



GOLF ADVISORY PRACTICE IN EMA

Golf Benchmark Survey 2010

Turkey: The new hot spot for golf
in the Mediterranean region

ADVISORY



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Front cover and inside cover:
Gloria Hotels and Resorts, Belek, Turkey
Gloria "New" Championship Golf Course

Dear Reader,



Andrea Sartori

Partner, KPMG Advisory Ltd.
Head of Golf Advisory Practice in EMA

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I am delighted to present our Golf Benchmark Survey report on Turkey, one of today's rapidly emerging golf tourism destinations.

With its 15 golf clubs and approximately 6,300 golfers, Turkey at the moment represents a golf market in infancy that still relies heavily on international golf tourism. However, in light of a promising macroeconomic outlook for the near future, with its fast developing tourism industry and favorable climatic conditions we believe that golf in Turkey has a great development potential.

In the spring of 2010 KPMG's Golf Advisory Practice queried all golf course owners and operators currently active in Turkey regarding the operational performance of their facilities in 2009, and their expectations for 2010. Some key highlights of our findings include:

- Supply for and demand of golf in Turkey is mainly concentrated in the Belek region (Antalya). With 11 golf clubs and a total of 450,000 rounds played at these facilities in 2009 (17% growth as compared to 2008), Belek represents one of the fastest growing Mediterranean golf tourism destinations;
- Currently, there are more than 2,000 members at various golf clubs in Turkey, out of which approximately 80% are affiliated with golf clubs in the Istanbul region. Only about half of the courses in tourist regions offer a membership scheme;
- With an average of 25,600 rounds played at an 18-hole (or equivalent) golf course, Turkey is the best performing market for golf among the emerging golf destinations we have surveyed in the Mediterranean¹;
- While in the Istanbul region over 90% of rounds are played by members, at courses located in tourist regions only about 3% of the rounds played are member rounds with the rest generated by green fees;
- More than 85% of golf course owners and operators in Turkey indicated that they have not been affected by the recent economic downturn and 90% of them have positive expectations for 2010.

I hope that this report will provide valuable information for golf course owners and operators for the future operation and development of their facilities, as well as for developers to better assess potential investment opportunities in the golf industry in Turkey.

I would like to express my appreciation to all of the golf course owners and operators who have participated in this research.

If you would like to receive any clarification or discuss the survey results, please feel free to contact the Golf Benchmark Team or myself.

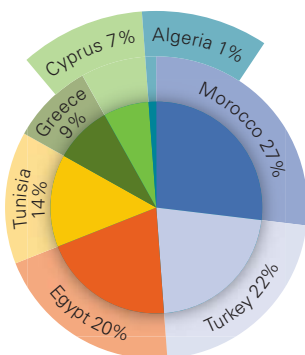
Yours sincerely,

¹ Morocco, Algeria, Tunisia, Egypt, Cyprus, Greece and Turkey

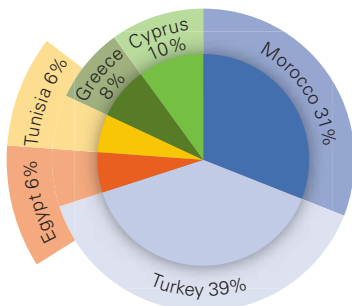
Turkey amongst other countries of the Mediterranean

Golf demand and supply in emerging countries of the Mediterranean²

...distribution of golf courses



...distribution of players



Source: KPMG research

Golf has exhibited strong growth over the past 20 years in the Mediterranean region. The development of the game has mainly been driven by Spain and Portugal, where golf represented one of the key drivers supporting the growth of the tourism sector and the establishment of the two countries as popular second-home destinations in Europe.

To a lesser extent, the French Mediterranean provinces and Italy also saw significant growth in the supply of golf facilities. However, especially in Italy, weaker governmental support and stricter regulations limited the number of new golf projects.

Witnessing the benefits brought by golf to the tourism industries of these more mature markets, in recent years other countries in North Africa and in the South-East Mediterranean region began to reposition their tourism offering and focus on niche products, including golf, in order to reduce seasonality and attract higher-end travelers.

Mainly due to the tough economic climate in the past two years, and the bureaucratic difficulties that still characterize most of these emerging countries, the supply growth of golf courses has been slow. On the other hand, many stakeholders in the golf industry expect great opportunities in these locations in the years to come.

