



cutting through complexity

KPMG GOLF ADVISORY PRACTICE

Caribbean Golf Overview 2015

golfbenchmark.com

Sponsor:



ERNIE ELS
DESIGN



ERNIE ELS
DESIGN



IMAGINE THE POSSIBILITIES



INNOVATE, RENOVATE, REDESIGN, REBRAND
WITH ERNIE ELS & HIS TEAM

OPEN FOR PLAY

THE ELS CLUB, COPPERLEAF ESTATES, SOUTH AFRICA • THE ELS CLUB, DUBAI SPORTS CITY, UNITED ARAB EMIRATES • THE ELS CLUB TELUK DATAI, LANGKAWI, MALAYSIA
OUBAAI AT HEROLD'S BAY, GEORGE, SOUTH AFRICA • HOAKALEI COUNTRY CLUB, HAWAII, USA • ANAHITA FOUR SEASONS GOLF CLUB RESORT, MAURITIUS
ALBANY, NEW PROVIDENCE, BAHAMAS • WENTWORTH WEST COURSE, VIRGINIA WATER, ENGLAND • NONDELA, DRAKENSBERG, SOUTH AFRICA • WHISKEY CREEK, MARYLAND, USA
MISSION HILLS GOLF CLUB, SHENZHEN, CHINA • HIGHLAND GATE, DULLSTROOM, SOUTH AFRICA

COMING SOON

THE ELS CLUB, DESARU COAST, JOHOR BAHRU, MALAYSIA • DESARU COAST NORTH, VIJAY SINGH, JOHOR BAHRU, MALAYSIA • KINGYAN MANOR, CHINA
LIDO LAKES, INDONESIA • MATALDA MALI LOSINJ, CROATIA • CITY WEST, VIETNAM • DESERT STAR, NAMIBIA • PHU QUOC, VIETNAM
HANOI, (ELS PERFORMANCE GOLF ACADEMY), VIETNAM • BEIJING, CHINA

WWW.ERNIEELS.COM/DESIGN

Dear Reader,



Andrea Sartori

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

We are delighted to present the latest publication from KPMG Golf Advisory Practice, one which offers an overview of the Caribbean region's golf market in 2015.

Despite the economic downturn, golf maintains its importance for many Caribbean islands. In our 2009 Caribbean Golf Benchmark Survey, we reported that development activity and supply levels in the region had slowed down significantly, including a sharp decrease in tourism levels in the region. In 2014, the situation proved to be quite different. According to the Caribbean Tourism Organisation (CTO), tourism levels showed good year-on-year growth in 2014, and we have identified only a moderate recent drop in the overall supply of golf courses – and, promisingly, there are 9 new courses in development with an additional 21 now at the planning phase.

KPMG's Golf Advisory Practice has been advising several tourism and golf development projects in the Caribbean. In light of new tourism growth and other developments in the region, we have prepared this publication with the aim of providing an overview of the current Caribbean golf market including recent trends and the post-crisis outlook.

I would like to thank the federations and golf course owners from the 17 countries who provided answers to our research questions. Our findings cover 81% of the operating facilities in the region.

If you require any clarification of the contents of this publication or if you wish to discuss our findings, please feel free to contact the KPMG Golf Advisory Team.

Yours sincerely,

Andrea Sartori

For the purpose of this research, golf federations and courses in the following countries were contacted:

Anguilla, Antigua & Barbuda, Barbados, Bermuda, Cayman Islands, Cuba, Dominican Republic, Grenada, Haiti, Jamaica, Martinique, Puerto Rico, St. Kitts & Nevis, St. Vincent & the Grenadines, St. Lucia, Trinidad & Tobago, Turks & Caicos Islands

