a Spanish golf icon, who won the *2017 Masters*, and the *2017 Andalucía Valderrama Masters* which he also hosts. Jon Rahm, who was the number one golfer in the *World Amateur Golf Ranking* for 60 weeks, is now one of the young upcoming stars on the world stage. Jon reached a career high-ranking (No.4 in the world) at age of 23 by winning the *2017 Farmers Insurance Open* (PGA Tour), the *2017 Dubai Duty Free Irish Open* (European Tour) and the *2017 DP World Tour Championship* (European Tour) in Dubai. Jon finished in fourth place at the *2018 Masters*, chasing his first major victory.

Picture: Aloha Golf Club, Marbella, Spain

Interview with Vicente Rubio

President of Finca Cortesin Hotel, Golf & Spa

What are the key trends shaping the state of the Spanish industry?

The local golf industry has lost a number of players affiliated to the Spanish Golf Federation over the last eight or nine years. On the other side of things, though, tourism is growing across the whole of Spain, and this is something that will benefit the business model that we have at *Finca Cortesin*.

How important is golf for the tourism economy? What new markets Finca Cortesin are built up to target new audiences?

Golf in general is very important to the tourism economy in Spain but it is particularly vital in the Costa del Sol region, which has been targeting this product for several years. We are still working with our classic traditional markets, such as the UK, Germany and Switzerland, but we are growing all the time in America and are working to attract new markets like Asia.

Based on our research, domestically Spain is looking healthy, and it is also in the top five countries in Europe in terms of total number of junior golfers. What can be done to encourage female participation?

In order to grow the number of ladies playing the game, we need to make golf as attractive and inclusive as possible, and this is particularly important when encouraging girls to take up the game.

There are a growing number of initiatives aimed at increasing the number of lady golfers and we're always keen at *Finca Cortesin* to get involved in new projects, such as the annual international women's golf day which we will be supporting again in June.

How do you see golf facilities evolving to accommodate customer behavior?

Over the last decade, golf facilities have been forced to adapt to fit in with how people live their lives. The *Top Golf* brand has been very successful in attracting both families and youngsters into the game, while it's imperative that we continue to look at new formats that make golf fun for people of all ages, such as nine or 12-hole events or the new *GolfSixes* tournament on the *European Tour*, which made a successful debut last year.

What are your thoughts about the biggest opportunities to the golf industry in the coming years?

These are potentially exciting times for golf in Spain. In total, Spain attracted 80 million tourists in 2017 and the numbers have been growing steadily over the last four or five years. Golf is a key part of tourism here and continues to attract large numbers of overseas visitors but, from our point of view, it's important that we differentiate from other golf markets and continue to offer a luxury golf experience that is exclusive to the area.

Picture: Finca Cortesin, Casares, Spain

KPMG Golf Advisory Practice in EMEA

About KPMG's Golf Advisory Practice

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 are the founder of the annual *Golf Business Forum*, the foremost golf industry conference in Europe, Middle East and Africa (EMEA). 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 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.

Contact us

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