Currently in North Africa and in the South-East Mediterranean region there are 70 golf courses and approximately 20,000 golfers registered with national golf federations.

With 15 golf courses currently in operation (many of them larger than 27 holes), Turkey represents 22% of the total golf course supply in the emerging Mediterranean and, at the same time, accounts for 39% of all registered golfers.

The following map and the adjacent table give an overview of golf course supply in Turkey.

² Including North Africa (Morocco, Algeria, Tunisia and Egypt) and the South-East Mediterranean (Cyprus, Greece and Turkey)

Golf clubs in Turkey (2010)

Name of Golf Club	Location	Holes
Istanbul Golf Club	Istanbul	9
Kemer G&CC	Istanbul	18
Klassis G&CC	Silivri	18
Total Istanbul region	3	45
Vita Park Golf Resort	Bodrum	18
TAT Golf International	Belek	27
National Golf Club	Belek	18
Antalya Golf Club	Belek	36
Kaya Eagles Golf Club	Belek	18
Carya Golf Club	Belek	18
Sueno Golf Club	Belek	36
Cornelia Golf Club	Belek	27
Montgomerie Papillon Golf Club	Belek	18
Gloria Golf Club	Belek	45
Robinson Club Nobilis	Belek	18
Lykia Links Golf Courses	Belek	18
Total tourist regions	12	297
Total Turkey	15	342
Total 18-hole equivalent	19	342

Source: KPMG research

Golf clubs in Turkey



Out of the 15 golf courses in Turkey, 11 are located in Belek (Antalya). Belek is a master-planned golf destination which has been promoted by the Turkish Government since the beginning of the 90s and is currently the main golfing destination in the Mediterranean after Spain and Portugal (Algarve).

According to demand characteristics, we can identify two well-distinguished groups of courses in Turkey. The first group is formed by courses located in the Istanbul region and mainly relies on rounds generated by members, both Turkish locals and expatriates. The second group consists of courses located in tourist regions and enjoys demand mainly from international golf tourists.

Public support for the development of golf

Mainly due to the success experienced by the Belek cluster and the positive impacts on the Antalya Province economy, the Turkish Government has outlined golf as one of its six pillars for the creation of a more diversified and higher-quality Turkish tourism industry, able to attract higher-spending segments of travelers.

The Government has identified several areas for the development of new golf courses and clusters of courses in both well-established tourism destinations, in particular on the Aegean Coast, and in underdeveloped coastal areas where golf tourism can support local economic development.

In particular, land has been allocated in areas in close proximity to two of the most famous Turkish resorts, Bodrum and Çeşme/Izmir. New areas have also been proposed in the Antalya region, where the initial allocated coastal land for the Belek golf cluster has been fully utilized. The cluster is expected to continue with other tourism development in the eastern part of the region, towards Manavgat.

Complementing the efforts of Government and local authorities, the Turkish Golf Federation is focused on initiatives directed at improving the popularity of the game of golf among locals, in particular among the younger generation. Several interesting and successful initiatives have been launched in the recent past, among which are the Golf Junior League and a school program that familiarizes students with the game.

At the same time, the Federation is trying to promote the development of new golf facilities throughout the country. There are ambitious plans to develop 100 new golf courses in the next few years. The international financial crisis has slowed development and stalled several projects, but improved market conditions will eventually prompt many developers and project owners to restart their investment plans.

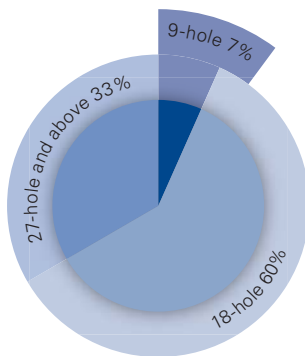
Finally, events like the 2012 World Amateur Team Championship in Belek not only will promote Turkey among foreign golf travelers but also increase the media coverage and popularity of the game among Turks.



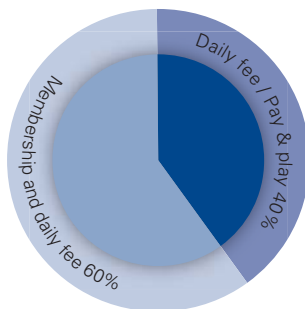
Profile of the golf clubs in Turkey

Distribution of golf clubs

...by size



...by operational category



Source: Golf Benchmark Survey 2010

Our analysis is based on data related to all of the 15 golf courses currently in operation in Turkey.