Supply

Location and number of golf courses in the Caribbean region in 2009 & 2014

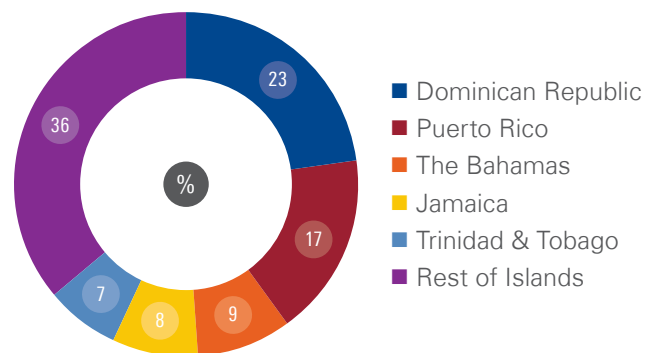
Location	2009	2014
Anguilla	1	1
Antigua & Barbuda	3	2
Aruba	2	3
The Bahamas	10	11
Barbados	5	7
Bermuda	8	7
Bonaire	1	1
Cayman Islands	3	3
Cuba	2	1
Curaçao	2	3
Dominican Republic	34	28
Grenada	1	1
Guadeloupe	1	1
Haiti	1	1
Jamaica	11	10
Martinique	1	1
Puerto Rico	23	20
St. Kitts & Nevis	3	3
St. Lucia	2	2
St. Maarten	1	1
St. Vincent & the Grenadines	1	1
Trinidad & Tobago	8	8
Turks & Caicos Islands	1	1
US Virgin Islands	4	4
Total	129	121

Source: KPMG 2009 Caribbean Benchmark Survey, local golf federations, KPMG research

Supply

Our research indicates that the overall supply of golf in the region has remained quite stable since 2009. In our 2009 Golf Benchmark Survey, we identified 129 golf courses in the region, excluding Costa Rica and Belize. The current supply as of 2014 has decreased to 121 courses. Considering the impact of the economic crisis on the region, the golf industry appears to have maintained its resilience with only a small decrease of 6% in the region's supply since 2009. We are now seeing signs of post-crisis recovery.

Distribution of supply in the Caribbean



Source: KPMG research

The **Dominican Republic** and **Puerto Rico** continue to dominate the golf market with 23% and 17% of the total supply, respectively. These two destinations have long since established themselves as the most popular golf tourism destinations within the region and also have strong local patronage. However, since 2009, there has been a reduction of nine courses in these two nations' combined share of the regional market.

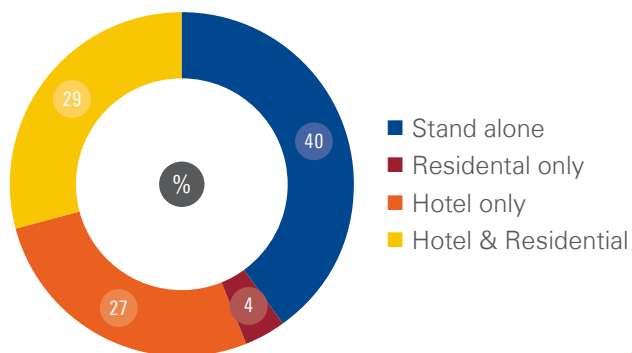
The 2009 Golf Benchmark Survey identified that **The Bahamas** suffered more than most from the economic crisis with several course closures. However, since 2009, three new courses have opened, including the TPC course at the new Baha Mar resort.

The Bahamas (11 courses, 9% of the region's supply) has overtaken **Jamaica** (one course fewer than in 2014, 8%) to take third place on the list. The top four countries combined comprise 57% of the region's supply.

Type of supply

According to our research, 40% of all golf supply in the Caribbean is made up of stand-alone golf courses. 29% of courses operate alongside a hotel, whereas 27% operate in conjunction with a residential real estate component and/or a hotel. Only 4% of all Caribbean golf courses operate only alongside a primarily residential real estate development. There is no dominant brand; however, international operators managing multiple properties with a golf course include Sandals and Ritz Carlton.

Share of supply according to concept



Source: KPMG research

Tourism & participation

Tourism

The Caribbean remains a popular golfing destination with 75% of all 2014 arrivals coming from the United States, Canada or Europe. There continues to be a dependency on the United States as it represents 42% of the share of total arrivals in 2014. Based on the United States golf participation rate of 7.80%, we can estimate that the number of potential arrivals of American golf tourists in the Caribbean was over 650,000 in 2014.