With regards to size, we have found that:

- Nine of the golf clubs in Turkey are 18-hole facilities, accounting for approximately 60% of the overall supply;
- 27-hole and larger golf courses make up one-third of the total supply and are located exclusively in Belek;
- The Istanbul Golf Club – the oldest golf facility in the country – is currently the only 9-hole golf course in Turkey.

At present, only one golf club is part of a residential estate, namely the Kemer Golf & Country Club, located in close proximity to Istanbul. The Vita Park Golf Resort golf course in Bodrum is also planned to be integrated into a residential resort, however, the construction of the residential component has not started yet. Courses in Belek have been developed on government-leased land, and currently none of them offer an integrated residential component.

Two-thirds of all golf courses in Turkey are part of a tourist resort, linked to hotel facilities. In particular, in the Belek area 9 out of the 11 courses have one or more hotels onsite.

Due to strong demand from international golf tourists, only 60% of the Turkish golf clubs offer a membership system, while the rest operate on a green fee basis.

Most Turkish golf clubs offer high quality golf courses, including ones designed by Colin Montgomerie, Nick Faldo, and Perry Dye. In fact, four golf courses in Turkey have been included by Golf Digest among the 100 best European courses.

Methodological note and survey limitations

The analysis presented in this report has been performed based on responses from golf course operators participating in our survey carried out in April 2010. Requested information mainly relates to the 2009 operating year and forecasts relate to 2010.

All pricing information presented in this report is net of VAT. Financial data was submitted in EUR.

We wish to highlight the following limitations to the survey:

- While most of our findings are fully representative of the market, information related to revenues and costs should be considered indicative due to the lower number of responses.
- Some cross tabulations may be considered indicative but not representative of the market.

Demand characteristics

The growth in the number of golf courses over the past 10 years, particularly in tourist regions, has been followed by the increasing popularity of Turkey as a golf destination.

On the other hand, domestic demand for golf is still limited. There are only approximately 6,300 affiliated golfers registered with the Turkish Golf Federation, which equates to a golf participation rate of 0.01% (i.e. one out of 10,000 inhabitants is a golfer). This is approximately 10 times lower than in Portugal and 70 times lower than in Spain, but is in line with other emerging countries in the Mediterranean region.

Still, there are several indicators suggesting that domestic interest in golf will increase in the coming years, especially in and around Istanbul where golf facilities offering memberships are available.

Membership

Presently, nine golf clubs out of 15 offer a membership scheme. While memberships are available at all of the clubs in the Istanbul region, only about half of the clubs in tourist regions provide the opportunity to become a member.

Currently there are more than 2,000 members affiliated with golf clubs in the country. More than 80% of these members are registered at golf clubs in the Istanbul region, which have a membership base of 500–700 each.

It is also worthwhile noting that more than 85% of the members in Belek are registered to the National Golf Club Antalya, the oldest golf club in the region, opened in 1995. The two stand-alone golf courses in Belek are putting special efforts into growing their membership base by attracting both locals and return travelers to Belek to sign up for memberships.

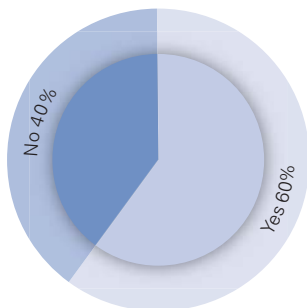
According to our findings, about half of the club members in Turkey are Turkish while the other half are expatriates or tourists who regularly travel to Turkey for playing golf.

In the Istanbul region, more than half of club members are Turkish, while in tourist regions around 70% of all members are foreigners.

It is interesting to note that most of our surveyed golf course operators did not experience a decrease in membership in 2009, despite the unfavorable economic conditions faced by most clubs in Europe³.

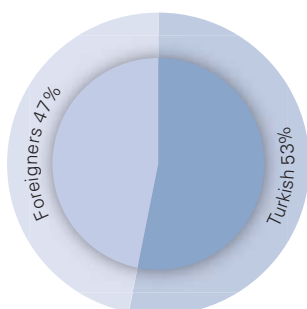
³ Memberships decreased at more than one-third of the golf clubs surveyed in EMA. Download the "Golf and the Economic Downturn" report from golfbenchmark.com to find out more.

Does your golf club offer a membership scheme?



Source: Golf Benchmark Survey 2010

Breakdown of members at golf clubs in Turkey by nationality

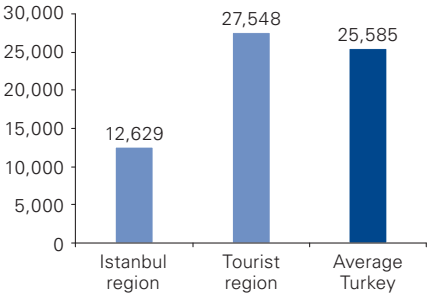


Source: Golf Benchmark Survey 2010

Rounds played

According to our survey, the average number of rounds played at an 18-hole (or equivalent) course in Turkey was 25,600.

Average number of rounds played per 18-hole equivalent course in Turkey (2009)



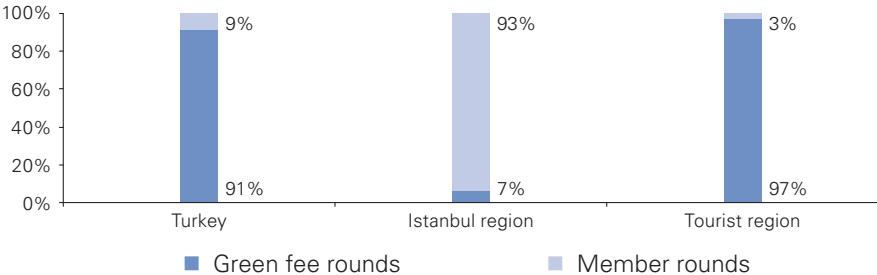
Source: Golf Benchmark Survey 2010

Turkey ranks as the top performing country among the emerging golf destinations in the Mediterranean region in terms of average rounds played, with a similar performance as Portuguese courses but still behind Spanish courses that record 33-35,000 rounds a year on average.

The particularly strong performance of Turkish golf courses is due to the success achieved over the years by courses located in the tourist regions. We have noted that in 2009 these courses achieved twice as many rounds (around 27,500) as courses in Istanbul.

Over 90% of the total rounds played in Turkey were green fee rounds. While in tourist regions this share is even higher at 97% of the total rounds, in the Istanbul region the vast majority of rounds are played by members.

Round composition of golf courses in Turkey



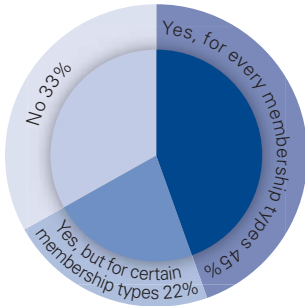
Source: Golf Benchmark Survey 2010

Due to its favorable climatic conditions, golf can be played in Turkey almost throughout the year. The average number of rounds played per day at an 18-hole (or equivalent) facility was 78 in 2009, based on 328 declared playable days. While in the tourist regions 84 rounds are played per day, in Istanbul this figure is significantly less at only 39 rounds per day on average.

Overall, the number of rounds played in Turkey increased by an impressive 17% in 2009 compared to the previous year.

Pricing

Does your membership scheme require the payment of an initiation fee?



Source: Golf Benchmark Survey 2010

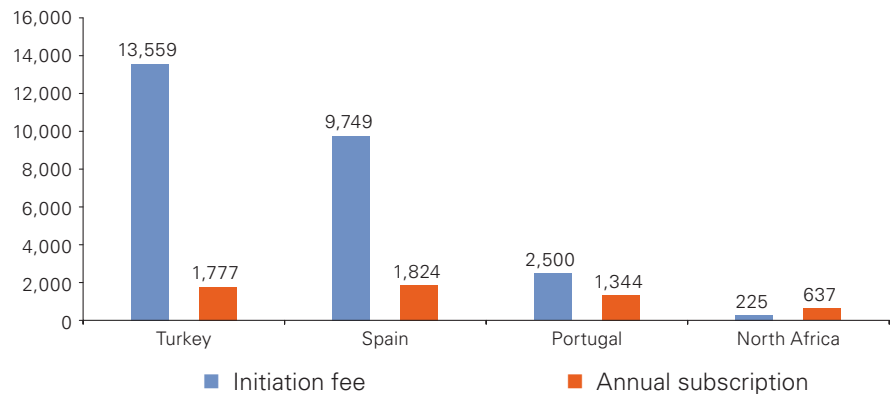
The membership and pricing schemes at various golf clubs vary widely and are therefore difficult to compare. Despite this, we have noted some common characteristics.