Tourism in the Caribbean – latent golf demand in 2014

Top 3 source markets	Share of total arrivals	Total arrivals	Golf participation rate	Potential arrival of golfers
1. USA	42%	8,334,623	7.80%	650,101
2. Canada	15%	2,931,771	16.20%	474,947
3. Europe	18%	3,662,877	0.72%	26,373
Total of the top 3	75%	14,929,271	7.71%¹	1,151,421

Source: Caribbean Tourism Organisation, KPMG research

¹ Participation rate based on number of arrivals in 2014

According to golf federations' surveyed and key stakeholders in the region, the top golf supply markets are 1) United States, 2) Canada, 3) United Kingdom, 4) Rest of Europe, and 5) the Caribbean. Emerging markets such as Asia and the Middle East were also identified.

According to various Caribbean golf federations, an estimated 48% of the total rounds played in the region are played by overseas visitors.

According to the WTTC, five of the world's top 10 (in terms of tourism's contribution to GDP) are Caribbean islands. Four of these five Caribbean countries (British Virgin Islands does not have a golf course) cover approximately 14% of the region's golf supply.

World ranking of tourism's direct contribution to a nation's GDP

Country	% of total GDP
1. Maldives	47.8
2. Macau	43.1
3. British Virgin Islands	27.0
4. Aruba	26.4
5. Vanuatu	23.2
6. Seychelles	21.2
7. The Bahamas	20.4
8. Anguilla	19.3
9. Antigua & Barbuda	16.4
10. Cape Verde	16.2

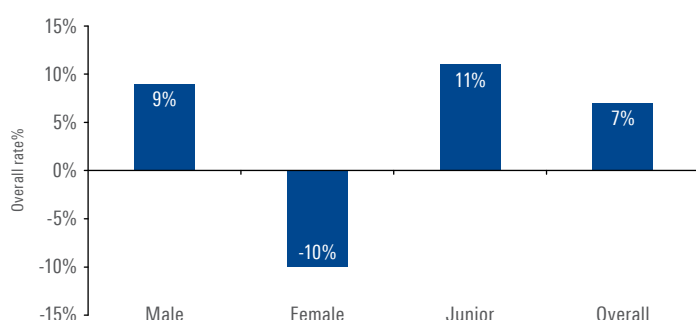
Source: World Travel & Tourism Council

Participation

Without counting casual or non-registered golfers, participation in the region is growing. According to figures provided by local federations, between 2011 and 2014, golf participation in the region grew by 7%. Furthermore, the number of registered male and junior golfers increased by 9% and 11% respectively, whereas the number of registered women golfers declined by 10%. The decline in registered women golfers presents an issue of concern.

In 2014, the gender balance across all golfers remained predominantly male. Approximately 82% of registered golfers in the Caribbean are male, 11% are female and 7% are juniors.

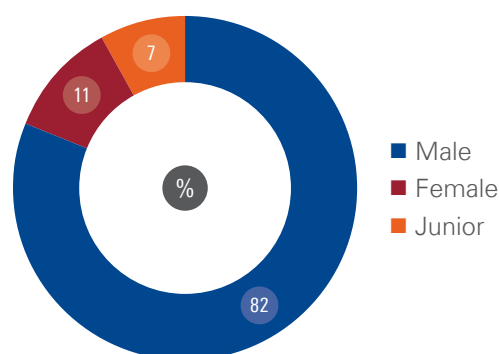
Participation change in the Caribbean between 2011 & 2014



Source: Local golf federations with KPMG elaboration

48% Estimated percentage of total rounds played by tourists in the Caribbean

Composition of golfers in the Caribbean in 2015



Source: Local golf federations with KPMG elaboration

Bermuda is the Caribbean country with the highest localized golf participation rate with 3.86% of the total population registered. Bermuda is the only island with more than five golf courses that has a participation rate above 1%.

Unusually, of the cluster of islands with more than five golf courses, **Jamaica** has the weakest participation rate, though it has a population of over 2.7 million. Like some other federations in the region, membership of the Jamaican Golf Federation is not included or mandatory with club membership in Jamaica.