Membership fee structures differ significantly between golf clubs in the Istanbul region and those located in tourist regions. Whereas the former are characterized by higher initiation fees for each membership type, the latter typically do not require initiation fees at all.

Out of the nine golf clubs in Turkey that offer a membership scheme, six require the payment of an initiation fee – four for every type of membership, while only two mandate this for certain membership types. The remaining three courses do not charge an initiation fee to new members.

Some golf clubs in Turkey charge initiation fees for an individual full membership in the range of EUR 20–25,000, whereas some provide membership for less than EUR 10,000. The annual due is less variable with an average of EUR 1,800.

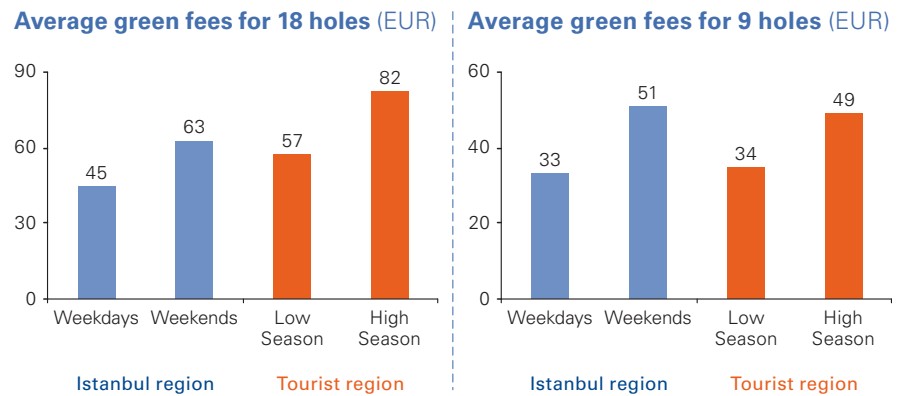
Average membership fees in selected regions (EUR)



Source: Golf Benchmark Survey

It is important to note that golf courses in Turkey do not charge their members for playing and offer them various benefits. For example, at golf clubs in the Belek area the annual membership scheme generally allows members to obtain discounts at other clubs of the cluster as well as preferred tee times.

Green fees at golf clubs located in the Istanbul region differ for weekdays and weekends, whereas in tourist regions they differ according to high/low season. The below table illustrates average green fees in Turkey.



Source: Golf Benchmark Survey 2010

The average green fee for an 18-hole round in Turkey's tourist regions is EUR 82 during the high season and EUR 57 in the low season.

In the Istanbul region, the cost to play 18 holes on weekends is EUR 63 on average and EUR 45 on weekdays.

Courses charge about 20–40% less for nine holes than for an 18-hole round.

Green fees at Turkish golf courses do not include a caddy or a cart. The cart rental fee for 18 holes is EUR 26 on average. A caddy costs EUR 20 on average.



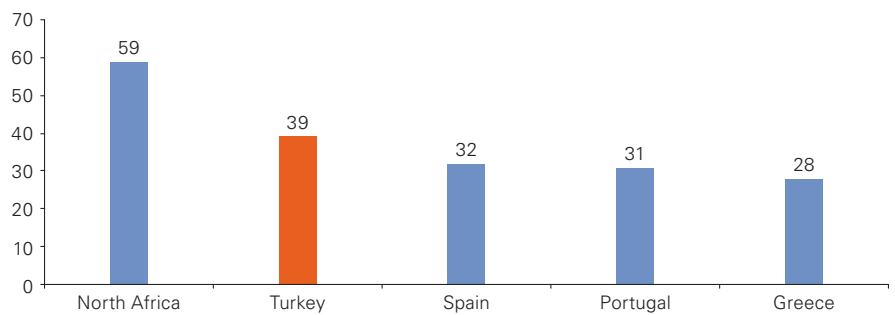
Operating characteristics

Staffing

According to our survey, Turkish golf clubs, with an average of 39 employees per 18-hole equivalent course, employ approximately 20% more staff compared to golf courses in Spain and Portugal. Part-time employment is not common for Turkish golf clubs whose courses are in operation year-round.

Average number of employees in selected countries

(18-hole or equivalent courses)

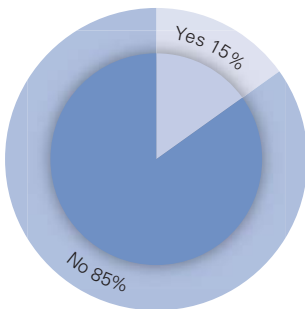


Source: Golf Benchmark Survey

The average number of employees at golf clubs in tourist regions is 41 per 18-hole equivalent course, considerably higher than at clubs located in the Istanbul region (23).



Has the global economic downturn had a negative impact on your operations in 2009?



Source: Golf Benchmark Survey 2010

Number of carts

Turkish golf clubs operate 27 carts per 18-hole equivalent course on average.

Performance during the recent economic crisis

Overall, 85% of golf course operators we surveyed declared that they have not been affected by the economic downturn. This can be explained by the increasing competitiveness of Turkey's golf holiday packages compared to the ones offered by golf clubs in more established golf destinations. It should also be noted that local GDP continues to grow, allowing more and more locals to potentially participate in the game.

More than 60 percent of the participants in our survey recorded an improvement in their operating performance compared to 2008. Among these respondents, revenues increased by 10–20%, generated mainly by a higher number of rounds played.

As far as changes in costs are considered, one-third of participants had higher costs in 2009 (a 10% increase on average). Another third managed to reduce their costs by 5% on average and the rest of the clubs kept costs at the same level of 2008.

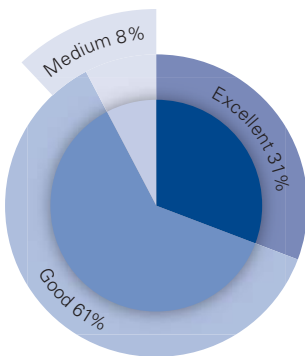
In order to be more competitive, nearly a third of the golf course operators changed their pricing and marketing strategies in 2009. Golf resorts have created more appealing and convenient packages. Furthermore, golf clubs focused their efforts on the creation of strong alliances with tour operators and other industry stakeholders.





Future market expectations

Rating of expected business performance in 2010



Source: Golf Benchmark Survey 2010

More than 90% of the survey participants expect an improvement in their business performance in 2010, while the remaining 10% foresee it as a year of stagnation. It was interesting to observe that none of the golf course operators expect a decrease in revenues this year. This reflects the overall positive outlook of Turkish golf course operators.⁴

⁴ Note: Only 50% of surveyed golf course operators in the EMA region foresee excellent or good performance in 2010, while 38% expect a period of stagnation and the remainder expect very poor performance. Download the "Golf and the Economic Downturn" report from golfbenchmark.com to find out more.

KPMG's Golf Advisory Practice in EMA continues to strive to add value to the golf industry. Through our thought leadership programs, KPMG undertakes various initiatives that can help those with a stake in the golf industry to make informed decisions.



In 2006 KPMG launched the inaugural **Golf Benchmark Survey**, one of the largest ever golf research projects. The GBS is a market intelligence study designed to collect and share comparable golf industry benchmarks. The primary objective of the Golf Benchmark reports is to allow golf courses to compare their individual performance against high, average, and low performers in their geographic markets. Since its first launch, the survey has been extended to new regions including India, China, Japan, South America and the Caribbean in addition to several regional reports within Europe, Middle East and Africa (EMA).

KPMG's Golf Advisory Practice in EMA has also published a number of additional market intelligence studies under the Golf Benchmark initiative, including the Golf Course Development Cost Survey in EMA, the Value of Golf to Europe, Middle East and Africa, and the Golf Travel Insight report.

For more information on our thought leadership and to download all our reports free of charge please visit www.golfbenchmark.com.



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This is a virtual, interactive meeting place for the international golf business community. Complementing this website is a regular 'e-newsletter' providing a steady flow of news/interviews, surveys, latest industry research, choice picks from quality golf business intelligence, and an opportunity to do online networking.

For more information, we invite you to visit: www.golfbusinesscommunity.com.



The **Golf Business Forum** is a unique platform for professionals involved in the golf business industry to meet, learn, exchange ideas and do business at an exciting and memorable event. The Forum has quickly established itself as the foremost golf industry event in Europe, Middle East and Africa and brings together major stakeholders in the business of golf including: golf and real estate developers, investment groups, banks, equity funds, master planners, golf course architects, suppliers and operators. The event attracts participants from five continents, and is supported annually by many of the leading market players in the golf industry.

For information on forthcoming events, visit www.golfbusinessforum.com.

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