Figures from the top seven Caribbean islands in terms of supply suggest an overall participation of 18,827 registered golfers in 2014, representing a participation rate of 0.1%.

Overall, our research indicates that despite relatively strong regional golf course supply figures, the federations are still facing difficulties in raising regional participation.

Country	Population ¹	Registered golfers ^{2,3}	Participation rate	Total courses ^{4,5}	Population per golf course	Total holes ⁷	Total hotel rooms ⁸	Hotel rooms per hole
The Bahamas	377,374	570	0.15	11	34,307	261	15,300	58.6
Barbados	284,644	1,340	0.47	7	40,663	108	6,659	61.7
Bermuda	65,024	2,514	3.86	7	9,289	117	2,531	21.6
Dominican Republic	10,400,000	10,353	0.10	28	371,429	468	67,000	143.2
Jamaica	2,715,000	500	0.02	10	271,500	189	30,347	160.7
Puerto Rico	3,548,000	2,170	0.06	20	177,400	315	14,400	45.7
Trinidad & Tobago	1,341,000	1,380	0.10	8	167,625	126	7,500	59.5
Total	18,731,042	18,827	0.10%	91	205,836⁶	1,584	143,737	90.7⁹

Source: Caribbean Tourism Organisation, KPMG research

¹ No data available for 2014 as of the report date

² Certain data obtained from the International Golf Federation

³ We have not considered unregistered golfers in our statistics

⁴ Certain data obtained from golf associations that do not have mandatory registration

⁵ We only considered standard golf courses of at least 9 holes and excluded academy, par 3 and pitch & putt courses

⁶ Population per golf course for the total of represented countries

⁷ According to various course size of operating facilities (9, 18, and 27-holes)

⁸ Information was gathered from national tourism bureaus

⁹ Total holes divided by total hotel rooms of the represented countries

Pricing

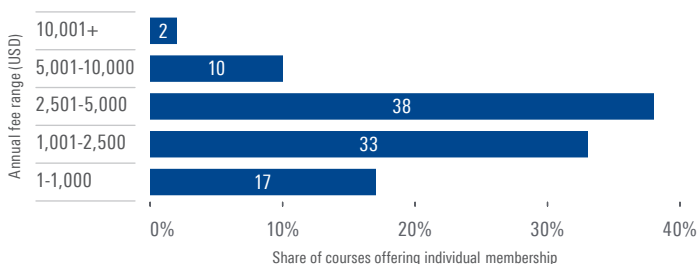
Membership

Membership is offered at nearly 50% of the Caribbean's golf courses. The average membership fee for individuals is currently USD 3,286 per year (median: USD 5,000). 41% of corporate membership fees range between USD 2,001 and USD 5,000. The average annual fee for a corporate member in the Caribbean is USD 5,868.

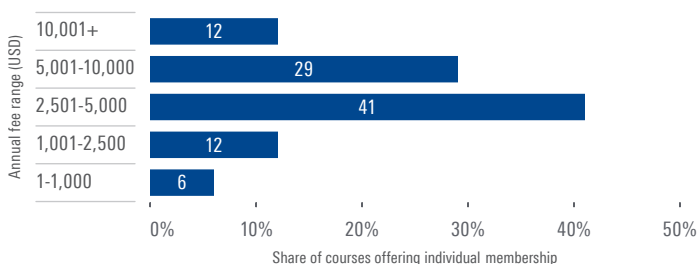
Average annual membership fees by category

	Annual fee
Individual	USD 3,286
Corporate	USD 5,868

Individual membership – range of annual fees (USD)



Corporate membership – range of annual fees (USD)



Source: KPMG research

Note: Fees include sales taxes, all fees exclude joining fee

Green fees

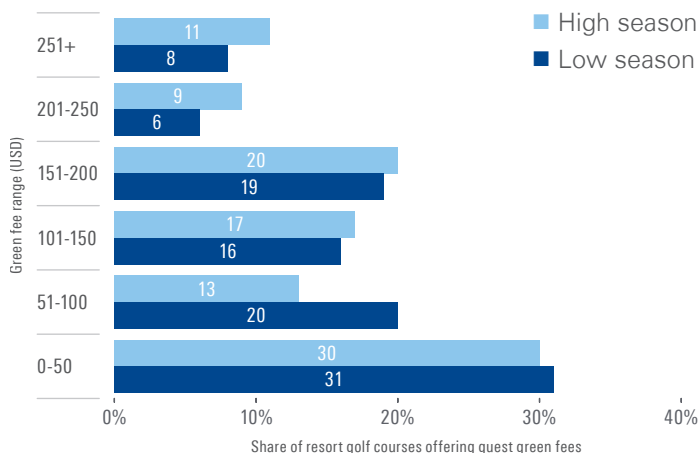
In the following section we present a breakdown of average Caribbean green fees. The average high season green fee for resort guests is USD 137. The average low-season green fee for resort guests is USD 119. Our research indicates that 30% of Caribbean courses offering guest rates either waive the fee or charge under USD 50.

In 2014-15 the average green fee for visitors is USD 145 during the low season and USD 168 during the high season. Around one third of all Caribbean golf courses offering visitor rates charge between USD 51 and USD 100.

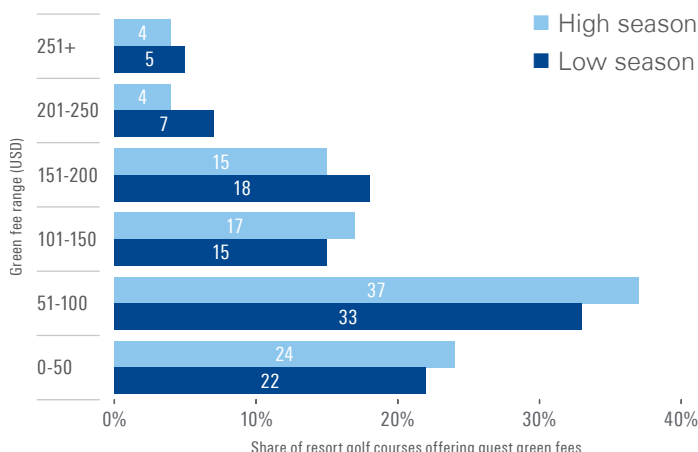
Average green fees by category

	Resort guest	Visitor
High season	USD 137	USD 168
Low season	USD 119	USD 145

Resort guest – green fees (USD)



Visitor guest – green fees (USD)



Source: KPMG research

Note: Fees include sales taxes

Albany Course by Ernie Els Design,
The Bahamas – Photo by Jim Mandeville

Key issues in the region

There is no region in the world more dependent on tourism than the Caribbean. As highlighted earlier, five out of 10 of the world's most tourism-dependent nations are located in the Caribbean. Key performance indicators such as cruise passengers, arrivals, bed nights, and market trends suggest that the region's tourism industry still has much potential and is showing signs of recovery since the economic crisis.

Despite these signs of growth, the combination of low local golfing participation along with resource constraints demonstrates how important sustainable growth is. The key regional challenges remain supply and demand and environmental issues.

Water usage

Improvements in golf course irrigation have made overall operations more sustainable. The annual precipitation of each Caribbean island can vary greatly from one to another, which has an impact over the additional water required to irrigate a golf course. However, according to a 2011 regional freshwater study by Travel Concern, a tourism NGO, St-Lucia and Barbados were found to use more than 4% of their supplies on golf course irrigation respectively; both islands have a combined total of nine courses. Despite receiving roughly the same annual precipitation, but with over three times as many courses, Cuba and the Dominican Republic reportedly use under 0.4% of their water supplies for golf course irrigation.

New technology is key. For example, Anguilla's CuisinArt Golf & Spa, installed a solar power generator capable of an uninterrupted supply of energy to the Resort's Reverse Osmosis plant, providing potable water from seawater to residents, guests, and the golf course.

Local participation

Golf is an expensive sport to play, and for many islands with a limited number of courses, participation is only possible with club membership. There are efforts being made to provide more public golf courses. In the Cayman Islands, junior federation membership is free of charge, allowing many more adult-players of the future to play golf tournaments and cement their interest in the sport.

The statistical research into Caribbean golf participation tends to be difficult as some federations do not record their participation rates. On some islands, federation membership is not automatic with membership of a club.

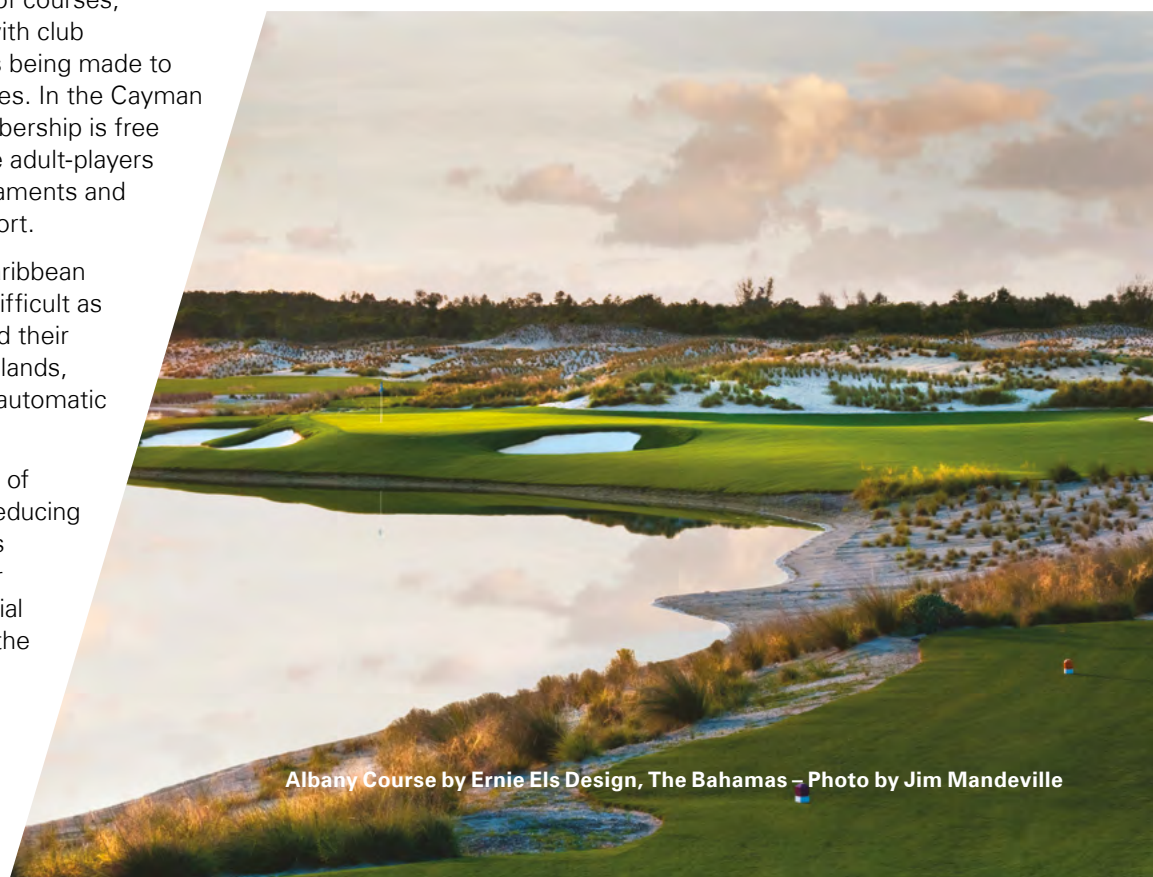
In Puerto Rico, the introduction of certain economic policies are reducing public spending power which is having an impact on golf. Other countries cite the lack of financial assistance for development in the sport as a reason for concern.

Prevalence of golf tourists

Based on our research, some islands, such as St. Kitts and Nevis, estimated that 90% of their total rounds played were played by tourists, whereas Trinidad & Tobago estimated a number as low as 5%. Island groups that do not have strong golf participation, but which offer a relatively large supply of courses, have a greater dependency on golf tourists. More opportunities are being sought to integrate golf into resorts as an ancillary asset used to attract guests, although this is also prohibitively costly for many.

Availability of land

Land in the Caribbean is scarce. The lack of land poses a limitation on new developments, but also offers an opportunity to reposition or redesign existing and failed assets. There are failed or struggling assets in the Caribbean that offer the land and positioning for a successful integrated resort. Furthermore, new developments in small nations which are dependent on tourism offer new economic opportunities. However, in some countries there is much bureaucracy despite the availability of land. In Haiti, for example, issues regarding land tenure is still problematic.



Albany Course by Ernie Els Design, The Bahamas – Photo by Jim Mandeville

Outlook for the future

Increasing supply

According to our research and a survey of local federations, there are currently 9 courses under development in the region, and an additional 21 at the planning stage. The countries that are seeing the most development are the Dominican Republic, Haiti, and Puerto Rico, each with two courses under development. In terms of courses in planning, Haiti is leading the region with five potential developments. However, much is expected of Cuba as its political and economic sanctions are slowly being lifted – currently there are four developments at the planning stage in Cuba.

Based on our findings, between 2011 and 2014, Puerto Rico experienced significant changes in its golf supply. A total of three courses closed in 2014. However, in the same period, one new golf course opened and an additional two courses are still under development.

The supply of golf courses in St Kitts & Nevis will double in the next 12-24 months with the addition of the Tom Fazio Golf Course at the Christoph Harbour Resort and an 18-hole golf course at the Kittitian Hill Resort. Both resorts are currently under development.

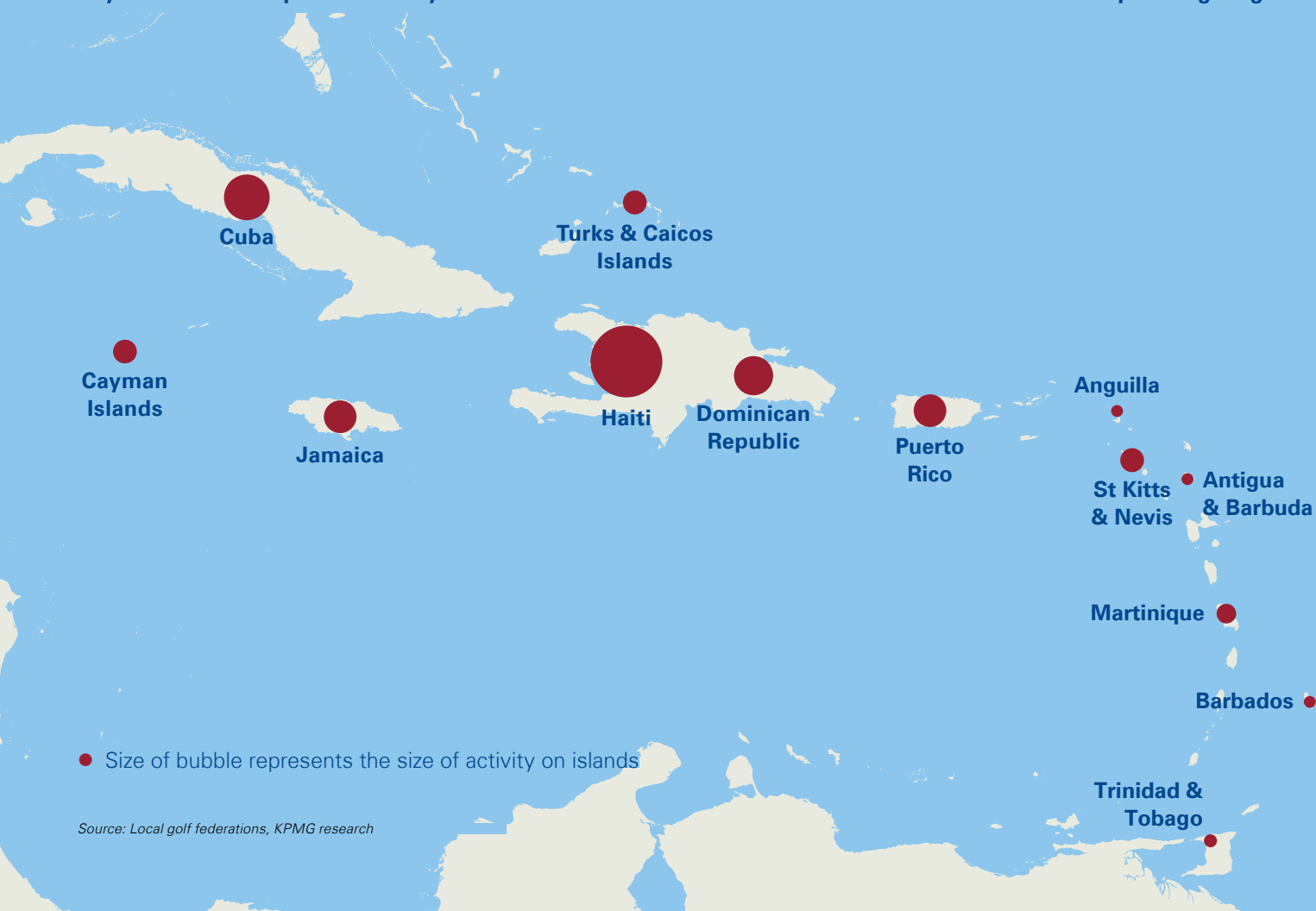
In the context of recovery from the global crisis, the signs appear positive.

Development activity in numbers

Closed golf courses in 2014	3
New golf courses in 2014	1
Golf courses in development in 2015	9
Golf courses at the planning stage in 2015	21

Source: Local golf federations, KPMG research

Key areas of development activity in the Caribbean in 2015 – courses under construction or at the planning stage





About us

KPMG's 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.

KPMG's Golf Advisory Practice

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

Andrea Sartori

Partner

T: +36 1 887 7215

E: andreasartori@kpmg.com

Alastair Graham

Director

T: +36 1 887 7241

E: alastairgraham@kpmg.com

Philipp Uhrig

Senior Advisor

T: +36 70 370 1934

E: puhrig@kpmg.com

KPMG's Caribbean Travel, Leisure and Tourism Contacts

Please contact the KPMG member firm represented in your country if you have any questions. KPMG member firms are represented in more than 15 countries in the Caribbean region, and have a specific knowledge and understanding of the business, cultural, economic and political facets of conducting business in each country

Antigua & Barbuda, Dominica

Cleveland Seaforth

T: +1 268 462 8868

E: cseaforth@kpmg.ag

Cayman Islands

Trevor Marufu

T: +1 345 815 2646

E: trevormarufu@kpmg.ky

Trinidad & Tobago

Robert Alleyne

T: +1 868 623 1081

E: ralleyne@kpmg.co.tt

Bahamas

Charlene Lewis-Small

T: +1 242 393 2007

E: clewis@kpmg.com.bs

Aruba, Bonaire, Curacao, St. Maarten & Suriname

Henk de Zeeuw

T: +599 9 732 5156

E: dezeeuw.henk@kpmg.com

Turks & Caicos Islands

Gary Brough

T: +1 649 946 4613

E: gbrough@kpmg.tc

Barbados

Lisa Taylor

T: +1 246 434 3900

E: lisataylor@kpmg.bb

Jamaica

Raymond Campbell

T: +1 876 922 6640

E: raymondcampbell@kpmg.com.jm

Bermuda

Stephen Woodward

T: +1 441 294 2675

E: stevewoodward@kpmg.bm

St Lucia

Frank Myers

T: +1 758 453 1471

E: fvmeyers@kpmg.lc

British Virgin Islands

Russell Crumpler

T: +1 284 852 4814

E: russellcrumpler@kpmg.vg

St. Vincent & the Grenadines, Grenada

Brian Glasgow

T: +1 784 456 2669

E: brianglasgow@kpmg.vc

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

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2015 KPMG Tanácsadó Kft., a Hungarian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.